

**ADAMS LAKE INDIAN BAND**

**FINANCIAL STATEMENTS**

**March 31, 2018**

**ADAMS LAKE INDIAN BAND**  
**CONSOLIDATED FINANCIAL STATEMENTS**

**March 31, 2018**

EXHIBIT

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Adams Lake Indian Band have been prepared in accordance with Canadian public sector accounting standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgements. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

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

The Band Council is responsible for ensuring that management fulfils its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Council carries out this responsibility periodically through its Finance Committee. The Finance Committee is appointed by the Council and meets periodically with management and the members' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Finance Committee reports to Council prior to its approval of the financial statements. The Committee also considers, for review by the Council and approval by the members, the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the members by Daley & Company CPA LLP in accordance with Canadian generally accepted auditing standards.



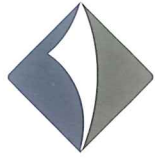
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Executive Director



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Chair of the Finance Audit Committee



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## INDEPENDENT AUDITORS' REPORT

To the Members,  
ADAMS LAKE INDIAN BAND

EXHIBIT A1

### *Report on the Financial Statements*

We have audited the accompanying financial statements of ADAMS LAKE INDIAN BAND, which comprise the consolidated statement of financial position as at March 31, 2018, and the consolidated statement of accumulated surplus, consolidated statement of operations, consolidated statement of changes in net financial assets and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of ADAMS LAKE INDIAN BAND as at March 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### *Other Matters*

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The current year's supplementary information included in Exhibits B1 to B3, C1 to C2, D1 to D2 and schedules 1 to 54 are presented for the purposes of additional analysis and are not a required part of the financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Daley & Company LLP*  
Chartered Professional Accountants

Kamloops, BC  
November 9, 2018

**ADAMS LAKE INDIAN BAND**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**March 31, 2018**

<b>FINANCIAL ASSETS</b>	<b>2018</b>	<b>2017</b>
Cash (Note A3)	\$ 11,544,723	\$ 8,446,952
Marketable securities (Note A4)	634,183	623,315
Grants and accounts receivable (Note A5)	3,808,791	2,072,194
Restricted cash (Note A6)	4,553,664	3,942,475
Deferred lease costs (Note A7)	1,081,985	1,100,913
Investments (Note A8)	<u>(9,558)</u>	<u>66,299</u>
	<u>21,613,788</u>	<u>16,252,148</u>
<b>LIABILITIES</b>		
Accounts payable and accruals	2,307,574	2,395,767
Deferred revenue (Note A10)	4,099,341	5,433,113
Demand loans (Note A11)	211,253	267,441
Silviculture liability (Note A12)	2,158,180	2,006,715
Mortgages payable (Note A13)	<u>1,606,139</u>	<u>1,771,615</u>
	<u>10,382,487</u>	<u>11,874,651</u>
<b>NET FINANCIAL ASSETS</b>	<u>11,231,301</u>	<u>4,377,497</u>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses	100,825	113,285
Property held for resale (Note A14)	1,087,902	1,087,902
Tangible capital assets (Note A15)	<u>13,402,506</u>	<u>13,638,408</u>
	<u>14,591,233</u>	<u>14,839,595</u>
<b>ACCUMULATED SURPLUS (Note A16)</b>	<u>\$ 25,822,534</u>	<u>\$ 19,217,092</u>

COMMITMENTS AND CONTINGENCIES (Note A17)

APPROVED BY THE BAND:

  
 \_\_\_\_\_  
 Executive Director

  
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 Chair of the Finance Audit Committee

**ADAMS LAKE INDIAN BAND**  
**CONSOLIDATED STATEMENT OF ACCUMULATED SURPLUS**  
**Year ended March 31, 2018**

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	2018	2017
ACCUMULATED SURPLUS, beginning of year	<b>\$ 19,217,092</b>	\$ 17,764,379
EXCESS OF REVENUE OVER EXPENSES	<u><b>6,605,442</b></u>	<u>1,452,713</u>
ACCUMULATED SURPLUS, end of year	<u><b>\$ 25,822,534</b></u>	<u>\$ 19,217,092</u>

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See accompanying notes to financial statements.

**ADAMS LAKE INDIAN BAND**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
Year ended March 31, 2018

	Budget	2018	2017
<b>REVENUE:</b>			
Indigenous and Northern Affairs Canada	\$ 3,518,069	<b>\$ 6,699,288</b>	\$ 3,578,985
Leases and rentals	1,851,551	<b>1,830,519</b>	1,880,315
Canada Mortgage and Housing Corporation	117,663	<b>156,648</b>	118,793
Province of British Columbia	474,075	<b>3,422,244</b>	2,087,169
Consulting and contract	689,940	<b>3,873,460</b>	5,305,786
Interest and tax penalties	31,050	<b>196,223</b>	139,911
Timber harvesting	2,405,390	<b>1,976,346</b>	1,319,937
First Nations Health Authority	1,061,583	<b>1,302,528</b>	1,100,618
Property taxes	1,058,580	<b>1,013,262</b>	1,003,071
Other	3,824,389	<b>2,202,014</b>	1,486,613
	<u>15,032,290</u>	<u><b>22,672,532</b></u>	<u>18,021,198</u>
<b>EXPENSES:</b>			
Administration fees	74,788	<b>25,036</b>	9,091
Amortization	-	<b>912,824</b>	912,602
Assistance	255,872	<b>526,623</b>	337,014
Automotive	45,500	<b>60,340</b>	58,731
Bad debts and write downs	-	<b>47,327</b>	72,824
Contract services	3,606,242	<b>3,822,734</b>	4,264,795
Education	1,132,000	<b>1,119,638</b>	967,712
Honorarium	427,001	<b>449,499</b>	358,084
Insurance	117,270	<b>122,158</b>	115,460
Interest and bank charges	91,354	<b>18,960</b>	15,326
Interest on demand loans and mortgages	-	<b>37,793</b>	45,025
Leases	213,256	<b>244,022</b>	214,769
Licences, dues and fees	82,200	<b>43,793</b>	67,054
Logging	650,000	<b>486,387</b>	442,129
Materials and supplies	313,513	<b>470,328</b>	508,584
Office and other	738,055	<b>404,739</b>	446,718
Professional fees	378,200	<b>306,278</b>	511,065
Repairs and maintenance	228,005	<b>220,584</b>	262,055
Training	226,700	<b>132,180</b>	138,187
Travel	408,349	<b>408,159</b>	364,252
Utilities	384,762	<b>519,905</b>	528,226
Wages and benefits	5,659,223	<b>5,687,783</b>	5,928,782
	<u>15,032,290</u>	<u><b>16,067,090</b></u>	<u>16,568,485</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>\$ -</b>	<b>\$ 6,605,442</b>	<b>\$ 1,452,713</b>

See accompanying notes to financial statements.

**ADAMS LAKE INDIAN BAND**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
Year ended March 31, 2018

	Budget	2018	2017
EXCESS OF REVENUE OVER EXPENSES	\$ -	<b>\$ 6,605,442</b>	\$ 1,452,713
Acquisition of tangible capital assets	-	<b>(676,922)</b>	(118,372)
Change in property held for resale	-	-	(3,945)
Amortization of tangible capital assets	-	<b>912,824</b>	912,602
Change in prepaid expenses	-	<b>12,460</b>	(15,120)
INCREASE IN NET FINANCIAL ASSETS	-	<b>6,853,804</b>	2,227,878
NET FINANCIAL ASSETS, beginning of year	<u>4,377,497</u>	<u><b>4,377,497</b></u>	<u>2,149,619</u>
NET FINANCIAL ASSETS, end of year	<u>\$ 4,377,497</u>	<u><b>\$11,231,301</b></u>	<u>\$ 4,377,497</u>

See accompanying notes to financial statements.



**ADAMS LAKE INDIAN BAND**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
Year ended March 31, 2018

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Excess of revenue over expenses	\$ 6,605,442	\$ 1,452,713
Non-operating items:		
Amortization	912,824	912,602
(Increase) decrease in:		
Grants and accounts receivable	(1,736,597)	(376,946)
Property held for resale	-	(3,945)
Prepaid expenses	12,460	(15,120)
(Increase) decrease in:		
Accounts payable and accruals	(88,193)	229,428
Deferred revenue	(1,333,772)	1,241,659
Silviculture liability	151,465	161,530
Cash flows from operations	<u>4,523,629</u>	<u>3,601,921</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Change in restricted cash	(611,189)	(705,428)
Debt reduction	(221,664)	(380,529)
Cash flows used in financing	<u>(832,853)</u>	<u>(1,085,957)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investments	75,857	48,197
Cash flows from investing	<u>75,857</u>	<u>48,197</u>
<b>CASH FLOWS FROM CAPITAL ACTIVITIES:</b>		
Deferred costs	18,928	18,928
Purchase of tangible capital assets	(676,922)	(118,372)
Cash flows used in capital	<u>(657,994)</u>	<u>(99,444)</u>
<b>INCREASE IN CASH RESOURCES</b>	<b>3,108,639</b>	<b>2,464,717</b>
<b>CASH RESOURCES, beginning of year</b>	<b><u>9,070,267</u></b>	<b><u>6,605,550</u></b>
<b>CASH RESOURCES, end of year</b>	<b><u>\$ 12,178,906</u></b>	<b><u>\$ 9,070,267</u></b>
<b>CASH RESOURCES CONSISTS OF:</b>		
Cash	\$ 11,544,723	\$ 8,446,952
Marketable securities	<u>634,183</u>	<u>623,315</u>
	<b><u>\$ 12,178,906</u></b>	<b><u>\$ 9,070,267</u></b>

See accompanying notes to financial statements.

**ADAMS LAKE BAND**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2018**

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**NOTE A1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES:**

These consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. The significant accounting policies are summarized as follows:

a) Fund Accounting:

The Adams Lake 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 operations of each fund are set out in the supplementary schedules. The Adams Lake Indian Band maintains the following funds:

- The Band Operating Fund which reports the general activities of the First Nation Administration.
- The Trust Fund which reports on trust funds owned by the First Nation and held by third parties.
- The Capital Fund which reports the property and equipment of the First Nation, together with their related
- The Social Housing Funds Pre-1997 and Post-1996 which reports the social housing assets of the First Nation, together with related activities.

b) Reporting Entity and Principles of Financial Reporting:

The Adams Lake Indian Band reporting entity includes the Adams Lake Indian Band government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

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

- Adams Lake Indian Band Operating Fund
- Adams Lake Indian Band Trust Fund
- Adams Lake Indian Band Capital Fund
- Adams Lake Indian Band Social Housing Fund - Pre-1997 Program
- Adams Lake Indian Band Social Housing Fund - Post-1996 Program

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

Incorporated business entities, which are owned or controlled by the Adams Lake Indian Band and which are dependent on the First Nation for their continuing operations, are consolidated in the consolidated financial statements. These include:

- Adams Lake Development Corporation

Incorporated business entities, which are owned or controlled by the Adams Lake Indian Band and which are not dependent on the First Nation for their continuing operations, are included in the consolidated financial statements using the modified equity method.

Investments in non-controlled entities and subject to significant influence are included in the consolidated financial statements using the modified equity method. These include:

- Sexqeltkemoc Enterprises Inc.
- Sexqeltkemoc Limited Partnership

Investments in government partnerships are included in the consolidated financial statements using the proportionate consolidation method. These include:

- Sexqeltkemoc Lakes Division
- Secwepemc Reconciliation Framework Agreement

Investments in non-controlled entities and not subject to significant influence are recorded at cost.

Notes that provide additional information regarding the entities are disclosed with each entity and form an integral part of these financial statements.

**ADAMS LAKE BAND**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2018**

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**NOTE A1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued):**

**Non-financial Assets:**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets for the year.

**a) Tangible Capital Assets:**

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

**Major Asset Category:**

Buildings	20 to 70 years
Water systems	50 to 80 years
Roads	10 to 75 years
Automotive equipment	10 years
Computer equipment	5 years
Sewer systems	80 years
Furniture and equipment	5 years

Assets under construction are not amortized until the asset is available for productive use.

The Band reviews the useful lives and the carrying values of its tangible capital assets at least annually or more frequently if events or changes in circumstances indicate that the assets might be impaired, by reference to the assets' contribution to the Band's ability to provide services. When assets no longer have any long-term service potential to the Band, the assets are considered to be impaired. An impairment loss is measured at the amount by which the carrying amount of the assets exceeds their fair value, which is estimated as the expected service potential of the assets.

The Band's policies regarding the thresholds for capitalization of assets are as follows:

- buildings and infrastructure that exceed \$10,000,
- vehicles, equipment and furniture and fixtures that exceed \$3,000 and,
- computers and other data processing equipment that exceed \$2,000.

These policies are applied on an individual item basis.

The Band's interest in reserve lands is not reflected in these financial statements, as no consideration was paid by the Band to acquire these lands.

**b) Contributions of Tangible Capital Assets:**

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt.

**c) Leases:**

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

**d) Marketable Securities:**

Marketable securities are recorded at the lower of cost and fair market value.

**ADAMS LAKE BAND**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2018**

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**NOTE A1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued):**

e) Property Held for Resale:

Property held for resale includes developed homes and lease lots available for sale and/or lease and are recorded at the lower of cost and net realizable value. Cost consists of all costs of purchase, costs of conversion and other costs incurred in bringing the property held for resale to its present location and condition.

f) Investments:

Investments in non-controlled entities and not subject to significant influence are recorded at cost.

g) Accrual Method:

The Band utilizes accrual accounting.

h) Deferred Revenue:

Revenue is recorded in the period to which it relates.

i) Deferred Lease Costs:

Deferred lease costs represent the portion of leased property development costs directly related to property transferred under prepaid and monthly leases. Deferred costs are expensed proportionately over the term of the lease.

j) Revenue Recognition:

The Adams Lake Indian Band derives revenues from a number of sources. Amounts received from Indigenous and Northern Affairs Canada (INAC) are reported in accordance with the terms of the funding arrangement. Amounts specified as set contributions are reported as revenue as program terms and conditions are met and delivered. Any resulting surpluses are repayable to INAC and any deficits incurred are refundable by INAC. Amounts specified as fixed contributions are recognized as revenue as program terms and conditions are met and delivered. Any resulting surpluses may be retained by the Band provided delivery of the program is complete at March 31. Any resulting deficits are the responsibility of the Band. Amounts specified as flexible are reported as revenue as program terms and conditions are met and delivered and project expenditures have been made. Any unspent funds at the end of the project are repayable to INAC. Grants received from INAC are unconditional and are reported as revenue when received or receivable and collection is reasonably assured. Amounts received under block funding arrangements are reported as revenue when received or receivable and collection is reasonably assured.

Amounts received from other government departments, both federal and provincial, are reported as revenue in accordance with the terms of the contract or agreement.

Own source revenues derived from such sources as housing rents, resource based revenues, interest income, property taxes and leases etc. are reported when received or receivable and collection is reasonably assured.

Home sales revenue is recognized when title passes to the purchaser.

Prepaid sublease revenue is recognized when title passes to the purchaser. Deferred sublease revenue is recognized in accordance with the terms of the sublease. The payment schedule is noted in Note A19.

Timber processing revenue is recognized on a completed-project basis.

k) Silviculture Liability:

Silviculture liability is charged to earnings on the basis of the volume of timber cut. The estimate is based on various judgements and assumptions. Both the provision and reliability of such estimates are subject to uncertainties and, as additional information becomes known, these estimates are subject to change. Actual silviculture expenditures are recorded as a reduction of silviculture liability in the year they are paid.

l) Replacement Reserve:

The Replacement Reserve is funded by an annual charge against earnings as opposed to an appropriation of surplus.

**ADAMS LAKE BAND**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2018**

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**NOTE A1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued):**

m) Operating Reserve:

The Operating Reserve account is funded by an allocation of the excess or shortfall of annual minimum revenue contribution and CMHC subsidies over current eligible expenditures.

n) Uses of Estimates:

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

**NOTE A2. FINANCIAL INSTRUMENTS:**

**Fair Value of Financial Assets and Financial Liabilities:**

The carrying values of cash (including internally and externally restricted amounts), marketable securities, grants and accounts receivable, accounts payable and accrued liabilities and demand loans approximate their fair value due to the relatively short periods to maturity of these items or because they are receivable or payable on demand.

The carrying value of mortgages payable approximates its fair value as the terms and conditions of the borrowing arrangements are comparable to current market terms and conditions for similar items.

It is not practicable to determine the fair value of investments due to the limited amount of comparable market information available.

**Credit Risk:**

The Band is exposed to a credit risk by its customers. However, because the majority of revenues is from government agencies, credit risk concentration is reduced to the minimum.

**Interest Rate Risk:**

Demand loans have both fixed and variable interest rates based on the bank's prime rate, therefore the interest expense will vary with changes in the bank's prime rate. Mortgages payable has fixed rates; therefore interest expense will decrease with principal repayment of the mortgage and interest risk is reduced to the minimum.

**ADAMS LAKE BAND**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2018**

NOTE A3. <b>CASH:</b>	2018	2017
Band operations:		
RBC - General account	\$ 6,807,975	\$ 4,347,262
RBC - Lease	2,040,048	2,020,759
Peace Hills Trust	2,604,437	1,972,956
Petty cash and other	1,127	1,127
	<u>11,453,587</u>	<u>8,342,104</u>
Adams Lake Development Corporation:		
General account	15,193	28,905
Social Housing Operations:		
Social Housing Operation - Pre-1997 Program	<u>75,943</u>	<u>75,943</u>
	<u>\$ 11,544,723</u>	<u>\$ 8,446,952</u>

NOTE A4. **MARKETABLE SECURITIES:**

The market value of the marketable securities, at March 31, 2018, is \$663,827 (2017 - \$652,940).

NOTE A5. <b>GRANTS AND ACCOUNTS RECEIVABLE:</b>	2018	2017
Band Operations:		
Grants Receivable	\$ 343,015	\$ 53,168
Property Taxes	35,861	2,162
Accounts Receivable	3,389,923	1,998,887
Social Housing Rent Arrears	31,098	9,016
	<u>3,799,897</u>	<u>2,063,233</u>
Social Housing Operations:		
Social Housing Operation - Pre-1997 Program	1,345	1,345
Social Housing Operation - Post-1996 Program	7,454	6,967
	<u>8,799</u>	<u>8,312</u>
Adams Lake Development Corporation:		
Accounts Receivable	<u>-</u>	<u>203</u>
Sexqeltkcmc Lakes Division:		
Accounts Receivable	<u>95</u>	<u>-</u>
Secwepemc Reconciliation Framework Agreement		
Accounts Receivable	<u>-</u>	<u>446</u>
	<u>\$ 3,808,791</u>	<u>\$ 2,072,194</u>

**ADAMS LAKE BAND**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2018**

NOTE A6. RESTRICTED CASH:	2018	2017
Replacement Reserve	\$ 374,355	\$ 367,858
Operating Reserve	155,360	94,111
Ottawa Trust Funds	460,770	436,552
Other Restricted	3,351,260	2,795,035
Sexqeltkemoc Lakes Division	138,162	181,501
Secwepemc Reconciliation Framework Agreement	<u>73,757</u>	<u>67,418</u>
	<u>\$ 4,553,664</u>	<u>\$ 3,942,475</u>

- a) Replacement Reserve:  
Under the terms of the agreement with Canada Mortgage and Housing Corporation, the Replacement Reserve account is to be credited in the amount of \$44,349 (2017 - \$44,349) annually plus interest. These funds, along with accumulated interest, must be held in a separate bank account and / or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by Canada Mortgage and Housing Corporation from time to time. Withdrawals are credited to interest first and then principal.

	2018	2017
Balance, beginning of year	\$ 332,785	\$ 315,774
Allocation during the year	44,349	44,349
Interest on account	2,147	139
Approved expenditures	<u>(4,810)</u>	<u>(27,477)</u>
Balance, end of year	<u>\$ 374,471</u>	<u>\$ 332,785</u>
The Replacement Reserve is represented by:		
Cash	<u>\$ 374,355</u>	<u>\$ 367,858</u>

- b) Operating Reserve:  
Under the terms of the agreement with Canada Mortgage and Housing Corporation, the Operating Reserve account is to be credited in the amount of any accumulated surplus plus interest. These funds, along with accumulated interest, must be held in a separate bank account and / or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by Canada Mortgage and Housing Corporation from time to time.

	2018	2017
Balance, beginning of year	\$ 155,360	\$ 135,247
Allocation for the year	<u>31,325</u>	<u>20,113</u>
Balance, end of year	<u>\$ 186,685</u>	<u>\$ 155,360</u>
The Operating Reserve is represented by:		
Cash	<u>\$ 155,360</u>	<u>\$ 94,111</u>

**ADAMS LAKE BAND**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2018**

**NOTE A6. RESTRICTED CASH (continued):**

c) Ottawa Trust Funds:

The Ottawa Trust Accounts arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue 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 primarily governed by Sections 63 to 69 of the Indian Act.

d) Other Restricted Cash:

Other restricted cash includes:

The Forest & Range Consultation and Revenue Sharing Agreement (FCRSA) fund has been established for the funding received under the forest consultation and revenue sharing agreement (formerly forest and range opportunity agreement (FRO). Chief and Council, in conjunction with community input, will be establishing criteria for the expenditure of these funds.

The First Nation Sales Tax Fund has been established for funding received under the Sales Tax Collection Agreement. Chief and Council, in conjunction with community input, will be establishing criteria for the expenditure of these funds.

The Gaming Funds are to be held for designated purposes in accordance with the agreement with the Province of B.C. Eligible costs under the agreement are for any purpose that is of public benefit to the Band. Upon early termination of the agreement, the Band will repay to the Province of B.C. any amounts that have not been applied against eligible costs.

The Leases Fund has been established for leave revenue received on Band owned land. Chief and Council, in conjunction with community input, will be establishing criteria for the expenditure of these funds.

The Property Taxes Fund has been established for property taxes received on Band owned land. Chief and Council, in conjunction with community input, will be establishing criteria for the expenditure of these funds.

	<b>2018</b>
Other restricted cash balances:	
Silviculture	\$ 911,249
FCRSA/FRO	1,193,854
Gaming	1,246,157
	<b>\$ 3,351,260</b>
Other restricted surpluses:	
FCRSA	\$ 827,234
First Nations sales tax	479,605
Gaming	598,917
Leases	6,390
Property taxes	16,166
	<b>1,928,312</b>
Silviculture Accrual	<b>2,158,180</b>
	<b>\$ 4,086,492</b>

e) Sexqeltkemc Lakes Division and Secwepemc Reconciliation Framework Agreement:

Cash from the above political entities is classified as restricted as it is not within the control of the Band.

**NOTE A7. DEFERRED LEASE COSTS:**

	<b>2018</b>	2017
Balance, beginning of year	\$ 1,100,913	\$ 1,119,841
Expensed during the year	<u>(18,928)</u>	<u>(18,928)</u>
Balance, end of year	<b>\$ 1,081,985</b>	<b>\$ 1,100,913</b>

Deferred lease costs represent the portion of leased property development costs directly related to property transferred under prepaid and monthly leases. Deferred costs are expensed proportionately over the term of the lease.



**ADAMS LAKE BAND**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2018**

NOTE A8. <b>INVESTMENTS:</b>	<b>2018</b>	2017
All Nations Trust Company:		
22,800 Common shares, par value \$10	<u>\$ 38,028</u>	<u>\$ 38,028</u>
Sexqeltkemoc Enterprises Inc. (33%):		
10 Common shares, par value \$10	10	10
Advances, unsecured, non-interest bearing, no stated terms of repayment	<u>(10)</u>	<u>(10)</u>
	<u>-</u>	<u>-</u>
Sexqeltkemoc Limited Partnership:		
Advances, unsecured, noninterest bearing, no stated terms of repayment	10,000	10,000
Accumulated equity (deficiency)	<u>(57,586)</u>	<u>3,271</u>
	<u>(47,586)</u>	<u>13,271</u>
Investment in BC FN Gaming Initiative	<u>-</u>	<u>15,000</u>
	<u>\$ (9,558)</u>	<u>\$ 66,299</u>

Financial information for Sexqeltkemoc Limited Partnership:

	Total	Band's Share 2018	Band's Share 2017
Current Assets	\$ 1,009,741	\$ 336,547	\$ 438,657
Long-term Assets	2,135	712	15,727
Current Liabilities	<u>(1,154,660)</u>	<u>(384,848)</u>	<u>(441,115)</u>
Partner's Capital (Deficiency)	<u>\$ (142,784)</u>	<u>\$ (47,589)</u>	<u>\$ 13,269</u>
Revenues	\$ 649,583	\$ 216,506	\$ 1,541,881
Expenses	<u>832,180</u>	<u>277,366</u>	<u>1,590,078</u>
Net Loss	<u>\$ (182,597)</u>	<u>\$ (60,860)</u>	<u>\$ (48,197)</u>

Sexqeltkemoc Limited Partnership is domiciled in Kamloops, British Columbia. The Partnership is a business entity comprised of representative members from the Adams Lake, Neskonlith and Splotsin people. The Partnership's object is to recognize, develop and secure business and employment opportunities within the traditional boundaries of the Sexqeltkemoc te Secwepemc. Net earnings of the Partnership are allocated to the respective Partners annually.

**ADAMS LAKE BAND**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2018**

NOTE A9. **PROPORTIONATELY CONSOLIDATED INTERESTS:** 2018 2017

The following are accounted for using the proportionate consolidation method:

Secwépemc Reconciliation Framework Agreement (RFA)

Secwépemc Reconciliation Framework Agreement (RFA) is an agreement signed between the Secwépemc and the Province of B.C. Under the agreement, the Secwépemc is comprised of the Tk'emlups te Secwépemc, Skeetchestn Indian Band, Adams Lake Indian Band, Splitsin and Shuswap Indian Band. During the year, the agreement was amended to add the Little Shuswap Lake Indian Band and Simpcw First Nations. The purpose of the agreement is to engage with the Province of B.C. in discussions associated with land and resource use within asserted traditional territories outside of the B.C. treaty process.

Financial information for Secwépemc Reconciliation Framework Agreement (RFA):

	Total	Band's Share 14%	Band's Share 20%
Cash	\$ 516,298	\$ 73,757	\$ 67,418
Accounts receivable	-	-	446
Prepaid expenses	-	-	34
Equipment	-	-	14
Intangible asset	171,434	24,491	39,185
Current Liabilities	<u>(20,409)</u>	<u>(2,916)</u>	<u>(1,952)</u>
	<u>\$ 667,323</u>	<u>\$ 95,332</u>	<u>\$ 105,145</u>
Revenues	\$ 1,050,000	\$ 150,000	\$ 140,000
Expenses	908,410	129,773	120,170
Net Income	<u>\$ 141,590</u>	<u>20,227</u>	<u>19,830</u>
Expenses of Secwépemc Reconciliation Framework Agreement (RFA) paid to Adams Lake Indian Band		<u>129,850</u>	<u>43,100</u>
Net income included in summary financial statements		<u>\$ 150,077</u>	<u>\$ 62,930</u>

Séxqeltkemoc Lakes Division

Séxqeltkemoc Lakes Division is a political body established to represent the Sexqeltkemoc te Secwepemc and the Chiefs and Councils of the Neskonlith Indian Band, the Adams Lake Indian Band and the Splitsin to investigate rights and title issues and business opportunities and impact benefit agreements.

Financial information for Séxqeltkemoc Lakes Division:

	Total	Band's Share 33%	Band's Share 33%
Cash	\$ 414,487	\$ 138,161	\$ 181,499
Accounts receivable	286	95	-
Prepaid expenses	-	-	342
Equipment	-	-	676
Current Liabilities	<u>(414,773)</u>	<u>(138,256)</u>	<u>(22,280)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 160,237</u>
Revenues	\$ 124,309	\$ 41,436	\$ 13,587
Expenses	199,114	66,371	135,217
Net Loss	<u>\$ (74,805)</u>	<u>(24,935)</u>	<u>(121,630)</u>
Expenses of Séxqeltkemoc Lakes Division paid to Adams Lake Indian Band		<u>78,526</u>	<u>9,853</u>
Net income (loss) included in summary financial statements		<u>\$ 53,591</u>	<u>\$ (111,777)</u>

**ADAMS LAKE BAND**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2018**

NOTE A10. <b>DEFERRED REVENUE:</b>	2018	2017
<u>Band Operations:</u>		
Revenue amounts deferred are summarized as follows:		
Prepaid lease payments	\$ 2,461,397	\$ 2,385,347
Province of BC - Corridor Widening Agreement Funding	-	426,687
Province of BC - Gaming funding	-	720,677
Province of BC - Road widening	20,000	20,000
Malakwa/North Fork Project	-	78,526
School District #73 - School bus funding	12,699	10,997
BC Hydro - Capacity funding	-	29,816
New Relationship Trust - Cultural Heritage	-	45,000
Splatsin First Nation - Health Centre agreement	24,780	27,780
Splatsin First Nation - Rights & Titles	-	12,500
Shuswap Nation Tribal Council - Rights & Titles	-	10,300
First Nations Education Steering Committee	-	112,416
Kinder Morgan - Consultation Agreement	50,000	-
Other	3,696	2,271
	<u>2,572,572</u>	<u>3,882,317</u>

<u>Adams Lake Development Corporation:</u>		
Deferred lease revenue, beginning of year	1,550,796	1,593,573
Amortized to income during the year	<u>(24,027)</u>	<u>(42,777)</u>
Deferred lease revenue, end of year	<u>1,526,769</u>	<u>1,550,796</u>
	<u>\$ 4,099,341</u>	<u>\$ 5,433,113</u>

NOTE A11. <b>DEMAND LOANS:</b>	2018	2017
<u>Capital Fund:</u>		
Royal Bank of Canada, term loan, repayable in monthly installments of \$5,349 including interest at 3.46%, secured by an Irrigation System with a carrying value of \$1,536,438, due October 2020		
	<u>\$ 211,253</u>	<u>\$ 267,441</u>

Principal repayments due in the ensuing 3 years are approximately as follows:

2019	\$	57,794
2020		59,826
2021		93,633

NOTE A12. <b>SILVICULTURE LIABILITY:</b>	2018	2017
Balance, beginning of the year	\$ 2,006,715	\$ 1,845,185
Accrued expense	637,852	620,059
Paid during the year	<u>(486,387)</u>	<u>(458,529)</u>
	<u>\$ 2,158,180</u>	<u>\$ 2,006,715</u>

The timing of the reforestation payments is based on the estimated period required to attain free to grow status in a given area.

**ADAMS LAKE BAND**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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NOTE A13. <b>MORTGAGES PAYABLE:</b>	<b>2018</b>	2017
<u>Social Housing Operation - Pre-1997 mortgages:</u>		
All Nations Trust Company, repayable in monthly installments of \$2,321 including interest at 1.83% per annum, secured by promissory notes of the Ministry and the Band due December 2019 - Phase 13	<b>\$ 176,775</b>	\$ 201,165
All Nations Trust Company, repayable in monthly installments of \$1,095 including interest at 1.03% per annum, due July 2021 - Phase 11	<b>43,052</b>	55,683
	<u><b>219,827</b></u>	<u>256,848</u>
<u>Social Housing Operation - Post-1996 mortgages:</u>		
All Nations Trust Company, repayable in monthly installments of \$1,915 including interest at 1.11% per annum, secured by promissory notes of the Ministry and the Band, due April 2021 - Phase 1	<b>174,056</b>	194,977
All Nations Trust Company, repayable in monthly installments of \$2,259 including interest at 2.13% per annum, secured by promissory notes of the Ministry and the Band, due October 2022 - Phase 2	<b>231,199</b>	253,441
All Nations Trust Company, repayable in monthly installments of \$2,639 including interest at 1.67% per annum, secured by promissory notes of the Ministry and the Band, due June 2018 - Phase 3	<b>154,273</b>	183,116
All Nations Trust Company, repayable in monthly installments of \$2,911 including interest at 1.30% per annum, secured by promissory notes of the Ministry and the Band, due December 2020 - Phase 4	<b>257,409</b>	288,780
All Nations Trust Company, repayable in monthly installments of \$1,548 including interest at 1.30% per annum, secured by promissory notes of the Ministry and the Band, due December 2020 - Phase 6	<b>293,080</b>	307,748
All Nations Trust Company, repayable in monthly installments of \$1,259 including interest at 1.67% per annum, secured by promissory notes of the Ministry and the Band, due January 2020 - Phase 8	<b>276,295</b>	286,705
	<u><b>1,386,312</b></u>	<u>1,514,767</u>
	<u><b>\$ 1,606,139</b></u>	<u>\$ 1,771,615</u>

The Social Housing mortgages are guaranteed by Indigenous and Northern Affairs Canada.

Principal repayments due in the ensuing 5 years are approximately as follows:

2019	\$ 292,624
2020	522,088
2021	624,575
2022	28,265
2023	138,587
	<u><u>\$ 1,606,139</u></u>

**ADAMS LAKE BAND**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2018**

NOTE A14. <b>PROPERTY HELD FOR RESALE:</b>	2018	2017
<u>West Harbour Village:</u>		
Land development costs	<u>\$ 1,087,902</u>	<u>\$ 1,087,902</u>

NOTE A15. <b>TANGIBLE CAPITAL ASSETS:</b>	2018	2017
Tangible capital assets consist of the following:		
Buildings	\$ 2,928,797	\$ 2,979,174
Water systems	4,713,836	4,801,178
Roads	1,326,741	1,480,658
Automotive equipment	690,138	615,848
Computer equipment	320,472	264,772
Sewer systems	417,510	424,550
Furniture and equipment	107,058	26,572
Social Housing Operation - Pre-1997 Program	716,943	749,131
Social Housing Operation - Post-1996 Program	<u>2,181,011</u>	<u>2,296,525</u>
	<u>\$ 13,402,506</u>	<u>\$ 13,638,408</u>

For additional information, see the Summary Schedule of Tangible Capital assets (Appendix 1).

NOTE A16. <b>ACCUMULATED SURPLUS:</b>	2018	2017
Accumulated surplus consists of individual fund surpluses and reserves as follows:		
Surplus from operations	<u>\$ 11,287,182</u>	<u>\$ 4,312,298</u>
Invested in tangible capital assets	<u>11,585,114</u>	<u>11,599,352</u>
Funded Reserves:		
Operating Reserve Fund (CMHC) (Note A6)	186,685	155,360
Replacement Reserve Fund (CMHC) (Note A6)	374,471	332,785
Ottawa Trust Funds (Note A6)	460,770	436,552
Other Restricted Funds (Note A6)	<u>1,928,312</u>	<u>2,380,745</u>
	<u>2,950,238</u>	<u>3,305,442</u>
	<u>\$ 25,822,534</u>	<u>\$ 19,217,092</u>

**ADAMS LAKE BAND**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2018**

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**NOTE A17. COMMITMENTS AND CONTINGENCIES:**

**Commitments:**

The Band leases office equipment under long-term lease agreements the longest of which expires August 2022.

Future minimum lease payments as at March 31, 2018, are as follows:

2019	\$	67,157
2020		67,157
2021		29,570
2022		2,722
2023		454
		<u>454</u>
	\$	<u>167,060</u>

**Contingencies:**

a) **Housing Loans:**

The Band is guarantor of various Housing loans, secured by Ministerial guarantees, including \$148,287 for capital housing and \$1,606,140 for Social Housing for a total of \$1,754,427.

b) **Lending Program - Loan Guarantees:**

The Band has a program to offer lending to Band members of \$1,000,000 for on-reserve housing through the Bank of Montreal. The Band has guaranteed loans totaling \$321,432 at the Bank of Montreal.

c) **Pension Plan:**

The Band and its employees contribute to a defined contribution pension plan. There is no obligation for past service or periods in which an employee was not employed. Total contributions to the plan during the year were \$208,678 (2017 - \$207,832).

d) **Letters of Credit:**

The Band has granted letters of credit in favour of the Ministry of Forests and Range to a maximum of \$250,000. The Band has granted letters of credit in favour of Echelon General Insurance Company to a maximum of \$20,000. The Band has guaranteed a line of credit on behalf of Sexqeltkcmc Limited Partnership, a significantly influenced partnership, to a maximum of \$100,000.

e) **Unused Credit Facilities:**

Under line of credit arrangements with Royal Bank of Canada, the Band may borrow up to \$700,000, calculated as the net balance of the Band's general and reserve bank accounts (which are disclosed separately). The line of credit bears interest at the Bank's prime rate plus 0.5% and is secured by a Band Council Resolution. This arrangement does not have a termination date and can be withdrawn at the bank's option. At March 31, 2018, the unused portion of the credit line was \$700,000.

f) **Indigenous and Northern Affairs Canada Funding:**

The Band receives a portion of its funding under a contribution agreement with Indigenous and Northern Affairs Canada (INAC) which, if unexpended, may be refundable to INAC. Further, amounts which are overexpended may be reimbursed by INAC to the Band. No amounts have been recorded in the financial statements as refundable or reimbursable.

g) **Environmental Contingency:**

The Band is vulnerable to contingencies with respect to government regulations, in particular regulations concerning environmental issues relating to the Woods Division in Adams Lake Development Corporation. At the present time, it is impossible to determine any amount that the Band may have to pay to decontaminate the site. The Band believes that the total amount of these contingent obligations will not have a material and adverse effect on its financial position and consequently no provision has been made in the financial statements.

**ADAMS LAKE BAND**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2018**

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**NOTE A17. COMMITMENTS AND CONTINGENCIES (continued):**

h) Legal Matters:

During the year, an individual brought legal action against the Band and several other parties relating to a motor vehicle accident on Reserve land in Salmon Arm, BC. There is no information as to the result of this suit at this time, though the Band believes itself to be covered by insurance.

During the year, a former councillor put forth a notice of claim against the Band. The outcome of this claim is indeterminate at this time.

During the year, an individual put forth a land claim against the Band. The outcome of this claim is indeterminate at this time.

Subsequent to year end, an individual put forth a wrongful dismissal claim against the Band. The outcome of this claim is indeterminate at this time.

i) Forgivable Loans:

The Band entered into a forgivable loan agreement with the Canada Mortgage and Housing Corporation ("CMHC") pursuant to which CMHC agreed to lend a sum of \$24,156 to the Band under the Residential Rehabilitation Assistance Program ("RRAP"). This loan will be forgiven over the next 3 years provided that the Band continues to own and occupy the properties. As of March 31, 2018 the unforgiven balance of the loan was \$24,156. If the Band rents, sells, or transfers the property, the unforgiven portion of the forgivable loan, plus interest at 3.375%, will be payable to CMHC.

**NOTE A18. SEGMENTED INFORMATION:**

The Adams Lake Indian Band is a First Nations government institution that provides a range of programs and services to its members, including band revenue, administration, maintenance services, community services, capital, education, health services, natural resources and social housing. For management reporting purposes the First Nations operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

First Nation services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

**Band Revenue**

The Band Revenue department is responsible for administering projects the Band is involved in annually and on an on-going basis relating to the overall objectives of the First Nation.

**Administration**

Administration supports the development of stable, legitimate and accountable community governments. It also provides overall support of the First Nation including advisory services relating to financial management, Band government, economic development, community services and technical services.

**Maintenance Services**

Maintenance services supports the construction, operation and basic maintenance of community facilities and services such as water and sewage, roads, electrification, schools and fire protection. It is also responsible for ensuring that the facilities and community services meet recognized standards and are comparable to the services provided to nearby communities by provincial and municipal governments.

**Community Services**

Community services provides assistance to community members unable to provide for themselves and their dependents. The services provided by this department include, but are not limited to, income assistance, child and family services, assisted living and early childhood development.

**ADAMS LAKE BAND**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2018**

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**NOTE A18. SEGMENTED INFORMATION (continued):**

**Capital**

Capital manages capital projects within the community undertaken to support the growth and or maintenance of the First Nations infrastructure.

**Education**

Education supports the members in expressing, preserving developing and promoting its cultural heritage through the establishment and operation of First Nation education centres and programs. It also provides services for students at the elementary/secondary and post secondary level, including; instructional services both on and off reserve as well as support services such as transportation, accommodation, guidance and counselling.

**Health Services**

Health Services is responsible to provide assistance to community members with respect to health and wellness. The services provided by the department include, but are not limited to, aboriginal head start, home & community care, water quality monitoring, communicable disease control and patient travel.

**Natural Resources**

Natural Resources department is responsible for the development of land and resources under community control, access to economic opportunities on land and resources beyond community control, investment promotion, as well as research and advocacy.

**Social Housing**

Social housing is responsible for the administration and management of social housing units.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note A1. For additional information see the Statement of Financial Activities - Segmented (Appendix 2).

**NOTE A19. LAND SUBLEASE:**

Each purchaser of a home is given the option to prepay their land sublease or by monthly payments. Each sublease grants the lessee rights to the property for approximately 45 years, ending June 30, 2050. The purchaser has the option to extend the lease to another 50 years, ending June 30, 2099.

Prepaid:

If the purchaser prepays their sublease, he/she has no further obligation to the end of the lease term.

Deferred:

The purchaser is obligated to make monthly payments as follows:

2007 to 2011	\$ 300
2012 to 2016	\$ 345
2017 to 2021	\$ 400

After the year 2021, the lease payment will be adjusted annually to reflect any year over year increase in the British Columbia Consumer Price Index, provided that in no event shall any annual increase prior to June 30, 2050 be permitted to exceed 2.5%. If the sublease is extended beyond June 30, 2050, the lease payment will be adjusted to reflect fair market value at that time.

The Band has received approval for 99-year subleases and is in the process of updating a number of leases to the longer term.



**ADAMS LAKE BAND**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2018**

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**NOTE A20. RELATED PARTY TRANSACTIONS:**

During the year, the Band earned, \$1,537,247 (2017 - \$4,058,472) for Consulting services from Sexqeltkerc Limited Partnership, a significantly influenced partnership. As at March 31, 2018, an amount receivable of \$2,217,156 (2017 - \$1,081,837) was due from Sexqeltkerc Limited Partnership and is subject to normal terms of trade. This amount is included in accounts receivable.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

**NOTE A21. ECONOMIC DEPENDENCE:**

The Band receives revenues pursuant to a Funding Agreement with Indigenous and Northern Affairs Canada. In the current fiscal year funding from Indigenous and Northern Affairs Canada accounted for 30% (2017 - 20%) of the Band's gross revenues.

**NOTE A22. CASH FLOW INFORMATION:**

During the year, the Band paid interest on demand loans and mortgages of \$37,793 (2017 - \$45,025) and received interest of \$167,430 (2017 - \$139,911).

**NOTE A24. COMPARATIVE FIGURES:**

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation used in the current year.

**ADAMS LAKE INDIAN BAND**  
**CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS**  
**Year ended March 31, 2018**

	Band Operations						Social Housing Operations		Totals		
	Buildings	Water Systems	Roads	Automotive Equipment	Sewer Systems	Furniture & Equipment	Computer Equipment	Pre-1997 Program	Post-1996 Program	2018	2017
<b>Cost</b>											
Balance, beginning of year	\$ 9,587,765	\$ 6,532,118	\$ 3,103,869	\$ 1,417,833	\$ 563,179	\$ 581,460	\$ 689,758	\$ 1,084,885	\$ 3,465,429	\$ 27,026,296	\$ 26,907,924
Add: Additions during the year	198,321	-	-	189,416	-	145,041	144,144	-	-	676,922	118,372
Balance, end of year	9,786,086	6,532,118	3,103,869	1,607,249	563,179	726,501	833,902	1,084,885	3,465,429	27,703,218	27,026,296
<b>Accumulated amortization</b>											
Balance, beginning of year	6,608,591	1,730,940	1,623,211	801,985	138,629	554,888	424,986	335,754	1,168,904	13,387,888	12,475,286
Add: Amortization	248,698	87,342	153,917	115,126	7,040	64,555	88,444	32,188	115,514	912,824	912,602
Balance, end of year	6,857,289	1,818,282	1,777,128	917,111	145,669	619,443	513,430	367,942	1,284,418	14,300,712	13,387,888
Net Book Value of Tangible Capital Assets	\$ 2,928,797	\$ 4,713,836	\$ 1,326,741	\$ 690,138	\$ 417,510	\$ 107,058	\$ 320,472	\$ 716,943	\$ 2,181,011	\$ 13,402,506	\$ 13,638,408

Included in Buildings are \$135,821 (2017 - \$NIL) of tangible capital assets under construction. These assets have not been amortized.

See accompanying notes to financial statements.

**ADAMS LAKE INDIAN BAND**  
**2018 STATEMENT OF FINANCIAL ACTIVITIES - SEGMENTED**  
**Year ended March 31, 2018**

	Band Revenue	Admini- stration	Maintenance Services	Community Services	Capital	Education	Health Services	Natural Resources	Social Housing	Total 2018	Total 2017
<b>REVENUE:</b>											
Indigenous and Northern Affairs Canada	\$ 132,460	\$ 622,238	\$ 313,079	\$ 705,912	\$ 2,760,145	\$ 2,165,454	\$ -	\$ -	\$ -	\$ 6,699,288	\$ 3,578,985
Leases and rentals CMHC	1,585,913	-	9,036	-	-	-	-	-	235,570	1,830,519	1,880,315
Province of BC	-	-	-	-	37,266	-	-	-	119,382	156,648	118,793
Consulting and contract	3,300,554	-	-	-	-	-	-	121,690	-	3,422,244	2,087,169
Interest and tax penalties	592,765	-	-	147,177	-	605,604	72,265	2,455,649	-	3,873,460	5,305,786
Timber harvesting	194,076	-	-	-	-	-	-	-	2,147	196,223	139,911
First Nations Health Authority	-	-	-	-	-	-	-	1,976,346	-	1,976,346	1,319,937
Property taxes	-	-	-	-	-	-	1,302,528	-	-	1,302,528	1,100,618
Other	1,013,262	-	-	-	-	-	-	-	-	1,013,262	1,003,071
	(1,826,725)	1,358,114	422,915	312,009	-	900,584	108,046	927,071	-	2,202,014	1,486,613
	<u>4,992,305</u>	<u>1,980,352</u>	<u>745,030</u>	<u>1,165,098</u>	<u>2,797,411</u>	<u>3,671,642</u>	<u>1,482,839</u>	<u>5,480,756</u>	<u>357,099</u>	<u>22,672,532</u>	<u>18,021,198</u>
<b>EXPENSES:</b>											
Administration fees	-	-	-	-	-	-	2,036	-	23,000	25,036	9,091
Amortization	136,933	21,878	482,859	3,429	-	63,997	24,455	31,570	147,703	912,824	912,602
Assistance	-	-	-	526,623	-	-	-	-	-	526,623	337,014
Automotive	4,734	2,053	12,989	-	-	4,311	-	36,253	-	60,340	58,731
Bad debts and write downs	47,727	(400)	-	-	-	-	-	-	-	47,327	72,824
Contract services	494,250	73,691	158,412	223,461	207,813	223,255	181,438	2,260,414	-	3,822,734	4,264,795
Education	-	-	-	-	-	1,119,638	-	-	-	1,119,638	967,712
Honorarium	2,665	441,042	-	-	-	5,792	-	-	-	449,499	358,084
Insurance	19,442	12,414	32,460	4,344	-	13,421	6,916	18,968	14,193	122,158	115,460
Interest and bank charges	-	18,960	-	-	-	-	-	-	-	18,960	15,326
Interest on demand loans and mortgages	-	12,346	-	-	-	-	-	-	25,447	37,793	45,025
Leases	194,904	19,046	5,728	1,016	-	4,170	13,638	5,520	-	244,022	214,769
Licences, dues and fees	39,399	4,394	-	-	-	-	-	-	-	43,793	67,054
Logging	-	-	-	-	-	-	-	486,387	-	486,387	442,129
Materials and supplies	43,812	25,782	15,986	26,589	35,149	165,503	86,048	71,459	-	470,328	508,584
Office and other	108,295	32,395	6,886	52,359	-	70,657	101,176	32,971	-	404,739	446,718
Professional fees	90,702	186,590	-	-	-	4,038	17,298	-	7,650	306,278	511,065
Repairs and maintenance	25,107	80,147	34,135	5,097	-	18,438	13,923	2,103	41,634	220,584	262,055
Training	54,037	39,145	1,743	9,103	-	3,938	15,571	8,643	-	132,180	138,187
Travel	44,454	104,395	51,800	31,828	-	65,049	50,134	60,499	-	408,159	364,252
Utilities	43,615	78,159	324,216	12,733	-	24,876	25,253	11,053	-	519,905	528,226
Wages and benefits	724,657	808,049	604,762	698,012	-	1,350,830	640,336	861,137	-	5,687,783	5,928,782
	<u>2,074,733</u>	<u>1,960,086</u>	<u>1,731,976</u>	<u>1,594,594</u>	<u>242,962</u>	<u>3,137,913</u>	<u>1,178,222</u>	<u>3,886,977</u>	<u>259,627</u>	<u>16,067,090</u>	<u>16,568,485</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>	<b>\$ 2,917,572</b>	<b>\$ 20,266</b>	<b>\$ (986,946)</b>	<b>\$ (429,496)</b>	<b>\$ 2,554,449</b>	<b>\$ 533,729</b>	<b>\$ 304,617</b>	<b>\$ 1,593,779</b>	<b>\$ 97,472</b>	<b>\$ 6,605,442</b>	<b>\$ 1,452,713</b>

See accompanying notes to financial statements.

**ADAMS LAKE INDIAN BAND**  
**2017 STATEMENT OF FINANCIAL ACTIVITIES - SEGMENTED**  
**Year ended March 31, 2017**

	Band Revenue	Admini- stration	Maintenance Services	Community Services	Capital	Education	Health Services	Natural Resources	Social Housing	Total 2017
<b>REVENUE:</b>										
Indigenous and Northern Affairs Canada	\$ 197,142	\$ 541,046	\$ 298,149	\$ 533,925	\$ (57,887)	\$ 2,066,610	\$ -	\$ -	\$ -	\$ 3,578,985
Leases and rentals	1,632,064	-	12,639	-	-	-	-	-	235,612	1,880,315
CMHC	-	-	-	-	-	-	-	-	118,793	118,793
Province of BC	1,981,169	-	-	-	-	-	-	106,000	-	2,087,169
Consulting and contract	292,566	-	-	92,623	-	452,901	39,658	4,428,038	-	5,305,786
Interest and tax penalties	139,911	-	-	-	-	-	-	-	-	139,911
Timber harvesting	-	-	-	-	-	-	-	1,319,937	-	1,319,937
First Nations Health Authority	-	-	-	-	-	-	1,100,618	-	-	1,100,618
Property taxes	1,003,071	-	-	-	-	-	-	-	-	1,003,071
Other	317,784	239,826	9,366	529,830	-	42,688	82,017	265,102	-	1,486,613
	<u>5,563,707</u>	<u>780,872</u>	<u>320,154</u>	<u>1,156,378</u>	<u>(57,887)</u>	<u>2,562,199</u>	<u>1,222,293</u>	<u>6,119,077</u>	<u>354,405</u>	<u>18,021,198</u>
<b>EXPENSES:</b>										
Administration fees	-	-	(27,500)	-	-	-	9,091	-	27,500	9,091
Amortization	129,059	19,317	501,963	-	-	61,548	26,720	26,292	147,703	912,602
Assistance	-	-	-	337,014	-	-	-	-	-	337,014
Automotive	2,682	1,196	13,964	-	-	520	-	40,369	-	58,731
Bad debts and write downs	74,774	(1,950)	-	-	-	-	-	-	-	72,824
Contract services	788,827	5,929	120,028	194,089	48,610	96,298	207,045	2,795,066	8,903	4,264,795
Education	-	-	-	-	-	967,712	-	-	-	967,712
Honorarium	6,020	347,989	-	-	-	2,610	1,465	-	-	358,084
Insurance	18,039	13,158	31,211	4,465	-	12,273	6,551	18,521	11,242	115,460
Interest and bank charges	2	14,329	-	-	-	-	-	995	-	15,326
Interest on demand loans and mortgages	-	15,859	-	-	-	-	-	-	29,166	45,025
Leases	163,782	18,430	5,679	947	-	3,718	15,841	6,372	-	214,769
Licences, dues and fees	65,921	1,133	-	-	-	-	-	-	-	67,054
Logging	-	-	-	-	-	-	-	442,129	-	442,129
Materials and supplies	52,868	80,412	19,339	46,283	-	120,520	57,597	131,565	-	508,584
Office and other	162,812	29,993	15,237	30,110	-	17,746	146,821	43,999	-	446,718
Professional fees	425,906	73,441	-	-	-	3,694	524	-	7,500	511,065
Repairs and maintenance	6,860	49,226	118,185	5,052	-	20,541	6,528	1,998	53,665	262,055
Training	66,944	16,632	4,892	3,457	-	23,332	8,954	13,976	-	138,187
Travel	54,831	86,360	47,012	13,730	-	54,450	55,178	52,691	-	364,252
Utilities	56,019	75,806	318,772	11,274	-	21,924	31,161	13,270	-	528,226
Wages and benefits	801,804	826,128	571,926	586,108	-	1,409,044	598,574	1,135,198	-	5,928,782
	<u>2,877,150</u>	<u>1,673,388</u>	<u>1,740,708</u>	<u>1,232,529</u>	<u>48,610</u>	<u>2,815,930</u>	<u>1,172,050</u>	<u>4,722,441</u>	<u>285,679</u>	<u>16,568,485</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>	<u>\$ 2,686,557</u>	<u>\$ (892,516)</u>	<u>\$ (1,420,554)</u>	<u>\$ (76,151)</u>	<u>\$ (106,497)</u>	<u>\$ (253,731)</u>	<u>\$ 50,243</u>	<u>\$ 1,396,636</u>	<u>\$ 68,726</u>	<u>\$ 1,452,713</u>

See accompanying notes to financial statements.

**ADAMS LAKE INDIAN BAND**  
**SUPPLEMENTARY FINANCIAL INFORMATION**

**March 31, 2018**

EXHIBIT

***SUPPLEMENTARY FINANCIAL INFORMATION:***

- K INDEPENDENT AUDITORS' REPORT
- K1 SCHEDULE OF REMUNERATION AND EXPENSES - CHIEF AND COUNCILLORS



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Kevin Cooper, CPA, CA  
Incorporated Professionals

## INDEPENDENT AUDITORS' REPORT

To the Members, ADAMS LAKE INDIAN BAND

EXHIBIT K

### *Report on Supplementary Schedules*

We have audited the consolidated financial statements of ADAMS LAKE INDIAN BAND, for the year ended March 31, 2018.

A statement of schedule of remuneration and expenses - chief and councillors, and schedule of remuneration and expenses - unelected senior officials are required to be presented to the membership of ADAMS LAKE INDIAN BAND pursuant to the funding agreement between Indigenous and Northern Affairs Canada and ADAMS LAKE INDIAN BAND. For the purposes of understanding our involvement with these schedules, please note that:

- We have audited and separately reported on the consolidated financial statements;
- Our audit was conducted for the purposes of forming an opinion on the consolidated financial statements taken as a whole;
- The attached schedules are presented for the purpose of forming an opinion for the membership and the Department of Indian Affairs and do not form part of the consolidated financial statements; and,
- These schedules have been subjected to the auditing procedures applied to the audit of the consolidated financial statements taken as a whole.

### *Management's Responsibility for Supplementary Schedules*

Management is responsible for the preparation of these schedules in accordance with the criteria established by the funding agreement with Indigenous and Northern Affairs Canada.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the consolidated financial statements. The supplementary schedules have been subjected to the auditing procedures applied in the audit of the consolidated financial statements. However, no procedures have been carried out on these schedules in addition to those necessary to form an opinion on the consolidated financial statements.

### *Opinion*

In our opinion, the supplementary schedules derived from the consolidated financial statements of ADAMS LAKE INDIAN BAND are presented fairly, in all material respects, in accordance with the criteria established by the funding agreement with Indigenous and Northern Affairs Canada.

*Daley & Company LLP*  
Chartered Professional Accountants

Kamloops, BC  
November 9, 2018

**ADAMS LAKE INDIAN BAND**  
**SCHEDULE OF REMUNERATION AND EXPENSES**  
**CHIEF AND COUNCILLORS**  
**For the year ended March 31, 2018**

<b>Name of Individual</b>	<b>Position Title</b>	<b>Number of Months</b>	<b>Remuneration</b>	<b>Expenses</b>
Paul Michel	Chief	11	\$ 69,980	\$ 17,682
Cliff Arnouse	Chief	1	5,713	398
Georgina Johnny	Councillor	12	57,316	11,625
Ronnie Jules	Councillor	11	51,873	9,087
Doris Johnny	Councillor	0	74,799	-
Brandy Jules	Councillor	12	60,689	11,930
Norma Manuel	Councillor	11	49,230	4,527
Greg Witzky	Councillor	11	56,849	10,555
Shelley Witzky	Councillor	1	3,985	160
Steven Teed	Councillor	1	3,985	-
Elaine Jules	Councillor	1	3,985	732
			\$ 438,404	\$ 66,696

Doris Johnny remuneration includes \$21,268 of legal fees reimbursed as part of legal settlement.