

**Upper Similkameen Band**  
**Consolidated Financial Statements**  
*March 31, 2022*

# Upper Similkameen Band

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*For the year ended March 31, 2022*

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## Management's Responsibility

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To the Members of Upper Similkameen Band:

The accompanying 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 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 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 financial statements.

The Upper Similkameen Band Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the 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 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.

*Leslie Van-As*

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Contract Finance  
Manager

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, 2022, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and 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, 2022, 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 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 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

July 25, 2022

*MNP LLP*

Chartered Professional Accountants

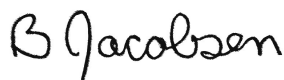
# Upper Similkameen Band

## Consolidated Statement of Financial Position

As at March 31, 2022

	2022	2021
<b>Financial assets</b>		
Cash and cash equivalents	8,637,270	7,189,218
Restricted cash (Note 4)	378,468	212,303
Accounts receivable (Note 5)	746,677	553,619
Portfolio investments (Note 6)	11,261	11,261
Investments in government business entities (Note 7)	1,156,838	778,729
Funds held in trust (Note 8)	572,228	568,424
<b>Total of assets</b>	<b>11,502,742</b>	<b>9,313,554</b>
<b>Liabilities</b>		
Accounts payable and accruals	176,857	457,819
Deferred revenue (Note 10)	769,882	51,003
Long-term debt (Note 11)	2,121,388	2,332,029
<b>Total of financial liabilities</b>	<b>3,068,127</b>	<b>2,840,851</b>
<b>Net financial assets</b>	<b>8,434,615</b>	<b>6,472,703</b>
<b>Non-financial assets</b>		
Tangible capital assets (Schedule 1)	4,310,307	4,542,370
Prepaid expenses	18,270	16,358
<b>Total non-financial assets</b>	<b>4,328,577</b>	<b>4,558,728</b>
<b>Accumulated surplus (Note 12)</b>	<b>12,763,192</b>	<b>11,031,431</b>

Approved on behalf of the Council



Chief



Councillor



Councillor

**Upper Similkameen Band**  
**Consolidated Statement of Operations and Accumulated Surplus**  
*For the year ended March 31, 2022*

	<i>2022 Budget</i>	<i>2022</i>	<i>2021</i>
<b>Revenue</b>			
Indigenous Services Canada	1,020,140	1,564,689	1,246,398
Economic activity	2,300,000	2,158,278	2,042,040
First Nation Health Authority	789,445	833,034	596,451
Province of British Columbia	420,782	1,146,062	842,588
General revenue	2,999,768	2,603,450	2,264,165
Canada Mortgage and Housing Corporation	-	281,501	79,004
BC FN Gaming Revenue Sharing LP	174,507	173,507	304,328
Rental income	-	72,182	83,615
Interest income	-	18,887	15,269
Ottawa Trust income	-	3,803	22,454
	<b>7,704,642</b>	<b>8,855,393</b>	<b>7,496,312</b>
<b>Expenditures</b>			
Band Administration	1,226,867	1,348,645	1,208,841
Education	370,311	334,527	501,127
Social Services	504,524	167,183	147,505
Health	1,588,566	1,200,694	722,962
Capital and Maintenance	119,481	403,402	198,479
Natural Resources	1,358,884	1,179,390	591,897
Logging	2,315,612	2,250,039	2,039,013
Economic Development	-	9,517	23,126
Social Housing	-	230,235	202,421
<b>Total expenditures</b>	<b>7,484,245</b>	<b>7,123,632</b>	<b>5,635,371</b>
<b>Annual surplus</b>	<b>220,397</b>	<b>1,731,761</b>	<b>1,860,941</b>
<b>Accumulated surplus, beginning of year</b>	<b>11,031,431</b>	<b>11,031,431</b>	<b>9,170,490</b>
<b>Accumulated surplus, end of year</b>	<b>11,251,828</b>	<b>12,763,192</b>	<b>11,031,431</b>

**Upper Similkameen Band**  
**Consolidated Statement of Changes in Net Financial Assets**  
*For the year ended March 31, 2022*

	<i>2022 Budget</i>	<i>2022</i>	<i>2021</i>
<b>Annual surplus</b>	<b>220,397</b>	<b>1,731,761</b>	1,860,941
Purchases of tangible capital assets	-	<b>(1,015,730)</b>	(1,531,278)
Amortization of tangible capital assets	-	<b>668,605</b>	570,313
Proceeds of disposal of tangible capital assets	-	<b>579,188</b>	677,999
	-	<b>232,063</b>	(282,966)
Acquisition of prepaid expenses	-	<b>(18,270)</b>	(16,358)
Use of prepaid expenses	-	<b>16,358</b>	20,233
	-	<b>(1,912)</b>	3,875
<b>Increase in net financial assets</b>	<b>220,397</b>	<b>1,961,912</b>	1,581,850
<b>Net financial assets, beginning of year</b>	<b>6,472,703</b>	<b>6,472,703</b>	4,890,853
<b>Net financial assets, end of year</b>	<b>6,693,100</b>	<b>8,434,615</b>	6,472,703



**Upper Similkameen Band**  
**Consolidated Statement of Cash Flows**  
*For the year ended March 31, 2022*

	<b>2022</b>	<b>2021</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Annual surplus	1,731,761	1,860,941
Non-cash items		
Amortization	668,605	570,313
Ottawa Trust Fund income	(3,803)	(22,454)
Earnings from investments in government business entities	(492,755)	(260,670)
	1,903,808	2,148,130
Changes in working capital accounts		
Restricted cash	(166,165)	36,009
Accounts receivable	(193,058)	(32,074)
Prepaid expenses	(1,912)	3,875
Funds held in trust	-	(2,657)
Accounts payable and accruals	(280,962)	138,050
Deferred revenue	718,879	(50,462)
	1,980,590	2,240,871
<b>Financing activities</b>		
Advances of long-term debt	836,000	1,113,009
Repayment of long-term debt	(930,920)	(684,091)
Repayment of capital lease obligation	(115,722)	(160,028)
	(210,642)	268,890
<b>Capital activities</b>		
Purchases of tangible capital assets	(1,015,730)	(1,531,278)
Proceeds of disposal of tangible capital assets	579,188	677,999
	(436,542)	(853,279)
<b>Investing activities</b>		
Proceeds from Investments in government business entities	114,646	262,321
<b>Increase in cash resources</b>	<b>1,448,052</b>	<b>1,918,803</b>
<b>Cash resources, beginning of year</b>	<b>7,189,218</b>	<b>5,270,415</b>
<b>Cash resources, end of year</b>	<b>8,637,270</b>	<b>7,189,218</b>
<b>Supplementary cash flow information</b>		
Interest paid	123,516	73,168

# Upper Similkameen Band

## Notes to the Consolidated Financial Statements

*For the year ended March 31, 2022*

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### 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 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***

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 Indian 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 Indian 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 JV
- 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:

	<b>Method</b>	<b>Years</b>
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**

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 Department of Indigenous Services 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 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 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 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.

**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 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, 2022.

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, 2022, management has determined no liability is required to be recorded.

**3. Recent accounting pronouncement**

***PS 3280 Asset Retirement Obligations (New)***

In August 2018, new PS 3280 Assets Retirement Obligations was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new PS 3280 establishes standards on how to account for and report a liability for asset retirement obligations (ARO). As asset retirement obligations associated with landfills are included in the scope of new PS 3280, PS 3270 Solid Waste Landfill Closure and Post-Closure Liability will be withdrawn.

The main features of this standard are as follows:

- An ARO represents a legal obligation associated with the retirement of a tangible capital asset.
- Asset retirement costs increase the carrying amount of the related tangible capital asset and are expensed in a rational and systematic manner.
- When an asset is no longer in productive use, the associated asset retirement costs are expensed. Measurement of the ARO liability should result in the best estimate of the amount required to retire a tangible capital asset at the financial statement date.
- Subsequent measurement of the ARO liability results in either a change in the carrying amount of the related tangible capital asset or an expense. The accounting treatment depends on the nature of the remeasurement and whether the asset remains in productive use.
- The best method to estimate the liability is often a present value technique.

This standard was to be effective for fiscal years beginning on or after April 1, 2021. On June 25, 2020, the PSAB made the decision to defer the effective date by one year due to the impact of the COVID-19 pandemic. The new Section is now effective for annual financial statements relating to fiscal years beginning on or after April 1, 2022. Early application continues to be permitted.

**Upper Similkameen Band**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2022*

**4. 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 (2021 - \$15,413), to ensure replacement of buildings financed by CMHC. At March 31, 2022, \$255,711 (2021 - \$190,767) has been set aside to fund this reserve. In the current year, an additional contribution of supplemental assistance funding of \$250,000 was also made. The unfunded portion at March 31, 2022 was \$253,915 (2021 - \$105,852).
- 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, 2022, \$123,107 (2021 - \$21,886) was set aside to fund this reserve. The unfunded portion at March 31, 2022 was \$16,521 (2021 - \$114,119). 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.

**5. Accounts receivable**

	2022	2021
Funding and trade receivables	371,237	438,148
Rent receivable	316,350	282,631
CMHC subsidy assistance receivable	252,625	26,375
	<b>940,212</b>	747,154
Less: Allowance for doubtful accounts	193,535	193,535
	<b>746,677</b>	553,619

**6. Portfolio investments**

	2022	2021
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
	<b>11,261</b>	11,261

**Upper Similkameen Band**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2022*

**7. Investments in government business entities**

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

			<i>2022</i>
	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Cumulative share of earnings (loss)</i>
			<i>Total investment</i>
<b>Government Business Entities - Modified Equity:</b>			
Stuwix Resources Joint Venture - 12.5%	1	-	330,752
Vermilion Forks Community Forest Corporation - 33.3%	10	-	826,075
	<b>11</b>	<b>-</b>	<b>1,156,827</b>
			<i>2021</i>
	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Cumulative share of earnings (loss)</i>
			<i>Total investment</i>
<b>Government Business Entities - Modified Equity:</b>			
Stuwix Resources Joint Venture - 12.5%	1	-	632,238
Vermilion Forks Community Forest Corporation - 33.3%	10	-	146,480
	<b>11</b>	<b>-</b>	<b>778,718</b>

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 entity, accounted for using the modified equity method, for their respective year-end is as follows:

	<i>Stuwix Resources Joint Venture As at March 31, 2022</i>	<i>Vermilion Forks Community Forest Corporation As at December 31, 2021</i>
<b>Assets</b>		
Current assets	9,175,424	2,567,519
Long-term assets	477,362	-
<b>Total assets</b>	<b>9,652,786</b>	<b>2,567,519</b>
<b>Liabilities</b>		
Current liabilities	4,055,462	89,235
Long-term liabilities	2,905,212	-
Equity	2,692,112	2,478,284
<b>Total liabilities</b>	<b>9,652,786</b>	<b>2,567,519</b>
<b>Total revenue</b>	<b>17,369,030</b>	<b>3,216,205</b>
<b>Total expenses</b>	<b>18,696,113</b>	<b>837,921</b>
<b>Net income (loss)</b>	<b>(1,327,083)</b>	<b>2,378,284</b>

**Upper Similkameen Band**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2022*

**8. Funds held in trust**

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

	<b>2022</b>	<b>2021</b>
<b>Capital Trust</b>		
Balance, end of year	<b>194,825</b>	194,825
<b>Revenue Trust</b>		
Balance, beginning of year	<b>172,895</b>	150,441
Interest	<b>3,319</b>	21,973
BC Special Distribution	<b>485</b>	481
Balance, end of year	<b>176,699</b>	172,895
<b>Donovan &amp; Company Trust</b>		
Balance, beginning of year	<b>200,704</b>	198,047
Interest	<b>-</b>	2,657
Balance, end of year	<b>200,704</b>	200,704
	<b>572,228</b>	568,424

**9. Bank indebtedness**

At March 31, 2022, the First Nation had lines of credit totaling \$100,000 (2021 – \$100,000), none of which were drawn at year-end. The credit line is secured by a general security agreement covering all property of the First Nation.

**10. 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>
ISC - Water System Capital (Q3TE)	50,657	289,160	53,553	286,264
ISC - Health and Safety Renovations (Q3XK)	-	272,152	128,650	143,502
ISC - Project Administration (Q3XN)	-	113,746	-	113,746
ISC - Other Infrastructure (Q3BW)	-	25,000	-	25,000
Province of British Columbia - Day Care	-	253,600	52,230	201,370
Other deferred revenue	346	-	346	-
	<b>51,003</b>	<b>953,658</b>	<b>234,779</b>	<b>769,882</b>



**Upper Similkameen Band**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2022*

**11. Long-term debt**

	<b>2022</b>	<b>2021</b>
RBC Financing 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 \$591,938.	<b>382,712</b>	498,454
RBC Financing Equipment financing; blended payments of \$9,982 per month, bearing interest at 2.72% per annum; maturity date of April 2026; secured by equipment with a book value of \$360,000.	<b>348,155</b>	-
RBC Financing Equipment financing; blended payments of \$9,954 per month, bearing interest at 3.10% per annum; maturity date of April 2026; secured by equipment with a book value of \$356,571.	<b>344,320</b>	-
RBC Financing Equipment financing; blended payments of \$10,011 per month, bearing interest at 3.07% per annum; maturity date of August 2025; secured by equipment with a book value of \$364,563.	<b>276,448</b>	603,758
RBC Financing Equipment financing; blended payments of \$9,012 per month, bearing interest at 2.78% per annum; maturity date of September 2025; secured by equipment with a book value of \$407,583.	<b>257,985</b>	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 \$311,161.	<b>237,793</b>	315,653
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.	<b>136,322</b>	145,665
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.	<b>61,013</b>	71,094
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.	<b>51,928</b>	63,788
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.	<b>3,188</b>	22,162

**Upper Similkameen Band**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2022*

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

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 \$23,699.	<b>11,535</b>	17,008
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 \$21,863.	<b>9,989</b>	14,729
RBC Financing - repaid during the year.	-	218,462
	<b>2,121,388</b>	2,332,029

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

2023	606,030
2024	603,102
2025	557,059
2026	257,236
2027	37,825

**12. Accumulated surplus**

Annual surplus is comprised of the following:

	<b>2022</b>	<b>2021</b>
Operating surplus	<b>9,352,791</b>	7,781,045
Tangible capital assets surplus	<b>2,188,919</b>	2,210,341
Funds held in trust	<b>572,228</b>	568,424
CMHC reserve accounts	<b>649,254</b>	471,621
	<b>12,763,192</b>	11,031,431

**13. 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.

**14. 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.

**15. Comparative figures**

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

**Upper Similkameen Band**  
**Schedule 1 - Consolidated Schedule of Tangible Capital Assets**  
*For the year ended March 31, 2022*

	<i>Land</i>	<i>Buildings</i>	<i>Equipment and Automotive</i>	<i>Leasehold improvements</i>	<i>Social housing</i>	<i>2022</i>	<i>2021</i>
<b>Cost</b>							
Balance, beginning of year	43,584	1,964,888	4,517,593	7,000	1,577,274	8,110,339	7,807,311
Acquisition of tangible capital assets	-	52,230	963,500	-	-	1,015,730	1,531,278
Disposal of tangible capital assets	-	-	(739,890)	-	-	(739,890)	(1,228,250)
Balance, end of year	43,584	2,017,118	4,741,203	7,000	1,577,274	8,386,179	8,110,339
<b>Accumulated amortization</b>							
Balance, beginning of year	-	1,092,901	1,625,294	5,100	844,674	3,567,969	3,547,907
Annual amortization	-	60,174	528,570	1,000	78,864	668,608	570,313
Accumulated amortization on disposals	-	-	(160,705)	-	-	(160,705)	(550,251)
Balance, end of year	-	1,153,075	1,993,159	6,100	923,538	4,075,872	3,567,969
<b>Net book value of tangible capital assets</b>	43,584	864,043	2,748,044	900	653,736	4,310,307	4,542,370
2021 Net book value of tangible capital assets (2021)	43,584	871,987	2,892,299	1,900	732,600	4,542,370	

**Upper Similkameen Band**  
**Schedule 2 - Segmented Information**  
*For the year ended March 31, 2022*

	Band Administration	Education	Social Services	Health	Capital and Maintenance	Natural Resources	Logging	Economic Development	Social Housing	2022
<b>Revenue</b>										
Indigenous Services Canada	\$ 195,005	\$ 349,541	\$ 188,631	\$ 406,902	\$ 382,610	\$ -	\$ -	\$ 42,000	\$ -	\$ 1,564,689
Other government	672,896	-	-	183,753	52,230	520,019	-	-	-	1,428,898
Economic activities and other	1,449,622	126,962	-	750,420	93,959	927,739	2,158,414	-	354,690	5,861,806
	2,317,523	476,503	188,631	1,341,075	528,799	1,447,758	2,158,414	42,000	354,690	8,855,393
<b>Expenses</b>										
Amortization	107,242	-	-	-	-	-	482,499	-	78,864	\$ 668,605
Operating expenses	452,086	4,744	9,197	78,951	27,166	280,325	156,682	9,517	14,413	1,033,082
Salaries, wages and benefits	430,639	35,437	60,774	576,705	60,161	447,165	890,314	-	67,447	2,568,641
Program and services delivery expenses	358,679	294,346	97,212	545,038	316,075	451,900	720,544	-	69,511	2,853,305
	1,348,645	334,527	167,183	1,200,694	403,402	1,179,390	2,250,039	9,517	230,235	7,123,632
<b>Surplus (deficit) before transfers</b>	\$ 968,878	\$ 141,976	\$ 21,448	\$ 140,381	\$ 125,397	\$ 268,368	\$ (91,625)	\$ 32,483	\$ 124,455	\$ 1,731,761
<b>Transfers between programs</b>	(8,149)	-	-	(110,000)	127,500	(17,500)	-	-	8,149	-
<b>Annual surplus (deficit)</b>	\$ 960,729	\$ 141,976	\$ 21,448	\$ 30,381	\$ 252,897	\$ 250,868	\$ (91,625)	\$ 32,483	\$ 132,604	\$ 1,731,761

	Band Administration	Education	Social Services	Health	Capital and Maintenance	Natural Resources	Logging	Economic Development	Social Housing	2021
<b>Revenue</b>										
Indigenous Services Canada	\$ 341,747	\$ 402,557	\$ 156,411	\$ 71,647	\$ 232,036	\$ -	\$ -	\$ 42,000	\$ -	\$ 1,246,398
Other government	770,103	-	-	156,044	-	241,499	-	-	-	1,167,646
Economic activities and other	1,196,113	54,057	-	602,385	-	1,024,811	2,042,043	605	162,254	5,082,268
	2,307,963	456,614	156,411	830,076	232,036	1,266,310	2,042,043	42,605	162,254	7,496,312
<b>Expenses</b>										
Amortization	75,482	-	-	-	-	-	415,967	-	78,864	\$ 570,313
Operating expenses	303,148	4,519	1,596	24,853	20,267	47,262	127,484	2,349	29,195	560,673
Salaries, wages and benefits	442,239	49,495	60,279	381,927	52,708	293,815	959,026	-	54,131	2,293,620
Program and services delivery expenses	387,973	447,113	85,630	316,182	125,504	250,820	536,536	20,777	40,230	2,210,765
	1,208,842	501,127	147,505	722,962	198,479	591,897	2,039,013	23,126	202,420	5,635,371
<b>Surplus (deficit) before transfers</b>	\$ 1,099,121	\$ (44,513)	\$ 8,906	\$ 107,114	\$ 33,557	\$ 674,413	\$ 3,030	\$ 19,479	\$ (40,166)	\$ 1,860,941
<b>Transfers between programs</b>	53,027	10,223	6,139	8,379	-	-	-	(100,000)	22,232	-
<b>Annual surplus (deficit)</b>	\$ 1,152,148	\$ (34,290)	\$ 15,045	\$ 115,493	\$ 33,557	\$ 674,413	\$ 3,030	\$ (80,521)	\$ (17,934)	\$ 1,860,941