



**Nuxalk Nation
Financial Statements**

March 31, 2014

Nuxalk Nation
INDEX TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2014

Management's Responsibility for Financial Reporting
Auditor's Report

SUMMARY FINANCIAL STATEMENTS

| | |
|---|-------------|
| Summary Statement of Financial Position | Statement 1 |
| Summary Statement of Net Assets | Statement 2 |
| Summary Statement of Revenue and Expenditures | Statement 3 |
| Summary Statement of Cash Flows | Statement 4 |
| Notes to the Summary Financial Statements | |

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:





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.

Port Coquitlam, B.C.
July 24, 2014

Ribeys & Company

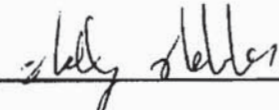
Chartered Accountants

Nuxalk Nation
SUMMARY STATEMENT OF FINANCIAL POSITION

| As at March 31, 2014 | Statement 1 | |
|---|----------------------|----------------------|
| | 2014 | 2013 |
| Financial assets | | |
| 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 |
| | 3,801,845 | 5,215,468 |
| Financial liabilities | | |
| 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 |
| | 1,642,239 | 2,954,563 |
| Net financial assets | 2,159,606 | 2,260,905 |
| Non-financial assets | | |
| 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 |
| Total non-financial assets | 24,480,990 | 25,632,616 |
| Accumulated surplus - Note 10 | \$ 26,640,596 | \$ 27,893,521 |

See accompanying notes

On behalf of Chief and Council:





Nuxalk Nation

SUMMARY STATEMENT OF OPERATIONS

For the year ended March 31, 2014

Statement 2

| | 2014 | 2013 |
|--|----------------------|----------------------|
| Revenue | | |
| 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 |
| | 16,884,621 | 18,919,650 |
| Expenses | | |
| 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 |
| | 18,125,640 | 18,671,223 |
| Annual (deficit) surplus | (1,241,019) | 248,427 |
| Accumulated surplus, beginning of year | 27,893,521 | 27,312,036 |
| (Recoveries) reimbursements | (11,906) | 333,058 |
| Accumulated surplus, end of year | \$ 26,640,596 | \$ 27,893,521 |

See accompanying notes

Nuxalk Nation
SUMMARY STATEMENT OF NET FINANCIAL ASSETS

For the year ended March 31, 2014

Statement 3

| | 2014 | 2013 |
|--|----------------------|---------------------|
| Annual (deficit) surplus | \$(1,241,019) | \$ 248,427 |
| (Recoveries) reimbursements in the year | (11,906) | 333,058 |
| | (1,252,925) | 581,485 |
| Changes in tangible capital assets | | |
| Acquisition of tangible capital assets | (230,214) | (231,333) |
| Amortization of tangible capital assets | 1,470,028 | 1,492,669 |
| | 1,239,814 | 1,261,336 |
| Changes in other non-financial assets | | |
| Houses for resale | 33,509 | 46,611 |
| Prepaid expenses and deposits | (121,697) | (37,635) |
| | (88,188) | 8,976 |
| (Decrease) increase in net financial assets | (101,299) | 1,851,797 |
| Net financial assets at beginning of year | 2,260,905 | 409,108 |
| Net financial assets at end of year | \$ 2,159,606 | \$ 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) |
| Cash provided by operating activities | 1,509,253 | 490,536 |
| INVESTING ACTIVITIES | | |
| Purchase and construction of capital assets | (203,384) | (231,333) |
| Advances from investments | 50,084 | 553,024 |
| Cash (used in) provided by investing activities | (153,300) | 321,691 |
| FINANCING ACTIVITIES | | |
| Loan repayments | (156,667) | (164,424) |
| Cash used in financing activities | (156,667) | (164,424) |
| Increase in cash during the year | 1,199,286 | 647,803 |
| 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) |
| | \$ 1,850,547 | \$ 651,261 |

See accompanying notes

Nuxalk Nation
SUMMARY FINANCIAL STATEMENTS
NOTES TO STATEMENTS

March 31, 2014

See Auditor's Report

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 Acwscmayslayc 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.

Nuxalk Nation
SUMMARY FINANCIAL STATEMENTS
NOTES TO STATEMENTS

March 31, 2014

See Auditor's Report

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% |

Nuxalk Nation
SUMMARY FINANCIAL STATEMENTS
NOTES TO STATEMENTS

March 31, 2014

See Auditor's Report

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) |
| | \$ 203,855 | \$ 2,437,426 |

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 |
| | 875,455 | 925,538 |
| Nuxalk Development Corporation (100% owned) | | |
| Shares | 1 | 1 |
| Advances | 503,803 | 503,803 |
| Accumulated net earnings | (999) | (999) |
| | 502,805 | 502,805 |
| Subtotal | \$ 1,378,260 | \$ 1,428,343 |

Nuxalk Nation
SUMMARY FINANCIAL STATEMENTS
NOTES TO STATEMENTS

March 31, 2014

See Auditor's Report

3. continued...

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

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 |
| | \$ 328,251 | \$ 13,309 | \$ - | \$ 341,560 |

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.

Nuxalk Nation
SUMMARY FINANCIAL STATEMENTS
NOTES TO STATEMENTS

March 31, 2014

See Auditor's Report

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) |
| | \$ (622,662) | \$ 311,040 |

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 |
| | \$ 104,345 | \$ 257,943 |

Nuxalk Nation
SUMMARY FINANCIAL STATEMENTS
NOTES TO STATEMENTS

March 31, 2014

See Auditor's Report

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%. | 270,488 | 293,032 |
| | \$ 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 |
| | <u><u>\$ 563,984</u></u> |

Nuxalk Nation
SUMMARY FINANCIAL STATEMENTS
NOTES TO STATEMENTS

March 31, 2014

See Auditor's Report

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

| | 2014 | 2013 |
|--|----------------------|----------------------|
| 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 |
| | \$ 26,640,596 | \$ 27,893,521 |

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.

Nuxalk Nation
SUMMARY FINANCIAL STATEMENTS
NOTES TO STATEMENTS

March 31, 2014

See Auditor's Report

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.