

Peters Indian Band
Financial Statements
March 31, 2014

Peters Indian Band

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For the year ended March 31, 2014

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Management's Responsibility

To the Members of Peters Indian Band

The accompanying financial statements of Peters Indian Band 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 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 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 financial statements.

The Peters Indian Band Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the 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 Band's external auditors.

MNP LLP is appointed by the Members to audit the 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.

February 26, 2015

Original Signed by Norma Webb

Original Signed by Victoria Peters

Independent Auditors' Report

To the Members of Peters Indian Band:

We have audited the accompanying financial statements of Peters Indian Band, which comprise the statement of financial position as at March 31, 2014, and the 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 Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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 qualified audit opinion.

Basis for Qualified Opinion

Beginning January 1, 2009, Canadian public sector accounting standards require that the Band record the net value of tangible capital assets in its financial statements. The Band has not applied these new financial reporting standards. Because the Band did not provide us with a completed capital asset register reflecting the total cost of tangible capital assets owned by the Band and appropriate accumulated amortization and any impairment attributable to each of those assets, we were unable to determine the net value of the tangible capital assets that should have been recorded as an asset and the related amortization or impairment that should have been recorded as an expense in the current and prior year.

The financial statements do not include complete budgeted information. The exclusion of such information is a departure from Canadian Public Sector Accounting Standards as the comparison of budgeted to actual results is a significant measurement of performance.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly in all material respects the financial position of Peters Indian Band 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

February 26, 2015


Chartered Accountants

Peters Indian Band
Statement of Financial Position
As at March 31, 2014

	2014	2013
Financial assets		
Cash	11,699	-
Accounts receivable (Note 3)	93,450	110,574
Funds held in trust (Note 4)	123,362	119,607
	228,511	230,181
Liabilities		
Bank indebtedness	-	4,593
Accounts payable and accruals (Note 5)	75,238	55,149
Net financial assets	153,273	170,439
Contingencies (Note 6)		
Non-financial assets		
Tangible capital assets (Schedule 1)	174,758	184,100
Prepaid expenses	3,228	3,228
Total non-financial assets	177,986	187,328
Accumulated surplus (Note 7)	331,259	357,767

Approved on behalf of the Chief and Council

Original Signed by Norma Webb

Chief

Original Signed by Victoria Peters

Councillor

Peters Indian Band
Statement of Operations and Accumulated Surplus
For the year ended March 31, 2014

	<i>Schedules</i>	2014	2013
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Revenue			
Aboriginal Affairs and Northern Development Canada		283,647	285,885
Health Canada		67,150	227,237
First Nation Health Authority		67,150	-
Program recovery		(11,756)	(10,299)
Province of BC		63,215	59,144
BC Hydro		14,820	14,820
Interest income		3,408	2,732
Ottawa Trust Fund		347	325
		487,981	579,844
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Expenses			
Administration	3	213,417	446,512
Social Assistance	4	59,748	67,672
Health	5	136,299	142,237
Education	6	50,556	76,486
Maintenance	7	45,127	64,190
Other	9	9,342	2,069
		514,489	799,166
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Deficit		(26,508)	(219,322)
Accumulated surplus, beginning of year		357,767	577,089
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Accumulated surplus, end of year		331,259	357,767
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Peters Indian Band
Statement of Change in Net Financial Assets
For the year ended March 31, 2014

	2014	2013
Deficit	(26,508)	(219,322)
Purchases of tangible capital assets	-	(147,820)
Amortization of tangible capital assets	9,342	2,069
Acquisition of prepaid expenses	-	(3,228)
Decrease in net financial assets	(17,166)	(368,301)
Net financial assets, beginning of year	170,439	538,740
Net financial assets, end of year	153,273	170,439

Peters Indian Band
Statement of Cash Flows
For the year ended March 31, 2014

	2014	2013
Cash provided by (used for) the following activities		
Operating activities		
Deficit	(26,508)	(219,322)
Non-cash items		
Amortization	9,342	2,069
	(17,166)	(217,253)
Changes in working capital accounts		
Accounts receivable	17,124	(24,951)
Prepaid expenses	-	(3,228)
Accounts payable and accruals	20,089	18,770
Funds held in trust	(3,755)	(3,057)
	16,292	(229,719)
Capital activities		
Purchases of tangible capital assets	-	(147,820)
Increase (decrease) in cash resources	16,292	(377,539)
Cash resources (deficiency), beginning of year	(4,593)	372,946
Cash resources (deficiency), end of year	11,699	(4,593)

1. Operations

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

2. Significant accounting policies

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

Basis of presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses 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.

Cash

Cash includes balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Tangible capital assets

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

Amortization

Tangible capital assets are amortized annually using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

	<i>Method</i>	<i>Rate</i>
Buildings	declining balance	5 %
Arts and crafts centre	declining balance	5 %
Street lighting	declining balance	5 %
Playground	declining balance	10 %
Graveyard	declining balance	10 %

Funds held in Ottawa Trust Fund

Funds held in trust on behalf of Band 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 Band tangible capital assets; and
- Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

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 the Band determines that a long-lived asset no longer has any long-term service potential to the Band, 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.

2. Significant accounting policies *(Continued from previous page)*

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.

Net financial assets

The Band's financial statements are presented so as to highlight net financial assets as the measurement of financial position. The net financial assets of the Band is determined by its financial assets less its liabilities. Net financial assets combined with non-financial assets comprise a second indicator of financial position, accumulated surplus (deficit).

Revenue recognition

Funding

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 are reflected as deferred revenue on the statement of financial position in the year of receipt.

Government Transfers

The Band 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 Band recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

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 revenues when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Measurement uncertainty

The preparation of 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 financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable 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.

Segments

The Band conducts its business through seven reportable segments: Administration, Social Assistance, Health, Education, Maintenance, Capital Projects, and Other. These operating segments are established by senior management to facilitate the achievement of the Band'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 financial statements.

2. Significant accounting policies *(Continued from previous page)*

Recent accounting pronouncements

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, 2016. 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 Band has not yet determined the effect of these new standards on its financial statements.

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 proposed related party disclosures Section will be effective for fiscal periods beginning on or after April 1, 2017.

3. Accounts receivable

Accounts receivable include loans to Band members in the amount of \$6,450 (2013 - \$6,450).

4. Funds held in Ottawa Trust accounts

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

	2014	2013
Capital Trust		
Balance	87,243	87,243
Revenue Trust		
Balance, beginning of year	32,364	29,307
Interest	3,408	2,732
BC Special Distribution	347	325
Balance, end of year	36,119	32,364
	123,362	119,607

5. Accounts payable and accruals

Included in accounts payable and accruals are government remittances payable of \$1,400 (2013 - \$2,100), and AANDC recovery accruals of \$8,568 (2013 - \$3,188).

6. Contingent liabilities

As of March 31, 2014, the Band was contingently liable in respect of a guaranteed individual Band Member mortgage with CIBC in the amount of \$23,038.

Peters Indian Band
Notes to the Financial Statements
For the year ended March 31, 2014

7. Accumulated surplus

Accumulated surplus consists of the following:

	2014	2013
Operating surplus	33,139	54,060
Equity in Ottawa Trust Funds	123,362	119,607
Equity in tangible capital assets	174,758	184,100
	331,259	357,767

8. Financial Instruments

The Band as part of its operations carries a number of financial instruments that consist of cash, accounts receivable, Ottawa Trust funds, and accounts payable. It is management's opinion that the Band is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

9. Segments

The Peters Indian Band receives revenues and incurs expenses from various projects and sources. For management and reporting purposes, the revenues, expenses and surpluses or deficits are organized by segments. Schedules 3 to 9 disclose the Band's revenues and expenses in the following segments:

Administration

Includes general operations, support and financial management of the Band.

Social Assistance

Includes revenues and expenses relating to the social assistance of the members of the Band.

Health

Includes revenues and expenses relating to maintaining the health of the members of the Band.

Education

Includes revenues and expenses related to primary, secondary and post secondary education of the members of the Band.

Maintenance

Includes revenues and expenditures related to ongoing community maintenance.

Capital Projects

Includes revenues and expenditures related to capital projects.

Other

Includes revenues and expenses related to the Ottawa Trust fund and equity in capital assets.

10. Budget information

Canadian public sector accounting (PSA) standards require the disclosure of budget information for comparison to the Band's actual revenue and expenses. Complete budgeted revenue and expenses, and surplus have not been reported in these financial statements. While having no effect on reported revenue, expenses, and surplus, omission of this information is considered a departure from PSA standards.

11. Economic dependence

Peters Indian Band receives substantially all of its revenue from Aboriginal Affairs and Northern Development Canada (AANDC) as a result of agreements entered into with the Government of Canada. These agreements are administered by AANDC under the terms and conditions of the Indian Act. The ability of the Band to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these agreements.

12. Transition from Health Canada to FNHA

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 Peters Indian Band.

The FNHA and Peters Indian Band 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 Peters Indian Band.

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>
Revenue	67,150	67,150	134,300
Expenses	(67,150)	(67,150)	(134,300)
	-	-	-

13. First Nations Financial Transparency Act

Peters Indian Band is required to post its consolidated financial statements on a website and submit the consolidated financial statements to AANDC by July 29, 2014. As the audit report is dated after this date, the Band is in violation of this requirement. The possible effect of this violation has not yet been determined.