

LOWER NICOLA INDIAN BAND
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2017

LOWER NICOLA INDIAN BAND

CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

Page

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

INDEPENDENT AUDITOR'S REPORT

FINANCIAL STATEMENTS

Consolidated Statement of Financial Position	1
Consolidated Statement of Change in Net Financial Assets	2
Consolidated Statement of Operations and Accumulated Surplus	3
Consolidated Statement of Cash Flows	4
Notes to Consolidated Financial Statements	5

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

MARCH 31, 2017

The accompanying consolidated financial statements of Lower Nicola Indian Band and all the information in this annual report for the year ended March 31, 2017 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 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 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

July 26, 2017
Date

Independent Auditor's 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, 2017, 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, 2017, 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 26, 2017

LOWER NICOLA INDIAN BAND

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2017

	2017	2016 (Note 2)
FINANCIAL ASSETS		
Cash	\$ 11,529,563	\$ 7,064,293
Restricted cash (Note 3)	1,738,970	1,620,145
Accounts receivable (Note 4)	757,537	992,150
Loans receivable (Note 5)	1,737,765	1,530,251
Rents receivable	211,838	323,956
Long-term investments in First Nation controlled entities (Note 6)	1,054,445	1,075,244
	17,030,118	12,606,039
LIABILITIES		
Accounts payable (Note 8)	1,795,178	1,629,901
Deferred revenue (Note 9)	59,294	74,174
Damage deposits payable and rent paid in advance	20,213	22,816
Long-term debt (Note 10)	2,657,782	3,033,119
	4,532,467	4,760,010
NET FINANCIAL ASSETS	12,497,651	7,846,029
NON-FINANCIAL ASSETS		
Capital assets (Note 11)	22,113,476	20,493,953
Prepaid expenses	110,064	50,700
	22,223,540	20,544,653
ACCUMULATED SURPLUS (Note 12)	\$ 34,721,191	\$ 28,390,682
MEMBERS' EQUITY		
Equity in Operating Fund	\$ 12,445,834	\$ 8,204,902
Equity in Social Housing	2,879,090	2,992,536
Equity in Capital Fund	17,734,395	15,524,822
Equity in Enterprise Fund	1,054,444	1,075,243
Equity in Ottawa Trust Fund	607,428	593,179
ACCUMULATED SURPLUS	\$ 34,721,191	\$ 28,390,682

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, 2017

	2017 Budget	2017 Actual	2016 (Note 2)
ANNUAL SURPLUS	\$ 7,294,582	\$ 6,330,509	\$ 2,239,952
Acquisition of tangible capital assets	-	(3,757,670)	(1,720,568)
Amortization of tangible capital assets	-	1,731,147	1,492,753
Transfer of capital assets to related entities	-	407,000	-
Disposition of tangible capital assets	-	-	28,263
	-	(1,619,523)	(199,552)
Acquisition of prepaid asset	(59,364)	(110,064)	(50,700)
Use of prepaid asset	-	50,700	77,500
	(59,364)	(59,364)	26,800
INCREASE IN NET FINANCIAL ASSETS	7,235,218	4,651,622	2,067,200
NET FINANCIAL ASSETS, BEGINNING OF YEAR	-	7,846,029	5,778,829
NET FINANCIAL ASSETS, END OF YEAR	\$ -	\$ 12,497,651	\$ 7,846,029

LOWER NICOLA INDIAN BAND

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS FOR THE YEAR ENDED MARCH 31, 2017

	2017 Budget	2017 Actual	2016 Actual
REVENUE			
Indigenous and Northern Affairs Canada	\$ 6,021,323	\$ 5,897,071	\$ 5,343,829
Province of BC	1,127,502	1,131,611	1,810,984
Taxation	1,400,000	1,429,163	1,406,921
First Nations Health Authority	1,146,963	1,170,695	1,102,601
Royalties	1,534,195	335,000	1,100,000
Other	303,135	454,420	907,994
Rental	923,200	903,756	890,949
BC Hydro	-	-	850,000
Capacity and development	8,388,579	8,437,732	636,403
Administration fee	389,500	568,785	534,065
Canada Mortgage and Housing Corporation	234,363	266,053	212,332
First Nations Education Steering Committee	279,509	283,633	154,642
Interest	79,000	138,415	113,123
Thompson Nicola Regional District	83,500	87,284	85,659
Share of income (loss) from First Nation controlled entities	-	(313,326)	48,582
Referrals	63,839	81,813	57,383
Forestry	-	-	29,914
Interior Salish Employment Training Society	-	-	9,322
	21,974,608	20,872,105	15,294,710
EXPENSES			
Band programs	3,299,601	3,487,387	3,995,946
Education	4,253,982	4,912,440	3,690,716
Social development	1,531,409	1,459,702	1,453,663
Health	904,821	963,543	871,478
Job creation	1,216,595	1,871,651	2,435,298
Capital	2,926,639	3,685,373	1,505,461
Social housing	546,979	878,681	817,322
Capital fund	-	1,415,828	1,258,318
	14,680,026	18,674,605	16,028,202
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER	7,294,582	2,197,500	(733,498)
OTHER			
Tangible capital asset additions	-	3,757,671	1,720,564
Principal reduction of long-term debt	-	375,338	1,252,886
	-	4,133,009	2,973,450
ANNUAL SURPLUS	7,294,582	6,330,509	2,239,952
FUND BALANCE, BEGINNING OF YEAR	-	28,390,682	26,150,730
REPLACEMENT RESERVE FUND PROVISION	(71,500)	-	-
FUND BALANCE, END OF YEAR	\$ 7,223,082	\$ 34,721,191	\$ 28,390,682

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, 2017

	2017	2016 (Note 2)
OPERATING ACTIVITIES		
ANNUAL SURPLUS	\$ 6,330,509	\$ 2,239,952
Items not affecting cash		
Amortization	1,731,147	1,492,753
Share of (income) loss of First Nation controlled entities	313,326	(48,582)
	8,374,982	3,684,123
Change in non-cash operating net assets	227,649	(627,650)
	8,602,631	3,056,473
FINANCING ACTIVITIES		
Repayment of Social Housing long-term debt	(315,319)	(262,698)
Repayment of Capital Fund long-term debt	(60,019)	(990,183)
	(375,338)	(1,252,881)
INVESTING ACTIVITIES		
Receipts from First Nation controlled entities	114,473	-
Purchase of capital assets	(3,757,671)	(1,720,564)
Proceeds from sale of capital assets	-	28,263
	(3,643,198)	(1,692,301)
CHANGES IN CASH DURING THE YEAR	4,584,095	111,291
CASH, BEGINNING OF YEAR	8,684,438	8,573,147
CASH, END OF YEAR	\$ 13,268,533	\$ 8,684,438
REPRESENTED BY:		
Cash	\$ 11,529,563	\$ 7,064,293
Restricted cash	1,738,970	1,620,145
	\$ 13,268,533	\$ 8,684,438

The accompanying notes are an integral part of the financial statements

LOWER NICOLA INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

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)
8. LNIB Aggregates Limited Partnership (99.9% owned by the Lower Nicola Indian Band as the limited 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

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, 2017

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

2. 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 Indigenous and Northern Affairs 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.

3. 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.

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.

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.

	2017	2016
Replacement Reserve Fund - restricted cash	\$ 641,947	\$ 566,963
Operating Reserve Fund - restricted cash	489,595	460,004
Ottawa Trust Funds - restricted cash	607,428	593,178
	\$ 1,738,970	\$ 1,620,145

4. ACCOUNTS RECEIVABLE

	2017	2016
Accounts receivable - general	\$ 788,718	\$ 446,288
Rent receivable	506,519	492,614
Indigenous and Northern Affairs Canada	278,150	23,321
All Nations Trust Company	-	19,776
Canada Mortgage and Housing Corporation	16,261	17,197
First Nations Health Authority	14,595	177,166
Health Canada	-	12,112
	1,604,243	1,188,474
Allowance for doubtful accounts	(846,706)	(553,683)
	\$ 757,537	\$ 992,150

LOWER NICOLA INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

5. LOANS RECEIVABLE

	2017	2016
Due from Naik Development Limited Partnership	\$ 4,113	\$ -
Due from Lower Nicola Indian Band Development Corporation	929,920	250,000
Due from LNIB Real Estate Developments Ltd.	17,757	16,278
Due from LNIB Construction Ltd.	218,191	216,365
Due from LNIB Energy Ltd.	4,455	2,597
Due from Shulus Forest Enterprises Ltd.	414,439	935,518
Due from LNIB General Contracting Ltd.	17,860	16,764
Due from LNIB Aggregates Ltd.	59,905	26,815
Due from band member*	67,990	67,990
Due from Shulus Cattle Company Ltd.	3,135	(2,076)
	\$ 1,737,765	\$ 1,530,251

Loans to related entities have no specific terms of repayment and bear no interest.

*The loan to a band member is repayable in monthly installments of \$482 including interest at 3.40%. No payments were received during the year.

LOWER NICOLA INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

6. LONG-TERM INVESTMENTS

	2017	2016
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	153,072
Investment in Stuwix Resources	599,698	501,304
	761,480	663,086
Investment in Naik Development Limited Partnership	(3,231)	(238)
	(3,231)	(238)
Investment in Lower Nicola Indian Band Development Corporation		
Shares	100	100
Contributed Surplus	536,670	129,670
Accumulated equity in earnings	(350,259)	282,626
	186,511	412,396
Investment in LNIB Aggregates Limited Partnership		
Accumulated equity in earnings	109,685	-
	109,685	-
	\$ 1,054,445	\$ 1,075,244

LOWER NICOLA INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

7. 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	LNIB Aggregates Limited Partnership	2017 Total	2016 Total
Cash	\$ 230,113	\$ 883	\$ -	\$ 230,996	\$ 66,904
Accounts receivable	39,766	-	-	39,766	7,088
Due from related parties	-	-	51	51	-
Tangible capital assets	407,000	-	-	407,000	-
Investment in subsidiaries	273,433	-	315,535	588,968	617,303
Total assets	\$ 950,312	\$ 883	\$ 315,586	\$ 1,266,781	\$ 691,295

Accounts payable	\$ 37,681	\$ -	\$ 1,800	\$ 39,481	\$ 28,937
Due to related parties	726,120	4,114	204,000	934,234	250,000
Due to subsidiaries	-	-	-	-	200

Total liabilities	763,801	4,114	205,800	973,715	279,137
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Non-controlling interest	-	-	101	101	100
Accumulated surplus	186,511	(3,231)	109,685	292,965	412,058

Total equity	186,511	(3,231)	109,786	293,066	412,158
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Total liabilities and equity	\$ 950,312	\$ 883	\$ 315,586	\$ 1,266,781	\$ 691,295
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	Lower Nicola Indian Band Development Corporation	Naik Development Limited Partnership	LNIB Aggregates Limited Partnership	2017 Total	2016 Total
Revenue	\$ 7,500	\$ -	\$ 111,485	\$ 118,985	\$ 10,375
Net income from subsidiaries	(343,870)	-	-	(343,870)	119,986
	(336,370)	-	111,485	(224,885)	130,361
Expenses	304,014	2,993	1,800	308,807	195,384
Net income	\$ (640,384)	\$ (2,993)	\$ 109,685	\$ (533,692)	\$ (65,023)

LOWER NICOLA INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

8. ACCOUNTS PAYABLE

	2017	2016
Accounts payable - general	\$ 1,457,954	\$ 765,389
Indigenous and Northern Affairs Canada	124,252	109,719
GST/HST payable (receivable)	(22,414)	(11,848)
Receiver General - payroll deductions	-	21,669
School District #58	-	470,912
Wages payable	235,386	274,060
	\$ 1,795,178	\$ 1,629,901

9. DEFERRED REVENUE

	March 31, 2016	Revenue recognized, 2017	March 31, 2017
Indigenous and Northern Affairs Canada - Capital projects	\$ 74,174	\$ (14,880)	\$ 59,294

10. LONG-TERM DEBT

	2017	2016
All Nations Trust Company loans, due on demand and repayable in blended monthly installments of \$1,590 including interest at 9.3% per annum; secured by Kobelco Blade Runner; term due December 1, 2019.	\$ 44,966	\$ 59,125
Royal Bank of Canada demand loan, payments of \$3,967 per month plus interest at 4.75% per annum, secured by the fire truck.	11,788	57,649
All Nations Trust Company loan repayable in blended monthly installments of \$3,642 including interest at 1.65% per annum; secured by a Ministerial Guarantee from Indigenous and Northern Affairs Canada; term due April 1, 2017.	3,638	46,931
All Nations Trust Company loan repayable in blended monthly installments of \$2,198 including interest at 1.67% per annum; secured by a Ministerial Guarantee from Indigenous and Northern Affairs Canada; term due February 4, 2017.	-	23,961
All Nations Trust Company loan repayable in blended monthly installments of \$1,922 including interest at 2.11% per annum; secured by a Ministerial Guarantee from Indigenous and Northern Affairs Canada; term due September 1, 2023.	139,972	159,868
All Nations Trust Company loan repayable in blended monthly installments of \$2,133 including interest at 1.01% per annum; secured by a Ministerial Guarantee from Indigenous and Northern Affairs Canada; term due October 1, 2025.	210,410	233,768

LOWER NICOLA INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

10. LONG-TERM DEBT, continued

	2017 \$	2016 \$
All Nations Trust Company loan repayable in blended monthly installments of \$1,658 including interest at 2.11% per annum; secured by a Ministerial Guarantee from Indigenous and Northern Affairs Canada; term due November 1, 2023.	123,631	140,735
All Nations Trust Company loan repayable in blended monthly installments of \$1,326 including interest at 1.01% per annum; secured by a Ministerial Guarantee from Indigenous and Northern Affairs Canada; term due February 1, 2026.	135,677	150,151
All Nations Trust Company loan repayable in blended monthly installments of \$767 including interest at 1.01% per annum; secured by a Ministerial Guarantee from Indigenous and Northern Affairs Canada; term due November 1, 2025.	76,381	84,775
All Nations Trust Company loan repayable in blended monthly installments of \$967 including interest at 1.62% per annum; secured by a Ministerial Guarantee from Indigenous and Northern Affairs Canada; term due January 1, 2028.	115,234	124,894
All Nations Trust Company loan repayable in blended monthly installments of \$1,846 including interest at 1.67% per annum; secured by a Ministerial Guarantee from Indigenous and Northern Affairs Canada; term due April 1, 2028.	224,090	242,359
All Nations Trust Company loan repayable in blended monthly installments of \$2,651 including interest at 1.01% per annum; secured by a Ministerial Guarantee from Indigenous and Northern Affairs Canada; term due February 1, 2026.	271,118	300,041
All Nations Trust Company loan repayable in blended monthly installments of \$2,684 including interest at 1.71% per annum; secured by a Ministerial Guarantee from Indigenous and Northern Affairs Canada; term due July 1, 2032.	434,323	458,920
All Nations Trust Company loan repayable in blended monthly installments of \$2,121 including interest at 1.98% per annum; secured by a Ministerial Guarantee from Indigenous and Northern Affairs Canada; term due May 1, 2039.	394,501	454,833
All Nations Trust Company loan repayable in blended monthly installments of \$2,664 including interest at 1.85% per annum; secured by a Ministerial Guarantee from Indigenous and Northern Affairs Canada; term due June 1, 2034.	472,053	495,109
	\$ 2,657,782	\$ 3,033,119

LOWER NICOLA INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

10. LONG-TERM DEBT, continued

Principal portion of long-term debt due within the next five years:

2018	\$	237,257
2019		225,073
2020		228,373
2021		216,857
2022 and thereafter		1,750,222
		<hr/>
		\$ 2,657,782
		<hr/>

LOWER NICOLA INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

11. 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	2017 net book value
Buildings	\$ 15,262,750	\$ 2,629,185	\$ -	\$ 17,891,935	\$ 7,483,424	\$ 650,990	\$ 341,514	\$ 8,475,928	\$ 9,416,007
Automotive equipment	1,669,142	127,211	(149,614)	1,646,739	950,205	165,232	(134,260)	981,177	665,562
Equipment	1,495,000	447,516	(630,841)	1,311,675	1,004,556	206,852	(630,841)	580,567	731,108
Fire Truck	505,321	-	-	505,321	387,661	23,532	-	411,193	94,128
Infrastructure	9,230,523	718,337	-	9,948,860	2,695,294	369,222	-	3,064,516	6,884,344
Social Housing	7,464,541	-	(569,607)	6,894,934	2,612,184	315,319	(354,896)	2,572,607	4,322,327
	\$ 35,627,277	\$ 3,922,249	\$ (1,350,062)	\$ 38,199,464	\$ 15,133,324	\$ 1,731,147	\$ (778,483)	\$ 16,085,988	\$ 22,113,476

	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	2016 Net book value
Buildings	\$ 14,312,002	\$ 950,748	\$ -	\$ 15,262,750	\$ 6,903,174	\$ 580,250	\$ -	\$ 7,483,424	\$ 7,779,326
Automotive equipment	1,319,843	321,036	28,263	1,669,142	837,359	84,583	28,263	950,205	718,937
Equipment	1,273,374	221,626	-	1,495,000	856,937	147,619	-	1,004,556	490,444
Fire Truck	505,321	-	-	505,321	364,129	23,532	-	387,661	117,660
Infrastructure	9,059,891	170,632	-	9,230,523	2,329,486	365,808	-	2,695,294	6,535,229
Social Housing	7,464,541	-	-	7,464,541	2,349,486	262,698	-	2,612,184	4,852,357
	\$ 33,934,972	\$ 1,664,042	\$ 28,263	\$ 35,627,277	\$ 13,640,571	\$ 1,464,490	\$ 28,263	\$ 15,133,324	\$ 20,493,953

LOWER NICOLA INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

12. ACCUMULATED SURPLUS

	2017	2016
Unrestricted		
Operating Fund	\$ 12,445,834	\$ 8,204,902
Capital Fund	17,734,395	15,524,822
	30,180,229	23,729,724
Restricted		
Social Housing	2,879,090	2,992,536
Enterprise Fund	1,054,444	1,075,243
Ottawa Trust Fund	607,428	593,179
	4,540,962	4,660,958
	\$ 34,721,191	\$ 28,390,682

13. 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, 2017

13. SEGMENTED INFORMATION, continued

	2017 Budget	Band Programs 2017 Actual	2016 Actual	2017 Budget	Education 2017 Actual	2016 Actual	2017 Budget	Social Development 2017 Actual	2016 Actual
Revenues									
Indigenous and Northern Affairs Canada	\$ 1,000,558	\$ 1,001,633	\$ 706,808	\$ 2,632,323	\$ 2,632,323	\$ 2,643,146	\$ 1,356,810	\$ 1,232,558	\$ 1,247,178
Administration fee	274,000	282,899	279,054	-	15,655	7,718	-	127	-
First Nations Health Authority	-	-	-	116,333	116,333	110,268	-	-	-
Property tax assessed	1,400,000	1,429,163	1,406,921	-	-	-	-	-	-
Royalties	1,534,195	335,000	1,100,000	-	-	-	-	-	-
Rental	400,000	390,772	372,488	5,040	9,885	9,050	-	-	-
Other revenue	316,906	346,081	494,188	920,536	964,257	754,285	-	-	600
Total revenue	4,925,659	3,785,548	4,359,459	3,674,232	3,738,453	3,524,467	1,356,810	1,232,685	1,247,778
Expenses									
Contractors	183,103	98,954	113,774	108,171	30,936	40,971	-	2,372	1,351
Loan payments	47,000	47,609	893,118	-	-	-	-	-	-
Professional fees	683,200	661,868	591,675	12,500	15,078	5,236	-	-	-
Tangible capital asset acquisition	81,315	96,958	20,931	510,078	972,012	563,534	5,000	-	-
Travel	45,855	42,369	60,416	43,222	26,739	34,639	5,427	10,410	8,561
Utilities and telephone	130,200	146,571	137,912	70,750	78,812	75,413	113,088	124,759	114,380
Wages and benefits	1,083,104	1,138,621	909,267	1,077,796	1,249,759	935,881	249,636	219,963	208,618
Other expenses	1,045,823	1,254,437	1,268,853	2,431,465	2,539,104	2,035,043	1,158,258	1,102,198	1,120,753
Total expenses	3,299,600	3,487,387	3,995,946	4,253,982	4,912,440	3,690,717	1,531,409	1,459,702	1,453,663
Annual surplus (deficit)	\$ 1,626,059	\$ 298,161	\$ 363,513	\$ (579,750)	\$ (1,173,987)	\$ (166,250)	\$ (174,599)	\$ (227,017)	\$ (205,885)

LOWER NICOLA INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

13. SEGMENTED INFORMATION, continued

	2017 Budget	Health 2017 Actual	2016 Actual	2017 Budget	Job Creation 2017 Actual	2016 Actual	2017 Budget	Capital 2017 Actual	2016 Actual
Revenues									
Indigenous and Northern Affairs Canada	\$ 12,750	\$ 12,750	-	\$ 325,904	\$ 325,904	\$ 277,969	\$ 692,978	\$ 691,903	\$ 468,728
Administration fee	-	-	31,114	-	59,822	61,105	115,000	210,281	155,074
BC Hydro	-	-	-	-	-	850,000	-	-	-
Canada Mortgage and Housing Corporation	-	-	-	-	-	-	28,000	44,000	-
First Nations Health Authority	1,030,630	1,054,362	992,333	-	-	-	-	-	-
Rental	-	-	-	8,500	-	-	80,000	79,600	81,616
Other revenue	-	-	-	9,067,623	9,255,133	2,524,078	19,999	16,114	70
Total revenue	1,043,380	1,067,112	1,023,447	9,402,027	9,640,859	3,713,152	935,977	1,041,898	705,488
Expenses									
Contractors	59,330	59,146	32,743	100,000	112,687	230,602	1,000	231,301	147,374
Loan payments	-	-	554	6,000	-	500	-	-	-
Professional fees	-	6,469	-	592,680	1,004,256	1,002,062	24,000	53,306	35,086
Tangible capital asset acquisition	72,500	83,129	19,745	25,000	22,104	470,810	80,000	83,220	73,468
Travel	65,567	86,779	72,578	14,335	64,227	72,618	10,000	7,835	10,959
Utilities and telephone	29,930	31,494	31,101	4,600	9,798	7,950	121,250	135,569	115,221
Wages and benefits	504,839	471,869	509,462	393,553	495,667	499,603	386,624	456,037	414,562
Other expenses	172,655	224,657	205,294	80,427	162,912	151,153	2,303,765	2,718,105	708,791
Total expenses	904,821	963,543	871,477	1,216,595	1,871,651	2,435,298	2,926,639	3,685,373	1,505,461
Annual surplus (deficit)	\$ 138,559	\$ 103,569	\$ 151,970	\$ 8,185,432	\$ 7,769,208	\$ 1,277,854	\$(1,990,662)	\$(2,643,475)	\$(799,973)

LOWER NICOLA INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

13. SEGMENTED INFORMATION, continued

	2017 Budget	Social Housing 2017 Actual	2016 Actual	2017 Budget	Capital Fund 2017 Actual	2016 Actual	2017 Budget	Enterprise Fund 2017 Actual	2016 Actual
Revenues									
Administration fee	\$ 500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Canada Mortgage and Housing Corporation	206,363	222,053	212,332	-	-	-	-	-	-
Rental	429,660	423,498	427,795	-	-	-	-	-	-
Other revenue	-	19,076	17,385	-	-	-	-	(313,326)	48,582
Total revenue	636,523	664,627	657,512	-	-	-	-	(313,326)	48,582
Expenses									
Amortization	-	315,319	262,698	-	1,415,828	1,258,318	-	-	-
Loan payments	271,988	271,276	262,698	-	-	-	-	-	-
Professional fees	6,500	4,500	5,000	-	-	-	-	-	-
Utilities and telephone	6,500	6,500	6,500	-	-	-	-	-	-
Other expenses	261,991	281,086	280,426	-	-	-	-	-	-
Total expenses	546,979	878,681	817,322	-	1,415,828	1,258,318	-	-	-
	89,544	(214,054)	(159,810)	-	(1,415,828)	(1,258,318)	-	(313,326)	48,582
Other items	-	100,608	262,698	-	4,032,401	2,710,752	-	-	-
Annual surplus (deficit)	\$ 89,544	\$ (113,446)	\$ 102,888	\$ -	\$ 2,616,573	\$ 1,452,434	\$ -	\$ (313,326)	\$ 48,582

LOWER NICOLA INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

13. SEGMENTED INFORMATION, continued

	Ottawa Trust Fund			Consolidated totals		
	2017 Budget	2017 Actual	2016 Actual	2017 Budget	2017 Actual	2016 Actual
Revenues						
Indigenous and Northern Affairs Canada	\$ -	\$ -	\$ -	\$ 6,021,323	\$ 5,897,071	\$ 5,214,890
Administration fee	-	-	-	389,500	568,784	534,065
BC Hydro	-	-	-	-	-	850,000
Canada Mortgage and Housing Corporation	-	-	-	234,363	266,053	212,332
First Nations Health Authority	-	-	-	1,146,963	1,170,695	1,102,601
Property tax assessed	-	-	-	1,400,000	1,429,163	1,406,921
Royalties	-	-	-	1,534,195	335,000	1,100,000
Rental	-	-	-	923,200	903,755	890,949
Other revenue	-	14,249	14,818	10,325,064	10,301,584	3,854,006
Total revenue	-	14,249	14,818	21,974,608	20,872,105	15,294,703
Expenses						
Amortization	-	-	-	-	1,731,147	1,521,016
Contractors	-	-	-	451,604	535,396	566,815
Loan payments	-	-	-	324,988	318,885	1,156,870
Professional fees	-	-	-	1,318,880	1,745,477	1,639,059
Tangible capital asset acquisition	-	-	-	773,893	1,257,423	1,148,488
Travel	-	-	-	184,406	238,359	259,771
Utilities and telephone	-	-	-	476,318	533,503	488,477
Wages and benefits	-	-	-	3,695,552	4,031,916	3,477,393
Other expenses	-	-	-	7,454,384	8,282,499	5,770,312
Total expenses	-	-	-	14,680,025	18,674,605	16,028,202
Other items	-	14,249	14,818	7,294,583	2,197,500	(733,499)
Annual surplus (deficit)	\$ -	\$ 14,249	\$ 14,818	\$ 7,294,583	\$ 6,330,509	\$ 2,239,952

LOWER NICOLA INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

14. CONTINGENT LIABILITIES

a) Indigenous and Northern Affairs Canada

Under the terms of the contribution agreements with Indigenous and Northern Affairs 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 \$52,253.

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.

15. COMPARATIVE AMOUNTS

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