

**SIMPCW FIRST NATION**

**FINANCIAL STATEMENTS**

**March 31, 2017**

**SIMPCW FIRST NATION**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2017**

EXHIBIT

CONSOLIDATED FINANCIAL STATEMENTS:

|    |  |
|----|--|
| A  | MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING      |
| A1 | INDEPENDENT AUDITORS' REPORT                             |
| A2 | CONSOLIDATED STATEMENT OF FINANCIAL POSITION             |
| A3 | CONSOLIDATED STATEMENT OF ACCUMULATED SURPLUS            |
| A4 | CONSOLIDATED STATEMENT OF OPERATIONS                     |
| A5 | CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES |
| A6 | CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS |
| A7 | CONSOLIDATED STATEMENT OF CASH FLOWS                     |

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of SIMPCW FIRST NATION 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.

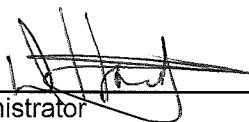
The integrity and reliability of SIMPCW FIRST NATION's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

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.



Chief



Administrator



# DALEY & COMPANY LLP

Chartered Professional Accountants

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## INDEPENDENT AUDITORS' REPORT

To the members of SIMPCW FIRST NATION

EXHIBIT A1

### *Report on the Financial Statements*

We have audited the accompanying consolidated financial statements of SIMPCW FIRST NATION, which comprise the consolidated statement of financial position as at March 31, 2017, and the consolidated statement of accumulated surplus, consolidated statement of operations, consolidated statement of remeasurement gains and losses, consolidated statement of change in net financial assets and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these 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 misstatements, whether due to fraud or error.

### *Auditors' 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 and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### *Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of SIMPCW FIRST NATION as at March 31, 2017 and the results of its operations and its cash flow for the year then ended in accordance with Canadian public sector accounting standards.

### *Other Matter*

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 38 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.

*Daley & Company LLP*

Chartered Professional Accountants

Kamloops, BC  
June 19, 2017

**SIMPCW FIRST NATION**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**March 31, 2017**

| <b>FINANCIAL ASSETS</b>                       | <b>2017</b>          | <b>2016</b>          |
|---|----------------------|----------------------|
| Cash  | \$ 5,416,923         | \$ 241,297           |
| Term deposits                                 | 22,500               | 22,500               |
| Restricted cash (Note A4)                     | 177,495              | 174,061              |
| Investments held in trust (Note A5)           | 3,334,887            | 3,258,874            |
| Marketable securities (Note A6)               | 1,541,295            | 1,494,622            |
| Grants and accounts receivable (Note A7)      | 436,371              | 527,149              |
| Loan receivable (Note A8)                     | 26,984               | 34,184               |
| Investment in partnership (Note A9)           | 3,342,950            | 5,967,761            |
| Investments and advances (Note A10)           | 42,162               | 42,163               |
| Investments in controlled entities (Note A11) | 3                    | 3                    |
|   | <u>14,341,570</u>    | <u>11,762,614</u>    |
| <b>LIABILITIES</b>                            |                      |                      |
| Accounts payable and accruals                 | 582,037              | 735,465              |
| Demand loan (Note A13)                        | -                    | 644,821              |
| Prepaid rents                                 | 1,169                | 1,352                |
| Term loans (Note A14)                         | 128,780              | 35,129               |
| Mortgages payable (Note A15)                  | 273,296              | 321,766              |
| Deferred revenue (Note A16)                   | 537,220              | 324,960              |
|   | <u>1,522,502</u>     | <u>2,063,493</u>     |
| <b>NET FINANCIAL ASSETS</b>                   | <u>12,819,068</u>    | <u>9,699,121</u>     |
| <b>NON-FINANCIAL ASSETS</b>                   |                      |                      |
| Tangible capital assets (Note A17)            | 6,869,210            | 6,291,054            |
| Prepaid expenses                              | 148,995              | 68,280               |
|   | <u>7,018,205</u>     | <u>6,359,334</u>     |
| <b>ACCUMULATED SURPLUS (Note A18)</b>         | <u>\$ 19,837,273</u> | <u>\$ 16,058,455</u> |

COMMITMENTS AND CONTINGENCIES (Note A19)

APPROVED BY THE BAND:

 Chief

 Administrator

**SIMPCW FIRST NATION**  
**CONSOLIDATED STATEMENT OF ACCUMULATED SURPLUS**  
Year ended March 31, 2017

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|  | 2017                        | 2016                 |
|--|-----------------------------|----------------------|
| ACCUMULATED SURPLUS, beginning of year | <b>\$ 16,058,455</b>        | \$ 15,751,000        |
| EXCESS OF REVENUE OVER EXPENSES        | <b>3,737,975</b>            | 299,317              |
| UNREALIZED GAINS (Exhibit A5)          | <u><b>40,843</b></u>        | <u>8,138</u>         |
| ACCUMULATED SURPLUS, end of year       | <u><b>\$ 19,837,273</b></u> | <u>\$ 16,058,455</u> |

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**SIMPCW FIRST NATION**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
Year ended March 31, 2017

|   | Budget           | 2017              | 2016             |
|---|------------------|-------------------|------------------|
| <b>REVENUE:</b>   |                  |                   |                  |
| Indigenous and Northern Affairs Canada                      | \$ 3,029,847     | \$ 2,964,881      | \$ 2,611,694     |
| First Nations Health Authority                              | 1,023,001        | 1,025,656         | 930,345          |
| Canada Mortgage & Housing Corporation                       | 54,093           | 52,920            | 54,093           |
| Province of B.C.  | 661,214          | 868,985           | 680,049          |
| Rental  | 83,652           | 76,427            | 75,325           |
| Fisheries & Oceans Canada                                   | 133,000          | 133,000           | 133,000          |
| Impact Benefit Agreements                                   | -                | 3,276,162         | 166,355          |
| Investment income   | 171,984          | 308,023           | 245,520          |
| Income - Ottawa Trust Funds                                 | -                | 3,042             | 3,086            |
| Income from investment in government<br>business enterprise | 140,000          | 421,577           | 564,178          |
| Other   | 1,695,864        | 2,110,027         | 2,208,928        |
|   | <u>6,992,655</u> | <u>11,240,700</u> | <u>7,672,573</u> |
| <b>EXPENSES:</b>  |                  |                   |                  |
| Band Revenue  | 992,937          | 404,988           | 608,878          |
| Band Government   | 1,309,663        | 1,387,498         | 1,431,018        |
| Social Services   | 346,582          | 326,890           | 294,990          |
| Education   | 1,339,432        | 1,770,046         | 1,685,900        |
| Community Development                                       | 578,673          | 731,640           | 674,355          |
| Capital Works   | 27,060           | 133,749           | 104,568          |
| Natural Resources   | 1,507,323        | 1,359,945         | 1,341,394        |
| Health  | 1,293,148        | 1,163,349         | 1,037,390        |
| Housing   | 231,612          | 224,620           | 194,763          |
|   | <u>7,626,430</u> | <u>7,502,725</u>  | <u>7,373,256</u> |
| <b>EXCESS (SHORTFALL) OF REVENUE OVER<br/>EXPENSES</b>      |                  |                   |                  |
|   | \$ (633,775)     | \$ 3,737,975      | \$ 299,317       |

**SIMPCW FIRST NATION**  
**CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES**  
Year ended March 31, 2017

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|  | 2017              | 2016              |
|--|-------------------|-------------------|
| ACCUMULATED REMEASUREMENT GAINS, beginning of year | \$ 262,323        | \$ 254,185        |
| UNREALIZED GAINS ATTRIBUTED TO:                    |                   |                   |
| Equity in partnerships (Note A9)                   | <u>40,843</u>     | <u>8,138</u>      |
| ACCUMULATED REMEASUREMENT GAINS, end of year       | <u>\$ 303,166</u> | <u>\$ 262,323</u> |

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**SIMPCW FIRST NATION**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
**Year ended March 31, 2017**

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|  | Budget             | 2017                | 2016               |
|--|--------------------|---------------------|--------------------|
| EXCESS (SHORTFALL) OF REVENUE<br>OVER EXPENSES | \$ (633,775)       | \$ 3,737,975        | \$ 299,317         |
| Acquisition of tangible capital assets         | -                  | (963,840)           | (584,415)          |
| Amortization of tangible capital assets        | -                  | 307,164             | 304,968            |
| Unrealized gains (Exhibit A5)                  | -                  | 40,843              | 8,138              |
| Change in prepaid expenses                     | -                  | (80,715)            | (9,704)            |
| Loss on disposal of assets                     | -                  | 14,520              | 8,734              |
| Proceeds on disposal of assets                 | -                  | 64,000              | 19,200             |
|  | <hr/>              | <hr/>               | <hr/>              |
| INCREASE (DECREASE) IN NET FINANCIAL ASSETS    | (633,775)          | 3,119,947           | 46,238             |
| NET FINANCIAL ASSETS, beginning of year        | <hr/> 9,699,121    | <hr/> 9,699,121     | <hr/> 9,652,883    |
| NET FINANCIAL ASSETS, end of year              | <hr/> \$ 9,065,346 | <hr/> \$ 12,819,068 | <hr/> \$ 9,699,121 |

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See accompanying notes to financial statements

**SIMPCW FIRST NATION**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
Year ended March 31, 2017

|  | 2017                    | 2016                    |
|--|-------------------------|-------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>     |                         |                         |
| Excess of revenue over expenses                  | \$ 3,737,975            | \$ 299,317              |
| Non-cash charges to operations:                  |                         |                         |
| Amortization                                     | 307,164                 | 304,968                 |
| Loss on disposal of assets                       | 14,520                  | 8,734                   |
| (Increase) decrease in:                          |                         |                         |
| Grants and accounts receivable                   | 90,778                  | 593,811                 |
| Loan receivable                                  | 7,200                   | 7,200                   |
| Prepaid expenses                                 | (80,715)                | (9,704)                 |
| Increase (decrease) in:                          |                         |                         |
| Accounts payable and accruals                    | (153,428)               | (153,283)               |
| Deferred revenue                                 | 212,260                 | (191,612)               |
| Prepaid rents                                    | (183)                   | 330                     |
| Cash flows from operations                       | <u>4,135,571</u>        | <u>859,761</u>          |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>     |                         |                         |
| Demand loan reduction                            | (644,821)               | (148,965)               |
| Proceeds from term loan                          | 148,417                 | 41,606                  |
| Repayments on term loan                          | (54,766)                | (6,477)                 |
| Mortgages payable reduction                      | (48,470)                | (46,611)                |
| Cash flows used in financing                     | <u>(599,640)</u>        | <u>(160,447)</u>        |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>     |                         |                         |
| Investment in partnership                        | 2,624,811               | (183,351)               |
| Interest on investments and advances capitalized | 1                       | (93)                    |
| Equity in partnerships                           | 40,843                  | 8,138                   |
| Restricted cash / cash held in trust             | (79,447)                | (34,802)                |
| Cash flows from (used in) investing              | <u>2,586,208</u>        | <u>(210,108)</u>        |
| <b>CASH FLOWS FROM CAPITAL ACTIVITIES:</b>       |                         |                         |
| Acquisition of tangible capital assets           | (963,840)               | (584,415)               |
| Proceeds from disposal of assets                 | 64,000                  | 19,200                  |
| Cash flows used in capital                       | <u>(899,840)</u>        | <u>(565,215)</u>        |
| <b>INCREASE (DECREASE) IN CASH RESOURCES</b>     | <b>5,222,299</b>        | <b>(76,009)</b>         |
| <b>CASH RESOURCES, beginning of year</b>         | <b><u>1,758,419</u></b> | <b><u>1,834,428</u></b> |
| <b>CASH RESOURCES, end of year</b>               | <b>\$ 6,980,718</b>     | <b>\$ 1,758,419</b>     |
| <b>CASH RESOURCES IS REPRESENTED BY:</b>         |                         |                         |
| Cash   | \$ 5,416,923            | \$ 241,297              |
| Term deposits                                    | 22,500                  | 22,500                  |
| Marketable securities                            | <u>1,541,295</u>        | <u>1,494,622</u>        |
|  | <b>\$ 6,980,718</b>     | <b>\$ 1,758,419</b>     |

See accompanying notes to financial statements

**SIMPCW FIRST NATION**  
**SUPPLEMENTARY FINANCIAL INFORMATION**

**March 31, 2017**

EXHIBIT

***SUPPLEMENTARY FINANCIAL INFORMATION:***

L INDEPENDENT AUDITORS' REPORT

L1 SCHEDULE OF REMUNERATION AND EXPENSES - CHIEFS AND COUNCILLORS



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Chartered Professional Accountants

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Incorporated Professionals

## INDEPENDENT AUDITORS' REPORT

To the Members,  
SIMPCW FIRST NATION

EXHIBIT L

### ***Report on Supplementary Schedules***

We have audited the consolidated financial statements of SIMPCW FIRST NATION, for the year ended March 31, 2017.

A schedule of remuneration and expenses - Chiefs and Councillors and schedule of remuneration and expenses - unelected senior officials are required to be presented to the membership of SIMPCW FIRST NATION pursuant to the funding agreement between Indigenous and Northern Affairs Canada and SIMPCW FIRST NATION. For the purposes of understanding our involvement with these schedules, please note that:

- We have audited and separately reported on the consolidated financial statements;
- Our audit was conducted for the purposes of forming an opinion on the consolidated financial statements taken as a whole;
- The attached schedules are presented for the purpose of forming an opinion for the membership and the Department of Indian Affairs and do not form part of the consolidated financial statements; and
- These schedules have been subjected to the auditing procedures applied to the audit of the consolidated financial statements taken as a whole.

### ***Management's Responsibility for Supplementary Schedules***

Management is responsible for the preparation of these schedules in accordance with the criteria established by the funding agreement with Indigenous and Northern Affairs Canada.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on the consolidated financial statements. The supplementary schedules have been subjected to the auditing procedures applied in the audit of the consolidated financial statements. However, no procedures have been carried out on these schedules in addition to those necessary to form an opinion on the consolidated financial statements.

### ***Opinion***

In our opinion, the supplementary schedules derived from the consolidated financial statements of SIMPCW FIRST NATION are presented fairly, in all material respects, in accordance with the criteria established by the funding agreement with Indigenous and Northern Affairs Canada.

*Daley & Company LLP*

Chartered Professional Accountants

Kamloops, BC  
June 19, 2017

**SIMPCW FIRST NATION  
SCHEDULE OF REMUNERATION AND EXPENSES  
CHIEFS AND COUNCILLORS  
For the year ended March 31, 2017**

| <b>Name of Individual</b> | <b>Position Title</b> | <b>Number of Months</b> | <b>Remuneration</b> | <b>Expenses</b>  |
|---------------------------|-----------------------|-------------------------|---------------------|------------------|
| Ron Lampreau Jr           | Councillor            | 12                      | \$ 31,265           | \$ 8,334         |
| George Lampreau           | Councillor            | 12                      | 12,614              | 722              |
| Christine Donald          | Councillor            | 12                      | 22,702              | 4,762            |
| Christine Donald          | Wages                 | 12                      | 35,293              | -                |
| Donald Matthew            | Councillor            | 12                      | 12,500              | 6,728            |
| Thomas Eustache           | Councillor            | 12                      | 15,794              | 3,235            |
| Thomas Eustache           | Wages                 | 12                      | 52,651              | -                |
| Nathan Matthew            | Chief                 | 12                      | 32,984              | 6,016            |
| Jules Philip              | Councillor            | 12                      | 24,570              | 7,184            |
| Jules Philip              | Wages                 | 6                       | 9,599               | -                |
| <b>Total</b>              |                       |                         | <b>\$ 249,972</b>   | <b>\$ 36,981</b> |