

ADAMS LAKE INDIAN BAND

FINANCIAL STATEMENTS

March 31, 2020

ADAMS LAKE INDIAN BAND
CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2020

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
	2020 STATEMENT OF FINANCIAL ACTIVITIES - SEGMENTED	APPENDIX 2
	2019 STATEMENT OF FINANCIAL ACTIVITIES - SEGMENTED	APPENDIX 3

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

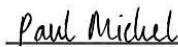
The financial statements of Adams Lake Indian Band have been prepared in accordance with Canadian public sector accounting standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on 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 generally accepted auditing standards.


Executive Director



Paul Michel
Chair of the Finance Audit Committee



EXHIBIT A1

INDEPENDENT AUDITOR'S REPORT

To the Members,
ADAMS LAKE INDIAN BAND

Opinion

We have audited the consolidated financial statements of ADAMS LAKE INDIAN BAND (the Band), which comprise the consolidated statement of financial position as at March 31, 2020, 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 Band as at March 31, 2020, 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 Band in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with 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 63 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.

The outbreak of COVID-19, which has been declared by the World Health Organization in March 2020 as a pandemic has spread across the globe and is impacting worldwide economic activity. A public health pandemic such as COVID-19, poses the risk that employees, contractors, suppliers, and other partners may be prevented from conducting business activities for an indefinite period, including due to shutdowns that may be requested or mandated by governmental authorities. While it is not possible at this time to estimate the impact that COVID-19 could have on the Band's business, the continued spread of COVID-19 and the measures taken by governments could disrupt regular operations of the Band and adversely impact the Band's business, financial condition or results of operations. The extent to which the COVID-19 outbreak impacts the financial results will depend on future developments that are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of the virus and the actions to contain its impact. It is not possible to reliably estimate the length and severity of these developments or quantify the impact this pandemic may have on the financial results and condition of the Band in future periods. Estimates and judgements made by management in the preparation of the financial statements are increasingly difficult and subject to a higher degree of measurement uncertainty during this volatile period. Management has not made any adjustments or reclassification of assets and liabilities resulting from the COVID-19 pandemic.

(continues)

Independent Auditor's Report to the Members of ADAMS LAKE INDIAN BAND (continued)

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 Band'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 Band or to cease operations, or has no realistic alternative but to do so.

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

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 Band's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Band's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Band to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(continues)

Independent Auditor's Report to the Members of ADAMS LAKE INDIAN BAND (continued)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Band 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.

Daley & Company LLP
Chartered Professional Accountants

Kamloops, BC
October 28, 2020

ADAMS LAKE INDIAN BAND
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
March 31, 2020

	2020	2019
FINANCIAL ASSETS		
Cash (Note A3)	\$ 3,837,791	\$ 14,562,723
Marketable securities (Note A4)	11,278,940	653,017
Grants and accounts receivable (Note A5)	1,949,985	1,207,248
Restricted cash (Note A6)	5,853,784	5,166,500
Deferred lease costs (Note A7)	1,044,129	1,063,057
Investments (Note A8)	<u>(24,253)</u>	<u>(4,212)</u>
	23,940,376	22,648,333
LIABILITIES		
Accounts payable and accruals	1,529,514	1,587,108
Deferred revenue (Note A10)	4,275,904	4,016,826
Demand loans (Note A11)	93,652	153,453
Silviculture liability (Note A12)	2,439,046	2,727,518
Mortgages payable (Note A13)	<u>1,268,893</u>	<u>1,438,788</u>
	9,607,009	9,923,693
NET FINANCIAL ASSETS	14,333,367	12,724,640
NON-FINANCIAL ASSETS		
Prepaid expenses	145,960	248,632
Property held for resale (Note A14)	1,087,902	1,087,902
Tangible capital assets (Note A15)	<u>17,169,312</u>	<u>13,196,394</u>
	18,403,174	14,532,928
ACCUMULATED SURPLUS (Note A16)	\$ 32,736,541	\$ 27,257,568

COMMITMENTS AND CONTINGENCIES (Note A17)

APPROVED BY THE BAND:



Executive Director

Paul Michel
 Chair of the Finance Audit Committee

ADAMS LAKE INDIAN BAND
CONSOLIDATED STATEMENT OF ACCUMULATED SURPLUS
Year ended March 31, 2020

	2020	2019
ACCUMULATED SURPLUS, beginning of year	\$ 27,257,568	\$ 25,822,534
EXCESS OF REVENUE OVER EXPENSES	<u>5,478,973</u>	<u>1,435,034</u>
ACCUMULATED SURPLUS, end of year	\$ 32,736,541	\$ 27,257,568

ADAMS LAKE INDIAN BAND
CONSOLIDATED STATEMENT OF OPERATIONS
Year ended March 31, 2020

	Budget	2020	2019
REVENUE:			
Indigenous Services Canada	\$ 9,121,550	\$ 6,383,007	\$ 5,259,082
Leases and rentals	2,110,191	1,896,294	1,937,120
Canada Mortgage and Housing Corporation	124,263	125,861	278,258
Province of British Columbia	1,221,366	3,345,448	1,662,545
Consulting and contract	1,634,034	3,075,791	3,573,413
Interest and tax penalties	144,407	177,760	391,213
Timber harvesting	-	3,335,206	1,358,125
First Nations Health Authority	980,331	1,502,400	1,288,378
Property taxes	1,019,563	995,630	1,021,603
Other	923,228	1,321,514	910,033
	17,278,933	22,158,911	17,679,770
EXPENSES:			
Administration fees	117,775	77,001	53,880
Amortization	-	926,813	931,595
Assistance	406,199	584,812	567,380
Automotive	88,600	51,611	72,713
Bad debts and write downs (recoveries)	83,795	(32,436)	517,397
Contract services	2,112,106	3,193,720	3,140,947
Education	1,163,207	1,185,011	1,229,893
Honorarium	397,714	379,436	386,770
Insurance	128,265	180,468	171,087
Interest and bank charges	85,797	18,071	64,699
Interest on demand loans and mortgages	-	31,124	35,435
Leases	241,118	250,856	242,231
Licences, dues and fees	22,250	15,802	17,533
Logging	-	650,658	913,369
Materials and supplies	2,193,160	1,042,409	819,764
Meetings and ceremonies	163,243	207,788	135,873
Office and other	232,139	217,639	217,434
Professional fees	320,727	251,825	187,681
Repairs and maintenance	223,305	310,819	367,426
Training	163,366	120,364	53,377
Travel	348,006	362,331	358,870
Utilities	459,230	563,127	452,186
Wages and benefits	5,476,938	6,090,689	5,307,196
	14,426,940	16,679,938	16,244,736
EXCESS OF REVENUE OVER EXPENSES	\$ 2,851,993	\$ 5,478,973	\$ 1,435,034

See accompanying notes to financial statements.

ADAMS LAKE INDIAN BAND
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
Year ended March 31, 2020

	Budget	2020	2019
EXCESS OF REVENUE OVER EXPENSES	\$ 2,851,993	\$ 5,478,973	\$ 1,435,034
Acquisition of tangible capital assets	-	(4,899,731)	(736,674)
Amortization of tangible capital assets	-	926,813	931,595
Change in prepaid expenses	-	102,672	(147,807)
Disposal of tangible capital assets	-	-	11,191
INCREASE IN NET FINANCIAL ASSETS	2,851,993	1,608,727	1,493,339
NET FINANCIAL ASSETS, beginning of year	<u>12,724,640</u>	<u>12,724,640</u>	<u>11,231,301</u>
NET FINANCIAL ASSETS, end of year	<u>\$ 15,576,633</u>	<u>\$ 14,333,367</u>	<u>\$ 12,724,640</u>

ADAMS LAKE INDIAN BAND
CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended March 31, 2020

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess of revenue over expenses	\$ 5,478,973	\$ 1,435,034
Non-operating items:		
Amortization	926,813	931,595
(Increase) decrease in:		
Grants and accounts receivable	(742,737)	2,601,543
Prepaid expenses	102,672	(147,807)
(Increase) decrease in:		
Accounts payable and accruals	(57,594)	(720,466)
Deferred revenue	259,078	(82,515)
Silviculture liability	(288,472)	569,338
Cash flows from operations	<u>5,678,733</u>	<u>4,586,722</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Change in restricted cash	(687,284)	(612,836)
Debt reduction	(229,696)	(225,151)
Cash flows used in financing	<u>(916,980)</u>	<u>(837,987)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investments	20,041	(5,346)
Cash flows from (used in) investing	<u>20,041</u>	<u>(5,346)</u>
CASH FLOWS FROM CAPITAL ACTIVITIES:		
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	(4,899,731)	(736,674)
Cash flows used in capital	<u>(4,880,803)</u>	<u>(706,555)</u>
INCREASE (DECREASE) IN CASH RESOURCES	(99,009)	3,036,834
CASH RESOURCES, beginning of year	15,215,740	12,178,906
CASH RESOURCES, end of year	\$ 15,116,731	\$ 15,215,740
CASH RESOURCES CONSISTS OF:		
Cash	\$ 3,837,791	\$ 14,562,723
Marketable securities	<u>11,278,940</u>	<u>653,017</u>
	\$ 15,116,731	\$ 15,215,740

ADAMS LAKE BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended March 31, 2020

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
- 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:

- Sexqeltkemc Enterprises Inc.
- Sexqeltkemc Limited Partnership

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

Accounts in foreign currencies have been translated into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities have been translated at the year end exchange rate. Revenues and expenses have been translated at the average rates of exchange during the year.

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
Year Ended March 31, 2020

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. CP lands purchased for social housing development has been recorded at cost as a value was able to be determined.

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
Year Ended March 31, 2020

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
Year Ended March 31, 2020**

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 and mortgages payable have fixed rates; therefore interest expense will decrease with principal repayment of the demand loans and mortgages and interest risk is reduced to the minimum.

ADAMS LAKE BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended March 31, 2020

NOTE A3. CASH:	2020	2019
Band operations:		
RBC - General account	\$ 1,582,852	\$ 9,084,649
RBC - Lease	2,108,360	2,071,084
Peace Hills Trust	-	3,293,188
Petty cash and other	600	907
	<u>3,691,812</u>	<u>14,449,828</u>
Adams Lake Development Corporation:		
General account	69,107	36,568
Social Housing Operation:		
Social Housing Operation - Pre-1997 Program	76,872	76,327
	<u>\$ 3,837,791</u>	<u>\$ 14,562,723</u>

NOTE A4. MARKETABLE SECURITIES:

The market value of the marketable securities, at March 31, 2020, is \$10,952,457 (2019 - \$686,838).

NOTE A5. GRANTS AND ACCOUNTS RECEIVABLE:	2020	2019
Band Operations:		
Grants Receivable	\$ 592,958	\$ 341,530
Property Taxes	23,457	26,995
Accounts Receivable	1,278,518	802,922
Social Housing Rent Arrears	39,659	21,181
	<u>1,934,592</u>	<u>1,192,628</u>
Social Housing Operations:		
Social Housing Operation - Pre-1997 Program	1,345	1,345
Social Housing Operation - Post-1996 Program	7,554	7,507
	<u>8,899</u>	<u>8,852</u>
Adams Lake Development Corporation:		
Accounts Receivable	6,494	5,768
	<u>\$ 1,949,985</u>	<u>\$ 1,207,248</u>

ADAMS LAKE BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended March 31, 2020

NOTE A6. RESTRICTED CASH:

	2020	2019
Replacement Reserve	\$ 419,789	\$ 404,657
Operating Reserve	225,678	187,978
Ottawa Trust Funds	508,122	498,283
Other Restricted	<u>4,700,195</u>	<u>4,075,582</u>
	<u>\$ 5,853,784</u>	<u>\$ 5,166,500</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 (2019 - \$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.

	2020	2019
Balance, beginning of year	\$ 388,661	\$ 374,471
Allocation during the year	44,349	44,349
Interest on account	5,786	4,266
Approved expenditures	<u>(33,421)</u>	<u>(34,425)</u>
Balance, end of year	<u>\$ 405,375</u>	<u>\$ 388,661</u>

The Replacement Reserve is represented by:

Cash	<u>\$ 419,789</u>	<u>\$ 404,657</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.

	2020	2019
Balance, beginning of year	\$ 222,411	\$ 186,685
Allocation for the year	39,362	34,433
Interest	<u>3,267</u>	<u>1,293</u>
Balance, end of year	<u>\$ 265,040</u>	<u>\$ 222,411</u>

The Operating Reserve is represented by:

Cash	<u>\$ 225,678</u>	<u>\$ 187,978</u>
------	--------------------------	--------------------------

ADAMS LAKE BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended March 31, 2020

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.

	2020	2019
Other restricted cash balances:		
Silviculture	\$ 945,652	\$ 935,954
FCRSA/FRO	1,229,568	1,225,140
Gaming	2,524,975	1,914,488
	<u>\$ 4,700,195</u>	<u>\$ 4,075,582</u>
Other restricted surpluses:		
FCRSA	\$ 1,586,577	\$ 834,164
First Nations sales tax	740,024	645,011
Gaming	1,186,501	1,153,216
Leases	163,736	92,505
Property taxes	739,710	367,339
	<u>4,416,548</u>	<u>3,092,235</u>
Silviculture Accrual	2,439,046	2,727,518
	<u>\$ 6,855,594</u>	<u>\$ 5,819,753</u>

NOTE A7. DEFERRED LEASE COSTS:

	2020	2019
Balance, beginning of year	\$ 1,063,057	\$ 1,081,985
Expensed during the year	<u>(18,928)</u>	<u>(18,928)</u>
Balance, end of year	<u>\$ 1,044,129</u>	<u>\$ 1,063,057</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
Year Ended March 31, 2020

NOTE A8. INVESTMENTS:

	2020	2019
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>29,720</u>
	<u><u>67,748</u></u>	<u><u>67,748</u></u>
BC First Nations Gaming Revenue Sharing Limited Partnership:		
Balance, beginning of year	-	-
Net income allocation	445,364	-
Contributions	100	-
Drawings	<u>(430,611)</u>	<u>-</u>
Balance, end of year	<u><u>14,853</u></u>	<u><u>-</u></u>
Share in General Partner, BCFN GRS GP Inc., a corporation incorporated under the BC Business Corporations Act. Share represents a 0.49% interest in the company at March 31, 2020.	<u>10</u>	<u>-</u>
Sexqeltkemc Enterprises Inc. (33%):		
10 Common shares, par value \$10	-	10
Advances, unsecured, non-interest bearing, no stated terms of repayment	<u>-</u>	<u>(10)</u>
	<u><u>-</u></u>	<u><u>-</u></u>
Sexqeltkemc Limited Partnership:		
Advances, unsecured, noninterest bearing, repaid during the year	-	10,000
Contribution	68,598	100,000
Withdrawals	<u>(115,963)</u>	<u>-</u>
Accumulated deficiency	<u><u>(59,499)</u></u>	<u><u>(181,960)</u></u>
	<u><u>(106,864)</u></u>	<u><u>(71,960)</u></u>
	<u><u>\$ (24,253)</u></u>	<u><u>\$ (4,212)</u></u>

Financial information for Sexqeltkemc Limited Partnership:

	Total	Band's Share	Band's Share
	2020	2019	
Current Assets	\$ 120,357	\$ 40,115	\$ 84,279
Long-term Assets	5	2	2
Current Liabilities	<u>(441,003)</u>	<u>(146,981)</u>	<u>(156,241)</u>
Partner's Deficiency	<u><u>\$ (320,641)</u></u>	<u><u>\$ (106,864)</u></u>	<u><u>\$ (71,960)</u></u>
Revenues	\$ 69,461	\$ 23,151	\$ 21,749
Expenses	<u>32,064</u>	<u>10,687</u>	<u>146,123</u>
Net Loss	<u><u>\$ 37,397</u></u>	<u><u>\$ 12,464</u></u>	<u><u>\$ (124,374)</u></u>

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

ADAMS LAKE BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended March 31, 2020

NOTE A9. PROPORTIONATELY CONSOLIDATED INTERESTS: 2020 2019

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'emplups te Secwépemc, Skeetchestn Indian Band, Adams Lake Indian Band, Splatsin 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):

	Total	Band's Share 14%	Band's Share 14%
Cash	\$ -	\$ -	\$ 29,142
Accounts receivable	-	-	1,325
Intangible asset	-	-	17,493
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Revenues	\$ -	\$ -	\$ 14,286
Expenses	-	-	66,877
Net Income (loss)	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net income (loss) included in summary financial statements	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

As of April 1, 2019, the agreement is being managed by Qwelminte Secwepemc, a separate not for profit entity.

Séxqeltkemc Lakes Division

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

Financial information for Séxqeltkemc Lakes Division:

	Total	Band's Share 33%	Band's Share 33%
Cash	\$ -	\$ -	\$ -
Accounts receivable	-	-	-
Prepaid expenses	-	-	-
Equipment	-	-	-
Current Liabilities	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Revenues	\$ -	\$ -	\$ 153
Expenses	-	-	33,156
Net Loss	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Expenses of Séxqeltkemc Lakes Division paid to Adams Lake Indian Band	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net income (loss) included in summary financial statements	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Séxqeltkemc Lakes Division was wound up on March 31, 2019.

ADAMS LAKE BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended March 31, 2020

NOTE A10. DEFERRED REVENUE:

	2020	2019
Band Operations:		
Revenue amounts deferred are summarized as follows:		
Prepaid lease payments	\$ 2,315,164	\$ 2,374,322
Province of BC	146,920	8,500
School District #73	51,586	21,582
School District #83	22,500	-
First Nations Health Authority	-	29,662
Splatsin First Nation - Health Centre agreement	24,780	24,780
First Nations Education Steering Committee	119,715	-
First Peoples Heritage, Language & Culture Council	43,128	-
Other	73,396	55,238
	<u>2,797,189</u>	<u>2,514,084</u>
Adams Lake Development Corporation:		
Deferred lease revenue, beginning of year	1,502,742	1,526,769
Amortized to income during the year	(24,027)	(24,027)
Deferred lease revenue, end of year	<u>1,478,715</u>	<u>1,502,742</u>
	<u><u>\$ 4,275,904</u></u>	<u><u>\$ 4,016,826</u></u>

NOTE A11. DEMAND LOANS:

	2020	2019
Capital Fund:		
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 \$1,494,344, due October 2020	<u>\$ 93,652</u>	<u>\$ 153,453</u>

NOTE A12. SILVICULTURE LIABILITY:

	2020	2019
Balance, beginning of the year	\$ 2,727,518	\$ 2,158,180
Accrued expense	553,253	913,369
Paid during the year	(841,725)	(344,031)
	<u><u>\$ 2,439,046</u></u>	<u><u>\$ 2,727,518</u></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
Year Ended March 31, 2020

NOTE A13. MORTGAGES PAYABLE: 2020 2019

Social Housing Operation - Pre-1997 mortgages:

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, land and buildings, due December 2024 - Phase 13	\$ 126,649	\$ 151,938
All Nations Trust Company, repayable in monthly installments of \$1,095 including interest at 1.03% per annum, secured by promissory notes of the Ministry, land and buildings, due July 2021 - Phase 11	17,398	30,291
	<u>144,047</u>	<u>182,229</u>

Land and buildings have a carrying value of \$541,144.

Social Housing Operation - Post-1996 mortgages:

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 buildings, due April 2021 - Phase 1	131,516	152,902
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 buildings, due October 2022 - Phase 2	185,886	208,778
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 buildings, due April 2023 - Phase 3	95,800	125,318
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 buildings, due December 2020 - Phase 4	193,440	225,629
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 buildings, due December 2020 - Phase 6	263,176	278,221
All Nations Trust Company, repayable in monthly installments of \$1,305 including interest at 2.06% per annum, secured by promissory notes of the Ministry and buildings, due January 2025 - Phase 8	255,028	265,711
	<u>1,124,846</u>	<u>1,256,559</u>
	<u>\$ 1,268,893</u>	<u>\$ 1,438,788</u>

Buildings have a carrying value of \$1,923,505.

The Social Housing mortgages are guaranteed by Indigenous Services Canada

Principal repayments due in the ensuing 5 years are approximately as follows

2021	\$ 581,178
2022	206,134
2023	210,780
2024	38,382
2025	232,419
	<u>\$ 1,268,893</u>

ADAMS LAKE BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended March 31, 2020

NOTE A14. PROPERTY HELD FOR RESALE:	2020	2019
<u>West Harbour Village:</u> Land development costs	<u>\$ 1,087,902</u>	<u>\$ 1,087,902</u>

NOTE A15. TANGIBLE CAPITAL ASSETS:	2020	2019
Tangible capital assets consist of the following:		
CP lands purchased	\$ 301,885	\$ -
Buildings	5,769,139	2,916,479
Water systems	5,909,154	4,702,542
Roads	1,047,297	1,202,749
Automotive equipment	770,322	853,855
Computer equipment	262,025	286,050
Sewer systems	403,430	410,470
Furniture and equipment	103,510	73,997
Social Housing Operation - Pre-1997 Program	652,567	684,755
Social Housing Operation - Post-1996 Program	<u>1,949,983</u>	<u>2,065,497</u>
	<u><u>\$ 17,169,312</u></u>	<u><u>\$ 13,196,394</u></u>

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

NOTE A16. ACCUMULATED SURPLUS:	2020	2019
Accumulated surplus consists of individual fund surpluses and reserves as follows:		
Surplus from operations	<u>\$ 11,334,689</u>	<u>\$ 11,451,825</u>
Invested in tangible capital assets	<u>15,806,767</u>	<u>11,604,153</u>
Funded Reserves:		
Operating Reserve Fund (CMHC) (Note A6)	265,040	222,411
Replacement Reserve Fund (CMHC) (Note A6)	405,375	388,661
Ottawa Trust Funds (Note A6)	508,122	498,283
Other Restricted Funds (Note A6)	<u>4,416,548</u>	<u>3,092,235</u>
	<u><u>5,595,085</u></u>	<u><u>4,201,590</u></u>
	<u><u>\$ 32,736,541</u></u>	<u><u>\$ 27,257,568</u></u>

ADAMS LAKE BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended March 31, 2020

NOTE A17. COMMITMENTS AND CONTINGENCIES:

Commitments:

The Band leases office equipment under long-term lease agreement which expires July 2025.

Future minimum lease payments as at March 31, 2020, are as follows:

2021	\$ 108,300
2022	108,300
2023	108,300
2024	108,300
2025	108,300
2026	<u>27,075</u>
	<u><u>\$ 568,575</u></u>

Contingencies:

a) Housing Loans:

The Band is guarantor of various Housing loans, secured by Ministerial guarantees, including \$251,748 for capital housing and \$1,268,892 for Social Housing for a total of \$1,520,640.

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 \$276,108 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 \$243,711 (2019 - \$216,226).

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.

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, 2020, 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 \$10,000,000 in term loans to finance capital assets or capital project acquisitions. The term loan 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, 2020, the unused portion of the credit line was \$10,000,000.

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
Year Ended March 31, 2020

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.

In a previous year, a former councillor put forth a notice of claim against the Band. The outcome of this claim is indeterminate at this time.

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, 2020 the unforgiven balance of the loan was \$8,052. 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.

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.

ADAMS LAKE BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended March 31, 2020

NOTE A18. SEGMENTED INFORMATION (continued):

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 SUBLICENSE:

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 99 years, ending June 30, 2099 or 49 years, ending June 30, 2050 with the option to extend the lease 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.

NOTE A20. RELATED PARTY TRANSACTIONS:

During the year, the Band earned, \$NIL (2019 - \$28,405) for Consulting services from Sexqeltkemc Limited Partnership, a significantly influenced partnership. During the year, \$29,825 previously determined to be uncollectible was recorded as a bad debt recovery.

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 28% (2019 - 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 \$31,124 (2019 - \$35,435) and received interest of \$142,657 (2019 - \$340,998).

ADAMS LAKE INDIAN BAND
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
Year ended March 31, 2020

	Band Operations						Social Housing Operations			Totals		
	Land	Buildings	Water Systems	Roads	Automotive Equipment	Sewer Systems	Furniture & Equipment	Computer Equipment	Pre-1997 Program	Post-1996 Program	2020	2019
Cost												
Balance, beginning of year	\$ 301,885	\$ 10,007,417	\$ 6,608,166	\$ 3,134,561	\$ 1,857,840	\$ 563,179	\$ 764,631	\$ 897,829	\$ 1,084,885	\$ 3,465,429	\$ 28,383,937	
Add: Additions during the year		3,137,508	1,302,010	-	61,277	-	74,588	22,463	-	-	4,899,731	
Less: Disposals during the year	-	-	-	-	-	-	-	-	-	-	(55,955)	
Balance, end of year	<u>301,885</u>	<u>13,144,925</u>	<u>7,910,176</u>	<u>3,134,561</u>	<u>1,919,117</u>	<u>563,179</u>	<u>839,219</u>	<u>920,292</u>	<u>1,084,885</u>	<u>3,465,429</u>	<u>33,283,668</u>	<u>28,383,937</u>
Accumulated amortization												
Balance, beginning 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	15,187,543	
Add: Amortization	-	284,848	95,398	155,452	144,810	7,040	45,075	46,488	32,188	115,514	926,813	
Less: Disposals during the year	-	-	-	-	-	-	-	-	-	-	(44,764)	
Balance, end of year	<u>-</u>	<u>7,375,786</u>	<u>2,001,022</u>	<u>2,087,264</u>	<u>1,148,795</u>	<u>159,749</u>	<u>735,709</u>	<u>658,267</u>	<u>432,318</u>	<u>1,515,446</u>	<u>16,114,356</u>	<u>15,187,543</u>
Net Book Value of Tangible Capital Assets	<u>\$ 301,885</u>	<u>\$ 5,769,139</u>	<u>\$ 5,909,154</u>	<u>\$ 1,047,297</u>	<u>\$ 770,322</u>	<u>\$ 403,430</u>	<u>\$ 103,510</u>	<u>\$ 262,025</u>	<u>\$ 652,567</u>	<u>\$ 1,949,983</u>	<u>\$ 17,169,312</u>	<u>\$ 13,196,394</u>

Included in Buildings are \$913,088 (2019 - \$355,152) of tangible capital assets under construction. These assets have not been amortized.

ADAMS LAKE INDIAN BAND
2020 STATEMENT OF FINANCIAL ACTIVITIES - SEGMENTED
Year ended March 31, 2020

	Band Revenue	Administration	Maintenance Services	Community Services	Capital	Education	Health Services	Natural Resources	Social Housing	Total 2020	Total 2019
REVENUE:											
Indigenous Services											
Canada	\$ 203,833	\$ 623,831	\$ 355,536	\$ 776,096	\$ 1,941,288	\$ 2,343,408	\$ 139,015	\$ -	\$ 233,489	\$ 6,383,007	\$ 5,259,082
Leases and rentals	1,632,452	-	30,353	-	5,878	-	-	-	119,983	1,896,294	1,937,120
CMHC	-	-	-	-	-	-	-	-	-	125,861	278,258
Province of BC	3,345,448	-	-	336,590	-	594,230	129,617	1,304,341	-	3,345,448	1,662,545
Consulting and contract	711,013	-	-	-	-	-	-	-	-	3,075,791	3,573,413
Interest and tax penalties	168,707	-	-	-	-	-	-	-	9,053	177,760	391,213
Timber harvesting	-	-	-	-	-	-	-	3,335,206	-	3,335,206	1,358,125
First Nations Health Authority	-	-	-	-	-	-	1,502,400	-	-	1,502,400	1,288,378
Property taxes	995,630	-	-	-	-	-	-	-	-	995,630	1,021,603
Other	656,749	251,053	21,471	217,640	-	43,179	20,500	105,635	5,287	1,321,514	910,033
	7,713,832	874,884	407,360	1,330,326	1,947,166	2,980,817	1,791,532	4,745,182	367,812	22,158,911	17,679,770
EXPENSES:											
Administration fees	-	-	-	-	-	-	52,138	-	24,863	77,001	53,880
Amortization	162,730	32,223	381,642	7,203	584,812	-	118,145	36,766	40,401	147,703	926,813
Assistance	-	-	-	-	-	-	-	-	-	584,812	931,595
Automotive	2,615	3,822	18,610	-	-	4,668	-	-	21,896	-	51,611
Bad debts and write downs (recoveries)	(32,436)	-	-	-	-	-	-	-	-	(32,436)	517,397
Contract services	1,024,529	19,329	169,473	231,996	107,246	-	302,701	393,561	944,181	704	3,193,720
Education	-	-	-	-	-	-	1,185,011	-	-	-	3,140,947
Honourarium	3,310	369,782	-	-	-	-	4,619	-	-	-	1,185,011
Insurance	21,463	20,744	56,941	4,295	-	-	21,033	14,354	19,191	22,447	379,436
Interest and bank charges	-	13,971	-	-	-	-	-	4,100	-	-	18,071
Interest on demand loans and mortgages	-	-	-	-	-	-	-	-	-	22,031	31,124
Leases	161,188	28,380	6,253	2,300	-	-	22,873	17,512	12,350	-	250,856
Licences, dues and fees	10,505	5,297	-	-	-	-	-	-	-	-	15,802
Logging	-	-	-	-	-	-	-	-	650,658	-	650,658
Materials and supplies	42,241	52,581	29,624	73,483	542,527	162,847	52,442	86,664	-	-	1,042,409
Meetings and ceremonies	49,730	41,049	-	6,602	-	77,997	32,410	-	-	-	207,788
Office and other	56,451	36,999	11,679	39,846	-	12,559	25,888	34,217	-	217,639	135,873
Professional fees	84,124	92,636	25,142	-	-	-	31,823	10,050	8,050	-	251,825
Repairs and maintenance	23,376	78,793	88,780	-	-	45,245	12,787	1,360	60,478	310,819	367,426
Training	63,329	10,638	17,599	20,915	-	457	4,294	3,32	-	120,364	53,377
Travel	28,677	91,495	18,366	22,228	-	51,109	84,178	66,278	-	362,331	358,870
Utilities	69,702	52,329	356,160	9,857	-	44,098	17,773	13,208	-	563,127	452,186
Wages and benefits	819,270	978,827	461,032	665,342	-	1,435,014	634,227	1,096,977	-	6,090,689	5,307,196
	2,590,804	1,937,988	1,641,301	1,668,879	649,773	3,540,514	1,359,740	3,004,663	286,276	16,679,938	16,244,736
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	\$ 5,123,028	\$ (1,063,104)	\$ (1,233,941)	\$ (338,553)	\$ 1,297,393	\$ (559,697)	\$ 431,792	\$ 1,740,519	\$ 81,536	\$ 5,478,973	\$ 1,435,034

See accompanying notes to financial statements.

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

	Band Revenue	Administration	Maintenance Services	Community Services	Capital	Education	Health Services	Natural Resources	Social Housing	Total 2019
REVENUE:										
Indigenous Services										\$ 5,259,082
Canada	\$ 124,720	\$ 696,856	\$ 365,902	\$ 714,654	\$ 854,817	\$ 2,466,880	\$ 35,253	\$ -	\$ 226,844	\$ 1,937,120
Leases and rentals	1,701,170	-	9,106	-	158,521	-	-	-	119,737	278,258
CMHC	-	-	-	-	-	644,649	127,206	2,025,348	-	1,662,545
Province of BC	1,662,545	-	-	140,804	-	-	-	-	-	3,573,413
Consulting and contract	635,406	-	-	-	-	-	-	-	-	391,213
Interest and tax penalties	385,654	-	-	-	-	-	-	-	-	1,358,125
Timber harvesting	-	-	-	-	-	-	1,288,378	1,358,125	-	1,288,378
First Nations Health Authority	-	-	-	-	-	-	-	-	-	-
Property taxes	1,021,603	-	-	-	-	-	-	-	-	1,021,603
Other	153,144	122,542	102,191	202,106	-	66,876	24,816	215,922	-	910,033
	5,684,242	819,398	477,199	1,057,564	1,013,338	3,178,405	1,475,653	3,599,395	374,576	77,679,770
EXPENSES:										
Administration fees										\$ 53,880
Administration	173,615	29,481	438,711	6,859	-	38,563	1,254	-	14,063	931,595
Amortization	-	-	567,380	-	-	64,485	35,924	34,817	147,703	567,380
Assistance	3,453	4,897	14,215	-	-	8,190	-	-	-	72,713
Automotive	-	-	-	-	-	-	-	41,958	-	-
Bad debts and write downs	517,397	-	310,946	124,600	141,442	332,218	272,285	1,209,332	-	517,397
Contract services	709,712	32,270	-	-	-	1,229,893	-	-	8,142	3,140,947
Education	-	-	-	-	-	864	348	-	-	1,229,893
Honorary	490	385,068	-	-	-	19,017	12,691	19,534	-	386,770
Insurance	14,668	19,879	62,942	3,725	-	-	-	3,750	18,631	171,087
Interest and bank charges	-	60,949	-	-	-	-	-	-	-	64,699
Interest on demand loans and mortgages	-	11,081	-	-	-	-	-	-	-	24,354
Leases	169,769	22,564	5,475	2,021	-	18,175	17,484	6,743	-	242,231
Licences, dues and fees	14,588	2,945	-	-	-	-	-	-	-	17,533
Logging	-	-	-	-	-	-	-	-	-	913,369
Materials and supplies	38,028	36,953	30,497	25,834	391,973	136,921	67,748	91,810	-	819,764
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
Professional fees	32,472	108,536	-	-	9,520	-	28,683	-	8,470	187,681
Repairs and maintenance	18,917	49,605	144,451	4,460	-	44,182	17,425	4,738	83,648	367,426
Training	15,388	13,536	2,106	3,644	-	2,449	7,999	8,255	-	53,377
Travel	21,308	84,837	33,221	24,147	-	57,644	74,790	62,923	-	358,870
Utilities	47,909	72,993	274,881	8,804	-	21,739	15,130	10,730	-	452,186
Wages and benefits	687,538	754,744	471,460	558,987	-	1,397,490	638,943	798,034	-	5,307,196
	2,551,685	1,752,240	1,817,868	1,365,019	542,935	3,425,669	1,262,957	3,221,352	305,011	16,244,736
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES										
	\$ 3,132,557	\$ (932,842)	\$ (1,340,669)	\$ (307,455)	\$ 470,403	\$ (247,264)	\$ 212,696	\$ 378,043	\$ 69,565	\$ 1,435,034

See accompanying notes to financial statements.

ADAMS LAKE INDIAN BAND
SUPPLEMENTARY FINANCIAL INFORMATION
March 31, 2020

EXHIBIT

SUPPLEMENTARY FINANCIAL INFORMATION:

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



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, 2020. 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.

Chartered Professional Accountants

Kamloops, BC
October 28, 2020

EXHIBIT K1 (ISC ANNEX B)

ADAMS LAKE INDIAN BAND
SCHEDULE OF REMUNERATION AND EXPENSES
CHIEF AND COUNCILLORS
For the year ended March 31, 2020

Name of Individual	Position Title	Number of Months	Remuneration	Expenses
Cliff Arnouse	Chief	12	\$ 92,841	\$ 20,164
Georgina Johnny	Councillor	12	63,179	7,497
Brandy Jules	Councillor	12	66,760	7,932
Shelley Witzky	Councillor	12	66,760	10,576
Steven Teed	Councillor	12	68,150	9,254
Elaine Jules	Councillor	12	66,760	6,703
			\$ 424,450	\$ 62,126