

Upper Nicola Band

Consolidated Financial Statements

March 31, 2022

Upper Nicola Band**Consolidated Financial Statements**

March 31, 2022

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Upper Nicola Band

Management's Responsibility for Financial Reporting

March 31, 2022

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

The Consolidated 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 Consolidated 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 Consolidated financial statements and the external auditor's report.

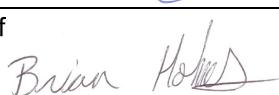
The external auditors, Crowe MacKay LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the Consolidated financial statements. The external auditors have full and free access to financial management of Upper Nicola Band and meet when required.

On behalf of Upper Nicola Band:



28 July 2022

Date



28 July 2022

Date



28 July 2022

Date

Chief
Finance and Audit Committee Chair

Band Administrator

Independent Auditors' Report

To the Members of Upper Nicola Band

Opinion

We have audited the Consolidated financial statements of Upper Nicola Band, which comprise the Consolidated statement of financial position as at March 31, 2022, and the Consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the Consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying Consolidated financial statements present fairly, in all material respects, the Consolidated financial position of Upper Nicola Band as at March 31, 2022, and the results of its Consolidated operations, its changes in its Consolidated net debt, and its Consolidated 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 Consolidated 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 Consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the Consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of Consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated financial statements, management is responsible for assessing 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.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 Consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ◆ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ◆ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on 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 Consolidated financial statements, including the disclosures, and whether the Consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ◆ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Vancouver, Canada
July 28, 2022

Crowe Mackay LLP
Chartered Professional Accountants

Upper Nicola Band**Consolidated Statement of Financial Position**

March 31	2022	2021
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Financial Assets

Cash and equivalents (Note 3)	\$ 3,068,161	\$ 4,835,923
Accounts receivable (Note 4)	3,191,146	1,253,016
Due from related party (Note 5)	-	1,321
Marketable securities (Note 6)	17,914,773	14,501,217
Long-term investments (Note 7)	1,660,307	1,417,009
Trust funds held by Ottawa (Note 8)	57,718	144,253
	25,892,105	22,152,739

Liabilities

Accounts payable and accrued liabilities	1,197,495	1,857,264
Deferred revenue (Note 9)	2,670,076	1,388,214
Upper Nicola Trust	122,154	122,154
Long-term debt (Note 10)	1,400,197	1,570,375
	5,389,922	4,938,007

Net financial assets	20,502,183	17,214,732
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Non-financial Assets

Capital assets (Note 11)	9,300,336	9,746,002
Prepaid expenses	9,269	8,909
	9,309,605	9,754,911

Accumulated Surplus (Note 12)	\$ 29,811,788	\$ 26,969,643
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Contingent liabilities (Note 13)

Approved on behalf of the Upper Nicola Band

, Chief

, Finance and Audit Committee Chair

, Band Administrator

Upper Nicola Band

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31	2022 Budget	2022 Actual	2021 Actual
Revenue			
Indigenous Services Canada	\$ 6,359,428	\$ 6,399,407	\$ 5,814,658
ISC Recovery	-	-	(125,343)
Other income	2,760,182	3,338,589	4,447,009
First Nations Health Authority	1,369,327	1,520,268	1,524,049
Forestry	1,214,662	1,398,379	1,017,601
BC Gaming Revenue	286,000	286,864	506,966
Income from marketable securities	700,000	713,556	416,392
Other Province of BC	160,779	165,006	374,971
Other government funding	-	-	329,614
First Nations Education Steering Committee	399,985	520,466	324,069
Rental income	275,850	276,700	320,272
Investment income	25,000	550,736	193,109
CMHC subsidy	90,189	89,929	163,188
Indigenous Skills & Employment Training Strategy	11,513	11,513	61,917
Modified equity from government business enterprises	-	(150,823)	48,397
Daycare fees	25,520	23,038	20,294
ISC - Revenue deferred from prior year	1,007,652	1,388,214	1,130,224
ISC - Revenue deferred to future year	-	(2,468,266)	(1,388,214)
Other - Revenue deferred to future year	-	(201,809)	-
	14,686,087	13,861,767	15,179,173
Expenses (Note 15)			
Administration	1,936,925	1,726,757	1,397,736
Amortization	765,784	765,784	785,484
Community and Social Services	3,193,017	2,710,874	3,185,338
Economic Development	10,000	32,782	35,075
Education	2,750,152	2,468,590	2,040,678
Forestry	44,622	38,603	224,789
Health	1,354,795	1,538,902	1,405,332
Housing	365,460	358,220	420,980
Language and culture	332,700	287,347	304,678
Other	105,685	129,758	127,420
Title and rights	988,193	902,988	764,124
Property Tax	7,001	5,284	8,697
Capital Fund	102,072	53,732	105,912
	11,956,406	11,019,621	10,806,243
Excess of revenue over expenses	2,193,203	2,842,146	4,372,930
Accumulated surplus, beginning of year	-	26,969,643	22,596,713
Accumulated surplus, end of year	\$ 2,193,203	\$ 29,811,789	\$ 26,969,643

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

For the year ended March 31	2022	2021
Excess of revenue over expenses	\$ 2,842,146	\$ 4,372,930
Acquisition of tangible capital assets	(320,118)	(446,650)
Amortization of tangible capital assets	765,784	785,484
	445,665	338,834
Acquisition of prepaid asset	(360)	(30)
Increase in net financial assets	3,287,451	4,711,734
Net financial assets, beginning of year	17,214,732	12,502,998
Net financial assets, end of year	\$ 20,502,183	\$ 17,214,732

Upper Nicola Band

Consolidated Statement of Cash Flow

For the year ended March 31, 2022	2022	2021
Cash flows from		
Operating activities		
Excess of revenue over expenses	\$ 2,842,146	\$ 4,372,930
Items not affecting cash		
Amortization	765,784	785,484
Modified equity from government business enterprises	(378,900)	(183,998)
	3,229,030	4,974,416
Change in non-cash operating working capital		
Accounts receivable	(1,938,130)	268,340
Prepaid expenses	(360)	(30)
Accounts payable and accrued liabilities	(659,771)	686,036
Deferred revenue	1,281,862	257,990
	1,912,631	6,186,752
Capital activities		
Purchase of capital assets	(320,118)	(446,650)
Financing activities		
Repayment of long term debt	(170,178)	(169,962)
Fund decrease (increase) in Trust Funds held in Ottawa	86,535	(3,838)
	(83,643)	(173,800)
Investing activities		
Proceeds from investments (partnership draw)	135,601	-
Due to/from related party	1,321	2,496
Marketable securities dispositions	6,525,466	6,820,544
Marketable securities purchases	(9,939,020)	(9,336,935)
	(3,276,632)	(2,513,895)
Increase (decrease) in cash and cash equivalents	(1,767,762)	3,052,407
Cash and cash equivalents, beginning of year	4,835,923	1,783,516
Cash and cash equivalents, end of year	\$ 3,068,161	\$ 4,835,923

Upper Nicola Band

Notes to Consolidated Financial Statements

March 31, 2022

1. Basis of Presentation and Significant Accounting Policies

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

The consolidated financial statements reflect activities of the Nation and the partnerships and business enterprises which it controls. Controlled organizations are consolidated, except for government business enterprises and partnerships which are accounted for by the modified equity method. Upper Nicola Band Limited Partnership is controlled by the Nation and accounted for by the modified equity method.

(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.

Forestry revenues are recognized in the period in which they become receivable in accordance to the First Nation's contractual arrangements.

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. Under this method, the Nation's investment in the business enterprise and its net earnings and other changes in equity are recorded in the Administration segment. No adjustment is made to conform the accounting policies of the government business enterprise to those of the Nation. Inter-organizational transactions and balances have not been eliminated, except for any profit or loss on transactions of assets that remain within the entities.

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

Upper Nicola Band

Notes to Consolidated Financial Statements

March 31, 2022

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

(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 and equivalents

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

(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, 2022. 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.

Upper Nicola Band

Notes to Consolidated Financial Statements

March 31, 2022

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

(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 Consolidated Financial Statements

March 31, 2022

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.

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.

3. Cash and equivalents

	2022	2021
Externally restricted		
CMHC replacement reserve	\$ 151,789	\$ 147,259
CMHC operating reserve	<u>442,853</u>	441,989
	<u>594,642</u>	589,248
Unrestricted		
General accounts	2,473,519	4,246,675
	<u>\$ 3,068,161</u>	\$ 4,835,923

Under the terms of agreements with Canada Mortgage and Housing Corporation (CMHC), any annual operating surplus may be retained in an operating reserve, to be drawn against in the event of any future deficits. These funds, along with accumulated interest, must be deposited in a separate bank account. Funds may only be invested in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time.

Under the terms of the operating agreements with CMHC, the replacement reserve is to be credited annually with agreed amounts. These funds, along with accumulated interest, must be held in a separate bank account, and invested in accounts or instruments insured by Canada Deposit Insurance Corporation, or otherwise approved by CMHC from time to time. These funds in the account may only be used as approved by CMHC. Withdrawals are credited to interest first and then to principal. At the year end date, the reserve was overfunded by \$91,615 (2021 - \$88,252).

Upper Nicola Band

Notes to Consolidated Financial Statements

March 31, 2022

4. Accounts receivable

	2022	2021
Accounts receivable - general	\$ 3,308,207	\$ 1,405,197
Members receivables	<u>481,130</u>	<u>489,373</u>
	<u>3,789,337</u>	<u>1,894,570</u>
Allowance for doubtful accounts	<u>(598,191)</u>	<u>(641,554)</u>
	<u>\$ 3,191,146</u>	<u>\$ 1,253,016</u>

5. Due from related party

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

6. Marketable securities

	2022 Cost	2022 Market value
Cash	\$ 527,824	\$ 527,824
Guaranteed investment certificates	<u>520,000</u>	<u>520,000</u>
Fixed income	<u>5,133,842</u>	<u>5,153,407</u>
Equities	<u>11,733,107</u>	<u>14,338,362</u>
	<u>\$ 17,914,773</u>	<u>\$ 20,539,593</u>

As of March 31, 2021, the fair market value of the marketable securities was \$16,383,961 (cost - \$14,501,217).

7. Long-term investments

	2022	2021
All Nations Trust Company, at cost	\$ 36,000	\$ 36,000
Spayum Holdings Limited Partnership	<u>1,113,782</u>	<u>418,175</u>
Stuwix Resources Joint Venture	<u>361,235</u>	<u>662,721</u>
Upper Nicola Holdings Limited Partnership	<u>149,290</u>	<u>300,113</u>
	<u>\$ 1,660,307</u>	<u>\$ 1,417,009</u>

Upper Nicola Band holds a loan receivable and equity interest in Spayum Holdings Limited Partnership (previously 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, \$1,419,654 (2021 - \$1,089,702) for contract services provided.

Upper Nicola Band

Notes to Consolidated Financial Statements

March 31, 2022

7. Long-term investments (continued)

Upper Nicola Band wholly owns Upper Nicola Holdings Limited Partnership.

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	2022 Total	2021 Total
Assets	\$ 9,652,786	\$ 211,658	\$ 9,864,444	\$ 11,246,644

Liabilities	\$ 6,960,674	\$ 62,367	\$ 7,023,041	\$ 5,842,528
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Equity	2,692,112	149,291	2,841,403	5,404,116
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Total liabilities and equity	\$ 9,652,786	\$ 211,658	\$ 9,864,444	\$ 11,246,644
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	Stuwix Resources Joint Venture	Upper Nicola Holdings Limited Partnership	2022 Total	2021 Total
Revenue	\$ 16,733,045	\$ 247,704	\$ 16,980,749	\$ 22,568,035
Cost of sales	16,878,756	-	16,878,756	20,102,588
Expenses	1,181,372	398,527	1,579,899	1,295,052
Total expenses	18,060,128	398,527	18,458,655	21,397,640
Net income	\$ (1,327,083)	\$ (150,823)	\$ (1,477,906)	\$ 1,170,395

At the time of issuance of these financial statements, the fiscal 2022 financial statements of Spayum Holdings Limited Partnership were not available. As at March 31, 2021, the entity's assets totaled \$4,381,571, liabilities \$2,180,611, and equity \$2,200,960. During fiscal 2021, the entity's revenue totaled \$1,729,359, expense \$349,659, and net income \$1,379,700.

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 Consolidated Financial Statements

March 31, 2022

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, 2021	Funding received, 2022	Revenue recognized, 2022	March 31, 2022
Federal Government				
ISC - ACRS Program	\$ 266,589	\$ -	\$ -	\$ 266,589
ISC - NAHS 2018-19 Septic Replacement	112,859	-	-	112,859
ISC - IR3 Site7 Subdivision ICMS 127751	412,945	183,476	-	596,421
ISC - Service Delivery	64,998	117,635	(182,633)	-
ISC - Elementary & Secondary Education	217,720	39,579	(28,250)	229,049
ISC - Economic Development	64,959	97,321	(272)	162,008
ISC - Post secondary Education	11,640	545,055	(497,228)	59,467
ISC - Local Education Tuition	86,243	770,008	(538,620)	317,631
ISC - Special Needs	64,912	3,898	(68,810)	-
ISC - Income Assistance	85,349	973,823	(1,059,172)	-
ISC - ACRS 2020	-	203,335	(16,200)	187,135
ISC - BC Capacity Initiative Cultural Landscape	-	92,842	(61,779)	31,063
ISC - N'k'wala School	-	1,201,607	(812,311)	389,296
ISC - ACRS Ventilation	-	31,007	-	31,007
ISC - Species at Risk	-	58,298	(18,658)	39,640
ISC - Nicola Chiefs' Watershed Committee	-	154,382	(108,280)	46,102
	1,388,214	4,472,266	(3,392,213)	2,468,267
Other Funders				
UNB Miscellaneous Projects	-	50,000	(8,514)	41,486
Local Revenue - Property Tax	-	37,190	(32,284)	4,906
WIPG - TMX Investment	-	100,000	(4,583)	95,417
Employment Program	-	60,000	-	60,000
	-	247,190	(45,381)	201,809
	\$ 1,388,214	\$ 4,719,456	\$ (3,437,594)	\$ 2,670,076

Upper Nicola Band

Notes to Consolidated Financial Statements

March 31, 2022

10. Long-term debt

	2022	2021
Royal Bank of Canada demand loan bearing interest at 3.52% per annum, repayable in blended monthly instalments of \$1,802. Matures in full September 2023.	\$ 31,304	\$ 51,607
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.	20,456	50,522
All Nations Trust Company (Phase 4 - #19362060002) mortgage bearing interest at 0.74% per annum, repayable in blended monthly instalments of \$1,812. The loan has a renewal date of January 2026, and is scheduled to mature in full January 2026. The loan is secured by a ministerial guarantee.	82,150	103,242
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.	124,595	148,978
All Nations Trust Company (Phase 6 - #19362060003) mortgage bearing interest at 0.69% per annum, repayable in blended monthly instalments of \$2,023. The loan has a renewal date of June 2025, and is scheduled to mature in full January 2030. The loan is secured by a ministerial guarantee.	185,059	207,962
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.	933,026	970,285
Murray Chevrolet vehicle loan bearing interest at 5.99% per annum, repayable in blended monthly instalments of \$726. Matures in full November 2023.	13,782	21,411
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.	9,825	16,368
	<hr/> \$ 1,400,197	<hr/> \$ 1,570,375

Upper Nicola Band**Notes to Consolidated Financial Statements**

March 31, 2022

10. Long-term debt (continued)

Estimated principal portion of long-term debt due within the next five years:

2023	\$ 163,096
2024	126,699
2025	109,588
2026	107,424
2027 and thereafter	893,390

\$ 1,400,197

Upper Nicola Band

Notes to Consolidated Financial Statements

March 31, 2022

11. Tangible Capital Assets

	Balance, beginning of year	Cost				Accumulated amortization			
		Additions	Disposals, transfers or fully amortized assets	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals or write down of amortization	Balance, end of year	2022 net book value
Land	\$ 32,594	\$ 265,000	\$ -	\$ 297,594	\$ -	\$ -	\$ -	\$ -	\$ 297,594
Buildings	8,614,266	-	-	8,614,266	7,507,106	104,376	-	7,611,482	1,002,784
Automotive equipment	1,246,597	-	-	1,246,597	1,214,696	27,526	-	1,242,222	4,375
Furniture and equipment	1,772,862	28,759	-	1,801,621	1,611,423	87,859	-	1,699,282	102,339
Infrastructure	10,774,407	-	-	10,774,407	5,399,376	293,055	-	5,692,431	5,081,976
Infrastructure under construction	954,636	26,359	-	980,995	-	-	-	-	980,995
Social Housing Land	181,180	-	-	181,180	-	-	-	-	181,180
Social Housing Buildings	4,082,614	-	-	4,082,614	2,180,553	252,968	-	2,433,521	1,649,093
	\$ 27,659,156	\$ 320,118	\$ -	\$ 27,979,274	\$ 17,913,154	\$ 765,784	\$ -	\$ 18,678,938	\$ 9,300,336

	Balance, beginning of year	Cost				Accumulated amortization			
		Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals	Balance, end of year	2021 Net book value
Land	\$ 32,594	\$ -	\$ -	\$ 32,594	\$ -	\$ -	\$ -	\$ -	\$ 32,594
Buildings	8,614,266	-	-	8,614,266	7,402,730	104,376	-	7,507,106	1,107,160
Automotive equipment	1,246,597	-	-	1,246,597	1,156,216	58,480	-	1,214,696	31,901
Furniture and equipment	1,619,740	153,122	-	1,772,862	1,449,979	161,444	-	1,611,423	161,439
Infrastructure	10,649,540	-	124,867	10,774,407	5,191,158	208,218	-	5,399,376	5,375,031
Infrastructure under construction	785,975	293,528	(124,867)	954,636	-	-	-	-	954,636
Social Housing Land	181,180	-	-	181,180	-	-	-	-	181,180
Social Housing Buildings	4,106,774	-	(24,160)	4,082,614	1,951,747	252,966	(24,160)	2,180,553	1,902,061
	\$ 27,236,666	\$ 446,650	\$ (24,160)	\$ 27,659,156	\$ 17,151,830	\$ 785,484	\$ (24,160)	\$ 17,913,154	\$ 9,746,002

Upper Nicola Band

Notes to Consolidated Financial Statements

March 31, 2022

12. Accumulated Surplus

	2022	2021
Operating Fund	\$ 19,316,643	\$ 16,389,709
Capital Fund	7,596,330	7,893,477
Investment Fund	1,660,307	1,454,200
Social Housing Fund	1,180,790	1,088,004
Trust Fund	57,718	144,253
	\$ 29,811,788	\$ 26,969,643

13. 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.

14. 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 Consolidated Financial Statements

March 31, 2022

15. Expenses by Object

For the year ended March 31	2022 Budget	2022 Actual	2021 Actual
Administration fees	\$ 306,493	\$ 335,142	\$ 230,733
Advertising	21,626	20,325	19,399
Amortization	765,784	765,784	785,484
Bad debts	-	-	153,742
Band member services	869,745	670,727	772,315
CMHC replacement reserve	36,108	36,108	36,108
Community meetings	-	2,250	6,500
Contracted services	546,783	526,295	453,208
Equipment purchase	76,002	-	1,407
Honorariums	362,008	329,420	295,937
Insurance	139,032	136,527	127,593
Interest and bank charges	11,720	33,934	41,811
Management Fees	39,320	65,303	12,355
Office expenses	105,562	111,683	91,668
Other expenses	391,977	380,284	285,210
Professional fees	484,821	557,936	611,937
Rent	126,118	105,599	100,079
Repairs and maintenance	395,161	432,691	369,676
Salaries, wages and benefits	4,233,152	3,929,614	3,653,058
Social Assistance	774,076	767,829	952,904
Supplies	325,765	361,224	336,393
Training and professional development	119,102	90,325	116,029
Travel	154,591	136,102	90,260
Tuition and Student Allowances	1,427,630	982,881	1,032,686
Utilities	243,830	241,638	229,751
	\$ 11,956,406	\$ 11,019,621	\$ 10,806,243

Included in Salaries, wages and benefits expense is \$144,506 (2021 - \$126,035) related to a defined contribution pension plan. The First Nation matches all permanent employees' contributions up to 8% of annual salary.

Upper Nicola Band

Notes to Consolidated Financial Statements

March 31, 2022

16. Segmented information

	Administration		Amortization		Community and Social Services				
	2022 Budget	2022 Actual	2021 Actual	2022 Budget	2022 Actual	2021 Actual	2022 Budget	2022 Actual	2021 Actual
Revenues									
Indigenous Services Canada	\$ 419,128	\$ 419,128	\$ 693,413	-	\$ -	\$ -	\$ 2,586,464	\$ 2,587,427	\$ 2,346,646
Other revenue	1,597,970	1,907,613	4,031,143	-	-	-	1,014,874	1,186,584	793,295
Total revenue	2,017,098	2,326,741	4,724,556	-	-	-	3,601,338	3,774,011	3,139,941
Expenses									
Salaries, wages and benefits	887,060	850,673	717,011	-	-	-	920,715	839,488	873,134
Social Assistance	-	-	-	-	-	-	774,076	767,829	952,904
Other expenses	1,049,865	876,084	680,725	765,784	765,784	785,484	1,498,226	1,103,557	1,359,300
Total expenses	1,936,925	1,726,757	1,397,736	765,784	765,784	785,484	3,193,017	2,710,874	3,185,338
Annual surplus (deficit)	\$ 80,173	\$ 599,984	\$ 3,326,820	(\$ 765,784)	(\$ 765,784)	(\$ 785,484)	\$ 408,321	\$ 1,063,137	(\$ 45,397)

Upper Nicola Band

Notes to Consolidated Financial Statements

March 31, 2022

16. Segmented information (continued)

	2022 Budget	Health 2022 Actual	2021 Actual	2022 Budget	Housing 2022 Actual	2021 Actual	2022 Budget	Language and culture 2022 Actual	2021 Actual
Revenues									
Indigenous Services Canada	\$ -	\$ -	\$ -	\$ 138,750	\$ 109,104	\$ 68,048	\$ -	\$ -	\$ -
First Nations Health Authority	1,369,327	1,520,268	1,524,049	-	-	-	-	-	-
Other revenue	110,630	294,879	124,430	383,886	376,873	463,491	317,827	284,250	298,006
Total revenue	1,479,957	1,815,147	1,648,479	522,636	485,977	531,539	317,827	284,250	298,006
Expenses									
Salaries, wages and benefits	641,794	626,745	592,230	152,846	124,307	124,477	260,138	205,864	199,358
Tuition and Student Allowances	-	9,377	57	-	-	-	-	-	7,500
Other expenses	713,001	902,780	813,045	212,614	233,913	296,503	72,562	81,483	97,820
Total expenses	1,354,795	1,538,902	1,405,332	365,460	358,220	420,980	332,700	287,347	304,678
Annual surplus (deficit)	\$ 125,162	\$ 276,245	\$ 243,147	\$ 157,176	\$ 127,757	\$ 110,559	\$ (14,873)	\$ (3,097)	\$ (6,672)
	2022 Budget	Other 2022 Actual	2021 Actual	2022 Budget	Title and rights 2022 Actual	2021 Actual	2022 Budget	Capital Fund 2022 Actual	2021 Actual
Revenues									
Indigenous Services Canada	\$ 333,731	\$ 206,701	\$ 44,726	\$ -	\$ -	\$ 1,283,317	\$ 120,313	\$ 486,748	
Other revenue	(102,774)	(73,671)	55,083	851,560	949,030	819,418	-	20,000	19,427
Total revenue	230,957	133,030	99,809	851,560	949,030	819,418	1,283,317	140,313	506,175
Expenses									
Salaries, wages and benefits	139,454	38,197	13,366	263,988	408,810	374,247	-	-	-
Other expenses	(33,769)	91,561	114,054	724,205	494,178	389,877	102,072	53,732	105,912
Total expenses	105,685	129,758	127,420	988,193	902,988	764,124	102,072	53,732	105,912
Annual surplus (deficit)	\$ 125,272	\$ 3,272	\$ (27,611)	\$ (136,633)	\$ 46,042	\$ 55,294	\$ 1,181,245	\$ 86,581	\$ 400,263

Upper Nicola Band

Notes to Consolidated Financial Statements

March 31, 2022

16. Segmented information (continued)

	2022 Budget	Property Tax		2021 Actual	2022 Budget	Consolidated totals		2021 Actual
		2022 Actual	2021 Actual			2022 Actual	2021 Actual	
Revenues								
Indigenous Services Canada	\$ -	\$ -	\$ -	\$ 7,367,080	\$ 5,319,355	\$ 5,319,355	\$ 5,431,325	
First Nations Health Authority	-	-	-	1,369,327	1,520,268	1,520,268	1,524,049	
First Nations Education Steering Committee	-	-	-	399,985	520,466	520,466	324,069	
Forestry	-	-	-	1,214,662	1,398,379	1,398,379	1,017,601	
Local revenue - fees	36,296	37,190	38,954	36,296	37,190	37,190	38,954	
Other revenue	-	(4,906)	-	4,298,737	5,066,109	5,066,109	6,843,175	
Total revenue	36,296	32,284	38,954	14,686,087	13,861,767	13,861,767	15,179,173	
Expenses								
Salaries, wages and benefits	2,581	2,544	2,932	4,132,714	3,923,514	3,923,514	3,650,243	
Tuition and Student Allowances	-	-	-	1,427,630	982,881	982,881	1,032,686	
Social Assistance	-	-	-	774,076	767,829	767,829	952,904	
Other expenses	4,420	2,740	5,765	5,621,986	5,345,397	5,345,397	5,170,410	
Total expenses	7,001	5,284	8,697	11,956,406	11,019,621	11,019,621	10,806,243	
Annual surplus (deficit)	\$ 29,295	\$ 27,000	\$ 30,257	\$ 2,729,681	\$ 2,842,146	\$ 2,842,146	\$ 4,372,930	

Upper Nicola Band

Notes to Consolidated Financial Statements

March 31, 2022

17. Segments

Administration

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

Community and Social Services

Includes revenue and expenditures related to community and social services.

Economic Development

Includes revenue and expenditures related to pursuit of economic development opportunities.

Education

Includes revenue and expenditures related to education programs.

Forestry

Includes revenue and expenditures related to forestry projects and licenses.

Health

Includes revenue and expenditures related to health programs.

Housing

Includes revenue and expenditures related to Social Housing programs carried on by the Nation.

Language and culture

Includes revenue and expenditures related to language and culture programs.

Title and rights

Includes revenue and expenditures related to title and rights.

Capital Fund

Includes revenue and expenditures related to capital projects.

Property Tax

Includes revenue and expenditures related to administration of property tax.