

Upper Similkameen Band
Consolidated Financial Statements
March 31, 2021

Upper Similkameen Band

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For the year ended March 31, 2021

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Management's Responsibility

To the Members of Upper Similkameen Band:

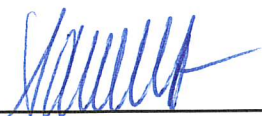
The accompanying consolidated financial statements of Upper Similkameen Band are the responsibility of management and have been approved by the Chief and Council.

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Upper Similkameen Band Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for recommending the appointment of the Nation's external auditors.

MNP LLP is appointed by the Members to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.



CEO

To the Members of Upper Similkameen Band:

Opinion

We have audited the consolidated financial statements of Upper Similkameen Band (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2021, and the consolidated statements of operations and accumulated surplus, changes in net financial assets, cash flows and the related schedules for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2021, and the results of its consolidated operations, changes in its net financial assets and its consolidated 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 First Nation 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 the consolidated financial statements in accordance with Canadian public sector accounting standards, 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 First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities 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.

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 First Nation'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 First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 First Nation 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the First Nation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Chilliwack, British Columbia
October 21, 2021

MNP LLP
Chartered Professional Accountants


Upper Similkameen Band


Consolidated Statement of Financial Position

As at March 31, 2021

	2021	2020
Financial assets		
Cash and cash equivalents	7,189,218	5,280,415
Restricted cash (Note 3)	212,303	248,312
Accounts receivable	553,619	521,547
Portfolio investments (Note 4)	11,261	11,261
Investments in Nation partnerships and business entities (Note 5)	778,729	780,380
Funds held in trust (Note 6)	568,424	543,313
Total of assets	9,313,554	7,385,228
Liabilities		
Bank indebtedness (Note 7)	-	10,000
Accounts payable and accruals	457,819	319,771
Deferred revenue (Note 8)	51,003	101,465
Long-term debt (Note 9)	2,332,029	1,903,111
Capital lease obligations	-	160,028
Total of financial liabilities	2,840,851	2,494,375
Net financial assets	6,472,703	4,890,853
Non-financial assets		
Tangible capital assets (Schedule 1)	4,542,370	4,259,404
Prepaid expenses	16,358	20,233
Total non-financial assets	4,558,728	4,279,637
Accumulated surplus (Note 10)	11,031,431	9,170,490

Approved on behalf of the Council





Chief

Councilor



Councilor

Upper Similkameen Band
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2021

	<i>2021 Budget</i>	<i>2021</i>	<i>2020</i>
Revenue			
Indigenous Services Canada	950,698	1,246,398	668,147
Economic activity	2,085,000	2,042,040	1,997,461
First Nation Health Authority	584,619	596,451	1,186,993
Province of British Columbia	1,076,983	842,588	1,119,086
General revenue	1,120,766	2,264,165	1,110,113
Canada Mortgage and Housing Corporation	-	79,004	34,669
BC FN Gaming Revenue Sharing LP	291,490	304,328	283,737
Rental income	-	83,615	94,779
Interest income	-	15,269	34,053
Ottawa Trust income	-	22,454	18,695
	6,109,556	7,496,312	6,547,733
Expenditures			
Band Administration	1,142,625	1,208,005	859,927
Education	346,033	501,127	135,645
Social Services	326,684	275,877	179,937
Health	444,866	597,926	584,634
Capital and Maintenance	124,750	195,979	85,602
Natural Resources	384,147	591,897	558,680
Logging	1,707,129	2,039,013	2,212,442
Economic Development	23,000	23,126	47,113
Social Housing	-	202,421	148,882
Total expenditures	4,499,234	5,635,371	4,812,862
Annual surplus	1,610,322	1,860,941	1,734,871
Accumulated surplus, beginning of year	9,170,490	9,170,490	7,435,619
Accumulated surplus, end of year	10,780,812	11,031,431	9,170,490

Upper Similkameen Band
Consolidated Statement of Changes in Net Financial Assets
For the year ended March 31, 2021

	<i>2021 Budget</i>	<i>2021</i>	<i>2020</i>
Annual surplus	1,610,322	1,860,941	1,734,871
Purchases of tangible capital assets	-	(1,531,278)	(2,322,572)
Amortization of tangible capital assets	-	570,313	589,592
Proceeds of disposal of tangible capital assets	-	677,999	242,678
	-	(282,966)	(1,490,302)
Acquisition of prepaid expenses	-	(16,358)	(20,233)
Use of prepaid expenses	-	20,233	75,155
	-	3,875	54,922
Increase in net financial assets	1,610,322	1,581,850	299,491
Net financial assets, beginning of year	4,890,853	4,890,853	4,591,362
Net financial assets, end of year	6,501,175	6,472,703	4,890,853

Upper Similkameen Band
Consolidated Statement of Cash Flows
For the year ended March 31, 2021

	2021	2020
Cash provided by (used for) the following activities		
Operating activities		
Annual surplus	1,860,941	1,734,871
Non-cash items		
Amortization	570,313	589,592
Ottawa Trust Fund income	(22,454)	(18,695)
Earnings from investments in Nation partnerships and business entities	(260,670)	(97,999)
	2,148,130	2,207,769
Changes in working capital accounts		
Restricted cash	36,009	27,194
Accounts receivable	(32,074)	(194,882)
Prepaid expenses	3,875	54,922
Funds held in trust	(2,657)	(2,360)
Accounts payable and accruals	138,050	59,611
Deferred revenue	(50,462)	101,465
	2,240,871	2,253,719
Financing activities		
Advances of long-term debt	1,113,009	1,580,764
Repayment of long-term debt	(684,091)	(528,096)
Repayment of capital lease obligation	(160,028)	(136,919)
	268,890	915,749
Capital activities		
Purchases of tangible capital assets	(1,531,278)	(2,322,572)
Proceeds of disposal of tangible capital assets	677,999	242,678
	(853,279)	(2,079,894)
Investing activities		
Purchase of portfolio investments	-	(110)
Proceeds from Investments in Nation partnerships and business entities	262,321	682,676
	262,321	682,566
Increase in cash resources	1,918,803	1,772,140
Cash resources, beginning of year	5,270,415	3,498,275
Cash resources, end of year	7,189,218	5,270,415
Cash resources are composed of:		
Cash and cash equivalents	7,189,218	5,280,415
Bank indebtedness	-	(10,000)
	7,189,218	5,270,415
Supplementary cash flow information		
Interest paid	73,168	58,328

The accompanying notes are an integral part of these financial statements

Upper Similkameen Band

Notes to the Consolidated Financial Statements

For the year ended March 31, 2021

1. Operations

The Upper Similkameen Band (the "First Nation") is located in the province of British Columbia, and provides various services to its members. Upper Similkameen Band includes the First Nation's members, government and all related entities that are accountable to the First Nation and are either owned or controlled by the First Nation.

Impact on operations of COVID-19 (coronavirus)

In early March 2020 the impact of the global outbreak of COVID-19 (coronavirus) began to have a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders.

The First Nation's operations were impacted by COVID-19 due to remote staff working out of office, reduced demand for its forestry operations, and the additional financial strain on its members.

The impact of COVID-19 has been partially offset by available government funding for which the First Nation was eligible. The First Nation has received COVID-19 support funding from Indigenous Services Canada as part of its standard yearly funding.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the First Nation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may cause supply chain disruptions, staff shortages, and increased government regulations, all of which may negatively impact the First Nation's operations and financial condition.

2. Significant accounting policies

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

Basis of presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Reporting entity consolidated

The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity, except for First Nation business entities. Trusts administered on behalf of third parties by Upper Similkameen Band are excluded from the First Nation reporting entity.

First Nation has consolidated the assets, liabilities, revenue, and expenses of the following entities and departments:

- Upper Similkameen Development Corporation
- 0628957 BC Ltd.
- K'tipx Logging Ltd.
- K'tipx Logging Limited Partnership
- Chuchwayha Forestry Ltd.
- Chuchwayha Forestry Limited Partnership

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

2. Significant accounting policies *(Continued from previous page)*

Upper Similkameen Band business entities, owned or controlled by the First Nation's Council but not dependent on the First Nation for their continuing operations, are included in the consolidated financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the First Nation. Thus, the First Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. Entities accounted for by the modified equity basis include:

- Stuwix Resources Ltd.
- Vermilion Forks Community Forest Corporation

Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets and prepaid expenses.

Net financial assets

The First Nation's consolidated financial statements are presented so as to highlight net financial assets as the measurement of consolidated financial position. The net financial assets of the First Nation is determined by its financial assets less its liabilities. Net financial assets combined with non-financial assets comprise a second indicator of consolidated financial position, accumulated surplus.

Cash and cash equivalents

Cash and cash equivalent include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Tangible capital assets

Tangible capital assets are initially recorded at cost based on historical cost accounting records for all tangible capital assets. Contributed tangible assets are recorded at their fair value at the date of contribution.

Amortization

Amortization for tangible capital assets is recorded using the following rates or periods and intended to amortize the cost of the assets over their estimated useful lives:

	Method	Years
Buildings	straight-line	20
Equipment and automotive	straight-line	7
Leasehold improvements	straight-line	7
Computers equipment	straight-line	2
Housing	straight-line	20

Long-lived assets and discontinued operations

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The First Nation determines that a long-lived asset no longer has any long-term service potential to the Band, the excess of its net carrying amount over any residual value is recognized as an expense in the consolidated statement of operations. Write-downs are not reversed.

2. Significant accounting policies *(Continued from previous page)*

Funds held in Ottawa Trust Fund

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the consolidated statement of financial position with an offsetting amount in accumulated surplus. Trust moneys consist of:

- Capital trust moneys derived from non-renewable resource transactions on the land or other First Nation tangible capital assets; and
- Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

Portfolio investments

Long-term investments in entities that are not owned, controlled or influenced by the First Nation reporting entity are accounted for using the cost method. They are recorded at cost, less any provision for other than temporary impairment.

Measurement uncertainty

The preparation of consolidated 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 consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the consolidated financial statements of changes in such estimates and assumptions in future years could be significant. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the years in which they become known.

Revenue recognition

Government Transfers

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Externally restricted revenue

The First Nation recognizes externally restricted inflows as revenue in the period the resources are used for the purpose specified in accordance with an agreement or legislation. Until this time, the First Nation records externally restricted inflows in deferred revenue.

Funds held in Ottawa Trust Fund

Due to measurement uncertainty, revenue related to the receipt of funds held in the Ottawa Trust Fund is recognized when it is received.

Other revenue

Other revenue is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Segments

The First Nation conducts its business through nine reportable segments: Band Administration, Education, Social Services, Health, Capital and Maintenance, Natural Resources, Logging, Economic Development, and Social Housing. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

Upper Similkameen Band

Notes to the Consolidated Financial Statements

For the year ended March 31, 2021

2. Significant accounting policies *(Continued from previous page)*

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements.

Liability for contaminated site

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2021.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made. As at March 31, 2021, management has determined no liability is required to be recorded.

3. Restricted cash

Under agreements with Canada Mortgage and Housing Corporation ("CMHC") the First Nation established the following:

- A replacement reserve, established by an annual allocation of \$15,413 (2020 - \$17,250), to ensure replacement of buildings financed by CMHC. At March 31, 2021, \$190,417 has been set aside to fund this reserve. In the current year, an additional contribution of supplemental assistance funding of \$47,500 was also made. The unfunded portion at March 31, 2021 was \$146,694 (2020 - \$85,080).
- A subsidy surplus reserve established by retaining excess federal assistance payments received to a maximum of \$500 per unit, plus interest. Reserve funds may be used to meet future subsidy requirements of income test occupants, over and above the maximum federal assistance.
- An operating reserve established by the annual surplus after the payment of all costs and expenses including allocation to the replacement reserve. At March 31, 2021, \$21,886 was set aside to fund this reserve. The unfunded portion at March 31, 2021 was \$112,273 (2020 - \$79,384). These funds may only be used for the ongoing operating costs of the housing projects committed under the Post-1996 On-Reserve Program.

In accordance with terms of the agreements, CMHC reserve moneys must be held or invested only in accounts or instruments guaranteed by the Canada Deposit Insurance Corporation, or as otherwise approved by CMHC. Reserve withdrawals are credited first to interest and then to principal.

4. Portfolio investments

	2021	2020
Measured at cost:		
Class A common shares of All Nations Trust Company	11,151	11,151
One partnership unit of BC FN Gaming Revenue Sharing Limited Partnership	100	100
One common share of BC FN Gaming Sharing General Partner Ltd.	10	10
	11,261	11,261

Upper Similkameen Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

5. Investments in Nation partnerships and business entities

The First Nation has investments in the following partnerships and business entities:

	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Cumulative share of earnings (loss)</i>	<i>2021 Total investment</i>
First Nation Business Entities - Modified Equity:				
Stuwix Resources JV - 12.5%	1	-	632,238	632,239
Vermilion Forks Community Forest Corporation - 33.3%	10	-	146,480	146,490
	11	-	778,718	778,729

	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Cumulative share of earnings (loss)</i>	<i>2020 Total investment</i>
First Nation Business Entities - Modified Equity:				
Stuwix Resources Ltd. - 12.5%	1	-	497,226	497,227
Vermilion Forks Community Forest Corporation - 33.3%	10	-	283,143	283,153
	11	-	780,369	780,380

The First Nation's investment in the following investments was established for the purposes of development and management of own source revenue contracts with third parties.

Summary financial information for each business partnership, accounted for using the modified equity method, for their respective year-end is as follows:

	<i>Stuwix Resources Ltd. As at March 31, 2021</i>	<i>Vermilion Forks Community Forest Corporation As at December 31, 2020</i>
Assets		
Current assets	10,975,164	444,549
Long-term assets	42,899	-
Total assets	11,018,063	444,549
Liabilities		
Current liabilities	3,116,129	611
Long-term liabilities	2,815,758	-
Equity	5,086,176	443,938
Total liabilities	11,018,063	444,549
Total revenue		
	19,916,521	1,471,631
Total expenses		
	18,836,421	1,090,848
Net income		
	1,080,100	380,783

Upper Similkameen Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

6. Funds held in trust

Capital and revenue trust monies are transferred to the First Nation on the authorization of the Minister of Indigenous Services Canada and First Nation Health Authority, with the consent of the First Nation's Council.

	2021	2020
Capital Trust		
Balance, end of year	194,825	194,825
Revenue Trust		
Balance, beginning of year	150,441	131,746
Interest	21,973	18,224
BC Special Distribution	481	471
Balance, end of year	172,895	150,441
Donovan & Company Trust		
Balance, beginning of year	198,047	195,687
Interest	2,657	2,360
Balance, end of year	200,704	198,047
	568,424	543,313

7. Bank indebtedness

Bank indebtedness includes an operating loan amounting to \$nil (2020 – \$10,000) and bearing interest at prime plus 1.0% (2020 – 1.0%). The prime rate at March 31, 2021 was 2.45%. The maximum credit of the operating loan is \$100,000, and the undrawn portion at March 31, 2021 was \$100,000 (2020 – \$90,000). This arrangement does not have a termination date and can be withdrawn at the bank's option. The credit line is secured by a general security agreement covering all property of the First Nation.

8. Deferred revenue

The following table represents changes in the deferred revenue balance attributable to each major category of external restrictions:

	<i>Balance, beginning of year</i>	<i>Contributions received</i>	<i>Recognized</i>	<i>Balance, end of year</i>
Indigenous Services Canada - Water System Capital	101,465	-	50,462	51,003

Upper Similkameen Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

9. Long-term debt

	2021	2020
Inland Kenworth Equipment financing; blended payments of \$19,441 per month, bearing interest at 5.74% per annum; maturity date of February 2025; secured by equipment with a book value of \$720,393.	603,758	699,946
Inland Kenworth Equipment financing; blended payments of \$14,485 per month, bearing interest at 3.19% per annum; maturity date of April 2025; secured by equipment with a book value of \$704,688.	498,454	-
John Deere Equipment financing; blended payments of \$8,991 per month, bearing interest at 3.75% per annum; maturity date of October 2024; secured by equipment with a book value of \$480,583.	361,256	-
RBC Financing Equipment financing; blended payments of \$11,017 per month, bearing interest at 2.83% per annum; maturity date of September 2023; secured by equipment with a book value of \$384,375.	315,653	386,302
RBC Financing Equipment financing; blended payments of \$7,628 per month, bearing interest at 2.83% per annum; maturity date of August 2023; secured by equipment with a book value of \$300,105.	218,462	267,379
Non-Profit Housing VI All Nations Trust mortgage; payments of \$982 per month, including interest at 1.73% per annum; maturity date of February 1, 2035; secured by housing with a book value of \$202,505.	145,665	154,855
Non-Profit Housing V All Nations Trust mortgage; payments of \$949 per month, including interest at 1.97% per annum; maturity date of November 1, 2027; secured by housing with a book value of \$147,583.	71,094	80,983
Non-Profit Housing IV All Nations Trust mortgage; payments of \$1,044 per month, including interest at 1.14% per annum; maturity date of June 1, 2026; secured by housing with a book value of \$139,680.	63,788	75,514
Non-Profit Housing III All Nations Trust mortgage; payments of \$1,596 per month, including interest at 1.30% per annum; maturity date of May 1, 2022; secured by housing with a book value of \$193,967.	22,162	40,893
RBC Financing Vehicle loan; blended payments of \$498 per month, bearing interest at 3.49% per annum; maturity March 2024; secured by equipment with a book value of \$30,470.	17,008	22,294
RBC Financing Vehicle loan; blended payments of \$432 per month, bearing interest at 3.49% per annum; maturity March 2024; secured by equipment with a book value of \$28,110.	14,729	19,306
Inland Kenworth - repaid during the year	-	155,639
	2,332,029	1,903,111

Upper Similkameen Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

9. Long-term debt *(Continued from previous page)*

Principal repayments on long-term debt in each of the next five years are estimated as follows:

2022	639,370
2023	643,723
2024	543,069
2025	351,480
2026	35,308

10. Accumulated surplus

Annual surplus is comprised of the following:

	2021	2020
Operating surplus	7,781,045	6,005,517
Tangible capital assets surplus	2,210,341	2,196,265
Funds held in trust	568,424	543,313
CMHC reserve accounts	471,621	425,395
	11,031,431	9,170,490

11. Financial Instruments

The First Nation's financial instruments consist of cash, receivables, marketable securities, accounts payable accrued liabilities and long-term debt. It is management's opinion that the First Nation is not exposed to significant currency, credit, or interest rate risk arising from these financial instruments. The fair value of the instruments approximates their carrying values, unless otherwise noted.

12. Segments

The First Nation receives revenue and incurs expenses from various projects and sources. For management and reporting purposes, the revenue, expenses and surplus or deficits are organized by segments. Schedule 2 discloses the First Nation's revenue and expenses in the following segments:

Band Administration

Includes general operations, support and financial management of the First Nation.

Education

Includes revenue and expenses related to primary, secondary and post secondary education of the members of the First Nation.

Social Services

Includes revenue and expenses relating to social assistance programs for members of the First Nation.

Health

Includes revenue and expenses relating to the provision of health services within the First Nation.

Capital and Maintenance

Includes revenue and expenses related to capital projects and ongoing community maintenance.

Natural Resources

Includes revenue and expenses related to the mining operations and other resource projects within the First Nation.

Logging

Includes revenue and expenses related to the forestry operations within the First Nation.

Economic Development

Includes activities related to the growth of revenue producing projects with the First Nation.

Social Housing

Includes rent collection and maintenance related to the mortgaged homes owned by the First Nation.

Upper Similkameen Band
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2021

	<i>Land</i>	<i>Buildings</i>	<i>Equipment and Automotive</i>	<i>Leasehold improvements</i>	<i>Computer equipment</i>	<i>Subtotal</i>
Cost						
Balance, beginning of year	43,584	1,863,360	4,287,961	7,000	28,132	6,230,037
Acquisition of tangible capital assets	-	101,528	1,429,750	-	-	1,531,278
Disposal of tangible capital assets	-	-	(1,228,250)	-	-	(1,228,250)
Balance, end of year	43,584	1,964,888	4,489,461	7,000	28,132	6,533,065
Accumulated amortization						
Balance, beginning of year	-	1,033,624	1,716,241	4,100	28,132	2,782,097
Annual amortization	-	59,277	431,172	1,000	-	491,449
Accumulated amortization on disposals	-	-	(550,251)	-	-	(550,251)
Balance, end of year	-	1,092,901	1,597,162	5,100	28,132	2,723,295
Net book value of tangible capital assets	43,584	871,987	2,892,299	1,900	-	3,809,770
Net book value of tangible capital assets (2020)	43,584	829,736	2,571,720	2,900	-	3,447,940

Upper Similkameen Band
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2021

	<i>Subtotal</i>	<i>Social housing</i>	<i>2021</i>	<i>2020</i>
<hr/>				
Cost				
Balance, beginning of year	6,230,037	1,577,274	7,807,311	6,831,174
Acquisition of tangible capital assets	1,531,278	-	1,531,278	2,322,572
Disposal of tangible capital assets	(1,228,250)	-	(1,228,250)	(1,346,435)
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Balance, end of year	6,533,065	1,577,274	8,110,339	7,807,311
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Accumulated amortization				
Balance, beginning of year	2,782,097	765,810	3,547,907	4,062,072
Annual amortization	491,449	78,864	570,313	589,592
Accumulated amortization on disposals	(550,251)	-	(550,251)	(1,103,757)
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Balance, end of year	2,723,295	844,674	3,567,969	3,547,907
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Net book value of tangible capital assets	3,809,770	732,600	4,542,370	4,259,404
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Net book value of tangible capital assets (2020)	3,447,940	811,464	4,259,404	
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Upper Similkameen Band
Schedule 2 - Segmented Information
For the year ended March 31, 2021

	Band Administration	Education	Social Services	Health	Capital and Maintenance	Natural Resources	Logging	Economic Development	Social Housing	2021
Revenue										
Indigenous Services Canada	\$ 341,747	\$ 402,557	\$ 156,411	\$ 209,059	\$ 94,624	\$ -	\$ -	\$ 42,000	\$ -	\$ 1,246,398
Other government	770,103	-	96,044	60,000	-	241,499	-	-	-	1,167,646
Economic activities and other	1,196,114	54,057	1,096	601,289	-	1,024,811	2,042,043	605	162,254	5,082,268
	2,307,963	456,614	253,551	870,348	94,624	1,266,309	2,042,043	42,605	162,254	7,496,312
Expenses										
Amortization	75,482	-	-	-	-	-	415,967	-	78,864	570,313
Operating expenses	303,148	4,519	10,595	24,853	20,267	47,262	127,482	2,349	29,197	569,673
Salaries, wages and benefits	442,239	49,495	178,815	263,390	52,708	293,816	959,026	-	54,131	2,293,621
Program and services delivery expenses	387,136	447,113	86,466	309,683	123,004	250,819	536,536	20,777	40,230	2,201,764
	1,208,005	501,127	275,877	597,926	195,979	591,897	2,039,013	23,126	202,421	5,635,371
Surplus (deficit) before transfers	\$ 1,099,958	\$ (44,513)	\$ (22,326)	\$ 272,422	\$ (101,355)	\$ 674,413	\$ 3,030	\$ 19,479	\$ (40,167)	\$ 1,860,941
Transfers between programs	53,027	10,224	6,139	8,379	-	-	-	(100,000)	22,232	-
Annual surplus (deficit)	\$ 1,152,985	\$ (34,290)	\$ (16,187)	\$ 280,800	\$ (101,355)	\$ 674,413	\$ 3,030	\$ (80,521)	\$ (17,935)	\$ 1,860,941

	Band Administration	Education	Social Services	Health	Capital and Maintenance	Natural Resources	Logging	Economic Development	Social Housing	2020
Revenue										
Indigenous Services Canada	\$ 177,157	\$ 89,542	\$ 121,961	\$ 71,593	\$ 192,894	\$ -	\$ -	\$ 15,000	\$ -	\$ 668,147
Other government	790,963	-	136,860	30,000	-	345,000	-	100,000	-	1,402,822
Economic activities and other	649,678	52,604	1,000	1,186,993	-	454,919	1,997,461	941	133,167	4,476,764
	1,617,798	142,146	259,821	1,288,586	192,894	799,919	1,997,461	115,941	133,167	6,547,733
Expenses										
Amortization	94,330	-	-	-	-	-	416,398	-	78,864	589,592
Operating expenses	383,830	17,278	1,447	119,078	21,999	20,210	130,775	41,650	27,596	763,862
Salaries, wages and benefits	260,881	33,478	111,242	222,556	39,333	380,537	790,822	-	2,151	1,840,998
Program and services delivery expenses	120,886	84,890	67,248	243,000	24,270	157,933	874,446	5,463	40,273	1,618,409
	859,927	135,645	179,937	584,634	85,602	558,680	2,212,442	47,113	148,881	4,812,862
Surplus (deficit) before transfers	\$ 757,871	\$ 6,501	\$ 79,884	\$ 703,952	\$ 107,292	\$ 241,240	\$ (214,981)	\$ 68,828	\$ (15,715)	\$ 1,734,871
Transfers between programs	(19,759)	-	-	(310,155)	310,155	-	-	-	19,759	-
Annual surplus (deficit)	\$ 738,112	\$ 6,501	\$ 79,884	\$ 393,797	\$ 417,447	\$ 241,240	\$ (214,981)	\$ 68,828	\$ 4,044	\$ 1,734,871