TERESA I. KLASSEN INC.*
Certified General Accountant

July 23, 2015

Aboriginal Affairs and Northern Development Canada
Suite 600 - 1138 Melville Street
Vancouver, B.C.
V6E 4S3

Attn: Brock Worobel

Dear Brock:

Re: Leq'a:mel First Nation

Please find enclosed two files for Leq'a:mel First Nation the year ended March 31, 2015.

The first file contains the audited consolidated financial statements as at March 31, 2015 and the Schedule of Remuneration and Expenses for Elected Officials of the First Nation.

The second file contains the Notice to Reader and program schedules of revenue, expenses and surplus (deficit) along with the schedule of remuneration and expenses for unelected senior officials.

If you have any questions, please contact the writer directly.

Yours truly,

TERESA I. KLASSEN INC.

TKlassen

Teresa Klassen, CPA, CGA

Encl.

2015 JUL 27 AM 11:48

228 - 1120 25th Street NE, Salmon Arm, BC V1E 2S3
Phone: 250-833-4519 Fax: 250-833-6577 teresa.klassen@tkinc.ca
*denotes professional corporation

Consolidated Financial Statements of

LEQ'A:MEL FIRST NATION

Year Ended March 31, 2015

LEQ'A:MEL FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
Year Ended March 31, 2015

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Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of the Leq'a:mel First Nation and related information contained in these financial statements 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 prescribed for governments as recommended by the Public Sector Accounting Board 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.

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

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

The external auditor, Teresa I. Klassen Inc. Chartered Professional Accountant, conducts an independent examination, in accordance with Canadian auditing standards, and expresses her opinion on the consolidated financial statements. on behalf of the members. The external auditor has full and free access to financial management of Leq'a:mel First Nation and meet when required.

On behalf of Leq'a:mel First Nation:

Chief

Sandy McDonald Councillor

Councillor

Councillor

Councillor

TERESA I. KLASSEN INC.*
Certified General Accountant

To the Members
Leq'a:mel First Nation

INDEPENDENT AUDITOR'S REPORT

I have audited the accompanying financial statements of Leq'a:mel First Nation, which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statements of operations and accumulated surplus, consolidated statement of change in net financial assets (net debt) and consolidated statement of cash flows for the year ended March 31, 2015, 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 excluding the PS 4200 series, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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.

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

Opinion
In my opinion, the financial statements present fairly, in all material respects, the financial position of Leq'a:mel First Nation as at March 31, 2015, and its financial performance and its cash flows for the year ended March 31, 2015, in accordance with Canadian Public Sector Accounting Standards excluding the PS 4200 series.

Teresa I Klassen Inc.

CHARTERED PROFESSIONAL ACCOUNTANT

Salmon Arm, BC
July 21, 2015

228 - 1120 25th Street NE, Salmon Arm, BC V1E 2S3
Phone: 250-833-4519 Fax: 250-833-6577 teresa.klassen@tkinc.ca
*denotes professional corporation

LEQ'A:MEL FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
March 31, 2015

	2015	(Restated) 2014
FINANCIAL ASSETS		
Cash and cash equivalents (Notes 1 & 2)	$ 1,042,276	$ 1,323,822
Accounts receivable (Note 3)	179,300	270,563
Inventory for resale (Note 4)	16,562	8,239
Due from government and other government organizations (Note 5)	49,392	38,407
Loans receivable (Note 6)	385,058	344,784
Advances to related parties (Note 12)	1,422	1,422
Trust funds held by federal government (Note 7)	197	1,139
Investments in government business enterprises (Note 8)	1	1
Investments in government business partnerships (Note 9)	943,422	962,851
	2,617,630	2,951,228
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities (Note 10)	155,426	340,263
Due to government and other government organizations (Note 11)	143,222	188,624
Deferred revenue (Note 13)	75,116	53,107
Long-term debt (Note 14)	430,936	596,344
	804,700	1,178,338
Net Financial Assets (Net Debt)	1,812,930	1,772,890
NON-FINANCIAL ASSETS		
Tangible capital assets (Notes 1 & 15)	7,052,343	7,311,770
Prepaid expenses (Notes 1 & 16)	53,210	24,113
	7,105,553	7,335,883
Accumulated Surplus (Note 21)	$ 8,918,483	$ 9,108,773

Contingent liabilities (Note 17)

APPROVED BY:

Sandy McDonald

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

LEQ'A:MEL FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
Year Ended March 31, 2015

	2015	(Restated) 2014
REVENUE		
Aboriginal Affairs and Northern Development Canada	$ 1,414,716	$ 1,705,895
AANDC reimbursements (recoveries)	(5,864)	(136,235)
AANDC deferred revenue	(21,025)	-
Rental / Land lease income	716,442	727,113
Cigarette and confection sales	356,377	323,920
Property taxes and dyking fees	136,381	138,559
Sto:lo Nation	115,974	118,252
Province of British Columbia	104,634	158,863
Canada Mortgage and Housing Corporation	95,961	30,595
User fees	63,954	60,141
Environment Canada	46,987	-
First Nation Health Authority	25,000	-
0812995 B.C. Ltd dba Czar Caviar	19,024	23,109
BC Hydro	14,823	9,411
First Nations Financial Management Board	10,000	-
Sto:lo Aboriginal Skills & Employment Training	6,856	8,869
Trans Mountain Pipeline, LP	5,000	35,000
First Nations Education Steering Committee	2,310	-
The SHAC Joint Venture	-	33,750
Canada Revenue Agency	-	6,710
Maturing units adjustment	-	56,529
New Relationship Trust	-	4,500
Tera Environmental Consultants	-	38,217
Interest	16,437	17,153
Gain (loss) on disposal of capital assets	-	(81,384)
Net income from trust funds held by federal government	933	925
Net income (loss) from business enterprises and partnerships	(19,429)	640,818
Other	21,320	32,323
	3,126,811	3,953,033
EXPENDITURE		
Administration	279,912	254,243
Business and Investments	1,224,242	991,600
Education and Employment	178,596	179,661
Maintenance	224,030	260,900
Capital Projects	22,618	276,666
Environmental Services	-	31,874
Social Development	343,093	331,530
Health Services	112,966	104,814
Lands Management	625,528	411,637
Non-Profit Housing	46,689	41,778
Amortization	259,427	336,700
	3,317,101	3,221,403
ANNUAL SURPLUS (DEFICIT)	(190,290)	731,630
ACCUMULATED SURPLUS, beginning of year	9,108,773	8,377,143
ACCUMULATED SURPLUS, end of year	$ 8,918,483	$ 9,108,773

Segment Disclosure (Note 25).

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

LEQ'A:MEL FIRST NATION
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (NET DEBT)
March 31, 2015

	2015	(Restated) 2014
Excess of revenues over expenses	$ (190,290)	$ 731,630
Acquisition of tangible capital assets	-	(5,400)
Amortization of tangible capital assets	259,427	336,700
Capital asset disposal	-	81,384
	69,137	1,144,314
Acquisition of prepaid expenses	(53,210)	(24,113)
Use of prepaid expenses	24,113	20,982
Change in net financial assets (Net debt)	40,040	1,141,183
NET FINANCIAL ASSETS (NET DEBT), beginning of year	1,772,890	631,707
NET FINANCIAL ASSETS (NET DEBT), end of year	$ 1,812,930	$ 1,772,890

LEQ'A:MEL FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOWS
March 31, 2015

	2015	(Restated) 2014
OPERATING ACTIVITIES		
Annual Surplus (deficit)	$ (190,290)	$ 731,630
Items not affecting cash		
Disposal of tangible capital assets	-	81,384
Amortization of tangible capital assets	259,427	336,700
Net loss (income) from government business enterprises and partnerships	19,429	(640,818)
Changes in non-cash items on Consolidated Statement of Financial Position:	88,566	508,896
Accounts receivable	91,263	(34,370)
Inventory for resale	(8,323)	(70)
Due from Government and other government organizations	(10,985)	8,961
Loans receivable	(40,274)	(23,311)
Prepaid expenses	(29,097)	(3,131)
Accounts payable	(184,837)	219,593
Due to Government and other government organizations	(45,402)	118,407
Deferred revenue	22,009	(2,019)
Cash provided by (used for) operating activities	(117,080)	792,956
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	-	(5,400)
Cash provided by (used for) capital activities	-	(5,400)
INVESTING ACTIVITIES		
Advances from related parties	-	(89,172)
Investments in trust funds held by federal government	942	(27)
Cash provided by (used for) investing activities	942	(89,199)
FINANCING ACTIVITIES		
Payment of debt	(165,408)	(241,791)
Cash provided by (used for) financing activities	(165,408)	(241,791)
INCREASE (DECREASE) IN CASH FOR THE YEAR	(281,546)	456,566
CASH, beginning of year	1,323,822	867,256
CASH, end of year	$ 1,042,276	$ 1,323,822
CONSISTING OF:		
Cash and cash equivalents	$ 1,042,276	$ 1,323,822
SUPPLEMENTAL INFORMATION:		
Interest received	$ 16,437	$ 16,236
Interest paid	10,714	16,636

LEQ'A:MEL FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of presentation
These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board.

b) Basis of Accounting
The First Nation follows the accrual method of accounting for revenues and expenditures. See below for the revenue recognition policy. Expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal, constructive, or equitable obligation to pay.

c) Basis of Consolidation
The consolidated financial statements reflect the assets, liabilities, revenues, and expenses of the reporting entity, which is composed of all organizations, which are controlled by Leq'a:mel First Nation.
All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of government business enterprise, which are included in the Consolidated Financial Statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Under the modified equity method of accounting, only Leq'a:mel First Nation's investment in the government business enterprise and the enterprise's net income and other changes in equity and Leq'a:mel First Nation's proportionate share in the business partnerships are recorded.
No adjustment is made for accounting policies of the enterprises or partnerships that are different from those of the First Nation.

Organizations consolidated in Leq'a:mel First Nation's financial statements include:
- Leq'a:mel Taxation Centre

Organizations accounted for on a modified equity basis include:
- The SHAC Joint Venture
- Seven Generations Environmental Services Ltd.
- Leq'a:mel Forestry Limited Partnership
- 807656 B.C. Ltd.

d) Cash and cash equivalents
Cash and cash equivalents include cash on hand and balances with banks net of bank overdrafts and term deposits having a maturity of twelve months or less at acquisition which are held for the purpose of meeting short-term cash commitments.

e) 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.

f) Inventories held for resale
Inventories of cigarettes and confectionary available for resale are recorded at the lower of cost and net realizable value.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Tangible Capital Assets

As a non-financial asset, tangible capital assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and the Leq'a:mel First Nation's incremental cost of borrowing.

The cost of the tangible capital assets, excluding land, is amortized on a straight-line basis over their estimated useful lives as follows:

Water mains	100	years
Hydrants	75	years
Pumphouses	50	years
Reservoirs	75	years
Wells	25	years
Standpipes	75	years
Forcemains	50	years
Gravity sewers	100	years
Lift stations	50	years
Communal septic tanks	75	years
Communal disposal fields	50	years
Grinder pumps	15	years
Individual septic tanks and fields	25	years
Storm mains	100	years
Paved roads	20	years
Gravel roads	40	years
Land improvements	20	years
Buildings	40	years
Machinery and equipment	10	years
Automotive	5	years
Computer hardware and software	5	years
Office furniture and equipment	8	years

Assets under construction are not amortized until the asset is available for productive use.
Annual amortization is charged in the year of disposal.
Amortization is not charged in the year of acquisition.

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 expenses in the consolidated statement of operations.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Tangible Capital Assets (continued)

Contributed capital assets are recorded into revenues at their fair market value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets.

h) Prepaid expenses

Prepaid expenses include insurance and social development and are charged to expense over the periods expected to benefit from them.

i) Revenue recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

j) Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

k) Financial instruments

The First Nation's financial instruments consist of cash, receivables, and payables.
Unless otherwise noted, it is management's opinion that the First Nation is not exposed to significant interest, currency, or credit risk arising from these financial instruments.
The fair value of the instruments approximates their carrying values, unless otherwise noted.

l) Measurement Uncertainty

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabiltiies, at the date of the consolidated financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include the useful life of capital assets, and assumptions used in estimating provisions for accrued liabilities.

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. Actual results could differ from these estimates.

LEQ'A:MEL FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Prior year restatements
Prior year figures have been restated where necessary to reflect the adjustments per the AANDC audit review letter dated May 28, 2015.

n) Comparative figures
Certain comparative figures have been restated to conform with the current year's presentation.

2. CASH AND EQUIVALENTS

Under the terms of an agreement with Canada Mortgage and Housing Corporation, Leq'a:mel First Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Replacement Reserve Fund.

Cash is comprised of the following:

	2015	2014
Externally restricted		
Replacement reserve	$ 58,998	$ 58,442
Internally restricted		
Due to Members for Christmas Distribution	6,333	5,300
Damage deposits	29,738	28,457
	36,071	33,757
Unrestricted		
Operating	618,437	846,576
Taxation	328,770	385,047
	947,207	1,231,623
Total cash	$ 1,042,276	$ 1,323,822

3. ACCOUNTS RECEIVABLE

	2015	2014
Due from members:		
Rent - Non-Profit Housing	$ 22,454	$ 69,929
Due from others:		
Property taxes	76,130	99,275
Trailer Park rents	59,451	69,929
Others	21,265	31,430
	156,846	200,634
	$ 179,300	$ 270,563

LEQ'A:MEL FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2015

4. INVENTORY FOR RESALE

	2015	2014
Inventory consists of cigarette, tobacco and confectionary products	$ 16,562	$ 8,239

5. DUE FROM GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

	2015	2014
Federal Government		
Aboriginal Affairs and Northern Development Canada	$ -	$ 7,000
Canada Mortgage and Housing Corporation	15,804	1,844
Other government organizations	33,588	29,563
	$ 49,392	$ 38,407

6. LOANS RECEIVABLE

	2015	2014
Loans to members, non-interest bearing, without fixed repayment terms	$ 385,058	$ 344,784

7. TRUST FUNDS HELD BY FEDERAL GOVERNMENT

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

	March 31 2014	2015 Additions	2015 Withdrawals	March 31 2015
Revenue	$ 944	$ 950	$ 1,892	$ 2
Capital	195	-	-	195
	$ 1,139	$ 950	$ 1,892	$ 197

8. INVESTMENTS IN GOVERNMENT BUSINESS ENTERPRISES

Leq'a:mel First Nation owns 100% of 807656 B.C. Ltd.

Leq'a:mel First Nation's investments in government business enterprises consist of the following:

	2015	2014
807656 B.C. Ltd.	$ 1	$ 1

The following table presents condensed financial information for this commercial enterprise, which has a fiscal year end of December 31.

	Dec 31 2014	Dec 31 2013
Bank	$ 527,161	$ 536,124
GST receivable	-	439
Investment in related parties	6,290	6,658
Total Assets	$ 533,451	$ 543,221
Accounts payable and accrued liabilities	$ 1,000	$ 1,000
Due to related parties	531,646	541,278
Total liabilities	532,646	542,278
Equity	805	943
Total liabilities and equity	$ 533,451	$ 543,221
Revenue	$ 1,600	$ 7,325
Expenses	1,738	4,126
Net Income	$ (138)	$ 3,199

807656 B.C. Ltd. is the general partner for Leq'a:mel Forestry Limited Partnership.

LEQ'A:MEL FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2015

9. INVESTMENTS IN GOVERNMENT BUSINESS PARTNERSHIPS

Leq'a:mel First Nation owns 99% of Leq'a:mel Forestry Limited Partnership.
Leq'a:mel First Nation owns 16.67% of The SHAC Joint Venture.
Seven Generations Environmental Services Ltd. is wholly owned subsidiary of The SHAC Joint Venture.

The consolidated financial statements of The SHAC Joint Venture include the financial activities of the joint venture and Seven Generations Environmental Sevices Ltd.

Leq'a:mel First Nation's investments in government business partnerships consist of the following:

	2015	2014
Leq'a:mel Forestry Limited Partnership	$ 622,753	$ 659,175
The SHAC Joint Venture	320,669	303,676
	$ 943,422	$ 962,851

The following table presents condensed financial information for these commercial partnerships.
The Leq'a:mel Forestry Limited Partnership has a fiscal year end of December 31.

	Consolidated The SHAC Joint Venture	Leq'a:mel Forestry Limited Partnership	Total 2015	Total 2014
Cash	$ 1,692,235	$ 5,092	$ 1,697,327	$ 1,757,573
Accounts receivable	200,579	44,858	245,437	118,710
Reserve holdbacks	-	51,854	51,854	130,237
Prepaid expenses and deposits	4,257	-	4,257	4,801
Property, plant and equipment	66,493	-	66,493	65,153
Total Assets	$ 1,963,564	$ 101,804	$ 2,065,368	$ 2,076,474
Bank indebtedness	$ -	$ -	$ -	$ 25,000
Accounts payable & accruals	30,070	2,986	33,056	50,971
Due to (from) related parties	-	(530,225)	(530,225)	(539,857)
Deferred revenue	-	-	-	39,750
Debt	9,480	-	9,480	12,721
Total liabilities	39,550	(527,239)	(487,689)	(411,415)
Capital	1,924,014	629,043	2,553,057	2,487,889
Total liabilities and equity	$ 1,963,564	$ 101,804	$ 2,065,368	$ 2,076,474
Revenue	$ 839,005	$ 17	$ 839,022	$ 2,699,964
Expenses	737,045	36,807	773,852	2,001,605
Net Income	$ 101,960	$ (36,790)	$ 65,170	$ 698,359

The SHAC Joint Venture invests, manages and distributes the ILM funds for the benefit of the Joint Venturer's member communities.
The Leq'a:mel Forestry Limited Partnership operates a timber harvesting and log marketing business.

LEQ'A:MEL FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2015

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2015	2014
Trade payables	$ 65,454	$ 269,812
Due to members - Distribution	6,333	5,300
Accrued salaries and benefits payable	28,384	28,651
Other accrued liabilities	55,255	36,500
	$ 155,426	$ 340,263

11. DUE TO GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

	2015	(Restated) 2014
Federal Government		
Aboriginal Affairs and Northern Development Canada	$ 142,009	$ 181,946
Canada Revenue Agency	1,213	6,678
	$ 143,222	$ 188,624

Amounts due to government and other government organizations are due on demand.

12. ADVANCES TO/FROM RELATED PARTIES

Advances to (from) related parties consist of the following:

	2015	2014
807656 B.C. Ltd.	$ 1,422	$ 1,422

The advances are unsecured, non-interest bearing and without fixed terms of repayment.

13. DEFERRED REVENUE

Deferred Revenue is comprised of the following:

	2015	2014
Sewage Disposal System (CPMS 4991)	$ 23,881	$ 23,881
Community Opportunity Readiness	21,025	-
Damage deposits	29,739	28,457
Unearned property taxes	471	769
	$ 75,116	$ 53,107

14. LONG-TERM DEBT

	2015	2014
Project VI - All Nations Trust Company - CMHC mortgage payable with payments of $2,143 per month, including interest at 2.69% per annum, maturing August 1, 2015. Secured by a ministerial guarantee from Aboriginal Affairs and Northern Development Canada and six housing units	$ 125,808	$ 147,834
Project VII - All Nations Trust Company - CMHC mortgage payable with payments of $1,419 per month, including interest at 1.65% per annum, maturing June 1, 2017. Secured by a ministerial guarantee from Aboriginal Affairs and Northern Development Canada and four housing units	115,105	130,115
Project VIII - All Nations Trust Company - CMHC mortgage payable with payments of $1,950 per month, including interest at 1.92% per annum, maturing April 1, 2019. Secured by a ministerial guarantee from Aboriginal Affairs and Northern Development Canada and seven housing units	190,023	209,592
Community Building - Royal Bank of Canada loan payable with payments of $13,770 per month, including interest at 3.06% per annum, matured and paid in full on November 21, 2014. Secured by general security agreement constituting a first ranking interest in all personal property of the First Nation and the Community Building.	-	108,803
	$ 430,936	$ 596,344

Principal reduction in each of the next five years, assuming debt subject to refinancing is renewed at similar rates and terms, is estimated as follows:

2016	$ 57,802
2017	59,040
2018	60,324
2019	61,637
2020	62,979
Thereafter	129,154
	$ 430,936

LEQ'A:MEL FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2015

15. TANGIBLE CAPITAL ASSETS

	Cost				Accumulated Amortization				Net Book Value	
	Opening Balance	Additions	Disposals, Write offs & Other Adjustments	Closing Balance	Opening Balance	Amortization	Disposals, Write offs & Other Adjustments	Closing Balance	Total 2015	Total 2014
Tangible Capital Assets										
Water mains	$ 1,907,857	$ -	$ -	$ 1,907,857	$ 357,217	$ 19,078	$ -	$ 376,295	$ 1,531,562	$ 1,550,640
Hydrants	59,618	-	-	59,618	15,856	795	-	16,651	42,967	43,762
Pumphouses	67,201	-	-	67,201	31,876	1,344	-	33,220	33,981	35,325
Reservoirs	211,797	-	-	211,797	67,774	2,824	-	70,598	141,199	144,023
Wells	141,152	-	-	141,152	141,152	-	-	141,152	-	-
Standpipes	4,910	-	-	4,910	391	65	-	456	4,454	4,519
Forcemains	278,405	-	-	278,405	36,612	5,568	-	42,180	236,225	241,793
Gravity sewers	562,363	-	-	562,363	51,440	5,624	-	57,064	505,299	510,923
Lift stations	388,293	-	-	388,293	60,150	7,766	-	67,916	320,377	328,143
Communal septic tanks	282,452	-	-	282,452	23,196	3,766	-	26,962	255,490	259,256
Communal disposal fields	612,374	-	-	612,374	76,933	12,247	-	89,180	523,194	535,441
Grinder pumps	120,786	-	-	120,786	48,310	8,052	-	56,362	64,424	72,476
Individual septic tanks and fiel	585,619	-	-	585,619	585,618	1	-	585,619	-	1
Storm mains	793,319	-	-	793,319	112,422	7,933	-	120,355	672,964	680,897
Paved roads	1,745,986	-	-	1,745,986	1,677,617	48,623	-	1,726,240	19,746	68,369
Gravel roads	368,381	-	-	368,381	127,266	9,210	-	136,476	231,905	241,115
Land improvements	11,588	-	-	11,588	10,035	518	-	10,553	1,035	1,553
Buildings	3,608,027	-	-	3,608,027	1,077,178	106,152	-	1,183,330	2,424,697	2,530,849
Machinery and equipment	92,000	-	-	92,000	60,684	6,948	-	67,632	24,368	31,316
Automotive	34,285	-	-	34,285	24,306	6,857	-	31,163	3,122	9,979
Computer hardware/software	9,744	-	-	9,744	6,324	1,710	-	8,034	1,710	3,420
Office furniture/equipment	58,879	-	-	58,879	43,409	4,346	-	47,755	11,124	15,470
	11,945,036	-	-	11,945,036	4,635,766	259,427	-	4,895,193	7,049,843	7,309,270
Land	2,500	-	-	2,500	-	-	-	-	2,500	2,500
Total	$ 11,947,536	$ -	$ -	$ 11,947,536	$ 4,635,766	$ 259,427	$ -	$ 4,895,193	$ 7,052,343	$ 7,311,770

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16. PREPAID EXPENSES

	2015	2014
Social development	$ 21,762	$ 19,753
Student allowance	6,446	-
Lease	20,748	-
Insurance	4,254	4,360
	$ 53,210	$ 24,113

17. CONTINGENT LIABILITIES

Leq'a:mel First Nation has entered into the First Nations On Reserve Loan Program with the Royal Bank of Canada. The total amount available under the program to qualified members of the First Nation is $1,500,000. The maximum individual amount available under the program to each qualified member of the First Nation is $150,000.

18. COMMITMENTS

Leq'a:mel First Nation leases four Photocopiers for $1,389 per month.
The leases expire March 2016.
Future minimum lease payments are as follows:

Year 2016	$ 16,668

19. GOVERNMENT TRANSFERS

	2015	2014
Federal government transfers:		
Aboriginal Affairs and Northern Development Canada	$ 1,414,716	$ 1,705,895
Canada Mortgage and Housing Corporation	95,961	30,595
Environment Canada	46,987	-
Other	122,830	127,153
	1,680,494	1,863,643
Provincial government transfers	104,634	158,863
	$ 1,785,128	$ 2,022,506

20. ECONOMIC DEPENDENCE

The Leq'a:mel First Nation receives a major portion of its revenue from Aboriginal Affairs and Northern Development Canada. The nature and extent of this revenue is of such significance that the First Nation is economically dependent on this source of revenue.

21. ACCUMULATED SURPLUS

Consists of:	2015	(Restated) 2014
Operations Fund	$ 1,233,063	$ 1,320,906
Tangible Capital Asset Fund	6,621,407	6,715,426
Ottawa Trust Fund	197	1,139
Investment in business entities	943,423	962,852
Replacement reserve	120,393	108,450
	$ 8,918,483	$ 9,108,773

22. BUDGETED FIGURES

Unaudited budget figures were not formally approved by the Council and have not been provided for comparison purposes.

23. PRIOR YEAR RESTATED

Prior year figures were restated as follows:

	March 31/14	Increase (Decrease)	Restated March 31/14
Due to Government and other government organizations	$ 196,854	$ (8,230)	$ 188,624
Accumulated surplus	9,100,543	8,230	9,108,773

24. EMPLOYEE BENEFIT OBLIGATIONS

Pension Plan

The Leq'a:mel First Nation provides a defined contribution plan for eligible members of its staff. Members are required to contribute 5% of their salary. The society contributes 5% which contributions are are directed to the member's contribution account. The amount of retirement benefit to be received by the employees will be the amount of retirement annuity that could be purchased based on the member's share of the pension plan at the time of the member's withdrawal from the plan. The First Nation contributed during the year $17,914 (2014 - $19,094) for retirement benefits. The First Nation does not have any other obligations with regards to the pension plan as at March 31, 2015

25. SEGMENTED INFORMATION

Leq'a:mel First Nation provides a range of services to its members. For Management reporting purposes, operations and activities are organized and reported by department. Segments and services provided are as follows:

Administration - includes general operations, support, and financial management of the Society.

Business and Investments - Includes activities related to generating additional revenues for the First Nation and employment opportunities for the First Nation members.

Social Programs - includes the provision of social assistance, health programs, and education programs to the First Nation members.

Lands Management - includes activities related to the development of reserve lands.

Capital Projects - includes activities related to the development infrastructure.

Maintenance - includes the maintenance and repair of the infrastructure.

Capital Fund - includes activities related to the First Nation's tangible capital assets.

Non-Profit Housing - inlcudes the provision of housing to the First Nation members.

25. SEGMENTED INFORMATION (continued)

	Administration			Business and Investments			Social Programs			Lands Management		
	Budget	2015	2014	Budget	2015	2014	Budget	2015	2014	Budget	2015	2014
REVENUE												
Federal government	$ -	$279,772	$ 264,741	$ -	$ 53,975	$ -	$ -	$502,306	$453,915	$ -	$439,233	$379,496
Provincial government	-	-	-	-	103,343	111,788	-	1,291	18,515	-	-	28,560
Other	-	13,196	4,877	-	1,074,900	1,170,472	-	131,510	110,575	-	130,044	103,067
	-	292,968	269,618	-	1,232,218	1,282,260	-	635,107	583,005	-	569,277	511,123
EXPENDITURE												
Amortization	-	-	-	-	-	-	-	-	-	-	-	-
Salaries and benefits	-	130,497	102,456	-	129,097	128,422	-	125,930	134,911	-	194,893	218,940
Debt servicing	-	-	-	-	1,263	6,002	-	-	-	-	-	-
Other	-	149,415	119,784	-	1,093,882	877,179	-	508,725	453,583	-	430,635	264,082
	-	279,912	222,240	-	1,224,242	1,011,603	-	634,655	588,494	-	625,528	483,022
ANNUAL SURPLUS (DEFICIT)	-	13,056	47,378	-	7,976	270,657	-	452	(5,489)	-	(56,251)	28,101

25 SEGMENTED INFORMATION (continued)

	Capital Projects			Maintenance			Capital Fund			Non-Profit Housing		
	Budget	2015	2014	Budget	2015	2014	Budget	2015	2014	Budget	2015	2014
REVENUE												
Federal government	$ -	$ 52,993	$276,666	$ -	$180,245	$201,552	$ -	$ -	$ -	$ -	$ 22,251	$ 30,595
Provincial government	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	63,967	60,141	-	-	(81,384)	-	97,211	178,639
	-	52,993	276,666	-	244,212	261,693	-	-	(81,384)	-	119,462	209,234
EXPENDITURE												
Amortization	-	-	-	-	-	-	-	259,427	336,700	-	-	-
Salaries and benefits	-	-	-	-	37,187	115,678	-	-	-	-	46,689	4,580
Debt servicing	-	-	-	-	-	-	-	-	-	-	-	10,634
Other	-	22,618	276,666	-	186,843	145,222	-	-	-	-	-	26,564
	-	22,618	276,666	-	224,030	260,900	-	259,427	336,700	-	46,689	41,778
ANNUAL SURPLUS (DEFICIT)	-	30,375	-	-	20,182	793	-	(259,427)	(418,084)	-	72,773	167,456

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26. EXPENSES BY OBJECT

	2015	2014
Administration	$ 28,120	$ 23,717
Bad debts	950	3,671
Band functions	31,733	20,063
Bank charges	6,842	6,523
Distribution to members	37,758	24,900
Donations	3,039	1,036
Equipment rental/lease	28,116	38,428
Honorarium	181,469	152,866
Insurance	33,997	38,193
Interest on debt	10,714	16,636
Office	5,684	9,736
Maturing units adjustment	-	56,529
Municipal services	99,765	98,145
Permits	6,720	20,359
Professional development	15,291	37,507
Professional fees	146,265	95,655
Professional services	424,670	360,006
Purchases for resale	304,900	265,677
Rent / Leases	114,682	75,220
Repair and maintenance	154,088	85,648
Replacements	4,728	16,431
Salaries and benefits	687,567	714,605
School taxes	36,096	38,783
Services agreements	51,955	52,276
Basic needs	260,140	201,435
Special needs	5,981	3,756
In home care	3,625	5,511
Subcontract	5,083	-
Supplies	78,733	86,127
Telecommunications	35,164	29,149
Transportation	-	4,000
Travel	34,833	40,887
Tuition, allowances and incentives	135,098	142,485
Utilities	57,227	52,208
Workshops	19,229	41,115
Amortization	259,427	336,700
Other	7,412	25,420
	$ 3,317,101	$ 3,221,403

27. CHANGE IN ACCOUNTING POLICIES

On March 31, 2015, Leq'a:mel First Nation adopted the PSA Handbook new Section PS 3260 Liability for Contaminated sites. Newly issued PS 3260 establishes standards on how to account for and report a liability associated with the remediation of contaminated sites.
This section defines which activities would be 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.
This standard is effective for years beginning on or after April 1, 2014.

The change in accounting policy has been applied retrospectively and there was no effect on the consolidated statement of financial position of Leq'a:mel First Nation as at March 31, 2014, and the consolidated statement of operations of Leq'a:mel First Nation for the financial year then ended.

28. SUBSEQUENT EVENTS

On June 29, 2015 the Leq'a:mel First Nation membership approved the drawing down of up to $5 million in loan proceeds to proceed with the construction of the Leq'a:mel gas station.
The estimated construction cost of the gas station is $4.2 million.