

Little Shuswap Lake Indian Band
Consolidated Financial Statements
For the year ended March 31, 2019

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Management's Responsibility for Financial Reporting

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

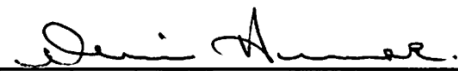
The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it 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 take 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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Kamloops BC V2C 6J3 Canada

Independent Auditor's Report

To the Chief and Council of Little Shuswap Lake Indian Band

Qualified Opinion

We have audited the consolidated financial statements of Little Shuswap Lake Indian Band (the Band), which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of change in net financial assets, operations and cashflows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of Little Shuswap Lake Indian Band as at March 31, 2019 and the results of its operations, change in net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

As noted in the Summary of Significant Accounting Policies regarding tangible capital assets, the Social Housing tangible capital assets are required by Canada Mortgage and Housing Corporation to be amortized at a rate equivalent to the annual principal reduction of the related long term debt. This amortization policy is not in accordance with Canadian public sector accounting standards, which require that tangible capital assets be amortized over their estimated useful lives. The effect of this departure has not been determined on the net book value of tangible capital assets as at March 31, 2019 and 2018, the related amortization expense and annual surplus for the year ended March 31, 2019 and 2018 and equity in tangible capital assets as at April 1 and March 31 for both the 2019 and 2018 years.

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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector 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.

In preparing the consolidated financial statements, management is responsible for assessing the Band's ability to continue as a going concern, disclosing, as applicable, matters related 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group 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.

A handwritten signature in black ink, appearing to read 'BDO Chartered Professional Accountants'.

Chartered Professional Accountants

**Kamloops, British Columbia
August 13, 2019**

Little Shuswap Lake Indian Band

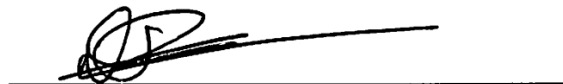
Exhibit A - Consolidated Statement of Financial Position

As at March 31	2019	2018
		(Restated)
Financial Assets		
Cash (Note 2)	\$ 3,688,963	\$ 10,457,986
Temporary investments (Note 3)	6,353,726	-
Restricted cash (Note 4)	1,523,757	1,957,335
Accounts receivable (Note 5)	1,869,557	1,755,921
Inventory held for resale (Note 6)	323,233	332,451
Portfolio investments (Note 8)	2,650,002	150,002
	<u>16,409,238</u>	<u>14,653,695</u>
Liabilities		
Accounts payable (Note 9)	1,270,460	1,139,794
Deferred revenue (Note 10)	1,489,269	1,939,610
Long term debt (Note 11)	4,523,065	4,767,043
	<u>7,282,794</u>	<u>7,846,447</u>
Net Asset	<u>9,126,444</u>	<u>6,807,248</u>
Non-financial Assets		
Prepaid expense	44,329	57,544
Tangible capital assets (Note 12)	25,204,578	25,698,502
	<u>25,248,907</u>	<u>25,756,046</u>
Accumulated Surplus (Note 13)	<u>\$ 34,375,351</u>	<u>\$ 32,563,294</u>

Approved on behalf of the Band Council:



Chief Councilor



Band Administrator

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

For the year ended March 31	Budget	2019	2018
			(Restated)
Annual surplus - Exhibit C	\$ -	\$ 2,006,089	\$ 1,585,700
Purchases of tangible capital assets	-	(643,860)	(299,879)
Amortization of tangible capital assets	-	1,137,785	1,128,632
	-	493,925	828,753
Change in prepaid expense	-	13,215	(3,807)
Equity change in Ottawa Trust	-	31,806	36,916
Change in reserves	-	(65)	1,896
Equity change in funded reserves	-	(4,509)	3,741
Change on consolidation of investment	-	(221,265)	(35,936)
Transfer to operating reserve	-	-	22,073
	-	(194,033)	28,690
Increase in net assets	-	2,319,196	2,439,336
Net assets, beginning of year	6,807,248	6,807,248	4,367,912
Net assets, end of year	\$ 6,807,248	\$ 9,126,444	\$ 6,807,248

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

For the year ended March 31	Budget	2019	2018
			(Restated)
Revenue			
Indigenous Services Canada	\$ -	\$ 2,910,312	\$ 2,370,526
Taxation	-	1,071,287	893,059
Fisheries and Oceans Canada	-	83,876	54,900
Province of British Columbia	-	2,742,950	3,592,490
Human Resources and Skills Development Canada	-	13,804	3,193
Canada Mortgage and Housing Corporation	-	170,202	168,232
Rental income	-	477,807	435,277
Interest and investment income	-	106,909	96,575
Other income	-	4,995,794	3,887,845
Skwlax Holdings Inc.	-	10,421,369	9,082,726
	-	22,994,310	20,584,823
Expenses (Note 15)			
Administration	-	2,301,554	1,909,694
Membership	-	2,995	4,957
Education - Local Education Agreement	-	376,657	333,296
Education - Service Delivery	-	201,082	113,281
Education - University Program	-	198,061	131,290
Daycare	-	312,269	354,308
Health Transfer	-	663,604	610,971
Sewer System - IR #4	-	76,737	24,971
MOTI - Capacity	-	436,987	567,379
Dental Services	-	18,603	31,857
Social Assistance	-	752,755	563,834
Youth Program	-	67,148	66,895
Shuswap Training & Employment Program	-	29,993	33,590
FNESC	-	8,091	40,122
Community Works and Services	-	1,088,720	971,055
Community Health Programs	-	26,790	25,006
Band Fisheries	-	104,531	104,332
Taxation - Commodity	-	221,482	149,189
Property Taxation	-	239,306	221,727
Lands - RLEMP	-	172,689	144,628
BC Rural Dividend Program	-	40,972	19,180
EM Proposal Writing	-	50,783	11,345
Housing Department	-	221,481	287,356
Strip Mall - Management	-	86,563	47,452
Forestry & Aboriginal Interests	-	690,016	701,266
ACRS - Group 2	-	32,684	7,547
Gardening	-	7,878	8,823
	-	2,975	3,948
Economic Development	-	302,482	185,694
SAID Training	-	213,031	327,804
Columbia River Treaty	-	4,301	701
Social Housing Fund	-	408,267	436,066
Skwlax Holdings Inc.	-	10,669,128	9,478,007
Subtotal Expenses	-	\$ 20,030,615	\$ 17,917,571

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

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

For the year ended March 31	Budget	2019	2018
Revenue carried forward	\$ -	\$ 22,994,310	\$ 20,584,823
Expenses carried forward	-	\$ 20,030,615	\$ 17,917,571
Chase West	-	60,771	7,893
Corridor Wide Agreement	-	65,475	61,971
Trans Mountain Pipeline	-	98,129	6,144
Salmon Arm West	-	-	-
Capital Fund repairs and maintenance	-	691,946	941,466
Arms	-	-	21,467
Clean Energy and Feasibility	-	-	307
North Fork Bridge	-	-	12,304
Health	-	5,254	30,000
	-	36,031	-
	-	20,988,221	18,999,123
Surplus for the year	-	2,006,089	1,585,700
Surplus, beginning of the year	-	32,563,294	30,977,594
Transfer	-	(194,032)	-
Surplus, end of year	\$ -	\$ 34,375,351	\$ 32,563,294

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

Little Shuswap Lake Indian Band

Exhibit D - Consolidated Statement of Cash Flows

For the year ended March 31	2019	2018
		(Restated)
Operating activities		
Cash receipts from various sources	\$ 18,889,047	\$ 20,025,162
Cash from taxation	1,071,287	893,059
Cash paid to employees and suppliers	(23,573,152)	(17,346,688)
Interest paid	(124,185)	(40,261)
Interest earned	106,909	96,575
Cash flows from operating activities	(3,630,094)	3,627,847
Capital activity		
Purchase of capital assets	(643,715)	(299,880)
Investing activities		
Purchases of investments	(2,680,305)	(41,309)
Change in restricted surplus	(4,509)	3,741
Cash flows from investing activities	(3,328,529)	(337,448)
Financing activity		
Repayment of long term debt	(243,978)	(252,972)
Net increase (decrease) in cash and cash equivalents	(7,202,601)	3,037,427
Cash and cash equivalents, beginning of year	12,415,321	9,377,894
Cash and cash equivalents, end of year	\$ 5,212,720	\$ 12,415,321
Represented by:		
Cash	\$ 3,688,963	\$ 10,457,986
Restricted cash	1,523,757	1,957,335
	\$ 5,212,720	\$ 12,415,321

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

Little Shuswap Lake Indian Band

Summary of Significant Accounting Policies

March 31, 2019

Basis of Presentation	These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards.
Reporting Entity and Principles	<p>The reporting entity includes the Little Shuswap Lake Indian Band (the "Band") and all related entities which are accountable to the Band and are either owned or controlled by the Band.</p> <p>The financial statements consolidate the assets, liabilities and results of operations for the following incorporated entities:</p> <p>The Little Shuswap Lake Indian Band, which include the Operating, Capital, Trust and Social Housing Funds, and the following incorporated entity:</p> <p>Skwlax Holdings Inc., which has a year end of December 31, 2018. All amounts that have been consolidated are as of the December 31, 2018 year end date.</p> <p>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.</p>
Cash	Cash 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.

Little Shuswap Lake Indian Band

Summary of Significant Accounting Policies

March 31, 2019

Inventory All inventories are valued at the lower of cost and net realizable value, as determined on a first in first out basis.

Tangible Capital Assets Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital assets including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Tangible capital assets acquired as part of the Social Housing Fund are recorded in that fund. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded at revenue.

Amortization is provided over the estimated useful lives of the tangible capital asset as follows:

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

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.

Taxation revenue is recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts.

All other revenue is recognized in the period in which the events that give rise to the revenue occurs

Little Shuswap Lake Indian Band

Notes to Consolidated Financial Statements

March 31, 2019

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, 2019

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 Services Canada ("ISC") and other federal departments.

2. Cash

	2019	2018
Operating	\$ 2,705,976	\$ 9,130,876
Short-term deposits	7,691	7,647
Skwlax Holdings Inc.	975,296	1,319,463
	\$ 3,688,963	\$ 10,457,986

The bank indebtedness is owed by Skwlax Holdings 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, 2019, \$ Nil (2018 - \$ Nil) of this credit facility was outstanding directly related to Skwlax Holdings Inc.

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

3. Temporary Investments

Temporary investments are recorded at cost, unless the market value of temporary investments has declined below cost, in which case they are written down to market value

	2019	2018
RBC wealth management - Canada	\$ 403,518	\$ -
RBC wealth management - US	5,950,208	-
	\$ 6,353,726	\$ -

Little Shuswap Lake Indian Band

Notes to Consolidated Financial Statements

March 31, 2019

4. Restricted Cash

	2019	2018
Ottawa Trust Funds	\$ 1,335,647	\$ 1,303,841
Social Housing reserves	188,110	653,494
	\$ 1,523,757	\$ 1,957,335

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.

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, 2019, the replacement reserve was underfunded by \$29,040 and the operating surplus reserve was underfunded by \$40,994.

5. Accounts Receivable

Accounts receivable by program area is summarized as follows:

	2019	2018
Operating Fund	\$ 2,431,596	\$ 2,260,525
Allowance for doubtful accounts	(667,317)	\$ (626,178)
	1,764,279	1,634,347
Social Housing Fund	-	14,023
Skwlax Holdings Inc.	105,278	107,551
	\$ 1,869,557	\$ 1,755,921

Little Shuswap Lake Indian Band

Notes to Consolidated Financial Statements

March 31, 2019

6. Inventory

	2019	2018
Golf	\$ 86,001	\$ 76,145
Spa	3,008	4,189
Bar and restaurant	74,626	63,965
Gas station fuel	72,000	66,838
Gas station tobacco	46,979	7,720
Gas station store	40,619	43,494
Total inventory	<u>\$ 323,233</u>	<u>\$ 262,351</u>

7. Fiscal Plan

Canadian public sector accounting standards requires that the Band's budget be presented in the financial statements. As the band currently does not prepare a budget, no budgeted figures have been presented as otherwise required.

Little Shuswap Lake Indian Band

Notes to Consolidated Financial Statements

March 31, 2019

8. Portfolio Investments

	2019	2018
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>

9. Accounts Payable

	2019	2018
Trade Payables	\$ 877,899	\$ 812,459
Skwlax Holdings Inc.	384,703	358,471
Social Housing Fund	7,857	7,857
	<u>\$ 1,270,459</u>	<u>\$ 1,178,787</u>

10. Deferred Revenue

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

	2019	2018
Deferred lease revenue	\$ 1,246,230	\$ 1,273,897
Damage Deposits	10,371	9,011
Tappen Water	-	50,000
Indigenous Services Canada - ICMS 9-00126732 1/2 Sub Twhs	-	391,780
	<u>1,256,601</u>	<u>1,724,688</u>
Skwlax Holdings Inc.	<u>232,668</u>	<u>214,922</u>
	<u>\$ 1,489,269</u>	<u>\$ 1,939,610</u>

Little Shuswap Lake Indian Band

Notes to Consolidated Financial Statements

March 31, 2019

11. Long Term Debt

	2019	2018
All Nations Trust Company, demand loan, repayable in monthly instalments of \$2,589 including interest at 4.99% per annum, maturing August 2022	\$ 17,849	\$ 47,222
Bank of Montreal, demand loan, repayable in monthly instalments of \$10,551 including interest at 3.45% per annum, maturing November 2022	1,968,194	2,005,635
All Nations Trust Company, mortgage, repayable in monthly instalments of \$947 including interest at 1.67% per annum, maturing June 2018	-	106,225
All Nations Trust Company, mortgage, repayable in monthly instalments of \$1,619 including interest at 1.03% per annum, maturing October 2021	138,696	156,602
All Nations Trust Company, mortgage, repayable in monthly instalments of \$1,798 including interest at 1.30% per annum, maturing June 2022	262,540	280,585
All Nations Trust Company, mortgage, repayable in monthly instalments of \$3,043 including interest at 1.84% per annum, maturing September 2022	436,333	464,565
All Nations Trust Company, mortgage, repayable in monthly instalments of \$1,402 including interest at 1.83% per annum, maturing December 2019	58,306	73,910
All Nations Trust Company, mortgage, repayable in monthly instalments of \$2,486 including interest at 1.67% per annum, maturing June 2018	379,219	401,500
All Nations Trust Company, mortgage, repayable in monthly instalments of \$1,822 including interest at 2.08% per annum, maturing February 2019	280,328	296,195
All Nations Trust Company, mortgage, repayable in monthly instalments of \$3,377 including interest at 0.98% per annum, maturing March 2020	599,900	634,368
All Nations Trust Company, mortgage, repayable in monthly instalments of \$1,527 including interest at 1.01% per annum, maturing February 2021	284,868	300,236
All Nations Trust Company, mortgage, repayable in monthly instalments of \$985 including interest at 2.50% per annum, maturing June 2023	96,832	-
Total Loans Payable	\$ 4,523,065	\$ 4,767,043

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

The estimated principal repayments required over the next five years are as follows:

2020	\$ 298,836
2021	1,011,082
2022	264,741
2023	672,956
2024	2,275,810
	<u>\$ 4,523,425</u>

Little Shuswap Lake Indian Band

Notes to Consolidated Financial Statements

March 31, 2019

12.. Tangible Capital Assets

2019

	Water Systems	Water Wells	Furniture and Equipment	Buildings	Land Improvement s	Automotive	Computer Software	Art and Artifacts	Total
Cost, beginning of year	\$8,534,439	\$ 267,426	\$ 3,300,378	\$ 24,068,792	\$ 7,127,095	\$1,343,207	\$ 490,007	\$10,546	\$ 45,141,890
Additions	-	-	67,683	147,304	7,583	53,903	21,694	1,711	299,878
Cost, end of year	\$8,534,439	\$ 267,426	\$ 3,368,061	\$ 24,216,096	\$ 7,134,678	\$1,397,110	\$ 511,701	\$12,257	\$ 45,441,768
Accumulated amortization, beginning of year	\$2,829,533	\$ 90,055	\$ 2,923,044	\$ 11,628,805	\$ 437,078	\$1,269,718	\$ 453,080	\$ -	\$ 19,631,313
Amortization	345,847	13,371	203,227	524,565	8,396	197,054	64,273	-	1,356,733
Accumulated amortization, end of year	\$3,175,380	\$ 103,426	\$ 3,126,271	\$ 12,153,370	\$ 445,474	\$1,466,772	\$ 517,353	\$ -	\$ 20,988,046
Net carrying amount, end of year	\$5,359,059	\$ 164,000	\$ 241,790	\$ 12,062,726	\$ 6,689,204	\$ (69,662)	\$ (5,652)	\$12,257	\$ 24,453,722

Little Shuswap Lake Indian Band

Notes to Consolidated Financial Statements

March 31, 2019

12. Tangible Capital Assets (continued)

2018

	Water Systems	Water Wells	Furniture and Equipment	Buildings	Land Improvements	Automotiv e	Computer Software	Art and Artifacts	Total
Cost, beginning of year	\$8,534,439	\$267,426	\$3,232,695	\$23,921,488	\$7,119,512	\$1,289,304	\$468,313	\$8,835	\$44,842,012
Additions		-	67,683	147,304	7,583	53,903	21,694	1,711	299,878
Cost, end of year	\$8,534,439	\$267,426	\$3,300,378	\$24,068,792	\$7,127,095	\$1,343,207	\$490,007	\$10,546	\$45,141,890
Accumulated amortization, beginning of year	\$2,483,686	\$76,684	\$2,719,817	\$11,104,240	\$428,682	\$1,072,664	\$388,807	\$-	\$18,274,580
Amortization	345,847	13,371	203,227	524,565	8,396	197,054	64,273	-	1,356,733
Accumulated amortization, end of year	\$2,829,533	\$90,055	\$2,923,044	\$11,628,805	\$437,078	\$1,269,718	\$453,080	\$-	\$19,631,313
Net carrying amount, end of year	\$5,704,906	\$177,371	\$377,334	\$12,439,987	\$6,690,017	\$73,489	\$36,927	\$10,546	\$25,510,577

Little Shuswap Lake Indian Band

Notes to Consolidated Financial Statements

March 31, 2019

13. Accumulated Surplus

	2019	2018
Operating surplus	\$ 8,372,124	\$ 8,141,780
Equity in replacement reserve assets	14,378	14,378
Equity in capital assets	23,980,338	22,425,858
Equity in replacement reserve -CMHC	618,330	618,394
Equity in Ottawa trust	1,335,647	1,303,841
Equity in replacement reserve - health	4,532	9,041
Restricted surplus	50,002	50,002
	\$ 34,375,351	\$ 32,563,294

14. 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, 2019 was \$178,729 (2018 - \$178,729). This assistance will continue, providing the Band is not in default of the agreement.

15. 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, 2019 the Little Shuswap Lake Indian Band has underfunded these reserves by \$38,308.09.

16. Commitments and Contingent Liabilities

The council has no guaranteed loans for Band members for the year ended March 31, 2019.

17. Employee Benefits

The Group has a pension and RRSP matching plan providing benefits to certain of its employees. The cost charge represents contributions paid to the plans and amount to for the year ended March 31, 2019 \$157,490 (2018 - \$162,457)

Little Shuswap Lake Indian Band

Notes to Consolidated Financial Statements

March 31, 2019

18. Expenses by object

	2019	2018
Advertising	\$ 39,303	\$ 26,712
Amortization	1,137,785	1,128,632
Automotive	35,180	33,009
Bad debts (recovery)	58,960	34,346
Bank charges	35,897	26,583
Capital Fund repairs and maintenance	691,946	941,466
Contract services	1,079,540	1,079,415
Donations	8,394	5,652
Equipment rental	49,160	113,680
Honoraria	16,726	34,437
Insurance	158,802	169,176
Interest	124,185	114,748
Licenses and dues	27,700	46,428
Local education agreement	410,404	333,296
Materials and supplies	6,987,465	5,941,963
Meetings	45,293	31,748
Office and miscellaneous	332,748	183,846
Patient transportation	34,164	39,572
Professional fees	1,162,603	829,864
Program expenses	729,219	625,551
Repairs and maintenance	426,676	571,851
Replacement reserve	38,089	70,167
Salaries and benefits	6,694,548	5,973,466
Social assistance	59,899	58,587
Student allowance and transportation	95,473	84,714
Telephone	3,134	4,402
Training	108,811	154,237
Travel and accommodation	169,422	106,354
Utilities	226,695	235,221
	\$ 20,988,221	\$ 18,999,123

Little Shuswap Lake Indian Band

Notes to Consolidated Financial Statements

March 31, 2019

19. 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 a 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 Band Notes to Consolidated Financial Statements

March 31, 2019

18. Segment Disclosure (continued)

2019

	Administratio n	Community Welfare	Operations & Maintenance	Education	Economic Development	Health Services	Social Housing	Natural Resource Management	Skwlax Holdings Inc.	Capital	Total
Revenue											
INAC	\$ 349,022	\$ 769,484	\$ 243,514	\$ 656,519	\$ 20,971	\$ -	\$ -	\$ 167,465	\$ -	\$ 703,863	\$ 2,910,838
Other	386,828	298,818	102,451	41,664	84,982	1,391,875	698,220	6,657,265	10,421,369	-	20,083,472
	735,850	1,068,302	345,965	698,183	105,953	1,391,875	698,220	6,824,730	10,421,369	703,863	22,994,310
Expenses											
Payroll	800,210	119,745	574,426	167,042	80,530	657,746	88,281	687,625	3,530,859	-	6,706,464
Other	764,844	973,896	511,437	651,033	288,758	475,640	428,461	1,520,994	6,836,963	691,946	13,143,972
Amortization	723,473	-	-	-	-	-	113,006	-	301,306	-	1,137,785
	2,288,527	1,093,641	1,085,863	818,075	369,288	1,133,386	629,748	2,208,619	10,669,128	691,946	20,988,221
Surplus (deficit)	\$ (1,552,677)	\$ (25,339)	\$ (739,898)	\$ (119,892)	\$ (263,335)	\$ 258,489	\$ 68,472	\$ 4,616,111	\$ (247,759)	\$ 11,917	\$ 2,006,089

2018

	Administratic n	Community Welfare	Operations & Maintenance	Education	Economic Development	Health Services	Social Housing	Natural Resource Management	Skwlax Holdings Inc.	Capital	Total
Revenue											
INAC	\$ 318,760	\$ 570,918	\$ 205,047	\$ 393,187	\$ 29,969	\$ -	\$ -	\$ 143,565	\$ -	\$ 709,080	\$ 2,370,526
Other	350,092	9,805	74,820	107,661	-	1,250,564	627,925	6,524,423	9,082,726	186,281	18,214,297
	668,852	580,723	279,867	500,848	29,969	1,250,564	627,925	6,667,988	9,082,726	895,361	20,584,823
Expenses											
Payroll	241,419	237,145	257,264	113,869	2,070	663,522	83,834	739,455	3,266,669	-	5,605,247
Other	966,372	776,662	318,816	541,706	194,969	460,341	521,873	1,635,755	5,907,284	941,466	12,265,244
Amortization	706,864	-	-	-	-	-	117,714	-	304,054	-	1,128,632
	1,914,655	1,013,807	576,080	655,575	197,039	1,123,863	723,421	2,375,210	9,478,007	941,466	18,999,123
Surplus (deficit)	\$ (1,245,803)	\$ (433,084)	\$ (296,213)	\$ (154,727)	\$ (167,070)	\$ 126,701	\$ (95,496)	\$ 4,292,778	\$ (395,281)	\$ (46,105)	\$ 1,585,700

Little Shuswap Lake Indian Band

Notes to Consolidated Financial Statements

March 31, 2019

20. Prior Period Adjustment

During the year, amounts in the prior year financial statements have been amortized using incorrect rates. As a result, capital assets in the prior year have increased by \$187,924, amortization expenses have decreased by \$228,102, and accumulated surplus has decreased by \$40,178.