

**KLAHOOSE FIRST NATION**

**FINANCIAL STATEMENTS  
MARCH 31, 2015**

# **KLAHOOSE FIRST NATION**

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**March 31, 2015**

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## Klahoose First Nation

March 31, 2015

### MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of the Klahoose First Nation for the year ended March 31, 2015 and all the information in this annual report are the responsibility of management and have been approved by the Chief and Council.

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles as prescribed by the Public Sector Accounting Board (PSAB). Financial statements are not precise since they include certain amounts based on estimates and judgments. 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.

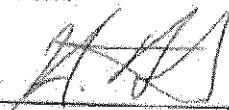
The Klahoose First Nation maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Klahoose First Nation's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

The Klahoose First Nation 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 Council reviews the First Nation's financial statements. The 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 financial statements and the external auditor's report. The Council approves the financial statements for issuance to the Members. The Council also considers, for review and approval by the Members, the engagement of the external auditors.

The accompanying financial statements have been audited by Reid Hurst Nagy Inc., Chartered Professional Accountants, in accordance with Canadian generally accepted auditing standards on behalf of the Members. Reid Hurst Nagy Inc., Chartered Professional Accountants have full and free access to the books and records of the First Nation.

Chief

  
James A. Delorme

Date

July 29/15

Administrator



Date

July 29/15

## INDEPENDENT AUDITORS' REPORT

### KLAHOOSE FIRST NATION

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#### Report on the financial statements

We have audited the accompanying summary financial statements of Klahoose First Nation, which comprise the summary statement of financial position as at March 31, 2015, the summary 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 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.

#### Auditors' responsibility

Our responsibility is to express an opinion on these summary 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 auditors' 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 auditors consider internal controls 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 controls.

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.

#### Basis for qualified opinion

Beginning April 1, 2009, generally accepted accounting principles for government entities required that the Band record the net value of tangible capital assets in its financial statements. The Band has not applied these new financial statement reporting standards. Because the Band did not provide us with a completed capital asset register reflecting the total cost of tangible capital assets owned by the Band and appropriate accumulated amortization and any impairment attributable to each of those assets, we were unable to determine the net value of the tangible capital assets that should have been recorded as an asset and the related amortization or impairment that should have been recorded as an expense in the current and prior year. Upon adoption of PS 1200 Financial Statement Presentation, the Band did not fully adopt all aspects of the standard as they relate to the aforementioned tangible capital assets as they have reported capital purchases and long-term debt payments as expenses and have failed to appropriately report depreciation as an expense.



## INDEPENDENT AUDITORS' REPORT (Continued)

### Opinion

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, the summary financial statements present fairly, in all material respects, the financial position of Klahoose First Nation 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.

*Reid Hurst Nagy Inc.*

REID HURST NAGY INC.  
CHARTERED PROFESSIONAL ACCOUNTANTS

RICHMOND, B.C.  
JULY 29, 2015


# **KLAHOOSE FIRST NATION**


## **SUMMARY STATEMENT OF FINANCIAL POSITION** March 31, 2015

Statement 1

	2015	2014
	\$	\$
<b>ASSETS</b>		
Cash	2,442,490	1,886,107
Restricted cash	818,964	832,354
Ottawa Trust Fund (Note 5)	541,343	527,702
Rents receivable	134,083	230,821
Accounts receivable	190,251	541,441
Inventory	2,449	3,417
Due from First Nation Controlled Entities	208,572	-
Investment in First Nation Controlled Entities (Note 4)	13,648,650	8,264,969
Deferred support negotiation expenses	3,218,159	3,035,477
	<b>21,204,961</b>	<b>15,322,288</b>
<b>LIABILITIES</b>		
Accounts payable	270,473	231,989
Due to First Nation Controlled Entities	-	17,239
Current portion of long-term debt (Note 6)	406,695	695,860
Long-term debt (Note 6)	8,485,902	8,339,854
	<b>9,163,070</b>	<b>9,284,942</b>
<b>NET FINANCIAL ASSETS</b>	<b>12,041,891</b>	<b>6,037,346</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 2 & 3)	9,157,759	9,492,557
Prepaid expenses	5,288	4,390
	<b>9,163,047</b>	<b>9,496,947</b>
<b>EQUITY (Note 9)</b>		
Restricted	2,526,037	2,352,985
Unrestricted	18,678,901	13,181,308
	<b>21,204,938</b>	<b>15,534,293</b>

APPROVED ON BEHALF OF  
THE KLAHOOSE FIRST NATION

  
James A. Delorme  
Chief

  
Kathy Francis  
Councilor

The notes to the financial statements are an integral part thereof.

# KLAHOOSE FIRST NATION

## SUMMARY STATEMENT OF OPERATIONS

For the year ended March 31, 2015

## Statement 2

	2015 \$	2014 \$
<b>REVENUE</b>		
Aboriginal Affairs and Northern Development Canada	954,712	881,626
Capital fund additions	529,511	912,470
First Nations Education Steering Committee	1,923	6,707
First Nations Health Authority	245,488	226,269
Fisheries and Oceans Canada	1,800	81,120
Forestry agreement	-	120,348
Interest income	57,968	77,985
Klahoose First Nation Social Housing	163,372	148,985
Miscellaneous	1,012,544	482,164
Ottawa Trust Funds	13,641	21,398
Rental	62,008	27,146
Repayment of loan to First Nation Controlled Entity	-	670,000
Road use agreement	1,278,108	1,176,604
Sales	154,391	235,819
School District # 72	-	6,000
Share of income of First Nation Controlled Entities	5,383,681	407,008
Treaty negotiation support agreement	320,250	181,500
Youth Trust fund additions	167,840	152,648
	<b>10,347,237</b>	<b>5,815,797</b>
<b>EXPENDITURES</b>		
Band programs	2,045,048	1,298,042
Education	221,233	300,139
Job Creation	122,564	719,768
Health	274,960	229,036
Social Development	115,907	113,423
Capital Projects	882,334	1,130,963
Social Housing	136,909	401,876
Capital fund	522,495	498,661
Treaty negotiation support agreement	320,250	181,500
Youth Trust fund	34,892	48,029
	<b>4,676,592</b>	<b>4,921,437</b>
<b>ANNUAL EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURES</b>	<b>5,670,645</b>	<b>894,360</b>

The notes to the financial statements are an integral part thereof.

**KLAHOOSE FIRST NATION****SUMMARY STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
March 31, 2015**Statement 3**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>ANNUAL EXCESS (SHORTFALL) OF REVENUES OVER EXPENDITURES</b>	<b>5,670,645</b>	894,360
Acquisition of tangible capital assets	<b>(187,697)</b>	(573,470)
Amortization of tangible capital assets	<b>522,495</b>	498,661
	<b>6,005,443</b>	819,551
Acquisition of prepaid asset	<b>(5,288)</b>	(4,390)
Use of prepaid asset	<b>4,390</b>	9,529
	<b>(898)</b>	5,139
<b>NET CHANGE IN NET FINANCIAL ASSETS</b>	<b>6,004,545</b>	824,690
<b>NET FINANCIAL ASSETS AT BEGINNING OF THE YEAR</b>	<b>6,037,346</b>	5,212,656
<b>NET FINANCIAL ASSETS AT END OF THE YEAR</b>	<b>12,041,891</b>	6,037,346

The notes to the financial statements are an integral part thereof.



**KLAHOOSE FIRST NATION****SUMMARY STATEMENT OF CASH FLOWS**

March 31, 2015

**Statement 4**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenditures	<b>5,670,645</b>	894,360
Non-operating items:		
Share of income of First Nations Controlled Entities	<b>(5,383,681)</b>	(407,008)
Depreciation	<b>522,495</b>	498,661
Changes in non-cash operating net assets	<b>303,800</b>	(532,157)
	<b>1,113,259</b>	453,856
<b>FINANCING ACTIVITIES</b>		
Repayment of long-term debt - Social Housing	<b>(57,502)</b>	(76,365)
Repayment of long-term debt - other programs	<b>(341,815)</b>	(37,500)
Loan proceeds - Capital Fund	-	-
Loan proceeds - First Nation Negotiation Support	<b>256,200</b>	145,200
Advances to First Nation Controlled Entities	<b>(225,811)</b>	30,754
	<b>(368,928)</b>	62,089
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	<b>(187,697)</b>	(573,470)
<b>CHANGES IN CASH DURING YEAR</b>	<b>556,634</b>	(57,525)
<b>CASH AT BEGINNING OF YEAR</b>	<b>3,246,163</b>	3,303,688
<b>CASH AT END OF YEAR</b>	<b>3,802,797</b>	3,246,163
<b>REPRESENTED BY:</b>		
Cash	<b>2,442,490</b>	1,886,107
Ottawa Trust Funds	<b>541,343</b>	527,702
Restricted Cash	<b>818,964</b>	832,354
	<b>3,802,797</b>	3,246,163

The notes to the financial statements are an integral part thereof.

# KLAHOOSE FIRST NATION

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2015

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### NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

These Summary Financial Statements have been prepared in accordance with Canadian Public Sector Accounting Standards for Governments as recommended by the CPA Canada Public Sector Accounting and Auditing Handbook, which encompasses the following principles:

#### a) Fund Accounting

The Klahoose First 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 Klahoose First Nation maintains the followings funds:

- The Operating Fund which reports the general activities of the First Nation Administration.
- The Capital Fund which reports the capital assets of the First Nation, together with their related financing.
- The Social Housing Fund which reports the social housing assets of the First Nation, together with related activities.
- The Trust Fund which reports on trust funds owned by the First Nation and held by third parties.
- The First Nation Negotiation Support Agreement Fund which reports activity regarding the First Nation's Negotiations Support Agreement.
- The Enterprise Fund which reports the First Nation's investments in related entities.
- The Youth Trust Fund holds distribution payments in trust for youth until the age of maturity.

#### b) Reporting Entity and Principles of Financial Reporting

The Klahoose First Nation reporting entity includes the Klahoose First Nation government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

These financial statements consolidate the assets, liabilities and results of operations for the following entities which use accounting principles which lend themselves to consolidation:

- Klahoose First Nation Operating Fund
- Klahoose First Nation Social Housing Fund
- Klahoose First Nation Capital Fund
- Klahoose First Nation Trust Fund
- Klahoose First Nation Negotiation Support Agreement Fund
- Klahoose First Nation Enterprise Fund
- Klahoose First Nation Youth Trust Fund

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

# KLAHOOSE FIRST NATION

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2015

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### NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)

#### b) Reporting Entity and Principles of Financial Reporting (continued)

Business entities, which are owned or controlled by the Klahoose First Nation Council and which are not dependent on the First Nation for their continuing operations, are included in the summary financial statements using the modified equity method. These include:

- Qathen Xwegus Management Corporation
- Klahoose Investment Limited Partnership
- Klahoose Shellfish Limited Partnership
- Klahoose Forestry Limited Partnership
- Klahoose Forestry No.2 Limited Partnership
- Klahoose Resort Limited Partnership
- T'OQ Woodworks Inc.

#### c) Tangible Capital Assets

Tangible capital asset expenditures incurred after March 31, 1996 are valued at acquisition cost and recorded in the Capital Fund. Expenditures incurred previous to April 1, 1996 are not reflected in the Capital Fund.

The acquisition costs of tangible capital 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 Capital Fund with a corresponding increase in Equity and Tangible Capital Assets.

Tangible capital assets acquired as part of the Social Housing Fund and Enterprise Fund are recorded as assets of those funds.

#### d) Depreciation

Tangible capital assets are recorded and depreciated annually with a corresponding reduction in Equity in Capital Assets. Assets are depreciated over their expected useful life using the straight-line method at the following rates:

Automotive	5 years straight-line
Building	20 years straight-line
Computer Equipment	3 years straight-line
Equipment and furniture	5 years straight-line
Infrastructure	10 and 20 years straight-line

Social Housing assets acquired under C.M.H.C. sponsored housing programs are not being depreciated.

#### e) Revenue Recognition

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding 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 Summary Statement of Financial Position.

# KLAHOOSE FIRST NATION

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2015

### NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)

#### f) Inventory

Inventory is recorded at the lower of cost and net realizable value. Cost is determined on a first in, first out basis.

### NOTE 2: TANGIBLE CAPITAL ASSETS

In September 2006, the CICA issued amendments to the recommendation in Section 3150 Tangible Capital Assets. PS 3150 established standards on how to account for and report tangible capital assets in government financial statements. The amendments to this Section consisted of expanding its scope to include governments thereby requiring such governments to capitalize and amortize their tangible capital assets. Revised PS 3150 is effective for interim and annual financial statements of local governments with fiscal year beginning on or after January 31, 2009.

In February 2007, the CICA revised PSG-7 Tangible Capital Assets of Governments to provide governments with transitional guidance on reporting tangible capital asset information in their financial statements prior to adoption of PS 3150. This guideline requires local governments to disclose the cost, additions, disposals, impairment, amortization, and accumulated amortization for each major category of tangible capital assets.

Klahoose First Nation has not yet begun the process of accumulating all of the relevant information required for identifying and reporting tangible capital assets in accordance with the guidance in PS 3150. Therefore, the First Nation cannot provide the disclosure requirements under PSG-7 related to the amortization for some of its categories of tangible capital assets. The First Nation is planning to implement the new requirements for the year ending March 31, 2016.

### NOTE 3: TANGIBLE CAPITAL ASSETS

	<u>COST</u>	<u>ACCUMULATED DEPRECIATION</u>	<u>2015 NET</u>	<u>2014 NET</u>
	\$	\$	\$	\$
Automotive	16,000	6,200	9,800	13,000
Computer equipment	170,287	170,287	-	-
Dock	318,869	157,539	161,330	193,217
Equipment and furniture	159,898	131,094	28,804	43,105
Infrastructure	569,062	365,713	203,349	231,802
Land	136,356	-	136,356	-
Buildings	9,200,971	2,105,173	7,095,798	7,489,111
Social housing	1,522,322	-	1,522,322	1,522,322
	12,093,765	2,936,006	9,157,759	9,492,557

# KLAHOOSE FIRST NATION

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2015

### NOTE 4: INVESTMENT IN FIRST NATION CONTROLLED ENTITIES

	2015 \$	2014 \$
<b>QATHEN XWEGUS MANAGEMENT CORPORATION (100%)</b>		
Shares	1	1
Accumulated equity (deficit) in earnings	(1,413,684)	(1,187,469)
	<b>(1,413,683)</b>	<b>(1,187,468)</b>
<b>KLAHOOSE INVESTMENT LIMITED PARTNERSHIP (100%)</b>		
Accumulated equity in earnings	14,787,121	-
<b>KLAHOOSE FORESTRY LIMITED PARTNERSHIP</b>		
Advances	202,571	874,680
Accumulated equity in earnings	-	8,980,905
	<b>202,571</b>	<b>9,855,585</b>
<b>KLAHOOSE FORESTRY NO.2 LIMITED PARTNERSHIP (100%)</b>		
Contributions	-	59,940
Accumulated equity (deficit) in earnings	45,180	(9,596)
	<b>45,180</b>	<b>50,344</b>
<b>KLAHOOSE SHELLFISH LIMITED PARTNERSHIP</b>		
Accumulated equity (deficit) in earnings	-	(370,489)
<b>KLAHOOSE RESORT LIMITED PARTNERSHIP</b>		
Accumulated equity (deficit) in earnings	-	(128,536)
<b>T'OQ WOODWORKS INC. (100%)</b>		
Shares	1	1
Accumulated equity in earnings	27,460	45,532
	<b>27,461</b>	<b>45,533</b>
<b>TOTAL</b>	<b>13,648,650</b>	<b>8,264,969</b>

# KLAHOOSE FIRST NATION

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2015

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### NOTE 4: INVESTMENT IN FIRST NATION CONTROLLED ENTITIES (continued)

Shares are held in trust by specified Band members under trust agreements.

Financial information for each of the entities for their respective periods ending in 2015 are as follows:

	ASSETS	LIABILITIES	REVENUE	NET INCOME (LOSS)
	\$	\$	\$	\$
Year ended March 31, 2015 Qathen Xwegus Management Corporation	2,170,729	3,584,412	538,757	(172,521)
Year ended March 31, 2015 Klahoose Investment Limited Partnership	14,789,720	2,315	2,826,017	2,825,403
Year ended March 31, 2015 Klahoose Forestry NO.2 Limited Partnership	50,858	6,079	7	(5,164)
Year ended March 31, 2015 T'OQ Woodworks Inc.	61,841	34,380	45,427	(18,072)

### NOTE 5: TRUST FUNDS

The Ottawa Trust accounts 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 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.



# KLAHOOSE FIRST NATION

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2015

### NOTE 6: LONG-TERM DEBT

	2015 \$	2014 \$
All Nations Trust Company - repayable in monthly instalments of \$1,341 including interest at 1.67% per annum, maturing May 2018, secured by a Ministerial Guarantee from AANDC	49,608	64,739
All Nations Trust Company - repayable in monthly instalments of \$1,354 including interest at 2.76% per annum, maturing March 2020, secured by a Ministerial Guarantee from AANDC	75,819	89,775
All Nations Trust Company - repayable in monthly instalments of \$1,327 including interest at 1.53% per annum, maturing August 2022, secured by a Ministerial Guarantee from AANDC	111,588	125,692
All Nations Trust Company - repayable in monthly instalments of \$1,316 including interest at 1.64% per annum, maturing September 2020, secured by a Ministerial Guarantee from AANDC	83,032	97,344
Government of Canada - promissory notes without interest for advances by Canada for treaty negotiations. Repayment provisions for these loans are outlines in sections 13.0 and 14.0 of the First Nation Negotiation Support Agreement	3,292,489	3,036,289
Bank of Montreal - interest payments only during construction with principal and interest payments to commence upon completion. Interest is at prime plus 1.75%. Secured by a general security agreement.	4,800,000	5,100,000
Bank of Montreal - repayable in monthly instalments of \$3,125 plus interest at prime plus 1.75% per annum. Secured by a general security agreement.	184,375	221,875
Bank of Montreal - repayable in monthly instalments of \$1,748 including interest at prime plus 1.75% per annum. Secured by a general security agreement.	295,686	300,000
	<b>8,892,597</b>	9,035,714
Less: current portion	<b>(406,695)</b>	(695,860)
<b>TOTAL</b>	<b>8,485,902</b>	8,339,854

### FUTURE PRINCIPAL REPAYMENTS

The estimated principal payments for the next five years are as follows:

	\$
2016	406,695
2017	408,199
2018	409,741
2019	397,827
2019 and beyond	7,270,135
	<b>8,892,597</b>

# KLAHOOSE FIRST NATION

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2015

### NOTE 7: SEGMENTED INFORMATION

#### REVENUE

	Band Programs	Education	Job Creation	Health	Social Dev't	Capital Projects	Social Housing	Other	Treaty Negotiation	Total 2015	Total 2014
Aboriginal Affairs and Northern Development Canada	359,566	176,828	140,730	-	95,163	182,425	-	-	-	954,712	881,626
Capital fund additions	-	-	-	-	-	-	-	529,511	-	529,511	912,470
First Nations Education Steering Committee	-	1,923	-	-	-	-	-	-	-	1,923	6,707
First Nations Health Authority	-	-	-	245,488	-	-	-	-	-	245,488	226,269
Fisheries and Oceans Canada	-	-	1,800	-	-	-	-	-	-	1,800	81,120
Forestry agreement	-	-	-	-	-	-	-	-	-	-	120,348
Interest income	57,968	-	-	-	-	-	-	-	-	57,968	77,985
Klahoose First Nation Social Housing	-	-	-	-	-	-	163,372	-	-	163,372	148,985
Miscellaneous	969,218	-	28,200	-	-	15,126	-	-	-	1,012,544	482,164
Ottawa Trust fund	-	-	-	-	-	-	-	13,641	-	13,641	21,398
Rental	62,008	-	-	-	-	-	-	-	-	62,008	27,146
Repayment of loan from First Nation Controlled Entity	-	-	-	-	-	-	-	-	-	-	670,000
Road use agreement	1,278,108	-	-	-	-	-	-	-	-	1,278,108	1,176,604
Sales	154,391	-	-	-	-	-	-	-	-	154,391	235,819
School District #72	-	-	-	-	-	-	-	-	-	-	6,000
Share of income of First Nation Controlled Entities	-	-	-	-	-	-	-	5,383,681	-	5,383,681	407,008
Treaty negotiation support agreement	-	-	-	-	-	-	-	-	320,250	320,250	181,500
Youth Trust fund additions	-	-	-	-	-	-	-	167,840	-	167,840	152,648
	2,881,259	178,751	170,730	245,488	95,163	197,551	163,372	6,094,673	320,250	10,347,237	5,815,797

#### EXPENSES

Salaries and benefits	264,911	40,497	73,367	171,323	32,626	128,339	-	-	-	711,063	707,079
Other	1,780,137	180,736	49,197	103,637	83,281	753,995	136,909	34,892	320,250	3,443,034	3,715,697
Amortization	-	-	-	-	-	-	-	522,495	-	522,495	498,661
	2,045,048	221,233	122,564	274,960	115,907	882,334	136,909	557,387	320,250	4,676,592	4,921,437
	836,211	(42,482)	48,166	(29,472)	(20,744)	(684,783)	26,463	5,537,286	-	5,670,645	894,360

# KLAHOOSE FIRST NATION

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2015

### NOTE 8: EXPENDITURES BY OBJECT

	2015 \$	2014 \$
Administration	57,613	43,765
Adjustment for matured units in Social Housing Fund	-	(18,846)
Amortization	522,495	498,661
Automotive	4,698	2,139
Contracted services	3,557	543,595
Honoraria	14,821	9,450
Insurance	33,567	37,802
Office and general	767,605	659,660
Professional fees	88,178	240,122
Program expenditures	2,195,124	1,954,722
Rent and utilities	80,525	79,094
Repairs and maintenance	65,073	71,463
Supplies	39,569	39,142
Travel	92,704	53,589
Wages and benefits	711,063	707,079
Total	4,676,592	4,921,437

# KLAHOOSE FIRST NATION

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2015

### NOTE 9: EQUITY

	2015 \$	2014 \$
<b>Restricted</b>		
Social Housing Fund	142,661	173,700
Social Housing Fund - Equity in Housing Facilities	1,202,305	1,144,803
Ottawa Trust Funds	541,343	527,702
Youth Trust Funds	639,728	506,780
	<b>2,526,037</b>	2,352,985
<b>Unrestricted</b>		
Operating Fund	2,674,875	2,567,979
Capital Fund	2,355,376	2,348,360
Enterprise Fund	13,648,650	8,264,969
	<b>18,678,901</b>	13,181,308
<b>TOTAL EQUITY</b>	<b>21,204,938</b>	15,534,293

### NOTE 10: REPLACEMENT RESERVE FUND

In accordance with the terms and conditions of the "Operating Agreement" with Canada Mortgage & Housing Corporation, the Housing Program 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 interest-bearing bank account or term deposit with the interest earned to be credited as revenue to the Replacement Reserve Fund. As at the Statement of Financial Position date, funds totaling \$ 30,586 (2014 - \$ 138,122 ) segregated for this purpose, are still to be deposited to a separate interest-bearing account.

### NOTE 11: SUBSIDY SURPLUS FUND

In accordance with the terms and conditions of the "Operating Agreement" with Canada Mortgage & Housing Corporation, the Program is allowed to set aside an amount of \$500 per housing unit for the purpose of meeting future requirements of income listed occupants over and above the maximum federal assistance.

These funds are to be held in a separate interest-bearing bank account or term deposit with the interest earned to be credited as revenue to the Subsidy Surplus Fund. As at the Statement of Financial Position date, the fund has a balance of zero.

# **KLAHOOSE FIRST NATION**

## **NOTES TO THE FINANCIAL STATEMENTS**

**March 31, 2015**

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### **NOTE 12: CONTINGENT LIABILITIES**

a) The First Nation is contingently liable (with Qathen Xwegus Management Corporation) as the guarantor of a demand loan for Klahoose Forestry Limited partnership. This guarantee is a requirement of the lenders. The First Nation will be required to perform under the guarantee in the event that Klahoose Forestry Limited Partnership is not able to make scheduled payments of interest and principal as they become due. The First Nation's maximum potential liability under the guarantee is \$1,800,000. Klahoose Forestry Limited Partnership has fully repaid the demand loan as at March 31, 2015.

The loan is secured by the following:

- Promissory note to the lender
- General security agreement
- General assignment of book debts

**KLAHOOSE FIRST NATION**

**ANNEX A - SUPPLEMENTARY FINANCIAL INFORMATION  
MARCH 31, 2015**