

**MOUNT CURRIE BAND  
CONSOLIDATED  
FINANCIAL STATEMENTS  
For the year ended March 31, 2014**

**MOUNT CURRIE BAND**  
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**For the year ended March 31, 2014**

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## Management's Responsibility for Financial Reporting

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The accompanying consolidated financial statements of the Mount Currie Band are the responsibility of management and have been approved by Chief and Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. 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.

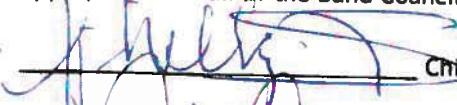
The Mount Currie Band maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable costs. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the First Nation's assets are appropriately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

The Mount Currie Band is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Chief and Council carry out this responsibility through the Finance Committee.

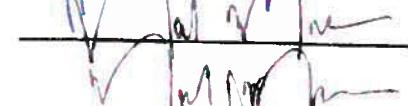
The Finance Committee reviews the consolidated financial statements and recommends their approval. The Finance Committee meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and external auditor's report. The Chief and Council also considers the engagement of the external auditors.

The consolidated financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. BDO Canada LLP have full and free access to Chief and Council.

Approved on behalf of the Band Council



Chief



Chairperson of Finance and Audit Committee



Senior Financial Officer



Senior Administrator



Tel: 250 763 6700  
Fax: 250 763 4457  
Toll-free: 800 928 3307  
[www.bdo.ca](http://www.bdo.ca)

BDO Canada LLP  
Suite 400 - 1631 Dickson Ave  
Landmark Technology Centre  
Kelowna BC V1Y 0B5 Canada

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## Independent Auditor's Report

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### To the Members of the Mount Currie Band

We have audited the accompanying consolidated financial statements of Mount Currie Band, which comprise the consolidated statement of financial position as at March 31, 2014, and the consolidated statement of financial activity, change in net financial assets (debt) and cash flows for the year then ended, and a summary of consolidated significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated 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 audit opinion.



### **Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Mount Currie Band as at March 31, 2014, and the results of its operations, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### **Other Matters**

Mount Currie Band has also prepared another set of financial statements for the year ended March 31, 2014 in accordance with Canadian public sector accounting standards. However, those financial statements include unaudited supplementary schedules which present detailed program revenues and expenditures prepared to assist management of the Mount Currie Band to meet the reporting requirements of various funding agencies. Our audit report on the other set of financial statements was issued to the members of the Mount Currie Band and was dated July 29, 2014.

*BDO Canada LLP*

Chartered Accountants

Kelowna, British Columbia  
July 29, 2014

**MOUNT CURRIE BAND**  
**Consolidated Statement of Financial Position**

| <u>March 31</u>                             | <u>2014</u>          | <u>2013</u>          |
|---|----------------------|----------------------|
| <b>Financial Assets</b>                     |                      |                      |
| Cash  | \$ 66,143            | \$ 107,864           |
| Restricted cash (Note 2)                    | 3,355,958            | 3,658,524            |
| Restricted temporary investments (Note 3)   | 6,152,212            | 6,018,452            |
| Accounts receivable (Note 4)                | 1,478,512            | 2,071,614            |
| Due from related entities (Note 5)          | 1,100,897            | 3,102,817            |
| Investment in business enterprises (Note 6) | 6,950,909            | 2,787,096            |
| Ottawa Trust Funds                          | 253,442              | 560,878              |
|   | <u>19,358,073</u>    | <u>18,307,245</u>    |
| <b>Financial Liabilities</b>                |                      |                      |
| Bank indebtedness (Note 7)                  | 960,858              | 1,311,526            |
| Accounts payable and accrued liabilities    | 1,815,057            | 2,028,704            |
| Deferred revenue (Note 8)                   | 3,615,232            | 4,061,959            |
| Due to related entities (Note 5)            | 593,414              | 656,990              |
| Obligation under capital lease (Note 9)     | 107,695              | 40,000               |
| Long term debt (Note 10)                    | 7,854,745            | 8,484,226            |
|   | <u>14,947,001</u>    | <u>16,583,405</u>    |
| <b>Net Financial Assets</b>                 | <b>4,411,072</b>     | <b>1,723,840</b>     |
| <b>Non - Financial Assets</b>               |                      |                      |
| Tangible capital assets (Note 11)           | 43,632,847           | 43,784,267           |
| Prepaid expenses                            | 177,159              | 145,686              |
|   | <u>43,810,006</u>    | <u>43,929,953</u>    |
| <b>Accumulated Surplus (Note 12)</b>        | <b>\$ 48,221,078</b> | <b>\$ 45,653,793</b> |

Approved on behalf of the Band Council

 Chief  
 Chairperson of Finance and Audit Committee  
 Senior Financial Officer  
 Senior Administrator

**MOUNT CURRIE BAND**  
**Consolidated Statement of Financial Activity**

| <u>For the year ended March 31</u>                   | <u>Budget</u>        | <u>2014</u>          | <u>2013</u>          |
|--|----------------------|----------------------|----------------------|
| <b>Revenue</b>                                       |                      |                      |                      |
| Aboriginal Affairs and Northern Development Canada\$ | 8,738,708            | \$ 9,761,320         | \$ 8,545,667         |
| Canada Mortgage and Housing Corporation              | 162,387              | 162,387              | 167,438              |
| Department of Fisheries and Oceans Canada            | 225,000              | 218,550              | 244,200              |
| First Nations Education Steering Committee Funding   | 433,134              | 523,216              | 441,197              |
| First Nations Employment Society Funding             | 262,000              | 262,530              | 262,532              |
| First Nations Health Authority                       | 2,053,186            | 2,039,403            | 1,807,437            |
| Province of British Columbia                         | 1,633,696            | 1,680,326            | 1,617,265            |
| Rental income  | 841,100              | 853,249              | 866,921              |
| Other income   | 2,416,976            | 3,839,125            | 1,894,390            |
| Income from business enterprises                     | -                    | 2,332,487            | -                    |
| Interest income                                      | -                    | 9,467                | 15,759               |
| BC special grant                                     | -                    | 5,097                | 5,167                |
|  | <b>16,766,187</b>    | <b>21,687,157</b>    | <b>15,867,973</b>    |
| <b>Expenses (Note 18)</b>                            |                      |                      |                      |
| Operations Fund                                      | 13,755,954           | 15,063,249           | 14,057,684           |
| Capital Fund   | 2,303,086            | 393,612              | 118,751              |
| Xit'olacw Housing Fund                               | 379,908              | 462,932              | 600,595              |
| Xit'olacw Community School Fund                      | 3,276,044            | 3,365,132            | 3,209,712            |
| Funding agency repayments                            | -                    | (181,615)            | (171,501)            |
| CMHC approved expenditures                           | -                    | 16,562               | 30,997               |
| Loss from business enterprises                       | -                    | -                    | 321,127              |
| Loss on disposal of tangible capital assets          | -                    | -                    | 1,288,220            |
|  | <b>19,714,992</b>    | <b>19,119,872</b>    | <b>19,455,585</b>    |
| <b>Annual surplus (deficit)</b>                      | <b>(2,948,805)</b>   | <b>2,567,285</b>     | <b>(3,587,612)</b>   |
| <b>Accumulated surplus, beginning of year</b>        | <b>45,653,793</b>    | <b>45,653,793</b>    | <b>49,241,405</b>    |
| <b>Accumulated surplus (Note 12), end of year</b>    | <b>\$ 42,704,988</b> | <b>\$ 48,221,078</b> | <b>\$ 45,653,793</b> |

**MOUNT CURRIE BAND**  
**Consolidated Statement of Change in Net Financial Assets (Debt)**

| <u>For the year ended March 31</u>                 | <u>Budget</u>      | <u>2014</u>         | <u>2013</u>         |
|--|--------------------|---------------------|---------------------|
| Annual surplus (deficit)                           | \$ (2,948,805)     | \$ 2,567,285        | \$ (3,587,612)      |
| Acquisition of tangible capital assets (Note 11)   | -                  | (1,156,424)         | (927,119)           |
| Amortization of tangible capital assets (Note 11)  | 1,135,809          | 1,307,844           | 1,301,520           |
| Net book value of disposed tangible capital assets | -                  | -                   | 1,263,178           |
| Change in prepaid expenses                         | -                  | (31,473)            | 209,038             |
|  | (1,812,996)        | 2,687,232           | (1,740,995)         |
| <b>Net financial assets, beginning of year</b>     | <b>1,723,840</b>   | <b>1,723,840</b>    | <b>3,464,835</b>    |
| <b>Net financial assets (debt), end of year</b>    | <b>\$ (89,156)</b> | <b>\$ 4,411,072</b> | <b>\$ 1,723,840</b> |

**MOUNT CURRIE BAND**  
**Consolidated Statement of Cash Flows**

| <u>For the year ended March 31</u>                           | <u>2014</u>                | <u>2013</u>                |
|--|----------------------------|----------------------------|
| <b>Cash flows provided by (used in) operating activities</b> |                            |                            |
| Cash receipts from all funding sources                       | \$ 20,755,501              | \$ 15,571,265              |
| Cash paid to employees and suppliers                         | (16,686,039)               | (16,739,849)               |
| Interest paid  | <u>(293,082)</u>           | <u>(304,910)</u>           |
|  | <u>3,776,380</u>           | <u>(1,473,494)</u>         |
| <b>Cash flows provided by (used in) capital activities</b>   |                            |                            |
| Purchase of tangible capital assets                          | <u>(1,070,733)</u>         | <u>(887,119)</u>           |
| <b>Cash flows provided by (used in) investing activities</b> |                            |                            |
| Change in long term investments                              | (4,163,813)                | 321,128                    |
| Purchase of short term restricted temporary investments      | (133,760)                  | (6,005,234)                |
| Ottawa trust funds   | <u>307,436</u>             | <u>204,064</u>             |
|  | <u>(3,990,137)</u>         | <u>(5,480,042)</u>         |
| <b>Cash flows provided by (used in) financing activities</b> |                            |                            |
| Repayment of long term debt                                  | (629,477)                  | (709,712)                  |
| Advances (to) from related parties                           | 1,938,344                  | (449,391)                  |
| Repayment of capital leases                                  | <u>(17,996)</u>            | <u>(6,546)</u>             |
|  | <u>1,290,871</u>           | <u>(1,165,649)</u>         |
| <b>Increase (decrease) in cash and bank indebtedness</b>     | <b>6,381</b>               | <b>(9,006,304)</b>         |
| <b>Cash and bank indebtedness, beginning of year</b>         | <b><u>2,454,862</u></b>    | <b><u>11,461,166</u></b>   |
| <b>Cash and bank indebtedness, end of year</b>               | <b><u>\$ 2,461,243</u></b> | <b><u>\$ 2,454,862</u></b> |
| <b>Represented by:</b>                                       |                            |                            |
| Cash   | \$ 66,143                  | \$ 107,864                 |
| Restricted cash  | 3,355,958                  | 3,658,524                  |
| Bank indebtedness  | <u>(960,858)</u>           | <u>(1,311,526)</u>         |
|  | <u>\$ 2,461,243</u>        | <u>\$ 2,454,862</u>        |

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## MOUNT CURRIE BAND

### Summary of Significant Accounting Policies

**March 31, 2014**

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|  |  |
|--|--|
| <b>Basis of Presentation</b>             | <p>It is the policy of Mount Currie Band (the "First Nation") to follow accounting principles generally accepted for First Nations in the Province of British Columbia. The consolidated financial statements have been prepared using guidelines issued by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. The First Nation provides services such as band government, public works, social development, community health, advanced education, economic development, land and resources, housing and community school.</p>  |
| <b>Reporting Entity</b>                  | <p>The Mount Currie Band reporting entity includes the Mount Currie Band Council and all related entities which are accountable for the administration of their financial affairs and resources to the First Nation and are either owned or controlled by the First Nation.</p>  |
| <b>Principles of Financial Reporting</b> | <p>These financial statements consolidate on a modified equity basis the assets, liabilities and results of operations for the following organizations which use accounting principles which lend themselves to consolidate on a modified equity basis with the Mount Currie Band:</p> <ul style="list-style-type: none"><li>- Lil'wat Holdings Limited Partnership</li><li>- 0542131 BC Ltd.</li><li>- 0773099 BC Ltd.</li><li>- 0775448 BC Ltd.</li><li>- 0780174 BC Ltd.</li><li>- 0780176 BC Ltd.</li><li>- 0780179 BC Ltd.</li><li>- 0780182 BC Ltd.</li><li>- 0780185 BC Ltd.</li><li>- 0781316 BC Ltd.</li><li>- 0781242 BC Ltd.</li><li>- 0915799 BC Ltd.</li><li>- Baxter Creek Limited Partnership</li></ul> |
| <b>Fund Accounting</b>                   | <p>The Mount Currie Band is segregated into various funds for accounting and financial reporting purposes. Each fund is treated as a separate entity with responsibility for stewardship of the assets allocated to it.</p> <p>The funds and enterprises of the Mount Currie Band are as follows:</p> <ul style="list-style-type: none"><li>- Mount Currie Band Operations Fund</li><li>- Mount Currie Band Capital Fund</li><li>- Xit'olacw Housing Operations Fund</li><li>- Xit'olacw Community School Fund</li></ul>   |
| <b>Cash and Cash Equivalents</b>         | <p>Cash and cash equivalents includes cash and investments in money market funds.</p>  |

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## MOUNT CURRIE BAND

### Summary of Significant Accounting Policies

March 31, 2014

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|   |   |           |          |                          |               |           |              |                           |     |
|---|---|-----------|----------|--------------------------|---------------|-----------|--------------|---------------------------|-----|
| <b>Leased Assets</b>                    | Leases entered into, that transfer substantially all the benefits and risks associated with ownership, are recorded as the acquisition of a tangible capital asset and the incurrence of an obligation. The asset is amortized in a manner consistent with tangible capital assets owned by the First Nation, and the obligation, including interest thereon, is liquidated over the term of the lease. All other leases are accounted for as operating leases, and the rental costs are expensed as incurred.  |           |          |                          |               |           |              |                           |     |
| <b>Government Transfers</b>             | Government transfers, which include legislative grants, are recognized in the financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.  |           |          |                          |               |           |              |                           |     |
| <b>Restricted Temporary Investments</b> | Restricted temporary investments are stated at the lower of cost and market value.  |           |          |                          |               |           |              |                           |     |
| <b>Budget Figures</b>                   | The budget figures are approved annually by Chief and Council. They have been reallocated to conform to PSAB financial statement presentation. Subsequent amendments have been made by the Chief and Council to reflect changes in the budget as required.  |           |          |                          |               |           |              |                           |     |
| <b>Tangible Capital Assets</b>          | Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset 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: |           |          |                          |               |           |              |                           |     |
|   | <table><tbody><tr><td>Buildings</td><td>25 years</td></tr><tr><td>Community infrastructure</td><td>20 - 75 years</td></tr><tr><td>Equipment</td><td>5 - 20 years</td></tr><tr><td>Assets under construction</td><td>Nil</td></tr></tbody></table>   | Buildings | 25 years | Community infrastructure | 20 - 75 years | Equipment | 5 - 20 years | Assets under construction | Nil |
| Buildings                               | 25 years  |           |          |                          |               |           |              |                           |     |
| Community infrastructure                | 20 - 75 years   |           |          |                          |               |           |              |                           |     |
| Equipment                               | 5 - 20 years  |           |          |                          |               |           |              |                           |     |
| Assets under construction               | Nil   |           |          |                          |               |           |              |                           |     |
| <b>Impairment of Long Lived Assets</b>  | In the event that facts and circumstances indicate that the First Nation's long-lived assets may be impaired, an evaluation of recoverability would be performed. Such an evaluation entails comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write-down to market value or discounted cash flow value is required. The First Nation considers that no circumstances exist that would require such an evaluation.  |           |          |                          |               |           |              |                           |     |

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## MOUNT CURRIE BAND Summary of Significant Accounting Policies

**March 31, 2014**

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|                              |  |
|------------------------------|--|
| <b>Revenue Recognition</b>   | <p>Government funding is recognized as it becomes receivable under the terms of applicable funding agreements. Revenue received under funding agreements which relates to a subsequent fiscal period is recognized as revenue in the period in which the resources are used for the purpose or purposes specified.</p> <p>Rental revenue is recognized as it becomes receivable under the terms of the rental agreement.</p> <p>Sales of service and other revenue is recognized on an accrual basis.</p> <p>All other revenue is recognized as it is earned.</p>  |
| <b>Deferred Revenue</b>      | <p>Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general purposes are accounted for as deferred revenue on the statement of financial position. The revenue is recognized in the statement of financial activity in the year in which it is used for the specified purpose.</p>   |
| <b>Financial Instruments</b> | <p>The First Nation recognizes and measures financial assets and financial liabilities on the statement of financial position when it becomes a party to the contractual provisions of a financial instrument. All transactions related to financial instruments are recorded on a trade date or settlement date basis. All financial instruments are measured at fair value on initial recognition. Financial instruments are subsequently measured at amortized cost as the First Nation has not entered into any derivative contracts and it does not hold any investments in equity instruments quoted on an active market. Since no financial instruments are measured at fair value after initial recognition, a Statement of Remeasurement Gains and Losses has not been presented in these financial statements.</p> |
| <b>Use of Estimates</b>      | <p>The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the 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.</p>   |

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**MOUNT CURRIE BAND**  
**Notes to Consolidated Financial Statements**

March 31, 2014

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**1. Economic Dependence**

The Mount Currie Band receives 45% (2013 - 54%) of its revenue pursuant to funding arrangements with Aboriginal Affairs and Northern Development Canada ("AANDC").

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**2. Restricted Cash**

|   | <b>2014</b>         | <b>2013</b>         |
|---|---------------------|---------------------|
| Kit'olacw Housing Operations - Full Subsidy Program |                     |                     |
| Replacement reserve (Note 13)                       | \$ 414,846          | \$ 340,411          |
| Operating reserve (Note 14)                         | 75,627              | -                   |
| Funds held in trust                                 | -                   | 3,288,301           |
| Restricted funds                                    | <u>9,017,697</u>    | <u>6,048,264</u>    |
|   | <b>\$ 9,508,170</b> | <b>\$ 9,676,976</b> |

**Restricted Cash is represented by:**

|   |                     |                     |
|---|---------------------|---------------------|
| Restricted cash                           | \$ 3,355,958        | \$ 3,658,524        |
| Restricted temporary investments (Note 3) | <u>6,152,212</u>    | <u>6,018,452</u>    |
|   | <b>\$ 9,508,170</b> | <b>\$ 9,676,976</b> |

**3. Restricted Temporary Investments**

Included in the restricted cash amounts in Note 2 are short term investments. The Band holds guaranteed investment certificates (GIC's) in a chartered bank with the following terms:

|   | <b>2014</b>         | <b>2013</b>         |
|---|---------------------|---------------------|
| GIC's, matured during the year  | \$ -                | \$ 3,015,123        |
| GIC's, interest paid on maturity at 1.9% on December 9, 2014            | 754,373             | -                   |
| GIC's, interest paid on maturity at 2.0% on March 11, 2015              | 3,063,602           | 3,003,329           |
| GIC's, interest paid on maturity at 2.2% on December 9, 2015            | 782,245             | -                   |
| Short-term investment, interest paid at 3.18%, matures November 2, 2015 | <u>1,551,992</u>    | <u>-</u>            |
|   | <b>\$ 6,152,212</b> | <b>\$ 6,018,452</b> |

Funds held in temporary investments represent those monies that the Mount Currie Band has committed for expenditures for future capital and economic development projects of the Band.

**MOUNT CURRIE BAND**  
**Notes to Consolidated Financial Statements**

**March 31, 2014**

**4. Accounts Receivable**

|  | <b>2014</b>         | <b>2013</b>         |
|--|---------------------|---------------------|
| Current  | <b>\$ 2,810,272</b> | <b>\$ 3,894,613</b> |
| Long term  | 500,000             | 500,000             |
| Aboriginal Affairs and Northern Development Canada | <b>438,818</b>      | <b>36,440</b>       |
|  | <b>3,749,090</b>    | <b>4,431,053</b>    |
| Allowance for doubtful accounts                    | <b>(2,270,578)</b>  | <b>(2,359,439)</b>  |
|  | <b>\$ 1,478,512</b> | <b>\$ 2,071,614</b> |

**5. Due To/From Related Entities**

**Due From Related Entities**

|  | <b>2014</b>         | <b>2013</b>         |
|--|---------------------|---------------------|
| 0542131 BC Ltd.                                      | \$ 162              | \$ 91,553           |
| 0775448 BC Ltd.                                      | -                   | 1,688               |
| Lil'wat Capital Assets Limited Partnership           | 508,806             | 504,591             |
| Lil'wat Construction Enterprises Limited Partnership | 591,929             | 619,378             |
| Lil'wat Retail Operations Inc.                       | -                   | 1,885,607           |
|  | <b>\$ 1,100,897</b> | <b>\$ 3,102,817</b> |

**Due To Related Entities**

|   | <b>2014</b>       | <b>2013</b>       |
|---|-------------------|-------------------|
| 0915799 BC Ltd.                                 | \$ 1              | \$ 1              |
| Lil'wat Forestry Ventures Limited Partnership   | 158,165           | 158,165           |
| Lil'wat Management Services Limited Partnership | 28,000            | -                 |
| Lil'wat Retail Operations Limited Partnership   | 19,304            | -                 |
| Squamish Lil'wat Cultural Centre                | <b>387,944</b>    | <b>498,824</b>    |
|   | <b>\$ 593,414</b> | <b>\$ 656,990</b> |

**Related Party Transactions**

During the year, Mount Currie Band received administration fees from a related party, Lil'wat Management Services Limited Partnership, in the amount of \$56,000 (2013 - \$Nil).

During the year, Mount Currie Band received administration fees from a related party, Lil'wat Construction Enterprises Limited Partnership, in the amount of \$Nil (2013 - \$141,198).

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## MOUNT CURRIE BAND

### Notes to Consolidated Financial Statements

**March 31, 2014**

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#### 5. Due To/From Related Entities (continued)

##### Related Party Transactions (continued)

During the year, Mount Currie Band received a contribution towards the Wedge Creek Project from a related party, Lil'wat Construction Enterprises Limited Partnership, in the amount of \$45,000 (2013 - \$Nil).

During the year, Mount Currie Band incurred expenses on behalf of Lil'wat Construction Enterprises Limited Partnership, in the amount of \$54,909 (2013 - \$Nil).

During the year, Mount Currie Band paid management fees to Lil'wat Management Services Limited Partnership, in the amount of \$28,000 (2013 - \$Nil).

During the year, Mount Currie Band contributed \$283,368 (2013 - \$454,800) to the Squamish Lil'wat Cultural Centre.

The amounts due from related parties bear no interest and have no fixed terms of repayment. The transactions have occurred in the normal course of operations and are measured at the exchange value (the amount of consideration established and agreed to by the related parties).

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#### 6. Investment in Business Enterprises

|  | 2014                       | 2013                       |
|--|----------------------------|----------------------------|
| 0542131 BC Ltd., wholly-owned by Mount Currie Band                           | \$ 204,084                 | \$ 287,084                 |
| 0773099 BC Ltd., 50% owned by Mount Currie Band                              | 1                          | 1                          |
| 0775448 BC Ltd., wholly owned by Mount Currie Band                           | 2                          | 2                          |
| 0780174 BC Ltd., 50% owned by Mount Currie Band                              | 1                          | 1                          |
| 0780176 BC Ltd., 50% owned by Mount Currie Band                              | 1                          | 1                          |
| 0780179 BC Ltd., 50% owned by Mount Currie Band                              | 1                          | 1                          |
| 0780182 BC Ltd., 50% owned by Mount Currie Band                              | 1                          | 1                          |
| 0780185 BC Ltd., 50% owned by Mount Currie Band                              | 1                          | 1                          |
| 0781242 BC Ltd., 50% owned by Mount Currie Band                              | 1                          | 1                          |
| 0781316 BC Ltd., 50% owned by Mount Currie Band                              | 1                          | 1                          |
| 0915799 BC Ltd., wholly owned by Mount Currie Band                           | 1                          | 1                          |
| Baxter Creek Limited Partnership, 50% owned by Mount Currie Band             | 2,500,000                  | 2,500,000                  |
| Lil'wat Holdings Limited Partnership, 99.99% controlled by Mount Currie Band | <u>4,246,814</u>           | 1                          |
|  | <u><b>\$ 6,950,909</b></u> | <u><b>\$ 2,787,096</b></u> |

During the year, Lil'wat Holdings Limited Partnership issued 183,510.70 partnership units to Mount Currie Band for \$1,831,326.

**MOUNT CURRIE BAND**  
**Notes to Consolidated Financial Statements**

**March 31, 2014**

**6. Investment in Business Enterprises (continued)**

The following summary discloses the condensed financial information of the business enterprises:

| (a) Summary of Financial Position        | 2014                    | 2013                    |
|--|-------------------------|-------------------------|
| <b>Assets</b>                            |                         |                         |
| Cash and short term investments          | \$ 209,141              | \$ 700,330              |
| Accounts receivable                      | 986,278                 | 276,490                 |
| Inventory                                | 476,317                 | 199,981                 |
| Prepays and other assets                 | 925,886                 | 206,395                 |
| Due from related parties                 | -                       | 25,526                  |
| Due from non-related parties             | -                       | 2,486,616               |
| Forestry licenses                        | 876,938                 | 565,122                 |
| Long term investments                    | 226,361                 | 1                       |
| Tangible capital assets                  | <u>5,129,634</u>        | <u>5,253,425</u>        |
| <br>Total Assets                         | <br><u>8,830,555</u>    | <br><u>9,713,886</u>    |
| <b>Liabilities</b>                       |                         |                         |
| Accounts payable and accrued liabilities | 955,251                 | 510,876                 |
| Due to related parties                   | 761,944                 | 5,696,827               |
| Reforestation obligation                 | 439,149                 | 220,924                 |
| Long term debt                           | <u>1,428,740</u>        | <u>1,479,659</u>        |
| <br>Total Liabilities                    | <br><u>3,585,084</u>    | <br><u>7,908,286</u>    |
| <br>Net Assets                           | <br><u>\$ 5,245,471</u> | <br><u>\$ 1,805,600</u> |

| (b) Summary of Financial Activities | 2014                    | 2013                    |
|-------------------------------------|-------------------------|-------------------------|
| Total Revenues                      | \$ 16,967,966           | \$ 7,147,483            |
| Total Expenses                      | <u>14,635,465</u>       | <u>7,532,847</u>        |
| <br>Income (loss) for the year      | <br><u>\$ 2,332,501</u> | <br><u>\$ (385,364)</u> |

**7. Bank Indebtedness**

The Band has a line of credit with a total credit limit of \$1,100,000 (2013 - \$1,100,000), bearing interest at prime plus 0.5% (2013 - prime plus 0.5%), secured by a general security agreement, payable in monthly payments of interest only. At March 31, 2014 the amount of line of credit utilized was \$390,000 (2013 - \$1,100,000).

**MOUNT CURRIE BAND**  
**Notes to Consolidated Financial Statements**

**March 31, 2014**

**8. Deferred Revenue**

|   |        | <b>2014</b>                | <b>2013</b>                |
|---|--------|----------------------------|----------------------------|
| Deferred Aboriginal Affairs and Northern Development                      |        |                            |                            |
| Canada funding  |        |                            |                            |
| Mould Renovations   | #10843 | \$ 23,964                  | \$ 24,386                  |
| Bands and Private Housing   | #11140 | 6,694                      | -                          |
| Bands and Private Housing   | #11172 | 35,950                     | -                          |
| Negotiation Preparedness  | #1022  | -                          | 14,431                     |
| Land Use Planning   | #8110  | -                          | 29,922                     |
| ACRS 2011   | #8752  | 40,367                     | 60,313                     |
| Capital Surplus Projects  |        | <u>78,119</u>              | <u>100,767</u>             |
| Total deferred Aboriginal Affairs and Northern Development Canada funding |        | 185,094                    | 229,819                    |
| Other deferred revenue  |        |                            |                            |
| BC Rail Trust Funds   |        | 30,335                     | 30,335                     |
| First Nations Education Steering Committee                                |        | -                          | 84,818                     |
| Health Canada   |        | -                          | 92,138                     |
| Lil'wat Housing Legacy  |        | 3,254,504                  | 3,288,301                  |
| Province of British Columbia  |        | 34,387                     | 176,557                    |
| Other   |        | <u>110,912</u>             | <u>159,991</u>             |
|   |        | <u><u>\$ 3,615,232</u></u> | <u><u>\$ 4,061,959</u></u> |

**9. Obligation Under Capital Lease**

|   | <b>2014</b>             | <b>2013</b>             |
|---|-------------------------|-------------------------|
| Royal Bank - Capital Fund - Payable in monthly payments of \$750 including interest at 4.72%, secured by specific assets, maturing March 2018.  | \$ 32,735               | \$ 40,000               |
| Royal Bank - Capital Fund - Payable in monthly payments of \$1,596 including interest at 4.71%, secured by specific assets, maturing July 2018. | <u>74,960</u>           | -                       |
|   | 107,695                 | 40,000                  |
| Less current portion  | <u>23,579</u>           | <u>8,997</u>            |
|   | <u><u>\$ 84,116</u></u> | <u><u>\$ 31,003</u></u> |

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**MOUNT CURRIE BAND**  
**Notes to Consolidated Financial Statements**

**March 31, 2014**

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**9. Obligation Under Capital Lease (continued)**

The future minimum lease payments for the next five years are as follows:

|                       |                          |
|-----------------------|--------------------------|
| 2015                  | \$ 28,150                |
| 2016                  | 28,150                   |
| 2017                  | 28,150                   |
| 2018                  | 28,150                   |
| 2019                  | <u>6,384</u>             |
|                       | <u>118,984</u>           |
| Less imputed interest | <u>(11,289)</u>          |
|                       | <u><b>\$ 107,695</b></u> |

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**10. Long Term Debt**

|  | 2014                     | 2013                     |
|--|--------------------------|--------------------------|
| Mount Currie Band Council - Operations Fund  |                          |                          |
| CIBC - band member renovations loan, repayable in monthly installments of \$798 including interest at 3.75% per annum, maturing May 1, 2014, secured by ministerial guarantee agreement and CMHC insurance.                  | \$ 74,300                | \$ 80,953                |
| Bank of Nova Scotia - loan repayable in monthly installments of \$4,692 including interest at 5.50% per annum, secured by assignment of assets and a ministerial guarantee agreement.  | 390,413                  | 430,232                  |
| Royal Bank - Non-revolving demand loan, repayable in monthly installments of \$3,504 including interest at 2.93% per annum, maturing January 1, 2017, secured by assignment of assets and a ministerial guarantee agreement. | 324,141                  | 361,257                  |
| Peace Hills Trust - loan repayable in monthly installments of \$1,099 including interest at 5.44% per annum, renewal date of March 1, 2016, secured by assignment of assets and a ministerial guarantee agreement.           | 45,864                   | 56,258                   |
| Ford - automobile loan, repaid in the year.  | -                        | 1,240                    |
| Balance carried forward  | <u><b>\$ 834,718</b></u> | <u><b>\$ 929,940</b></u> |

**MOUNT CURRIE BAND**  
**Notes to Consolidated Financial Statements**

**March 31, 2014**

**10. Long Term Debt (continued)**

|   | 2014                | 2013                |
|---|---------------------|---------------------|
| Balance brought forward   | \$ 834,718          | \$ 929,940          |
| Mount Currie Band Council - Operations Fund   |                     |                     |
| GMAC - automobile loan, repaid in the year.   | -                   | 1,424               |
| Royal Bank - Non-revolving fixed rate term loan - repayable in monthly installments of \$27,700, including interest at 3.97% per annum, maturing January 31, 2018.  | 2,774,659           | 2,993,834           |
| Royal Bank - 0775448 BC Ltd Loan - repayable in monthly installments of \$9,933 plus interest at prime plus 1.45% per annum, maturing May 30, 2014.   | 574,280             | 694,472             |
| Xit'olacw Housing Operations  |                     |                     |
| All Nations Trust Company - Phase 14 mortgage repayable in monthly installments of \$331 including interest at 1.92% per annum, renewal date of April 1, 2019, maturing March 1, 2024, secured by ministerial guarantee.          | 36,107              | 39,372              |
| All Nations Trust Company - Phase 14-2 mortgage repayable in monthly installments of \$1,680 including interest at 1.92% per annum, renewal date of April 1, 2019, maturing March 1, 2024, secured by ministerial guarantee.      | 183,312             | 199,891             |
| All Nations Trust Company - Phase 15 mortgage repayable in monthly installments of \$2,310 including interest at 2.69% per annum, renewal date of August 1, 2015, maturing April 1, 2025, secured by ministerial guarantee.       | 265,612             | 285,930             |
| All Nations Trust Company - Phase 16-2 mortgage repayable in monthly installments of \$801 including interest at 2.56% per annum, renewal date of December 1, 2015, maturing October 1, 2025, secured by ministerial guarantee.   | 96,362              | 103,425             |
| All Nations Trust Company - Phase 16-4 mortgage repayable in monthly installments of \$1,568 including interest at 2.56% per annum, renewal date of December 1, 2015, maturing October 1, 2025, secured by ministerial guarantee. | <u>188,499</u>      | <u>202,316</u>      |
| Balance carried forward   | <u>\$ 4,953,549</u> | <u>\$ 5,450,604</u> |

**MOUNT CURRIE BAND**  
**Notes to Consolidated Financial Statements**

**March 31, 2014**

**10. Long Term Debt (continued)**

|  | <b>2014</b>                | <b>2013</b>                |
|--|----------------------------|----------------------------|
| Balance brought forward  | \$ 4,953,549               | \$ 5,450,604               |
|  |                            |                            |
| Kit'olacw Housing Operations   |                            |                            |
| All Nations Trust Company - Phase 17 mortgage repayable in monthly installments of \$1,982 including interest at 1.64% per annum, renewal date December 1, 2016, maturing August 1, 2026, secured by ministerial guarantee.    | 267,070                    | 286,315                    |
| All Nations Trust Company - Phase 18 mortgage repayable in monthly installments of \$2,220 including interest at 1.67% per annum, renewal date April 1, 2017, maturing November 1, 2026, secured by ministerial guarantee.     | 304,112                    | 325,502                    |
| All Nations Trust Company - Elders Complex mortgage repayable in monthly installments of \$1,814 including interest at 1.65% per annum, renewal date June 1, 2017, maturing June 1, 2027, secured by ministerial guarantee.    | 259,060                    | 276,403                    |
| All Nations Trust Company - Phase 19 mortgage repayable in monthly installments of \$10,006 including interest at 2.17% per annum, renewal date December 1, 2015, maturing November 1, 2035, secured by ministerial guarantee. | 2,070,954                  | 2,145,402                  |
|  | 7,854,745                  | 8,484,226                  |
| Less current portion   | <u>631,500</u>             | <u>404,109</u>             |
|  | <u><u>\$ 7,223,245</u></u> | <u><u>\$ 8,080,117</u></u> |

Principal repayments on long term debt for the next five years and thereafter are as follows, assuming mortgages are renewed on similar terms:

|            |                            |
|------------|----------------------------|
| 2015       | \$ 631,500                 |
| 2016       | 648,900                    |
| 2017       | 667,500                    |
| 2018       | 682,085                    |
| 2019       | 663,080                    |
| Thereafter | <u>4,561,680</u>           |
|            | <u><u>\$ 7,854,745</u></u> |

**MOUNT CURRIE BAND**  
**Notes to Consolidated Financial Statements**

**March 31, 2014**

**11. Tangible Capital Assets**

|   | <b>2014</b>               |                      |                                 |                     |                                  |
|---|---------------------------|----------------------|---------------------------------|---------------------|----------------------------------|
|   | <b>Land</b>               | <b>Buildings</b>     | <b>Community infrastructure</b> | <b>Equipment</b>    | <b>Assets under construction</b> |
| Cost, beginning of year                     | \$ 17,107,661             | \$ 28,355,411        | \$ 12,246,509                   | \$ 2,115,680        | \$ 721,995                       |
| Additions                                   | - 264,607                 | 281,151              | 161,580                         | 449,086             | 1,156,424                        |
| Asset Transfers                             | - -                       | 721,995              | -                               | (721,995)           | -                                |
| Cost, end of year                           | <u>\$ 17,107,661</u>      | <u>\$ 28,620,018</u> | <u>\$ 13,249,655</u>            | <u>\$ 2,277,260</u> | <u>\$ 449,086</u>                |
| Accumulated amortization, beginning of year | \$ - \$ 11,038,506        | \$ 4,533,624         | \$ 1,190,859                    | \$ -                | \$ 16,762,989                    |
| Amortization                                | - 797,462                 | 357,346              | 153,036                         | - 1,307,844         | -                                |
| Accumulated amortization, end of year       | <u>\$ - \$ 11,835,968</u> | <u>\$ 4,890,970</u>  | <u>\$ 1,343,895</u>             | <u>\$ -</u>         | <u>\$ 18,070,833</u>             |
| Net carrying amount, end of year            | <u>\$ 17,107,661</u>      | <u>\$ 16,784,050</u> | <u>\$ 8,358,685</u>             | <u>\$ 933,365</u>   | <u>\$ 449,086</u>                |
|   |                           |                      |                                 |                     | <u>\$ 43,632,847</u>             |

Assets under capital leases in the amount of \$166,191 (2013 - \$72,450) with related accumulated amortization of \$22,202 (2013 - \$7,245) are included in equipment.

# **MOUNT CURRIE BAND**

## **Notes to Consolidated Financial Statements**

March 31, 2014

## 11. Tangible Capital Assets (continued)

|   | Land                 | Buildings            | Community infrastructure | Equipment           | Assets under construction | Total                |
|---|----------------------|----------------------|--------------------------|---------------------|---------------------------|----------------------|
| <b>Cost, beginning of year</b>              | \$ 17,121,861        | \$ 31,209,813        | \$ 12,126,890            | \$ 1,475,766        | \$ 554,409                | \$ 62,488,739        |
| Additions                                   | -                    | -                    | 79,986                   | 125,138             | 721,995                   | 927,119              |
| Disposals                                   | (14,200)             | (2,854,402)          | -                        | -                   | -                         | (2,868,602)          |
| Asset transfers                             | -                    | -                    | 39,633                   | 514,776             | (554,409)                 | -                    |
| <b>Cost, end of year</b>                    | <b>\$ 17,107,661</b> | <b>\$ 28,355,411</b> | <b>\$ 12,246,509</b>     | <b>\$ 2,115,680</b> | <b>\$ 721,995</b>         | <b>\$ 60,547,256</b> |
| Accumulated amortization, beginning of year | \$ -                 | \$ 11,827,950        | \$ 4,206,713             | \$ 1,032,230        | \$ -                      | \$ 17,066,893        |
| Amortization                                | -                    | 815,980              | 326,911                  | 158,629             | -                         | 1,301,520            |
| Disposals                                   | -                    | (1,605,424)          | -                        | -                   | -                         | (1,605,424)          |
| Accumulated amortization, end of year       | \$ -                 | \$ 11,038,506        | \$ 4,533,624             | \$ 1,190,859        | \$ -                      | \$ 16,762,989        |
| Net carrying amount, end of year            | \$ 17,107,661        | \$ 17,316,905        | \$ 7,712,885             | \$ 924,821          | \$ 721,995                | \$ 43,784,267        |

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**MOUNT CURRIE BAND**  
**Notes to Consolidated Financial Statements**

**March 31, 2014**

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**12. Accumulated Surplus**

The Mount Currie Band segregates its accumulated surplus into the following categories:

|  | <b>2014</b>         | <b>2013</b>          |
|--|---------------------|----------------------|
| Equity in business enterprises (Note 6)          | \$ 6,950,909        | \$ 2,787,096         |
| Restricted equity for Xit'olacw Community School | 231,384             | 231,384              |
| Restricted equity - BC Hydro (Note 17)           | 5,743,798           | 6,162,944            |
| Replacement reserve balances (Note 13)           | 398,284             | 362,136              |
| Operating reserve balances (Note 14)             | 40,801              | -                    |
| Equity in tangible capital assets (Note 15)      | 36,058,191          | 35,647,397           |
| Equity in Ottawa Trust Funds (Note 16)           | 253,442             | 560,878              |
| Deficit  | <u>(1,455,731)</u>  | <u>(98,042)</u>      |
|  | <b>\$48,221,078</b> | <b>\$ 45,653,793</b> |

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**13. Replacement Reserve**

|                                | <b>2014</b>        | <b>2013</b>      |
|--------------------------------|--------------------|------------------|
| Balance, beginning of year     | \$ 362,136         | \$ 466,185       |
| Add:                           |                    |                  |
| Current year allocation        | 52,710             | 54,763           |
| Interest                       | -                  | 12               |
| Less:                          |                    |                  |
| Approved expenditures          | 16,562             | 30,997           |
| CMHC adjustment                | -                  | (3,122)          |
| Phase paid out                 | -                  | 130,949          |
| Balance, end of year           | <b>398,284</b>     | 362,136          |
| Funded balance (Note 2)        | <b>414,846</b>     | 340,411          |
| Unfunded (over funded) balance | <b>\$ (16,562)</b> | <b>\$ 21,725</b> |

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the Replacement Reserve account is to be credited in the amount of \$52,710 annually. These funds, along with accumulated interest, must be held in separate bank accounts and/or invested only in accounts or instruments insured by Canada Deposit Insurance Corporation, or as may otherwise be approved by Canada Mortgage and Housing Corporation. Withdrawals are credited to interest first and then principal.

**MOUNT CURRIE BAND**  
**Notes to Consolidated Financial Statements**

**March 31, 2014**

**14. Operating Reserve**

|                                    | <b>2014</b>        | <b>2013</b>   |
|------------------------------------|--------------------|---------------|
| Balance, beginning of year         | \$ -               | \$ 92,720     |
| Add:                               |                    |               |
| CMHC adjustment                    | 77,627             | 1,580         |
| Service charges                    | -                  | (22)          |
| Less:                              |                    |               |
| Allocation to current year deficit | <u>36,826</u>      | <u>94,278</u> |
| Balance, end of year               | 40,801             | -             |
| Funded balance (Note 2)            | <u>75,627</u>      | -             |
| Over funded balance                | <u>\$ (34,826)</u> | \$ -          |

Under the terms of the agreement with Canada Mortgage and Housing Corporation, any surplus must be retained by the Band in an operating reserve fund. These funds along with the accumulating interest are to be held in a separate bank account and may only be used for the ongoing costs of the housing projects. Accordingly, future years deficits may be recovered from the operating reserve.

**15. Equity in Tangible Capital Assets**

|   | <b>2014</b>          | <b>2013</b>          |
|---|----------------------|----------------------|
| Balance, beginning of the year              | \$ 35,647,397        | \$ 36,632,967        |
| Add:  |                      |                      |
| Purchases of tangible capital assets        | 1,156,424            | 927,119              |
| Debt repayment                              | <u>647,905</u>       | <u>717,051</u>       |
|   | 1,804,329            | 1,644,170            |
| Less:                                       |                      |                      |
| Amortization of tangible capital assets     | 1,307,844            | 1,301,520            |
| Proceeds from new debt issuance             | 85,691               | 40,000               |
| Loss on disposal of tangible capital assets | -                    | 1,288,220            |
|   | <u>1,393,535</u>     | <u>2,629,740</u>     |
|   | <u>\$ 36,058,191</u> | <u>\$ 35,647,397</u> |

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**MOUNT CURRIE BAND**  
**Notes to Consolidated Financial Statements**

**March 31, 2014**

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**16. Equity in Ottawa Trust Funds**

Trust funds on deposit with the Aboriginal Affairs and Northern Development Canada consist of the following:

|                                       | Revenue          | Capital           | 2014<br>Total     | 2013<br>Total     |
|---------------------------------------|------------------|-------------------|-------------------|-------------------|
| Balance, beginning of year            | \$ 329,871       | \$ 231,007        | \$ 560,878        | \$ 764,942        |
| Add:                                  |                  |                   |                   |                   |
| Interest on trust balances            | 8,842            | 625               | 9,467             | 15,769            |
| BC Special Grant                      | 5,097            | -                 | 5,097             | 5,167             |
|                                       | 13,939           | 625               | 14,564            | 20,936            |
| Less:                                 |                  |                   |                   |                   |
| Withdrawal for Lands<br>and Resources | 322,000          | -                 | 322,000           | 225,000           |
| Balance, end of year                  | <u>\$ 21,810</u> | <u>\$ 231,632</u> | <u>\$ 253,442</u> | <u>\$ 560,878</u> |

The Ottawa Trust Funds relate to capital or revenue sources outlined in Section 62 of the Indian Act. These funds are held in trust in the consolidated revenue fund of the Government of Canada and are subject to audit by the office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

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**17. Restricted Equity - BC Hydro**

The Mount Currie Band has internally restricted the BC Hydro settlement moneys for future capital and economic development projects of the Band. In 2014, \$419,146 was withdrawn from the fund, \$339,146 was used to build a playground and sports field, \$45,000 was used towards the Wedge Creek Power Project, and \$35,000 was used towards the Elders Complex Project.

**MOUNT CURRIE BAND**  
**Notes to Consolidated Financial Statements**

**March 31, 2014**

**18. Expenses By Object**

|  | Budget            | 2014              | 2013              |
|--|-------------------|-------------------|-------------------|
| Administration                                   | \$ -              | \$ 2,850          | \$ 17,202         |
| Advertising                                      | 3,700             | 3,082             | 7,347             |
| Amortization                                     | 1,135,809         | 1,307,844         | 1,301,520         |
| Bad debts  | 45,000            | 1,078,030         | 375,805           |
| CMHC approved expenses                           | -                 | 16,562            | 30,997            |
| Consulting                                       | 992,794           | 1,047,345         | 490,268           |
| Contribution to Squamish Lil'wat Cultural Centre | 250,000           | 283,368           | 454,800           |
| Funding agency repayments                        | -                 | (181,615)         | (171,501)         |
| Honoraria  | 184,100           | 151,197           | 169,430           |
| Insurance  | 341,493           | 313,102           | 360,821           |
| Interest and bank charges                        | 50,500            | 43,021            | 48,705            |
| Interest on long term debt                       | 260,699           | 250,061           | 256,205           |
| Loss on disposal of tangible capital assets      | -                 | -                 | 1,288,220         |
| Office   | 155,393           | 288,304           | 403,224           |
| Other services and materials                     | 2,980,999         | 1,744,321         | 916,215           |
| Loss from business enterprises                   | -                 | -                 | 321,127           |
| Professional fees                                | 239,004           | 279,417           | 284,371           |
| Rent   | 9,919             | 20,561            | 86,150            |
| Repairs and maintenance                          | 467,868           | 377,753           | 475,381           |
| Social development                               | 1,846,799         | 1,825,139         | 1,897,225         |
| Student allowances                               | 36,000            | 36,810            | 55,939            |
| Supplies   | 638,061           | 459,312           | 494,488           |
| Telephone and utilities                          | 469,967           | 590,591           | 577,847           |
| Training and workshops                           | 636,926           | 408,779           | 680,401           |
| Travel   | 554,181           | 645,331           | 656,843           |
| Wages and benefits                               | 8,415,780         | 8,128,707         | 7,976,555         |
| <br>Total expenses for the year                  | <br>\$ 19,714,992 | <br>\$ 19,119,872 | <br>\$ 19,455,585 |

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**MOUNT CURRIE BAND**  
**Notes to Consolidated Financial Statements**

**March 31, 2014**

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**19. Contingencies and Commitments**

- (a) The First Nation passed a resolution to guarantee a loan securing a \$2.5 million letter of credit given to the Resort Municipality of Whistler ("RMOW") by the Spo7ez Cultural Centre and Community Society ("Spo7ez"). Their bank issued a \$2.5 million letter of credit on behalf of Spo7ez to the RMOW to secure the construction of off-site services and accommodate the subdivision that created the Alpine North Lands. The Band delivers a guarantee and postponement of claim whereby the First Nation guarantees all present and future debts and liabilities, of Spo7ez limited to the sum of \$2.5 million and also assigns all present and future indebtedness of the Spo7ez to the First Nation as collateral security for the letter of credit.
- (b) The First Nation is contingently liable as guarantor of loans made to Band members. This contingent liability amounts to \$759,419 (2013 - \$646,586).
- (c) The First Nation is involved in various ongoing legal claims. In the opinion of management, the overall estimation of loss is not determinable. These claims have not been provided for in the financial statements. Settlement, if any, made with respect to these actions would be expected to be accounted for as a charge to expenses in the period in which realization is known.

**MOUNT CURRIE BAND**  
**Notes to Consolidated Financial Statements**

March 31, 2014

**20. Segmented Information**

Mount Currie Band is a First Nation community in the province of British Columbia that provides a wide range of services to its members. Certain functional areas have been combined and separately disclosed in the segmented information. The segments and the services they provide are as follows:

|  | Band<br>Housing<br>Rentals | Governance,<br>Finance and<br>Administration | Social<br>Development | Community<br>Health and<br>Daycare | Advanced<br>Education | Economic<br>Development | Lil'wat            | Xit'olacw          | Xit'olacw<br>Community<br>School | Other              | Total<br>2014<br>Actual | Total<br>2014<br>Budget |        |
|--|----------------------------|--|-----------------------|------------------------------------|-----------------------|-------------------------|--------------------|--------------------|----------------------------------|--------------------|-------------------------|-------------------------|--------|
| <b>Revenues</b>  |                            |  |                       |                                    |                       |                         |                    |                    |                                  |                    |                         |                         |        |
| Aboriginal Affairs and<br>Northern<br>Development Canada | \$ -                       | \$ 872,653                                   | \$ 756,017            | \$ 2,197,835                       | \$ 267,325            | \$ 959,339              | \$ 754,038         | \$ 273,238         | \$ 644,625                       | \$ -               | \$ 3,036,250            | \$ -                    |        |
| First Nations Health Authority                           | -                          | 548,349                                      | 28,723                | 222,241                            | 2,039,403             | 854,013                 | -                  | -                  | -                                | -                  | -                       | 2,039,403               |        |
| Province of British Columbia                             | -                          | -  | -                     | -                                  | -                     | -                       | -                  | -                  | -                                | -                  | -                       | 1,680,326               |        |
| Income from business<br>enterprises                      | 680,919                    | 2,332,487                                    | 366,443               | 124,973                            | 464,410               | 299,021                 | 252,315            | 570,709            | 468,955                          | 458,562            | 547,803                 | 14,564                  |        |
| Other  | 680,919                    | 1,624,947                                    | 5,378,436             | 1,151,183                          | 2,545,049             | 3,625,151               | 1,258,360          | 1,006,353          | 870,947                          | 1,113,580          | 458,562                 | 3,584,053               | 14,564 |
| <b>Expenses</b>  |                            |  |                       |                                    |                       |                         |                    |                    |                                  |                    |                         | 2,332,487               |        |
| Purchases  | 434,902                    | 1,902,980                                    | 992,345               | 2,022,499                          | 846,499               | 819,553                 | 1,044,372          | 347,632            | 372,477                          | 189,739            | 724,180                 | 16,562                  |        |
| Payroll  | 72,785                     | 1,196,771                                    | 553,855               | 472,431                            | 2,494,003             | 165,698                 | 89,469             | 607,416            | 21,135                           | 2,606,340          | -                       | 8,279,903               |        |
| Amortization   | 65,336                     | 37,602                                       | 854,066               | 718                                | 25,918                | 632                     | 15,767             | 15,767             | -                                | 34,612             | -                       | 1,307,844               |        |
| Funding agency recoveries                                | -                          | 270  | -                     | (124,828)                          | (65,033)              | 6,389                   | -                  | 1,587              | -                                | -                  | -                       | (181,615)               |        |
| Transfers  | -                          | 340,680                                      | 4,560                 | (70,184)                           | (76,752)              | -                       | (85,004)           | (196,616)          | (335,830)                        | -                  | -                       | 419,146                 |        |
| <b>Surplus (deficit) for the year</b>                    | <b>\$ 573,023</b>          | <b>3,478,303</b>                             | <b>2,404,826</b>      | <b>2,300,636</b>                   | <b>3,224,635</b>      | <b>992,272</b>          | <b>1,048,837</b>   | <b>775,786</b>     | <b>57,782</b>                    | <b>462,932</b>     | <b>3,365,132</b>        | <b>435,708</b>          |        |
|  | <b>\$ 107,896</b>          | <b>\$ 1,900,133</b>                          | <b>\$ (1,253,643)</b> | <b>\$ 244,413</b>                  | <b>\$ 400,516</b>     | <b>\$ 266,088</b>       | <b>\$ (42,484)</b> | <b>\$ 95,161</b>   | <b>\$ 1,055,798</b>              | <b>\$ (4,370)</b>  | <b>\$ 218,921</b>       | <b>\$ (421,144)</b>     |        |
| <b>Revenues</b>  |                            |  |                       |                                    |                       |                         |                    |                    |                                  |                    |                         |                         |        |
| Aboriginal Affairs and Northern<br>Development Canada    | \$ -                       | \$ 883,319                                   | \$ 911,148            | \$ 2,146,860                       | \$ 226,558            | \$ 932,111              | \$ 248,529         | \$ 73,416          | \$ 106,693                       | \$ -               | \$ 3,017,033            | \$ -                    |        |
| Health Canada  | -                          | -  | -                     | -                                  | 1,807,437             | -                       | -                  | -                  | -                                | -                  | -                       | 1,807,437               |        |
| Province of British Columbia                             | -                          | 243,956                                      | 68,202                | 329,364                            | 718,953               | 126,790                 | 65,000             | -                  | -                                | -                  | -                       | 1,617,265               |        |
| Other  | 659,903                    | 548,915                                      | 250,669               | 119,239                            | 495,182               | 140,784                 | 110,373            | 620,276            | -                                | 482,666            | 448,668                 | 20,927                  |        |
| <b>Expenses</b>  |                            |  |                       |                                    |                       |                         |                    |                    |                                  |                    |                         | 3,333,459               |        |
| Purchases  | 468,353                    | 1,565,991                                    | 979,070               | 2,138,066                          | 860,096               | 1,038,892               | 342,433            | 387,474            | 44,408                           | 217,121            | 668,832                 | 1,319,215               |        |
| Payroll  | 141,494                    | 1,214,424                                    | 439,852               | 469,362                            | 2,325,591             | 51,803                  | 80,802             | 582,236            | 74,343                           | 2,512,844          | -                       | 7,974,488               |        |
| Amortization   | 56,238                     | 25,924                                       | 824,475               | -                                  | 45,118                | 1,526                   | -                  | 17,748             | -                                | 301,737            | 28,036                  | 1,301,520               |        |
| Funding agency transactions                              | -                          | -  | -                     | 26,382                             | (197,883)             | -                       | -                  | -                  | -                                | -                  | -                       | (171,501)               |        |
| Loss from business enterprises                           | -                          | 321,127                                      | -                     | -                                  | -                     | -                       | -                  | -                  | -                                | -                  | -                       | 321,127                 |        |
| Transfers  | -                          | (1,152,448)                                  | -                     | -                                  | -                     | -                       | -                  | (200,000)          | (737,055)                        | (39,515)           | (6,639)                 | 2,135,657               |        |
| <b>Surplus (deficit) for the year</b>                    | <b>\$ 666,085</b>          | <b>1,975,018</b>                             | <b>\$ 2,243,397</b>   | <b>2,634,528</b>                   | <b>3,032,922</b>      | <b>1,092,221</b>        | <b>423,235</b>     | <b>787,458</b>     | <b>(618,304)</b>                 | <b>561,080</b>     | <b>3,203,073</b>        | <b>3,454,072</b>        |        |
|  | <b>\$ (6,182)</b>          | <b>\$ (298,828)</b>                          | <b>\$ (1,013,378)</b> | <b>\$ (39,065)</b>                 | <b>\$ 215,208</b>     | <b>\$ 107,464</b>       | <b>\$ 667</b>      | <b>\$ (28,764)</b> | <b>\$ (511,611)</b>              | <b>\$ (78,414)</b> | <b>\$ 262,628</b>       | <b>\$ (3,433,945)</b>   |        |
|  |                            |  |                       |                                    |                       |                         |                    |                    |                                  |                    |                         | <b>\$ (3,116,995)</b>   |        |
| <b>Surplus (deficit) for the year</b>                    | <b>\$ 107,896</b>          | <b>\$ 1,900,133</b>                          | <b>\$ (1,253,643)</b> | <b>\$ 244,413</b>                  | <b>\$ 400,516</b>     | <b>\$ 266,088</b>       | <b>\$ (42,484)</b> | <b>\$ 95,161</b>   | <b>\$ 1,055,798</b>              | <b>\$ (4,370)</b>  | <b>\$ 218,921</b>       | <b>\$ (421,144)</b>     |        |
|  |                            |  |                       |                                    |                       |                         |                    |                    |                                  |                    |                         | <b>\$ 2,567,285</b>     |        |
|  |                            |  |                       |                                    |                       |                         |                    |                    |                                  |                    |                         | <b>\$ (2,948,805)</b>   |        |
| <b>Total<br/>2013<br/>Budget</b>                         |                            |  |                       |                                    |                       |                         |                    |                    |                                  |                    |                         |                         |        |
| <b>Total<br/>2013<br/>Actual</b>                         |                            |  |                       |                                    |                       |                         |                    |                    |                                  |                    |                         |                         |        |

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## MOUNT CURRIE BAND

### Notes to Consolidated Financial Statements

**March 31, 2014**

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#### **20. Segmented Information (continued)**

Mount Currie Band is First Nation community of over 2,000 members located in the Pemberton Valley of British Columbia. The Mount Currie Band provides a variety of services to community members, and receives funding from various federal and provincial government agencies to support the delivery of these services. Segmented reporting by program is used to account for the scope and significance of each service.

##### **Band Housing Rentals**

This program includes the revenues and expenses relating to the operation of the Band housing rental units and the provision of various housing services to Mount Currie Band members.

##### **Governance, Finance and Administration**

This program includes revenues and expenses relating to governance activities undertaken by Chief and Council, band membership activities, administrative services of the Band, and finance and accounting activities for the band and its' business ventures.

##### **Public Works and the Capital Fund**

These programs include the revenue and expenses relating to the construction, maintenance and operation of community infrastructure and buildings, and the provision of community services to Mount Currie Band members.

##### **Social Development**

This program includes the revenue and expenses relating to the delivery of social assistance programs to Mount Currie Band members, and the delivery of cultural activities in the community. Certain social development activities are funded through agreements with Aboriginal Affairs and Northern Development Canada and have specific eligibility criteria.

##### **Community Health and Daycare**

The Community Health program provides a variety of health services to the community pursuant to a funding agreement with Health Canada. The Community Health program also includes revenues and expenses relating to daycare and recreation activities for community members.

##### **Advanced Education**

This employment and training program includes the revenue and expenses relating to the provision of support services to community members for advanced education and skills training.

##### **Economic Development**

The economic development program provides support services for the economic development and land investment activities of the Mount Currie Band.

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## MOUNT CURRIE BAND

### Notes to Consolidated Financial Statements

**March 31, 2014**

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#### **20. Segmented Information (continued)**

##### **Lil'wat Lands & Resources**

The lands and resources program includes the revenue and expenses relating to the Bands lands and fisheries programs.

##### **Xit'olacw Housing Operations Fund**

The Xit'olacw Housing Operations program includes the revenues and expenses relating to the operation of the Band's CMHC Social Housing Units, including individual houses and multi family units.

##### **Xit'olacw Community School**

The Xit'olacw Community School program includes the revenues and expenses relating to the operation and maintenance of the Xit'olacw Community School located on the reserve lands of the Mount Currie Band.

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#### **21. Financial Instrument Risk**

The Mount Currie Band holds various forms of financial instruments. The nature of these instruments and the Band's operations expose the Band to interest, credit and liquidity risks. The Mount Currie Band manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical.

##### **Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Band is exposed to this risk through certain variable rate long term debt, bank indebtedness and marketable securities that it holds. The following table summarizes the Mount Currie Band's net exposure to loans and securities with variable interest rates:

|   | 2014                | 2013                |
|---|---------------------|---------------------|
| Long term debt and bank indebtedness (net exposure) | <u>\$ 1,535,138</u> | <u>\$ 4,788,306</u> |

Management believes that changes in the market rate of interest will have an immaterial effect on the Band as a change in interest rate of 1% in either direction will increase or decrease interest by \$15,351 (2013 - \$47,883). There have been no changes from the previous year of policies, procedures and methods to measure this risk.

**MOUNT CURRIE BAND**  
**Notes to Consolidated Financial Statements**

**March 31, 2014**

**21. Financial Instrument Risk (continued)**

**Credit Risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The Band is exposed to credit risk resulting from the possibility that a counterparty to a financial instrument defaults on their financial obligations and from concentration of transactions carried out with the same counterparty.

***Default Credit Risk***

The Mount Currie Band's exposure to credit risk is represented by certain accounts receivable. The credit risk relating to accounts receivable is managed by having formal policies in place to assess the credit worthiness of customers and ensure timely collection of outstanding balances. The following table summarizes the aging of accounts receivable which provides an indication of possible credit risk:

|                                 | Current                   | 31 to 60<br>days       | Over 60<br>days         | 2014<br>Total             |
|---------------------------------|---------------------------|------------------------|-------------------------|---------------------------|
| Accounts receivable             | \$ 720,451                | \$ 68,837              | \$ 2,959,802            | \$ 3,749,090              |
| Allowance for doubtful accounts | -                         | -                      | (2,270,578)             | (2,270,578)               |
|                                 | <hr/> <b>\$ 720,451</b>   | <hr/> <b>\$ 68,837</b> | <hr/> <b>\$ 689,224</b> | <hr/> <b>\$ 1,478,512</b> |
|                                 | Current                   | 31 to 60<br>days       | Over 60<br>days         | 2013<br>Total             |
| Accounts receivable             | \$ 1,227,627              | \$ 42,119              | \$ 3,161,307            | \$ 4,431,053              |
| Allowance for doubtful accounts | (184,000)                 | -                      | (2,175,439)             | (2,359,439)               |
|                                 | <hr/> <b>\$ 1,043,627</b> | <hr/> <b>\$ 42,119</b> | <hr/> <b>\$ 985,868</b> | <hr/> <b>\$ 2,071,614</b> |

***Concentration of Credit Risk***

As at March 31, 2014 there were 2 (2013 - 1) counterparty holding more than 10% of net accounts receivables and in aggregate 40% (2013 - 34%) of net accounts receivables. Management believes that related party receivables and notes are not subject to default credit risk due to the tightly held nature of the group. There have been no changes from the previous year of policies, procedures and methods to measure this risk.

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**MOUNT CURRIE BAND**  
**Notes to Consolidated Financial Statements**

March 31, 2014

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**21. Financial Instrument Risk (continued)**

**Liquidity Risk**

Liquidity risk is the risk that the Mount Currie Band encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Band will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and accrued liabilities and long term debt and commitments. The following table summarizes the aging of the Band's financial obligations which provides an indication of possible liquidity risk:

|   | Current                   | 30 to 364<br>days       | Over 1<br>year            | 2014<br>Total              |
|---|---------------------------|-------------------------|---------------------------|----------------------------|
| Accounts payable and<br>accrued liabilities | \$ 1,336,221              | \$ 206,683              | \$ 272,153                | \$ 1,815,057               |
| Long term debt                              | 52,625                    | 578,875                 | 7,223,245                 | 7,854,745                  |
|   | <hr/> <b>\$ 1,388,846</b> | <hr/> <b>\$ 785,558</b> | <hr/> <b>\$ 7,495,398</b> | <hr/> <b>\$ 9,669,802</b>  |
|   | Current                   | 30 to 364<br>days       | Over 1<br>year            | 2013<br>Total              |
| Accounts payable and<br>accrued liabilities | \$ 1,801,384              | \$ 98,490               | \$ 128,830                | \$ 2,028,704               |
| Long term debt                              | 282,554                   | 121,555                 | 8,080,117                 | 8,484,226                  |
|   | <hr/> <b>\$ 2,083,938</b> | <hr/> <b>\$ 220,045</b> | <hr/> <b>\$ 8,208,947</b> | <hr/> <b>\$ 10,512,930</b> |

See Note 19 for further information on possible liquidity risk arising from the Mount Currie Band's contingencies and commitments. Management has determined that the Mount Currie Band is not significantly exposed to liquidity risk given its strong operating cash flows and secured funding sources. There have been no changes from the previous year of policies, procedures and methods to measure the risk.

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**22. Comparative Information**

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



Tel: 250 763 6700  
Fax: 250 763 4457  
Toll-free: 800 928 3307  
[www.bdo.ca](http://www.bdo.ca)

BDO Canada LLP  
400 • 1631 Dickson Avenue  
Kelowna BC V1Y 0B5 Canada

July 22, 2014

Mr. Curt Walker, CMA, Senior Administrator  
Mount Currie Band  
PO Box 602  
Mount Currie BC V0N 2K0

Dear Mr. Walker:

Re: Management Letter - Mount Currie Band

The objective of an audit is to obtain reasonable assurance whether the financial statements are free of any material misstatement and it is not designed to identify matters that may be of interest to management in discharging its responsibilities. Accordingly an audit would not usually identify all such matters.

During the course of our audit of the financial statements of Mount Currie Band for the year ended March 31, 2014, we did not encounter any significant matters which we believe should be brought to your attention.

This communication is prepared solely for the information of management and is not intended for any other purposes. We accept no responsibility to a third party who uses this communication.

We would like to express our appreciation for the cooperation and assistance which we received during the course of our audit from the staff in the finance department of Mount Currie Band.

We shall be pleased to discuss with you further any matters mentioned in this report at your convenience.

Yours truly,

Ben Carmichael, CPA, CA  
Partner through a corporation  
BDO Canada LLP  
Chartered Accountants