

SODA CREEK INDIAN BAND
Consolidated Financial Statements
Year Ended March 31, 2017

SODA CREEK INDIAN BAND
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Year Ended March 31, 2017

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Soda Creek Indian Band

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Management's Responsibility for Financial Reporting

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

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

Soda Creek 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 that the Band's assets are appropriately accounted for and adequately safeguarded.

The Chief and Council are responsible for ensuring the integrity of the Band's accounting and reporting systems and that appropriate internal controls are in place, including those for monitoring risk, financial reporting and compliance with the laws and that management fulfils its responsibilities for financial reporting. The Chief and Council are ultimately responsible for reviewing and approving the consolidated financial statements.

The Chief and Council review Soda Creek Indian Band's consolidated financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as the independent auditor, 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 annual report, the consolidated financial statements and independent auditor's report. The Chief and Council also consider the engagement of the independent auditor.

The consolidated financial statements have been audited by FBB Chartered Professional Accountants LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. FBB Chartered Professional Accountants LLP has full access to the Chief and Council.



Chief
Councilor



Councilor

INDEPENDENT AUDITOR'S REPORT

To the Members of Soda Creek Indian Band

We have audited the accompanying consolidated financial statements of Soda Creek Indian Band, which comprise the consolidated statement of financial position as at March 31, 2017 and the consolidated statements of changes in net financial assets, operations and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

(continues)

Independent Auditor's Report to the Members of Soda Creek Indian Band *(continued)*

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Soda Creek Indian Band as at March 31, 2017 and the results of its changes in net financial assets, operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Williams Lake, British Columbia
September 12, 2017

FBB

FBB Chartered Professional Accountants LLP

SODA CREEK INDIAN BAND
Consolidated Statement of Financial Position
As at March 31, 2017

| | 2017 | 2016 |
|---|----------------------|----------------------|
| Financial assets | | |
| Cash (Note 4) | \$ 2,879,173 | \$ 3,066,058 |
| Restricted cash (Note 5) | 275,603 | 242,286 |
| Accounts receivable (Note 6) | 837,079 | 633,351 |
| Trust funds held by Canada (Note 7) | 1,007 | - |
| Investments (Note 8) | 932,156 | 965,475 |
| | <u>4,925,018</u> | <u>4,907,170</u> |
| Liabilities | | |
| Accounts payable and accrued liabilities (Note 9) | 408,635 | 511,076 |
| Deferred revenue (Note 10) | 166,607 | 49,521 |
| Long term debt (Note 11) | 443,881 | 542,145 |
| Due to related party (Note 12) | 83,338 | 84,459 |
| | <u>1,102,461</u> | <u>1,187,201</u> |
| Net financial assets | <u>3,822,557</u> | <u>3,719,969</u> |
| Non-financial assets | | |
| Tangible capital assets (Note 13) | 8,814,835 | 7,460,529 |
| Prepaid expenses | 84,708 | 80,187 |
| | <u>8,899,543</u> | <u>7,540,716</u> |
| Band equity | <u>\$ 12,722,100</u> | <u>\$ 11,260,685</u> |
| Band equity | | |
| Accumulated surplus (Note 14) - page 6 | \$ 12,115,442 | \$ 10,657,742 |
| Replacement reserve (Note 15) | 335,277 | 331,562 |
| | <u>12,450,719</u> | <u>10,989,304</u> |
| Contributed surplus (Note 16) | 271,381 | 271,381 |
| | <u>\$ 12,722,100</u> | <u>\$ 11,260,685</u> |

Contingent liabilities (Note 19)

Approved on behalf of Soda Creek Indian Band


 Chief
 Councilor


 Councilor

The accompanying notes are an integral part of this statement.

SODA CREEK INDIAN BAND**Consolidated Statement of Changes in Net Financial Assets****Year Ended March 31, 2017**

| | 2017 Budget (Unaudited) | 2017 Total | 2016 Total |
|---|-------------------------------|---------------|---------------|
| Net revenue for the year | \$ 998,392 | \$ 1,457,700 | \$ 1,186,263 |
| Amortization | - | 352,722 | 284,090 |
| Change in replacement reserve | - | 3,714 | 17,950 |
| Tangible capital asset acquisitions | (1,848,891) | (1,707,027) | (2,628,082) |
| Change in prepaid expenses | - | (4,521) | 20,260 |
| | (850,499) | 102,588 | (1,119,519) |
| Net financial assets - beginning of year | 3,719,969 | 3,719,969 | 4,839,488 |
| Net assets - end of year | \$ 2,869,470 | \$ 3,822,557 | \$ 3,719,969 |

The accompanying notes are an integral part of this statement.

SODA CREEK INDIAN BAND
Consolidated Statement of Operations
For the Year Ended March 31, 2017

| | 2017 Budget (Unaudited) | Total 2017 | Total 2016 |
|---|-------------------------------|---------------|---------------|
| Revenues <i>(from Schedule 1)</i> | \$ 5,057,437 | \$ 5,629,865 | \$ 5,255,737 |
| Transfer from deferred revenue | - | 49,521 | 50,480 |
| Transfer to deferred revenue | - | (32,211) | (49,521) |
| | 5,057,437 | 5,647,175 | 5,256,696 |
| Expenses <i>(Schedule 2)</i> | 5,907,936 | 5,850,110 | 6,598,256 |
| Net revenue before the following | (850,499) | (202,935) | (1,341,560) |
| Other income (expenses) | | | |
| INAC recoveries | - | (13,073) | (31,743) |
| Partner's share in net loss in Xat'sull Limited Partnership | - | (33,319) | (68,516) |
| Increase in tangible capital assets | 1,848,891 | 1,707,027 | 2,628,082 |
| | 1,848,891 | 1,660,635 | 2,527,823 |
| Net revenue for the year | 998,392 | 1,457,700 | 1,186,263 |
| Accumulated surplus - beginning of year | 10,657,742 | 10,657,742 | 9,471,479 |
| Accumulated surplus - end of year - page 4 | \$ 11,656,134 | \$ 12,115,442 | \$ 10,657,742 |

The accompanying notes are an integral part of this statement.

SODA CREEK INDIAN BAND**Consolidated Revenues****(Schedule 1)****Year Ended March 31, 2017**

| | Budget 2017 (Unaudited) | 2017 | 2016 |
|---------------------------------------|-------------------------------|---------------------|---------------------|
| Revenues | | | |
| Federal Government | | | |
| INAC - Operating | \$ 1,912,477 | \$ 1,724,842 | \$ 1,488,209 |
| Northern Shuswap Treaty Society | 506,364 | 464,115 | 328,360 |
| Three Corners Health Services Society | 221,143 | 226,587 | 214,927 |
| CCATEC | 67,240 | 109,752 | 83,359 |
| CMHC | 58,263 | 55,828 | 75,733 |
| First Nations Health Authority | 72,015 | 73,015 | 94,261 |
| Northern Shuswap Tribal Council | - | 44,200 | 36,664 |
| Canada Youth | 12,000 | 12,189 | - |
| Province of British Columbia | 1,202,034 | 1,193,742 | 1,482,443 |
| BC Hydro | - | 225,000 | 17,641 |
| Likely Xat'Sull Community Forest | - | - | 7,389 |
| Mount Polley Mining Corporation | 180,000 | 180,000 | 180,000 |
| Rentals | 203,880 | 283,837 | 176,255 |
| Taxation | 111,028 | 129,285 | 127,249 |
| Administration and management fees | 96,604 | 106,412 | 60,000 |
| Northern Development Initiative Trust | 90,000 | 98,000 | 42,550 |
| New Pathways to Gold Society | 60,000 | 60,000 | - |
| Tolko Industries Ltd. | 60,000 | 60,000 | 60,000 |
| FNESC | 2,189 | 5,863 | 13,209 |
| Spectra Energy | 50,000 | 50,000 | 51,100 |
| Union of BC Municipalities | - | - | 55,000 |
| Interest | 6,500 | 15,244 | 25,512 |
| New Relationship Trust | 15,700 | 15,700 | 4,000 |
| Eclipsol Energy | - | - | 6,250 |
| Gibraltar Mines | 130,000 | 130,000 | 108,800 |
| All other sources | - | 366,254 | 516,826 |
| | \$ 5,057,437 | \$ 5,629,865 | \$ 5,255,737 |

The accompanying notes are an integral part of this statement.

SODA CREEK INDIAN BAND**Consolidated Expenses****(Schedule 2)****For the Year Ended March 31, 2017**

| | 2017 Budget (Unaudited) | Total 2017 | Total 2016 |
|------------------------------|-------------------------------|---------------------|---------------------|
| Administration | \$ 892,871 | \$ 1,037,357 | \$ 1,039,837 |
| Amortization | - | 352,722 | 284,090 |
| Capital improvement projects | - | 47,241 | - |
| Community building project | 1,848,891 | 1,697,073 | 2,449,809 |
| Education | 744,415 | 714,032 | 675,817 |
| Health and well-being | 357,686 | 297,410 | 250,833 |
| Housing | 175,120 | 63,416 | 59,274 |
| Natural resources | 684,571 | 638,619 | 802,059 |
| Public works | 429,797 | 374,663 | 364,078 |
| Social development | 314,633 | 272,552 | 362,282 |
| Treaty | 459,952 | 355,025 | 310,177 |
| | <u>\$ 5,907,936</u> | <u>\$ 5,850,110</u> | <u>\$ 6,598,256</u> |

The accompanying notes are an integral part of this statement.

SODA CREEK INDIAN BAND
Consolidated Statement of Cash Flows
Year Ended March 31, 2017

| | 2017 | 2016 |
|---|----------------------------|----------------------------|
| Cash flows from operating activities | | |
| Net revenue for the year | \$ 1,457,700 | \$ 1,186,263 |
| Items not affecting cash: | | |
| Amortization | 352,722 | 284,090 |
| Partner's share in net loss in Xat'sull Limited Partnership | 33,319 | 68,516 |
| | <u>1,843,741</u> | <u>1,538,869</u> |
| Changes in non-cash accounts: | | |
| Restricted cash | (33,317) | (25,176) |
| Accounts receivable | (203,728) | 193,929 |
| Accounts payable and accrued liabilities | (102,441) | 27,440 |
| Deferred revenue | 117,086 | (959) |
| Prepaid expenses | (4,521) | 20,260 |
| Replacement reserve | 3,715 | 17,950 |
| | <u>(223,206)</u> | <u>233,444</u> |
| Cash flows from operating activities | <u>1,620,535</u> | <u>1,772,313</u> |
| Cash flows from (used in) investing activities | | |
| Change in trust funds held by Canada | (1,007) | 244,805 |
| Partner's withdrawal from Xat'Sull Limited Partnership | - | 50,000 |
| | <u>(1,007)</u> | <u>294,805</u> |
| Cash flows from (used in) investing activities | <u>(1,007)</u> | <u>294,805</u> |
| Cash flows used in financing activities | | |
| Change in due to related party | (1,122) | - |
| Repayment of long term debt | (98,264) | (95,497) |
| | <u>(99,386)</u> | <u>(95,497)</u> |
| Cash flows used in financing activities | <u>(99,386)</u> | <u>(95,497)</u> |
| Cash flows used in capital activities | | |
| Tangible capital asset acquisitions | (1,707,027) | (2,628,082) |
| Decrease in cash flow | (186,885) | (656,461) |
| Cash - beginning of year | <u>3,066,058</u> | <u>3,722,519</u> |
| Cash - end of year (Note 4) | <u>\$ 2,879,173</u> | <u>\$ 3,066,058</u> |
| Supplementary information | | |
| Interest received | <u>\$ 15,244</u> | <u>\$ 25,512</u> |
| Interest paid | <u>\$ 13,688</u> | <u>\$ 15,891</u> |

The accompanying notes are an integral part of this statement.

SODA CREEK INDIAN BAND
Notes to Consolidated Financial Statements
Year Ended March 31, 2017

1. Basis of presentation

In order to satisfy the Reporting Guide's Financial Reporting Requirements as issued by Indigenous and Northern Affairs Canada (INAC) these consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards, as defined in the Chartered Professional Accountants - Canada Public Sector Accounting Handbook, which encompasses the following:

- a. The focus of PSAB statements is on the consolidated financial position of the Band and the changes thereto. The Consolidated Statement of Financial Position includes all the assets and liabilities of the Band. Financial assets are economic resources controlled by the Band as a result of past transactions from which future economic benefits may be obtained. Liabilities are present obligations of the Band to others arising from past transactions, the settlement of which is expected to result in the future sacrifice of economic benefits.
- b. Soda Creek Indian Band uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions.

The various funds have been amalgamated for the purpose of presentation in the consolidated financial statements. Details of the operation of each fund are set out in the supplementary schedules.

Soda Creek Indian Band maintains the following funds:

- The Operations Fund which reports the general activities of the Band.
 - The Capital Fund which reports the capital projects of the Band together with their related financing, other than those tangible capital assets funded by CMHC and the Enterprise Fund.
 - The Enterprise Fund which reports the Band's investment in Xat'sull Limited Partnership.
 - The Trust Fund which reports on the trust funds owned by the Band and held by third parties.
 - The CMHC Social Housing Fund which reports assets, liabilities, revenues, expenses and reserves specifically related to housing funded by CMHC.
 - The Treaty Self-Government Fund which reports on activities related to treaty negotiations.
- c. Reporting entity and principles of financial reporting

The Soda Creek Indian Band reporting entity includes the Band and all related entities which are accountable to the Chief and Council and are either owned or controlled by the Band.

The consolidated financial statements include the assets, liabilities and results of operations for the following entities which use accounting principles which lend themselves to consolidation:

- Band government administration (Operating and Capital funds)
- Band Enterprise Fund
- Band Trust Fund (comprising the Ottawa Trust Funds)
- Band CMHC Social Housing Fund
- Treaty Self-Government Fund

All inter-entity balances have been eliminated on consolidation, but in order to present the results of operations for each fund, transactions amongst funds have not been eliminated on the individual schedules.

SODA CREEK INDIAN BAND
Notes to Consolidated Financial Statements
Year Ended March 31, 2017

2. Summary of significant accounting policies

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand less outstanding cheques and deposits with a maturity of less than three months at the time of purchase. When outstanding cheques are in excess of cash on hand, the excess is reported in bank indebtedness.

Tangible capital assets

Tangible capital assets are non-financial assets having physical substance that:

- Are held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other tangible capital assets;
- Have useful economic lives extending beyond an accounting period;
- Are to be used on a continuing basis; and
- Are not for sale in the ordinary course of operations.

Tangible capital assets purchased are recorded at cost. Tangible capital assets contributed are recorded at the fair market value as at the date of the contribution.

Tangible capital assets are amortized over their expected useful life using the declining balance method at the following rates:

| | |
|--------------------------------|-----|
| Community centre building | 2% |
| Buildings | 4% |
| Community infrastructure | 4% |
| Equipment and machinery | 20% |
| Automotive equipment | 20% |
| Office furniture and equipment | 20% |

Assets under construction are not amortized as they are not available for use.

Housing tangible capital assets acquired under Canada Mortgage and Housing Corporation sponsored housing programs are amortized at a rate equivalent to the annual principal reduction in the related long term debt, as required for Canada Mortgage and Housing Corporation reporting purposes.

Investments

The Band accounts for its investment in Xat'sull Limited Partnership using the equity method. Under this method, the investment is initially recorded at cost and then increased or decreased to recognize subsequent earnings or losses. The investment is also increased or decreased to reflect advances to or repayments from the Limited Partnership.

Surplus recoveries and deficit funding

Under the terms of funding arrangements, remaining surpluses of certain programs may be recovered by the funding agency, and remaining deficits may be funded by the funding agency.

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SODA CREEK INDIAN BAND
Notes to Consolidated Financial Statements
Year Ended March 31, 2017

2. Summary of significant accounting policies (*continued*)

Trust funds held by Canada (Ottawa Trust Fund)

Ottawa Trust Fund operating account revenues are recorded on an accrual basis, and include interest earned on the Ottawa Trust account.

Ottawa Trust Fund capital account revenues are recorded when the Band is notified of their deposit by Indigenous and Northern Affairs Canada.

Revenue recognition

Revenue is recognized as it becomes receivable and collection is reasonably assured under the terms of applicable funding agreements. Funding received under funding arrangements which relate to a subsequent fiscal period is reflected as deferred revenue in the year of receipt and classified as such on the Consolidated Statement of Financial Position.

Expenses are accounted for in the period the goods and services are acquired and a liability is incurred, or transfers are due.

Rental revenue is recognized when a tenant commences occupancy and rent is due. Soda Creek Indian Band retains all benefits and risks of ownership of its property and, therefore, accounts for leases with its tenants as operating leases.

Use of estimates

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the impairment of assets, and rates for depreciation and amortization. Actual results could differ from those estimates.

Adoption of new accounting policies

On April 1, 2014, the Band adopted the provisions of the accounting policy for liability for contaminated sites.

The details of the policy are specified in Section PS 3260 of the Chartered Professional Accountants - Canada Public Sector Accounting Handbook.

The Band has reviewed the implications of the Section and has concluded that it is not exposed to any contaminated sites. It has therefore not recorded any liability for remediation of contaminated sites.

3. Economic dependence

The Soda Creek Indian Band receives a significant portion of its revenues pursuant to funding arrangements with Indigenous and Northern Affairs Canada. The Band's ability to continue operations would be severely hampered should this funding be discontinued.

SODA CREEK INDIAN BAND
Notes to Consolidated Financial Statements
Year Ended March 31, 2017

4. Cash

| | <u>2017</u> | <u>2016</u> |
|--------------------------------|---------------------|---------------------|
| Operations | \$ 2,734,630 | \$ 3,047,980 |
| CMHC Housing Program | 80,261 | 104,370 |
| Treaty self government program | 64,282 | (86,292) |
| | <u>\$ 2,879,173</u> | <u>\$ 3,066,058</u> |

5. Cash restricted as to use

| | <u>2017</u> | <u>2016</u> |
|---------------------|-------------|-------------|
| Replacement reserve | \$ 275,603 | \$ 242,286 |

Under the terms of the Band's Social Housing Agreement with Canada Mortgage and Housing Corporation, a separate replacement reserve account is maintained. The funds in this account may only be used for repairs and maintenance as approved by Canada Mortgage and Housing Corporation.

6. Accounts receivable

| | <u>2017</u> | <u>2016</u> |
|---------------------------------------|-------------------|-------------------|
| Due from Band members | | |
| Housing program | \$ 285,754 | \$ 285,566 |
| Other | - | 18,706 |
| | <u>285,754</u> | <u>304,272</u> |
| Less: Allowance for doubtful accounts | 99,055 | 99,055 |
| | <u>186,699</u> | <u>205,217</u> |
| Due from others: | | |
| BC Hydro | 225,000 | - |
| Province of British Columbia | 94,570 | 147,894 |
| Northern Shuswap Treaty Society | 75,912 | 150,798 |
| Northern Development Initiative Trust | 68,000 | - |
| Three Corners Health Services Society | 67,144 | 60,053 |
| CCATEC | 32,160 | 15,077 |
| Eclipsol Energy Inc. | 18,750 | 18,750 |
| Northern Shuswap Tribal Council | 16,482 | 2,909 |
| GST recoverable | 7,655 | 4,252 |
| CMHC | 4,119 | - |
| New Relationship Trust | 3,540 | 1,400 |
| First Nations Health Authority | 3,500 | - |
| FNESC | 2,991 | 5,802 |
| All others | 30,557 | 21,199 |
| | <u>650,380</u> | <u>428,134</u> |
| | <u>\$ 837,079</u> | <u>\$ 633,351</u> |

SODA CREEK INDIAN BAND
Notes to Consolidated Financial Statements
Year Ended March 31, 2017

7. Trust funds held by Canada

| | <u>2017</u> | <u>2016</u> |
|----------------------------|-----------------|-------------|
| Trust funds held by Canada | \$ 1,007 | \$ - |

The Ottawa Trust Accounts arise from monies 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. The management of these funds is governed primarily by Sections 63 and 69 of the *Indian Act*.

8. Investments

Transactions for the year in the Band's investments are summarized below:

| | <u>2017</u> | <u>2016</u> |
|---|-------------------|--------------|
| Xat'sull Limited Partnership interest - beginning of year | \$ 965,473 | \$ 1,083,989 |
| Share in net loss of the partnership | (33,319) | (68,516) |
| Distribution | - | (50,000) |
| Xat'sull Limited Partnership interest - end of year | 932,154 | 965,473 |
| Shares in Xat'sull Logging Ltd. | 1 | 1 |
| Shares in Xat'sull Development Ltd. | 1 | 1 |
| | \$ 932,156 | \$ 965,475 |

9. Accounts payable and accrued liabilities

| | <u>2017</u> | <u>2016</u> |
|---------------------------------------|-------------------|-------------|
| Trade accounts | \$ 295,528 | \$ 405,213 |
| Accrued payroll and source deductions | 96,107 | 88,863 |
| Other accrued liabilities | 17,000 | 17,000 |
| | \$ 408,635 | \$ 511,076 |

10. Deferred revenue

Deferred revenue includes funding received in advance of expenditures being made in respect of the following projects:

| | <u>2017</u> | <u>2016</u> |
|--|-------------------|-------------|
| Government of Canada | \$ 23,333 | \$ - |
| Province of British Columbia | 99,284 | - |
| Northern Shuswap Tribal Council | 11,779 | - |
| Forestry harvest revenues | 25,000 | 25,000 |
| WL Central Business Improvement Area Association | 7,211 | 24,521 |
| | \$ 166,607 | \$ 49,521 |

SODA CREEK INDIAN BAND
Notes to Consolidated Financial Statements
Year Ended March 31, 2017

11. Long term debt

| | <u>2017</u> | <u>2016</u> |
|---|-------------------|-------------------|
| CMHC Phase 1 mortgage loan bearing interest at 3.75% per annum, repayable in monthly blended payments of \$2,283. The mortgage loan matures on October 1, 2017. | \$ 15,786 | \$ 42,064 |
| All Nations Trust mortgage loan bearing interest at 1.04% per annum, repayable in monthly blended payments of \$2,298. The loan matures on June 1, 2020. | 88,102 | 114,621 |
| All Nations Trust mortgage loan bearing interest at 1.03% per annum, repayable in monthly blended payments of \$2,181. The loan matures on August 1, 2021. | 112,957 | 137,530 |
| All Nations Trust mortgage loan bearing interest at 1.43% per annum, repayable in monthly blended payments of \$2,047. The loan matures on February 1, 2027. | <u>227,036</u> | <u>247,930</u> |
| | <u>\$ 443,881</u> | <u>\$ 542,145</u> |

Principal repayment requirements are approximately:

| | |
|------------|-------------------|
| 2018 | \$ 88,458 |
| 2019 | 74,110 |
| 2020 | 75,621 |
| 2021 | 54,813 |
| 2022 | 33,586 |
| Thereafter | <u>117,293</u> |
| | <u>\$ 443,881</u> |

Long term debt is secured by the ministerial guarantee of the Minister of Finance - Canada.

12. Due to related party

| | <u>2017</u> | <u>2016</u> |
|-------------------------------------|------------------|------------------|
| Due to Xat'sull Limited Partnership | <u>\$ 83,338</u> | <u>\$ 84,459</u> |

The amount owing is unsecured and non-interest bearing with no specific terms of repayment.

SODA CREEK INDIAN BAND
Notes to Consolidated Financial Statements
Year Ended March 31, 2017

13. Tangible capital assets

| | Cost | Accumulated amortization | 2017 Net book value | 2016 Net book value |
|--|----------------------|-----------------------------|---------------------------|---------------------------|
| Land | \$ 337,995 | \$ - | \$ 337,995 | \$ 337,995 |
| Buildings | | | | |
| Community building | 4,146,882 | 65,668 | 4,081,214 | 2,449,809 |
| Soda Creek Emporium | 108,921 | 76,210 | 32,711 | 34,074 |
| Campsite building | 97,384 | 9,424 | 87,960 | 91,625 |
| Xat'sull Heritage Village buildings | 147,542 | 70,718 | 76,824 | 80,025 |
| Community infrastructure | 5,011,670 | 2,635,641 | 2,376,029 | 2,476,128 |
| Equipment and machinery | 101,053 | 91,101 | 9,952 | 1,241 |
| Equipment | | | | |
| Soda Creek Emporium | 14,067 | 13,678 | 389 | 486 |
| Automotive equipment | 228,829 | 141,685 | 87,144 | 108,930 |
| Office furniture and equipment | 121,750 | 105,999 | 15,751 | 19,688 |
| Health Centre | | | | |
| Building | 1,897,727 | 636,056 | 1,261,671 | 1,314,241 |
| Equipment | 82,654 | 79,340 | 3,314 | 4,143 |
| CMHC | | | | |
| Buildings and equipment | 1,689,637 | 1,245,756 | 443,881 | 542,144 |
| | \$ 13,986,111 | \$ 5,171,276 | \$ 8,814,835 | \$ 7,460,529 |

The Band made the following tangible capital asset purchases in 2017:

| | |
|--|---------------------|
| Completed construction of Community building | \$ 1,697,073 |
| Generator | 9,954 |
| | \$ 1,707,027 |

| Accumulated amortization: | Balance April 1, 2016 | 2017 Provision | Balance March 31, 2017 |
|-------------------------------------|--------------------------|-------------------|---------------------------|
| Buildings | | | |
| Community Building | \$ - | \$ 65,668 | \$ 65,668 |
| Soda Creek Emporium | 74,847 | 1,363 | 76,210 |
| Campsite building | 5,759 | 3,665 | 9,424 |
| Xat'sull Heritage Village buildings | 67,517 | 3,201 | 70,718 |
| Community infrastructure | 2,535,541 | 100,100 | 2,635,641 |
| Equipment and machinery | 89,858 | 1,243 | 91,101 |
| Equipment | | | |
| Soda Creek Emporium | 13,581 | 97 | 13,678 |
| Automotive equipment | 119,899 | 21,786 | 141,685 |
| Office furniture and equipment | 102,061 | 3,938 | 105,999 |
| Health Centre | | | |
| Building | 583,486 | 52,570 | 636,056 |
| Equipment | 78,512 | 828 | 79,340 |
| CMHC | | | |
| Buildings and equipment | 1,147,493 | 98,263 | 1,245,756 |
| | \$ 4,818,554 | \$ 352,722 | \$ 5,171,276 |

There were no asset disposals during the year (2016 - \$nil). There were no asset write-downs during the year (2016 - \$nil).

SODA CREEK INDIAN BAND
Notes to Consolidated Financial Statements
Year Ended March 31, 2017

14. Band equity - accumulated surplus

Accumulated surplus consists of the following fund balances:

| | <u>2017</u> | <u>2016</u> |
|---|----------------------|----------------------|
| Operating and Capital Projects Fund | \$ 11,138,422 | \$ 9,714,230 |
| CMHC Social Housing Fund | (61,069) | (64,211) |
| Investment in Band Business Enterprises | 932,156 | 965,475 |
| Ottawa Trust Fund | 1,007 | - |
| Treaty Self Government Program | 104,926 | 42,248 |
| | <u>\$ 12,115,442</u> | <u>\$ 10,657,742</u> |

15. Replacement reserve

The replacement reserve represents funds set aside by the Band to fund future anticipated costs. The reserve fund balance consists of the following amounts:

| | <u>2017</u> | <u>2016</u> |
|--|-------------------|-------------------|
| CMHC replacement reserve - beginning of year | \$ 331,562 | \$ 313,612 |
| Appropriation | 23,853 | 23,853 |
| Replacements | (21,715) | (7,225) |
| Interest | 1,577 | 1,323 |
| CMHC replacement reserve - end of year | <u>\$ 335,277</u> | <u>\$ 331,562</u> |

Under the terms of the mortgage agreements with Canada Mortgage and Housing Corporation, the Replacement Reserve account is to be credited in the amount of \$23,853 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 Canada Mortgage and Housing Corporation.

As at the year-end, the reserve is unfunded by the amount of \$59,674 - (2016 - \$89,276).

16. Contributed surplus

| | <u>2017</u> | <u>2016</u> |
|--|-------------------|-------------------|
| Contributed surplus consists of the following: | | |
| Band contribution to social housing program | <u>\$ 271,381</u> | <u>\$ 271,381</u> |

SODA CREEK INDIAN BAND
Notes to Consolidated Financial Statements
Year Ended March 31, 2017

17. Financial instruments and risk management

The Band's financial instruments consist of cash, cash restricted as to use, accounts receivable, trust funds held by Canada, accounts payable and accrued liabilities and long term debt. Unless otherwise noted, it is management's opinion that the Band is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

The Band is exposed to financial risk that arises from the credit quality of the entities to which it provides services. Credit risk arises from the possibility that the entities to which the Band provides services may experience financial difficulty and be unable to fulfill their obligations.

The Band is exposed to interest rate risk arising from fluctuations in interest rates on its cash and investments and does not hold any financial instruments that mitigate this risk.

18. Federal assistance payments

Soda Creek Indian Band Social Housing Fund has received federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 56-1 of the National Housing Act to reduce mortgage interest expense to 2% to enable the project to provide housing to low income individuals. The amount of the assistance received for the year ended March 31, 2017 was \$47,417 (2016 - \$75,733). This assistance will continue, providing the Band is not in default of the agreement.

19. Contingent liabilities

The Band has guaranteed loans under the CMHC Housing Program with balances as at March 31, 2017 aggregating \$443,881 (2016 - \$542,145) and a loan made to a band member in the original amount of \$110,000 with a balance as at March 31, 2017 of \$22,444 (2016 - \$29,904).

20. Reconciliation of INAC Comprehensive Funding Arrangement Revenue

Pursuant to the Indigenous and Northern Affairs Canada Reporting Guide's Financial Reporting Requirements, the following reconciliation has been prepared:

| | |
|--|---------------------|
| INAC Revenue as per Funding Confirmation Report | <u>\$ 1,724,842</u> |
| INAC Revenue as per Statement of Operations Operating | <u>\$ 1,724,842</u> |

21. Band registered pension plan

The Band provides a defined contribution pension plan to qualifying employees. Under the plan, the defined members' contributions, the Band contributions, and the related plan earnings comprise the members' money purchase amount. The plan is registered with the Canada Revenue Agency.

The Band contributed \$22,307 to the plan during the year ended March 31, 2017 (2016 - \$23,495), to match its employees' required contributions.

SODA CREEK INDIAN BAND
Notes to Consolidated Financial Statements
Year Ended March 31, 2017

22. Related party transactions

These consolidated financial statements include the following transactions with Xat'Sull Limited Partnership. These transactions are at market value.

| | <u>2017</u> | <u>2016</u> |
|--|------------------|------------------|
| Administration costs charged by the Band to Xat'Sull Limited Partnership | \$ 60,000 | \$ 60,000 |

23. Expenses by object

| | <u>2017</u> | <u>2016</u> |
|---------------------------------|----------------------------|----------------------------|
| Amortization | \$ 352,722 | \$ 284,090 |
| Community building project | 1,697,073 | 2,449,809 |
| Contracted services | 834,910 | 861,725 |
| Honoraria | 135,710 | 151,532 |
| Insurance and licenses | 33,494 | 33,346 |
| Interest | 13,688 | 15,891 |
| Materials and supplies | 305,099 | 165,121 |
| Rent, maintenance and utilities | 315,412 | 332,712 |
| Salaries, wages and benefits | 1,324,427 | 1,411,357 |
| Social assistance | 257,051 | 327,150 |
| Travel | 75,445 | 84,531 |
| Tuition and education related | 505,079 | 467,054 |
| All other | - | 13,938 |
| | <u>\$ 5,850,110</u> | <u>\$ 6,598,256</u> |

24. Subsequent events

In July 2017, the Cariboo District suffered many devastating wildfires. These wildfires affected the Band and caused evacuation of the Reserve. Management has advised that the Band did not suffer any significant losses of tangible capital assets.

In August 2017, the Band made claim against Mount Polley Mining Corporation for damages that were caused by the tailings dam breach and spill that occurred on August 4, 2014.

On August 21, 2017, Chief Donna Dixon tendered her resignation as Chief. The Band has set a date for a byelection to be held to elect a new Chief.