

CAYOOSE CREEK INDIAN BAND
Consolidated Financial Statements
Year Ended March 31, 2014

CAYOOSE CREEK INDIAN BAND
Index to Financial Statements
Year Ended March 31, 2014

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	3
Consolidated Statement of Revenues and Expenditures	4
Consolidated Statement of Changes in Net Financial Assets	5
Consolidated Statement of Cash Flows	6
Notes to Financial Statements	7 - 10
Segmented Information	11 - 12

INDEPENDENT AUDITOR'S REPORT

To the Members of CAYOOSE CREEK INDIAN BAND

We have audited the accompanying consolidated financial statements of CAYOOSE CREEK INDIAN BAND, which comprise the consolidated statements of revenues and expenditures, changes 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.

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.

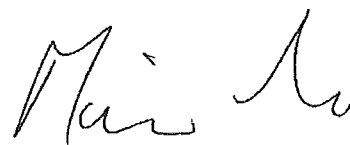
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Independent Auditor's Report to the Members of CAYOOSE CREEK INDIAN BAND *(continued)*

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of CAYOOSE CREEK INDIAN BAND as at March 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



White Rock, British Columbia
July 24, 2014

CHARTERED ACCOUNTANTS LLP

CAYOOSE CREEK INDIAN BAND
Consolidated Statement of Financial Position
March 31, 2013

	2014	2013
FINANCIAL ASSETS		
Cash	\$ 231,351	\$ -
Restricted cash (Note 2)	121,534	107,464
Accounts receivable (Note 3)	422,495	249,085
Loans receivable	94,958	91,345
Due from 0786396 B.C. Ltd.	3,478,243	3,538,120
	<u>4,348,581</u>	<u>3,986,014</u>
LIABILITIES		
Bank indebtedness	-	57,837
Accounts payable	4,487	12,515
Long term debt (Note 5)	119,168	171,093
	<u>123,655</u>	<u>241,445</u>
	<u>4,224,926</u>	<u>3,744,569</u>
NET FINANCIAL ASSETS		
NON FINANCIAL ASSETS		
Prepaid expenses	7,197	7,763
Capital assets (Note 4)	1,286,975	1,441,398
	<u>1,294,172</u>	<u>1,449,161</u>
ACCUMULATED SURPLUS	<u>\$ 5,519,098</u>	<u>\$ 5,193,730</u>

ON BEHALF OF THE COUNCIL

 **Chief**

 **Councillor**

See notes to financial statements
 Morine & Co. Chartered Accountants LLP

CAYOOSE CREEK INDIAN BAND
Consolidated Statement of Revenue and Expenditures
Year Ended March 31, 2014

	Budget 2014	2014	2013
REVENUE			
AANDC	\$ 470,903	\$ 579,948	\$ 648,649
Health and Welfare Canada	200,285	105,330	186,509
RRF Appropriations	-	12,852	15,852
First Nations Health Authority	-	94,955	-
Housing	-	96,310	98,877
Other government funding	380,237	452,353	127,319
Other	356,950	1,146,518	536,985
Surplus repayment	-	(34,244)	(89,148)
	<u>1,408,375</u>	<u>2,454,022</u>	<u>1,525,043</u>
EXPENSES			
Advertising and promotion	-	498	-
Amortization	-	155,680	163,413
Insurance	30,565	39,601	42,800
Interest and bank charges	1,679	5,018	6,912
Administration	5,063	20,548	32,734
Office and miscellaneous	30,273	27,714	33,776
Social assistance	143,100	132,934	125,585
Professional fees	46,638	48,638	24,642
Training	88,924	88,932	130,066
Rental of facilities and equipment	797	2,264	187
Repairs and maintenance	7,404	16,568	19,164
Salaries and benefits	252,382	355,087	584,692
Health	200,285	197,773	182,953
Contractual services	508,278	951,236	229,149
Materials and supplies	9,044	21,932	20,161
Telephone	12,441	12,441	5,235
Travel	28,889	31,080	12,105
Fire protection	440	440	-
Utilities	29,051	7,419	5,881
Allocation to Replacement Reserve	-	12,852	15,852
	<u>1,395,253</u>	<u>2,128,655</u>	<u>1,635,307</u>
EXCESS (DEFICIENCY) OF EXPENSES OVER REVENUE	<u>\$ 13,122</u>	<u>\$ 325,367</u>	<u>\$ (110,264)</u>

CAYOOSE CREEK INDIAN BAND
Consolidated Statement of Changes in Net Financial Assets
Year Ended March 31, 2014

	Budget 2014	2014	2013
ANNUAL SURPLUS	\$ 13,122	\$ 325,367	\$ (110,266)
Amortization	-	155,680	163,413
Prepaid expenses	-	566	(5,123)
Purchase of capital assets	-	(1,258)	(10,000)
	-	154,988	148,290
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	13,122	480,355	38,024
Net financial assets, beginning of year	3,744,569	3,744,569	3,706,545
NET FINANCIAL ASSETS, END OF YEAR	\$ 3,757,691	\$ 4,224,924	\$ 3,744,569

CAYOOSE CREEK INDIAN BAND
Consolidated Statement of Cash Flows
Year Ended March 31, 2014

	2014	2013
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 325,367	\$ (110,264)
Item not affecting cash:		
Amortization of property, plant and equipment	155,680	163,413
	481,047	53,149
Changes in non-cash working capital:		
Loans receivable	(3,613)	(78,627)
Accounts receivable	(173,410)	64,897
Accounts payable	(7,933)	(86,354)
Prepaid expenses	566	(5,122)
Interest payable	(94)	(351)
	(184,484)	(105,557)
	296,563	(52,408)
Cash flow from (used by) operating activities		
INVESTING ACTIVITY	(1,258)	(10,000)
Purchase of property, plant and equipment		
	59,877	64,960
FINANCING ACTIVITIES	(51,924)	(59,702)
Advances from related parties		
Repayment of long term debt	7,953	5,258
Cash flow from financing activities	303,258	(57,150)
INCREASE (DECREASE) IN CASH FLOW	49,627	106,778
Cash - beginning of year	\$ 352,885	\$ 49,628
CASH - END OF YEAR		
CASH FLOWS SUPPLEMENTARY INFORMATION	\$ 5,113	\$ 7,262
Interest paid		
CASH CONSISTS OF:	\$ 231,351	\$ (57,837)
Cash	121,534	107,464
Restricted cash	\$ 352,885	\$ 49,627

CAYOOSE CREEK INDIAN BAND
Notes to Financial Statements
Year Ended March 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for governments, as prescribed by the Canadian public sector accounting standards ("PSAB") of the Canadian Institute of Chartered Accountants, which encompasses the following principles:

Fund accounting

The Cayoose Creek Indian Band (the "Nation") records accounting transactions using the fund accounting method generally in use for governments. A fund is determined for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. Each fund has its own statement of operations which presents the results of operations for the fund. The financial position of the Nation is shown on the statement of financial position which includes the assets, liabilities and accumulated surplus of all funds presented in the financial statements.

The various funds have been amalgamated for the purpose of presentation in the consolidated financial statements.

Operating Fund - accounts for the operating programs.

Capital Fund - accounts for the capital programs.

Social Housing Fund - accounts for the operations of the social housing program.

Trust Fund - accounts for the changes in trust funds held by the federal government.

Replacement Reserve Fund - accounts for the funds held for repair and replacement of social housing units.

All inter-fund balances have been eliminated on consolidation, but in order to present the results of operations for each specific program, transactions amongst funds have not necessarily been eliminated in the segmented information.

Tangible Capital Assets:

Tangible capital assets are recorded at cost or deemed cost less accumulated amortization. Amortization is recognized as an expense in the statement of operations and is calculated using the straight-line method over periods of time ranging from 15 to 50 years except for social housing. Tangible assets acquired under the social housing program are amortized at a rate equivalent to the annual principal reduction in the related long-term debt, as required for Canada Mortgage and Housing Corporation reporting requirements.

Revenue recognition

The Nation follows the deferral method of accounting for contributions. Accordingly, amounts received under funding arrangements which relate to a subsequent fiscal period are reflected as deferred revenue on the statement of financial position.

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CAYOOSE CREEK INDIAN BAND
Notes to Financial Statements
Year Ended March 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

2. RESTRICTED CASH

	<u>2014</u>	<u>2013</u>
Restricted cash	\$ 33,321	\$ 22,059
Social Housing - subsidy surplus	2,659	2,680
Ottawa trust funds	<u>85,556</u>	<u>82,724</u>
	<u>\$ 121,536</u>	<u>\$ 107,463</u>

The Ottawa trust accounts arise from monies 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.

3. ACCOUNTS RECEIVABLE

	<u>2014</u>	<u>2013</u>
Social Housing		
Rents receivable	\$ 136,655	\$ 128,446
Interest receivable	1,366	1,366
	<u>138,021</u>	<u>129,812</u>
Operating Fund		
Accounts receivable	<u>284,473</u>	<u>119,273</u>
	<u>\$ 422,494</u>	<u>\$ 261,094</u>

CAYOOSE CREEK INDIAN BAND
Notes to Financial Statements
Year Ended March 31, 2014

4. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2014 Net book value	2013 Net book value
Buildings	\$ 562,116	\$ 459,842	\$ 102,274	\$ 130,379
Buildings - Social Housing	1,575,144	848,349	726,795	778,719
Infrastructure	1,498,100	1,050,035	448,065	522,965
Equipment	168,206	158,365	9,841	9,334
	\$ 3,803,566	\$ 2,516,591	\$ 1,286,975	\$ 1,441,397

CAYOOSE CREEK INDIAN BAND
Notes to Financial Statements
Year Ended March 31, 2014

5. LONG TERM DEBT

	<u>2014</u>	<u>2013</u>
All Nations Trust loan bearing interest at 1.76% per annum, repayable in monthly blended payments of \$1,820. The loan matures on October 1, 2016 and is secured by by a first mortgage on housing units and a ministerial guarantee.	\$ 55,117	\$ 75,787
All Nations Trust loan bearing interest at 2.57% per annum, repayable in monthly blended payments of \$1,296. The loan matures on October 1, 2014 and is secured by by a first mortgage on housing units and a ministerial guarantee.	8,992	24,099
All Nations Trust loan bearing interest at 2.26% per annum, repayable in monthly blended payments of \$1,565. The loan matures on June 1, 2017 and is secured by by a first mortgage on housing units and a ministerial guarantee.	<u>55,059</u>	<u>71,207</u>
	<u>\$ 119,168</u>	<u>\$ 171,093</u>

Principal repayment terms are approximately:

2015	\$ 47,672
2016	39,453
2017	28,999
2018	<u>3,044</u>
	<u>\$ 119,168</u>

6. FINANCIAL INSTRUMENTS

The Nation is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Nation's risk exposure and concentration as of March 31, 2014.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Nation is exposed to credit risk from funders and members. In order to reduce its credit risk, the Nation has created an allowance for doubtful accounts based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Nation has a significant number of funders and members which minimizes concentration of credit risk.

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. In seeking to minimize the risks from interest rate fluctuations, the Nation manages exposure through its normal operating and financing activities. The Nation is exposed to interest rate risk primarily through its mortgages and deposits.

CAYOOSE CREEK INDIAN BAND
Segmented Information
Year Ended March 31, 2014

	0045 - Social Housing	0046 - Replacement reserve fund	0035 - Equity in Capital Assets	0049 - Ottawa Trusts	Operations	2014 Current Year
REVENUE						
AANDC						
Health and Welfare Canada				\$	\$ 579,948	\$ 579,948
Other government funding					105,330	105,330
Other					452,353	452,353
Rental income		12		2,830	1,143,676	1,146,518
RRF Appropriations	96,310					96,310
First Nations Health Authority		12,852				12,852
					94,955	94,955
	96,310	12,864		2,830	2,376,262	2,488,266
EXPENDITURES						
Administration						
Advertising and promotion	5,833				14,715	20,548
Amortization					498	498
Contractual services	51,924		103,756			155,680
Insurance					951,236	951,236
Interest and bank charges	8,150				31,451	39,601
Materials and supplies	3,340				1,678	5,018
Office and miscellaneous					21,932	21,932
Other					27,714	27,714
Professional fees					132,934	132,934
Rental of facilities and equipment					48,638	48,638
Repairs and maintenance					2,264	2,264
Salaries and benefits	8,636				7,932	16,568
Sundry	12,852				355,087	355,087
Telephone					198,213	211,065
Training					12,441	12,441
Travel	148				88,932	88,932
Utilities	3,104				30,932	31,080
					4,315	7,419
Surplus recovery	93,987		103,756		1,930,912	2,128,655
					34,244	34,244
	2,323	12,864	(103,756)	2,830	411,106	325,367
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES						

(continues)

See notes to financial statements
Morrise & Co. Chartered Accountants LLP

CAYOOSE CREEK INDIAN BAND
Segmented Information (continued)
Year Ended March 31, 2014

	0045 - Social Housing	0046 - Replacement reserve fund	0035 - Equity in Capital Assets	0049 - Ottawa Trusts	Operations	2014 Current Year
SURPLUS, BEGINNING OF YEAR						
Transfer to fund capital asset purchases	(103,594)	294,290	1,270,305	82,724	3,650,006	5,193,730
Transfers to fund principal repayments	51,924	-	1,258	-	(1,258)	-
Transfers to fund amortization of capital assets	(51,924)	-	(51,924)	-	-	-
	-	-	51,924	-	-	-
	-	-	1,258	-	(1,258)	-
SURPLUS, END OF YEAR						
	\$ (101,271)	\$ 307,154	\$ 1,167,807	\$ 85,554	\$ 4,059,854	\$ 5,519,097

See notes to financial statements
Morine & Co. Chartered Accountants LLP