

Upper Nicola Indian Band
Financial Statements
For the year ended March 31, 2016

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Financial Statements
For the year ended March 31, 2016

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Management's Responsibility for Financial Reporting

The accompanying financial statements of the Upper Nicola Indian Band are the responsibility of management and have been approved by the Band Council.


The financial statements have been prepared by management in accordance with Canadian public 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 financial statements are presented fairly, in all material respects.

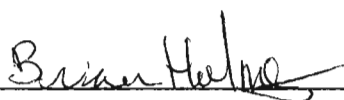
The Upper Nicola Indian Band maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Band's assets are appropriately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

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

The Chief and Council review the Band's financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the financial statements and the external auditor's report. The Chief and Council takes this information into consideration when approving the financial statements for issuance to the Members. The Chief and Council also consider the engagement of the external auditors.

The 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 access to the Band Council.



Chief

Councillor



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300-275 Lansdowne Street
Kamloops BC V2C 6J3 Canada

Independent Auditor's Report

To the Chief and Council of Upper Nicola Indian Band

We have audited the accompanying financial statements of Upper Nicola Indian Band, which comprise the statement of financial position as at March 31, 2016 and the statements of change in net assets, financial activity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the 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 entity'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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

As noted in the Summary of Significant Accounting Policies regarding tangible capital assets, the Social Housing tangible capital assets are required by Canada Mortgage and Housing Corporation to be amortized at a rate equivalent to the annual principal reduction of the related long term debt. This amortization policy is not in accordance with Canadian public sector accounting standards, which require that tangible capital assets be amortized over their estimated useful lives. The effect of this departure has not been determined on the net book value of tangible capital assets, the related amortization expense, annual surplus and equity in tangible capital assets.



Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Upper Nicola Indian Band as at March 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public accounting standards.

Other Matters

These financial statements include unaudited supplementary exhibits and schedules which present detailed program revenues and expenditures and have been prepared to assist management of Upper Nicola Indian Band to meet the reporting requirements of various funding agencies. Our report is intended solely for management of Upper Nicola Indian Band and various funding agencies. As a result, the financial statements should not be distributed to or used by other parties.

Upper Nicola Indian Band has also prepared another set of financial statements for the year ended March 31, 2016 in accordance with Canadian public sector accounting standards. However, these financial statements do not include unaudited supplementary exhibits and schedules, and have more aggregated disclosures in the financial statements. Our audit report on the other set of financial statements was issued to the members of Upper Nicola Indian Band and was dated July 26, 2016.

A handwritten signature in black ink, appearing to read 'BDO Canada LLP', written over a horizontal line.

Chartered Professional Accountants

**Kamloops, British Columbia
July 26, 2016**

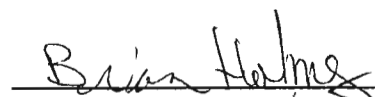
Upper Nicola Indian Band

Exhibit A - Statement of Financial Position

As at March 31	2016	2015
Financial Assets		
Cash (Note 1)	\$ 1,520,354	\$ 183,001
Restricted cash (Note 2)	1,665,435	1,189,519
Temporary investments (Note 3)	7,903,738	5,918,699
Accounts receivable (Note 4)	468,759	669,217
Loan receivable (Note 4)	26,630	-
Related party balances	41,005	-
Investments (Note 5)	945,967	824,128
	<u>12,571,889</u>	<u>8,784,564</u>
Liabilities		
Accounts payable (Note 6)	1,312,663	861,799
Deferred revenue (Note 7)	31,591	299,544
Long-term debt (Note 8)	1,301,820	1,341,936
Upper Nicola Trust	122,154	122,154
Funded reserves	571,912	424,452
	<u>3,340,140</u>	<u>3,049,885</u>
Net Financial Assets	<u>9,231,749</u>	<u>5,734,679</u>
Non-financial Assets		
Prepaid expenses	12,964	-
Tangible capital assets (Note 9)	7,689,768	8,158,776
	<u>7,702,732</u>	<u>8,158,776</u>
Accumulated Surplus (Note 13)	<u>\$ 16,934,481</u>	<u>\$ 13,893,455</u>
Commitments (Note 16)		
Contingencies (Note 17)		

Approved on behalf of the Band Council:


_____, Chief


_____, Councilor

Upper Nicola Indian Band
Exhibit B - Statement of Change in Net Financial Assets

For the year ended March 31	2016	2015
Annual surplus	\$ 2,327,351	\$ 360,858
Acquisition of tangible capital assets (Note 9)	(230,664)	(228,946)
Amortization of tangible capital assets (Note 9)	769,671	741,959
	2,866,358	873,871
Change in prepaid expenses	(12,964)	24,510
Transfers	16,143	-
Equity change in Ottawa Trust Funds	267,876	20,242
Equity change in investments	121,839	(127,073)
Equity transfer to operating reserves	237,818	(82,427)
	627,533	(189,258)
Change in net financial assets	3,497,070	709,123
Net financial assets, beginning of year	5,734,679	5,025,556
Net financial assets, end of year	\$ 9,231,749	\$ 5,734,679

Upper Nicola Indian Band

Exhibit C - Statement of Financial Activity

For the year ended March 31	Budget	2016	2015
Revenue			
Indigenous and Northern Affairs Canada	\$ 2,796,131	\$ 3,471,960	\$ 3,205,539
Canada Mortgage and Housing Corporation	-	55,869	57,893
First Nations Health Authority	1,088,550	1,262,094	1,248,802
Housing	-	139,806	139,846
Other	2,930,200	5,875,614	3,693,702
Administration	-	10,066	-
	6,814,881	10,815,409	8,345,782
Expenses (Note 14)			
INAC - Operations & Maintenance	506,792	560,497	471,090
INAC - Band Administration	710,457	1,357,382	1,153,669
INAC - Registry	-	7,600	6,972
INAC - Lands RLEMP	48,783	65,085	71,175
Cultural Heritage Projects	152,605	174,670	184,540
INAC - Council	233,036	237,491	215,855
INAC - Elementary/Secondary Program	610,486	573,990	594,074
Training & Employment	45,130	199,375	182,992
INAC - N'Kwala School	513,637	597,105	734,162
N'Kwala School - Other Funds	6,000	119,687	42,455
INAC - Post Secondary Program	366,031	409,946	398,130
INAC - Social Development	450,117	468,258	475,521
INAC - Active Measures	-	16,302	54,577
INAC - Family Violence	7,094	7,094	5,628
INAC - National Child Benefit	58,754	50,754	59,100
INAC - P&ID Governance Capacity	31,190	31,190	20,379
First Nations Health Authority	1,038,613	1,139,002	1,087,816
Daycare & Headstart	-	168,631	145,284
INAC - Economic Development	4,793	51,227	48,504
Upper Nicola Resource Development	-	-	42,691
Forestry	515,800	524,019	498,355
Post & Rail	-	-	1,328
Band Rental - Housing Admin	91,504	100,204	58,484
Forest Licenses	-	105	54,117
BC Capacity	-	-	39,288
INAC - Environment Canada	20,421	30,427	46,124
Douglas Lake Road	7,143	191,012	15,180
Social Development - Other Funds	15,000	107,070	64,615
Chapperon Hayfield	11,950	37,208	71,712
Capital Asset Purchases	-	2,716	-
INAC Strategic Partnerships Initiative	-	14,000	-
Cultural Heritage (Admin)	53,740	68,331	54,812
Kinder Morgan (CFA)	415,000	564,149	561,382
Natural Resources	42,440	51,875	36
Social Housing Fund	-	183,201	240,053
Capital fund repairs and maintenance	-	378,455	284,824
	5,890,668	8,488,058	7,984,924
Annual surplus	\$ 924,213	\$ 2,327,351	\$ 360,858

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Upper Nicola Indian Band
Exhibit D - Statement of Cash Flows

For the year ended March 31	2016	2015
Cash provided by (used for)		
Operating activities		
Cash receipts from funders	\$ 10,632,977	\$ 8,392,773
Cash paid to employees and suppliers	(6,794,140)	(8,370,005)
Interest paid	(25,623)	(47,314)
Cash flows from operating activities	3,813,214	(24,546)
Capital activity		
Change in tangible capital assets	(300,663)	(228,945)
Investing activities		
Change in portfolio investments	(1,926,685)	(5,635,687)
Increase in restricted cash balances	(475,917)	(413,270)
Change in equity in Ottawa Trust Funds	267,876	20,242
Decrease in equity in funded reserves	(90,358)	393,028
Increase in long term investments	13,598	159,758
Change in equity in long term investments	(13,598)	(159,758)
Cash flows from investing activities	(2,225,084)	(5,635,687)
Financing activity		
Proceeds from issuance of long-term debt	49,886	(87,108)
Net increase (decrease) in cash	1,337,353	(5,976,286)
Cash, beginning of year	183,001	6,159,287
Cash, end of year	\$ 1,520,354	\$ 183,001

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Upper Nicola Indian Band

Summary of Significant Accounting Policies

March 31, 2016

Basis of Presentation	These financial statements have been prepared, in all material respects, in accordance with Canadian public sector accounting standards for government entities as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA) which encompass the following policies.
Revenue Recognition	<p>Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding 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.</p> <p>Rental revenue is recognized as it becomes receivable under the terms of the rental agreement.</p> <p>All other revenue is recognized in the period in which the events that give rise to the revenue occurs.</p>
Ottawa Trust Funds	Upper Nicola Indian Band uses the accrual method of accounting for Ottawa Trust Fund revenues earned in the Fund. Trust monies are recognized in revenue of the Band upon withdrawal from the Ottawa Trust Fund.
Rents Receivable	Canada Mortgage and Housing Corporation (CMHC) does not allow or recognize bad debts recorded in the financial statements of Social Housing and will not subsidize rental arrears.
Government Transfers	Government transfers, which include legislative grants, are recognized in the financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.
Deferred Revenue	Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general purposes are accounted for as deferred revenue on the statement of financial position. The revenue is recognized in the statement of financial activity in the year in which it is used for the specified purpose.
Loans	Loans issued and loans repaid under the fund accounting method are recorded as expenditures and revenue respectively. Loans which become uncollectible are removed from equity in the year they are first considered doubtful.

Upper Nicola Indian Band

Summary of Significant Accounting Policies

March 31, 2016

Tangible Capital Assets Tangible capital assets are stated at cost less accumulated amortization and are recorded in the Capital Fund. The acquisition costs of tangible capital assets and payments on capital debt which are not funded from capital financing sources are charged to operations through interfund transfers and matched with the applicable revenue source in the year of expenditure. These expenditures are also recorded as an addition to assets of the Capital Fund with a corresponding increase in equity in tangible capital assets.

Amortization is charged on a straight-line basis at the following rates:

Automotive	25%
Bridges	4%
Buildings	5%
Furniture and equipment	20%
Infrastructure	4%
Television site	5%

Social housing assets acquired under CMHC sponsored housing programs are amortized at a rate equivalent to the annual principal reduction in related long-term debt, as required for CMHC reporting purposes. Tangible capital assets acquired as part of the Social Housing Fund are recorded as assets of those funds.

Impairment of Long-lived Assets

In the event that facts and circumstances indicate that the Band's long-lived assets may be impaired, an evaluation of recoverability would be performed. Such an evaluation entails comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write-down to market value or discounted cash flow value is required. The Band considers that no circumstances exist that would require such an evaluation.

Leased Assets

Leases entered into that transfer substantially all of the benefits and risks associated with ownership are recorded as the acquisition of a tangible capital asset and the incurrence of an obligation. The asset is amortized in a manner consistent with the tangible capital assets owned by the Band, and the obligation, including interest thereon, is liquidated over the term of the lease. All other leases are accounted for as operating leases, and the rental costs are expensed as incurred.

Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make assumptions and estimates that have an effect on the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could be different from those estimates, as additional information becomes available in the future.

Upper Nicola Indian Band

Summary of Significant Accounting Policies

March 31, 2016

Financial Instruments

The Band recognizes and measures financial assets and financial liabilities on the statement of financial position 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 fair value on initial recognition. Financial instruments are subsequently measured at amortized cost as the Band has not entered into any derivative contracts and it does not hold any investments in equity instruments quoted on an active market. Since no financial instruments are measured at fair value after initial recognition, a Statement of Remeasurement Gains and Losses has not been presented in these financial statements.

Investments

The Band accounts for its investments in Stuwix Resources Joint Venture and Stuwix Resources Ltd. using the modified equity method. Under this method, the cost of the investments are adjusted by earnings or losses of the entities from the date of acquisition. Any losses in excess of equity invested are not recorded as this would create a negative investment balance. In such circumstances, no income inclusion would be recorded until these unrecognized losses have been eliminated.

Inter-entity balances and transactions are not eliminated under the modified equity method.

Other investments are recorded on the cost basis.

Upper Nicola Indian Band Notes to Financial Statements

March 31, 2016

1. Cash

	2016	2015
Band Operations		
Band operations	\$ 240,486	\$ (74,460)
Education	-	-
Other	1,168,647	69,124
Resource development	103,103	186,337
Social development	2,000	2,000
	<u>1,514,236</u>	<u>183,001</u>
Social Housing	<u>6,118</u>	<u>-</u>
	<u>\$ 1,520,354</u>	<u>\$ 183,001</u>

2. Restricted Cash

	2016	2015
Ottawa Trust Funds	\$ 1,032,943	\$ 765,067
Social Housing Fund		
Replacement reserve (Note 11)	334,093	424,452
Operating reserve	298,399	-
	<u>\$ 1,665,435</u>	<u>\$ 1,189,519</u>

The Ottawa Trust accounts 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 and are subject to audit by the Office of the Auditor General of Canada.

These funds are restricted in their use. The Band is permitted to use its revenue for any purpose that will promote the general progress and welfare of the Band and Band members. The expenditures of capital funds requires the consent of Indigenous and Northern Affairs Canada and generally must be for projects of a capital nature. Withdrawals of revenue or capital funds are recorded as revenue in the applicable fund where the monies are expended.

Upper Nicola Indian Band Notes to Financial Statements

March 31, 2016

3. Temporary Investments

	2016	2015
Investments		
Cash	\$ 87,354	\$ 104,883
Fixed income	2,526,104	2,899,551
Other	5,290,280	2,914,265
	\$ 7,903,738	\$ 5,918,699

The fixed income investments include government and bank bonds with maturity dates that range from June 2016 to April 2019. The interest rates earned on the fixed income investments range from 1.4% to 5.2% per annum.

4. Accounts Receivable

Accounts receivable by program area is summarized as follows:

	2016	2015
Operating Fund		
Band operations	\$ 730,428	\$ 912,258
Loan receivable	26,630	-
Less: Allowance for doubtful accounts	(615,171)	(615,171)
	141,887	297,087
Education development	127,065	248,111
Education	12,640	11,242
Less: Allowance for doubtful accounts	(11,242)	(11,242)
	1,398	-
Social Development	59,530	1,631
Less: Allowance for doubtful accounts	(2,475)	(2,475)
	57,055	(844)
Other operating funds	167,839	139,039
Less: Allowance for doubtful accounts	(13,709)	(13,709)
	154,130	125,330
	481,535	669,684
Social Housing Fund		
Social Housing	13,854	(467)
	\$ 495,389	\$ 669,217

Upper Nicola Indian Band Notes to Financial Statements

March 31, 2016

5. Investments

	2016	2015
All Nations Trust Company	\$ 24,000	\$ 24,000
Nicola Tribal Association	-	13,598
Nicola Valley Indian Services Association	385,339	371,447
Upper Nicola Holding Company	7,072	-
Stuwix Resources Joint Venture	529,556	415,083
	<u>\$ 945,967</u>	<u>\$ 824,128</u>

Upper Nicola Indian Band has a non-controlling interest in the Nicola Valley Indian Services Association and Nicola Tribal Association.

Upper Nicola Indian Band has a non-controlling interest in Stuwix Resources Joint Venture. During the year, the Joint Venture paid, under normal terms of trade, \$4,432 (2015 - \$39,951) for contract services provided. Summary of the financial statements of Stuwix Resources Joint Venture for the year ended March 31, 2016 is as follows:

Balance Sheet

Current assets	\$ 8,293,877
Tangible capital assets	<u>52,523</u>
	<u>\$ 8,346,400</u>
Current liabilities	\$ 3,157,204
Reforestation obligation	1,150,517
Venturers' equity	<u>4,038,679</u>
	<u>\$ 8,346,400</u>

Statement of Operations

Revenue	\$ 4,713,705
Expenses	<u>3,797,924</u>
Net income	915,781
Surplus, beginning of year	<u>3,122,898</u>
Surplus, end of year	<u>\$ 4,038,679</u>

Upper Nicola Indian Band Notes to Financial Statements

March 31, 2016

5. Investments (continued)

Upper Nicola Indian Band has a non-controlling interest in Stuwix Resources Ltd. Summary of the financial statements of Stuwix Resources Ltd. for the year ended March 31, 2016 is as follows:

Balance Sheet

Current assets	\$ 114,908
Current liabilities	\$ 274,434
Share capital	8
Deficit	(159,534)
	\$ 114,908

Statement of Operations

Revenue	\$ 54,584
Expenses	73,923
Net loss	(19,339)
Deficit, beginning of year	(140,195)
Deficit, end of year	\$ (159,534)

6. Accounts Payable

	2016	2015
Operating Fund		
Band operations	\$ 1,036,373	\$ 345,203
Education	500	500
Payroll payable	16,210	12,150
Other	4,023	-
Resource Development	30	-
Silviculture liability	215,910	214,474
	1,273,046	572,327
Social Housing Fund		
Accounts payable and accrued liabilities	39,617	289,472
	\$ 1,312,663	\$ 861,799

Upper Nicola Indian Band Notes to Financial Statements

March 31, 2016

7. Deferred Revenue

	<u>2016</u>	<u>2015</u>
Operating Fund		
INAC		
Debt recovery #3186	\$ -	\$ 14,771
Debt recovery #3240	-	22,088
Negotiations Preparedness	-	10,676
	<u>-</u>	<u>47,535</u>
Other		
Education development	-	50,249
Health	-	89,296
FNESC	-	14,833
Various	<u>31,591</u>	<u>73,186</u>
	<u>31,591</u>	<u>275,099</u>
Capital Fund		
INAC		
Debt recovery #3186	<u>-</u>	<u>24,445</u>
	<u>\$ 31,591</u>	<u>\$ 299,544</u>

Upper Nicola Indian Band Notes to Financial Statements

March 31, 2016

8. Long-term Debt

	2016	2015
<u>Operating Fund</u>		
Royal Bank of Canada, demand loan payable in monthly instalments of \$1,786, including interest at 3.25% per annum, maturing September 2018	\$ 142,419	\$ 158,928
Royal Bank of Canada, demand loan payable in monthly instalments of \$1,520 per month, including interest at 4.00% per annum, maturing April 2018	37,696	52,813
RBC Dominion Securities, bond short payable	-	-
ANTCO promissory note, payable in monthly payments of \$2,122, including 8.25% interest compounded monthly, due October 1, 2020	92,637	-
	272,752	211,741
<u>Capital Fund</u>		
Royal Bank of Canada, demand loan payable in monthly instalments of \$1,358, including interest at 3.95% per annum, maturing July 2019	50,821	64,801
<u>Social Housing Fund</u>		
All Nations Trust Company (Phase 3 - #14539209003), mortgage repayable in monthly instalments of \$2,533, including interest at 1.62% per annum, renewal date of March, 2018, maturing November, 2022. The loan is secured by a ministerial guarantee	191,996	219,046
All Nations Trust Company (Phase 4 - #19362060002), mortgage repayable in monthly instalments of \$1,983, including interest at 2.75% per annum, renewal date of February, 2016, maturing January, 2026. The loan is secured by a ministerial guarantee	204,835	222,871
Sub-total	396,831	441,917

Upper Nicola Indian Band Notes to Financial Statements

March 31, 2016

8. Long-term Debt (continued)

Balance forward	396,831	441,917
All Nations Trust Company (Phase 5 - #19362060001), mortgage repayable in monthly instalments of \$2,217, including interest at 1.65% per annum, renewal date of June, 2017, maturing February, 2027. The loan is secured by a ministerial guarantee		
265,727		
All Nations Trust Company (Phase 6 - #19362060003), mortgage repayable in monthly instalments of \$2,298, including interest at 2.76% per annum, renewal date of June, 2015, maturing January, 2030. The loan is secured by a ministerial guarantee		
	315,689	335,718
	978,247	1,065,394
	\$ 1,301,820	\$ 1,341,936

The estimated principal repayments on the above long-term debt required over the next five years are as follows:

2017	\$ 159,365
2018	521,453
2019	191,503
2020	65,190
2021	364,309
	\$ 1,301,820

Upper Nicola Indian Band
Notes to Financial Statements

March 31, 2016

9. Tangible Capital Assets

	2016		2015	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Capital Fund				
Automotive equipment	\$ 1,222,857	\$ 871,937	\$ 935,947	773,804
Buildings	8,436,079	6,507,852	8,436,079	6,256,008
Education paintings	15,000	-	15,000	-
Furniture and equipment	1,194,424	1,134,349	1,168,429	1,107,736
Infrastructure	7,597,995	4,273,103	7,610,237	3,968,693
Infrastructure under construction	-	-	-	-
Land	32,594	-	32,594	-
Quilchena TV site	90,266	90,266	90,266	90,266
Spahomin bridge	38,100	28,247	38,100	26,723
	18,627,315	12,905,754	18,326,652	12,223,230
Social Housing Fund				
Buildings and equipment	3,024,560	1,237,533	3,024,560	1,150,386
Land	181,180	-	181,180	-
	3,205,740	1,237,533	3,205,740	1,150,386
	21,833,055	14,143,287	21,532,392	13,373,616
		\$ 7,689,768		\$ 8,158,776

Upper Nicola Indian Band
Notes to Financial Statements

March 31, 2016

9. Tangible Capital Assets (continued)

	2015									
	Automotive equipment	Buildings	Education paintings	Furniture and equipment	Infrastructure	Infrastructure under construction	Land	Quilchena TV site	Spahomin Bridge	Total
Cost, beginning of year	\$ 853,117	\$ 11,437,217	\$ 15,000	\$ 1,162,735	\$ 5,579,530	\$ 2,009,217	\$ 213,774	\$ 90,266	\$ 38,100	\$ 21,398,956
Additions	82,830	23,422	-	5,694	117,000	-	-	-	-	228,946
Disposals	-	-	-	-	(95,500)	-	-	-	-	(95,500)
Transfers	-	-	-	-	2,009,217	(2,009,217)	-	-	-	-
Cost, end of year	\$ 935,947	\$ 11,460,639	\$ 15,000	\$ 1,168,429	\$ 7,610,247	\$ -	\$ 213,774	\$ 90,266	\$ 38,100	\$ 21,532,402
Accumulated amortization, beginning of year	\$ 696,858	\$ 7,071,284	\$ -	\$ 1,081,437	\$ 3,762,123	\$ -	\$ -	\$ 90,266	\$ 25,199	\$ 12,727,167
Amortization	76,947	335,110	-	26,308	302,070	-	-	-	1,524	741,959
Disposals	-	-	-	-	(95,500)	-	-	-	-	(95,500)
Accumulated amortization, end of year	\$ 773,805	\$ 7,406,394	\$ -	\$ 1,107,745	\$ 3,968,693	\$ -	\$ -	\$ 90,266	\$ 26,723	\$ 13,373,626
Net carrying amount, end of year	\$ 162,142	\$ 4,054,245	\$ 15,000	\$ 60,684	\$ 3,641,554	\$ -	\$ 213,774	\$ -	\$ 11,377	\$ 8,158,776

Upper Nicola Indian Band Notes to Financial Statements

March 31, 2016

10. Federal Assistance Payments

The Upper Nicola Indian Band Housing Management has received federal assistance through CMHC pursuant to Section 56-1 of the *National Housing Act* to enable the project to provide housing to low income individuals. The amount of the assistance received through Upper Nicola Indian Band as of March 31, 2016 was \$57,893 (2015 - \$57,893).

11. Replacement Reserve

Under the terms of the agreement with CMHC, the Replacement Reserve account is to be credited in the amount of \$28,008 annually. These funds along with accumulating interest are to be held in a separate bank account. The funds in this account may only be used as approved by CMHC. Withdrawals are credited to interest first and then principal. The replacement reserve has been fully funded.

12. Economic Dependence

The Upper Nicola Band receives a major portion of its revenue pursuant to a funding arrangement with Aboriginal Affairs and Northern Development Canada.

Upper Nicola Indian Band Notes to Financial Statements

March 31, 2016

13. Accumulated Surplus

	2016	2015
Equity in financial assets		
Equity in investments	\$ 943,519	\$ 821,680
Equity in Ottawa Trust Funds	1,032,943	765,067
Surplus	712,095	77,397
Restricted surplus	7,624,900	5,624,900
	<u>10,313,457</u>	<u>7,289,044</u>
Equity in non-financial assets		
Equity in tangible capital assets	6,621,026	6,604,411
	<u>\$ 16,934,483</u>	<u>\$ 13,893,455</u>

Equity in tangible capital assets is comprised of the following:

	2016	2015
Capital Fund	\$ 6,002,360	\$ 6,116,589
Social Housing Fund	618,666	487,822
	<u>\$ 6,621,026</u>	<u>\$ 6,604,411</u>

Upper Nicola Indian Band

Notes to Financial Statements

March 31, 2016

14. Expenditures by Object

	2016	2015
Advertising	\$ 51,015	\$ 73,760
Amortization	769,671	741,959
Bank charges	8,891	6,207
Capital fund repairs and maintenance	378,455	284,824
Consulting fees	-	25,224
Contracted services	534,666	734,190
Debt recovery	-	(12,433)
Honoraria	66,222	105,738
Insurance	91,562	144,868
Interest	25,624	31,653
Lease/rent expense	65,216	50,261
Logging expense	27,902	36,472
Miscellaneous expense	431,591	256,383
Post secondary education	903,154	897,047
Professional fees	681,511	459,233
Program expenses	105,209	92,374
Property management	11,724	-
Repairs and maintenance	372,092	300,745
Replacement reserves	28,008	28,008
Service delivery	5	-
Silviculture accrual expense	-	52,737
Social assistance	377,104	401,785
Student allowances	1,955	3,150
Supplies - office	54,760	104,845
Supplies and materials	223,430	218,067
Telephone	91,960	84,786
Training	125,965	58,405
Travel	208,988	212,086
Utilities	135,748	121,124
Wages and benefits	2,715,630	2,471,845
	<u>\$ 8,488,058</u>	<u>\$ 7,985,343</u>

March 31, 2016

15. Segment Disclosure

The Band is a diversified First Nations organization that provides a wide range of services to its members. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

Community Welfare

This service area provides services to help the members by providing a variety of programs, community services and social assistance.

Band Support

This item relates to the revenues and expenses that relate to the operations of the Band itself and cannot be directly attributed to specific segments.

Operations & Maintenance

This service area provides services relating to the development, maintenance and service of the Band's assets, infrastructure and common property.

Education

This service area provides educational services through the operations of an on-reserve school, post secondary education support and the operations of various other educational programs. The goal of this segment is to enhance the educational opportunities for the Band members.

Natural Resources & Economic Development

This service area provides for the development of economic opportunities to the members, along with the exploration of the development of natural resource revenues.

Capital

This service area provides for the development of new capital projects and infrastructure programs on the reserve.

Social Housing

This service area provides for social housing to the members.

Upper Nicola Indian Band
Notes to Financial Statements

March 31, 2016

15. Segment Disclosure (continued)

2016

	Community Welfare	Band Support	Operations & Maintenance	Education	Natural Resources & Economic Development	Capital	Social Housing	Total
Revenue								
INAC	\$ 518,994	\$ 464,564	\$ 352,515	\$ 1,512,237	\$ 114,411	\$ 459,239	\$ -	\$ 3,421,960
Other	1,590,790	4,180,436	179,402	305,888	941,252	-	195,681	7,393,449
	2,109,784	4,645,000	531,917	1,818,125	1,055,663	459,239	195,681	10,815,409
Expenditures								
Wages & benefits	630,380	883,990	202,214	615,763	383,283	-	-	2,715,630
Purchases	1,057,324	1,584,196	410,770	1,204,969	948,590	378,456	188,123	5,772,428
	1,687,704	2,468,186	612,984	1,820,732	1,331,873	378,456	188,123	8,488,058
Surplus (deficit)	\$ 422,080	\$ 2,176,814	\$ (81,067)	\$ (2,607)	\$ (276,210)	\$ 80,783	\$ 7,558	\$ 2,327,351

2015

	Community Welfare	Band Support	Operations & Maintenance	Education	Natural Resources & Economic Development	Capital	Social Housing	Total
Revenue								
INAC	\$ 546,835	\$ 462,751	\$ 373,290	\$ 1,492,659	\$ 144,989	\$ 185,015	\$ -	\$ 3,205,539
Other	1,536,097	1,629,564	164,689	292,512	1,261,120	-	256,261	5,140,243
	2,082,932	2,092,315	537,979	1,785,171	1,406,109	185,015	256,261	8,345,782
Expenditures								
Wages & benefits	572,095	760,239	147,191	600,726	391,077	-	516	2,471,844
Purchases	1,115,713	1,216,281	440,482	1,214,937	992,013	284,824	249,249	5,513,499
	1,687,808	1,976,520	587,673	1,815,663	1,383,090	284,824	249,765	7,985,343
Surplus (deficit)	\$ 395,124	\$ 115,795	\$ (49,694)	\$ (30,492)	\$ 23,019	\$ (99,809)	\$ 6,496	\$ 360,439

Upper Nicola Indian Band Notes to Financial Statements

March 31, 2016

16. Commitments

The Upper Nicola Band is required to make the following future minimum lease payments on operating lease obligations over the next three years:

2017	\$	42,827
2018		10,171
2019		<u>2,715</u>
	\$	<u>55,713</u>

17. Contingencies

Upper Nicola Band has guaranteed certain band member loans with Indigenous and Northern Affairs Canada.

18. Comparative Figures

Certain of the comparative figures have been reclassified to conform with the presentation adopted in the current year.