

**SODA CREEK INDIAN BAND**  
**Consolidated Financial Statements**  
**Year Ended March 31, 2018**

**SODA CREEK INDIAN BAND**  
**Index to Consolidated Financial Statements**  
**Year Ended March 31, 2018**

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**Soda Creek Indian Band**

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**Management's Responsibility for Financial Reporting**

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

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

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

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

The Chief and Council review Soda Creek Indian Band's consolidated financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as the independent auditor, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and independent auditor's report. The Chief and Council also consider the engagement of the independent auditor.

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

  
\_\_\_\_\_  
Chief

  
\_\_\_\_\_  
Councilor

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of Soda Creek Indian Band

We have audited the accompanying consolidated financial statements of Soda Creek Indian Band, which comprise the consolidated statement of financial position as at March 31, 2018 and the consolidated statements of changes in net financial assets, operations and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

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

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

### **Auditor's Responsibility**

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

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

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

*(continues)*

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Soda Creek Indian Band as at March 31, 2018 and the results of its changes in net financial assets, operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Williams Lake, British Columbia  
July 10, 2018

A handwritten signature in black ink, consisting of the letters 'FBB' in a stylized, cursive font.

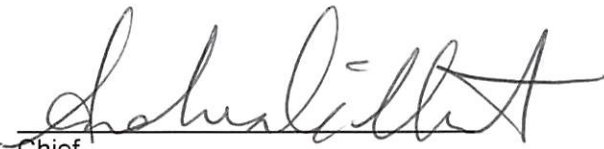
FBB Chartered Professional Accountants LLP

**SODA CREEK INDIAN BAND**  
**Consolidated Statement of Financial Position**  
**As at March 31, 2018**

	2018	2017
<b>Financial assets</b>		
Cash (Note 4)	\$ 5,990,399	\$ 2,879,173
Restricted cash (Note 5)	301,582	275,603
Accounts receivable (Note 6)	822,935	837,079
Trust funds held by Canada (Note 7)	2,042	1,007
Investments (Note 8)	893,793	932,156
	<u>8,010,751</u>	<u>4,925,018</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 9)	588,943	408,708
Deferred revenue (Note 10)	131,455	166,607
Long term debt (Note 11)	354,728	443,881
Due to related party (Note 12)	83,672	83,338
	<u>1,158,798</u>	<u>1,102,534</u>
<b>Net financial assets</b>	<u>6,851,953</u>	<u>3,822,484</u>
<b>Non-financial assets</b>		
Tangible capital assets (Note 13)	8,510,034	8,814,835
Prepaid expenses	58,520	84,709
	<u>8,568,554</u>	<u>8,899,544</u>
<b>Band equity</b>	<u>\$ 15,420,507</u>	<u>\$ 12,722,028</u>
<b>Band equity</b>		
Accumulated surplus (Note 14) - page 6	\$ 14,736,127	\$ 12,115,439
Replacement reserve (Note 15)	412,999	335,208
	<u>15,149,126</u>	<u>12,450,647</u>
Contributed surplus (Note 16)	271,381	271,381
	<u>\$ 15,420,507</u>	<u>\$ 12,722,028</u>

Contingent liabilities (Note 19)

Approved on behalf of Soda Creek Indian Band

  
 Chief

  
 Councilor

The accompanying notes are an integral part of this statement.

**SODA CREEK INDIAN BAND****Consolidated Statement of Changes in Net Financial Assets****Year Ended March 31, 2018**

	2018 Budget (Unaudited)	2018 Total	2017 Total
<b>Net revenue for the year</b>	\$ (96,332)	\$ 2,620,688	\$ 1,457,697
Amortization	-	348,272	352,722
Change in replacement reserve	-	77,791	3,644
Tangible capital asset acquisitions	-	(43,471)	(1,707,027)
Change in prepaid expenses	-	26,189	(4,521)
	(96,332)	3,029,469	102,515
<b>Net financial assets - beginning of year</b>	3,822,484	3,822,484	3,719,969
<b>Net assets - end of year</b>	\$ 3,726,152	\$ 6,851,953	\$ 3,822,484

The accompanying notes are an integral part of this statement.

**SODA CREEK INDIAN BAND**  
**Consolidated Statement of Operations**  
**For the Year Ended March 31, 2018**

	2018 Budget (Unaudited)	Total 2018	Total 2017
<b>Revenues</b> <i>(from Schedule 1)</i>	\$ 4,021,409	\$ 6,848,121	\$ 5,629,862
Transfer from deferred revenue	-	166,607	183,917
Transfer to deferred revenue	-	(131,455)	(166,607)
	4,021,409	6,883,273	5,647,172
<b>Expenses</b> <i>(Schedule 2)</i>	4,117,741	4,501,096	5,850,110
<b>Net revenue before the following</b>	(96,332)	2,382,177	(202,938)
Other income (expenses)			
ISC recoveries	-	(77,656)	(13,073)
Partner's share in operating results in Xat'sull Limited Partnership	-	257,547	(33,319)
Increase in tangible capital assets	-	58,620	1,707,027
	-	238,511	1,660,635
<b>Net revenue for the year</b>	(96,332)	2,620,688	1,457,697
<b>Accumulated surplus - beginning of year</b>	12,115,439	12,115,439	10,657,742
<b>Accumulated surplus - end of year - page 4</b>	\$ 12,019,180	\$ 14,736,127	\$ 12,115,439

The accompanying notes are an integral part of this statement.



**SODA CREEK INDIAN BAND****Consolidated Revenues****(Schedule 1)****Year Ended March 31, 2018**

	Budget 2018 (Unaudited)	2018	2017
<b>Revenues</b>			
Federal Government			
ISC - Operating	\$ 1,309,481	\$ 1,613,239	\$ 1,724,842
ISC - Capital	-	273,646	-
Northern Shuswap Treaty Society	533,091	428,164	464,115
Three Corners Health Services Society	293,497	332,384	226,587
CCATEC	19,350	24,076	109,752
CMHC	46,888	54,790	55,828
First Nations Health Authority	-	52,612	73,015
Northern Shuswap Tribal Council	23,070	23,070	44,200
Canada Summer Jobs	66,949	46,581	12,189
Province of British Columbia	377,416	660,064	1,193,742
Province of British Columbia Rural Dividend Fund	-	99,284	-
BC Wildfires	-	486,386	-
BC Hydro	-	-	225,000
Mount Polley Mining Corporation	272,450	907,609	180,000
Rentals	188,441	161,084	283,837
Taxation	127,600	134,640	129,285
Administration and management fees	-	131,389	106,412
Northern Development Initiative Trust	-	27,908	98,000
New Pathways to Gold Society	-	-	60,000
Tolko Industries Ltd.	60,000	60,000	60,000
FNESC	1,410	1,410	5,863
Enbridge	61,050	265,775	50,000
Canadian Red Cross	-	105,680	-
Interest	-	27,893	15,171
New Relationship Trust	1,600	5,600	15,700
Archaeology projects	104,456	91,047	-
Gibraltar Mines	126,918	367,818	130,000
Barkerville Gold Mines	30,000	30,000	-
CCBAC	-	30,000	-
All other sources	377,742	405,972	366,324
	<b>\$ 4,021,409</b>	<b>\$ 6,848,121</b>	<b>\$ 5,629,862</b>

The accompanying notes are an integral part of this statement.

**SODA CREEK INDIAN BAND****Consolidated Expenses****(Schedule 2)****For the Year Ended March 31, 2018**

	2017 Budget (Unaudited)	Total 2018	Total 2017
Administration	\$ 1,063,783	\$ 1,101,036	\$ 1,037,357
Amortization	-	348,272	352,722
Capital improvement projects	-	3,829	47,241
Community building project	41,200	-	1,697,073
Education	549,762	732,824	714,032
Health and well-being	286,441	268,571	297,410
Housing	219,383	159,128	63,416
Natural resources	643,551	370,644	638,619
Public works	249,924	308,019	374,663
Social development	571,739	301,411	272,552
Archaeology projects	-	44,563	-
BC Wildfires	-	486,386	-
Treaty	491,958	376,413	355,025
	<b>\$ 4,117,741</b>	<b>\$ 4,501,096</b>	<b>\$ 5,850,110</b>

The accompanying notes are an integral part of this statement.

**SODA CREEK INDIAN BAND**  
**Consolidated Statement of Cash Flows**  
**Year Ended March 31, 2018**

	2018	2017
<b>Cash flows from operating activities</b>		
Net revenue for the year	\$ 2,620,688	\$ 1,457,697
Items not affecting cash:		
Amortization	348,272	352,722
Partner's share in operating results in Xat'sull Limited Partnership	(257,547)	33,319
	<u>2,711,413</u>	<u>1,843,738</u>
Changes in non-cash accounts:		
Restricted cash	(25,979)	(33,317)
Accounts receivable	14,144	(203,728)
Accounts payable and accrued liabilities	180,235	(102,439)
Deferred revenue	(35,152)	117,086
Prepaid expenses	26,189	(4,521)
Replacement reserve	77,791	3,715
	<u>237,228</u>	<u>(223,204)</u>
Cash flows from operating activities	<u>2,948,641</u>	1,620,534
<b>Cash flows from (used in) investing activities</b>		
Change in trust funds held by Canada	(1,035)	(1,007)
Partner's withdrawal from Xat'Sull Limited Partnership	295,910	-
Cash flows from (used in) investing activities	<u>294,875</u>	(1,007)
<b>Cash flows used in financing activities</b>		
Change in due to related party	334	(1,121)
Repayment of long term debt	(89,153)	(98,264)
Cash flows used in financing activities	<u>(88,819)</u>	(99,385)
<b>Cash flows used in capital activities</b>		
Tangible capital asset acquisitions	<u>(43,471)</u>	(1,707,027)
<b>Increase (decrease) in cash flow</b>	<b>3,111,226</b>	<b>(186,885)</b>
Cash - beginning of year	<u>2,879,173</u>	3,066,058
<b>Cash - end of year (Note 4)</b>	<b><u>\$ 5,990,399</u></b>	<b><u>\$ 2,879,173</u></b>
<b>Supplementary information</b>		
Interest received	\$ 27,891	\$ 15,244
Interest paid	<u>\$ 13,688</u>	<u>\$ 13,688</u>

The accompanying notes are an integral part of this statement.

**SODA CREEK INDIAN BAND**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2018**

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**1. Basis of presentation**

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

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

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

Soda Creek Indian Band maintains the following funds:

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

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

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

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

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

**SODA CREEK INDIAN BAND**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2018**

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**2. Summary of significant accounting policies**

Cash and cash equivalents

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

Tangible capital assets

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

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

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

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

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

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

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

Investments

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

Surplus recoveries and deficit funding

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

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**SODA CREEK INDIAN BAND**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2018**

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

Trust funds held by Canada (Ottawa Trust Fund)

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

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

Revenue recognition

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

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

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

Use of estimates

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

Adoption of new accounting policies

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

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

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

**3. Economic dependence**

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

**SODA CREEK INDIAN BAND**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2018**

**4. Cash**

	<u>2018</u>	<u>2017</u>
Operations	\$ 5,604,977	\$ 2,734,630
CMHC Housing Program	296,478	80,261
Treaty self government program	88,944	64,282
	<u>\$ 5,990,399</u>	<u>\$ 2,879,173</u>

**5. Cash restricted as to use**

	<u>2018</u>	<u>2017</u>
Replacement reserve	\$ 301,582	\$ 275,603

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

**6. Accounts receivable**

	<u>2018</u>	<u>2017</u>
Due from Band members		
Housing program	\$ 280,178	\$ 285,754
Other	22,002	-
	<u>302,180</u>	285,754
Less: Allowance for doubtful accounts	99,055	99,055
	<u>203,125</u>	186,699
Due from others:		
BC Hydro	-	225,000
Indigenous Services Canada	257,868	-
Province of British Columbia	47,578	94,570
Northern Shuswap Treaty Society	73,375	75,912
Northern Development Initiative Trust	32,418	68,000
Three Corners Health Services Society	94,444	67,144
Enbridge	43,210	-
CCATEC	3,083	32,160
Eclipsol Energy Inc.	-	18,750
Northern Shuswap Tribal Council	31,600	16,482
GST recoverable	3,650	7,655
CMHC	3,836	4,119
New Relationship Trust	-	3,540
First Nations Health Authority	3,626	3,500
FNESC	-	2,991
All others	25,122	30,557
	<u>619,810</u>	650,380
	<u>\$ 822,935</u>	<u>\$ 837,079</u>

**SODA CREEK INDIAN BAND**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2018**

**7. Trust funds held by Canada**

	<u>2018</u>	<u>2017</u>
Trust funds held by Canada	<b>\$ 2,042</b>	<b>\$ 1,007</b>

The Ottawa Trust Accounts arise from monies from capital or revenue sources as outlined in Section 62 of the *Indian Act*. These funds are held in trust in the consolidated revenue fund of the Government of Canada and are subject to audit by the office of the Auditor General of Canada. The management of these funds is governed primarily by Sections 63 and 69 of the *Indian Act*.

**8. Investments**

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

	<u>2018</u>	<u>2017</u>
Xat'sull Limited Partnership interest - beginning of year	<b>\$ 932,154</b>	\$ 965,473
Share in net loss of the partnership	<b>257,547</b>	(33,319)
Distribution by Limited Partnership	<b>(295,910)</b>	-
Xat'sull Limited Partnership interest - end of year	<b>893,791</b>	932,154
Shares in Xat'sull Logging Ltd.	<b>1</b>	1
Shares in Xat'sull Development Ltd.	<b>1</b>	1
	<b>\$ 893,793</b>	<b>\$ 932,156</b>

**9. Accounts payable and accrued liabilities**

	<u>2018</u>	<u>2017</u>
Trade accounts	<b>\$ 429,843</b>	\$ 295,601
Accrued payroll and source deductions	<b>142,100</b>	96,107
Other accrued liabilities	<b>17,000</b>	17,000
	<b>\$ 588,943</b>	<b>\$ 408,708</b>



**SODA CREEK INDIAN BAND**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2018**

**10. Deferred revenue**

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

	<u>2018</u>	<u>2017</u>
Government of Canada	\$ -	\$ 23,333
Province of British Columbia	<b>10,000</b>	99,284
Northern Shuswap Tribal Council	-	11,779
Enbridge pipeline project	<b>53,750</b>	-
Forestry harvest revenues	<b>25,000</b>	25,000
Nenqayni Wellness Society	<b>14,850</b>	-
Community consultation	<b>23,000</b>	-
WL Central Business Improvement Area Association	<b>4,855</b>	7,211
	<u><b>\$ 131,455</b></u>	<u>\$ 166,607</u>

**11. Long term debt**

	<u>2018</u>	<u>2017</u>
CMHC Phase 1 mortgage repaid during the year.	\$ -	\$ 15,786
All Nations Trust mortgage loan bearing interest at 1.04% per annum, repayable in monthly blended payments of \$2,298. The loan matures on June 1, 2020.	<b>61,310</b>	88,102
All Nations Trust mortgage loan bearing interest at 1.03% per annum, repayable in monthly blended payments of \$2,181. The loan matures on August 1, 2021.	<b>87,828</b>	112,957
All Nations Trust mortgage loan bearing interest at 1.43% per annum, repayable in monthly blended payments of \$2,047. The loan matures on February 1, 2027.	<b>205,590</b>	227,036
	<u><b>\$ 354,728</b></u>	<u>\$ 443,881</u>

Principal repayment requirements are approximately:

2019	\$ 74,110
2020	75,621
2021	54,639
2022	33,289
2023	23,069
Thereafter	94,000
	<u><b>\$ 354,728</b></u>

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

**SODA CREEK INDIAN BAND**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2018**

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**12. Due to related party**

	<u>2018</u>	<u>2017</u>
Due to Xat'sull Limited Partnership	<u>\$ 83,672</u>	<u>\$ 83,338</u>

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

**SODA CREEK INDIAN BAND**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2018**

**13. Tangible capital assets**

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Land	\$ 337,995	\$ -	\$ 337,995	\$ 337,995
Buildings				
Community building	4,191,929	147,743	4,044,186	4,081,214
Soda Creek Emporium	122,988	91,274	31,714	33,101
Campsite building	97,384	14,098	83,286	87,960
Xat'sull Heritage Village buildings	147,542	73,791	73,751	76,824
Community infrastructure	5,011,670	2,731,525	2,280,145	2,376,029
Equipment and machinery	101,053	93,091	7,962	9,952
Automotive equipment	213,680	156,084	57,596	87,144
Office furniture and equipment	135,322	110,506	24,816	15,751
Health Centre				
Building	1,897,727	686,523	1,211,204	1,261,671
Equipment	82,654	80,003	2,651	3,314
CMHC				
Buildings and equipment	1,689,637	1,334,909	354,728	443,880
	<b>\$ 14,029,581</b>	<b>\$ 5,519,547</b>	<b>\$ 8,510,034</b>	<b>\$ 8,814,835</b>

The Band made the following tangible capital asset purchases in 2018

Completed construction of Community building	\$ 45,048
Computer network file server	13,572
Automotive equipment disposed	(15,149)
	<b>\$ 43,471</b>

Accumulated amortization:	Balance April 1, 2017	2018 Provision	Balance March 31, 2018
Buildings			
Community Building	\$ 65,668	\$ 82,075	\$ 147,743
Soda Creek Emporium	89,888	1,386	91,274
Campsite building	9,424	4,674	14,098
Xat'sull Heritage Village buildings	70,718	3,073	73,791
Community infrastructure	2,635,641	95,884	2,731,525
Equipment and machinery	91,101	1,990	93,091
Automotive equipment	141,684	14,399	156,083
Office furniture and equipment	105,999	4,508	110,507
Health Centre			
Building	636,056	50,467	686,523
Equipment	79,340	663	80,003
CMHC			
Buildings and equipment	1,245,756	89,153	1,334,909
	<b>\$ 5,171,275</b>	<b>\$ 348,272</b>	<b>\$ 5,519,547</b>

There were no asset write-downs during the year (2017 - \$nil).

**SODA CREEK INDIAN BAND**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2018**

**14. Band equity - accumulated surplus**

Accumulated surplus consists of the following fund balances:

	<u>2018</u>	<u>2017</u>
Operating and Capital Projects Fund	\$ 13,786,458	\$ 11,138,349
CMHC Social Housing Fund	(59,936)	(60,999)
Investment in Band Business Enterprises	893,793	932,156
Ottawa Trust Fund	2,041	1,007
Treaty Self Government Program	113,861	104,926
	<u>\$ 14,736,217</u>	<u>\$ 12,115,439</u>

**15. Replacement reserve**

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

	<u>2018</u>	<u>2017</u>
CMHC replacement reserve - beginning of year	\$ 335,277	\$ 331,562
Appropriation	22,653	23,853
Replacements	4,972	(21,715)
Interest	2,166	1,577
CMHC required adjustment	(69)	(69)
Equipment replacement reserves	48,000	-
Replacement reserves - end of year	<u>\$ 412,999</u>	<u>\$ 335,208</u>

Under the terms of the mortgage agreements with Canada Mortgage and Housing Corporation, the Replacement Reserve account is to be credited in the amount of \$22,653 annually. These funds, along with accumulating interest are to be held in a separate bank account. The funds in this account may only be used as approved by Canada Mortgage and Housing Corporation.

As at the year-end, the reserve is unfunded by the amount of \$63,417 - (2017 - \$59,674).

**16. Contributed surplus**

	<u>2018</u>	<u>2017</u>
Contributed surplus consists of the following:		
Band contribution to social housing program	<u>\$ 271,381</u>	<u>\$ 271,381</u>

**SODA CREEK INDIAN BAND**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2018**

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**17. Financial instruments and risk management**

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

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

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

**18. Federal assistance payments**

Soda Creek Indian Band Social Housing Fund has received federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 56-1 of the National Housing Act to reduce mortgage interest expense to 2% to enable the project to provide housing to low income individuals. The amount of the assistance received for the year ended March 31, 2018 was \$39,573 (2017 - \$47,417). This assistance will continue, providing the Band is not in default of the agreement.

**19. Contingent liabilities**

The Band has guaranteed loans under the CMHC Housing Program with balances as at March 31, 2018 aggregating \$354,728 (2017 - \$443,881) and a loan made to a band member in the original amount of \$110,000 with a balance as at March 31, 2018 of \$18,318 (2017 - \$22,444).

**SODA CREEK INDIAN BAND**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2018**

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**20. Reconciliation of ISC Comprehensive Funding Arrangement Revenue**

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

ISC Revenue as per Funding Confirmation Report	\$ 1,846,734
Additional revenues not on ISC Funding confirmation Report	<u>40,151</u>
	<u>\$ 1,886,885</u>
ISC Revenue as per Statement of Operations	
Operating	\$ 1,613,239
Capital	<u>273,646</u>
	<u>\$ 1,886,885</u>

**21. Band registered pension plan**

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

The Band contributed \$23,585 to the plan during the year ended March 31, 2018 (2017 - \$22,307), to match its employees' required contributions.

**22. Related party transactions**

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

	<u>2018</u>	<u>2017</u>
Administration costs charged by the Band to Xat'Sull Limited Partnership	\$ -	\$ 60,000

**SODA CREEK INDIAN BAND**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2018**

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**23. Expenses by object**

	<u>2018</u>	<u>2017</u>
Amortization	\$ 348,272	\$ 352,722
Community building project	-	1,697,073
Contracted services	1,080,276	834,910
Honoraria	98,390	135,710
Insurance and licenses	44,864	33,494
Interest	7,149	13,688
Materials and supplies	263,674	305,099
Rent, maintenance and utilities	413,199	315,412
Salaries, wages and benefits	1,375,185	1,324,427
Social assistance	265,577	257,051
Travel	61,233	75,445
Tuition and education related	543,277	505,079
	<u>\$ 4,501,096</u>	<u>\$ 5,850,110</u>