

**SAMAHQUAM INDIAN BAND**

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

# **SAMAHQUAM INDIAN BAND**

## **ANNUAL FINANCIAL REPORT**

**March 31, 2014**

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# **SAMAHQUAM**

## **UCWALMICW**

Samahquam Indian Band

March 31, 2014

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

The accompanying financial statements of the Samahquam Indian Band for the year ended March 31, 2014 and all the information in this annual report are the responsibility of management and have been approved by the Chief and Council.

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles as prescribed by the Public Sector Accounting Board (PSAB). Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

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

The Samahquam Indian Band Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Council reviews the First Nation's financial statements. The Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the financial statements and the external auditor's report. The Council approves the financial statements for issuance to the Members. The Council also considers, for review and approval by the Members, the engagement of the external auditors.

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

  
\_\_\_\_\_  
Chief

July 25 2014  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Councillor

July 25, 2014  
\_\_\_\_\_  
Date

## INDEPENDENT AUDITORS' REPORT

### SAMAHQUAM INDIAN BAND

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#### **Report on the financial statements**

We have audited the accompanying consolidated financial statements of Samahquam Indian Band, which comprise the statement of financial position as at March 31, 2014, and the statements of operations and changes in fund balances, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's responsibility for the financial statements**

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

#### **Auditors' responsibility**

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### **Basis for qualified opinion**

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

## INDEPENDENT AUDITORS' REPORT (Continued)

### Opinion

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of Samahquam Indian Band as at March 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



REID HURST NAGY INC.  
CERTIFIED GENERAL ACCOUNTANTS

RICHMOND, B.C.  
JULY 25, 2014

# SAMAHQUAM INDIAN BAND

## SUMMARY STATEMENT OF FINANCIAL POSITION March 31, 2014

Statement 1

	2014	2013
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash	1,378,703	1,181,295
Ottawa Trust funds (Note 5)	372,689	360,832
Accounts receivable	120,680	207,397
Due from employees	200	-
Due from former employee (Note 2)	61,397	61,397
	<b>1,933,669</b>	<b>1,810,921</b>
<b>LIABILITIES</b>		
Bank indebtedness	-	50,296
Accounts payable	57,148	145,740
Deferred revenue (Note 4)	542	542
Long-term debt (Note 6)	415,353	492,702
	<b>473,043</b>	<b>689,280</b>
<b>NET ASSETS</b>	<b>1,460,626</b>	<b>1,121,641</b>
<b>NON-FINANCIAL ASSETS</b>		
Capital assets (Note 3)	3,634,613	3,742,001
Prepaid expenses	20,302	17,996
	<b>3,654,915</b>	<b>3,759,997</b>
<b>EQUITY (Note 9)</b>	<b>5,115,541</b>	<b>4,881,638</b>

APPROVED ON BEHALF OF  
THE SAMAHQUAM INDIAN BAND

Bronda Foster Chief

Allen Paul Councillor

# SAMAHQUAM INDIAN BAND

## SUMMARY STATEMENT OF OPERATIONS For the year ended March 31, 2014

Statement 2

	2014	2013
	\$	\$
<b>REVENUE</b>		
Aboriginal Affairs and Northern Development Canada	575,711	724,788
B.C. Hydro	273,274	8,774
Capital fund additions	4,134	12,667
First Nations Education Steering Committee	-	(3,903)
Health Canada	22,466	69,487
In-Shuck-ch Development Corporation	106,412	53,206
Independent power project	10,000	-
Miscellaneous income	245,036	56,112
Rental income	12,661	18,427
Social Housing	167,758	189,586
Southern Stl'atl'imx Health Society	33,606	47,514
Trust Funds	11,857	57,975
Allocation from deferred revenue	(542)	(542)
Allocation to deferred revenue	542	542
	<b>1,462,915</b>	1,234,633
<b>EXPENDITURES</b>		
Band programs	629,623	747,080
Education	200,783	158,427
Social development	203,462	272,519
Capital programs	4,223	4,986
Social housing	83,533	140,870
Capital fund	107,388	106,463
	<b>1,229,012</b>	1,430,345
<b>ANNUAL EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURES</b>	<b>233,903</b>	(195,712)

# SAMAHQUAM INDIAN BAND

## SUMMARY STATEMENT OF CHANGE IN NET ASSETS March 31, 2014

Statement 3

	2014	2013
	\$	\$
<b>ANNUAL (SHORTFALL) EXCESS OF REVENUE OVER EXPENDITURES</b>	<b>233,903</b>	(195,712)
Acquisition of tangible capital assets	-	(8,501)
Amortization of tangible capital assets	<b>107,388</b>	106,463
Write off of unit destroyed by fire	-	117,793
	<b>341,291</b>	20,043
Acquisition of prepaid asset	<b>(2,306)</b>	(17,996)
<b>NET CHANGE IN NET ASSETS</b>	<b>338,985</b>	2,047
<b>NET DEBT, BEGINNING OF YEAR</b>	<b>1,121,641</b>	1,119,594
<b>NET ASSET AT END OF YEAR</b>	<b>1,460,626</b>	1,121,641

# SAMAHQUAM INDIAN BAND

## SUMMARY STATEMENT OF CASH FLOWS March 31, 2014

Statement 4

	2014	2013
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenditures	233,903	(195,712)
Non-cash items:		
Write off of unit destroyed by fire	-	117,793
Depreciation	107,388	106,463
Changes in operating net assets	(4,380)	(82,477)
	<b>336,911</b>	(53,933)
<b>FINANCING ACTIVITIES</b>		
Principal repayment on capital asset loan	(4,134)	(4,166)
Repayment of Social Housing long-term debt	(73,216)	(71,587)
	<b>(77,350)</b>	(75,753)
<b>INVESTING ACTIVITIES</b>		
	-	-
<b>CHANGES IN CASH AND CASH EQUIVALENTS DURING YEAR</b>		
	<b>259,561</b>	(129,686)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		
	<b>1,491,831</b>	1,621,517
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		
	<b>1,751,392</b>	1,491,831
<b>REPRESENTED BY:</b>		
Cash	1,378,703	1,181,295
Bank indebtedness	-	(50,296)
Ottawa Trust funds	372,689	360,832
	<b>1,751,392</b>	1,491,831

# **SAMAHQUAM INDIAN BAND**

## **NOTES TO THE FINANCIAL STATEMENTS** **March 31, 2014**

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### **NOTE 1: SIGNIFICANT ACCOUNTING POLICIES**

These Summary Financial Statements have been prepared in accordance with Canadian generally accepted accounting principles for government entities, as defined in the CICA Public Sector Accounting and Auditing Handbook, which encompasses the following principles:

#### **a) Fund Accounting**

The Samahquam Indian Band uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions. The various funds have been amalgamated for the purpose of presentation in the Summary Financial Statements. Details of the operations of each fund are set out in the supplementary schedules. Samahquam Indian Band maintains the following funds:

- The Operating Fund which reports the general activities of the First Nation Administration.
- The Capital Fund which reports the capital assets of the First Nation, together with their related financing.
- The Social Housing Fund which reports the social housing assets of the First Nation, together with related activities.
- The Trust Fund which reports on trust funds owned by the First Nation and held by third parties.

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

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

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

- Samahquam Indian Band Operating Fund
- Samahquam Indian Band Social Housing Fund
- Samahquam Indian Band Capital Fund
- Samahquam Indian Band Trust Fund

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

# **SAMAHQUAM INDIAN BAND**

## **NOTES TO THE FINANCIAL STATEMENTS** **March 31, 2014**

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### **c) Tangible Capital Assets**

Tangible Capital assets are expensed at the time of purchase and are also capitalized at cost on the Statement of Financial Position.

The acquisition costs of tangible capital assets and payments on capital debt, which are not funded from capital financing sources, are charged to operations and matched with the applicable revenue source in the year of expenditure. These expenditures are also recorded as an addition to assets of the Capital Fund with a corresponding increase in Equity in Capital Assets.

Tangible capital assets are depreciated annually with a resulting reduction of equity in capital assets.

Tangible capital assets acquired as part of the Social Housing Fund are recorded as assets of that fund.

### **d) Depreciation**

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

Buildings (other than C.M.H.C. housing)	5%
Equipment and furniture	20%
Infrastructure	5%
Software	50%
Trailer	10%
Vehicles	30%

Social Housing assets acquired under Canada Mortgage and Housing Corporation sponsored housing programs are not being depreciated.

### **e) Revenue Recognition**

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under the funding arrangements which relates to a subsequent fiscal period is reflected as deferred revenue in the year of receipt and classified as such on the Summary Statement of Financial Position.

### **f) Comparative Figures**

Prior year's comparative amounts have been reclassified where necessary to conform to the current year's presentation.

### **g) Economic Dependence**

Samahquam Indian Band receives a major portion of its revenues pursuant to a funding arrangement with Aboriginal Affairs & Northern Development Canada.

# SAMAHQUAM INDIAN BAND

## NOTES TO THE FINANCIAL STATEMENTS March 31, 2014

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### h) Budget Figures

Budget amounts have been derived from the official budget adopted by Council at the beginning of the current year. The budget figures have not been subject to any audit verification.

### NOTE 2: DUE FROM FORMER EMPLOYEE

In accordance with the terms of a reconciliation agreement, the amount due from a former employee represents unauthorized expenditures by that former employee which are anticipated to be recovered. At the date of the auditor's report, it is undeterminable what portion of the outstanding amount will be recovered. As such, no allowance for doubtful amounts has been recognized in the accounts.

### NOTE 3: CAPITAL ASSETS

	<u>COST</u> \$	<u>ACCUMULATED DEPRECIATION</u> \$	<u>2014 NET</u> \$	<u>2013 NET</u> \$
Assets under construction	1,108,404	-	1,108,404	1,108,404
Computer equipment	8,414	6,211	2,203	4,406
Computer software	8,769	8,769	-	-
Infrastructure	1,601,473	945,825	655,648	727,820
Housing	58,778	31,682	27,096	29,075
Learning centre	8,501	1,275	7,226	8,076
Office equipment	26,845	26,845	-	-
Radio equipment	10,878	10,878	-	-
Trailer	80,673	80,673	-	-
Vehicles	119,614	94,460	25,154	55,338
Capital Fund Assets	3,032,349	1,206,618	1,825,731	1,933,119
Social Housing Fund Assets	1,808,882	-	1,808,882	1,808,882
Total Capital Assets	4,841,231	1,206,618	3,634,613	3,742,001

### NOTE 4: DEFERRED REVENUE

	<u>2014</u> \$	<u>2013</u> \$
Community Expansion 4903	542	542

# SAMAHQUAM INDIAN BAND

## NOTES TO THE FINANCIAL STATEMENTS March 31, 2014

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### NOTE 5: TRUST FUNDS

The Ottawa Trust accounts arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

### NOTE 6: LONG-TERM DEBT

	2014	2013
	\$	\$
TD Canada Trust - repayable in monthly instalments of \$407.65 including interest at 2.89% per annum, maturing February 1, 2016, secured by a first mortgage on one housing unit.	14,790	18,294
All Nations Trust Company - repayable in monthly instalments of \$2,839.26 including interest at 2.35% per annum, maturing May 1, 2014 secured by a Ministerial Guarantee from Aboriginal Affairs and Northern Development Canada.	5,664	39,174
All Nations Trust Company - repayable in monthly instalments of \$2,259.13 including interest at 2.69% per annum, maturing April 1, 2020 secured by a Ministerial Guarantee from Aboriginal Affairs and Northern Development Canada.	152,033	174,743
All Nations Trust Company - repayable in monthly instalments of \$2,111.60 including interest at 1.64% per annum, maturing December 1, 2026, secured by a Ministerial Guarantee from Aboriginal Affairs and Northern Development Canada.	242,866	259,861
	<hr/> <b>415,353</b>	<hr/> <b>492,072</b>

### FUTURE PRINCIPAL REPAYMENTS

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

	\$
2015	50,792
2016	46,177
2017	47,251
2018	44,230
And beyond	<b>226,903</b>
	<hr/> <b>415,353</b>

# **SAMAHQUAM INDIAN BAND**

## **NOTES TO THE FINANCIAL STATEMENTS** **March 31, 2014**

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### **NOTE 7: SEGMENTED INFORMATION**

The Samahquam Indian Band is a First Nations government institution that provides a range of programs and services to its members, including band support, social services, education, capital projects and natural resources. For management reporting purposes the First Nation's operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

First Nation services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

#### **Band Support:**

Band Support supports the development of stable, legitimate and accountable community governments. It also provides overall support of the First Nation including advisory services relating to financial management, band government, economic development, community services and technical services.

#### **Social Services:**

Social Services provides assistance to community members unable to provide for themselves and their dependents. The services provided by this department include, but are not limited to, income assistance, child and family services, assisted living and early childhood development.

#### **Education:**

Education supports the members in expressing, preserving, developing and promoting its cultural heritage through the establishment and operation of First Nation education centres and programs, it also provides services for students at the elementary/secondary and post secondary level, including; instructional services both on and off reserve as well as support services such as transportation, accommodation, guidance and counselling.

#### **Capital Projects:**

Capital Projects manages capital projects within the community undertaken to support the growth and/or maintenance of the First Nation's infrastructure.

#### **Housing:**

Housing is responsible for the administration and management of Social Housing units.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

## SAMAHQUAM INDIAN BAND

NOTES TO THE FINANCIAL STATEMENTS  
March 31, 2014

**NOTE 7: SEGMENTED INFORMATION (Continued)**

	Band Programs	Education	Social Services	Health	Capital Projects	Other	Social Housing	Total 2014	Total 2013
<b>REVENUE</b>									
Aboriginal Affairs and Northern Development Canada	210,635	150,034	215,042	-	-	-	-	575,711	724,788
B.C. Hydro	273,274	-	-	-	-	4,134	-	273,274	8,774
Capital fund additions	-	-	-	-	-	-	-	4,134	12,667
First Nations Education Steering Committee Society	-	-	-	22,466	-	-	-	-	(3,903)
Health Canada	-	-	-	-	-	-	-	22,466	69,487
In-Shuck-ch Development Corporation	106,412	-	-	-	-	-	-	106,412	53,206
Independent power project	10,000	-	-	-	-	-	-	10,000	-
Miscellaneous income	245,036	-	-	-	-	-	-	245,036	56,112
Rent income	12,661	-	-	-	-	-	-	12,661	18,427
Social Housing	-	-	-	33,606	-	-	167,758	167,758	189,586
Southern St'l'atl'inx Health Society	-	-	-	-	-	-	-	33,606	47,514
Trust funds	-	-	-	-	11,857	-	-	11,857	57,975
	858,018	150,034	215,042	56,072	-	15,991	167,758	1,462,915	1,234,633
<b>EXPENSES</b>									
Salaries and benefits	101,608	55,805	14,056	16,122	-	-	-	187,591	351,087
Other	528,015	144,978	151,788	21,496	4,223	-	83,533	934,033	972,795
Amortization	-	-	-	-	-	107,388	-	107,388	106,463
	629,623	200,783	165,844	37,618	4,223	107,388	83,533	1,229,012	1,430,345
	228,395	(50,749)	49,198	18,454	(4,223)	(91,397)	84,225	233,903	(195,712)

# SAMAHQUAM INDIAN BAND

## NOTES TO THE FINANCIAL STATEMENTS March 31, 2014

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### NOTE 8: EXPENDITURES BY OBJECT

	2014	2013
	\$	\$
Administration	257,368	14,262
Amortization	107,388	106,463
Bank charges and interest	13,616	19,931
Bus expenses	8,920	4,482
Community meetings	2,000	101,938
Contracted services	1,669	1,383
Contribution to Social Housing program	57,714	-
Culture and Heritage	-	26,206
Debt servicing	8,357	8,084
Equipment leasing	6,473	18,301
Equipment purchases	696	1,216
Facilitator fees	10,000	3,832
Garbage disposal	15,115	10,948
Honoraria	19,250	36,505
Indian registry	2,597	2,516
Insurance	40,769	38,826
Office and miscellaneous	4,637	13,916
Professional fees	34,751	75,491
Program expenditures	288,498	324,658
Repairs and maintenance	48,301	127,238
Supplies	1,408	5,278
Telephone	31,488	21,579
Travel	28,513	76,648
Utilities	51,893	39,557
Wages and benefits	187,591	351,087
Total	<b>1,229,012</b>	<b>1,430,345</b>

# SAMAHQUAM INDIAN BAND

## NOTES TO THE FINANCIAL STATEMENTS March 31, 2014

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### NOTE 9: MEMBERS' EQUITY

	2014	2013
	\$	\$
<b>Restricted</b>		
Social Housing Fund	(64,529)	(75,538)
Social Housing Fund - Equity in Housing Facilities	1,403,452	1,330,236
Trust Fund	372,689	360,832
	<hr/> 1,711,612	1,615,530
<b>Unrestricted</b>		
Operating Fund	1,592,988	1,351,913
Capital Fund	1,810,941	1,914,195
	<hr/> 3,403,929	3,266,108
<b>TOTAL EQUITY</b>	<hr/> 5,115,541	4,881,638

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### NOTE 10: REPLACEMENT RESERVE FUND

In accordance with the terms and conditions of the "Operating Agreement" with Canada Mortgage & Housing Corporation, the Housing Program must set aside funds annually for the non-annual expenditures of the Program for the repair, maintenance and replacement of worn out assets.

These funds are to be held in a separate interest-bearing bank account or term deposit with the interest earned to be credited as revenue to the Replacement Reserve Fund. As at March 31, 2014, funds totaling \$316,776 (2013 - \$299,012) segregated for this purpose, are still to be deposited to a separate interest-bearing account.

### NOTE 11: OPERATING RESERVE FUND

In accordance with the terms and conditions of the "Operating Agreement" with Canada Mortgage & Housing Corporation, the Program is to set aside any surplus revenue to an operating reserve for the purpose of meeting future requirements of income listed occupants over and above the maximum federal assistance. The Fund may be replenished to its original limit from subsequent operating surpluses.

As at the Audit Report date, the Fund is under funded by \$22,414 (2013 underfunded by \$30,526).