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Upper Nicola Band

Financial Statements

March 31, 2020

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Upper Nicola Band

Management's Responsibility for Financial Reporting

March 31, 2020

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

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the financial statements.

The Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the financial statements and the external auditor's report.

The external auditors, Crowe MacKay LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of Upper Nicola Band and meet when required.

On behalf of Upper Nicola Band:

<u>Original signed by</u> Chief	<u>July 30, 2020</u> Date
<u>Original signed by</u> Finance and Audit Committee Chair	<u>July 30, 2020</u> Date
<u>Original signed by</u> Chief Financial Officer	<u>July 30, 2020</u> Date

Independent Auditors' Report

To the Members of Upper Nicola Band

Opinion

We have audited the financial statements of Upper Nicola Band, which comprise the statement of financial position as at March 31, 2020, and the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Upper Nicola Band as at March 31, 2020, and the results of its operations, its changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the 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.

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

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

Independent Auditors' Report (continued)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 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 Upper Nicola Band's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause Upper Nicola Band to cease to continue as a going concern.
- ◆ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Vancouver, Canada
July 30, 2020

Crowe MacKay LLP
Chartered Professional Accountants

Upper Nicola Band

Statement of Financial Position

March 31	2020	2019
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Financial Assets

Cash (Note 3)	\$ 1,783,516	\$ 3,398,196
Accounts receivable (Note 4)	1,521,356	1,701,216
Due from related party (Note 5)	3,817	-
Marketable securities (Note 6)	11,984,826	5,936,431
Long-term investments (Note 7)	1,233,011	1,276,537
Trust funds held by Ottawa (Note 8)	140,415	136,007
	16,666,941	12,448,387

Liabilities

Accounts payable and accrued liabilities	1,171,228	1,536,164
Deferred revenue (Note 9)	1,130,224	1,236,632
Due to related party (Note 5)	-	17,955
Upper Nicola Trust	122,154	122,154
Funded reserves (Note 10)	549,059	542,010
Long-term debt (Note 11)	1,740,337	1,947,784
	4,713,002	5,402,699

Net financial assets	11,953,939	7,045,688
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Non-financial Assets

Capital assets (Note 12)	10,084,836	10,424,907
Prepaid expenses	8,879	8,249
	10,093,715	10,433,156
Accumulated Surplus (Note 13)	\$ 22,047,654	\$ 17,478,844

Contingent liabilities (Note 14.)

Approved on behalf of the Upper Nicola Band

Original signed by _____, Chief

Original signed by _____, Finance and Audit Committee Chair

Original signed by _____, Chief Financial Officer

Upper Nicola Band

Statement of Operations and Accumulated Surplus

For the year ended March 31	2020 Budget	2020 Actual	2019 Actual
Revenue			
Indigenous Services Canada	\$ 4,475,865	\$ 4,741,488	\$ 4,917,157
Other income	2,565,498	4,676,843	1,327,544
First Nations Health Authority	1,353,181	1,502,205	1,373,384
Forestry	1,100,000	1,414,570	1,561,565
Other government funding	551,630	551,630	116,529
BC Gaming Revenue	-	473,529	
Other Province of BC	124,356	182,096	132,863
Rental income	294,258	288,455	280,422
Investment income	35,652	259,828	222,442
First Nations Education Steering Committee	183,131	214,239	265,083
Aboriginal Skills & Employment Training Strategy	119,206	141,032	199,674
CMHC subsidy	90,350	90,893	146,987
Daycare fees	18,400	3,701	21,307
FNHA - Revenue deferred from prior years	-	-	50,000
ISC - Revenue deferred from prior year	-	1,236,632	548,171
ISC - Revenue deferred to future year	-	(1,130,224)	(1,236,632)
	10,911,527	14,646,917	9,926,496
Expenses (Note 16)			
Administration	1,627,054	1,552,568	1,200,431
Amortization	-	836,694	929,680
Community and Social Services	1,969,286	2,013,722	1,944,411
Economic Development	23,186	21,048	73,320
Education	2,253,374	2,208,476	2,147,435
Forestry	289,968	287,538	702,258
Health	1,343,300	1,324,003	1,404,256
Housing	494,283	406,699	311,281
Language and culture	197,795	105,376	98,993
Other	261,361	170,693	335,928
Title and rights	1,351,795	985,830	667,980
Property Tax	9,625	6,336	12,984
Capital Fund	1,784,946	159,124	44,046
	11,605,973	10,078,107	9,873,003
Excess of revenue over expenses	(835,248)	4,568,810	53,493
Accumulated surplus, beginning of year	-	17,478,844	17,425,351
Accumulated surplus, end of year	\$ (835,248)	\$ 22,047,654	\$ 17,478,844

Upper Nicola Band**Statement of Change in Net Financial Assets**

<u>For the year ended March 31</u>	<u>2020</u>	<u>2019</u>
Excess of revenue over expenses	\$ 4,568,810	\$ 53,493
Acquisition of tangible capital assets	(707,167)	(645,530)
Amortization of tangible capital assets	836,694	929,680
Disposition of capital assets	210,544	-
	340,071	284,150
Acquisition of prepaid asset	(630)	-
Use of prepaid asset	-	60
	(630)	60
Increase (decrease) in net financial assets	4,908,251	337,703
Net financial assets, beginning of year	7,045,688	6,707,985
Net financial assets, end of year	\$ 11,953,939	\$ 7,045,688

Upper Nicola Band

Statement of Cash Flow

For the year ended March 31, 2020	2020	2019
Cash flows from Operating activities		
Excess of revenue over expenses	\$ 4,568,810	\$ 53,493
Items not affecting cash		
Amortization	836,694	929,680
	<u>5,405,504</u>	<u>983,173</u>
Change in non-cash operating working capital		
Accounts receivable	179,860	(289,218)
Prepaid expenses	(630)	60
Accounts payable and accrued liabilities	(364,935)	(70,420)
Deferred revenue	(106,408)	638,461
	<u>5,113,391</u>	<u>1,262,056</u>
Capital activities		
Purchase of capital assets	(707,167)	(645,530)
Disposal of tangible capital assets	210,543	-
	<u>(496,624)</u>	<u>(645,530)</u>
Financing activities		
Repayment of long term debt	(207,447)	(250,754)
Advances of long term debt	-	68,691
Funded reserves	7,049	54,039
Fund increase in Trust Funds held in Ottawa	(4,408)	222,483
	<u>(204,806)</u>	<u>94,459</u>
Investing activities		
Marketable securities	(6,048,395)	(183,381)
Investments	43,526	204,616
Due to/from related party	(21,772)	46,645
	<u>(6,026,641)</u>	<u>67,880</u>
Increase (decrease) in cash and cash equivalents	(1,614,680)	778,865
Cash and cash equivalents, beginning of year	3,398,196	2,619,331
Cash and cash equivalents, end of year	\$ 1,783,516	\$ 3,398,196

Upper Nicola Band

Notes to Financial Statements

March 31, 2020

1. Basis of Presentation and Significant Accounting Policies

These financial statements are prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

(a) Revenue recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulated liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

Income from investments is recorded on the accrual basis.

(b) Investments

The First Nation accounts for its Government Business Enterprise (Upper Nicola Holdings Limited Partnership) and its investments in Stuwix Resources Joint Venture and Stuwix Resources Ltd. using the modified equity method.

Other investments are recorded at lower of cost and net realizable value.

(c) Financial instruments

All significant financial assets, financial liabilities and equity instruments of the entity are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future credit, liquidity, and market risk.

COVID-19 (see note 2) has resulted in an increase in risk of these financial instruments. Upper Nicola Band cannot predict changes in these risks or the impact on operating results. Such changes related to the COVID-19 pandemic, could have a material effect in the Upper Nicola Band operations and financial condition.

(d) Cash

Cash and cash equivalents include cash on hand and balances in bank accounts, net of bank overdrafts.

Upper Nicola Band

Notes to Financial Statements

March 31, 2020

1. Basis of Presentation and Significant Accounting Policies (continued)

(e) Use of estimates and COVID-19 measurement uncertainty

In preparing these financial statements, management made estimates and judgments including consideration for the uncertainties and economic implications of the COVID-19 pandemic on the First Nations operations, financial performance and financial position for the year ended March 31, 2020. The uncertainty surrounding the COVID-19 pandemic could generate, in future reporting periods, a significant risk of material adjustment to the carrying amounts in the financial statements. Estimates not associated with the COVID-19 pandemic are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known.

At the date of publication of these financial statements, it is not possible to reliably estimate the length and severity of the COVID-19 pandemic developments and its potential impact on the First Nation's financial results, conditions and cash flows.

(f) Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and Upper Nicola Band's incremental cost of borrowing.

Amortization is provided for on a straight-line basis over their estimated useful lives as follows:

Automotive equipment	4 Years
Buildings	20 Years
Furniture and Equipment	5 Years
Infrastructure	25 Years
Social Housing	25 Years

Tangible capital assets are written down when conditions indicate that they no longer contribute to Upper Nicola Band's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

Certain assets, including recognized interest in reserve lands and natural resources, as well as assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

Upper Nicola Band

Notes to Financial Statements

March 31, 2020

2. COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared a global pandemic. The outbreak of the novel strain of the coronavirus, COVID-19, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility. Governments and central banks including Canadian federal, provincial, territorial and municipal governments have responded with significant monetary and fiscal interventions designed to stabilize economic conditions.

At the time of approval of these financial statements, in response to the COVID-19 pandemic:

- The First Nation has considered the impact to Health Centres
- The First Nation has pursued available government assistance programs.
- The First Nation has temporarily/permanently terminated employees.
- The First Nation has implemented remote work arrangements for those able to do so.
- The First Nation has Implemented stringent health and safety procedures.
- The management of the entity has been proactive and diligent in addressing the implementation of infection prevention and other precautionary measures, guided by public health authorities, to limit the spread of COVID-19 and the impact of the pandemic and the related economic contraction on the entity.

The rapidly evolving event, including health and safety conditions, economic environment and resulting government measures, creates a high level of uncertainty and risk that may result in significant impacts to the entity's activities, results of operations and financial condition. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. As such it is not possible to estimate the length and severity of these development and the impact on the financial results and condition on the First Nation and its operations in future periods.

Upper Nicola Band

Notes to Financial Statements

March 31, 2020

3. Cash

	2020	2019
Externally restricted		
CMHC replacement reserve	\$ 159,028	\$ 234,223
CMHC operating reserve	<u>440,826</u>	<u>433,861</u>
	<u>599,854</u>	<u>668,084</u>
Unrestricted		
General accounts	<u>1,183,662</u>	<u>2,730,112</u>
	<u><u>\$ 1,783,516</u></u>	<u><u>\$ 3,398,196</u></u>

Under the terms of agreements with Canada Mortgage and Housing Corporation, the Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Replacement Fund.

4. Accounts receivable

	2020	2019
Accounts receivable - general	\$ 1,545,723	\$ 1,098,831
Indigenous Services Canada	-	604,926
Members receivables	<u>493,493</u>	<u>516,453</u>
	<u><u>2,039,216</u></u>	<u><u>2,220,210</u></u>
Allowance for doubtful accounts	<u>(517,860)</u>	<u>(518,994)</u>
	<u><u>\$ 1,521,356</u></u>	<u><u>\$ 1,701,216</u></u>

5. Due to/from related party

The amount due to/from related party is due to/from Upper Nicola Holdings Limited Partnership. The balance is non interest bearing with no specific terms of repayment.

Upper Nicola Band

Notes to Financial Statements

March 31, 2020

6. Marketable securities

	2020 Cost	2020 Market value
Cash	\$ 654,536	\$ 663,737
Guaranteed investment certificates	3,220,000	3,220,000
Fixed income	3,262,112	3,228,265
Equities	4,848,178	5,291,832
	\$ 11,984,826	\$ 12,403,834

As of March 31, 2019, the fair market value of the marketable securities was \$6,733,691 (cost - \$5,936,431).

7. Long-term investments

	2020	2019
All Nations Trust Company, at cost	\$ 36,000	\$ 36,000
Note receivable from 1149296 Limited Partnership, at cost	418,175	418,175
Stuwix Resources Joint Venture	527,120	538,154
Upper Nicola Holdings Limited Partnership	251,716	284,208
	\$ 1,233,011	\$ 1,276,537

In the prior year, Nicola Valley Indian Services Association was restructured and Upper Nicola Band now holds a loan receivable from 1149296 Limited Partnership. The note receivable is non-interest bearing, and there are no set terms of repayment.

Upper Nicola Band has a non-controlling interest in Stuwix Resources Joint Venture. During the year, the Joint Venture paid, under normal terms of trade, \$1,297,494 (2019 - \$977,424) for contract services provided.

Upper Nicola Band wholly owns Upper Nicola Holdings Limited Partnership.

Upper Nicola Band

Notes to Financial Statements

March 31, 2020

7. Long-term investments (continued)

Summary of the financial statements of Stuwix Resources Joint Venture and Upper Nicola Holdings Limited Partnership is as follows:

	Stuwix Resources Joint Venture	Upper Nicola Holdings Limited Partnership	2020 Total	2019 Total
Assets	\$ 9,513,924	\$ 256,548	\$ 9,770,472	\$ 10,448,218
Liabilities	\$ 5,494,729	\$ 4,831	\$ 5,499,560	\$ 6,065,531
Equity	4,019,195	251,717	4,270,912	4,382,687
Total liabilities and equity	\$ 9,513,924	\$ 256,548	\$ 9,770,472	\$ 10,448,218

	Stuwix Resources Joint Venture	Upper Nicola Holdings Limited Partnership	2020 Total	2019 Total
Revenue	\$ 11,780,963	\$ 14,505	\$ 11,795,468	\$ 18,146,051
Cost of sales	10,897,254	-	10,897,254	16,149,995
Expenses	971,979	46,998	1,018,977	1,099,724
Total expenses	11,869,233	46,998	11,916,231	17,249,719
Net income	\$ (88,270)	\$ (32,493)	\$ (120,763)	\$ 896,332

8. Trust funds held by Ottawa

The Capital and Revenue funds are held in Ottawa and arise from monies derived from capital and revenue sources which the Crown considers are described in Section 62 of the Indian Act. These funds are held in trust by the Government of Canada and the Crown treats these funds as primarily governed by section 64 and 69 of the Indian Act. The Funds earn interest pursuant to section 61(2) of the Indian Act

Upper Nicola Band

Notes to Financial Statements

March 31, 2020

9. Deferred revenue

Deferred revenue represents funds received, that will be recognized as revenue in the next fiscal year, when the related expenses are incurred, or when the terms of the funding have been completed. The deferred revenue relates to the following funders:

	March 31, 2019	Funding received (transferred), 2020	Revenue recognized, 2020	March 31, 2020
Federal government				
ISC - ACRS 2018	\$ 116,485	\$ -	\$ (24,722)	\$ 91,763
ISC - NAHS 2018-19 Septic Replacement	159,005	-	(38,505)	120,500
ISC - IR3 Site7 Subdivision ICMS 127751	908,042	425,000	(626,569)	706,473
ISC - Emergency Planning	53,100	-	(636)	52,464
ISC - Service Delivery	-	67,655	-	67,655
ISC - Elementary & Secondary Education	-	85,453	-	85,453
ISC - Comprehensive Comm Plan	-	5,916	-	5,916
	\$ 1,236,632	\$ 584,024	\$ (690,432)	\$ 1,130,224

10. Funded reserves

Under conditions of agreements with the Canada Mortgage and Housing Corporation, the First Nation is required to maintain certain reserves of \$549,059 (2019 - \$542,010) related to on-reserve housing projects. These reserves are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Replacement Fund.

Upper Nicola Band

Notes to Financial Statements

March 31, 2020

11. Long-term debt

	2020	2019
Royal Bank of Canada demand loan bearing interest at 3.25% per annum, repayable in blended monthly instalments of \$1,786. Matures in full September 2023.	\$ 71,046	\$ 89,619
Inland Kenworth loan, repaid in year.	-	3,168
ANTCO promissory note bearing interest at 8.25% per annum, repayable in blended monthly instalments of \$2,122. Matures in full October 2020.	4,091	9,718
Royal Bank of Canada demand loan, repaid in year.	-	5,402
Royal Bank of Canada demand loan, repaid in year.	-	32,049
All Nations Trust Company (Phase 3 - #14539209003) mortgage bearing interest at 2.39% per annum, repayable in blended monthly instalments of \$2,579. The loan matures in full November 2022. The loan is secured by a ministerial guarantee.	79,885	108,552
All Nations Trust Company (Phase 4 - #19362060002) mortgage bearing interest at 1.01% per annum, repayable in blended monthly instalments of \$1,824. The loan has a renewal date of February 2021, and is scheduled to mature in full January 2026. The loan is secured by a ministerial guarantee.	123,949	144,474
All Nations Trust Company (Phase 5 - #19362060001) mortgage bearing interest at 1.30% per annum, repayable in blended monthly instalments of \$2,181. The loan has a renewal date of June 2022, and is scheduled to mature in full February 2027. The loan is secured by a ministerial guarantee.	173,053	196,807
All Nations Trust Company (Phase 6 - #19362060003) mortgage bearing interest at 1.39% per annum, repayable in blended monthly instalments of \$2,091. The loan has a renewal date of June 2020, and is scheduled to mature in full January 2030. The loan is secured by a ministerial guarantee.	230,536	252,251
All Nations Trust Company (Phase 7 - #19362060005) mortgage bearing interest at 1.86% per annum, repayable in blended monthly instalments of \$4,577. The loan has a renewal date of August 2022, and is scheduled to mature in full August 2042. The loan is secured by a ministerial guarantee.	1,006,902	1,042,763
Murray Chevrolet vehicle loan bearing interest at 5.99% per annum, repayable in blended monthly instalments of \$726. Matures in full November 2023.	28,597	35,364

Upper Nicola Band

Notes to Financial Statements

March 31, 2020

11. Long-term debt (continued)

	2020	2019
Connect Okanagan Telephone equipment lease, bearing interest at 10.21% per annum, repayable in blended monthly payments of \$659. Final payment is due July 2023, at which time the company has the option to purchase the equipment for \$1 plus applicable taxes.	<u>22,278</u>	<u>27,617</u>
	<u><u>\$ 1,740,337</u></u>	<u><u>\$ 1,947,784</u></u>
<hr/>		
Principal portion of long-term debt due within the next five years:		
2021	\$ 169,484	
2022	169,395	
2023	162,864	
2024	126,669	
2025 and thereafter	<u>1,111,925</u>	
	<u><u>\$ 1,740,337</u></u>	

Upper Nicola Band

Notes to Financial Statements

March 31, 2020

12. Tangible Capital Assets

	Cost				Accumulated amortization				2020 net book value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	on disposals	Balance, end of year	
Land	\$ 32,594	\$ -	\$ -	\$ 32,594	\$ -	\$ -	\$ -	\$ -	\$ 32,594
Buildings	8,818,810	6,000	(210,544)	8,614,266	7,272,953	129,777	-	7,402,730	1,211,536
Automotive equipment	1,514,138	-	(267,541)	1,246,597	1,319,074	104,683	(267,541)	1,156,216	90,381
Furniture and equipment	1,592,809	26,931	-	1,619,740	1,388,743	61,236	-	1,449,979	169,761
Infrastructure	10,649,540	-	-	10,649,540	4,906,147	285,011	-	5,191,158	5,458,382
Infrastructure under construction	111,739	674,236	-	785,975	-	-	-	-	785,975
Social Housing Land	181,180	-	-	181,180	-	-	-	-	181,180
Social Housing Buildings	4,106,774	-	-	4,106,774	1,695,760	255,987	-	1,951,747	2,155,027
	\$ 27,007,584	\$ 707,167	\$ (478,085)	\$ 27,236,666	\$ 16,582,677	\$ 836,694	\$ (267,541)	\$ 17,151,830	\$ 10,084,836

	Cost				Accumulated amortization				2019 Net book value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	on disposals	Balance, end of year	
Land	\$ 32,594	\$ -	\$ -	\$ 32,594	\$ -	\$ -	\$ -	\$ -	\$ 32,594
Buildings	8,436,079	382,731	-	8,818,810	7,011,540	261,413	-	7,272,953	1,545,857
Automotive equipment	1,411,384	102,754	-	1,514,138	1,184,927	134,147	-	1,319,074	195,064
Furniture and equipment	1,540,049	52,760	-	1,592,809	1,334,590	54,153	-	1,388,743	204,066
Infrastructure	5,471,778	5,177,762	-	10,649,540	4,682,166	223,981	-	4,906,147	5,743,393
Infrastructure under construction	5,167,126	(5,055,387)	-	111,739	-	-	-	-	111,739
Social Housing Land	181,180	-	-	181,180	-	-	-	-	181,180
Social Housing Buildings	4,121,864	(15,090)	-	4,106,774	1,439,774	255,986	-	1,695,760	2,411,014
	\$ 26,362,054	\$ 645,530	\$ -	\$ 27,007,584	\$ 15,652,997	\$ 929,680	\$ -	\$ 16,582,677	\$ 10,424,907

Upper Nicola Band

Notes to Financial Statements

March 31, 2020

13. Accumulated Surplus

	2020	2019
Operating Fund	\$ 13,366,522	\$ 7,834,425
Capital Fund	7,697,753	7,732,281
Investment Fund	1,233,011	1,258,582
Social Housing Fund	609,953	517,549
Trust Fund	140,415	136,007
	<hr/> \$ 23,047,654	<hr/> \$ 17,478,844

14. Contingent Liabilities

Government contributions related to programs of the Nation are subject to conditions regarding the expenditure of funds. The Nation's accounting records are subject to audit by the funding agencies. Should any instances be identified in which the amounts charged to the projects are not in accordance with the agreed terms and conditions, amounts would be refundable to the respective funding agencies. Adjustments to the financial statements as a result of these ministerial audits will be recorded in the period in which they become known.

15. Budget Information

The unaudited budget data presented in these consolidated financial statements is based upon information provided by management.

Amortization was not contemplated on development of the budget and has been recognized at the amount expensed in the current year.

Upper Nicola Band

Notes to Financial Statements

March 31, 2020

16. Expenses by Object

For the year ended March 31	2020 Budget	2020 Actual	2019 Actual
Administration fees	\$ 373,654	\$ 351,495	\$ 193,334
Advertising	29,808	24,971	39,291
Amortization	-	836,694	929,680
Bad debts	-	-	77,900
CMHC replacement reserve	34,008	71,219	36,108
Contracted services	593,628	237,155	566,895
Equipment purchase	-	1,551	7,989
Honorariums	267,078	238,610	106,466
Insurance	122,786	119,777	116,978
Interest and bank charges	178,513	53,619	47,469
Management Fees	79,994	90,319	85,442
Office expenses	20,115	24,131	12,870
Other expenses	543,407	607,943	511,011
Professional fees	2,485,985	857,050	392,827
Rent	66,390	63,379	117,143
Repairs and maintenance	361,736	340,413	341,882
Salaries, wages and benefits	3,588,402	3,387,724	3,529,457
Social Assistance	582,616	620,802	590,403
Supplies	315,052	343,778	428,962
Training and professional development	133,568	112,218	105,243
Travel	240,482	156,118	220,058
Tuition and Student Allowances	1,277,882	1,260,640	1,130,958
Utilities	226,338	187,988	216,170
Workshops	84,531	90,513	68,467
	\$ 11,605,973	\$ 10,078,107	\$ 9,873,003

Upper Nicola Band

Notes to Financial Statements

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17. Segmented information

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Notes to Financial Statements

March 31, 2020

17. Segmented information (continued)

	2020 Budget	Health 2020 Actual	2019 Actual	2020 Budget	Housing 2020 Actual	2019 Actual	2020 Budget	Language and culture 2020 Actual	2019 Actual
Revenues									
Indigenous Services Canada	\$ -	\$ -	\$ -	\$ 68,048	\$ 68,048	\$ 24,319	\$ -	\$ -	\$ -
First Nations Health Authority	1,353,181	1,502,205	1,368,384	-	-	-	-	-	-
Other revenue	46,600	145,190	133,534	393,702	393,340	433,279	99,561	74,872	64,629
Total revenue	1,399,781	1,647,395	1,501,918	461,750	461,388	457,598	99,561	74,872	64,629
Expenses									
Salaries, wages and benefits	624,429	572,001	544,183	91,840	113,162	78,135	141,156	78,904	80,219
Other expenses	718,871	752,002	860,073	402,443	293,537	233,146	56,639	26,472	18,774
Total expenses	1,343,300	1,324,003	1,404,256	494,283	406,699	311,281	197,795	105,376	98,993
Annual surplus (deficit)	\$ 56,481	\$ 323,392	\$ 97,662	\$ (32,533)	\$ 54,689	\$ 146,317	\$ (98,234)	\$ (30,504)	\$ (34,364)
	2020 Budget	Other 2020 Actual	2019 Actual	2020 Budget	Title and rights 2020 Actual	2019 Actual	2020 Budget	Capital Fund 2020 Actual	2019 Actual
Revenues									
Indigenous Services Canada	\$ 50,000	\$ 52,165	\$ 58,510	\$ -	\$ -	\$ 570,797	\$ 826,380	\$ 288,011	\$ 212,428
Other revenue	218,192	120,910	558,372	1,060,683	910,012	374,105	-	39,457	-
Total revenue	268,192	173,075	616,882	1,060,683	910,012	374,105	570,797	865,837	500,439
Expenses									
Salaries, wages and benefits	45,000	47,147	128,496	422,099	281,783	258,258	8,280	-	-
Other expenses	216,361	123,546	207,432	929,696	704,047	409,722	1,776,666	159,124	44,046
Total expenses	261,361	170,693	335,928	1,351,795	985,830	667,980	1,784,946	159,124	44,046
Annual surplus (deficit)	\$ 6,831	\$ 2,382	\$ 280,954	\$ (291,112)	\$ (75,818)	\$ (293,875)	\$ (1,214,149)	\$ 706,713	\$ 456,393

Upper Nicola Band

Notes to Financial Statements

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17. Segmented information (continued)

	2020 Budget	Property Tax		2019 Actual	Consolidated totals		
		2020 Actual	2019 Actual		2020 Budget	2020 Actual	2019 Actual
Revenues							
Indigenous Services Canada	\$ -	\$ -	\$ -	\$ 4,475,865	\$ 4,847,895	\$ 4,228,696	
First Nations Health Authority	-	-	-	1,353,181	1,502,205	1,373,384	
First Nations Education Steering Committee	-	-	-	183,131	214,239	265,083	
Forestry	-	-	-	1,100,000	1,414,570	1,561,565	
Local revenue - fees	24,000	25,128	24,602	24,000	25,128	24,602	
Other revenue	-	-	-	3,775,350	6,642,880	2,473,166	
Total revenue	24,000	25,128	24,602	10,911,527	14,646,917	9,926,496	
Expenses							
Salaries, wages and benefits	2,385	1,728	2,331	3,588,402	3,387,724	3,529,459	
Tuition and Student Allowances	-	-	-	1,277,882	1,260,640	1,130,958	
Social Assistance	-	-	-	582,616	620,802	590,403	
Other expenses	7,240	4,608	10,653	6,157,073	4,808,941	4,622,183	
Total expenses	9,625	6,336	12,984	11,605,973	10,078,107	9,873,003	
Annual surplus (deficit)	\$ 14,375	\$ 18,792	\$ 11,618	\$ (694,446)	\$ 4,568,810	\$ 53,493	