

**Nicomene Indian Band
Consolidated Financial Statements**
March 31, 2019

Nicomen Indian Band
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For the year ended March 31, 2019

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Management's Responsibility

To the Members of Nicomen Indian Band:

The accompanying consolidated financial statements of Nicomen Indian Band are the responsibility of management and have been approved by the Chief and Council.

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Nicomen Indian Band Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for recommending the appointment of the Nation's external auditors.

MNP LLP is appointed by the Members to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

May 29, 2020

Original Signed by Cassie James

Administrator

Independent Auditor's Report

To the Members of Nicomen Indian Band:

Opinion

We have audited the consolidated financial statements of Nicomen Indian Band (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of operations and accumulated surplus, changes in net financial assets cash flows and the related schedules for the year then 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 matters described in the Basis for Qualified Opinion paragraph, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2019, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

The financial statements do not include completed budgeted information. The exclusion of such information is a departure from Canadian Public Sector Accounting Standards as the comparison of budgeted to actual results is a significant measurement of performance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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 First Nation'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 intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the First Nation's financial reporting process.

Auditor's Responsibilities 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 the First Nation'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 the First Nation'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 the First Nation 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 the First Nation 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.

Chilliwack, British Columbia

May 28, 2020

MNP LLP

Chartered Professional Accountants

MNP

Nicomen Indian Band
Consolidated Statement of Financial Position
As at March 31, 2019

	2019	2018
Financial assets		
Cash	553,822	737,216
Accounts receivable	224,200	138,545
Funds held in trust <i>(Note 4)</i>	260,664	247,515
Long-term investments <i>(Note 5)</i>	11,190	11,190
Investments in Nation partnerships and business entities <i>(Note 6)</i>	236,471	102,269
	1,286,347	1,236,735
Liabilities		
Bank indebtedness <i>(Note 7)</i>	89,474	94,716
Accounts payable and accruals	257,191	189,764
Deferred revenue <i>(Note 8)</i>	8,340	62,572
Long-term debt <i>(Note 9)</i>	145,933	195,112
	500,938	542,164
Net financial assets	785,409	694,571
Contingencies <i>(Note 10)</i>		
Subsequent events <i>(Note 11)</i>		
Non-financial assets		
Tangible capital assets <i>(Schedule 1)</i>	2,832,238	2,715,220
Prepaid expenses	5,201	8,675
Total non-financial assets	2,837,439	2,723,895
Accumulated surplus <i>(Note 12)</i>	3,622,848	3,418,466

Approved on behalf of the Council

Original Signed by Chief Donna Alijam

Chief

Original Signed by Aaron Justice

Councilor

Original Signed by Arlene Edwards

Councilor

Nicomen Indian Band
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2019

	<i>Schedules</i>	2019	2018
Revenue			
Indigenous Services Canada		671,379	466,629
Economic activity		400,250	1,023,319
Nlaka'pamux Legacy Trust		307,000	377,485
Department of Fisheries and Oceans		26,500	26,500
Canada Mortgage and Housing Corporation		19,390	179,077
Province of British Columbia		137,500	82,679
Aboriginal Skills Employment and Training Strategy		74,852	42,214
Union of BC Municipalities		71,191	66,915
Kwoiek Creek Resources Limited Partnership		57,073	29,018
Earnings (loss) from investment in Nation partnerships and business entities		45,307	(63,490)
Other revenue		43,923	105,524
Rental income		19,200	19,583
First Nations Health Authority		15,000	-
Ottawa Trust Fund income		13,148	10,563
First Nations Education Steering Committee		3,573	4,440
Funding reimbursement (recovery)		(20,957)	(7,284)
New Relationship Trust		-	96,000
First Nations Emergency Services Society		-	50,069
		1,884,329	2,509,241
Expenses			
Administration	3	761,597	830,602
Capital Projects	4	18,025	57,668
Social Development	5	116,942	103,052
Education	6	42,825	58,214
Housing	7	22,286	188,066
Maintenance	8	179,312	84,456
Economic Development	9	414,112	458,106
Tangible Capital Assets	10	124,848	119,864
		1,679,947	1,900,028
Annual surplus		204,382	609,213
Accumulated surplus, beginning of year		3,418,466	2,809,253
Accumulated surplus, end of year		3,622,848	3,418,466

Nicomen Indian Band
Consolidated Statement of Changes in Net Financial Assets
For the year ended March 31, 2019

	2019	2018
Surplus	204,382	609,213
Purchases of tangible capital assets	(241,866)	(277,099)
Amortization of tangible capital assets	124,848	119,864
Proceeds of disposal of tangible capital assets	-	44,351
	(117,018)	(112,884)
Acquisition of prepaid expenses	-	(8,675)
Use of prepaid expenses	3,474	-
	3,474	(8,675)
Increase in net financial assets	90,838	487,654
Net financial assets, beginning of year	694,571	206,917
Net financial assets, end of year	785,409	694,571

Nicomen Indian Band
Consolidated Statement of Cash Flows
For the year ended March 31, 2019

	2019	2018
Cash provided by (used for) the following activities		
Operating activities		
Annual surplus	204,382	609,213
Non-cash items		
Amortization of tangible capital assets	124,848	119,864
Ottawa Trust Fund income	(13,149)	(10,563)
Earnings (loss) from investment in Nation partnerships and business entities	(45,307)	63,490
	270,774	782,004
Changes in working capital accounts		
Accounts receivable	(85,655)	(97,428)
Prepaid expenses	3,474	(8,675)
Accounts payable and accruals	67,427	(27,757)
Deferred revenue	(54,232)	36,576
	201,788	684,720
Financing activities		
Advances of long-term debt	-	128,365
Repayment of long-term debt	(49,179)	(50,733)
Advances (repayment) of bank indebtedness	(5,242)	12,802
	(54,421)	90,434
Capital activities		
Purchases of tangible capital assets	(241,866)	(277,099)
Proceeds of disposal of tangible capital assets	-	44,351
	(241,866)	(232,748)
Investing activities		
Investment in Nation partnerships and business entities	(88,895)	(84,196)
Increase (decrease) in cash resources	(183,394)	458,210
Cash resources, beginning of year	737,216	279,006
Cash resources, end of year	553,822	737,216
Supplementary cash flow information		
Interest paid	10,290	11,757

Nicomen Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

1. Operations

Nicomen Indian Band (the "First Nation") is located in the province of British Columbia, and provides various services to its members. Nicomen Indian Band includes the Band's government and all related entities that are accountable to the Band and are either owned or controlled by the Band.

2. Significant accounting policies

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

Basis of presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Reporting entity consolidated

The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity, except for First Nation business entities. Trusts administered on behalf of third parties by Nicomen Indian Band are excluded from the First Nation reporting entity.

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

Nicomen Indian Band business entities, owned or controlled by the First Nation's Council but not dependent on the First Nation for their continuing operations, are included in the consolidated financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the First Nation. Thus, the First Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. Entities accounted for by the modified equity basis include:

- Squianny Limited Liability Partnership
- Zakwaski Limited Partnership
- Squianny Development Corporation
- K'en T'em Limited Partnership
-

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 normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets and prepaid expenses.

Net financial assets

The First Nation's consolidated financial statements are presented so as to highlight net financial assets as the measurement of consolidated financial position. The net financial assets of the First Nation is determined by its financial assets less its liabilities. Net financial assets combined with non-financial assets comprise a second indicator of consolidated financial position, accumulated surplus.

Nicomen Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

2. Significant accounting policies *(Continued from previous page)*

Cash and cash equivalents

Cash and cash equivalent include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Tangible capital assets

Tangible capital assets are initially recorded at cost based on historical cost accounting records for all tangible capital assets. Contributed tangible assets are recorded at their fair value at the date of contribution.

Amortization

Amortization for tangible capital assets is recorded using the following rates or periods and intended to amortize the cost of the assets over their estimated useful lives:

	Method	Rate
Housing	declining balance	5 %
Equipment	declining balance	20 %
Community infrastructure	straight-line	40-100 years

Long-lived assets and discontinued operations

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Band determines that a long-lived asset no longer has any long-term service potential to the Band, the excess of its net carrying amount over any residual value is recognized as an expense in the consolidated statement of operations. Write-downs are not reversed.

Funds held in Ottawa Trust Fund

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the consolidated statement of financial position with an offsetting amount in accumulated surplus. Trust moneys consist of:

- Capital trust moneys derived from non-renewable resource transactions on the land or other First Nation tangible capital assets; and
- Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

Portfolio investments

Long-term investments in entities that are not owned, controlled or influenced by the First Nation reporting entity are accounted for using the cost method. They are recorded at cost, less any provision for other than temporary impairment.

Measurement uncertainty

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the consolidated financial statements of changes in such estimates and assumptions in future years could be significant. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the years in which they become known.

Nicomen Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

2. Significant accounting policies *(Continued from previous page)*

Revenue recognition

Government Transfers

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Externally restricted revenue

The First Nation recognizes externally restricted inflows as revenue in the period the resources are used for the purposes specified in accordance with an agreement or legislation. Until this time, the First Nation records externally restricted inflows in deferred revenue.

Funds held in Ottawa Trust Fund

Due to measurement uncertainty, revenue related to the receipt of funds held in the Ottawa Trust Fund is recognized when it is received.

Other source revenue

Other revenue is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Income from investments

Nicomen Indian Band uses the modified equity method to account for its investments in Squianny Limited Liability Partnership, Zakwaski Resources Limited Partnership, Squianny Development Corporation, and K'en T'em Limited Partnership as the entities are not dependent on the Band for their continuing operations. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entities' accounting principles are not adjusted to conform to those of the Band. Thus, the Band's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received to the extent that retained earnings is above zero.

Segments

The First Nation conducts its business through nine reportable segments: Administration, Capital Projects, Social Development, Education, Housing, Maintenance, Economic Development, Tangible Capital Assets, and Ottawa Trust Fund. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis.

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

Liability for contaminated site

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2019.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made. As at March 31, 2019, management has determined no liability is required to be recorded.

Nicomen Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

3. Replacement reserve

Under agreements with Canada Mortgage and Housing Corporation (CMHC) the Nation established a replacement reserve, established by an annual allocation of \$4,914 (2018 - \$6,142), to ensure replacement of buildings financed by CMHC. At March 31, 2019, \$8,388 has been set aside to fund this reserve (2018 -\$nil). The unfunded portion at March 31, 2019 was \$25,451 (2018 - \$31,077).

In accordance with terms of the agreements, CMHC reserve moneys must be held or invested only in accounts or instruments guaranteed by the Canada Deposit Insurance Corporation, or as otherwise approved by CMHC. Reserve withdrawals are credited first to interest and then to principal.

4. Funds held in trust

Capital and revenue trust monies are transferred to the First Nation on the authorization of the Minister of Indigenous Services Canada, with the consent of the First Nation's Council.

	2019	2018
Capital Trust		
Balance, beginning and end of year	159,273	159,273
Revenue Trust		
Balance, beginning of year	88,242	77,679
Interest	2,934	5,364
Band Revenue Distributions	9,913	4,895
BC Special Distribution	302	304
Balance, end of year	101,391	88,242
	260,664	247,515

5. Long-term investments

Long-term investments consist of Class A common shares of All Nations Trust Company and are recorded at cost.

6. Investments in Nation partnerships and business entities

The First Nation has investments in the following partnerships and business entities:

	Investment cost	Loans / advances	Cumulative share of earnings (loss)	Total investment
First Nation Business Entities – Modified Equity:				
Squianny Development Corporation - 100%	1	1	(9)	(7)
First Nation Partnerships – Modified Equity:				
Zakwaski Resources Limited Partnership - 99.9%	1	173,091	993	174,085
Squianny Limited Liability Partnership - 99.9%	1	-	170	171
K'en T'em Limited Partnership - 12.5%	(25)	-	62,247	62,222
	(23)	173,091	63,410	236,478
	(22)	173,092	63,401	236,471

Nicomen Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

6. Investments in Nation partnerships business entities *(Continued from previous page)*

	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Cumulative share of earnings (loss)</i>	<i>Total investment</i>	2018
First Nation Business Entities – Modified Equity:					
Squianny Development Corporation - 100%	1	-	9	10	
First Nation Partnerships – Modified Equity:					
Zakwaki Resources Limited Partnership - 99.9%	1	84,196	28,331	112,528	
Squianny Limited Liability Partnership - 99.9%	1	10,000	(20,270)	(10,269)	
	2	94,196	8,061	102,259	
	3	94,196	8,070	102,269	

Consolidated financial information for Squianny Development Corporation is as follows:

	2019	2018
Assets	-	10
Liabilities	9	2
Equity, end of year	(9)	8
	-	10
Revenue	(17)	(64)
Expenses	-	-
Net loss	(17)	(64)

Financial information for Squianny Limited Liability Partnership is as follows:

	2019	2018
Assets	6,919	10,911
Liabilities	6,757	21,199
Equity, end of year	162	(10,288)
	6,919	10,911
Revenue	40,963	-
Expenses	30,513	16,366
Net income (loss)	10,450	(16,366)

Nicomen Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

6. Investments in Nation partnerships business entities *(Continued from previous page)*

Financial information for Zekwaski Resources Limited Partnership is as follows:

	2019	2018
<u>Assets</u>	186,634	105,212
Liabilities	185,636	76,850
<u>Equity, end of year</u>	998	28,362
	<u>186,634</u>	<u>105,212</u>
	2019	2018
Revenue	575,057	360,731
Expenses	602,423	407,857
<u>Net loss</u>	(27,366)	(47,126)

Financial information for K'en T'em Limited Partnership is as follows:

	2019	2018
<u>Assets</u>	526,849	-
Liabilities	29,025	-
<u>Equity, end of year</u>	497,824	-
	<u>526,849</u>	<u>-</u>
	2019	2018
Revenue	500,000	-
Expenses	1,976	-
<u>Net income</u>	498,024	-

7. Bank indebtedness

Bank indebtedness includes an operating loan amounting to \$89,474 (2018 – \$94,716) and bearing interest at prime plus 1.5% (2018 – 1.5%). The prime rate at March 31, 2019 was 3.95%. The maximum credit of the operating loan is \$100,000, and the undrawn portion at March 31, 2019 was \$10,526 (2018 – \$5,284). This arrangement does not have a termination date and can be withdrawn at the bank's option. The credit line is secured by a general security agreement covering all property of the Band.

8. Deferred revenue

Deferred revenue consists of the following deferred government transfers and other revenues:

	2019	2018
Skeesht Health Society - Diabetic Members	8,340	8,340
Indigenous Services Canada - ICMS #9-00126992 BC	-	54,232
<u>Hydro Line Relocation Project</u>	<u>8,340</u>	<u>62,572</u>

Nicomen Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

9. Long-term debt

	2019	2018
Non-Profit Housing IV All Nations Trust mortgage; payments of \$1,349 per month, including interest at 1.37% per annum; maturity date of October 1, 2021.	41,072	56,585
CAT Financial Services Equipment financing; payments of \$1,338 per month, with zero interest; maturity date of December 5, 2022, secured by equipment with a book value of \$64,998.	60,206	76,261
Ford Credit Services Vehicle financing; payments of \$1,095 per month, including interest at 8.09% per annum; maturity date of August 22, 2021, secured by a vehicle with a book value of \$36,845.	28,748	20,670
Ford Credit Services Vehicle financing; payments of \$452 per month, including interest at 6.29% per annum; maturity date of June 22, 2022, secured by a vehicle with a book value of \$20,704.	15,907	20,184
Toyota Financial Services	-	21,412
	145,933	195,112

Principal repayments on long-term debt in each of the next four years, assuming all term debt is subject to contractual terms of repayment and long-term debt subject to refinancing is renewed, are estimated as follows:

2020	47,557
2021	49,011
2022	35,983
2023	13,382

Long-term debt for housing projects is secured by Ministerial guarantees of the Minister of Indigenous Services Canada.

10. Contingencies

As at March 31, 2019, Nicomen Indian Band is contingently liable for guaranteed housing mortgages with CMHC, totaling \$465,024 (2018 - \$nil).

11. Subsequent event

Subsequent to year-end, there was a global outbreak of the COVID-19 virus, which has had a significant impact on businesses and entities through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the First Nation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

Nicomen Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

12. Accumulated surplus

Annual surplus is comprised of the following:

	2019	2018
Operating surplus	642,040	619,766
Tangible capital assets surplus	2,686,305	2,520,108
Ottawa trust surplus	260,664	247,515
CMHC replacement reserve surplus	33,839	31,077
	3,622,848	3,418,466

13. Economic dependence

Nicomen Indian Band receives a significant portion of its revenue from Indigenous Services Canada as a result of agreements entered into with the Government of Canada. These agreements are administered by Indigenous Services Canada under the terms and conditions of the *Indian Act*. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these agreements.

14. Segments

Nicomen Indian Band receives revenue and incurs expenses from various projects and sources. For management and reporting purposes, the revenue, expenses and surplus or deficits are organized by segments. Schedules 3 to 11 disclose the Band's revenue and expenses in the following segments:

Administration

Includes general operations, support and financial management of the Band.

Capital Projects

Includes revenue and expenses related to capital projects.

Social Development

Includes revenue and expenses relating to the social assistance of the members of the Band and the provision of health services within the Band

Education

Includes revenue and expenses related to primary, secondary and post secondary education of the members of the Band.

Housing

Includes rent collection and maintenance related to the mortgaged homes owned by the Band.

Maintenance

Includes revenue and expenses related to ongoing community maintenance.

Economic Development

Includes activities related to the growth of revenue producing projects with the Band.

Tangible Capital Assets

Includes revenue and expenses related to Tangible Capital Assets.

Ottawa Trust Fund

Includes revenue and expenses related to the Ottawa Trust Fund.

Nicomen Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

15. Financial Instruments

Nicomen Indian Band's financial instruments consist of cash, receivables, marketable securities, accounts payable accrued liabilities and long-term debt. It is management's opinion that the Nicomen Indian Band is not exposed to significant currency, credit, or interest rate risk arising from these financial instruments. The fair value of the instruments approximates their carrying values, unless otherwise noted.

16. First Nations Financial Transparency Act

The Band is required to post its consolidated financial statements on a website and submit the consolidated financial statements to Indigenous Services Canada by July 29, 2019. As the audit report is dated after this date, the Band is in violation of this requirement. The possible effect of this violation has not yet been determined.

17. Change in accounting policy

Effective April 1, 2018, the First Nation adopted the recommendations relating to the following Section as set out in the CPA Canada Public Sector Accounting Handbook:

- PS 3430 Restructuring Transactions

Pursuant to recommendations, the changes were applied prospectively, and prior periods have not been restated. There was no material impact on the financial statements of adopting the new Sections.

18. Comparative figures

Certain comparative figures have been reclassified to conform with current year's presentation. During the year, Nicomen Indian Band restructured their accounts and segments. This resulted in change in presentation of the program expenses on the consolidated statement of operations and of the presentation of the revenue and expenses on the accompanying schedules. Overall there was no change to the prior year consolidated revenue, expenses, or accumulated ending surplus.

Nicomen Indian Band
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2019

	<i>Land</i>	<i>Equipment</i>	<i>Community infrastructure</i>	<i>Housing</i>	<i>Buildings under Construction</i>	<i>2019</i>	<i>2018</i>
Cost							
Balance, beginning of year	128,693	750,507	3,757,077	532,190	-	5,168,467	4,944,036
Acquisition of tangible capital assets	-	10,514	-	-	231,352	241,866	277,099
Disposal of tangible capital assets	-	-	-	-	-	-	(52,668)
Balance, end of year	128,693	761,021	3,757,077	532,190	231,352	5,410,333	5,168,467
Accumulated amortization							
Balance, beginning of year	-	407,360	1,773,517	272,370	-	2,453,247	2,341,700
Annual amortization	-	69,681	42,176	12,991	-	124,848	119,864
Accumulated amortization on disposals	-	-	-	-	-	-	(8,317)
Balance, end of year	-	477,041	1,815,693	285,361	-	2,578,095	2,453,247
Net book value of tangible capital assets	128,693	283,980	1,941,384	246,829	231,352	2,832,238	2,715,220
2018 Net book value of tangible capital assets	128,693	343,147	1,983,560	259,820	-	2,715,220	

Nicomen Indian Band
Schedule 2 - Schedule of Expenses by Object
For the year ended March 31, 2019

	2019	2018
Expenses by object		
Administration	17,425	43,181
Amortization	124,848	119,864
Audit	55,658	-
Bank charges and interest	9,613	10,826
Basic needs and shelter	59,534	65,955
Community events	-	20,514
Contracted services	421,949	426,346
Equipment rental	9,992	-
Honoraria	74,885	39,832
Insurance	17,304	15,614
Interest on long-term debt	659	869
Office expenses	17,591	9,086
Professional fees	31,645	-
Repairs and maintenance	30,697	165,059
Salaries and benefits	683,438	727,337
Special needs	1,807	2,073
Special projects	8,533	51,754
Student expenses	18,924	29,350
Supplies	16,939	91,165
Support for families	-	5,000
Telephone and internet	15,285	14,320
Training	1,731	32,460
Travel	23,620	12,728
Tuition	12,029	8,792
Utilities	25,841	7,903
	1,679,947	1,900,028

Nicomen Indian Band
Administration
Schedule 3 - Schedule of Revenue and Expenses and Surplus (Deficit)
For the year ended March 31, 2019

	2019	2018
Revenue		
Nlaka'pamux Legacy Trust	307,000	377,485
Indigenous Services Canada	196,426	123,194
Economic activity	4,914	304,876
Province of British Columbia	83,367	28,546
Aboriginal Skills Employment and Training Strategy	74,852	42,214
Kwoiek Creek Resources Limited Partnership	57,073	29,018
Other revenue	43,923	99,885
First Nations Health Authority	15,000	-
	782,555	1,005,218
Expenses		
Administration	9,412	18,530
Audit	55,658	-
Bank charges and interest	7,670	10,826
Basic needs and shelter	-	100
Community events	-	20,514
Contracted services	129,525	181,013
Equipment rental	8,537	-
Honoraria	74,885	21,632
Insurance	13,104	11,414
Office expenses	16,711	8,592
Professional fees	31,645	-
Repairs and maintenance	2,358	350
Salaries and benefits	368,353	375,921
Special projects	7,321	51,754
Student expenses	10	-
Supplies	10,124	65,632
Support for families	-	2,785
Telephone and internet	15,285	14,320
Training	231	32,460
Travel	9,717	8,066
Tuition	839	-
Utilities	212	6,693
	761,597	830,602
Surplus before transfers	20,958	174,616
Transfers between segments	(39,425)	(164,704)
Surplus (deficit)	(18,467)	9,912

Nicomen Indian Band
Capital Projects
Schedule 4 - Schedule of Revenue and Expenses and Surplus (Deficit)
For the year ended March 31, 2019

	2019	2018
Revenue		
Indigenous Services Canada	109,528	52,175
Funding reimbursement (recovery)	(6,150)	(5,086)
	103,378	47,089
Expenses		
Administration	-	7,279
Contracted services	18,025	28,935
Repairs and maintenance	-	12,230
Salaries and benefits	-	5,355
Supplies	-	3,869
	18,025	57,668
Surplus (deficit) before transfers	85,353	(10,579)
Transfers between programs	(35,496)	(86,549)
Surplus (deficit)	49,857	(97,128)

Nicomen Indian Band
Social Development
Schedule 5 - Schedule of Revenue and Expenses and Surplus (Deficit)
For the year ended March 31, 2019

	2019	2018
Revenue		
Indigenous Services Canada	131,359	131,690
Funding reimbursement (recovery)	(14,807)	(1,650)
	116,552	130,040
Expenses		
Administration	-	2,828
Basic needs and shelter	59,534	65,855
Contracted services	8,051	6,639
Salaries and benefits	46,134	24,442
Special needs	1,807	2,073
Supplies	987	-
Support for families	-	1,215
Travel	429	-
	116,942	103,052
Surplus (deficit)	(390)	26,988

Nicomen Indian Band
Education
Schedule 6 - Schedule of Revenue and Expenses and Surplus
For the year ended March 31, 2019

	2019	2018
Revenue		
Indigenous Services Canada	61,814	103,550
First Nations Education Steering Committee	3,573	4,440
Funding reimbursement (recovery)	-	(548)
	65,387	107,442
Expenses		
Administration	5,114	9,047
Salaries and benefits	6,701	10,025
Student expenses	18,914	29,350
Support for families	-	1,000
Travel	907	-
Tuition	11,189	8,792
	42,825	58,214
Surplus before transfers	22,562	49,228
Transfers between programs	-	39,899
Surplus	22,562	89,127

Nicomen Indian Band
Housing
Schedule 7 - Schedule of Revenue and Expenses and Surplus
For the year ended March 31, 2019

	2019	2018
Revenue		
Canada Mortgage and Housing Corporation	19,390	179,077
Rental income	19,200	19,583
Other revenue	-	17,656
	38,590	216,316
Expenses		
Administration	2,500	2,500
Bank charges and interest	512	-
Contracted services	5,177	3,025
Insurance	4,200	4,200
Interest on long-term debt	659	869
Office expenses	-	493
Repairs and maintenance	1,367	142,656
Salaries and benefits	6,871	33,323
Utilities	1,000	1,000
	22,286	188,066
Surplus	16,304	28,250

Nicomen Indian Band
Maintenance
Schedule 8 - Schedule of Revenue and Expenses and Deficit
For the year ended March 31, 2019

	2019	2018
Revenue		
Indigenous Services Canada	162,252	46,020
Expenses		
Contracted services	108,158	27,159
Repairs and maintenance	15,872	9,823
Salaries and benefits	25,169	45,349
Special projects	1,212	-
Supplies	-	1,283
Travel	4,272	633
Utilities	24,629	209
	179,312	84,456
Deficit before transfers	(17,060)	(38,436)
Transfers between programs	-	(4,319)
Deficit	(17,060)	(42,755)

Nicomen Indian Band
Economic Development
Schedule 9 - Schedule of Revenue and Expenses and Surplus
For the year ended March 31, 2019

	2019	2018
Revenue		
Economic activity	395,336	718,443
Department of Fisheries and Oceans	26,500	26,500
Indigenous Services Canada	10,000	10,000
Union of BC Municipalities	71,191	66,915
Province of British Columbia	54,133	54,133
Earnings (loss) from investment in Nation partnerships and business entities	45,307	(63,490)
New Relationship Trust	-	96,000
First Nations Emergency Services Society	-	50,069
	602,467	958,570
Expenses		
Administration	400	3,000
Bank charges and interest	1,431	-
Contracted services	153,013	179,575
Equipment rental	1,455	-
Honoraria	-	18,200
Office expenses	880	-
Repairs and maintenance	11,100	-
Salaries and benefits	230,209	232,922
Supplies	5,828	20,381
Training	1,500	-
Travel	8,296	4,028
	414,112	458,106
Surplus before transfers	188,355	500,464
Transfers between programs	(10,514)	90,027
Surplus	177,841	590,491

Nicomen Indian Band
Tangible Capital Assets
Schedule 10 - Schedule of Revenue and Expenses and Deficit
For the year ended March 31, 2019

	2019	2018
Revenue		
Loss on disposal of tangible capital assets	-	(12,017)
Expenses		
Amortization	124,848	119,864
Deficit before transfers	(124,848)	(131,881)
Transfers between programs	85,435	125,646
Deficit	(39,413)	(6,235)

Nicomen Indian Band
Ottawa Trust Fund
Schedule 11 - Schedule of Revenue and Expenses and Surplus
For the year ended March 31, 2019

	2019	2018
Revenue		
Ottawa Trust Fund income	13,148	10,563
Surplus	13,148	10,563