



**Nuxalk Nation**  
**Financial Statements**

**March 31, 2014**

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**Nuxalk Nation**  
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**For the year ended March 31, 2014**

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**Nuxalk Nation**

**MARCH 31, 2014**

**MANAGEMENT'S RESPONSIBILITY FOR THE SUMMARY FINANCIAL STATEMENTS**

The accompanying summary financial statements of the Nuxalk Nation are the responsibility of management and have been approved by Chief and Council.

These summary financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants and as such include amounts that are the best estimates and judgments of management.

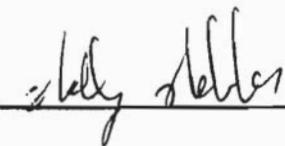
Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Nuxalk Nation Chief and Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the summary financial statements.

The Nuxalk Nation Chief and Council meets periodically with management, as well as the external auditors, 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 summary consolidated financial statements and the external auditor's report.

The external auditors, Ribeyre & Company, Chartered Accountants, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the summary financial statements. The external auditors have full and free access to financial management of Nuxalk Nation and meet when required.

On behalf of Nuxalk Nation:

  
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Kelly Heller

  
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## AUDITOR'S REPORT

To: The Members of Nuxalk Nation

### **Nuxalk Nation**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of **Nuxalk Nation**, which comprise the statement of financial position as at March 31, 2014, and the summary statements of operations, summary statement of changes in net debt, summary statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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 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 financial statements are free from material misstatement.

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

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

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Nuxalk Nation** as at March 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Ribeyre & Company*

Port Coquitlam, B.C.

July 24, 2014

Chartered Accountants

**Nuxalk Nation**  
**SUMMARY STATEMENT OF FINANCIAL POSITION**

As at March 31, 2014	Statement 1	
	2014	2013
<b>Financial assets</b>		
Cash	\$ 1,838,556	\$ 962,301
Restricted cash	11,991	-
Accounts receivable - Note 2	203,855	2,437,426
Inventory	27,621	59,145
Investments - Note 3	1,378,262	1,428,345
Trust funds held by federal government - Note 4	341,560	328,251
	<b>3,801,845</b>	<b>5,215,468</b>
<b>Financial liabilities</b>		
Bank indebtedness - Note 5	-	311,040
Accounts payable and accrued liabilities	947,080	1,664,929
Deferred revenue - Note 6	104,345	257,943
Lease payable	26,830	-
Long-term debt - Note 7	563,984	720,651
	<b>1,642,239</b>	<b>2,954,563</b>
<b>Net financial assets</b>	<b>2,159,606</b>	<b>2,260,905</b>
<b>Non-financial assets</b>		
Tangible capital assets - Note 8	23,913,133	25,152,947
Houses for resale - Note 9	402,073	435,582
Prepaid expenses and deposits	165,784	44,087
<b>Total non-financial assets</b>	<b>24,480,990</b>	<b>25,632,616</b>
<b>Accumulated surplus - Note 10</b>	<b>\$ 26,640,596</b>	<b>\$ 27,893,521</b>

*See accompanying notes*

On behalf of Chief and Council:

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**Nuxalk Nation**  
**SUMMARY STATEMENT OF OPERATIONS**

For the year ended March 31, 2014

Statement 2

	2014	2013
<b>Revenue</b>		
Aboriginal Affairs and Northern Development Canada	\$ 11,419,511	\$ 11,635,626
Health Canada / First Nations Health Authority	1,833,484	1,804,701
Canada Mortgage and Housing Corporation	232,418	138,786
Department of Fisheries and Oceans	100,000	101,524
Miscellaneous income	2,376,888	2,575,447
Trust income	13,309	11,408
Province of British Columbia	506,479	483,162
Investment income (loss)	1	1,579,768
Rental income	179,955	266,493
Tangible capital asset acquisitions	-	-
Contributions from other funds	-	-
User and administration fees	222,576	322,735
	<b>16,884,621</b>	<b>18,919,650</b>
<b>Expenses</b>		
Local government services	1,663,496	1,687,343
Education	8,206,218	8,021,488
Social services	3,070,398	3,385,900
Health	2,600,367	2,386,886
Economic development	688,083	1,495,445
Capital projects	1,897,078	1,694,161
	<b>18,125,640</b>	<b>18,671,223</b>
<b>Annual (deficit) surplus</b>	<b>(1,241,019)</b>	<b>248,427</b>
<b>Accumulated surplus, beginning of year</b>	<b>27,893,521</b>	<b>27,312,036</b>
(Recoveries) reimbursements	(11,906)	333,058
<b>Accumulated surplus, end of year</b>	<b>\$ 26,640,596</b>	<b>\$ 27,893,521</b>

*See accompanying notes*

**Nuxalk Nation**  
**SUMMARY STATEMENT OF NET FINANCIAL ASSETS**

For the year ended March 31, 2014

Statement 3

	2014	2013
<b>Annual (deficit) surplus</b>	<b>\$ (1,241,019)</b>	\$ 248,427
(Recoveries) reimbursements in the year	(11,906)	333,058
	<b>(1,252,925)</b>	<b>581,485</b>
<b>Changes in tangible capital assets</b>		
Acquisition of tangible capital assets	(230,214)	(231,333)
Amortization of tangible capital assets	1,470,028	1,492,669
	<b>1,239,814</b>	<b>1,261,336</b>
<b>Changes in other non-financial assets</b>		
Houses for resale	33,509	46,611
Prepaid expenses and deposits	(121,697)	(37,635)
	<b>(88,188)</b>	<b>8,976</b>
<b>(Decrease) increase in net financial assets</b>	<b>(101,299)</b>	1,851,797
Net financial assets at beginning of year	2,260,905	409,108
<b>Net financial assets at end of year</b>	<b>\$ 2,159,606</b>	\$ 2,260,905

*See accompanying notes*

# **Nuxalk Nation**

## **SUMMARY STATEMENT OF CASH FLOWS**

**For the year ended March 31, 2014**

#### **Statement 4**

2014

2013

## OPERATING ACTIVITIES

Revenue received	\$ 18,939,378	\$ 17,046,454
Expenses paid	(17,430,125)	(16,555,918)
<b>Cash provided by operating activities</b>	<b>1,509,253</b>	<b>490,536</b>

## INVESTING ACTIVITIES

Purchase and construction of capital assets	(203,384)	(231,333)
Advances from investments	50,084	553,024
<b>Cash (used in) provided by investing activities</b>	<b>(153,300)</b>	<b>321,691</b>

## FINANCING ACTIVITIES

<b>Loan repayments</b>	<b>(156,667)</b>	<b>(164,424)</b>
<b>Cash used in financing activities</b>	<b>(156,667)</b>	<b>(164,424)</b>

<b>Increase in cash during the year</b>	<b>1,199,286</b>	<b>647,803</b>
Cash, beginning of year	651,261	3,458

**Cash, end of year** \$ 1,850,547 \$ 651,261

Represented by:

Cash on hand	\$ 1,838,556	\$ 962,301
Restricted cash	11,991	-
Bank indebtedness	-	(311,040)
	<b>\$ 1,850,547</b>	<b>\$ 651,261</b>

*See accompanying notes*

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**Nuxalk Nation**  
**SUMMARY FINANCIAL STATEMENTS**  
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March 31, 2014

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**1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES**

These Summary Financial Statements have been prepared in accordance with Canadian generally accepted accounting principles for local government entities, as defined in the CICA Public Sector Accounting and Auditing Handbook, which encompasses the following principles.

**a) Fund accounting**

Nuxalk Nation 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 Summary Financial Statements. Details of the operations of each fund are set out in the supplementary schedules. The Nuxalk Nation maintains the following funds:

- The Operating Fund which reports the general activities of the Indian Band administration,
- The Trust Fund which reports on trust funds owned by the Indian Band and held by a third party,
- The Social Housing Fund which reports on the activities relating to the Canada Mortgage and Housing Corporation housing program,
- The Transition House Fund which reports on the activities of Nuxalk nation Transition House Society,
- The Education Fund which reports on the activities of the Nuxalk Acwsalcmaislayc Academy of Learning Society.

**b) Use of estimates**

The preparation of schedules in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the schedules and reported amounts of revenues and expenditures during the reported period. Actual results could differ from the estimates.

**c) Revenue recognition**

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

**d) Reporting entity and principles of financial reporting**

Nuxalk Nation reporting entity includes Nuxalk Nation and all related entities which are accountable to the First Nation and are either owned or controlled by the Indian Band.

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**1. Continued...**

**d) Continued...**

These financial statements consolidate the assets, liabilities and results of operation for the

- Nuxalk Nation Operating Fund,
- Nuxalk Nation Trust Fund,
- Nuxalk Nation Social Housing Fund,
- Nuxalk Nation Transition House Fund,
- Nuxalk Education Fund.

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

**e) Financial assets**

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not consumed in the normal course of operations. The indicator of net assets is determined by deducting the financial assets of the Nuxalk Nation from its liabilities. Financial assets are primarily measured at historical cost.

**f) Non-financial assets**

Fixed assets and other non-financial assets are accounted for as assets by the Nuxalk Nation because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Nuxalk Nation unless they are sold.

**g) Fixed assets**

Fixed assets are valued at either cost or estimated cost and recorded in the Operating Fund.

The acquisition costs of fixed assets and payments on capital debt, which are not funded from capital financing sources, are charged to operations and matched with the applicable revenue source in the year of expenditure. These expenditures are also recorded as an addition to assets of the Operating Fund with a corresponding increase in Operating Fund - unrestricted equity.

**h) Depreciation**

Fixed assets are recorded and depreciated with a corresponding reduction in Equity in Fixed Assets. Fixed assets are depreciated over their expected useful life using the declining balance method at the following rates:

Buildings	5%
Office and computer equipment	30%
Computer software	100%
Engineered structures	5%
Equipment and vehicles	20%

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**2. ACCOUNTS RECEIVABLE**

	2014	2013
Accounts receivable is comprised of the following:		
Aboriginal Affairs and Northern Development Canada	\$ 38,389	\$ 1,287,637
Canada Mortgage & Housing Corporation	7,237	7,695
Health Canada	-	536,333
General and band members	158,229	1,883,527
	203,855	3,715,192
Less allowance for doubtful accounts	-	(1,277,766)
	<u>\$ 203,855</u>	<u>\$ 2,437,426</u>

**3. INVESTMENTS**

	2014	2013
Nuxalk Nation Development Corporation (100% owned)		
Shares	\$ 1	\$ 1
Allowance	(1)	(1)
	-	-
Nuxalk Forestry Ltd. (100% owned)		
Shares	2	2
Advances	(2)	(2)
	-	-
Nuxalk Business Trust (100% beneficiary)		
Accumulated net earnings	875,455	875,455
Advances	-	50,083
	<u>875,455</u>	<u>925,538</u>
Nuxalk Development Corporation (100% owned)		
Shares	1	1
Advances	503,803	503,803
Accumulated net earnings	(999)	(999)
	<u>502,805</u>	<u>502,805</u>
Subtotal	<u>\$ 1,378,260</u>	<u>\$ 1,428,343</u>

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**3. continued...**

	2014	2013
Balance forward	\$ 1,378,260	\$ 1,428,343
Central Coast Commercial Fisheries Limited Partnership (25%)		
Accumulated proportionate equity	2	2
	<u>\$ 1,378,262</u>	<u>\$ 1,428,345</u>

**4. TRUST FUNDS HELD BY FEDERAL GOVERNMENT**

	March 31, 2013	Additions 2014	Withdrawals 2014	March 31, 2014
Revenue	\$ 318,172	\$ 13,309	\$ -	\$ 331,481
Capital	10,079	-	-	10,079
	<u>\$ 328,251</u>	<u>\$ 13,309</u>	<u>\$ -</u>	<u>\$ 341,560</u>

The trust funds arise from moneys derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue 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 primarily governed by Sections 63 to 69 of the Indian Act.

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**5. BANK INDEBTEDNESS**

	2014	2013
Line of credit advances	\$ 272,044	\$ -
Cheques issued in excess of funds on deposit	(636,009)	488,666
Other cash balances on hand	(258,697)	(177,626)
	<b>\$ (622,662)</b>	<b>\$ 311,040</b>

The Nuxalk Nation has been granted a line of credit in the amount of \$650,000 at an interest rate of the Bank's prime rate plus 2.0% on its primary operating account. At March 31, 2014, the Bank's prime rate was 3.75%.

The Nuxalk Nation has been granted a secondary line of credit in the amount of \$5,000 at an interest rate of the Bank's prime rate plus 1.0% on its non-operating account. At March 31, 2014, the Bank's prime rate was 4.00%.

The Nuxalk Nation has been granted a line of credit in the amount of \$5,000 at an interest rate of the Bank's prime rate plus 1.0% on its secondary operating account. At March 31, 2014, this facility was not utilized.

**6. DEFERRED REVENUE**

	2014	2013
Province of British Columbia		
School funding for April through June	\$ 104,345	\$ 165,873
The Nature Conservancy	-	54,570
Other	-	37,500
	<b>\$ 104,345</b>	<b>\$ 257,943</b>

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**7. LONG-TERM DEBT**

**2014**                    **2013**

Mortgage payable secured by real property and a ministerial guarantee. Maturing June 1, 2015 with monthly payments of \$11,071 including interest at 4.49%.	\$ 161,911	\$ 285,069
Mortgage payable secured by real property and a ministerial guarantee. Maturing September 1, 2018 with monthly payments of \$1,532 including interest at 6.25%.	131,585	142,550
Mortgage payable secured by real property and a ministerial guarantee. Maturing September 1, 2018 with monthly payments of \$3,149 including interest at 6.25%.	<u>270,488</u>	293,032
<hr/>		\$ 563,984    \$ 720,651

Future principal payments for subsequent years under the negotiated terms are as follows:

2015	\$ 162,301
2016	69,283
2017	37,131
2018	38,739
2019	256,530
<hr/>	
\$ 563,984	

**Nuxalk Nation**  
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**8. TANGIBLE CAPITAL ASSETS**

	2014					2013				
	Beginning Cost	Additions	Disposals	Ending Cost	Beginning Accumulated Depreciation		Ending Accumulated Depreciation		Net Book Value	Net Book Value
					Depreciation	Disposals	Depreciation	Disposals		
Operating Fund										
Buildings	\$19,451,571	\$ 50,075	\$ -	\$19,501,646	\$ 5,038,144	\$ 721,924	\$ -	\$ 5,760,068	\$13,741,578	\$ 14,413,427
Engineered structures	13,704,054	-	-	13,704,054	4,104,341	479,987	-	4,584,328	9,119,726	9,599,713
Equipment and vehicles	4,379,114	96,730	-	4,475,844	3,931,163	107,943	-	4,039,106	436,738	447,951
	37,534,739	146,805	-	37,681,544	13,073,648	1,309,854	-	14,383,502	23,298,042	24,461,091
Social Housing Fund										
Buildings	2,126,917	-	-	2,126,917	1,563,252	123,158	-	1,686,410	440,507	563,665
Transition House Fund										
Engineered structures	32,949	-	-	32,949	24,487	2,539	-	27,026	5,923	8,462
Equipment and vehicles	83,316	15,830	-	99,146	69,337	6,568	-	75,905	23,241	13,979
	116,265	15,830	-	132,095	93,824	9,107	-	102,931	29,164	22,441
Education Fund										
Equipment and vehicles	105,750	67,579	-	173,329	-	27,909	-	27,909	145,420	105,750
	<b>\$39,883,671</b>	<b>\$ 230,214</b>	<b>\$ -</b>	<b>\$40,113,885</b>	<b>\$14,730,724</b>	<b>\$1,470,028</b>	<b>\$ -</b>	<b>\$16,200,752</b>	<b>\$23,913,133</b>	<b>\$ 25,152,947</b>

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**Nuxalk Nation**  
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**9. HOUSES FOR RESALE**

The houses are occupied by members who are responsible for their share of the mortgages the Nation has through Peace Hills Trust Company. The houses will be assigned to the members once they have fully paid their share of the mortgages.

**10. ACCUMULATED SURPLUS**

	<b>2014</b>	<b>2013</b>
Accumulated Surplus is comprised of the following:		
Restricted surpluses		
Trust fund	\$ 341,560	\$ 328,251
CMHC replacement reserve	533,251	520,053
Restricted capital project surpluses	165,441	268,383
Equity in tangible capital assets	23,724,392	24,867,878
Unrestricted surplus	1,875,952	1,908,956
	<hr/> <b>\$ 26,640,596</b>	<hr/> <b>\$ 27,893,521</b>

**11. REPLACEMENT RESERVE FUND**

In accordance with the terms and conditions of the "Operating Agreement" with Canada Mortgage and Housing Corporation, Nuxalk Nation Social Housing must set aside funds annually for the non-annual expenditures of the Program for the repair, maintenance and replacement of worn out assets.

These funds are to be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Replacement Reserve Fund.

As at March 31, 2014, cash and term deposits required to fund Replacement Reserve Fund were deficient by \$521,260 (2013 - \$520,053).

**12. ECONOMIC DEPENDENCE**

Nuxalk Nation receives major portions of its revenue pursuant to funding arrangements with Aboriginal Affairs and Northern Development Canada and Health Canada / First Nations Health Authority.

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**13. BUDGET INFORMATION**

The budget information disclosed has been approved by the Nuxalk Nation. Individual program operations not showing budget information does not mean budgets were not prepared but rather that their amounts were not readily determinable.

**14. COMMITMENTS**

- a) The Nuxalk Nation leases office equipment under an operating lease in the amount of \$875 per month and expiring October 2014.
- b) The Nuxalk Nation leases equipment under an operating lease in the amount of \$2,047 per month with an undefined period of expiry.