

UPPER SIMILKAMEEN INDIAN BAND
Financial Statements
Year Ended March 31, 2019

**UPPER SIMILKAMEEN INDIAN BAND
FINANCIAL STATEMENTS**

March 31, 2019

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MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of the Upper Similkameen Indian Band ("the Band") are the responsibility of management and have been approved by the Chief and another Band Councillor of the Band Council.

The consolidated financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The Band maintains systems of internal accounting and administrative controls, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Band's assets are appropriately accounted for and adequately safeguarded.

The Band's responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. Council carries out this responsibility principally through the Chief and Council.

The Chief and Council review the Band's consolidated financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities and to review the annual report, the consolidated financial statements and the external auditor's report. The Chief and Council takes this information into consideration when approving the consolidated financial statements for issuance to the members. The Chief and Council also appoint the external auditors.

The consolidated financial statements have been audited by Grant Thornton LLP in accordance with Canadian Generally Accepted Auditing Standards on behalf of the members. Grant Thornton LLP has full access to the Band Council.

On Behalf of Upper Similkameen Indian Band:


Chief


Councillor

INDEPENDENT AUDITORS' REPORT

To the Chief and Council of Upper Similkameen Indian Band:

Opinion

We have audited the consolidated financial statements of Upper Similkameen Indian Band ("the Band"), which comprised the consolidated statement of financial position as at March 31, 2019 and the consolidated statements of operations and accumulated surplus, statement of change in net financial assets and the statement of cash flows for the year then ended and a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Band as at March 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian Generally Accepted Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Band in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian Public Sector Accounting Principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Band's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis for accounting unless management either intends to liquidate the Band or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Band's financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian Generally Accepted Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

(continued)

Independent Auditor's Report (continued)

As part of an audit in accordance with Canadian Generally Accepted Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Band's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Band's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Band to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Grant Thornton LLP

Kelowna, Canada
December 12, 2019

Chartered Professional Accountants

UPPER SIMILKAMEEN INDIAN BAND
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31, 2019, With Comparative Figures for 2018

	2019	2018
	\$	\$
FINANCIAL ASSETS		
Cash and cash equivalents	3,547,377	2,894,215
Restricted cash (Note 2)	552,975	514,940
Accounts receivable (Note 3)	326,665	734,230
Investments in government business enterprises and partnerships (Note 4)	1,376,208	745,878
Deposits held in trust (Note 5)	195,687	165,258
	<u>5,998,912</u>	<u>5,054,521</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	188,333	490,030
Deferred revenue	5	40,000
Due to related parties (Note 7)	71,822	72,676
Long term debt (Note 8)	850,443	1,056,619
Obligations under capital lease (Note 9)	296,947	427,243
	<u>1,407,550</u>	<u>2,086,568</u>
NET FINANCIAL ASSETS	4,591,362	2,967,953
NON-FINANCIAL ASSETS		
Prepaid expenses	75,155	30,074
Tangible capital assets (Note 10)	2,769,102	3,218,082
ACCUMULATED SURPLUS (Note 11)	<u>7,435,619</u>	<u>6,216,109</u>
CONTINGENT LIABILITIES (Note 12)		

Approved on behalf of the Band:

B. Jacobson Chief

Michael Allen Councillor

UPPER SIMILKAMEEN INDIAN BAND**CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**

For the Year Ended March 31, 2019, With Comparative Figures for 2018

	2019 Actual	2018 Actual
	\$	\$
REVENUE		
Logging income	1,831,575	1,512,297
Income from government business enterprises and partnerships	875,325	229,749
Province of British Columbia (Note 13)	656,216	735,363
Indigenous Services Canada (Note 13)	608,402	379,883
Natural resource income	561,908	446,988
First Nations Health Authority (Note 13)	473,322	255,396
Rental income	98,683	121,855
Property tax income	58,287	89,381
CMHC subsidies	46,381	11,756
Okanagan Training and Development Council	43,279	58,293
Campsite revenue	20,726	20,981
Interest income	8,700	11,784
Other grant revenue	8,362	8,551
Donation revenue	5,671	2,170
First Nation Education Steering	3,510	10,142
Other revenue	400	30,589
Okanagan Nation Alliance	-	24,740
First Nations Health Authority recovery	-	(14,810)
	5,300,747	3,935,108
EXPENSES		
Economic Development	2,445,099	2,241,210
Band Administration	827,986	902,669
Health Services	319,482	284,661
Social Services	172,965	79,642
Social Housing	129,464	118,620
Education Services	121,619	93,915
Capital	64,622	46,741
	4,081,237	3,767,458
ANNUAL SURPLUS	1,219,510	167,650
ACCUMULATED SURPLUS, BEGINNING OF YEAR	6,216,109	6,048,459
ACCUMULATED SURPLUS, END OF YEAR	7,435,619	6,216,109

UPPER SIMILKAMEEN INDIAN BAND**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**

For the Year Ended March 31, 2019, With Comparative Figures for 2018

	2019 Actual	2018 Actual
	\$	\$
SURPLUS FOR THE YEAR	1,219,510	167,650
Amortization of tangible capital assets	610,440	515,974
Acquisition of tangible capital assets	(161,460)	(631,269)
	1,668,490	52,355
Acquisition of prepaid expenses	(45,081)	(22,721)
Use of supplies inventories	-	6,017
INCREASE IN NET FINANCIAL ASSETS	1,623,409	35,651
NET FINANCIAL ASSETS, BEGINNING OF YEAR	2,967,953	2,932,302
NET FINANCIAL ASSETS, END OF YEAR	4,591,362	2,967,953

UPPER SIMILKAMEEN INDIAN BAND
CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended March 31, 2019, With Comparative Figures for 2018

	2019	2018
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenue over expenditures	1,219,510	167,650
Amortization	610,440	515,974
	1,829,950	683,624
 Change in working capital:		
Accounts receivable	407,565	(246,149)
Inventory	-	6,017
Prepaid expenses	(45,081)	(22,721)
Deposits held in trust	(30,429)	2,409
Accounts payable and accrued liabilities	(301,697)	284,838
Deferred revenue	(39,995)	9,604
	(9,637)	33,998
 CASH FLOWS FROM FINANCING ACTIVITIES		
Related party payments	(854)	(625)
Payments of long term debt	(297,300)	(300,672)
Proceeds from issuance of long term debt	91,124	-
Payments of capital lease	(130,296)	-
Proceeds from issuance of a capital lease	-	427,243
	(337,326)	125,946
 CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of tangible capital assets	(161,460)	(631,269)
Investments in government business enterprises and partnerships	(630,330)	201,980
	(791,790)	(429,289)
 NET INCREASE IN CASH	691,197	414,279
CASH, beginning of year	3,409,155	2,994,876
CASH, end of year	4,100,352	3,409,155
 CASH CONSISTS OF:		
Cash and cash equivalents	3,547,377	2,894,215
Restricted cash	552,975	514,940
	4,100,352	3,409,155

UPPER SIMILKAMEEN INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended March 31, 2019

Nature of Operations

Upper Similkameen Indian Band ("the Band") provides services and support to its band members.

The Band is an Indian Band subject to the provisions of the Indian Act of Canada, including exemption from income tax pursuant to section 87 of the Indian Act.

1. Summary of Significant Accounting Policies

BASIS OF ACCOUNTING

The consolidated financial statements of the Band have been prepared in accordance with Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

The Band records accounting transactions using the fund accounting method generally in use for municipal organizations. A fund (branch) is determined for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. Each fund has its own schedule of Revenue and Expenditures and Surplus which presents the results of operations and changes in surplus for the fund. The Band Council transfers amounts between funds as considered necessary. The financial position of the Band is shown on the consolidated statement of financial position which includes the assets, liabilities and equity of all funds presented in the financial statements.

The Band's incorporated business enterprises and its investments in limited partnerships have been accounted for using the modified equity method.

PRINCIPLES OF CONSOLIDATION

The Band's reporting entity includes the Upper Similkameen Indian Band government and all related entities that are either owned or controlled by the First Nation.

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of government business enterprises, which are included in the consolidated financial statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Under the modified equity method of accounting, only the Band's investment in the government business enterprises and the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprises that are different from those of the Band. The government business enterprises follow International Financial Reporting Standards.

Organizations accounted for on a modified equity basis include:

1. StuWix Resources Joint Venture (12.5% interest)
2. StuWix Resources Ltd. (12.5% interest)
3. Vermillion Forks Community Forest Corporation (33.3% interest)
4. First Nation Management Solutions Limited Partnership (50% interest)
5. Chuchuwayha Forestry Limited Partnership (99.9% interest)

UPPER SIMILKAMEEN INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2019

1. Summary of Significant Accounting Policies (Continued)

ACCRUAL ACCOUNTING

The financial statements are prepared using the accrual basis of accounting.

CASH AND CASH EQUIVALENTS

The Band's policy is to present bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn. Also included in cash and cash equivalents are GIC's.

TANGIBLE CAPITAL ASSETS

Tangible capital assets, when acquired, are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset.

Tangible capital assets relating to the Band Housing Program are recorded using the fund accounting principles applied by Indian Band Housing Programs in Canada and guidelines prescribed by the Canada Mortgage and Housing Corporation. Indian Reserve Land is recorded at its appraised value on the date of contribution to the Program on the pre-1997 projects and is not recorded for the post-1996 projects in accordance with Canada Mortgage and Housing Corporation guidelines. Buildings and appliances are recorded at cost. Amortization on buildings is provided for annually in an amount equal to the principal reduction of the mortgage on each associated project. No amortization is provided on appliances, however, provision for future replacement of appliances is provided for through the Replacement Reserve.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

Amortization on the remaining tangible capital assets is provided on a straight-line basis based on their useful lives as follows:

Vehicles	7 years
Buildings and social housing	20 years
Computer equipment	2 years
Equipment	7 years
Leasehold improvements	7 years

IMPAIRMENT OF LONG-LIVED ASSETS

The Band tests long-lived assets for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

UPPER SIMILKAMEEN INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2019

1. Summary of Significant Accounting Policies (Continued)

CONTRIBUTED TANGIBLE CAPITAL ASSETS

Contributed tangible capital assets are recorded at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfer of capital assets from related parties are recorded at carrying value.

CAPITAL LEASES

Capital leases are leases where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in the Band.

A capital lease is accounted for as an asset as well as an obligation. Accordingly, capital leases are recognized by recording an asset and a liability at the present value of the minimum lease payments, excluding the portion thereof relating to executor costs. However, the maximum value recorded for the asset and obligation will not exceed the leased asset's fair value.

The capitalized value of a depreciable asset is amortized over the lease term. However, if the ownership is to eventually pass to the Band, or a bargain purchase option is allowed, the amortization period will be the economic useful life of the asset.

REVENUE RECOGNITION

Revenues derived from the sale of goods or services are recognized when the good or service is rendered, and amounts are established and evidenced by acceptance and reasonable expectation of collection.

Government grants and transfers, which include Federal funding agreements are recognized in the financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amount can be made. When the eligibility criteria is not met, transfers received are reflected as deferred revenue in the year of receipt and classified as such on the consolidated statement of financial position.

Revenues derived from investments are recognized as earned on an accrual basis.

Revenues derived from tax requisitions are recognized annually when invoices are prepared and distributed.

Revenue related to fees or services received in advance of the fee being earned or the service being performed is deferred and recognized when the fee is earned or service performed.

UPPER SIMILKAMEEN INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2019

1. Summary of Significant Accounting Policies (Continued)

LIABILITY FOR CONTAMINATED SITES

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all of the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the Band is directly responsible and accepts responsibility;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring.

MANAGEMENT ESTIMATES

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring use of management estimates relate to historical cost and useful life of tangible capital assets, the allowance for doubtful accounts of accounts receivable, provisions for accrued liabilities and contingent liabilities and contaminated sites. Actual results could differ from those estimates. Adjustments, if any, will be reflected in operations in the period of settlement or when there is a change in estimate as appropriate.

REPLACEMENT RESERVE

The replacement reserve account is funded by an annual charge against operations in an amount determined by Canada Mortgage and Housing Corporation as opposed to an appropriation of surplus. The replacement reserves are included in the social housing fund in Note 11.

UPPER SIMILKAMEEN INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2019

2. Restricted Cash

Restricted cash is comprised of the following:

	2019	2018
	\$	\$
Restricted		
Housing Replacement Reserve Post-1996	114,206	73,272
Housing Replacement Reserve Pre-1997	112,198	85,851
Ottawa Trust Funds	326,571	355,817
Total Restricted Cash	552,975	514,940

Under the terms of an agreement with Canada Mortgage and Housing Corporation, the Band must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account, and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation.

The Ottawa Trust accounts arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. These funds are restricted in their use. The Band is permitted to use its revenue for any purpose that will promote the general progress and welfare of the Band and its members. The expenditures of capital funds require the consent of Indigenous Services Canada and generally must be for projects of a capital nature. Withdrawals of cash or capital funds are recorded as revenue in the applicable fund where the monies are expended.

3. Accounts Receivable

	2019	2018
	\$	\$
Trade receivables	391,041	1,084,243
Less: Allowance for doubtful accounts	(64,376)	(350,013)
Total Accounts Receivable	326,665	734,230

UPPER SIMILKAMEEN INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended March 31, 2019

4. Investments in Government Business Enterprises and Partnerships

	2018 Balance	Contributions	Withdrawals	Net Income	2019 Balance
	\$	\$	\$	\$	\$
StuWix Resources Ltd. and StuWix Resources Joint Venture (12.5% interest)	629,977	-	(243,675)	122,543	508,845
Vermilion Forks Community Forest Corporation (33.3% interest)	104,750	-	-	751,462	856,212
All Nations Trust Company Group (952 Class A common shares)	11,151	-	-	-	11,151
Total Investments in government business enterprises and partnerships	745,878	-	(243,675)	874,005	1,376,208

						2019 Total Earnings (Loss)	2018 Total Earnings (Loss)
	Assets	Liabilities	Net Assets	Revenue	Expenses	\$	\$
	\$	\$	\$	\$	\$	\$	\$
StuWix Resources Ltd. and StuWix Resources Joint Venture	10,157,797	6,059,320	4,098,477	18,150,434	17,170,091	980,343	944,810
Vermilion Forks Community Forest Corporation	<u>2,906,025</u>	<u>337,316</u>	<u>2,568,709</u>	<u>5,483,514</u>	<u>3,229,127</u>	2,254,387	(45,677)

5. Deposits Held in Trust

Deposits held in trust are comprised of the following:

	2019	2018
	\$	\$
Donovan & Company Trust	195,687	165,258
Total Deposits Held in Trust	195,687	165,258

Funds are held in trust for the Band by the Department of Indigenous Services Canada.

UPPER SIMILKAMEEN INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended March 31, 2019

6. Accounts Payable and Accrued Liabilities

	2019	2018
	\$	\$
Government remittances payable	95,971	87,824
Accrued liabilities	42,891	77,704
Trade payables	38,373	319,623
Accrued salaries and benefits payable	11,098	4,879
Total Accounts Payable and Accrued Liabilities	188,333	490,030

7. Due to Related Parties

	2019	2018
	\$	\$
Chuchuwayha Forestry Limited Partnership	51,909	52,763
Upper Similkameen Economic Development Ltd.	19,913	19,913
Total Due to Related Parties	71,822	72,676

Advances to related parties are unsecured, bear no interest and are repayable on demand. The entities are related parties of the Band due to the following relationships; Chuchuwayha Forestry Limited Partnership, and the Upper Similkameen Economic Development Ltd. are wholly owned subsidiaries of the Upper Similkameen Indian Band, through a trust.

8. Long Term Debt

	2019	2018
	\$	\$
Inland Kenworth Skidder loan bearing interest at 2.00% per annum, repayable in monthly payments of \$19,278 including interest. The loan is secured by certain equipment. The loan matures on September 1, 2021.	391,777	549,437
All Nation Trust Company loan bearing interest at 1.12% per annum, repayable in monthly payments of \$939 including interest. The loan is secured by Ministerial Guarantee from Indigenous Services Canada. The loan matures on February 1, 2035. Post ANTCO - Phase 6.	164,304	173,685
All Nation Trust Company loan bearing interest at 1.53% per annum, repayable in monthly payments of \$949 including interest. The loan is secured by Ministerial Guarantee from Indigenous Services Canada. The loan matures on November 1, 2027. Post ANTCO - Phase 5.	90,673	100,179

UPPER SIMILKAMEEN INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2019

8. Long Term Debt (Continued)

All Nation Trust Company loan bearing interest at 2.63% per annum, repayable in monthly payments of \$1,044 including interest. The loan is secured by Ministerial Guarantee from Indigenous Services Canada. The loan matures on June 1, 2026. Post ANTICO - Phase 4.	87,106	98,565
All Nation Trust Company loan bearing interest at 1.65% per annum, repayable in monthly payments of \$1,596 including interest. The loan is secured by Ministerial Guarantee from Indigenous Services Canada. The loan matures on May 1, 2022. Pre CMHC - Phase 3.	59,380	77,631
Royal Bank of Canada loan for a 2019 GMC Sierra 1500 bearing interest at 3.49% per annum, repayable in monthly payments of \$498 including interest. The loan is secured by the equipment. The loan matures on March 28, 2024.	27,398	-
Royal Bank of Canada loan for a 2019 GMC Sierra 1500 bearing interest at 3.49% per annum, repayable in monthly payments of \$432 including interest. The loan is secured by the equipment. The loan matures on March 29, 2024.	23,726	-
All Nation Trust Company loan bearing interest at 1.39% per annum, repayable in monthly payments of \$510 including interest. The loan is secured by Ministerial Guarantee from Indigenous Services Canada. The loan matures on March 1, 2020. Pre ANTICO - Phase 2.	6,079	12,074
Caterpillar loan bearing interest at 3.27% per annum, repayable in monthly payments of \$9,158 including interest. The loan is secured by certain equipment. The loan matured on November 1, 2018.	-	45,048
	850,443	1,056,619

Principal repayments over the next five years are estimated as follows:

	\$
2020	228,676
2021	228,202
2022	120,515
2023	45,845
2024	43,308
Subsequent	183,897
	850,443

UPPER SIMILKAMEEN INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2019

9. Obligations Under Capital Lease

John Deere Financial Inc. capital lease has an interest rate of 1.9%, maturing in September 2021, secured by certain equipment. Interest expense for the related year is \$7,022 (2018 - \$4,560).

Future minimum lease repayments over the next three years are estimated as follows:

	\$
2020	132,312
2021	134,846
2022	<u>29,789</u>
	296,947
Less: imputed interest	<u>(7,310)</u>
	<u>289,637</u>

UPPER SIMILKAMEEN INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended March 31, 2019

10. Consolidated Statement of Tangible Capital Assets

	Land	Buildings	Equipment	Leasehold Improvements	Vehicles	Computer equipment	Social Housing	2019	2018
COST	\$	\$	\$	\$	\$	\$	\$	\$	\$
BALANCE, BEGINNING OF YEAR	43,584	1,393,507	3,206,379	7,000	441,970	-	1,577,274	6,669,714	6,038,445
Acquisition of tangible capital assets	-	-	30,904	-	102,424	28,132	-	161,460	631,269
BALANCE, END OF YEAR	43,584	1,393,507	3,237,283	7,000	544,394	28,132	1,577,274	6,831,174	6,669,714
ACCUMULATED AMORTIZATION									
BALANCE, BEGINNING OF YEAR	-	913,028	1,547,058	2,100	357,093	-	632,353	3,451,632	2,935,658
Amortization	-	60,434	472,730	1,000	7,617	14,066	54,593	610,440	515,974
BALANCE, END OF YEAR	-	973,462	2,019,788	3,100	364,710	14,066	686,946	4,062,072	3,451,632
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	43,584	420,045	1,217,495	3,900	179,684	14,066	890,328	2,769,102	3,218,082

UPPER SIMILKAMEEN INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2019

11. Accumulated Surplus

Accumulated surplus of the Band is comprised of the following equity in:

	2019	2018
	\$	\$
Band administration fund	4,706,839	4,146,851
Equity in Tangible Capital Assets	1,621,711	1,734,220
Social housing fund	462,211	391,876
Ottawa Trust fund	326,571	355,817
Health fund	312,236	143,398
Social services fund	184,653	7,004
Education fund	(9,055)	(931)
Economic development fund	(169,547)	(562,126)
Total Accumulated Surplus	7,435,619	6,216,109

12. Contingent Liabilities

Under the terms of the contribution agreements with Indigenous Services Canada and other government departments, certain surpluses may be repayable to the government and certain deficits may be reimbursable to the Band. Such repayments will be recorded in the year of recovery.

13. Government Transfers

Included within Province of British Columbia, Indigenous Services Canada and First Nations Health Authority there are government transfers. In 2019, the Band received and recorded as revenue the following transfers:

	2019	2018
	\$	\$
Unconditional Transfers		
Provincial	191,196	640,004
	191,196	640,004
Conditional Transfers		
Federal	1,081,724	635,279
Provincial	465,020	95,359
	1,546,744	730,638
Total Government Transfers	1,737,940	1,370,642

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14. Segmented Information

The Band is a diversified government body that provides a wide range of services to its members such as social housing, social development, health, education, and economic development. Distinguishable functional segments have been separately disclosed in the consolidated statement of operations. The nature of the segments and the activities they encompass are as follows:

Band Administration

This segment includes general revenue and expenses relating to general administration and operations of the Band including administration of taxation, logging revenue, natural resources revenue, operational expenses and amortization.

Capital

This service area provides for the development of new capital projects and infrastructure programs on the reserve.

Economic Development

This segment includes costs relating to the development of economic opportunities on Band land and its members.

Health Services

This segment includes costs relating to providing community health on reserve medical services, and patient travel.

Education Services

This segment includes costs relating to tuition and language and cultural research.

Social Services

This service area provides services to help the members by providing a variety of programs, community services and social services.

Social Housing

This segment includes costs relating to the construction of housing for Band members.

Ottawa Trust Fund

This segment arises from funds derived from capital or revenue sources held in trust in the Revenue Fund of the Government of Canada.

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15. Consolidated Revenues and Expenses by Object

	Band Administration	Capital	Economic Development	Health Services	Education Services	Social Services	Social Housing	2019	2018
	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUES									
Logging income	-	-	1,831,575	-	-	-	-	1,831,575	1,512,297
Income from Government									
Business Enterprises and									
Partnerships	875,325	-	-	-	-	-	-	875,325	229,749
Province of British Columbia	416,520	-	48,500	25,698	-	165,498	-	656,216	735,363
Indigenous Services Canada	288,512	29,789	10,000	-	109,985	170,116	-	608,402	379,883
Natural resources	120,720	-	436,888	4,300	-	-	-	561,908	446,988
First Nation Health Authority	-	-	-	458,322	-	15,000	-	473,322	255,396
Rental income	-	-	-	-	-	-	98,683	98,683	121,855
Property tax income	58,287	-	-	-	-	-	-	58,287	89,381
CMHC subsidies	-	-	-	-	-	-	46,381	46,381	11,756
Okanagan Training and									
Development Council	18,000	-	25,279	-	-	-	-	43,279	58,293
Campsite income	-	-	20,726	-	-	-	-	20,726	20,981
Interest income	8,558	-	-	-	-	-	142	8,700	11,784
Other grant revenue	8,362	-	-	-	-	-	-	8,362	8,551
Donation revenue	5,671	-	-	-	-	-	-	5,671	2,170
Okanagan Nation Alliance	-	-	-	-	3,510	-	-	3,510	24,740
Administration income	400	-	-	-	-	-	-	400	30,589
First Nation Education	-	-	-	-	-	-	-	-	10,142
Steering									
First Nations Health	-	-	-	-	-	-	-	-	(14,810)
Authority Recovery									
	1,800,355	29,789	2,372,968	488,320	113,495	350,614	145,206	5,300,747	3,935,108

UPPER SIMILKAMEEN INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2019

15. Consolidated Revenues and Expenses by Object (Continued)

	Band Administration	Capital	Economic Development	Health Services	Education Services	Social Services	Social Housing	2019	2018
	\$	\$	\$	\$	\$	\$	\$	\$	\$
EXPENSES									
Salaries and wages	203,211	30,822	765,965	103,720	7,048	95,420	-	1,206,186	1,320,069
Amortization	90,094	-	465,753	-	-	-	54,593	610,440	515,974
Contract service	87,904	10,276	324,622	82,748	1,575	10,376	380	517,881	577,044
Automotive	3,634	3,060	333,268	5,284	560	627	-	346,433	369,761
Office and sundry	69,314	2,510	125,696	25,360	107,744	4,445	7,631	342,700	218,738
Supplies	-	-	213,199	-	-	-	-	213,199	197,472
Travel and accommodation	46,160	125	32,860	51,735	1,939	52,581	803	186,203	79,443
Professional fees	133,377	-	7,420	-	-	-	7,500	148,297	149,543
Licences, dues and fees	47,812	2,485	75,200	9,310	290	365	-	135,462	50,113
Honorarium	65,432	-	2,856	39,910	2,463	9,151	-	119,812	38,488
Insurance	23,692	-	21,464	-	-	-	15,670	60,826	81,106
Interest and bank charges	3,297	-	53,045	-	-	-	1,164	57,506	6,655
Repairs and maintenance	31,341	471	11,856	1,165	-	-	10,570	55,403	43,994
Telephone and utilities	6,328	14,873	5,758	250	-	-	5,200	32,409	48,127
Replacement reserve	-	-	-	-	-	-	20,207	20,207	9,000
Bad debts	15,590	-	-	-	-	-	-	15,590	12,508
Safety	-	-	6,137	-	-	-	-	6,137	9,992
Interest on long-term debt	-	-	-	-	-	-	5,746	5,746	46,091
Advertising and promotion	800	-	-	-	-	-	-	800	2,517
Transfers	-	-	-	-	-	-	-	-	(9,177)
	827,986	64,622	2,445,099	319,482	121,619	172,965	129,464	4,081,237	3,767,458
Excess (deficiency) of revenue over expenses	972,369	(34,833)	(72,131)	168,838	(8,124)	177,649	15,742	1,219,510	167,650

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16. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year's financial statement presentation.

17. Budgeted Figures

Canadian Public Sector Accounting Standards requires that the Band's budget be presented in the consolidated financial statements. As the Band currently does not prepare a budget, no budgeted figures have been presented as otherwise required.