

SPLATSIN
FINANCIAL STATEMENTS

March 31, 2020



SPLATSIN
FINANCIAL STATEMENTS
March 31, 2020

EXHIBIT

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of SPLATSIN have been prepared in accordance with Canadian public sector accounting standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgements. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of SPLATSIN's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Band Council is responsible for ensuring that management fulfils its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Council carries out this responsibility periodically through its Finance Committee. The Finance Committee is appointed by the Council and meets periodically with management and the members' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Finance Committee reports to Council prior to its approval of the financial statements. The Committee also considers, for review by the Council and approval by the members, the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the members by Daley & Company CPA LLP in accordance with Canadian generally accepted auditing standards.

Kirkpatrick Chair

Position: _____

Naomi M. Thomas

Position: _____

Dalee-Jean

Position: _____



INDEPENDENT AUDITOR'S REPORT

To the Members,
SPLATSIN

EXHIBIT A1

Opinion

We have audited the financial statements of SPLATSIN, which comprise the summary statement of financial position as at March 31, 2020, and the summary statement of members' equity, summary statement of operations, summary statement of remeasurement gains and losses, summary statement of change in net financial assets and summary statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of SPLATSIN as at March 31, 2020, and the results of its operations and its cash flow 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 SPLATSIN 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The current year's supplementary information included in Exhibits B1 to B3, C1 to C2, D1 to D2 and schedules 1 to 41 are presented for the purposes of additional analysis and are not a required part of the financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the summary financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

The outbreak of COVID-19, which has been declared by the World health Organization in March 2020 as a pandemic has spread across the globe and is impacting worldwide economic activity. A public health pandemic such as COVID-19 poses the risk that employees, contractors, suppliers, and other partners may be prevented from conducting business activities for an indefinite period, including due to shutdowns that may be requested or mandated by governmental authorities. While it is not possible at this time to estimate the impact that COVID-19 could have on the First Nation's business, the continued spread of COVID-19 and the measures taken by governments could disrupt regular operations of the First Nation and adversely impact the First Nation's business, financial condition or results of operations. The extent to which the COVID-19 outbreak impacts the financial results will depend on future developments that are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of the virus and the actions to contain its impact. It is not possible to reliably estimate the length and severity of these developments or quantify the impact this pandemic may have on the financial results and condition of the First Nation in future periods. Estimates and judgements made by management in the preparation of the financial statements are increasingly difficult and subject to a higher degree of measurement uncertainty during this volatile period. Management has not made any adjustments or reclassification of assets and liabilities resulting from the COVID-19 pandemic.

Independent Auditor's Report to the Members of SPLATSIN (continued)

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 SPLATSIN's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate SPLATSIN or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing SPLATSIN'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 SPLATSIN'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 SPLATSIN'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 SPLATSIN 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.

Independent Auditor's Report to the Members of SPLATSIN (continued)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Nation (which is the group entity) to express an opinion on the summary 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.



Chartered Professional Accountants

Kamloops, BC

August 20, 2020

SPLATSIN
SUMMARY STATEMENT OF FINANCIAL POSITION
March 31, 2020

| FINANCIAL ASSETS | 2020 | 2019 |
|---|-----------------------------|-----------------------------|
| Cash | \$ 13,397,828 | \$ 9,477,736 |
| Restricted cash (Note A3) | 3,972,203 | 3,732,382 |
| Grants and accounts receivable (Note A4) | 809,660 | 751,804 |
| Loans receivable (Note A5) | 329,107 | 344,680 |
| Investments and advances (Note A6) | <u>8,779,739</u> | <u>6,923,348</u> |
| | <u>27,288,537</u> | <u>21,229,950</u> |
| LIABILITIES | | |
| Accounts payable and accruals (Note A8) | 1,338,754 | 1,281,909 |
| Deferred revenue (Note A9) | 2,324,085 | 1,115,437 |
| Demand loans (Note A10) | 564,489 | 1,881,390 |
| Internally restricted funds payable (Note A3) | 2,190,911 | 2,025,637 |
| Mortgages payable (Note A11) | 111,809 | 158,932 |
| Long-term debt (Note A12) | <u>15,094,700</u> | <u>15,604,247</u> |
| | <u>21,624,748</u> | <u>22,067,552</u> |
| NET FINANCIAL ASSETS (DEBT) | <u>5,663,789</u> | <u>(837,602)</u> |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets (Note A13) | 29,692,992 | 30,565,956 |
| Prepaid expenses | <u>96,312</u> | <u>90,469</u> |
| | <u>29,789,304</u> | <u>30,656,425</u> |
| ACCUMULATED SURPLUS (Note A15) | <u>\$ 35,453,093</u> | <u>\$ 29,818,823</u> |
| COMMITMENTS AND CONTINGENCIES (Note A16) | | |
| APPROVED BY THE BAND: | | |

Kyle Car

SPLATSIN
SUMMARY STATEMENT OF MEMBERS' EQUITY
Year ended March 31, 2020

| | 2020 | 2019 |
|--|----------------------|---------------|
| ACCUMULATED SURPLUS, beginning of year | \$ 29,818,823 | \$ 25,192,337 |
| EXCESS OF REVENUE OVER EXPENSES | 4,767,162 | 3,837,735 |
| UNREALIZED GAINS (Exhibit A5) | 867,108 | 788,751 |
| ACCUMULATED SURPLUS, end of year | \$ 35,453,093 | \$ 29,818,823 |

SPLATSIN
SUMMARY STATEMENT OF OPERATIONS
Year ended March 31, 2020

| | Budget | 2020 | 2019 |
|---|-----------------------------|----------------------------|--------------------------|
| REVENUE: | | | |
| Indigenous Services Canada | \$ 7,126,086 | \$ 8,229,463 | \$ 7,397,029 |
| First Nations Health Authority | 1,310,002 | 1,465,460 | 1,385,106 |
| Consulting and contract | 1,435,941 | 1,608,908 | 2,444,758 |
| Forest Consultation and Revenue Sharing Agreement | 1,779,258 | 1,502,708 | 1,779,258 |
| Income from investment in Splatsin business enterprises | 330,000 | 3,273,829 | 2,200,475 |
| Interest and dividend income | 57,240 | 304,521 | 201,849 |
| Canada Mortgage and Housing Corporation | 5,108 | 5,108 | 10,150 |
| Leases, rentals and grants in lieu | 485,931 | 452,881 | 496,365 |
| Miscellaneous and recoveries | 1,698,476 | 1,790,772 | 874,256 |
| | <u>\$ 14,228,042</u> | <u>18,633,650</u> | <u>16,789,246</u> |
| EXPENSES: | | | |
| Administration | \$ 2,163,742 | 2,534,254 | 2,472,692 |
| Local revenue | 114,839 | 84,251 | 101,123 |
| Community Operations | 1,726,887 | 1,864,586 | 1,975,581 |
| Economic Development | 31,860 | 54,928 | 107,496 |
| Education | 2,788,136 | 2,307,472 | 1,989,270 |
| Health | 1,570,911 | 1,486,412 | 1,328,422 |
| Housing | 519,285 | 502,031 | 409,852 |
| Infrastructure and Capital Improvements | 83,040 | 76,547 | 72,120 |
| Natural Resource and Title and Rights | 650,348 | 488,467 | 573,874 |
| Social Development | 1,003,386 | 1,253,732 | 1,240,158 |
| Splatsin Stsmamlt Services | 3,515,626 | 3,213,808 | 2,680,923 |
| | <u>\$ 14,168,060</u> | <u>13,866,488</u> | <u>12,951,511</u> |
| EXCESS OF REVENUE OVER EXPENSES | <u>\$ 4,767,162</u> | <u>\$ 3,837,735</u> | |

SPLATSIN
SUMMARY STATEMENT OF REMEASUREMENT GAINS AND LOSSES
Year ended March 31, 2020

| | 2020 | 2019 |
|--|---------------------|---------------------|
| ACCUMULATED REMEASUREMENT GAINS, beginning of year | <u>\$ 2,569,342</u> | <u>\$ 1,780,591</u> |
| UNREALIZED GAINS ATTRIBUTED TO: | | |
| Equity in partnerships (Note A6) | 875,858 | 872,637 |
| Losses in partnerships (Note A6) | <u>(8,750)</u> | <u>(83,886)</u> |
| | <u>867,108</u> | <u>788,751</u> |
| ACCUMULATED REMEASUREMENT GAINS, end of year | <u>\$ 3,436,450</u> | <u>\$ 2,569,342</u> |

SPLATSIN
SUMMARY STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
Year ended March 31, 2020

| | 2020 | 2019 |
|--|---------------------|---------------------|
| EXCESS OF REVENUE OVER EXPENSES | \$ 4,767,162 | \$ 3,837,735 |
| Acquisition of tangible capital assets | (264,937) | (961,779) |
| Amortization of tangible capital assets | 1,137,901 | 1,100,430 |
| Unrealized gains (Exhibit A5) | 867,108 | 788,751 |
| Change in prepaid expenses | <u>(5,844)</u> | <u>136,567</u> |
| INCREASE IN NET FINANCIAL ASSETS | 6,501,390 | 4,901,704 |
| NET FINANCIAL DEBT, beginning of year | <u>(837,601)</u> | <u>(5,739,305)</u> |
| NET FINANCIAL ASSETS (DEBT), end of year | \$ 5,663,789 | \$ (837,601) |

SPLATSIN
SUMMARY STATEMENT OF CASH FLOWS
Year ended March 31, 2020

| | 2020 | 2019 |
|--|----------------------|------------------|
| OPERATING ACTIVITIES: | | |
| Excess of revenue over expenses | \$ 4,767,162 | \$ 3,837,735 |
| Non-cash charges to operations: | | |
| Amortization | 1,137,901 | 1,100,430 |
| Adjustment for capital and investment transactions included in operations: | | |
| Loss from investment in Splatsin business enterprises | (3,273,829) | (2,200,475) |
| (Increase) decrease in: | | |
| Accounts receivable | (57,856) | 1,189,491 |
| Loans receivable | 15,573 | 9,258 |
| Prepaid expenses | (5,844) | 136,567 |
| Increase (decrease) in: | | |
| Accounts payable and accruals | 56,846 | (866,167) |
| Deferred revenue | 1,208,648 | (78,125) |
| Funds held in trust | 165,274 | 210,781 |
| Cash flows from operations | <u>4,013,875</u> | <u>3,339,495</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| New borrowings | - | 239,635 |
| Demand loans | (1,316,901) | 163,681 |
| Long-term debt reduction | (556,670) | (776,088) |
| Cash flows from (used in) financing | <u>(1,873,571)</u> | <u>(372,772)</u> |
| CASH FLOWS FROM CAPITAL ACTIVITIES: | | |
| Purchase of property and equipment | (264,937) | (961,779) |
| Cash used in capital | <u>(264,937)</u> | <u>(961,779)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Restricted cash | (239,821) | (284,254) |
| Equity in Partnerships | 867,108 | 788,751 |
| Long-term investments | 1,417,438 | (239,579) |
| Cash from investing | <u>2,044,725</u> | <u>264,918</u> |
| INCREASE (DECREASE) IN CASH | 3,920,092 | 2,269,862 |
| CASH, beginning of year | <u>9,477,736</u> | <u>7,207,874</u> |
| CASH, end of year | \$ 13,397,828 | \$ 9,477,736 |

SPLATSIN
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2020

NOTE A1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES:

These summary financial statements have been prepared by management in accordance with Canadian public sector accounting standards. The significant accounting policies are summarized as follows:

a) Fund Accounting:

Splatsin uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions. The various funds have been amalgamated for the purpose of presentation in the summary financial statements. Details of the operations of each fund are set out in the supplementary schedules. Splatsin maintains the following funds:

- The Band Operating Fund which reports the general activities of the First Nation Administration.
- The Trust Fund which reports on trust funds owned by the First Nation and held by third parties.
- The Capital Fund which reports the property, plant and equipment of the First Nation, together with their related financing.
- The Social Housing Program Fund which reports the social housing assets of the First Nation, together with related activities.

b) Reporting Entity and Principles of Financial Reporting:

Splatsin reporting entity includes Splatsin government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

These financial statements consolidate the assets, liabilities and results of operations for the following entities which use accounting principles which lend themselves to consolidation:

- Splatsin Operating Fund
- Splatsin Trust Fund
- Splatsin Capital Fund
- Splatsin Social Housing Program Fund

All inter-entity balances have been eliminated on consolidation, but in order to present the results of operations for each specific fund, transactions amongst funds have not necessarily been eliminated on the individual schedules.

Incorporated business entities, which are owned or controlled by Splatsin and which are not dependent on the First Nation for their continuing operations, are included in the summary financial statements using the modified equity method. This includes:

- Quilakwa Investments Ltd.
- Splatsin Development Corporation
- Yucwmenlucwu ("Caretakers of the Land") 2007 LLP

Investments in government partnerships are included in the summary financial statements using the proportionate consolidation method. These include:

- Secwépemc Reconciliation Framework Agreement (RFA)

Investments in non-controlled entities and subject to significant influence are included in the summary financial statements using the modified equity method. These include:

- Sexqeltkemc Enterprises Inc.
- Sexqeltkemc Limited Partnership

Long-term investments in non-controlled entities and not subject to significant influence are recorded at cost. These include:

- BC First Nations Gaming Revenue Sharing Limited Partnership

SPLATSIN
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2020

NOTE A1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued):

c) Accrual Method:

The accrual method is used in accounting for all funds.

d) Replacement Reserve:

The Replacement Reserve is funded by an annual charge against earnings as opposed to an appropriation of surplus.

e) Non-financial Assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets for the year.

1) Tangible Capital Assets:

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Major Asset Category:

| | |
|--------------------------------|----------------|
| Roads and bridges | 10 to 75 years |
| Buildings and housing | 20 to 70 years |
| Water systems | 50 to 80 years |
| Automotive and other equipment | 10 to 15 years |
| Office equipment | 5 to 10 years |

Assets under construction are not amortized until the asset is available for productive use.

The Band reviews the useful lives and the carrying values of its tangible capital assets at least annually or more frequently if events or changes in circumstances indicate that the assets might be impaired, by reference to the assets' contribution to the Band's ability to provide services. When assets no longer have any long-term service potential to the Band, the assets are considered to be impaired. An impairment loss is measured at the amount by which the carrying amount of the assets exceeds their fair value, which is estimated as the expected service potential of the assets.

2) Leases:

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

The Band's interest in reserve lands is not reflected in these financial statements, as no consideration was paid by the Band to acquire these lands.

f) Deferred Revenue:

Revenue is recorded in the period to which it relates.

g) As part of the Band's forest license agreement, the Band is required to perform reforestation on areas logged under conditions set out in the acts governing forestry operations. The Band estimates the costs of reforestation through to the free-to-grow stage and records the present value obligation of these costs as timber is harvested.

SPLATSIN
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2020

NOTE A1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued):

h) Revenue Recognition:

Splatsin derives revenues from a number of sources.

Amounts received from Indigenous Services Canada (ISC) are reported in accordance with the terms of the funding arrangement. Amounts specified as set are reported as revenue as program terms and conditions are met and delivered. Any resulting surpluses are repayable to ISC and any deficits incurred are refundable by ISC. Amounts specified as fixed are recognized as revenue as program terms and conditions are met and delivered. Any resulting surpluses may be retained by the Band provided delivery of the program is complete at March 31. Any resulting deficits are the responsibility of the Band. Amounts specified as flexible are reported as revenue as program terms and conditions are met and delivered and project expenditures have been made. Any unspent funds at the end of the project are repayable to ISC. Grants received from ISC are unconditional and are reported as revenue when received or receivable and collection is reasonably assured.

Amounts received from other government departments, both federal and provincial, are reported as revenue in accordance with the terms of the contract or agreement.

Own source revenues derived from such sources as housing rents, resource based revenues, interest income, etc. are reported when received or receivable and collection is reasonably assured.

i) Use of Estimates:

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

NOTE A2. FINANCIAL INSTRUMENTS:

Fair Value of Financial Assets and Financial Liabilities:

The carrying values of cash, accounts receivable, loans receivable, accounts payable and accrued liabilities, and demand loans approximate their fair value due to the relatively short periods to maturity of these items or because they are receivable or payable on demand.

The carrying value of mortgages payable and long-term debt approximate fair value as the terms and conditions of the borrowing arrangements are comparable to current market terms and conditions for similar items.

Credit Risk:

The Band is exposed to a credit risk by its funding agencies and suppliers. However, because the majority of funding is from government agencies and there is a large number of different suppliers, credit risk concentration is reduced to the minimum.

Interest Risk:

Mortgages payable have fixed interest rates on all mortgages. Therefore interest expense will decrease with the principal repayment of the mortgage and interest risk is reduced to the minimum.

SPLATSIN
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2020

| NOTE A3. RESTRICTED CASH: | 2020 | 2019 |
|--------------------------------|----------------------------|----------------------------|
| Internally restricted funds | \$ 2,190,911 | \$ 2,025,637 |
| Replacement reserve | 113,333 | 111,097 |
| Secured revenues trust account | 595,149 | 541,847 |
| Ottawa Trust Funds | <u>1,072,810</u> | <u>1,053,801</u> |
| | <u><u>\$ 3,972,203</u></u> | <u><u>\$ 3,732,382</u></u> |

a) Internally restricted funds:

i) The funds consist of children's special allowances received in respect of children under the care of the Band. By way of Band Council resolution these monies are payable to children in the care of the Band upon their nineteenth birthday.

| | 2020 | 2019 |
|--------------------------------------|-------------------------|-------------------------|
| Balance, beginning of year | \$ 1,575,605 | \$ 1,351,542 |
| Amounts received, including interest | 247,375 | 319,564 |
| Withdrawal to offset costs | - | (26,020) |
| Payments | <u>(65,014)</u> | <u>(69,481)</u> |
| Balance, end of year | <u><u>1,757,966</u></u> | <u><u>1,575,605</u></u> |

ii) The funds consist of BC Hydro right of way lease payments payable to minors. These monies are payable upon their nineteenth birthday.

| | | |
|----------------------------|----------------------------|----------------------------|
| Balance, beginning of year | 450,032 | 463,314 |
| Payments | <u>(17,087)</u> | <u>(13,282)</u> |
| Balance, end of year | <u><u>432,945</u></u> | <u><u>450,032</u></u> |
| | <u><u>\$ 2,190,911</u></u> | <u><u>\$ 2,025,637</u></u> |

b) Replacement Reserve Fund:

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the Replacement Reserve account is to be credited in the amount of \$4,713 annually plus interest. These funds, along with accumulated interest, must be held in a separate bank account and / or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by Canada Mortgage and Housing Corporation from time to time. Withdrawals are credited to interest first and then principal.

| | 2020 | 2019 |
|--|--------------------------|--------------------------|
| Balance, beginning of year | \$ 49,546 | \$ 25,680 |
| Allocation for the year | 4,713 | 4,713 |
| Interest earned | 2,236 | 2,022 |
| Canada Mortgage and Housing Corporation adjustment | - | 20,829 |
| Approved expenditures | <u>-</u> | <u>(3,698)</u> |
| Balance, end of year | <u><u>\$ 56,495</u></u> | <u><u>\$ 49,546</u></u> |
| The Replacement Reserve is represented by: | | |
| Cash | <u><u>\$ 113,333</u></u> | <u><u>\$ 111,097</u></u> |

SPLATSIN
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2020

NOTE A3. RESTRICTED CASH (continued):

- c) Secured revenues trust account:
The secured revenues trust account arises from a financing agreement with the First Nations Finance Authority (FNFA). Other revenues of Splatsin are deposited into this account to secure funds FNFA has lent to Splatsin. The account is managed by a third party which is required to pay amounts to FNFA under the terms of the borrowing agreement before paying any remaining amount from the account to Splatsin.
- d) Ottawa Trust Funds:
The Ottawa Trust Accounts arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

NOTE A4. GRANTS AND ACCOUNTS RECEIVABLE:

| | 2020 | 2019 |
|---|--------------------------|--------------------------|
| Accounts Receivable: | | |
| Province of BC | \$ 132,750 | \$ 3,338 |
| BC Hydro | 34,803 | 70,140 |
| First Nations Education Steering | 132,982 | 94,723 |
| Amounts under \$50,000 | 718,750 | 426,753 |
| Canada Mortgage and Housing Corporation | 426 | 5,918 |
| School District #83 | - | 46,782 |
| Sexqeltkemc Lakes Division | - | 478 |
| Secwepemc Fisheries Commission | - | 60,299 |
| South Enderby Boards & More | 24,091 | 51,713 |
| Qwelminte - Secwepemc | 67,750 | - |
| SRFA | - | 62,750 |
| Indigenous Services Canada | 57,739 | 189,435 |
| | <u>1,169,291</u> | <u>1,012,329</u> |
| Rent Receivable | <u>1,011,956</u> | <u>1,011,956</u> |
| Band Members | <u>46,247</u> | <u>46,247</u> |
| Less allowance for doubtful accounts | <u>2,227,494</u> | <u>2,070,532</u> |
| | <u>(1,417,834)</u> | <u>(1,318,728)</u> |
| | <u>\$ 809,660</u> | <u>\$ 751,804</u> |

NOTE A5. LOANS RECEIVABLE:

| | 2020 | 2019 |
|--|--------------------------|--------------------------|
| Band member, loan receivable, no set terms of repayment, secured by land and building | \$ 45,651 | \$ 50,061 |
| Band member, loan receivable, repayable in monthly installments of \$490 including interest at the Bank's prime plus 1.5%, secured by land and building, due November 2037 | 46,519 | 49,790 |
| Band member, loan receivable, repayable in monthly installments of \$360 including interest at the Bank's prime plus 1.5%, secured by land and building, due November 2027 | 26,683 | 29,450 |
| Band member, loan receivable, repayable in monthly installments of \$1,535 including interest at the Bank's prime plus 1.5%, secured by land and building, due November 2038 | <u>210,254</u> | <u>215,379</u> |
| | <u>\$ 329,107</u> | <u>\$ 344,680</u> |

SPLATSIN
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2020

| NOTE A6. INVESTMENTS AND ADVANCES: | 2020 | 2019 |
|--|---------------------|---------------------|
| Splatsin Development Corporation: | | |
| Share capital - 100% | \$ 1 | \$ 1 |
| Yucwmenlucwu ("Caretakers of the Land") 2007 LLP: | | |
| Partnership interest: | | |
| Balance, beginning of year | 6,566,641 | 4,194,435 |
| Net income allocation | 3,868,776 | 2,866,206 |
| Drawings | (2,136,134) | (494,000) |
| Balance, end of year | 8,299,283 | 6,566,641 |
| Capital account - 99% interest | 99 | 99 |
| | <u>8,299,382</u> | <u>6,566,740</u> |
| Quilakwa Investments Ltd.: | | |
| Share capital - 100% | 80 | 80 |
| Advances to (from), noninterest bearing, unsecured, no stated terms of repayment | (363,897) | (1,471,517) |
| Add: demand loan included in capital fund (see Note A10) | - | 1,326,033 |
| Retained earnings | 918,441 | 658,745 |
| | <u>554,624</u> | <u>513,341</u> |
| All Nations Trust Company: | | |
| Class A common shares, par value \$1 | <u>15,220</u> | <u>15,220</u> |
| Sexqeltkemc Enterprises Inc.: | | |
| Share capital - 33% | - | 10 |
| Sexqeltkemc Limited Partnership: | | |
| Capital account - 33% interest | 10 | 10 |
| Partner deficiency (funded by a bank loan) | (106,874) | (171,974) |
| | <u>(106,864)</u> | <u>(171,964)</u> |
| BC First Nation Gaming Revenue Sharing Limited Partnership | | |
| 0.52% interest in partnership: | | |
| Partnership units acquired | 100 | - |
| Net income allocation | 472,925 | - |
| Drawings | (455,659) | - |
| Balance, end of year | 17,366 | - |
| Share in the General Partner, BCFN GRS GP Inc. Share represents a 0.52% interest in the Company at March 31, 2020. | 10 | - |
| | <u>\$ 8,779,739</u> | <u>\$ 6,923,348</u> |

Financial information for Yucwmenlucwu ("Caretakers of the Land") 2007 LLP:

| | 2020 | 2019 |
|----------------------------|---------------------|---------------------|
| Cash | \$ 4,169,913 | \$ 947,025 |
| Current assets | 4,331,664 | 5,246,186 |
| Equipment | 523,030 | 408,274 |
| Non-current Assets | 754,100 | 927,742 |
| Current Liabilities | (1,333,855) | (884,505) |
| Long Term Debt | (67,428) | (64,019) |
| Partners' Capital | <u>\$ 8,377,424</u> | <u>\$ 6,580,703</u> |
| Revenues | \$ 13,148,690 | \$ 9,881,175 |
| Other Comprehensive Income | 875,858 | 872,637 |
| Expenses | <u>10,116,693</u> | <u>7,858,654</u> |
| Net Income | <u>\$ 3,907,855</u> | <u>\$ 2,895,158</u> |

Yucwmenlucwu ("Caretakers of the Land") 2007 LLP is domiciled near Enderby, British Columbia. The Partnership is engaged primarily in logging operations and environmental services.

SPLATSIN
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2020

NOTE A6. INVESTMENTS AND ADVANCES (continued):

Financial information for Quilakwa Investments Ltd.:

| | 2020 | 2019 |
|------------------------|----------------------------|--------------------------|
| Cash | \$ 441,707 | \$ 399,967 |
| Current Assets | 616,889 | 1,793,285 |
| Property and equipment | 267,141 | 295,504 |
| Current Liabilities | <u>(181,533)</u> | <u>(1,604,248)</u> |
| Shareholders' equity | <u><u>\$ 1,144,204</u></u> | <u><u>\$ 884,508</u></u> |
| Comprised of: | | |
| Share capital | \$ 80 | \$ 80 |
| Contributed surplus | 225,683 | 225,683 |
| Retained earnings | <u>918,441</u> | <u>658,745</u> |
| | <u><u>\$ 1,144,204</u></u> | <u><u>\$ 884,508</u></u> |
| Revenues | \$ 10,061,450 | \$ 9,453,137 |
| Expenses | <u>9,801,754</u> | <u>9,205,743</u> |
| Net Income | <u><u>\$ 259,696</u></u> | <u><u>\$ 247,394</u></u> |

Quilakwa Investments Ltd. is domiciled near Enderby, British Columbia. The primary business activity is the operation of a retail gas station.

Financial information for Sexqeltkemc Limited Partnership:

| | Total | Band's Share 2020 | Band's Share 2019 |
|--------------------------|----------------------------|----------------------------|----------------------------|
| Cash | \$ - | \$ - | \$ 2,078 |
| Other current assets | 120,357 | 40,119 | 102,460 |
| Long-term Assets | 5 | 2 | 2 |
| Current Liabilities | <u>(441,003)</u> | <u>(146,983)</u> | <u>(276,502)</u> |
| Partner's Capital | <u><u>\$ (320,641)</u></u> | <u><u>\$ (106,862)</u></u> | <u><u>\$ (171,962)</u></u> |
| Revenues | \$ 69,461 | \$ 23,152 | \$ (15,298) |
| Other Comprehensive Loss | <u>(26,253)</u> | <u>(8,750)</u> | <u>(83,886)</u> |
| Expenses | <u>5,811</u> | <u>1,937</u> | <u>25,190</u> |
| Net Loss | <u><u>\$ 37,397</u></u> | <u><u>\$ 12,465</u></u> | <u><u>\$ (124,374)</u></u> |

Sexqeltkemc Limited Partnership is domiciled near Chase, British Columbia. The Partnership is a business entity comprised of representative members from the Adams Lake, Neskonlith and Splatsin people. The Partnership's object is to recognize, develop and secure business and employment opportunities within the traditional boundaries of the Sexqeltkemc te Secwepemc. Net earnings of the Partnership are allocated to the respective Partners annually.

SPLATSIN
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2020

NOTE A7. PROPORTIONATELY CONSOLIDATED INTERESTS:

2020

2019

The following are accounted for using the proportionate consolidation method:

Secwépemc Reconciliation Framework Agreement

Secwépemc Reconciliation Framework Agreement is an agreement signed between Secwepemc and the Province of B.C. Under the initial agreement the Secwepemc was comprised of the Tk'emlups to Secwepemc, Skeetchestn Indian Band, Adams Lake Indian Band, Splatsin and Shuswap Indian Band. The purpose of the agreement is to engage with the Province of B.C. in discussions associated with land and resource use within asserted traditional territories outside of the B.C. treaty process. This agreement has expired and the net assets have been distributed.

Financial information for Secwépemc Reconciliation Framework Agreement:

| | Total | Band's Share 14% | Band's Share 14% |
|---|--------------|-----------------------------|-----------------------------|
| Cash | \$ - | \$ - | \$ 29,140 |
| Accounts Receivable | - | - | 1,325 |
| Intangible asset | - | - | 17,493 |
| Current Liabilities | - | - | (5,219) |
| | <hr/> | <hr/> | <hr/> |
| Revenues | \$ - | \$ - | \$ 42,739 |
| Expenses | - | - | 14,286 |
| Net income included in summary financial statements | <hr/> | <hr/> | <hr/> |
| | <hr/> | <hr/> | <hr/> |

SPLATSIN
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2020

NOTE A8. ACCOUNTS PAYABLE AND ACCRUALS:

| | 2020 | 2019 |
|---|----------------------------|----------------------------|
| Miscellaneous (under \$50,000) | \$ 456,069 | \$ 567,878 |
| Indigenous Services Canada | 144,257 | 144,257 |
| Reforestation obligation | 205,411 | 213,933 |
| Per capita distributions - BC Hydro: right of way lease | 106,069 | 114,006 |
| Payroll - Vacation Payable | 96,504 | 113,607 |
| School District No. 83 | 114,822 | - |
| Payroll - accrual | 84,633 | 56,116 |
| Yucwmenlucwu ("Caretakers of the Land") 2007 LLP | 46,873 | 60,705 |
| North Okanagan Junior Academy | 84,116 | - |
| Associated Engineering (BC) Ltd. | - | 11,407 |
| | <u>\$ 1,338,754</u> | <u>\$ 1,281,909</u> |

NOTE A9. DEFERRED REVENUE:

| | 2020 | 2019 |
|---|----------------------------|----------------------------|
| Miscellaneous (under \$50,000) | \$ 17,852 | \$ 3,251 |
| First Nations Education Steering Committee | 79,191 | 126,013 |
| Province of BC - Reciprocal Tuition | 47,561 | - |
| Accommodation Agreements - Trans Canada Highway Project | 1,629,565 | - |
| Province of BC - Cultural & Spiritual Monitoring | 148,344 | - |
| Ministry of Environment - Caribou Recovery Planning | 59,563 | - |
| Strategic Forestry Initiative | 41,394 | 185,543 |
| First Nations Health Authority | - | 184,494 |
| Indigenous Services Canada: | | |
| NT7E-001 Land Use Planning (Schedule 5) | - | 100,000 |
| Wildfire Agreements - Q3CI (Schedule 23) | 54,966 | - |
| CPMS #8943 FNWMS Enderby IR#2 Jackpine & Canyon (Schedule 21) | 245,649 | 245,649 |
| ICMS #9-00126350 BDG'16 Innovation - Hsg. Auth (Schedule 40) | - | 46,578 |
| ICMS #9-00126965 Renovation and additions (Schedule 40) | - | 223,909 |
| | <u>\$ 2,324,085</u> | <u>\$ 1,115,437</u> |

NOTE A10. DEMAND LOANS:

2020

| <u>Capital Fund:</u> | 2020 | 2019 |
|---|-----------------------|-------------------------|
| Bank of Montreal, demand loan, repayable in monthly installments of \$1,025 including interest at the bank's prime rate plus 1.5%, secured by Ministerial Guarantee of the Minister of Indigenous Services Canada | \$ 61,022 | \$ 69,767 |
| Bank of Montreal, demand loan repaid during the year | - | 7,683 |
| RBC Royal Bank, vehicle loan, repayable in monthly installments of \$1,670 including interest and 3.54%, secured by a 2017 Blue Bird School Bus, due August 2021 | 27,646 | 46,335 |
| RBC Royal Bank, vehicle loan, repayable in monthly installments of \$290 including interest and 3.39%, secured by a 2014 Dodge Caravan, due August 2020 | 1,438 | 4,807 |
| RBC Royal Bank, equipment loan repaid during the year | - | 4,867 |
| RBC Royal Bank, demand loan, repayable in monthly installments of \$1,100 including interest at 3.70%, secured by Ministerial Guarantee of the Minister of Indigenous Services Canada, due November 2022 | 87,780 | 97,545 |
| Quilakwa Investments Ltd., demand loan repaid during the year | - | 1,326,033 |
| | <u>177,886</u> | <u>1,557,037</u> |

SPLATSIN
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2020

| NOTE A10. DEMAND LOANS (continued); | 2020 | 2019 |
|---|--------------------------|----------------------------|
| <u>Band Operations:</u> | | |
| Bank of Montreal, mortgage, repayable in monthly installments of \$490 including interest at the bank's prime rate plus 1.5%, secured by Ministerial Guarantee of the Minister of Indigenous Services Canada | 46,519 | 49,790 |
| Bank of Montreal, mortgage, repayable in monthly installments of \$360 including interest at the bank's prime rate plus 1.5%, secured by Ministerial Guarantee of the Minister of Indigenous Services Canada | 27,237 | 30,004 |
| Bank of Montreal, mortgage, repayable in monthly installments of \$1,390 including interest at the bank's prime rate plus 1.5%, secured by Ministerial Guarantee of the Minister of Indigenous Services Canada | 211,022 | 216,146 |
| Bank of Montreal, mortgage, repayable in monthly installments of \$185 including interest at the bank's prime rate plus 1.5% secured by Ministerial Guarantee of the Minister of Indigenous Services Canada | 27,711 | 28,413 |
| RBC Royal Bank, demand loan, repayable in monthly blended installments of \$3,410, bearing interest at RBC prime rate, secured by Ministerial Guarantee of the Minister of Indigenous Services Canada, due May 2020 | 74,114 | - |
| | <u>386,603</u> | <u>324,353</u> |
| | <u>\$ 564,489</u> | <u>\$ 1,881,390</u> |

| NOTE A11. MORTGAGES PAYABLE: | 2020 | 2019 |
|---|-----------------|----------|
| <u>Band Operations:</u> | | |
| Bank of Montreal, mortgage, repayable in monthly installments of \$407 including interest at 3.64%, secured by Ministerial Guarantee of the Minister of Indigenous Services Canada, due September 2020 | \$ 5,173 | \$ 9,716 |
| <u>Capital Fund:</u> | | |
| Royal Bank of Canada, demand loan, repayable in monthly installments of \$2,407 including interest at 3.59% per annum secured by Ministerial Guarantee of the Minister of Indigenous Services Canada, due December 2021 | 48,900 | 75,499 |

SPLATSIN
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2020

NOTE A11. MORTGAGE PAYABLE (continued): 2020 2019

Social Housing Program:

All Nations Trust Company, repayable in monthly installments of \$1,471 including interest at 2.52% per annum, due August 2023

| | |
|--------------------------|--------------------------|
| <u>57,736</u> | <u>73,717</u> |
| <u><u>\$ 111,809</u></u> | <u><u>\$ 158,932</u></u> |

Principal repayments of demand loans and mortgages due in the ensuing 5 years are approximately as follows:

| | |
|------|------------|
| 2020 | \$ 142,075 |
| 2021 | 117,049 |
| 2022 | 53,989 |
| 2023 | 45,845 |
| 2024 | 40,293 |

NOTE A12. LONG-TERM DEBT: 2020 2019

Capital Fund:

First Nations Finance Authority, Promissory Note, repayable in monthly payments of \$42,299 including interest at 3.79%. The debt is secured through a secured revenues trust account with a ratio value of 2.04. Due June 2024

\$ **6,952,658**

\$ 7,189,870

First Nations Finance Authority, Promissory Note, repayable in monthly payments of \$31,517 including interest at 2.9%, secured by a secured revenues trust account with a ratio value of 2.04. Due June 2024

6,939,572

7,111,972

First Nations Finance Authority, Promissory Note, repayable in monthly payments of \$10,598 including interest at 2.985%. The debt is secured through a secured revenues trust account. Due June 2024

2,235,801

2,294,513

Debt Reserve Fund investment, the Authority holds a deposit of 5% of the loans advanced in the Debt Reserve Fund. Interest is paid daily at 1.2%

(468,811)

(450,109)

Debt Reserve Fund investment, the Authority holds a deposit of 5% of the loans advanced in the Debt Reserve Fund. Interest is paid daily at 1.05%

(423,279)

(406,393)

Debt Reserve Fund investment, the Authority holds a deposit of 5% of the loans advanced in the Debt Reserve Fund. Interest is paid daily at 0.9%

(141,241)

(135,606)

\$ 15,094,700

\$ 15,604,247

The Band has constructed a Multi Purpose Community Facility and a gas bar and convenience store located on Enderby Indian Reserve #2. Total financing from First Nations Finance Authority for these projects was \$18,259,622 (less debt reserve balances of 5%). The amount of annual debt servicing costs in connection with the total financing is \$1,012,968. The Band has committed approximately \$1,558,000 of revenue per year to be paid into the Secured Revenues Trust Account. The Secured Revenues Trust Account is managed by a third party which is required to pay amounts to FNFA under the terms of the borrowing agreement before paying any remaining amount from the account to Splatsin.

SPLATSIN
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2020

NOTE A13. TANGIBLE CAPITAL ASSETS:

| | 2020 | 2019 |
|---|-----------------------------|-----------------------------|
| Tangible capital assets consist of the following: | | |
| Land | \$ 60,325 | \$ 60,325 |
| Roads and bridges | 1,251,496 | 1,281,304 |
| Buildings and Housing | 19,743,729 | 20,579,092 |
| Water Systems | 1,048,707 | 1,069,214 |
| Automotive and Other Equipment | 839,876 | 964,685 |
| Office Equipment | 214,906 | 139,396 |
| Construction in-progress | <u>6,533,953</u> | <u>6,471,940</u> |
| | <u>\$ 29,692,992</u> | <u>\$ 30,565,956</u> |

For additional information, see the Summary Schedule of Tangible Capital Assets (Appendix 1).

NOTE A14. CASH FLOW INFORMATION:

During the year \$615,917 (2019 - \$619,444) of interest was paid.

NOTE A15. ACCUMULATED SURPLUS:

| | 2020 | 2019 |
|--|-----------------------------|-----------------------------|
| Accumulated surplus consists of individual fund surpluses and reserves as follows: | | |
| Surplus from operations: | | |
| Unrestricted | \$ 18,967,021 | \$ 14,676,709 |
| Restricted capital surplus | <u>124,366</u> | <u>124,366</u> |
| | <u>19,091,387</u> | <u>14,801,075</u> |
| Invested in tangible capital assets | <u>14,313,770</u> | <u>13,255,456</u> |
| Investments | <u>918,631</u> | <u>658,945</u> |
| Funded Reserves: | | |
| Replacement Reserve (CMHC) (Note A3) | 56,495 | 49,546 |
| Ottawa Trust Funds | <u>1,072,810</u> | <u>1,053,801</u> |
| | <u>1,129,305</u> | <u>1,103,347</u> |
| | <u>\$ 35,453,093</u> | <u>\$ 29,818,823</u> |

SPLATSIN
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2020

NOTE A16. COMMITMENTS AND CONTINGENCIES:

- a) The Band receives a portion of its funding under a contribution authority with Indigenous Services Canada which, if unexpended, may be refundable to Indigenous Services Canada. Further, amounts which are overexpended may be reimbursed by Indigenous Services Canada to the Band.
- b) **Housing Mortgages:**
The Band is guarantor of various Housing mortgages, secured by Ministerial guarantees, totaling \$62,925.
- c) The Band is guarantor of various loans to Band members, secured by personal property of the individuals, totaling \$911,659.
- d) **Pension Plan:**
The Band and its employees contribute to a defined contribution pension plan. There is no obligation for past service or periods in which an employee was not employed. Total contributions to the plan during the year were \$106,522 (2019 - \$93,022).
- e) Under a line of credit arrangement with the Bank of Montreal, the Band may borrow up to \$500,000 on such terms as the Band and the bank may mutually agree upon. This arrangement does not have a termination date and can be withdrawn at the bank's option. At March 31, 2020, the unused portion of the credit line was \$500,000.
- f) Under a line of credit arrangement with the Royal Bank of Canada, the Band may borrow up to \$710,000 on such terms as the Band and the bank may mutually agree upon. This arrangement does not have a termination date and can be withdrawn at the bank's option. At March 31, 2020, the unused portion of the credit line was \$710,000.
- g) The Band has provided a guarantee for the bank indebtedness of Sexqeltkemc Limited Partnership. The Band holds 33% of the partnership units in Sexqeltkemc Limited Partnership. At March 31, 2020, the outstanding loan balances were \$Nil. The maximum liability to the Band with respect to these loans is \$300,000.
- h) The Band leases land and building to Quilakwa Investments Ltd. who operates a convenience store and gas station. The convenience store and gas station has operated for a number of years and it is possible that the site may have become contaminated. No environmental assessment has been performed to date or required to be performed to confirm a contamination. As no contamination has been confirmed and because it is unclear whether the Band would be required under an environmental standard to remediate the site itself no amount has been recorded for remediation costs in the financial statements.
- i) The Band leases office equipment and a building under long-term agreements. Future minimum lease payments are as follows:

| | | |
|------|----|---------|
| 2021 | \$ | 91,084 |
| 2022 | | 78,508 |
| 2023 | | 65,615 |
| 2024 | | 47,556 |
| 2025 | | 3,964 |
| | \$ | 286,727 |

SPLATSIN
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2020

NOTE A17. SEGMENTED INFORMATION:

Splatsin is a First Nations government institution that provides a range of programs and services to its members, including band revenue, administration, social development, education, community development, capital works and natural resources. For management reporting purposes the First Nation's operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

First Nation services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

Administration:

Administration supports the development of stable, legitimate and accountable community governments. It also provides overall support of the First Nation including advisory services relating to financial management, band government, economic development, community services and technical services.

Local Revenue:

Local Revenue assists in the maintenance of roads and streets, recreational facilities and provides garbage waste collection, disposal and recycling through revenue raised under local revenue laws.

Splatsin Stsmamlt Services:

Splatsin Stsmamlt Services supports culturally appropriate child and family services for children and families, notwithstanding residences of the child, in the best interest of the child, in accordance with the Bylaw #3 - 1980. Protecting children from neglect and abuse is the main objective of child and family services. It also provides services that increase the ability and capacity of families to remain together and to support the needs of the children in their parental homes and communities.

Infrastructure and Capital Improvements:

Infrastructure and Capital Improvements manages capital projects within the community undertaken to support the growth and/or maintenance of the First Nations infrastructure.

Natural Resource and Title and Rights:

Natural Resource and Title and Rights is responsible for the development of land and resources under community control, access to economic opportunities on land and resources beyond community control, investment promotion, as well as research and advocacy.

Community Operations:

Community Operation supports the construction, operation and basic maintenance of community facilities and services such as water and sewage, roads, electrification, schools and fire protection. It is also responsible for ensuring that the facilities and community services meet recognized standards and are comparable to the services provided to nearby communities by provincial and municipal governments.

Economic Development:

Economic Development manages economic development planning, proposal development, and planning and implementation of ongoing activities and one-time projects.

Education:

Education supports the members in expressing, preserving, developing and promoting its cultural heritage through the establishment and operation of First Nation education centres and programs. It also provides services for students at the elementary/secondary and post secondary level, including; instructional services both on and off reserve as well as support services such as transportation, accommodation, guidance and counselling.

SPLATSIN
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2020

NOTE A17. SEGMENTED INFORMATION (continued):

Social Development:

Social Development provides assistance to community members unable to provide for themselves and their dependents. The services provided by this department include, but are not limited to, income assistance, child and family services, assisted living and early childhood development.

Health:

Health supports the concept of promoting holistic health, and the Community Health Plan, which is based on health needs identified by a community needs assessment. It provides services to the community with programs such as home and community care, addictions counselling and public health services, as well as children, adult and elder wellness prevention and education programs.

Housing:

Housing is responsible for the administration and management of Social Housing units, Band-owned housing units and renovation projects for private homeowners.

The accounting policies used in these segments are consistent with those followed in the preparation of the summary financial statements as disclosed in Note A1. For additional information see the Statement of Financial Activities - Segmented (Appendix 2).

NOTE A18. ECONOMIC DEPENDENCE:

Splatsin receives a major portion of its revenues pursuant to a funding arrangement with Indigenous Services Canada.

NOTE A19. COMPARATIVE FIGURES:

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

SPLATSIN
SUMMARY SCHEDULE OF TANGIBLE CAPITAL ASSETS
Year ended March 31, 2020

| | Band Operations | | | | | | | | Social Housing Operations | | Totals | | |
|--|------------------|---------------------|----------------------|---------------------|-----------------------|-------------------|---------------------|-------------------|--------------------------------|----------------------|--------------------------|---------|------|
| | Land | | Roads and Bridges | | Buildings and Housing | | Water Systems | | Automotive and Other Equipment | Office Equipment | Construction in-progress | Housing | |
| | | | | | | | | | | | | 2020 | 2019 |
| Cost | | | | | | | | | | | | | |
| Balance, beginning of year | \$ 60,325 | \$ 2,311,761 | \$ 28,731,287 | \$ 1,615,359 | \$ 1,934,576 | \$ 392,841 | \$ 6,471,940 | \$ 1,266,721 | \$ 42,784,810 | \$ 42,062,950 | | | |
| Add: Additions during the year | - | - | 9,500 | - | 50,009 | 143,415 | 62,013 | - | | 264,937 | 961,779 | | |
| Less: Disposals during the year | - | - | - | - | - | - | - | - | - | - | (239,919) | | |
| Balance, end of year | <u>60,325</u> | <u>2,311,761</u> | <u>28,740,787</u> | <u>1,615,359</u> | <u>1,984,585</u> | <u>536,256</u> | <u>6,533,953</u> | <u>1,266,721</u> | <u>43,049,747</u> | <u>42,784,810</u> | | | |
| Accumulated amortization | | | | | | | | | | | | | |
| Balance, beginning of year | - | 1,030,457 | 8,404,731 | 546,145 | 969,891 | 253,445 | - | 1,014,185 | | 12,218,854 | 11,358,343 | | |
| Add: Amortization | - | 29,808 | 808,787 | 20,507 | 174,818 | 67,905 | - | 36,076 | | 1,137,901 | 1,100,430 | | |
| Less: Disposals during the year | - | - | - | - | - | - | - | - | - | (239,919) | | | |
| Balance, end of year | - | <u>1,060,265</u> | <u>9,213,518</u> | <u>566,652</u> | <u>1,144,709</u> | <u>321,350</u> | - | <u>1,050,261</u> | <u>13,356,755</u> | <u>12,218,854</u> | | | |
| Net Book Value of Tangible Capital Assets | | | | | | | | | | | | | |
| | <u>\$ 60,325</u> | <u>\$ 1,251,496</u> | <u>\$ 19,527,269</u> | <u>\$ 1,048,707</u> | <u>\$ 839,876</u> | <u>\$ 214,906</u> | <u>\$ 6,533,953</u> | <u>\$ 216,460</u> | <u>\$ 29,692,992</u> | <u>\$ 30,565,956</u> | | | |

See accompanying notes to financial statements.

SPLATSIN
STATEMENT OF FINANCIAL ACTIVITIES - SEGMENTED
Year ended March 31, 2020

| | Administration | Local Revenue | Splatsin Sts'maln Services | Infrastructure and Capital Improvements | Natural Resource and Title and Rights | Community Operations | Economic Development | Education | Social Development | Health | Housing | Total 2020 | Total 2019 | |
|---|---------------------|-------------------|----------------------------|---|---------------------------------------|-----------------------|----------------------|-------------------|--------------------|-------------------|-------------------|---------------------|---------------------|--|
| REVENUE: | | | | | | | | | | | | | | |
| Indigenous Services Canada | \$ 653,509 | \$ - | \$ 3,246,681 | \$ 9,225 | \$ - | \$ 523,854 | \$ 39,797 | \$ 2,131,383 | \$ 1,287,992 | \$ - | \$ 337,022 | \$ 8,229,463 | \$ 7,397,029 | |
| First Nations Health Authority | - | - | 94,861 | 282,239 | - | 713,945 | - | - | - | 1,465,460 | - | 1,465,460 | 1,385,106 | |
| Consulting and contract | 133,666 | 94,861 | 282,239 | - | 713,945 | - | - | 384,197 | - | - | - | 1,608,908 | 2,444,758 | |
| Forest Consultation and Revenue | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Sharing Agreement | 1,502,708 | - | - | - | - | - | - | - | - | - | - | 1,502,708 | 1,779,258 | |
| Income from investment in | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Splatsin business enterprises | 3,252,614 | - | - | 21,215 | - | - | - | - | - | - | - | 3,273,829 | 2,200,475 | |
| Interest and dividend income | 125,133 | 27,519 | - | - | - | 116,840 | - | - | 6 | 14,344 | 20,679 | 304,521 | 201,849 | |
| Canada Mortgage and Housing Corporation | - | - | - | - | - | - | - | - | - | - | 5,108 | 5,108 | 10,150 | |
| Leases, rentals and grants in lieu | 37,425 | 153,777 | - | - | - | - | - | - | - | - | 261,679 | 452,881 | 496,365 | |
| Miscellaneous and recoveries | 909,966 | 238,793 | 128,000 | 128,000 | 151,241 | - | 112,975 | - | 120,229 | 1,568 | 1,790,772 | 874,256 | - | |
| | <u>6,615,021</u> | <u>276,157</u> | <u>3,767,713</u> | <u>137,225</u> | <u>863,160</u> | <u>791,935</u> | <u>39,797</u> | <u>2,628,555</u> | <u>1,287,998</u> | <u>1,600,033</u> | <u>626,056</u> | <u>18,633,650</u> | <u>16,789,246</u> | |
| EXPENSES: | | | | | | | | | | | | | | |
| Assistance | - | - | 1,682,213 | - | - | - | 247,429 | 35,494 | - | - | - | 1,965,136 | 1,582,323 | |
| Amortization | 245,072 | - | - | 21,425 | 684,382 | - | 38,690 | - | 71,361 | 76,971 | - | 1,137,901 | 1,100,430 | |
| Automotive | 4,092 | - | - | 143 | 11,597 | - | 10,151 | - | 8,379 | - | - | 34,362 | 55,964 | |
| Basic Needs | - | - | - | - | - | - | - | - | 913,102 | - | - | 913,102 | 906,755 | |
| Community Infrastructure | - | - | - | 44,455 | - | - | - | - | - | - | - | 44,455 | 32,295 | |
| Contract services | 216,848 | 24,351 | 197,454 | 11,000 | 209,476 | 116,835 | 35,817 | 164,615 | 150,263 | 545,918 | 212,624 | 1,885,201 | 2,136,599 | |
| Education | - | - | - | - | - | - | 693,905 | - | 10,011 | - | - | 703,916 | 607,687 | |
| Honorarium | - | - | - | 2,326 | - | - | - | - | 1,237 | - | - | 3,563 | 4,343 | |
| Insurance | 8,114 | - | 4,937 | - | 762 | 45,419 | - | 11,129 | - | 16,292 | 52,414 | 139,067 | 106,742 | |
| Interest and bank charges | 24,178 | 324 | - | - | - | 53 | - | 1,407 | 2,501 | 1,045 | 5,950 | 35,458 | 29,211 | |
| Interest on debt | - | - | - | 48,147 | 35 | 556,475 | - | - | - | - | 5,583 | 610,240 | 609,504 | |
| Leases | 67,660 | - | - | - | - | - | - | - | - | - | - | 67,660 | 79,986 | |
| Licences, dues and fees | 2,307 | - | 505 | - | - | - | - | - | - | - | - | 2,812 | 2,839 | |
| Materials and supplies | 78,570 | 68 | 24,418 | - | 8,955 | 37,618 | 16 | 212,403 | 4,980 | 77,793 | 8,944 | 453,765 | 303,574 | |
| Office and other | 527,275 | 50,946 | 315,655 | - | 9,004 | 44,801 | - | 21,573 | - | 27,970 | 72,274 | 1,069,498 | 759,840 | |
| Professional fees | 120,531 | - | 102,884 | - | 70,504 | - | - | 100 | - | 150,000 | 2,400 | 446,419 | 343,225 | |
| Repairs and maintenance | 3,073 | - | 3,539 | - | - | 1,440 | 19,095 | 31,387 | - | - | 10,676 | 69,210 | 170,218 | |
| Special Needs | - | - | - | - | - | - | - | - | 21,052 | - | - | 21,052 | 22,287 | |
| Travel | 143,191 | - | 63,648 | - | 10,128 | 2,065 | - | 55,979 | 6,546 | 53,379 | - | 334,936 | 368,031 | |
| Utilities | 562 | - | 3,359 | 17,400 | - | 83,475 | - | 6,179 | - | 9,701 | 30,793 | 151,469 | 158,100 | |
| Wages and benefits | 1,092,780 | 8,562 | 815,196 | - | 155,709 | 235,971 | - | 812,525 | 119,794 | 513,326 | 23,402 | 3,777,265 | 3,571,558 | |
| | <u>2,534,253</u> | <u>84,251</u> | <u>3,213,808</u> | <u>76,547</u> | <u>488,467</u> | <u>1,864,586</u> | <u>54,928</u> | <u>2,307,472</u> | <u>1,253,732</u> | <u>1,486,412</u> | <u>502,031</u> | <u>13,866,487</u> | <u>12,951,511</u> | |
| EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES | <u>\$ 4,080,768</u> | <u>\$ 191,906</u> | <u>\$ 553,905</u> | <u>\$ 60,678</u> | <u>\$ 374,693</u> | <u>\$ (1,072,651)</u> | <u>\$ (15,131)</u> | <u>\$ 321,083</u> | <u>\$ 34,266</u> | <u>\$ 113,621</u> | <u>\$ 124,025</u> | <u>\$ 4,767,163</u> | <u>\$ 3,837,735</u> | |

SPLATSIN
STATEMENT OF FINANCIAL ACTIVITIES - SEGMENTED
Year ended March 31, 2019

| | Administration | Local Revenue | Splatsin Sts'mamit Services | Infrastructure and Capital Improvements | Natural Resource and Title and Rights | Community Operations | Economic Development | Education | Social Development | Health | Housing | Total 2019 |
|---|---------------------|-------------------|-----------------------------|---|---------------------------------------|-----------------------|----------------------|-------------------|--------------------|-------------------|--------------------|---------------------|
| REVENUE: | | | | | | | | | | | | |
| Indigenous Services Canada | \$ 444,398 | \$ - | \$ 2,861,574 | \$ 406,830 | \$ - | \$ 297,190 | \$ 73,330 | \$ 1,872,751 | \$ 1,414,865 | \$ - | \$ 26,091 | \$ 7,397,029 |
| First Nations Health Authority | - | - | - | - | - | - | - | - | - | 1,385,106 | - | 1,385,106 |
| Consulting and contract | 946,684 | 84,681 | 204,618 | - | 746,474 | - | 144,450 | 317,851 | - | - | - | 2,444,758 |
| Forest Consultation and Revenue Sharing Agreement | 1,779,258 | - | - | - | - | - | - | - | - | - | - | 1,779,258 |
| Income from investment in Splatsin business enterprises | 2,240,963 | - | - | - | (40,488) | - | - | - | - | - | - | 2,200,475 |
| Interest and dividend income | 92,714 | 5,379 | 953 | - | - | 89,403 | - | - | 6 | 9,443 | 3,951 | 201,849 |
| Canada Mortgage and Housing Corporation | - | - | - | - | - | - | - | - | - | - | 10,150 | 10,150 |
| Leases, rentals and grants in lieu | 45,725 | 161,183 | - | - | - | - | - | - | - | - | 289,457 | 496,365 |
| Miscellaneous and recoveries | 111,252 | - | 171,339 | 120,000 | - | 155,489 | - | 222,731 | - | 69,899 | 23,546 | 874,256 |
| | 5,660,994 | 251,243 | 3,238,484 | 526,830 | 705,986 | 542,082 | 217,780 | 2,413,333 | 1,414,871 | 1,464,448 | 353,195 | 16,789,246 |
| EXPENSES: | | | | | | | | | | | | |
| Assistance | - | - | 1,279,097 | - | - | - | - | 256,064 | 47,162 | - | - | 1,582,323 |
| Amortization | 220,834 | - | - | 8,593 | 683,088 | - | 39,583 | - | 71,361 | 76,971 | - | 1,100,430 |
| Automotive | - | - | 80 | - | 22,385 | - | 14,369 | - | 18,207 | 923 | - | 55,964 |
| Basic Needs | - | - | - | - | - | - | - | 906,755 | - | - | - | 906,755 |
| Community infrastructure | - | - | - | - | 32,295 | - | - | - | - | - | - | 32,295 |
| Contract services | 657,323 | 14,000 | 233,950 | 7,000 | 202,264 | 228,832 | 37,872 | 126,191 | 133,671 | 465,951 | 29,545 | 2,136,599 |
| Education | - | - | - | - | - | - | 598,355 | - | - | 9,332 | - | 607,687 |
| Honorarium | - | - | - | - | 4,343 | - | - | - | - | - | - | 4,343 |
| Insurance | 10,567 | - | 3,979 | - | 1,206 | 37,514 | - | 7,006 | - | 12,110 | 34,360 | 106,742 |
| Interest and bank charges | 16,379 | 44 | - | - | - | 384 | - | 1,995 | 2,463 | 1,175 | 6,771 | 29,211 |
| Interest on debt | - | - | - | 48,146 | - | 556,475 | - | - | - | - | 4,883 | 609,504 |
| Leases | 70,386 | - | - | - | - | 9,600 | - | - | - | - | - | 79,986 |
| Licences, dues and fees | 1,596 | - | 1,183 | - | - | 60 | - | - | - | - | - | 2,839 |
| Materials and supplies | 71,270 | 24 | 11,454 | 148 | 5,834 | 8,949 | 39 | 149,797 | 6,210 | 45,462 | 4,387 | 303,574 |
| Office and other | 185,122 | 87,055 | 279,752 | - | 15,755 | 49,855 | - | 22,464 | - | 50,620 | 69,217 | 759,840 |
| Professional fees | 57,294 | - | 72,420 | - | 60,789 | - | - | 322 | - | 150,000 | 2,400 | 343,225 |
| Repairs and maintenance | - | - | 2,751 | 1,638 | - | 27,759 | 69,585 | 14,418 | - | - | 54,067 | 170,218 |
| Special Needs | - | - | - | - | - | - | - | - | 22,287 | - | - | 22,287 |
| Travel | 138,797 | - | 77,327 | - | 17,851 | 177 | - | 54,070 | 4,618 | 73,463 | 1,728 | 368,031 |
| Utilities | 608 | - | - | 15,188 | - | 87,681 | - | 8,975 | - | 9,260 | 36,388 | 158,100 |
| Wages and benefits | 1,042,516 | - | 718,930 | - | 257,239 | 230,527 | - | 695,661 | 116,992 | 421,481 | 88,212 | 3,571,558 |
| | 2,472,692 | 101,123 | 2,680,923 | 72,120 | 573,874 | 1,975,581 | 107,496 | 1,989,270 | 1,240,158 | 1,328,422 | 409,852 | 12,951,511 |
| EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES | \$ 3,188,302 | \$ 150,120 | \$ 557,561 | \$ 454,710 | \$ 132,112 | \$ (1,433,499) | \$ 110,284 | \$ 424,063 | \$ 174,713 | \$ 136,026 | \$ (56,657) | \$ 3,837,735 |

See accompanying notes to financial statements.