

**ADAMS LAKE INDIAN BAND**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2019**

**EXHIBIT**

***CONSOLIDATED FINANCIAL STATEMENTS:***

A	MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	
A1	INDEPENDENT AUDITOR'S REPORT	
A2	CONSOLIDATED STATEMENT OF FINANCIAL POSITION	
A3	CONSOLIDATED STATEMENT OF ACCUMULATED SURPLUS	
A4	CONSOLIDATED STATEMENT OF OPERATIONS	
A5	CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS	
A6	CONSOLIDATED STATEMENT OF CASH FLOWS	
	NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	
	CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS	APPENDIX 1
	2019 STATEMENT OF FINANCIAL ACTIVITIES - SEGMENTED	APPENDIX 2
	2018 STATEMENT OF FINANCIAL ACTIVITIES - SEGMENTED	APPENDIX 3

**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The financial statements of Adams Lake Indian Band have been prepared in accordance with Canadian public sector accounting standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgements. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

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.

The Band Council is responsible for ensuring that management fulfils its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Council carries out this responsibility periodically through its Finance Committee. The Finance Committee is appointed by the Council and meets periodically with management and the members' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Finance Committee reports to Council prior to its approval of the financial statements. The Committee also considers, for review by the Council and approval by the members, the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the members by Daley & Company CPA LLP in accordance with Canadian public sector accounting standards.

  
\_\_\_\_\_  
Executive Director  
\_\_\_\_\_  
Chair of the Finance Audit Committee



# DALEY & COMPANY LLP

Chartered Professional Accountants

200-206 Seymour Street  
Kamloops, BC V2C 6P5

p. 250.374.5577

f. 250.374.5573

toll free. 1.877.374.5577

email. [admin@daleyllp.ca](mailto:admin@daleyllp.ca)

[www.daleyllp.ca](http://www.daleyllp.ca)

Norman Daley, FCPA, FCA  
Paul Mumford, CPA, CA  
Michael Parker, CPA, CA  
Maureen McCurdy, CPA, CA  
Sandra Blair, CPA, CA  
Shawn Birkenhead, CPA, CA  
Kevin Cooper, CPA, CA  
Incorporated Professionals

## INDEPENDENT AUDITOR'S REPORT

To the Members,  
ADAMS LAKE INDIAN BAND

EXHIBIT A1

### **Opinion**

We have audited the consolidated financial statements of ADAMS LAKE INDIAN BAND (the First Nation), which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statement of accumulated surplus, consolidated statement of operations, consolidated statement of change in net financial assets and consolidated statement of cash flows for the year then ended, and a consolidated of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2019, and the results of its operations and its cash flow 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the First Nation 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Other Matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The current year's supplementary information included in Exhibits B1 to B3, C1 to C2, D1 to D2 and schedules 1 to 57 are presented for the purposes of additional analysis and are not a required part of the financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

### **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 the First Nation's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the First Nation's financial reporting process.

(continues)

***Auditor's 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 from material misstatement, whether due to fraud or error, and to issue an auditor's 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 these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment 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 the First Nation'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 significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the First Nation 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the First Nation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We 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.



Chartered Professional Accountants

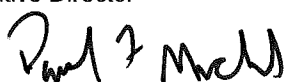
**ADAMS LAKE INDIAN BAND**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**March 31, 2019**

<b>FINANCIAL ASSETS</b>	<b>2019</b>	<b>2018</b>
Cash (Note A3)	\$ 14,562,723	\$ 11,544,723
Marketable securities (Note A4)	653,017	634,183
Grants and accounts receivable (Note A5)	1,207,248	3,808,791
Restricted cash (Note A6)	5,166,500	4,553,664
Deferred lease costs (Note A7)	1,063,057	1,081,985
Investments (Note A8)	(4,212)	(9,558)
	<u>22,648,333</u>	<u>21,613,788</u>
<b>LIABILITIES</b>		
Accounts payable and accruals	1,587,108	2,307,574
Deferred revenue (Note A10)	4,016,826	4,099,341
Demand loans (Note A11)	153,453	211,253
Silviculture liability (Note A12)	2,727,518	2,158,180
Mortgages payable (Note A13)	1,438,788	1,606,139
	<u>9,923,693</u>	<u>10,382,487</u>
<b>NET FINANCIAL ASSETS</b>	<u>12,724,640</u>	<u>11,231,301</u>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses	248,632	100,825
Property held for resale (Note A14)	1,087,902	1,087,902
Tangible capital assets (Note A15)	13,196,394	13,402,506
	<u>14,532,928</u>	<u>14,591,233</u>
<b>ACCUMULATED SURPLUS (Note A16)</b>	<u>\$ 27,257,568</u>	<u>\$ 25,822,534</u>

COMMITMENTS AND CONTINGENCIES (Note A17)

APPROVED BY THE BAND:

  
 \_\_\_\_\_  
 Executive Director

  
 \_\_\_\_\_  
 Chair of the Finance Audit Committee

**ADAMS LAKE INDIAN BAND**  
**CONSOLIDATED STATEMENT OF ACCUMULATED SURPLUS**  
**Year ended March 31, 2019**

	2019	2018
ACCUMULATED SURPLUS, beginning of year	\$ 25,822,534	\$ 19,217,092
EXCESS OF REVENUE OVER EXPENSES	<u>1,435,034</u>	<u>6,605,442</u>
ACCUMULATED SURPLUS, end of year	<u>\$ 27,257,568</u>	<u>\$ 25,822,534</u>

See accompanying notes to financial statements.

**ADAMS LAKE INDIAN BAND**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
Year ended March 31, 2019

	Budget	2019	2018
<b>REVENUE:</b>			
Indigenous Services Canada	\$ 4,599,601	<b>\$ 5,259,082</b>	\$ 6,699,288
Leases and rentals	2,055,085	<b>1,937,120</b>	1,830,519
Canada Mortgage and Housing Corporation	124,263	<b>278,258</b>	156,648
Province of British Columbia	600,000	<b>1,662,545</b>	3,422,244
Consulting and contract	2,291,942	<b>3,573,413</b>	3,873,460
Interest and tax penalties	127,865	<b>391,213</b>	196,223
Timber harvesting	1,616,607	<b>1,358,125</b>	1,976,346
First Nations Health Authority	989,275	<b>1,288,378</b>	1,302,528
Property taxes	1,019,563	<b>1,021,603</b>	1,013,262
Other	962,283	<b>910,033</b>	2,202,014
	<u>14,386,484</u>	<u><b>17,679,770</b></u>	<u>22,672,532</u>
<b>EXPENSES:</b>			
Administration fees	111,548	<b>53,880</b>	25,036
Amortization	-	<b>931,595</b>	912,824
Assistance	459,131	<b>567,380</b>	526,623
Automotive	83,139	<b>72,713</b>	60,340
Bad debts and write downs	86,639	<b>517,397</b>	47,327
Contract services	2,648,917	<b>3,140,947</b>	3,822,734
Education	1,402,936	<b>1,229,893</b>	1,119,638
Honorarium	406,886	<b>386,770</b>	449,499
Insurance	124,076	<b>171,087</b>	122,158
Interest and bank charges	92,797	<b>64,699</b>	18,960
Interest on demand loans and mortgages	-	<b>35,435</b>	37,793
Leases	242,305	<b>242,231</b>	244,022
Licences, dues and fees	24,005	<b>17,533</b>	43,793
Logging	631,204	<b>913,369</b>	486,387
Materials and supplies	694,643	<b>819,764</b>	470,328
Meetings and ceremonies	134,887	<b>135,873</b>	-
Office and other	208,728	<b>217,434</b>	404,739
Professional fees	436,500	<b>187,681</b>	306,278
Repairs and maintenance	164,223	<b>367,426</b>	220,584
Training	112,865	<b>53,377</b>	132,180
Travel	341,181	<b>358,870</b>	408,159
Utilities	408,773	<b>452,186</b>	519,905
Wages and benefits	5,160,252	<b>5,307,196</b>	5,687,783
	<u>13,975,635</u>	<u><b>16,244,736</b></u>	<u>16,067,090</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>\$ 410,849</b>	<b>\$ 1,435,034</b>	<b>\$ 6,605,442</b>

**ADAMS LAKE INDIAN BAND**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
**Year ended March 31, 2019**

	Budget	2019	2018
EXCESS OF REVENUE OVER EXPENSES	\$ 410,849	<b>\$ 1,435,034</b>	\$ 6,605,442
Acquisition of tangible capital assets	-	<b>(736,674)</b>	(676,922)
Amortization of tangible capital assets	-	<b>931,595</b>	912,824
Change in prepaid expenses	-	<b>(147,807)</b>	12,460
Disposal of tangible capital assets	-	<b>11,191</b>	-
INCREASE IN NET FINANCIAL ASSETS	410,849	<b>1,493,339</b>	6,853,804
NET FINANCIAL ASSETS, beginning of year	<u>11,231,301</u>	<u><b>11,231,301</b></u>	<u>4,377,497</u>
NET FINANCIAL ASSETS, end of year	<u>\$ 11,642,150</u>	<u><b>\$12,724,640</b></u>	<u>\$ 11,231,301</u>

See accompanying notes to financial statements.



**ADAMS LAKE INDIAN BAND**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
Year ended March 31, 2019

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Excess of revenue over expenses	\$ 1,435,034	\$ 6,605,442
Non-operating items:		
Amortization	931,595	912,824
(Increase) decrease in:		
Grants and accounts receivable	2,601,543	(1,736,597)
Prepaid expenses	(147,807)	12,460
(Increase) decrease in:		
Accounts payable and accruals	(720,466)	(88,193)
Deferred revenue	(82,515)	(1,333,772)
Silviculture liability	569,338	151,465
Cash flows from operations	<u>4,586,722</u>	<u>4,523,629</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Change in restricted cash	(612,836)	(611,189)
Debt reduction	(225,151)	(221,664)
Cash flows used in financing	<u>(837,987)</u>	<u>(832,853)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investments	(5,346)	75,857
Cash flows from (used in) investing	<u>(5,346)</u>	<u>75,857</u>
<b>CASH FLOWS FROM CAPITAL ACTIVITIES:</b>		
Deferred costs	18,928	18,928
Proceeds on disposal of property and equipment	14,300	-
Gain on sale of tangible capital assets	(3,109)	-
Purchase of tangible capital assets	(736,674)	(676,922)
Cash flows used in capital	<u>(706,555)</u>	<u>(657,994)</u>
<b>INCREASE IN CASH RESOURCES</b>	<b>3,036,834</b>	<b>3,108,639</b>
<b>CASH RESOURCES, beginning of year</b>	<b><u>12,178,906</u></b>	<b><u>9,070,267</u></b>
<b>CASH RESOURCES, end of year</b>	<b>\$ 15,215,740</b>	<b>\$ 12,178,906</b>
<b>CASH RESOURCES CONSISTS OF:</b>		
Cash	\$ 14,562,723	\$ 11,544,723
Marketable securities	<u>653,017</u>	<u>634,183</u>
	<b>\$ 15,215,740</b>	<b>\$ 12,178,906</b>

See accompanying notes to financial statements.

**ADAMS LAKE BAND**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2019**

---

**NOTE A1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES:**

These consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. The significant accounting policies are summarized as follows:

**a) Fund Accounting:**

The Adams Lake Indian 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 amalgamated for the purpose of presentation in the consolidated financial statements. Details of the operations of each fund are set out in the supplementary schedules. The Adams Lake Indian Band maintains the following funds:

- The Band Operating Fund which reports the general activities of the First Nation Administration.
- The Trust Fund which reports on trust funds owned by the First Nation and held by third parties.
- The Capital Fund which reports the property and equipment of the First Nation, together with their related financing.
- The Social Housing Funds Pre-1997 and Post-1996 which reports the social housing assets of the First Nation, together with related activities.

**b) Reporting Entity and Principles of Financial Reporting:**

The Adams Lake Indian Band reporting entity includes the Adams Lake Indian Band government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

These financial statements consolidate the assets, liabilities and results of operations for the following entities which use accounting principles which lend themselves to consolidation:

- Adams Lake Indian Band Operating Fund
- Adams Lake Indian Band Trust Fund
- Adams Lake Indian Band Capital Fund
- Adams Lake Indian Band Social Housing Fund - Pre-1997 Program
- Adams Lake Indian Band Social Housing Fund - Post-1996 Program

All inter-entity balances have been eliminated on consolidation, but in order to present the results of operations for each specific fund, transactions amongst funds have not necessarily been eliminated on the individual schedules.

Incorporated business entities, which are owned or controlled by the Adams Lake Indian Band and which are dependent on the First Nation for their continuing operations, are consolidated in the consolidated financial statements. These include:

- Adams Lake Development Corporation

Incorporated business entities, which are owned or controlled by the Adams Lake Indian Band and which are not dependent on the First Nation for their continuing operations, are included in the consolidated financial statements using the modified equity method.

Investments in non-controlled entities and subject to significant influence are included in the consolidated financial statements using the modified equity method. These include:

- Sexqeltkmc Enterprises Inc.
- Sexqeltkmc Limited Partnership

Investments in government partnerships are included in the consolidated financial statements using the proportionate consolidation method. These include:

- Sexqeltkmc Lakes Division
- Secwepemc Reconciliation Framework Agreement

Investments in non-controlled entities and not subject to significant influence are recorded at cost.

Notes that provide additional information regarding the entities are disclosed with each entity and form an integral part of these financial statements.

**ADAMS LAKE BAND**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2019**

---

**NOTE A1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued):**

**Non-financial Assets:**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets for the year.

**a) Tangible Capital Assets:**

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

**Major Asset Category:**

Buildings	20 to 70 years
Water systems	50 to 80 years
Roads	10 to 75 years
Automotive equipment	10 years
Computer equipment	5 years
Sewer systems	80 years
Furniture and equipment	5 years

Assets under construction are not amortized until the asset is available for productive use.

The Band reviews the useful lives and the carrying values of its tangible capital assets at least annually or more frequently if events or changes in circumstances indicate that the assets might be impaired, by reference to the assets' contribution to the Band's ability to provide services. When assets no longer have any long-term service potential to the Band, the assets are considered to be impaired. An impairment loss is measured at the amount by which the carrying amount of the assets exceeds their fair value, which is estimated as the expected service potential of the assets.

The Band's policies regarding the thresholds for capitalization of assets are as follows:

- buildings and infrastructure that exceed \$10,000,
- vehicles, equipment and furniture and fixtures that exceed \$3,000 and,
- computers and other data processing equipment that exceed \$2,000.

These policies are applied on an individual item basis.

The Band's interest in reserve lands is not reflected in these financial statements, as no consideration was paid by the Band to acquire these lands.

**b) Contributions of Tangible Capital Assets:**

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt.

**c) Leases:**

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

**d) Marketable Securities:**

Marketable securities are recorded at the lower of cost and fair market value.

**ADAMS LAKE BAND**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2019**

---

**NOTE A1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued):**

e) Property Held for Resale:

Property held for resale includes developed homes and lease lots available for sale and/or lease and are recorded at the lower of cost and net realizable value. Cost consists of all costs of purchase, costs of conversion and other costs incurred in bringing the property held for resale to its present location and condition.

f) Investments:

Investments in non-controlled entities and not subject to significant influence are recorded at cost.

g) Accrual Method:

The Band utilizes accrual accounting.

h) Deferred Revenue:

Revenue is recorded in the period to which it relates.

i) Deferred Lease Costs:

Deferred lease costs represent the portion of leased property development costs directly related to property transferred under prepaid and monthly leases. Deferred costs are expensed proportionately over the term of the lease.

j) Revenue Recognition:

The Adams Lake Indian Band derives revenues from a number of sources.

Amounts received from Indigenous Services Canada (ISC) are reported in accordance with the terms of the funding arrangement. Amounts specified as set contributions are reported as revenue as program terms and conditions are met and delivered. Any resulting surpluses are repayable to ISC and any deficits incurred are refundable by ISC. Amounts specified as fixed contributions are recognized as revenue as program terms and conditions are met and delivered. Any resulting surpluses may be retained by the Band provided delivery of the program is complete at March 31. Any resulting deficits are the responsibility of the Band. Amounts specified as flexible are reported as revenue as program terms and conditions are met and delivered and project expenditures have been made. Any unspent funds at the end of the project are repayable to ISC. Grants received from ISC are unconditional and are reported as revenue when received or receivable and collection is reasonably assured. Amounts received under block funding arrangements are reported as revenue when received or receivable and collection is reasonably assured.

Amounts received from other government departments, both federal and provincial, are reported as revenue in accordance with the terms of the contract or agreement.

Own source revenues derived from such sources as housing rents, resource based revenues, interest income, property taxes and leases etc. are reported when received or receivable and collection is reasonably assured.

Home sales revenue is recognized when title passes to the purchaser.

Prepaid sublease revenue is recognized when title passes to the purchaser. Deferred sublease revenue is recognized in accordance with the terms of the sublease. The payment schedule is noted in Note A19.

Timber processing revenue is recognized on a completed-project basis.

k) Silviculture Liability:

Silviculture liability is charged to earnings on the basis of the volume of timber cut. The estimate is based on various judgements and assumptions. Both the provision and reliability of such estimates are subject to uncertainties and, as additional information becomes known, these estimates are subject to change. Actual silviculture expenditures are recorded as a reduction of silviculture liability in the year they are paid.

l) Replacement Reserve:

The Replacement Reserve is funded by an annual charge against earnings as opposed to an appropriation of surplus.

**ADAMS LAKE BAND**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2019**

---

**NOTE A1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued):**

m) Operating Reserve:

The Operating Reserve account is funded by an allocation of the excess or shortfall of annual minimum revenue contribution and CMHC subsidies over current eligible expenditures.

n) Uses of Estimates:

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

**NOTE A2. FINANCIAL INSTRUMENTS:**

**Fair Value of Financial Assets and Financial Liabilities:**

The carrying values of cash (including internally and externally restricted amounts), marketable securities, grants and accounts receivable, accounts payable and accrued liabilities and demand loans approximate their fair value due to the relatively short periods to maturity of these items or because they are receivable or payable on demand.

The carrying value of mortgages payable approximates its fair value as the terms and conditions of the borrowing arrangements are comparable to current market terms and conditions for similar items.

It is not practicable to determine the fair value of investments due to the limited amount of comparable market information available.

**Credit Risk:**

The Band is exposed to a credit risk by its customers. However, because the majority of revenues is from government agencies, credit risk concentration is reduced to the minimum.

**Interest Rate Risk:**

Demand loans have both fixed and variable interest rates based on the bank's prime rate, therefore the interest expense will vary with changes in the bank's prime rate. Mortgages payable has fixed rates; therefore interest expense will decrease with principal repayment of the mortgage and interest risk is reduced to the minimum.

**ADAMS LAKE BAND**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2019**

<b>NOTE A3. CASH:</b>	<b>2019</b>	<b>2018</b>
Band operations:		
RBC - General account	\$ 9,084,649	\$ 6,807,975
RBC - Lease	2,071,084	2,040,048
Peace Hills Trust	3,293,188	2,604,437
Petty cash and other	907	1,127
	<u>14,449,828</u>	<u>11,453,587</u>
Adams Lake Development Corporation:		
General account	36,568	15,193
Social Housing Operation:		
Social Housing Operation - Pre-1997 Program	<u>76,327</u>	<u>75,943</u>
	<u><u>\$ 14,562,723</u></u>	<u><u>\$ 11,544,723</u></u>

**NOTE A4. MARKETABLE SECURITIES:**

The market value of the marketable securities, at March 31, 2019, is \$686,838 (2018 - \$663,827).

<b>NOTE A5. GRANTS AND ACCOUNTS RECEIVABLE:</b>	<b>2019</b>	<b>2018</b>
Band Operations:		
Grants Receivable	\$ 341,530	\$ 343,015
Property Taxes	26,995	35,861
Accounts Receivable	802,922	3,389,923
Social Housing Rent Arrears	21,181	31,098
	<u>1,192,628</u>	<u>3,799,897</u>
Social Housing Operations:		
Social Housing Operation - Pre-1997 Program	1,345	1,345
Social Housing Operation - Post-1996 Program	7,507	7,454
	<u>8,852</u>	<u>8,799</u>
Adams Lake Development Corporation:		
Accounts Receivable	<u>5,768</u>	<u>-</u>
Sexqeltkenc Lakes Division:		
Accounts Receivable	<u>-</u>	<u>95</u>
	<u><u>\$ 1,207,248</u></u>	<u><u>\$ 3,808,791</u></u>

**ADAMS LAKE BAND**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2019**

**NOTE A6. RESTRICTED CASH:**

	<b>2019</b>	2018
Replacement Reserve	\$ 404,657	\$ 374,355
Operating Reserve	187,978	155,360
Ottawa Trust Funds	498,283	460,770
Other Restricted	4,075,582	3,351,260
Sexqeltkemoc Lakes Division	-	138,162
Secwepemc Reconciliation Framework Agreement	-	73,757
	<u>\$ 5,166,500</u>	<u>\$ 4,553,664</u>

a) Replacement Reserve:

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the Replacement Reserve account is to be credited in the amount of \$44,349 (2018 - \$44,349) annually plus interest. These funds, along with accumulated interest, must be held in a separate bank account and / or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by Canada Mortgage and Housing Corporation from time to time. Withdrawals are credited to interest first and then principal.

	<b>2019</b>	2018
Balance, beginning of year	\$ 374,471	\$ 332,785
Allocation during the year	44,349	44,349
Interest on account	4,266	2,147
Approved expenditures	<u>(34,425)</u>	<u>(4,810)</u>
Balance, end of year	<u>\$ 388,661</u>	<u>\$ 374,471</u>
The Replacement Reserve is represented by:		
Cash	<u>\$ 404,657</u>	<u>\$ 374,355</u>

b) Operating Reserve:

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the Operating Reserve account is to be credited in the amount of any accumulated surplus plus interest. These funds, along with accumulated interest, must be held in a separate bank account and / or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by Canada Mortgage and Housing Corporation from time to time.

	<b>2019</b>	2018
Balance, beginning of year	\$ 186,685	\$ 155,360
Allocation for the year	34,433	31,325
Interest	<u>1,293</u>	<u>-</u>
Balance, end of year	<u>\$ 222,411</u>	<u>\$ 186,685</u>
The Operating Reserve is represented by:		
Cash	<u>\$ 187,978</u>	<u>\$ 155,360</u>

**ADAMS LAKE BAND**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2019**

**NOTE A6. RESTRICTED CASH (continued):**

c) Ottawa Trust Funds:

The Ottawa Trust Accounts arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue 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.

d) Other Restricted Cash:

Other restricted cash includes:

The Forest & Range Consultation and Revenue Sharing Agreement (FCRSA) fund has been established for the funding received under the forest consultation and revenue sharing agreement (formerly forest and range opportunity agreement (FRO). Chief and Council, in conjunction with community input, will be establishing criteria for the expenditure of these funds.

The First Nation Sales Tax Fund has been established for funding received under the Sales Tax Collection Agreement. Chief and Council, in conjunction with community input, will be establishing criteria for the expenditure of these funds.

The Gaming Funds are to be held for designated purposes in accordance with the agreement with the Province of B.C. Eligible costs under the agreement are for any purpose that is of public benefit to the Band. Upon early termination of the agreement, the Band will repay to the Province of B.C. any amounts that have not been applied against eligible costs.

The Leases Fund has been established for leave revenue received on Band owned land. Chief and Council, in conjunction with community input, will be establishing criteria for the expenditure of these funds.

The Property Taxes Fund has been established for property taxes received on Band owned land. Chief and Council, in conjunction with community input, will be establishing criteria for the expenditure of these funds.

	2019	2018
Other restricted cash balances:		
Silviculture	\$ 935,954	\$ 911,249
FCRSA/FRO	1,225,140	1,193,854
Gaming	1,914,488	1,246,157
	<u>\$ 4,075,582</u>	<u>\$ 3,351,260</u>
Other restricted surpluses:		
FCRSA	\$ 834,164	\$ 827,234
First Nations sales tax	645,011	479,605
Gaming	1,153,216	598,917
Leases	92,505	6,390
Property taxes	367,339	16,166
	<u>3,092,235</u>	<u>1,928,312</u>
Silviculture Accrual	2,727,518	2,158,180
	<u>\$ 5,819,753</u>	<u>\$ 4,086,492</u>

e) Sexqeltkmc Lakes Division and Secwepemc Reconciliation Framework Agreement:

Cash from the above political entities is classified as restricted as it is not within the control of the Band.

**NOTE A7. DEFERRED LEASE COSTS:**

	2019	2018
Balance, beginning of year	\$ 1,081,985	\$ 1,100,913
Expensed during the year	<u>(18,928)</u>	<u>(18,928)</u>
Balance, end of year	<u>\$ 1,063,057</u>	<u>\$ 1,081,985</u>

Deferred lease costs represent the portion of leased property development costs directly related to property transferred under prepaid and monthly leases. Deferred costs are expensed proportionately over the term of the lease.



**ADAMS LAKE BAND**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2019**

NOTE A8. <b>INVESTMENTS:</b>	<b>2019</b>	2018
All Nations Trust Company:		
22,800 Common shares, par value \$10	\$ 38,028	\$ 38,028
2,370 Common shares, cost per share \$13	<u>29,720</u>	<u>-</u>
	<u>67,748</u>	<u>38,028</u>
Sexqeltkemoc Enterprises Inc. (33%):		
10 Common shares, par value \$10	10	10
Advances, unsecured, non-interest bearing, no stated terms of repayment	<u>(10)</u>	<u>(10)</u>
	<u>-</u>	<u>-</u>
Sexqeltkemoc Limited Partnership:		
Advances, unsecured, noninterest bearing, no stated terms of repayment	10,000	10,000
Contribution	100,000	-
Accumulated deficiency	<u>(181,960)</u>	<u>(57,586)</u>
	<u>(71,960)</u>	<u>(47,586)</u>
	<u>\$ (4,212)</u>	<u>\$ (9,558)</u>

Financial information for Sexqeltkemoc Limited Partnership:

	<b>Total</b>	<b>Band's Share 2019</b>	<b>Band's Share 2018</b>
Current Assets	\$ 252,863	\$ 84,279	\$ 336,547
Long-term Assets	5	2	712
Current Liabilities	<u>(624,388)</u>	<u>(156,244)</u>	<u>(384,848)</u>
Partner's Deficiency	<u>\$ (371,520)</u>	<u>\$ (71,963)</u>	<u>\$ (47,589)</u>
Revenues	\$ 65,255	\$ 21,749	\$ 216,506
Expenses	<u>438,414</u>	<u>146,123</u>	<u>277,366</u>
Net Loss	<u>\$ (373,159)</u>	<u>\$ (124,374)</u>	<u>\$ (60,860)</u>

Sexqeltkemoc Limited Partnership is domiciled in Kamloops, British Columbia. The Partnership is a business entity comprised of representative members from the Adams Lake, Neskonlith and Splatshin people. The Partnership's object is to recognize, develop and secure business and employment opportunities within the traditional boundaries of the Sexqeltkemoc te Secwepemc. Net earnings of the Partnership are allocated to the respective Partners annually.

Subsequent to year-end, Sexqeltkemoc Limited Partnership defaulted on their bank loan. As Adams Lake Indian Band was a partial guarantor, the Band was required to pay 33% of the loan. The Band repaid this obligation using cash on hand.

**ADAMS LAKE BAND**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2019**

**NOTE A9. PROPORTIONATELY CONSOLIDATED INTERESTS:**

**2019**

**2018**

The following are accounted for using the proportionate consolidation method:

Secwépemc Reconciliation Framework Agreement (RFA)

Secwépemc Reconciliation Framework Agreement (RFA) is an agreement signed between the Secwépemc and the Province of B.C. Under the agreement, the Secwépemc is comprised of the Tk'emlups te Secwépemc, Skeetchestn Indian Band, Adams Lake Indian Band, Splatshin and Shuswap Indian Band. During the year, the agreement was amended to add the Little Shuswap Lake Indian Band and Simpcw First Nations. The purpose of the agreement is to engage with the Province of B.C. in discussions associated with land and resource use within asserted traditional territories outside of the B.C. treaty process.

Financial information for Secwépemc Reconciliation Framework Agreement (RFA):

	<b>Total</b>	<b>Band's Share 14%</b>	<b>Band's Share 14%</b>
Cash	\$ 203,995	\$ 29,142	\$ 73,757
Accounts receivable	9,272	1,325	-
Intangible asset	122,453	17,493	24,491
	<u>\$ 335,720</u>	<u>\$ 47,960</u>	<u>\$ 98,248</u>
Revenues	\$ 100,000	\$ 14,286	\$ 150,000
Expenses	468,139	66,877	129,773
Net Income (loss)	<u>\$ (368,139)</u>	<u>(52,591)</u>	<u>20,227</u>
Expenses of Secwépemc Reconciliation Framework Agreement (RFA) paid to Adams Lake Indian Band		-	129,850
Net income (loss) included in summary financial statements		<u>\$ (52,591)</u>	<u>\$ 150,077</u>

Séxqeltkmc Lakes Division

Séxqeltkmc Lakes Division is a political body established to represent the Sexqeltkmc te Secwepemc and the Chiefs and Councils of the Neskonlith Indian Band, the Adams Lake Indian Band and the Splatshin to investigate rights and title issues and business opportunities and impact benefit agreements.

Financial information for Séxqeltkmc Lakes Division:

	<b>Total</b>	<b>Band's Share 33%</b>	<b>Band's Share 33%</b>
Cash	\$ -	\$ -	\$ 138,161
Accounts receivable	-	-	95
Current Liabilities	-	-	(138,256)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenues	\$ 460	\$ 153	\$ 41,436
Expenses	99,469	33,156	66,371
Net Loss	<u>\$ (99,009)</u>	<u>(33,003)</u>	<u>(24,935)</u>
Expenses of Séxqeltkmc Lakes Division paid to Adams Lake Indian Band		-	78,526
Net income (loss) included in summary financial statements		<u>\$ (33,003)</u>	<u>\$ 53,591</u>

**ADAMS LAKE BAND**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2019**

NOTE A10. <b>DEFERRED REVENUE:</b>	2019	2018
<u>Band Operations:</u>		
Revenue amounts deferred are summarized as follows:		
Prepaid lease payments	\$ 2,374,322	\$ 2,461,397
Province of BC	8,500	20,000
School District #73	21,582	12,699
First Nations Health Authority	29,662	-
Splatsin First Nation - Health Centre agreement	24,780	24,780
Kinder Morgan - Consultation Agreement	-	50,000
Other	55,238	3,696
	<u>2,514,084</u>	<u>2,572,572</u>
<u>Adams Lake Development Corporation:</u>		
Deferred lease revenue, beginning of year	1,526,769	1,550,796
Amortized to income during the year	(24,027)	(24,027)
Deferred lease revenue, end of year	<u>1,502,742</u>	<u>1,526,769</u>
	<u>\$ 4,016,826</u>	<u>\$ 4,099,341</u>

NOTE A11. <b>DEMAND LOANS:</b>	2019	2018
<u>Capital Fund:</u>		
Royal Bank of Canada, term loan, repayable in monthly installments of \$5,349 including interest at 3.46%, secured by an Irrigation System with a carrying value of \$1,515,391, due October 2020		
	<u>\$ 153,453</u>	<u>\$ 211,253</u>

Principal repayments due in the ensuing 2 years are approximately as follows:

2020	\$ 59,826
2021	93,627

NOTE A12. <b>SILVICULTURE LIABILITY:</b>	2019	2018
Balance, beginning of the year	\$ 2,158,180	\$ 2,006,715
Accrued expense	913,369	637,852
Paid during the year	(344,031)	(486,387)
	<u>\$ 2,727,518</u>	<u>\$ 2,158,180</u>

The timing of the reforestation payments is based on the estimated period required to attain free to grow status in a given area.

**ADAMS LAKE BAND**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2019**

NOTE A13. <b>MORTGAGES PAYABLE:</b>	<b>2019</b>	2018
<u>Social Housing Operation - Pre-1997 mortgages:</u>		
All Nations Trust Company, repayable in monthly installments of \$2,321 including interest at 1.83% per annum, secured by promissory notes of the Ministry and the Band due December 2019 - Phase 13	<b>\$ 151,938</b>	\$ 176,775
All Nations Trust Company, repayable in monthly installments of \$1,095 including interest at 1.03% per annum, due July 2021 - Phase 11	<b>30,291</b>	43,052
	<b><u>182,229</u></b>	<u>219,827</u>
<u>Social Housing Operation - Post-1996 mortgages:</u>		
All Nations Trust Company, repayable in monthly installments of \$1,915 including interest at 1.11% per annum, secured by promissory notes of the Ministry and the Band, due April 2021 - Phase 1	<b>152,902</b>	174,056
All Nations Trust Company, repayable in monthly installments of \$2,259 including interest at 2.13% per annum, secured by promissory notes of the Ministry and the Band, due October 2022 - Phase 2	<b>208,778</b>	231,199
All Nations Trust Company, repayable in monthly installments of \$2,692 including interest at 2.50% per annum, secured by promissory notes of the Ministry and the Band, due April 2023 - Phase 3	<b>125,318</b>	154,273
All Nations Trust Company, repayable in monthly installments of \$2,911 including interest at 1.30% per annum, secured by promissory notes of the Ministry and the Band, due December 2020 - Phase 4	<b>225,629</b>	257,409
All Nations Trust Company, repayable in monthly installments of \$1,548 including interest at 1.30% per annum, secured by promissory notes of the Ministry and the Band, due December 2020 - Phase 6	<b>278,221</b>	293,080
All Nations Trust Company, repayable in monthly installments of \$1,259 including interest at 1.67% per annum, secured by promissory notes of the Ministry and the Band, due January 2020 - Phase 8	<b>265,711</b>	276,295
	<b><u>1,256,559</u></b>	<u>1,386,312</u>
	<b><u>\$ 1,438,788</u></b>	<u>\$ 1,606,139</u>

The Social Housing mortgages are guaranteed by Indigenous Services Canada.

Principal repayments due in the ensuing 4 years are approximately as follows:

2020	\$ 551,573
2021	654,811
2022	59,289
2023	173,115
	<u>\$ 1,438,788</u>

**ADAMS LAKE BAND**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2019**

NOTE A14. <b>PROPERTY HELD FOR RESALE:</b>	<b>2019</b>	2018
<u>West Harbour Village:</u>		
Land development costs	<u><u>\$ 1,087,902</u></u>	<u><u>\$ 1,087,902</u></u>

NOTE A15. <b>TANGIBLE CAPITAL ASSETS:</b>	<b>2019</b>	2018
Tangible capital assets consist of the following:		
Buildings	<b>\$ 2,916,479</b>	\$ 2,928,797
Water systems	<b>4,702,542</b>	4,713,836
Roads	<b>1,202,749</b>	1,326,741
Automotive equipment	<b>853,855</b>	690,138
Computer equipment	<b>286,050</b>	320,472
Sewer systems	<b>410,470</b>	417,510
Furniture and equipment	<b>73,997</b>	107,058
Social Housing Operation - Pre-1997 Program	<b>684,755</b>	716,943
Social Housing Operation - Post-1996 Program	<u><u>2,065,497</u></u>	<u><u>2,181,011</u></u>
	<u><u><b>\$ 13,196,394</b></u></u>	<u><u>\$ 13,402,506</u></u>

For additional information, see the Summary Schedule of Tangible Capital assets (Appendix 1).

NOTE A16. <b>ACCUMULATED SURPLUS:</b>	<b>2019</b>	2018
Accumulated surplus consists of individual fund surpluses and reserves as follows:		
Surplus from operations	<u><u><b>\$ 11,451,825</b></u></u>	<u><u>\$ 11,287,182</u></u>
Invested in tangible capital assets	<u><u><b>11,604,153</b></u></u>	<u><u>11,585,114</u></u>
Funded Reserves:		
Operating Reserve Fund (CMHC) (Note A6)	<b>222,411</b>	186,685
Replacement Reserve Fund (CMHC) (Note A6)	<b>388,661</b>	374,471
Ottawa Trust Funds (Note A6)	<b>498,283</b>	460,770
Other Restricted Funds (Note A6)	<u><u>3,092,235</u></u>	<u><u>1,928,312</u></u>
	<u><u><b>4,201,590</b></u></u>	<u><u>2,950,238</u></u>
	<u><u><b>\$ 27,257,568</b></u></u>	<u><u>\$ 25,822,534</u></u>

**ADAMS LAKE BAND**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2019**

---

**NOTE A17. COMMITMENTS AND CONTINGENCIES:**

**Commitments:**

The Band leases office equipment under long-term lease agreements the longest of which expires August 2022.

Future minimum lease payments as at March 31, 2019, are as follows:

2020	\$ 67,157
2021	29,570
2022	2,722
2023	<u>454</u>
	<u>\$ 99,903</u>

**Contingencies:**

**a) Housing Loans:**

The Band is guarantor of various Housing loans, secured by Ministerial guarantees, including \$133,553 for capital housing and \$1,438,787 for Social Housing for a total of \$1,572,340.

**b) Lending Program - Loan Guarantees:**

The Band has a program to offer lending to Band members of \$1,000,000 for on-reserve housing through the Bank of Montreal. The Band has guaranteed loans totaling \$299,344 at the Bank of Montreal.

**c) Pension Plan:**

The Band and its employees contribute to a defined contribution pension plan. There is no obligation for past service or periods in which an employee was not employed. Total contributions to the plan during the year were \$216,226 (2018 - \$208,678).

**d) Letters of Credit:**

The Band has granted letters of credit in favour of the Ministry of Forests and Range to a maximum of \$250,000. The Band has granted letters of credit in favour of Echelon General Insurance Company to a maximum of \$20,000. The Band has guaranteed a line of credit on behalf of Sexqelkcmc Limited Partnership, a significantly influenced partnership, to a maximum of \$100,000.

**e) Unused Credit Facilities:**

Under line of credit arrangements with Royal Bank of Canada, the Band may borrow up to \$700,000, calculated as the net balance of the Band's general and reserve bank accounts (which are disclosed separately). The line of credit bears interest at the Bank's prime rate plus 0.5% and is secured by a Band Council Resolution. This arrangement does not have a termination date and can be withdrawn at the bank's option. At March 31, 2019, the unused portion of the credit line was \$700,000.

Under a revolving facility arrangement with Royal Bank of Canada, the Band may borrow up to \$2,205,956 in term loans to finance capital assets or capital project acquisitions. The term loans bear interest at the Bank's prime rate and are secured by a Band Council Resolution. This arrangement does not have a termination date and can be withdrawn at the bank's option. At March 31, 2019, the unused portion of the credit line was \$2,205,956.

**f) Indigenous Services Canada Funding:**

The Band receives a portion of its funding under a contribution agreement with Indigenous Services Canada (ISC) which, if unexpended, may be refundable to ISC. Further, amounts which are overexpended may be reimbursed by ISC to the Band. No amounts have been recorded in the financial statements as refundable or reimbursable.

**g) Environmental Contingency:**

The Band is vulnerable to contingencies with respect to government regulations, in particular regulations concerning environmental issues relating to the Woods Division in Adams Lake Development Corporation. At the present time, it is impossible to determine any amount that the Band may have to pay to decontaminate the site. The Band believes that the total amount of these contingent obligations will not have a material and adverse effect on its financial position and consequently no provision has been made in the financial statements.

**ADAMS LAKE BAND**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2019**

---

**NOTE A17. COMMITMENTS AND CONTINGENCIES (continued):**

**h) Legal Matters:**

During the prior year, an individual brought legal action against the Band and several other parties relating to a motor vehicle accident on Reserve land in Salmon Arm, BC. There is no information as to the result of this suit at this time, though the Band believes itself to be covered by insurance.

**i) Forgivable Loans:**

The Band entered into a forgivable loan agreement with the Canada Mortgage and Housing Corporation ("CMHC") pursuant to which CMHC agreed to lend a sum of \$24,156 to the Band under the Residential Rehabilitation Assistance Program ("RRAP"). This loan will be forgiven over the next 3 years provided that the Band continues to own and occupy the properties. As of March 31, 2019 the unforgiven balance of the loan was \$16,104. If the Band rents, sells, or transfers the property, the unforgiven portion of the forgivable loan, plus interest at 3.375%, will be payable to CMHC.

**NOTE A18. SEGMENTED INFORMATION:**

The Adams Lake Indian Band is a First Nations government institution that provides a range of programs and services to its members, including band revenue, administration, maintenance services, community services, capital, education, health services, natural resources and social housing. For management reporting purposes the First Nations operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

First Nation services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

**Band Revenue**

The Band Revenue department is responsible for administering projects the Band is involved in annually and on an on-going basis relating to the overall objectives of the First Nation.

**Administration**

Administration supports the development of stable, legitimate and accountable community governments. It also provides overall support of the First Nation including advisory services relating to financial management, Band government, economic development, community services and technical services.

**Maintenance Services**

Maintenance services supports the construction, operation and basic maintenance of community facilities and services such as water and sewage, roads, electrification, schools and fire protection. It is also responsible for ensuring that the facilities and community services meet recognized standards and are comparable to the services provided to nearby communities by provincial and municipal governments.

**Community Services**

Community services provides assistance to community members unable to provide for themselves and their dependents. The services provided by this department include, but are not limited to, income assistance, child and family services, assisted living and early childhood development.

**ADAMS LAKE BAND**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2019**

---

**NOTE A18. SEGMENTED INFORMATION (continued):**

**Capital**

Capital manages capital projects within the community undertaken to support the growth and or maintenance of the First Nations infrastructure.

**Education**

Education supports the members in expressing, preserving developing and promoting its cultural heritage through the establishment and operation of First Nation education centres and programs. It also provides services for students at the elementary/secondary and post secondary level, including; instructional services both on and off reserve as well as support services such as transportation, accommodation, guidance and counselling.

**Health Services**

Health Services is responsible to provide assistance to community members with respect to health and wellness. The services provided by the department include, but are not limited to, aboriginal head start, home & community care, water quality monitoring, communicable disease control and patient travel.

**Natural Resources**

Natural Resources department is responsible for the development of land and resources under community control, access to economic opportunities on land and resources beyond community control, investment promotion, as well as research and advocacy.

**Social Housing**

Social housing is responsible for the administration and management of social housing units.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note A1. For additional information see the Statement of Financial Activities - Segmented (Appendix 2).

**NOTE A19. LAND SUBLEASE:**

Each purchaser of a home is given the option to prepay their land sublease or by monthly payments. Each sublease grants the lessee rights to the property for approximately 45 years, ending June 30, 2050. The purchaser has the option to extend the lease to another 50 years, ending June 30, 2099.

**Prepaid:**

If the purchaser prepays their sublease, he/she has no further obligation to the end of the lease term.

**Deferred:**

The purchaser is obligated to make monthly payments as follows:

2007 to 2011	\$ 300
2012 to 2016	\$ 345
2017 to 2021	\$ 400

After the year 2021, the lease payment will be adjusted annually to reflect any year over year increase in the British Columbia Consumer Price Index, provided that in no event shall any annual increase prior to June 30, 2050 be permitted to exceed 2.5%. If the sublease is extended beyond June 30, 2050, the lease payment will be adjusted to reflect fair market value at that time.

The Band has received approval for 99-year subleases and is in the process of updating a number of leases to the longer term.



**ADAMS LAKE BAND**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2019**

---

**NOTE A20. RELATED PARTY TRANSACTIONS:**

During the year, the Band earned, \$28,405 (2018 - \$1,537,247) for Consulting services from Sexqeltkenc Limited Partnership, a significantly influenced partnership. As at March 31, 2019, an amount receivable of \$NIL (2018 - \$2,217,156) was due from Sexqeltkenc Limited Partnership and is subject to normal terms of trade. This amount is included in accounts receivable. During the year, \$495,391 was determined to be uncollectible and recorded as a bad debt expense.

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

**NOTE A21. ECONOMIC DEPENDENCE:**

The Band receives revenues pursuant to a Funding Agreement with Indigenous Services Canada. In the current fiscal year funding from Indigenous Services Canada accounted for 30% (2018 - 30%) of the Band's gross revenues.

**NOTE A22. CASH FLOW INFORMATION:**

During the year, the Band paid interest on demand loans and mortgages of \$35,435 (2018 - \$37,793) and received interest of \$340,998 (2018 - \$167,430).

**NOTE A24. COMPARATIVE FIGURES:**

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation used in the current year.

**ADAMS LAKE INDIAN BAND**  
**CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS**  
**Year ended March 31, 2019**

	Band Operations					Social Housing Operations			Totals	
	Buildings	Water Systems	Roads	Automotive Equipment	Sewer Systems	Furniture & Equipment	Computer Equipment	Pre-1997 Program	Post-1996 Program	2018
Cost										
Balance, beginning of year	\$ 9,786,086	\$ 6,532,118	\$ 3,103,869	\$ 1,607,249	\$ 563,179	\$ 726,501	\$ 833,902	\$ 1,084,885	\$ 3,465,429	\$ 27,703,218
Add: Additions during the year	221,331	76,048	30,692	306,546	-	38,130	63,927	-	-	676,922
Less: Disposals during the year	-	-	-	(55,955)	-	-	-	-	-	(55,955)
Balance, end of year	10,007,417	6,608,166	3,134,561	1,857,840	563,179	764,631	897,829	1,084,885	3,465,429	27,703,218
Accumulated amortization										
Balance, beginning of year	6,857,289	1,818,282	1,777,128	917,111	145,669	619,443	513,430	367,942	1,284,418	14,300,712
Add: Amortization	233,649	87,342	154,684	131,638	7,040	71,191	98,349	32,188	115,514	931,595
Less: Disposals during the year	-	-	-	(44,764)	-	-	-	-	-	(44,764)
Balance, end of year	7,090,938	1,905,624	1,931,812	1,003,985	152,709	690,634	611,779	400,130	1,399,932	14,300,712
Net Book Value of Tangible Capital Assets	\$ 2,916,479	\$ 4,702,542	\$ 1,202,749	\$ 853,855	\$ 410,470	\$ 73,997	\$ 286,050	\$ 684,755	\$ 2,065,497	\$ 13,196,394

Included in Buildings are \$355,152 (2018 - \$135,821) of tangible capital assets under construction. These assets have not been amortized.

See accompanying notes to financial statements.

**ADAMS LAKE INDIAN BAND**  
**2019 STATEMENT OF FINANCIAL ACTIVITIES - SEGMENTED**  
**Year ended March 31, 2019**

	Band Revenue	Admini- stration	Maintenance Services	Community Services	Capital	Education	Health Services	Natural Resources	Social Housing	Total 2019	Total 2018
<b>REVENUE:</b>											
Indigenous Services											
Canada	\$ 124,720	\$ 696,856	\$ 365,902	\$ 714,654	\$ 854,817	\$ 2,466,880	\$ 35,253	\$ -	\$ -	\$ 5,259,082	\$ 6,699,288
Leases and rentals	1,701,170	-	9,106	-	-	-	-	-	226,844	1,937,120	1,830,519
CMHC	-	-	-	-	158,521	-	-	-	119,737	278,258	156,648
Province of BC	1,662,545	-	-	-	-	-	-	-	-	1,662,545	3,422,244
Consulting and contract	635,406	-	-	140,804	-	644,649	127,206	2,025,348	-	3,573,413	3,873,460
Interest and tax penalties	385,654	-	-	-	-	-	-	-	5,559	391,213	196,223
Timber harvesting	-	-	-	-	-	-	-	1,358,125	-	1,358,125	1,976,346
First Nations Health Authority	-	-	-	-	-	-	1,288,378	-	-	1,288,378	1,302,528
Property taxes	1,021,603	-	-	-	-	-	-	-	-	1,021,603	1,013,262
Other	153,144	122,542	102,191	202,106	-	66,876	24,816	215,922	22,436	910,033	2,202,014
	<u>5,684,242</u>	<u>819,398</u>	<u>477,199</u>	<u>1,057,564</u>	<u>1,013,338</u>	<u>3,178,405</u>	<u>1,475,653</u>	<u>3,599,395</u>	<u>374,576</u>	<u>17,679,770</u>	<u>22,672,532</u>
<b>EXPENSES:</b>											
Administration fees	-	-	-	-	-	38,563	1,254	-	14,063	53,880	25,036
Amortization	173,615	29,481	438,711	6,859	-	64,485	35,924	34,817	147,703	931,595	912,824
Assistance	-	-	-	567,380	-	-	-	-	-	567,380	526,623
Automotive	3,453	4,897	14,215	-	-	8,190	-	41,958	-	72,713	60,340
Bad debts and write downs	517,397	-	-	-	-	-	-	-	-	517,397	47,327
Contract services	709,712	32,270	310,946	124,600	141,442	332,218	272,285	1,209,332	8,142	3,140,947	3,822,734
Education	-	-	-	-	-	1,229,893	-	-	-	1,229,893	1,119,638
Honorarium	490	385,068	-	-	-	864	348	-	-	386,770	449,499
Insurance	14,668	19,879	62,942	3,725	-	19,017	12,691	19,534	18,631	171,087	122,158
Interest and bank charges	-	60,949	-	-	-	-	-	3,750	-	64,699	18,960
Interest on demand loans and mortgages	-	11,081	-	-	-	-	-	-	24,354	35,435	37,793
Leases	169,769	22,564	5,475	2,021	-	18,175	17,484	6,743	-	242,231	244,022
Licences, dues and fees	14,588	2,945	-	-	-	-	-	-	-	17,533	43,793
Logging	-	-	-	-	-	-	-	-	-	913,369	486,387
Materials and supplies	38,028	36,953	30,497	25,834	391,973	136,921	67,748	91,810	-	819,764	470,328
Meetings and ceremonies	9,619	29,297	-	10,113	-	30,768	56,076	-	-	135,873	-
Office and other	76,814	32,605	28,963	24,445	-	23,071	16,177	15,359	-	217,434	404,739
Professional fees	32,472	108,536	-	-	9,520	-	28,683	-	-	187,681	306,278
Repairs and maintenance	18,917	49,605	144,451	4,460	-	44,182	17,425	4,738	8,470	367,426	220,584
Training	15,388	13,536	2,106	3,644	-	2,449	7,999	8,255	-	53,377	132,180
Travel	21,308	84,837	33,221	24,147	-	57,644	74,790	62,923	-	358,870	408,159
Utilities	47,909	72,993	274,881	8,804	-	21,739	15,130	10,730	-	452,186	519,905
Wages and benefits	687,538	754,744	471,460	558,987	-	1,397,490	638,943	798,034	-	5,307,196	5,687,783
	<u>2,551,685</u>	<u>1,752,240</u>	<u>1,817,868</u>	<u>1,365,019</u>	<u>542,935</u>	<u>3,425,669</u>	<u>1,262,957</u>	<u>3,221,352</u>	<u>305,011</u>	<u>16,244,736</u>	<u>16,067,090</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>	<b>\$ 3,132,557</b>	<b>\$ (932,842)</b>	<b>\$ (1,340,669)</b>	<b>\$ (307,455)</b>	<b>\$ 470,403</b>	<b>\$ (247,264)</b>	<b>\$ 212,696</b>	<b>\$ 378,043</b>	<b>\$ 69,565</b>	<b>\$ 1,435,034</b>	<b>\$ 6,605,442</b>

See accompanying notes to financial statements.

**ADAMS LAKE INDIAN BAND**  
**2018 STATEMENT OF FINANCIAL ACTIVITIES - SEGMENTED**  
**Year ended March 31, 2018**

	Band Revenue	Admini- stration	Maintenance Services	Community Services	Capital	Education	Health Services	Natural Resources	Social Housing	Total 2018
<b>REVENUE:</b>										
Indigenous Services	\$ 132,460	\$ 622,238	\$ 313,079	\$ 705,912	\$ 2,760,145	\$ 2,165,454	\$ -	\$ -	\$ -	\$ 6,699,288
Canada	1,585,913	-	9,036	-	-	-	-	-	235,570	1,830,519
Leases and rentals	-	-	-	-	37,266	-	-	-	119,382	156,648
CMHC	3,300,554	-	-	-	-	-	-	121,690	-	3,422,244
Province of BC	592,765	-	-	147,177	-	605,604	72,265	2,455,649	-	3,873,460
Consulting and contract	194,076	-	-	-	-	-	-	-	2,147	196,223
Interest and tax penalties	-	-	-	-	-	-	-	1,976,346	-	1,976,346
Timber harvesting	-	-	-	-	-	-	1,302,528	-	-	1,302,528
First Nations Health Authority	-	-	-	-	-	-	-	-	-	1,013,262
Property taxes	1,013,262	-	-	-	-	-	-	-	-	1,013,262
Other	(1,826,725)	1,358,114	422,915	312,009	-	900,584	108,046	927,071	-	2,202,014
	4,992,305	1,980,352	745,030	1,165,098	2,797,411	3,671,642	1,482,839	5,480,756	357,099	22,672,532
<b>EXPENSES:</b>										
Administration fees	-	-	-	-	-	-	2,036	-	23,000	25,036
Amortization	136,933	21,878	482,859	3,429	-	63,997	24,455	31,570	147,703	912,824
Assistance	-	-	-	526,623	-	-	-	-	-	526,623
Automotive	4,734	2,053	12,989	-	-	4,311	-	36,253	-	60,340
Bad debts and write downs	47,727	(400)	-	-	-	-	-	-	-	47,327
Capital expenditures	-	-	-	-	-	-	-	-	-	-
Contract services	494,250	73,691	158,412	223,461	207,813	223,255	181,438	2,260,414	-	3,822,734
Education	-	-	-	-	-	1,119,638	-	-	-	1,119,638
Honorarium	2,665	441,042	-	-	-	5,792	-	-	-	449,499
Insurance	19,442	12,414	32,460	4,344	-	13,421	6,916	18,968	14,193	122,158
Interest and bank charges	-	18,960	-	-	-	-	-	-	-	18,960
Interest on demand loans and mortgages	-	12,346	-	-	-	-	-	-	25,447	37,793
Leases	194,904	19,046	5,728	1,016	-	4,170	13,638	5,520	-	244,022
Licences, dues and fees	39,399	4,394	-	-	-	-	-	-	-	43,793
Logging	-	-	-	-	-	-	-	486,387	-	486,387
Materials and supplies	43,812	25,782	15,986	26,589	35,149	165,503	86,048	71,459	-	470,328
Office and other	108,295	32,395	6,886	52,359	-	70,657	101,176	32,971	-	404,739
Professional fees	90,702	186,590	-	-	-	4,038	17,298	-	7,650	306,278
Repairs and maintenance	25,107	80,147	34,135	5,097	-	18,438	13,923	2,103	41,634	220,584
Training	54,037	39,145	1,743	9,103	-	3,938	15,571	8,643	-	132,180
Travel	44,454	104,395	51,800	31,828	-	65,049	50,134	60,499	-	408,159
Utilities	43,615	78,159	324,216	12,733	-	24,876	25,253	11,053	-	519,905
Wages and benefits	724,657	808,049	604,762	698,012	-	1,350,830	640,336	861,137	-	5,687,783
	2,074,733	1,960,086	1,731,976	1,594,594	242,962	3,137,913	1,178,222	3,886,977	259,627	16,067,090
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>	\$ 2,917,572	\$ 20,266	\$ (986,946)	\$ (429,496)	\$ 2,554,449	\$ 533,729	\$ 304,617	\$ 1,593,779	\$ 97,472	\$ 6,605,442

See accompanying notes to financial statements.

**ADAMS LAKE INDIAN BAND**  
**SUPPLEMENTARY FINANCIAL INFORMATION**

**March 31, 2019**

EXHIBIT

***SUPPLEMENTARY FINANCIAL INFORMATION:***

K	INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT
K1	SCHEDULE OF REMUNERATION AND EXPENSES - CHIEF AND COUNCILLORS



# DALEY & COMPANY LLP

Chartered Professional Accountants

200-206 Seymour Street  
Kamloops, BC V2C 6P5

p. 250.374.5577

f. 250.374.5573

toll free. 1.877.374.5577

email. [admin@daleyllp.ca](mailto:admin@daleyllp.ca)

[www.daleyllp.ca](http://www.daleyllp.ca)

Norman Daley, FCPA, FCA  
Paul Mumford, CPA, CA  
Michael Parker, CPA, CA  
Maureen McCurdy, CPA, CA  
Sandra Blair, CPA, CA  
Shawn Birkenhead, CPA, CA  
Kevin Cooper, CPA, CA  
Incorporated Professionals

## INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members, ADAMS LAKE INDIAN BAND

EXHIBIT K

We have reviewed the accompanying consolidated schedule of remuneration and expenses paid to elected officials ("the schedule") of the ADAMS LAKE INDIAN BAND for the year ended March 31, 2019. The schedule has been prepared by management of the ADAMS LAKE INDIAN BAND based on the First Nations Financial Transparency Act.

### ***Management's Responsibility for the Schedule***

Management of the ADAMS LAKE INDIAN BAND is responsible for the preparation of the schedule in accordance with the First Nations Financial Transparency Act, and for such internal control as management determines is necessary to enable the preparation of the schedule that is free from material misstatement, whether due to fraud or error.

### ***Practitioner's Responsibility***

Our responsibility is to express a conclusion on the schedule based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of the schedule in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on this schedule.

### ***Conclusion***

Based on our review, nothing has come to our attention that causes us to believe that the schedule is not prepared, in all material respects, in accordance with the First Nations Financial Transparency Act.

*Daley & Company LLP*

Chartered Professional Accountants

Kamloops, BC  
August 12, 2019