

Upper Similkameen Band
Consolidated Financial Statements
March 31, 2023

Upper Similkameen Band

Contents

For the year ended March 31, 2023

	Page
Management's Responsibility	
Independent Auditors' Report	
Consolidated Financial Statements	
Consolidated Statement of Financial Position.....	1
Consolidated Statement of Operations and Accumulated Surplus.....	2
Consolidated Statement of Changes in Net Financial Assets.....	3
Consolidated Statement of Cash Flows.....	4
Notes to the Consolidated Financial Statements.....	5
Schedule 1 - Consolidated Schedule of Tangible Capital Assets.....	15
Schedule 2 - Segmented Information.....	16

Management's Responsibility

To the Members of Upper Similkameen Indian Band

The accompanying financial statements of Upper Similkameen Indian 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 Indian 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.

Original Signed by Lesie Van-As

Financial Consultant

To the Members of Upper Similkameen Indian Band:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Upper Similkameen Indian Band (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statements of operations and accumulated operating surplus, changes in net financial assets and cash flows 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, 2023, 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 24, 2023

MNP LLP

Chartered Professional Accountants

Upper Similkameen Band
Consolidated Statement of Financial Position
As at March 31, 2023

	2023	2022
Financial assets		
Cash and cash equivalents	11,803,540	8,637,270
Restricted cash (Note 4)	209,545	378,468
Accounts receivable (Note 5)	573,349	746,677
Portfolio investments (Note 6)	11,261	11,261
Investments in government business entities (Note 7)	667,263	1,156,838
Funds held in trust (Note 8)	588,142	572,228
Total of assets	13,853,100	11,502,742
Liabilities		
Bank indebtedness (Note 9)	95,000	-
Accounts payable and accruals	342,973	176,857
Deferred revenue (Note 10)	1,160,578	769,882
Long-term debt (Note 11)	1,023,325	1,863,403
Capital lease obligations (Note 12)	1,199,684	257,985
Total of financial liabilities	3,821,560	3,068,127
Net financial assets	10,031,540	8,434,615
Non-financial assets		
Tangible capital assets (Schedule 1)	5,085,164	4,310,307
Prepaid expenses	18,267	18,270
Total non-financial assets	5,103,431	4,328,577
Accumulated surplus (Note 13)	15,134,971	12,763,192
Approved on behalf of the Council		
<u>Original signed by Bonnie Jacobsen</u>	Chief	<u>Original signed by Charles Allison</u> Councillor
<u>Original signed by Michael Allison</u>	Councillor	

The accompanying notes are an integral part of these financial statements

Upper Similkameen Band

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2023

	2023 Budget	2023	2022
Revenue			
Province of British Columbia	1,991,161	3,507,095	1,146,062
Indigenous Services Canada	2,184,047	2,023,859	1,570,639
General revenue	1,194,201	2,818,959	2,603,450
Economic activity	5,114,613	2,454,781	2,158,278
First Nation Health Authority	1,119,285	677,041	827,084
Canada Mortgage and Housing Corporation	-	24,499	281,501
BC FN Gaming Revenue Sharing LP	283,000	314,517	173,507
Interest income	-	133,467	18,887
Rental income	-	72,090	72,182
Ottawa Trust income	-	15,914	3,803
	11,886,307	12,042,222	8,855,393
Expenditures			
Band Administration	3,067,547	1,989,558	1,348,594
Education	432,089	452,476	334,527
Social Services	511,295	216,627	167,235
Health	779,683	756,591	623,315
Family and Daycare Centre	979,209	388,776	577,379
Capital and Maintenance	308,287	692,293	274,751
Natural Resources	1,526,633	1,465,767	1,179,390
Logging	2,620,865	2,888,694	2,250,039
Economic Development	-	57,668	9,517
Social Housing	143,000	761,993	358,885
Total expenditures	10,368,608	9,670,443	7,123,632
Annual surplus	1,517,699	2,371,779	1,731,761
Accumulated surplus, beginning of year	12,763,192	12,763,192	11,031,431
Accumulated surplus, end of year	14,280,891	15,134,971	12,763,192

Upper Similkameen Band
Consolidated Statement of Changes in Net Financial Assets
For the year ended March 31, 2023

	2023 Budget	2023	2022
Annual surplus (deficit)	1,517,699	2,371,779	1,731,761
Purchases of tangible capital assets	-	(2,205,911)	(1,015,730)
Amortization of tangible capital assets	-	755,331	668,605
Proceeds of disposal of tangible capital assets	-	652,456	579,188
Gain on disposal of assets	-	23,267	-
	-	(774,857)	232,063
Acquisition of prepaid expenses	-	(18,267)	(18,270)
Use of prepaid expenses	-	18,270	16,358
	-	3	(1,912)
Increase in net financial assets	1,517,699	1,596,925	1,961,912
Net financial assets, beginning of year	8,434,615	8,434,615	6,472,703
Net financial assets, end of year	9,952,314	10,031,540	8,434,615

The accompanying notes are an integral part of these financial statements

Upper Similkameen Band
Consolidated Statement of Cash Flows
For the year ended March 31, 2023

	2023	2022
Cash provided by (used for) the following activities		
Operating activities		
Annual surplus	2,371,779	1,731,761
Non-cash items		
Amortization	755,331	668,605
Ottawa Trust Fund income	(15,914)	(3,803)
Earnings from investments in government business entities	(303,176)	(492,755)
Gain on disposal of assets	23,267	-
	2,831,287	1,903,808
Changes in working capital accounts		
Restricted cash	168,923	(166,165)
Accounts receivable	173,328	(193,058)
Prepaid expenses	3	(1,912)
Accounts payable and accruals	166,116	(280,962)
Deferred revenue	390,696	718,879
	3,730,353	1,980,590
Financing activities		
Advances of long-term debt	-	836,000
Repayment of long-term debt	(840,078)	(930,920)
Advances of capital lease obligations	1,270,000	-
Repayment of capital lease obligations	(328,301)	(115,722)
Advances of bank indebtedness	95,000	-
	196,621	(210,642)
Capital activities		
Purchases of tangible capital assets	(2,205,911)	(1,015,730)
Proceeds of disposal of tangible capital assets	652,456	579,188
	(1,553,455)	(436,542)
Investing activities		
Proceeds from investments in government business entities	792,751	114,646
Increase in cash resources	3,166,270	1,448,052
Cash resources, beginning of year	8,637,270	7,189,218
Cash resources, end of year	11,803,540	8,637,270
Supplementary cash flow information		
Interest paid	149,403	123,516

Upper Similkameen Band

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

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.

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
- Chuchuwayha Forestry Ltd.
- Chuchuwayha 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.

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.

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

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 annual surplus (deficit)

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

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.

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 operating 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

Portfolio investments with prices quoted in an active market are measured at fair value while those that are not quoted in an active market are measured at cost less impairment. Portfolio investments with prices quoted in an active market include cash and term deposits. Changes in fair value are recorded in the statement of remeasurement gains (losses).

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.

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

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, Family and Daycare Centre, 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.

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.

Asset retirement obligation

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date when there is a legal obligation for the First Nation to incur retirement costs in relation to a tangible capital asset (or component thereof), the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at March 31, 2023. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset (or component thereof). The asset retirement cost is amortized over the useful life of the related asset.

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

At each financial reporting date, the First Nation reviews the carrying amount of the liability. The First Nation recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset.

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.

Financial instruments

The First Nation recognizes its financial instruments when the First Nation becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the First Nation may irrevocably elect to subsequently measure any financial instrument at fair value. The First Nation has not made such an election during the year.

The First Nation subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by price quotations. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in operating annual surplus (deficit). Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets except derivatives are tested annually for impairment. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the statement of remeasurement gains and losses.

3. Change in accounting policy

Effective April 1, 2022, the First Nation adopted the recommendations relating to the following accounting policies, as set out in the CPA Canada Public Sector Accounting Handbook:

- PS 3450 Financial Instruments
- PS 3280 Asset Retirement Obligations

Pursuant to the recommendations, the changes were applied prospectively, and prior periods have not been restated. The adoption of PS 3450 and PS 3280 did not have a material impact on the financial statements.

Upper Similkameen Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

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 \$9,534 (2022 - \$15,413), to ensure replacement of buildings financed by CMHC. At March 31, 2023, \$114,586 (2022 - \$255,771) has been set aside to fund this reserve. The reserve was underfunded at March 31, 2023 by \$809 (2022 - \$253,915).
- 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, 2023, \$133,640 (2022 - \$123,107) was set aside to fund this reserve. The reserve was fully funded on March 31, 2023 (2022 - underfunded \$18,447). 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

	2023	2022
Funding and trade receivables	444,122	371,237
Rent receivable	360,155	316,350
CMHC subsidy assistance receivable	1,974	252,625
	806,251	940,212
Less: Allowance for doubtful accounts	232,902	193,535
	573,349	746,677

6. Portfolio investments

	2023	2022
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

Portfolio investments held by the Nation are not quoted in an active market and, as such, are not subject to remeasurement gains/losses.

Upper Similkameen Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

7. Investments in government business entities

The First Nation has investments in the following business entities:

	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Cumulative share of earnings</i>	<i>2023 Total investment</i>
Government Business Entities - Modified Equity:				
Stuwix Resources Joint Venture - 12.5%	1	-	368,936	368,937
Vermilion Forks Community Forest Corporation - 33.3%	10	-	298,316	298,326
	11	-	667,252	667,263

	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Cumulative share of earnings</i>	<i>2022 Total investment</i>
Government Business Entities - Modified Equity:				
Stuwix Resources Joint Venture - 12.5%	1	-	330,752	330,753
Vermilion Forks Community Forest Corporation - 33.3%	10	-	826,075	826,085
	11	-	1,156,827	1,156,838

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, 2023</i>	<i>Vermilion Forks Community Forest Corporation As at December 31, 2022</i>
Assets		
Current assets	7,867,900	937,556
Long-term assets	574,421	-
Total assets	8,442,321	937,556
Liabilities		
Current liabilities	2,021,422	42,548
Long-term liabilities	3,423,316	-
Equity	2,997,583	895,008
Total liabilities	8,442,321	937,556
Total revenue		
Total revenue	16,968,017	1,152,532
Total expenses		
Total expenses	16,662,546	357,555
Net income (loss)		
Net income (loss)	305,471	794,977

Upper Similkameen Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

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.

	2023	2022
Capital Trust		
Balance, end of year	194,825	194,825
Revenue Trust		
Balance, beginning of year	176,699	172,895
Interest	15,362	3,319
BC Special Distribution	552	485
Balance, end of year	192,613	176,699
Donovan & Company Trust		
Balance, beginning and end of year	200,704	200,704
	588,142	572,228

9. Bank indebtedness

At March 31, 2023, the First Nation had lines of credit totaling \$100,000 (2022 – \$100,000), bearing interest at prime plus 1.00% (2022 - prime plus 1.00%). The First Nation has drawn \$95,000 (2022 - \$nil). The credit line is secured by a general security agreement covering all property of the First Nation. Prime rate at March 31, 2023 was 6.70% (2022 - 2.70%).

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)	286,264	152,911	278,676	160,499
ISC - Health and Safety Renovations (Q3XK, QA1B)	143,502	856,431	150,144	849,789
ISC - Project Administration (Q3XN)	113,746	36,544	-	150,290
ISC - Other Infrastructure (Q3BW)	25,000	-	25,000	-
Province of British Columbia - Day Care	201,370	-	201,370	-
	769,882	1,045,886	655,190	1,160,578

Upper Similkameen Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

11. Long-term debt

	2023	2022
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 \$300,000.	267,020	348,155
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 \$297,143.	264,550	344,320
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 \$479,188.	263,223	382,712
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.	126,816	136,322
Non-Profit Housing V All Nations Trust mortgage; payments of \$989 per month, including interest at 3.70% per annum; maturity date of November 1, 2027.	50,833	61,013
Non-Profit Housing IV All Nations Trust mortgage; payments of \$1,043 per month, including interest at 1.13% per annum; maturity date of June 1, 2026.	39,932	51,928
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 \$16,928.	5,869	11,535
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 \$15,616.	5,082	9,989
RBC Financing, repaid during year.	-	276,448
RBC Financing, repaid during year.	-	237,793
Non-Profit Housing III, repaid during year.	-	3,188
	1,023,325	1,863,403

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

2024	437,058
2025	360,973
2026	104,171
2027	24,083
2028	20,272

Upper Similkameen Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

12. Capital lease obligations

	2023	2022
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 \$334,583.	183,330	257,985
RBC Financing Equipment financing; blended payments of \$12,275 per month, bearing interest at 4.55% per annum; maturity date of August 2027; secured by equipment with a book value of \$473,143.	412,323	-
RBC Financing Equipment financing; blended payments of \$4,419 per month, bearing interest at 4.55% per annum; maturity date of May 2026; secured by equipment with a book value of \$129,488.	117,763	-
RBC Financing Equipment financing; blended payments of \$14,623 per month, bearing interest at 6.35% per annum; maturity date of September 2027; secured by equipment with a book value of \$613,250.	486,268	-
	1,199,684	257,985

Minimum lease payments related to the obligations under capital lease are as follows:

2024	433,174
2025	425,861
2026	330,868
2027	9,781

13. Accumulated surplus

Annual surplus is comprised of the following:

	2023	2022
Operating surplus	10,786,848	8,195,953
Tangible capital assets surplus	2,862,155	2,188,919
Funds held in trust	588,142	572,228
Investments in government business entities	667,263	1,156,838
CMHC reserve accounts	230,563	649,254
	15,134,971	12,763,192

14. 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.

15. 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.

Family and Daycare Centre

Includes revenue and expenses relating to the Daycare Centre operations and family programs for members of 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 related activities 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.

16. Comparative figures

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

17. Financial Instruments

The First Nation as part of its operations carries a number of financial instruments. It is management's opinion that the First Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. In seeking to minimize the risks from interest rate fluctuations, the First Nation manages exposure through the staggering of deposits with varying terms and restrictions.

The First Nation is exposed to interest rate risk with respect to its long-term debt and capital lease obligations, which carry fixed rates of interest between 1% - 6% (2022 – 1% - 4%). The First Nation is also exposed to interest rate risk with respect to its operating line of credit with a variable rate of interest of prime plus 1%.

Upper Similkameen Band
Schedule 1 - Schedule of Tangible Capital Assets
For the year ended March 31, 2023

	<i>Land</i>	<i>Buildings</i>	<i>Equipment and Automotive</i>	<i>Leasehold improvements</i>	<i>Social housing</i>	<i>2023</i>	<i>2022</i>
Cost							
Balance, beginning of year	43,584	2,017,118	4,741,203	7,000	1,577,274	8,386,179	8,110,339
Acquisition of tangible capital assets	-	806,309	1,399,602	-	-	2,205,911	1,015,730
Disposal of tangible capital assets	-	-	(1,499,062)	-	-	(1,499,062)	(739,890)
Balance, end of year	43,584	2,823,427	4,641,743	7,000	1,577,274	9,093,028	8,386,179
Accumulated amortization							
Balance, beginning of year	-	1,153,075	1,993,159	6,100	923,538	4,075,872	3,567,969
Annual amortization	-	145,263	530,304	900	78,863	755,330	668,608
Accumulated amortization on disposals	-	-	(823,338)	-	-	(823,338)	(160,705)
Balance, end of year	-	1,298,338	1,700,125	7,000	1,002,401	4,007,864	4,075,872
Net book value of tangible capital assets	43,584	1,525,089	2,941,618	-	574,873	5,085,164	4,310,307
2022 Net book value of tangible capital assets	43,584	864,043	2,748,044	900	653,736	4,310,307	

Upper Similkameen Band
Schedule 2 - Segmented Information
For the year ended March 31, 2023

	Band Administration	Education	Social Services	Health	Family and Daycare Centre	Capital and Maintenance	Natural Resources	Logging	Economic Development	Social Housing	2023
Revenue											
Indigenous Services Canada	\$ 203,119	\$ 349,865	\$ 364,248	\$ 94,770	\$ -	\$ 428,108	\$ 157,540	\$ -	\$ 15,000	\$ 411,209	\$ 2,023,859
Other government	1,429,768	-	-	-	799,838	241,555	1,651,575	-	-	-	4,122,736
Economic activities and other	1,294,946	172,617	-	618,490	348,650	1,235	891,542	2,455,344	12,595	100,209	5,895,628
	2,927,833	522,482	364,248	713,260	1,148,488	670,898	2,700,657	2,455,344	27,595	511,418	12,042,222
Expenses											
Amortization	203,252	-	-	-	-	-	-	473,215	-	78,864	755,331
Operating expenses	601,757	17,267	5,010	213,222	31,650	25,034	481,829	211,810	7,487	390,480	1,985,545
Salaries, wages and benefits	625,957	88,760	72,819	321,541	289,782	94,004	617,287	1,084,748	-	64,675	3,259,571
Program and services delivery expenses	558,595	346,448	138,798	221,829	67,345	573,255	366,651	1,118,919	50,181	227,974	3,669,995
	1,989,558	452,476	216,627	756,591	388,776	692,293	1,465,767	2,888,694	57,668	761,993	9,670,443
Surplus (deficit) before transfers	\$ 938,275	\$ 70,006	\$ 147,621	\$ (43,330)	\$ 759,712	\$ (21,396)	\$ 1,234,891	\$ (433,350)	\$ (30,072)	\$ (250,575)	\$ 2,371,779
Transfers between programs	(5,750)	-	-	69,770	(790,668)	274,724	(45,243)	-	-	497,167	-
Annual surplus (deficit)	\$ 932,525	\$ 70,006	\$ 147,621	\$ 26,440	\$ (30,956)	\$ 253,328	\$ 1,189,648	\$ (433,350)	\$ (30,072)	\$ 246,592	\$ 2,371,779

	Band Administration	Education	Social Services	Health	Family and Daycare Centre	Capital and Maintenance	Natural Resources	Logging	Economic Development	Social Housing	2022
Revenue											
Indigenous Services Canada	\$ 195,005	\$ 349,541	\$ 188,631	\$ 412,852	\$ -	\$ 253,960	\$ -	\$ -	\$ 42,000	\$ 128,651	\$ 1,570,639
Other government	672,896	-	-	495,387	235,982	-	520,019	-	-	-	1,924,285
Economic activities and other	1,449,622	126,962	-	-	249,083	93,959	927,739	2,158,414	-	354,690	5,360,469
	2,317,523	476,503	188,631	908,239	485,065	347,919	1,447,758	2,158,414	42,000	483,341	8,855,393
Expenses											
Amortization	107,242	-	-	-	-	-	-	482,499	-	78,864	668,605
Operating expenses	452,034	4,744	9,249	59,057	19,895	27,166	280,325	156,682	9,517	14,413	1,033,082
Salaries, wages and benefits	430,639	35,437	60,774	281,524	295,181	60,161	447,165	890,314	-	67,447	2,568,641
Program and services delivery expenses	358,679	294,346	97,212	282,735	262,304	187,423	451,900	720,544	-	198,163	2,853,305
	1,348,594	334,527	167,235	623,315	577,379	274,751	1,179,390	2,250,039	9,517	358,885	7,123,632
Surplus (deficit) before transfers	\$ 968,929	\$ 141,976	\$ 21,396	\$ 284,924	\$ (92,314)	\$ 73,167	\$ 268,369	\$ (91,626)	\$ 32,483	\$ 124,456	\$ 1,731,761
Transfers between programs	(8,149)	-	-	(110,000)	(52,230)	179,730	(17,500)	-	-	8,149	-
Annual surplus (deficit)	\$ 960,780	\$ 141,976	\$ 21,396	\$ 174,924	\$ (144,544)	\$ 252,897	\$ 250,869	\$ (91,626)	\$ 32,483	\$ 132,605	\$ 1,731,761