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**N'QUATQUA FIRST NATION  
ANNUAL FINANCIAL REPORT**

**March 31, 2015**

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**N'QUATQUA FIRST NATION**  
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**MARCH 31, 2015**

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**N'QUATQUA FIRST NATION**

**Box 88  
D'Arcy, B.C. V0N 1L0**

July 17, 2015

**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The accompanying consolidated financial statements of N'Quatqua First Nation are the responsibility of management and have been approved by the Chief and Council.

The 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 of Chartered Professional Accountants of Canada and as such include amounts that are the best estimates and judgments of management.

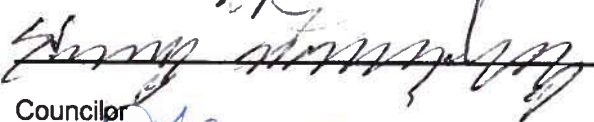
Management is responsible for the integrity and objectivity of these consolidated statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The 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 consolidated 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 consolidated financial statements and the external auditor's report.

The external auditors, Seigneuret & Company, Chartered Professional Accountant, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of N'Quatqua First Nation and meet when required.

Chief



Councilor



Councilor



Councilor





**SEIGNEUR<sup>2</sup> & COMPANY**  
**CERTIFIED GENERAL ACCOUNTANT**

## INDEPENDENT AUDITOR'S REPORT

To: The Members of  
N'Quatqua First Nation

I have audited the accompanying consolidated Statement of Financial Position of the N'Quatqua First Nation as at March 31, 2015, the consolidated Statements of Operations, Changes in Net Debt, the consolidated Statement of Cash Flow 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**

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the N'Quatqua First Nation as at March 31, 2015 and the results of operations, changes in net debt, cash flow of the Nation for the year then ended, in accordance with Canadian public sector accounting standards.

*Seigneur & Company*  
CHARTERED PROFESSIONAL ACCOUNTANT  
July 17, 2015

\*denotes professional corporation

*Your  
success  
is our  
business*

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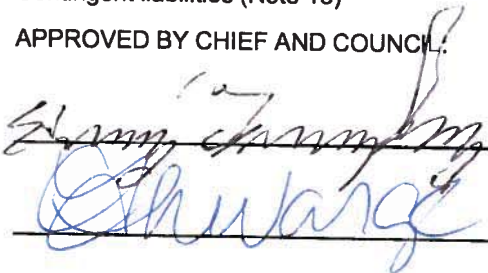
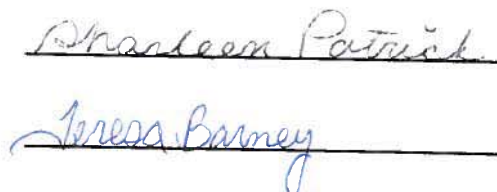
# N'QUATQUA FIRST NATION

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION MARCH 31, 2015

	<u>2015</u>	<u>2014</u>
<b>FINANCIAL ASSETS</b>		
Cash (Note 2)	\$ 152,854	\$ 512,434
Accounts receivable (Note 3)	972,909	1,064,113
Inventory (Note 4)	53,025	22,677
Restricted cash and deposits (Note 7)	492,629	491,868
Due from government agencies	146,195	72,612
Ottawa Trust funds (Note 15)	<u>540,262</u>	<u>519,082</u>
	<u>2,357,874</u>	<u>2,682,786</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 8)	161,272	135,506
Accounts payable AANDC	126,514	11,483
Deferred revenue (Note 9)	580,065	592,318
Deferred contributions (Note 10)	169,089	238,351
Long term debt (Note 11)	<u>738,982</u>	<u>861,172</u>
	<u>1,775,922</u>	<u>1,838,830</u>
<b>Net Debt</b>	<u>581,952</u>	<u>843,956</u>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses (Note 5)	30,330	34,570
CMHC houses held for sale (Note 6)	14	14
Tangible capital assets (Schedule)	<u>3,346,900</u>	<u>3,549,060</u>
	<u>3,377,244</u>	<u>3,583,644</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 3,959,196</u>	<u>\$ 4,427,600</u>
Equity in capital assets	\$ 1,057,511	\$ 1,099,781
Equity in Ottawa Trusts (Note 15)	540,262	519,082
Equity in Capital housing assets	1,139,510	1,139,510
Replacement and Operating reserves	538,701	452,392
Surplus - operations	<u>683,214</u>	<u>1,216,835</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 3,959,198</u>	<u>\$ 4,427,600</u>

Contingent liabilities (Note 13)

APPROVED BY CHIEF AND COUNCIL:

See accompanying notes to consolidated financial statements.

# N'QUATQUA FIRST NATION

## CONSOLIDATED STATEMENT OF OPERATIONS YEAR ENDED MARCH 31, 2015

	<u>BUDGET 2014</u> (Note 22)	<u>2015</u>	<u>2014</u>
<b>REVENUE</b>			
Federal Government:			
Aboriginal Affairs and Northern Development Canada	\$ 754,092	\$ 754,092	\$ 843,826
Aboriginal Affairs and Northern Development Canada recoveries	-	(180,621)	-
First Nations Employment Society	13,128	13,128	13,128
Department of Fisheries	-	63,000	63,000
Ottawa Trust funding reversal	-	(50,000)	-
Health Canada, First Nations and Inuit Health Branch	124,117	71,671	133,579
Southern St'at'imx Health Society	132,126	154,316	121,181
CMHC subsidy	73,587	73,587	74,210
Ministry of Forests	97,704	97,704	104,672
Province of British Columbia	114,245	98,230	464,559
School District #48	263,037	266,346	294,100
Rental income	-	149,629	126,838
First Nations Education Steering Committee	26,814	28,461	85,399
Administration fees	77,143	45,290	38,722
Band rental	44,980	52,137	9,875
Specific Claims	10,000	7,548	26,142
Sea to Sky Community Services Society	-	2,000	-
Interwest Timber Ltd.	-	71,171	-
Lower St'at'imc Tribal Council	-	-	1,250
BC Hydro contracts	57,693	45,693	172,165
St'at'imc (PC) 2011 Trust (Note 17)	-	-	231,747
Childcare fees	16,268	1,819	3,151
Squamish-Lillooet Regional District	10,000	4,301	4,202
Fish sales	-	19,911	1,353
Sea to Sky Community Services Society	-	2,000	-
Squamish Forestry	-	33,553	-
NEEDCO sales	-	507,038	517,083
St'at'imc Government Services	-	-	30,000
Other income	35,600	53,336	36,825
	<u>1,850,534</u>	<u>2,385,340</u>	<u>3,397,007</u>
<b>EXPENDITURE</b>			
Band government	370,764	311,023	340,010
Social services	462,647	557,562	545,491
Economic development	245,893	1,070,253	1,005,538
Capital projects	-	299	33,235
Education	627,888	584,736	526,635
Health	196,872	185,935	156,387
Housing	-	230,023	217,307
	<u>1,904,064</u>	<u>2,939,831</u>	<u>2,824,603</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURE</b>			
Transfer from/(to) deferred revenue	(53,530)	(554,491)	572,404
Transfer to operating reserve	-	81,516	(105,869)
	<u>-</u>	<u>(60,646)</u>	<u>-</u>
<b>OPENING SURPLUS</b>	<u>1,216,835</u>	<u>1,216,835</u>	<u>750,300</u>
<b>CLOSING SURPLUS</b>	<u>\$ 1,163,305</u>	<u>\$ 683,214</u>	<u>\$ 1,216,835</u>

See accompanying notes to consolidated financial statements.

# N'QUATQUA FIRST NATION

## CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT MARCH 31, 2015

	<u>2015</u>	<u>2014</u>
Annual surplus (deficit)	\$ (533,621)	\$ 466,535
Change in equity - Social Housing operating reserve		
Change in equity - Ottawa trust funds	21,179	7,666
Change in equity - Band capital assets	(42,270)	(190,809)
Change in equity - Capital housing assets	-	(266,672)
Change in replacement and operating reserve	<u>86,309</u>	<u>(23,201)</u>
	<u>(468,403)</u>	<u>(6,481)</u>
Acquisition of tangible capital assets	(25,755)	(305,846)
CMHC housing units matured from tangible capital assets	-	266,672
Amortization of tangible capital assets	227,915	204,307
Prepaid expenses	4,241	15,654
Acquisition of CMHC houses held for sale	<u>-</u>	<u>(14)</u>
	<u>206,401</u>	<u>180,773</u>
Increase (decrease) in net debt	(262,002)	174,292
Net debt at beginning of year	<u>843,956</u>	<u>669,664</u>
Net debt at end of year	<u>\$ 581,954</u>	<u>\$ 843,956</u>

See accompanying notes to consolidated financial statements.



# N'QUATQUA FIRST NATION

## CONSOLIDATED STATEMENT OF CASH FLOW YEAR ENDED MARCH 31, 2015

	<u>2015</u>	<u>2014</u>
<b>OPERATING ACTIVITIES</b>		
Excess (Shortfall) of Revenue over Expenditures	\$ (533,621)	\$ 466,535
Items not involving cash:		
Amortization	63,455	40,146
Appropriations to Replacement Reserve fund	<u>27,927</u>	<u>27,927</u>
	(442,239)	534,608
Adjustment for Capital and Investment Transactions included in Operations:		
Principal repayments on long term debt	122,190	116,548
	(320,049)	651,156
Increase (decrease) in:		
Accounts receivable	91,205	(240,298)
Prepaid expenses	4,238	15,656
Inventory	(30,348)	9,598
Deferred revenue	(12,253)	10,733
Deferred contributions	(69,262)	238,351
Accounts payable	140,797	(91,636)
Due to government agencies	(73,583)	(29,778)
Replacement Reserve Fund	(2,264)	(60,713)
Operating Reserve Fund	<u>60,646</u>	<u>-</u>
	<u>(210,873)</u>	<u>503,069</u>
<b>FINANCING ACTIVITIES</b>		
Repayment of long term debt	<u>(122,190)</u>	<u>(116,548)</u>
	<u>(122,190)</u>	<u>(116,548)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of tangible capital assets	(25,755)	(305,846)
Transfer of houses held for sale	-	(14)
Transfer of equity in houses held for sale	-	(143,198)
Change in restricted cash	<u>(760)</u>	<u>5,949</u>
	<u>(26,515)</u>	<u>(443,109)</u>
DECREASE IN CASH	(359,578)	(56,588)
CASH, beginning of year	<u>512,434</u>	<u>569,022</u>
CASH, end of year	<u><u>\$ 152,854</u></u>	<u><u>\$ 512,434</u></u>
<b>CASH REPRESENTED BY:</b>		
Cash on hand	<u>\$ 152,854</u>	<u>\$ 512,434</u>
	<u><u>\$ 152,854</u></u>	<u><u>\$ 512,434</u></u>
<b>SUPPLEMENTARY INFORMATION:</b>		
Interest paid	\$ 18,140	\$ 23,537
Interest received	21,195	9,650

See accompanying notes to consolidated financial statements.



**N'QUATQUA FIRST NATION  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2015**

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

**a) Basis of presentation**

The financial statements of the N'Quatqua First Nation are prepared in accordance with Canadian generally accepted accounting principles for government entities, as defined in the CICA Public Sector Accounting and Auditing Handbook.

**b) Fund Accounting**

The N'Quatqua 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 Financial Statements.

**c) Reporting Entity and Principles of Financial Reporting**

The N'Quatqua First Nation reporting entity includes the Band government and all related entities which are accountable to the Band and are either owned or controlled by the Band. The N'Quatqua First Nation has three wholly-owned incorporated subsidiaries:

- N'Quatqua Logging Co. Ltd.
- N'Quatqua Fisheries Inc.
- NEEDCO N'Quatqua Employment & Economic Development Corporation

These financial statements consolidate the assets, liabilities and results of operations of these corporations.

All inter-entity balances have been eliminated on consolidation.

These corporations do not meet the definition of "government business enterprises" as defined in the CPA Public Sector Accounting and Auditing Handbook.

**d) Asset Classification**

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.

**e) Cash and Cash Equivalents**

Cash includes cash on hand and balances with banks net of bank overdraft.

**N'QUATQUA FIRST NATION  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2015**

**1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

**f) Inventory**

Inventory, which consists of convenience store products and gasoline, is recorded at the lower of cost or net realizable value. Cost is calculated on a first-in first out basis.

**g) Tangible Capital Assets**

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Housing assets acquired under C.M.H.C. sponsored housing programs are amortized at a rate equivalent to the annual principal reduction in related long-term debt, as required for C.M.H.C. reporting purposes. Amortization for other capital assets is provided annually at rates calculated to write off the assets over their estimated useful lives as follows, except in the year of acquisition when one-half of the rate is used.

Non CMHC-sponsored tangible capital assets are amortized at the following rates:

Buildings	4%	straight-line
Fire truck	20%	straight-line
Office furniture and equipment	20%	straight-line
Machinery and equipment	10%	straight-line
Vehicles	20%	straight-line
Sawmill	10%	straight-line
Logging machinery	20%	straight-line
Fencing	10%	straight-line

Tangible capital assets are written down when conditions indicate that they no longer contribute to N'Quatqua First Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed tangible capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

**N'QUATQUA FIRST NATION  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2015**

**1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

**h) Net Debt**

The First Nation's financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the First Nation is determined by its liabilities less its financial assets. Net debt is comprised of two components, non-financial assets and accumulated surplus.

**i) Revenue Recognition**

All revenue is recorded on the accrual basis whereby amounts received or recorded as receivable but not earned by the end of the fiscal year are recorded as deferred revenue. Funding received under the terms of contribution agreements with the federal and provincial governments is recognized as revenue once eligibility criteria have been met. Funding is recorded as deferred revenue if it has been restricted by the government for a stated purpose, such as a specific program or the purchase of tangible capital assets. Deferred revenue is recognized in revenue over time as the recognition criteria are met.

Revenue derived from business activities is recognized when services or products are delivered and amounts are determinable and collectible.

**j) Replacement Reserve**

The Replacement Reserve account is funded by an annual charge against earnings as opposed to an appropriation of surplus. Interest earnings and approved expenditures are charged against the Reserve.

**k) Houses Held for Sale to Band Members**

The non-CMHC houses held for sale to band members are recorded on the Statement of Financial Position at a total amount equivalent to the principal payments to be made by Band members in order to acquire title to the assets.

CMHC Matured housing units are recorded on the Statement of Financial Position at \$1 per unit pending transfer to Band members when rental arrears are fully paid.

**l) Measurement Uncertainty**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the impairment of assets, amortization rates, and allowance for doubtful accounts receivable. Actual results could differ from those reported.

**N'QUATQUA FIRST NATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2015**

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

m) Abbreviations

AANDC refers to Aboriginal Affairs and Northern Development Canada.

CMHC refers to Canadian Mortgage and Housing Corporation

HC refers to Health Canada

HRDC refers to Human Resources Development Canada

FNES refers to First Nations Employment Society

SSHS refers to Southern Stl'at'imx Health Society

VCH refers to Vancouver Coastal Health

2. CASH

	<u>2015</u>	<u>2014</u>
Cash is comprised of the following:		
Bank accounts:		
Band operating and payroll accounts	\$ 74,503	\$ 275,976
BNS - Forestry account	63,084	168,240
Social Housing Program accounts	10,979	12,337
NEEDCO operating accounts	(1,534)	17,424
N'Quatqua Fisheries Inc. accounts	5,773	38,245
N'Quatqua Logging Co. Ltd. accounts	<u>49</u>	<u>212</u>
	<u>\$ 152,854</u>	<u>\$ 512,434</u>

**N'QUATQUA FIRST NATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2015**

**3. ACCOUNTS RECEIVABLE**

	<u>2015</u>	<u>2014</u>
Due from Funding Agencies:		
Province of BC	\$ 198,420	\$ 307,630
S.S.H.S.	49,152	24,224
First Nations Employment Society	4,376	2,000
Health Canada	12,600	12,600
B.C.A.A.F.C.	1,401	-
BC Hydro	40,300	-
Squamish Lillooet Regional District	352	570
HC Patient Travel	14,278	14,278
CMHC	6,129	6,129
School District #48	28,429	56,794
First Nations Education Steering Committee Society	824	26,757
Interwest Timber Ltd.	27,538	-
UBC Sauder School of Business	-	5,100
Ottawa Trust	-	50,000
	<u>383,799</u>	<u>506,082</u>
Due from Band Members:		
Social Housing, rents receivable	362,210	319,086
Housing, rents receivable, CMHC matured units	155,167	171,084
Overpayment of reimbursements	500	-
Mortgage and insurance arrears	<u>40,075</u>	<u>25,237</u>
	<u>557,952</u>	<u>515,407</u>
Band Sundry receivables	1,832	1,861
N'Quatqua Fisheries Inc. accounts receivable	26,500	39,750
NEEDCO accounts receivable	<u>2,826</u>	<u>1,013</u>
	<u>\$ 972,909</u>	<u>\$ 1,064,113</u>

**4. INVENTORY**

	<u>2015</u>	<u>2014</u>
Convenience store products	\$ 33,223	\$ 3,598
Gasoline	19,802	19,079
	<u>\$ 53,025</u>	<u>\$ 22,677</u>

**N'QUATQUA FIRST NATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2015**

**5. PREPAID EXPENSES**

	<u>2015</u>	<u>2014</u>
Band administration - prepaid insurance	\$ 16,877	\$ 15,688
Post Secondary - living allowances	-	1,882
Social Housing - prepaid insurance	11,273	14,965
N'Quatqua Fisheries Inc. - prepaid insurance	1,111	1,008
NEEDCO - prepaid insurance	<u>1,070</u>	<u>1,027</u>
	<u>\$ 30,331</u>	<u>\$ 34,570</u>

**6. CMHC HOUSES HELD FOR SALE**

CMHC matured units (houses in the CMHC social housing program that have had their mortgages paid in full) are available to the homeowner for purchase for \$1 per unit once any rental arrears are paid in full.

No amortization of matured units is recorded after the mortgages are repaid as title is only being held pending payment of arrears.

**7. RESTRICTED CASH AND DEPOSITS**

	<u>2015</u>	<u>2014</u>
Replacement Reserve Funds:		
Cash in bank	\$ 24,742	\$ 24,757
St'at'imc (PC) 2011 Trust bank account (Note 17)	<u>467,887</u>	<u>467,111</u>
	<u>\$ 492,629</u>	<u>\$ 491,868</u>

**N'QUATQUA FIRST NATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2015**

**8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<u>2015</u>	<u>2014</u>
Operating Fund Band Programs:		
Accounts payable	\$ 26,830	\$ 32,136
Due to Health Canada	42,515	-
Damage deposits	525	-
Accrued wages and benefits	38,933	47,943
Accrued liabilities	22,091	22,091
Social Housing Fund - accounts payable	-	125
Social Housing Fund - accrued mortgage interest	1,362	1,539
Social Housing Fund - Damage deposits	1,050	425
N'Quatqua Fisheries Inc. - accounts payable	9,589	9,080
N'Quatqua Logging Inc. - accounts payable	6,844	3,750
NEEDCO - accounts payable	11,432	18,316
N'Quatqua First Nation Society	101	101
	<u>\$ 161,272</u>	<u>\$ 135,506</u>

**9. DEFERRED REVENUE**

	<u>2015</u>	<u>2014</u>
St'at'imc (PC) 2011 Trust - Signing Bonus	\$ 580,065	\$ 592,318
	<u>\$ 580,065</u>	<u>\$ 592,318</u>

The surplus of Trust Signing Bonus is deferred to cover the future payments due to Band members.

**10. DEFERRED CONTRIBUTIONS**

	<u>2015</u>	<u>2014</u>
St'at'imc (PC) 2011 Trust - Vehicle purchases	\$ 166,858	\$ 208,573
AANDC - Outdoor gym purchase	-	19,990
SSHS - Outdoor gym purchase	2,231	2,788
Province of BC - Software purchase	-	7,000
	<u>\$ 169,089</u>	<u>\$ 238,351</u>

The funding of the Trust withdrawal for vehicle purchases is deferred and recognized as revenue on the same basis as the amortization of the vehicles.

The funding from SSHS for the outdoor gym purchase is deferred and recognized as revenue on the same basis as the amortization of the outdoor gym.



**N'QUATQUA FIRST NATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2015**

**11. MORTGAGES AND LOANS:**

	<u>2015</u>	<u>2014</u>
<u>Mortgages on Social Housing Units:</u>		
All Nations Trust Company, loan with payments of \$564 per month including interest at 1.67% with a term of five years renewable on June 1, 2018. The loan is maturing on April 1, 2033 secured by a Ministerial Guarantee from Aboriginal Affairs and Northern Development Canada	\$ 105,710	\$ 110,680
All Nations Trust Company, loan with payments of \$2,114 per month including annual interest at 1.80% with a term of four years and nine months renewable on July 1, 2016. The loan is maturing on July 1, 2016 and secured by a Ministerial Guarantee from Aboriginal Affairs and Northern Development Canada	33,389	57,913
All Nations Trust Company, loan with payments of \$1,800 per month including annual interest at 2.11%. The loan is maturing on October 1, 2018 and secured by a Ministerial Guarantee from Aboriginal Affairs and Northern Development Canada	74,492	94,302
All Nations Trust Company, loan with payments of \$1,453 per month including annual interest at 2.69% with a term of five years renewable on August 1, 2015. The loan is maturing on April 1, 2017 and secured by a Ministerial Guarantee from Aboriginal Affairs and Northern Development Canada	35,304	51,564
All Nations Trust Company, loan with payments of \$742 per month including annual interest at 1.92% with a term of five years renewable on April 1, 2019. The loan is maturing on April 1, 2024 and secured by a Ministerial Guarantee from Aboriginal Affairs and Northern Development Canada	74,174	81,633

**N'QUATQUA FIRST NATION**  
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**11. MORTGAGES AND LOANS (CONT'D):**

All Nations Trust Company, loan with payments of \$1,743 per month including annual interest at 2.63% with a term of five years renewable on June 1, 2016. The loan is maturing on May 1, 2026 and secured by a Ministerial Guarantee from Aboriginal Affairs and Northern Development Canada

118,979                      136,529

All Nations Trust Company, loan with payments of \$1,118 per month including annual interest at 1.67% with a term of five years renewable on June 1, 2018. The loan is maturing on April 1, 2023 and secured by a Ministerial Guarantee from Aboriginal Affairs and Northern Development Canada

101,402                      113,025

All Nations Trust Company, loan with payments of \$1,515 per month including annual interest at 2.65% with a term of five years renewable on April 1, 2016. The loan is maturing on April 1, 2026 and secured by a Ministerial Guarantee from Aboriginal Affairs and Northern Development Canada

174,598	187,987
718,048	833,633

Mortgage on Houses Held for Sale to Band Members:

Bank of Montreal loan with payments of \$552 per month including annual interest at 4.89%. The loan is maturing on September 1, 2018 and secured by a Ministerial Guarantee from Aboriginal Affairs and Northern Development Canada.

20,934	27,539
\$ 738,982	\$ 861,172

Principal payments due in each of the next five years are approximately:

2016	\$	124,789
2017		110,387
2018		87,264
2019		73,155
2020		58,965

**N'QUATQUA FIRST NATION**  
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**12. REPLACEMENT AND OPERATING RESERVE FUNDS**

In accordance with the terms and conditions of the Operating Agreement with CMHC, the Social Housing Program must set aside funds annually for the non-annual expenditures of the Program for the repair and replacement of certain 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 Audit Report date, the following amounts have not been deposited to a separate interest bearing account.

Replacement Reserve Fund:	<u>2015</u>	<u>2014</u>
Social Housing I	\$ 52,340	\$ 44,453
Social Housing II	<u>151,362</u>	<u>133,570</u>
Total amount underfunded	<u>\$ 203,702</u>	<u>\$ 178,023</u>

**Operating Reserve Fund:**

Social Housing II - amount underfunded	<u>\$ 258,857</u>	<u>\$ 198,211</u>
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The replacement reserve for the social housing units that have matured has been transferred to the Band and will be used for the repair and replacement of worn out assets on the houses that are held for sale.

**13. CONTINGENT LIABILITIES**

**Recoverable Surpluses**

The N'Quatqua First Nation is contingently liable for the recovery of surpluses funded as a "SET" funding from AANDC:

	<u>2015</u>	<u>2014</u>
Employee Pensions	\$ -	\$ 1,557
Child Out of Parental Home Allowance	-	2,726
Social Development - Special Needs	1,515	5,227
Social Development - Basic	35,893	38,373
Drinking Water Safety Program	<u>-</u>	<u>4,913</u>
	<u>\$ 37,408</u>	<u>\$ 52,796</u>

**N'QUATQUA FIRST NATION**  
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**14. SUBSIDY SURPLUS FUND AND OPERATING RESERVE FUND**

In accordance with the terms and conditions of the Operating Agreements entered into with CMHC prior to 1997, the Social Housing Program is permitted to set aside an amount of up to \$500 per housing unit for the purpose of meeting future requirements of income-tested occupants over and above the maximum federal assistance. This Subsidy Surplus Fund may be replenished to its original limit from subsequent operating surpluses. Any surpluses in excess of \$500 per unit is recoverable by CMHC.

In the case of Operating Agreements entered into in 1997 and beyond, a Subsidy Surplus Fund is not a condition of the Agreement. Any surplus revenue will be retained by the First Nation within an Operating Reserve Fund which may only be used for the ongoing operating costs of the housing projects committed under 1997 On-Reserve Housing Program.

**15. EQUITY IN OTTAWA TRUSTS**

	<u>2015</u>	<u>2014</u>
BALANCE, beginning of year	\$ 519,082	\$ 511,416
Additions:		
Interest income and grants	<u>21,180</u>	<u>7,666</u>
	<u>540,262</u>	<u>519,082</u>
Deductions:	<u>-</u>	<u>-</u>
BALANCE, end of year	<u><u>\$ 540,262</u></u>	<u><u>\$ 519,082</u></u>
COMPRISED OF:		
Revenue Trust Fund	\$ 261,238	\$ 240,058
Capital Trust Fund	<u>279,024</u>	<u>279,024</u>
	<u><u>\$ 540,262</u></u>	<u><u>\$ 519,082</u></u>

**16. CANADA MORTGAGE AND HOUSING CORPORATION SUBSIDY**

The Social Housing Program has received federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 56.1 of the National Housing Act to reduce mortgage interest expense to enable the project to provide housing to low-income individuals. The amount of assistance received in 2015 was \$73,587 (2014 - \$74,210).

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**17. ST'AT'IMC (PC) 2011 TRUST**

The St'at'imc Authority reached a comprehensive settlement with the Province of British Columbia and BC Hydro on May 10, 2011. The Settlement Agreement provides compensation for impacts to St'at'imc lands and people in respect of past, present and future hydro development in the St'at'imc territory; as a result, the St'at'imc (PC) 2011 Trust was established to receive the settlement funds.

N'Quatqua is a beneficiary of the Trust and in accordance with the Settlement Agreement and Trust Indenture, the Nation is entitled to receive certain sums of monies from the Trust each year to be used for specific purposes as outlined in a Band Council Resolution.

Available Trust Revenues shall consist of funding received in a fiscal year and unused funding received in previous fiscal years. Expenditures shall consist only of expenses incurred for the purposes stated in the Band Council Resolution which shall be consistent with the purposes specified in the Indenture. The Nation is permitted to expend Trust monies on a basis other than as specified in the Band Council Resolution provided that the expenditures are consistent with the purposes specified in the Indenture.

During the year, the Nation neither requested nor received any funds.

**18. COMPARATIVE FIGURES**

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

**19. FAIR VALUE ESTIMATION**

The Band's financial instruments consists of cash, accounts receivable, accounts payable and accrued liabilities, amounts due to government agencies, mortgages and loans payable. It is management's opinion that the Band is not exposed to significant interest risk arising from these financial instruments. Exposure to credit risk is also not significant with the exception of Rents Receivable which have a higher credit risk due to the nature of the social housing program. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

**N'QUATQUA FIRST NATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2015**

**20. SEGMENT DISCLOSURE**

The presentation by segment is based on the same accounting policies as described in the summary of Significant Accounting Policies as described in Note 1. The following table presents the expenses incurred and the revenue generated by main object of expense and by major revenue type. The segment results for the year are as follows:

	Band Government			Social Services			Economic Development		
	<u>2015</u>	<u>2014</u>	<u>BUDGET</u> <u>2015</u>	<u>2015</u>	<u>2014</u>	<u>BUDGET</u> <u>2015</u>	<u>2015</u>	<u>2014</u>	<u>BUDGET</u> <u>2015</u>
<b>Revenues</b>									
Federal Government	\$ 199,058	\$ 196,805	\$ 200,615	\$ 267,225	\$ 485,127	\$ 387,442	\$ (50,000)	\$ -	\$ -
Provincial Government	18,109	-	18,500	36,058	-	43,270	97,704	507,512	97,704
Economic Activities	4,645	375	4,500	1,675	-	2,500	103,582	11,056	47,980
Net income from Investments in government business enterprises	-	-	-	-	-	-	(24,607)	(19,156)	-
BC Hydro	5,393	5,393	5,393	-	231,747	-	40,300	166,772	52,300
Other revenue	<u>40,674</u>	<u>42,784</u>	<u>80,100</u>	<u>65,457</u>	<u>53,819</u>	<u>28,628</u>	<u>74,403</u>	<u>8,163</u>	<u>7,700</u>
<b>Total Revenue</b>	<u>267,879</u>	<u>245,357</u>	<u>309,108</u>	<u>370,415</u>	<u>770,693</u>	<u>461,840</u>	<u>241,382</u>	<u>674,347</u>	<u>205,684</u>
<b>Expenses</b>									
Wages, benefits & subcontracts	178,216	164,850	203,026	187,552	134,641	133,057	261,171	275,708	50,050
Program expenses	46,204	68,381	73,338	344,333	368,593	313,134	169,836	74,541	37,843
Travel & Honoraria	48,240	48,485	51,600	18,372	16,525	6,456	6,929	9,821	8,000
Professional fees	<u>38,359</u>	<u>58,293</u>	<u>42,800</u>	<u>7,302</u>	<u>25,733</u>	<u>10,000</u>	<u>37,356</u>	<u>16,422</u>	<u>150,000</u>
<b>Total Expenses</b>	<u>311,019</u>	<u>340,009</u>	<u>370,764</u>	<u>557,559</u>	<u>545,492</u>	<u>462,647</u>	<u>475,292</u>	<u>376,492</u>	<u>245,893</u>
<b>Annual Surplus (Deficit)</b>	<u>\$ (43,140)</u>	<u>\$ (94,652)</u>	<u>\$ (61,656)</u>	<u>\$ (187,144)</u>	<u>\$ 225,201</u>	<u>\$ (807)</u>	<u>\$ (233,910)</u>	<u>\$ 297,855</u>	<u>\$ (40,209)</u>

**N'QUATQUA FIRST NATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2015**

**20. SEGMENT DISCLOSURE, continued**

	<u>2015</u>	<u>Capital Projects</u> <u>2014</u>	<u>BUDGET</u> <u>2015</u>	<u>2015</u>	<u>Education</u> <u>2014</u>	<u>BUDGET</u> <u>2015</u>	<u>2015</u>	<u>Health</u> <u>2014</u>	<u>BUDGET</u> <u>2015</u>
<b>Revenues</b>									
Federal Government	\$ -	\$ -	\$ -	\$ 167,586	\$ 269,639	\$ 242,184	\$ 165,589	\$ 199,430	\$ 180,094
Provincial Government	-	-	-	44,062	61,719	52,475	-	-	-
Economic Activities	-	-	-	-	-	-	-	-	-
Net income from investments in government business enterprises	-	-	-	-	-	-	-	-	-
BC Hydro	-	-	-	-	-	-	-	-	-
Other revenue	-	-	-	307,757	332,790	321,062	2,239	6,561	4,500
<b>Total Revenue</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>519,405</u>	<u>664,148</u>	<u>615,721</u>	<u>167,828</u>	<u>205,991</u>	<u>184,594</u>
<b>Expenses</b>									
Wages, benefits & subcontracts	-	-	-	400,377	387,901	411,605	101,747	92,659	92,544
Program expenses	299	33,236	-	168,709	125,229	199,661	73,926	60,040	94,449
Travel & Honoraria	-	-	-	15,653	13,505	16,622	10,259	3,691	9,879
Professional fees	-	-	-	-	-	-	-	-	-
<b>Total Expenses</b>	<u>299</u>	<u>33,236</u>	<u>-</u>	<u>584,739</u>	<u>526,635</u>	<u>627,888</u>	<u>185,932</u>	<u>156,390</u>	<u>196,872</u>
<b>Annual Surplus (Deficit)</b>	<u>\$ (299)</u>	<u>\$ (33,236)</u>	<u>\$ -</u>	<u>\$ (65,334)</u>	<u>\$ 137,513</u>	<u>\$ (12,167)</u>	<u>\$ (18,104)</u>	<u>\$ 49,601</u>	<u>\$ (12,278)</u>
	<u>2015</u>	<u>Housing</u> <u>2014</u>	<u>BUDGET</u> <u>2015</u>	<u>2015</u>	<u>Culture</u> <u>2014</u>	<u>BUDGET</u> <u>2015</u>	<u>2015</u>	<u>Total</u> <u>2014</u>	<u>BUDGET</u> <u>2015</u>
<b>Revenues</b>									
Federal Government	\$ 73,587	\$ 74,210	\$ 73,587	\$ -	\$ -	\$ -	\$ 823,045	\$ 1,225,211	\$ 1,083,922
Provincial Government	-	-	-	-	-	-	195,933	569,231	211,949
Economic Activities	149,629	126,838	-	-	-	-	259,531	138,272	54,980
Net income from investments in government business enterprises	-	-	-	-	-	-	(24,607)	(19,156)	-
BC Hydro	-	-	-	-	-	-	45,693	403,912	57,693
Other revenue	248	6,186	-	-	-	-	490,778	450,303	441,990
<b>Total Revenue</b>	<u>223,464</u>	<u>207,234</u>	<u>73,587</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,790,373</u>	<u>2,767,773</u>	<u>1,850,534</u>
<b>Expenses</b>									
Wages, benefits & subcontracts	6,549	-	-	-	-	-	1,135,612	1,055,759	890,282
Program expenses	217,475	210,680	-	-	-	-	1,020,782	940,700	718,425
Travel & Honoraria	-	435	-	-	-	-	99,453	92,462	92,557
Professional fees	6,000	6,000	-	-	-	-	89,018	106,448	202,800
<b>Total Expenses</b>	<u>230,024</u>	<u>217,115</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,344,865</u>	<u>2,195,369</u>	<u>1,904,064</u>
<b>Annual Surplus (Deficit)</b>	<u>\$ (6,560)</u>	<u>\$ (9,881)</u>	<u>\$ 73,587</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (554,492)</u>	<u>\$ 572,404</u>	<u>\$ (53,530)</u>



**N'QUATQUA FIRST NATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**21. EXPENSES BY OBJECT**

	<u>2015</u>	<u>2014</u>
Salaries and wages	\$ 1,022,737	\$ 1,015,536
Materials and supplies	72,010	98,133
Honoraria	35,795	36,500
Interest	141,242	141,414
Professional services	99,722	120,360
Amortization	63,455	40,146
Travel	67,260	64,533
Operations, maintenance, and utilities	301,493	270,131
Insurance	52,732	57,039
Contract services	226,314	166,049
Social development payments	149,655	163,266
Other	<u>707,418</u>	<u>651,496</u>
	<u>\$ 2,939,833</u>	<u>\$ 2,824,603</u>

**22. BUDGETED FIGURES**

Unaudited budget figures have been provided for comparative purposes and have been derived from estimates approved by management. However, budget data was not available for all programs.

**N'QUATQUA FIRST NATION  
SCHEDULE OF TANGIBLE CAPITAL ASSETS  
YEAR ENDED MARCH 31, 2015**

	COST		ACCUMULATED AMORTIZATION			Net Book Value March 31, 2015	Net Book Value March 31, 2014
	Balance, March 31, 2014	Additions	Balance, March 31, 2014	Amortization	March 31, 2015		
Infrastructure - Subdivision construction	\$ 200,355	\$ -	\$ 200,355	\$ -	\$ -	\$ 200,355	\$ 200,355
Infrastructure - Water System	44,992	-	44,992	-	-	44,992	44,992
Land & buildings	1,674,721	-	1,674,721	34,228	837,186	837,535	871,763
Gas station	381,595	-	381,595	7,779	194,910	186,685	194,464
Fire Truck	173,766	-	173,766	-	173,766	-	-
Land improvement	60,721	-	60,721	-	-	60,721	60,721
Office equipment	135,678	5,455	141,133	1,622	131,914	9,219	5,386
Machinery & equipment	363,401	-	363,401	6,758	302,581	60,820	67,578
Vehicles	340,655	-	340,655	42,502	170,647	170,008	212,510
Computer software	79,131	-	79,131	7,000	79,131	-	7,000
Computer equipment	99,761	20,300	120,061	4,410	92,269	27,792	11,902
Sawmill	23,920	-	23,920	-	23,920	-	-
Logging machinery	151,951	-	151,951	-	151,951	-	-
Outdoor Gym	25,309	-	25,309	4,556	7,087	18,222	22,778
Fencing	2,885	-	2,885	-	2,885	-	-
Subtotal	3,758,841	25,755	3,784,596	108,855	2,168,247	1,616,349	1,699,449
CMHC Social Housing Capital Assets	2,974,134	-	2,974,134	115,582	1,254,450	1,719,684	1,835,266
N'Quatqua Fisheries Inc. Equipment	6,286	-	6,286	217	5,421	865	1,082
N'Quatqua Logging Co. Ltd. Property, Plant, & Equipment	308,600	-	308,600	489	306,746	1,854	2,343
NEEDCO Equipment	60,648	-	60,648	2,772	52,500	8,148	10,920
Total	\$ 7,108,509	\$ 25,755	\$ 7,134,264	\$ 227,915	\$ 3,787,364	\$ 3,346,900	\$ 3,549,060

