

Matsqui First Nation

Financial Statements

March 31, 2015

MATSQUI FIRST NATION
Consolidated Financial Statements
Year Ended March 31, 2015

**Matsqui First Nation
Consolidated Financial Statements
Year Ended March 31, 2015**

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Consolidated Financial Statements

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Management's Responsibility for Financial Reporting

The accompanying financial statements of Matsqui First Nation for the year ended March 31, 2015 are the responsibility of management and have been approved by the Governing Body.

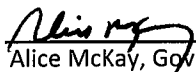
These consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. 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.

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

Matsqui First Nation Council is responsible for ensuring that management fulfills its responsibilities of financial reporting and is ultimately responsible for reviewing and approving the financial statements.

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

The consolidated financial statements have been audited by Loreen J. Falys Inc. in accordance with Canadian generally accepted auditing standards on behalf of the Members. Loreen J. Falys Inc. has full and free access to the Governing Body with regard to audit requirements.



Alice McKay, Governing Body

July 30, 2015

Date



Brenda Morgan, Governing Body

July 30, 2015

Date

Louis Julian, Governing Body

Date



Independent Auditor's Report

To the Members of Matsqui First Nation

I have audited the accompanying consolidated financial statements of Matsqui First Nation, which comprise the consolidated statement of financial position as at March 31, 2015, the consolidated statement of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal 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 financial statements.

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

Opinion

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

Chartered Professional Accountant

Chilliwack, BC
July 25, 2015

**Matsqui First Nation
Consolidated Statement of Financial Position
Year Ended March 31, 2015**

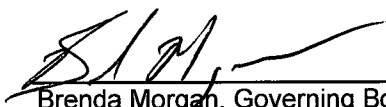
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	2015	<u>Restated</u> <u>2014</u> (Note 15)
Financial Assets		
Cash (Note 2)	\$ 3,038,599	\$ 3,938,659
Temporary investments (Note 3)	721,257	589,348
Accounts receivable (Note 4 & 15)	733,747	304,087
Investment in government business enterprises (Note 5)	70,623	1,003
Trust funds held by federal government (Note 8)	-	-
Inventory for resale	1,449	3,705
	<u>4,565,675</u>	<u>4,836,802</u>
Liabilities		
Accounts payable and accrued liabilities (Note 9)	560,455	575,686
Deferred revenue (Note 10)	201,409	257,930
Long-term debt (Note 11)	3,970,737	1,753,357
	<u>4,732,601</u>	<u>2,586,973</u>
Net financial assets(debt)	<u>(166,926)</u>	<u>2,249,829</u>
Non-financial assets		
Tangible capital assets (Note 1, 12 & 15)	7,102,338	3,121,676
Prepaid insurance	15,911	15,325
	<u>7,118,249</u>	<u>3,137,001</u>
Accumulated Surplus (Note 13)	<u>\$ 6,951,323</u>	<u>\$ 5,386,830</u>

APPROVED on behalf of the Council of Matsqui First Nation:



Alice McKay, Governing Body



Brenda Morgan, Governing Body

Louis Julian, Governing Body

The accompanying notes are an integral part of these consolidated financial statements.

L J F

Matsqui First Nation
Consolidated Statement of Operations and Accumulated Surplus
Year Ended March 31, 2015

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	Budget	2015	2014
Revenues			
Federal Government:			
Aboriginal Affairs and Northern Development Canada	\$ 643,576	\$ 644,532	\$ 777,700
Canada Mortgage and Housing Corporation	47,000	46,946	38,441
First Nation Health Authority	1,126,000	1,126,000	250,000
Government of Canada - FNGST	463,148	463,148	-
Other Federal funding	75,000	75,000	471,733
Other First Nation Governments	3,200	97,099	126,482
Province of BC	82,367	82,367	116,810
Investment income	-	37,618	-
Lease and rental revenue	710,000	737,542	729,322
Property taxation	226,756	245,526	268,659
Contract revenue	875,000	873,897	846,127
Gas Bar	46,000	46,363	74,118
Interest Income	14,600	19,535	22,166
	<u>4,312,647</u>	<u>4,495,573</u>	<u>3,721,558</u>
Expenses			
Governance	338,455	317,676	541,621
Economic development	1,494,956	1,457,168	1,532,104
Health, education and training	265,700	382,898	226,024
Housing	618,101	649,621	88,127
Business enterprises	-	3,793	60,246
Loss on disposal of tangible capital asset	-	-	1,550
Amortization	150,000	119,924	140,962
	<u>2,867,212</u>	<u>2,931,080</u>	<u>2,590,634</u>
Annual Surplus	1,445,435	1,564,493	1,130,924
Accumulated Surplus, beginning of year	<u>5,386,830</u>	<u>5,386,830</u>	<u>4,255,906</u>
Accumulated Surplus, end of year	<u><u>\$ 6,832,265</u></u>	<u><u>\$ 6,951,323</u></u>	<u><u>\$ 5,386,830</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

L J F

Matsqui First Nation
Consolidated Statement of Changes in Net Financial Assets (Debt)
Year Ended March 31, 2015

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	2015	2014
Annual Surplus	\$ 1,564,493	\$ 1,130,918
Acquisition of tangible capital assets	(4,100,586)	(2,068,678)
Loss on disposal of asset	-	1,550
Amortization of tangible capital assets	119,924	140,962
	<u>(2,416,169)</u>	<u>(795,248)</u>
Acquisition of prepaid expenses	(586)	(1,203)
	<u>(586)</u>	<u>(1,203)</u>
Change in net financial assets (net debt)	(2,416,755)	(796,451)
Net financial assets, beginning of year	<u>2,249,829</u>	<u>3,046,280</u>
Net financial assets, end of year	<u><u>\$ (166,926)</u></u>	<u><u>\$ 2,249,829</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

L J F

Matsqui First Nation
Consolidated Statement of Cash Flows
Year Ended March 31, 2015

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	2015	2014
Operating Transactions		
Annual Surplus	\$ 1,564,493	\$ 1,130,924
Items not involving cash:		
Loss on disposal of tangible capital assets	-	1,550
Income from government businesses	(37,618)	-
Amortization	119,924	140,962
Change in non-cash assets and liabilities:		
Accounts receivable	(429,660)	67,657
Inventory	2,256	(769)
Prepaid	(586)	(1,214)
Deferred revenue	(56,521)	54,414
Accounts payable and accrued liabilities	(15,231)	525,062
Net change in cash from operating activities	<u>1,147,057</u>	<u>1,918,586</u>
Capital Activities		
Acquisition of tangible capital assets	(4,100,586)	(2,068,678)
Purchase of shares in Government business entities	-	(3)
Purchase of shares in Limited partnership	-	(1,000)
	<u>(4,100,586)</u>	<u>(2,069,681)</u>
Financing Activities		
Investment in government businesses	(32,002)	-
Acquire new long-term debt	2,297,127	1,455,684
Repayment of long-term debt	(79,747)	(108,030)
	<u>2,185,378</u>	<u>1,347,654</u>
Net Change in Cash	(768,151)	1,196,559
Cash and Cash Equivalents, beginning of year	<u>4,528,007</u>	<u>3,331,448</u>
Cash and Cash Equivalents, end of year	<u><u>\$ 3,759,856</u></u>	<u><u>\$ 4,528,007</u></u>
Cash flow supplemental information		
Interest received	\$ 17,363	\$ 18,566
Interest paid	\$ 100,731	\$ 3,212

The accompanying notes are an integral part of these consolidated financial statements.

L J F

1. Significant Accounting Policies

a) Basis of Accounting

The consolidated financial statements of Matsqui First Nation are prepared by management in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants. Significant accounting policies adopted by the Matsqui First Nation are as follows:

b) Reporting Entity

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

c) Principles of Consolidation

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of government business enterprise, which are included in the Consolidated Financial Statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Under the modified equity method of accounting, only Matsqui First Nation's investment in the government business enterprise and the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of Matsqui First Nation.

Organizations consolidated in Matsqui First Nation financial statements include:

- Matsqui Gas Bar (fully consolidated in Matsqui First Nation statements)
- Matsqui Taxation (fully consolidated in Matsqui First Nation statements)
- Matsqui Development Corporation (Modified equity basis)
- Matsqui First Nation Development Limited Partnership (Modified equity basis)

d) Asset Classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets, prepaid expenses and inventories of supplies.

e) Cash and cash equivalents

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

f) Short-Term Investments

Short-term investments include guaranteed investment certificates maturing at various times during the next fiscal year. These investments are recorded at cost.

g) Inventory

Inventory, which consists of supplies and goods available for resale, is recorded at the lower of cost and net realizable value.

1. Significant Accounting Policies Cont'd

h) Tangible Capital Assets

Tangible capital assets include acquired, built, developed and improved tangible capital assets, whose useful life extends beyond one year and which are intended to be used on an ongoing basis for producing goods or delivering services.

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis using the following useful life estimates:

Housing & Buildings	35 years
Automotive and General equipment	10 years
Office equipment and other equipment	10 and 25 years
Infrastructure	40 to 80 years

Matsqui First Nation has included all tangible capital assets acquired prior to April 1, 1996 using a nominal value of \$1 as cost was not determinable. Matsqui First Nation is now compliant with PSAB Section 3150.

i) Net Debt

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

j) Revenue

Revenues are accounted for in the period in which the transactions or events occur that give rise to the revenues. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purposes specified.

Government transfers from the federal and provincial governments are recognized as revenue when the transfers have been authorized, eligibility criteria have been met and a reasonable estimate of the amount can be made.

Rental revenue is recognized monthly as it becomes receivable under the terms of applicable rental agreements. Gas bar revenue is recognized at point of sales. Taxation revenue is recognized in the period in which it is earned. Investment income is recognized when earned.

k) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements as well as the reported amounts of revenue and expenses during each period. Management believes that the estimates utilized in preparing its financial statements are reasonable and prudent.

In addition, Matsqui First Nation's implementation of the Public Sector Accounting Handbook PS3150 has required management to make estimates of historical cost and useful lives of tangible capital assets. Actual results could differ from these estimates.

1. Significant Accounting Policies Cont'd

l) Budgets

The budget figures are approved annually by the Governing Body. They have been reallocated to conform to PSAB financial statement presentation. Subsequent amendments have been made by the Governing Body to reflect changes in the budget as required.

m) Recent accounting pronouncements

Related party transactions

In March 2105, the Public Accounting Board (PSAB) issued PS 2200 Related party disclosures to define a related party and establish the disclosure required for a related party transaction. Disclosure of information about related party transactions and their relationship underlying them is required when they have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, or could have, a material financial effect on the financial statements.

PS 2200 is effective for fiscal years beginning on or after April 1, 2017 though early adoption is permitted. The Band has not yet determined the effect of the new section in its financial statements.

Financial instruments

In June 2011, the public Sector Accounting Board (PSAB) issued PS 3450 *Financial Instruments* to establish standards for recognition, measurement, presentation and disclosure of financial assets, financial liabilities and non-financial derivatives. As a result of issuance of PS 3450, there have been numerous consequential amendments made to other Sections. PS3450 is effective for fiscal years beginning on or after April 1, 2015. Early Adoption is permitted.

PS 3450 is applied prospectively in the fiscal year of initial adoption; therefore, financial statements of prior periods including comparative information are not restated. The Band does not expect the adoption of these new standards to have a material impact on its financial statements.

n) Segment disclosure

A segment is defined as a distinguishable activity or group of activities of the First Nation, for which it is appropriate to separately report financial information to achieve the objectives of the standard. Matsqui First Nation has provided definitions of segments used as well as presented financial information in segment format (Note 13).

o) Change in Accounting for First Nation Goods and Services Tax

Starting May 21, 2013 the First Nations goods and services tax (FNGST) will applied to supplies made on the lands of the Matsqui Frist Nation, excluding supplies made on the reserve (i.e. Pekw'xe:yles) that the Matsqui First Nation shares with other British Columbia First Nations.

Everyone, including members, will pay the FNGST on goods and services acquired on the reserve lands of Matsqui First Nation.

**Matsqui First Nation
Notes to the Financial Statements
Year Ended March 31, 2015**

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2. Cash

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the Replacement Reserve account is to be credited annually in the amount of \$20,825 (Phase II-VI). 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 C.M.H.C. from time to time. Withdrawals are credited to interest first and then principal.

Cash is comprised of the following:

	2015	2014
Externally restricted		
CMHC Replacement Reserve	\$ 11,214	\$ 20,299
Internally restricted		
Taxation Account	652,948	991,744
Unrestricted		
Operations	2,294,853	2,866,309
Social Housing	79,584	60,307
	<u>\$ 3,038,599</u>	<u>\$ 3,938,659</u>

3. Temporary Investments - Restricted

	2015	2014
Royal Bank of Canada:		
One Year Cashable GIC, interest 0.65%, matures March 2016	\$ 64,905	\$ 72,623
One Year Cashable GIC, interest 0.8%, matures August 2015	4,299	4,265
One Year Cashable GIC, interest 0.8%, matures December 2015	53,002	57,200
One Year Cashable GIC, interest 0.8%, matures September 2015	28,597	30,669
One Year Cashable GIC, interest 0.8%, matures January 2016	33,399	35,448
One Year Cashable GIC, interest 0.8%, matures July 2015	36,260	37,440
One Year Cashable GIC, interest 0.8%, matures November 2015	35,370	37,377
One Year Cashable GIC, interest 0.8%, matures June 2015	35,124	37,118
One Year Cashable GIC, interest 0.8%, matures June 2015	50,598	53,208
One Year Cashable GIC, interest 0.8%, matures June 2015	53,426	56,000
One Year Cashable GIC, interest 0.8%, matures November 2015	53,424	56,000
One Year Cashable GIC, interest 0.65%, matures March 2016	106,853	112,000
One Year Cashable GIC, interest 0.8%, matures May 2016	56,000	-
One Year Cashable GIC, interest 0.8%, matures November 2015	110,000	-
	<u>\$ 721,257</u>	<u>\$ 589,348</u>
Minor's Trust Fund & Minor's Reserve (Note 6 & 7)		
	<u>\$ 721,257</u>	<u>\$ 589,348</u>

4. Accounts Receivable

	2015	Restated 2014
Accounts receivable	\$ 205,214	\$ 101,751
Accounts receivable - Federal government	139,604	58,658
Accounts receivable - Provincial government	-	11,672
Payroll advances receivable - members	2,523	1,070
Non-Profit Housing rents receivable - members	7,574	1,456
CMHC Subsidy receivable	1,895	2,546
GST Rebate receivable	374,301	109,573
Homeowner Grant receivable	1,605	-
Property Taxation receivable	18,061	17,361
Property Taxation allowance for doubtful accounts	(17,030)	-
	<u>\$ 733,747</u>	<u>\$ 304,087</u>
		(Note 15)

**Matsqui First Nation
Notes to the Financial Statements
Year Ended March 31, 2015**

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5. Investment in Government Business Enterprise

Matsqui First Nation has 100% ownership in Matsqui Development Corporation Ltd. which in turn owns one unit and is the general partner of Matsqui First Nation Development Limited Partnership along with Matsqui First Nation which is the limited partner and owning the other issued unit. The purpose of the business entities is to develop and pursue activities related to forestry operations.

	<u>2015</u>	<u>2014</u>
Matsqui Development Corporation Ltd. - Shares	\$ 3	\$ 3
Matsqui Development Corporation Ltd. - Loss	(3,057)	-
Matsqui First Nation Development Limited Partnership - Units	1,000	1,000
Matsqui First Nation Development Limited Partnership - 99.9% Equity	<u>72,677</u>	<u>-</u>
	<u>\$ 70,623</u>	<u>\$ 1,003</u>

	Matsqui Development Corporation Ltd.	Matsqui First Nation Development Limited Partnership	<u>Total</u>	<u>2014</u>
Assets	<u>\$ 35</u>	<u>\$ 76,787</u>	<u>\$ 76,822</u>	<u>\$ 1,004</u>
Accounts payable and accruals	\$ 3,089	\$ 3,077	\$ 6,166	\$ 2,293
Share capital/Unit	3	1,001	1,004	1,004
Retained Earnings/Partners' Capital	<u>(3,057)</u>	<u>72,709</u>	<u>69,652</u>	<u>(2,293)</u>
Total Liabilities and Equity	<u>\$ 35</u>	<u>\$ 76,787</u>	<u>\$ 76,822</u>	<u>\$ 1,004</u>
Revenue	\$ 38	\$ 95,238	\$ 95,252	\$ (6)
Expenses	<u>1,301</u>	<u>57,620</u>	<u>58,921</u>	<u>60,252</u>
Net Income (loss)	<u>\$ (1,263)</u>	<u>\$ 37,618</u>	<u>\$ 36,331</u>	<u>\$ (60,258)</u>

**Matsqui First Nation
Notes to the Financial Statements
Year Ended March 31, 2015**

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6. Minor's Trust Fund

Matsqui First Nation has established a Minor's Trust Fund to account for member distributions to minors. This decision was documented by way of a Band Council Resolution dated December 15, 2009. These funds are held by Matsqui First Nation in an interest bearing account until the member reaches the legal age of 19.

These committed funds are reported in the financial statement as follows:

	2015	2014
Balance , beginning of year	\$ 512,460	\$ 317,186
Additions		
Summer Distribution 59 at \$1,000 (2014 - 57 at \$1,000)	59,000	57,000
Distribution (2014 - 60 at \$1,000)	-	60,000
Winter Distribution 56 at \$2,000 (2013 - 58 at \$1,000)	112,000	112,000
Interest income	4,936	2,053
	<u>175,936</u>	<u>231,053</u>
Deductions		
Distribution to Minor Band Members with interest	<u>36,343</u>	<u>35,779</u>
Balance , end of year (Note 3)	<u><u>\$ 652,053</u></u>	<u><u>\$ 512,460</u></u>

7. Minor's Reserve

In November 2006, Matsqui First Nation and the Ministry of Transportation reached a settlement in the amount of \$500,000 with respect to the Mt Lehman Interchange. At that time, it was decided and documented by way of a Band Council Resolution that Matsqui First Nation would provide a \$2,500 per capita distribution for 58 minor children (\$145,000) as per the Matsqui First Nation's minor Membership list. These funds are held by Matsqui First Nation in an interest bearing account until the member reaches the age of 19. At March 31, 2015 a total of 33 members (2014 - 30) have received the original \$2,500 per capital distribution plus accumulated interest.

These committed fund are reported in the financial statement as follows:

	2015	2014
Balance , beginning of year	\$ 76,888	\$ 89,887
Distribution, including interest	(8,272)	(13,666)
Interest earned during year	<u>588</u>	<u>667</u>
Balance , end of year (Note 3)	<u><u>\$ 69,204</u></u>	<u><u>\$ 76,888</u></u>
Allocated as:		
Distribution at \$2,500 each - 25 remaining (2014 - 28)	\$ 62,500	\$ 70,000
Interest earned on undistributed balance	<u>6,704</u>	<u>6,888</u>
	<u><u>\$ 69,204</u></u>	<u><u>\$ 76,888</u></u>

Matsqui First Nation
Notes to the Financial Statements
Year Ended March 31, 2015

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8. Ottawa Trust Fund

Trust fund accounts arise from moneys 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.

			2015	2014
	Capital Fund	Revenue Fund	Total	Total
Balance , beginning of year	\$ -	\$ -	\$ -	\$ 183,648
Additions				
Interest income	-	2,170	2,170	-
B.C. Special Distribution	-	614	614	-
	-	2,784	2,784	-
Deductions				
FNLM Release to Band	-	2,784	2,784	183,648
	-	2,784	2,784	183,648
Balance , end of year	\$ -	\$ -	\$ -	\$ -

9. Accounts Payable and Accrued Liabilities

	2015	2014
Account payables	\$ 525,279	\$ 548,028
GST/HST payable	959	-
Accrued wages payable	10,304	6,640
Other accrued liabilities	23,803	20,788
Accrued interest payable	110	236
	<u>\$ 560,455</u>	<u>\$ 575,692</u>

10. Deferred Revenue

Deferred revenue consists of the following at year end:

	Balance March 31, 2014	2015	Balance March 31, 2015
		Funding Received	Revenue Recognized
Federal Government			
Land Management Operational Funding	\$ 158,553	\$ 204,536	\$ 279,730
Other First Nation Governments			
Sto:lo Nation Health Programs	99,377	112,537	93,864
	<u>\$ 257,930</u>	<u>\$ 317,073</u>	<u>\$ 373,594</u>
			<u>\$ 201,409</u>

**Matsqui First Nation
Notes to the Financial Statements
Year Ended March 31, 2015**

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11. Long-Term Debt

	<u>2015</u>	<u>2014</u>
All Nations Trust Company Mortgage bearing interest at 2.0%, repayable in monthly payments of \$1,644, renews April 1, 2020	\$ 397,570	\$ -
Project III - Royal Bank of Canada Mortgage bearing interest at 4.79%, repayable in monthly payments of \$1,012, due May 1, 2017	24,581	35,772
Project IV - Royal Bank of Canada Mortgage bearing interest at 4.95%, repayable in monthly payments of \$2,083, due August 1, 2015	10,356	34,811
Project V - Royal Bank of Canada Mortgage bearing interest at 3.46%, repayable in monthly payments of \$1,386, due January 1, 2015	-	13,455
Project VI - Royal Bank of Canada Mortgage bearing interest at 4.88%, repayable in monthly payments of \$1,770, due April 24, 2017	42,902	61,009
Royal Bank of Canada Term loan bearing interest at 4.24%, repayable in monthly payments of \$1,562, due March 30, 2019	140,087	152,625
Royal Bank of Canada - Construction loan Non-revolving term construction loan up to \$3,800,000 Interest only payable monthly at a rate of RBP plus 1.35% Credit facility terms pledge all federal funding as security	3,355,241	1,455,685
	<u>\$ 3,970,737</u>	<u>\$ 1,753,357</u>

Principal payments due in the next five years are approximately as follows:

2016	\$ 3,420,788
2017	56,964
2018	32,634
2019	27,458
2020	28,353
Balance	<u>404,540</u>
	<u>\$ 3,970,737</u>

Matsqui First Nation
Notes to the Financial Statements
Year Ended March 31, 2015

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12. Tangible Capital Assets

	Buildings, Band Homes	Tractors and Vehicles	Office & Other Equip.	Multi Purpose Building (Under Construction)	Infra- Structure (Under Construction)	NPH Housing	2015	Restated 2014 (Note 15)
Cost								
Opening costs	\$ 1,244,582	\$ 148,503	\$ 131,556	\$ 2,018,441	\$ 28,377	\$ 1,348,543	\$ 4,920,002	\$ 2,886,305
Additions during the year	282,276	-	127,048	2,580,214	1,393,324	(282,276)	4,100,586	2,068,678
Disposals and write downs	-	(3,041)	(7,039)	-	-	-	(10,080)	(34,981)
Closing costs	1,526,858	145,462	251,565	4,598,655	1,421,701	1,066,267	9,010,508	4,920,002
Accumulated Amortization								
Opening accum'd amortization	834,178	124,005	35,564	-	531	804,048	1,798,326	1,690,796
Amortization	43,624	2,722	6,192	-	177	67,209	119,924	140,962
Disposals and write downs	198,276	(3,041)	(7,039)	-	-	(198,276)	(10,080)	(33,432)
Closing accum'd amortization	1,076,078	123,686	34,717	-	708	672,981	1,908,170	1,798,326
Net Book Value of Tangible Capital Assets	\$ 450,780	\$ 21,776	\$ 216,848	\$ 4,598,655	\$ 1,420,993	\$ 393,286	\$ 7,102,338	\$ 3,121,676

13. Segment disclosure

Matsqui First Nation provides a wide variety of services to its members. For segment disclosure, these services are grouped and reported under service areas/departments that are responsible for providing services as follows:

Governance: Provides general services to members, maintains band and community property.

Economic Development: All self-generated and resource based activities of Matsqui First Nation are reported in this segment including property taxation, land leases and contract activities.

Health & Education: Community health programs, training and education programs are included.

Housing: Community social housing and band housing activities are included.

Capital Asset Fund: Reports all activities relating to the capital assets of Matsqui First Nation.

Government Business Enterprises: Activities relating to forestry businesses.

Matsqui First Nation
Notes to Consolidated Financial Statements
March 31, 2015

13. Segmented Disclosure Cont'd

	Governance			Economic Development			Health & Education			Housing		
	<u>Budget</u>	<u>2015</u>	<u>2014</u>	<u>Budget</u>	<u>2015</u>	<u>2014</u>	<u>Budget</u>	<u>2015</u>	<u>2014</u>	<u>Budget</u>	<u>2015</u>	<u>2014</u>
Revenue												
Federal transfers:												
Aboriginal Affairs & Northern Dev.	\$ 224,675	\$ 223,401	\$ 503,851	\$ 277,500	\$ 279,730	\$ 273,849	\$ -	\$ -	\$ -	\$ 141,401	\$ 141,401	\$ -
CMHC	-	-	-	-	-	-	-	-	-	47,000	46,946	38,441
F.N.H.A.	1,100,000	1,100,000	250,000	-	-	-	26,000	26,000	-	-	-	-
Other Federal Funding	-	-	-	538,148	538,148	471,733	-	-	-	-	-	-
Other First Nation Governments	-	-	-	-	-	28,350	3,200	97,099	98,132	-	-	-
Province of BC	-	-	-	-	-	29,180	82,367	82,367	87,630	-	-	-
Investment income - GBE	-	-	-	-	-	-	-	-	-	-	-	-
Lease and rental income	-	-	-	600,000	621,825	599,654	-	-	-	110,000	115,717	129,668
Property Taxation	-	-	-	226,756	245,526	268,659	-	-	-	-	-	-
Contract Revenue	-	-	21,127	875,000	873,897	825,000	-	-	-	-	-	-
Gas Bar Sales	-	-	-	46,000	46,363	74,118	-	-	-	-	-	-
Interest and Sundry Income	7,600	9,739	5,157	5,000	7,860	10,878	2,000	1,909	6,071	-	27	60
	<u>1,332,275</u>	<u>1,333,140</u>	<u>780,135</u>	<u>2,568,404</u>	<u>2,613,349</u>	<u>2,581,421</u>	<u>113,567</u>	<u>207,375</u>	<u>191,833</u>	<u>298,401</u>	<u>304,091</u>	<u>168,169</u>
Expenses												
Amortization	-	-	-	-	-	-	-	-	-	-	-	-
Debt servicing	-	-	-	-	-	-	-	-	-	-	9,476	13,204
Program costs	207,848	194,464	349,997	1,369,956	1,324,768	1,397,394	216,700	280,735	166,377	618,101	640,145	74,922
Wages and benefits	130,607	123,212	191,625	125,000	132,401	134,710	49,000	102,162	59,647	-	-	-
	<u>338,455</u>	<u>317,676</u>	<u>541,622</u>	<u>1,494,956</u>	<u>1,457,169</u>	<u>1,532,104</u>	<u>265,700</u>	<u>382,897</u>	<u>226,024</u>	<u>618,101</u>	<u>649,621</u>	<u>88,126</u>
Excess(deficiency) of revenues over expenses		1,015,464	238,513		1,156,180	1,049,317		(175,522)	(34,191)		(345,530)	80,043
Transfer between funds		(1,238,386)	846,588		(1,250,673)	(1,600,335)		161,298	50,830		443,895	(75,094)
Accumulated Surplus - start of year		1,666,251	581,150		2,087,606	2,638,624		243,203	226,564		25,629	20,680
Accumulated Surplus - end of year		<u>\$ 1,443,329</u>	<u>\$ 1,666,251</u>		<u>\$ 1,993,113</u>	<u>\$ 2,087,606</u>		<u>\$ 228,979</u>	<u>\$ 243,203</u>		<u>\$ 123,994</u>	<u>\$ 25,629</u>

Matsqui First Nation
Notes to Consolidated Financial Statements
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13. Segmented Disclosure Cont'd

	Capital Asset Fund				Government Business Enterprises				Totals	
	<u>Budget</u>	<u>2015</u>	<u>2014</u>	<u>Budget</u>	<u>2015</u>	<u>2014</u>	<u>Budget</u>	<u>2015</u>	<u>2015</u>	<u>2014</u>
Revenue										
Federal transfers:										
Aboriginal Affairs & Northern Dev.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 643,576	\$ 644,532	\$ 644,532	\$ 777,700
CMHC	-	-	-	-	-	-	47,000	46,946	46,946	38,441
F.N.H.A.	-	-	-	-	-	-	1,126,000	1,126,000	1,126,000	250,000
Other Federal Funding	-	-	-	-	-	-	538,148	538,148	538,148	471,733
Other First Nation Governments	-	-	-	-	-	-	3,200	97,099	97,099	126,482
Province of BC	-	-	-	-	-	-	82,367	82,367	82,367	116,810
Investment income - GBE	-	-	-	-	37,618	-	-	37,618	37,618	-
Lease and rental income	-	-	-	-	-	-	710,000	737,542	737,542	729,322
Property Taxation	-	-	-	-	-	-	226,756	245,526	245,526	268,659
Contract Revenue	-	-	-	-	-	-	875,000	873,897	873,897	846,127
Gas Bar Sales	-	-	-	-	-	-	46,000	46,363	46,363	74,118
Interest and Sundry Income	-	-	-	-	-	-	14,600	19,535	19,535	22,166
	-	-	-	-	37,618	-	4,312,647	4,495,573	4,495,573	3,721,558
Expenses										
Amortization	150,000	119,924	140,962	-	-	-	150,000	119,924	119,924	140,962
Debt servicing	-	-	-	-	-	-	-	9,476	9,476	13,204
Program costs	-	-	1,550	-	3,793	60,246	2,412,605	2,443,905	2,443,905	2,050,486
Wages and benefits	-	-	-	-	-	-	304,607	357,775	357,775	385,982
	150,000	119,924	142,512	-	3,793	60,246	2,867,212	2,931,080	2,931,080	2,590,634
Excess(deficiency) of revenues over expenses		(119,924)	(142,512)		33,825	(60,246)		1,564,493	1,564,493	1,130,924
Transfer between funds		1,883,866	721,025		-	56,986		-	-	-
Accumulated Surplus - start of year		1,367,401	788,888		(3,260)	-		5,386,830	5,386,830	4,255,906
Accumulated Surplus - end of year		\$ 3,131,343	\$ 1,367,401		\$ 30,565	\$ (3,260)		\$ 6,951,323	\$ 6,951,323	\$ 5,386,830

Matsqui First Nation
Notes to the Financial Statements
Year Ended March 31, 2015

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14. Expenses by Object

	Budget	2015	2014
Expenses			
Accounting services and audit	\$ 38,000	\$ 31,620	\$ 45,550
Administration	20,750	16,623	37,698
Amortization	150,000	119,924	140,962
Bad debts written off	-	17,030	-
Band meetings	20,000	18,803	40,567
Bank charges and interest	4,700	101,612	3,430
Consulting and contracts	4,260,953	4,552,741	2,461,568
Capitalization costs	(4,000,000)	(4,100,586)	(2,082,156)
Cultural activities	23,000	24,448	-
Donations and funeral costs	1,000	26,431	12,550
Equipment lease and repair	7,000	6,708	7,472
Gas bar expenses	42,000	47,479	89,711
Honoraria	305,000	310,572	244,622
Incentives	476,000	478,419	629,446
Insurance	27,500	26,552	28,282
Lawyer fees	281,000	250,826	216,598
Materials and supplies	79,500	79,257	38,831
Mortgage interest	10,000	9,476	13,204
Office supplies and sundry	6,500	6,672	7,889
Repair and maintenance	126,848	235,135	64,842
Service agreements	158,481	117,568	119,476
Telephone and cable	8,500	4,456	6,289
Utilities	23,000	24,847	7,792
Vehicle and travel	12,000	10,255	24,371
Wages and salary	304,607	357,776	385,982
Water testing	-	6,000	5,760
Other	80,873	150,436	39,898
	<u>\$ 2,467,212</u>	<u>\$ 2,931,080</u>	<u>\$ 2,590,634</u>

15. Restatement

Matsqui First Nation capitalized cost for the new Multi-purpose building started in March 31, 2014 which included \$63,715 of Goods and Service Tax (GST). During the current year Matsqui First Nation was designated as a Municipality and will be applying for a Public Service Body rebate for GST paid. The March 31, 2014 statements are restated to reflect this change, the results will decrease tangible capital assets by \$63,715 and increase Accounts Receivable by \$63,715.