

Consolidated Financial Statements of

TOBACCO PLAINS INDIAN BAND

Year ended March 31, 2017

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Tobacco Plains Indian Band (the "Band") and all the information in this report are the responsibility of management and have been approved by the Chief and a Council member on behalf of the Band Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects, including the consolidated financial position of the Band and the results of its consolidated operations and its consolidated change in net financial assets and its consolidated cash flows.

The Band maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Band's assets are appropriately accounted for and adequately safeguarded.

Chief and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The elections for the positions of Chief and Council occur every two years. Individuals are elected for a term of four years, with elections staggered every two years.

Chief and Council review the Band's financial statements and recommend their approval. Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditors' report. Chief and Council takes this information into consideration when approving the consolidated financial statements for issuance to the Members. In addition, Chief and Council also consider the engagement of the Band's external auditors.

The consolidated financial statements have been audited by KPMG LLP in accordance with Canadian generally accepted auditing standards on behalf of the Members. KPMG LLP have full access to Chief and Council.

Mary Mahsulah
Chief

Larry Martin
Council member

July 25, 2017



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INDEPENDENT AUDITORS' REPORT

To Chief and Council and Members of Tobacco Plains Indian Band

We have audited the accompanying consolidated financial statements of Tobacco Plains Indian Band (the "Band"), which comprise the consolidated statement of financial position as at March 31, 2017, the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risk of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Band's preparation and fair presentation of the consolidated financial statements 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 Band's internal control.



An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of Tobacco Plains Indian Band as at March 31, 2017, and its consolidated results of operations, its consolidated change in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is fluid and cursive, with 'KPMG' on the top line and 'LLP' on the line below it.

Chartered Professional Accountants

Kelowna, Canada

July 25, 2017

TOBACCO PLAINS INDIAN BAND

Consolidated Statement of Financial Position

March 31, 2017, with comparative information for 2016

	2017	2016
Financial Assets		
Cash and cash equivalents (note 2)	\$ 384,538	\$ 8,406
Restricted cash and cash equivalents (note 2)	4,753,786	4,131,032
Accounts receivable (note 3)	649,934	632,719
Investments (note 4)	16,810	15,108
Investment in government business enterprises (note 5)	1,870,164	1,715,240
	7,675,232	6,502,505
Liabilities		
Accounts payable and accrued liabilities	199,598	152,458
Deferred revenue (note 6)	276,360	58,396
Term debt (note 7)	715,853	741,437
Replacement reserve (note 8)	16,716	11,250
	1,208,527	963,541
Net financial assets	6,466,705	5,538,964
Non-Financial Assets		
Tangible capital assets (note 9)	4,308,735	2,305,460
Prepaid expenses and deposits	1,654	-
	4,310,389	2,305,460
Accumulated surplus (note 10)	\$ 10,777,094	\$ 7,844,424

See accompanying notes to financial statements.

On behalf of the Chief and Council:

Mary Mahsukah

Chief

Larry M.

Council member

TOBACCO PLAINS INDIAN BAND

Consolidated Statement of Operations and Accumulated Surplus

Year ended March 31, 2017, with comparative information for 2016

	2017 Budget	2017	2016
	(note 1(g))		
Revenue:			
Transfers from other governments:			
Indigenous and Northern Affairs Canada	\$ 3,031,492	\$ 2,991,014	\$ 1,075,094
Province of British Columbia	250,000	464,175	420,800
Ktunaxa Nation Council (note 14)	351,546	367,463	281,463
Other	1,002,195	87,045	51,940
Grants	680,289	279,552	19,370
Canada Mortgage and Housing Corporation	27,906	69,964	27,488
First Nations Goods and Services Tax	146,000	195,075	167,079
Property taxation	57,230	57,315	52,813
User fees	556,300	97,675	506,333
Rent and lease	155,008	235,516	152,015
Interest	4,175	31,258	10,113
Other	71,000	86,638	125,414
Impact Management and Benefit Agreement	-	24,102	2,860,744
Equity in earnings of business enterprise (note 5)	-	154,924	186,372
	6,333,141	5,141,716	5,937,038
Expenses (Schedule 1):			
Administration	611,480	565,931	530,789
Band Housing	31,696	43,635	111,821
Band Revenue	96,814	30,159	53,942
Capital	-	106,771	116,584
Community Health Services	232,625	228,916	202,059
Economic Development	145,620	99,214	113,333
Education	203,876	188,429	161,873
Lands and Resources	775,842	505,585	799,156
Municipal Services	128,408	171,565	137,659
Social Development	178,348	112,600	126,708
Social Housing	59,450	101,555	58,980
Taxation	69,160	54,686	60,697
	2,533,319	2,209,046	2,473,601
Surplus	3,799,822	2,932,670	3,463,437
Accumulated surplus, beginning of the year	7,844,424	7,844,424	4,380,987
Accumulated surplus, end of year	\$ 11,644,246	\$ 10,777,094	\$ 7,844,424

See accompanying notes to financial statements.

TOBACCO PLAINS INDIAN BAND

Consolidated Statement of Change in Net Financial Assets

Year ended March 31, 2017, with comparative information for 2016

	2017 Budget	2017	2016
(note 1(g))			
Surplus	\$ 3,799,822	\$ 2,932,670	\$ 3,463,437
Changes to non-financial assets:			
Acquisition of tangible capital assets	(3,817,048)	(2,136,803)	(207,359)
Amortization of tangible capital assets	- 133,528	133,528	142,489
	(3,817,048)	(2,003,275)	(64,870)
Net use of prepaid expenses and deposits	- (1,654)	(1,654)	3,092
Increase (decrease) in net financial assets	(17,226)	927,741	3,401,659
Net financial assets, beginning of year	5,538,964	5,538,964	2,137,305
Net financial assets, end of year	\$ 5,521,738	\$ 6,466,705	\$ 5,538,964

See accompanying notes to financial statements.

TOBACCO PLAINS INDIAN BAND

Consolidated Statement of Cash Flows

Year ended March 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Cash received from Indigenous and Northern Affairs Canada	\$ 3,124,203	\$ 1,023,879
Cash received from grants, property taxes, user fees, rent and other revenue	1,991,194	4,258,618
Cash paid to employees and suppliers	(1,972,345)	(2,289,594)
Interest received	31,323	10,113
Interest paid	(16,800)	(17,062)
	3,157,575	2,985,954
Financing activities:		
Repayment of term debt	(25,584)	(25,002)
Increase in replacement reserve	5,400	5,400
	(20,184)	(19,602)
Capital activities:		
Acquisition of tangible capital assets	(2,136,803)	(207,359)
Investing activities:		
Increase in investments	(1,702)	(4,813)
Increase in restricted cash and cash equivalents	(622,754)	(2,970,041)
Net distribution from business enterprise	-	-
	(624,456)	(2,974,854)
Increase (decrease) in cash and cash equivalents	376,132	(215,861)
Increase (decrease) in cash and cash equivalents, beginning of year	8,406	224,267
Increase (decrease) in cash and cash equivalents, end of year	\$ 384,538	\$ 8,406
Non-cash financing, capital and investing activities:		
Equity in earnings of business enterprise	\$ 154,924	\$ 186,372

See accompanying notes to financial statements.

TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements

Year ended March 31, 2017

Tobacco Plains Indian Band (the "Band") provides local government, education and social development services to its members. The Band is organized under the Indian Act of Canada.

1. Basis of presentation and significant accounting policies:

These financial statements include the assets, liabilities, and results of operations of the Band and all related entities and organizations subject to control by the Band's Chief and Council. No inclusion has been made of assets, liabilities, revenue or expenses of Band members, individually or collectively, incorporated or unincorporated, that are not controlled by or the responsibility of the Band's Chief and Council.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local governments, as established by the Canadian Public Sector Accounting Board ("PSAB"), which encompasses the following principles:

(a) Fund accounting:

The Band 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 consolidated for the purpose of presentation in the consolidated financial statements.

(b) Reporting entity:

The Band's reporting entity includes the Tobacco Plains Indian Band community government and all related entities and organizations which are accountable for the administration of their financial affairs and resources to the Band and are either owned or controlled by the Band.

i) Investment in government business enterprises:

The Band records its investments in government business enterprises (GBE) on a modified equity basis. Under the modified equity basis, the GBE's accounting policies are not adjusted to conform with those of the Band and inter-organizational transactions and balances are not eliminated. The Band recognizes its equity interest in the annual earnings or loss of the GBE's in its statement of operations with a corresponding increase or decrease in its investment asset account. Any dividends that the Band may receive from the GBE's will be reflected as deductions in the investment asset account.

The Band's government business enterprises investment consist of a 100% interest in Tobacco Plains Development Corporation.

ii) Investments:

Investments in entities in which the Band does not control individually or jointly are recorded at acquisition cost. If there has been an other than temporary decline in the value of an investment, the investment is written down to its net realizable value.

TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

1. Basis of presentation and significant accounting policies (continued):

(b) Reporting entity (continued):

iii) Trust funds:

Trust funds and their related operations administered by the Band are included in these consolidated financial statements.

(c) Cash and cash equivalents:

Cash and cash equivalents includes, cash and investments in highly liquid money market funds that are readily convertible to cash.

(d) Revenue recognition:

Government transfers, grants and subsidy revenue are recognized as the Band becomes entitled to the funding under the terms of applicable funding agreements and is recorded in the period in which the resources are used for the purpose specified in the agreements. Restricted funding received which relates to a subsequent fiscal period or which stipulations that give rise to an obligation are reported as deferred revenue until the resources are used for the purpose or purposes specified and/or the stipulations giving rise to an obligation have been met.

Rent, lease and user fee revenue is recognized on a monthly basis as income is earned and when collection is reasonable assured. Property and First Nations Goods and Services tax revenues are recognized at the time the taxes are levied.

Other revenue, including sales of goods and provision of services are recognized in the period the goods or services are provided and the related proceeds are received or receivable.

TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

1. Basis of presentation and significant accounting policies (continued):

(e) Tangible capital assets:

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation with a corresponding amount recorded as revenue. Tangible capital assets under construction are not amortized until the asset is available or use.

Tangible capital assets are amortized over their expected useful lives as follows:

Asset	Basis	Amount
Buildings	Declining balance	4%
Infrastructure	Declining balance	4-8%
Equipment	Declining balance	20-45%
Automotive	Declining balance	30%
Site improvements	Declining balance	4%

When management determines that a tangible capital asset no longer contributes to the Band's ability to provide goods and services or that the value of future benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible capital asset is written down to its net recoverable amount.

All intangible assets and items inherited by right of the Band, such as land, forests, water, natural resources and cultural and historic assets, are not recognized in the Band's financial statements.

(f) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of financial and non-financial 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. Actual results could differ from those estimates.

Significant areas requiring management estimates include the recoverable amount of accounts receivable and investments, and the useful lives of and net future economic benefits associated with tangible capital assets. Management reviews these estimates on a periodic basis and at least annually. Where necessary, management makes adjustments to these benefits prospectively.

TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

1. Basis of presentation and significant accounting policies (continued):

(g) Budget data:

The budget data presented in these consolidated financial statements have been derived from the budget approved by the Band Chief and Council on March 22, 2016.

(h) Segmented disclosure:

A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to achieve the objectives of the standard. The Band has determined the most appropriate basis for classifying segments is by program. Segmented disclosures are provided in note 18 and Schedule 2 to the consolidated financial statements.

(i) Financial instruments:

Financial instruments are initially classified upon initial recognition as a fair value or an amortized cost instrument. Instruments classified as fair value instruments include investments in equity instruments that are quoted in an active market, and any other items elected by the Band to be recorded at fair value. All other financial instruments are recorded at amortized cost. Transaction costs directly attributable to the acquisition or issue of a financial instrument are added to the amortized cost or expensed if related to instruments recorded on a fair value basis. The effective interest rate method is used to measure interest for financial instruments recorded at amortized cost.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations. For instruments measured at fair value, unrealized gains or losses are adjusted through the statement of remeasurement gains and losses. When the asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of operations. As at March 31, 2017, the Band does not have any financial instruments with significant differences between cost and fair value. Accordingly a statement of remeasurement gain (loss) has not been presented.

TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

2. Unrestricted and restricted cash and cash equivalents:

The Band maintains its cash and cash equivalents balances in several financial institutions in British Columbia. The Canada Deposit Insurance Corporation ("CDIC") insures each of these accounts up to \$100,000. The aggregate funds held in each institution may exceed the CDIC insured limit from time to time and specific funds held by each institution may not be covered by CDIC Insurance. Management does not anticipate any material effect on the consolidated financial position of the Band as a result of these concentrations.

Certain cash and cash equivalents has been internally restricted by the Band or externally restricted by federal or provincial government authorities for the following specific purposes. These funds have been invested in separate money market funds or cash accounts with interest rates ranging from 0.1% to 2.25%.

	2017	2016
Internally restricted:		
Cultural reserve	\$ 30,000	\$ 30,000
General reserve	2,942,631	2,660,910
Health reserve	190,000	60,000
Lands reserve	605,000	550,095
<u>Taxation reserve</u>	<u>243,000</u>	<u>100,016</u>
	4,010,631	3,401,021
Externally restricted:		
Trust Funds on deposit with Indigenous and Northern Affairs Canada ("INAC")	184,098	180,175
Nolan Settlement Trust	542,341	538,586
<u>Social Housing replacement reserve</u>	<u>16,716</u>	<u>11,250</u>
	743,155	730,011
	<hr/> \$ 4,753,786	<hr/> \$ 4,131,032

TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

3. Accounts receivable:

	2017	2016
INAC	\$ 42,191	\$ 96,667
Ktunaxa Nation Council	232,813	301,996
Sales taxes recoverable	85,817	67,854
<u>Grants and other</u>	<u>273,937</u>	<u>137,587</u>
	634,758	604,104
Band members	250,442	224,007
Less allowance for doubtful accounts		
Band members	(235,266)	(195,392)
	15,176	28,615
	<hr/> \$ 649,934	<hr/> \$ 632,719

TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

4. Investments:

	2017	2016
Ktunaxa Holdings Ltd. ("KHL"), shares, at cost	\$ 1	\$ 1
Ktunaxa Holdings Limited Partnership ("KHLP"), limited partnership interest	1	1
SEM Holdings Ltd. ("SHL"), shares, at cost	1	1
All Nations Trust Company, shares, representing a less than 1% interest	2,000	2,000
SunLife Financial, shares	14,807	13,105
	<hr/> \$ 16,810	<hr/> \$ 15,108

The Band's investment in KHL consists of 20% beneficial interest in one common share. KHL's primary asset is an investment in KHLP, which holds a 99.99% interest in Nupqu Development Limited Partnership ("NDLP"). NDLP's general partner is Nupqu Development Corporation, in which KHL holds a 100% interest. As the Band, through its investment, does not control or jointly control KHL, the investment has been recorded using the cost method.

The Band holds 20% limited partnership interest in KHLP, in which KHL is the general partner. The Band's investment is recorded at cost as the Band does not control or jointly control KHLP's operations or assets. The Band records earnings from its investment in KHLP based on cash distributions of limited partnership earnings received. The Band's investment consists of its initial cost of \$39,010, less a impairment provision of \$39,009. To March 31, 2017, the Band has not received any limited partnership distributions from KHLP.

The Band's investment in SHL consists of 20% beneficial interest in one common share. SHL's assets include a 100% share of the St. Eugene Mission Resort ("SEM"). As the Band, through its investment, does not control or jointly control SHL, the investment has been recorded using the cost method.

TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

5. Investments in government business enterprises:

	2017	2016
Tobacco Plains Development Corporation:		
Investment in shares	\$ 158,620	\$ 158,620
Advances	918,838	918,838
Accumulated equity in earnings	792,706	637,782
	<hr/> \$ 1,870,164	<hr/> \$ 1,715,240

Advances to Tobacco Plains Development Corporation are unsecured, non-interest bearing and have no stated terms of repayment.

Tobacco Plains Development Corporation oversees economic opportunities for the Band and the purpose of the Tobacco Plains Development Corporation is to foster the economic and social betterment of the Band members. Tobacco Plains Development Corporation's operations include three campgrounds, a duty free store, and lease operations.

Financial information for Tobacco Plains Development Corporation as at and for the year ended February 28, 2017 is summarized as follows:

	2017	2016
Balance sheet information:		
Assets	\$ 1,970,285	\$ 1,876,141
Liabilities	1,018,957	1,079,737
Shareholder's equity	951,328	796,404
Results of operations:		
Revenues	1,661,305	1,513,339
Cost of sales	629,243	553,444
	<hr/> 1,032,062	<hr/> 959,895
Expenses	867,672	744,453
Other income (loss)	13,352	(265)
Income taxes	22,818	28,805
Net earnings	<hr/> \$ 154,924	<hr/> \$ 186,372

The fiscal year end of the Tobacco Plains Development Corporation is February 28, 2017 (2016 - February 29, 2016) and the financial information provided above is as at and for the year ended February 28, 2017, with comparative information as at and for the period ended February 29, 2016. There were no material changes in the Tobacco Plains Development Corporation's operations from their fiscal year end date to March 31, 2017.

TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

6. Deferred revenue:

	2017	2016
INAC	\$ 114,162	\$ 35,449
Grants and other	162,198	22,947
	\$ 276,360	\$ 58,396

The net change in deferred revenue for the year was as follows:

	2017	2016
Balance beginning of year	\$ 58,396	\$ 341,589
Contributions received	276,360	58,396
Recorded in revenue	(58,396)	(341,589)
 Balance, end of year	 \$ 276,360	 \$ 58,396

TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

7. Term debt:

	2017	2016
Social Housing Program Mortgage, repayable in monthly instalments of \$3,365 including interest at 2.04%, maturing March 2039, secured by a guarantee from INAC	\$ 715,853	\$ 741,437

Scheduled principal payments on long-term debt for the next five years are as follows:

2018	\$ 26,011
2019	26,547
2020	27,093
2021	27,651
2022	28,221

8. Replacement reserve:

Under the terms of the Band's agreements with Canada Mortgage and Housing Corporation ("CMHC"), a replacement reserve account is to be credited by an amount determined on an annual basis. The amount contributed to the Social Housing program replacement reserve account for the year was \$5,400 (2016 - \$5,400). These funds, along with accumulated interest, must be held in separate bank accounts and/or invested only in accounts or instruments insured by CDIC, or as may otherwise be approved by CMHC. The funds may only be expended as approved by CMHC.

The change in the replacement reserves is calculated as follows:

	Beginning balance	Contributions	Interest	Approved expenses	Ending balance
Social Housing program	\$ 11,250	\$ 5,400	\$ 66	\$ -	\$ 16,716

TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

9. Tangible capital assets:

March 31, 2017	Buildings and site improvements	Infrastructure	Equipment & Automotive	Construction in Progress	Total
Cost:					
Beginning of year	\$ 2,116,055	\$ 854,075	\$ 662,478	\$ -	\$ 3,632,608
Acquisitions	-	-	-	2,136,803	2,136,803
Balance, end of year	2,116,055	854,075	662,478	2,136,803	5,769,411
Accumulated amortization:					
Balance, beginning of year	691,930	199,206	436,012	-	1,327,148
Amortization	44,466	26,801	62,261	-	133,528
Balance, end of year	736,396	226,007	498,273	-	1,460,676
Net book value, end of year	\$ 1,379,659	\$ 628,068	\$ 164,205	\$ 2,136,803	\$ 4,308,735
March 31, 2016	Buildings	Infrastructure	Equipment & Automotive	Site in Progress	Total
Costs:					
Balance, beginning of year	\$ 2,116,055	\$ 699,716	\$ 609,478	\$ -	\$ 3,425,249
Acquisitions	-	154,359	53,000	-	207,359
Balance, end of year	2,116,055	854,075	662,478	-	3,632,608
Accumulated amortization:					
Balance, beginning of year	649,758	174,450	360,451	-	1,184,659
Amortization	42,172	24,756	75,561	-	142,489
Balance, end of year	691,930	199,206	436,012	-	1,327,148
Net book value, end of year	\$ 1,424,125	\$ 654,869	\$ 226,466	\$ -	\$ 2,305,460

TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

10. Accumulated surplus:

	2017	2016
Financial surplus:		
Unrestricted operating surplus	\$ 2,447,142	\$ 2,160,619
<u>Internally restricted surplus (note 11)</u>	<u>4,010,631</u>	<u>3,401,021</u>
	6,457,773	5,561,640
Invested in tangible capital assets (note 12)	3,592,882	1,564,023
Externally restricted surplus (note 13)	726,439	718,761
	<hr/> \$ 10,777,094	<hr/> \$ 7,844,424

11. Internally restricted surplus:

	Beginning balance	Contributions	Interest	Approved Expenses	Ending Balance
Cultural reserve	\$ 30,000	\$ -	\$ -	\$ -	\$ 30,000
General reserve	2,660,910	281,721	-	-	2,942,631
Health reserve	60,000	130,000	-	-	190,000
Lands reserve	550,095	54,905	-	-	605,000
Taxation reserve	100,016	142,984	-	-	243,000
	<hr/> \$ 3,401,021	<hr/> \$ 609,610	<hr/> \$ -	<hr/> \$ -	<hr/> \$ 4,010,631

TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

12. Invested in tangible capital assets:

(a) Investment in tangible capital assets:

	2017	2016
Tangible capital assets	\$ 4,308,735	\$ 2,305,460
Less financed by:		
Term debt	(715,853)	(741,437)
	<hr/> \$ 3,592,882	<hr/> \$ 1,564,023

(b) Change in invested in tangible capital assets:

	2017	2016
Balance, beginning of year	\$ 1,564,023	\$ 1,474,151
Amortization of tangible capital assets	(133,528)	(142,489)
Acquisition of tangible capital assets	2,136,803	207,359
Repayment of term debt	25,584	25,002
Balance, end of year	<hr/> \$ 3,592,882	<hr/> \$ 1,564,023

TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

13. Externally restricted surplus:

	Beginning balance	Contributions	Interest	Approved Transfers	Ending Balance
INAC					
Capital	\$ 91,012	\$ -	\$ -	\$ -	\$ 91,012
Revenue	89,163	-	3,923	-	93,086
	180,175	-	3,923	-	184,098
Nolan Settlement Trust	538,586	-	3,755	-	542,341
	\$ 718,761	\$ -	\$ 7,678	\$ -	\$ 726,439

The INAC 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. These funds are restricted in their use, of which the Band is generally permitted to use for a purpose that will promote the general progress and welfare of the Band and Band members. The management of the funds is primarily governed by the sections of the Indian Act.

14. Related party transactions:

- (a) The Tobacco Plains Indian Band is one of four Indian Bands that comprise the Ktunaxa Nation Council. Transactions with the Ktunaxa Nation Council during the year consisted of funds received for various programs of \$367,463 (2016 - \$281,463). All of the identified transactions are encompassed within the Ktunaxa Nation Council financial statement caption.
- (b) Recognized rent and profit sharing revenue receivable from Tobacco Plains Development Corporation of \$203,386 (2016 - \$118,225).
- (c) The Band paid Nupqu Development Limited Partnership \$4,330 (2016 - \$13,522) for fuel reduction treatment, and \$12,216 (2016 - \$9,593) for woodlot development costs.

These transactions are in the normal course of operations and are measured at the exchange value, which is the amount of consideration established and agreed to by the related parties.

15. Employee future benefits:

The Band matches employee contributions to a defined contribution plan, which is administered by Great West Life. The total pension expense, representing employer contributions to the plan, for the year was \$24,073 (2016 - \$25,091)

TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

16. Financial risks and concentration of risks:

(a) Credit risk:

Credit risk refers to the risk that counterparty may default on its contractual obligations resulting in a financial loss. As discussed in note 2, the Band holds its cash and cash equivalents, with federally regulated chartered banks who are insured by the CDIC.

The Band has performed an analysis of the age of financial assets that are past due as at March 31, 2017 and has recorded a total impairment provision of \$235,266 (2016 - \$195,392) with respect to its accounts receivable balance based on the likelihood of ultimate collectibility.

(b) Liquidity risk:

Liquidity risk is the risk that the Band will not be able to meet its financial obligations as they become due. The Band monitors the maturity of its financial liabilities and assesses whether it has sufficient cash to settle these financial obligations when due.

The following table summarizes the contractual maturities of the Band's financial liabilities:

In thousands of dollars	March 31, 2017		
	On demand	Up to 1 year	Over 1 year
Accounts payable and accrued liabilities	199	-	-
Term debt	-	26	690
Replacement reserve	17	-	-
	\$ 216	\$ 26	\$ 690
			\$ 932

In thousands of dollars	March 31, 2016		
	On demand	Up to 1 year	Over 1 year
Accounts payable and accrued liabilities	152	-	-
Term debt	-	25	716
Replacement reserve	11	-	-
	\$ 163	\$ 25	\$ 716
			\$ 904

TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

16. Financial risks and concentration of risks (continued):

(c) Interest rate risk:

Interest rate risk relates to the impact of changes in interest rates on the Band's future cash inflows from its investments and future cash outflows on its term debt. The Band's cash and cash equivalents are held in cash or short term money market instruments, accordingly, the Band is not subject to significant interest rate risk in regards to these financial assets.

The Band is subject to interest rate risk with respect to its term debt, which bears interest at a fixed rate as disclosed in note 7. The Band manages interest rate risk through negotiations with lenders at origination or renewal of loan agreements.

17. Economic dependence:

The Band receives a major portion of its revenues pursuant to a funding agreement with INAC. Any disruption in this funding could have a negative effect on Band operations.

18. Segmented information:

Segmented information has been identified based upon lines of service provided by the Band. Band services are provided by departments and their activities are reported by functional areas in the body of the financial statements. Certain lines of service that have been separately disclosed are summarized below, with activity for the year ended March 31, 2017 summarized in Schedule 2.

(a) Administration

Administration provides the functions of corporate administration, finance, human resources, legislative services, and elected officials.

(b) Band Housing

Band Housing includes revenue and expenses related to rental housing units owned or managed on behalf of others by the Band.

(c) Band Revenue

Band Revenue includes revenue and expenses related to Band community projects and events.

TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

18. Segmented information (continued):

(d) Capital

Capital includes grant and other funding and related expenses for the upgrade and addition to the Band's tangible capital assets.

(e) Community Health Services

Community Health Services includes revenue and expenses related to the operation of a community health and wellness programs to Band members.

(f) Economic Development

Economic Development includes revenues and expenses related to administering and facilitating new business opportunities and projects for the Band.

(g) Education

Education is responsible for administering and facilitating education programs such as secondary education, post secondary and community education programs.

(h) Lands and Resources

Lands and Resources includes revenue and expenses related to the management and planning of the Band's land and resources.

(i) Municipal Services

Municipal Services includes funding for and expenses related to the repair and maintenance of the community water systems, roads, equipment and buildings.

(j) Social Development

Social Development provides social programs to Band members.

TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

18. Segmented information (continued):

(k) Social Housing

The Social Housing program administers the CMHC program to provide and advocate for secure, affordable housing under the CMHC program Phase 6.

(l) Taxation

Taxation includes revenues from property tax levies, Goods and Services tax and costs related to the administration of the property taxation department.

TOBACCO PLAINS INDIAN BAND

Schedule 1 - Consolidated Expenses by Object

Year ended March 31, 2017, with comparative information for 2016

	2017	2016
Accounting and legal	\$ 95,167	\$ 97,727
Amortization	133,528	142,489
Bad debts	39,875	7,272
Contract services	21,008	53,634
Education	70,490	48,286
Honouraria	45,404	44,542
Insurance	49,448	57,765
Interest and bank charges	16,800	17,062
Miscellaneous	2,910	16,239
Programming	396,810	506,100
Repairs and maintenance	136,416	139,805
Replacement reserve	5,400	5,400
Transfer under agreement	-	740
Social health and child benefits	131,803	153,016
Supplies	35,299	99,612
Telephone	13,419	12,772
Training (recovery)	12,913	(961)
Travel	57,494	59,968
Utilities	19,184	14,102
Wages and benefits	925,678	998,031
	<hr/> \$ 2,209,046	<hr/> \$ 2,473,601