

**Skwah First Nation  
Consolidated Financial Statements  
*March 31, 2014***

# Skwah First Nation Contents

For the year ended March 31, 2014

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## **Management's Responsibility**

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To the Members of Skwah First Nation:

The accompanying consolidated financial statements of Skwah First Nation are the responsibility of management and have been approved by the Chief and Council.

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Skwah First Nation Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for recommending the appointment of the Nation's external auditors.

MNP LLP is appointed by the Members to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

July 28, 2014

Original Signed by Denise Klassen

Administrator

Original Signed by Robert Combes

Chief

# Independent Auditors' Report

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To the Members of Skwah First Nation:

We have audited the accompanying consolidated financial statements of Skwah First Nation, which comprise the consolidated statement of financial position as at March 31, 2014, and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Consolidated Financial Statements*

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

#### *Auditors' Responsibility*

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

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

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

#### *Opinion*

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

Chilliwack, British Columbia

July 28, 2014

**MNP LLP**  
Chartered Accountants

**Skwah First Nation**  
**Consolidated Statement of Financial Position**  
*As at March 31, 2014*

	<b>2014</b>	<b>2013</b>
<b>Financial assets</b>		
Cash	200,996	144,088
Accounts receivable	32,029	103,658
Investments (Note 5)	1,390,353	1,383,586
Investments in First Nation entities (Note 6)	249,577	267,232
Funds held in trust (Note 8)	846,271	821,614
Rent to own housing loans (Note 3)	54,812	68,810
Member loans (Note 4)	47,302	41,752
	<b>2,821,340</b>	2,830,740
<b>Liabilities</b>		
Accounts payable and accruals	52,289	50,243
Payroll liabilities	18,465	15,992
Long-term debt (Note 9)	31,378	41,480
	<b>102,132</b>	107,715
<b>Net financial assets</b>	<b>2,719,208</b>	2,723,025
<b>Contingencies (Note 10)</b>		
<b>Non-financial assets</b>		
Tangible capital assets (Note 12)	1,475,401	1,545,376
Prepaid expenses (Note 11)	71,076	61,704
<b>Total non-financial assets</b>	<b>1,546,477</b>	1,607,080
<b>Accumulated surplus (Note 13)</b>	<b>4,265,685</b>	4,330,105

**Approved on behalf of the Board**

Original Signed by Robert Combes

Chief

Original Signed by Leslie Williams

Councillor

**Skwah First Nation**  
**Consolidated Statement of Operations and Accumulated Surplus**  
*For the year ended March 31, 2014*

	<b>2014 Budget</b>	<b>2014</b>	2013
<b>Revenue</b>			
Aboriginal Affairs and Northern Development Canada	1,484,923	1,474,273	1,699,452
A.A.N.D.C. - prior year reimbursements	-	19,548	-
First Nations Health Authority	155,954	155,954	-
Other revenue	23,500	23,575	18,970
Interest income	42,813	42,813	36,010
First Nations Education Steering Committee	43,338	43,738	67,271
Province of B.C. - FCRSA	145,529	145,529	297,505
Pre-school fees	6,592	6,677	15,062
Lease revenue	85,950	85,950	80,000
Cigarette sales	13,613	13,613	6,870
Rental income	32,515	32,515	35,900
B.C. Association of Aboriginal Friendship Centres	-	5,938	27,860
Health Canada	155,964	155,964	305,751
Ch-ihl-kway-uhk Forestry Limited Partnership income (loss)	-	(21,346)	39,744
Ch-ihl-kway-uhk Forestry Ltd. income (loss)	-	(243)	511
Ch-ihl-kway-uhk Tribe Society income (loss)	-	5,473	(975)
Centre Creek Limited Partnership loss	-	(1,539)	(26,034)
School District #33	-	21,000	-
Sto:lo Nation	4,790	4,790	6,102
Province of B.C.	63,574	63,574	84,840
National Association of Cultural Education Centres	17,137	17,137	15,475
	2,276,192	2,294,933	2,710,314
<b>Program expenses</b>			
Administration	379,031	378,445	431,515
Education	952,203	954,178	921,362
Health	292,538	292,538	303,552
Housing	31,600	31,601	39,413
Social Development	390,516	418,967	400,715
Maintenance	180,235	164,801	236,147
Employment	22,697	22,697	37,923
Capital Fund	97,421	96,126	97,171
	2,346,241	2,359,353	2,467,798
<b>Surplus (deficit)</b>	<b>(70,049)</b>	<b>(64,420)</b>	242,516
<b>Accumulated surplus, beginning of year</b>	<b>4,261,414</b>	<b>4,330,105</b>	4,087,589
<b>Accumulated surplus, end of year</b>	<b>4,191,365</b>	<b>4,265,685</b>	4,330,105

**Skwah First Nation**  
**Consolidated Statement of Change in Net Financial Assets**  
*For the year ended March 31, 2014*

	<b>2014 Budget</b>	<b>2014</b>	<b>2013</b>
<b>Annual surplus (deficit)</b>			
Amortization of tangible capital assets	(204,394)	(64,420)	242,516
Purchase of tangible capital assets	97,421	96,126	97,171
Acquisition of prepaid expenses	-	(26,150)	-
Use of prepaid expenses	(71,074)	(71,077)	(61,704)
	61,704	61,704	78,826
	<b>(9,370)</b>	<b>(9,373)</b>	<b>17,122</b>
<b>Increase (decrease) in net financial assets</b>	<b>(116,343)</b>	<b>(3,817)</b>	<b>356,809</b>
<b>Net financial assets, beginning of year</b>	<b>2,644,936</b>	<b>2,723,025</b>	<b>2,366,216</b>
<b>Net financial assets, end of year</b>	<b>2,528,593</b>	<b>2,719,208</b>	<b>2,723,025</b>

**Skwah First Nation**  
**Consolidated Statement of Cash Flows**  
*For the year ended March 31, 2014*

	<b>2014</b>	<b>2013</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Surplus (deficit)	(64,420)	242,516
Non-cash items		
Amortization	96,126	97,171
Bad debts	-	42,015
Equity income (loss) from investments	17,655	(13,246)
Ottawa Trust income	(24,657)	(19,988)
	<b>24,704</b>	348,468
Changes in working capital accounts		
Accounts receivable	71,629	(93,281)
Prepaid expenses	(9,373)	17,122
Accounts payable and accruals	2,047	(661)
Payroll liabilities	2,473	(1,771)
	<b>91,480</b>	269,877
<b>Financing activities</b>		
Repayment of long-term debt	(10,102)	(9,310)
<b>Investing activities</b>		
Investment in tangible capital assets	(26,150)	-
Member loans	(5,550)	(15,516)
Rent to own housing loans	13,998	(2,309)
Investment in term deposits	(6,768)	(713,586)
Distributions from Ch-ihl-kway-uhk Forestry Limited Partnership	-	415,920
	<b>(24,470)</b>	(315,491)
<b>Increase (decrease) in cash resources</b>	<b>56,908</b>	(54,924)
<b>Cash resources, beginning of year</b>	<b>144,088</b>	199,012
<b>Cash resources, end of year</b>	<b>200,996</b>	144,088
<b>Supplementary cash flow information</b>		
Interest paid	3,047	3,845

**Skwah First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2014*

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**1. Operations**

The Skwah First Nation (the "First Nation") is located in the province of British Columbia, and provides various services to its members. Skwah First Nation includes the Nation's government and all related entities that are accountable to the Nation and are either owned or controlled by the Nation.

**2. Significant accounting policies**

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

***Basis of presentation***

Sources of financing and expenditures are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

***Net financial assets***

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

***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 normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets and prepaid expenses.

***Revenue recognition***

**Government Transfers**

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

**Externally restricted revenue**

Skwah First Nation recognizes externally restricted inflows as revenue in the period the resources are used for the purposes specified in accordance with an agreement or legislation. Until this time, the First Nation records externally restricted inflows in deferred revenue.

**Funds held in Ottawa Trust Fund**

Due to measurement uncertainty, revenue related to the receipt of funds held in the Ottawa Trust Fund is recognized when it is received.

**Other revenue**

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

**Skwah First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2014*

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***Investments***

Skwah First Nation uses the modified equity method to account for its investments in various business partnerships and corporations whereby the acquisition cost is increased by the First Nation's proportionate share of earnings.

***Funds held in Ottawa Trust Fund***

Funds held in trust on behalf of Skwah First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the statement of financial position with an offsetting amount in accumulated surplus. Trust moneys consist of:

- Capital trust moneys derived from non-renewable resource transactions on the sale of land or other First Nation tangible capital assets; and
- Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

***Tangible capital assets***

Tangible capital assets are initially recorded at cost based on historical cost accounting records for all tangible capital assets. Contributed tangible capital assets are recorded at their fair value at the date of contribution.

***Amortization***

Amortization for tangible capital assets is provided using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

	Method	Rate
Buildings	straight-line	40 years
Housing	straight-line	40 years
Machinery and equipment	straight-line	10 years
Roads	straight-line	20 years
Water systems	straight-line	50 years
Utility systems	straight-line	50 years
Bridges	straight-line	40 years
Computers and copiers	straight-line	4 years
Office furniture	straight-line	10 years
Vehicles	straight-line	5 years
Land improvements	straight-line	30 years

***Measurement uncertainty***

The preparation of consolidated financial statements in conformity 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 revenue and expenses during the reporting period.

Accounts receivable, loans receivable and amounts due from related First Nation entities and departments, are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets.

***Long-lived assets and discontinued operations***

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

When Skwah First Nation determines that a long-lived asset no longer has any long-term service potential to the First Nation, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write downs are not reversed.

**Skwah First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2014*

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### **Segments**

Skwah First Nation conducts its business through nine reportable segments as described in Note 15. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis.

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

### ***Recent accounting pronouncements***

#### **Related party transactions**

The Public Sector Accounting Board (PSAB) issued this Invitation to Comment (ITC) in October 2011 together with an Issues Paper, Related party transactions – Recognition and measurement, as part of its project to develop a new Public Sector Accounting (PSA) Handbook standard for related parties and related party transactions in the context of governments and government organizations. Comments on the ITC were required by November 14, 2011. The effective date of the new PSA Handbook standard has not yet been specified.

#### **Liability for contaminated sites**

In June 2010, the Public Sector Accounting Board (PSAB) issued PS 3260 *Liability for Contaminated Sites* to establish recognition, measurement and disclosure standards for liabilities associated with the remediation of contaminated sites. The new section defines activities included in a liability for remediation, establishes when to recognize and how to measure a liability for remediation, and provides the related financial statement presentation and disclosure requirements.

PS 3260 is effective for fiscal years beginning on or after April 1, 2014. The First Nation does not expect the adoption of the new section to have a material impact on its consolidated 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. PS 3450 is effective for fiscal years beginning on or after April 1, 2015. Earlier 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 First Nation does not expect the adoption of these new standards to have a material impact on its financial statements.

### **3. Rent to own housing loans**

Skwah First Nation has agreements with various Band members whereby title to the houses in which they reside may be transferred to those individuals upon full payment of the outstanding balance. There were a total of 7 housing loans receivable at March 31, 2014 (2013 - 6 housing loans).

### **4. Members' loans**

Skwah First Nation has members' loan receivable for members' excess housing costs, insurance and renovations paid by the Skwah First Nation. There were a total of 16 loans receivable at March 31, 2014 (2013 - 19 loans receivable).

**Skwah First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2014*

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**5. Term deposits**

	<b>2014</b>	2013
Certificates of deposit with interest rates ranging from 1% to 2.2%, maturing between May 7, 2014 and March 21, 2019.	<b>1,390,353</b>	1,383,586

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**6. Investments in First Nation entities**

The First Nation has investments in the following entities:

	<i>Investment beginning of year</i>	<i>Undistributed earnings (loss)</i>	<i>Withdrawals</i>	<i>Investment end of year</i>
Ch-ihl-kway-uhk Forestry Limited Partnership	39,744	(21,346)	-	18,398
Ch-ihl-kway-uhk Forestry Ltd. - share capital	10	-	-	10
Ch-ihl-kway-uhk Forestry Ltd.	5,992	(243)	-	5,749
Ch-ihl-kway-uhk Tribe Society	40,295	5,473	-	45,768
Centre Creek Limited Partnership	181,181	(1,539)	-	179,642
Centre Creek Management Limited - share capital	10	-	-	10
	<b>267,232</b>	<b>(17,655)</b>	-	<b>249,577</b>
				2013
	<i>Investment beginning of year</i>	<i>Undistributed earnings (loss)</i>	<i>Withdrawals</i>	<i>Investment end of year</i>
Ch-ihl-kway-uhk Forestry Limited Partnership	415,920	39,744	(415,920)	39,744
Ch-ihl-kway-uhk Forest Ltd. - share capital	10	-	-	10
Ch-ihl-kway-uhk Forestry Ltd.	5,481	511	-	5,992
Ch-ihl-kway-uhk Tribe Society	41,270	(975)	-	40,295
Centre Creek Limited Partnership	207,215	(26,034)	-	181,181
Centre Creek Management Limited - share capital	10	-	-	10
	<b>669,906</b>	<b>13,246</b>	<b>(415,920)</b>	<b>267,232</b>

**Skwah First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2014*

Consolidated financial information for Ch-ihl-kway-uhk Forestry Limited Partnership, Ch-ihl-kway-uhk Forest Ltd., and Ch-ihl-kway-uhk Tribe Society are as follows:

	2014	2013
Current assets	718,095	981,046
Property and equipment	320	438
<u>Due from related party</u>	<u>128,897</u>	<u>99,524</u>
	<u>847,312</u>	<u>1,081,008</u>
Current liabilities	242,590	541,279
Common shares	100	100
Equity, beginning of year	539,629	3,602,274
Net income	64,993	264,715
Withdrawal	-	(3,327,360)
<u>Equity, end of year</u>	<u>604,622</u>	<u>539,629</u>
	<u>847,312</u>	<u>1,081,008</u>

Skwah First Nation investment in Ch-ihl-kway-uhk Forestry Limited Partnership was established for the purpose of developing, operating and participating in various forestry operations and activities in and around Chilliwack, B.C.

Skwah First Nation investment in Ch-ihl-kway-uhk Forestry Ltd. was established as the general partner for Ch-ihl-kway-uhk Forestry Limited Partnership.

Skwah First Nation investment in Ch-ihl-kway-uhk Tribe Society was established for the purpose of property rentals.

**Skwah First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2014*

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Consolidated financial information for Centre Creek Limited Partnership and Centre Creek Management Limited is as follows:

	<b>2014</b>	2013
Current assets	27,985	31,172
Property and equipment	2,539,492	2,581,137
	<hr/>	<hr/>
2,567,477	2,612,309	
Current liabilities	639,109	594,380
Long term debt	372,196	447,767
	<hr/>	<hr/>
1,011,305	1,042,147	
Equity, beginning of year	1,570,162	1,806,836
Net loss	(13,990)	(236,674)
	<hr/>	<hr/>
1,556,172	1,570,162	
	<hr/>	<hr/>
2,567,477	2,612,309	

	<b>2014</b>	2013
Revenue	95,700	5,676
Expenses	109,690	242,350
	<hr/>	<hr/>
Net loss	(13,990)	(236,674)

Skwah First Nation investment in Centre Creek Limited Partnership was established for the purpose of purchasing or otherwise acquiring real and personal property of all kinds located in the Chilliwack River Valley. The partnership is also responsible for managing the acquired properties.

Centre Creek Management Limited was established as the general partner of Centre Creek Limited Partnership.

**Skwah First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2014*

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**7. Investment in joint venture**

The Skwah Probyn Forestry Management Venture (A Joint Venture) was started to manage, harvest and market logs in the Jones Lake area.

A summary of the financial position of the joint venture as at March 31, 2014 is as follows:

	<b>2014</b>
Current assets	140,653
Current liabilities	5,703
Venturer's contribution	140,653
Net loss	(5,703)
Venturer's capital, end of year	134,950
	140,653
Revenue	-
Expenses	5,703
Net loss	(5,703)

**8. Funds held in Ottawa Trust Fund**

Capital and revenue trust moneys are transferred to the First Nation on the authorization of the Minister of Aboriginal Affairs and Northern Development Canada, with the consent of Skwah First Nation's Council.

	<b>2014</b>	<b>2013</b>
<b>Capital Trust</b>		
Balance	568,165	568,165
<b>Revenue Trust</b>		
Balance, beginning of year	253,449	233,461
Interest	23,463	18,779
B.C. Special	1,194	1,209
Balance, end of year	278,106	253,449
	846,271	821,614

**Skwah First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2014*

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**9. Long-term debt**

	<b>2014</b>	<b>2013</b>
Coast Capital: school bus loan - blended monthly payments of \$1,096 bearing interest at 8.25% per annum, due November 2016, secured by a specific asset with a net book value of \$27,347.	<b>31,378</b>	41,480

Interest on long-term debt in the current year amounted to \$3,047.

Repayments of long-term debt in each of the next three years are estimated as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2015	10,968	2,181	13,149
2016	11,909	1,240	13,149
<u>2017</u>	8,501	265	8,766
	<hr/>	<hr/>	<hr/>
	31,378	3,686	35,064

**10. Contingent liabilities**

As at March 31, 2014 the First Nation was contingently liable in respect of guaranteed individual Band Member mortgages with Canada Mortgage and Housing Corporation loans totalling \$4,941 (2013 - \$8,647).

**11. Prepaid expenses**

	<b>2014</b>	<b>2013</b>
City of Chilliwack - municipal services	16,197	13,804
Insurance	3,756	3,720
Social development	16,177	13,037
Student allowances and tuition	34,944	27,543
Aboriginal housing management	-	3,600
	<hr/>	<hr/>
	71,074	61,704

**Skwah First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2014*

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**12. Tangible capital assets**

	<b>Cost</b>	<b>Additions</b>	<b>Disposals</b>	<b>Accumulated amortization</b>	<b>2014 Net book value</b>
Buildings	1,664,661	-	-	826,459	838,202
Housing	2,598,045	-	-	2,517,532	80,513
Machinery and equipment	33,603	-	-	33,603	-
Roads	302,450	26,150	-	220,588	108,012
Water systems	401,990	-	-	124,281	277,709
Utility systems	98,576	-	-	57,571	41,005
Bridges	370,045	-	-	345,042	25,003
Computers and copiers	42,412	-	-	41,087	1,325
Office furniture	77,441	-	-	42,446	34,995
Vehicles	148,277	-	-	112,047	36,230
Land improvements	42,252	-	-	9,845	32,407
	<b>5,779,752</b>	<b>26,150</b>	<b>-</b>	<b>4,330,501</b>	<b>1,475,401</b>

	<b>Cost</b>	<b>Additions</b>	<b>Disposals</b>	<b>Accumulated amortization</b>	<b>2013 Net book value</b>
Buildings	1,664,661	-	-	791,299	873,362
Housing	2,598,045	-	-	2,484,061	113,984
Machinery and equipment	33,603	-	-	33,266	337
Roads	302,450	-	-	215,534	86,916
Water systems	401,990	-	-	118,921	283,069
Utility systems	98,576	-	-	56,257	42,319
Bridges	370,045	-	-	343,709	26,336
Computers and copiers	42,412	-	-	39,100	3,312
Office furniture	77,441	-	-	42,446	34,995
Vehicles	148,277	-	-	101,346	46,931
Land improvements	42,252	-	-	8,437	33,815
	<b>5,779,752</b>	<b>-</b>	<b>-</b>	<b>4,234,376</b>	<b>1,545,376</b>

Amortization expense of \$96,126 (2013 - \$97,171) was recorded in the Capital Fund.

**13. Accumulated surplus**

Accumulated surplus consists of the following:

	<b>2014</b>	<b>2013</b>
Equity in Ottawa Trust	846,270	821,613
Equity in tangible capital assets	1,444,024	1,503,898
Unrestricted surplus	1,975,391	2,004,594
	<b>4,265,685</b>	4,330,105

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**14. Economic dependence**

Skwah First Nation receives substantially all of its revenue from various federal and provincial government agencies and is therefore economically dependent on them.

**15. Financial Instruments**

Skwah First Nation as part of its operations carries a number of financial instruments. It is management's opinion that the First Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

***Interest rate risk***

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. In seeking to minimize the risks from interest rate fluctuations, the First Nation manages exposure through its normal operating and financing activities.

Skwah First Nation is exposed to interest rate price risk with respect to its term deposits with Royal Bank of Canada (RBC bank) and long-term debt with Coast Capital as they are at fixed interest rates. The First Nation carries ten term deposits with RBC bank and one loan with Coast Capital that are at fixed rates.

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**16. Segments**

Skwah First Nation, receives revenues and incurs expenses from many different projects and sources. For management and reporting purposes, the revenues, expenses and surpluses or deficits are organized by segments. Schedules 2 - 10 disclose the First Nation's revenues and expenses in the following segments:

*Administration*

Includes general operations, support, and financial management of Skwah First Nation.

*Education*

Includes revenues and expenses related to primary, secondary and post secondary education of the members of Skwah First Nation.

*Health*

Includes activities related to the provision of health services within Skwah First Nation.

*Housing*

Includes rent collection and maintenance related to the homes owned by Skwah First Nation.

*Social Development*

Includes revenues and expenses relating to the social assistance of the members of Skwah First Nation.

*Maintenance*

Includes revenues and expenditures related to maintenance of community infrastructure.

*Employment*

Includes activities related to the growth and revenue producing projects with Skwah First Nation.

*Ottawa Trust Fund*

Includes funds held in trust by the Government of Canada on behalf of Skwah First Nation.

*Capital Fund*

Includes revenue and expenditures related to capital projects.

**17. Transition to First Nations Health Authority**

Health Canada has transferred its funding responsibilities to First Nations Health Authority (FNHA) in accordance with a Three Party Novation Agreement signed by Her Majesty the Queen in Right of Canada, First Nations Health Authority, and Skwah First Nation.

The FNHA and Skwah First Nation are deemed to have entered into a new agreement between themselves commencing on October 1, 2013, having terms that are identical to those of the previous agreement between Health Canada and Skwah First Nation.

The new Health Funding Contribution Agreement has had no impact on the First Nation's financial position or operations. The allocation of funds received from Health Canada and FNHA, together with expenses associated with the contributions, are as follows:

	<i>Health Canada</i>	<i>FNHA</i>	<i>Total</i>
Revenues	155,964	155,954	311,918
Expenses	(152,399)	(140,139)	(292,538)
<b>Operating surplus</b>	<b>3,565</b>	<b>15,815</b>	<b>19,380</b>