

**SETON LAKE INDIAN BAND**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2014**

**SETON LAKE INDIAN BAND**  
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**MARCH 31, 2014**

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## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The accompanying consolidated financial statements of Seton Lake Indian Band for the year ended March 31, 2014 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. A summary of the significant accounting policies is described in Note 1 to the consolidated financial statements. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material aspects.

Seton Lake Indian Band's management is responsible for maintaining systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and Seton Lake Indian Band's assets are appropriately accounted for and adequately safeguarded.

Seton Lake Indian Band's Chief and Council are responsible for ensuring that management fulfills its responsibilities of financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Chief and 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 its responsibilities, and to review the consolidated financial statements and the external auditor's report.

The consolidated financial statements have been audited by KNV Chartered Accountants LLP in accordance with Canadian generally accepting auditing standards on behalf of the members. KNV Chartered Accountants LLP has full and free access to the Chief and Council with regard to audit requirements.

On behalf of Seton Lake Indian Band

  
\_\_\_\_\_  
July 25, 2014

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## INDEPENDENT AUDITOR'S REPORT

To the Members,  
Seton Lake Indian Band:

We have audited the accompanying consolidated financial statements of Seton Lake Indian Band, which comprise the consolidated statements of financial position as at March 31, 2014 and the consolidated statements of change in net financial assets, operations and accumulated surplus (deficit) 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 consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

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

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

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

### *Basis for Qualified Opinion*

The First Nation derives a portion of its revenue from cash sales, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to cash revenues, accumulated surplus (deficit), assets and net assets.

### *Qualified Opinion*

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these consolidated statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2014 and the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink that reads 'KNV'.

July 25, 2014

Chartered Accountants LLP



Members of the Institute of  
Chartered Accountants of British Columbia

Independent Member Firm of DFK International  
A worldwide association of independent accounting firms



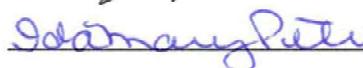
**SETON LAKE INDIAN BAND**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**MARCH 31, 2014 AND 2013**

	2014	2013
	(Note 15)	
<b>FINANCIAL ASSETS:</b>		
Cash and cash equivalents (Note 2)	\$ 706,903	\$ 759,427
Portfolio investments (Note 3)	6,533,004	5,991,649
Trust funds held by federal government (Note 4)	905,763	997,654
Accounts receivable (Note 5)	619,073	1,432,694
Inventory for resale	27,373	16,191
Deposits	11,703	-
Loans receivable	6,215	3,950
Note receivable (Note 6)	136,395	178,500
<b>Total financial assets</b>	<b>8,946,429</b>	<b>9,380,065</b>
<b>FINANCIAL LIABILITIES:</b>		
Accounts payable and accrued liabilities (Note 7)	700,761	868,491
Deferred revenue (Note 8)	332,258	212,484
Long-term debt (Note 9)	1,620,294	1,765,854
<b>Total financial liabilities</b>	<b>2,653,313</b>	<b>2,846,829</b>
<b>NET FINANCIAL ASSETS</b>	<b>6,293,116</b>	<b>6,533,236</b>
<b>NON-FINANCIAL ASSETS:</b>		
Tangible capital assets (Note 10)	9,675,754	9,297,216
Prepaid expenses	32,209	74,916
<b>Total non-financial assets</b>	<b>9,707,963</b>	<b>9,372,132</b>
<b>ACCUMULATED SURPLUS (Note 14)</b>	<b>\$ 16,001,079</b>	<b>\$ 15,905,368</b>

**CONTINGENT LIABILITIES (Note 11)**

**APPROVED BY BAND COUNCIL:**

, Chief Councillor

, Councillor

The accompanying Notes are an integral part of this statement.

**SETON LAKE INDIAN BAND**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
**FOR THE YEARS ENDED MARCH 31, 2014 AND 2013**

	Budget	2014	2013
(Note 15)			
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>			
Annual surplus	\$ -	\$ 95,711	\$ 5,314,745
Amortization of tangible capital assets	-	498,134	476,189
Acquisition of tangible capital assets	-	(879,838)	(199,635)
Gain on disposal of tangible capital assets	-	(8,834)	(15,128)
Proceeds from disposal of tangible capital assets	-	12,000	20,000
Acquisition of prepaid expenses	-	(39,505)	(211,646)
Use of prepaid expenses	\$ -	82,212	274,898
Increase (decrease) in net financial assets		(240,120)	5,659,423
<b>NET FINANCIAL ASSETS, BEGINNING OF THE YEAR</b>		<b>6,533,236</b>	<b>873,813</b>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>		<b>\$ 6,293,116</b>	<b>\$ 6,533,236</b>

The accompanying Notes are an integral part of this statement.

**SETON LAKE INDIAN BAND**  
**CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**  
**(DEFICIT)**  
**FOR THE YEARS ENDED MARCH 31, 2014 AND 2013**

	Budget	2014	2013
		(Note 15)	
<b>REVENUES:</b>			
Aboriginal Affairs and Northern Development Canada (AANDC)	\$ -	\$ 2,230,938	\$ 2,594,644
BC Hydro	-	1,098,095	5,756,400
Canada Mortgage and Housing Corporation (CMHC)	-	68,311	70,895
Gain on disposal of tangible capital assets	-	8,834	15,128
Health Canada/First Nations Health Authority (HC/FNHA)	-	616,040	648,997
Interest and investment income	-	123,542	122,788
Other revenue	-	1,859,049	1,287,046
Province of British Columbia	-	21,288	62,517
Rental income	-	305,802	318,063
Interior Salish Employment and Training Society (ISETS)	-	65,350	90,024
	-	6,397,249	10,966,502
<b>EXPENSES:</b>			
Administration and Governance	-	504,427	489,444
Capital Asset Fund	-	386,749	375,794
Development Corporation	-	961,895	320,077
Economic Development	-	1,359,436	1,153,826
Education	-	1,413,911	1,205,689
Facilities and Services	-	220,352	251,386
Health	-	566,699	609,614
Housing	-	366,792	577,940
Social Assistance	-	492,044	637,840
Other	-	29,233	30,147
	\$ -	6,301,538	5,651,757
<b>ANNUAL SURPLUS</b>		<b>95,711</b>	<b>5,314,745</b>
<b>ACCUMULATED OPERATING SURPLUS (DEFICIT), BEGINNING OF YEAR</b>		<b>15,905,368</b>	<b>10,590,623</b>
<b>ACCUMULATED OPERATING SURPLUS (DEFICIT), END OF YEAR</b>		<b>\$16,001,079</b>	<b>\$15,905,368</b>

The accompanying Notes are an integral part of this statement.

**SETON LAKE INDIAN BAND**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED MARCH 31, 2014 AND 2013**

	2014	2013
CASH AND CASH EQUIVALENTS WERE PROVIDED FROM (USED IN):		
Operating transactions:		
Annual surplus	\$ 95,711	\$ 5,314,745
Items not affecting cash -		
Amortization of tangible capital assets	498,134	476,189
Gain on disposal of tangible capital assets	(8,834)	(15,128)
	<u>585,011</u>	<u>5,775,806</u>
Net change in non-cash working capital balances:		
Decrease (increase) in accounts receivable	813,621	(437,810)
Increase in inventory for resale	(11,182)	(12,268)
Decrease (increase) in deposits	(11,703)	72,000
Decrease in prepaid expenses	42,707	63,252
Increase (decrease) in accounts payable and accrued liabilities	(167,730)	300,349
Increase (decrease) in deferred revenue	119,774	(5,037,998)
	<u>1,370,498</u>	<u>723,331</u>
Investing transaction:		
Decrease (increase) in loans receivable	(2,265)	2,235
Decrease in note receivable	42,105	31,500
Increase in portfolio investments	(541,355)	(59,691)
	<u>(501,515)</u>	<u>(25,956)</u>
Financing transactions:		
Repayment of long-term debt	<u>(145,560)</u>	<u>(147,699)</u>
Capital transactions:		
Acquisition of tangible capital assets	(879,838)	(199,635)
Proceeds from disposal of tangible capital assets	12,000	20,000
	<u>(867,838)</u>	<u>(179,635)</u>
Increase (decrease) in cash and cash equivalents	(144,415)	370,041
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>1,757,081</b>	<b>1,387,040</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 1,612,666</b>	<b>\$ 1,757,081</b>

## CASH AND CASH EQUIVALENTS COMPRISED OF:

Cash and cash equivalents	\$ 706,903	\$ 759,427
Trust funds held by federal government	905,763	997,654
	<u>\$ 1,612,666</u>	<u>\$ 1,757,081</u>

## SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION (Note 16)

## COMPARATIVE FIGURES (Note 15)

The accompanying Notes are an integral part of this statement.

**SETON LAKE INDIAN BAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2014**

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**PURPOSE OF SETON LAKE INDIAN BAND**

Seton Lake Indian Band (First Nation) is a First Nation village government operating out of Shalalth, British Columbia. The First Nation is responsible for the well-being of its community and enacts legal policies and programs in the areas of Administration and Governance, Capital, Economic Development, Education, Facilities and Services, Health, Housing and Social Assistance. The First Nation is also mandated to take actions to protect the well-being of members and the community and to establish cultural programs and undertake initiatives in economic development.

**1. SIGNIFICANT ACCOUNTING POLICIES**

(a) Basis of Accounting

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards.

(b) Reporting Entity

Included in the reporting entity are the First Nation and all related entities that are controlled by the First Nation.

(c) Principles of Consolidation

All fully owned and controlled entities are consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of a 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.

Organization consolidated in the First Nation's consolidated financial statements includes the Tsalalh Development Corp.

(d) Cash and Cash Equivalents

Cash and cash equivalents represent operating cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts with an initial maturity of less than three months and which are subject to an insignificant risk of changes in value.

(e) Portfolio investments

i. Portfolio investments - no financial instruments adopted

Portfolio investments for which significant influence does not exist are recorded at fair market value.

(f) Inventory for Resale

Inventory is recorded at the lower of cost (first-in, first-out basis) and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the costs necessary to make the sale.

(g) Tangible Capital Assets

Material tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Maintenance and repair costs are recognized as an expense when incurred. Betterments that significantly increase or prolong the service life

## SETON LAKE INDIAN BAND

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)

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#### 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### (g) Tangible Capital Assets (Continued)

or capacity of a tangible capital asset are capitalized.

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.

Contributed capital assets are recorded at fair value when received and shown as revenue in the capital fund, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value.

Revenue received for operations and used to purchase tangible capital assets are recorded in the individual funds with an offsetting transfer to the capital asset fund for the amount of the tangible capital asset. Revenue received directly for tangible capital assets are recorded in the capital asset fund where the amortization is expensed. Any gains or losses on the disposal of the capital assets are recorded in the capital asset fund.

All intangibles and items inherited by right of the First Nation, such as reserve lands, forests, water, and mineral resources, are not recognized as assets in the First Nation's consolidated financial statements.

The First Nation's assets under construction consist of the material and labour costs for projects under construction that were not completed at March 31, 2014.

Historic works of art and treasures are not recorded as assets in these consolidated financial statements.

##### (h) Amortization

Tangible capital assets controlled by the First Nation are amortized over their estimated useful lives on a straight-line basis using the following annual rates:

Buildings	4%
Automotive equipment	10-30%
Internet service provider	20%
Infrastructure, subdivision and water system	4%
Machinery and equipment	20%
Office equipment	20%
Physical development plan	20%

In the year of acquisition, the above rates are reduced by one half.

Amortization on social housing assets acquired under housing programs sponsored by CMHC are recorded at a rate equivalent to the annual principal reduction in related long-term debt, which is estimated to be their useful life.

Assets under construction are not amortized until the asset becomes available for use.

## SETON LAKE INDIAN BAND

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)

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#### 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### (i) 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 not available to discharge existing liabilities and are held for use in the provision of services. Non-financial assets have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

##### (j) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all the benefits and risks incidental to ownership of the property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

##### (k) Budgets

Budget information has been included when the information is available. These budgets have been prepared by department managers and approved by Chief and Council.

##### (l) Revenue Recognition

Funding received under funding arrangements which relates to a subsequent period is reflected as deferred revenue in the year of receipt and classified as such on the consolidated statement of financial position. Funding is recognized when conditions have been met.

Investment income reported on investments not subject to significant influence is recorded as revenue in the period earned.

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

Government transfers are recognized in the consolidated financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amount can be made.

##### (m) Expenses

Expenses are recognized in the fiscal year that the events giving rise to the expense occur and resources are consumed. Interest expense is accrued as the obligation is incurred.

##### (n) Use of Estimates

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 liabilities, at the date of the consolidated financial statements and the reported amounts of the revenues and expenses during the period.

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. Measurement uncertainty exists in these consolidated financial statements. Actual results could differ from these estimates.

## SETON LAKE INDIAN BAND

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)

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#### 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### (o) Notes Receivable

Notes receivable are recorded at cost less any amount for valuation allowances. Valuation allowances are made when collection is in doubt as assessed by management. Notes receivable are reviewed on an annual basis by management.

##### (p) Segment Disclosure

A segment is defined as a distinguishable activity or group of activities of the First Nation for which it is appropriate to separately report financial information to achieve the objectives of the First Nation. The objectives of disclosing information about segments are to:

- i. help users of the consolidated financial statements identify the resources allocated to support the major activities of the First Nation;
- ii. help users of the consolidated financial statements make more informed judgments about the First Nation and about its major activities;
- iii. help users of the consolidated financial statements better understand the manner in which the organizations in the First Nation are organized and how the First Nation discharges its accountability obligations;
- iv. enhance the transparency of financial reporting; and
- v. help users of the consolidated financial statements better understand the performance of the segments and the First Nation.

The First Nation identifies its segments based on specific projects and funding arrangements which have been disclosed in the consolidated financial statements. Management does not believe that any additional disclosures are helpful to the users due to the nature of their funding agreements and the fact that the nature of their operations are not diverse enough to warrant such disclosures.

#### 2. CASH AND CASH EQUIVALENTS

Included in cash and cash equivalents are externally restricted funds as follows:

	2014	2013
Deferred revenue (Note 8)	\$ 332,258	\$ 212,484
Funded reserves	382,244	71,732
	<hr/> \$ 714,502	<hr/> \$ 284,216

## SETON LAKE INDIAN BAND

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)

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#### 3. PORTFOLIO INVESTMENTS

Included in portfolio investments are externally restricted funds in the amount of \$1,585,445 (2013 - \$1,805,939). The market value of the marketable securities at March 31, 2014 was \$1,827,768 (2013 - \$1,195,226). Values of portfolio investments fluctuate with the market value of the underlying investments within the portfolio. All portfolio investments are considered cashable deposits; however, the First Nation has indicated that they do not intend to cash in their portfolio investments in the subsequent year and therefore, portfolio investments are presented at cost on the financial statements as any unrealized gain or loss at year-end is considered to be temporary.

#### 4. TRUST FUNDS HELD BY FEDERAL GOVERNMENT

AANDC holds certain funds in trust for the First Nation. These funds are designated as revenue or capital funds 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. Subject to approval by the Minister of Aboriginal Affairs and Northern Development, the First Nation is permitted to expend its revenue funds for any purpose that will promote the general progress and welfare of the First Nation and members. The expenses of capital funds requires the consent of the Minister of Aboriginal Affairs and Northern Development and such expenses generally must be for projects of a capital nature.

Trust funds held by federal government are analyzed as follows:

	2013		2014	
	Total	Additions	Withdrawals	Total
Revenue	\$ 988,880	\$ 67,909	\$ (159,800)	\$ 896,989
Capital	8,774	-	-	8,774
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 997,654	\$ 67,909	\$ (159,800)	\$ 905,763

## SETON LAKE INDIAN BAND

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)

#### 5. ACCOUNTS RECEIVABLE

The First Nation's accounts receivable are analyzed as follows:

	2014	2013
AANDC	\$ 85,600	\$ 333,087
BC Hydro	133,155	278,975
CMHC	5,693	5,693
Due from members and related associations	264,466	240,791
HC/FNHA	693	360,990
Trade and other receivables	325,297	363,967
<u>Allowance for doubtful accounts</u>	<u>(195,831)</u>	<u>(150,809)</u>
	<b>\$ 619,073</b>	<b>\$ 1,432,694</b>

#### 6. NOTE RECEIVABLE

The First Nation's note receivable is due from the St'at'imc Government Services. The note bears interest at 2% per annum and is payable by four annual instalments which include interest and principal.

#### 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The First Nation's accounts payable and accrued liabilities are analyzed as follows:

	2014	2013
AANDC	\$ 187,764	\$ 265,068
Accrued salaries and employee benefits payable	78,793	92,588
HC/FNHA	7,091	7,091
<u>Trade payables and other accrued liabilities</u>	<u>427,113</u>	<u>503,744</u>
	<b>\$ 700,761</b>	<b>\$ 868,491</b>

#### 8. DEFERRED REVENUE

The First Nation's deferred revenue is analyzed as follows:

	2013 Deferred Revenue	Current Year Funding Received	Current Year Revenue Recognized	2014 Deferred Revenue
AANDC	\$ 212,384	\$ 144,365	\$ (24,591)	\$ 332,158
Other	100	-	-	100
	<b>\$ 212,484</b>	<b>\$ 144,365</b>	<b>\$ (24,591)</b>	<b>\$ 332,258</b>

## SETON LAKE INDIAN BAND

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)

#### 9. LONG TERM DEBT

The First Nation's long-term debt is analyzed as follows:

	2014	2013
All Nations Trust Company - Phase 4 Mortgage repayable in monthly instalments of \$1,090, including interest at 2.84% per annum; due for renewal April 1, 2015 and matures January 1, 2020; guaranteed by AANDC.	\$ 70,445	\$ 81,399
All Nations Trust Company - Phase 5 Mortgage repayable in monthly instalments of \$1,469, including interest at 2.65% per annum; due for renewal April 1, 2016 and matures January 1, 2021; guaranteed by AANDC.	110,406	124,960
All Nations Trust Company - Phase 6 Mortgage repayable in monthly instalments of \$1,759, including interest at 2.65% per annum; due for renewal April 1, 2016 and matures January 1, 2021; guaranteed by AANDC.	132,169	149,592
All Nations Trust Company - Phase 7 Mortgage repayable in monthly instalments of \$2,213, including interest at 1.71% per annum; due for renewal September 1, 2017 and matures June 1, 2022; guaranteed by AANDC.	204,493	227,386
Bank of Nova Scotia - Mortgage fully paid during the year.	-	4,477
All Nations Trust Company - Full Phase 1 Mortgage repayable in monthly instalments of \$2,150, including interest at 1.8% per annum; due for renewal October 1, 2016 and matures August 1, 2026; guaranteed by AANDC.	287,429	307,913
All Nations Trust Company - Full Phase 2 Mortgage repayable in monthly instalments of \$1,689, including interest at 2.65% per annum; due for renewal April 1, 2016 and matures March 1, 2031; guaranteed by AANDC.	278,122	290,924
CIBC - Tsalalh Development Corp. - Loan repayable in 180 monthly instalments of \$4,900, including interest at prime rate compounded monthly; secured by the First Nation and a pledge of the First Nation's GIC's.	537,230	579,203
	<hr/> \$ 1,620,294	<hr/> \$ 1,765,854

The total interest paid by the First Nation on long-term debt for the year was \$39,753 (2013 - \$46,210).

## SETON LAKE INDIAN BAND

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)

#### 9. LONG TERM DEBT (Continued)

Approximate principal payments due in the next five years and thereafter are as follows:

2015	\$ 144,344
2016	147,990
2017	151,732
2018	155,572
2019	159,514
<u>Thereafter</u>	<u>861,142</u>
	<u>\$ 1,620,294</u>

#### 10. TANGIBLE CAPITAL ASSETS

The First Nation's tangible capital assets are analyzed as follows:

	2013 Cost	2013 Accumulated Amortization	2013 Net Book Value	2014 Net Additions (Disposals)	2014 Amortization	2014 Net Book Value
<b>Operations:</b>						
Land	\$ 12,851	\$ -	\$ 12,851	\$ -	\$ -	\$ 12,851
Buildings	7,541,969	3,235,526	4,306,443	(3,600)	173,095	4,129,748
Automotive equipment	687,807	306,593	381,214	-	77,903	303,311
Internet service provider	140,157	55,581	84,576	-	16,915	67,661
Infrastructure, subdivision and water system	2,460,280	863,990	1,596,290	26,480	64,382	1,558,388
Machinery and equipment	543,064	443,908	99,156	85,751	27,815	157,092
Office equipment	171,213	141,243	29,970	-	5,994	23,976
Physical development plan	32,708	31,673	1,035	-	207	828
Assets under construction	24,139	-	24,139	51,314	-	75,453
<b>Total Operations</b>	<b>11,614,188</b>	<b>5,078,514</b>	<b>6,535,674</b>	<b>159,945</b>	<b>366,311</b>	<b>6,329,308</b>
<b>Social Housing Operations:</b>						
Buildings - CMHC	3,073,740	902,421	2,171,319	-	99,109	2,072,210
<b>Tsalalh Development Corp. Operations:</b>						
Land	-	-	-	314,467	-	314,467
Buildings	648,229	63,383	584,846	402,260	31,441	955,665
Automotive equipment	5,774	3,794	1,980	-	594	1,386
Machinery and equipment	6,635	3,238	3,397	-	679	2,718
<b>Total Tsalalh Development Corp.</b>	<b>660,638</b>	<b>70,415</b>	<b>590,223</b>	<b>716,727</b>	<b>32,714</b>	<b>1,274,236</b>
<b>Operations</b>	<b>\$ 15,348,566</b>	<b>\$ 6,051,350</b>	<b>\$ 9,297,216</b>	<b>\$ 876,672</b>	<b>\$ 498,134</b>	<b>\$ 9,675,754</b>

## SETON LAKE INDIAN BAND

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)

#### 10. TANGIBLE CAPITAL ASSETS (Continued)

	2014 Cost	2014 Accumulated Amortization	2014 Net Book value
Operations:			
Land	\$ 12,851	\$ -	\$ 12,851
Buildings	7,538,369	3,408,621	4,129,748
Automotive equipment	687,807	384,496	303,311
Internet service provider	140,157	72,496	67,661
Infrastructure, subdivision and water system	2,486,760	928,372	1,558,388
Machinery and equipment	531,980	374,888	157,092
Office equipment	171,213	147,237	23,976
Physical development plan	32,708	31,880	828
Assets under construction	75,453	-	75,453
Total Operations	11,677,298	5,347,990	6,329,308
Social Housing Operations:			
Buildings - CMHC	3,073,740	1,001,530	2,072,210
Tsalalh Development Corp. Operations:			
Land	314,467	-	314,467
Buildings	1,050,489	94,824	955,665
Automotive equipment	5,774	4,388	1,386
Machinery and equipment	6,635	3,917	2,718
Total Tsalalh Development Corp. Operations	1,377,365	103,129	1,274,236
	\$ 16,128,403	\$ 6,452,649	\$ 9,675,754

#### 11. CONTINGENT LIABILITIES

##### (a) Contribution Agreements

The First Nation has entered into contribution agreements with various federal government departments. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements.

##### (b) Decommission Costs

Decommissioning costs will be incurred by the First Nation at the end of the operating life of the landfill on the First Nation's property. The ultimate decommissioning liability is uncertain and can vary in response to many factors including environmental factors, new restorative techniques and changes in legal requirements. As a result, management is unable to measure the First Nation's potential liability at this time and, accordingly, no provision has been made in the consolidated financial statements.

#### 12. SUBSEQUENT EVENT

Subsequent to year-end, the First Nation loaned \$100,000 to the Stl'atl'imx Tribal Police Services. The loan bears interest at 2.25% per annum and is repayable by December 31, 2014.

## SETON LAKE INDIAN BAND

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)

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#### 13. ECONOMIC DEPENDENCE

Funding from AANDC accounts for 36% of revenue in the current year (2013 - 24%); the First Nation's ability to continue viable operations is dependent upon maintaining its right to receive this funding.

#### 14. ACCUMULATED SURPLUS

The First Nation's accumulated surplus is analyzed as follows:

	2014	2013
Investment in tangible capital assets	\$ 9,675,754	\$ 9,297,216
Restricted cash and cash equivalents	714,502	284,216
Externally restricted surplus for funded reserves	-	288,146
Externally restricted portfolio investments	1,585,445	1,805,939
Ottawa trust fund capital account	8,774	8,774
Internally restricted cash -		
BC Rail	909,894	889,557
St'at'imc Agreement - Community Fund	3,441,635	3,646,999
Unexpended funding (deficit) available for operations	16,336,004 (334,925)	16,220,847 (315,479)
	<hr/> \$16,001,079	<hr/> \$15,905,368

#### 15. COMPARATIVE FIGURES

Certain balances of the preceding year have been reclassified to conform with the current year's financial statement presentation.

#### 16. SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	2014	2013
Cash paid for interest	\$ 39,753	\$ 46,210
Cash received for interest	\$ 103,205	\$ 104,791

## SETON LAKE INDIAN BAND

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)

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#### 17. SEGMENT DISCLOSURE

The First Nation describes its operating segments as follows:

(a) Administration and Governance

This segment provides band support, governance and administrative services for the operations of the First Nation, including various financial functions such as payroll, accounts receivable and accounts payable. Governance acts as a governing body through top down initiatives and it is responsible for the oversight of the collaboration of community development/economic programs, the facilitating of networks involving public and private partnerships, marketing and the allocation of resources to maintain the well-being of the First Nation community and its members.

(b) Capital Asset Fund

This segment is comprised of capital assets and related amortization as well as revenue of capitalized assets and assets under construction.

(c) Development Corporation

This segment is comprised of business activities that are performed in the pursuit of economic and business development. The Tsalalh Development Corp. is responsible for generating economic activity related to BC Hydro.

(d) Economic Development

This segment implements community economic development planning and capacity building initiatives, which are pursued to benefit the First Nation's community by enhancing employment, income generation activities, use of land and resources, economic infrastructure and business opportunities.

(e) Education

This segment is responsible for managing and delivering K to grade 12 education programs and services as well as the management of post-secondary and continuing adult education and support programs.

(f) Facilities and Services

This segment implements capital projects undertaken by the First Nation and maintains community infrastructure. Community infrastructure includes buildings, infrastructure, subdivision and water system.

(g) Health

This segment is responsible for the operation of health facilities and the delivery of programs to support child development and community health.

(h) Housing

This segment activities reflects First Nation owned and CMHC housing rental units and repairs.

(i) Social Assistance

This segment administers benefits and services to individuals and families living on reserve who are in need of support. Department services include income assistance, assisted living, family violence prevention and awareness, and the national child benefit reinvestment.

(j) Other

## **SETON LAKE INDIAN BAND**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)**

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#### **17. SEGMENT DISCLOSURE (Continued)**

##### **(i)(j) Other (Continued)**

This segment administers the various trust funds received by the First Nation.

# SETON LAKE INDIAN BAND

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)

### 17. SEGMENT DISCLOSURE (Continued)

The First Nation's segments are analyzed as follows:

	Administration and Governance	Capital Asset Fund	Development Corporation	Economic Development	Education	Facilities and Services
<b>REVENUES:</b>						
AANDC	\$ 354,653	\$ 45,174	\$ -	\$ 47,799	\$ 1,148,213	\$ 186,625
BC Hydro	-	-	994,581	6,011	-	-
CMHC	-	-	-	-	-	-
HC/FNHA	-	-	-	-	-	-
Interest and investment income	9,095	-	-	-	1,735	-
Province of British Columbia	-	-	-	-	-	-
Other revenues	45,022	8,834	851,342	364,998	122,603	19,121
ISETS	-	-	-	34,698	30,652	-
	408,770	54,008	1,845,923	453,506	1,303,203	205,746
<b>EXPENSES:</b>						
Administration (recovery)	551	-	275	15,000	300	-
Advertising and promotion	53,484	-	1,435	54,058	13,669	-
Amortization	-	386,749	12,275	-	-	-
Bad debts (recovery)	(2,200)	-	2,864	114	-	1,173
Bank charges and interest	4,964	-	17,000	1,463	-	-
Educational allowances	-	-	-	-	639,087	-
Equipment rental	13,709	-	410,633	41,053	9,647	1,078
Family support allowances	-	-	-	-	850	-
Fire protection	-	-	-	152	3,473	6,764
Honoraria	23,658	-	3,750	168	9,875	-
Insurance	9,385	-	12,836	2,252	22,273	14,496
Materials and supplies	5,165	-	11,301	45,011	349,050	21,119
Office and miscellaneous	(8,523)	-	32,280	6,868	11,482	4,533
Professional fees	45,048	-	30,909	-	10,000	10,000
Property taxes	-	-	30,003	-	-	-
Rent and occupancy costs	200	-	3,492	-	-	-
Repairs and maintenance	3,234	-	313	7,316	3,313	26,667
Safe water operations program	-	-	-	-	-	32,786
Social assistance	-	-	-	-	-	-
Subcontract	6,679	-	312,228	11,815	-	5,423
Telephone and utilities	9,622	-	12,378	175,675	33,548	49,322
Travel and training	68,836	-	9,292	90,401	48,463	12,894
Wages and benefits	270,614	-	58,631	908,091	258,880	34,097
	504,426	386,749	961,895	1,359,437	1,413,910	220,352
<b>SURPLUS (DEFICIT) BEFORE TRANSFERS</b>	(95,656)	(332,741)	884,028	(905,931)	(110,707)	(14,606)
<b>TRANSFERS FROM (TO) OPERATING FUNDS</b>	246,603	832,122	-	32,489	64,122	(26,479)
<b>ACCUMULATED OPERATING SURPLUS (DEFICIT), BEGINNING OF YEAR</b>	47,222	7,211,268	(255,981)	(444,967)	2,380,592	(168,982)
<b>ACCUMULATED OPERATING SURPLUS (DEFICIT), END OF YEAR</b>	\$ 198,169	\$ 7,710,649	\$ 628,047	\$ (1,318,409)	\$ 2,334,007	\$ (210,067)

# SETON LAKE INDIAN BAND

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)

### 17. SEGMENT DISCLOSURE (Continued)

	Health	Housing	Social Assistance	Other	2014	2013
<b>REVENUES:</b>						
AANDC	\$ -	\$ -	\$ 448,474	\$ -	\$ 2,230,938	\$ 2,594,644
BC Hydro	-	-	-	97,503	1,098,095	5,756,400
CMHC	-	68,311	-	-	68,311	70,895
HC/FNHA	616,040	-	-	-	616,040	648,997
Interest and investment income	-	2,056	-	110,656	123,542	122,788
Province of British Columbia	-	-	21,288	-	21,288	62,517
Other revenues	2,136	247,044	17,763	494,822	2,173,685	1,620,237
ISETS	-	-	-	-	65,350	90,024
	618,176	317,411	487,525	702,981	6,397,249	10,966,502
<b>EXPENSES:</b>						
Administration (recovery)	(5,805)	6,600	-	-	16,921	(427)
Advertising and promotion	9,609	-	6,448	375	139,078	62,551
Amortization	-	99,110	-	-	498,134	476,189
Bad debts (recovery)	-	47,562	-	-	49,513	25,435
Bank charges and interest	-	23,047	-	-	46,474	53,574
Educational allowances	6,370	-	19,985	900	666,342	523,630
Equipment rental	84	15	-	-	476,219	88,006
Family support allowances	6,210	-	180	800	8,040	3,182
Fire protection	528	806	-	-	11,723	7,312
Honoraria	834	-	6,495	-	44,780	30,420
Insurance	7,408	21,896	-	-	90,546	150,013
Materials and supplies	111,731	7,169	24,056	4,404	579,006	584,490
Office and miscellaneous	7,905	349	1,772	234	56,900	59,748
Professional fees	10,000	20,200	10,000	-	136,157	111,081
Property taxes	-	-	-	-	30,003	-
Rent and occupancy costs	6,000	-	-	-	9,692	23,355
Repairs and maintenance	11,485	44,231	-	-	96,559	240,172
Safe water operations program	-	-	-	-	32,786	31,200
Social assistance	-	-	272,431	-	272,431	405,328
Subcontract	2,325	30,045	-	17,497	386,012	356,867
Telephone and utilities	28,222	9,306	1,349	60	319,482	306,024
Travel and training	72,869	1,733	32,044	4,963	341,495	253,102
Wages and benefits	290,925	54,723	117,284	-	1,993,245	1,860,505
	566,700	366,792	492,044	29,233	6,301,538	5,651,757
<b>SURPLUS (DEFICIT) BEFORE TRANSFERS</b>	<b>51,476</b>	<b>(49,381)</b>	<b>(4,519)</b>	<b>673,748</b>	<b>95,711</b>	<b>5,314,745</b>
<b>TRANSFERS FROM (TO) OPERATING FUNDS</b>	<b>(4,451)</b>	<b>-</b>	<b>9,355</b>	<b>(1,153,761)</b>	<b>-</b>	<b>-</b>
<b>ACCUMULATED OPERATING SURPLUS (DEFICIT), BEGINNING OF YEAR</b>	<b>(150,924)</b>	<b>(219,450)</b>	<b>(84,753)</b>	<b>7,591,343</b>	<b>15,905,368</b>	<b>10,590,623</b>
<b>ACCUMULATED OPERATING SURPLUS (DEFICIT), END OF YEAR</b>	<b>\$ (103,899)</b>	<b>\$ (268,831)</b>	<b>\$ (79,917)</b>	<b>\$ 7,111,330</b>	<b>\$ 16,001,079</b>	<b>\$ 15,905,368</b>