

**Lower Nicola Indian Band
Consolidated Financial Statements
For the year ended March 31, 2022**

Lower Nicola Indian Band
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For the year ended March 31, 2022

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Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of Lower Nicola Indian Band are the responsibility of management and have been approved by the kʷúkʷpi? and Council.

These 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 judgments. 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.

Lower Nicola Indian Band maintains systems of internal accounting and administrative controls, consistent with reasonable costs. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Band's assets are appropriately accounted for and adequately safeguarded.

Lower Nicola Indian Band is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. Council carries out this responsibility principally through its Finance and Audit Committee.

The Finance and Audit Committee (the Committee) reviews the Band's consolidated financial statements and recommends their approval to Council. The Committee 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, consolidated financial statements and external auditor's report. The Committee reports its findings to the Council for consideration when approving the consolidated financial statements for issuance to the members. The Committee also considers, for review by the Council, the engagement of the external auditors.

The consolidated financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. BDO Canada LLP has full and free access to the Band Council.

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Stuart Jackson

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Connie Joe

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Chair of the FAC

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Barry Torgerson

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Director of Finance



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Independent Auditor's Report

To the kʷúkʷpi? and Council of Lower Nicola Indian Band

Qualified Opinion

We have audited the consolidated financial statements of Lower Nicola Indian Band and its consolidated entities (the Consolidated Entity), which comprise the consolidated statement of financial position as at March 31, 2022, and the consolidated statement of operations, change in net financial assets, and cash flows for the year ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Consolidated Entity as at March 31, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

In the prior year, management commenced a project to create a database of tangible capital assets. As part of this project, management determined that certain assets acquired in the past were missing from the reported tangible capital assets. As such, the tangible capital asset amounts and related amortization expense reported are not complete. Management is in the process of updating its tangible capital asset listing for the missing assets which is expected to be completed within the next fiscal year. The effects of this departure from Canadian public sector accounting standards on the consolidated financial position, results of operations and changes in net financial assets have not been determined because it is impracticable to do so.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Lower Nicola Indian Band in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Matters - Supplementary Information

Lower Nicola Indian Band has also prepared another set of consolidated financial statements for the year ended March 31, 2022 in accordance with Canadian public sector accounting standards. However, those consolidated financial statements include unaudited supplementary schedules which present detailed program revenues and expenditures prepared to assist management of Lower Nicola Indian Band to meet the reporting requirements of various funding agencies. Our audit report on the other set of financial statements was issued to kʷúkʷpi? and Council of Lower Nicola Indian Band and was dated July 26, 2022.



Responsibilities of Management and Those Charged with Governance 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.

In preparing the consolidated financial statements, management is responsible for assessing the Consolidated Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Consolidated Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Lower Nicola Indian Band's financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Lower Nicola Indian Band's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Lower Nicola Indian Band's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Lower Nicola Indian Band to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Lower Nicola Indian Band to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants

Kelowna, British Columbia

July 26, 2022

Lower Nicola Indian Band
Consolidated Statement of Financial Position

<u>March 31</u>	<u>2022</u>	<u>2021</u>
Financial Assets		
Cash and cash equivalents (Note 2)	\$33,286,769	\$ 21,359,389
Investments (Note 3)	2,434,500	3,004,821
Accounts receivable (Note 4)	6,851,311	3,795,755
Due from related parties (Note 11)	163,297	1,588,677
Investment in business enterprises (Note 12)	<u>20,654,283</u>	<u>9,395,782</u>
	<u>63,390,160</u>	<u>39,144,424</u>
Liabilities		
Accounts payable and accrued liabilities	2,015,250	2,316,091
Deferred revenue (Note 6)	6,680,615	181,364
Long-term debt (Note 7)	<u>2,390,161</u>	<u>2,640,990</u>
	<u>11,086,026</u>	<u>5,138,445</u>
Net Financial Assets	<u>52,304,134</u>	<u>34,005,979</u>
Non-Financial Assets		
Prepaid expenses	44,973	24,795
Tangible capital assets (Note 5)	23,912,160	24,934,962
Inventory	<u>250,541</u>	<u>250,541</u>
	<u>24,207,674</u>	<u>25,210,298</u>
Accumulated Surplus (Note 13)	<u>\$76,511,808</u>	<u>\$ 59,216,277</u>

Approved on behalf of Council

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Stuart Jackson

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Connie Joe

Chair of the Finance & Audit Committee

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Barry Torgerson

Director of Finance

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Lower Nicola Indian Band Consolidated Statement of Operations

<u>For the year ended March 31</u>	<u>(Note 15)</u> <u>Budget</u>	2022	2021
Revenues			
Federal Government			
Indigenous Services Canada	\$ 6,557,054	\$ 8,233,313	\$ 8,654,328
Canada Mortgage and Housing Corporation	217,282	1,318,524	214,480
First Nations Health Authority	1,302,960	1,482,598	1,433,876
Provincial Government			
First Nations Education Steering Committee	355,912	416,240	473,226
Province of British Columbia	565,772	1,023,612	703,334
BC First Nations Gaming	550,293	338,390	588,658
Other			
Housing charges and rental	801,356	749,696	740,767
Interest and investment income	130,000	97,903	232,012
Other contract revenue	10,416,791	12,047,112	7,847,304
Property taxes	1,522,197	1,567,317	1,543,699
Income from investment in band owned entities	-	11,759,593	4,403,623
Total revenues for the year	22,419,617	39,034,298	26,835,307
Expenditures (Note 16)			
Administration	3,247,637	5,121,429	5,047,891
Community health	1,074,643	1,052,678	1,000,185
Economic development	4,236,130	2,108,352	2,096,075
Education	5,954,597	5,195,846	4,565,688
Housing	1,055,634	923,508	838,172
Land, estate and membership	1,119,802	847,697	1,168,100
Lower Nicola Indian Band Development Corporation	-	2,489,284	583,703
Public works	2,796,443	1,991,909	2,340,154
Social development	1,785,720	2,008,064	2,162,294
Total expenditures for the year	21,270,606	21,738,767	19,802,262
Annual surplus	1,149,011	17,295,531	7,033,045
Accumulated surplus, beginning of year		59,216,277	52,183,232
Accumulated surplus, end of year		\$76,511,808	\$ 59,216,277

Lower Nicola Indian Band
Consolidated Statement of Change in Net Financial Assets

<u>For the year ended March 31</u>	<u>(Note 15)</u> <u>Budget</u>	2022	2021
Annual surplus	\$ 1,149,011	\$17,295,531	\$ 7,033,045
Acquisition of tangible capital assets (Note 5)	(4,629,766)	(1,887,652)	(1,389,607)
Amortization of tangible capital assets (Note 5)	-	2,470,981	2,279,051
Disposal of tangible capital assets (Note 5)	-	439,473	53,990
Use (acquisition) of prepaid expenses	-	(20,178)	128,056
	<hr/>	<hr/>	<hr/>
	-	1,002,624	1,071,490
Net change in net financial assets	(3,480,755)	18,298,155	8,104,535
Net financial assets, beginning of year		<u>34,005,979</u>	<u>25,901,444</u>
Net financial assets, end of year		<u>\$52,304,134</u>	<u>\$ 34,005,979</u>

**Lower Nicola Indian Band
Consolidated Statement of Cash Flows**

<u>March 31</u>	<u>2022</u>	<u>2021</u>
Operating Activities		
Annual surplus	\$ 17,295,531	\$ 7,033,045
Items not affecting cash		
Amortization	2,470,981	2,279,051
Share of income from First Nation controlled entities	<u>(11,759,593)</u>	<u>(4,403,623)</u>
	<u>(9,288,612)</u>	<u>(2,124,572)</u>
Changes in non-cash working capital		
Accounts receivable	(3,055,556)	225,437
Prepaid expenses	(20,178)	128,056
Accounts payable and accrued liabilities	(300,841)	830,491
Deferred revenue	<u>6,499,251</u>	<u>139,296</u>
	<u>3,122,676</u>	<u>1,323,280</u>
Capital activities		
Acquisition of tangible capital assets	(1,887,652)	(1,389,607)
Disposal of tangible capital assets	<u>439,473</u>	<u>49,045</u>
	<u>(1,448,179)</u>	<u>(1,340,562)</u>
Financing activities		
Repayment of Social Housing long-term debt	<u>(250,830)</u>	<u>(246,332)</u>
Investing activities		
Investment in First Nation controlled entities	1,326,473	1,938
Receipts from First Nation controlled entities	600,000	(44,511)
Investment in partnerships	-	-
Change in investment in G.I.C.	<u>570,321</u>	<u>(3,000,000)</u>
	<u>2,496,794</u>	<u>(3,042,573)</u>
Net change in cash and cash equivalents	11,927,380	1,602,286
Cash and cash equivalents, beginning of year	<u>21,359,389</u>	<u>19,757,103</u>
Cash and cash equivalents, end of year	<u>\$33,286,769</u>	<u>\$ 21,359,389</u>

Lower Nicola Indian Band Notes to the Consolidated Financial Statements

March 31, 2022

1. Summary of Significant Accounting Policies

Nature of Business	Lower Nicola Indian Band provides services and support to its band members. Lower Nicola Indian Band is an Indian Band and, as such, is exempt from income tax under section 87 of the Indian Act.
Basis of Accounting	These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments, as recommended by the Public Sector Accounting Board.
Reporting Entity	The Lower Nicola Indian Band reporting entity includes the Lower Nicola Indian Band government and all related entities that are either owned or controlled by the First Nation.
Principles of Consolidation	All governmental units are fully consolidated by the government reporting entity. Other business enterprises and partnerships which meet the definition of a government business enterprise or partnership are accounted for on the modified equity basis of accounting. Entities that fall under the consolidated basis of accounting are fully consolidated on a line-by-line basis with inter-organizational balances and transactions eliminated. The only entity that is accounted for under the consolidation basis is Lower Nicola Indian Band Development Corporation. Entities that are accounted for using the modified equity basis of accounting includes the cost of the Lower Nicola Indian Band's investment in the entities including the proportionate share of earnings. Under the modified equity basis of accounting inter-organizational balances are not eliminated. The following entities are accounted for on a modified equity basis: LNIB Holdings LP NAIK Development LP LNIB Aggregates LP Shulus Forest Enterprises LP LNIB Ventures LP Shulus Farms LP Investments that are accounted for using the cost basis of accounting include: Spayum Holdings Limited Partnership All Nations Trust Corporation BC First Nations Gaming Revenue Sharing Limited Partnership

Lower Nicola Indian Band Notes to the Consolidated Financial Statements

March 31, 2022

1. Summary of Significant Accounting Policies (continued)

Asset Classification	Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets, prepaid expenses, and inventory.
Cash and Cash Equivalents	Cash and cash equivalents consist of cash on hand, bank balances and investments in money market instruments with maturities of three months or less. Cash and cash equivalents on the consolidated statement of cash flows is represented by cash and cash equivalents as disclosed on the consolidated statement of financial position.
Investments	Investments are recorded at cost, unless the market value of temporary investments has declined below cost, in which case they are written down to market value. Investments consist of a guaranteed investment certificate that matures at a rate of one-fifth its value on each anniversary of purchase. Investments are recorded at cost plus accrued interest.
Post Employment Benefits	Band employees are eligible to accumulate sick leave until termination of employment. Unused sick leave is not eligible for payment upon retirement or termination and may not be used as vacation. Employees may accumulate a maximum of 50% of the maximum days to be accrued.
Liability for Contaminated Sites	A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the band is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries.
Financial Instruments	The Band recognizes and measures financial assets and financial liabilities on the balance sheet when it becomes a party to the contractual provisions of a financial instrument. All transactions related to financial instruments are recorded on a trade date or settlement date basis. All financial instruments are measured at cost on initial recognition. Financial instruments are subsequently measured at amortized cost.

Lower Nicola Indian Band Notes to the Consolidated Financial Statements

March 31, 2022

1. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Revenue received under the funding arrangements which relates to a subsequent fiscal period is reflected as deferred revenue in the year of receipt and classified as such on the statement of financial position.

Taxation is recognized as revenue based on the approval of the tax assessment subsequent to the financial statement date. The approved annual tax assessment reflects the taxation revenue for the period between January 1, 2022 through December 31, 2022, accordingly, the first three months of this assessment period is recognized as revenue in the fiscal year ended March 31, 2022. Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. Taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts.

Taxation arrears and interest revenue are recognized at the time of issuing overdue property tax notices to the rate payers for the fiscal year based on the time overdue.

Rental revenue is recognized when the services are provided to tenants, and collection is reasonably assured. When rental payments are received in advance of contracted services, the Band records this as deferred revenue.

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 the transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Lower Nicola Indian Band Notes to the Consolidated Financial Statements

March 31, 2022

1. Summary of Significant Accounting Policies (continued)

Tangible Capital Assets	<p>Tangible capital assets are valued at acquisition cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital assets including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs.</p> <p>Tangible capital assets are not available to discharge existing liabilities and are held for use in the provision of goods and services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.</p> <p>Amortization is charged against tangible capital assets based on the estimated useful life of the asset as follows.</p> <table><tbody><tr><td>- Automotive equipment</td><td>- 5-10 years straight line</td></tr><tr><td>- Buildings</td><td>- 25-50 years straight line</td></tr><tr><td>- Equipment</td><td>- 5 years straight line</td></tr><tr><td>- Infrastructure</td><td>- 25 years straight line</td></tr></tbody></table> <p>Tangible capital assets under construction, development or that have been removed from service are not amortized until they are available to be put into service.</p> <p>Tangible capital asset are written down when associated output indicate that they no longer contribute to the 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.</p> <p>Contributed tangible capital assets are recorded at their fair value on the date of contribution, except in unusual circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value.</p>	- Automotive equipment	- 5-10 years straight line	- Buildings	- 25-50 years straight line	- Equipment	- 5 years straight line	- Infrastructure	- 25 years straight line
- Automotive equipment	- 5-10 years straight line								
- Buildings	- 25-50 years straight line								
- Equipment	- 5 years straight line								
- Infrastructure	- 25 years straight line								
Measurement Uncertainty	<p>The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.</p>								

Lower Nicola Indian Band
Notes to the Consolidated Financial Statements

March 31, 2022

2. Cash and Cash Equivalents

	2022	2021
Consists of:		
Cash	\$ 32,984,883	\$ 21,057,091
Term deposits	<u>301,886</u>	<u>302,298</u>
	<u>\$ 33,286,769</u>	<u>\$ 21,359,389</u>
Restricted		
Ottawa Trust Funds	\$ 301,886	\$ 302,298
Social housing replacement reserve restricted cash (Note 8)	<u>726,704</u>	<u>621,489</u>
Social housing operating reserve restricted cash (Note 8)	<u>572,491</u>	<u>571,919</u>
	<u>1,601,081</u>	<u>1,495,706</u>
Unrestricted	<u>31,685,688</u>	<u>19,863,683</u>
	<u>\$ 33,286,769</u>	<u>\$ 21,359,389</u>

The Social housing reserve funds are externally restricted by CMHC and the Ottawa Trust Fund is externally restricted by Indigenous Services Canada.

3. Investments

Investments consist of a five-year laddered Guaranteed Investment Certificate (G.I.C.) purchased during the year that matures on February 8, 2026. The G.I.C. is non-redeemable and allows the purchaser access to one-fifth of the invested amount each year of the anniversary of the purchase. The purchaser has the option to reinvest the one-fifth portion in a new non-laddered five-year G.I.C., invest in a different investment or cash out the investment. The G.I.C. earns interest at a rate of 1.15% per annum.

4. Accounts Receivable

	2022	2021
Trade	\$ 5,596,163	\$ 3,306,325
Indigenous Services Canada	<u>92,310</u>	<u>292,437</u>
Local Area Revenue	<u>401,855</u>	<u>383,450</u>
Rent	<u>391,506</u>	<u>420,616</u>
Canada Mortgage and Housing Corporation	<u>1,017,835</u>	<u>17,835</u>
Allowance for doubtful accounts	<u>(648,358)</u>	<u>(624,908)</u>
	<u>\$ 6,851,311</u>	<u>\$ 3,795,755</u>

Lower Nicola Indian Band
Notes to the Consolidated Financial Statements

March 31, 2022

5. Tangible Capital Assets

	2022					
	Automotive Equipment	Buildings	Equipment	Infrastructure	Social Housing	Total
Cost, beginning of year	\$ 3,063,981	\$ 23,699,850	\$ 3,226,661	\$ 11,997,449	\$ 7,460,177	\$ 49,448,118
Additions	236,034	-	717,856	933,762	-	1,887,652
Disposals	-	-	-	(439,473)	-	(439,473)
Cost, end of year	3,300,015	23,699,850	3,944,517	12,491,738	7,460,177	50,896,297
Accumulated amortization, beginning of year	1,547,868	14,581,072	2,215,697	3,922,652	2,245,867	24,513,156
Amortization	207,690	1,303,163	547,384	263,541	250,830	2,572,608
Disposals	-	-	-	-	-	-
Write- downs/transfers	-	-	-	-	(101,627)	(101,627)
Accumulated amortization, end of year	1,755,558	15,884,235	2,763,081	4,186,193	2,395,070	26,984,137
Net carrying amount, end of year	\$ 1,544,457	\$ 7,815,615	\$ 1,181,436	\$ 8,305,545	\$ 5,065,107	\$ 23,912,160
	2021					
	Automotive Equipment	Buildings	Equipment	Infrastructure	Social Housing	Total
Cost, beginning of year	\$ 2,460,882	\$ 23,767,841	\$ 2,955,195	\$ 11,482,407	\$ 7,460,177	\$ 48,126,502
Additions	603,099	-	271,466	515,042	-	1,389,607
Disposals	-	(67,991)	-	-	-	(67,991)
Cost, end of year	3,063,981	23,699,850	3,226,661	11,997,449	7,460,177	49,448,118
Accumulated amortization, beginning of year	1,337,558	13,291,910	1,756,767	3,762,488	2,099,383	22,248,106
Amortization	210,310	1,303,163	458,930	160,164	246,332	2,378,899
Disposals	-	(14,001)	-	-	-	(14,001)
Write- downs/transfers	-	-	-	-	(99,848)	(99,848)
Accumulated amortization, end of year	1,547,868	14,581,072	2,215,697	3,922,652	2,245,867	24,513,156
Net carrying amount, end of year	\$ 1,516,113	\$ 9,118,778	\$ 1,010,964	\$ 8,074,797	\$ 5,214,310	\$ 24,934,962

Lower Nicola Indian Band
Notes to the Consolidated Financial Statements

March 31, 2022

6. Deferred Revenue

Included in deferred revenue in the current year is \$6,655,000 (2021 - \$nil) of funding received from the Canada Mortgage Housing Corporation (CMHC) related to the Rapid Housing Initiative Agreement. This Agreement will assist with the development of affordable housing.

7. Long-term Debt

	2022	2021
Social Housing Fund		
All Nations Trust Company loan repayable in monthly installments of \$2,120 including interest at 0.74% per annum; secured by a Ministerial Guarantee from Indigenous Services Canada; term due October 1, 2025	\$ 89,927	\$ 114,602
All Nations Trust Company loan repayable in monthly installments of \$1,662 including interest at 2.22% per annum; secured by a Ministerial Guarantee from Indigenous Services Canada; term due November 1, 2023	32,600	51,594
All Nations Trust Company loan repayable in monthly installments of \$1,317 including interest at 0.74% per annum; secured by a Ministerial Guarantee from Indigenous Services Canada; term due February 1, 2026	61,011	76,308
All Nations Trust Company loan repayable in monthly installments of \$762 including interest at 0.74% per annum; secured by a Ministerial Guarantee from Indigenous Services Canada; term due November 1, 2025	33,082	41,951
All Nations Trust Company loan repayable in monthly installments of \$1,003 including interest at 2.39% per annum; secured by a Ministerial Guarantee from Indigenous Services Canada; term due March 1, 2023	65,488	75,830
All Nations Trust Company loan repayable in monthly installments of \$1,920 including interest at 2.50% per annum; secured by a Ministerial Guarantee from Indigenous Services Canada; term due June 1, 2023	129,970	149,516
All Nations Trust Company loan repayable in monthly installments of \$2,633 including interest at 0.74% per annum; secured by a Ministerial Guarantee from Indigenous Services Canada; term due February 1, 2026	121,916	152,483
All Nations Trust Company loan repayable in monthly installments of \$2,709 including interest at 1.84% per annum; secured by a Ministerial Guarantee from Indigenous Services Canada; term due September 1, 2022	305,766	332,401
Subtotal	839,760	994,685

Lower Nicola Indian Band
Notes to the Consolidated Financial Statements

March 31, 2022

7. Long-term Debt (continued)

Balance brought forward	839,760	994,685
All Nations Trust Company loan repayable in monthly installments of \$2,641 including interest at 1.73% per annum; secured by a Ministerial Guarantee from Indigenous Services Canada; term due August 1, 2024	349,798	375,226
All Nations Trust Company loan repayable in monthly installments of \$1,789 including interest at 1.87% per annum; secured by a Ministerial Guarantee from Indigenous Services Canada; term due May 1, 2024	315,030	330,467
All Nations Trust Company loan repayable in 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, 2022	851,503	884,444
All Nations Trust Company loan repayable in monthly installments of \$1,926 including interest at 2.22% per annum; secured by a Ministerial Guarantee from Indigenous Services Canada; term due September 1, 2023	34,070	56,168
	2,390,161	2,640,990
Less current portion	(1,406,339)	(254,519)
	\$ 983,822	\$ 2,386,471

Principal repayments on long-term debt for the next four years are estimated as follows:

2023	\$ 1,406,339
2024	257,501
2025	662,156
2026	64,165
	<u>\$ 2,390,161</u>

Lower Nicola Indian Band
Notes to the Consolidated Financial Statements

March 31, 2022

8. Housing Reserves

	2022	2021
Replacement reserve	\$ 1,719,492	\$ 713,234
Operating reserve	<u>737,440</u>	<u>660,081</u>
	<u>\$ 2,456,932</u>	<u>\$ 1,373,315</u>

Under the terms of the agreement with CMHC, the Replacement Reserve account is to be credited annually in the amount of \$64,725. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation (CDIC) or as may otherwise be approved by CMHC. Withdrawals are credited to interest first and then principal. During the year, Lower Nicola Indian Band also became eligible for one-time special funding from CMHC of \$1,000,000 to be directly contributed to the Replacement Reserve. Under the terms of the agreement with CMHC, the Operating Reserve account is to be credited with any surplus amount in phase 13 to 23, based on the minimum rent calculation.

Replacement reserve, end of year	\$ 1,719,492	\$ 713,234
Funded restricted cash (Note 2)	<u>726,704</u>	<u>621,489</u>
Underfunded balance	<u>\$ 992,788</u>	<u>\$ 91,745</u>
Operating reserve, end of year	\$ 737,440	\$ 660,081
Funded restricted cash (Note 2)	<u>572,491</u>	<u>571,919</u>
Underfunded balance	<u>\$ 164,949</u>	<u>\$ 88,162</u>

9. Federal Assistance Payments

The Social Housing Fund receives federal assistance through CMHC to reduce mortgage interest expense to 2% to enable the project to provide housing to low income individuals. The amount of the assistance received for the year ended March 31, 2022 was \$318,524 (2021 - \$214,480), and this amount is included in CMHC revenue on the consolidated statement of operations.

Lower Nicola Indian Band
Notes to the Consolidated Financial Statements

March 31, 2022

10. Commitments and Contingencies

The Band has guaranteed a line of credit for both Lower Nicola Site Services LP and Ogilvie Mountain Holdings LP for up to \$5,565,000. The Band is also contingently liable as guarantor of loans made to Band members. This contingent liability amounts to \$2,420,086. In addition, the Band is contingently liable as guarantor of First Nations Market Housing loans. As at March 31, 2022, the loans amount to \$413,287.

Various lawsuits have been filed against the Band for incidents which arose in the ordinary course of business. In the opinion of management and legal counsel, the outcome of the lawsuits, now pending, is not determinable. Should any loss result from the resolution of these claims, such loss will be charged to operations in the year of resolution.

11. Due from Related Parties

	2022	2021
Due (to) from NAIK Development Corporation Ltd.	\$ (119,085)	\$ 13,388
Due from LNIB Aggregates LP	-	987,844
LNIB Development Corporation	<u>282,382</u>	<u>587,445</u>
	 \$ 163,297	 \$ 1,588,677

The above balances are the result of normal operations, bear no interest, and have no set repayment terms.

Lower Nicola Indian Band
Notes to the Consolidated Financial Statements

March 31, 2022

12. Investment in Business Enterprises

	2022	2021
LNIB Holdings LP	\$ 402,731	\$ 404,145
NAIK Development LP	464,034	632,602
LNIB Aggregates LP	14,337,187	4,209,363
Shulus Forest Enterprises LP	1,886,576	1,578,587
LNIB Ventures LP	2,368,266	1,474,504
All Nations Trust Company	8,710	8,710
BC First Nations Gaming Revenue Sharing LP	110	110
Nicola Valley Indian Services Association	795,900	795,900
LNIB Development Corporation	390,769	291,861
	<hr/> \$20,654,283	<hr/> \$ 9,395,782

The following summary discloses the nature of business and condensed financial information of the business enterprises:

Nature of Business LNIB Holdings LP

This line of business is a Partnership that is established under the laws of British Columbia. The Consolidated Entity has a 100% interest in the Partnership.

NAIK Development LP

This line of business is a Partnership that is established under the laws of British Columbia and is engaged in the business of economic development activities. The Consolidated Entity has a 100% interest in the Partnership.

LNIB Aggregates LP

This line of business is a Partnership that is established under the laws of British Columbia and is engaged in the business of aggregate activities. The Consolidated Entity has a 100% interest in the Partnership.

A significant component of income in LNIB Aggregates LP is a result of its investments in Ogilvie Mountain Holdings LP and Lower Nicola Site Services LP who are engaged in pipeline maintenance and construction services. LNIB Aggregates LP has a 50.99% interest in both Partnerships. Included in the total equity of \$33,082,601 is \$12,078,791 that is the non-controlling interest portion (2021 - \$6,303,255).

Lower Nicola Indian Band
Notes to the Consolidated Financial Statements

March 31, 2022

12. Investment in Business Enterprises (continued)

Shulus Forest Enterprises LP

This line of business is a Partnership that is established under the laws of British Columbia and is engaged in the business of forestry related operations. The Consolidated Entity has a 100% interest in the Partnership.

LNIB Ventures LP

This line of business is a Partnership that is established under the laws of British Columbia and is engaged in revenue sharing through joint venture and strategic alliance agreements. The Consolidated Entity has a 100% interest in the Partnership.

Shulus Electricity Transmission Line LP

This line of business is a Partnership that is established under the laws of Alberta and is engaged in designing, operating and maintaining a transmission line and facilities for interconnection to BC Hydro. The Consolidated Entity has a 100% interest in the Partnership. There was no activity for the current year end.

Shulus Farms LP

This line of business is a Partnership that is established under the laws of British Columbia and is engaged in leasing land for hay cultivation. The Consolidated Entity has a 100% interest in the Partnership. There was no activity for the current year end.

Lower Nicola Indian Band
Notes to the Consolidated Financial Statements

March 31, 2022

12. Investment in Business Enterprises (continued)

	NAIK							
	LNIB Holdings LP	Development LP	LNIB Aggregates LP	Shulus Forest Enterprises LP	LNIB Ventures LP	2022	2021	
Financial Position								
Cash	\$ -	\$ -	\$ 5,921,286	\$ 786,014	\$ 1,660,993	\$ 8,368,293	\$ 4,867,918	
Accounts receivable	- -	- -	46,488,996	1,170,929	677,746	48,337,671	2,366,253	
Inventory	- -	- -	1,301,243	13,313	- -	1,314,556	11,419	
Tangible capital assets	557,288	- -	9,079,882	1,538,424	- -	11,175,594	8,261,933	
Other assets	101	464,067	19,992,468	79,537	108,654	20,644,827	16,434,063	
Total Assets	557,389	464,067	82,783,875	3,588,217	2,447,393	89,840,941	31,941,586	
Accounts payable	- -	- -	41,918,456	166,942	78,997	42,164,395	1,789,192	
Capital lease	- -	- -	2,107,339	666,142	- -	2,773,481	3,566,359	
Other liabilities	154,557	- -	5,675,479	868,412	- -	6,698,448	5,313,808	
Total Liabilities	154,557	- -	49,701,274	1,701,496	78,997	51,636,324	10,669,359	
Equity	402,832	464,067	33,082,601	1,886,721	2,368,396	38,204,617	21,271,782	
Total Liabilities and Equity	557,389	464,067	82,783,875	3,588,217	2,447,393	89,840,941	31,941,141	
Results of Operations								
Revenues	- -	(165,885)	58,932,021	4,355,965	1,556,420	64,678,521	18,858,876	
Expenses	1,414	2,683	48,804,197	4,047,976	62,658	52,918,928	14,455,253	
Net income (loss)	(1,414)	(168,568)	10,127,824	307,989	1,493,762	11,759,593	4,403,623	
Allocation	\$ (1,414)	\$ (168,568)	\$ 10,127,824	\$ 307,989	\$ 1,493,762	\$ 11,759,593	\$ 4,403,623	

Lower Nicola Indian Band
Notes to the Consolidated Financial Statements

March 31, 2022

13. Accumulated Surplus

The Lower Nicola Indian Band segregates its accumulated surplus into the following categories:

	2022	2021
Equity in Operating Fund	\$32,403,629	\$ 26,436,460
Equity in Capital Fund (Note 14)	18,847,060	19,720,658
Equity in Social Housing	5,136,997	3,919,226
Equity in Enterprise Fund	20,263,402	9,103,809
Equity in Ottawa Trust Funds	301,886	302,298
Equity (deficit) in LNIBDC	<u>(441,166)</u>	<u>(266,174)</u>
	<u>\$76,511,808</u>	<u>\$ 59,216,277</u>

14. Equity in Capital Fund

	2022	2021
Balance, beginning of year	\$19,720,658	\$ 20,517,608
Acquisition of tangible capital assets	1,887,652	1,389,607
Disposal of tangible capital assets	(439,473)	(53,990)
Amortization of tangible capital assets	<u>(2,321,777)</u>	<u>(2,132,567)</u>
Balance, end of year	<u>\$18,847,060</u>	<u>\$ 19,720,658</u>

Lower Nicola Indian Band
Notes to the Consolidated Financial Statements

March 31, 2022

15. Budget

The Band Council Budget Resolution adopted by Council was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards require a full accrual basis. Further the budget was approved on a quarterly basis. The budget figures anticipated use of surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues to nil. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the consolidated statements of operations and change in net financial assets represent the Budget adopted by Council with adjustments as follows:

	2022
Budget Bylaw deficit for the year	\$ (406,012)
Add:	
Capital expenditures	4,629,766
Administration expenses	70,000
Repayments of long-term debt	252,627
Replacement reserve allowance	62,750
Less:	
Net budgeted transfers to/from taxation investment account	(3,000)
Administration revenue	(60,000)
Loan proceeds	<u>(3,397,120)</u>
Budget surplus per consolidated statement of operations	<u>\$ 1,149,011</u>

Lower Nicola Indian Band
Notes to the Consolidated Financial Statements

March 31, 2022

16. Expenditures by Object

	2022	2021
Administration	\$ 10,277	\$ 101,146
Advertising and promotion	39,379	18,111
Amortization	2,470,981	2,279,051
Bad debts	23,450	5,563
Bank charges	13,595	16,088
Contract services	534,042	555,632
Cost recoveries	(750,150)	(683,977)
COVID community support	105,856	708,688
Direct social assistance	1,368,942	1,453,950
Honoraria	284,831	262,865
Insurance	353,655	333,285
Interest on long-term debt	44,619	49,549
Local education agreement	1,326,646	1,015,640
Materials, supplies and services	1,114,443	1,135,375
Office	422,782	307,850
Professional fees	1,599,063	1,727,955
Rental of facilities and equipment	80,651	81,695
Repairs and maintenance	1,160,245	1,348,317
Salaries and benefits	9,623,227	7,308,764
Student allowances	560,998	542,371
Telephone	183,499	112,099
Travel and meetings	192,208	123,823
Tuition	258,489	277,871
Utilities	332,997	340,584
Vehicle	97,257	89,984
Workshops, seminars and training	<u>286,785</u>	<u>289,983</u>
	<u>\$21,738,767</u>	<u>\$ 19,802,262</u>

Lower Nicola Indian Band Notes to the Consolidated Financial Statements

March 31, 2022

17. Segmented Information

The Band provides a wide range of services to its members such as education, health and housing. For management reporting purposes, operations and activities are organized and reported by department. The nature of the departments and the activities they encompass are as follows:

Administration

Administration provides support to kʷúkʷpi? and Council for meetings, events, schedules, Band member visits, and Band general meetings. Administration also coordinates human resources and professional development to ensure a professional team delivering services to the Band members.

Social Development

Social Development provides monthly financial benefits and services to individuals and families, resident on reserve and off reserve, who are in need.

Education

The Education department provides a number of services to eligible First Nations students enrolled in elementary/secondary education programs and eligible post-secondary education programs.

Community Health

The Band provides health programs and services under an agreement with First Nations Health Authority, and the Province of British Columbia.

Housing

Housing is responsible for managing the housing program. This comprises of property management functions, planning and construction of new houses, and maintenance and upkeep of the housing stock, as well as the relationship with Canada Mortgage Housing Corporation and Indigenous Services Canada.

Public Works

The Public Works department manages the infrastructure and servicing requirements such as water, sewage, roads and member facilities for the Band.

Land, Estates and Memberships

Land, Estates and Memberships is responsible for the management of all reserve lands and responsibility for building out and implementing the Band's Land Code.

Economic Development

This department provides a number of services including providing guidance to Band Council and Administration around natural resource matters and managing and monitoring the land. The department is responsible for managing referrals, as well as project funding related to natural resources and the environment.

LNIB Development Corporation

The Development Corporation promotes ongoing wealth creation for the Band, prioritises community development and provides employment opportunities while committing to the stewardship of resources.

Lower Nicola Indian Band
Notes to the Consolidated Financial Statements

March 31, 2022

17. Segmented Information (continued)

	Administration	Social Development	Education	Community Health	Housing	Public Works	Land, Estates and Memberships	Economic Development	LNIB Development Corporation	2022 Total
Revenue										
ISC	\$ 623,593	\$ 2,115,989	\$ 3,489,601	\$ -	\$ 50,345	\$ 1,174,443	\$ 280,508	498,834	- \$	8,233,313
CMHC	-	-	-	-	1,318,524	-	-	-	-	1,318,524
FNESC	-	-	416,240	-	-	-	-	-	-	416,240
FNHA	-	-	237,111	1,245,487	-	-	-	-	-	1,482,598
Property taxes	1,567,317	-	-	-	-	-	-	-	-	1,567,317
Province of B.C.	-	-	628,616	-	-	-	-	394,996	-	1,023,612
Miscellaneous	11,850,792	-	443,582	-	704,212	686,581	116,703	8,876,533	2,314,291	24,992,694
	14,041,702	2,115,989	5,215,150	1,245,487	2,073,081	1,861,024	397,211	9,770,363	2,314,291	39,034,298
Expenditures										
Administrative	817,393	10,873	132,836	14,352	223,934	176,714	105,632	577,608	24,696	2,084,038
Amortization	2,321,778	-	-	-	149,203	-	-	-	-	2,470,981
Direct assistance	-	1,368,942	-	-	-	-	-	-	-	1,368,942
Materials, supplies, utilities	229,293	244,848	640,727	84,375	15,694	532,391	68,183	93,058	251,009	2,159,578
Operations and maintenance	185,447	84,230	252,623	195,979	393,151	(147,290)	152,129	(121,810)	30,330	1,024,789
Student costs	-	-	2,146,131	-	-	-	-	-	-	2,146,131
Transportation costs	74,938	4,666	79,298	77,490	8,043	69,964	17,082	226,945	17,824	576,250
Wages and benefits	1,492,580	294,505	1,944,231	680,482	133,483	1,360,130	504,671	1,332,551	2,165,425	9,908,058
	5,121,429	2,008,064	5,195,846	1,052,678	923,508	1,991,909	847,697	2,108,352	2,489,284	21,738,767
Excess (deficiency) of revenue for the year										
	\$ 8,920,273	\$ 107,925	\$ 19,304	\$ 192,809	\$ 1,149,573	\$ (130,885)	\$ (450,486)	\$ 7,662,011	\$ (174,993)	\$ 17,295,531

Lower Nicola Indian Band
Notes to the Consolidated Financial Statements

March 31, 2022

17. Segmented Information (continued)

	Administration	Social Development	Education	Community Health	Housing	Public Works	Land, Estates and Memberships	Economic Development	LNIB Development Corporation	2021 Total
Revenue										
ISC	\$ 704,415	\$ 2,250,167	\$ 3,266,807	\$ -	\$ 16,000	\$ 1,421,895	\$ 307,148	\$ 687,896	\$ -	\$ 8,654,328
CMHC	-	-	-	-	214,480	-	-	-	-	214,480
FNESC	-	-	473,226	-	-	-	-	-	-	473,226
FNHA	-	822	156,549	1,276,505	-	-	-	-	-	1,433,876
Property taxes	1,543,699	-	-	-	-	-	-	-	-	1,543,699
Province of B.C.	-	-	505,672	-	-	-	-	197,662	-	703,334
Miscellaneous	4,630,508	-	515,139	-	744,442	732,981	445,795	6,130,603	612,896	13,812,364
	6,878,622	2,250,989	4,917,393	1,276,505	974,922	2,154,876	752,943	7,016,161	612,896	26,835,307
Expenditures										
Administrative	878,084	11,458	83,456	14,523	156,871	295,382	167,848	635,323	8,752	2,251,697
Amortization	2,132,567	-	-	-	146,484	-	-	-	-	2,279,051
Direct assistance	-	1,453,950	-	-	-	-	-	-	-	1,453,950
Materials, supplies, utilities	235,863	377,033	640,481	57,232	19,056	1,060,025	43,317	40,463	131,128	2,604,598
Operations and maintenance	339,413	32,239	203,829	157,607	269,989	(270,801)	465,853	82,300	21,237	1,301,666
Student costs	-	-	1,835,882	-	-	-	-	-	-	1,835,882
Transportation costs	60,964	534	40,605	50,867	9,412	70,359	6,212	252,309	12,527	503,789
Wages and benefits	1,401,000	287,080	1,761,435	719,956	236,360	1,185,189	484,870	1,085,680	410,059	7,571,629
	5,047,891	2,162,294	4,565,688	1,000,185	838,172	2,340,154	1,168,100	2,096,075	583,703	19,802,262
Excess (deficiency) of revenue for the year										
	\$ 1,830,731	\$ 88,695	\$ 351,705	\$ 276,320	\$ 136,750	\$ (185,278)	\$ (415,157)	\$ 4,920,086	\$ 29,193	\$ 7,033,045