

# **DOUGLAS INDIAN BAND**

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**CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2014**

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**Page**

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

## **INDEPENDENT AUDITORS' REPORT**

### **FINANCIAL STATEMENTS**

Consolidated Statement of Financial Position	1
Consolidated Statement of Change in Net Financial Assets	2
Consolidated Statement of Revenue and Expenses	3
Consolidated Statement of Accumulated Surplus	4
Consolidated Statement of Cash Flows	5
Notes to Consolidated Financial Statements	6 - 33

# DOUGLAS INDIAN BAND

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING MARCH 31, 2014

The accompanying consolidated financial statements of **Douglas Indian 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 prescribed for governments as recommended by the Public Sector Accounting Board of CPA 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 statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Chief and Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

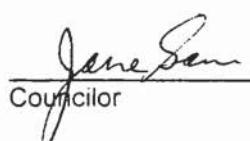
The Chief and Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to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

The external auditors, Morrow & Co., 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 **Douglas Indian Band** and meet when required.

On behalf of **Douglas Indian Band**:

  
\_\_\_\_\_  
Chief

August 15, 2014  
Date

  
\_\_\_\_\_  
Councilor

August 15, 2014  
Date

## Independent Auditors' Report

### To the Members of **Douglas Indian Band**

We have audited the accompanying consolidated financial statements of **Douglas Indian Band**, which comprise the consolidated statement of financial position as at **March 31, 2014**, and the consolidated statements of revenue and expenses, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the 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.

#### *Auditors' 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 Band'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 Band's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

#### *Basis for Qualified Opinion*

The Band has not accounted for some of the funded tangible capital assets including roads and bridges, buildings, water and other utility systems that were required to be capitalized in prior years. In this respect, the financial statements are not in accordance with Canadian public sector accounting standards. We were not able to determine the adjustments that might have been necessary to tangible capital assets, amortization and the Tangible Capital Assets fund balance.

Furthermore, TTQ Economic Development Corporation, a government business enterprise of the Band, holds a 50% interest in TTQ Contracting Corporation. We are unable to satisfy ourselves as to the carrying value of the investment because the financial statements of TTQ Contracting Corporation have not been audited. Accordingly, we were not able to determine whether any adjustments might be necessary to the enterprise fund balance or income (loss) from the government business enterprise.

#### *Qualified Opinion*

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of the **Douglas Indian Band** as at **March 31, 2014** and the results of its operations, the change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Vancouver, B.C.  
August 15, 2014

CERTIFIED GENERAL ACCOUNTANTS

# DOUGLAS INDIAN BAND

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2014

	2014	2013
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 3)	\$ 94,656	\$ 292,782
Portfolio investments (Note 4)	3,244,344	1,887,781
Accounts receivable (Note 5)	1,188,900	2,487,317
Trust funds held by Federal Government (Note 6)	50,851	48,800
Trust funds held by St'at'imc (PC) 2011 Trust (Note 7)	671,605	467,864
Loans receivable (Note 8)	393,560	103,585
Due from TTQ Economic Development Corporation (Note 9)	238,906	276,181
Investment in government business enterprises (Note 10)	350,720	341,138
	6,233,542	5,905,448
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 11)	1,000,413	262,183
Deferred revenue (Note 12)	183,805	171,554
Due to Takem Ti Qwelsa7 Eco-Resource Corporation (Note 13)	113,574	93,997
Long-term debt (Note 14)	1,079,020	300,941
Capital lease obligation (Note 15)	136,196	33,945
	2,513,008	862,620
<b>NET FINANCIAL ASSETS</b>	<b>3,720,534</b>	<b>5,042,828</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 16)	2,059,961	674,610
Prepaid expenses (Note 17)	19,653	436,882
Inventory	34,048	-
	2,113,662	1,111,492
<b>ACCUMULATED SURPLUS</b>	<b>\$ 5,834,196</b>	<b>\$ 6,154,320</b>
<b>FUND BALANCES</b>		
Operating	\$ (220,884)	\$ 1,574,762
Housing - Operating reserve	15,821	17,102
Housing - Replacement reserve	91,967	85,967
Ottawa Trust	50,851	48,800
Tangible capital assets fund	746,809	139,537
Enterprises fund	350,720	341,138
Trust fund	704,080	510,365
Internally restricted capital bylaw funds (Note 18)	4,094,832	3,436,649
<b>ACCUMULATED SURPLUS</b>	<b>\$ 5,834,196</b>	<b>\$ 6,154,320</b>

### APPROVED ON BEHALF OF THE DOUGLAS INDIAN BAND

, Chief

, Councillor

The accompanying notes are an integral part of the financial statements

# DOUGLAS INDIAN BAND

## CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS FOR THE YEAR ENDED MARCH 31, 2014

	2014	2013
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ (320,124)	\$ 1,913,202
Acquisition of tangible capital assets	(1,460,422)	(119,655)
Amortization of tangible capital assets	75,071	43,899
	(1,385,351)	(75,756)
Acquisition of prepaid assets	(19,653)	(436,882)
Use of prepaid assets	436,882	8,716
	417,229	(428,166)
Acquisition of inventory	(34,048)	-
<b>INCREASE IN NET FINANCIAL ASSETS</b>	(1,322,294)	1,409,280
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	5,042,828	3,633,548
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>\$ 3,720,534</b>	<b>\$ 5,042,828</b>

# DOUGLAS INDIAN BAND

## CONSOLIDATED STATEMENT OF REVENUE AND EXPENSES FOR THE YEAR ENDED MARCH 31, 2014

	2014 Budget	2014 Actual	2013 Actual
<b>REVENUE</b>			
AANDC	\$ 928,977	\$ 837,808	\$ 586,207
AANDC (Recovery)	-	(36,116)	(31,254)
AANDC Trust Fund interest	-	23	1,231
AANDC flow through funding from LSTC	-	206,069	-
Health Canada	9,278	9,278	9,278
Canada Mortgage and Housing Corporation	18,910	15,970	15,970
Fisheries and Oceans Canada	77,000	76,411	77,000
St'at'imc (PC) 2011 Trust	-	266,449	559,751
Harrison Hydro LP	1,244,929	668,430	2,838,638
In-SHUCK-ch	53,145	106,287	53,206
Southern St'l'atl'imx Health Society	46,465	46,466	56,189
All Nations Trust	861,645	498,792	-
Advance from Infrastructure Fund - Bylaw 2011	-	100,000	-
Advance from Capital Fund - Bylaw 2011	-	100,000	-
Advance from Education Fund - Bylaw 2011	-	100,000	-
Other	565,723	463,482	494,079
Interest, rent and sundry	36,200	500,831	120,777
Net income from government business enterprises	-	9,582	63,310
	3,842,272	3,969,762	4,844,382
<b>EXPENSES</b>			
Band Government	1,434,564	1,588,270	1,408,121
Community Infrastructure	329,469	375,643	212,095
Health	55,743	41,163	60,378
Education	147,026	127,409	179,583
Social Assistance	114,797	98,444	111,998
Economic Development	1,381,743	1,486,532	845,835
Social Housing Fund	1,160,013	1,342,147	217,017
Tangible Capital Assets Fund	-	54,358	23,689
Trust Fund	-	153,032	131,946
Internally Restricted Capital Bylaw Funds	-	16,721	20,646
	4,623,355	5,283,719	3,211,308
<b>ANNUAL SURPLUS (DEFICIT) BEFORE OTHER</b>	-	(1,313,957)	1,633,074
<b>OTHER</b>			
Principal payments of long-term debt	-	20,713	20,211
Tangible capital asset additions	-	1,460,422	119,655
Proceeds from long-term debt	-	(798,792)	-
Unrealized gain (loss)	-	311,490	140,262
	-	993,833	280,128
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ -	\$ (320,124)	\$ 1,913,202

The accompanying notes are an integral part of the financial statements

# **DOUGLAS INDIAN BAND**

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## **CONSOLIDATED STATEMENT OF ACCUMULATED SURPLUS FOR THE YEAR ENDED MARCH 31, 2014**

	<b>2014</b>	<b>2013</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	\$ 6,154,320	\$ 4,241,118
<b>ANNUAL SURPLUS (DEFICIT)</b>	(320,124)	1,913,202
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 5,834,196</b>	<b>\$ 6,154,320</b>

# DOUGLAS INDIAN BAND

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2014

	2014	2013
<b>OPERATING ACTIVITIES</b>		
Annual surplus (deficit)	\$ (320,124)	\$ 1,913,202
Items not affecting cash:		
Income from government business enterprises	(9,582)	(63,310)
Amortization	75,071	43,900
	(254,635)	1,893,792
Change in non-cash items on statement of financial position:		
Accounts receivable	1,564,102	(1,774,014)
Loans receivable	(289,975)	(53,585)
Inventory	(34,048)	-
Prepaid expenses	417,229	(428,166)
Trust funds held by St'at'imc (PC) 2011 Trust	(203,741)	(467,047)
Accounts payable and accrued liabilities	472,545	423,186
Deferred revenue	12,251	387
	1,683,728	(405,447)
<b>CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	(1,460,422)	(119,655)
Internally restricted short term investments	(1,356,563)	(472,072)
Trust funds held by federal government	(2,051)	(1,731)
	(2,819,036)	(593,458)
<b>FINANCING ACTIVITIES</b>		
Due from TTQ Economic Development Corporation	35,789	(25,571)
Due to Takem Ti Qwelsa7 Eco-Resource Corporation	19,577	19,288
Principal repayment on long-term debt	(20,713)	(20,210)
Principal repayment on capital lease obligation	(54,013)	-
Proceed from long-term debt	798,792	-
Proceed from capital lease obligation	157,750	33,945
	937,182	7,452
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	(198,126)	(991,453)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	292,782	1,284,235
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 94,656</b>	<b>\$ 292,782</b>

The accompanying notes are an integral part of the financial statements

# DOUGLAS INDIAN BAND

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

### 1. NATURE OF OPERATIONS

The Douglas Indian Band (the "Band") is an Indian Band as defined by the Indian Act. The First Nation manages various programs offered by Aboriginal Affairs and Northern Development Canada (AANDC) and other funding agents to benefit its members.

### 2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of CPA Canada.

#### (a) Principles of Consolidation

The Band uses the modified equity method for reporting the investments in commercial enterprises which meet the definition of government business enterprises. The modified equity method reports a commercial enterprise's net assets as an investment on the Statement of Financial Position. The net income of the commercial enterprise is reported as investment income on the Statement of Operations. Inter-organizational transactions and balances are not eliminated. The accounting policies of commercial organizations are not adjusted to conform to those of other government organizations.

Commercial enterprises accounted for on a modified equity basis include:

1. TTQ Economic Development Corporation was incorporated on October 26, 2006 under the Company Act of British Columbia. The one issued common share of the Corporation is held in trust for the Band by the members of the Band Council. The Corporation provides economic development activities for Douglas Indian Band.
2. Takem Ti Qwelsa7 Eco-Resource Corporation was incorporated on March 18, 2003 under the Company Act of British Columbia. The one issued common share of the Corporation is held in trust for the Band by the members of the Band Council. The Corporation is a holding corporation for land based investments..

#### (b) 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, which may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets, prepaid expenses and inventories of supplies.

#### (c) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and term deposits having a maturity of three months or less at acquisition which are held for the purpose of meeting short-term cash commitments.

# DOUGLAS INDIAN BAND

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

### 2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (d) Trust Funds

Trust funds are included as revenue in these statements only to the extent they have been received and receivable from the Band's trust funds.

Trust funds held by Federal Government:

The trust funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada 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.

Trust funds held by St'at'imc (PC) 2011 Trust:

The trust funds arise from monies derived from the St'at'imc (PC) Settlement Agreement with the Province of BC and BC Hydro dated May 10, 2011 to settle past, present and future impacts, grievances and claims of the St'at'imc Communities relating to the hydro development and their continued operations in the territory.

The Trust funds are held in two categories:

The Available Legacy Fund reports the portion of the Legacy Fund that is available for distribution after the allocation to the Minimum Protected Amount. Distribution is restricted in accordance to Legacy Fund Uses set forth in Schedule B of the Trust Indenture.

The Minimum Protected Amount reports the portion of the Legacy Fund that is required to be set aside in accordance to Part 4.2 of the Trust Indenture. The aggregate fund balance is not available for distribution prior to the Final Distribution Date. The accumulated fund balance is required to be invested in accordance with the Statement of Investment Policies and Guidelines for the Trust.

# DOUGLAS INDIAN BAND

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

### 2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (e) Deferred Revenue

Under the terms of the contribution agreement between the Band, AANDC and certain other agencies, the Band may be liable to repay any contributed funds either not expended or not expended in accordance with the agreement. On the other hand, any deficit, supported by claims eligible for reimbursement under the terms and conditions of the funding agreements, may be reimbursed by the contributor subject to the program's terms and conditions. The Band has recorded all known unexpended contribution funds as deferred revenue and/or accounts payable.

#### (f) Long-term Debt

Loan proceeds related to the financing of tangible capital assets are recorded as revenue in the appropriate fund. The loan amount is also recorded as a liability on the Statement of Financial Position and as a reduction in the Tangible Capital Asset Fund.

Debt payments, including principal and interest, are charged to the fund to which they relate. Principal reductions are reflected as a reduction in the liability with an offsetting increase in the Tangible Capital Asset Fund.

#### (g) Net Financial Assets (Debt)

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

# DOUGLAS INDIAN BAND

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

### 2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (h) 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.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital assets and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and Douglas Indian Band's incremental cost of borrowing.

Amortization is provided on a straight-line basis over the estimated useful life of the tangible capital assets as follows:

C.M.H.C. Social Housing	5%
Office equipment	20%
Machinery and equipment	20%
Trailer	20%
Truck	20%
Telephone poles	5%

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Band'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 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. Transfers of tangible capital assets from related parties are recorded at carrying 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.

Amortization on the Social Housing Fund assets acquired under the housing programs sponsored by Canada Mortgage and Housing Corporation (CMHC) is recorded at a rate equivalent to the annual principal reduction in related long term debt.

The records of the Band currently do not include the addition of infrastructure assets such as roads, bridges and other utility systems, as the information is currently being assembled for inclusion in the accounting records.

# DOUGLAS INDIAN BAND

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

### 2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (i) **Inventory**

Inventories are measured at the lower of cost and net realizable value, with cost being determined using the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable variable selling costs.

#### (j) **Revenue Recognition**

Government Funding:

The Band recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as such. In these circumstances, the Band recognizes revenue when the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

First Nation Capital and Revenue Trust Funds:

The Band recognizes revenues of the Capital and Revenue Trust Fund at the time funds are contributed from the accounts held in Ottawa. Interest revenue is recognized when earned.

Housing Rental Income:

Rental revenue is recorded in the year it is earned. At the end of each year management evaluates whether rent revenue is collectible and records a bad debt expense and allowance for doubtful accounts for those amounts designated as unlikely to be collected.

Own Source Revenue:

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service being provided is deferred and recognized when the fee is earned or service provided.

# DOUGLAS INDIAN BAND

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

### 2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (k) Financial Instruments

The financial instruments of the Band consist of cash and cash equivalents, portfolio investments, accounts receivable, loans receivable, trust funds, investment in government business enterprises, due to and from government business enterprises, long-term debt, deferred revenue, account payable and accrued liabilities. These financial instruments are designated and measured as follows:

Held-for-trading:

This category is comprised of cash and cash equivalents, accounts receivable, loan receivables, trust funds, investment in government business enterprises, due to and from government business enterprises which are carried at fair value with changes in fair value recognized in the Statement of Revenue, Expenses and Accumulated Surplus. Transaction costs related to instruments classified as held-for-trading are expensed as incurred.

Available-for-sale:

Investments in marketable securities are designated as available-for-sale investments as they are intended to meet future liquidity needs. These available-for-sale investments are grouped into fixed income securities and investments in publicly traded equity securities. These instruments are measured at fair value.

Investment income and realized gains and losses related to these available-for-sale investments are reported in the Statement of Revenue, Expenses and Accumulated Surplus. The unrealized fair value gains and losses which represent the changes between the carrying value and fair value on available-for-sale investments are reported after the annual surplus in the Statement of Revenue, Expenses and Accumulated Surplus. Transaction costs related to instruments classified as available-for-sale are expensed as incurred.

Other financial liabilities:

This category includes financial liabilities other than those classified as held-for-trading and are comprised of debt, deferred revenue, accounts payable and accrued liabilities. These liabilities are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method. Transaction costs related to other financial liabilities are expensed as incurred.

# DOUGLAS INDIAN BAND

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

### 2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (l) Use of Estimates

In preparing the consolidated financial statements for the Band, management is required 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 consolidated financial statements and the reported amounts of revenue and expenses during the period. Items requiring the use of significant estimates include allowance for doubtful accounts and amortization. Actual results could differ from these estimates.

#### (m) Foreign Exchange

Foreign currencies denominated monetary assets and liabilities are translated to Canadian dollars at current period-end exchange rates. Revenues and expenses are translated at the exchange rate at the time of the transactions. Foreign exchange gains and losses are reported in net income.

#### (n) Budget

Budgets have been disclosed in the consolidated statement of revenue, expenses and accumulated surplus, the summary statement of revenue, expenses and accumulated surplus and in the supplementary schedules for the year ended March 31, 2014 only where the information was available from management.

# DOUGLAS INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

### 3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of the following:

	2014	2013
<b>Externally restricted:</b>		
Replacement Reserve	\$ 2,065	\$ 85,821
Operating Surplus Reserve	2,495	78,230
St'at'imc (PC) 2011 Trust	3,898	20,272
	8,458	184,323
<b>Internally restricted:</b>		
Education	1,860	126,202
<b>Unrestricted:</b>		
Cash and banks	84,338	(17,743)
<b>Total Cash and Cash Equivalents</b>	<b>\$ 94,656</b>	<b>\$ 292,782</b>

Externally restricted - Operating Surplus Reserve:

Under the terms of the agreements with CMHC, excess revenues over expenditures for the Post 1996 phases may be retained in an Operating Reserve. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds may be used to offset future deficits. Withdrawals are credited to interest first and then principal. At the year end, the reserve was under funded by \$13,326 (2013: under funded by \$61,129).

Externally restricted - Replacement Reserve:

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the replacement reserve account is to be credited in the amount of \$6,000 annually. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. At year end, the reserve was under funded by \$89,902 (2013: under funded by \$146).

Externally restricted - St'at'imc (PC) 2011 Trust:

The balance represents cash in the bank restricted for budgeted expenditure in accordance to the Distribution Request for the Nation Annual Payment with St'at'imc (PC) 2011 Trust.

Internally restricted - Education:

The balance represents cash in the bank restricted for education purposes as per a Band Council Resolution.

# DOUGLAS INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

### 4. PORTFOLIO INVESTMENTS

The Band through the bylaw process established three internally restricted capital funds to ensure that the principal portions of qualifying Own Source Revenues (OSR) are held in perpetuity for future generations of Band members and that such funds be allocated in accordance with the bylaw as follows:

35% into the Band's Infrastructure Fund;  
30% into the Band's Capital Fund; and  
35% into the Band's Education Fund.

The provisions of the bylaw include restrictions or limits on amounts to be withdrawn from the said funds, the rates of interest for approved term fund withdrawals, as well as fund investment criteria.

The primary purpose of the bylaw is to ensure the preservation of the said capital funds.

	Infrastructure Fund	Capital Fund	Education Fund	2014 Total	2013 Total
Opening balance	\$ 620,534	\$ 531,837	\$ 620,534	\$ 1,772,905	\$ 1,409,780
Contribution	521,853	447,303	521,853	1,491,009	317,400
Withdrawal	(172,737)	(162,347)	(172,737)	(507,821)	-
Investment earnings	50,123	43,852	48,492	142,467	45,723
Unrealized gain	121,595	102,639	121,550	345,784	114,878
Market value	<b>\$ 1,141,368</b>	<b>\$ 963,284</b>	<b>\$ 1,139,692</b>	<b>\$ 3,244,344</b>	<b>\$ 1,887,781</b>

The portfolio investments consist of cash, money market fund, fixed income securities, Canadian and United States equities.

# DOUGLAS INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

### 5. ACCOUNTS RECEIVABLE

	<b>2014</b>	<b>2013</b>
<b>Due from Government Organizations:</b>		
Aboriginal Affairs and Northern Development Canada	\$ 16,500	\$ 1,500
Canada Mortgage and Housing Corporation	1,331	1,331
Canada Revenue Agency	6,831	62,424
Fisheries and Oceans Canada	120,600	120,600
	<hr/> 145,262	185,855
<b>Due from members:</b>		
Rent receivable	218,915	208,603
<b>Due from others:</b>		
Harrison Hydro LP - Royalties and Construction -		
Unrestricted	362,649	207,821
Harrison Hydro LP - Royalties and Construction -		
Restricted	281,474	311,732
Temporary operating advance from Capital - Restricted	266,514	265,685
Lower Stl'atl'imx Tribal Council	53,161	-
Southern Stl'atl'imx Health Society	23,233	20,869
Other	21,500	22,441
In-SHUCK-ch	12,166	53,205
St'at'imc (PC) 2011 Trust Fund	10,129	-
Interest receivable to capital loans - restricted	2,500	-
Innergex - unrestricted	-	671,381
Innergex - restricted	-	971,451
First Nation Financial Management Board	-	15,000
First Nations Education Steering Committee	-	12,977
	<hr/> 1,033,326	2,552,562
Allowance for doubtful accounts	<hr/> 1,397,503 (208,603)	2,947,020 (194,018)
	<hr/> <b>\$ 1,188,900</b>	<b>\$ 2,753,002</b>

# DOUGLAS INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

### 6. TRUST FUNDS HELD BY FEDERAL GOVERNMENT

Capital and revenue trusts arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act. The trust monies are transferred to the Band on the authorization of AANDC with the consent of the Band's Council.

	2014 Revenue	2014 Capital	2014 Total	2013 Total
Balance, beginning of year	\$ 40,467	\$ 8,333	\$ 48,800	\$ 47,069
Interest earnings	2,051	-	2,051	1,731
<b>Balance, end of year</b>	<b>\$ 42,518</b>	<b>\$ 8,333</b>	<b>\$ 50,851</b>	<b>\$ 48,800</b>

### 7. TRUST FUNDS HELD BY ST'AT'IMC (PC) 2011 TRUST

	Available Legacy Fund	Minimum Protected Amount	2014 Total	2013 Total
Balance, beginning of year	\$ 8,746	\$ 427,805	\$ 436,551	\$ 818
Annual payments plus earnings	134,279	132,291	266,570	560,178
Loan repayment	10,025	-	10,025	7,500
Withdrawal	(153,032)	-	(153,032)	(131,946)
Unrealized gain	-	111,491	111,491	31,314
<b>Market value</b>	<b>\$ 18</b>	<b>\$ 671,587</b>	<b>\$ 671,605</b>	<b>\$ 467,864</b>

The Trust holds the Available Legacy Fund primarily in cash and term deposits earning varying amounts of interest.

The Trust invests the Minimum Protected Amount in cash equivalents with more than three months maturity, fixed income securities and publicly traded equity securities.

# DOUGLAS INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

### 8. LOANS RECEIVABLE

	2014	2013
<b>Unrestricted:</b>		
Homeowner repayment - Lot 7: The loan bearing no interest is receivable in monthly installments of \$450 commencing December 2013 until it is paid in full.	\$ 61,085	\$ 61,085
St'at'imc Government Services: The loan bearing interest at 2% per annum is receivable with no fixed terms of repayment commencing September 15, 2012.	32,475	42,500
<b>Restricted:</b>		
Infrastructure Fund: The loan bearing interest at 1.00% per annum is receivable with no fixed terms of repayment commencing April 2013.	100,000	-
Capital Fund: The loan bearing interest at 3.00% per annum is receivable with no fixed terms of repayment commencing April 2013.	100,000	-
Education Fund: The loan bearing interest at 3.50% per annum is receivable with no fixed terms of repayment commencing April 2013.	100,000	-
	<b>\$ 393,560</b>	<b>\$ 103,585</b>

### 9. DUE FROM TTQ ECONOMIC DEVELOPMENT CORPORATION

	2014	2013
TTQ Economic Development Corporation	\$ 240,392	\$ 276,181

Advances from the related party bears no interest and has no specific terms of repayment.

During the year, Douglas Indian Band paid \$51,819 (2013: 12,000) to TTQ Economic Development Corporation for services performed. These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

# DOUGLAS INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

### 10. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES

The Band's investment in government business enterprises consists of the following:

	2014	2013
TTQ Economic Development Corporation (TTQ)	\$ 251,370	\$ 257,614
Takem Ti Qwelsa7 Eco-Resource Corporation (Takem Ti)	99,350	83,524
	<b>\$ 350,720</b>	<b>\$ 341,138</b>

	TTQ	Takem Ti	2014 Total	2013 Total
Cash	\$ 9,495	\$ 4,331	\$ 13,826	\$ 19,148
Accounts receivable	5,555	-	5,555	3,564
Prepaid	9,450	-	9,450	96,685
Due from related parties	264,549	113,574	378,123	313,456
Investment	177,450	-	177,450	156,217
Property, plant and equipment	47,199	-	47,199	62,356
<b>Total assets</b>	<b>\$ 513,698</b>	<b>\$ 117,905</b>	<b>\$ 631,603</b>	<b>\$ 651,426</b>
Accounts payable	\$ 19,625	\$ 3,075	\$ 22,700	\$ 21,460
Due to government agencies	2,311	-	2,311	688
Due to related parties	240,392	15,480	255,872	288,140
<b>Total liabilities</b>	<b>262,328</b>	<b>18,555</b>	<b>280,883</b>	<b>310,288</b>
<b>Equity</b>	<b>251,370</b>	<b>99,350</b>	<b>350,720</b>	<b>341,138</b>
<b>Total liabilities and equity</b>	<b>\$ 513,698</b>	<b>\$ 117,905</b>	<b>\$ 631,603</b>	<b>\$ 651,426</b>

	TTQ	Takem Ti	2014 Total	2013 Total
Revenue	\$ 310,028	\$ 19,577	\$ 329,605	\$ 215,863
Investment income	21,233	-	21,233	75,152
	331,261	19,577	350,838	291,015
Wages and benefits	108,226	-	108,226	70,845
Vehicles	60,317	-	60,317	39,638
Professional fees	41,716	3,522	45,238	34,136
Travel	28,713	-	28,713	23,315
Materials and supplies	19,632	-	19,632	11,047
Other	78,901	229	79,130	48,726
<b>Total expenses</b>	<b>337,505</b>	<b>3,751</b>	<b>341,256</b>	<b>227,707</b>
<b>Net income</b>	<b>\$ (6,244)</b>	<b>\$ 15,826</b>	<b>\$ 9,582</b>	<b>\$ 63,308</b>

# DOUGLAS INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

### 11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<b>2014</b>	<b>2013</b>
Accounts payable and accrued liabilities	\$ 636,948	\$ 239,944
Temporary operating advance from capital	266,514	265,685
Wages payable	47,855	-
Payroll withholding payable	22,546	4,813
Vacation and overtime payable	13,530	13,718
Pension payable	10,520	3,708
<u>Interest payable to capital loans</u>	<u>2,500</u>	<u>-</u>
	<b>\$ 1,000,413</b>	<b>\$ 527,868</b>

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits or are entitled to these benefits within the next budgetary year.

The Band provides a defined contribution plan for eligible members of its staff. Members are required to contribute 5% of their salary and the Band is required to match their contribution of 5%. The amount of the retirement benefit to be received by the employees will be the amount of the retirement annuity that could be purchased based on the member's share of the pension plan at the time of the member's withdrawal from the plan. The Band contributed during the year \$10,628 (2013: \$11,190) for retirement benefits. The Band does not have any other obligations with regards to the pension plan as at March 31, 2014.

# DOUGLAS INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

### 12. DEFERRED REVENUE

	March 31, 2013	Funding received, 2014	Revenue recognized, 2014	March 31, 2014
<b>AANDC Set Contribution:</b>				
AC 01366	\$ 2,934	\$ -	\$ (2,934)	\$ -
AC 02305	4,563	49,281	(52,233)	1,611
AC 02320	1,276	6,285	(1,310)	6,251
AC 02395	-	9,463	(3,127)	6,336
AC 02440	-	21,403	(20,126)	1,277
	<b>8,773</b>	<b>86,432</b>	<b>(79,730)</b>	<b>15,475</b>
<b>AANDC Fixed Contribution:</b>				
AC 02137	10,093	440	(6,464)	4,069
AC 02138	-	550	(517)	33
AC 02139	-	1,942	-	1,942
AC 02144	-	12,000	(4,690)	7,310
AC 02148	-	442	(307)	135
AC 02420	458	1,952	(2,191)	219
AC 08565	4,961	1,818	(689)	6,090
AC 08566	-	112,755	(92,363)	20,392
AC 08578	14,901	-	(14,901)	-
AC 08752	6,368	-	(6,368)	-
AC 08767	-	10,620	(8,699)	1,921
AC 08770	-	73	(60)	13
AC 08773	-	1,140	(934)	206
	<b>36,781</b>	<b>143,732</b>	<b>(138,183)</b>	<b>42,330</b>
<b>Provincial Government:</b>				
Ministry of Energy, Mines and Petroleum Resources	126,000	-	-	126,000
	<b>\$ 171,554</b>	<b>\$ 230,164</b>	<b>\$ (217,913)</b>	<b>\$ 183,805</b>

### 13. DUE TO TAKEM TI QWELSA7 ECO-RESOURCE CORPORATION

	2014	2013
Takem Ti Qwelsa7 Eco-Resource Corporation	\$ 113,574	\$ 93,997

Advances to the related party bears no interest and has no specific terms of repayment.

# DOUGLAS INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

### 14. LONG-TERM DEBT

	2014	2013
All Nations Trust Company: The mortgage is repayable in monthly installments of \$2,345, including interest at 2.56% per annum. The mortgage matures in September 2025 with the next renewal date on December 1, 2015 and is guaranteed by Aboriginal Affairs and Northern Development Canada (AANDC).	\$ 280,228	\$ 300,941
All Nations Trust Company: The mortgage is repayable in monthly installments of \$3,628, including interest at 1.95% per annum. The mortgage matures in June 2039 with the next renewal date on June 1, 2019.	498,792	-
Infrastructure fund: The loan bearing interest at 1.00% per annum is payable with no fixed terms of repayment commencing April 2013.	100,000	-
Capital fund: The loan bearing interest at 3.00% per annum is payable with no fixed terms of repayment commencing April 2013.	100,000	-
Education fund: The loan bearing interest at 3.50% per annum is payable with no fixed terms of repayment commencing April 2013.	100,000	-
	<b>\$ 1,079,020</b>	<b>\$ 300,941</b>
Principal portion of long-term debt due within the next five years:		
2015	\$ 21,212	
2016	21,761	
2017	22,325	
2018	23,496	
2019 and thereafter	990,226	
	<b>\$ 1,079,020</b>	

# DOUGLAS INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

### 15. CAPITAL LEASE OBLIGATION

	2014	2013
Roynat Lease: The dump-truck lease is repayable in monthly instalments totalling \$1,280.32, including interest and principal. The lease matures in the month of July 2016.	\$ 33,355	\$ -
Roynat Lease: The van lease is repayable in monthly instalments totalling \$4,483.26, including interest and principal. The lease matures in the month of October 2014.	30,821	-
Roynat Lease: The backhoe lease is repayable in monthly instalments totalling \$1,485.99, including interest and principal. The lease matures in the month of March 2017.	49,786	-
Roynat Lease: The bus lease is repayable in monthly instalments totalling \$1,016.78, including interest and principal. The lease matures in the month of April 2016.	23,720	33,945
	<b>\$ 137,682</b>	<b>\$ 33,945</b>

Capital lease payments due within the next five years:

2015	\$ 76,780
2016	45,397
2017	23,247
2018	2,972
2019 and thereafter	4,599
Total minimum lease payments	152,995
Less amounts representing interest	(15,313)
Present value of net minimum capital lease payments	<b>\$ 137,682</b>

# DOUGLAS INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

### 16. TANGIBLE CAPITAL ASSETS

	Cost	2014 Accumulated amortization	Net book value	2013 Net book value
Band housing	\$ 310,514	\$ 310,514	\$ -	\$ -
CMHC social housing	1,960,377	193,126	1,767,251	535,073
Office equipment	142,060	101,574	40,486	55,550
Machinery and equipment	226,573	222,958	3,615	5,439
Trailer	52,820	21,932	30,888	-
Truck	255,479	40,629	214,850	75,403
Telephone poles	5,469	2,598	2,871	3,145
	<b>\$ 2,953,292</b>	<b>\$ 893,331</b>	<b>\$ 2,059,961</b>	<b>\$ 674,610</b>

### 17. PREPAID EXPENSES

	2014	2013
Insurance	\$ 10,133	\$ -
Student tuition and allowance	5,642	8,525
Basic needs allowance	2,646	2,646
Security deposit	1,232	3,437
Start up equipment costs - Tipella Gas Bar	-	422,274
	<b>\$ 19,653</b>	<b>\$ 436,882</b>

# DOUGLAS INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

### 18. INTERNALLY RESTRICTED CAPITAL BY LAW FUNDS

	Infrastructure Fund	Capital Fund	Education Fund	2014	2013
<b>a) Portfolio Investments (Note 4)</b>					
Opening balance	\$ 620,534	\$ 531,837	\$ 620,534	\$ 1,772,905	\$ 1,409,780
Contribution	521,853	447,303	521,853	1,491,009	317,400
Withdrawal	(172,737)	(162,347)	(172,737)	(507,821)	-
Investment earnings	50,123	43,852	48,492	142,467	45,723
Unrealized gain	121,595	102,639	121,550	345,784	114,878
	<b>1,141,368</b>	<b>963,284</b>	<b>1,139,692</b>	<b>3,244,344</b>	<b>1,887,781</b>
<b>b) Accounts Receivable (Note 5)</b>					
Harrison Hydro LP -					
Royalties and					
Construction	98,516	84,442	98,516	281,474	311,732
Interest Receivable					
Capital Loans	333	1,000	1,167	2,500	-
Innergex	-	-	-	-	971,451
	<b>98,849</b>	<b>85,442</b>	<b>99,683</b>	<b>283,974</b>	<b>1,283,183</b>
<b>c) Loans Receivables (Note 8)</b>					
Infrastructure Fund	100,000	-	-	100,000	-
Capital Fund	-	100,000	-	100,000	-
Education Fund	-	-	100,000	100,000	-
	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>300,000</b>	<b>-</b>
<b>d) Temporary Operating Advances (Note 5)</b>					
Band Government	93,281	79,953	93,280	266,514	265,685
	<b>\$ 1,433,498</b>	<b>\$ 1,228,679</b>	<b>\$ 1,432,655</b>	<b>\$ 4,094,832</b>	<b>\$ 3,436,649</b>

### 19. FEDERAL ASSISTANCE

An agreement with CMHC under Section 95 of the National Housing Act provides assistance based on a Minimum Revenue Contribution by the Band less Operating Cost Benchmarks as set out in the Operating Agreement. The agreement provides for a review of the level of assistance if the mortgage interest rate is increased or decreased on renewal.

In return for the above assistance from CMHC toward the members' housing charges, the Band has guaranteed the annual Minimum Revenue Contribution. If the Band does not assess the annual minimum rent, it is required to transfer the additional funds to a restricted account. The annual minimum rent contribution is \$33,768.

# DOUGLAS INDIAN BAND

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

### 20. CONTINGENT LIABILITIES

The Band has entered into contribution agreements with various federal government departments. Funding received under these contribution agreements is subject to repayment if the Band fails to comply with the terms and conditions of the agreements.

In addition, in the normal course of its operations, The Band occasionally becomes involved in legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded on The Band's financial statements.

As at March 31, 2014, the total ministerial housing loan guarantees provided to financial institutions for loans to the Band and individual members are in the amount of \$780,794.

### 21. LEASE COMMITMENTS

The Band entered into a lease agreement for office space in Pemberton. Under the terms of the lease, the Band is obligated to pay \$500 per month for the first year and \$600 per month for the second year. An additional storage area is leased at \$250 per month.

The Band entered into a lease agreement for office space in Mission. Under the terms of the lease, the Band is obligated to pay \$13,200 per annum.

### 22. ECONOMIC DEPENDENCE

The Band receives a significant portion of its revenue pursuant to a funding agreement with Aboriginal Affairs and Northern Development Canada (AANDC). The nature and extent of this revenue is of such significance that the Band is economically dependent on this source of revenue.

### 23. SUBSEQUENT EVENTS

Management has advised that they are in the process of concluding negotiations related to refinancing the First Nation's banking arrangements to facilitate the repayment of temporary advances as well as loans receivable from the restricted capital funds in compliance with the Capital Fund By Law terms and conditions.

# DOUGLAS INDIAN BAND

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

### 24. FINANCIAL INSTRUMENTS

The Band uses risk management to monitor and manage its risk arising from financial instruments. The Band is exposed to financial risk that arises from the fluctuation in interest rates, in currency exchange rates, and in the credit quality of its contributors. The Band does not use any derivative financial instruments to mitigate these risks.

#### **(a) Credit Risk**

Credit risk is the risk of other parties' inability to discharge their financial obligations to the Band. The Band's credit risk consists principally of cash and cash equivalents, accounts receivable, loan receivables, trust funds, investment in marketable securities, investment in government business enterprises, due to and from government business enterprises.

The Band maintains cash and cash equivalents with reputable and major financial institutions. Trust funds are also maintained by Trustees in reputable and major financial institutions and by the Federal Government of Canada. The investments in marketable securities include fixed income securities and investments in publicly traded equity securities issued by high-credit quality corporations and financial institutions. Management considers the risk of non-performance of these instruments to be remote.

Over 90% of the accounts receivable were subsequently settled after the year end and most of the contributions receivable are secured by the federal government as long as the Band completed the final reporting requirements. There is no particular concentration of credit risk.

Credit risk for investment in government business enterprises and the amount due to and due from them is considered to be minimal since the Band owns 100% of those government business enterprises.

Credit risk for loans receivable is considered to be minimal.

#### **(b) Interest Rate Risk**

Interest rate risk is the risk of the change in the financial instruments' fair value or related interest revenue and expense due to fluctuations in the current interest rate. The financial instruments that are exposed to interest rate risk are investments in fixed income securities, cash and cash equivalents. The Band mitigates interest rate risk by investing in fixed income securities. The fixed income securities have a fixed term with fixed interest revenue, but their fair value fluctuates inversely with current interest rates. Interest revenue from daily cash balances fluctuate with current interest rates.

#### **(c) Foreign Currency Risk**

Foreign currency risk is the risk of the change in cash value of foreign currencies relative to the Canadian dollar due to changes in exchange rates. The Band is exposed to currency risk arising with respect to investments in publicly traded foreign equity securities. The Band does not use derivatives to manage the currency risk.

# **DOUGLAS INDIAN BAND**

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## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** **MARCH 31, 2014**

### **(d) Liquidity Risk**

Liquidity risk is the risk of holding assets that cannot be readily converted into cash as well as the risk of the Band's inability to meet its liabilities. The financial instruments that are exposed to liquidity risk are investment in marketable securities, debt, deferred revenue, accounts payable and accrued liabilities. The Band manages liquidity risk of liabilities by effective cash management to ensure sufficient cash is available. The Band mitigates the liquidity risk in investments in marketable securities by diversifying the investments between fixed income securities and equity securities and restricting the nature and rating of investments.

# DOUGLAS INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

### 25. EXPENSES BY OBJECT

	2014 Budget	2014 Actual	2013 Actual
Wages and benefits	\$ 947,664	\$ 1,016,793	\$ 481,007
Repairs and maintenance	749,284	816,547	130,027
Consulting	613,886	605,120	248,335
Acquisition of tangible capital assets	38,438	468,093	119,655
Other expense	213,041	365,571	306,946
Training, travel and workshops	338,362	295,937	344,341
Education	109,136	231,197	109,818
Legal	152,951	188,275	128,703
Materials and supplies	183,833	181,683	47,466
Administration fees and office	201,040	148,108	161,753
Members distribution	188,200	119,994	142,487
Honorariums	111,898	112,713	104,888
Economic development and well being	254,100	112,547	97,000
Amortization	-	75,071	43,900
Administration and governance	73,250	71,664	89,834
Professional fees	63,000	64,500	62,089
Utilities and telephone	44,638	51,573	44,104
Infrastructure and programming	32,000	47,737	94,342
Social assistance	50,273	47,704	43,983
Telephone	44,136	45,037	45,703
Insurance	32,956	37,007	28,642
Interest and bank charges	7,343	31,715	27,664
Advertising	7,400	21,648	-
Principal loan payments	28,138	20,713	20,211
Fuel and propane	28,032	16,620	21,613
Vehicle	19,500	15,630	26,841
Interest on long-term debt	9,000	15,042	10,107
Bad debts	-	14,585	113,572
Donations	7,000	11,824	11,729
Education and training	5,000	9,137	-
Prenatal nutrition	10,000	8,960	9,000
Patient travel	8,068	4,724	6,577
Culture and heritage	20,861	4,178	5,245
Charity	1,500	3,559	-
Health	1,250	2,125	-
Support for parents - NCB	11,945	1,338	5,849
T.E.S.I.	1,162	233	2,355
Social and spiritual well being	10,000	-	63,490
Water testing	570	-	570
Aboriginal title, rights, or responsibilities	-	-	468
Home to work transition - NCB	4,500	(1,183)	10,994
	<b>\$ 4,623,355</b>	<b>\$ 5,283,719</b>	<b>\$ 3,211,308</b>

# DOUGLAS INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

### 26. SEGMENTED INFORMATION

	Band Government			Community Infrastructure			Health		
	2014 Budget	2014 Actual	2013 Actual	2014 Budget	2014 Actual	2013 Actual	2014 Budget	2014 Actual	2013 Actual
<b>Revenues</b>									
AANDC	\$ 169,325	\$ 184,325	\$ 167,474	\$ 311,463	\$ 161,989	\$ 181,060	-	\$ 9,278	\$ 9,278
Health Canada	-	-	-	-	-	-	-	-	9,278
Economic activities	67,395	130,617	229,437	-	-	-	-	-	-
Other revenue	235,898	173,928	331,318	-	76,240	(16,481)	46,465	46,466	56,190
<b>Total revenue</b>	<b>472,618</b>	<b>488,870</b>	<b>728,229</b>	<b>311,463</b>	<b>238,229</b>	<b>164,579</b>	<b>55,743</b>	<b>55,744</b>	<b>65,468</b>
<b>Expenses</b>									
Wages and benefits	325,661	294,631	268,240	65,814	61,832	71,601	14,454	19,918	21,828
Loan payments	1,000	7,662	2,222	-	-	-	-	-	-
Training, travel and workshops	239,194	209,769	278,190	8,000	19,304	9,031	12,652	5,486	13,930
Consulting	173,789	272,259	158,023	63,627	54,352	20,180	-	-	-
Repairs and maintenance	41,502	33,800	33,345	98,500	120,514	75,855	3,750	214	3,680
Other expenses	652,441	770,149	668,101	94,505	119,641	35,428	24,887	15,545	20,940
<b>Total expenses</b>	<b>1,433,587</b>	<b>1,588,270</b>	<b>1,408,121</b>	<b>330,446</b>	<b>375,643</b>	<b>212,095</b>	<b>55,743</b>	<b>41,163</b>	<b>60,378</b>
<b>Annual surplus (deficit)</b>	<b>\$ (960,969)</b>	<b>\$ (1,099,400)</b>	<b>\$ (679,892)</b>	<b>\$ (18,983)</b>	<b>\$ (137,414)</b>	<b>\$ (47,516)</b>	<b>-</b>	<b>\$ 14,581</b>	<b>\$ 5,090</b>

# DOUGLAS INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

### 26. SEGMENTED INFORMATION, continued

	Education		Social Assistance		Economic Development				
	2014 Budget	2014 Actual	2013 Actual	2014 Budget	2014 Actual	2013 Actual	2014 Budget	2014 Actual	2013 Actual
<b>Revenues</b>									
AANDC	\$ 126,710	\$ 126,710	\$ 117,756	\$ 109,934	\$ 113,239	\$ 107,982	\$ 11,935	\$ 51,935	\$ 11,935
Fisheries and Oceans Canada	-	-	-	-	-	-	77,000	76,411	77,000
Economic activities	-	-	-	-	-	-	1,294,929	362,649	1,170,455
Other revenue	23,897	(8,362)	18,504	-	(15,236)	(15,603)	172,903	797,161	155,897
<b>Total revenue</b>	<b>150,607</b>	<b>118,348</b>	<b>136,260</b>	<b>109,934</b>	<b>98,003</b>	<b>92,379</b>	<b>1,556,767</b>	<b>1,288,156</b>	<b>1,415,287</b>
<b>Expenses</b>									
Wages and benefits	4,016	4,017	49,910	19,926	19,990	26,521	150,614	152,792	42,907
Training, travel and workshops	7,248	715	10,348	17,249	17,827	11,735	41,035	31,299	21,106
Consulting	22,516	17,180	1,070	963	-	7,770	240,871	248,979	29,957
Repairs and maintenance	-	-	-	1,000	-	-	57,940	46,954	3,519
Other expenses	113,246	105,497	118,255	75,659	60,627	65,972	1,209,240	1,006,508	748,346
<b>Total expenses</b>	<b>147,026</b>	<b>127,409</b>	<b>179,583</b>	<b>114,797</b>	<b>98,444</b>	<b>111,998</b>	<b>1,699,700</b>	<b>1,486,532</b>	<b>845,835</b>
<b>Annual surplus (deficit)</b>	<b>\$ 3,581</b>	<b>\$ (9,061)</b>	<b>\$ (43,323)</b>	<b>\$ (4,863)</b>	<b>\$ (441)</b>	<b>\$ (19,619)</b>	<b>\$ (142,933)</b>	<b>\$ (198,376)</b>	<b>\$ 569,452</b>

# DOUGLAS INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

### 26. SEGMENTED INFORMATION, continued

	Social Housing Fund			Housing - Operating Reserve			Housing - Replacement Reserve Fund		
	2014 Budget	2014 Actual	2013 Actual	2014 Budget	2014 Actual	2013 Actual	2014 Budget	2014 Actual	2013 Actual
<b>Revenues</b>									
AANDC	\$ 199,610	\$ 199,610	\$ 15,970	-	\$ -	\$ -	\$ -	\$ -	\$ -
Canada Mortgage and Housing Corporation	18,910	15,970	15,970	-	-	-	-	-	-
Net income (loss) from government business enterprises	-	-	-	-	-	-	-	9,582	63,310
Other revenue	966,620	739,038	33,938	-	-	188	-	(3,582)	(57,310)
<b>Total revenue</b>	<b>1,185,140</b>	<b>954,618</b>	<b>49,908</b>	<b>-</b>	<b>-</b>	<b>188</b>	<b>-</b>	<b>6,000</b>	<b>6,000</b>
<b>Expenses</b>									
Wages and benefits	367,179	463,613	-	-	-	-	-	-	-
Amortization	-	20,713	20,211	-	54,358	23,689	-	-	-
Loan payments	36,138	28,093	28,096	-	-	-	-	-	-
Training, travel and workshops	12,984	11,536	-	-	-	-	-	-	-
Consulting	112,120	12,350	31,335	-	-	-	-	-	-
Repairs and maintenance	546,592	615,065	13,628	-	-	-	-	-	-
Other expenses	85,000	190,777	123,747	-	(54,358)	(23,689)	-	-	-
<b>Total expenses</b>	<b>1,160,013</b>	<b>1,342,147</b>	<b>217,017</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other	25,127	(387,529)	(167,109)	-	-	188	-	6,000	6,000
<b>Annual surplus (deficit)</b>	<b>\$ 25,127</b>	<b>\$ (366,816)</b>	<b>\$ (146,898)</b>	<b>-</b>	<b>\$ -</b>	<b>\$ 188</b>	<b>\$ -</b>	<b>\$ 6,000</b>	<b>\$ 6,000</b>

## DOUGLAS INDIAN BAND

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

#### 26. SEGMENTED INFORMATION, continued

	Ottawa Trust Fund			Tangible Capital Assets Fund			Enterprises Fund		
	2014 Budget	2014 Actual	2013 Actual	2014 Budget	2014 Actual	2013 Actual	2014 Budget	2014 Actual	2013 Actual
<b>Revenues</b>									
Other revenue	\$ -	\$ 2,051	\$ 564	-	-	-	-	\$ 9,582	\$ 63,310
<b>Total revenue</b>	<b>-</b>	<b>2,051</b>	<b>564</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,582</b>	<b>63,310</b>
<b>Expenses</b>									
Other expenses	-	-	-	-	54,358	23,689	-	-	-
<b>Total expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>54,358</b>	<b>23,689</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other	-	2,051	564	-	(54,358)	(23,689)	-	9,582	63,310
<b>Annual surplus (deficit)</b>	<b>\$ -</b>	<b>\$ 2,051</b>	<b>\$ 564</b>	<b>-</b>	<b>\$ 607,272</b>	<b>\$ 95,966</b>	<b>-</b>	<b>\$ 9,582</b>	<b>\$ 63,310</b>

# DOUGLAS INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

### 26. SEGMENTED INFORMATION, continued

	Trust Fund			Internally Restricted Capital Bylaw Funds			Consolidated totals		
	2014 Budget	2014 Actual	2013 Actual	2014 Budget	2014 Actual	2013 Actual	2014 Budget	2014 Actual	2013 Actual
<b>Revenues</b>									
AANDC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 928,977	\$ 837,808	\$ 586,207
Health Canada	-	-	-	-	-	-	9,278	9,278	9,278
Canada Mortgage and Housing Corporation	-	-	-	-	-	-	18,910	15,970	15,970
Fisheries and Oceans Canada	-	-	-	-	-	-	77,000	76,411	77,000
Other	-	266,449	559,751	-	281,474	1,493,183	1,362,324	1,041,189	3,452,826
Net income (loss) from government business enterprises	-	-	-	-	-	-	-	9,582	63,310
Other revenue	-	121	428	-	162,117	68,848	1,445,783	1,979,524	639,791
<b>Total revenue</b>	-	266,570	560,179	-	443,591	1,562,031	3,842,272	3,969,762	4,844,382
<b>Expenses</b>									
Wages and benefits	-	-	-	-	-	-	947,664	1,016,793	481,007
Amortization	-	-	-	-	-	-	-	75,071	43,900
Loan payments	-	-	-	-	-	-	37,138	35,755	30,318
Training, travel and workshops	-	-	-	-	-	-	338,362	295,936	344,340
Consulting	-	-	-	-	-	-	613,886	605,120	248,335
Repairs and maintenance	-	-	-	-	-	-	749,284	816,547	130,027
Other expenses	-	153,032	131,946	-	16,721	20,646	2,254,978	2,438,497	1,933,381
<b>Total expenses</b>	-	153,032	131,946	-	16,721	20,646	4,941,312	5,283,719	3,211,308
Other	-	113,538	428,233	-	426,870	1,541,385	(1,099,040)	(1,313,957)	1,633,074
Other	-	80,177	31,314	-	231,313	108,948	-	993,833	280,128
<b>Annual surplus (deficit)</b>	\$ -	\$ 193,715	\$ 459,547	-	\$ 658,183	\$ 1,650,333	\$ (1,099,040)	\$ (320,124)	\$ 1,913,202