

Upper Nicola Indian Band
Financial Statements
For the year ended March 31, 2017

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Financial Statements
For the year ended March 31, 2017

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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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BDO Canada LLP
300 - 275 Lansdowne Street
Kamloops BC V2C 6J3

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, 2017 and the statements of change in net financial 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.



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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, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public accounting standards.

Other Matters

Upper Nicola Indian Band has also prepared another set of financial statements for the year ended March 31, 2017 in accordance with Canadian public sector accounting standards. However, these financial statements 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 August 21, 2017.

Chartered Professional Accountants

Kamloops, British Columbia
August 21, 2017

Upper Nicola Indian Band
Exhibit A - Statement of Financial Position

As at March 31 **2017** **2016**

Financial Assets

Cash (Note 1)	\$ 1,474,423	\$ 1,520,354
Restricted cash (Note 2)	1,036,640	1,665,435
Temporary investments (Note 3)	8,345,904	7,903,738
Accounts receivable (Note 4)	1,489,470	468,759
Loan receivable (Note 4)	25,675	26,630
Related party balances	10,022	41,008
Investments (Note 5)	1,437,958	945,967
	<u>13,820,092</u>	<u>12,571,891</u>

Liabilities

Accounts payable (Note 6)	1,179,247	1,312,666
Deferred revenue (Note 7)	934,826	31,591
Long-term debt (Note 8)	1,967,915	1,301,820
Upper Nicola Trust	122,154	122,154
Funded reserves	511,160	571,912
	<u>4,715,302</u>	<u>3,340,143</u>

Net Financial Assets

9,104,790 9,231,748

Non-financial Assets

Prepaid expenses	59,692	12,964
Tangible capital assets (Note 9)	9,748,102	7,689,768
	<u>9,807,794</u>	<u>7,702,732</u>

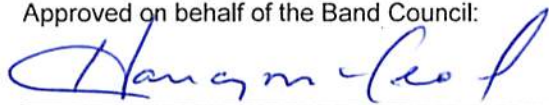
Accumulated Surplus (Note 13)

\$ 18,912,584 **\$ 16,934,480**

Commitments (Note 16)

Contingencies (Note 17)

Approved on behalf of the Band Council:

 _____, Chief

 _____, Chairman of Finance Committee

_____, Chief Finance Officer

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

For the year ended March 31	2017	2016
Annual surplus	\$ 2,651,191	\$ 2,327,352
Acquisition of tangible capital assets (Note 10)	(2,831,308)	(230,664)
Amortization of tangible capital assets (Note 10)	772,974	769,671
	592,857	2,866,359
Change in prepaid expenses	(46,728)	(12,964)
Transfers	(390,792)	16,143
	(437,520)	3,179
Equity change in Ottawa Trust Funds	(596,042)	267,876
Equity change in investments	475,573	121,839
Equity transfer to operating reserves	(161,826)	237,815
	(282,295)	627,530
Change in net financial assets	(126,958)	3,497,068
Net financial assets, beginning of year	9,231,748	5,734,680
Net financial assets, end of year	\$ 9,104,790	\$ 9,231,748

Upper Nicola Indian Band

Exhibit C - Statement of Financial Activity

For the year ended March 31	Budget	2017	2016
Revenue			
Indigenous and Northern Affairs Canada	\$ 2,796,131	\$ 4,624,947	\$ 3,421,960
Canada Mortgage and Housing Corporation	-	249,641	55,869
Proceeds on sale of assets	-	38,051	-
First Nations Health Authority	1,088,550	1,303,681	1,262,094
Housing	-	166,235	139,806
Other	2,930,200	3,707,423	5,925,614
Administration	-	31,642	10,066
	6,814,881	10,121,620	10,815,409
Expenses (Note 15)			
INAC - Operations & Maintenance	541,415	545,608	560,497
INAC - Band Administration	772,302	1,234,376	1,357,380
INAC - Registry	7,587	7,613	7,600
INAC - Lands RLEMP	66,972	63,104	65,085
Cultural Heritage - Capacity Funding Agreements	42,665	52,353	70,699
INAC - Council	212,560	227,623	237,491
INAC - Elementary/Secondary Program	546,543	462,613	573,990
Training & Employment	180,661	175,710	199,375
INAC - N'Kwala School	705,005	679,264	597,106
N'Kwala School - Other Funds	89,838	106,539	119,687
INAC - Post Secondary Program	353,375	369,082	409,946
Cultural Heritage - Projects	88,850	114,413	103,971
INAC - Social Development	515,892	501,858	468,258
INAC - Active Measures	34,403	36,127	16,302
INAC - Family Violence	7,000	26,172	7,094
INAC - National Child Benefit	58,616	50,616	50,754
INAC - P&ID Governance Capacity	28,836	28,836	31,190
First Nations Health Authority	985,762	1,046,767	1,139,002
Daycare	67,886	67,765	57,007
INAC - Economic Development	54,556	71,655	51,227
FNHA - Headstart	-	111,204	111,624
Forestry	555,200	523,571	524,018
Band Rental - Housing Admin	94,997	165,986	100,204
Forest Licenses	28,390	28,386	105
INAC - Environment Canada	7,754	11,586	30,428
Douglas Lake Road	-	7,143	191,012
Social Development - Other Funds	12,100	16,200	107,070
Chapperon Hayfield	42,130	37,019	37,208
Capital Asset Purchases	-	1,781	2,716
INAC Strategic Partnerships Initiative	-	36,000	14,000
Cultural Heritage (Admin)	56,340	83,454	68,331
Kinder Morgan (CFA)	166,000	89,697	564,149
Natural Resources	45,800	55,723	51,875
Social Housing Fund	-	380,694	183,201
Capital fund repairs and maintenance	-	53,891	378,455
	6,369,435	7,470,429	8,488,057
Annual surplus	\$ 445,446	\$ 2,651,191	\$ 2,327,352

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	2017	2016
Cash provided by (used for)		
Operating activities		
Cash receipts from funders	\$ 9,992,170	\$ 10,734,212
Cash paid to employees and suppliers	(7,365,930)	(7,102,453)
Interest paid	(20,356)	(25,623)
Cash flows from operating activities	2,605,884	3,606,136
Capital activity		
Change in tangible capital assets	(2,831,325)	(300,663)
Investing activities		
Change in portfolio investments	(442,166)	(1,985,039)
Change in restricted cash balances	628,795	(475,917)
Change in equity in Ottawa Trust Funds	(596,042)	267,876
Change in equity in funded reserves	(60,752)	147,460
Change in long term investments	(491,991)	(121,839)
Change in equity in long term investments	475,573	121,839
Cash flows from investing activities	(486,583)	(2,045,620)
Financing activity		
Proceeds from issuance of long-term debt	666,093	77,500
Net decrease (decrease) in cash	(45,931)	1,337,353
Cash, beginning of year	1,520,354	183,001
Cash, end of year	\$ 1,474,423	\$ 1,520,354

Upper Nicola Indian Band

Summary of Significant Accounting Policies

March 31, 2017

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 Professional Accountants (CICPA) 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, 2017

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, 2017

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, 2017

1. Cash

	2017	2016
Band Operations		
Band operations	\$ 794,209	\$ 240,486
Other	379,125	1,168,647
Resource development	-	103,103
Forestry	2,000	2,000
	<u>1,175,334</u>	<u>1,514,236</u>
Social Housing	<u>299,089</u>	<u>6,118</u>
	<u>\$ 1,474,423</u>	<u>\$ 1,520,354</u>

2. Restricted Cash

	2017	2016
Ottawa Trust Funds	\$ 436,901	\$ 1,032,943
Social Housing Fund		
Replacement reserve (Note 12)	273,341	334,093
Operating reserve	326,398	298,399
	<u>\$ 1,036,640</u>	<u>\$ 1,665,435</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. During the current year, an amount of \$614,184 was withdrawn from the account and recorded as revenue.

Upper Nicola Indian Band Notes to Financial Statements

March 31, 2017

3. Temporary Investments

	2017		2016	
	Market Value	Book Value	Market Value	Book Value
Cash	\$ 91,387	\$ 91,387	\$ 87,354	\$ 87,354
Fixed Income	3,739,736	3,733,269	2,144,454	2,526,104
Foreign Securities	936,887	829,911	-	-
Other	4,148,739	3,691,337	5,858,860	5,290,280
	8,916,749	8,345,904	8,090,668	7,903,738

The fixed income investments include government and bank bonds with maturity dates that range from June 2017 to April 2019. The interest rates earned on the fixed income investments range from 1.5% to 5.6% per annum.

4. Accounts Receivable

Accounts receivable by program area is summarized as follows:

	2017	2016
Operating Fund		
Band operations	\$ 701,845	\$ 730,428
Loan receivable	25,675	26,630
Accrued receivables	732,754	-
Less: Allowance for doubtful accounts	(444,381)	(615,171)
	1,015,893	141,887
Education development	131,730	127,065
Less: Allowance fore doubtful accounts	(10,200)	-
	121,530	127,065
Education	13,147	12,640
Less: Allowance for doubtful accounts	(9,600)	(11,242)
	3,547	1,398
Social Development	3,316	59,530
Less: Allowance for doubtful accounts	(2,475)	(2,475)
	841	57,055
Other operating funds	249,697	167,839
Less: Allowance for doubtful accounts	(6,539)	(13,709)
	243,158	154,130
	1,384,969	481,535
Social Housing Fund	130,176	13,854

Upper Nicola Indian Band
Notes to Financial Statements

March 31, 2017

\$ 1,515,145 \$ 495,389

Upper Nicola Indian Band Notes to Financial Statements

March 31, 2017

5. Investments

	2017	2016
All Nations Trust Company	\$ 36,000	\$ 24,000
Nicola Valley Indian Services Association	401,757	385,339
Stuwix Resources Joint Venture	608,472	529,556
	<u>\$ 1,046,229</u>	<u>\$ 938,895</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, \$232,392 (2016 - \$4,432) for contract services provided. Summary of the financial statements of Stuwix Resources Joint Venture for the year ended March 31, 2017 is as follows:

Balance Sheet

Current assets	\$ 11,716,453
Tangible capital assets	<u>38,728</u>
	<u>\$ 11,755,181</u>
Current liabilities	\$ 5,720,163
Reforestation obligation	1,365,009
Venturers' equity	<u>4,670,009</u>
	<u>\$ 11,755,181</u>

Statement of Operations

Revenue	\$ 20,865,359
Expenses	<u>19,318,248</u>
Net income	1,547,111
Surplus, beginning of year	4,038,679
Withdrawals	<u>(915,781)</u>
Surplus, end of year	<u>\$ 4,670,009</u>

Upper Nicola Indian Band Notes to Financial Statements

March 31, 2017

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, 2017 is as follows:

Balance Sheet

Current assets	\$ 160,418
Current liabilities	\$ 160,588
Share capital	8
Deficit	(178)
	\$ 160,418

Statement of Operations

Revenue	\$ 257,840
Expenses	98,484
Net loss	159,356
Deficit, beginning of year	(159,534)
Deficit, end of year	\$ (178)

6. Investments in Business Entities

The Upper Nicola Indian Band has investments in the following entities:

	2017	2016
Upper Nicola Holding Company	391,729	7,072
	\$ 391,729	\$ 7,072

7. Accounts Payable

	2017	2016
Operating Fund		
Band operations	\$ 1,027,912	\$ 1,036,403
Education	500	500
Payroll payable	9,728	16,210
Other	4,625	4,023
Silviculture liability	129,094	215,910
	1,171,859	1,273,046
Social Housing Fund		
Accounts payable and accrued liabilities	7,388	39,621
	\$ 1,179,247	\$ 1,312,667

8. Deferred Revenue

Upper Nicola Indian Band
Notes to Financial Statements

March 31, 2017

	<u>2017</u>	<u>2016</u>
Indigenous and Northern Affairs Canada		
NWWWS Watermain Upgrade	\$ 895,873	\$ -
Other		
Various	<u>38,953</u>	<u>31,591</u>
	<u>\$ 934,826</u>	<u>\$ 31,591</u>

Upper Nicola Indian Band Notes to Financial Statements

March 31, 2017

9. Long-term Debt

	<u>2017</u>	<u>2016</u>
<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	\$ 125,368	\$ 142,419
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	19,277	37,696
Inland Kenworth Loan, payable in monthly installments of \$3,167 per month, maturing April 5, 2019	79,197	-
ANTCO promissory note, payable in monthly payments of \$2,122, including 8.25% interest compounded monthly, due October 1, 2020	67,173	92,637
	<u>291,015</u>	<u>272,752</u>
<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	36,274	50,821
Royal Bank of Canada, demand loan payable in monthly instalments of \$1,045, including interest at 3.3% per annum maturing November 2019	54,187	-
CMHC Direct Lending Program, representing advance #1 for CMHC SEC. 95 REF #19-362-060/050	698,889	-
	<u>789,350</u>	<u>50,821</u>
	<u>1,080,365</u>	<u>323,573</u>

Upper Nicola Indian Band Notes to Financial Statements

March 31, 2017

9. Long-term Debt (continued)

	<u>2017</u>	<u>2016</u>
Balance forward	\$ 1,080,365	\$ 323,573

Social Housing Fund

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

164,493 191,996

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

184,914 204,835

Sub-total

349,407 396,831

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

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

294,832 315,689

887,550 978,247

\$ 1,967,915 \$ 1,301,820

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

2018	\$ 1,136,378
2019	377,307
2020	75,525
2021	<u>378,705</u>

Upper Nicola Indian Band
Notes to Financial Statements

March 31, 2017

\$ 1,967,915

Upper Nicola Indian Band
Notes to Financial Statements

March 31, 2017

10. Tangible Capital Assets

	2017		2016	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Capital Fund				
Automotive equipment	\$ 1,353,583	\$ 1,018,524	\$ 1,222,857	871,937
Buildings	8,436,079	6,759,696	8,436,079	6,507,852
Education paintings	15,000	-	15,000	-
Furniture and equipment	1,368,147	1,155,815	1,194,424	1,134,349
Infrastructure	7,597,995	4,519,216	7,597,995	4,273,103
Infrastructure under construction	2,512,116	-	-	-
Land	32,594	-	32,594	-
Quilchena TV site	90,266	90,266	90,266	90,266
Spahomin bridge	38,100	29,771	38,100	28,247
	21,443,880	13,573,288	18,627,315	12,905,754
Social Housing Fund				
Buildings and equipment	3,024,560	1,328,230	3,024,560	1,237,533
Land	181,180	-	181,180	-
	3,205,740	1,328,230	3,205,740	1,237,533
	24,649,620	14,901,518	21,833,055	14,143,287
		\$ 9,748,102		\$ 7,689,768

Upper Nicola Indian Band
Notes to Financial Statements

March 31, 2017

10. Tangible Capital Assets (continued)

	2017									
	Automotive equipment	Building	Education paintings	Furniture and equipment	Infrastructure	Infrastructure under construction	Land	Quilchena TV site	Spahomin Bridge	Total
Cost, beginning of year	\$1,222,857	\$11,460,639	\$ 15,000	\$ 1,182,183	\$ 7,610,247	\$ -	\$213,774	\$ 90,266	\$ 38,100	\$21,833,066
Additions	130,726	-	-	188,466	-	2,512,116	-	-	-	2,831,308
Disposals	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Cost, end of year	\$1,353,583	\$11,460,639	\$ 15,000	\$ 1,370,649	\$ 7,610,247	\$ 2,512,116	\$213,774	\$ 90,266	\$ 38,100	\$24,664,374
Accumulated amortization, beginning of year	\$ 871,938	\$ 7,745,386	\$ -	\$ 1,134,358	\$ 4,273,103	\$ -	\$ -	\$ 90,266	\$ 28,247	\$14,143,298
Amortization	146,586	342,542	-	36,209	246,113	-	-	-	1,524	772,974
Disposals	-	-	-	-	-	-	-	-	-	-
Accumulated amortization, end of year	\$1,018,524	\$ 8,087,928	\$ -	\$ 1,170,567	\$ 4,519,216	\$ -	\$ -	\$ 90,266	\$ 29,771	\$14,916,272
Net carrying amount, end of year	\$ 335,059	\$ 3,372,711	\$ 15,000	\$ 200,082	\$ 3,091,031	\$ 2,512,116	\$213,774	\$ -	\$ 8,329	\$ 9,748,102

Upper Nicola Indian Band
Notes to Financial Statements

March 31, 2017

10. Tangible Capital Assets (continued)

	2016									
	Automotive equipment	Buildings	Education paintings	Furniture and equipment	Infrastructure	Infrastructure under construction	Land	Quilchena TV site	Spahomin Bridge	Total
Cost, beginning of year	\$ 935,947	\$11,460,639	\$ 15,000	\$ 1,168,429	\$ 7,610,247	\$ -	\$213,774	\$ 90,266	\$ 38,100	\$21,532,402
Additions	286,910	-	-	13,754	-	-	-	-	-	300,664
Cost, end of year	<u>\$1,222,857</u>	<u>\$11,460,639</u>	<u>\$ 15,000</u>	<u>\$ 1,182,183</u>	<u>\$ 7,610,247</u>	<u>\$ -</u>	<u>\$213,774</u>	<u>\$ 90,266</u>	<u>\$ 38,100</u>	<u>\$21,833,066</u>
Accumulated amortization, beginning of year	\$ 773,805	\$ 7,406,394	\$ -	\$ 1,107,745	\$ 3,968,693	\$ -	\$ -	\$ 90,266	\$ 26,723	\$13,373,626
Amortization	98,133	338,992	-	26,613	304,410	-	-	-	1,524	769,672
Accumulated amortization, end of year	<u>\$ 871,938</u>	<u>\$ 7,745,386</u>	<u>\$ -</u>	<u>\$ 1,134,358</u>	<u>\$ 4,273,103</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 90,266</u>	<u>\$ 28,247</u>	<u>\$14,143,298</u>
Net carrying amount, end of year	<u>\$ 350,919</u>	<u>\$ 3,715,253</u>	<u>\$ 15,000</u>	<u>\$ 47,825</u>	<u>\$ 3,337,144</u>	<u>\$ -</u>	<u>\$213,774</u>	<u>\$ -</u>	<u>\$ 9,853</u>	<u>\$ 7,689,768</u>

Upper Nicola Indian Band Notes to Financial Statements

March 31, 2017

11. 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 for the year ended March 31, 2017 was \$53,498 (2016 - \$57,893).

12. 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.

13. 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, 2017

14. Accumulated Surplus

	<u>2017</u>	<u>2016</u>
Equity in financial assets		
Equity in investments	\$ 1,419,092	\$ 943,519
Equity in Ottawa Trust Funds	436,901	1,032,943
Surplus	1,231,605	736,537
Restricted surplus	<u>7,624,900</u>	<u>7,624,900</u>
	<u>10,712,498</u>	10,337,899
Equity in non-financial assets		
Equity in tangible capital assets	<u>8,200,076</u>	6,596,581
	<u>\$ 18,912,574</u>	<u>\$ 16,934,480</u>

Equity in tangible capital assets is comprised of the following:

	<u>2017</u>	<u>2016</u>
Capital Fund	\$ 7,546,227	\$ 5,977,915
Social Housing Fund	<u>653,849</u>	<u>618,666</u>
	<u>\$ 8,200,076</u>	<u>\$ 6,596,581</u>

Upper Nicola Indian Band

Notes to Financial Statements

March 31, 2017

15. Expenditures by Object

	2017	2016
Advertising	\$ 35,442	\$ 40,063
Amortization	772,975	769,671
Bank charges	8,513	8,891
Capital fund repairs and maintenance	53,891	378,455
Contracted services	178,281	518,219
Bad debts recovery	(101,918)	-
Honoraria	101,370	66,222
Insurance	97,116	91,562
Interest	20,356	25,624
Lease/rent expense	87,363	59,376
Logging expense	33,592	23,031
Miscellaneous expense	247,779	431,598
Medical transportation	71,850	60,771
Post secondary education	744,480	903,154
Professional fees	315,820	681,511
Property management	23,850	11,724
Repairs and maintenance	467,892	372,092
Replacement reserves	28,008	28,008
Social assistance	431,627	377,104
Student allowances	5,146	1,955
Supplies - office	26,330	52,705
Supplies and materials	259,104	245,091
Telephone	89,300	94,015
Training	96,277	125,965
Travel	195,793	208,988
Utilities	155,195	135,748
Wages and benefits	2,992,672	2,732,077
Workshops	32,325	44,438
	\$ 7,470,429	\$ 8,488,058

Upper Nicola Indian Band

Notes to Financial Statements

March 31, 2017

16. 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, 2017

16. Segment Disclosure (continued)

2017

	Community Welfare	Band Support	Operations & Maintenance	Education	Natural Resources & Economic Development	Capital	Social Housing	Total
Revenue								
INAC	\$ 462,070	\$ 2,861,561	\$ 414,659	\$ 1,467,163	\$ 68,871	\$ 246,496	\$ -	\$ 5,520,820
Other	1,509,362	1,025,136	193,062	386,501	1,289,092	975,457	415,877	5,794,487
	1,971,432	3,886,697	607,721	1,853,664	1,357,963	1,221,953	415,877	11,315,307
Expenditures								
Wages & benefits	664,229	1,003,144	229,774	672,827	405,500	-	-	2,975,474
Purchases	993,155	657,628	396,763	1,053,469	954,620	53,891	385,429	4,494,955
	1,657,384	1,660,772	626,537	1,726,296	1,360,120	53,891	385,429	7,470,429
Surplus (deficit)	\$ 314,048	\$ 2,225,925	\$ (18,816)	\$ 127,368	\$ (2,157)	\$ 1,168,062	\$ 30,448	\$ 3,844,878

2016

	Community Welfare	Band Support	Operations & Maintenance	Education	Natural Resources & Economic Development	Capital	Social Housing	Total
Revenue								
INAC	\$ 504,223	\$ 525,868	\$ 352,515	\$ 1,512,237	\$ 92,323	\$ 434,794	\$ -	\$ 3,421,960
Other	1,590,790	4,180,436	179,402	305,888	941,252	-	195,681	7,393,449
	2,095,013	4,706,304	531,917	1,818,125	1,033,575	434,794	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	1,584,195	410,770	1,204,969	948,590	378,456	188,123	5,772,427
	1,687,704	2,468,185	612,984	1,820,732	1,331,873	378,456	188,123	8,488,057
Surplus (deficit)	\$ 407,309	\$ 2,238,119	\$ (81,067)	\$ (2,607)	\$ (298,298)	\$ 56,338	\$ 7,558	\$ 2,327,352

Upper Nicola Indian Band

Notes to Financial Statements

March 31, 2017

17. Commitments

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

2018	\$	42,827
2019		10,171
2020		<u>2,715</u>
	\$	<u>55,713</u>

18. Contingencies

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

19. Comparative Figures

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