



SHUSWAP INDIAN BAND
FINANCIAL STATEMENTS
MARCH 31, 2017

SHUSWAP INDIAN BAND

FINANCIAL STATEMENTS

MARCH 31, 2017

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Management's Responsibility for Financial Statements

The accompanying financial statements of the Shuswap Indian Band are the responsibility of management and have been approved by Council.

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the financial statements.

The Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the financial statements and the external auditor's report.

The external auditors, Larry Ewing Chartered Professional Accountant, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of the Shuswap Indian Band and meet when required.

On behalf of the Shuswap Indian Band.



Barbara Cote
Chief



Larry Ewing BComm, CPA, CA, CPA(II)
(an incorporated professional)

To the members of Shuswap Indian Band,

We have audited the accompanying financial statements of Shuswap Indian Band, which comprise the statement of financial position of Shuswap Indian Band as at March 31, 2017, and the statements of operations, statement of change in net financial assets, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based upon 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 the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of Shuswap Indian Band as at March 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Public Sector Accounting Standards.

CHARTERED PROFESSIONAL ACCOUNTANT

July 28, 2017

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SHUSWAP INDIAN BAND
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2017

	2017	2016
Financial assets		
Cash	1,409,123	1,579,337
Accounts receivable – note 2	614,402	574,071
Advances to band controlled entities – notes 3,8,9	1,683,148	298,363
First Nations Trust Co. Shares	1,000	1,000
Trust Funds held by INAC	10,765	10,760
Total financial assets	3,718,438	2,463,531
Liabilities		
Accounts payable and accrued liabilities	369,129	264,360
Government withholdings payable	20,273	17,280
Salaries payable	14,103	31,276
Bank loan – note 10		52,834
Unearned lease revenue – note 6	6,149	9,225
Total liabilities	409,654	374,975
Net financial assets	3,308,784	2,088,556
Non-financial assets		
Work in progress	231,119	
Tangible capital assets – notes 1,4	1,227,290	1,292,700
Reserves for future expenditures – note 13	(198,714)	(89,063)
Accumulated surplus	4,568,479	3,292,193



Councillor

SHUSWAP INDIAN BAND

STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2017

	Budget	2017	2016
Revenues			
Indigenous and Northern Affairs Canada	1,484,537	1,360,192	1,235,195
BC Hydro	134,863	183,261	90,252
Columbia Basin Trust	86,500	141,225	159,000
First Nations Health Authority	310,700	297,758	273,312
First Nations GST	396,000	417,010	638,125
Other funds – note 14	237,000	288,000	433,463
Other income	1,788,911	394,557	222,794
Property taxes	570,314	594,794	597,991
Province of BC	867,120	917,553	608,617
Expense recovery	266,902	266,787	
Income from INAC trust		814	848
Gain from government business enterprises		400,042	
Total revenue	6,142,847	5,261,993	4,259,597
Expenses			
Band government	856,239	859,701	769,627
Education	169,194	146,621	179,141
First nations GST	299,588	309,713	252,523
Health	320,867	298,075	281,369
Housing	1,287,396	51,526	45,205
Lands and resources	583,530	665,159	503,509
Public works	135,693	135,099	120,435
Social development	178,696	241,078	236,951
Taxation	570,314	485,143	508,928
Titles and rights	976,173	618,531	347,840
Amortization		75,156	76,275
Loss from government business enterprises			194,648
Total expenses	5,377,690	3,885,802	3,516,451
Surplus (deficit) for the year	765,157	1,376,191	743,146
Accumulated surplus beginning of year		3,292,193	2,542,347
Tangible capital assets additions – note 4		9,746	95,763
Reserves for future expenditures – note 14	(30,000)	(109,651)	(89,063)
Accumulated surplus end of year	735,157	4,568,479	3,292,193

SHUSWAP INDIAN BANDSTATEMENT OF CHANGE IN NET FINANCIAL ASSETS
YEAR ENDED MARCH 31, 2017

	2017	2016
Surplus (deficit) for the year	1,376,191	743,146
Amortization	75,156	76,276
Prepaid expenses		10,000
Work in progress	(231,119)	
Change in financial assets	1,220,228	829,422
Financial assets beginning of year	2,088,556	1,259,134
Financial assets end of year	3,308,784	2,088,556

SHUSWAP INDIAN BAND**STATEMENT OF CASH FLOWS****YEAR ENDED MARCH 31, 2017**

	2017	2016
Operating transactions		
Surplus (deficit) for the year	1,376,191	743,146
Depreciation	75,155	76,275
Change in advances to band controlled entities	(1,384,785)	41,141
Interest from INAC trust	(819)	(848)
Change in accounts receivable	(40,331)	254,824
Change in prepaid expenses		10,000
Change in work in progress	(231,119)	
Change in accounts payable and accrued liabilities	104,769	(177,018)
Change in government withholdings payable	2,994	6,332
Change in salaries payable	(17,173)	31,276
Total from operating activities	(115,118)	985,128
Financing transactions		
Trust fund withdrawals	814	31,039
Loan repayment	(52,834)	(102,721)
Change in unearned lease revenue	(3,076)	(3,076)
Total financing transactions	(55,096)	(74,758)
Increase (decrease) in cash	(170,214)	910,370
Cash beginning of year	1,579,337	668,967
Cash end of year	1,409,123	1,579,337

SHUSWAP INDIAN BAND

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2017

1) Significant Accounting Policies

a) Basis of Accounting

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

b) Reporting Entity

The Shuswap Indian Band includes all Shuswap Indian Band government and all related entities that are controlled by the Band.

c) Revenue Recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impractical.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenues related to fees or services received in advance of the fee being earned or the service being performed is deferred and recognized when the fee is earned or service is performed.

d) Tangible Capital Assets

Tangible capital assets are recorded at cost. Amortization is recorded using the following annual rates:

Buildings	5%	DB
Automotive	25%	DB
Equipment	25%	DB
Water systems	5%	DB
Leasehold improvements	20%	SL

e) Investments in Controlled Corporations

The Band's investment in the Kinbasket Development Corporation, Kinbasket Property Development Corporation, and the Kinbasket Water & Sewer Company Ltd. have been accounted for using the modified equity method. Under the modified equity method the investment in these corporations are adjusted for income or loss for the year. For these corporations no modifications of the equity method are necessary because the accounting principles of these business entities are the same as that of the Band.

SHUSWAP INDIAN BAND
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017

1) Significant Accounting Policies (continued)

f) Investments in Non-Controlled Corporations

The Shuswap Indian Band holds a 6.7% interest in the St. Eugene Mission Hotel and Golf Course Funding Corporation which was paid for by the Government of Canada. The value of that interest has not been determined by the Band and, therefore, the value reported on these statements is nil.

g) Measurement Uncertainty

These financial statements have been prepared in accordance with Canadian generally accepted accounting practices. In preparing these financial statements management has made estimates and assumptions that affect the amounts reported. Actual results could differ from these estimates.

2) Accounts Receivable

	2017	2016
BC Highways and CPR	410,051	389,258
Property taxes	177,851	174,813
INAC	26,500	
Province of BC		10,000
	<u>614,402</u>	<u>574,071</u>

3) Advances to Band controlled entities

	2017	2016
Due from Kinbasket Water & Sewer Company Ltd.	1,595,098	348,634
Due from Kinbasket Development Corporation	662,025	923,746
Deficiency in investment in band controlled entities – note 6	(573,975)	(974,017)
Estimated value of advances to Band controlled entities	<u>1,683,148</u>	<u>298,363</u>

SHUSWAP INDIAN BAND
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017

4) Tangible Capital Assets

	2016 Cost	2017 Additions	2017 Cost
Land	168,755		168,755
Administrative buildings	341,834		341,834
Church building	68,375		68,375
Equipment	239,106	1,882	240,988
Leasehold improvements	78,364	7,864	86,228
Social housing buildings	1,585,794		1,585,794
Water systems	1,251,676		1,251,676
	<u>3,733,904</u>	<u>9,746</u>	<u>3,743,650</u>

	2017 Amortization	2017 Accumulated Amortization	2017 Net Book Value	2016 Net Book Value
Land			168,755	168,755
Administrative buildings	5,327	240,617	101,217	106,543
Church building	2,858	14,075	54,300	57,158
Equipment	6,984	219,095	21,893	26,996
Leasehold improvements	16,459	32,133	54,095	62,690
Social housing buildings	23,106	1,146,785	439,009	462,115
Water systems	20,422	863,655	388,021	408,443
	<u>75,156</u>	<u>2,516,360</u>	<u>1,227,290</u>	<u>1,292,700</u>

5) Investment in Controlled Entities

Kinbasket Development Corporation, Kinbasket Property Development Corporation and Kinbasket Water & Sewer Company Ltd. are wholly owned subsidiaries of the Band. Shares of these corporations are held in trust by members of the current Band Council for the benefit of the members of the Shuswap Indian Band. The Band's equity in controlled entities can be summarized as follows:

	2017	2016
Kinbasket Development Corporation equity	(1,706,091)	(1,859,053)
Kinbasket Property Development Corporation equity	192,341	191,531
Kinbasket Water and Sewer Company Ltd. equity	939,775	972,603
	<u>(573,975)</u>	<u>(694,919)</u>

SHUSWAP INDIAN BAND
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017

5) Investment in Controlled Entities (Continued)

Audited condensed financial information for Kinbasket Development Corporation for its fiscal year ended March 31, 2017 is as follows:

	2017	2016
Assets	5,796,877	5,962,624
Liabilities	7,502,968	7,821,677
Appraisal increase on lands held for development	2,249,922	2,582,613
Revenue	245,517	402,728
Income (loss)	185,653	156,136

Unaudited condensed financial information for Kinbasket Property Development Corporation for its fiscal year ended March 31, 2016 is as follows:

	2017	2016
Assets	265,885	250,072
Liabilities	73,541	58,541
Revenue (loss)	813	
Income (loss)	813	

Audited condensed financial information for Kinbasket Water & Sewer Company Ltd. for its fiscal year ended March 31, 2017 is as follows:

	2017	2016
Assets	6,402,953	5,756,732
Liabilities	5,463,178	4,784,129
Appraisal increase on lands held for development	575,769	582,791
Revenue	534,518	344,241
Income (loss)	(25,806)	(7,419)

6) Unearned Lease Revenue

BC Hydro has entered into a lease to access Band lands. The parties have agreed to a twenty year lease starting in 2000 and expiring in 2019 for consideration of \$61,517. Lease revenue from this agreement is being included in revenue over the term of the lease.

7) Loans to Band Members

No amounts are owing from Band Members.

SHUSWAP INDIAN BAND

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2017

8) Financial Instruments

Credit Risk Management

There is no credit risk on accounts receivable. These amounts generally relate to property taxes, amounts held in trust, or amounts due from government sources.

The Corporation is exposed to credit risk on the balances due from Kinbasket Water & Sewer Company Ltd., and Kinbasket Development Corporation. The amount of credit risk is accounted for by offsetting the advances to Band controlled entities with the deficiency in investment in band controlled entities.

Fair Values

The carrying amount of accounts payable and accounts receivable approximates their fair value because of the short term maturities of these items.

The fair value of balances due from Kinbasket Water & Sewer Company Ltd. and Kinbasket Development Corporation are less than carrying value as the amounts are unsecured and non-interest bearing. Since there are no specific terms of repayment, it has not been possible to determine the fair value.

9) Related Party Transactions

The Kinbasket Development Corporation, Kinbasket Water & Sewer Company Ltd., and Kinbasket Property Development Corporation are wholly owned subsidiaries of the Shuswap Indian Band. Funds are transferred between the companies to facilitate the cash requirements of each company.

33.3% of the shares of North Rock Holdings Inc. are owned by the Kinbasket Property Development Corporation which exerts significant influence over the corporation. During the year ended March 31, 2017 North Rock Holdings Ltd. rented office space to the Shuswap Indian Band for \$33,440 (2016 - \$45,992).

The amounts owing from Kinbasket Development Corporation and Kinbasket Water & Sewer Company Ltd. are unsecured with no specific terms for repayment.

10) Bank Loan

The bank loan is payable upon demand plus interest at the bank prime rate plus 2%, and is secured by a general assignment of book debts. Payments are being made on this loan at \$8,991 per month.

SHUSWAP INDIAN BAND
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017

11) Expenses by Object

	2017	2016
Administration	294,662	272,426
Amortization	75,156	76,275
Bank charges and interest	4,855	8,348
Capital	9,746	95,762
Consulting	785,661	600,662
Donations	63,200	
Insurance	29,703	24,591
Loss on band controlled entities		194,648
Office	48,361	47,026
Other	212,636	214,768
Professional fees	139,921	88,751
Program	714,203	856,074
Rent	33,439	45,992
Repairs and maintenance	234,708	101,227
Travel	77,604	57,258
Utilities	83,954	88,905
Wages, salaries and benefits	1,007,993	742,008
	<u>3,815,802</u>	<u>3,514,721</u>

12) Contingent Liabilities

a) The Band is contingently liable to the Bank of Montreal for loans of KDC Sand and Gravel in the amount of \$117,333.

b) The Band is in litigation with a number of employees. The amount of the claims exceed \$240,000, however, it is not possible to estimate whether any liability will occur to the Band.

c) The Band is in dispute with Shuswap Woodlands Restoration Ltd. over forestry services provided by Shuswap Woodlands Restoration Ltd. to the Shuswap Indian Band and its business enterprises. The amount in dispute is \$249,746. It is not determinable at this time if this amount will be payable in the future.

d) The Band is contingently liable for housing loans of band members.

SHUSWAP INDIAN BAND
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017

13) Reserves for Future Expenditures

The Taxation Fund has made the following reserves for future expenditures.

	2017
Capital expenditures	89,603
Sewage repair	40,000
Own source fund	69,651
	<u>199,254</u>

14) Interfund Payments

The following payments have been made between funds:

	Band Govn't	Housing	Public Works
Education	11,763		
First Nations GST Fund	35,000		
Lands and Resources	110,000		
Taxation	217,000	32,000	39,000
Titles and Rights	110,000		
	<u>451,763</u>	<u>32,000</u>	<u>39,000</u>

15) Comparative Figures

Certain of the March 31, 2016 comparative figures have been changed to conform with the financial statement presentation for the year ended March 31, 2017.