

**Upper Similkameen Indian Band
Consolidated Financial Statements**

March 31, 2025

Upper Similkameen Indian Band Contents

For the year ended March 31, 2025

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To the Members of Upper Similkameen Indian Band:

Opinion

We have audited the financial statements of Upper Similkameen Indian Band (the "Nation"), which comprise the statement of financial position as at March 31, 2025, 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 Nation as at March 31, 2025, 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 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 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 Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the 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 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 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 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Nation as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes 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 23, 2025

MNP LLP

Chartered Professional Accountants

Upper Similkameen Indian Band
Consolidated Statement of Financial Position

As at March 31, 2025

	2025	2024
Financial assets		
Cash and cash equivalents	18,653,851	17,103,171
Restricted cash (Note 3)	131,288	124,494
Accounts receivable (Note 4)	729,795	408,350
Portfolio investments (Note 5)	11,261	11,261
Investments in government business entities (Note 6)	479,309	466,818
Funds held in trust (Note 7)	616,126	601,978
Total of financial assets	20,621,630	18,716,072
Liabilities		
Bank indebtedness (Note 8)	115,000	95,000
Accounts payable and accruals	441,434	325,947
Deferred revenue (Note 9)	2,923,918	4,930,800
Long-term debt (Note 10)	378,513	551,536
Capital lease obligations (Note 11)	1,063,562	1,532,922
Total of financial liabilities	4,922,427	7,436,205
Net financial assets	15,699,203	11,279,867
Non-financial assets		
Tangible capital assets (Schedule 1)	8,872,341	7,179,663
Prepaid expenses	18,269	18,269
Total non-financial assets	8,890,610	7,197,932
Accumulated surplus (Note 12)	24,589,813	18,477,799

Approved on behalf of the Council


 SIGN HERE

Chief


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Councillor


 SIGN HERE

Councillor

Upper Similkameen Indian Band
Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2025

	2025 Budget	2025	2024
Revenue			
Province of BC	1,905,826	5,244,988	3,353,099
Indigenous Services Canada	4,763,038	3,622,780	2,908,979
Economic activity and general revenue	4,962,516	6,122,886	2,787,321
Logging	2,920,734	2,186,043	2,660,427
First Nation Health Authority	697,109	1,190,075	843,569
Canada Mortgage and Housing Corporation	-	24,317	24,171
Rental income	-	57,661	76,980
Interest income	-	580,859	401,127
BC FN Gaming Revenue Sharing LP	484,050	325,789	502,812
Ottawa Trust Fund	-	14,147	13,836
	15,733,273	19,369,545	13,572,321
Expenditures			
Band Administration	1,718,804	2,175,258	1,672,724
Own-source Revenue and Revenue Sharing Agreements	754,576	538,909	320,167
Education	560,566	748,694	503,215
Social Assistance	256,491	248,618	227,430
First Nations Child and Family Services and Community Well-Being	319,645	253,098	232,388
Health	837,430	599,468	624,538
Family and Daycare Centre	835,790	1,166,985	707,650
Operations and Maintenance	117,918	252,540	320,824
Community Infrastructure	39,000	165,500	59,829
Economic Development	360,500	275,312	396,503
MOTI Negotiations	-	141,691	45,440
Natural Resources	1,561,126	2,545,513	1,512,762
Logging	2,919,860	2,701,529	2,719,400
Housing	1,228,287	1,366,784	804,374
CMHC Social Housing	-	77,632	82,249
	11,509,993	13,257,531	10,229,493
Annual surplus	4,223,280	6,112,014	3,342,828
Accumulated surplus, beginning of year	18,477,799	18,477,799	15,134,971
Accumulated surplus, end of year	22,701,079	24,589,813	18,477,799

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, 2025

	2025 Budget	2025	2024
Annual surplus	4,223,280	6,112,014	3,342,828
Purchases of tangible capital assets	(896,000)	(2,646,467)	(3,357,180)
Amortization of tangible capital assets	-	928,051	797,292
Proceeds of disposal of tangible capital assets	-	27,300	462,588
Gain (loss) on disposal of assets	-	(1,562)	2,799
	(896,000)	(1,692,678)	(2,094,501)
Increase in net financial assets	3,327,280	4,419,336	1,248,327
Net financial assets, beginning of year	11,279,867	11,279,867	10,031,540
Net financial assets, end of year	14,607,147	15,699,203	11,279,867

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, 2025

	2025	2024
Cash provided by (used for) the following activities		
Operating activities		
Annual surplus	6,112,014	3,342,828
Non-cash items		
Amortization	928,051	797,292
Earnings from funds held in trust	(14,148)	(13,836)
Earnings from investments in government business entities	(12,491)	(64,547)
Gain on disposal of assets	(1,562)	2,799
	7,011,864	4,064,536
Changes in working capital accounts		
Accounts receivable	(321,445)	164,999
Restricted cash	(6,794)	(9,908)
Accounts payable and accruals	115,487	(17,027)
Deferred revenue	(2,006,882)	3,770,222
	4,792,230	7,972,822
Financing activities		
Advances of long-term debt	32,324	-
Repayment of long-term debt	(205,347)	(471,789)
Repayment of capital lease obligations	(469,360)	(447,694)
Advances of capital lease obligations	-	780,933
Change in bank indebtedness	20,000	-
	(622,383)	(138,550)
Capital activities		
Purchases of tangible capital assets	(2,646,467)	(3,357,180)
Proceeds of disposal of tangible capital assets	27,300	462,588
	(2,619,167)	(2,894,592)
Investing activities		
Proceeds from investments in government business entities	-	264,992
Increase in cash resources	1,550,680	5,204,672
Cash resources, beginning of year	17,103,171	11,898,499
Cash resources, end of year	18,653,851	17,103,171

Upper Similkameen Indian Band

Notes to the Consolidated Financial Statements

For the year ended March 31, 2025

1. Operations

The Upper Similkameen Indian Band (the "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 Nation reporting entity, except for government business entities. Trusts administered on behalf of third parties by Upper Similkameen Indian Band are excluded from the Nation reporting entity.

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

- Upper Similkameen Development Corporation
- 0628957 BC Ltd.
- 1450506 B.C. 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 Nation's Council but not dependent on the 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 Nation. Thus, the 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 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 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.

Cash and cash equivalents

Cash and cash equivalents 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.

Upper Similkameen Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

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:

	Method	Years
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 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 monies consist of:

- Capital trust moneys derived from non-renewable resource transactions on the sale of land or other 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).

Upper Similkameen Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

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 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 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 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 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 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 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.

Upper Similkameen Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

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 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, 2025. 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 Nation reviews the carrying amount of the liability. The 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 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 Nation recognizes its financial instruments when the 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 Nation may irrevocably elect to subsequently measure any financial instrument at fair value. The Nation has not made such an election during the year.

The 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. 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 Nation's net assets (liabilities) in the period.

Upper Similkameen Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

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, 2025 the Nation did not have any remeasurement gains (losses), therefore, no Statement of Remeasurement Gains Losses) has been reported.

3. 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 (2024 -\$9,000), to ensure replacement of buildings financed by CMHC. At March 31, 2025, \$131,288 (2024 - \$124,494) has been set aside to fund this reserve. The reserve was fully funded as at March 31, 2025 (2024 - fully funded).
- 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, 2025, \$123,480 (2024 - \$144,181) was set aside to fund this reserve. The reserve was fully funded on March 31, 2025 (2024 - 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.

4. Accounts receivable

	2025	2024
Funding and trade receivables	716,135	312,406
Rent receivable	138,265	326,452
CMHC subsidy assistance receivable	2,014	1,974
	<hr/> 856,414	<hr/> 640,832
Less: Allowance for doubtful accounts	126,619	232,482
	<hr/> 729,795	<hr/> 408,350

5. Portfolio investments

	2025	2024
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
	<hr/> 11,261	<hr/> 11,261

Upper Similkameen Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

6. Investments in government business entities

The Nation has investments in the following entities:

	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Cumulative share of earnings</i>	2025
				<i>Total investment</i>
Government Business Entities - Modified Equity:				
Stuwix Resources Joint Venture - 12.5%	1	-	358,229	358,230
Vermilion Forks Community Forest Corporation - 33.3%	10	-	121,069	121,079
	11	-	479,298	479,309
	<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

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, 2024</i>
	5	
Assets		
Current assets	9,400,587	409,725
Property, plant and equipment	65,864	-
Deposits	360,337	-
Total assets	9,826,788	409,725
Liabilities		
Current liabilities	4,926,714	46,434
Reforestation obligation	1,984,322	-
Equity	2,915,752	363,291
Total liabilities and equity	9,826,788	409,725
Total revenue	21,332,755	842,572
Total expenses	21,914,939	585,323
Net income (loss)	(582,184)	257,249

Upper Similkameen Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

7. Funds held in trust

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

	2025	2024
Capital Trust		
Balance, end of year	194,825	194,825
Revenue Trust		
Balance, beginning of year	206,449	192,613
Interest	13,490	13,213
BC Special Distribution	658	623
Balance, end of year	220,597	206,449
First Peoples Law - Legal Trust		
Balance, beginning and end of year	200,704	200,704
	616,126	601,978

8. Bank indebtedness

At March 31, 2025, the Nation had lines of credit totaling \$150,000 (2024 - \$100,000), bearing interest at prime plus 1.00% (2024 - prime plus 1.00%) The First Nation has drawn \$115,000 (2024 - \$95,000). The credit line is secured by a general security agreement covering all property of the Nation. Prime rate at March 31, 2025 was 4.95% (2024 - 7.20%).

9. 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)	916,367	-	123,130	793,237
ISC - Energy Efficiency Upgrades (QA1G)	672,521	-	359,128	313,393
ISC - Health and Safety Renovations (Q3XK, QA1B)	502,671	286,945	540,009	249,607
ISC - Chuchuwahya Hall Renovations (Q2C6)	702,027	357,564	1,059,591	-
ISC - Child and Family Services Housing (QA1V)	100,851	99,973	102,420	98,404
ISC - Project Administration (Q3XN)	108,462	-	108,462	-
ISC - Other Infrastructure (Q3BW)	60,000	-	-	60,000
Province of British Columbia - Mascot Mines Development	839,111	-	93,924	745,187
Province of British Columbia - Forest Landscape Plan	253,128	-	97,393	155,735
DFO - Aquatic Habitat Restoration	429,862	-	429,862	-
NRT - Declaration Act Engagement Fund	260,000	260,000	29,565	490,435
Province of British Columbia - Family Centre	85,800	85,800	153,681	17,919
	4,930,800	1,090,282	3,097,165	2,923,917

Upper Similkameen Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

10. Long-term debt

	2025	2024
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 \$180,000.	97,983	183,650
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 \$178,286.	97,407	182,272
Non-Profit Housing VI All Nations Trust mortgage; payments of \$1055 per month, including interest at 3.23% per annum; maturity date of February 1, 2035.	107,356	117,149
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.	30,107	40,663
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.	15,533	27,802
Royal Bank of Canada Vehicle financing; blended monthly payments of \$561.67 per month, bearing interest at 4.67% per annum; maturity date of October 2026; secured by vehicle with a book value of \$68,108.	30,127	-
	378,513	551,536

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

2026	213,677
2027	49,648
2028	23,747
2029	16,540
<u>2030 and thereafter</u>	<u>74,901</u>
	378,513

Upper Similkameen Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

11. Capital lease obligations

	2025	2024
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 \$188,583.	27,647	106,570
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 \$315,429.	213,181	314,448
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 \$86,917.	43,924	81,472
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 \$422,107.	273,784	383,389
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 \$712,313.	505,026	647,043
	1,063,562	1,532,922

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

2026	439,441
2027	399,334
2028	204,811
2029	19,976
1,063,562	

12. Accumulated surplus

	2025	2024
Operating surplus	15,809,340	12,045,123
Tangible capital assets surplus	7,430,270	5,095,205
Funds held in trust	616,126	601,978
Investments in government business entities	479,309	466,818
CMHC housing program reserves	254,768	268,675
	24,589,813	18,477,799

Upper Similkameen Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

13. 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.

Upper Similkameen Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2025

14. Comparative figures

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

15. Financial Instruments

The Nation as part of its operations carries a number of financial instruments. It is management's opinion that the 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 Nation manages exposure through negotiation of long-term debt at fixed rates. The Nation is exposed to interest rate risk primarily relating to the following financial assets and liabilities. The table summarizes the carrying amounts of financial instruments exposed to interest rate risk by the earlier of the contractual maturity dates.

Financial instruments exposed to interest rate risk:

			<i>One to five years</i>	<i>Total</i>	2025	2024
	<i>Floating rate</i>	<i>Within one year</i>				
Financial assets measured at cost						
Cash and cash equivalents	18,653,851	-	-	18,653,851	17,103,171	
Restricted cash	131,288	-	-	131,288	124,494	
	18,785,139	-	-	18,785,139	17,227,665	

Financial liabilities

Financial liabilities measured at amortized cost

Long-term debt	-	322,961	55,552	378,513	551,536
Capital lease obligations	-	1,063,562	-	1,063,562	1,532,922
	-	1,386,523	55,552	1,442,075	2,084,458

The Nation is not exposed to significant interest rate risk on its accounts receivable, investments in Government business entities, accounts payable and accruals, or prepaids.

A 1% increase in interest rates relating to cash and cash equivalents, restricted cash, and debt held at variable rates could increase net surplus by approximately \$173,431. The interest rate sensitivity information was prepared based on management's assumptions that interest rates will fluctuate evenly among all financial instruments with variable rates.

Upper Similkameen Indian Band
Schedule 1 - Schedule of Tangible Capital Assets
For the year ended March 31, 2025

	<i>Land</i>	<i>Buildings</i>	<i>Equipment and Automotive</i>	<i>Leasehold improvements</i>	<i>Social Housing</i>	2025	2024
Cost							
Balance, beginning of year	43,584	5,217,816	4,767,885	7,000	1,577,274	11,613,559	9,093,028
Acquisition of tangible capital assets	236,624	2,118,835	291,008	-	-	2,646,467	967,490
Construction-in-progress	-	-	-	-	-	-	2,389,690
Disposal of tangible capital assets	-	-	(46,000)	-	-	(46,000)	(836,649)
Balance, end of year	280,208	7,336,651	5,012,893	7,000	1,577,274	14,214,026	11,613,559
Accumulated amortization							
Balance, beginning of year	-	1,424,375	1,921,257	7,000	1,081,264	4,433,896	4,007,864
Annual amortization	-	233,037	616,150	-	78,864	928,051	797,292
Accumulated amortization on disposals	-	-	(20,262)	-	-	(20,262)	(371,260)
Balance, end of year	-	1,657,412	2,517,145	7,000	1,160,128	5,341,685	4,433,896
Net book value of tangible capital assets	280,208	5,679,239	2,495,748	-	417,146	8,872,341	7,179,663
2024 Net book value of tangible capital assets	43,584	3,793,441	2,846,628	-	496,010	7,179,663	

Upper Similkameen Indian Band
Schedule 2 - Segmented Information
For the year ended March 31, 2025

	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	2025 Subtotal
Revenue										
Indigenous Services Canada	\$ 228,806	\$ -	\$ 513,502	\$ 215,782	\$ 234,898	\$ -	\$ 193,331	\$ 1,059,591	\$ 2,445,910	
Other government	116,854	3,294,417	-	-	-	717,946	581	428,212	4,558,010	
Economic activities and other	1,090,115	2,996,109	171,874	-	6,585	669,214	819,811	45,500	224,445	6,023,653
	1,435,775	6,290,526	685,376	215,782	241,483	669,214	1,537,757	239,412	1,712,248	13,027,573
Expenses										
Amortization	314,808	-	-	-	-	-	-	-	-	314,808
Operating expenses	741,933	270,382	71,369	3,890	50,450	104,742	183,370	23,881	39,071	1,489,088
Salaries, wages and benefits	540,052	-	76,683	122,641	32,687	386,312	661,659	86,790	-	1,906,824
Program and services delivery expenses	578,465	268,527	600,642	122,087	169,961	108,414	321,956	141,869	126,429	2,438,350
	2,175,258	538,909	748,694	248,618	253,098	599,468	1,166,985	252,540	165,500	6,149,070
Surplus (deficit) before transfers	(739,483)	5,751,617	(63,318)	(32,836)	(11,615)	69,746	370,772	(13,128)	1,546,748	6,878,503
Transfers between programs	(373,426)	(50,786)	-	-	-	-	(221,376)	(21,012)	884,091	217,491
Annual surplus (deficit)	\$ (1,112,909)	\$ 5,700,831	\$ (63,318)	\$ (32,836)	\$ (11,615)	\$ 69,746	\$ 149,396	\$ (34,140)	\$ 2,430,839	\$ 7,095,994

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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	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	8,368	2,007,588	-	-	-	1,425	541,755	-	834,903	3,394,039
Economic activities and other	605,072	861,516	133,953	2,291	-	699,895	637,756	-	116,482	3,056,965
	916,416	2,869,104	490,559	186,997	257,427	701,320	1,239,937	210,956	1,694,502	8,567,218
Expenses										
Amortization	188,455	-	-	-	-	-	-	-	-	188,455
Operating expenses	487,430	126,003	32,759	4,046	56,662	124,844	44,028	25,706	57,076	958,554
Salaries, wages and benefits	627,531	-	59,434	106,095	-	416,246	508,146	83,763	-	1,801,215
Program and services delivery expenses	369,308	194,164	411,022	117,289	175,726	83,448	155,476	211,355	2,753	1,720,541
	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	(756,308)	2,548,937	(12,656)	(40,433)	25,039	76,782	532,287	(109,868)	1,634,673	3,898,453
Transfers between programs	(3,275)	-	-	-	-	3,275	-	-	14,643	14,643
Annual surplus (deficit)	\$ (759,583)	\$ 2,548,937	\$ (12,656)	\$ (40,433)	\$ 25,039	\$ 80,057	\$ 532,287	\$ (109,868)	\$ 1,649,316	\$ 3,913,096

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Upper Similkameen Indian Band
Schedule 2 - Segmented Information

For the year ended March 31, 2025

	2025	Subtotal	Economic Development	MOTI Negotiations	Natural Resources	Logging	Housing	CMHC Social Housing	2025 Total
Revenue									
Indigenous Services Canada	\$ 2,445,910	\$ 15,000	\$ -	\$ -	\$ 765,000	-	\$ 1,161,870	\$ -	\$ 3,622,780
Other government	4,558,010	191,317	56,450	-	1,843,311	2,186,043	42,881	64,467	5,570,777
Economic activities and other	6,023,653	15,633	-	2,608,311	2,186,043	1,204,751	64,467	\$	10,175,988
	13,027,573	221,950	56,450						19,369,545
Expenses									
Amortization	314,808	-	-	-	534,379	48,925	29,939	928,051	
Operating expenses	1,489,088	121,323	25,269	637,006	102,125	782,885	3,626	3,161,322	
Salaries, wages and benefits	1,906,824	17,743	20,670	924,390	1,102,575	55,115	-	4,027,317	
Program and services delivery expenses	2,438,350	136,246	95,752	984,117	962,449	479,859	44,067	5,140,840	
	6,149,070	275,312	141,691	2,545,513	2,701,529	1,366,784	77,632	\$	13,257,531
Surplus (deficit) before transfers									
Surplus (deficit) before transfers	6,878,503	(53,362)	(85,241)	62,798	(515,486)	(162,033)	(13,165)		6,112,014
Transfers between programs	217,491	-	-	(117,491)	-	(100,000)	-	-	-
Annual surplus (deficit)	\$ 7,095,994	\$ (53,362)	\$ (85,241)	\$ (54,693)	\$ (515,486)	\$ (262,033)	\$ (13,165)	\$	6,112,014

	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	3,394,039	21,872	-	440,000	-	-	-	-	3,855,911
Economic activities and other	3,056,965	8,250	-	974,802	2,660,458	42,285	64,671	64,671	6,807,431
	8,567,218	45,122	-	1,414,802	2,660,458	820,050	64,671		13,572,321
Expenses									
Amortization	188,455	-	-	-	529,974	33,451	45,412	797,292	
Operating expenses	958,554	33,563	8,976	358,734	211,882	360,578	4,705	1,936,992	
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	1,720,541	334,845	32,297	411,706	894,462	377,915	32,132	3,803,898	
	4,668,765	396,503	45,440	1,512,762	2,719,400	804,374	82,249		10,229,493
Surplus (deficit) before transfers									
Surplus (deficit) before transfers	3,898,453	(351,381)	(45,440)	(97,960)	(58,942)	15,676	(17,578)		3,342,828
Transfers between programs	14,643	-	-	(14,643)	-	-	-	-	-
Annual surplus (deficit)	\$ 3,913,096	\$ (351,381)	\$ (45,440)	\$ (112,603)	\$ (58,942)	\$ 15,676	\$ (17,578)	\$	3,342,828