

Consolidated Financial Statements of

TOBACCO PLAINS INDIAN BAND

Year ended March 31, 2018

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 Maboelel
Chief

Connie Morris
Council member

September 27, 2018



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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, 2018, 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, 2018, 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'.

Chartered Professional Accountants

Kelowna, Canada

September 27, 2018

TOBACCO PLAINS INDIAN BAND

Consolidated Statement of Financial Position

March 31, 2018, with comparative information for 2017

	2018	2017
Financial Assets		
Cash and cash equivalents	\$ 1,266,784	\$ 384,538
Restricted cash and cash equivalents (note 2)	5,596,534	4,753,786
Accounts receivable (note 3)	455,392	649,934
Investments (note 4)	21,407	16,810
Investment in government business enterprises (note 5)	2,015,249	1,870,164
	9,355,366	7,675,232
Liabilities		
Accounts payable and accrued liabilities	866,665	199,598
Deferred revenue (note 6)	360,307	276,360
Term debt (note 7)	689,779	715,853
Replacement reserve (note 8)	22,173	16,716
	1,938,924	1,208,527
Net financial assets	7,416,442	6,466,705
Non-Financial Assets		
Tangible capital assets (note 9)	6,138,761	4,308,735
Prepaid expenses and deposits	-	1,654
	6,138,761	4,310,389
Accumulated surplus (note 10)	\$ 13,555,203	\$ 10,777,094

See accompanying notes to financial statements.

On behalf of the Chief and Council:

Mary Mohselaik Chief

Cory W. Council member

TOBACCO PLAINS INDIAN BAND

Consolidated Statement of Operations and Accumulated Surplus

Year ended March 31, 2018, with comparative information for 2017

	2018 Budget	2018	2017
(note 1(g))			
Revenue:			
Transfers from other governments:			
Department of Indigenous Services Canada (DISC)	\$ 976,033	\$ 909,351	\$ 2,991,014
Province of British Columbia	265,000	480,267	464,175
Ktunaxa Nation Council (note 14)	252,725	508,104	367,463
Other	1,301,450	267,180	87,045
Grants	1,314,978	1,014,375	279,552
Canada Mortgage and Housing Corporation	96,300	126,128	69,964
First Nations Goods and Services Tax	118,000	170,171	195,075
Property taxation	55,000	65,334	57,315
User fees	275,000	120,810	97,675
Rent and lease	160,113	202,596	235,516
Interest	200	53,489	31,258
Other	101,266	215,127	86,638
Impact Management and Benefit Agreement	1,000,000	1,313,578	24,102
Equity in earnings of business enterprise (note 5)	-	145,485	154,924
	5,916,065	5,591,995	5,141,716
Expenses (Schedule 1):			
Administration	569,195	699,146	565,931
Band Housing	32,292	117,611	43,635
Band Revenue	72,113	88,077	30,159
Capital	154,840	262,745	106,771
Community Health Services	297,721	216,243	228,916
Economic Development	239,880	116,663	99,214
Education	255,470	203,454	188,429
Lands and Resources	787,380	533,152	505,585
Municipal Services	204,459	168,532	171,565
Social Development	281,775	251,484	112,600
Social Housing	118,070	56,697	101,555
Taxation	105,000	100,082	54,686
	3,118,195	2,813,886	2,209,046
Surplus	\$ 2,797,870	2,778,109	2,932,670
Accumulated surplus, beginning of the year		10,777,094	7,844,424
Accumulated surplus, end of year	\$ 13,555,203	\$ 10,777,094	

See accompanying notes to financial statements.

TOBACCO PLAINS INDIAN BAND

Consolidated Statement of Change in Net Financial Assets

Year ended March 31, 2018, with comparative information for 2017

	2018 Budget	2018	2017
	(note 1(g))		
Surplus	\$ 2,797,870	\$ 2,778,109	\$ 2,932,670
Changes to non-financial assets:			
Acquisition of tangible capital assets	(2,675,000)	(2,049,013)	(2,136,803)
Amortization of tangible capital assets	- 218,987	218,987	133,528
	(2,675,000)	(1,830,026)	(2,003,275)
Net use (acquisition) of prepaid expenses and deposits	- 1,654	1,654	(1,654)
Increase in net financial assets	\$ 122,870	949,737	927,741
Net financial assets, beginning of year		6,466,705	5,538,964
Net financial assets, end of year	\$ 7,416,442	\$ 6,466,705	

See accompanying notes to financial statements.

TOBACCO PLAINS INDIAN BAND

Consolidated Statement of Cash Flows

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Cash received from DISC	\$ 1,101,880	\$ 3,124,203
Cash received from grants, property taxes, user fees, rent and other revenue	4,569,630	1,991,194
Cash paid to employees and suppliers	(1,907,371)	(1,972,345)
Interest received	53,489	31,323
<u>Interest and bank charges paid</u>	<u>(18,807)</u>	<u>(16,800)</u>
	3,798,821	3,157,575
Financing activities:		
Repayment of term debt	(26,074)	(25,584)
Increase in replacement reserve	5,457	5,400
	(20,617)	(20,184)
Capital activities:		
Acquisition of tangible capital assets	(2,049,013)	(2,136,803)
Investing activities:		
Increase in investments	(4,597)	(1,702)
Increase in restricted cash and cash equivalents	(842,748)	(622,754)
Net distribution from business enterprise	400	-
	(846,945)	(624,456)
Increase in cash and cash equivalents	882,246	376,132
Cash and cash equivalents, beginning of year	384,538	8,406
Cash and cash equivalents, end of year	\$ 1,266,784	\$ 384,538
Non-cash financing, capital and investing activities:		
Equity in earnings of business enterprise	\$ 145,485	\$ 154,924

See accompanying notes to financial statements.

TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements

Year ended March 31, 2018

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, 2018

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, 2018

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, 2018

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, 2017.

(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, 2018

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 4.28%.

	2018	2017
Internally restricted:		
Cultural reserve	\$ 30,000	\$ 30,000
General reserve	3,274,838	2,942,631
Health reserve	243,000	190,000
Lands reserve	870,043	605,000
<u>Taxation reserve</u>	<u>423,000</u>	<u>243,000</u>
	4,840,881	4,010,631
Externally restricted:		
Trust Funds on deposit with the Department of Indigenous Services Canada ("DISC")	188,660	184,098
Nolan Settlement Trust	544,820	542,341
<u>Social Housing replacement reserve</u>	<u>22,173</u>	<u>16,716</u>
	755,653	743,155
	<hr/> \$ 5,596,534	<hr/> \$ 4,753,786

TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

3. Accounts receivable:

	2018	2017
DISC	\$ 61,900	\$ 42,191
Ktunaxa Nation Council	229,870	232,813
Sales taxes recoverable	99,622	85,817
Grants and other	52,904	273,937
	444,296	634,758
Band members	246,362	250,442
Less allowance for doubtful accounts		
Band members	(235,266)	(235,266)
	11,096	15,176
	\$ 455,392	\$ 649,934

TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

4. Investments:

	2018	2017
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
St. Eugene Mission Development Corporation ("SDC"), shares, at cost	1	-
St. Eugene Mission Holdings Ltd. ("SEMHL"), shares, at cost	1	-
All Nations Trust Company, shares, representing a less than 1% interest	2,000	2,000
SunLife Financial, shares	19,402	14,807
	\$ 21,407	\$ 16,810

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, as at March 31, 2018, include a 33% interest in the SEM Resort Limited Partnership. As the Band, through its investment, does not control or jointly control SHL, the investment has been recorded using the cost method.

The Band's investment in SDC consists of 20% beneficial interest in one common share. SDC's primary asset is the headlease for the SEM Resort Limited Partnership. As the band, through its investment, does not control or jointly control SDC, the investment has been recorded using the cost method.

The Band's investment in SEMHL consists of 20% beneficial interest in one common share. SEMHL's primary assets, at March 31, 2018, include a 100% share of the SHL. As the band's assets, through its investment, do 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, 2018

5. Investments in government business enterprises:

	2018	2017
Tobacco Plains Development Corporation:		
Investment in shares	\$ 158,620	\$ 158,620
Advances	918,438	918,838
Accumulated equity in earnings	938,191	792,706
	<hr/> \$ 2,015,249	<hr/> \$ 1,870,164

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, 2018 is summarized as follows:

	2018	2017
Balance sheet information:		
Assets	\$ 2,128,593	\$ 1,970,285
Liabilities	1,031,782	1,018,957
Shareholder's equity	1,096,811	951,328
Results of operations:		
Revenues	1,623,880	1,661,305
Cost of sales	620,276	629,243
	<hr/> 1,003,604	<hr/> 1,032,062
Expenses	852,838	867,672
Other income	14,850	13,352
Income taxes	20,131	22,818
Net earnings	<hr/> \$ 145,485	<hr/> \$ 154,924

The fiscal year end of the Tobacco Plains Development Corporation is February 28 and the financial information provided above is as at and for the year ended February 28, 2018, with comparative information as at and for the period ended February 28, 2017. There were no material changes in the Tobacco Plains Development Corporation's operations from their fiscal year end date to March 31, 2018.

TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

6. Deferred revenue:

	2018	2017
DISC	\$ 326,400	\$ 114,162
Grants and other	33,907	162,198
	\$ 360,307	\$ 276,360

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

	2018	2017
Balance beginning of year	\$ 276,360	\$ 58,396
Contributions received	370,037	276,360
Recorded in revenue	(286,090)	(58,396)
 Balance, end of year	 \$ 360,307	 \$ 276,360

TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

7. Term debt:

	2018	2017
Social Housing Program Mortgage, repayable in monthly instalments of \$3,365 including interest at 2.04%, maturing March 2039, secured by a guarantee from DISC	\$ 689,779	\$ 715,853

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

2019	\$ 26,547
2020	27,093
2021	27,651
2022	28,221
2023	28,802

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 (2017 - \$5,400). 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	\$ 16,716	\$ 5,400	\$ 57	\$ -	\$ 22,173

TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

9. Tangible capital assets:

March 31, 2018	Buildings and site improvements	Infrastructure	Equipment & Automotive	Construction in Progress	Total
Cost:					
Beginning of year	\$ 2,116,054	\$ 854,075	\$ 662,479	\$ 2,136,803	\$ 5,769,411
Acquisitions	-	-	33,312	2,015,701	2,049,013
Disposals	-	2,207,574	-	(2,207,574)	-
Balance, end of year	2,116,054	3,061,649	695,791	1,944,930	7,818,424
Accumulated amortization:					
Balance, beginning of year	736,396	226,007	498,273	-	1,460,676
Amortization	100,378	69,832	48,777	-	218,987
Balance, end of year	836,774	295,839	547,050	-	1,679,663
Net book value, end of year	\$ 1,279,280	\$ 2,765,810	\$ 148,741	\$ 1,944,930	\$ 6,138,761
March 31, 2017	Buildings	Infrastructure	Equipment & Automotive	Construction in Progress	Total
Costs:					
Balance, beginning of year	\$ 2,116,054	\$ 854,075	\$ 662,479	\$ -	\$ 3,632,608
Acquisitions	-	-	-	2,136,803	2,136,803
Balance, end of year	2,116,054	854,075	662,479	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	\$ 1,379,658	\$ 628,068	\$ 164,206	\$ 2,136,803	\$ 4,308,735

TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

10. Accumulated surplus:

	2018	2017
Financial surplus:		
Unrestricted operating surplus	\$ 2,531,860	\$ 2,447,142
<u>Internally restricted surplus (note 11)</u>	<u>4,840,881</u>	<u>4,010,631</u>
	7,372,741	6,457,773
Invested in tangible capital assets (note 12)	5,448,982	3,592,882
Externally restricted surplus (note 13)	733,480	726,439
	<hr/> \$ 13,555,203	<hr/> \$ 10,777,094

11. Internally restricted surplus:

	Beginning balance	Contributions	Interest	Approved Expenses	Ending Balance
Cultural reserve	\$ 30,000	\$ -	\$ -	\$ -	\$ 30,000
General reserve	2,942,631	332,207	-	-	3,274,838
Health reserve	190,000	53,000	-	-	243,000
Lands reserve	605,000	265,043	-	-	870,043
Taxation reserve	243,000	180,000	-	-	423,000
	<hr/> \$ 4,010,631	<hr/> \$ 830,250	<hr/> \$ -	<hr/> \$ -	<hr/> \$ 4,840,881

TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

12. Invested in tangible capital assets:

(a) Investment in tangible capital assets:

	2018	2017
Tangible capital assets	\$ 6,138,761	\$ 4,308,735
Less financed by:		
Term debt	(689,779)	(715,853)
	<hr/> \$ 5,448,982	<hr/> \$ 3,592,882

(b) Change in invested in tangible capital assets:

	2018	2017
Balance, beginning of year	\$ 3,592,882	\$ 1,564,023
Amortization of tangible capital assets	(218,987)	(133,528)
Acquisition of tangible capital assets	2,049,013	2,136,803
Repayment of term debt	26,074	25,584
Balance, end of year	<hr/> \$ 5,448,982	<hr/> \$ 3,592,882

TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

13. Externally restricted surplus:

	Beginning balance	Contributions	Interest	Approved Transfers	Ending Balance
INAC					
Capital	\$ 91,012	\$ -	\$ -	\$ -	\$ 91,012
Revenue	93,086	473	4,089	-	97,648
	184,098	473	4,089	-	188,660
Nolan Settlement Trust	542,341	-	2,479	-	544,820
	\$ 726,439	\$ 473	\$ 6,568	\$ -	\$ 733,480

The DISC 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 First Nation communities that comprise the Ktunaxa Nation Council. Transactions with the Ktunaxa Nation Council during the year consisted of funds received for various programs of \$508,104 (2017 - \$367,463). All of the identified transactions are encompassed within the Ktunaxa Nation Council financial statement caption. Taxation and transfer under agreement expense includes a \$50,000 (2017 - \$nil) First Nations GST transfer to Ktunaxa Nation Council in the year.
- (b) Recognized rent and profit sharing revenue receivable from Tobacco Plains Development Corporation of \$154,085 (2017 - \$203,386).
- (c) The Band paid Nupqu Development Limited Partnership \$30,656 (2017 - \$12,216) 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 \$23,383 (2017 - \$24,073)

TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

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, 2018 and has recorded a total impairment provision of \$235,266 (2017 - \$235,266) 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:

March 31, 2018

In thousands of dollars

	On demand	Up to 1 year	Over 1 year	Total
Accounts payable and accrued liabilities	866	-	-	866
Term debt	-	26	663	689
Replacement reserve	22	-	-	22
	\$ 888	\$ 26	\$ 663	\$ 1,577

March 31, 2017

In thousands of dollars

	On demand	Up to 1 year	Over 1 year	Total
Accounts payable and accrued liabilities	199	-	-	199
Term debt	-	26	690	716
Replacement reserve	17	-	-	17
	\$ 216	\$ 26	\$ 690	\$ 932

TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

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, 2018 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, 2018

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, 2018

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

March 31, 2018, with comparative information for 2017

	2018	2017
Accounting and legal	\$ 72,490	\$ 95,167
Amortization (note 9)	218,987	133,528
Bad debts	-	39,875
Contract services	10,872	21,008
Education	57,260	70,490
General and miscellaneous	222,268	2,910
Honouraria	41,145	45,404
Insurance	38,365	49,448
Interest and bank charges	18,807	16,800
Programming	768,157	396,810
Repairs and maintenance	233,421	136,416
Replacement reserve	5,400	5,400
Transfer under agreement	50,000	-
Social health and child benefits	129,590	131,803
Supplies	83,055	35,299
Telephone	13,657	13,419
Training	5,533	12,913
Travel	35,104	57,494
Utilities	18,194	19,184
Wages and benefits	791,581	925,678
	<hr/> \$ 2,813,886	<hr/> \$ 2,209,046

TOBACCO PLAINS INDIAN BAND

Schedule 2 - Segmented Information

Year ended March 31, 2018, with comparative figures for 2017

Year ended March 31, 2018												
	Revenue										Financial Surplus 2018	
	Contributions (to) from Other Programs					Expenses	Surplus (deficit)	Financial Surplus				
	DISC	Other		Total				2017	Amortization	Transfers		
Administration	\$ 266,908	\$ 83,197	\$ 328,051	\$ 678,156	\$ 699,146	\$ (20,990)	\$ 8,356	\$ -	\$ (2,479)	\$ (15,113)		
Band Housing	-	115,451	-	115,451	117,611	(2,160)	(50,115)	-	-	(4,562)	(56,837)	
Band Revenue	-	215,357	-	215,357	88,077	127,280	(43,689)	-	-	-	83,591	
Capital	70,770	1,959,900	23,799	2,054,469	262,745	1,791,724	(139,600)	191,975	(2,049,013)	(204,914)		
Community Health Services	18,787	176,004	(71,900)	122,891	216,243	(93,352)	761,852	-	-	-	668,500	
Economic Development	50,355	147,905	47,100	245,360	116,663	128,697	1,062,865	-	-	-	1,191,562	
Education	228,126	5,000	(5,300)	227,826	203,454	24,372	364,389	-	-	-	388,761	
Lands and Resources	21,924	1,546,778	(317,450)	1,251,252	533,152	718,100	4,030,296	-	-	-	4,748,396	
Municipal Services	111,944	16,112	20,600	148,656	168,532	(19,876)	(271,524)	-	-	-	(291,400)	
Social Development	-	313,386	(11,200)	302,186	251,484	50,702	59,536	-	-	-	110,238	
Social Housing	140,537	41,455	(12,500)	169,492	56,697	112,795	(78,277)	27,012	(26,074)	-	35,456	
Taxation	-	62,099	(1,200)	60,899	100,082	(39,183)	753,684	-	-	-	714,501	
	\$ 909,351	\$ 4,682,644	-	\$ 5,591,995	\$ 2,813,886	\$ 2,778,109	\$ 6,457,773	\$ 218,987	\$ (2,082,128)	\$ 7,372,741		

Year ended March 31, 2017											Financial Surplus 2017	
	Revenue											
	Contributions (to) from Other Programs					Expenses	Surplus (deficit)	Financial Surplus				
	DISC	Other		Total				2016	Amortization	Transfers		
Administration	\$ 221,987	\$ 84,398	\$ 184,050	\$ 490,435	\$ 565,931	\$ (75,496)	\$ 87,607	\$ -	\$ (3,755)	\$ 8,356		
Band Housing	-	25,819	16,778	42,597	43,635	(1,038)	(45,154)	-	-	(3,923)	(50,115)	
Band Revenue	-	92,026	(8,700)	83,326	30,159	53,167	(96,856)	-	-	-	(43,689)	
Capital	2,136,803	-	-	2,136,803	106,771	2,030,032	(139,600)	106,771	(2,136,803)	(139,600)		
Community Health Services	23,950	428,104	(25,627)	426,427	228,916	197,511	564,341	-	-	-	761,852	
Economic Development	48,602	157,389	27,281	233,273	99,214	134,059	928,806	-	-	-	1,062,865	
Education	197,636	-	(15,845)	181,791	188,429	(6,638)	371,027	-	-	-	364,389	
Lands and Resources	104,821	941,312	(146,236)	899,897	505,585	394,312	3,635,984	-	-	-	4,030,296	
Municipal Services	117,350	20,000	13,200	150,550	171,565	(21,015)	(250,509)	-	-	-	(271,524)	
Social Development	139,865	14,500	(9,200)	145,165	112,600	32,565	26,971	-	-	-	59,536	
Social Housing	-	102,019	(448)	101,572	101,555	17	(79,467)	26,757	(25,584)	(78,277)	753,684	
Taxation	-	285,133	(35,253)	249,880	54,686	195,194	558,490	-	-	-	714,501	
	\$ 2,991,014	\$ 2,150,702	-	\$ 5,141,716	\$ 2,209,046	\$ 2,932,670	\$ 5,561,640	\$ 133,528	\$ (2,170,065)	\$ 6,457,773		