

**Saulteau First Nations**  
**Consolidated Financial Statements**  
For the year ended March 31, 2014

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**Consolidated Financial Statements**  
For the year ended March 31, 2014

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## Management's Responsibility for the Consolidated Financial Statements

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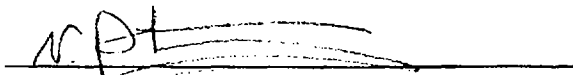
The accompanying consolidated financial statements of Saulteau First Nations are the responsibility of management and have been approved by the Chief and another Band Councilor on behalf of the Band Council.

These consolidated 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. Management is responsible 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.

The Chief and Council of Saulteau First Nations are responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The external auditors, BDO Canada LLP conduct an audit, in accordance with Canadian generally accepted auditing standards, and express their opinion on the consolidated financial statements. The external auditors have access to financial management of Saulteau First Nations and meet when required.

On Behalf of Saulteau First Nations:



Chief Councilor



Band Councilor



Tel: 250 492 6020  
Fax: 250 492 8110  
www.bdo.ca

BDO Canada LLP  
102 - 100 Front Street  
Penticton BC V2A 1H1 Canada

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## Independent Auditor's Report

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**To the Chief and Council  
Saulteau First Nations**

We have audited the accompanying consolidated financial statements of Saulteau First Nations, which comprise the consolidated statement of financial position as at March 31, 2014, the consolidated statements of operations, change in net financial assets, and 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 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.

### **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 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 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 preparation 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 qualified opinion on the results of operations and cash flows and our unmodified audit opinion on the financial position.



#### **Basis for Qualified Opinion on the Results of Operations and Cash Flows**

Canadian public sector accounting standards require that organizations in the public sector disclose budgeted results for operations and changes in net debt. These consolidated financial statements do not include budgeted numbers and are therefore not in compliance with Canadian public sector accounting standards in this respect.

#### **Qualified Opinion on the Results of Operations and Cash Flows**

In our opinion, except for the missing budget numbers as described in the Basis for Qualified Opinion paragraph, the consolidated statements of operations, change in net financial assets, and cash flows present fairly, in all material respects, the results of operations and cash flows of Saulteau First Nations for the year ended March 31, 2014 in accordance with Canadian public sector accounting standards.

#### **Opinion on the Financial Position**

In our opinion, the consolidated financial position present fairly, in all material respects, the consolidated financial position of Saulteau First Nations as at March 31, 2014 in accordance with Canadian public sector accounting standards.

#### **Other Matters**

The consolidated financial statements of Saulteau First Nations for the year ended March 31, 2013, were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on July 24, 2013.

These consolidated financial statements include unaudited supplementary schedules which present detailed program revenues and expenditures and have been prepared to assist management of Saulteau First Nations to meet the reporting requirements of various funding agencies. Our report is intended solely for management of Saulteau First Nations and various funding agencies. As a result, the consolidated financial statements should not be distributed to or used by other parties.

Saulteau First Nations has also prepared another set of consolidated financial statements for the year ended March 31, 2014 in accordance with Canadian public sector accounting standards. However, these consolidated financial statements do not include unaudited supplementary schedules. Our audit report on the other set of consolidated financial statements was issued to the members of Saulteau First Nations and was dated September 3, 2014.

*BDO CANADA LLP*

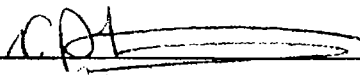

Chartered Accountants

Penticton, British Columbia  
September 3, 2014

## Saulteau First Nations Consolidated Statement of Financial Position

March 31	2014	(Restated) 2013
<b>Financial assets</b>		
Cash (Note 3)	\$ 4,462,081	\$ 4,879,724
Accounts receivable (Note 4)	424,173	1,018,908
Long-term investments (Note 6)	5,052,507	3,860,161
	<u>9,938,761</u>	<u>9,758,793</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 9)	679,649	917,343
Deferred revenue (Note 10)	240,445	342,975
Long-term debt (Note 13)	2,860,035	2,698,542
	<u>3,780,129</u>	<u>3,958,860</u>
<b>Net financial assets</b>	<u>6,158,632</u>	<u>5,799,933</u>
<b>Non-financial assets</b>		
Inventories of supplies	9,589	9,589
Prepaid expenses	217,858	566,448
Tangible capital assets (Note 8)	14,211,939	13,456,185
	<u>14,439,386</u>	<u>14,032,222</u>
<b>Accumulated surplus</b>	<u>\$ 20,598,018</u>	<u>\$ 19,832,155</u>

Approved on behalf of Chief & Council

## Saulteau First Nations Consolidated Statement of Operations

For the year ended March 31	2014	(Restated) 2013
<b>Revenue</b>		
Federal Government:		
Aboriginal Affairs and Northern Development Canada	\$ 2,253,719	\$ 2,717,347
Canada Mortgage and Housing Corporation	65,407	43,545
Government of Canada	360,496	323,244
Health Canada/First Nations Health Authority	792,450	798,367
Provincial Government:		
Province of British Columbia	194,950	343,831
Rental Income	358,177	495,725
Interest	43,644	32,297
North East Native Advancing Society	20,993	150,386
BC Oil and Gas Commission	522,736	1,596,500
Other		
Administration	-	655,049
Donation	33,520	53,100
First Nations Education Steering Committee	60,884	84,317
Industries	333,437	43,858
Insurance proceeds	-	110,536
Northern Health Authority	43,625	31,500
Wind energy royalties	71,364	-
Reimbursements	138,080	332,744
Retail Operations	94,145	90,141
Spectra Energy	75,000	86,500
Deferred revenue	-	217,114
Other land use and miscellaneous contracts	3,588,148	1,897,369
	<b>\$ 9,050,775</b>	<b>\$ 10,103,470</b>

## Saulteau First Nations Consolidated Statement of Operations

For the year ended March 31	2014	(Restated) 2013
<b>Expenditures (Note 17)</b>		
Administration	\$ 2,544,991	\$ 2,410,752
Economic development	2,483,841	1,016,378
Education	883,018	1,149,925
Enterprise Fund	113,918	47,448
Family and Social Development	587,476	745,777
Health services	808,489	901,417
Housing	1,300,593	1,085,523
Public works	595,423	621,821
Recreation and culture	159,509	218,834
	<u>9,477,258</u>	<u>8,197,875</u>
<b>Excess (deficiency) of revenue for the year</b>	<b>(426,483)</b>	<b>1,905,595</b>
<b>Net income from government business entities</b>	<b>1,192,346</b>	<b>823,761</b>
<b>Annual surplus</b>	<b>765,863</b>	<b>2,729,356</b>
<b>Accumulated surplus at beginning of year, as previously stated</b>	<b>19,242,028</b>	<b>17,102,799</b>
<b>Prior period adjustment (Note 2)</b>	<b>590,127</b>	<b>-</b>
<b>Accumulated surplus at beginning of year, restated</b>	<b>19,832,155</b>	<b>17,102,799</b>
<b>Accumulated surplus at end of year</b>	<b>\$ 20,598,018</b>	<b>\$ 19,832,155</b>



## Saulteau First Nations Consolidated Statement of Change in Net Financial Assets

<b>For the year ended March 31</b>	<b>2014</b>	(Restated) <b>2013</b>
<b>Annual surplus</b>	<b>\$ 765,863</b>	<b>\$ 2,729,356</b>
Tangible capital assets:		
Acquisition of tangible capital assets	<b>(1,255,191)</b>	(1,802,155)
Amortization of tangible capital assets	<b>499,437</b>	472,416
Loss on sale of tangible capital assets	-	27,230
Proceeds on sale of tangible capital assets	-	100,000
	<b>10,109</b>	1,526,847
Net use (acquisition) of prepaid expenses	<b>348,590</b>	(460,658)
<b>Increase in net financial assets</b>	<b>358,699</b>	1,066,189
<b>Net financial assets at beginning of year</b>	<b>5,799,933</b>	4,733,744
<b>Net financial assets at end of year</b>	<b>\$ 6,158,632</b>	<b>\$ 5,799,933</b>

## Saulteau First Nations Consolidated Statement of Cash Flows

For the year ended March 31	2014	(Restated) 2013
<b>Operating activities</b>		
Annual surplus	\$ 765,863	\$ 2,729,356
Items not affecting cash:		
Amortization	499,437	472,416
Bad debts	491,798	231,156
Loss on disposal of tangible capital assets	-	27,230
Income from investment in government business entities	(1,192,346)	(823,761)
	<u>564,752</u>	<u>2,636,397</u>
Changes in operating balances		
Decrease (increase) in accounts receivable	102,937	(687,738)
Decrease (increase) in prepaid expenses	348,590	(460,658)
Decrease (increase) in accounts payable and accrued liabilities	(237,694)	349,780
Decrease (increase) in deferred revenue	(102,530)	(210,970)
	<u>676,055</u>	<u>1,626,811</u>
<b>Capital activities</b>		
Purchase of tangible capital assets	(1,255,191)	(1,802,155)
Proceeds from disposal of tangible capital assets	-	100,000
	<u>(1,255,191)</u>	<u>(1,702,155)</u>
<b>Investing activities</b>		
Loan to (repayment from) related entities	-	30,000
	<u>-</u>	<u>30,000</u>
<b>Financing activities</b>		
Proceeds from long-term debt	1,359,040	1,373,636
Repayment of long-term debt	(1,197,547)	(338,464)
	<u>161,493</u>	<u>1,035,172</u>
<b>Increase (decrease) in cash for the year</b>	<b>(417,643)</b>	<b>989,828</b>
<b>Cash, beginning of year</b>	<b>4,879,724</b>	<b>3,889,896</b>
<b>Cash, end of year (Note 3)</b>	<b>\$ 4,462,081</b>	<b>\$ 4,879,724</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

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## Saulteau First Nations

### Notes to Consolidated Financial Statements

**March 31, 2014**

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#### **1. Summary of Significant Accounting Policies**

<b>Nature of Business</b>	<p>Saulteau First Nations provides services and support to its band members.</p> <p>Saulteau First Nations is an Indian Band and, as such, is exempt from income tax under section 87 of the Indian Act.</p>
<b>Basis of Accounting</b>	<p>These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board.</p>
<b>Reporting Entity</b>	<p>The Saulteau First Nations reporting entity includes the Saulteau First Nations government and all related entities that are controlled by the First Nation.</p>
<b>Principles of Consolidation</b>	<p>All controlled entities are fully consolidated on a line-by-line basis except for commercial enterprises which meet the definition of a government business entities, which are included in the consolidated financial statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.</p> <p>Under the modified equity method of accounting, only Saulteau First Nations investment in the government business entities and the First Nation's portion of the entity's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the entities that are different from those of Saulteau First Nations and inter-organizational balances and transactions are not eliminated.</p>
<b>Asset Classification</b>	<p>Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets, and prepaid expenses.</p>
<b>Cash</b>	<p>Cash includes cash on hand and balances with banks.</p>

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## Saulteau First Nations Notes to Consolidated Financial Statements

**March 31, 2014**

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### **1. Summary of Significant Accounting Policies (continued)**

**Long-term Investments** Long-term investments in entities which are not wholly owned or controlled by the First Nation are recorded at cost. The First Nation's investment in the following government business enterprises, are recorded on a modified equity basis:

- 4 Evergreen Resources Limited Partnership
- Six Nations Ventures Limited Partnership
- Three Nations Ventures Limited Partnership
- Saulteau Camp Services Limited Partnership

The modified equity method of reporting includes the investment, equity, and net income of the government business enterprise. The First Nation's investment in the following entities which are not controlled, are recorded at cost:

- First Nations Pipeline Limited Partnership
- 4 Evergreen Harvesting Incorporated

**Use of Estimates** The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

**Tangible Capital Assets** Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital assets including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Buildings and improvements	25-50 years
Automotive equipment	10 years
Engineering structures	15-25 years
Machinery and equipment	3-20 years

One-half of the annual amortization is recorded in the year of asset acquisition.

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## Saulteau First Nations

### Notes to Consolidated Financial Statements

**March 31, 2014**

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#### **1. Summary of Significant Accounting Policies (continued)**

<b>Net Debt</b>	The Band's consolidated financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the Band is determined by its liabilities less its financial assets. Net debt is comprised of two components: non-financial assets and accumulated surplus.
<b>Revenue Recognition</b>	<p>Revenue in the Operating Fund is recognized as it becomes receivable under the terms of applicable funding agreements. Revenue received under the funding arrangements which relates 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.</p> <p>Revenue in the Enterprise Fund is recognized when ownership of products are transferred to a third party or services are provided, and collection is reasonably assured.</p> <p>Revenue from rental and other income is recognized when services are provided, and collection is reasonably assured. When payments are received in advance of contracted services, the Band records this as deferred revenue.</p> <p>Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the consolidated statement of operations as the stipulation liabilities are settled.</p>
<b>Financial Instruments</b>	<p>The Band carries a number of financial instruments. 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.</p> <p>The fair values of these financial instruments approximate their carrying values, unless otherwise noted.</p>

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#### **2. Prior Period Adjustment**

During the year, the Band's records of its investment in Saulteau Camp Services Limited Partnership were brought up to date which required an adjustment to reflect the accumulated earnings from 2013. The total adjustment required was an increase in the 2013 net income from government business enterprises and long term investment account of \$590,127 and an adjustment to the April 1, 2013 accumulated surplus and long term investment account of \$590,127 which represents the accumulated earnings incurred in Saulteau Camp Service Limited Partnership from 2013.

## Saulteau First Nations Notes to Consolidated Financial Statements

**March 31, 2014**

### 3. Cash and Short-term Investments

	2014	2013
Cash	<u>\$ 4,462,081</u>	<u>\$ 4,879,724</u>
Restricted		
Ottawa Trust Funds - Capital (Note 5)	\$ 42,787	\$ 42,787
Ottawa Trust Funds - Revenue (Note 5)	354,141	344,338
Replacement reserve	463,230	415,401
Community Benefit Fund	159,595	149,132
Pemmican Days	14,693	9,558
Extended Care Fund	14,845	14,891
Funds held in trust	67,805	67,805
Unrestricted	<u>3,344,985</u>	<u>3,835,812</u>
	<u>\$ 4,462,081</u>	<u>\$ 4,879,724</u>

#### Replacement Reserves

Under the terms of the agreement with Canada Mortgage and Housing Corporation ("CMHC"), the Replacement Reserve account is to be credited annually in an amount as specified by CMHC. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC. Withdrawals are credited to interest first and then principal.

#### Community Benefits Fund

This fund was established for the purpose of collecting monies for future projects which would benefit the members of the Saulteau First Nations.

#### Pemmican Days

This fund was established for the purpose of collecting monies for the annual Pemmican Days event.

#### Extended Care Fund

This fund was established for the purpose of building a new elders' care home.

#### Trust Funds

These funds are held in trust with Donovan & Company for the purpose of supporting the negotiation of an impact benefit agreement with Peace River Coal related to mining activities.

**Saulteau First Nations**  
**Notes to Consolidated Financial Statements**

**March 31, 2014**

**4. Accounts Receivable**

	2014	2013
Trade	\$ 465,367	\$ 150,117
Accrued receivables	5,888	604,209
Band member rent	1,273,744	1,081,595
Member loans	24,167	36,182
	<u>1,769,166</u>	<u>1,872,103</u>
Less: Allowance for doubtful accounts	(62,035)	(54,992)
Less: Allowance for doubtful band member rent accounts	(1,265,846)	(779,411)
Less: Allowance for doubtful band member loans	(17,112)	(18,792)
Net accounts receivable	<u>\$ 424,173</u>	<u>\$ 1,018,908</u>

**5. Trust Funds Held by Federal Government**

	March 31, 2013	Additions	Withdrawals	March 31, 2014
Revenue	\$ 42,787	\$ -	\$ -	\$ 42,787
Capital	344,338	9,803	-	354,141
	<u>\$ 387,125</u>	<u>\$ 9,803</u>	<u>\$ -</u>	<u>\$ 396,928</u>

The trust funds arise from monies 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. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

**6. Long-term Investments**

	2014	(Restated) 2013
4 Evergreen Resources Limited Partnership (99.99%)	\$ 2,991,401	\$ 2,712,348
Six Nations Ventures Limited Partnership (16.66%)	357,989	269,490
Three Nations Ventures Limited Partnership (33.33%)	240,791	286,249
Saulteau Camp Services Limited Partnership (99.99%)	1,460,379	590,127
4 Evergreen Harvesting Incorporated (100%), at cost	947	947
First Nations Pipeline Limited Partnership (6.66%), at cost	1,000	1,000
	<u>\$ 5,052,507</u>	<u>\$ 3,860,161</u>

**March 31, 2014**

## 6. Long-term investments (continued)

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## Saulteau First Nations Notes to Consolidated Financial Statements

**March 31, 2014**

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### **6. Long-term Investments (continued)**

#### **4 Evergreen Resources Limited Partnership**

The principal purpose of 4 Evergreen Resources Limited Partnership is providing contract services for the oil and gas, timber and road construction industries.

#### **Six Nations Ventures Limited Partnership**

Six Nations Ventures Limited Partnership is a partnership of Blueberry River First Nations, Doig River First Nation, Halfway River First Nation, Prophet River First Nation, Saulteau First Nations, West Moberly First Nations and Six Nations Ventures Inc. This partnership operates a log sort yard on a contract basis in Fort St. John, British Columbia.

#### **Three Nations Ventures Limited Partnership**

Three Nations Ventures Limited Partnership is a limited partnership of the Saulteau First Nations, Blueberry First Nations, West Moberly First Nations, and Three Nations Ventures Inc. This partnership operates predominantly in the forestry sector; as well, it operates a log sort yard.

#### **Saulteau Camp Services Limited Partnership**

Saulteau Camp Services Limited Partnership is a limited partnership of the Saulteau First Nations. The principal purpose is administering the leasing of remote camps.

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### **7. Related Party Transactions**

During the year, there were transactions with 4 Evergreen Resources Limited Partnership for \$102,000 (2013 - nil) related to donations. This was conducted in the normal course of operations and measured at the estimated carrying amount which approximates fair value.

During the year, Saulteau First Nations paid accounting fees on behalf of Saulteau Camp Services Limited Partnership in the amount of \$3,600. This was conducted in the normal course of operations and measured at the estimated carrying amount which approximates fair value.

**Saulteau First Nations**  
**Notes to Consolidated Financial Statements**

**March 31, 2014**

**8. Tangible Capital Assets**

	<b>2014</b>				
	<b>Buildings</b>	<b>Machinery and Equipment</b>	<b>Engineering Structures</b>	<b>Automotive</b>	<b>Total</b>
Cost, beginning of year	\$15,734,968	\$ 105,321	\$ 4,366,389	\$ 124,717	\$ 20,331,395
Additions	1,060,828	66,458	127,905	-	1,255,191
Disposals	-	-	-	-	-
Cost, end of year	<b>16,795,796</b>	<b>171,779</b>	<b>4,494,294</b>	<b>124,717</b>	<b>21,586,586</b>
Accumulated amortization, beginning of year	3,895,152	52,590	2,877,277	50,191	6,875,210
Amortization	323,216	7,148	156,601	12,472	499,437
Disposals	-	-	-	-	-
Accumulated amortization, end of year	<b>4,218,368</b>	<b>59,738</b>	<b>3,033,878</b>	<b>62,663</b>	<b>7,374,647</b>
Net carrying amount, end of year	<b>\$12,577,428</b>	<b>\$ 112,041</b>	<b>\$ 1,460,416</b>	<b>\$ 62,054</b>	<b>\$ 14,211,939</b>

	<b>2013</b>				
	<b>Buildings</b>	<b>Machinery and Equipment</b>	<b>Engineering Structures</b>	<b>Automotive</b>	<b>Total</b>
Cost, beginning of year	\$14,269,835	\$ 94,531	\$ 4,366,389	\$ 124,717	\$18,855,472
Additions	1,791,365	10,790	-	-	1,802,155
Disposals	(326,232)	-	-	-	(326,232)
Cost, end of year	<b>15,734,968</b>	<b>105,321</b>	<b>4,366,389</b>	<b>124,717</b>	<b>20,331,395</b>
Accumulated amortization, beginning of year	3,804,055	37,214	2,722,808	37,719	6,601,796
Amortization	290,099	15,376	154,469	12,472	472,416
Disposals	(199,002)	-	-	-	(199,002)
Accumulated amortization, end of year	<b>3,895,152</b>	<b>52,590</b>	<b>2,877,277</b>	<b>50,191</b>	<b>6,875,210</b>
Net carrying amount, end of year	<b>\$11,839,816</b>	<b>\$ 52,731</b>	<b>\$ 1,489,112</b>	<b>\$ 74,526</b>	<b>\$13,456,185</b>

## Saulteau First Nations Notes to Consolidated Financial Statements

**March 31, 2014**

### 9. Accounts Payable and Accrued Liabilities

	2014	2013
Trade payables	\$ 379,826	\$ 682,130
Accrued liabilities	170,930	63,272
Accrued salaries and employee benefits payable	121,940	82,276
Other accounts payable	6,953	89,665
	<b>\$ 679,649</b>	<b>\$ 917,343</b>

### 10. Deferred Revenue

Deferred revenue represents funding received for programs that were not completed during the year.

	Balance, beginning of the year	Contributed	Recognized	Balance, end of the year
AANDC Capital Surplus	\$ 232,501	\$ 34,400	\$ (127,905)	\$ 138,996
Community Benefits Agreement	67,804	-	-	67,804
Elders Fund	17,170	-	-	17,170
Wildfire Protection	16,475	-	-	16,475
BCC Native Plants	6,145	-	(6,145)	-
Prepaid rent	2,880	-	(2,880)	-
	<b>\$ 342,975</b>	<b>\$ 34,400</b>	<b>\$ (136,930)</b>	<b>\$ 240,445</b>

### 11. Demand Loan

The First Nation has an authorized revolving loan with approval up to \$225,000, of which \$nil was drawn. These amounts bear interest at prime plus 1.25%. The First Nation also has a Visa credit card with approval up to \$25,000, of which \$6,676 was drawn at year end. The loans are secured by the assets of the Band and authorized through Band Council Resolution.

### 12. Pension Plan

The Band and certain of its employees contribute to the Saulteau First Nations Pension Plan (the "Plan"). The Plan is a defined contribution plan. The Band administers the Plan through Manulife, including the payment of pension benefits on behalf of the employer and employees in accordance with the federal legislation. Contributions to the plan are based on fixed percentages of a participant's contributions up to a maximum amount per participant.

During the year, the Band paid \$16,538 (2013 - \$15,257) to the Plan on behalf of its employees.

# Saulteau First Nations

## Notes to Consolidated Financial Statements

**March 31, 2014**

### 13. Long-term Debt

	2014	2013
<b>Capital Fund</b>		
Toronto Dominion Bank loan payable, bearing interest at 5.26% per annum, payable in monthly instalments of \$4,058 due 2015.	\$ 265,188	\$ 300,436
Toronto Dominion Bank loan payable, bearing interest at 5.28% per annum payable in monthly instalments of \$4,404 due 2015.	252,176	297,512
Toronto Dominion Bank loan payable, bearing interest at 5.26% per annum, payable in monthly instalments of \$3,946 due 2015.	263,497	292,032
Canadian Imperial Bank of Commerce loan payable, bearing interest at 8.74% per annum, payable in monthly instalments of \$337, due 2021.	26,787	30,826
Canadian Imperial Bank of Commerce loan payable, bearing interest at 5.34% per annum, payable in monthly instalments of \$322, due 2016.	37,367	38,855
Royal Bank of Canada loan payable, bearing interest at 3.25% per annum, payable in monthly instalments of \$6,622 after the amounts are fully withdrawn, due 2034.	1,350,284	951,685
Royal Bank of Canada loan payable, bearing interest at prime + 1% per annum, repayable in monthly instalments of \$5,590, due 2018.	224,318	278,664
Royal Bank of Canada loan payable, bearing interest at 2.80% per annum, repayable in monthly instalments of \$690, due 2031.	115,347	120,307
	<b>2,534,964</b>	<b>2,310,317</b>
<b>Social Housing Fund</b>		
Canada Housing Mortgage loan payable, bearing interest at 2.57% per annum, payable in monthly instalments of \$2,405, due 2014.	16,694	44,840
Canada Housing Mortgage loan payable, bearing interest at 2.65% per annum, payable in monthly instalments of \$1,602, due 2026.	196,459	210,781
Canada Housing Mortgage loan payable, bearing interest at 1.92% per annum, payable in monthly instalments of \$1,892, due 2019.	111,918	132,604
	<b>325,071</b>	<b>388,225</b>
	<b>2,860,035</b>	<b>2,698,542</b>
Less: current portion	<b>(269,327)</b>	<b>(190,163)</b>
	<b>\$ 2,590,708</b>	<b>\$ 2,508,379</b>

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## Saulteau First Nations

### Notes to Consolidated Financial Statements

**March 31, 2014**

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#### **13. Long-term Debt (continued)**

All mortgages are secured by a ministerial guarantee from Aboriginal Affairs and Northern Development Canada. Principal repayments on long-term debt for the next five years and thereafter are as follows, assuming mortgages are renewed on similar terms:

2015	\$ 269,327
2016	263,231
2017	274,315
2018	258,599
2019	226,115
Thereafter	<u>1,568,448</u>
	<u>\$ 2,860,035</u>

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#### **14. Economic Dependence**

Saulteau First Nations receives a major portion of its revenue from Aboriginal Affairs and Northern Development Canada and First Nations Health Authority. The nature and extent of this revenue is of such significance that the Band is economically dependent on this source of revenue.

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#### **15. Comparative Figures**

The comparative amounts presented in the financial statements have been restated to conform to the current year's presentation.

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#### **16. Federal Assistance Payments**

The Social Housing Fund receives federal assistance through CMHC, 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, 2014 was \$47,494 (2013 - \$43,545).

# Saulteau First Nations

## Notes to Consolidated Financial Statements

March 31, 2014

### 17. Statement of Expenditures by Object

	2014	2013
<b>Expenditures</b>		
Administration	\$ -	\$ 656,196
Advertising and recruitment	25,045	12,305
Amortization	499,436	472,416
Appliances	1,967	3,710
Bad debts	491,798	364,531
Bank charges	16,116	20,528
Community events	26,968	37,871
Contract services	2,217,173	1,102,259
Cost of retail operations	87,549	84,072
Debt repayment	-	45,470
Direct social assistance	295,634	390,378
Donations	34,844	43,679
Equipment rental	64,223	85,271
Equipment purchases	19,594	7,896
Garbage collections	33,540	33,640
Honoraria	150,697	51,536
Insurance	82,661	99,011
Interest on long term debt	276,417	1,117
Loss (gain) on sale of asset	-	(100,000)
Materials and supplies	367,740	329,618
Meetings	58,506	42,258
Office and miscellaneous	108,348	106,371
Professional fees	957,728	827,824
Property tax	3,308	1,652
Rental	-	65,000
Repairs and maintenance	184,076	394,191
Salaries and benefits	2,436,784	2,027,424
Septic tank services	20,075	16,066
Student allowance and transportation	353,779	450,348
Telephone	79,391	76,201
Travel and accommodation	300,860	224,542
Transportation	88,902	74,129
Utilities	81,250	82,578
Vehicles O&M	21,369	18,371
Workshops and training	91,480	49,416
<b>Total expenditures for the year</b>	<b>\$ 9,477,258</b>	<b>\$ 8,197,875</b>

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## Saulteau First Nations Notes to Consolidated Financial Statements

March 31, 2014

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### 18. Segmented Information

Saulteau First Nations is a First Nation organization that provides a wide range of services to its members including social, education, health, housing, public works and economic activities. For management reporting purposes, the Band's operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives with special regulations, restrictions or limitations. Services are provided by programs and their activities are reported in these funds. Certain programs have been separately disclosed in the segmented information, along with the services they provide, are detailed in the Schedule of Segmented Financial Activities.

#### *Administration*

The Administration Services program provides administration support to other band operated programs and services.

#### *Economic Development*

The Economic Development program includes various general projects as well as land use activities.

#### *Education*

The Education program provides services to eligible First Nations students enrolled in elementary/secondary education programs and eligible post-secondary education programs.

#### *Family and Social Development*

The Family and Social Development program provides financial benefits and services to individuals and families, resident on reserve, who are in need.

#### *Housing*

The Housing program provides on-reserve housing to eligible members under the CMHC housing programs for First Nations.

#### *Public Works*

The Public Works program is responsible for the construction and maintenance of public spaces within the community.

#### *Health Services*

The Band provides health programs and services under an agreement with Health Canada/First Nations Health Authority, and the Province of British Columbia.

#### *Enterprise Fund*

The Enterprise Fund includes the operations of the government business entities of Saulteau First Nations as well as camp operations and oil and gas projects.

#### *Recreation and Culture*

The Recreation and Culture program includes the organization of community activities and cultural events.

**Saulteau First Nations**  
Notes to Consolidated Financial Statements  
Schedule of Segmented Financial Activities

March 31, 2014

18. Segmented Information (continued)

2014

	Administration	Economic Development	Education	Housing	Public Works	Health Services	Enterprise Fund	Recreation & Culture	Family & Social Development	Total
<b>Revenue</b>										
A.A.N.D.C.	\$ 399,374	\$ 50,349	\$ 875,576	\$ 27,010	\$ 350,806	\$ -	\$ -	\$ -	\$ 540,604	\$ 2,253,719
C.M.H.C.	-	-	-	65,407	-	-	-	-	-	65,407
Government of Canada	336,626	-	-	-	-	23,870	-	-	-	360,496
Health Canada	-	-	-	-	-	792,450	-	-	-	792,450
Rental income	-	-	-	356,702	1,475	-	-	-	-	358,177
Interest	43,392	-	-	144	-	-	108	-	-	43,644
Investment income	-	71,364	-	-	-	-	1,192,346	-	-	1,263,710
N.E.N.A.S	-	-	-	-	-	-	-	20,993	-	20,993
Other	741,184	2,660,064	170,257	1,166	968	89,220	543,046	148,341	12,593	4,366,839
Oil and gas commissions	-	-	-	-	-	-	522,736	-	-	522,736
Province of B.C.	-	75,000	-	-	-	16,385	-	-	103,565	194,950
	<b>1,520,576</b>	<b>2,856,777</b>	<b>1,045,833</b>	<b>450,429</b>	<b>363,249</b>	<b>921,925</b>	<b>2,258,236</b>	<b>169,334</b>	<b>656,762</b>	<b>10,243,121</b>
<b>Expenditures</b>										
Amortization	5,666	-	8,516	199,179	269,458	16,618	-	-	-	499,437
Direct Assistance	-	-	353,779	-	-	-	-	-	295,634	649,413
Materials, supplies and utilities	89,614	128,257	133,600	31,951	67,530	123,205	91	61,837	50,992	687,077
Operations and maintenance	1,431,554	2,023,040	101,237	980,142	180,228	233,945	113,827	71,479	69,095	5,204,547
Salaries, wages and benefits	1,018,157	332,544	285,886	89,321	78,207	434,721	-	26,193	171,755	2,436,784
	<b>2,544,991</b>	<b>2,483,841</b>	<b>883,018</b>	<b>1,300,593</b>	<b>595,423</b>	<b>808,489</b>	<b>113,918</b>	<b>159,509</b>	<b>587,476</b>	<b>9,477,258</b>
<b>Excess of revenue (expenditure) for the year</b>	<b>\$ (1,024,415)</b>	<b>\$ 372,936</b>	<b>\$ 162,815</b>	<b>\$ (850,164)</b>	<b>\$ (232,174)</b>	<b>\$ 113,436</b>	<b>\$ 2,144,318</b>	<b>\$ 9,825</b>	<b>\$ 69,286</b>	<b>\$ 765,863</b>



**Saulteau First Nations**  
**Notes to Consolidated Financial Statements**  
**Schedule of Segmented Financial Activities**

March 31, 2014

**18. Segmented Information (continued)**

2013

	Administration	Economic Development	Education	Housing	Public Works	Health Services	Enterprise Fund	Recreation & Culture	Family & Social Development	Total
<b>Revenue</b>										
A.A.N.D.C.	\$ 344,720	\$ 41,153	\$ 813,842	\$ 618,518	\$ 304,384	\$ -	\$ -	\$ -	\$ 594,730	\$ 2,717,347
C.M.H.C.	-	-	-	43,545	-	-	-	-	-	43,545
Government of Canada	323,244	-	-	-	-	-	-	-	-	323,244
Health Canada	-	-	-	-	-	798,367	-	-	-	798,367
Rental income	-	-	-	427,475	68,250	-	-	-	-	495,725
Interest	32,153	-	-	144	-	-	-	-	-	32,297
Investment income	-	-	-	-	-	-	823,761	-	-	823,761
N.E.N.A.S	-	18,200	132,186	-	-	-	-	-	-	150,386
Other	1,072,339	960,167	314,264	171,166	186,599	73,565	631,731	179,424	12,973	3,602,228
Oil and gas commissions	-	-	-	-	-	-	1,596,500	-	-	1,596,500
Province of B.C.	190,000	40,000	-	-	-	10,272	-	-	103,559	343,831
	1,962,456	1,059,520	1,260,292	1,260,848	559,233	882,204	3,051,992	179,424	711,262	10,927,231
<b>Expenditures</b>										
Amortization	10,444	-	8,000	166,267	271,087	16,618	-	-	-	472,416
Direct Assistance	-	-	450,348	-	-	-	-	-	390,378	840,726
Materials, supplies and utilities	38,597	191,223	339,463	82,650	114,984	283,125	892	99,266	121,350	1,271,550
Operations and maintenance	1,507,500	663,385	58,692	714,175	156,449	236,733	46,556	108,370	93,899	3,585,759
Salaries, wages and benefits	854,211	161,770	293,422	122,431	79,301	364,941	-	11,198	140,150	2,027,424
	2,410,752	1,016,378	1,149,925	1,085,523	621,821	901,417	47,448	218,834	745,777	8,197,875
<b>Excess of revenue (expenditure) for the year</b>	\$ (448,296)	\$ 43,142	\$ 110,367	\$ 175,325	\$ (62,588)	\$ (19,213)	\$ 3,004,544	\$ (39,410)	\$ (34,515)	\$ 2,729,356