

Little Shuswap Lake Indian Band
Consolidated Financial Statements
For the year ended March 31, 2016

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Management's Responsibility for Financial Reporting

The accompanying financial statements of the Little Shuswap Lake Indian Band are the responsibility of management and have been approved by the Chief and another Band Councilor of the Band Council.

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Little Shuswap Lake Indian 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 Little Shuswap Lake Indian Band is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. Council carries out this responsibility principally through its Finance review meetings.

The Chief and Council review the Band's financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the financial statements and the external auditor's report. The Chief and Council takes this information into consideration when approving the financial statements for issuance to the Members. The Chief and Council also appoint the engagement of the external auditors.

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



Chief Councilor



Band Administrator



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BDO Canada LLP
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Kamloops BC V2C 6J3 Canada

Independent Auditor's Report

To the Members of Little Shuswap Lake Indian Band

We have audited the accompanying consolidated financial statements of Little Shuswap Lake Indian Band, which comprise the consolidated statement of financial position as at March 31, 2016 and the consolidated statements of change in net financial assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Little Shuswap Lake Indian Band as at March 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Other Matters

These consolidated financial statements include unaudited supplementary exhibits and schedules which present detailed program revenues and expenditures and have been prepared to assist management of Little Shuswap Lake Indian Band to meet the reporting requirements of various funding agencies. Our report is intended solely for management of Little Shuswap Lake Indian Band and various funding agencies. As a result, the financial statements should not be distributed to or used by other parties.

Little Shuswap Lake Indian Band has also prepared another set of consolidated financial statements for the year ended March 31, 2016 in accordance with Canadian public sector accounting standards. However, these consolidated financial statements do not include unaudited supplementary exhibits and schedules, and have more aggregated disclosures in the consolidated financial statements. Our audit report on the other set of consolidated financial statements was issued to the members of Little Shuswap Lake Indian Band and was dated August 24, 2016.

A handwritten signature in black ink, appearing to read 'BDO Chartered Professional Accountants'. The signature is stylized and cursive.


Chartered Professional Accountants


Kamloops, British Columbia
August 24, 2016

Little Shuswap Lake Indian Band
Exhibit A - Consolidated Statement of Financial Position

| As at March 31 | 2016 | 2015 |
|--------------------------------------|----------------------|----------------------|
| Financial Assets | | |
| Cash (Note 2) | \$ 5,811,674 | \$ 5,942,954 |
| Restricted cash (Note 3) | 1,776,997 | 1,599,357 |
| Accounts receivable (Note 4) | 2,639,906 | 1,846,849 |
| Inventory held for resale | 227,152 | 206,768 |
| Long-term investments (Note 5) | 150,002 | 150,002 |
| | <u>10,605,731</u> | <u>9,745,930</u> |
| Liabilities | | |
| Accounts payable (Note 6) | 992,733 | 1,293,656 |
| Deferred revenue (Note 7) | 2,071,105 | 2,926,422 |
| Long term debt (Note 8) | 5,274,344 | 5,626,896 |
| Replacement reserve | - | (69) |
| | <u>8,338,182</u> | <u>9,846,905</u> |
| Net Debt (Asset) | <u>2,267,549</u> | <u>(100,975)</u> |
| Non-financial Assets | | |
| Prepaid expense | 37,866 | 63,812 |
| Capital assets (Note 9) | 27,429,302 | 27,687,896 |
| | <u>27,467,168</u> | <u>27,751,708</u> |
| Accumulated Surplus (Note 10) | <u>\$ 29,734,717</u> | <u>\$ 27,650,733</u> |

Approved on behalf of the Band Council:


 _____ Chief Councilor


 _____ for Band Administrator

Little Shuswap Lake Indian Band
Exhibit B - Consolidated Statement of Change in Net Assets (Debt)

| For the year ended March 31 | Budget | 2016 | 2015 |
|---|---------------------|---------------------|---------------------|
| Surplus - Exhibit C | \$ 4,089,321 | \$ 1,831,790 | \$ 2,267,394 |
| Purchases of tangible capital assets | - | (979,240) | (2,333,390) |
| Amortization of tangible capital assets | - | 1,237,873 | 1,091,779 |
| | - | 258,633 | (1,241,611) |
| Change in prepaid expense | - | 25,946 | (32,457) |
| | - | 25,946 | (32,457) |
| Equity change in Ottawa Trust | - | 69,396 | 109,490 |
| Change in reserves | - | 101,299 | 173,031 |
| Equity change in funded reserves | - | (4,718) | 1,346 |
| Change on consolidation of investment | - | 86,178 | - |
| | - | 252,155 | 283,867 |
| Increase in net debt | 4,089,321 | 2,368,524 | 1,277,193 |
| Net debt, beginning of year | (100,975) | (100,975) | (1,378,168) |
| Net assets (debt), end of year | \$ 3,988,346 | \$ 2,267,549 | \$ (100,975) |

Little Shuswap Lake Indian Band
Exhibit C - Consolidated Statement of Operations

| For the year ended March 31 | Budget | 2016 | 2015 |
|---|---------------------|---------------------|---------------------|
| Revenue | | | |
| Indigenous and Northerners Affairs Canada | \$ 3,140,296 | \$ 2,752,736 | \$ 4,141,876 |
| Taxation | 841,000 | 628,044 | 885,894 |
| Fisheries and Oceans Canada | 102,400 | 104,447 | 205,079 |
| Province of British Columbia | 120,475 | 623,655 | 372,368 |
| Human Resources and Skills Development Canada | 3,230 | 4,083 | 3,151 |
| Canada Mortgage and Housing Corporation | 172,500 | 171,955 | 178,729 |
| Health Canada | - | - | 30,036 |
| Rental Income | 425,000 | 384,954 | 408,429 |
| Interest and investment income | 80,000 | 78,169 | 59,233 |
| Other income | 2,774,708 | 6,434,640 | 4,766,055 |
| Skwlax Investments Inc. | - | 5,080,572 | 4,838,471 |
| Administration | 320,000 | 49 | (2,393) |
| | 7,979,609 | 16,263,304 | 15,886,928 |
| Expenses | | | |
| Administration | 1,621,895 | 2,032,229 | 1,698,860 |
| Membership | 2,635 | 2,635 | 2,793 |
| Education - Local Education Agreement | 312,145 | 398,410 | 242,819 |
| Education - Service Delivery | 67,310 | 66,521 | 66,819 |
| Education - University Program | 140,176 | 179,671 | 101,262 |
| Daycare | 269,255 | 225,221 | 234,598 |
| Health Transfer | 640,010 | 531,792 | 496,297 |
| Sewer System - IR #4 | - | 13,213 | - |
| MOTI - Capacity | - | 35,127 | - |
| Dental Services | 46,500 | 38,563 | 35,703 |
| Social Assistance | 505,480 | 510,462 | 525,902 |
| Youth Program | 59,217 | 72,617 | 71,760 |
| Shuswap Training & Employment Program | 44,009 | 37,200 | 58,873 |
| FNESC | 4,320 | 4,822 | 4,820 |
| Community Works and Services | 1,135,927 | 953,382 | 963,634 |
| Community Health Programs | 25,011 | 23,025 | 29,675 |
| Band Fisheries | 102,400 | 135,620 | 237,174 |
| Taxation - Commodity | 102,350 | 115,335 | 168,852 |
| Property Taxation | 317,000 | 196,484 | 87,882 |
| Lands & Resources | 216,500 | 28,382 | 99,878 |
| Lands - RLEMP | 143,565 | 143,565 | 95,205 |
| EM Proposal Writing | - | 9,249 | 1,097 |
| Housing Department | 251,900 | 188,923 | 162,681 |
| Strip Mall - Management | 37,950 | 43,062 | 24,720 |
| Drinking Water Safety Program | 31,688 | 2,637 | 26,536 |
| Forestry & Aboriginal Interests | 8,002 | 37,227 | 27,862 |
| ACRS - Group 2 | - | 4,314 | 783 |
| BC Hydro Tender Project | 21,475 | 24,243 | - |
| Gardening | - | 18,989 | 92,036 |
| Gas Bar | - | 2,114,456 | 1,888,968 |
| MARR - Secwepemc Development | - | 55,000 | - |
| Economic Development | 16,395 | 16,395 | 22,965 |
| Social Housing Fund | 419,000 | 338,941 | 382,206 |
| Skwlax Investments Inc. | - | 5,492,645 | 5,281,718 |
| Capital Fund repairs and maintenance | 131,158 | 341,157 | 485,156 |
| | 6,673,273 | 14,431,514 | 13,619,534 |
| Surplus for the year | \$ 1,306,336 | \$ 1,831,790 | \$ 2,267,394 |

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

Little Shuswap Lake Indian Band
Exhibit D - Consolidated Statement of Cash Flows

| For the year ended March 31 | 2016 | 2015 |
|---|---------------------|---------------------|
| Operating activities | | |
| Cash receipts from various sources | \$ 14,536,761 | \$ 16,956,488 |
| Cash paid to employees and suppliers | (13,353,175) | (11,907,482) |
| Interest paid | (145,724) | (187,398) |
| Interest earned | 78,169 | 59,233 |
| | <u>1,116,031</u> | <u>4,920,841</u> |
| Cash flows from operating activities | | |
| Investing activities | | |
| Purchase of capital assets | (979,240) | (2,333,390) |
| Increase (decrease) in investments | 266,839 | 195,974 |
| Change in restricted surplus | (4,718) | 1,346 |
| | <u>(717,119)</u> | <u>(2,136,070)</u> |
| Cash flows from investing activities | | |
| Financing activity | | |
| Repayment of long term debt, net of debt issuance | (352,552) | (370,239) |
| | <u>46,360</u> | <u>2,414,532</u> |
| Net increase in cash and cash equivalents | | |
| Cash and cash equivalents, beginning of year | <u>7,542,311</u> | <u>5,127,779</u> |
| Cash and cash equivalents, end of year | <u>\$ 7,588,671</u> | <u>\$ 7,542,311</u> |
| Represented by: | | |
| Cash | \$ 5,811,674 | \$ 5,942,954 |
| Restricted cash | 1,776,997 | 1,599,357 |
| | <u>\$ 7,588,671</u> | <u>\$ 7,542,311</u> |

Little Shuswap Lake Indian Band Summary of Significant Accounting Policies

March 31, 2016

Basis of Presentation

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for government entities, as defined in the CICA Public Sector Accounting and Auditing Handbook.

Reporting Entity and Principles

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

The financial statements consolidate the assets, liabilities and results of operations for the following non-incorporated entities:

The Little Shuswap Lake Indian Band, which include the Operating, Capital, Trust and Social Housing Funds, and the following incorporated entity:

Skwlax Investments Inc., which has a year end of December 31, 2015. All amounts that have been consolidated are as of the December 31, 2015 year end date.

Little Shuswap Lake Indian Band

Summary of Significant Accounting Policies

March 31, 2016

Reporting Entity and Principles (continued)

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 been necessarily eliminated on the individual schedules.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and bank balances, and lines of credit used for operating purposes.

Use of Estimates

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

Tangible Capital Assets

Tangible capital assets are stated at cost less accumulated amortization and are recorded in the Capital Fund. The acquisition costs of tangible capital assets and payments on capital debt, which are not funded from capital financing sources, are charged to operations through interfund transfers and matched with the applicable revenue source in the year of expenditure. Tangible capital asset acquisitions are also recorded as an addition to assets of the Capital Fund with a corresponding increase in equity in tangible capital assets.

Amortization is charged against tangible capital assets and equity in tangible capital assets on a straight-line basis at the following rates:

| | |
|-------------------------|----------------|
| Automotive equipment | 5 years |
| Buildings | 20 to 50 years |
| Computer Software | 3 years |
| Furniture and equipment | 5 years |
| Water systems | 15 to 25 years |
| Water wells | 20 years |

Little Shuswap Lake Indian Band Summary of Significant Accounting Policies

March 31, 2016

Revenue Recognition

Government grants and transfers, which include Federal funding agreements are recognized in the financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amount can be made. When the eligibility criteria is not met, transfers received are reflected as deferred revenue in the year of receipt and classified as such on the Consolidated Statement of Financial Position.

Rental revenue is recognized when a tenant commences occupancy and rent is due. For annual lease agreements the Little Shuswap Lake Indian Band retains all benefits and risks of ownership of its property and, therefore, accounts for leases with its tenants as operating leases.

The Little Shuswap Lake Indian Band, also has "sales type leases" where prepaid leases of 75 years were initiated. As the value of these leases approximates the fair value of a land purchases these prepaid amounts are recognized upon the signing and prepayment of the lease.

Ottawa Trust Funds

The Band uses the accrual method of accounting for Ottawa Trust Fund revenues earned in the Fund. Trust monies are recognized in revenue of the Band upon withdrawal from the Ottawa Trust Fund.

Little Shuswap Lake Indian Band

Notes to Consolidated Financial Statements

March 31, 2016

1. Economic Dependence

The Little Shuswap Lake Indian Band receives as part of its operational funding, a significant portion of its revenues pursuant to a funding arrangement with Indigenous and Northern Affairs Canada ("INAC") and other federal departments.

2. Cash

| | 2016 | 2015 |
|-------------------------|---------------------|---------------------|
| Operating | \$ 1,457,804 | \$ 5,388,768 |
| Short-term deposits | 3,507,625 | 7,489 |
| Skwlax Investments Inc. | 846,245 | 546,697 |
| | <u>\$ 5,811,674</u> | <u>\$ 5,942,954</u> |

The bank indebtedness is owed by Skwlax Investments Inc. (a wholly owned subsidiary of the Little Shuswap Lake Indian Band) in the form of a operating line of credit payable to the Bank of Montreal to a maximum of \$500,000 based on the concentrated bank accounts on a consolidated basis. As at March 31, 2016, \$ Nil (2015 - \$ Nil) of this credit facility was outstanding directly related to Skwlax Investments Inc.

Cash is held in three Canadian Chartered Banks and earns interest at the current prevailing rates for business operating accounts.

Little Shuswap Lake Indian Band

Notes to Consolidated Financial Statements

March 31, 2016

3. Restricted Cash

| | 2016 | 2015 |
|-------------------------|---------------------|---------------------|
| Ottawa Trust Funds | \$ 1,242,408 | \$ 1,173,012 |
| Social Housing reserves | 534,589 | 426,345 |
| | <u>\$ 1,776,997</u> | <u>\$ 1,599,357</u> |

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 Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. These funds are restricted in their use. The Band is permitted to use its revenue for any purpose that will promote the general progress and welfare of the Band and Band members. The expenditures of capital funds requires the consent of Indigenous and Northern Affairs Canada and generally must be for projects of a capital nature. Withdrawals of revenue or capital funds are recorded as revenue in the applicable fund where the monies are expended.

In order to provide for replacement of major capital items, the terms of the operating agreements between Little Shuswap Lake Indian Band and CMHC provide that a replacement reserve fund be established by annual charges to operations in amount prescribed by the agreements. Under these agreements, Little Shuswap Lake Indian Band is required to segregate annual transfers to reserve funds and interest earned on these funds from other cash. As at March 31, 2016, the replacement reserve was underfunded by \$47,287 and the operating surplus reserve was underfunded by \$65,994.

4. Accounts Receivable

Accounts receivable by program area is summarized as follows:

| | 2016 | 2015 |
|---------------------------------|---------------------|---------------------|
| Operating Fund | \$ 3,700,578 | \$ 2,597,258 |
| Allowance for doubtful accounts | (1,140,239) | \$ (980,676) |
| | <u>2,560,339</u> | <u>1,616,582</u> |
| Social Housing Fund | 14,102 | 14,419 |
| Skwlax Investments Inc | 65,465 | 215,848 |
| | <u>\$ 2,639,906</u> | <u>\$ 1,846,849</u> |

Little Shuswap Lake Indian Band

Notes to Consolidated Financial Statements

March 31, 2016

5. Investments

| | 2016 | 2015 |
|---------------------------------|-------------------|-------------------|
| Other Investments at cost | | |
| All Nations Trust Company | \$ 150,000 | \$ 150,000 |
| Horseshoe Bay Developments Inc. | 2 | 2 |
| | <u>\$ 150,002</u> | <u>\$ 150,002</u> |

The Shares in Skwlax Investments Inc. are held in Trust by specified band members under a trust agreement.

6. Accounts Payable

| | 2016 | 2015 |
|------------------------|-------------------|---------------------|
| Operating Fund | \$ 767,364 | \$ 999,141 |
| Skwlax Investments Inc | 217,184 | 285,596 |
| Social Housing Fund | 8,185 | 8,919 |
| | <u>\$ 992,733</u> | <u>\$ 1,293,656</u> |

7. Deferred Revenue

Deferred revenue represents funding received for programs/projects that were not completed during the year.

| | 2016 | 2015 |
|------------------------|---------------------|---------------------|
| Operating Fund | | |
| Deferred lease revenue | \$ 1,299,517 | \$ 1,235,075 |
| Damage Deposits | 7,179 | - |
| Capital Fund | | |
| Tappen Water | 638,193 | 1,485,396 |
| | <u>1,944,889</u> | <u>2,720,471</u> |
| Skwlax Investments Inc | 126,216 | 205,951 |
| | <u>\$ 2,071,105</u> | <u>\$ 2,926,422</u> |

Little Shuswap Lake Indian Band **Notes to Consolidated Financial Statements**

March 31, 2016

8. Long Term Debt

| | <u>2016</u> | <u>2015</u> |
|--|---------------------|---------------------|
| <u>Capital Fund</u> | | |
| All Nations Trust, demand loan, repayable in monthly instalments of \$2,589 including interest at 4.99% per annum, maturing <u>August 2017</u> | \$ 101,758 | \$ 127,041 |
| Bank of Montreal, demand loan, repayable in monthly instalments of \$10,551 including interest at 3.45% per annum, maturing <u>November 2022</u> | 2,109,563 | 1,701,740 |
| TD Canada Trust, demand loan, repaid during the year | - | 548,018 |
| Jacobson Ford Sales Ltd., demand loan, repaid during the year | - | 19,646 |
| Subtotal | <u>\$ 2,211,321</u> | <u>\$ 2,396,419</u> |

Little Shuswap Lake Indian Band

Notes to Consolidated Financial Statements

March 31, 2016

8. Long Term Debt (continued)

| | | |
|---|---------------------|---------------------|
| Subtotal | \$ 2,211,321 | \$ 2,396,419 |
| <u>Social Housing Fund</u> | | |
| All Nations Trust Company, mortgage, repayable in monthly instalments of \$947 including interest at 1.67% per annum, maturing June 2018 | 125,094 | 134,289 |
| All Nations Trust Company, mortgage, repayable in monthly instalments of \$1,680 including interest at 1.80% per annum, maturing October 2016 | 191,461 | 208,021 |
| All Nations Trust Company, mortgage, repayable in monthly instalments of \$2,486 including interest at 1.67% per annum, maturing June 2018 | 447,015 | 469,186 |
| All Nations Trust Company, mortgage, repayable in monthly instalments of \$1,822 including interest at 2.08% per annum, maturing February 2019 | 326,999 | 341,906 |
| All Nations Trust Company, mortgage, repayable in monthly instalments of \$1,402 including interest at 1.83% per annum, maturing December 2019 | 104,282 | 119,052 |
| All Nations Trust Company, mortgage, repayable in monthly instalments of \$1,844 including interest at 1.65% per annum, maturing June 2017 | 315,357 | 332,137 |
| All Nations Trust Company, mortgage, repayable in monthly instalments of \$3,015 including interest at 1.71% per annum, maturing September 2017 | 519,979 | 547,022 |
| All Nations Trust Company, mortgage, repayable in monthly instalments of \$3,377 including interest at 0.98% per annum, maturing March 2020 | 702,316 | 735,772 |
| All Nations Trust Company, mortgage, repayable in monthly instalments of \$1,804 including interest at 2.75% per annum, maturing February 2016 | 330,520 | 343,092 |
| | <u>3,063,023</u> | <u>3,230,477</u> |
| Total Loans Payable | <u>\$ 5,274,344</u> | <u>\$ 5,626,896</u> |

All Social Housing mortgages are secured by a Ministerial Guarantee from Indian and Northern Affairs Canada

The estimated principal repayments on the above long term debt required over the next five years are as follows:

| | |
|------------|---------------------|
| 2017 | \$ 425,399 |
| 2018 | 1,028,956 |
| 2019 | 927,030 |
| 2020 | 730,142 |
| 2021 | 2,151,504 |
| Thereafter | <u>11,313</u> |
| | <u>\$ 5,274,344</u> |

Little Shuswap Lake Indian Band

Notes to Consolidated Financial Statements

March 31, 2016

9. Tangible Capital Assets

| | 2016 | | 2015 | |
|-------------------------|----------------------|--------------------------|----------------------|--------------------------|
| | Cost | Accumulated Amortization | Cost | Accumulated Amortization |
| Automotive | \$ 943,156 | \$ (754,568) | \$ 873,114 | \$ (651,061) |
| Computer software | 282,927 | (227,652) | 282,927 | (178,707) |
| Water systems | 7,837,370 | (2,137,839) | 7,837,370 | (1,791,992) |
| Land improvements | 6,667,106 | - | 6,667,106 | - |
| Equipment | | | | |
| Furniture and equipment | 1,285,814 | (1,158,255) | 1,169,446 | (1,085,986) |
| Golf course equipment | 158,287 | (158,287) | 158,287 | (158,287) |
| Buildings | | | | |
| Buildings | 7,794,793 | (4,881,598) | 7,794,793 | (4,736,847) |
| Commercial strip mall | 643,776 | (218,884) | 643,776 | (206,008) |
| Golf course maintenance | 433,353 | (82,337) | 433,353 | (73,670) |
| Health centre | 2,195,222 | (263,427) | 2,195,222 | (219,522) |
| Water towers | 545,266 | (272,633) | 545,266 | (245,370) |
| Water wells | 267,426 | (63,314) | 267,426 | (49,942) |
| Work in Progress | 697,069 | - | - | - |
| | <u>29,751,565</u> | <u>(10,218,794)</u> | <u>28,868,086</u> | <u>(9,397,392)</u> |
| Social Housing | | | | |
| Buildings and equipment | 5,539,561 | (2,474,079) | 5,539,561 | (2,346,351) |
| Skwlax Investments Inc. | | | | |
| Automotive | 234,612 | (193,232) | 234,612 | (175,610) |
| Arts and Artifacts | 8,833 | - | 8,833 | - |
| Buildings | 6,754,356 | (2,382,191) | 6,726,606 | (2,213,717) |
| Computers | 125,815 | (116,570) | 115,815 | (113,100) |
| Equipment | 1,658,714 | (1,259,288) | 1,600,703 | (1,160,150) |
| Land Improvements | 420,285 | (420,285) | 420,285 | (420,285) |
| | <u>9,202,615</u> | <u>(4,371,566)</u> | <u>9,106,854</u> | <u>(4,082,862)</u> |
| | <u>\$ 44,493,741</u> | <u>\$ (17,064,439)</u> | <u>\$ 43,514,501</u> | <u>\$ (15,826,605)</u> |
| Net book value | | <u>\$ 27,429,302</u> | | <u>\$ 27,687,896</u> |

Little Shuswap Lake Indian Band Notes to Consolidated Financial Statements

March 31, 2016

9. Tangible Capital Assets (continued)

| | 2016 | | | | | | | | |
|--|------------------|----------------|-------------------------------|---------------|----------------------|--------------|----------------------|----------------------|---------------|
| | Water Systems | Water Wells | Furniture and Equipment | Buildings | Land Improvements | Automotive | Computer Software | Art and Artifacts | Total |
| Cost, beginning of year | \$ 7,837,370 | \$ 267,426 | \$ 2,926,816 | \$ 23,878,577 | \$ 7,087,392 | \$ 1,107,726 | \$ 400,361 | \$ 8,833 | \$ 43,514,501 |
| Additions | 697,069 | - | 174,379 | 27,750 | - | 70,042 | 10,000 | - | 979,240 |
| Disposals | | | | | | | | | |
| Cost, end of year | \$ 8,534,439 | \$ 267,426 | \$ 3,101,195 | \$ 23,906,327 | \$ 7,087,392 | \$ 1,177,768 | \$ 410,361 | \$ 8,833 | \$ 44,493,741 |
| Accumulated amortization, beginning of year | \$ 1,791,992 | \$ 49,942 | \$ 2,404,422 | \$ 10,041,447 | \$ 420,286 | \$ 826,708 | \$ 291,808 | \$ - | \$ 15,826,605 |
| Amortization | 345,847 | 13,371 | 171,408 | 533,664 | - | 121,129 | 52,415 | - | 1,237,834 |
| Accumulated amortization, end of year | \$ 2,137,839 | \$ 63,313 | \$ 2,575,830 | \$ 10,575,111 | \$ 420,286 | \$ 947,837 | \$ 344,223 | \$ - | \$ 17,064,439 |
| Net carrying amount, end of year | \$ 6,396,600 | \$ 204,113 | \$ 525,365 | \$ 13,331,216 | \$ 6,667,106 | \$ 229,931 | \$ 66,138 | \$ 8,833 | \$ 27,429,302 |

Little Shuswap Lake Indian Band Notes to Consolidated Financial Statements

March 31, 2016

9. Tangible Capital Assets (continued)

| | Water Systems | Water Wells | Furniture and Equipment | Buildings | Improvements | Land | Automotive | Computer Software | Art and Artifacts | Total |
|--|------------------|----------------|-------------------------------|--------------|--------------|-----------|-------------|----------------------|----------------------|---------------|
| Cost, beginning of year | \$5,797,963 | \$267,426 | \$2,836,579 | \$23,802,152 | \$ | 7,087,392 | \$1,064,959 | \$ 315,807 | \$ 8,833 | \$ 41,181,111 |
| Additions | 2,039,407 | - | 90,237 | 76,425 | | - | 42,767 | 84,554 | - | 2,333,390 |
| Cost, end of year | \$7,837,370 | \$267,426 | \$2,926,816 | \$23,878,577 | \$ | 7,087,392 | \$1,107,726 | \$ 400,361 | \$ 8,833 | \$ 43,514,501 |
| Accumulated amortization, beginning of year | \$1,527,721 | \$ 36,571 | \$2,267,877 | \$ 9,503,751 | \$ | 418,798 | \$ 711,517 | \$ 268,591 | \$ - | \$ 14,734,826 |
| Amortization | 264,271 | 13,371 | 136,545 | 537,696 | | 1,488 | 115,191 | 23,217 | - | 1,091,779 |
| Accumulated amortization, end of year | \$1,791,992 | \$ 49,942 | \$2,404,422 | \$10,041,447 | \$ | 420,286 | \$ 826,708 | \$ 291,808 | \$ - | \$ 15,826,605 |
| Net carrying amount, end of year | \$ 6,045,378 | \$217,484 | \$ 522,394 | \$13,837,130 | \$ | 6,667,106 | \$ 281,018 | \$ 108,553 | \$ 8,833 | \$ 27,687,896 |

2015

Little Shuswap Lake Indian Band

Notes to Consolidated Financial Statements

March 31, 2016

10. Accumulated Surplus

| | 2016 | 2015 |
|--------------------------------------|----------------------|----------------------|
| Operating surplus | \$ 3,906,703 | \$ 2,082,623 |
| Equity in capital assets | 23,877,460 | 23,783,532 |
| Equity in replacement reserve | 647,870 | 546,572 |
| Equity in Ottawa trust | 1,242,408 | 1,173,012 |
| Equity in replacement reserve health | 10,274 | 14,992 |
| Restricted surplus | 50,002 | 50,002 |
| | <u>\$ 29,734,717</u> | <u>\$ 27,650,733</u> |

11. Federal Assistance Payments

The Little Shuswap Lake Indian Band Housing Project has received federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 56-1 of the *National Housing Act* to reduce mortgage interest expense to 2% to enable the project to provide housing to low income individuals. The amount of the assistance received through March 31, 2016 was \$178,729 (2015 - \$179,925). This assistance will continue, providing the Band is not in default of the agreement.

12. Replacement Reserve

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the Replacement Reserve account is to be credited annually in the amount of \$44,267. These funds along with accumulating interest are to be held in a separate bank account. The funds in this account may only be used as approved by Canada Mortgage and Housing Corporation. Withdrawals are credited to interest first and then principal. As at March 31, 2016 the Little Shuswap Lake Indian Band has underfunded these reserves by \$47,287.

13. Commitments and Contingent Liabilities

The council has no guaranteed loans for Band members for the year ended March 31, 2016.

14. Employee Benefits

The Group has a defined contribution plan providing pension benefits to certain of its employees. The pension cost charge represents contributions payable by the Group to the plans and amount to for the year ended March 31, 2016 \$46,219 (2015 - \$58,129)

Little Shuswap Lake Indian Band

Notes to Consolidated Financial Statements

March 31, 2016

15. Expenses by Type

| | 2016 | 2015 |
|--------------------------------------|----------------------|----------------------|
| Advertising | \$ 30,666 | \$ 15,661 |
| Amortization | 1,237,873 | 1,091,779 |
| Automotive | 28,779 | 41,489 |
| Bad debts (recovery) | 249,452 | (92,600) |
| Bank charges | 47,675 | 22,416 |
| Capital Fund repairs and maintenance | 341,157 | 485,156 |
| Contract services | 515,314 | 641,763 |
| Donations | 23,404 | 1,855 |
| Equipment rental | 13,681 | 14,753 |
| Honoraria | 12,135 | 12,915 |
| Insurance | 157,220 | 140,485 |
| Interest | 145,724 | 187,398 |
| Licenses and dues | 31,978 | 22,515 |
| Local education agreement | 398,410 | 238,360 |
| Materials and supplies | 4,620,275 | 4,390,809 |
| Meetings | 13,162 | 24,513 |
| Office and miscellaneous | 226,450 | 327,305 |
| Patient transportation | 30,900 | 35,594 |
| Professional fees | 289,965 | 250,617 |
| Program expenses | 509,885 | 487,533 |
| Repairs and maintenance | 300,431 | 136,390 |
| Replacement reserve | 54,203 | 50,269 |
| Salaries and benefits | 4,568,745 | 4,577,319 |
| Social assistance | 48,702 | 53,943 |
| Student allowance and transportation | 112,330 | 63,138 |
| Telephone | 1,214 | 1,000 |
| Training | 125,705 | 92,647 |
| Travel and accommodation | 60,055 | 25,421 |
| Utilities | 236,024 | 279,091 |
| | \$ 14,431,514 | \$ 13,619,534 |

Little Shuswap Lake Indian Band

Notes to Consolidated Financial Statements

March 31, 2016

16. Segment Disclosure

The Little Shuswap Lake Indian Band is a diversified First Nations organization that provides a wide range of services to its members. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

Administration

This item relates to the revenues and expenses that relate to the operations of the Little Shuswap Lake Indian Band itself and cannot be directly attributed to specific segment.

Community Welfare

This service area provides services to help the Members by providing a variety of programs, community services and social assistance.

Operations and Maintenance

This service area provides services relating to the development, maintenance and service of the Little Shuswap Lake Indian Band's assets, infrastructure and common property.

Education

This service area provides educational services through the operations of elementary, secondary and post secondary education support and the operations of various other educational programs. The goal of this segment is to enhance the educational opportunities of the Little Shuswap Lake Indian Band's Members.

Economic Development

This service area provides for the development of economic opportunities to the Members.

Health Services

This service area provides for health-related services and programs to the Members.

Social Housing

This service area provides for social housing to the Members.

Natural Resource Management

This service area includes exploration of natural resources and development of natural resource revenues.

Capital

This service area provides for the development of new capital projects and infrastructure programs on the reserve.

Little Shuswap Lake Indian I

Notes to Consolidated Financial Stat

31, 2016

Segment Disclosure (continued)

2016

| | Administration | Community Welfare | Operations & Maintenance | Education | Economic Development | Health Services | Social Housing | Natural Resource Management | Skwllax Investments Inc. | Capital | T |
|-------------------|----------------|-------------------|--------------------------|--------------|----------------------|-----------------|----------------|-----------------------------|--------------------------|------------|--------------|
| Revenue | | | | | | | | | | | |
| AANDC | \$ 339,681 | \$ 540,238 | \$ 245,125 | \$ 533,229 | \$ 24,516 | \$ - | \$ - | \$ 143,565 | \$ - | \$ 927,689 | \$ 2,754,411 |
| Other | 70,208 | 1,890 | 2,237,326 | 71,229 | 62,733 | 1,049,951 | 576,114 | 4,359,238 | 5,080,572 | - | 13,509,000 |
| | 409,889 | 542,128 | 2,482,451 | 604,458 | 87,249 | 1,049,951 | 576,114 | 4,502,803 | 5,080,572 | 927,689 | 16,263,411 |
| Expenses | | | | | | | | | | | |
| Payroll | 222,792 | 321,136 | 475,425 | 54,321 | 44,617 | 465,351 | 20,078 | 226,149 | 2,431,984 | 70,376 | 4,332,000 |
| Other | 960,939 | 664,108 | 2,165,007 | 651,293 | 34,998 | 428,504 | 380,058 | 533,806 | 2,771,918 | 270,781 | 8,861,000 |
| Amortization | 821,402 | - | - | - | - | - | 127,728 | - | 288,743 | - | 1,237,000 |
| | 2,005,133 | 985,244 | 2,640,432 | 705,614 | 79,615 | 893,855 | 527,864 | 759,955 | 5,492,645 | 341,157 | 14,431,100 |
| Surplus (deficit) | \$ (1,595,244) | \$ (443,116) | \$ (157,981) | \$ (101,156) | \$ 7,634 | \$ 156,096 | \$ 48,250 | \$ 3,742,848 | \$ (412,073) | \$ 586,532 | \$ 1,831,100 |

2015

| | Administration | Community Welfare | Operations & Maintenance | Education | Economic Development | Health Services | Social Housing | Natural Resource Management | Skwllax Investments Inc. | Capital | T |
|-------------------|----------------|-------------------|--------------------------|-------------|----------------------|-----------------|----------------|-----------------------------|--------------------------|--------------|--------------|
| Revenue | | | | | | | | | | | |
| AANDC | \$ 324,892 | \$ 552,232 | \$ 245,734 | \$ 397,773 | \$ 16,709 | \$ - | \$ - | \$ 95,205 | \$ - | \$ 2,509,331 | \$ 4,141,800 |
| Other | 72,541 | 40,249 | 2,064,837 | 144,708 | 30,660 | 952,515 | 637,664 | 3,130,262 | 4,838,471 | (166,855) | 11,745,000 |
| | 397,433 | 592,481 | 2,310,571 | 542,481 | 47,369 | 952,515 | 637,664 | 3,225,467 | 4,838,471 | 2,342,476 | 15,886,500 |
| Expenses | | | | | | | | | | | |
| Payroll | 390,532 | 248,468 | 503,737 | 98,690 | 60,814 | 526,523 | 25,058 | 238,216 | 2,285,798 | 21,729 | 4,399,000 |
| Other | 622,267 | 664,935 | 1,954,787 | 467,938 | 37,544 | 368,046 | 386,779 | 478,343 | 2,684,125 | 463,427 | 8,128,000 |
| Amortization | 646,933 | - | - | - | - | - | 133,050 | - | 311,795 | - | 1,091,000 |
| | 1,659,732 | 913,403 | 2,458,524 | 566,628 | 98,358 | 894,569 | 544,887 | 716,559 | 5,281,718 | 485,156 | 13,619,000 |
| Surplus (deficit) | \$ (1,262,299) | \$ (320,922) | \$ (147,953) | \$ (24,147) | \$ (50,989) | \$ 57,946 | \$ 92,777 | \$ 2,508,908 | \$ (443,247) | \$ 1,857,320 | \$ 2,267,300 |