

SODA CREEK INDIAN BAND
Consolidated Financial Statements
Year Ended March 31, 2019

SODA CREEK INDIAN BAND
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Year Ended March 31, 2019

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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 Chief and Council
Soda Creek Indian Band

Opinion

We have audited the consolidated financial statements of the Soda Creek Indian Band, which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Soda Creek Indian Band as at March 31, 2019, and its financial performance and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the First Nation in accordance with ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the First Nation's financial reporting process.

INDEPENDENT AUDITOR'S REPORT (continued)**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.

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

July 10, 2019
Quesnel, British Columbia

*FBB Chartered Professional
Accountants LLP*
FBB Chartered Professional Accountants LLP

SODA CREEK INDIAN BAND
Consolidated Statement of Financial Position
As at March 31, 2019

	2019	2018
Financial assets		
Cash (Note 4)	\$ 8,035,170	\$ 5,990,399
Restricted cash (Note 5)	321,924	301,582
Accounts receivable (Note 6)	1,106,501	822,935
Trust funds held by Canada (Note 7)	665,463	2,042
Investments (Note 8)	2,163,515	765,165
	<u>12,292,573</u>	<u>7,882,123</u>
Liabilities		
Accounts payable and accrued liabilities (Note 9)	391,850	588,945
Deferred revenue (Note 10)	314,348	131,455
Long term debt (Note 11)	280,490	354,728
Due to related party (Note 12)	83,672	83,672
	<u>1,070,360</u>	<u>1,158,800</u>
Net financial assets	<u>11,222,213</u>	<u>6,723,323</u>
Non-financial assets		
Tangible capital assets (Note 13)	8,454,028	8,510,034
Prepaid expenses	62,809	58,520
	<u>8,516,837</u>	<u>8,568,554</u>
Band equity	<u>\$ 19,739,050</u>	<u>\$ 15,291,877</u>
Band equity		
Accumulated surplus (Note 14) - page 6	\$ 18,994,662	\$ 14,607,497
Replacement reserve (Note 15)	473,007	412,999
	<u>19,467,669</u>	<u>15,020,496</u>
Contributed surplus (Note 16)	271,381	271,381
	<u>\$ 19,739,050</u>	<u>\$ 15,291,877</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, 2019**

	2019 Budget (Unaudited)	2019 Total	2018 Total
Net revenue for the year	\$ (102,562)	\$ 4,387,165	\$ 2,492,058
Amortization	-	331,724	348,272
Change in replacement reserve	-	60,009	77,791
Tangible capital asset acquisitions	-	(275,719)	(43,471)
Change in prepaid expenses	-	(4,289)	26,189
	(102,562)	4,498,890	2,900,839
Net financial assets - beginning of year	6,723,323	6,723,323	3,822,484
Net assets - end of year	\$ 6,620,761	\$ 11,222,213	\$ 6,723,323

The accompanying notes are an integral part of this statement.

SODA CREEK INDIAN BAND
Consolidated Statement of Operations
Year Ended March 31, 2019

	2019 Budget (Unaudited)	Total 2019	Total 2018
Revenues (from Schedule 1)	\$ 5,057,181	\$ 7,363,840	\$ 6,848,121
Transfer from deferred revenue	-	131,455	166,607
Transfer to deferred revenue	-	(314,347)	(131,455)
	5,057,181	7,180,948	6,883,273
Expenses (Schedule 2)	5,159,743	4,717,852	4,501,096
Net revenue before the following	(102,562)	2,463,096	2,382,177
Other income (expenses)			
ISC recoveries	-	-	(77,656)
Share in operating results of Band Owned Enterprises	-	1,648,350	128,917
Increase in tangible capital assets	-	275,719	58,620
	-	1,924,069	109,881
Net revenue for the year	(102,562)	4,387,165	2,492,058
Accumulated surplus - beginning of year	14,607,497	14,607,497	12,115,439
Accumulated surplus - end of year - page 4	\$ 14,504,935	\$ 18,994,662	\$ 14,607,497

The accompanying notes are an integral part of this statement.

SODA CREEK INDIAN BAND**Consolidated Revenues****(Schedule 1)****Year Ended March 31, 2019**

	Budget 2019 (Unaudited)	2019	2018
Revenues			
Federal Government			
ISC - Operating	\$ 1,638,592	\$ 1,944,617	\$ 1,613,239
ISC - Capital	309,070	35,424	273,646
Northern Shuswap Treaty Society	411,914	411,914	428,164
Three Corners Health Services Society	311,747	309,856	332,384
CCATEC	44,483	37,631	24,076
CMHC	25,745	69,654	54,790
First Nations Health Authority	-	1,000	52,612
Northern Shuswap Tribal Council	-	-	23,070
Canada Summer Jobs	-	-	46,581
Province of British Columbia	471,062	1,000,449	660,064
Province of British Columbia Rural Dividend Fund	-	-	99,284
BC Wildfires	-	-	486,386
Mount Polley Mining Corporation	278,000	887,132	907,609
Rentals	201,496	247,501	161,084
Taxation	127,600	133,715	134,640
Administration and management fees	41,191	41,191	131,389
Northern Development Initiative Trust	-	-	27,908
Knucwentwecw Society	15,000	55,000	-
Tolko Industries Ltd.	-	75,000	60,000
FNESC	-	8,587	1,410
Enbridge	56,940	132,442	265,775
Canadian Red Cross	202,221	23,517	105,680
Interest	-	105,789	27,893
New Relationship Trust	-	3,000	5,600
Archaeology projects	-	62,147	91,047
Gibraltar Mines	-	788,055	367,818
Barkerville Gold Mines	-	-	30,000
CCBAC	-	-	30,000
All other sources	922,120	334,659	405,972
Stumpage direct to Ottawa Trust	-	655,560	-
	\$ 5,057,181	\$ 7,363,840	\$ 6,848,121

The accompanying notes are an integral part of this statement.

SODA CREEK INDIAN BAND**Consolidated Expenses****(Schedule 2)****Year Ended March 31, 2019**

	2019 Budget (Unaudited)	Total 2019	Total 2018
Administration	\$ 1,757,613	\$ 1,431,399	\$ 1,101,036
Amortization	-	331,724	348,272
Capital improvement projects	302,240	207,774	3,829
Education	897,127	716,104	732,824
Health and well-being	360,107	295,452	268,571
Housing	68,208	99,011	159,128
Natural resources	454,107	319,618	370,644
Infrastructure	409,473	412,795	308,019
Social development	321,445	420,558	301,411
Archaeology projects	63,648	63,387	44,563
BC Wildfires	-	-	486,386
Treaty	525,775	420,030	376,413
	<u>\$ 5,159,743</u>	<u>\$ 4,717,852</u>	<u>\$ 4,501,096</u>

The accompanying notes are an integral part of this statement.

SODA CREEK INDIAN BAND
Consolidated Statement of Cash Flows
Year Ended March 31, 2019

	2019	2018
Cash flows from operating activities		
Net revenue for the year	\$ 4,387,165	\$ 2,620,688
Items not affecting cash:		
Amortization	331,724	348,272
Share in operating results of Band Owned Enterprises	(1,648,350)	(257,547)
	<u>3,070,539</u>	<u>2,711,413</u>
Changes in non-cash accounts:		
Restricted cash	(20,342)	(25,979)
Accounts receivable	(283,566)	14,144
Accounts payable and accrued liabilities	(197,095)	180,235
Deferred revenue	182,893	(35,152)
Prepaid expenses	(4,289)	26,189
Replacement reserve	60,008	77,791
	<u>(262,391)</u>	<u>237,228</u>
Cash flows from operating activities	<u>2,808,148</u>	<u>2,948,641</u>
Cash flows from (used in) investing activities		
Change in trust funds held by Canada	(663,421)	(1,035)
Partner's withdrawal from Xat'Sull Limited Partnership	250,000	295,910
Cash flows from (used in) investing activities	<u>(413,421)</u>	<u>294,875</u>
Cash flows used in financing activities		
Change in due to related party	-	334
Repayment of long term debt	(74,237)	(89,153)
Cash flows used in financing activities	<u>(74,237)</u>	<u>(88,819)</u>
Cash flows used in capital activities		
Tangible capital asset acquisitions	<u>(275,719)</u>	<u>(43,471)</u>
Increase in cash flow	2,044,771	3,111,226
Cash - beginning of year	<u>5,990,399</u>	<u>2,879,173</u>
Cash - end of year (Note 4)	\$ 8,035,170	\$ 5,990,399

The accompanying notes are an integral part of this statement.

SODA CREEK INDIAN BAND
Notes to Consolidated Financial Statements
Year Ended March 31, 2019

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 Band owned enterprises.
 - 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.

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 Band owned enterprises 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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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, 2019

4. Cash

	2019	2018
Operations	\$ 7,938,031	\$ 5,604,977
CMHC Housing Program	73,117	296,478
Treaty self government program	24,022	88,944
	<u>\$ 8,035,170</u>	<u>\$ 5,990,399</u>

5. Cash restricted as to use

	2019	2018
Replacement reserve	<u>\$ 321,924</u>	<u>\$ 301,582</u>

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

	2019	2018
Due from Band members		
Housing program	\$ 283,683	\$ 280,178
Other	-	22,002
	<u>283,683</u>	<u>302,180</u>
Less: Allowance for doubtful accounts	<u>99,055</u>	<u>99,055</u>
	<u>184,628</u>	<u>203,125</u>
Due from others:		
Mount Polley Mining Corporation	90,000	-
Indigenous Services Canada	286,811	257,868
Province of British Columbia	259,048	47,578
Northern Shuswap Treaty Society	107,722	73,375
Northern Development Initiative Trust	-	32,418
Three Corners Health Services Society	75,437	94,444
Enbridge	25,000	43,210
CCATEC	-	3,083
Northern Shuswap Tribal Council	-	31,600
GST recoverable	-	3,650
CMHC	27,308	3,836
First Nations Health Authority	-	3,626
All others	50,547	25,122
	<u>921,873</u>	<u>619,810</u>
	<u>\$ 1,106,501</u>	<u>\$ 822,935</u>

SODA CREEK INDIAN BAND
Notes to Consolidated Financial Statements
Year Ended March 31, 2019

7. Trust funds held by Canada

	<u>2019</u>	<u>2018</u>
Trust funds held by Canada	\$ 665,463	\$ 2,042

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>2019</u>	<u>2018</u>
Xat'sull Limited Partnership interest - beginning of year	\$ 765,163	\$ 932,154
Share in net revenues of the partnership	1,131,530	128,919
Distribution by Limited Partnership	(250,000)	(295,910)
Xat'sull Limited Partnership interest - end of year	1,646,693	765,163
Likely Xat'Sull Community Forest Ltd.	516,820	-
Shares in Xat'sull Logging Ltd.	1	1
Shares in Xat'sull Development Ltd.	1	1
	\$ 2,163,515	\$ 765,165

9. Accounts payable and accrued liabilities

	<u>2019</u>	<u>2018</u>
Trade accounts	\$ 279,104	\$ 429,845
Accrued payroll and source deductions	95,746	142,100
Other accrued liabilities	17,000	17,000
	\$ 391,850	\$ 588,945

SODA CREEK INDIAN BAND
Notes to Consolidated Financial Statements
Year Ended March 31, 2019

10. Deferred revenue

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

	<u>2019</u>	<u>2018</u>
Indigenous Services Canada	\$ 64,714	\$ -
Province of British Columbia	121,290	10,000
Unearned rentals	3,600	-
Enbridge pipeline project	82,442	53,750
Forestry harvest revenues	25,000	25,000
Nenqayni Wellness Society	14,850	14,850
Community consultation	-	23,000
WL Central Business Improvement Area Association	2,452	4,855
	<u>\$ 314,348</u>	<u>\$ 131,455</u>

11. Long term debt

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.

\$ 34,237	\$ 61,310
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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.

62,441	87,828
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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.

183,812	205,590
<u>\$ 280,490</u>	<u>\$ 354,728</u>

Principal repayment requirements are approximately:

2020	\$ 75,088
2021	55,199
2022	33,600
2023	23,051
2024	23,383
Thereafter	70,169
	<u>\$ 280,490</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, 2019

12. Due to related party

	<u>2019</u>	<u>2018</u>
Due to Xat'sull Limited Partnership	<u>\$ 83,672</u>	<u>\$ 83,672</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, 2019****13. Tangible capital assets**

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Land	\$ 337,995	\$ -	\$ 337,995	\$ 337,995
Buildings				
Community building	4,191,929	228,627	3,963,302	4,044,186
Soda Creek Emporium	122,988	92,592	30,396	31,714
Campsite building	97,384	17,429	79,955	83,286
Xat'sull Heritage Village buildings	147,542	76,741	70,801	73,751
Community infrastructure	5,217,929	2,827,530	2,390,399	2,280,145
Equipment and machinery	101,053	94,683	6,370	7,962
Automotive equipment	283,140	173,550	109,590	57,596
Office furniture and equipment	135,322	115,469	19,853	24,816
Health Centre				
Building	1,897,727	734,971	1,162,756	1,211,204
Equipment	82,654	80,533	2,121	2,651
CMHC				
Buildings and equipment	1,689,637	1,409,147	280,490	354,728
	\$ 14,305,300	\$ 5,851,272	\$ 8,454,028	\$ 8,510,034

The Band made the following tangible capital asset purchases in 2019

Water well project	\$ 206,259
New Holland Boomer 47 tractor and attachments	62,935
Trailer	6,525
	\$ 275,719

Accumulated amortization:	Balance April 1, 2018	2019 Provision	Balance March 31, 2019
Buildings			
Community Building	\$ 147,743	\$ 80,884	\$ 228,627
Soda Creek Emporium	91,274	1,318	92,592
Campsite building	14,098	3,331	17,429
Xat'sull Heritage Village buildings	73,791	2,950	76,741
Community infrastructure	2,731,525	96,005	2,827,530
Equipment and machinery	93,091	1,592	94,683
Automotive equipment	156,084	17,466	173,550
Office furniture and equipment	110,506	4,963	115,469
Health Centre			
Building	686,523	48,448	734,971
Equipment	80,003	530	80,533
CMHC			
Buildings and equipment	1,334,910	74,237	1,409,147
	\$ 5,519,548	\$ 331,724	\$ 5,851,272

There were no asset write-downs during the year (2018 - \$nil).

SODA CREEK INDIAN BAND
Notes to Consolidated Financial Statements
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14. Band equity - accumulated surplus

Accumulated surplus consists of the following fund balances:

	<u>2019</u>	<u>2018</u>
Operating and Capital Projects Fund	\$ 15,535,501	\$ 13,490,458
CMHC Social Housing Fund	(21,448)	(59,936)
Investment in Band Business Enterprises	2,709,424	1,061,073
Ottawa Trust Fund	665,440	2,041
Treaty Self Government Program	105,745	113,861
	<u>\$ 18,994,662</u>	<u>\$ 14,607,497</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>2019</u>	<u>2018</u>
CMHC replacement reserve - beginning of year	\$ 364,999	\$ 335,277
Appropriation	21,453	22,653
Replacements	(8,193)	4,972
Interest	1,096	2,166
CMHC adjustment	2,652	(69)
Equipment replacement reserves	<u>91,000</u>	<u>48,000</u>
Replacement reserves - end of year	<u>\$ 473,007</u>	<u>\$ 412,999</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 \$21,453 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 \$60,083 - (2018 - \$63,417).

16. Contributed surplus

	<u>2019</u>	<u>2018</u>
Contributed surplus consists of the following:		
Band contribution to social housing program	<u>\$ 271,381</u>	<u>\$ 271,381</u>

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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, 2019 was \$32,211 (2018 - \$39,573). 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, 2019 aggregating \$280,490 (2018 - \$354,728) and a loan made to a band member in the original amount of \$110,000 with a balance as at March 31, 2019 of \$16,482 (2018 - \$18,318).

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	\$ 2,042,904
Reverse revenues booked by Band in fiscal 2018	(40,151)
ISC revenue NTR2-001 booked in fiscal 2018 not shown as ISC revenues	<u>(22,712)</u>
	<u>\$ 1,980,041</u>
ISC Revenue as per Statement of Operations	
Operating	\$ 1,944,617
Capital	<u>35,424</u>
	<u>\$ 1,980,041</u>

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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 \$29,141 to the plan during the year ended March 31, 2018 (2018 - \$23,585), to match its employees' required contributions.

22. Expenses by object

	<u>2019</u>	<u>2018</u>
Amortization	\$ 331,724	\$ 348,272
Contracted services	995,356	1,080,276
Honoraria	149,717	98,390
Insurance and licenses	47,572	44,864
Interest	8,281	7,149
Materials and supplies	537,167	263,674
Rent, maintenance and utilities	388,816	413,199
Salaries, wages and benefits	1,353,656	1,375,185
Social assistance	338,693	265,577
Travel	86,957	61,233
Tuition and education related	479,913	543,277
	<u>\$ 4,717,852</u>	<u>\$ 4,501,096</u>