

**ADAMS LAKE INDIAN BAND**

**FINANCIAL STATEMENTS**

**March 31, 2015**

## ADAMS LAKE INDIAN BAND

### INDEX TO FINANCIAL STATEMENTS

March 31, 2015

#### EXHIBIT

##### **CONSOLIDATED FINANCIAL STATEMENTS:**

A	MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	
A1	INDEPENDENT AUDITORS' REPORT	
A2	CONSOLIDATED STATEMENT OF FINANCIAL POSITION	
A3	CONSOLIDATED STATEMENT OF ACCUMULATED SURPLUS	
A4	CONSOLIDATED STATEMENT OF OPERATIONS	
A5	CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS	
A6	CONSOLIDATED STATEMENT OF CASH FLOWS	
	NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	
	CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS	APPENDIX 1
	2015 STATEMENT OF FINANCIAL ACTIVITIES - SEGMENTED	APPENDIX 2
	2014 STATEMENT OF FINANCIAL ACTIVITIES - SEGMENTED	APPENDIX 3

##### **BAND OPERATION FINANCIAL STATEMENTS:**

B	BAND OPERATION COMBINED STATEMENT OF OPERATIONS	
	STATEMENTS OF REVENUE AND EXPENDITURE	SCHEDULES 1 - 27

##### **TRUST FUND FINANCIAL STATEMENTS:**

C1	TRUST FUND STATEMENT OF FINANCIAL POSITION	
C2	TRUST FUND SCHEDULE OF ACCUMULATED SURPLUS	

##### **CAPITAL FUND FINANCIAL STATEMENTS:**

D1	CAPITAL FUND STATEMENT OF FINANCIAL POSITION	
D2	CAPITAL FUND SCHEDULE OF ACCUMULATED SURPLUS	

##### **SOCIAL HOUSING OPERATION - PHASE 10-13 FINANCIAL INFORMATION:**

E	MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	
E1	INDEPENDENT AUDITORS' REPORT	
E2	SOCIAL HOUSING OPERATION - PHASE 10-13 STATEMENT OF FINANCIAL POSITION	
E3	SOCIAL HOUSING OPERATION - PHASE 10-13 STATEMENT OF REVENUE AND EXPENSES	
E4	SOCIAL HOUSING OPERATION - PHASE 10-13 STATEMENT OF CASH FLOWS	
	NOTES TO SOCIAL HOUSING OPERATION - PHASE 10-13 FINANCIAL INFORMATION	
E5	INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH AGREEMENT WITH CANADA MORTGAGE AND HOUSING CORPORATION	
E6	ANNUAL PROJECT DATA REPORT	

##### **SOCIAL HOUSING OPERATION - PHASE 1-4, 6, 8 FINANCIAL INFORMATION:**

F	MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	
F1	INDEPENDENT AUDITORS' REPORT	
F2	SOCIAL HOUSING OPERATION - PHASE 1-4, 6, 8 STATEMENT OF FINANCIAL POSITION	
F3	SOCIAL HOUSING OPERATION - PHASE 1-4, 6, 8 STATEMENT OF REVENUE AND EXPENSES	
F4	SOCIAL HOUSING OPERATION - PHASE 1-4, 6, 8 STATEMENT OF CASH FLOWS	
	NOTES TO SOCIAL HOUSING OPERATION - PHASE 1-4, 6, 8 FINANCIAL INFORMATION	
F5	INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH AGREEMENT WITH CANADA MORTGAGE AND HOUSING CORPORATION	

##### **ADAMS LAKE DEVELOPMENT CORPORATION FINANCIAL STATEMENTS:**

G	NOTICE TO READER	
G1	ADAMS LAKE DEVELOPMENT CORPORATION BALANCE SHEET	
G2	ADAMS LAKE DEVELOPMENT CORPORATION STATEMENT OF DEFICIT	
G3	ADAMS LAKE DEVELOPMENT CORPORATION STATEMENT OF LOSS	

## ADAMS LAKE INDIAN BAND

### INDEX TO FINANCIAL STATEMENTS (continued)

March 31, 2015

#### EXHIBIT

##### **SEXQUELTKEMC LIMITED PARTNERSHIP:**

H	INDEPENDENT AUDITORS' REPORT
H1	MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
H2	SEXQUELTKEMC LIMITED PARTNERSHIP STATEMENT OF FINANCIAL POSITION
H3	SEXQUELTKEMC LIMITED PARTNERSHIP STATEMENT OF PARTNERS' CAPITAL
H4	SEXQUELTKEMC LIMITED PARTNERSHIP STATEMENT OF COMPREHENSIVE INCOME
H5	SEXQUELTKEMC LIMITED PARTNERSHIP STATEMENT OF CASH FLOW
	SEXQUELTKEMC LIMITED PARTNERSHIP NOTES TO FINANCIAL STATEMENTS

##### **SEXQUELTKEMC ENTERPRISES INC.:**

I	NOTICE TO READER
I1	SEXQUELTKEMC ENTERPRISES INC. BALANCE SHEET
I2	SEXQUELTKEMC ENTERPRISES INC. STATEMENT OF INCOME AND DEFICIT

##### **FIRST NATIONS HEALTH AUTHORITY TRANSFER AGREEMENT - SUPPLEMENTARY FINANCIAL INFORMATION:**

J	INDEPENDENT AUDITORS' REPORT
J1	STATEMENT OF FINANCIAL POSITION
J2	STATEMENT OF REVENUE AND EXPENSES
	SCHEDULES:
J2A	HEALTH TRANSFER
J2B	ABORIGINAL HEAD START
J2C	HOME AND COMMUNITY CARE
J2D	PATIENT TRAVEL
J2E	COMMUNICABLE DISEASE CONTROL
J2F	AIDS
J2G	SAFE WATER
J2H	EMERGENCY PREPAREDNESS
J2I	ABORIGINAL DIABETES INITIATIVE
J2J	INFORMATION SYSTEMS
J2K	MENTAL HEALTH CRISIS MANAGEMENT
J2L	BRIGHTER FUTURES
J2M	CANADA PRENATAL NUTRITION PROGRAM
J2N	COMMUNITY HEALTH PROMOTION AND INJURY/ILLNESS PREVENTION
J2O	FIRST NATIONS INUIT HEALTH SERVICES ACCREDITATION
J2P	CAPITAL FACILITIES - OPERATIONS AND MAINTENANCE
J2Q	FIRST NATIONS ENVIRONMENTAL CONTAMINANTS FUND

##### **SUPPLEMENTARY FINANCIAL INFORMATION:**

K	INDEPENDENT AUDITORS' REPORT
K1	SCHEDULE OF REMUNERATION AND EXPENSES - CHIEF AND COUNCILLORS
K2	SCHEDULE OF REMUNERATION AND EXPENSES - UNELECTED SENIOR OFFICIALS

**ADAMS LAKE INDIAN BAND**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2015**


**EXHIBIT**

***CONSOLIDATED FINANCIAL STATEMENTS:***

A	MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	
A1	INDEPENDENT AUDITORS' REPORT	
A2	CONSOLIDATED STATEMENT OF FINANCIAL POSITION	
A3	CONSOLIDATED STATEMENT OF ACCUMULATED SURPLUS	
A4	CONSOLIDATED STATEMENT OF OPERATIONS	
A5	CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS	
A6	CONSOLIDATED STATEMENT OF CASH FLOWS	
	NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	
	CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS	APPENDIX 1
	2015 STATEMENT OF FINANCIAL ACTIVITIES - SEGMENTED	APPENDIX 2
	2014 STATEMENT OF FINANCIAL ACTIVITIES - SEGMENTED	APPENDIX 3

The Band Council is responsible for ensuring that management fulfils its responsibility for financial reporting and is

The financial statements have been audited on behalf of the members by Daley & Company Chartered

Manager  Acting Manager



**DALEY &  
COMPANY** LLP  
Chartered Accountants

900-235 1st Ave.  
Kamloops, BC V2C 3J4  
p. 250.374.5577  
f. 250.374.5573  
toll free. 1.877.374.5577  
email. admin@daleyllp.ca  
www.daleyllp.ca

Norman Daley, CPA, CA  
Paul Mumford, CPA, CA  
Michael Parker, CPA, CA  
Maureen McCurdy, CPA, CA  
Sean Wandler, CPA, CA  
Incorporated Professionals

## 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, 2015, 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 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, 2015, 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 B, C1 to C2, D1 to D2 and schedules 1 to 27 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 Accountants

Kamloops, BC  
June 23, 2015

### *Disclaimer of Liability*

These consolidated financial statements were examined and this Audit Opinion issued solely for the use of ADAMS LAKE INDIAN BAND. Daley & Company Chartered Accountants LLP makes no representations of any kind to any other person in respect of these consolidated financial statements and accepts no responsibility for their use by any other person in the absence of the written consent of Daley & Company Chartered Accountants LLP.

**ADAMS LAKE INDIAN BAND**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**March 31, 2015**

<b>FINANCIAL ASSETS</b>	<b>2015</b>	<b>2014</b>
Cash	\$ 3,928,665	\$ 1,640,783
Marketable securities (Note A3)	584,688	562,431
Grants and accounts receivable (Note A4)	1,098,180	2,393,125
Micro loan receivable (Note A5)	-	2,632
Restricted cash (Note A6)	2,795,152	2,737,331
Property held for resale (Note A7)	-	234,667
Deferred lease costs (Note A8)	1,003,167	982,921
Investments (Note A9)	323,432	299,046
	<u>9,733,284</u>	<u>8,852,936</u>
<b>LIABILITIES</b>		
Accounts payable and accruals	1,808,345	2,270,941
Deferred revenue (Note A10)	1,531,908	1,302,585
Demand loans (Note A11)	714,745	1,056,017
Silviculture liability	1,288,529	851,345
Mortgages payable (Note A12)	2,070,054	1,958,503
	<u>7,413,581</u>	<u>7,439,391</u>
<b>NET FINANCIAL ASSETS</b>	<u>2,319,703</u>	<u>1,413,545</u>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses	253,068	87,528
Property held for resale (Note A7)	918,829	434,428
Tangible capital assets (Note A13)	15,405,057	15,423,646
	<u>16,576,954</u>	<u>15,945,602</u>
<b>ACCUMULATED SURPLUS (Note A14)</b>	<u>\$ 18,896,657</u>	<u>\$ 17,359,147</u>

COMMITMENTS AND CONTINGENCIES (Note A15)

APPROVED BY THE BAND:

  
 Chief                      Acting Chief

  
 Manager                      Acting Manager

See accompanying notes to financial statements.

**ADAMS LAKE INDIAN BAND**  
**CONSOLIDATED STATEMENT OF ACCUMULATED SURPLUS**  
**Year ended March 31, 2015**

	2015	2014
ACCUMULATED SURPLUS, beginning of year	\$ 17,359,147	\$ 16,116,229
EXCESS OF REVENUE OVER EXPENSES	<u>1,537,510</u>	<u>1,242,918</u>
ACCUMULATED SURPLUS, end of year	<u>\$ 18,896,657</u>	<u>\$ 17,359,147</u>

See accompanying notes to financial statements.



**ADAMS LAKE INDIAN BAND**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
Year ended March 31, 2015

	Budget	2015	2014
<b>REVENUE:</b>			
Aboriginal Affairs and Northern Development			
Canada	\$ 3,973,171	<b>\$ 3,892,745</b>	\$ 3,843,915
Leases and rentals	1,947,991	<b>1,616,952</b>	1,833,621
Canada Mortgage and Housing Corporation	121,350	<b>124,500</b>	130,671
Province of British Columbia	368,858	<b>348,858</b>	395,948
Consulting and contract	5,614,242	<b>5,471,079</b>	3,569,380
Interest and tax penalties	91,050	<b>135,133</b>	119,568
Timber harvesting	2,494,794	<b>2,679,744</b>	2,106,364
Health Canada/First Nations Health Authority	956,827	<b>948,588</b>	877,711
Property taxes	830,089	<b>837,255</b>	807,461
Real estate sales	-	<b>219,286</b>	17,500
Miscellaneous	1,230,354	<b>2,264,563</b>	1,526,962
	<u>17,628,726</u>	<u><b>18,538,703</b></u>	<u>15,229,101</u>
<b>EXPENSES:</b>			
Administration fees	13,159	<b>17,910</b>	31,743
Amortization	-	<b>933,072</b>	819,519
Assistance	293,324	<b>226,879</b>	225,151
Automotive	47,565	<b>66,617</b>	61,479
Bad debts and write downs	-	<b>156,388</b>	205,931
Contract services	3,426,821	<b>4,111,082</b>	2,187,585
Education	930,000	<b>746,685</b>	1,000,402
Honorarium	412,044	<b>375,779</b>	380,047
Insurance	95,404	<b>107,143</b>	95,139
Interest and bank charges	58,832	<b>14,284</b>	20,494
Interest on demand loans and mortgages	248,136	<b>74,548</b>	87,249
Leases	143,776	<b>153,254</b>	148,605
Licences, dues and fees	15,898	<b>21,169</b>	20,004
Logging	1,188,980	<b>1,681,499</b>	1,098,222
Materials and supplies	311,507	<b>405,343</b>	420,300
Office and other	401,064	<b>555,891</b>	376,390
Professional fees	316,341	<b>318,791</b>	358,236
Repairs and maintenance	157,400	<b>375,553</b>	406,829
Training	119,884	<b>120,869</b>	115,556
Travel	303,506	<b>354,169</b>	308,378
Utilities	341,145	<b>457,227</b>	364,759
Wages and benefits	5,843,944	<b>5,727,041</b>	5,254,165
	<u>14,668,730</u>	<u><b>17,001,193</b></u>	<u>13,986,183</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>\$ 2,959,996</b>	<b>\$ 1,537,510</b>	<b>\$ 1,242,918</b>

**ADAMS LAKE INDIAN BAND**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
**Year ended March 31, 2015**

	Budget	2015	2014
EXCESS OF REVENUE OVER EXPENSES	\$ 2,959,996	<b>\$ 1,537,510</b>	\$ 1,242,918
Acquisition of tangible capital assets	-	<b>(916,435)</b>	(912,980)
Change in property held for resale	-	<b>(484,401)</b>	60,551
Amortization of tangible capital assets	-	<b>935,024</b>	819,518
Change in prepaid expenses	-	<b>(165,540)</b>	(10,353)
INCREASE IN NET FINANCIAL ASSETS	2,959,996	<b>906,158</b>	1,199,654
NET FINANCIAL ASSETS, beginning of year	<u>1,413,545</u>	<u><b>1,413,545</b></u>	<u>213,891</u>
NET FINANCIAL ASSETS, end of year	<u>\$ 4,373,541</u>	<u><b>\$ 2,319,703</b></u>	<u>\$ 1,413,545</u>

See accompanying notes to financial statements.

**ADAMS LAKE INDIAN BAND**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
Year ended March 31, 2015

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Excess of revenue over expenses	\$ 1,537,510	\$ 1,242,918
Non-operating items:		
Amortization	935,024	819,518
(Increase) decrease in:		
Grants and accounts receivable	1,294,945	(503,925)
Micro loan receivable	2,632	4,594
Property held for resale	(249,734)	18,585
Prepaid expenses	(165,540)	(10,353)
Increase (decrease) in:		
Accounts payable and accruals	(462,596)	627,545
Deferred revenue	229,323	20,403
Silviculture liability	437,184	231,354
Cash flows from operations	<u>3,558,748</u>	<u>2,450,639</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Change in restricted cash	(57,821)	(575,128)
Debt reduction	(229,721)	(606,479)
Cash flows used in financing	<u>(287,542)</u>	<u>(1,181,607)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investments	(24,386)	(289,830)
Cash flows used in investing	<u>(24,386)</u>	<u>(289,830)</u>
<b>CASH FLOWS FROM CAPITAL ACTIVITIES:</b>		
Deferred costs	(20,246)	(20,695)
Purchase of tangible capital assets	(916,435)	(912,980)
Cash flows used in capital	<u>(936,681)</u>	<u>(933,675)</u>
<b>INCREASE IN CASH RESOURCES</b>	<b>2,310,139</b>	<b>45,527</b>
<b>CASH RESOURCES, beginning of year</b>	<b><u>2,203,214</u></b>	<b><u>2,157,687</u></b>
<b>CASH RESOURCES, end of year</b>	<b><u>\$ 4,513,353</u></b>	<b><u>\$ 2,203,214</u></b>
<b>CASH RESOURCES CONSISTS OF:</b>		
Cash	\$ 3,928,665	\$ 1,640,783
Marketable securities	<u>584,688</u>	<u>562,431</u>
	<b><u>\$ 4,513,353</u></b>	<b><u>\$ 2,203,214</u></b>

See accompanying notes to financial statements.

**ADAMS LAKE BAND**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2015**

---

**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 financing.
- The Social Housing Funds Phase 10-13 and Phase 1-4, 6, 8 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 - Phase 10-13
- Adams Lake Indian Band Social Housing Fund - Phase 1-4, 6, 8

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:

- Sexqeltkemc Enterprises Inc.
- Sexqeltkemc Limited Partnership
- Sexqeltkemc 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, 2015**

---

**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, 2015**

---

**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 Aboriginal Affairs and Northern Development Canada (AANDC) 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 AANDC and any deficits incurred are refundable by AANDC. 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. Grants received from AANDC 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 A17.

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, 2015**

---

**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.

**NOTE A3. MARKETABLE SECURITIES:**

The market value of the marketable securities, at March 31, 2015, is \$628,783 (2014 \$584,060).

**NOTE A4. GRANTS AND ACCOUNTS RECEIVABLE:**

**2015**

**2014**

Band Operations:

Grants Receivable	\$ 91,756	\$ 296,265
Property Taxes	55,554	1,377
Accounts Receivable	853,555	2,012,694
Social Housing Rent Arrears	72,514	51,534
	<u>1,073,379</u>	<u>2,361,870</u>

**ADAMS LAKE BAND**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2015**

NOTE A4. <b>GRANTS AND ACCOUNTS RECEIVABLE (continued):</b>	2015	2014
Social Housing Operations:		
Social Housing Operation - Phase 10-13	<b>2,168</b>	2,252
Social Housing Operation - Phase 1-4, 6, 8	<b>7,444</b>	6,283
	<u><b>9,612</b></u>	<u>8,535</u>
Adams Lake Development Corporation:		
Accounts Receivable	<u><b>14,022</b></u>	<u>4,393</u>
Sexqeltkemc Lakes Division		
Accounts Receivable	<u><b>1,167</b></u>	<u>18,327</u>
	<u><b>\$ 1,098,180</b></u>	<u><b>\$ 2,393,125</b></u>
NOTE A5. <b>MICRO LOAN RECEIVABLE:</b>	2015	2014
Green Touch Landscaping, loan receivable, repaid during the year	<u><b>\$ -</b></u>	<u><b>\$ 2,632</b></u>
NOTE A6. <b>RESTRICTED CASH:</b>	2015	2014
Replacement Reserve	<b>\$ 342,571</b>	<b>\$ 378,054</b>
Operating Reserve	<b>83,478</b>	80,460
Ottawa Trust Funds	<b>403,562</b>	381,234
Other Restricted Funds	<u><b>1,965,541</b></u>	<u>1,897,583</u>
	<u><b>\$ 2,795,152</b></u>	<u><b>\$ 2,737,331</b></u>



**ADAMS LAKE BAND**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2015**

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

**2015**

**2014**

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 \$48,370 (2014 - \$52,686) 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.

	<b>2015</b>	2014
Balance, beginning of year	<b>\$ 356,831</b>	\$ 390,102
Allocation during the year	<b>48,370</b>	52,686
Interest on account	<b>1,131</b>	1,263
Canada Mortgage and Housing Corporation - adjustment	<b>(15,189)</b>	(38,483)
Approved expenditures	<b><u>(23,409)</u></b>	<u>(48,737)</u>
Balance, end of year	<b><u>\$ 367,734</u></b>	<u>\$ 356,831</u>
The Replacement Reserve is represented by:		
Cash	<b><u>\$ 342,571</u></b>	<u>\$ 378,054</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.

	<b>2015</b>	2014
Balance, beginning of year	<b>\$ 83,478</b>	\$ 80,461
Allocation for the year	<b><u>10,633</u></b>	<u>3,017</u>
Balance, end of year	<b><u>\$ 94,111</u></b>	<u>\$ 83,478</u>
The Operating Reserve is represented by:		
Cash	<b><u>\$ 83,478</u></b>	<u>\$ 80,460</u>

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.

**ADAMS LAKE BAND**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2015**

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

**2015**

**2014**

d) Other Restricted Cash:

Internally restricted funds consist of funding received under the forest consultation and revenue sharing agreement (formerly forest and range opportunity agreement) (FCRSA/FRO). Chief and Council, in conjunction with community input, will be establishing criteria for the expenditure of these funds.

Internally restricted:

Silviculture

**\$ 952,985**      \$ 916,743

FCRSA/FRO

**1,012,556**      980,840

**\$ 1,965,541**      **\$ 1,897,583**

FCRSA/FRO Reserve:

Balance, beginning of year

**\$ 983,495**      \$ 909,422

FCRSA/FRO funding received

**348,858**      395,948

Interest

**7,088**      56,285

Approved FCRSA/FRO expenditures

**(457,088)**      (378,160)

**(101,142)**      74,073

Balance, end of year

**\$ 882,353**      **\$ 983,495**

Balance consists of:

FRO

**\$ 107,666**      \$ 563,511

FCRSA

**774,687**      419,984

**\$ 882,353**      **\$ 983,495**

The FCRSA/FRO Reserve is represented by:

Cash

**\$ 1,012,556**      **\$ 980,840**

**NOTE A7. PROPERTY HELD FOR RESALE:**

**2015**

**2014**

West Harbour Village:

Finished homes

**\$ -**      \$ 234,667

Land development costs

**918,829**      434,428

**\$ 918,829**      **\$ 669,095**

**NOTE A8. DEFERRED LEASE COSTS:**

**2015**

**2014**

Balance, beginning of year

**\$ 982,921**      \$ 962,226

Additions

**38,075**      38,075

Expensed during the year

**(17,829)**      (17,380)

Balance, end of year

**\$ 1,003,167**      **\$ 982,921**

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, 2015**

NOTE A9. <b>INVESTMENTS:</b>	<b>2015</b>	<b>2014</b>
All Nations Trust Company:		
22,800 Common shares, par value \$10	<u>\$ 38,028</u>	<u>\$ 38,038</u>
Sexqeltkemoc Enterprises Inc. (33%):		
10 Common shares, par value \$10	<b>10</b>	10
Advances, unsecured, noninterest 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	<b>10,000</b>	10,000
Accumulated equity in income	<u><b>260,404</b></u>	<u>236,008</u>
	<u><b>270,404</b></u>	<u>246,008</u>
Investment in BC FN Gaming Initiative	<u><b>15,000</b></u>	<u>15,000</u>
	<u><u><b>\$ 323,432</b></u></u>	<u><u>\$ 299,046</u></u>

Financial information for Sexqeltkemoc Limited Partnership:

	<b>Total</b>	<b>Band's Share 2015</b>	<b>Band's Share 2014</b>
Current Assets	<b>\$ 888,299</b>	<b>\$ 296,074</b>	\$ 841,909
Long-term Assets	<b>122,063</b>	<b>40,684</b>	1,998
Current Liabilities	<u><b>(199,082)</b></u>	<u><b>(66,354)</b></u>	<u>(597,899)</u>
Partner's Capital	<u><b>\$ 811,280</b></u>	<u><b>\$ 270,404</b></u>	<u>\$ 246,008</u>
Revenues	<b>\$ 4,755,185</b>	<b>\$ 1,584,903</b>	\$ 1,233,633
Expenses	<u><b>4,681,990</b></u>	<u><b>1,560,507</b></u>	<u>943,803</u>
Net Income	<u><u><b>\$ 73,195</b></u></u>	<u><u><b>\$ 24,396</b></u></u>	<u><u>\$ 289,830</u></u>

Sexqeltkemoc Limited Partnership is domiciled near Chase, British Columbia. The Partnership is a business entity comprised of representative members from the Adams Lake, Neskonlith and Splatshin 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, 2015**

NOTE A10. DEFERRED REVENUE:	2015	2014
<u>Band Operations:</u>		
Revenue amounts deferred are summarized as follows:		
Prepaid lease payments	\$ 272,207	\$ 142,059
Province of BC - Mentorship funding	-	20,000
Aboriginal Healthy Living Grant	2,000	-
Other	2,177	-
	<u>276,384</u>	<u>162,059</u>
<u>Adams Lake Development Corporation:</u>		
Deferred lease revenue, beginning of year	1,140,526	1,089,094
Additions	134,687	70,000
Amortized to income during the year	(19,689)	(18,568)
Deferred lease revenue, end of year	<u>1,255,524</u>	<u>1,140,526</u>
	<u>\$ 1,531,908</u>	<u>\$ 1,302,585</u>
NOTE A11. DEMAND LOANS:	2015	2014
<u>Capital Fund:</u>		
Royal Bank of Canada, term loan, repayable in monthly installments of \$980 including interest at 2.99%, secured by an Alternative Energy Retrofit equipment with a carrying value of \$283,272, due October 2018	\$ 17,175	\$ 28,238
Royal Bank of Canada, term loan, repayable in monthly installments of \$5,309 including interest at 2.99%, secured by an Irrigation System with a carrying value of \$1,599,580, due October 2018	375,157	426,748
Royal Bank of Canada, demand loan, repayment in monthly installments of \$588, including interest at 0%, secured by a 2012 GMC Sierra with a carrying value of \$23,388, due May 2016	8,229	15,282
Royal Bank of Canada, demand loan, repayment in monthly installments of \$583, including interest at 0%, secured by a 2012 GMC Sierra with a carrying value of \$23,388, due May 2016	8,162	15,157
Royal Bank of Canada, mortgage, repaid during the year	-	119,893
	<u>408,723</u>	<u>605,318</u>

**ADAMS LAKE BAND**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2015**

**NOTE A11. DEMAND LOANS (continued):**

**2015**

**2014**

Adams Lake Development Corporation:

Peace Hills Trust loan bearing interest at prime plus 0.75% per annum, repayable in monthly blended payments of \$13,500. The loan matures on May 1, 2018 and is secured by land and buildings (West Harbour Village project). Loan is callable on demand.

**306,022**

**450,699**

**\$ 714,745**

**\$ 1,056,017**

Principal repayments due in the ensuing 4 years are approximately as follows:

2016	\$ 232,170
2017	215,463
2018	56,492
2019	210,620

**NOTE A12. MORTGAGES PAYABLE:**

**2015**

**2014**

Social Housing Operation - Phase 10-13 mortgages:

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

**\$ 248,631**

**\$ 271,028**

All Nations Trust Company, repayable in monthly installments of \$2,045 including interest at 1.48% per annum, due July 2015 - Phase 12

**8,157**

**32,388**

All Nations Trust Company, repayable in monthly installments of \$1,115 including interest at 1.80% per annum, due October 2016 - Phase 11

**80,083**

**91,918**

**336,871**

**395,334**

Social Housing Operation - Phase 1-4, 6, 8 mortgages:

All Nations Trust Company, repayable in monthly installments of \$2,061 including interest at 2.65% per annum, secured by promissory notes of the Ministry and the Band, due April 2016 - Phase 1

**234,297**

**252,580**

All Nations Trust Company, repayable in monthly installments of \$2,214 including interest at 1.71% per annum, secured by promissory notes of the Ministry and the Band, due September 2017 - Phase 2

**297,168**

**318,479**

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

**239,382**

**266,820**

All Nations Trust Company, repayable in monthly installments of \$3,093 including interest at 2.56% per annum, secured by promissory notes of the Ministry and the Band, due December 2015 - Phase 4

**348,773**

**376,628**

**ADAMS LAKE BAND**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2015**

NOTE A12. <b>MORTGAGES PAYABLE (continued):</b>	<b>2015</b>	2014
All Nations Trust Company, repayable in monthly installments of \$1,697 including interest at 2.17% per annum, secured by promissory notes of the Ministry and the Band, due December 2015 - Phase 6	<b>335,708</b>	348,662
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>277,855</b>	-
	<b><u>1,733,183</u></b>	<u>1,563,169</u>
	<b><u>\$ 2,070,054</u></b>	<u>\$ 1,958,503</u>

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

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

2016	\$ 806,521
2017	368,132
2018	317,086
2019	189,715
2020	388,600

NOTE A13. <b>TANGIBLE CAPITAL ASSETS:</b>	<b>2015</b>	2014
Tangible capital assets consist of the following:		
Buildings	<b>\$ 3,234,296</b>	\$ 3,515,798
Water systems	<b>4,979,973</b>	5,085,104
Roads	<b>1,440,898</b>	1,537,664
Automotive equipment	<b>757,733</b>	574,444
Computer equipment	<b>250,618</b>	143,426
Sewer systems	<b>438,630</b>	445,670
Furniture and equipment	<b>233,786</b>	142,164
Construction in progress	<b>61,218</b>	208,985
Social Housing Operation - Phase 10-13	<b>1,480,352</b>	1,541,714
Social Housing Operation - Phase 1-4, 6, 8	<b>2,527,553</b>	2,228,677
	<b><u>\$15,405,057</u></b>	<u>\$15,423,646</u>

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

**ADAMS LAKE BAND**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2015**

NOTE A14. <b>ACCUMULATED SURPLUS:</b>	2015	2014
Accumulated surplus consists of individual fund surpluses and reserves as follows:		
Surplus from operations	<u>\$ 4,528,639</u>	<u>\$ 3,144,983</u>
Invested in tangible capital assets	<u>12,620,258</u>	<u>12,409,126</u>
Funded Reserves:		
Operating Reserve Fund (CMHC) (Note A6)	94,111	83,478
Replacement Reserve Fund (CMHC) (Note A6)	367,734	356,831
Ottawa Trust Funds (Note A6)	403,562	381,234
FCRSA/FRO Fund (Note A6)	882,353	983,495
	<u>1,747,760</u>	<u>1,805,038</u>
	<u><u>\$18,896,657</u></u>	<u><u>\$17,359,147</u></u>

**NOTE A15. COMMITMENTS AND CONTINGENCIES:**

**Commitments:**

The Band leases office equipment under long-term lease agreements the longest of which expires August 2020.

Future minimum lease payments as at March 31, 2015, are as follows:

2016	\$ 94,302
2017	94,302
2018	89,769
2019	63,000
2020	63,000
2021	26,250
	<u>430,623</u>
	<u><u>\$ 430,623</u></u>

**Contingencies:**

**a) Housing Loans:**

The Band is guarantor of various Housing loans, secured by Ministerial guarantees, including \$173,258 for capital housing and \$2,102,825 for Social Housing for a total of \$2,276,083.

**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 \$497,448 at the Bank of Montreal. There is one Band member who is five months in arrears.

**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 \$197,901 (2014 - \$179,161).

**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 Sexqeltkemic Limited Partnership, a significantly influenced partnership, to a maximum of \$100,000.

**ADAMS LAKE BAND**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2015**

---

**NOTE A15. COMMITMENTS AND CONTINGENCIES (continued):**

e) Unused Credit Facilities:

Under line of credit arrangements with Royal Bank of Canada, the Band may borrow up to \$500,000, 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, 2015, the unused portion of the credit line was \$500,000.

f) Aboriginal Affairs and Northern Development Canada Funding:

The Band receives a portion of its funding under a contribution agreement with Aboriginal Affairs and Northern Development Canada (AANDC) which, if unexpended, may be refundable to AANDC. Further, amounts which are overexpended may be reimbursed by AANDC 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.

**NOTE A16. 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, social development, education, community development, capital works and natural resources. 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.



**ADAMS LAKE BAND**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2015**

---

**NOTE A16. SEGMENTED INFORMATION (continued):**

**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.

**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 A17. 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:

2012 to 2016	\$ 345
2017 to 2021	400

**ADAMS LAKE BAND**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2015**

---

**NOTE A17. LAND SUBLEASE (continued):**

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 recently been able to receive approval for 99-year subleases and is in the process of updating a number of leases to the longer term.

**NOTE A18. RELATED PARTY TRANSACTIONS:**

During the year, the Band earned, \$4,014,746 (2014 - \$2,163,863) for Consulting services from Sexqeltkenc Limited Partnership, a significantly influenced partnership.

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 A19. ECONOMIC DEPENDENCE:**

The Band receives revenues pursuant to a Funding Agreement with Aboriginal Affairs and Northern Development Canada. In the current fiscal year funding from Aboriginal Affairs and Northern Development Canada accounted for 21% (2014 - 25%) of the Band's gross revenues.

**NOTE A20. CASH FLOW INFORMATION:**

During the year, the Band paid interest on demand loans and mortgages of \$74,548 (2014 - \$87,249) and received interest of \$135,133 (2014 - \$119,568).

**NOTE A21. 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, 2015**

	Band Operations						Social Housing Operations				Totals	
	Buildings	Water Systems	Roads	Automotive Equipment	Sewer Systems	Furniture & Equipment	Computer Equipment	Construction In Progress	Phase 10-13	Phase 1-4, 6, 8	2015	2014
<b>Cost</b>												
Balance, beginning of year	\$ 8,945,576	\$ 6,547,886	\$ 2,801,582	\$ 1,294,625	\$ 563,179	\$ 399,556	\$ 358,277	\$ 208,985	\$ 2,107,244	\$ 3,051,039	\$ 26,277,949	\$ 25,364,969
Add: Additions during the year	-	(15,768)	-	291,366	-	176,397	197,817	61,218	-	205,405	916,435	912,980
Less: Disposals during the year	-	-	-	(73,434)	-	-	-	-	-	-	(73,434)	-
Transfer	-	-	-	-	-	-	-	(208,985)	-	208,985	-	-
Balance, end of year	8,945,576	6,532,118	2,801,582	1,512,557	563,179	575,953	556,094	61,218	2,107,244	3,465,429	27,120,950	26,277,949
<b>Accumulated amortization</b>												
Balance, beginning of year	5,429,778	1,462,782	1,263,918	720,181	117,509	257,392	214,851	-	565,530	822,362	10,854,303	10,034,785
Add: Amortization	281,502	89,363	96,766	108,077	7,040	84,775	90,625	-	61,362	115,514	935,024	819,518
Less: Disposals during the year	-	-	-	(73,434)	-	-	-	-	-	-	(73,434)	-
Balance, end of year	5,711,280	1,552,145	1,360,684	754,824	124,549	342,167	305,476	-	626,892	937,876	11,715,893	10,854,303
<b>Net Book Value of Tangible Capital Assets</b>	\$ 3,234,296	\$ 4,979,973	\$ 1,440,898	\$ 757,733	\$ 438,630	\$ 233,786	\$ 250,618	\$ 61,218	\$ 1,480,352	\$ 2,527,553	\$ 15,405,057	\$ 15,423,646

See accompanying notes to financial statements.

**ADAMS LAKE INDIAN BAND**  
**2015 STATEMENT OF FINANCIAL ACTIVITIES - SEGMENTED**  
**Year ended March 31, 2015**

	Band Revenue	Admini- stration	Maintenance Services	Community Services	Capital	Education	Health Services	Natural Resources	Social Housing	Total 2015	Total 2014
<b>REVENUE:</b>											
Aboriginal Affairs and Northern Development Canada	\$ 159,628	\$ 691,066	\$ 280,050	\$ 412,166	\$ 477,558	\$ 1,872,277	\$ -	\$ -	-	\$ 3,892,745	\$ 3,843,915
Leases and rentals	1,349,379	-	14,724	-	-	-	-	-	252,849	1,616,952	1,833,621
CMHC	-	-	-	-	-	-	-	-	124,500	124,500	130,671
Province of BC	348,858	-	-	-	-	-	-	-	-	348,858	395,948
Consulting and contract	609,174	-	-	115,155	-	321,129	35,632	4,389,989	-	5,471,079	3,569,380
Interest and tax penalties	134,002	-	-	-	-	-	-	-	1,131	135,133	119,568
Timber harvesting	-	-	-	-	-	-	-	2,679,744	-	2,679,744	2,106,364
Health Canada/First Nations	-	-	-	-	-	-	948,588	-	-	948,588	877,711
Health Authority	-	-	-	-	-	-	-	-	-	837,255	807,461
Property taxes	837,255	-	-	-	-	-	-	-	-	219,286	17,500
Real estate sales	-	219,286	-	-	-	-	-	-	-	219,286	17,500
Miscellaneous	1,058,851	239,014	79,747	605,523	-	53,140	23,659	122,961	81,668	2,264,563	1,526,962
	<u>4,497,147</u>	<u>1,149,366</u>	<u>374,521</u>	<u>1,132,844</u>	<u>477,558</u>	<u>2,246,546</u>	<u>1,007,879</u>	<u>7,192,694</u>	<u>460,148</u>	<u>18,538,703</u>	<u>15,229,101</u>
<b>EXPENSES:</b>											
Administration fees	-	-	(14,253)	-	-	(1,500)	14,659	-	19,004	17,910	31,743
Amortization	118,642	19,068	477,510	-	-	86,990	27,601	26,385	176,876	933,072	819,519
Assistance	-	-	-	226,879	-	-	-	-	-	226,879	225,151
Automotive	5,745	371	15,886	-	-	10,321	-	34,294	-	66,617	61,479
Bad debts and write downs	151,608	4,780	-	-	-	-	-	-	-	156,388	205,931
Contract services	835,546	179,844	132,098	129,482	143,422	74,630	148,529	2,461,384	6,147	4,111,082	2,187,585
Education	-	-	-	-	-	746,685	-	-	-	746,685	1,000,402
Honorarium	1,452	369,520	-	4,207	-	600	-	-	-	375,779	380,047
Insurance	15,367	9,803	10,710	4,968	-	11,687	6,462	17,284	30,862	107,143	95,139
Interest and bank charges	-	9,384	-	-	-	-	-	4,900	-	14,284	20,494
Interest on demand loans and mortgages	1,579	29,528	-	-	-	-	-	-	43,441	74,548	87,249
Leases	101,567	21,745	5,000	939	-	4,961	13,004	6,038	-	153,254	148,605
Licences, dues and fees	15,166	6,003	-	-	-	-	-	-	-	21,169	20,004
Logging	-	-	-	-	-	-	-	1,681,499	-	1,681,499	1,098,222
Materials and supplies	54,400	49,111	19,441	27,581	-	108,176	38,635	107,999	-	405,343	420,300
Office and other	221,113	33,012	132,910	22,741	-	15,970	99,911	30,234	-	555,891	376,390
Professional fees	172,178	122,913	-	-	-	-	16,200	-	7,500	318,791	358,236
Repairs and maintenance	43,884	50,781	177,196	2,380	-	18,515	9,612	-	73,185	375,553	406,829
Training	40,021	19,778	9,256	5,437	-	33,201	3,905	9,271	-	120,869	115,556
Travel	65,979	72,770	56,596	27,624	-	35,311	34,016	61,873	-	354,169	308,378
Utilities	47,571	71,384	278,011	11,609	-	21,143	19,046	8,463	-	457,227	364,759
Wages and benefits	617,648	946,542	487,257	635,886	-	1,147,550	479,082	1,413,076	-	5,727,041	5,254,165
	<u>2,509,466</u>	<u>2,016,337</u>	<u>1,787,618</u>	<u>1,099,733</u>	<u>143,422</u>	<u>2,314,240</u>	<u>910,662</u>	<u>5,862,700</u>	<u>357,015</u>	<u>17,001,193</u>	<u>13,986,183</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>	<u>\$ 1,987,681</u>	<u>\$ (866,971)</u>	<u>\$ (1,413,097)</u>	<u>\$ 33,111</u>	<u>\$ 334,136</u>	<u>\$ (67,694)</u>	<u>\$ 97,217</u>	<u>\$ 1,329,994</u>	<u>\$ 103,133</u>	<u>\$ 1,537,510</u>	<u>\$ 1,242,918</u>

See accompanying notes to financial statements.

**ADAMS LAKE INDIAN BAND**  
**2014 STATEMENT OF FINANCIAL ACTIVITIES - SEGMENTED**  
**Year ended March 31, 2014**

	Band Revenue	Administration	Maintenance Services	Community Services	Capital	Education	Health Services	Natural Resources	Social Housing	Total 2014
<b>REVENUE:</b>										
Aboriginal Affairs and Northern Development Canada	\$ 165,397	\$ 679,146	\$ 299,526	\$ 410,254	\$ 402,276	\$ 1,887,316	\$ -	\$ -	\$ -	\$ 3,843,915
Leases and rentals	1,553,511	-	12,474	-	-	-	-	-	267,636	1,833,621
CMHC	-	-	-	-	-	-	-	-	130,671	130,671
Province of BC	395,948	-	-	-	-	-	-	-	-	395,948
Consulting and contract	675,572	25,000	-	91,952	-	332,079	67,083	2,377,694	-	3,569,380
Interest and tax penalties	118,306	-	-	-	-	-	-	-	1,262	119,568
Timber harvesting	-	-	-	-	-	-	-	2,106,364	-	2,106,364
Health Canada	-	-	-	-	-	-	877,711	-	-	877,711
Property taxes	807,461	-	-	-	-	-	-	-	-	807,461
Real estate sales	-	17,500	-	-	-	-	-	-	-	17,500
Miscellaneous	731,598	140,071	21,237	270,064	1,110	106,198	10,000	112,264	134,420	1,526,962
	<u>4,447,793</u>	<u>861,717</u>	<u>333,237</u>	<u>772,270</u>	<u>403,386</u>	<u>2,325,593</u>	<u>954,794</u>	<u>4,596,322</u>	<u>533,989</u>	<u>15,229,101</u>
<b>EXPENSES:</b>										
Administration fees	-	-	-	-	-	-	2,845	-	28,898	31,743
Amortization	118,642	19,383	388,109	607	-	84,636	27,601	17,478	163,063	819,519
Assistance	-	-	-	225,151	-	-	-	-	-	225,151
Automotive	7,708	3,119	12,428	-	-	22,914	-	15,310	-	61,479
Bad debts and write downs	205,931	-	-	-	-	-	-	-	-	205,931
Capital expenditures	-	-	-	-	-	-	-	-	-	-
Contract services	482,224	142,535	47,066	107,990	24,005	54,382	90,730	1,205,855	32,798	2,187,585
Education	-	-	-	-	-	1,000,402	-	-	-	1,000,402
Honorarium	13,860	365,187	-	-	-	550	450	-	-	380,047
Insurance	10,839	10,167	24,762	3,632	-	10,151	7,546	9,856	18,186	95,139
Interest and bank charges	-	13,783	-	-	-	-	-	6,711	-	20,494
Interest on demand loans and mortgages	3,040	38,027	-	-	-	-	-	-	46,182	87,249
Leases	103,025	19,197	3,882	904	-	4,846	11,012	5,739	-	148,605
Licences, dues and fees	15,860	4,144	-	-	-	-	-	-	-	20,004
Logging	-	-	-	-	-	-	-	1,098,222	-	1,098,222
Materials and supplies	43,916	36,440	16,837	18,027	-	131,362	27,087	146,631	-	420,300
Office and other	166,648	61,381	96,692	19,059	-	(18,478)	30,552	20,536	-	376,390
Professional fees	187,459	148,925	-	-	-	-	11,187	-	10,665	358,236
Repairs and maintenance	45,833	66,697	116,993	5,852	28,632	23,330	4,278	3,701	111,513	406,829
Training	27,494	15,702	12,494	3,342	-	45,969	7,458	3,097	-	115,556
Travel	49,774	67,709	48,973	19,725	-	33,185	32,756	56,256	-	308,378
Utilities	52,989	54,002	197,613	11,271	-	19,400	21,835	7,649	-	364,759
Wages and benefits	656,560	727,410	503,213	588,374	-	1,040,537	525,479	1,212,592	-	5,254,165
	<u>2,191,802</u>	<u>1,793,808</u>	<u>1,469,062</u>	<u>1,003,934</u>	<u>52,637</u>	<u>2,453,186</u>	<u>800,816</u>	<u>3,809,633</u>	<u>411,305</u>	<u>13,986,183</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>	<b>\$ 2,255,991</b>	<b>\$ (932,091)</b>	<b>\$ (1,135,825)</b>	<b>\$ (231,664)</b>	<b>\$ 350,749</b>	<b>\$ (127,593)</b>	<b>\$ 153,978</b>	<b>\$ 786,689</b>	<b>\$ 122,684</b>	<b>\$ 1,242,918</b>

See accompanying notes to financial statements.

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

**March 31, 2015**

EXHIBIT

***SUPPLEMENTARY FINANCIAL INFORMATION:***

- K INDEPENDENT AUDITORS' REPORT
- K1 SCHEDULE OF REMUNERATION AND EXPENSES - CHIEF AND COUNCILLORS
- K2 SCHEDULE OF REMUNERATION AND EXPENSES - UNELECTED SENIOR OFFICIALS



**DALEY &  
COMPANY** LLP  
Chartered Accountants

900-235 1st Ave.  
Kamloops, BC V2C 3J4  
p. 250.374.5577  
f. 250.374.5573  
toll free. 1.877.374.5577  
email. admin@daleyllp.ca  
www.daleyllp.ca

Norman Daley, CPA, CA  
Paul Mumford, CPA, CA  
Michael Parker, CPA, CA  
Maureen McCurdy, CPA, CA  
Sean Wandler, 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, 2015.

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 Aboriginal Affairs and Northern Development 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 Aboriginal Affairs and Northern Development 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 Aboriginal Affairs and Northern Development Canada.

*Daley & Company LLP*  
Chartered Accountants

Kamloops, BC  
June 23, 2015

**ADAMS LAKE INDIAN BAND**  
**SCHEDULE OF REMUNERATION AND EXPENSES**  
**CHIEF AND COUNCILLORS**  
**For the year ended March 31, 2015**

<b>Name of Individual</b>	<b>Position Title</b>	<b>Number of Months</b>		<b>Remuneration</b>	<b>Expenses</b>
NELSON LEON	CHIEF	11		\$ 74,020	\$ 31,665
HENRY ANTHONY	COUNCILLOR	11		48,973	11,830
CLIFF ARNOUSE	COUNCILLOR	11		52,490	10,498
KAREN EVERARD	COUNCILLOR	11		53,169	2,588
GEORGINA JOHNNY	COUNCILLOR	11		52,490	8,343
RON JULES	COUNCILLOR	11		45,791	10,610
ROBIN BILLY	CHIEF	1		6,228	832
DEBORAH HALL	COUNCILLOR	1		4,081	-
DORIS JOHNNY	COUNCILLOR	1		4,080	849
BRANDY JULES	COUNCILLOR	1		4,325	745
	CCSP MANAGER	11		30,660	3,204
NORMA MANUEL	COUNCILLOR	1		3,792	-
GREGORY WITZKY	COUNCILLOR	1		4,363	83
				\$ 384,462	\$ 81,247



**ADAMS LAKE INDIAN BAND**  
**SCHEDULE OF REMUNERATION AND EXPENSES**  
**UNELECTED SENIOR OFFICIALS**  
**For the year ended March 31, 2015**

Name of Individual	Position Title	Number of Months	Salary (S) and Honoraria (H)		Other Remuneration	Expenses Reimbursed as part of Other Remuneration
			From	To		
ALBERT QUINN	BAND MANAGER	12	\$ 110,000	\$ 120,000	\$ 4,028	\$ -
JOHN MOSIMANN	DIRECTOR OF FINANCE	3	90,000	100,000	27,732	-
KARL VANDEGOE	DIRECTOR OF FINANCE	5	70,000	75,000	3,411	-
IVA JULES	LANDS MANAGEMENT	12	65,000	70,000	5,732	500
DONNA JULES	EDUCATION COORDINATOR	12	40,000	50,000	3,092	2,417
MARYANN YARAMA	HOUSING COORDINATOR	12	50,000	60,000	11,633	952
DENISE MICHEL	GYM MANAGER	9	35,000	40,000	958	-
SHIRLEY ANDERSON	HEALTH DIRECTOR	12	60,000	70,000	7,100	1,698
DAVID NORDQUIST	RIGHTS & TITLE MANAGER	12	70,000	75,000	14,228	593
STEVE MURPHY	NATURAL RESOURCES MANAGER	12	160,000	170,000	8,483	-
ROB MATTHEW	PRINCIPAL - CHIEF ATAHM	12	80,000	85,000	6,805	494
ELAINE JULES	SOCIAL DEVELOPMENT OFFICER	12	70,000	75,000	7,404	-
VICKI SAMPOLIO	DAYCARE MANAGER	12	35,000	40,000	2,823	150
ART MICHEL	IT MANAGER	12	75,000	80,000	623	-
JESSICA BRUSH	GYM MANAGER	3	35,000	40,000	1,186	-
MICHAEL MCLELLAN	HUMAN RESOURCES MANAGER	9	70,000	75,000	2,603	-
			-			