

Smith's Landing First Nation #196
Consolidated Financial Statements
March 31, 2014

Smith's Landing First Nation #196

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Smith's Landing First Nation #196

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

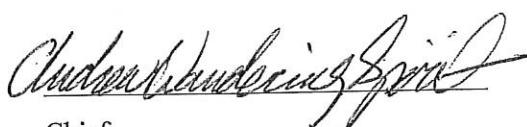
The accompanying financial statements of the Smith's Landing First Nation #196 are the responsibility of management and have been approved by the Chief and Senior Financial Officer on behalf of Council.

The 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 judgment. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

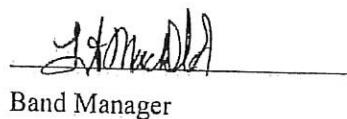
The First Nation maintains systems of internal accounting and administrative controls of high quality. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the First Nation's assets are appropriately accounted for and adequately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

The First Nation's Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The financial statements have been audited by Doyle & Company in accordance with Canadian auditing standards on behalf of the members. Doyle & Company have full and free access to the Council.



Chief



Band Manager

DOYLE & COMPANY

CHARTERED ACCOUNTANTS

Allan J. Grykuliak, C.A.*

Scott T. Mockford, C.A.*

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INDEPENDENT AUDITORS' REPORT

To the Chief and Council

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the **Smith's Landing First Nation**, which comprise the statement of financial position as at March 31, 2014 and the statements of financial activities, change in net financial assets and the 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 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 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 auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 preparations 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.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Smith's Landing First Nation as at March 31, 2014 and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

July 29, 2014

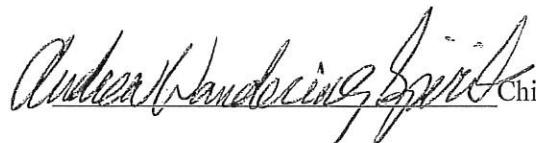
Edmonton, Alberta

Doyle & Company

Chartered Accountants

Smith's Landing First Nation #196
Consolidated Statement of Financial Position
As at March 31, 2014

	2014 \$	2013 \$
FINANCIAL ASSETS		
Cash	336,207	341,541
Accounts receivable (Note 3)	581,337	559,891
Investment in First Nation controlled entities (Note 4)	1,425	1,425
	918,969	902,857
LIABILITIES		
Accounts payable	200,448	45,269
Deferred revenue (Note 5)	465,735	569,266
Long-term liability (Note 6)	37,549	-
	703,732	614,535
NET FINANCIAL ASSETS	215,237	288,322
NON-FINANCIAL ASSETS		
Investments (Note 7)	26,094,730	24,306,151
Tangible capital assets (Schedule 2)	2,454,898	2,380,793
Prepaid expenses	11,162	15,784
	28,560,790	26,702,728
ACCUMULATED SURPLUS (Schedule 1 and Note 10)	28,776,027	26,991,050



Chief

Councillor

Councillor

Councillor

Councillor

Smith's Landing First Nation #196
Consolidated Statement of Financial Activities
For the year ended March 31, 2014

	2014 Budget \$	2014 Actual \$	2013 Actual \$
REVENUE			
Aboriginal Affairs and Northern Development Canada	614,016	618,432	685,016
Akaitcho Territory Government	-	20,371	41,968
Alberta Government	184,268	134,269	144,269
First Nation Development Fund	400,000	373,539	483,214
Investment income	1,000,000	1,000,000	1,000,000
Other revenue	-	68,604	114,595
Revenue deferred from previous period	-	411,012	305,575
Revenue deferred to subsequent period	-	(293,450)	(411,012)
	2,198,284	2,332,777	2,363,625
EXPENDITURES			
Administration	850,200	635,154	633,881
Alberta Government	134,269	134,269	146,520
Capital Projects	-	75,000	170,355
Chief and Council	284,505	300,251	278,570
Economic Development	115,740	65,740	67,191
Education	225,000	186,597	242,150
First Nation Development Fund	400,000	378,896	396,440
Housing	202,000	122,448	141,239
Public Works	75,000	186,253	188,964
Aboriginal Fishery Strategy Funding	-	-	167
	2,286,714	2,084,608	2,265,477
Excess of Revenue Over Expenditures			
- Before Other Expenditures	(88,430)	248,169	98,148
Other Expenditures			
Amortization	-	(145,370)	(133,516)
EXCESS OF REVENUE OVER EXPENDITURES	(88,430)	102,799	(35,368)

The accompanying notes form part of these financial statements.

Smith's Landing First Nation #196
Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2014

	2014 \$	2013 \$
EXCESS OF REVENUES OVER EXPENDITURES	102,799	(35,368)
Acquisition of tangible capital assets	(219,475)	(65,741)
Amortization of tangible capital assets	145,370	133,516
Loss on disposal of capital assets	-	75,000
Transfer to investments	(106,400)	-
	(180,505)	142,775
Acquisition of prepaid assets	(11,162)	(2,707)
Use of prepaid assets	15,783	-
	4,621	(2,707)
INCREASE (DECREASE) IN NET ASSETS	(73,085)	104,700
NET FINANCIAL ASSETS, BEGINNING OF YEAR	288,322	183,622
NET FINANCIAL ASSETS, END OF YEAR	215,237	288,322

Smith's Landing First Nation #196

Consolidated Statement of Cash Flows

For the year ended March 31, 2014

	2014 \$	2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from funding agencies and other income	3,889,977	2,420,532
Cash paid to suppliers and employees	(1,924,806)	(1,984,016)
	1,965,171	436,516
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in long-term obligations	37,549	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in investments	(1,788,579)	(543,730)
Purchase of capital assets	(219,475)	(65,741)
	(2,008,054)	(609,471)
DECREASE IN CASH DURING THE YEAR	(5,334)	(172,955)
CASH - Beginning of year	341,541	514,496
CASH - End of year	336,207	341,541

Smith's Landing First Nation #196

Schedule of Changes in Accumulated Surplus - Schedule 1

For the year ended March 31, 2014

	Unrestricted Surplus	Equity in Tangible Capital Assets	Equity in Enterprise Fund	Equity in Settlement Capital	2014 \$	2013 \$
Balance, Beginning of Year	302,680	2,380,793	1,425	24,306,152	26,991,050	26,482,688
Excess of revenue over expenses	102,799	-	-	2,682,178	2,784,977	1,508,362
Capital funds used for operations	-	-	-	(1,000,000)	(1,000,000)	(1,000,000)
Restricted funds transferred to investments	(106,400)	-	-	106,400	-	-
Current years funds used for tangible capital assets	(219,475)	219,475	-	-	-	-
Annual amortization expense	145,370	(145,370)	-	-	-	-
Long-term liabilities obtained	40,000	(40,000)	-	-	-	-
Long-term liabilities repaid	(2,451)	2,451	-	-	-	-
Change in accumulated surplus	(40,157)	36,556	-	1,738,578	1,784,977	508,362
Balance, End of Year	262,523	2,417,349	1,425	26,094,730	28,776,027	26,991,050

Smith's Landing First Nation #196

Consolidated Statement of Tangible Capital Assets - Schedule 2

For the year ended March 31, 2014

	Land	Automotive	Buildings & Infrastructure	Equipment	Infrastructure	2014	2013
	\$	\$	\$	\$	\$	\$	\$
COST:							
Balance, Beginning of Year	391,772	292,399	1,984,721	200,623	251,543	3,121,058	3,130,317
Acquisition of tangible capital assets	-	147,723	53,447	18,305	-	219,475	65,741
Write down of tangible capital assets	-	-	-	-	-	-	(75,000)
Balance, End of Year	391,772	440,122	2,038,168	218,928	251,543	3,340,533	3,121,058
ACCUMULATED AMORTIZATION:							
Balance, Beginning of Year	-	186,353	352,062	122,341	78,009	740,265	606,749
Annual amortization	-	53,972	66,315	18,142	6,941	145,370	133,516
Balance, End of Year	-	240,325	418,377	140,483	84,950	885,635	740,265
NET BOOK VALUE	391,772	199,797	1,619,791	78,445	166,593	2,454,898	2,380,793

The accompanying notes form part of these financial statements.

Smith's Landing First Nation #196

Consolidated Statement of Financial Activities - Schedule 3

For the year ended March 31, 2014

	AANDC Revenue \$	Other \$	Total Revenue \$	Total Expenditures \$	Surplus (Deficit) 2014 \$	Surplus (Deficit) 2013 \$
Administration	185,024	536,854	721,878	635,154	86,724	101,109
Alberta Government	-	134,269	134,269	134,269	-	-
Capital Projects	32,000	43,000	75,000	75,000	-	-
Chief and Council	-	300,251	300,251	300,251	-	-
Economic Development	65,740	-	65,740	65,740	-	-
Education	4,416	182,181	186,597	186,597	-	13,869
First Nation Development Fund	-	540,341	540,341	378,896	161,445	(18,663)
Housing	102,000	20,449	122,449	122,448	1	-
Public Works	155,896	30,356	186,252	186,253	(1)	186,252
Aboriginal Fishery Strategy Funding	-	-	-	-	-	1,833
	545,076	1,787,701	2,332,777	2,084,608	248,169	284,400

The accompanying notes form part of these financial statements.

Smith's Landing First Nation #196
Consolidated Statement of Expenditures by Object

For the year ended March 31, 2014

	2014 Actual \$	2013 Actual \$
EXPENDITURES		
Administration	6,226	9,665
Bad debts (recovery)	(1,062)	37,257
Contract labour	68,408	112,487
Honorarium	112,645	127,987
Housing	17,095	1,478
Insurance	33,353	28,755
Interest, bank charges and loan payments	5,837	10,871
Meeting costs	11,050	16,877
Members needs	51,398	30,255
Office and supplies	208,059	251,496
Professional fees	169,365	112,541
Program expenses	102,893	72,849
Repairs and maintenance	306,938	404,137
Travel	167,588	128,208
Tuition, allowances, bursaries and training	118,935	243,843
Vehicle	11,175	5,159
Wages and employee benefits	694,705	671,612
TOTAL EXPENDITURES	2,084,608	2,265,477

Smith's Landing First Nation #196

Notes to the Consolidated Financial Statements

March 31, 2014

1. DESCRIPTION OF OPERATIONS

The Smith's Landing First Nation's (the "First Nation") primary function is to administer the affairs of the Smith's Landing First Nation. The main focus of the Council is the social and political programs of the First Nation.

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Smith's Landing First Nation are the representations of the management prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants.

(a) Basis of Accounting

The financial statements are prepared using accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenditures are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted as deferred revenue until used for the purpose specified.

Revenue is recognized in the period when the related expenses are incurred, services performed or the related tangible capital assets are acquired or built.

(b) Use 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 amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

(c) Investments

Smith's Landing First Nation accounts for its investment in the Smith's Landing Development Corporation on the modified equity basis, which records the initial investment at cost, and is adjusted annually by the subsidiary's net earnings. Unrealised gains or losses are eliminated, but inter-organizational transactions and balances are not eliminated on consolidation.

Investments with CIBC Wood Gundy are recorded at fair market value.

(d) 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 normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets for the year.

Smith's Landing First Nation #196

Notes to the Consolidated Financial Statements

March 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES - continued

(d) Non-Financial Assets - continued

i) 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 is amortized on a declining balance method over the estimated useful life of the assets at the annual rates as follows:

Automotive	30%
Buildings	4%
Equipment	20%
Infrastructure	10%

Annual amortization is charged in the year of acquisition and not in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

ii) Contributions of Tangible Capital Assets

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

iii) 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 operation leases and the related lease payments are charges to expenses as incurred.

3. ACCOUNTS RECEIVABLE

	2014	2013
	\$	\$
Akaitcho Territory Government	53,099	62,531
Aboriginal Affairs and Northern Development Canada	177,000	71,000
First Nation Development Fund	233,354	337,300
Members	77,651	70,085
GST	34,629	24,262
Other	54,240	43,349
Allowance for doubtful accounts	(48,636)	(48,636)
	581,337	559,891

Smith's Landing First Nation #196
Notes to the Consolidated Financial Statements
March 31, 2014

4. INVESTMENT IN FIRST NATION CONTROLLED ENTITY

	2014 \$	2013 \$
Smith's Landing Development Corporation		
Shares	10	10
Advances	18,848	18,848
Accumulated deficit in earnings	(17,433)	(17,433)
	1,425	1,425

Unaudited financial information for the above entity for its respective March 31, 2014 year ended is as follows:

	Assets \$	Liabilities \$	Revenues \$	Net Earnings \$
Smith's Landing Dev. Corp.	1,425	18,848	-	-

5. DEFERRED REVENUE

	2014 \$	2013 \$
First Nation Development Fund	254,175	411,012
Housing	39,275	-
Land Acquisition	172,285	158,254
	465,735	569,266

Smith's Landing First Nation has a land acquisition bank account with \$65,886 and funds on deposit with CIBC Settlement account in the amount of \$106,399 for a total of \$172,285.

6. LONG-TERM LIABILITIES

	2014 \$	2013 \$
The loan payable to the Bank of Montreal is due November, 2019 and is repayable in monthly instalments of \$490 plus interest charged at prime plus 3% and is secured by advances.	37,549	-

Interest paid on long-term liabilities was \$1,112

Smith's Landing First Nation #196

Notes to the Consolidated Financial Statements

March 31, 2014

6. LONG-TERM LIABILITIES - continued

Principal repayments of long-term liabilities over the next five years are as follows:

	\$
2015	5,882
2016	5,882
2017	5,882
2018	5,882
Thereafter	<u>14,021</u>
	<hr/>
	37,549

7. INVESTMENTS

	2014	2013
	\$	\$
CIBC Wood Gundy		
Cash and cash equivalents	156,038	61,719
Fixed income	10,584,866	11,337,608
Equities	<u>15,353,826</u>	12,906,824
	<hr/>	<hr/>
	26,094,730	24,306,151

The above investments are in accordance with the policy guidelines approved by the Smith's Landing First Nation council. These amounts have been recorded at fair value. The amounts of unrealized gains included in these fair values are \$3,973,900 (2013 - \$2,519,851). The difference between the opening and closing unrealized amounts are a gain (loss) of \$1,454,049 (2013- \$889,128) and have been recorded to the equity in settlement capital funds.

8. EQUITY IN TANGIBLE CAPITAL ASSETS

	2014	2013
	\$	\$
Tangible capital assets (Schedule 2)	3,340,533	3,121,058
Accumulated amortization (Schedule 2)	(885,635)	(740,265)
Long-term liabilities (Note 6)	<u>(37,549)</u>	-
	<hr/>	<hr/>
	2,417,349	2,380,793

Smith's Landing First Nation #196
Notes to the Consolidated Financial Statements
March 31, 2014

9. EQUITY IN SETTLEMENT CAPITAL FUND

	2014	2013
	\$	\$
Balance, beginning of year	24,306,152	23,762,421
Interest and dividends	756,807	761,259
Capital gains - realized	713,825	117,380
Capital gains - unrealized	1,454,049	889,128
Management fees	(242,503)	(224,036)
Transfer to general funds - operating revenue	(1,000,000)	(1,000,000)
Transfer from general	106,400	-
 Balance, end of year	26,094,730	24,306,152

10. ACCUMULATED SURPLUS

	2014	2013
	\$	\$
Unrestricted surplus	262,523	302,678
Equity in tangible capital assets	2,417,349	2,380,793
Equity in enterprise fund	1,425	1,427
Equity in settlement capital fund	26,094,730	24,306,152
 28,776,027	 26,991,050	

11. FINANCIAL INSTRUMENTS

The Nation's financial instruments consist of cash, accounts receivable, investments, accounts payable, deferred revenue and long-term liabilities. Unless otherwise noted, it is management's opinion that the nation is not exposed to significant interest or foreign currency risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.