

SEMIAHMOO FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2014

SEMIAHMOO FIRST NATION
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MARCH 31, 2014

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Semiahmoo First Nation for the year ended March 31, 2014 are the responsibility of management and have been approved by the Chief and Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies is 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 consolidated financial statements are presented fairly, in all material aspects.

Semiahmoo First Nation's management is responsible for maintaining 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 Semiahmoo First Nation's assets are appropriately accounted for and adequately safeguarded.

Semiahmoo First Nation's Chief and Council are responsible for ensuring that management fulfills its responsibilities of financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Chief and Council meet 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 its responsibilities, and to review the consolidated financial statements and the external auditor's report.

The consolidated financial statements have been audited by MNP LLP in accordance with Canadian generally accepting auditing standards on behalf of the members. MNP LLP has full and free access to the Chief and Council with regard to audit requirements.

On behalf of Semiahmoo First Nation

"Signature on File"

, Chief Councillor

July 15, 2015

INDEPENDENT AUDITOR'S REPORT

To the Members,
Semiahmoo First Nation:

We have audited the accompanying consolidated financial statements of Semiahmoo First Nation, which comprise the consolidated statement of financial position as at March 31, 2014 and the consolidated statements of change in net financial assets, operations and accumulated surplus (deficit) 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Basis for Qualified Opinion

One of the organization's within the First Nation's government reporting entity derives a portion of its revenue from cash sales, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to cash revenues, accumulated surplus (deficit), assets and net assets.

Qualified Opinion

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

The financial statements of Semiahmoo First Nation for the year ended March 31, 2013 were not audited.

July 15, 2015

Surrey, British Columbia

MNP
LLP

Chartered Professional Accountants

SEMIAHMOO FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
MARCH 31, 2014 AND 2013

	2014	2013
FINANCIAL ASSETS:		(Note 13)
Cash and cash equivalents	\$ 133,106	\$ 373,098
Portfolio investments (market value - \$3,979,894; 2013 - \$607,100)	3,863,505	601,162
Trust funds held by federal government (Note 2)	8,415	8,003
Accounts receivable (Note 3)	425,183	300,770
Investment in Se-Mi-Ah-Mu Limited Partnership (Note 4)	345,934	539,355
Total financial assets	4,776,143	1,822,388
FINANCIAL LIABILITIES:		
Accounts payable and accrued liabilities (Note 5)	534,597	669,953
Deferred revenue (Note 6)	22,022	21,600
Notes payable (Note 7)	903,840	912,708
Total financial liabilities	1,460,459	1,604,261
NET FINANCIAL ASSETS	3,315,684	218,127
NON-FINANCIAL ASSETS:		
Prepaid expenses	22,618	20,027
Tangible capital assets (Note 8)	981,213	992,090
Total non-financial assets	1,003,831	1,012,117
ACCUMULATED SURPLUS (Note 9)	\$ 4,319,515	\$ 1,230,244

CONTINGENT LIABILITIES (Note 10)

APPROVED BY COUNCIL

"Signature on File"

_____, Chief Councillor

"Signature on File"

_____, Councillor

The accompanying Notes are an integral part of this statement.

SEMIAHMOO FIRST NATION
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEARS ENDED MARCH 31, 2014 AND 2013

	2014	2013
INCREASE (DECREASE) IN NET FINANCIAL ASSETS:		
Annual surplus (deficit)	\$ 3,089,271	\$ (183,342)
Amortization of tangible capital assets	51,020	52,496
Acquisition of tangible capital assets	(40,143)	(6,181)
Disposal of tangible capital assets	-	22,223
Acquisition of prepaid expenses	(19,004)	(19,004)
Use of prepaid expenses	16,413	26,536
 Increase (decrease) in net financial assets	 3,097,557	 (107,272)
 NET FINANCIAL ASSETS, BEGINNING OF THE YEAR	 218,127	 325,399
 NET FINANCIAL ASSETS, END OF THE YEAR	 \$ 3,315,684	 \$ 218,127

The accompanying Notes are an integral part of this statement.

SEMIAHMOO FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS (DEFICIT)
FOR THE YEARS ENDED MARCH 31, 2014 AND 2013

	2014	2013
(Notes 13 & 14)		
REVENUES:		
Aboriginal Affairs and Northern Development Canada (AANDC)	\$ 171,673	\$ 112,690
First Nations Education Steering Committee (FNESC)	2,000	-
Government of Canada	8,000	-
Health Canada / First Nations Health Authority (HC/FNHA)	87,216	87,668
Interest and investment income (loss)	2,799	(5,174)
Other revenue	420,590	201,866
Partnership income	858,142	891,276
Province of British Columbia	3,329,000	67,000
	4,879,420	1,355,326
EXPENSES:		
Administration	939,924	660,109
Capital asset fund	48,265	64,845
Community programs	133,197	80,780
Economic initiative	136,449	152,454
Education	43,298	30,018
Health	90,277	94,790
Land and resources	224,807	302,099
Operations and maintenance	87,881	63,566
Social services	86,051	90,007
	1,790,149	1,538,668
ANNUAL SURPLUS (DEFICIT)	3,089,271	(183,342)
ACCUMULATED SURPLUS (DEFICIT), BEGINNING OF YEAR	1,230,244	1,413,586
ACCUMULATED SURPLUS (DEFICIT), END OF YEAR	\$ 4,319,515	\$ 1,230,244

The accompanying Notes are an integral part of this statement.

SEMIAHMOO FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2014 AND 2013

	2014	2013
CASH AND CASH EQUIVALENTS WAS PROVIDED FROM (USED IN):		
Operating Activities:		
Annual surplus (deficit)	\$ 3,089,271	\$ (183,342)
Items not affecting cash and cash equivalents -		
Amortization of tangible capital assets	51,020	52,496
Loss on disposal of tangible capital assets	-	15,223
Loss on disposal of portfolio investments	8,468	10,319
	3,148,759	(105,304)
Net change in non cash working capital balances (Note 12)	(261,938)	106,358
	2,886,821	1,054
Capital transactions:		
Acquisition of tangible capital assets	(40,143)	(6,181)
Proceeds from disposal of tangible capital assets	-	7,000
	(40,143)	819
Investing transactions:		
Increase (decrease) in portfolio investments	(3,270,811)	209,734
Increase in investment in Se-mi-ah-mu Limited Partnership	193,421	(6,535)
Decrease (increase) in trust funds held by federal government	(412)	53,774
	(3,077,802)	256,973
Financing transactions:		
Decrease in long-term debt	-	(106,396)
Increase (decrease) in notes payable	(8,868)	167,305
	(8,868)	60,909
Increase (decrease) in cash and cash equivalents	(239,992)	319,755
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	373,098	53,343
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 133,106	\$ 373,098
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid during the year for interest	\$ NIL	\$ 7,487
Cash received during the year for interest	\$ 10,834	\$ 8,794

The accompanying Notes are an integral part of this statement.

SEMIAHMOO FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2014

PURPOSE OF SEMIAHMOO FIRST NATION

Semiahmoo First Nation ("the First Nation") is a First Nation village government operating out of Surrey, British Columbia. The First Nation is responsible for the well-being of its community and enacts legal policies and programs in the areas of Administration, Social Services, Health, Lands and Resources, Operations and Maintenance, Community Programs, Education, and Economic Initiative. The First Nation is also mandated to take actions to protect the well-being of members and the community and to establish cultural programs and undertake initiatives in economic development.

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards.

(b) Reporting Entity

Included in the reporting entity are the First Nation and all related entities that are controlled by the First Nation.

(c) Principles of Consolidation

All controlled entities are fully consolidated on a line-by-line basis except for not-for-profit organizations and the commercial enterprises which meet the definition of a government business enterprise. Government business enterprises are included in the consolidated financial statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Organizations consolidated in the First Nation's consolidated financial statements include:

1. Se-mi-ah-mu Inc.; and
2. Se-mi-ah-mu Development Corporation

The organization accounted for on a modified equity basis includes the Se-mi-ah-mu Limited Partnership.

(d) Cash and Cash Equivalents

Cash and cash equivalents represent operating cash on hand and short-term, highly liquid investments that are readily convertible to known amounts with an initial maturity of less than three months and which are subject to an insignificant risk of changes in value.

(e) Portfolio Investments

The First Nation's portfolio investments include marketable securities and are recorded at their original cost. If there has been an other than temporary decline in the value of an investment, the investment is written down to its net realizable value.

SEMIAHMOO FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Tangible Capital Assets

Material tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Maintenance and repair costs are recognized as an expense when incurred. Betterments that significantly increase or prolong the service life or capacity of a tangible capital asset are capitalized.

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

Contributed capital assets are recorded at fair value when received and shown as revenue in the capital asset fund, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value.

Revenue received for operations and used to purchase tangible capital assets are recorded in the individual programs with an offsetting transfer to the capital asset fund for the amount of the tangible capital asset. Revenue received directly for tangible capital assets are recorded in the capital asset fund where the amortization is expensed. Any gains or losses on the disposal of the capital assets are recorded in the capital asset fund.

All intangibles and items inherited by right of the First Nation, such as reserve lands, forests, water, and mineral resources, are not recognized as assets the First Nation's consolidated financial statements.

Historic works of art and treasures are not recorded as assets in these consolidated financial statements.

(g) Revenue Recognition

Government transfers are recognized in the consolidated financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amount can be made.

Funding received under funding arrangements which relates to a subsequent period is reflected as deferred revenue in the year of receipt and classified as such on the consolidated statement of financial position. Funding is recognized when conditions have been met.

Investment income reported on investments not subject to significant influence is recorded as revenue in the period earned.

All other revenue is recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

SEMIAHMOO FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Amortization

Tangible capital assets controlled by the First Nation are amortized over their estimated useful lives on a straight-line basis using the following annual rates:

Buildings	20 - 40 years
Chlorination station	20 years
Commercial fishing boats	10 years
Computers and office equipment	3 - 10 years
Equipment	10 years
Mobile homes	20 years
Service installations	10 - 20 years

In the year of acquisition the above rates are reduced by one-half.

(i) 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. Financial assets include cash and cash equivalents, portfolio investments, trust funds held by federal government and accounts receivable. Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. Non-financial assets have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. Non-financial assets include tangible capital assets and prepaid expenses.

(j) Expenses

Expenses are recognized in the fiscal year that the events giving rise to the expense occur and resources are consumed.

(k) 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 First Nation. The objectives of disclosing information about segments are to:

- (i) help users of the consolidated financial statements identify the resources allocated to support the major activities of the First Nation;
- (ii) help users of the consolidated financial statements make more informed judgments about the First Nation and about its major activities;
- (iii) help users of the consolidated financial statements better understand the manner in which the organizations in the First Nation are organized and how the First Nation discharges its accountability obligations;
- (iv) enhance the transparency of financial reporting; and

SEMIAHMOO FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Segment Disclosure (Continued)

- (v) help users of the consolidated financial statements better understand the performance of the segments and the First Nation.

The First Nation identifies its segments based on specific projects and funding arrangements which have been disclosed in the consolidated financial statements. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements.

(l) Budgets

Budget information has been included when the information is available.

(m) Use of Estimates

The preparation of consolidated financial statements in conformance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of the revenues and expenses during the reporting period. Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets. Estimates are based on the best information available at the time of preparation of the consolidated financial statements and are reviewed annually to reflect new information as it becomes available.

2. TRUST FUNDS HELD BY FEDERAL GOVERNMENT

AANDC holds certain funds in trust for the First Nation. These funds are designated as revenue or capital funds 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. Subject to approval by the Minister of Aboriginal Affairs and Northern Development, the First Nation is permitted to expend its revenue funds for any purpose that will promote the general progress and welfare of the First Nation and members. The use of capital funds requires the consent of the Minister of Aboriginal Affairs and Northern Development Canada and such expenditures generally must be for projects of a capital nature.

The trust funds held by federal government are analyzed as follows:

	2013 Total	Additions	Withdrawals	2014 Total
Revenue	\$ 5,160	\$ 412	\$ -	\$ 5,572
Capital	2,843	-	-	2,843
	\$ 8,003	\$ 412	\$ -	\$ 8,415

SEMIAHMOO FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)

3. ACCOUNTS RECEIVABLE

The First Nation's accounts receivable are analyzed as follows:

	2014	2013
(Note 14)		
AANDC	\$ 281,360	\$ 187,034
Due from members	1,595,212	1,414,773
Province of British Columbia	29,000	-
Other receivables	72,919	63,282
	1,978,491	1,665,089
Less: Allowance for doubtful accounts	(1,553,308)	(1,364,319)
	\$ 425,183	\$ 300,770

4. INVESTMENT IN SE-MI-AH-MU LIMITED PARTNERSHIP

The investment in Se-mi-ah-mu Limited Partnership represents 9,999 limited partnership units owned by the First Nation. The Partnership was formed on May 30, 2002 as a Limited Partnership under the Partnership Act of the Province of British Columbia. The General Partner of the Partnership is Se-mi-ah-mu Development Corporation and the Limited Partner of the Partnership is Semiahmoo First Nation. The Partnership's main business activities are commercial property rentals and short-term parking lot rentals.

The following provides condensed financial information for the years ended March 31, 2014 and 2013:

	2014	2013
Assets:		
Cash	\$ 40,791	\$ 32,877
Accounts receivable	1,827	157,417
Loan receivable from partner	1,638,016	1,620,171
Property and equipment	140,279	149,846
Intangible asset	194,059	226,973
Total assets	\$ 2,014,972	\$ 2,187,284

SEMIAHMOO FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)

4. INVESTMENT IN SE-MI-AH-MU LIMITED PARTNERSHIP (Continued)

Liabilities:			
Accounts payable and accrued liabilities	\$ 16,525	\$ 13,410	
Customer deposits	14,389	14,239	
	30,914	27,649	
Partners' equity	1,984,058	2,159,635	
Total liabilities and partners' equity	\$ 2,014,972	\$ 2,187,284	
Results of operations:			
Revenue	\$ 1,161,804	\$ 1,317,209	
Expenses	303,577	425,900	
Net income	\$ 858,227	\$ 891,309	

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The First Nation's accounts payable and accrued liabilities are analyzed as follows:

	2014	2013
AANDC	\$ 44,472	\$ 42,626
Other payables	490,125	627,327
	\$ 534,597	\$ 669,953

6. DEFERRED REVENUE

The First Nation's deferred revenue is analyzed as follows:

	2013	Prior Year	2014		
	Deferred Revenue	Reimbursement (Recovery)/ Transfers	Current Year Funding Received	Current Year Revenue Recognized	Deferred Revenue
AANDC	\$ 21,600	\$ -	\$ -	\$ (21,600)	\$ -
HC/FNHA	-	-	22,022	-	22,022
	\$ 21,600	\$ NIL	\$ 22,022	\$ (21,600)	\$ 22,022

SEMIAHMOO FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)

7. NOTES PAYABLE

The notes payable have various terms of repayment and are analyzed as follows:

	2014	2013
Due on demand, unsecured and bears interest at prime plus 1%	\$ 123,823	\$ 121,955
Due on demand, unsecured and bears interest at prime plus 2.5%	538,724	583,814
Due on demand, unsecured and non-interest bearing	241,293	206,939
	\$ 903,840	\$ 912,708

8. TANGIBLE CAPITAL ASSETS

The First Nation's tangible capital assets are analyzed as follows:

	2013	2013	2014	2014	2014
	Cost	Accumulated Amortization	Net Book Value	Additions/ Disposals	Amortization (Net of disposals)
	(Note 13)	(Note 13)			
Buildings	\$ 301,729	\$ 142,049	\$ 159,680	\$ 15,378	\$ 12,304
Chlorination station	326,733	73,516	253,217	-	16,337
Commercial fishing boats	16,749	8,955	7,794	-	1,675
Computer and office equipment	42,527	37,788	4,739	13,190	2,824
Equipment	55,946	29,201	26,745	-	4,138
Land	460,577	-	460,577	-	-
Mobile homes	235,031	158,009	77,022	1,781	11,796
Service installations	36,279	33,963	2,316	9,794	1,946
	\$ 1,475,571	\$ 483,481	\$ 992,090	\$ 40,143	\$ 51,020
					\$ 981,213

SEMIAHMOO FIRST NATION**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)****8. TANGIBLE CAPITAL ASSETS (Continued)**

	2014 Cost	2014 Accumulated Amortization	2014 Net Book Value
Buildings	\$ 317,107	\$ 154,353	\$ 162,754
Chlorination station	326,733	89,853	236,880
Commercial fishing boats	16,749	10,630	6,119
Computer and office equipment	55,717	40,612	15,105
Equipment	55,946	33,339	22,607
Land	460,577	-	460,577
Mobile homes	236,812	169,805	67,007
Service installations	46,073	35,909	10,164
	\$1,515,714	\$ 534,501	\$ 981,213

9. ACCUMULATED SURPLUS

The First Nation's accumulated surplus is analyzed as follows:

	2014	2013
		(Note 13)
Financial assets restricted to discharge financial liabilities:		
- deferred revenue	\$ 22,022	\$ 21,600
- notes payable	903,840	912,708
Trust funds held by federal government - capital account	2,843	2,843
Investment in Se-mi-ah-mu Limited Partnership	345,934	539,355
Investment in tangible capital assets	981,213	992,090
	2,255,852	2,468,596
Surplus (deficit) available for operations	2,063,663	(1,238,352)
Accumulated surplus	\$ 4,319,515	\$ 1,230,244

SEMIAHMOO FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)

10. CONTINGENT LIABILITIES

(a) Member housing loan

The First Nation is contingently liable for a member housing loan provided to a member for a loan made by a financial institution for purposes of acquiring on reserve housing. In the event that the member defaults on his/her obligation under this loan, the First Nation would be required to pay the outstanding loan balance to the lender. In the event that the First Nation is unable to pay on defaulted member loan, this loan is guaranteed by AANDC. The First Nation's guarantee is itself secured by the related real property. As at March 31, 2014 the balance of the member loan due to Westminster Savings Credit Union was \$16,412.27.

(b) Contribution agreements

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

11. ECONOMIC DEPENDENCE

The First Nation received a significant portion of its revenue from AANDC; the First Nation's ability to continue viable operations is dependent upon maintaining its right to receive this funding.

12. NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES

	2014	2013
Increase in accounts receivable	\$ (124,413)	\$ (37,196)
Decrease (increase) in prepaid expenses	(2,591)	7,532
Increase (decrease) in accounts payable and accrued liabilities	(135,356)	123,480
Increase in deferred revenue	422	12,542
	<hr/>	<hr/>
	\$ (261,938)	\$ 106,358

SEMIAHMOO FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)

13. PRIOR PERIOD ADJUSTMENT

The 2013 consolidated financial statements were restated to include a contributed tangible capital asset that was not previously recognized. As a result the tangible capital assets and accumulated surplus were understated in the prior year.

The effects of the adjustments have been applied retrospectively for comparative purposes and resulted in the following:

	2014	2013
	Increase	Increase
	(Decrease)	(Decrease)
Tangible capital assets	\$ 400,000	\$ 400,000
Accumulated surplus (deficit)	\$ 400,000	\$ 400,000

14. COMPARATIVE FIGURES

Certain balances of the prior year have been reclassified to conform with the current year's financial statement presentation.

SEMIAHMOO FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)

15. SEGMENT DISCLOSURE

The First Nation describes its operating segments as follows:

(a) Administration

This segment provides band support and administrative services for the operations of the First Nation, including various financial functions such as payroll, accounts receivable and accounts payable.

(b) Social Services

This segment administers benefits and services to individuals and families living on reserve who are in need of support. Department services include income assistance, assisted living, family violence prevention and awareness and the national child benefit reinvestment.

(c) Health

This segment administers the delivery of the health programs and services.

(d) Lands and Resources

This segment is responsible for ensuring that interests of the First Nation are represented in matters of lands and natural resources, on and off reserve lands.

(e) Operations and Maintenance

This segment is comprised of programs that oversee the First Nation's infrastructure and include revenues and expenditures related to the repair and maintenance of the First Nation's land, community water systems, roads, equipment and buildings.

(f) Community Programs

This segment administers the delivery of programs that support the social development and culture to members of the community including providing assistance to First Nation's members when looking for employment and delivering training programs for skill development.

(g) Education

This segment includes language and culture, employment counselling services and the management of post-secondary student funding and support programs.

(h) Economic Initiative

This segment implements community economic development planning and capacity building initiatives, which are pursued to benefit the First Nation's community by enhancing employment, income generation activities, economic infrastructure and business opportunities. This segment also includes income from government business enterprises.

(i) Trust Fund

This segment reflects funds held in trust by AANDC on behalf of the First Nation.

(j) Capital Asset Fund

This segment is comprised of capital assets and related amortization.

SEMIAHMOO FIRST NATION**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)****15. SEGMENT DISCLOSURE (Continued)**

	Administration	Social Services	Health	Lands and Resources	Operations and Maintenance	Community Programs
REVENUES:						
AANDC	\$ 95,632	\$ 45,419	\$ -	\$ -	\$ 7,231	\$ -
FNESC	-	-	-	-	-	2,000
HC/FNHA	-	-	87,216	-	-	-
Interest and investment income	2,356	-	-	-	-	-
Government of Canada	-	-	-	8,000	-	-
Other revenue	72,486	-	-	292,008	-	43,850
Partnership income	-	-	-	-	-	-
Province of British Columbia	-	-	-	3,329,000	-	-
	170,474	45,419	87,216	3,629,008	7,231	45,850
EXPENSES:						
Administration	-	3,122	-	-	-	-
Advertising and promotion	4,686	-	-	-	-	-
Amortization	-	-	-	-	-	-
Bad debts	188,988	-	-	-	-	-
Bank charges and interest	38,117	-	-	-	-	-
Community programs	47,254	21,897	10,658	-	-	85,955
Contract services	366,961	61,032	27,216	26,791	28,302	38,200
Foreign exchange loss	-	-	-	-	-	-
Insurance	19,316	-	-	4,284	-	-
Interest on long-term debt	-	-	-	-	-	-
Loss on disposal of tangible capital assets	-	-	-	-	-	-
Offices supplies	22,063	-	386	8,012	2,616	4,400
Professional fees	106,951	-	-	139,992	-	-
Rent	-	-	2,400	-	-	-
Repairs and maintenance	-	-	-	13,992	56,963	-
Travel	6,763	-	-	1,119	-	-
Utilities	27,540	-	-	-	-	-
Wages and benefits	111,285	-	49,617	30,617	-	4,642
	939,924	86,051	90,277	224,807	87,881	133,197
SURPLUS (DEFICIT) BEFORE TRANSFERS	(769,450)	(40,632)	(3,061)	3,404,201	(80,650)	(87,347)
TRANSFER FROM (TO) OTHER PROGRAMS	4,603,258	40,632	3,061	(3,404,201)	80,650	87,347
ACCUMULATED SURPLUS (DEFICIT), BEGINNING OF YEAR	400,846	-	-	-	-	-
ACCUMULATED SURPLUS (DEFICIT), END OF YEAR	\$ 4,234,654	\$ NIL	\$ NIL	\$ NIL	\$ NIL	\$ NIL

SEMIAHMOO FIRST NATION**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)****15. SEGMENT DISCLOSURE (Continued)**

	Education	Economic Initiative	Trust Fund	Capital Asset Fund	2014	2013
REVENUES:						
AANDC	\$ 23,391	\$ -	\$ -	\$ -	\$ 171,673	\$ 112,690
FNESC	-	-	-	-	2,000	-
HC/FNHA	-	-	-	-	87,216	87,668
Interest and investment income	-	-	443	-	2,799	(5,174)
Government of Canada	-	-	-	-	8,000	-
Other revenue	-	12,246	-	-	420,590	201,866
Partnership income	-	858,142	-	-	858,142	891,276
Province of British Columbia	-	-	-	-	3,329,000	67,000
	23,391	870,388	443	-	4,879,420	1,355,326
EXPENSES:						
Administration	-	-	-	-	3,122	2,422
Advertising and promotion	-	-	-	-	4,686	4,981
Amortization	-	2,755	-	48,265	51,020	52,496
Bad debts	-	-	-	-	188,988	72,067
Bank charges and interest	-	350	-	-	38,467	33,895
Community programs	42,392	124,000	-	-	332,156	318,544
Contract services	-	1,088	-	-	549,590	419,233
Foreign exchange loss	-	157	-	-	157	1,466
Insurance	-	1,775	-	-	25,375	24,884
Interest on long-term debt	-	-	-	-	-	7,487
Loss on disposal of tangible capital assets	-	-	-	-	-	15,175
Offices supplies	-	20	-	-	37,497	56,952
Professional fees	-	2,647	-	-	249,590	277,716
Rent	-	-	-	-	2,400	-
Repairs and maintenance	-	38	-	-	70,993	44,128
Travel	906	-	-	-	8,788	5,158
Utilities	-	3,619	-	-	31,159	29,725
Wages and benefits	-	-	-	-	196,161	172,339
	43,298	136,449	-	48,265	1,790,149	1,538,668
SURPLUS (DEFICIT) BEFORE TRANSFERS	(19,907)	733,939	443	(48,265)	3,089,271	(183,342)
TRANSFER FROM (TO) OTHER PROGRAMS	19,907	(1,470,797)	-	40,143	-	-
ACCUMULATED SURPLUS (DEFICIT), BEGINNING OF YEAR	-	-	8,096	821,300	1,230,244	1,413,586
ACCUMULATED SURPLUS (DEFICIT), END OF YEAR	\$ -	\$ (736,858)	\$ 8,539	\$ 813,178	\$ 4,319,515	\$ 1,230,244