

LOWER NICOLA INDIAN BAND
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2018

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
MARCH 31, 2018

The accompanying consolidated financial statements of Lower Nicola Indian Band and all the information in this annual report for the year ended March 31, 2018 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.

Kari Reilander

Executive Director

July 27, 2018

Date

LOWER NICOLA INDIAN BAND

CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2018

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

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, 2018, 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, 2018, 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 27, 2018


LOWER NICOLA INDIAN BAND

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2018

	2018	2017
FINANCIAL ASSETS		
Cash	\$ 12,600,069	\$ 11,529,563
Restricted cash (Note 3)	1,499,896	1,738,970
Accounts receivable (Note 4)	1,689,064	757,537
Loans receivable (Note 5)	1,604,244	1,737,765
Rents receivable	154,840	211,838
Long-term investments in First Nation controlled entities (Note 6)	1,790,044	1,054,445
	19,338,157	17,030,118
LIABILITIES		
Accounts payable (Note 8)	1,978,139	1,795,178
Deferred revenue (Note 9)	-	59,294
Damage deposits payable and rent paid in advance	24,507	20,213
Long-term debt (Note 10)	3,369,889	2,657,782
	5,372,535	4,532,467
NET FINANCIAL ASSETS	13,965,622	12,497,651
NON-FINANCIAL ASSETS		
Capital assets (Note 11)	27,635,173	22,113,476
Prepaid expenses	60,250	110,064
	27,695,423	22,223,540
ACCUMULATED SURPLUS (Note 12)	\$ 41,661,045	\$ 34,721,191
MEMBERS' EQUITY		
Equity in Operating Fund	\$ 14,260,197	\$ 12,445,834
Equity in Social Housing	3,042,517	2,879,089
Equity in Capital Fund	22,268,938	17,734,396
Equity in Enterprise Fund	1,790,044	1,054,445
Equity in Ottawa Trust Fund	299,349	607,427
ACCUMULATED SURPLUS	\$ 41,661,045	\$ 34,721,191

APPROVED ON BEHALF OF THE LOWER NICOLA INDIAN BAND

Kari Reilander, Executive Director

, Council

The accompanying notes are an integral part of the financial statements

LOWER NICOLA INDIAN BAND

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS FOR THE YEAR ENDED MARCH 31, 2018

	2018 Budget	2018 Actual	2017 Actual
ANNUAL SURPLUS	\$ 4,836,783	\$ 6,939,854	\$ 6,330,509
Acquisition of tangible capital assets	-	(7,304,887)	(3,757,671)
Amortization of tangible capital assets	-	1,783,189	1,731,147
Transfer of capital assets to related entities	-	-	407,000
	-	(5,521,698)	(1,619,524)
Acquisition of prepaid asset	49,814	(60,250)	(110,064)
Use of prepaid asset	-	110,065	50,700
	49,814	49,815	(59,364)
INCREASE IN NET FINANCIAL ASSETS	4,886,597	1,467,971	4,651,621
NET FINANCIAL ASSETS, BEGINNING OF YEAR	-	12,497,651	7,846,030
NET FINANCIAL ASSETS, END OF YEAR	\$ -	\$ 13,965,622	\$ 12,497,651

LOWER NICOLA INDIAN BAND

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS FOR THE YEAR ENDED MARCH 31, 2018

	2018 Budget	2018 Actual	2017 Actual
REVENUE			
Indigenous Services Canada	\$ 7,503,713	\$ 7,421,125	\$ 5,897,071
Province of British Columbia	514,520	539,512	1,131,611
Taxation	1,437,792	1,432,901	1,429,163
First Nations Health Authority	1,215,995	1,231,046	1,179,695
Royalties	-	-	335,000
Other	1,955,659	3,206,869	521,384
Rental	828,744	801,220	903,756
Capacity and development	5,139,865	5,139,865	8,361,768
Administration fee	439,000	1,633,554	568,785
Canada Mortgage and Housing Corporation	178,284	207,570	266,053
First Nations Education Steering Committee	217,665	251,496	283,633
Interest	84,166	216,272	138,415
Thompson Nicola Regional District	83,500	89,030	87,284
Share of income (loss) from First Nation controlled entities	-	723,599	(313,326)
Referrals	50,000	(507)	81,813
Interior Salish Employment Training Society	-	19,832	-
	19,648,903	22,913,384	20,872,105
EXPENSES			
Band programs	3,840,823	4,026,022	3,487,387
Education	4,095,426	3,826,165	4,912,440
Social development	1,447,022	1,472,538	1,459,702
Health	993,592	1,098,356	963,543
Job creation	2,941,930	3,889,107	1,871,651
Capital	1,428,352	6,928,696	3,685,373
Social housing	437,102	742,529	878,681
Capital fund	-	1,567,475	1,415,828
	15,184,247	23,550,888	18,674,605
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER	3,952,755	(637,504)	2,197,500
OTHER			
Tangible capital asset additions	-	7,304,887	3,757,671
Principal reduction of long-term debt	-	272,471	375,338
	-	7,577,358	4,133,009
ANNUAL SURPLUS	4,836,783	6,939,854	6,330,509
FUND BALANCE, BEGINNING OF YEAR	-	34,721,191	28,390,682
REPLACEMENT RESERVE FUND PROVISION	(60,500)	-	-
FUND BALANCE, END OF YEAR	\$ 4,776,283	\$ 41,661,045	\$ 34,721,191

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, 2018

	2018	2017
OPERATING ACTIVITIES		
ANNUAL SURPLUS	\$ 6,939,854	\$ 6,330,509
Items not affecting cash		
Amortization	1,783,189	1,731,147
Share of (income) loss of First Nation controlled entities	(723,599)	313,326
	7,999,444	8,374,982
Change in non-cash operating net assets	(563,233)	227,649
	7,436,211	8,602,631
FINANCING ACTIVITIES		
Repayment of Social Housing long-term debt	(215,716)	(315,319)
Repayment of Capital Fund long-term debt	(56,755)	(60,019)
Proceeds from long-term debt	984,579	-
	712,108	(375,338)
INVESTING ACTIVITIES		
Investment in First Nation controlled entities	(204,000)	-
Receipts from First Nation controlled entities	192,000	114,473
Purchase of capital assets	(7,304,887)	(3,757,671)
	(7,316,887)	(3,643,198)
CHANGES IN CASH DURING THE YEAR	831,432	4,584,095
CASH, BEGINNING OF YEAR	13,268,533	8,684,438
CASH, END OF YEAR	\$ 14,099,965	\$ 13,268,533
REPRESENTED BY:		
Cash	\$ 12,600,069	\$ 11,529,563
Restricted cash	1,499,896	1,738,970
	\$ 14,099,965	\$ 13,268,533

LOWER NICOLA INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

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, 2018

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, 2018

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, 2018

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 Services 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.

	2018	2017
Replacement Reserve Fund - restricted cash	\$ 697,752	\$ 641,947
Operating Reserve Fund - restricted cash	502,795	489,595
Ottawa Trust Funds - restricted cash	299,349	607,428
	\$ 1,499,896	\$ 1,738,970

4. ACCOUNTS RECEIVABLE

	2018	2017
Accounts receivable - general	\$ 1,856,799	\$ 879,468
Indigenous Services Canada	71,000	278,150
Canada Mortgage and Housing Corporation	121,486	16,261
First Nations Health Authority	200	14,595
	2,049,485	1,188,474
Allowance for doubtful accounts	(360,421)	(846,706)
	\$ 1,689,064	\$ 757,537

LOWER NICOLA INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

5. LOANS RECEIVABLE

	2018	2017
Due from Naik Development Limited Partnership	\$ 465	\$ 4,113
Due from Lower Nicola Indian Band Development Corporation	1,535,789	929,920
Due from LNIB Real Estate Developments Ltd.	-	17,757
Due from LNIB Construction Ltd.	-	218,191
Due from LNIB Energy Ltd.	-	4,455
Due from Shulus Forest Enterprises Ltd.	-	414,439
Due from LNIB General Contracting Ltd.	-	17,860
Due from LNIB Aggregates Ltd.	-	59,905
Due from band member*	67,990	67,990
Due from Shulus Cattle Company Ltd.	-	3,135
	\$ 1,604,244	\$ 1,737,765

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.

6. LONG-TERM INVESTMENTS IN FIRST NATION CONTROLLED ENTITIES

	2018	2017
Investment in Non-Controlled Entities		
All Nations Trust Company - shares at cost	\$ 8,710	\$ 8,710
Nicola Valley Indian Services Association - net investment	174,439	153,072
	183,149	161,782
Investment in Naik Development Limited Partnership		
Accumulated equity in earnings	643,386	596,467
	643,386	596,467
Investment in Lower Nicola Indian Band Development Corporation		
Shares	100	100
Contributed Surplus	536,670	536,670
Accumulated equity in earnings	(286,280)	(350,259)
	250,490	186,511
Investment in LNIB Aggregates Limited Partnership		
Accumulated equity in earnings	713,019	109,685
	713,019	109,685
	\$ 1,790,044	\$ 1,054,445

LOWER NICOLA INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

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	2018 Total	2017 Total
Cash	\$ 27,764	\$ 1,964	\$ -	\$ 29,728	\$ 230,996
Accounts receivable	23,113	-	-	23,113	39,767
Due from related parties	-	12,000	51	12,051	19,551
Tangible capital assets	407,000	-	-	407,000	407,000
Investment in subsidiaries	184,672	629,910	690,651	1,505,233	1,169,166
Total assets	\$ 642,549	\$ 643,874	\$ 690,702	\$ 1,977,125	\$ 1,866,480

Accounts payable	\$ 27,875	\$ -	\$ 1,800	\$ 29,675	\$ 39,482
Due to related parties	364,371	465	205,420	570,256	934,234
Total liabilities	392,246	465	207,220	599,931	973,716
Non-controlling interest	-	-	101	101	101
Accumulated surplus	250,303	643,409	483,381	1,377,093	892,663
Total equity	250,303	643,409	483,482	1,377,194	892,764
Total liabilities and equity	\$ 642,549	\$ 643,874	\$ 690,702	\$ 1,977,125	\$ 1,866,480

	Lower Nicola Indian Band Development Corporation	Naik Development Limited Partnership	LNIB Aggregates Limited Partnership	2018 Total	2017 Total
Revenue	\$ 500,000	\$ 2	\$ 375,116	\$ 875,118	\$ 118,985
Net income from subsidiaries	(88,860)	243,101	-	154,241	(343,870)
	411,140	243,103	375,116	1,029,359	(224,885)
Expenses	347,348	4,161	1,420	352,929	308,807
Net income	\$ 63,792	\$ 238,942	\$ 373,696	\$ 676,430	\$ (533,692)

LOWER NICOLA INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

8. ACCOUNTS PAYABLE

	2018	2017
Accounts payable - general	\$ 1,596,865	\$ 1,458,748
Indigenous Services Canada	157,849	124,252
GST/HST payable (receivable)	(9,796)	(22,414)
Wages payable	233,221	234,592
	\$ 1,978,139	\$ 1,795,178

9. DEFERRED REVENUE

	March 31, 2017	Revenue recognized, 2018	March 31, 2018
Indigenous Services Canada - Capital projects	\$ 59,294	\$ (59,294)	\$ -

10. LONG-TERM DEBT

	2018	2017
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
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
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 Services Canada; term due April 1, 2017.	-	3,638
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 Services Canada; term due September 1, 2023.	119,660	139,972
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 Services Canada; term due October 1, 2025.	186,822	210,410
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 Services Canada; term due November 1, 2023.	106,170	123,631
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 Services Canada; term due February 1, 2026.	121,060	135,677

LOWER NICOLA INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

10. LONG-TERM DEBT, continued

	2018 \$	2017 \$
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 Services Canada; term due November 1, 2025.	67,904	76,381
All Nations Trust Company loan repayable in blended monthly installments of \$1,003 including interest at 2.39% per annum; secured by a Ministerial Guarantee from Indigenous Services Canada; term due January 1, 2028.	105,421	115,234
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 Services Canada; term due April 1, 2028.	205,524	224,090
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 Services Canada; term due February 1, 2026.	241,910	271,118
All Nations Trust Company loan repayable in blended monthly installments of \$2,709 including interest at 1.84% per annum; secured by a Ministerial Guarantee from Indigenous Services Canada; term due July 1, 2032.	409,439	434,323
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 Services Canada; term due May 1, 2039.	377,908	394,501
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 Services Canada; term due June 1, 2034.	448,590	472,053
All Nations Trust Company loan repayable in blended monthly installments of \$4,167 including interest at 1.97% per annum; secured by a Ministerial Guarantee from Indigenous Services Canada; term due December 1, 2042.	979,481	-
	\$ 3,369,889	\$ 2,657,782

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

2019	\$ 241,187
2020	245,103
2021	249,086
2022	253,139
2023 and thereafter	2,381,374
	\$ 3,369,889

LOWER NICOLA INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2018

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	2018 net book value
Buildings	\$ 17,891,935	\$ 999,339	\$ -	\$ 18,891,274	\$ 8,475,928	\$ 715,568	\$ 694,381	\$ 9,885,877	\$ 9,005,397
Automotive equipment	1,646,739	-	-	1,646,739	981,177	161,553	-	1,142,730	504,009
Equipment	1,311,675	469,476	-	1,781,151	580,567	295,857	-	876,425	904,726
Fire Truck	505,321	-	-	505,321	411,193	23,532	-	434,725	70,596
Infrastructure	9,948,860	5,270,829	-	15,219,689	3,064,516	370,963	-	3,435,479	11,784,210
Social Housing	6,894,934	1,476,246	(911,003)	7,460,177	2,572,607	215,716	(694,381)	2,093,942	5,366,235
	\$ 38,199,464	\$ 8,215,890	\$ (911,003)	\$ 45,504,351	\$ 16,085,988	\$ 1,783,189	\$ -	\$ 17,869,178	\$ 27,635,173

	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	(315,319)	2,572,607	4,322,327
	\$ 35,627,277	\$ 3,922,249	\$ (1,350,062)	\$ 38,199,464	\$ 15,133,324	\$ 1,731,147	\$ (738,906)	\$ 16,085,988	\$ 22,113,476

LOWER NICOLA INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2018

12. ACCUMULATED SURPLUS

	2018	2017
Unrestricted		
Operating Fund	\$ 14,260,197	\$ 12,445,834
Capital Fund	22,268,938	17,734,396
	36,529,135	30,180,230
Restricted		
Social Housing	3,042,517	2,879,089
Enterprise Fund	1,790,044	1,054,445
Ottawa Trust Fund	299,349	607,427
	5,131,910	4,540,961
	\$ 41,661,045	\$ 34,721,191

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, 2018

13. SEGMENTED INFORMATION, continued

	2018 Budget	Band Programs 2018 Actual	2017 Actual	2018 Budget	Education 2018 Actual	2017 Actual	2018 Budget	Social Development 2018 Actual	2017 Actual
Revenues									
Indigenous Services Canada	\$ 1,020,481	\$ 1,020,480	\$ 1,001,633	\$ 2,606,790	\$ 2,606,790	\$ 2,632,323	\$ 1,285,208	\$ 1,325,360	\$ 1,232,558
Administration fee	274,000	286,223	282,899	-	13,276	15,655	-	-	127
First Nations Health Authority	-	-	-	126,351	124,351	125,333	-	-	-
Property tax assessed	1,437,792	1,432,901	1,429,163	-	-	-	-	-	-
Royalties	-	-	335,000	-	-	-	-	-	-
Rental	474,084	445,439	390,772	8,400	10,308	9,885	-	-	-
Other revenue	252,366	552,905	346,081	936,971	807,481	955,257	-	-	-
Total revenue	3,458,723	3,737,948	3,785,548	3,678,512	3,562,206	3,738,453	1,285,208	1,325,360	1,232,685
Expenses									
Contractors	157,047	98,658	98,954	68,314	70,105	30,936	-	4,414	2,372
Loan payments	20,000	11,902	47,609	-	-	-	-	-	-
Professional fees	477,581	694,090	661,868	20,230	16,598	15,078	-	-	-
Tangible capital asset acquisition	136,936	211,290	96,958	115,788	33,869	972,012	6,000	5,560	-
Travel	40,100	53,250	42,369	30,600	25,534	26,407	2,400	9,427	10,410
Utilities and telephone	167,150	191,724	146,571	73,866	84,800	78,812	93,577	109,541	124,759
Wages and benefits	1,474,506	1,351,718	1,138,621	1,385,059	1,412,692	1,249,759	282,316	280,556	219,963
Other expenses	1,377,128	1,413,390	1,254,437	2,401,569	2,182,567	2,539,436	1,062,729	1,063,040	1,102,198
Total expenses	3,850,448	4,026,022	3,487,387	4,095,426	3,826,165	4,912,440	1,447,022	1,472,538	1,459,702
Other items	(391,725)	(288,074)	298,161	(416,914)	(263,959)	(1,173,987)	(161,814)	(147,178)	(227,017)
Annual surplus (deficit)	\$ (391,725)	\$ (147,927)	\$ 298,161	\$ (416,914)	\$ (263,959)	\$ (1,173,987)	\$ (161,814)	\$ (147,178)	\$ (227,017)

LOWER NICOLA INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2018

13. SEGMENTED INFORMATION, continued

	2018 Budget	Health 2018 Actual	2017 Actual	2018 Budget	Job Creation 2018 Actual	2017 Actual	2018 Budget	Capital 2018 Actual	2017 Actual
Revenues									
Indigenous Services Canada	\$ 2,250	\$ 2,250	\$ 12,750	\$ 692,973	\$ 656,625	\$ 325,904	\$ 1,896,011	\$ 1,809,620	\$ 691,903
Administration fee	-	-	-	-	1,122,983	59,822	165,000	195,235	210,281
Canada Mortgage and Housing Corporation	-	-	-	-	-	-	-	16,165	44,000
First Nations Health Authority	1,089,644	1,106,695	1,054,362	-	-	-	-	-	-
Rental	-	-	-	-	-	-	27,000	17,799	79,600
Other revenue	-	-	-	6,854,038	6,838,322	9,255,133	2,000	1,233,299	16,114
Total revenue	1,091,894	1,108,945	1,067,112	7,547,011	8,617,930	9,640,859	2,090,011	3,272,118	1,041,898
Expenses									
Contractors	60,497	76,980	59,146	268,000	95,743	112,687	1,000	1,330,068	231,301
Professional fees	-	3,027	6,469	1,563,019	1,598,118	1,004,256	4,200	146,756	53,306
Tangible capital asset acquisition	15,441	31,356	83,129	113,500	240,119	22,104	362,000	345,282	83,220
Travel	69,067	79,508	86,779	48,000	46,487	64,227	8,000	7,437	7,835
Utilities and telephone	28,950	48,675	31,494	7,200	13,542	9,798	118,250	152,131	135,569
Wages and benefits	650,956	632,134	471,869	747,711	657,084	495,667	509,234	475,284	456,037
Other expenses	168,681	226,676	224,657	194,500	1,238,014	162,912	425,668	4,471,738	2,718,107
Total expenses	993,592	1,098,356	963,543	2,941,930	3,889,107	1,871,651	1,428,352	6,928,696	3,685,373
Other items	98,302	10,589	103,569	4,605,081	4,728,823	7,769,208	661,659	(3,656,578)	(2,643,475)
Annual surplus (deficit)	\$ 98,302	\$ 10,589	\$ 103,569	\$ 4,605,081	\$ 4,728,823	\$ 7,769,208	\$ 1,545,687	\$ (2,672,000)	\$ (2,643,475)

LOWER NICOLA INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2018

13. SEGMENTED INFORMATION, continued

	2018 Budget	Social Housing 2018 Actual	2017 Actual	2018 Budget	Capital Fund 2018 Actual	2017 Actual	2018 Budget	Enterprise Fund 2018 Actual	2017 Actual
Revenues									
Administration fee	\$ -	\$ 15,836	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Canada Mortgage and Housing Corporation	178,284	191,405	222,053	-	-	-	-	-	-
Rental	319,260	327,674	423,498	-	-	-	-	-	-
Other revenue	-	20,426	19,076	-	-	-	-	723,599	(313,326)
Total revenue	497,544	555,341	664,627	-	-	-	-	723,599	(313,326)
Expenses									
Amortization	-	215,716	315,319	-	1,567,475	1,415,827	-	-	-
Loan payments	201,117	215,716	271,276	-	-	-	-	-	-
Professional fees	5,500	6,000	4,500	-	-	-	-	-	-
Utilities and telephone	5,500	6,000	6,500	-	-	-	-	-	-
Other expenses	224,985	299,097	281,085	-	-	-	-	-	-
Total expenses	437,102	742,529	878,680	-	1,567,475	1,415,827	-	-	-
	60,442	(187,188)	(214,053)	-	(1,567,475)	(1,415,827)	-	723,599	(313,326)
Other items	-	350,616	100,608	-	6,102,017	4,032,401	-	-	-
Annual surplus (deficit)	\$ 60,442	\$ 163,428	\$(113,445)	-	\$ 4,534,542	\$ 2,616,574	-	\$ 723,599	\$(313,326)

LOWER NICOLA INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2018

13. SEGMENTED INFORMATION, continued

	Ottawa Trust Fund			Consolidated totals		
	2018 Budget	2018 Actual	2017 Actual	2018 Budget	2018 Actual	2017 Actual
Revenues						
Indigenous Services Canada	\$ -	\$ -	\$ -	\$ 7,503,713	\$ 7,421,125	\$ 5,897,071
Administration fee	-	-	-	439,000	1,633,553	568,784
Canada Mortgage and Housing Corporation	-	-	-	178,284	207,570	266,053
First Nations Health Authority	-	-	-	1,215,995	1,231,046	1,179,695
Property tax assessed	-	-	-	1,437,792	1,432,901	1,429,163
Royalties	-	-	-	-	-	335,000
Rental	-	-	-	828,744	801,220	903,755
Other revenue	-	9,937	14,249	8,045,375	10,185,969	10,292,584
Total revenue	-	9,937	14,249	19,648,903	22,913,384	20,872,105
Expenses						
Amortization	-	-	-	-	1,783,191	1,731,146
Contractors	-	-	-	554,858	1,675,968	535,396
Loan payments	-	-	-	221,117	227,618	318,885
Professional fees	-	-	-	2,070,530	2,464,589	1,745,477
Tangible capital asset acquisition	-	-	-	749,665	867,476	1,257,423
Travel	-	-	-	198,167	221,643	238,027
Utilities and telephone	-	-	-	494,493	606,413	533,503
Wages and benefits	-	-	-	5,049,782	4,809,468	4,031,916
Other expenses	-	-	-	5,855,260	10,894,522	8,282,832
Total expenses	-	-	-	15,193,872	23,550,888	18,674,605
Other items	-	9,937	14,249	4,455,031	(637,504)	2,197,500
	-	-	-	884,028	7,577,358	4,133,009
Annual surplus (deficit)	\$ -	\$ 9,937	\$ 14,249	\$ 5,339,059	\$ 6,939,854	\$ 6,330,509

LOWER NICOLA INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

14. CONTINGENT LIABILITIES

a) Indigenous Services Canada

Under the terms of the contribution agreements with Indigenous Services 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 \$64,497.

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.

16. SUBSEQUENT EVENTS

Subsequent to the year, a related party had agreed in principle to the asset and business purchase of OMH Acquisition Limited Partnership. Lower Nicola Indian Band has provided a limited guarantee of the loans used to finance this purchase. The guarantee is limited to \$5,400,000.