



**Squiala First Nation
Financial Statements**

March 31, 2014

Squiala First Nation
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For the year ended March 31, 2014

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Squiala First Nation
MARCH 31, 2014

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying summary financial statements of Squiala First Nation are the responsibility of management and have been approved by Chief and Council

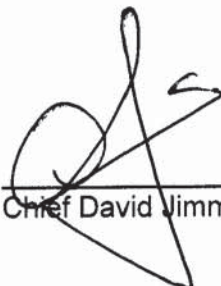
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

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

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

The external auditors, Ribeyre & Company conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Squiala First Nation and meet when required.



Chief David Jimmie

INDEPENDENT AUDITOR'S REPORT

To: The Members of Squiala First Nation

Squiala First Nation

Report on the Financial Statements

We have audited the accompanying summary financial statements of **Squiala First Nation**, which comprise the summary statement of financial position as at March 31, 2014, and the summary statement of operations, summary statement of change in net debt, summary statement of 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 generally accepted accounting principles, 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 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 auditor's 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 auditor considers internal control 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.

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 financial statements present fairly, in all material respects, the financial position of **Squiala First Nation** as at March 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Port Coquitlam, B.C.
July 28, 2014

Rebye & Company
Chartered Accountants

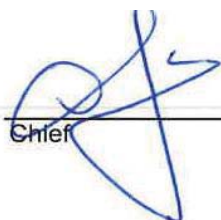
Squiaala First Nation

SUMMARY STATEMENT OF FINANCIAL POSITION

As at March 31, 2014	Statement 1	
	2014	2013
Financial assets		
Cash - note 3	\$ 502,507	\$ 242,652
Restricted cash - note 3	748,790	690,131
Accounts receivable - note 4	394,798	553,173
Temporary investments - note 5	4,157,307	4,121,514
Investments - Note 6	19,794,313	19,608,300
Due from related party - Note 7	10,979,976	11,038,360
Trust moneys - note 8	12,617	12,574
	36,590,308	36,266,704
Liabilities		
Accounts payable and accrued liabilities	3,930,902	3,869,979
Deferred revenue - note 9	16,277,178	16,445,308
Long-term debt - note 10	3,016,339	3,176,828
	23,224,419	23,492,115
Net financial assets	13,365,889	12,774,589
Non-financial assets		
Prepaid expenses	21,970	15,337
Tangible capital assets - note 11	9,593,122	10,031,511
Total non-financial assets	9,615,092	10,046,848
Accumulated surplus - note 12	\$ 22,980,981	\$ 22,821,437

See accompanying notes

On behalf of Chief and Council:



Chief



Councilor

Squia First Nation

SUMMARY STATEMENT OF OPERATIONS

As at March 31, 2014

Statement 2

	Budget	2014	2013
Revenue			
Aboriginal Affairs and Northern Development Canada	\$ 1,084,858	\$ 1,438,618	\$ 833,334
Indian Association of Aboriginal Friendship Centers	-	-	38,355
Seabird Island First Nation	4,100	52,087	77,386
Sto:lo First Nation	74,804	64,396	68,306
City of Chilliwack	-	-	61,122
Property taxes	1,430,000	1,459,928	1,616,906
First Nation Education Steering Committee	2,863	32,754	2,863
Other revenue	-	258,777	171,607
Canada Mortgage and Housing Corporation	-	30,997	32,501
Rental revenue	270,000	305,840	351,407
Sto: P Joint Venture	10,000	-	19,988
Sto:LP Investment	-	15,000	4,038
Ottawa Trust revenues	-	800	735
Interest income	82,474	67,521	115,812
	2,959,099	3,726,718	3,394,360
Expenses			
Land and government	339,462	386,868	1,090,943
Community infrastructure	342,432	319,686	395,537
Capital programs	407,706	774,618	619,001
Economic development	843,900	899,435	290,132
Education and training	380,231	605,218	404,268
Housing	-	105,854	141,475
Investments	-	179,107	163,138
Social programs	424,524	424,017	529,636
	2,738,255	3,694,803	3,634,130
Annual surplus (deficit)		31,915	(239,770)
Accumulated surplus, beginning of year		22,821,437	23,489,745
Equity (decrease) increase in investments		127,629	(423,554)
Recoveries		-	(4,984)
Accumulated surplus, end of year		\$ 22,980,981	\$22,821,437

See accompanying notes

Squiala First Nation

SUMMARY STATEMENT OF NET ASSETS

For the year ended March 31, 2014

Statement 3

	2014	2013
Annual surplus (deficit)	\$ 31,915	\$ 239,770
Recoveries in the year	-	4,984
	31,915	244,754
Changes in tangible capital assets		
Acquisition of tangible capital assets	(64,414)	167,739
Amortization of tangible capital assets	502,803	380,634
	438,389	212,895
Changes in other non-financial assets		
Equity withdrawals/contributions in investments	127,629	423,554
Prepaid expenses and deposits	(6,633)	2,542
	120,996	421,012
Increase (decrease) in net financial assets	591,300	452,871
Net financial assets at beginning of year	12,774,589	13,227,460
Net financial assets at end of year	\$ 13,365,889	\$ 12,774,589

See accompanying notes

Squia First Nation

SUMMARY STATEMENT OF CASH FLOWS

For the year ended March 31, 2014

Statement 4

	2014	2013
OPERATING ACTIVITIES		
Revenue received	\$ 3,860,465	\$ 2,732,023
Expenses paid	(3,137,710)	(3,117,436)
Cash generated by (used in) operating activities	722,755	(385,413)
INVESTING ACTIVITIES		
Investment in temporary investments	(35,793)	(1,676)
Purchases of return on investments - net	(201,886)	(510,787)
Advance to Squia Holdings Limited Partnership	58,384	557,191
Net change in Ottawa Trust funds	(43)	2
Purchase and construction of capital assets	(64,414)	(167,739)
Cash used in investing activities	(243,752)	(123,009)
FINANCING ACTIVITIES		
Repayment of long-term debt	(160,489)	(160,793)
Cash used in financing activities	(160,489)	(160,793)
Increase (decrease) in cash during the year	318,514	(669,215)
Cash, beginning of year	932,783	1,601,998
Cash, end of year	\$ 1,251,297	\$ 932,783
Represented by		
Cash	\$ 502,507	\$ 242,652
Restricted cash	748,790	690,131
	\$ 1,251,297	\$ 932,783

See accompanying notes

Squiala First Nation

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

See Auditor's Report

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

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

a) Fund accounting

The Squiala First Nation 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. The Squiala First Nation maintains the following funds:

- The Operating Fund which reports the general activities of the First Nation administration
- The Investment Fund which reports the investment activities of the First Nation
- 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 a third party

b) Reporting entity and principles of financial reporting

The Squiala First Nation reporting entity includes the Squiala First Nation government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation except those which qualify as government business enterprises.

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

- Squiala First Nation Operating Fund
- Squiala First Nation Investment Fund
- Squiala First Nation Social Housing Fund
- Squiala First Nation Trust Fund

Investments in government business enterprises and government business partnerships are included in the summary financial statements using the modified equity method. They have been reported as financial assets under Public Sector Accounting Board standard P1000.40. These include:

- Squiala Holdings Limited Partnership 100% interest
- Squiala Holdings LP Ltd 100% interest
- Ch-ih-ay-uh Forestry Limited Partnership 12.4% interest
- Ch-ih-ay-uh Tribe Society 11% interest

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

Squiala First Nation

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

See Auditor's Report

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Fixed assets

Fixed assets are valued at either cost or estimated cost and either recorded in the Operating or the Social Housing Fund.

The acquisition costs of fixed 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 Operating Fund with a corresponding increase in Equity in Fixed Assets.

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

d) Depreciation

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

Buildings and infrastructure	40 years, straight line
Equipment	5 years, straight line
Automotive	10 years, straight line

Social Housing assets acquired under Canada Mortgage and Housing Corporation sponsored housing programs are depreciated at a rate equivalent to the annual principal reduction in the related long-term debt, as required for Canada Mortgage and Housing Corporation reporting purposes. To be consistent, housing assets in the Operating Fund are also depreciated at a rate equivalent to the annual principal reduction in the related long-term debt.

Squiala First Nation

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

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1. Continued...

e) Revenue Recognition

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

f) 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 and reported amounts of revenues and expenditures during the reported period. Actual results could differ from the estimates.

g) Financial assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not consumed in the normal course of operations. The indicator of net financial assets is determined by deducting the financial assets of the Squiala First Nation from its liabilities. Financial assets are primarily measured at historical cost.

h) Non-financial assets

Fixed assets and other non-financial assets are accounted for as assets by the Squiala First Nation because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Squiala First Nation unless they are sold.

2. ECONOMIC DEPENDENCE

The Squiala First Nation receives a major portion of its revenue pursuant to a funding arrangement with Aboriginal Affairs and Northern Development Canada.

Squiala First Nation

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

See Auditor's Report

3. CASH AND RESTRICTED CASH

Cash is comprised of the following:

	2014	2013
Operating fund	\$ 428,028	\$ 173,266
Social housing fund	74,479	69,386
	\$ 502,507	\$ 242,652

Restricted cash is comprised of the following:

	2014	2013
Operating fund	\$ 499,840	\$ 462,240
Social housing fund	248,950	227,891
	\$ 748,790	\$ 690,131

4. ACCOUNTS RECEIVABLE

	2014	2013
Trade	\$ 392,255	\$ 477,680
Aboriginal Affairs and Northern Development Canada	-	72,891
Canadian Mortgage and Housing Corporation	2,543	2,602
	\$ 394,798	\$ 553,173

5. TEMPORARY INVESTMENTS

Temporary investments consist of guaranteed investment certificates bearing interest between 1.7% and 2.35% with maturities between July 2014 and November 2015.

Squiala First Nation

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

See Auditor's Report

6. INVESTMENTS

	2014	2013
Squiala Holdings Limited Partnership 100% owned		
Accumulated net earnings	\$ 18,701,564	\$ 18,701,564
Chi-ihl-ay-uh Forestry Limited Partnership 12.4% partner		
Accumulated net earnings	18,399	39,745
Chi-ihl-ay-uh Tribe Society 11.1% partner		
Accumulated net earnings	45,768	40,295
Squiala Holdings LP Limited 100% owned		
Shares	100	100
Tsilexeye Tribe Management Ltd 14.3% owned		
Shares	1	1
Tsilexeye Tribe Limited Partnership 14.3% owned		
Accumulated net earnings	848,839	645,414
Centre Cree Limited Partnership 14.3% owned		
Accumulated net earnings	179,642	181,181
	\$ 19,794,313	\$ 19,608,300

7. DUE FROM RELATED PARTY

The balance due from related party represents a net advance to Squiala Holdings Limited Partnership to support its net capital investment in Eagle Landing Developments Limited Partnership for an equal value.

Squia First Nation

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8. TRUST MONEYS

	March 31, 2013	Additions	Withdrawals	March 31, 2014
Revenue	\$ 596	\$ 800	\$ 1757	\$ 639
Capital	11,978	-	-	11,978
	\$ 12,574	\$ 800	\$ 1757	\$ 12,617

The Ottawa Trust 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 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.

9. DEFERRED REVENUE

	2014	2013
Operating Fund		
Road paving - CP 3303	\$ 171,760	\$ 171,760
Hall rental security deposits	5,164	4,114
Investment Fund		
Wagles Landing Development Limited Partnership lease	16,100,254	16,269,434
	\$ 16,277,178	\$ 16,445,308

The lease to Wagles Landing Development Limited Partnership has an amortization period of 99 years.

Squia First Nation

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10. LONG-TERM DEBT

	2014	2013
Mortgage payable maturing December 1, 2016 with monthly payments of \$1,425 including interest at 1.64% secured by real property and a ministerial guarantee	\$ 55,418	\$ 71,464
Mortgage payable maturing April 1, 2017 with monthly payments of \$1,790 including interest at 1.67% secured by real property and a ministerial guarantee	159,205	177,864
Mortgage payable maturing January 1, 2019 with monthly payments of \$1,616 including interest at 2.11% secured by real property and a ministerial guarantee	170,776	185,919
Mortgage payable maturing April 1, 2019 with monthly payments of \$1,189 including interest at 1.92% secured by real property and a ministerial guarantee	130,730	142,446
Mortgage payable maturing October 31, 2017 with monthly payments of \$15,630 including interest at 3.47% secured by real property and a ministerial guarantee	2,500,210	2,599,135
	3,016,339	3,176,828
Less: current portion	(166,165)	(331,009)
	\$ 2,850,174	\$ 2,845,819

Principal payments expected over the next five years are 2015: \$166,165 2016: \$170,953 2017: \$181,547 2018: \$2,313,537 and 2019: \$30,856

Squiala First Nation

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

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11. TANGIBLE CAPITAL ASSETS

	2014								2013	
	Beginning				Ending					
	Beginning Cost	Additions	Disposal	Ending Cost	Accumulated Depreciation	Depreciation	Disposal	Accumulated Depreciation	Net Book Value	Net 000 Value
Operating fund										
Office furniture and equipment	\$ 184,208	\$ 4,060	\$ -	\$ 188,268	\$ 62,239	\$ 35,144	\$ -	\$ 97,383	\$ 90,885	\$ 121,969
Infrastructure assets	2,675,229	-	-	2,675,229	701,707	66,881	-	768,588	1,906,641	1,973,522
Computer equipment	37,186	41,873	-	79,059	20,710	6,764	-	27,474	51,585	16,476
Automotive equipment	113,167	-	-	113,167	23,568	10,967	-	34,535	78,632	89,599
Equipment - other	174,675	18,481	-	193,156	73,307	32,655	-	105,962	87,194	101,368
Buildings	7,230,992	-	-	7,230,992	635,434	288,828	-	924,262	6,306,730	6,595,558
	10,415,457	64,414	-	10,479,871	1,516,965	441,239	-	1,958,204	8,521,667	8,898,492
Social housing fund										
Residential buildings	1,752,667	-	-	1,752,667	619,648	61,564	-	681,212	1,071,455	1,133,019
	\$ 12,168,124	\$ 64,414	\$ -	\$ 12,232,538	\$ 2,198,177	\$ 502,803	\$ -	\$ 2,639,416	\$ 9,593,122	\$ 10,031,511

Squia First Nation

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

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12. ACCUMULATED SURPLUS

	2014	2013
Accumulated surplus is comprised of the following:		
Restricted surpluses		
Trust fund	\$ 12,617	\$ 12,574
CIBC replacement reserve	252,501	293,126
Equity in tangible capital assets	6,576,783	6,890,304
Unrestricted surplus	16,139,080	15,625,433
	\$ 22,980,981	\$ 22,821,437

13. REPLACEMENT RESERVE FUND

In accordance with the terms and conditions of the Operating Agreement with Canada Mortgage and Housing Corporation, Squia First Nation Social Housing 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 bank account with any interest earned to be credited as revenue to the Replacement Reserve fund.

As at March 31, 2014 the reserve was deficient by \$79,303 (2013-nil).

14. CONTINGENT LIABILITIES

In the normal course of operations, the First Nation has become contingently liable for indebtedness of its members.

The First Nation has guaranteed two loan amounts owed by members to a Canadian bank. At March 31, 2014 the aggregate guaranteed balances under these loans is \$277,654 (2013 - \$295,175).