

10:41 am, Jul 28, 2015

# **LOWER NICOLA INDIAN BAND**

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**CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2015**

# LOWER NICOLA INDIAN BAND

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## CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2015

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# LOWER NICOLA INDIAN BAND

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

MARCH 31, 2015

The accompanying consolidated financial statements of Lower Nicola Indian Band and all the information in this annual report for the year ended March 31, 2015 are the responsibility of management and have been approved by the Chief and Council.

The consolidated 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 judgement. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The Lower Nicola 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 Nation's assets are appropriately accounted for and adequately safeguarded.

The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Council reviews the Nation's financial statements and recommends their approval. The Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditor's report. The Council approves the financial statements for issuance to the Members. The Council also considers, for review and approval by the Members, the engagement of the external auditors.

The consolidated financial statements have been audited by Reid Hurst Nagy Inc., Chartered Professional Accountants in accordance with Canadian generally accepted auditing standards on behalf of the Members. Reid Hurst Nagy Inc. has full access to the books and records of the Nation. Reid Hurst Nagy Inc. has full and free access to the Council for information purposes.



Executive Director



Date

## Independent Auditors' Report

To the Members of  
**Lower Nicola Indian Band**

We have audited the accompanying consolidated financial statements of Lower Nicola Indian Band, which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statements of operations and accumulated surplus, change in net financial assets, 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.

### *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 First Nation's preparation and fair presentation 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 First Nation'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 Lower Nicola Indian Band as at March 31, 2015, and the results of its operations, the changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



REID HURST NAGY INC.  
CHARTERED PROFESSIONAL ACCOUNTANTS

KELOWNA, B.C.  
JULY 13, 2015

# LOWER NICOLA INDIAN BAND

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2015

	2015	2014 (Note 2)
<b>FINANCIAL ASSETS</b>		
Cash	\$ 7,055,767	\$ 5,278,566
Restricted cash (Note 4)	1,517,380	1,705,099
Accounts receivable (Note 5)	512,579	977,608
Loans receivable (Note 6)	1,364,519	1,395,821
Rents receivables	474,661	418,076
Long-term investments in First Nation controlled entities (Note 7)	909,202	357,688
	<b>11,834,108</b>	<b>10,132,858</b>
<b>LIABILITIES</b>		
Accounts payable (Note 9)	1,670,505	3,572,694
Deferred revenue (Note 10)	72,126	127,357
Damage deposits payable and rent paid in advance	26,649	25,511
Long-term debt (Note 11)	4,285,999	4,173,189
	<b>6,055,279</b>	<b>7,898,751</b>
<b>NET FINANCIAL ASSETS</b>	<b>5,778,829</b>	<b>2,234,107</b>
<b>NON-FINANCIAL ASSETS</b>		
Capital assets (Note 12)	20,294,401	19,393,678
Prepaid expenses	77,500	159,923
Inventory	-	17,787
	<b>20,371,901</b>	<b>19,571,388</b>
<b>ACCUMULATED SURPLUS (Note 13)</b>	<b>\$ 26,150,730</b>	<b>\$ 21,805,495</b>
<b>MEMBERS' EQUITY</b>		
Equity in Operating Fund	\$ 7,701,131	\$ 4,799,856
Equity in Social Housing	2,889,648	2,750,325
Equity in Capital Fund	14,072,388	13,335,670
Equity in Enterprise Fund	909,202	357,688
Equity in Ottawa Trust Fund	578,361	561,956
<b>ACCUMULATED SURPLUS</b>	<b>\$ 26,150,730</b>	<b>\$ 21,805,495</b>

APPROVED ON BEHALF OF THE LOWER NICOLA INDIAN BAND

, Executive Director

, Council

# LOWER NICOLA INDIAN BAND

## CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS FOR THE YEAR ENDED MARCH 31, 2015

	2015 Budget	2015 Actual	2014 (Note 2)
<b>ANNUAL SURPLUS</b>	\$ 457,017	\$ 4,345,235	\$ 3,185,909
Acquisition of tangible capital assets	-	(2,646,681)	(312,649)
Amortization of tangible capital assets (Note 2)	-	1,397,804	1,129,528
Transfer of capital assets to related entities	-	348,154	-
	-	(900,723)	816,879
Acquisition of prepaid asset	(77,500)	(77,500)	(159,923)
Use of prepaid asset	159,923	159,923	72,500
Use of inventory	17,787	17,787	-
	100,210	100,210	(87,423)
<b>INCREASE IN NET FINANCIAL ASSETS</b>	557,227	3,544,722	3,915,365
<b>NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR</b>	-	2,234,107	(1,681,258)
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	\$ -	\$ 5,778,829	\$ 2,234,107

# LOWER NICOLA INDIAN BAND

## CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS FOR THE YEAR ENDED MARCH 31, 2015

	2015 Budget	2015 Actual	2014 Actual (Note 2)
<b>REVENUE</b>			
Aboriginal Affairs and Northern Development Canada	\$ 5,256,683	\$ 5,214,890	\$ 6,049,360
Administration fee	314,100	318,008	225,065
BC Hydro	850,000	1,450,883	2,215,113
Canada Mortgage and Housing Corporation	207,312	266,155	595,258
Capacity and development	610,000	1,041,825	768,528
Interest	30,000	114,991	211,518
Interior Salish Employment Training Society	-	22,525	14,480
First Nations Education Steering Committee	90,436	141,268	123,378
First Nations Health Authority	1,070,479	1,076,413	854,213
Forestry	-	55,705	118,918
New Relationship Trust	75,000	25,000	22,500
Other revenue	164,400	304,642	708,327
Province of BC	493,800	477,661	514,935
Referrals	76,545	11,708	55,913
Rental	908,317	873,641	871,608
Royalties	1,260,939	1,200,000	-
Share of income (loss) from First Nation controlled entities	-	531,843	(44,383)
Taxation	1,398,037	1,395,470	1,368,091
Thompson Nicola Regional District	83,500	83,900	82,250
	12,889,548	14,606,528	14,755,072
<b>EXPENSES</b>			
Band programs	2,784,793	2,732,133	3,226,289
Education	2,589,568	2,523,626	2,391,545
Social development	1,492,229	1,481,288	1,416,817
Health	831,306	766,872	776,403
Job creation	1,647,808	1,094,365	1,317,971
Capital	2,416,284	2,032,946	2,240,103
Social housing	523,695	805,318	816,739
Capital fund	-	1,492,637	892,436
	12,285,683	12,929,185	13,078,303
<b>ANNUAL SURPLUS BEFORE OTHER</b>	457,017	1,677,343	1,676,143
<b>OTHER</b>			
Tangible capital asset additions	-	2,646,678	312,649
Principal reduction of long-term debt	-	504,164	1,223,612
Proceeds from long-term debt	-	(482,950)	(26,495)
	-	2,667,892	1,509,766
<b>ANNUAL SURPLUS</b>	457,017	4,345,235	3,185,909
<b>FUND BALANCE, BEGINNING OF YEAR</b>	-	21,805,495	18,619,586
<b>FUND BALANCE, END OF YEAR</b>	\$ 457,017	\$ 26,150,730	\$ 21,805,495

The accompanying notes are an integral part of the financial statements

# LOWER NICOLA INDIAN BAND

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2015

	2015	2014 (Note 2)
<b>OPERATING ACTIVITIES</b>		
ANNUAL SURPLUS	\$ 4,345,235	\$ 3,185,909
Items not affecting cash		
Amortization	1,161,264	1,129,528
Share of income (loss) of First Nation controlled entities	(531,843)	44,483
Transfer of capital assets to related entities	348,154	-
	5,322,810	4,359,920
Change in non-cash operating net assets	(1,418,692)	1,189,654
	3,904,118	5,549,574
<b>FINANCING ACTIVITIES</b>		
Repayment of Social Housing long-term debt	(253,321)	(237,092)
Repayment of Capital Fund long-term debt	(250,843)	(986,520)
Mortgage proceeds	482,950	26,495
	(21,214)	(1,197,117)
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	(2,293,422)	(312,649)
Investment in First Nation controlled entities	-	(100)
	(2,293,422)	(312,749)
<b>CHANGES IN CASH DURING THE YEAR</b>	<b>1,589,482</b>	<b>4,039,708</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>6,983,665</b>	<b>2,943,957</b>
<b>CASH, END OF YEAR</b>	<b>\$ 8,573,147</b>	<b>\$ 6,983,665</b>
<b>REPRESENTED BY:</b>		
Cash	\$ 7,055,767	\$ 5,278,566
Restricted cash	1,517,380	1,705,099
	\$ 8,573,147	\$ 6,983,665



# LOWER NICOLA INDIAN BAND

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2015

### 1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of CPA Canada.

#### (a) Reporting Entity

The Lower Nicola Indian Band reporting entity includes the Lower Nicola Indian Band government and all related entities that are controlled by the First Nation.

#### (b) Principles of Consolidation

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of government business enterprise, which are included in the Consolidated Statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Under the modified equity method of accounting, only Lower Nicola Indian Band's investment in the government business enterprise and the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of Lower Nicola Indian Band.

Organizations consolidated in Lower Nicola Indian Band's financial statements include:

1. Lower Nicola Indian Band Operating Fund
2. Lower Nicola Indian Band Social Housing Fund
3. Lower Nicola Indian Band Capital Fund
4. Lower Nicola Indian Band Trust Fund
5. Lower Nicola Indian Band Enterprise Fund

Organizations accounted for on a modified equity basis include:

6. Lower Nicola Indian Band Development Corporation (100% owned by the Lower Nicola Indian Band)
7. Naik Development Limited Partnership (99.999% owned by the Lower Nicola Indian Band as the limited partner and 0.001% owned by Naik Development Corporation as the general partner)

#### (c) Fund Accounting

The Lower Nicola Indian Band maintains the following funds and reserves as part of its operations:

- The Operating Fund which reports the general activities of the First Nation administration.
- The Capital Fund which reports the capital assets of the First Nation not included in other funds, together with their related activities.
- The Trust Fund which reports on the trust funds of the First Nation and held by third parties.
- The Social Housing Fund which reports on the social housing assets of the First Nation together with their related activities.
- The Enterprise Fund which reports the First Nation's investment in self-supporting commercial entities.

# LOWER NICOLA INDIAN BAND

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

### 1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (d) Revenue Recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

#### (e) Segments

The First Nation conducts its business through reportable segments. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives, aid in resource allocation decisions, and to assess operational performance. For each reported segment, revenues and expenses represent both amounts that are directly attributed to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

#### (f) Cash

Cash and cash equivalents include cash on hand and short-term investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

#### (g) Loans Receivable

Loans receivable are recorded at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt as assessed by management. Loans are reviewed on an annual basis by management. Interest income is accrued on loans receivable to the extent it is deemed collectable.

#### (h) Long-term Debt

Proceeds from long-term debt are recorded as program revenue. Payments of principal and interest are treated as program expenditures. Long-term debt is recorded as a liability on the balance sheet. Reductions of long-term debt are offset with an increase to Equity in Capital Assets.

# LOWER NICOLA INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2015

### 1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (i) Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and Lower Nicola Indian Band's incremental cost of borrowing.

Amortization is provided for on a straight-line basis over their estimated useful lives as follows:

Buildings*	25 years Straight line
Automotive equipment	5 years Straight line
Computer equipment	5 years Straight line
Equipment	5 years Straight line
Fire Truck	10 years Straight line
Logging equipment	5 years Straight line
Infrastructure	25 years Straight line

\*Social Housing assets acquired under C.M.H.C. sponsored housing programs are being depreciated at a rate equal to the principal reduction on the mortgage of the assets.

Tangible capital assets are written down when conditions indicate that they no longer contribute to Lower Nicola Indian Band's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

#### (j) Replacement Reserve

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

#### (k) Budget

The budget reported in the financial statements was provided by management and is unaudited.

#### (l) Surplus Recoveries and Deficit Funding

Under the terms of funding arrangements, remaining surpluses of certain programs may be recovered by the funding agency, and remaining deficits may be funded by the funding agency.

#### (m) Internal charges and transfers

The central administration office provides services to other program areas. To recognize the cost of these services a corresponding revenue and expense is recorded and referred to as "Administration fees."

# LOWER NICOLA INDIAN BAND

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2015

### 2. CHANGES IN ACCOUNTING POLICIES

#### Tangible Capital Assets:

The First Nation adopted Tangible Capital Asset reporting in 2015 in accordance with the Public Sector Accounting Board standard PS 3150. Calculation of opening balances include, where available, acquisition totals for 1973 onwards. Tangible capital assets are no longer treated as expenditures in the year of acquisition. Instead, accrual accounting requires that tangible capital assets be expensed over their useful lives by a charge to amortization expense. The prior period has been restated to reflect this change. The impact of adoption on the fiscal 2014 fiscal year was as follows:

Decrease in amortization expense	(\$66,771)
Increase in net tangible capital assets	3,082,797
Increase in net surplus	66,771

#### Liability for Contaminated Site:

Effective April 1, 2014 the First Nation adopted new Public Sector Accounting Handbook Standard PS 3260, Liability for Contaminated Sites. The standard requires the recognition of a liability for the remediation of contamination sites in the financial statements when the recognition criteria outlined in the standard is met. This change in accounting policy has been applied prospectively. There was no impact on adoption of this standard to the financial statements of the First Nation as no sites meeting the criteria were recognized by the First Nation.

### 3. ECONOMIC DEPENDENCE

Lower Nicola Indian Band receives a significant portion of its revenue pursuant to an agreement referred to as "The Comprehensive Funding Arrangement". This agreement has been entered into by the Lower Nicola Indian Band and Aboriginal Affairs and Northern Development Canada. It is expected that the agreement will be renewed on an annual basis.

The Band also receives major funding pursuant to an arrangement with the First Nations Health Authority and under which certain surpluses and deficits may be offset, but with the net balance repayable or refundable as the case may be.

# LOWER NICOLA INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2015

### 4. RESTRICTED CASH

Replacement Reserve Fund:

In accordance with the terms and conditions of the "Operating Agreement" with Canada Mortgage & Housing Corporation, the Housing Program must set aside funds annually for the non-annual expenditures of the Program for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account with any interest earned to be credited as revenue to the Replacement Reserve Fund.

As at the year end date, the Fund is underfunded by \$29,803 (2014 - \$331,418 overfunded).

Operating Reserve Fund:

In accordance with the terms and conditions of the "Operating Agreement" with Canada Mortgage & Housing Corporation, the Program is to set aside any surplus revenue to an operating reserve for the purpose of meeting future requirements of income listed occupants over and above the maximum federal assistance. The Fund may be replenished to its original limit from subsequent operating surpluses.

As at the year end date, the Fund is underfunded by \$40,758 (2014 - \$109,725).

Ottawa Trust Funds:

The trust funds 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. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

	2015	2014
Replacement Reserve Fund - restricted cash	\$ 527,502	\$ 847,844
Operating Reserve Fund - restricted cash	411,517	295,299
Ottawa Trust Funds - restricted cash	578,361	561,956
	<b>\$ 1,517,380</b>	<b>\$ 1,705,099</b>

### 5. ACCOUNTS RECEIVABLE

	2015	2014
Accounts receivable - general	\$ 353,291	\$ 1,096,968
Aboriginal Affairs and Northern Development Canada	-	80,240
All Nations Trust	19,776	19,776
Canada Mortgage and Housing Corporation	17,794	15,732
First Nations Health Authority	177,166	-
Health Canada	12,112	25,447
	<b>580,139</b>	<b>1,238,163</b>
Allowance for doubtful accounts	<b>(67,560)</b>	<b>(260,555)</b>
	<b>\$ 512,579</b>	<b>\$ 977,608</b>

# LOWER NICOLA INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2015

### 6. LOANS RECEIVABLE

	2015	2014
Due from Naik Development Limited Partnership	\$ 79,873	\$ 59,169
Due from Lower Nicola Indian Band Development Corporation	20,284	-
Due from LNIB Real Estate Developments Ltd.	7,634	-
Due from LNIB Construction Ltd.	207,832	205,957
Due from LNIB Energy Ltd.	1,205	-
Due from Shulus Forest Enterprises Ltd.	958,290	799,005
Due from LNIB General Contracting Ltd.	6,451	2,361
Due from Shulus Cattle Company Ltd.	82,950	329,329
	<b>\$ 1,364,519</b>	<b>\$ 1,395,821</b>

Loans have no specific terms of repayment and bear no interest.

### 7. LONG-TERM INVESTMENTS

	2015	2014
Investment in Non-Controlled Entities		
All Nations Trust Company - shares at cost	\$ 8,710	\$ 8,710
Nicola Valley Indian Services Association - net investment	153,072	15,001
	<b>161,782</b>	<b>23,711</b>
Investment in Naik Development Limited Partnership		
Accumulated equity in earnings	270,587	340,127
	<b>270,587</b>	<b>340,127</b>
Investment in Lower Nicola Indian Band Development Corporation		
Shares	100	100
Contributed Surplus	129,670	129,670
Accumulated equity in earnings	347,063	(135,920)
	<b>476,833</b>	<b>(6,150)</b>
	<b>\$ 909,202</b>	<b>\$ 357,688</b>

# LOWER NICOLA INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

### 8. GOVERNMENT BUSINESS ENTERPRISES

Commercial enterprises are those organizations that meet the definition of government business enterprises as described by the Public Sector Accounting Board of CPA Canada. Government business enterprises have the power to contract in their own name, have the financial and operating authority to carry on a business, sell goods and services to customers outside the First Nation government as their principal activity, and that can, in the normal course of their operations, maintain operations and meet liabilities from revenues received from outside the First Nation government.

	Lower Nicola Indian Band Development Corporation	Naik Development Limited Partnership	2015 Total	2014 Total
Cash	\$ -	\$ 129,658	\$ 129,658	\$ 9,616
Accounts receivable	-	-	-	15,434
Investment in joint venture	-	386,831	386,831	544,142
Investment in subsidiaries	497,218	-	497,218	(6,150)
<b>Total assets</b>	<b>\$ 497,218</b>	<b>\$ 516,489</b>	<b>\$ 1,013,707</b>	<b>\$ 563,042</b>
Accounts payable	\$ -	\$ 2,905	\$ 2,905	\$ 2,905
Due from related parties	-	243,019	243,019	226,182
Due from subsidiaries	20,384	-	20,384	-
<b>Total liabilities</b>	<b>20,384</b>	<b>245,924</b>	<b>266,308</b>	<b>229,087</b>
Share capital	100	-	100	100
Accumulated surplus	476,734	270,565	747,299	333,855
<b>Total equity</b>	<b>476,834</b>	<b>270,565</b>	<b>747,399</b>	<b>333,955</b>
<b>Total liabilities and equity</b>	<b>\$ 497,218</b>	<b>\$ 516,489</b>	<b>\$ 1,013,707</b>	<b>\$ 563,042</b>
	Lower Nicola Indian Band Development Corporation	Naik Development Limited Partnership	2015 Total	2014 Total
Revenue	\$ 503,268	\$ -	\$ 503,268	\$ 122,262
Expenses	20,284	69,540	89,824	166,703
<b>Net income</b>	<b>\$ 482,984</b>	<b>\$ (69,540)</b>	<b>\$ 413,444</b>	<b>\$ (44,441)</b>

# LOWER NICOLA INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2015

### 9. ACCOUNTS PAYABLE

	2015	2014
Accounts payable - general	\$ 451,276	\$ 876,710
Aboriginal Affairs and Northern Development Canada	230,387	-
GST/HST payable (receivable)	(14,400)	512,798
Receiver General - payroll deductions	21,737	-
School District #58	695,761	1,920,886
Wages payable	285,744	262,300
	<b>\$ 1,670,505</b>	<b>\$ 3,572,694</b>

### 10. DEFERRED REVENUE

	March 31, 2014	Revenue recognized, 2015	March 31, 2015
<b>Federal government</b>			
Aboriginal Affairs and Northern Development Canada -			
Capital projects	\$ 127,357	\$ (55,231)	\$ 72,126

### 11. LONG-TERM DEBT

	2015	2014
Royal Bank of Canada demand loan, payments of \$1,210 per month plus interest at 3.16% per annum.	\$ -	\$ 5,306
Murray Chevrolet Buick GMC lease payable in monthly installments of \$637, including interest at 2.49% per annum; secured against the 2014 Sierra 1500 truck.	31,352	-
Peace Hills Trust, payments of \$9,500 per month including interest at 5.0% per annum, maturing October 1, 2020, secured by assignment of taxation revenues.	444,099	534,282
Peace Hills Trust, payments of \$4,400 per month including interest at 5.0% per annum, maturing September 1, 2020, secured by assignment of taxation revenues.	203,602	245,087
Peace Hills Trust, payments of \$3,750 per month including interest at 5.0% per annum, maturing September 1, 2020, secured by assignment of taxation revenues.	172,482	207,771
All Nations Trust Company loans, due on demand and repayable in blended monthly installments of \$2,293 including interest at 9.3% per annum; secured by Kobelco Blade Runner; term due October 1, 2015.	91,916	-
GMC/Ally Credit loan, payment of \$953 per month including interest at 6.0% per annum, secured by the 2012 Dodge Ram.	28,134	37,589
GMC/Ally Credit loan, payment of \$528 per month including interest at 6.24% per annum, secured by the 2012 Chevy Traverse.	15,972	21,135



# LOWER NICOLA INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2015

### 11. LONG-TERM DEBT, continued

	2015 \$	2014 \$
Royal Bank of Canada demand loan, payments of \$3,967 per month plus interest at 4.75% per annum, secured by the fire truck.	101,418	143,097
GMC/Ally Credit loan, payment of \$499 per month including interest at 4.99% per annum, secured by a vehicle.	17,426	22,413
GMC/Ally Credit loan, payment of \$554 per month including interest at 2.55% per annum, secured by a vehicle.	555	7,098
All Nations Trust Company loan repayable in blended monthly installments of \$3,645.00 including interest at 1.65% per annum; secured by a Ministerial Guarantee from Aboriginal Affairs and Northern Development Canada; term due April 1, 2017.	89,517	131,409
All Nations Trust Company loan repayable in blended monthly installments of \$2,196.00 including interest at 1.67% per annum; secured by a Ministerial Guarantee from Aboriginal Affairs and Northern Development Canada; term due February 4, 2017.	49,684	74,978
All Nations Trust Company loan repayable in blended monthly installments of \$1,922.00 including interest at 2.11% per annum; secured by a Ministerial Guarantee from Aboriginal Affairs and Northern Development Canada; term due September 1, 2023.	179,337	198,409
All Nations Trust Company loan repayable in blended monthly installments of \$2,314.00 including interest at 2.75% per annum; secured by a Ministerial Guarantee from Aboriginal Affairs and Northern Development Canada; term due October 1, 2025.	254,961	275,461
All Nations Trust Company loan repayable in blended monthly installments of \$1,658.00 including interest at 2.75% per annum; secured by a Ministerial Guarantee from Aboriginal Affairs and Northern Development Canada; term due November 1, 2023.	157,471	173,866
All Nations Trust Company loan repayable in blended monthly installments of \$1,443.00 including interest at 2.75% per annum; secured by a Ministerial Guarantee from Aboriginal Affairs and Northern Development Canada; term due February 1, 2026.	163,246	175,910
All Nations Trust Company loan repayable in blended monthly installments of \$833.00 including interest at 2.75% per annum; secured by a Ministerial Guarantee from Aboriginal Affairs and Northern Development Canada; term due November 1, 2025.	92,386	99,748
All Nations Trust Company loan repayable in blended monthly installments of \$967.00 including interest at 1.62% per annum; secured by a Ministerial Guarantee from Aboriginal Affairs and Northern Development Canada; term due January 1, 2028.	134,390	143,739
All Nations Trust Company loan repayable in blended monthly installments of \$1,846.00 including interest at 1.67% per annum; secured by a Ministerial Guarantee from Aboriginal Affairs and Northern Development Canada; term due April 1, 2028.	260,308	277,971

# LOWER NICOLA INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2015

### 11. LONG-TERM DEBT, continued

	2015 \$	2014 \$
All Nations Trust Company loan repayable in blended monthly installments of \$2,884.00 including interest at 2.75% per annum; secured by a Ministerial Guarantee from Aboriginal Affairs and Northern Development Canada; term due February 1, 2026.	326,209	351,515
All Nations Trust Company loan repayable in blended monthly installments of \$2,684.00 including interest at 1.71% per annum; secured by a Ministerial Guarantee from Aboriginal Affairs and Northern Development Canada; term due July 1, 2032.	483,067	506,825
All Nations Trust Company loan repayable in blended monthly installments of \$2,684.00 including interest at 1.71% per annum; secured by a Ministerial Guarantee from Aboriginal Affairs and Northern Development Canada; term due July 1, 2032.	470,763	-
All Nations Trust Company loan repayable in blended monthly installments of \$2,767.00 including interest at 2.23% per annum; secured by a Ministerial Guarantee from Aboriginal Affairs and Northern Development Canada; term due June 1, 2034.	517,704	539,580
	4,285,999	4,173,189
Current portion	607,405	480,214
	<b>\$ 3,678,594</b>	<b>\$ 3,692,975</b>
Principal portion of long-term debt due within the next five years:		
2016	\$ 607,406	
2017	524,579	
2018	437,533	
2019	418,234	
2020 and thereafter	2,298,247	
	<b>\$ 4,285,999</b>	

# LOWER NICOLA INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

### 12. TANGIBLE CAPITAL ASSETS

	Cost				Accumulated amortization				
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals	Balance, end of year	2015 net book value
Buildings	\$ 14,143,120	\$ 168,882	\$ -	\$ 14,312,002	\$ 6,334,071	\$ 569,103	\$ -	\$ 6,903,174	\$ 7,408,828
Automotive equipment	1,394,312	129,240	(775,602)	1,319,843	965,713	100,229	(228,583)	837,359	482,484
Equipment	1,075,901	197,473	-	1,273,374	742,834	114,103	-	856,937	416,437
Fire Truck	505,321	-	-	505,321	340,596	23,533	-	364,129	141,192
Logging equipment	291,950	222,000	(513,950)	-	291,950	-	(291,950)	-	-
Infrastructure	7,815,982	1,243,909	-	9,059,891	1,991,969	337,517	-	2,329,486	6,730,405
Social Housing	6,930,393	534,148	-	7,464,541	2,096,165	253,321	-	2,349,486	5,115,055
	\$ 32,156,979	\$ 3,067,545	\$ (1,289,552)	\$ 33,934,972	\$ 12,763,298	\$ 1,397,806	\$ (520,533)	\$ 13,640,571	\$ 20,294,401

	Cost				Accumulated amortization				
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals	Balance, end of year	2014 Net book value
Buildings	\$ 13,902,889	\$ 240,231	\$ -	\$ 14,143,120	\$ 5,773,151	\$ 560,923	\$ -	\$ 6,334,074	\$ 7,809,046
Automotive equipment	1,244,455	149,857	-	1,394,312	847,086	118,627	-	965,713	428,599
Equipment	920,209	155,692	-	1,075,901	654,456	88,378	-	742,834	333,067
Fire Truck	505,321	-	-	505,321	317,064	23,532	-	340,596	164,725
Logging equipment	291,950	-	-	291,950	291,950	-	-	291,950	-
Infrastructure	7,815,982	-	-	7,815,982	1,890,991	100,978	-	1,991,969	5,824,013
Social Housing	7,584,171	-	(653,778)	6,930,393	2,279,720	237,092	(420,647)	2,096,165	4,834,228
	\$ 32,264,977	\$ 545,780	\$ (653,778)	\$ 32,156,979	\$ 12,054,418	\$ 1,129,530	\$ (420,647)	\$ 12,763,301	\$ 19,393,678

# LOWER NICOLA INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2015

### 13. ACCUMULATED SURPLUS

	2015	2014
Unrestricted		
Operating Fund	\$ 7,701,131	\$ 4,799,856
Capital Fund	14,072,388	13,335,670
	21,773,519	18,135,526
Restricted		
Social Housing	2,889,648	2,750,325
Enterprise Fund	909,202	357,688
Ottawa Trust Fund	578,361	561,956
	4,377,211	3,669,969
	\$ 26,150,730	\$ 21,805,495

### 14. SEGMENTED INFORMATION

As previously discussed in note 1 (e) the First Nation conducts its business through reportable segments as follows:

The Band Programs department is responsible for administering projects the Band is involved in annually and on an on-going basis relating to the overall objectives of the First Nation and the development of stable, legitimate and accountable community governments. It also provides overall support of the First Nation including advisory services relating to financial management, band government, economic development, community services and technical services.

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

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

The Health department oversees the delivery of health programs and initiatives for the betterment of the lives of the members of the First Nation.

Job Creation supports the development of employment opportunities for members of the First Nation.

Capital Projects manages capital projects within the community undertaken to support the growth and/or maintenance of the First Nation's infrastructure.

Social Housing is responsible for the administration and management of Social Housing units.

Other operations include Capital Fund, Ottawa Trust Fund and Enterprise Fund transactions.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

# LOWER NICOLA INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2015

### 14. SEGMENTED INFORMATION, continued

	2015 Budget	Band Programs 2015 Actual	2014 Actual	2015 Budget	Education 2015 Actual	2014 Actual	2015 Budget	Social Development 2015 Actual	2014 Actual
Revenues									
Aboriginal Affairs and Northern Development Canada	\$ 815,687	\$ 676,139	\$ 794,888	\$ 2,640,284	\$ 2,541,376	\$ 2,704,880	\$ 1,342,907	\$ 1,474,146	\$ 1,493,177
Administration fee	185,000	245,207	172,251	-	15,395	13,661	-	-	-
BC Hydro	-	-	15,113	-	-	-	-	-	-
First Nations Health Authority	-	-	-	110,268	104,517	99,020	-	-	-
Property tax assessed	1,398,037	1,395,470	1,368,091	-	-	-	-	-	-
Royalties	1,260,939	1,200,000	-	-	-	-	-	-	-
Rental	380,000	368,728	355,107	-	-	-	-	-	-
Other revenue	251,500	252,875	586,492	213,311	663,379	363,648	2,400	1,075	8,871
Total revenue	4,291,163	4,138,419	3,291,942	2,963,863	3,324,667	3,181,209	1,345,307	1,475,221	1,502,048
Expenses									
Contractors	43,000	24,709	64,170	5,000	18,704	3,837	57,697	9,934	475
Loan payments	228,500	266,030	274,718	-	-	-	-	-	-
Professional fees	705,754	577,533	645,825	12,500	9,479	10,447	-	-	-
Tangible capital asset acquisition	96,515	71,665	71,276	62,500	163,380	13,404	-	-	-
Travel	15,000	27,303	13,853	14,500	25,183	11,864	4,700	1,134	4,165
Utilities and telephone	102,900	114,186	105,583	12,500	11,683	12,235	123,283	140,769	122,599
Wages and benefits	782,391	728,218	1,153,508	830,610	721,713	645,589	311,999	277,002	213,724
Other expenses	810,733	922,489	897,356	1,651,958	1,573,484	1,694,169	994,550	1,052,449	1,075,854
Total expenses	2,784,793	2,732,133	3,226,289	2,589,568	2,523,626	2,391,545	1,492,229	1,481,288	1,416,817
Other items	1,506,370	1,406,286	65,653	374,295	801,041	789,664	(146,922)	(6,067)	85,231
Annual surplus (deficit)	\$ 1,506,370	\$ 1,406,286	\$ 130,820	\$ 374,295	\$ 801,041	\$ 789,664	\$ (146,922)	\$ (6,067)	\$ 85,231

# LOWER NICOLA INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2015

### 14. SEGMENTED INFORMATION, continued

	2015 Budget	Health 2015 Actual	2014 Actual	2015 Budget	Job Creation 2015 Actual	2014 Actual	2015 Budget	Capital 2015 Actual	2014 Actual
Revenues									
Aboriginal Affairs and Northern Development Canada	\$ -	\$ -	\$ -	\$ 58,000	\$ 74,936	\$ 52,384	\$ 399,805	\$ 448,294	\$ 1,004,031
Administration fee	-	-	8,008	-	-	241	128,600	57,407	30,414
BC Hydro	-	-	-	850,000	1,450,883	2,200,000	-	-	-
Canada Mortgage and Housing Corporation	-	-	-	-	-	-	-	54,380	405,048
First Nations Health Authority	960,211	971,896	755,193	-	-	-	-	-	-
Rental	-	-	-	8,500	-	-	88,400	94,133	90,716
Other revenue	-	-	5,333	1,156,470	730,920	1,245,391	-	577,328	241,139
Total revenue	960,211	971,896	768,534	2,072,970	2,256,739	3,498,016	616,805	1,231,542	1,771,348
Expenses									
Contractors	20,000	7,220	3,062	415,000	7,350	377,401	3,000	135,498	37,514
Loan payments	6,600	5,541	6,649	6,000	2,499	4,499	-	-	773,661
Professional fees	-	450	444	430,360	631,621	601,155	800	43,154	67,364
Tangible capital asset acquisition	28,400	27,926	10,126	28,000	11,151	2,171	1,151,054	554,066	136,732
Travel	70,211	74,563	55,432	45,000	77,571	51,026	10,500	17,664	14,418
Utilities and telephone	24,380	29,529	28,768	11,200	2,839	3,255	163,257	168,975	162,227
Wages and benefits	434,692	420,897	474,252	621,348	328,342	241,691	397,005	446,951	380,098
Other expenses	247,023	200,746	198,018	90,900	32,992	36,773	690,668	666,638	668,089
Total expenses	831,306	766,872	776,751	1,647,808	1,094,365	1,317,971	2,416,284	2,032,946	2,240,103
Other items	128,905	205,024	(8,217)	425,162	1,162,374	2,180,045	(1,799,479)	(801,404)	(468,755)
	-	-	-	-	-	-	-	134,021	-
Annual surplus (deficit)	\$ 128,905	\$ 205,024	\$ (8,217)	\$ 425,162	\$ 1,162,374	\$ 2,180,045	\$ (1,799,479)	\$ (667,383)	\$ (468,755)

# LOWER NICOLA INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2015

### 14. SEGMENTED INFORMATION, continued

	2015 Budget	Social Housing 2015 Actual	2014 Actual	2015 Budget	Capital Fund 2015 Actual	2014 Actual	2015 Budget	Enterprise Fund 2015 Actual	2014 Actual
Revenues									
Administration fee	\$ 500	\$ -	\$ 490	-	\$ -	\$ -	\$ -	\$ -	\$ -
Canada Mortgage and Housing Corporation	207,312	211,775	190,210	-	-	-	-	-	-
Rental	431,417	410,780	425,785	-	-	-	-	-	-
Other revenue	-	17,570	19,686	-	-	-	-	551,514	(44,383)
Total revenue	639,229	640,125	636,171	-	-	-	-	551,514	(44,383)
Expenses									
Amortization	-	253,321	237,092	-	1,144,482	892,436	-	-	-
Loan payments	239,314	253,321	237,092	-	-	-	-	-	-
Professional fees	6,500	8,215	6,869	-	-	-	-	-	-
Utilities and telephone	7,000	14,500	9,667	-	-	-	-	-	-
Other expenses	270,881	275,961	326,299	-	348,155	-	-	-	-
Total expenses	523,695	805,318	817,019	-	1,492,637	892,436	-	-	-
	115,534	(165,193)	(180,848)	-	(1,492,637)	(892,436)	-	551,514	(44,383)
Other items	-	304,516	(61,206)	-	2,229,355	1,505,805	-	-	-
Annual surplus (deficit)	\$ 115,534	\$ 139,323	\$ (242,054)	-	\$ 736,718	\$ 613,369	-	\$ 551,514	\$ (44,383)

# LOWER NICOLA INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2015

### 14. SEGMENTED INFORMATION, continued

	2015 Budget	Ottawa Trust Fund 2015 Actual	2014 Actual	2015 Budget	Consolidated totals 2015 Actual	2014 Actual
Revenues						
Aboriginal Affairs and Northern Development Canada	\$ -	\$ -	\$ -	\$ 5,256,683	\$ 5,214,891	\$ 6,049,360
Administration fee	-	-	-	314,100	318,009	225,065
BC Hydro	-	-	-	850,000	1,450,883	2,215,113
Canada Mortgage and Housing Corporation	-	-	-	207,312	266,155	595,258
First Nations Health Authority	-	-	-	1,070,479	1,076,413	854,213
Property tax assessed	-	-	-	1,398,037	1,395,470	1,368,091
Royalties	-	-	-	1,260,939	1,200,000	-
Rental	-	-	-	908,317	873,641	871,608
Other revenue	-	16,405	150,187	1,623,681	2,811,066	2,576,364
Total revenue	-	16,405	150,187	12,889,548	14,606,528	14,755,072
Expenses						
Amortization	-	-	-	-	1,397,803	1,129,528
Contractors	-	-	-	543,697	203,415	486,459
Loan payments	-	-	-	480,414	527,391	1,296,619
Professional fees	-	-	-	1,155,914	1,270,452	1,332,104
Tangible capital asset acquisition	-	-	-	1,366,469	828,188	233,709
Travel	-	-	-	159,911	223,418	150,758
Utilities and telephone	-	-	-	444,520	482,481	444,334
Wages and benefits	-	-	-	3,378,045	2,923,123	3,108,862
Other expenses	-	-	-	4,756,713	5,072,914	4,896,558
Total expenses	-	-	-	12,285,683	12,929,185	13,078,929
Other items	-	16,405	150,187	603,865	1,677,343	1,676,141
Annual surplus (deficit)	\$ -	\$ 16,405	\$ 150,187	\$ 603,865	\$ 4,345,235	\$ 3,185,909



# LOWER NICOLA INDIAN BAND

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2015

### 15. CONTINGENT LIABILITIES

a) Aboriginal Affairs and Northern Development Canada

Under the terms of the contribution agreements with Aboriginal Affairs and Northern Development Canada and other governmental departments, certain surpluses may be repayable to the government and certain deficits may be reimbursable to the Band.

b) Loan Guarantee

A Government of Canada Ministerial Guarantee has been obtained for loans to certain band members. If these loans default, the Minister may recover the outstanding amounts from the Lower Nicola Indian Band.

The band has guaranteed loans totalling \$246,201.

c) Legal Claim

The Lower Nicola Indian Band was named as a defendant in a legal suit brought by a third party. Contingent liabilities, if any, are undeterminable at this time and no provisions have been made in these financial statements for any costs related to the suit.

### 16. COMPARATIVE AMOUNTS

Certain of the comparative amounts have been reclassified to conform with the presentation adopted in the current period.