

Upper Similkameen Indian Band
Consolidated Financial Statements
March 31, 2024

Upper Similkameen Indian Band

Contents

For the year ended March 31, 2024

	Page
Independent Auditor's 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.....	17
Schedule 2 - Segmented Information.....	18

Independent Auditor's Report

To the Members of Upper Similkameen Indian Band:

Opinion

We have audited the financial statements of Upper Similkameen Indian Band (the "First Nation"), which comprise the statement of financial position as at March 31, 2024, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2024, and the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 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 22, 2024

The logo for MNP LLP, featuring the letters 'MNP' in a large, stylized, handwritten-style font, followed by 'LLP' in a smaller, clean, sans-serif font.

Chartered Professional Accountants

Upper Similkameen Indian Band
Consolidated Statement of Financial Position
As at March 31, 2024

	2024	2023
Financial assets		
Cash and cash equivalents	17,103,171	11,898,499
Restricted cash (Note 4)	124,494	114,586
Accounts receivable (Note 5)	408,350	573,349
Portfolio investments (Note 6)	11,261	11,261
Investments in government business entities (Note 7)	466,818	667,263
Funds held in trust (Note 8)	601,978	588,142
Total of assets	18,716,072	13,853,100
Liabilities		
Bank indebtedness (Note 9)	95,000	95,000
Accounts payable and accruals	325,947	342,973
Deferred revenue (Note 10)	4,930,800	1,160,578
Long-term debt (Note 11)	551,536	1,023,325
Capital lease obligations (Note 12)	1,532,922	1,199,684
Total of financial liabilities	7,436,205	3,821,560
Net financial assets	11,279,867	10,031,540
Non-financial assets		
Tangible capital assets	7,179,663	5,085,164
Prepaid expenses	18,269	18,267
Total non-financial assets	7,197,932	5,103,431
Accumulated surplus (Note 13)	18,477,799	15,134,971

Approved on behalf of the Council

B Jacobsen

Chief



Councillor



Councillor

Upper Similkameen Indian Band

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2024

	<i>2024 Budget</i>	<i>2024</i>	<i>2023</i>
Revenue			
Province of British Columbia	1,738,483	3,353,099	3,507,095
Indigenous Services Canada	3,249,169	2,908,979	2,023,859
General revenue	2,538,643	2,787,321	2,818,959
Economic activity	5,410,728	2,660,427	2,454,781
First Nation Health Authority	525,631	843,569	677,041
Canada Mortgage and Housing Corporation	-	24,171	24,499
Rental income	-	76,980	72,090
Interest income	-	401,127	133,467
Investment income	410,000	502,812	314,517
Ottawa Trust income	-	13,836	15,914
	13,872,654	13,572,321	12,042,222
Expenditures			
Band Administration	1,787,176	1,672,724	1,663,668
Own-source Revenue and Revenue Sharing Agreements	780,000	320,167	412,155
Education	462,916	503,215	452,476
Social Assistance	491,258	227,430	190,280
First Nations Child and Family Services and Community Well-Being	220,467	232,388	120,224
Health	1,012,390	624,538	662,670
Family and Daycare Centre	635,507	707,650	388,776
Operations and Maintenance	273,405	320,824	454,760
Community Infrastructure	1,499,000	59,829	231,933
Economic Development	74,545	396,503	183,943
MOTI Negotiations	-	45,440	24,547
Natural Resources	2,408,743	1,512,762	1,240,439
Logging	2,620,865	2,719,400	2,882,579
Housing	1,992,525	804,374	621,864
CMHC Social Housing	-	82,249	140,129
	14,258,797	10,229,493	9,670,443
Annual surplus (deficit)	(386,143)	3,342,828	2,371,779
Accumulated operating surplus, beginning of year	15,134,968	15,134,971	12,763,192
Accumulated operating surplus, end of year	14,748,825	18,477,799	15,134,971

The accompanying notes are an integral part of these consolidated financial statements

Upper Similkameen Indian Band
Consolidated Statement of Changes in Net Financial Assets
For the year ended March 31, 2024

	<i>2024 Budget</i>	<i>2024</i>	<i>2023</i>
Annual surplus (deficit)	(386,143)	3,342,828	2,371,779
Purchases of tangible capital assets	-	(3,357,180)	(2,205,911)
Amortization of tangible capital assets	-	797,292	755,331
Proceeds of disposal of tangible capital assets	-	462,588	652,456
Gain on disposal of assets	-	2,799	23,267
	-	(2,094,501)	(774,857)
Acquisition of prepaid expenses	-	(18,269)	(18,267)
Use of prepaid expenses	-	18,269	18,270
	-	-	3
Increase (decrease) in net financial assets	(386,143)	1,248,327	1,596,925
Net financial assets, beginning of year	10,031,540	10,031,540	8,434,615
Net financial assets, end of year	9,645,397	11,279,867	10,031,540

The accompanying notes are an integral part of these consolidated financial statements

Upper Similkameen Indian Band

Consolidated Statement of Cash Flows

For the year ended March 31, 2024

	2024	2023
Cash provided by (used for) the following activities		
Operating activities		
Annual surplus (deficit)	3,342,828	2,371,779
Non-cash items		
Amortization	797,292	755,331
Earnings from funds held in trust	(13,836)	(15,914)
Earnings from investments in government business entities	(64,547)	(303,176)
Gain on disposal of assets	2,799	23,267
	4,064,536	2,831,287
Changes in working capital accounts		
Accounts receivable	164,999	173,328
Prepaid expenses	-	3
Restricted cash	(9,908)	141,125
Accounts payable and accruals	(17,027)	166,116
Deferred revenue	3,770,222	390,696
	7,972,822	3,702,555
Financing activities		
Repayment of long-term debt	(471,789)	(840,078)
Repayment of capital lease obligations	(447,694)	(328,301)
Advances of capital lease obligations	780,933	1,270,000
Advances of bank indebtedness	-	95,000
	(138,550)	196,621
Capital activities		
Purchases of tangible capital assets	(3,357,180)	(2,205,911)
Proceeds of disposal of tangible capital assets	462,588	652,456
	(2,894,592)	(1,553,455)
Investing activities		
Proceeds from investments in government business entities	264,992	792,751
Increase in cash resources	5,204,672	3,138,472
Cash resources, beginning of year	11,898,499	8,760,027
Cash resources, end of year	17,103,171	11,898,499

The accompanying notes are an integral part of these consolidated financial statements

Upper Similkameen Indian Band

Notes to the Consolidated Financial Statements

For the year ended March 31, 2024

1. Operations

The Upper Similkameen Indian Band (the "First Nation") is located in the province of British Columbia, and provides various services to its members. Upper Similkameen Indian Band includes the Nation's members, government and all related entities that are accountable to the Nation and are either owned or controlled by the 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 government business entities. Trusts administered on behalf of third parties by Upper Similkameen Indian Band are excluded from the First Nation reporting entity.

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

- Upper Similkameen Development Corporation
- 0628957 BC Ltd.

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.

Government 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 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 government 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 financial statements are presented so as to highlight net financial assets as the measurement of 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 financial position, accumulated 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.

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

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.

Capital lease

A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation is recorded at the present value of the minimum lease payments. Assets under capital leases are amortized on the straight-line basis, over their estimated useful lives. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

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:

	<i>Method</i>	<i>Years</i>
Buildings	straight-line	20
Equipment and automotive	straight-line	7
Leasehold improvements	straight-line	7
Computer 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 Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. When the Nation determines an asset no longer has any long-term service to the Band, the excess of its net carrying value 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 Government of Canada in the Ottawa Trust Fund are reported on the 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 sale of 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).

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

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 15 reportable segments: Band Administration, Band Own-Source Revenue and Revenue Sharing Agreements, Education, Social Assistance, First Nations Child and Family and Community Well-Being, Health, Family and Daycare Centre, Operations and Maintenance, Community Infrastructure, Economic Development, MOTI Negotiations, Natural Resources, Logging, Housing, and CMHC 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.

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

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, 2024. 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.

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 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.

Statement of Remeasurement Gains and Losses

By presenting remeasurement gains (losses) separately, changes in the carrying value of financial instruments arising from fair value measurement, unrealized foreign exchange gains (losses) and other comprehensive income arising from investments in government business entities are distinguished from revenues and expenses reported in the statement of operations. The statement of operations reports the extent to which revenues raised in the period were sufficient to meet the expenses incurred. Remeasurement gains (losses) do not affect this assessment as they are recognized in the statement of remeasurement gains and losses. Taken together, the two statements account for changes in a First Nation's net assets (liabilities) in the period.

Upper Similkameen Indian Band

Notes to the Consolidated Financial Statements

For the year ended March 31, 2024

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

Statement of Remeasurement Gains and Losses *(Continued from previous page)*

Upon settlement, the cumulative gain (loss) is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to all financial instruments are reported in the statement of operations. As at March 31, 2024 the First Nation did not have any remeasurment gains (losses), therefore, no Statement of Remeasurement Gains Losses) has been reported.

3. Change in accounting policy

Revenue

Effective April 1, 2023, the First Nation adopted the Public Sector Accounting Board's (PSAB) new standard for the recognition, measurement and disclosure of revenue under PS 3400 *Revenue*. The new standard establishes when to recognize and how to measure revenue, and provides the related financial statement presentation and disclosure requirements. Pursuant to these recommendations, the change was applied prospectively, and prior periods have not been restated.

Under the new standard, revenue is differentiated between revenue arising from transactions that include performance obligations, referred to as "exchange transactions", and transactions taht do not have performance obligations, referred to as "non-exchange transactions", as described in Note 2. There was no material impact on the financial statements from the prospective application of the new accounting recommendations.

4. Restricted cash

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

- A replacement reserve, established by an annual allocation of \$9,000 (2023 -\$9,534), to ensure replacement of buildings financed by CMHC. At March 31, 2024, \$124,494 (2023 - \$114,586) has been set aside to fund this reserve. The reserve was fully funded as at March 31, 2024 (2023 - underfunded by \$809).
- 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, 2024, \$144,181 (2023 - \$133,640) was set aside to fund this reserve. The reserve was fully funded on March 31, 2024 (2023 - fully funded). 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

	2024	2023
Funding and trade receivables	312,406	444,122
Rent receivable	326,452	360,155
CMHC subsidy assistance receivable	1,974	1,974
	640,832	806,251
Less: Allowance for doubtful accounts	232,482	232,902
	408,350	573,349

Upper Similkameen Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

6. Portfolio investments

	2024	2023
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.

7. Investments in government business entities

The First Nation has investments in the following entities:

	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Cumulative share of earnings</i>	2024 <i>Total investment</i>
Government Business Entities - Modified Equity:				
Stuwix Resources Joint Venture - 12.5%	1	-	431,480	431,481
Vermilion Forks Community Forest Corporation - 33.3%	10	-	35,327	35,337
	11	-	466,807	466,818
				2023
	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Cumulative share of earnings</i>	<i>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

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Upper Similkameen Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

7. Investments in government business entities *(Continued from previous page)*

The 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 Joint Venture As at March 31, 2024</i>	<i>Vermilion Forks Community Forest Corporation As at December 31, 2023</i>
Assets		
Current assets	8,435,232	131,408
Property, plant and equipment	139,555	-
Deposits	380,532	-
Total assets	8,955,319	131,408
Liabilities		
Current liabilities	3,498,003	25,366
Reforestation obligation	1,959,380	-
Equity	3,497,936	106,042
Total liabilities and equity	8,955,319	131,408
Total revenue	16,958,577	219,435
Total expenses	16,458,224	213,425
Net income	500,353	6,010

8. 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, with the consent of the First Nation's Council.

	2024	2023
Capital Trust		
Balance, end of year	194,825	194,825
Revenue Trust		
Balance, beginning of year	192,613	176,699
Interest	13,213	15,362
BC Special Distribution	623	552
Balance, end of year	206,449	192,613
First Peoples Law - Legal Trust		
Balance, beginning and end of year	200,704	200,704
	601,978	588,142

Upper Similkameen Indian Band

Notes to the Consolidated Financial Statements

For the year ended March 31, 2024

9. Bank indebtedness

At March 31, 2024, the First Nation had lines of credit totaling \$150,000 (2023 – \$100,000), bearing interest at prime plus 1.00% (2023 - prime plus 1.00%) The First Nation has drawn \$95,000 (2023 - \$95,000). The credit line is secured by a general security agreement covering all property of the First Nation. Prime rate at March 31, 2024 was 7.20% (2023 - 6.70%)

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, Q3X7)	160,499	897,447	141,579	916,367
ISC - Energy Efficiency Upgrades (QA1G)	-	1,011,960	339,439	672,521
ISC - Health and Safety Renovations (Q3XK, QA1B)	849,789	-	347,118	502,671
ISC - Chuchuwayha Hall Renovations (Q2C6)	-	1,445,144	743,117	702,027
ISC - Child and Family Services Housing (QA1V)	-	100,851	-	100,851
ISC - Project Administration (Q3XN)	150,290	-	41,828	108,462
ISC - Other Infrastructure (Q3BW)	-	60,000	-	60,000
Province of British Columbia - Mascot Mines Development	-	839,111	-	839,111
Province of British Columbia - Forest Landscape Plan	-	275,000	21,872	253,128
DFO - Aquatic Habitat Restoration	-	509,956	80,094	429,862
NRT - Declaration Act Engagement Fund	-	260,000	-	260,000
Province of British Columbia - Family Centre	-	85,800	-	85,800
	1,160,578	5,485,269	1,715,047	4,930,800

Upper Similkameen Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

11. Long-term debt

	2024	2023
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 \$240,000.	183,650	267,020
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 \$237,714.	182,272	264,550
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.	117,149	126,816
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.	40,663	50,833
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.	27,802	39,932
RBC Financing, repaid during the year.	-	263,223
RBC Financing, repaid during the year.	-	5,082
RBC Financing, repaid during the year.	-	5,869
	551,536	1,023,325

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

2025	205,751
2026	210,273
2027	40,549
2028	18,194
2029	10,539

Upper Similkameen Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

12. Capital lease obligations

	2024	2023
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 \$261,583.	106,570	183,330
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 \$394,286.	314,448	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 \$108,202.	81,472	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 \$517,679.	383,389	486,268
RBC Financing Equipment financing; blended payments of \$19,028 per month, bearing interest at 6.86% per annum; maturity date of April 2028; secured by equipment with a book value of \$847,991.	647,043	-
	1,532,922	1,199,684

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

2025	589,495
2026	487,590
2027	254,958
2028	164,647

13. Accumulated surplus

	2024	2023
Operating surplus	12,091,234	10,786,848
Tangible capital assets surplus	5,095,205	2,862,155
Funds held in trust	601,978	588,142
Investments in government business entities	466,818	667,263
CMHC housing program reserves	222,564	230,563
	18,477,799	15,134,971

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.

Own-Source Revenue and Revenue Sharing Agreements

Includes revenue and expenses related to taxation and other forms of own-source revenue for the Nation.

Education

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

Social Assistance

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

First Nations Child and Family Services and Community Well-Being

Includes revenue and expenses relating to child and family 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.

Operations and Maintenance

Includes revenue and expenses related to ongoing community infrastructure maintenance.

Community Infrastructure

Includes revenue and expenses related to ongoing community building maintenance.

Economic Development

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

MOTI Negotiations

Includes revenue and expenses related to negotiations with the British Columbia Ministry of Transportation and Infrastructure.

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 logging operations within the First Nation.

Housing

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

CMHC Housing

Includes rent collection and maintenance related to the CMHC non-profit housing post-1996 program.

15. Comparative figures

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

16. 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% (2023 – 1% - 6%). 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 Indian Band
Schedule 1 - Schedule of Tangible Capital Assets

For the year ended March 31, 2024

	<i>Land</i>	<i>Buildings</i>	<i>Equipment and Automotive</i>	<i>Leasehold improvements</i>	<i>Social Housing</i>	<i>2024</i>	<i>2023</i>
Cost							
Balance, beginning of year	43,584	2,823,427	4,641,743	7,000	1,577,274	9,093,028	8,386,179
Acquisition of tangible capital assets	-	4,699	962,791	-	-	967,490	2,205,911
Construction-in-progress	-	2,389,690	-	-	-	2,389,690	-
Disposal of tangible capital assets	-	-	(836,649)	-	-	(836,649)	(1,499,062)
Balance, end of year	43,584	5,217,816	4,767,885	7,000	1,577,274	11,613,559	9,093,028
Accumulated amortization							
Balance, beginning of year	-	1,298,338	1,700,125	7,000	1,002,401	4,007,864	4,075,872
Annual amortization	-	126,037	592,392	-	78,863	797,292	755,331
Accumulated amortization on disposals	-	-	(371,260)	-	-	(371,260)	(823,339)
Balance, end of year	-	1,424,375	1,921,257	7,000	1,081,264	4,433,896	4,007,864
Net book value of tangible capital assets	43,584	3,793,441	2,846,628	-	496,010	7,179,663	5,085,164
2023 Net book value of tangible capital assets	43,584	1,525,089	2,941,618	-	574,873	5,085,164	

Upper Similkameen Indian Band
Schedule 2 - Segmented Information
For the year ended March 31, 2024

	Band Administration	Own Source Revenue and Revenue Sharing Agreements	Education	Social Assistance	First Nations Child and Family Services and Community Well-being	Health	Family and Daycare Centre	Operations and Maintenance	Community Infrastructure	2024 Subtotal
Revenue										
Indigenous Services Canada	\$ 302,976	\$ -	\$ 356,606	\$ 184,706	\$ 257,427	\$ -	\$ 60,426	\$ 210,956	\$ 743,117	\$ 2,116,214
Other government	8,366	2,007,588	-	-	-	1,425	786,228	-	834,903	3,638,510
Economic activities and other	605,072	861,517	133,954	2,291	-	699,895	393,283	-	116,482	2,812,494
	916,414	2,869,105	490,560	186,997	257,427	701,320	1,239,937	210,956	1,694,502	8,567,218
Expenses										
Amortization	188,454	-	-	-	-	-	-	-	-	188,454
Operating expenses	487,433	126,002	32,756	4,044	56,662	124,842	56,243	25,707	57,076	970,765
Salaries, wages and benefits	627,531	-	59,434	106,095	-	416,246	508,146	83,763	-	1,801,215
Program and services delivery expenses	369,306	194,165	411,025	117,291	175,726	83,450	143,261	211,354	2,753	1,708,331
	1,672,724	320,167	503,215	227,430	232,388	624,538	707,650	320,824	59,829	4,668,765
Surplus (deficit) before transfers	(756,310)	2,548,938	(12,655)	(40,433)	25,039	76,782	532,287	(109,868)	1,634,673	3,898,453
Transfers between programs	(3,275)	-	-	-	-	3,275	-	-	14,642	14,642
Annual surplus (deficit)	\$ (759,585)	\$ 2,548,938	\$ (12,655)	\$ (40,433)	\$ 25,039	\$ 80,057	\$ 532,287	\$ (109,868)	\$ 1,649,315	\$ 3,913,095

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	Band Administration	Own Source Revenue and Revenue Sharing Agreements	Education	Social Assistance	First Nations Child and Family Services and Community Well-being	Health	Family and Daycare Centre	Operations and Maintenance	Community Infrastructure	2023 Subtotal
Revenue										
Indigenous Services Canada	\$ 203,119	\$ -	\$ 349,865	\$ 230,859	\$ 228,159	\$ -	\$ -	\$ 428,108	\$ -	\$ 1,440,110
Other government	100	2,465,218	-	-	-	-	799,838	-	241,555	3,506,711
Economic activities and other	581,391	946,697	172,616	-	2,000	666,395	349,150	735	200	2,719,184
	784,610	3,411,915	522,481	230,859	230,159	666,395	1,148,988	428,843	241,755	7,666,005
Expenses										
Amortization	203,253	-	-	-	-	-	-	-	-	203,253
Operating expenses	599,995	3,102	17,267	4,774	49,129	164,281	31,650	5,287	19,747	895,232
Salaries, wages and benefits	545,733	151,756	88,760	72,819	10,000	311,544	289,782	70,373	23,631	1,564,398
Program and services delivery expenses	314,687	257,297	346,449	112,687	61,095	186,845	67,344	379,100	188,555	1,914,059
	1,663,668	412,155	452,476	190,280	120,224	662,670	388,776	454,760	231,933	4,576,942
Surplus (deficit) before transfers	(879,058)	2,999,760	70,005	40,579	109,935	3,725	760,212	(25,917)	9,822	3,089,063
Transfers between programs	(5,750)	-	-	-	69,770	-	(790,669)	(69,770)	344,494	(451,925)
Annual surplus (deficit)	\$ (884,808)	\$ 2,999,760	\$ 70,005	\$ 40,579	\$ 179,705	\$ 3,725	\$ (30,457)	\$ (95,687)	\$ 354,316	\$ 2,637,138

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Upper Similkameen Indian Band
Schedule 2 - Segmented Information
For the year ended March 31, 2024

	2024 Subtotal	Economic Development	MOTI Negotiations	Natural Resources	Logging	Housing	CMHC Social Housing	2024 Total
Revenue								
Indigenous Services Canada	\$ 2,116,214	\$ 15,000	\$ -	\$ -	\$ -	\$ 777,765	\$ -	\$ 2,908,979
Other government	3,638,510	21,872	-	440,000	-	-	-	4,100,382
Economic activities and other	2,812,494	8,250	-	974,803	2,660,458	42,284	64,671	6,562,960
	8,567,218	45,122	-	1,414,803	2,660,458	820,049	64,671	\$ 13,572,321
Expenses								
Amortization	188,454	-	-	-	529,974	33,451	45,412	797,291
Operating expenses	970,765	33,564	8,975	358,734	211,882	360,577	4,705	1,949,202
Salaries, wages and benefits	1,801,215	28,095	4,167	742,322	1,083,082	32,430	-	3,691,311
Program and services delivery expenses	1,708,331	334,844	32,298	411,706	894,462	377,916	32,132	3,791,689
	4,668,765	396,503	45,440	1,512,762	2,719,400	804,374	82,249	\$ 10,229,493
Surplus (deficit) before transfers	3,898,453	(351,381)	(45,440)	(97,959)	(58,942)	15,675	(17,578)	3,342,828
Transfers between programs	14,642	-	-	(14,642)	-	-	-	-
Annual surplus (deficit)	\$ 3,913,095	\$ (351,381)	\$ (45,440)	\$ (112,601)	\$ (58,942)	\$ 15,675	\$ (17,578)	\$ 3,342,828

	2023 Subtotal	Economic Development	MOTI Negotiations	Natural Resources	Logging	Housing	CMHC Social Housing	2023 Total
Revenue								
Indigenous Services Canada	\$ 1,440,110	\$ 15,000	\$ -	\$ 157,540	\$ -	\$ 411,209	\$ -	\$ 2,023,859
Other government	3,506,711	-	319,025	297,000	-	-	-	4,122,736
Economic activities and other	2,719,184	12,995	-	608,295	2,454,944	36,553	63,656	5,895,627
	7,666,005	27,995	319,025	1,062,835	2,454,944	447,762	63,656	12,042,222
Expenses								
Amortization	203,253	-	-	-	473,215	33,451	45,412	755,331
Operating expenses	895,232	17,644	17,968	458,359	205,864	376,223	14,256	1,985,546
Salaries, wages and benefits	1,564,398	20,031	-	525,719	1,084,748	64,675	-	3,259,571
Program and services delivery expenses	1,914,059	146,268	6,579	256,361	1,118,752	147,515	80,461	3,669,995
	4,576,942	183,943	24,547	1,240,439	2,882,579	621,864	140,129	9,670,443
Surplus (deficit) before transfers	3,089,063	(155,948)	294,478	(177,604)	(427,635)	(174,102)	(76,473)	2,371,779
Transfers between programs	(451,925)	-	(4,152)	(41,091)	-	497,168	-	-
Annual surplus (deficit)	\$ 2,637,138	\$ (155,948)	\$ 290,326	\$ (218,695)	\$ (427,635)	\$ 323,066	\$ (76,473)	\$ 2,371,779