

Consolidated Financial Statements of

# **TOBACCO PLAINS INDIAN BAND**

Year ended March 31, 2019

## 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.

May Melsalah  
Chief

Dan Bransell  
Council member

July 23, 2019



KPMG LLP  
200-3200 Richter Street  
Kelowna V1W 5K9  
Canada  
Tel (250) 979-7150  
Fax (250) 763-0044

## INDEPENDENT AUDITORS' REPORT

To Chief and Council and Members of Tobacco Plains Indian Band

### *Opinion*

We have audited the consolidated financial statements of Tobacco Plains Indian Band, which comprise:

- the consolidated statement of financial position as at March 31, 2019
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Tobacco Plains Indian Band as at March 31, 2019, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"Auditors' Responsibilities for the Audit of the Financial Statements"** section of our auditors' report.

We are independent of Tobacco Plains Indian Band in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

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

In preparing the financial statements, management is responsible for assessing Tobacco Plains Indian Band's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing Tobacco Plains Indian Band's financial reporting process.

***Auditors' 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 material misstatement, whether due to fraud or error, and to issue an auditors' 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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement 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 Tobacco Plains Indian Band'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 a significant doubt on Tobacco Plain Indian Band's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause Tobacco Plain Indian Band 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.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



Chartered Professional Accountants

Kelowna, Canada

July 23, 2019

# TOBACCO PLAINS INDIAN BAND

## Consolidated Statement of Financial Position

March 31, 2019, with comparative information for 2018

	2019	2018
<b>Financial Assets</b>		
Cash and cash equivalents	\$ 1,815,407	\$ 1,266,784
Restricted cash and cash equivalents (note 2)	8,188,120	5,596,534
Accounts receivable (note 3)	574,124	455,392
Investments (note 4)	21,407	21,407
<u>Investment in government business enterprises (note 5)</u>	<u>2,242,664</u>	<u>2,015,249</u>
	12,841,722	9,355,366
<b>Liabilities</b>		
Accounts payable and accrued liabilities	276,980	866,665
Deferred revenue (note 6)	1,490,777	360,307
Term debt (note 7)	663,171	689,779
<u>Replacement reserve (note 8)</u>	<u>27,668</u>	<u>22,173</u>
	2,458,596	1,938,924
<b>Net financial assets</b>	<b>10,383,126</b>	<b>7,416,442</b>
<b>Non-Financial Assets</b>		
Tangible capital assets (note 9)	8,124,473	6,138,761
<b>Accumulated surplus (note 10)</b>	<b>\$ 18,507,599</b>	<b>\$ 13,555,203</b>

Commitments (note 14)

See accompanying notes to consolidated financial statements.

On behalf of the Chief and Council:

Mary Mateslah Chief

Dan S. nailah Council member

# TOBACCO PLAINS INDIAN BAND

## Consolidated Statement of Operations and Accumulated Surplus

Year ended March 31, 2019, with comparative information for 2018

	2019 Budget	2019	2018
(note 1(g))			
<b>Revenue:</b>			
Transfers from other governments:			
Indigenous Services Canada	\$ 1,883,163	\$ 942,584	\$ 909,351
Province of British Columbia	1,640,000	545,371	480,267
First Nations Health Authority	755,941	1,723,479	346,034
Ktunaxa Nation Council (note 14)	256,000	614,035	287,768
Other	319,629	443,726	141,482
Grants	568,506	368,159	1,014,375
Canada Mortgage and Housing Corporation	75,503	106,789	126,128
First Nations Goods and Services Tax	150,050	197,483	170,171
Property taxation	62,000	54,750	65,334
User fees	-	219,350	120,810
Rent and lease	255,823	232,783	202,596
Interest and investment	28,700	135,153	61,916
Other	411,378	114,196	206,700
Impact Management and Benefit Agreement	900,022	1,626,904	1,313,578
Equity in earnings of business enterprises (note 5)	-	254,317	145,485
	7,306,715	7,579,079	5,591,995
<b>Expenses (Schedule 1):</b>			
Administration	581,800	482,896	693,146
Band Housing	254,270	24,113	117,611
Band Revenue	55,255	27,750	88,077
Capital	-	301,897	262,745
Community Health Services	292,651	259,577	216,243
Economic Development	165,170	148,945	116,663
Education	250,937	232,687	203,454
Lands and Resources	871,450	601,920	533,152
Municipal Services	188,395	173,726	168,532
Social Development	147,553	213,735	251,484
Social Housing	63,299	57,522	62,697
Taxation	76,450	101,915	100,082
	2,947,230	2,626,683	2,813,886
<b>Surplus</b>	<b>\$ 4,359,485</b>	<b>4,952,396</b>	<b>2,778,109</b>
Accumulated surplus, beginning of the year		13,555,203	10,777,094
<b>Accumulated surplus, end of year</b>	<b>\$ 18,507,599</b>	<b>\$ 13,555,203</b>	

See accompanying notes to consolidated financial statements.

# TOBACCO PLAINS INDIAN BAND

## Consolidated Statement of Change in Net Financial Assets

Year ended March 31, 2019, with comparative information for 2018

	2019 Budget	2019	2018
	(note 1(g))		
Surplus	\$ 4,359,485	\$ 4,952,396	\$ 2,778,109
Changes to non-financial assets:			
Acquisition of tangible capital assets	(2,721,182)	(2,280,532)	(2,049,013)
Amortization of tangible capital assets	- 294,820	294,820	218,987
	(2,721,182)	(1,985,712)	(1,830,026)
Net use (acquisition) of prepaid expenses and deposits	-	-	1,654
Increase in net financial assets	\$ 1,638,303	2,966,684	949,737
Net financial assets, beginning of year		7,416,442	6,466,705
Net financial assets, end of year	\$ 10,383,126	\$ 7,416,442	

See accompanying notes to consolidated financial statements.

# TOBACCO PLAINS INDIAN BAND

## Consolidated Statement of Cash Flows

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
<b>Cash provided by (used in):</b>		
<b>Operating activities:</b>		
Cash received from Indigenous Services Canada	\$ 1,779,855	\$ 1,101,880
Cash received from grants, property taxes, user fees, rent and other revenue	6,480,661	4,569,630
Cash paid to employees and suppliers	(2,880,878)	(1,911,876)
Interest received	75,984	53,489
<u>Interest paid</u>	<u>(13,768)</u>	<u>(14,302)</u>
	5,441,854	3,798,821
<b>Financing activities:</b>		
Repayment of term debt	(26,608)	(26,074)
Increase in replacement reserve	5,495	5,457
	(21,113)	(20,617)
<b>Capital activities:</b>		
Acquisition of tangible capital assets	(2,280,532)	(2,049,013)
<b>Investing activities:</b>		
Increase in restricted cash and cash equivalents	(2,591,586)	(842,748)
Net increase in investments	-	(4,597)
Net distribution from business enterprise	-	400
	(2,591,586)	(846,945)
<b>Increase in cash and cash equivalents</b>	<b>548,623</b>	<b>882,246</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>1,266,784</b>	<b>384,538</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,815,407</b>	<b>\$ 1,266,784</b>
<b>Non-cash financing, capital and investing activities:</b>		
Equity in earnings of business enterprise	\$ 254,317	\$ 145,485

See accompanying notes to consolidated financial statements.

# TOBACCO PLAINS INDIAN BAND

## Notes to Consolidated Financial Statements

Year ended March 31, 2019

---

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 consolidated 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 consolidated 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, 2019

---

## 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 reasonably 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.

The Band accounts for revenue received from contractual arrangements, such as Impact Management and Benefit Agreement revenue, certain grants and other government transfers, in the year the proceeds are received or the proceeds are considered receivable and the amount can be reasonably estimated.

# TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

---

## 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 for use.

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

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

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, 2019

---

## 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 Chief and Council on October 24, 2018.

### (h) 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, 2019, 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, 2019

---

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

### (i) Contaminated site liabilities:

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. A liability for remediation of contaminated sites is recognized when an environmental standard exists, contamination exceeds the environmental standard, the Band is directly responsible and accepts responsibility, future economic benefits will be given up and a reasonable estimate can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. An expected recoveries from other parties, including other governments, are recorded as a reduction of the liability. As at March 31, 2019, the Band did not have any significant contaminated site liabilities.

### (j) 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 19 and Schedule 2 to the consolidated financial statements.

# TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

---

## 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 4.41%.

	2019	2018
<b>Internally restricted:</b>		
Cultural reserve	\$ 30,000	\$ 30,000
Forestry reserve	300,000	-
General reserve	3,321,667	3,274,838
Health reserve	309,000	243,000
Lands reserve	2,898,457	870,043
Taxation reserve	556,785	423,000
	<u>7,415,909</u>	<u>4,840,881</u>
<b>Externally restricted:</b>		
Trust Funds on deposit with Indigenous Services Canada ("ISC")	193,452	188,660
Nolan Settlement Trust	551,091	544,820
Social Housing replacement reserve	27,668	22,173
	<u>772,211</u>	<u>755,653</u>
	<hr/> <u>\$ 8,188,120</u>	<hr/> <u>\$ 5,596,534</u>

# TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

---

### 3. Accounts receivable:

	2019	2018
ISC	\$ 36,687	\$ 61,900
Ktunaxa Nation Council	257,686	229,870
Sales taxes recoverable	73,562	99,622
Grants and other	189,884	52,904
	<u>557,819</u>	<u>444,296</u>
Band members	251,571	246,362
Less allowance for doubtful accounts		
Band members	(235,266)	(235,266)
	<u>16,305</u>	<u>11,096</u>
	<hr/>	<hr/>
	\$ 574,124	\$ 455,392

# TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

---

## 4. Investments:

	2019	2018
Ktunaxa Enterprises Ltd. ("KEL"), 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	1
St. Eugene Mission Holdings Ltd. ("SEMHL"), shares, at cost	1	1
All Nations Trust Company, shares, representing a less than 1% interest	2,000	2,000
SunLife Financial, shares	19,402	19,402
	\$ 21,407	\$ 21,407

The Band's investment in KEL (formerly Ktunaxa Holdings Ltd) consists of 20% beneficial interest in one common share. KEL'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 KEL holds a 100% interest. As the Band, through its investment, does not control or jointly control KEL, the investment has been recorded using the cost method.

The Band holds 20% limited partnership interest in KHLP, in which KEL 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, 2019, the Band has not received any limited partnership distributions from KHLP. Subsequent to March 31, 2019, the Band invested \$500,000, by way of a partnership contribution, in KHLP.

The Band's investment in SHL consists of 20% beneficial interest in one common share. SHL's assets, as at March 31, 2019, 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, 2019, 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, 2019

---

## 5. Investments in government business enterprises:

	2019	2018
Tobacco Plains Development Corporation:		
Investment in shares	\$ 158,620	\$ 158,620
Advances	891,536	918,438
Accumulated equity in earnings	1,192,508	938,191
	<hr/> \$ 2,242,664	<hr/> \$ 2,015,249

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, 2019 is summarized as follows:

	2019	2018
Balance sheet information:		
Assets	\$ 2,366,860	\$ 2,128,593
Liabilities	1,002,200	1,031,782
Shareholder's equity	1,364,660	1,096,811
Results of operations:		
Revenues	1,669,928	1,623,880
Cost of sales	627,561	620,276
	<hr/>	<hr/>
1,042,367	1,003,604	
Expenses	783,896	852,838
Other income	28,863	14,850
Income taxes	33,017	20,131
Net earnings	<hr/> \$ 254,317	<hr/> \$ 145,485

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, 2019, with comparative information as at and for the period ended February 28, 2018. There were no material changes in the Tobacco Plains Development Corporation's operations from their fiscal year end date to March 31, 2019.

# TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

---

## 6. Deferred revenue:

	2019	2018
ISC	\$ 1,138,458	\$ 326,400
Grants and other	352,319	33,907
	<b>\$ 1,490,777</b>	<b>\$ 360,307</b>

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

	2019	2018
Balance beginning of year	\$ 360,307	\$ 276,360
Contributions received	1,218,484	370,037
Recorded in revenue	(88,014)	(286,090)
 Balance, end of year	 <b>\$ 1,490,777</b>	 <b>\$ 360,307</b>

# TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

---

## 7. Term debt:

	2019	2018
<b>Social Housing Program</b> Mortgage, repayable in monthly installments of \$3,396 including interest at 2.14%, maturing March 2039, secured by a guarantee from ISC	\$ 663,171	\$ 689,779

Interest on term debt for the year totaled \$13,778 (2018 - \$14,216) and is expensed in Social Housing and interest and bank charges (Schedule 1).

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

---

2020	\$ 27,100
2021	27,700
2022	28,200
2023	28,800
2024	29,400

---

## 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 (2018 - \$5,400). The change in the replacement reserves is calculated as follows:

	Beginning balance	Contributions	Interest	Approved expenses	Ending balance
Social Housing program	\$ 22,173	\$ 5,400	\$ 95	\$ -	\$ 27,668

# TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

## 9. Tangible capital assets:

March 31, 2019	Buildings and site improvements	Infrastructure	Equipment & Automotive	Construction in Progress	Total
Cost:					
Beginning of year	\$ 2,116,054	\$ 3,061,649	\$ 695,791	\$ 1,944,930	\$ 7,818,424
Acquisitions	1,938,759	-	121,989	219,784	2,280,532
Transfers	1,944,930	-	-	(1,944,930)	-
Balance, end of year	5,999,743	3,061,649	817,780	219,784	10,098,956
Accumulated amortization:					
Balance, beginning of year	836,774	295,839	547,050	-	1,679,663
Amortization	119,473	117,371	57,976	-	294,820
Balance, end of year	956,247	413,210	605,026	-	1,974,483
Net book value, end of year	\$ 5,043,496	\$ 2,648,439	\$ 212,754	\$ 219,784	\$ 8,124,473
March 31, 2018	Buildings	Infrastructure	Equipment & Automotive	Construction in Progress	Total
Cost:					
Balance, 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
Transfers	-	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

# TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

---

## 10. Accumulated surplus:

	2019	2018
Financial surplus:		
Unrestricted operating surplus	\$ 2,885,845	\$ 2,531,860
<u>Internally restricted surplus (note 11)</u>	<u>7,415,909</u>	<u>4,840,881</u>
	10,301,754	7,372,741
Invested in tangible capital assets (note 12)	7,461,302	5,448,982
Externally restricted surplus (note 13)	744,543	733,480
	<b>\$ 18,507,599</b>	<b>\$ 13,555,203</b>

## 11. Internally restricted surplus:

	Beginning balance	Contributions	Interest	Approved Expenses	Ending Balance
Cultural reserve	\$ 30,000	\$ -	\$ -	\$ -	\$ 30,000
Forestry reserve	-	300,000	-	-	300,000
General reserve	3,274,838	-	46,829	-	3,321,667
Health reserve	243,000	64,500	1,500	-	309,000
Lands reserve	870,043	2,020,000	8,414	-	2,898,457
Taxation reserve	423,000	130,000	3,785	-	556,785
	<b>\$ 4,840,881</b>	<b>\$ 2,514,500</b>	<b>\$ 60,528</b>	<b>\$ -</b>	<b>\$ 7,415,909</b>

# TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

---

## 12. Invested in tangible capital assets:

### (a) Investment in tangible capital assets:

	2019	2018
Tangible capital assets	\$ 8,124,473	\$ 6,138,761
Less financed by:		
Term debt	(663,171)	(689,779)
	<hr/> \$ 7,461,302	<hr/> \$ 5,448,982

### (b) Change in invested in tangible capital assets:

	2019	2018
Balance, beginning of year	\$ 5,448,982	\$ 3,592,882
Amortization of tangible capital assets	(294,820)	(218,987)
Acquisition of tangible capital assets	2,280,532	2,049,013
Repayment of term debt	26,608	26,074
Balance, end of year	<hr/> \$ 7,461,302	<hr/> \$ 5,448,982

# TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

---

## 13. Externally restricted surplus:

	Beginning balance	Contributions	Interest	Approved Transfers	Ending Balance
<b>ISC</b>					
Capital	\$ 91,012	\$ -	\$ -	\$ -	\$ 91,012
Revenue	97,648	465	4,327	-	102,440
	188,660	465	4,327	-	193,452
Nolan Settlement Trust	544,820	-	6,271	-	551,091
	\$ 733,480	\$ 465	\$ 10,598	\$ -	\$ 744,543

The ISC 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. Commitments:

In January 2018, the Band entered into an agreement with the other Ktunaxa Nation communities to agree to share in the legal costs in relation to the opposition of the Jumbo Glacier Resort development project that is being proposed in the Qat'muk land region with a remaining commitment of \$100,164 as at March 31, 2019.

The total expenditure commitment for the next two years is as follows:

---

2020	\$ 50,000
2021	50,164
	\$ 100,164

# TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

---

## **15. 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 \$614,035 (2018 - \$287,768) Taxation and transfer under agreement expense includes a \$50,000 (2018 - \$50,000) 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 \$198,600 (2018 - \$154,085).
- (c) The Band paid Nupqu Development Limited Partnership \$11,831 (2018 - \$30,656) for woodlot development costs and related services.

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.

## **16. 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 \$20,388 (2018 - \$23,383)

## **17. 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, 2019 and has recorded a total impairment provision of \$235,266 (2018 - \$235,266) with respect to its accounts receivable balance based on the likelihood of ultimate collectability.

# TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

---

## 17. Financial risks and concentration of risks (continued):

### (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:

<b>March 31, 2019</b>					
In thousands of dollars					
	On demand	Up to 1 year	Over 1 year	Total	
Accounts payable and accrued liabilities	\$ 277	\$ -	\$ -	\$ 277	
Term debt	-	27	636		663
Replacement reserve	28	-	-		28
	\$ 305	\$ 27	\$ 636	\$ 968	

<b>March 31, 2018</b>					
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	

### (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.

# TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

---

## **18. Economic dependence:**

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

## **19. 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 area 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, 2019 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.

### (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.

# TOBACCO PLAINS INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

---

## **19. Segmented information (continued):**

### **(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.

### **(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.

## **20. Comparative figures:**

Certain comparative figures have been reclassified to conform with the consolidated financial statement presentation adopted for the current year.

# TOBACCO PLAINS INDIAN BAND

## Schedule 1 - Consolidated Expenses by Object

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Accounting and legal	\$ 82,061	\$ 72,490
Amortization	294,820	218,987
Contract services	27,275	10,872
Education	98,315	57,260
General and miscellaneous	29,154	222,268
Honouraria	52,954	41,145
Insurance	42,971	38,365
Interest and bank charges	23,095	18,807
Programming	532,086	768,157
Repairs and maintenance	157,480	233,421
Replacement reserve	5,400	5,400
Transfer under agreement	50,000	50,000
Social health and child benefits	196,658	129,590
Supplies	72,303	83,055
Telephone	13,545	13,657
Training	388	5,533
Travel	40,681	35,104
Utilities	27,314	18,194
Wages and benefits	880,183	791,581
	<hr/> \$ 2,626,683	<hr/> \$ 2,813,886

# TOBACCO PLAINS INDIAN BAND

## Schedule 2 - Segmented Information

Year ended March 31, 2019, with comparative figures for 2018

### Year ended March 31, 2019

	Revenue			Expenses						Contributions to (from) other programs			Surplus (Deficit)
	ISC		Other	Equity in earnings of business enterprises		Total	Amortization	Programming	Wages and Benefits	Others	Total		
Administration	\$ 203,371	\$ 103,114	\$ -	\$ 306,485	\$ -	\$ 30,469	\$ 209,007	\$ 243,419	\$ 482,895	\$ 216,000	\$ 39,590		
Band Housing	-	66,297	-	66,297	-	-	-	-	24,113	24,113	(5,000)	37,184	
Band Revenue	-	37,259	-	37,259	-	25,121	-	-	2,629	27,750	-	9,509	
Capital	235,274	1,505,005	-	1,740,279	267,273	35,000	(375)	-	301,898	78,000	1,516,381		
Community Health Services	16,785	421,236	-	438,021	-	16,651	152,087	90,839	259,577	(100,291)	78,153		
Economic Development	40,258	15,471	254,317	310,046	-	39,380	65,463	44,102	148,945	(15,468)	145,633		
Education	176,719	-	-	176,719	-	64,657	40,999	127,031	232,687	(17,791)	(73,759)		
Forest and Range Operations	-	3,764,656	-	3,764,656	-	274,867	290,649	36,404	601,920	(159,335)	3,003,401		
Municipal Services	95,797	46,516	-	142,313	-	6,712	56,580	110,434	173,726	38,276	6,863		
Social Development	-	271,947	-	271,947	-	30,503	40,960	142,272	213,735	(26,423)	31,789		
Social Housing	174,380	90,045	-	264,425	27,547	-	1,437	28,538	57,522	(6,145)	200,758		
Taxation	-	60,632	-	60,632	-	8,726	23,376	69,813	101,915	(1,823)	(43,106)		
	\$ 942,584	\$ 6,382,178	\$ 254,317	\$ 7,579,079	\$ 294,820	\$ 532,086	\$ 880,183	\$ 919,594	\$ 2,626,683	-	\$ 4,952,396		

### Year ended March 31, 2018

	Revenue			Expenses						Contributions to (from) other programs			Surplus (Deficit)
	ISC		Other	Equity in earnings of business enterprises		Total	Amortization	Programming	Wages and Benefits	Others	Total		
Administration	\$ 266,908	\$ 83,197	\$ -	\$ 350,105	\$ -	\$ 36,017	\$ 296,313	\$ 360,816	\$ 693,146	\$ 328,051	\$ (14,990)		
Band Housing	-	115,451	-	115,451	-	-	52	117,559	117,611	-	(2,160)		
Band Revenue	-	215,357	-	215,357	-	73,070	-	15,007	88,077	-	127,280		
Capital	70,770	1,959,900	-	2,030,670	191,975	70,770	-	-	262,745	23,799	1,791,724		
Community Health Services	18,787	176,004	-	194,791	-	41,902	80,822	93,519	216,243	(71,900)	(93,352)		
Economic Development	50,355	2,420	145,485	198,260	-	1,464	78,992	36,207	116,663	47,100	128,697		
Education	228,126	5,000	-	233,126	-	76,812	39,069	87,573	203,454	(5,300)	24,372		
Forest and Range Operations	21,924	1,546,778	-	1,568,702	-	331,301	156,797	45,054	533,152	(317,450)	718,100		
Municipal Services	111,944	16,112	-	128,056	-	566	65,141	102,825	168,532	20,600	(19,876)		
Social Development	-	313,386	-	313,386	-	123,380	47,077	81,027	251,484	(11,200)	50,702		
Social Housing	140,537	41,455	-	181,992	27,012	-	2,007	33,678	62,697	(12,500)	106,795		
Taxation	-	62,099	-	62,099	-	12,875	25,313	61,894	100,082	(1,200)	(39,183)		
	\$ 909,351	\$ 4,537,159	\$ 145,485	\$ 5,591,995	\$ 218,987	\$ 768,157	\$ 791,583	\$ 1,035,159	\$ 2,813,886	-	\$ 2,778,109		