Lower Kootenay Band

Financial Statements

For the year ended March 31, 2018

Management's Responsibility for Financial Reporting	**2**
Independent Auditor's Report	**3 - 4**
Financial Statements	
Statement of Financial Position	**5**
Statement of Financial Activity	**6**
Statement of Change in Net Financial Assets	**7**
Statement of Cash Flows	**8**
Summary of Significant Accounting Policies	**9 - 11**
Notes to Financial Statements	**12 - 25**

Management's Responsibility for Financial Reporting

The accompanying financial statements of the Lower Kootenay Band are the responsibility of management and have been approved by Chief and Council.

The 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.

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

The Lower Kootenay Band is responsible for ensuring that the management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

Chief and Council, composed of Band members, reviews the Lower Kootenay Band's financial statements and recommends their approval. 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. Chief and Council reports its findings for consideration when approving the financial statements for issuance to the members. Chief and Council also considers, for review and approval by the members, the engagement of the external auditors.

The financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. BDO Canada LLP have full and free access to Chief and Council.

Director of Operations

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Independent Auditor's Report

To the Members of the
Lower Kootenay Band

We have audited the accompanying financial statements of the Lower Kootenay Band, which comprise the statement of financial position as at March 31, 2018, and the statements of financial activity, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 the audit to obtain reasonable assurance about whether the financial statements are free from 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 the 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 audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report (continued)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Lower Kootenay Band as at March 31, 2018, and the results of its operations, change in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Professional Accountants

Cranbrook, British Columbia
July 31, 2018

Lower Kootenay Band
Statement of Financial Position

March 31	2018	2017
Financial Assets		
Cash (Note 2)	**$ 7,275,165**	$ 5,598,831
Restricted cash (Note 3)	**69,198**	68,981
Temporary investments (Note 4)	**343,038**	290,750
Accounts receivable (Note 5)	**501,514**	820,813
Due from related entities (Note 6)	**1,416,150**	1,304,361
Long-term investments (Note 7)	**60,023**	60,023
Investment in business partnerships and enterprises (Note 8)	**10,821,423**	8,513,919
Ottawa Trust Funds (Note 16)	**71,341**	69,243
	20,557,852	16,726,921
Financial Liabilities		
Accounts payable and accrued liabilities (Note 9)	**138,188**	373,155
Deferred revenue (Note 10)	**209,812**	507,865
Long-term debt (Note 11)	**8,664,191**	8,780,608
	9,012,191	9,661,628
Net Financial Assets	**11,545,661**	7,065,293
Non-Financial Assets		
Tangible capital assets (Note 12)	**8,666,801**	8,139,715
Prepaid expenses	**31,852**	70,842
	8,698,653	8,210,557
Accumulated Surplus (Note 13)	**$ 20,244,314**	$ 15,275,850

Approved on behalf of the Band Council

_______________ Chief _______________ Councilor

Lower Kootenay Band
Statement of Financial Activity

For the year ended March 31	Budget	2018	2017
			(Note 22)
Revenue			
Indigenous and Northern Affairs Canada	*$ 1,348,493*	**$ 4,433,064**	$ 2,024,139
First Nation Education Steering Committee Funding	*103,636*	**263,407**	208,240
Health Canada	*208,283*	**274,526**	284,551
Province of British Columbia	*1,154,368*	**1,343,430**	1,210,603
Rental income	*161,000*	**167,060**	165,674
Other income	*365,013*	**2,266,731**	933,294
Income from business partnerships and enterprises	-	**1,007,459**	689,191
CMHC revenue	-	**54,826**	178,720
	3,340,793	**9,810,503**	5,694,412
Expenses (Note 17)			
Administration	*574,101*	**596,691**	596,756
Social Development	*325,505*	**348,210**	330,542
Health	*176,164*	**221,817**	138,071
Education	*1,412,025*	**1,517,792**	1,449,572
Social Housing	*180,881*	**420,923**	317,065
Infrastructure and Land Management	*305,175*	**745,083**	756,435
Economic Development	*73,153*	**91,776**	130,307
Operations and Maintenance	*233,471*	**314,599**	270,093
Capital Fund	-	**585,148**	501,334
	3,280,475	**4,842,039**	4,490,175
Annual surplus	*60,318*	**4,968,464**	1,204,237
Accumulated surplus, beginning of year	*15,275,850*	**15,275,850**	14,071,613
Accumulated surplus, end of year	*$ 15,336,168*	**$ 20,244,314**	$ 15,275,850

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Lower Kootenay Band
Statement of Change in Net Financial Assets

For the year ended March 31	Budget	2018	2017
Annual surplus	*$ 60,318*	**$ 4,968,464**	$ 1,204,237
Acquisition of tangible capital assets (Note 12)	-	**(1,170,211)**	(100,316)
Amortization of tangible capital assets (Note 12)	-	**643,125**	557,981
Change in prepaid expenses	-	**38,990**	(35,912)
Net change in net financial assets	*60,318*	**4,480,368**	1,625,990
Net financial assets, beginning of year	*7,065,293*	**7,065,293**	5,439,303
Net financial assets, end of year	*$ 7,125,611*	**$ 11,545,661**	$ 7,065,293

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

For the year ended March 31	2018	2017
Cash flows provided by (used in) operating activities		
Cash receipts customers	**$ 9,831,746**	$ 5,697,815
Cash paid to employees and suppliers	**(4,398,991)**	(4,044,395)
	5,432,755	1,653,420
Cash flows used in capital activities		
Purchase of tangible capital assets	**(1,170,211)**	(100,316)
Cash from sale of capital assets	**4,100**	-
	(1,166,111)	(100,316)
Cash flows used in investing activities		
Investment in business partnership and enterprises	**(2,307,504)**	(633,191)
Proceeds from sale (purchase) of short term temporary investments	**(52,287)**	11,921
	(2,359,791)	(621,270)
Cash flows provided by (used in) financing activities		
Loans and advances with related parties	**(111,788)**	500,114
Issuance (repayment) of long-term debt	**(116,415)**	71,326
	(228,203)	571,440
Net increase (decrease) in cash	**1,678,650**	1,503,274
Cash, beginning of year	**5,737,054**	4,233,780
Cash, end of year	**$ 7,415,704**	$ 5,737,054
Represented by		
Cash	**$ 7,275,165**	$ 5,598,830
Ottawa Trust Funds	**71,341**	69,243
Restricted cash	**69,198**	68,981
	$ 7,415,704	$ 5,737,054

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Basis of Presentation

It is the policy of the Lower Kootenay Band (the "First Nation") to follow accounting principles generally accepted for First Nations in the Province of British Columbia. They have been prepared using guidelines issued by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants Canada (CPA Canada). The First Nation provides services such as band government, public works, social development, community health, economic development, land and resources, housing and a community school.

Reporting Entity

The First Nation reporting entity includes the Lower Kootenay Band Council and all related entities which are accountable for the administration of their financial affairs and resources to the First Nation and are either owned or controlled by the First Nation.

Government Business Partnerships and Enterprises

These financial statements include the following organizations accounted for on a modified equity basis:

- Ainsworth Hot Springs Ltd.
- Ainsworth Hot Springs Limited Partnership
- Ka'amaknala Development Corporation
- Ktunaxa Holdings Limited Partnership
- Lower Kootenay Development Corporation
- Lower Kootenay Guide Outfitters Ltd.
- Lower Kootenay Development Limited Partnership
- Nupika wu'u GP Ltd.
- yaqan nukiy Farms LLP

Long-term Investments

Long-term investments in entities in which the First Nation does not hold a significant influence are recorded at cost. If there has been permanent decline in the value of these investments, it is written down to its net realizable value.

Fund Accounting

The First Nation is segregated into various funds for accounting and financial reporting purposes. Each fund is treated as a separate entity with responsibility for stewardship of the assets allocated to it.

The funds of the First Nation are as follows:

- Lower Kootenay Band Operations Fund
- The Property, Plant and Equipment Assets Fund
- The Trust Fund

Temporary Investments

Temporary investments are stated at the lower of cost and market value.

March 31, 2018

Leased Assets

Leases entered into, that transfer substantially all the benefits and risks associated with ownership, are recorded as the acquisition of a tangible capital asset and the incurrence of an obligation. The asset is amortized in a manner consistent with tangible capital assets owned by the First Nation, and the obligation, including interest thereon, is liquidated over the term of the lease. All other leases are accounted for as operating leases, and the rental costs are expensed as incurred.

Government Transfers

Government transfers, which include legislative grants, are recognized in the financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.

Budget Figures

The budget figures are approved annually by Chief and Council. They have been reallocated to conform to PSAB financial statement presentation. Subsequent amendments have been made by the Chief and Council to reflect changes in the budget as required.

Tangible Capital Assets

Tangible capital assets are recorded at cost. 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. Amortization is recorded using the declining balance method commencing once the asset is available for productive use as follows. The following rates are used to amortize each category of tangible capital asset:

Buildings	1% - 4%
Community infrastructure	4%
Equipment	20% - 30%
Assets under construction	nil

Impairment of Long Lived Assets

In the event that facts and circumstances indicate that the First Nation's long lived assets may be impaired, an evaluation of recoverability would be performed. Such an evaluation entails comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write-down to market value or discounted cash flow value is required. The First Nation considers that no circumstances exist that would require such an evaluation.

Revenue Recognition

Government funding is recognized as it becomes receivable under the terms of applicable funding agreements. Revenue received under funding agreements which relates to a subsequent fiscal period is recognized as revenue in the period in which the resources are used for the purpose or purposes specified.

Rental revenue is recognized as it becomes receivable under the terms of the rental agreement.

Income from partnerships and business enterprises is recognized based on the modified equity pick-up basis.

Sales of service and other revenue is recognized on an accrual basis.

All other revenue is recognized as it is earned.

Deferred Revenue

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general purposes are accounted for as deferred revenue on the statement of financial position. The revenue is recognized in the statement of financial activity in the year in which it is used for the specified purpose.

Financial Instruments

The First Nation recognizes and measures financial assets and financial liabilities on the statement of financial position when it becomes a party to the contractual provisions of a financial instrument. All transactions related to financial instruments are recorded on a trade date or settlement date basis. All financial instruments are measured at fair value on initial recognition. Financial instruments are subsequently measured at amortized cost as the First Nation has not entered into any derivative contracts. Since no financial instruments are measured at fair value after initial recognition, a Statement of Remeasurement Gains and Losses has not been presented in these financial statements

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

1. Economic Dependence

The First Nation receives a portion of its revenue pursuant to funding arrangements with Indigenous and Northern Affairs Canada ("INAC"), as detailed by a comprehensive funding agreement.

2. Cash and Investment Deposits

The First Nation maintains all of its cash and investment balances with two 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 the institution may not be covered by CDIC insurance. Management does not anticipate any material effect on the financial position of the First Nation as a result of this concentration.

3. Restricted Cash

	2018	2017
Social Housing Operations - Replacement reserve	**$ 69,198**	$ 68,981

4. Temporary Investments

The First Nation's investments are comprised of guaranteed investment certificates ("GIC's") and a money market fund.

	2018	2017
Money market fund, Municipal Finance Authority	**$ 293,971**	$ 290,750
GIC, interest paid on maturity at blended rate of 1.35%, maturing August 2022	**49,067**	-
	$ 343,038	$ 290,750

5. Accounts Receivable

	2018	2017
Due from INAC	**$ -**	$ 200,000
Trade accounts receivable	**716,739**	834,885
Band member receivables	**91,689**	91,242
Legal decision receivable	**22,650**	24,250
Allowance for doubtful accounts	**(329,564)**	(329,564)
	$ 501,514	$ 820,813

6. Due From Related Entities

		2018		2017
Lower Kootenay Guide Outfitters Ltd.	$	**450,982**	$	450,166
Lower Kootenay Development Corporation		**41,128**		39,135
Lower Kootenay Development Limited Partnership		**12,000**		12,000
Ainsworth Hot Springs Ltd.		**1,310,089**		1,308,636
Ainsworth Hot Springs Resort Limited Partnership		**(549,738)**		(506,817)
Nupika wu'u GP Ltd.		**1,197**		1,197
Ka'amaknala Development Corporation		**44**		44
yaqan nukiy Farms LLP		**150,448**		-
	$	**1,416,150**	$	1,304,361

The amounts due from related parties bear no interest and have no fixed terms of repayment. The transactions have occurred in the normal course of operations and are measured at the exchange value (the amount of consideration established and agreed to by the related parties).

7. Long-term Investments

		2018		2017
All Nations Trust Company,				
90,000 Class A common shares, at cost	**$**	**60,000**	$	60,000
Nupqu Development Corporation				
20% beneficial interest in one common share, at cost		**1**		1
SEM Holdings Ltd.				
20% beneficial interest in one common share, at cost		**20**		20
SEM Resort Ltd.				
20% beneficial interest in common shares, at cost		**1**		1
Sunlife Financial Inc., at cost (fair market value - $55,266)		**1**		1
	$	**60,023**	$	60,023

8. Investment in Business Partnerships and Enterprises

	2018	2017
Ainsworth Hot Springs Ltd., wholly-owned owned by the First Nation	$ 5,662,544	$ 5,663,997
Ainsworth Hot Springs Limited Partnership, 99.99% owned by the First Nation	1,716,023	956,558
Ka'amaknala Development Corporation, wholly-owned by the First Nation	1	1
Ktunaxa Holdings Limited Partnership, 20% owned by the First Nation	258,072	148,551
Lower Kootenay Development Limited Partnership, 99.99% owned by the First Nation	1,884,780	1,744,809
Lower Kootenay Development Corporation, wholly-owned by the First Nation	1	1
Lower Kootenay Guide Outfitters Ltd., wholly-owned by the First Nation	1	1
Nupika wu'u GP Ltd., wholly-owned by the First Nation	1	1
yaqan nukiy Farms LLP, 99.99% owned by the First Nation	1,300,000	-
	$ 10,821,423	$ 8,513,919

The following summary discloses the condensed financial information of the business partnerships and enterprises:

(a) Summary of Financial Position	2018	2017
Assets		
Cash and short term investments	$ 1,242,310	$ 1,565,739
Accounts receivable	143,161	168,229
Inventory	151,776	174,204
Prepaids and other assets	64,707	60,345
Long-term investments	750,793	639,754
Due from related parties	130,315	130,315
Intangible asset	280,000	280,000
Tangible capital assets	5,782,113	4,568,296
Total Assets	8,545,175	7,586,882
Liabilities		
Accounts payable and accrued liabilities	425,356	475,203
Due to related parties	1,394,721	1,433,425
Total Liabilities	1,820,077	1,908,628
Net Assets	$ 6,725,098	$ 5,678,254

March 31, 2018

8. Investment in Business Partnerships and Enterprises (continued)

(b) Summary of Financial Activities

	2018	2017
Total Revenues	$ 4,813,691	$ 4,739,454
Total Expenses	3,815,764	4,052,209
Income for the year	$ 997,927	$ 687,245

Included in income from the year as shown above are net losses of $9,532 (2017 - $1,946) relating to investments in business partnerships and enterprises which are already recorded at a nominal value of $1 each. These losses are not included in the income from business partnerships and enterprises that is reported on the statement of financial activities.

9. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities are the following amounts owing to INAC:

	2018	2017
Capital Projects:		
Emergency Preparedness 2017	$ 25,000	$ 25,000
Program Funding:		
National Child Benefit 2017	3,085	3,085
Basic Needs 2015	11,403	11,403
Child Out of Home 2017	14,935	14,935
Special Needs 2017	814	814
In Home Care 2017	1,471	1,471
Special Services 2017	5,757	5,757
	$ 62,465	$ 62,465

10. Deferred Revenue

Deferred revenue is comprised of the following:

	2018	2017
Deferred land leases	$ 90,085	$ 104,419
INAC capital funding	83,502	403,446
Columbia Basin Trust	36,225	-
	$ 209,812	$ 507,865

11. Long-term Debt

	2018	2017
Lower Kootenay Band		
Bank of Montreal - demand loan, repayable in monthly installments of $9,461, including interest at prime plus 1.0%, secured by general security agreement	**$ 1,449,767**	$ 1,493,685
Bank of Montreal - demand loan to finance purchase of investment, repayable in monthly installments of $42,921, including interest at prime plus 0.5%, secured by general security agreement	**6,682,463**	6,959,790
Brandt - repayable in monthly installments of $1,671, interest free, secured by skid steer, maturing 2021	**58,469**	-
Brandt - repayable in monthly installments of $1,615, interest free, secured by skid steer, maturing 2021	**56,525**	-
John Deere - repayable in semi-annual installments of $5,663, interest free, secured by tractors, maturing 2021	**39,644**	56,634
CMHC - Residential Rehabilitation Assitance Program forgiveable loan, repayable on demand with 3.375% interest, maturing 2022	**173,011**	-
Loans repaid	**-**	8,214
Lower Kootenay Band - Social Housing Operations		
All Nations Trust Company - Phase 8 mortgage repayable in monthly installments of $1,186 including interest at 2.35% per annum, maturing July 2018	**4,719**	18,702
All Nations Trust - Phase 10 mortgage repayable in monthly installments of $1,190 including interest at 1.14% per annum, maturing July 2021	**46,699**	60,426
All Nations Trust Company - Phase 11 mortgage repayable in monthly installments of $1,692 including interest at 1.71% per annum, maturing June 2022	**83,197**	102,030
All Nations Trust Company - Phase 12 mortgage repayable in monthly installments of $1,073 including interest at 2.11% per annum, maturing December 2023	**69,697**	81,127
	$ 8,664,191	$ 8,780,608

11. Long-term Debt (continued)

Principal repayments on long-term debt for the next five years and thereafter are as follows, assuming mortgages are renewed on similar terms:

2019	$ **419,972**
2020	**434,677**
2021	**445,367**
2022	**413,909**
2023	**397,045**
Thereafter	**6,553,221**
	$ **8,664,191**

12. Tangible Capital Assets

						2018
	Land	Buildings	Community infrastructure	Equipment	Assets under construction	**Total**
Cost, beginning of year	$ 298,842	$ 8,413,942	$ 6,033,428	$ 672,700	$ -	**$ 15,418,912**
Additions	-	16,160	-	354,503	799,548	**1,170,211**
Disposals	-	-	-	(58,184)	-	**(58,184)**
Asset transfers	-	-	-	-	-	**-**
Cost, end of year	298,842	8,430,102	6,033,428	969,019	799,548	**16,530,939**
Accumulated amortization, beginning of year	-	4,132,393	2,605,528	541,276	-	**7,279,197**
Amortization	-	324,655	230,416	88,054	-	**643,125**
Disposals	-	-	-	(58,184)	-	**(58,184)**
Accumulated amortization, end of year	-	4,457,048	2,835,944	571,146	-	**7,864,138**
Net carrying amount, end of year	$ 298,842	$ 3,973,054	$ 3,197,484	$ 397,873	$ 799,548	**$ 8,666,801**

12. Tangible Capital Assets (continued)

						2017
	Land	Buildings	Community infrastructure	Equipment	Assets under construction	Total
Cost, beginning of year	$ 298,842	$ 6,802,821	$ 6,033,428	$ 588,081	$ 1,595,424	$ 15,318,596
Additions	-	15,697	-	84,619	-	100,316
Asset transfers	-	1,595,424	-	-	(1,595,424)	-
Cost, end of year	298,842	8,413,942	6,033,428	672,700	-	15,418,912
Accumulated amortization, beginning of year	-	3,840,570	2,375,112	505,534	-	6,721,216
Amortization	-	291,823	230,416	35,742	-	557,981
Accumulated amortization, end of year	-	4,132,393	2,605,528	541,276	-	7,279,197
Net carrying amount, end of year	$ 298,842	$ 4,281,549	$ 3,427,900	$ 131,424	$ -	$ 8,139,715

13. Accumulated Surplus

The First Nation segregates its accumulated surplus into the following categories:

	2018	2017
Equity in investments (Note 7)	**$ 60,023**	$ 60,023
Equity in business partnerships and enterprises (Note 8)	**10,821,423**	8,513,919
Replacement reserve balance (Note 14)	**54,575**	56,418
Equity in tangible capital assets (Note 15)	**6,858,085**	6,318,900
Equity in Ottawa Trust Funds (Note 16)	**71,341**	69,243
Internally restricted	**2,681,611**	2,621,046
Unrestricted operating equity (deficit)	**(302,744)**	(2,363,699)
	$ 20,244,314	$ 15,275,850

14. Replacement Reserve

	2018	2017
Balance, beginning of year	**$ 56,418**	$ 51,641
Add:		
Current year allocation	**18,339**	18,339
Less:		
Approved expenditures	**20,182**	13,562
Balance, end of year	**54,575**	56,418
Funded balance (Note 3)	**69,198**	68,981
Underfunded (overfunded) balance	**$ (14,623)**	$ (12,563)

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the Replacement Reserve account is to be credited annually in the amount of $18,339. These funds, along with accumulated interest, must be held in separate bank accounts and/or invested only in accounts or instruments insured by Canada Deposit Insurance Corporation, or as may otherwise be approved by Canada Mortgage and Housing Corporation. Withdrawals are credited to interest first and then principal.

15. Equity in Tangible Capital Assets

	2018	2017
Balance, beginning of the year	**$ 6,318,900**	$ 7,135,730
Add:		
Purchases of tangible capital assets	**1,170,211**	100,316
Debt repayment	**130,379**	73,838
	1,300,590	174,154
Less:		
Amortization of tangible capital assets	**643,125**	557,981
Proceeds from new debt issuance	**118,280**	433,003
	761,405	990,984
	$ 6,858,085	$ 6,318,900

16. Equity in Ottawa Trust Funds

Trust funds on deposit with the Indigenous and Northern Affairs Canada consist of the following:

	Revenue	Capital	2018 Total	2017 Total
Balance, beginning of year	$ 29,955	$ 39,288	**$ 69,243**	$ 66,736
Add:				
Interest on trust balances	2,098	-	**2,098**	2,507
Balance, end of year	$ 32,053	$ 39,288	**$ 71,341**	$ 69,243

The Ottawa Trust Funds relate to capital or revenue sources outlined in Section 62 of the Indian Act. These funds are held in trust in the consolidated revenue fund of the Government of Canada and are subject to audit by the office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

17. Expenses By Object

	Budget	**2018**	2017 (Note 22)
Advertising	*$ 2,750*	**$ 5,092**	$ 3,149
Amortization	*54,003*	**643,125**	557,981
Bad debts	*500*	**-**	8,431
CMHC approved expenditures	-	**20,182**	13,562
Consulting	*84,000*	**224,484**	192,031
Insurance	*67,200*	**61,510**	60,406
Interest on long-term debt	*8,000*	**311,537**	299,525
Interest and bank charges	*9,800*	**24,868**	7,669
Miscellaneous	*12,000*	**11,662**	16,750
Office	*75,687*	**81,507**	64,853
Professional fees	*71,500*	**49,549**	119,708
Program expenses	*830,051*	**1,281,122**	1,140,232
Rent	*39,980*	**52,908**	43,019
Repairs and maintenance	*280,300*	**301,298**	497,820
Supplies	*44,000*	**47,139**	34,065
Training and workshops	*3,000*	**3,990**	1,708
Travel	*41,000*	**55,752**	24,066
Vehicle	*21,000*	**46,458**	22,561
Wages and benefits	*1,635,704*	**1,619,856**	1,382,639
Total expenses for the year	*$ 3,280,475*	**$ 4,842,039**	$ 4,490,175

18. Segmented Information

Lower Kootenay Band is a diversified municipal government entity in the province of British Columbia that provides a wide range of services to its citizens. Certain functional areas have been combined and separately disclosed in the segmented information. The segments and the services they provide are as follows:

	Administration	Social Development	Health	Education	Social Housing	Capital	Total 2018 Actual	Total 2018 Budget
Revenues								
Indigenous and Northern Affairs Canada	$ 397,071	$ 375,141	$ -	$ 717,829	$ 218,155	$ 2,724,868	$ 4,433,064	$ 1,348,493
Rental Income	-	-	-	-	167,060	-	167,060	161,000
Province of British Columbia	475,345	-	-	868,085	-	-	1,343,430	1,154,368
First Nation Education Steering Committee	-	-	-	263,407	-	-	263,407	103,636
Health Canada	-	-	274,526	-	-	-	274,526	208,283
Business partnerships/enterprises income	1,007,459	-	-	-	-	-	1,007,459	-
CMHC revenue	-	-	-	-	54,826	-	54,826	-
Other	2,226,399	-	8,000	32,115	217	-	2,266,731	365,013
	4,106,274	375,141	282,526	1,881,436	440,258	2,724,868	9,810,503	3,340,793
Expenses								
Purchases	1,206,497	300,643	165,953	585,041	300,742	-	2,558,876	1,590,768
Payroll	541,652	47,567	55,864	932,751	42,022	-	1,619,856	1,635,704
Amortization	-	-	-	-	57,977	585,148	643,125	54,003
CMHC approved expenditures	-	-	-	-	20,182	-	20,182	-
	1,748,149	348,210	221,817	1,517,792	420,923	585,148	4,842,039	3,280,475
Surplus (deficit) for the year	$ 2,358,125	$ 26,931	$ 60,709	$ 363,644	$ 19,335	$ 2,139,720	$ 4,968,464	$ 60,318

	Administration	Social Development	Health	Education	Social Housing	Capital	Total 2017 Actual	Total 2017 Budget
Revenues								
Indigenous and Northern Affairs Canada	$ 527,326	$ 366,319	$ 249,933	$ 680,561	$ -	$ 200,000	$ 2,024,139	$ 1,306,417
Rental Income	-	-	-	-	165,674	-	165,674	157,600
Province of British Columbia	444,475	-	-	766,128	-	-	1,210,603	1,110,931
First Nation Education Steering Committee	-	-	-	208,240	-	-	208,240	38,500
Health Canada	-	-	284,551	-	-	-	284,551	213,283
Business partnerships/enterprises income	689,191	-	-	-	-	-	689,191	42,500
CMHC revenue	-	-	-	-	178,720	-	178,720	29,903
Other	891,014	-	189	41,390	701	-	933,294	1,013,063
	2,552,006	366,319	534,673	1,696,319	345,095	200,000	5,694,412	3,912,197
Expenses								
Purchases	1,325,534	276,787	54,138	664,365	215,169	-	2,535,993	2,179,295
Payroll	428,057	53,755	83,933	785,207	31,687	-	1,382,639	1,617,679
Amortization	-	-	-	-	56,647	501,334	557,981	54,003
CMHC approved expenditures	-	-	-	-	13,562	-	13,562	-
	1,753,591	330,542	138,071	1,449,572	317,065	501,334	4,490,175	3,850,977
Surplus (deficit) for the year	$ 798,415	$ 35,777	$ 396,602	$ 246,747	$ 28,030	$ (301,334)	$ 1,204,237	$ 61,220

18. Segmented Information (continued)

Lower Kootenay Band is First Nation community of over 200 members located in the Creston Valley in south eastern British Columbia. The First Nation provides a variety of services to community members, and receives funding from various federal and provincial government agencies to support the delivery of these services. Segmented reporting by program is used to account for the scope and significance of each service.

Administration

This program includes revenues and expenses relating to governance activities undertaken by Chief and Council, band membership activities, administrative services of the First Nation, and finance and accounting activities for the band and its business ventures. The operation of the economic development, operations and maintenance and infrastructure and land management activities are also facilitated by this program.

Social Development

This program includes the revenue and expenses relating to the delivery of social assistance programs to Lower Kootenay Band members, and the delivery of cultural activities in the community. Certain social development activities are funded through agreements with Indigenous and Northern Affairs Canada and have specific eligibility criteria.

Health

The Health program provides a variety of health services to the community pursuant to a funding agreement with First Nations Health Authority and other external funders. The Health program also includes revenues and expenses relating to recreation activities for community members.

Education

The Education program includes the revenues and expenses relating to the operation and maintenance of the community school located on the reserve lands of the First Nation.

Social Housing Program

This program includes the revenues and expenses relating to the operation of the First Nation housing rental units and the provision of various housing services to Lower Kootenay Band members. This program also includes the revenues and expenses relating to the operation of the First Nation's CMHC Social Housing Units, including individual houses and multi family units.

Capital Fund

This program includes the revenue and expenses relating to the construction, maintenance and operation of community infrastructure and buildings, and the provision of community services to Lower Kootenay Band members.

19. Financial Instrument Risk Management

The First Nation holds various forms of financial instruments. The nature of these instruments and the First Nation's operations expose the First Nation to credit risk. The First Nation manages its exposure to this risk by operating in a manner that minimizes its exposure to the extent practical.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The First Nation is exposed to credit risk resulting from the possibility that a counterparty to a financial instrument defaults on their financial obligations and from concentration of transactions carried out with the same counterparty.

20. Contingencies and Commitments

The First Nation entered into multiple lease agreements for the purpose of leasing office equipment. The lease obligation under these leases have aggregate minimum payments inclusive of taxes as follows:

2019	**$ 7,260**
2020	**5,445**
	$ 12,705

21. Funds Held in Trust

Funds held in trust and administered by the First Nation are as follows:

	2018	2017
Band members - land settlement	**$ 64,453**	$ 98,499

The First Nation holds and administers the above amount in trust relating to deposits and other cash amounts on hand relating to other parties. At March 31, 2018 the liabilities which relate to these funds held in trust are fully funded.

22. Comparative Information

The comparative amounts presented in the financial statements have been restated to conform to the current year's presentation. These restatements had no effect on the annual or accumulated surpluses.