

Smith's Landing First Nation #196
Consolidated Financial Statements
March 31, 2015

Smith's Landing First Nation #196

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Smith's Landing First Nation #196

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

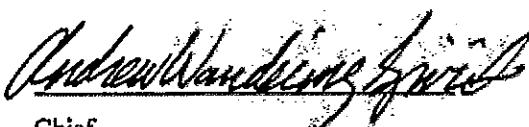
The accompanying financial statements of the **Smith's Landing First Nation #196** are the responsibility of management and have been approved by the Chief and Senior Financial Officer on behalf of Council.

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.

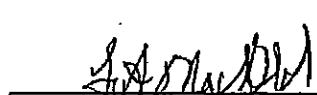
The First Nation maintains systems of internal accounting and administrative controls of high quality. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the First Nation's assets are appropriately accounted for and adequately 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 #196**, which comprise the statement of financial position as at March 31, 2015 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.

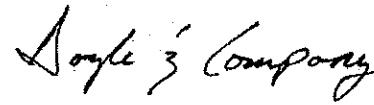
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the **Smith's Landing First Nation #196** 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.

July 27, 2015

Edmonton, Alberta

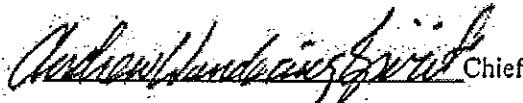


Chartered Accountants

Smith's Landing First Nation #196
Consolidated Statement of Financial Position
As at March 31, 2015

	2015 \$	2014 \$
FINANCIAL ASSETS		
Cash	360,366	336,207
Accounts receivable (Note 3)	334,629	581,337
Investment in First Nation controlled entities (Note 4)	1,425	1,425
	696,420	918,969
LIABILITIES		
Accounts payable	37,950	200,448
Deferred revenue (Note 5)	275,592	465,735
Long-term debt (Note 6)	31,667	37,549
	345,209	703,732
NET FINANCIAL ASSETS	351,211	215,237
NON-FINANCIAL ASSETS		
Investments (Note 7)	27,450,835	26,094,730
Tangible capital assets (Schedule 2)	2,372,832	2,454,898
Prepaid expenses	25,134	11,162
	29,848,801	28,560,790
ACCUMULATED SURPLUS (Schedule 1 and Note 10)	30,200,012	28,776,027

Approved by the First Nation:

 Chief _____ Councillor
 _____ Councillor _____ Councillor
 _____ Councillor

Smith's Landing First Nation #196
Consolidated Statement of Financial Activities
For the year ended March 31, 2015

	2015 Budget \$	2015 Actual \$	2014 Actual \$
REVENUE			
Aboriginal Affairs and Northern Development Canada	574,992	650,856	618,432
Akaitcho Territory Government	-	65,000	20,371
Alberta Government	134,269	209,269	134,269
First Nation Development Fund	460,000	524,539	373,539
Investment income	1,000,000	1,000,000	1,000,000
Other revenue	-	65,788	68,604
Revenue deferred from previous period	-	293,450	411,012
Revenue deferred to subsequent period	-	(103,186)	(293,450)
	2,169,261	2,705,716	2,332,777
EXPENDITURES			
Administration	729,940	760,982	635,154
Alberta Government	134,269	134,423	134,269
Capital Projects	-	54,910	75,000
Chief and Council	282,312	270,952	300,251
Economic Development	65,740	65,740	65,740
Education	280,000	191,538	186,597
First Nation Development Fund	460,000	680,913	378,896
Housing	142,000	133,373	122,448
Public Works	75,000	192,481	186,253
	2,169,261	2,485,312	2,084,608
Excess of Revenue Over Expenditures			
- Before Other Expenditures	-	220,404	248,169
Other Expenditures			
Amortization	-	(152,524)	(145,370)
EXCESS OF REVENUE OVER EXPENDITURES	-	67,880	102,799

Smith's Landing First Nation #196

Consolidated Statement of Change in Net Financial Assets

For the year ended March 31, 2015

	2015 \$	2014 \$
EXCESS OF REVENUES OVER EXPENDITURES	67,880	102,799
Acquisition of tangible capital assets	(71,313)	(219,475)
Proceeds on disposal of tangible capital assets	3,380	-
Amortization of tangible capital assets	152,525	145,370
Loss on disposal of capital assets	(2,526)	-
Transfer to investments	-	(106,400)
	82,066	(180,505)
Acquisition of prepaid assets	(25,134)	(11,162)
Use of prepaid assets	11,162	15,783
	(13,972)	4,621
INCREASE (DECREASE) IN NET ASSETS	135,974	(73,085)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	215,237	288,322
NET FINANCIAL ASSETS, END OF YEAR	351,211	215,237

Smith's Landing First Nation #196

Consolidated Statement of Cash Flows

For the year ended March 31, 2015

	2015 \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from funding agencies and other income	3,762,921	3,889,977
Cash paid to suppliers and employees	(2,308,842)	(1,924,806)
	1,454,079	1,965,171
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (Decrease) in long-term debt	(5,882)	37,549
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in investments	(1,356,105)	(1,788,579)
Purchase of tangible capital assets	(71,313)	(219,475)
Sale of tangible capital assets	3,380	-
	(1,424,038)	(2,008,054)
DECREASE IN CASH DURING THE YEAR		
	24,159	(5,334)
CASH - Beginning of year	336,207	341,541
CASH - End of year	360,366	336,207

Smith's Landing First Nation #196

Schedule of Changes in Accumulated Surplus - Schedule 1

For the year ended March 31, 2015

	Unrestricted Surplus	Equity in Tangible Capital Assets	Equity in Enterprise Fund	Equity in Settlement Capital	2015 \$	2014 \$
Balance, Beginning of Year	262,523	2,417,349	1,425	26,094,730	28,776,027	26,991,050
Excess of revenue over expenses	67,880	-	-	2,356,105	2,423,985	2,784,977
Capital funds used for operations	-	-	-	(1,000,000)	(1,000,000)	(1,000,000)
Current years funds used for tangible capital assets	(71,313)	71,313	-	-	-	-
Disposal of tangible capital assets	50,832	(50,832)	-	-	-	-
Annual amortization expense	152,525	(152,525)	-	-	-	-
Amortization of disposed assets	(49,978)	49,978	-	-	-	-
Long-term liabilities repaid	(5,882)	5,882	-	-	-	-
Change in accumulated surplus	144,064	(76,184)	-	1,356,105	1,423,985	1,784,977
Balance, End of Year	406,587	2,341,165	1,425	27,450,835	30,700,012	28,776,027

The accompanying notes form part of these financial statements.

Smith's Landing First Nation #196

Consolidated Statement of Tangible Capital Assets - Schedule 2

For the year ended March 31, 2015

	Land	Automotive	Buildings & Infrastructure	Equipment	Infrastructure	2015	2014
	\$	\$	\$	\$	\$	\$	\$
COST:							
Balance, Beginning of Year	391,772	440,122	2,038,168	218,928	251,543	3,340,533	3,121,058
Acquisition of tangible capital assets	-	18,674	33,500	19,139	-	71,313	219,475
Disposal of tangible capital assets	-	(50,832)	-	-	-	(50,832)	-
Balance, End of Year	391,772	407,964	2,071,668	238,067	251,543	3,361,014	3,340,533
ACCUMULATED AMORTIZATION:							
Balance, Beginning of Year	-	240,325	419,877	140,483	84,950	885,635	740,265
Annual amortization	-	62,484	65,402	17,975	6,664	152,525	145,370
Accumulated amortization on disposals	-	(49,978)	-	-	-	(49,978)	-
Balance, End of Year	-	252,831	485,279	158,458	91,614	988,182	885,635
NET BOOK VALUE	391,772	155,133	1,586,389	79,609	159,929	2,372,832	2,454,898

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, 2015

	AANDC Revenue \$	Other Revenue \$	Total Revenue \$	Total Expenditures \$	Surplus (Deficit) 2015 \$	Surplus (Deficit) 2014 \$
Administration	203,848	644,512	848,360	760,982	87,378	86,724
Alberta Government	-	134,423	134,423	134,423	-	-
Capital Projects	88,410	-	88,410	54,910	33,500	-
Chief and Council	-	290,562	290,562	270,952	19,610	-
Economic Development	65,740	-	65,740	65,740	-	-
Education	4,606	212,594	217,200	191,538	25,662	-
First Nation Development Fund	-	735,167	735,167	680,913	54,254	161,445
Housing	102,000	31,373	133,373	133,373	-	1
Public Works	186,252	6,229	192,481	192,481	-	(1)
	650,856	2,054,860	2,705,716	2,485,312	220,404	248,169

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, 2015

	2015 Actual \$	2014 Actual \$
EXPENDITURES		
Administration	3,184	6,226
Bad debts (recovery)	23,896	(1,062)
Contract labour	66,467	68,408
Honorarium	106,776	112,645
Housing	44,783	17,095
Insurance	38,944	33,353
Interest, bank charges and loan payments	101,043	5,837
Meeting costs	23,106	11,050
Members needs	59,016	51,398
Office and supplies	80,085	208,059
Professional fees	147,094	169,365
Program expenses	179,964	102,893
Repairs and maintenance	379,954	306,938
Travel	126,391	167,588
Tuition, allowances, bursaries and training	395,362	118,935
Vehicle	23,550	11,175
Wages and employee benefits	685,697	694,705
TOTAL EXPENDITURES	2,485,312	2,084,608

Smith's Landing First Nation #196

Notes to the Consolidated Financial Statements

March 31, 2015

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 #196. 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 #196 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) Measurement Uncertainty

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 #196 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, 2015

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.

(e) Financial Instruments

The Nation's financial instruments consist of cash, accounts receivable, investments, trust funds, accounts payable, deferred revenue and long-term liabilities. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

Credit Risk

Credit risk is the risk that one party to a financial asset will cause a financial loss for the Nation by failing to discharge an obligation. The Nation's credit risk is mainly related to accounts receivable. The Nation provides credit to its clients in the normal course of its operations and assesses on a continuous basis the accounts receivable and records any amounts that are not collectible in the allowance for doubtful accounts.

Market Risk

Market risk is the risk that the fair value or future cash flows of the Nation's financial instrument will fluctuate because of changes in market prices. Some of the Nation's financial instruments expose it to this risk which comprises currency risk, interest rate risk, and other price risk.

Smith's Landing First Nation #196
Notes to the Consolidated Financial Statements
March 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES - continued

(e) Financial Instruments - continued

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Nation may purchase services and goods from outside of Canada and incurs expenditures in foreign currency.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rate. The Nation is exposed to interest rate risk on its bank account balances and any of its fixed and/or floating interest rate financial instruments.

Liquidity Risk

Liquidity risk is the risk that the Nation will encounter difficulty in meeting its obligations associated with financial liabilities. The Nation manages its liquidity risk by monitoring its operating requirements and cash forecasts to ensure it has sufficient funds to fulfil its financial obligations.

3. ACCOUNTS RECEIVABLE

	2015	2014
	\$	\$
Akaitcho Territory Government	45,197	53,099
Aboriginal Affairs and Northern Development Canada	-	177,000
First Nation Development Fund	108,385	233,354
Members	79,003	77,651
GST	43,005	34,629
Other	131,685	54,240
Allowance for doubtful accounts	(72,646)	(48,636)
	334,629	581,337

Smith's Landing First Nation #196
Notes to the Consolidated Financial Statements
March 31, 2015

4. INVESTMENT IN FIRST NATION CONTROLLED ENTITY

	2015 \$	2014 \$
Smith's Landing Development Corporation		
Shares	10	10
Advances	18,847	18,848
Accumulated deficit in earnings	(17,432)	(17,433)
	1,425	1,425

Unaudited financial information for the above entity for its respective March 31, 2015 year ended is as follows:

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

5. DEFERRED REVENUE

	2015 \$	2014 \$
First Nation Development Fund	55,128	254,175
Housing - investment income	48,058	39,275
Land Acquisition	172,406	172,285
	275,592	465,735

Smith's Landing First Nation #196 has a land acquisition bank account with \$66,007 and funds on deposit with CIBC Settlement account in the amount of \$106,399 for a total of \$172,406.

6. LONG-TERM LIABILITIES

	2015 \$	2014 \$
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.	31,667	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, 2015

6. LONG-TERM LIABILITIES - continued

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

	\$
2016	5,882
2017	5,882
2018	5,882
2019	5,882
<u>Thereafter</u>	<u>8,139</u>
	31,667

7. INVESTMENTS

	2015	2014
	\$	\$
CIBC Wood Gundy		
Cash and cash equivalents	2,048,542	156,038
Fixed income	10,890,153	10,584,866
Equities	14,512,140	15,353,826
	27,450,835	26,094,730

The above investments are in accordance with the policy guidelines approved by the Smith's Landing First Nation #196 council. These amounts have been recorded at fair value. The amounts of unrealized gains included in these fair values are \$4,831,474 (2014 - \$3,973,900). The difference between the opening and closing unrealized amounts are a gain (loss) of \$857,574 (2014- \$1,454,049) and have been recorded to the equity in settlement capital funds.

8. EQUITY IN TANGIBLE CAPITAL ASSETS

	2015	2014
	\$	\$
Tangible capital assets (Schedule 2)	3,361,014	3,340,533
Accumulated amortization (Schedule 2)	(988,182)	(885,635)
<u>Long-term liabilities (Note 6)</u>	<u>(31,667)</u>	<u>(37,549)</u>
	2,341,165	2,417,349

Smith's Landing First Nation #196
Notes to the Consolidated Financial Statements
March 31, 2015

9. EQUITY IN SETTLEMENT CAPITAL FUND

	2015	2014
	\$	\$
Balance, beginning of year	26,094,730	24,306,152
Interest and dividends	777,361	756,807
Capital gains - realized	1,360,800	713,825
Capital gains - unrealized	857,574	1,454,049
Management fees	255,488	(242,503)
Transfer to general funds - operating revenue	(1,000,000)	(1,000,000)
Transfer from general	(895,118)	106,400
Balance, end of year	27,450,835	26,094,730

10. ACCUMULATED SURPLUS

	2015	2014
	\$	\$
Unrestricted surplus	406,587	262,523
Equity in tangible capital assets	2,341,165	2,417,349
Equity in enterprise fund	1,425	1,425
Equity in settlement capital fund	27,450,835	26,094,730
	30,200,012	28,776,027

11. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform with current year's presentation.

12. BUDGET FIGURES

The budget figures are presented for information purposes only and have not been audited.