

Financial Statements of

**TOBACCO PLAINS INDIAN
BAND**

Year ended March 31, 2014

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of Tobacco Plains Indian Band (the "Band") and all the information in this report are the responsibility of management and have been approved by the Chief and a Council member on behalf of the Band Council.

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. 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 respects, including the financial position of the Band and the results of its operations and its cash flows.


The Band maintains 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 the Band's assets are appropriately accounted for and adequately safeguarded.

The Band's Chief and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The elections for the positions of Chief and Council occur every two years. Individuals are elected for a term of four years, with elections staggered every two years.

Chief and Council review the Band's financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the financial statements and the external auditors' report. Chief and Council takes this information into consideration when approving the financial statements for issuance to the Members. In addition, Chief and Council also consider the engagement of the Band's external auditors.

The financial statements have been audited by KPMG LLP in accordance with Canadian generally accepted auditing standards on behalf of the Members. KPMG LLP have full access to the Band Chief and Council.


~~Chief~~ Council member


Council member

September 2, 2014 
Council member



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INDEPENDENT AUDITORS' REPORT

To Chief and Council and Members of Tobacco Plains Indian Band

We have audited the accompanying financial statements of Tobacco Plains Indian Band (the "Band"), which comprise the statement of financial position as at March 31, 2014, the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes, comprising 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 an 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 risk 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 Band'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 Band'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.

KPMG LLP, is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative. KPMG Canada provides services to KPMG LLP.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Tobacco Plains Indian Band as at March 31, 2014, and the results of its operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Comparative Information

Without modifying our opinion, we draw attention to Note 10(a) to the financial statements which indicates that the comparative information as presented at and for the year ended March 31, 2013, has been restated and that the accumulated surplus as at April 1, 2012, has been derived from the financial statements as at and for the year ended March 31, 2012.

The financial statements of Tobacco Plains Indian Band as at and for the years ended March 31, 2013, and March 31, 2012, (from which the accumulated surplus as at April 1, 2012, has been derived), excluding the restatement described in Note 10(a) to the financial statements, were audited by another auditor who expressed an unmodified opinion on those financial statements on October 31, 2013.

As part of our audit of the financial statements as at and for the year ended March 31, 2014, we audited the restatement described in Note 10(a) to the financial statements that was applied to restate the comparative information as presented as at and for the ended March 31, 2013. In our opinion, the restatement is appropriate and has been properly applied.

We were not engaged to audit, review or apply any procedures to the March 31, 2013 financial statements, other than with respect to the restatement as described in Note 10(a) to the financial statements. Accordingly, we do not express an opinion or any other form of assurance on those financial statements taken as a whole.

A handwritten signature in black ink, appearing to read 'KPMG LLP'.

Chartered Accountants

Kelowna, Canada

September 2, 2014

TOBACCO PLAINS INDIAN BAND

Statement of Financial Position

March 31, 2014, with comparative information for 2013

	2014	2013
		Restated (note 10(a))
Financial Assets		
Cash and cash equivalents (note 2)	\$ 318,894	\$ 299,674
Restricted cash and investments (note 2)	715,890	707,603
Accounts receivable (note 3)	636,473	905,602
Investments (note 4)	166,339	84,670
Investment in government business enterprises (note 5)	1,350,772	1,257,366
	<u>3,188,368</u>	<u>3,254,915</u>
Liabilities		
Accounts payable and accrued liabilities	154,395	427,823
Deferred revenue (note 6)	386,705	381,311
Long-term debt (note 7)	795,380	583,035
Replacement reserve (note 8)	450	-
	<u>1,336,930</u>	<u>1,392,169</u>
Net financial assets	<u>1,851,438</u>	<u>1,862,746</u>
Non-Financial Assets		
Tangible capital assets (note 9)	2,084,214	2,276,635
Prepaid expenses and deposits	4,501	38,673
	<u>2,088,715</u>	<u>2,315,308</u>
Accumulated surplus (note 10)	<u>\$ 3,940,153</u>	<u>\$ 4,178,054</u>

Commitments and contingencies (note 13)

See accompanying notes to financial statements.

On behalf of the Chief and Council:

 Council member
Chief

 Council member

 Council member

TOBACCO PLAINS INDIAN BAND

Statement of Operations and Accumulated Surplus

Year ended March 31, 2014, with comparative information for 2013

	2014 Budget (note 1(g)) (note 10 (a))	2014	2013 Restated note 10(a))
Revenue:			
Transfers from other governments:			
Aboriginal Affairs and Northern Development			
Canada	\$ 1,674,877	\$ 562,832	\$ 976,213
Other federal government	75,283	174,295	73,656
Province of British Columbia	212,029	212,029	199,734
Ktunaxa Nation Council (note 14)	223,146	336,191	175,268
Grants	270,457	207,370	366,198
Canada Mortgage and Housing Corporation grants	33,110	90,474	-
First Nations Goods and Services Tax	187,097	183,693	201,851
Property taxation	66,377	78,651	74,065
User fees	40,000	16,327	180,648
Rent and lease	32,446	237,429	270,769
Interest	1,100	9,408	7,419
Other	122,728	57,425	42,109
Equity in earnings of business enterprises (note 5)	17,000	147,726	33,997
	2,938,650	2,313,850	2,601,927
Expenses (Schedule 1):			
Administration	463,381	818,116	595,498
Band Housing	18,500	195,959	37,566
Band Revenue	46,730	74,400	35,180
Capital	7,325	322,289	43,548
Community Health Services	190,001	213,977	187,257
Economic Development	57,100	12,851	10,851
Education	154,451	126,031	97,945
Forest and Range Operations	306,686	329,857	561,058
Municipal Services	103,080	146,224	90,600
Taxation	225,567	146,851	160,530
Social Development	125,635	160,742	161,315
Social Housing	19,280	4,454	5,190
	1,717,736	2,551,751	1,986,538
Surplus (deficit)	1,220,914	(237,901)	615,389
Accumulated surplus, beginning of the year	4,178,054	4,178,054	3,562,665
Accumulated surplus, end of year	\$ 5,398,968	\$ 3,940,153	\$ 4,178,054

See accompanying notes to financial statements.

TOBACCO PLAINS INDIAN BAND

Statement of Change in Net Financial Assets

Year ended March 31, 2014, with comparative information for 2013

	2014 Budget (note 1(g))	2014	2013 Restated (note 10 (a))
Surplus (deficit)	\$ 1,220,914	\$ (237,901)	\$ 615,389
Changes to non-financial assets:			
Acquisition of tangible capital assets	(1,150,000)	(125,650)	(1,070,791)
Amortization of tangible capital assets	-	148,880	54,877
Net book value of tangible capital assets disposed	-	5,422	-
Write-down of tangible capital assets	-	163,769	-
	(1,150,000)	192,421	(400,525)
Acquisition of prepaid expenses and deposits	-	(4,501)	(38,673)
Use of prepaid expenses and deposits	-	38,673	23,983
	-	34,172	(14,690)
Increase (decrease) in net financial assets	72,928	(11,308)	(415,215)
Net financial assets, beginning of year	1,862,746	1,862,746	2,277,961
Net financial assets, end of year	\$ 1,935,674	\$ 1,851,438	\$ 1,862,746

See accompanying notes to financial statements.

TOBACCO PLAINS INDIAN BAND

Statement of Cash Flows

Year ended March 31, 2014, with comparative information for 2013

	2014	2013
		Restated (note 10(a))
Cash provided by (used in):		
Operating activities:		
Cash received from Aboriginal Affairs and Northern Development Canada	\$ 818,384	\$ 833,992
Cash received from grants, property taxes, user fees, rent and other revenue	1,605,909	1,521,342
Cash paid to employees and suppliers	(2,478,357)	(2,064,548)
Interest received	9,408	7,419
Interest paid	-	(2,325)
	(44,656)	295,880
Financing activities:		
Repayment of long-term debt	(23,400)	(20,795)
Proceeds of long-term debt	235,745	554,400
Increase in replacement reserves	450	-
	212,795	533,605
Capital activities:		
Acquisition of tangible capital assets	(125,650)	(1,070,791)
Proceeds on disposal of tangible capital assets	12,368	-
	(113,282)	(1,070,791)
Investing activities:		
Increase in investments	(81,670)	(70,980)
Increase (decrease) in restricted cash and investments	(8,287)	(6,963)
Net (investment) in business enterprises	54,320	(5,539)
	(35,637)	(83,482)
Increase (decrease) in cash and cash equivalents	19,220	(324,788)
Cash and cash equivalents, beginning of year	299,674	624,462
Cash and cash equivalents, end of year	\$ 318,894	\$ 299,674
Non-cash financing, capital and investing activities:		
Equity in earnings of business enterprise	\$ 147,726	\$ 33,997
Impairment of tangible capital assets	\$ 163,769	\$ -

See accompanying notes to financial statements.

TOBACCO PLAINS INDIAN BAND

Notes to Financial Statements

Year ended March 31, 2014

Tobacco Plains Indian Band provides local government, education and social development services to its members. The Band is organized under the Indian Act of Canada.

1. Basis of presentation and significant accounting policies:

These financial statements include the assets, liabilities, and results of operations of the Tobacco Plains Indian Band (the "Band") and all related entities and organizations subject to control by the Band's Chief and Council. No inclusion has been made of assets, liabilities, revenue or expenses of Band members, individually or collectively, incorporated or unincorporated, that are not controlled by or the responsibility of the Band's Chief and Council.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local governments, as established by the Public Sector Accounting Board ("PSAB"), which encompasses the following principles:

(a) Fund accounting:

The Band uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions. The various funds have been consolidated for the purpose of presentation in the consolidated financial statements.

(b) Reporting entity:

The Band's reporting entity includes the Tobacco Plains Indian Band community government and all related entities and organizations which are accountable for the administration of their financial affairs and resources to the Band and are either owned or controlled by the Band.

i) Investment in government business enterprises:

The Band records its investments in government business enterprises (GBE) on a modified equity basis. Under the modified equity basis, the GBE's accounting policies are not adjusted to conform with those of the Band and inter-organizational transactions and balances are not eliminated. The Band recognizes its equity interest in the annual earnings or loss of the GBE's in its statement of operations with a corresponding increase or decrease in its investment asset account. Any dividends that the Band may receive from the GBE's will be reflected as deductions in the investment asset account.

The Band's government business enterprises investments consist of the following:

Tobacco Plains Development Corporation - 100% interest

ii) Investments:

Investments in entities in which the Band does not control individually or jointly are recorded at acquisition cost. If there has been an other than temporary decline in the value of an investment, the investment is written down to its net realizable value.

TOBACCO PLAINS INDIAN BAND

Notes to Financial Statements (continued)

Year ended March 31, 2014

1. Basis of presentation and significant accounting policies (continued):

(b) Reporting entity (continued):

iii) Trust funds:

Trust funds and their related operations administered by the Band are included in these consolidated financial statements.

(c) Cash and cash equivalents:

Cash and cash equivalents includes, cash and investments in highly liquid money market funds, with a term to maturity of 90 days or less and are readily convertible to cash.

(d) Revenue recognition:

Government transfers, grants and subsidy revenue are recognized as the Band becomes entitled to the funding under the terms of applicable funding agreements and is recorded in the period in which the resources are used for the purpose specified in the agreements. Restricted funding received which relates to a subsequent fiscal period or which stipulations that give rise to an obligation are reported as deferred revenue until the resources are used for the purpose or purposes specified and/or the stipulations giving rise to an obligation have been met.

Rent, lease and user fee revenue is recognized on a monthly basis as income is earned and when collection is reasonable assured. Property and First Nations tax revenues are recognized at the time the taxes are levied.

Other revenue, including sales of goods and provision of services are recognized in the period the goods or services are provided and the related proceeds are received or receivable.

TOBACCO PLAINS INDIAN BAND

Notes to Financial Statements (continued)

Year ended March 31, 2014

1. Basis of presentation and significant accounting policies (continued):

(e) Tangible capital assets:

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation with a corresponding amount recorded as revenue. Tangible capital assets under construction are not amortized until the asset is available or use.

Tangible capital assets are amortized over their expected useful lives as follows:

Asset	Basis	Amount
Buildings	Straight-line	4%
Infrastructure	Straight-line	4-8%
Equipment	Straight-line and declining balance	20-45% 20-30%
Automotive	Declining balance	30%

When management determines that a tangible capital asset no longer contributes to the Band's ability to provide goods and services or that the value of future benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible capital asset is written down to its net recoverable amount.

All intangible assets and items inherited by right of the Band, such as land, forests, water, natural resources and cultural and historic assets, are not recognized in the Band's financial statements.

TOBACCO PLAINS INDIAN BAND

Notes to Financial Statements (continued)

Year ended March 31, 2014

1. Basis of presentation and significant accounting policies (continued):

(f) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of financial and non-financial 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. Actual results could differ from those estimates.

Significant areas requiring management estimates include the recoverable amount of accounts receivable, and the useful lives of and net future economic benefits associated with tangible capital assets. Management reviews these estimates on a periodic basis and at least annually. Where necessary, management makes adjustments to these benefits prospectively.

(g) Budget data:

The budget data presented in these consolidated financial statements have been derived from the budget approved by the Band Chief and Council on March 19, 2013.

(h) Segmented disclosure:

A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to achieve the objectives of the standard. The Band has determined the most appropriate basis for classifying segments is by program. Segmented disclosures are provided in note 18 and Schedule 2 to the consolidated financial statements.

TOBACCO PLAINS INDIAN BAND

Notes to Financial Statements (continued)

Year ended March 31, 2014

2. Cash and cash equivalents, restricted cash and investments:

The Band maintains its cash balances in several financial institutions in British Columbia. The Canada Deposit Insurance Corporation (CDIC) insures each of these accounts up to \$100,000. The aggregate funds held in each institution may exceed the CDIC insured limit from time to time and specific funds held by each institution may not be covered by CDIC Insurance. Management does not anticipate any material effect on the financial position of the Band as a result of these concentrations.

Certain cash has been internally restricted by the Band or externally restricted by federal or provincial government authorities for the following specific purposes. These funds have been invested in separate investment funds and cash accounts with interest rates ranging from 1.0% to 2.5%.

	2014	2013
		Restated (note 10(a))
Externally restricted:		
Trust Funds on deposit with Aboriginal Affairs and Northern Development Canada		
Development Canada	\$ 168,949	\$ 166,231
Nolan Settlement Trust	546,491	541,372
Social Housing replacement reserve	450	-
	\$ 715,890	\$ 707,603

3. Accounts receivable:

	2014	2013
Aboriginal Affairs and Northern Development Canada (AANDC)	\$ 132,607	\$ 326,683
Province of British Columbia	122,592	4,500
Canada Housing and Mortgage Corporation	-	58,321
Ktunaxa Nation Council	122,857	96,789
Sales taxes recoverable	98,316	114,206
Property tax receivable	2,946	9,286
Other	110,146	43,396
	589,464	653,181
Band members	240,046	252,949
Less allowance for doubtful accounts		
Band members	(193,037)	(528)
	47,009	252,421
	\$ 636,473	\$ 905,602

TOBACCO PLAINS INDIAN BAND

Notes to Financial Statements (continued)

Year ended March 31, 2014

4. Investments:

	2014	2013
Ktunaxa Holdings Ltd. ("KHL"), shares, at cost	\$ 1	\$ 1
Ktunaxa Holdings Limited Partnership ("KHLP"), limited partnership interest	1	1
SEM Holdings Ltd. ("SHL"), shares, at cost	1	1
All Nations Trust Company, shares, at cost (market value - \$2,000)	2,000	2,000
SunLife Financial, shares, at cost (market value - \$37,659)	6,885	25,216
Guaranteed Investment Certificates, maturing between October 2014 and May 2016	157,451	57,451
	\$ 166,339	\$ 84,670

The Band's investment in KHL consists of 20% beneficial interest in one common share. KHL's primary asset is an investment in KHLP, which holds a 99.99% interest in Nupqu Development Limited Partnership ("NDLP"). NDLP's general partner is Nupqu Development Corporation, in which KHL holds a 100% interest. As the Band, through its investment, does not control or jointly control KHL, the investment has been recorded using the cost method.

The Band holds 20% limited partnership interest in KHLP, in which KHL is the general partner. The Band's investment is recorded at cost as the Band does not control or jointly control KHLP's operations or assets. The Band records earnings from its investment in KHLP based on cash distributions of limited partnership earnings received. The Band's investment consists of its initial cost of \$39,010, less a impairment provision of \$39,009. To March 31, 2014, the Band has not received any limited partnership distributions from KHLP.

The Band's investment in SHL consists of 20% beneficial interest in one common share. SHL's assets include a 33% share of the St. Eugene Mission Resort ("SEM"). As the Band, through its investment, does not control or jointly control SHL, the investment has been recorded using the cost method.

The Band's investment in All Nations Trust Company (ANTCO) represents less than 1% interest in the entity. ANTCO was established to act as the debtor to first nations for Canada Mortgage and Housing Corporation Social Housing Programs and as the Band, through its investment, does not control or jointly control ANTCO, the investment has been recorded using the cost method.

TOBACCO PLAINS INDIAN BAND

Notes to Financial Statements (continued)

Year ended March 31, 2014

5. Investments in government business enterprises:

	2014	2013
Tobacco Plains Development Corporation:		
Investment in shares, at cost	\$ 60	\$ 60
Advances	920,066	974,386
Accumulated equity in earnings	430,646	282,920
	\$ 1,350,772	\$ 1,257,366

Advances to Tobacco Plains Development Corporation are unsecured non-interest bearing and have no stated terms of repayment.

Tobacco Plains Development Corporation oversees economic opportunities for the Band and the purpose of the Tobacco Plains Development Corporation is to foster the economic and social betterment of the Band members. The activities of the Tobacco Plains Development Corporation include several campgrounds, a duty free store, and a boat launch.

Financial information for Tobacco Plains Development Corporation as at and for the year ended March 31, 2014 is summarized as follows:

	2014	2013
Balance sheet information:		
Assets	\$ 1,569,326	\$ 1,407,096
Liabilities	1,138,620	1,124,116
Shareholder's equity	430,706	282,980
Results of operations:		
Revenues	1,442,175	1,424,237
Expenses	1,294,449	1,390,240
Net earnings (loss)	147,726	33,997

TOBACCO PLAINS INDIAN BAND

Notes to Financial Statements (continued)

Year ended March 31, 2014

6. Deferred revenue:

Deferred revenue represents monies received of which the funds are restricted for specific projects or programs and of which the expenses have not yet been incurred.

	2014	2013
Unexpended AANDC funding	\$ 75,767	\$ 14,291
Province of British Columbia	26,550	76,977
Ktunaxa Nation Council	274,388	274,388
Columbia Basin Trust	10,000	15,655
	\$ 386,705	\$ 381,311

The net change in deferred revenue for the year was as follows:

	2014	2013
Balance beginning of year	\$ 381,311	\$ 299,999
Contributions received in the year	50,506	89,924
Amounts recorded in revenue	(45,112)	(8,612)
Balance, end of year	\$ 386,705	\$ 381,311

TOBACCO PLAINS INDIAN BAND

Notes to Financial Statements (continued)

Year ended March 31, 2014

7. Long-term debt:

	2014	2013
Social Housing Program		
Mortgage, repayable in monthly instalments of \$3,365 including interest at 2%, matures March 2039	\$ 790,145	\$ 554,400
St. Eugene Mission Project		
Loan, repayable in monthly instalments of \$1,950 including interest at the prime rate plus 2.75%, repaid subsequent to yearend	5,235	28,635
	\$ 795,380	\$ 583,035

Scheduled principal payments on long-term debt for the next five years are as follows:

2015	\$ 29,703
2016	24,972
2017	25,486
2018	26,011
2019	26,547

8. Replacement reserves:

Under the terms of the Band's agreements with CMHC, a Replacement Reserve account is to be credited by an amount determined on an annual basis. The amount credited to the Social Housing program replacement reserve account for the year was \$450. These funds, along with accumulated interest, must be held in separate bank accounts and/or invested only in accounts or instruments insured by CDIC, or as may otherwise be approved by CMHC. The funds may only be expended as approved by CMHC.

The change in the replacement reserves is calculated as follows:

	Beginning balance	Contributions	Interest	Approved expenses	Ending balance
Social Housing program	\$ -	\$ 450	\$ -	\$ -	\$ 450
	\$ -	\$ 450	\$ -	\$ -	\$ 450

TOBACCO PLAINS INDIAN BAND

Notes to Financial Statements (continued)

Year ended March 31, 2014

9. Tangible capital assets:

March 31, 2014	Buildings	Infrastructure	Equipment & Automotive	Leasehold improvements	Total
Cost:					
Beginning of year	\$ 2,012,937	\$ 571,472	\$ 563,980	\$ 23,147	\$ 3,171,536
Acquisitions, net	103,536	-	16,692	-	120,228
Loss on write-down	(163,769)	-	-	-	(163,769)
Balance, end of year	1,952,704	571,472	580,672	23,147	3,127,995
Accumulated amortization:					
Balance, beginning of year	686,255	136,305	70,971	1,370	894,901
Amortization	30,381	18,185	99,443	871	148,880
Loss on write-down	-	-	-	-	-
Balance, end of year	716,636	154,490	170,414	2,241	1,043,781
Net book value, end of year	\$ 1,236,068	\$ 416,982	\$ 410,258	\$ 20,906	\$ 2,084,214

March 31, 2013	Buildings	Infrastructure	Equipment & Automotive	Leasehold improvements	Total
Costs:					
Balance, beginning of year	\$ 1,152,517	\$ 566,132	\$ 358,948	\$ 23,147	\$ 2,100,744
Acquisitions	860,420	5,340	205,031	-	1,070,791
Disposals	-	-	-	-	-
Balance, end of year	2,012,937	571,472	563,980	23,147	3,171,535
Accumulated amortization:					
Balance, beginning of year	669,306	126,284	43,971	463	840,024
Amortization	16,949	10,021	27,000	906	54,876
Disposals	-	-	-	-	-
Balance, end of year	686,255	136,305	70,971	1,370	894,900
Net book value, end of year	\$ 1,326,682	\$ 435,167	\$ 493,009	\$ 21,777	\$ 2,276,635

TOBACCO PLAINS INDIAN BAND

Notes to Financial Statements (continued)

Year ended March 31, 2014

10. Accumulated surplus:

	2014	2013
		Restated (note 10(a))
Financial surplus:		
Unrestricted operating surplus	\$ 1,930,644	\$ 1,748,216
Invested in tangible capital assets (note 11)	1,294,069	1,722,235
Externally restricted surplus (note 12)	715,440	707,603
	<u>\$ 3,940,153</u>	<u>\$ 4,178,054</u>

(a) Correction of an error:

Unrestricted operating deficit and financial surplus (deficit) as at March 31, 2013 and April 1, 2012 have been restated to reflect the following corrections:

(i) Nolan Settlement Trust

Restricted cash and interest income have been restated to consolidate the activity within the Nolan Settlement Trust as at and for the year ended March 31, 2013 as the Band controls the operations of the Trust through ability to appoint Trustees. The restatement resulted in an increase in restricted cash and externally restricted surplus of \$538,685, as at April 1, 2012, increase in restricted cash and externally restricted surplus of \$541,372, as at March 31, 2013 and an increase in interest income of \$2,687 for the year ended March 31, 2013.

TOBACCO PLAINS INDIAN BAND

Notes to Financial Statements (continued)

Year ended March 31, 2014

10. Accumulated surplus (continued):

(ii) Social Housing Phase 6 Capitalized Cost

Tangible capital assets and Capital program expenses have been restated to reflect the additional costs to be capitalized for the social housing that was being constructed during the year that was originally recorded net of funds received. The restatement resulted in an increase to the capitalized cost of social housing building of \$79,008 as at March 31, 2013, an increase in input tax credits recoverable relating to the social housing building of \$26,400, as at March 31, 2013, and a decrease in Capital program expenses of \$105,408 for the year ended March 31, 2013.

The net change in accumulated surplus (deficit) as at April 1, 2012 and March 31, 2013 is as follows:

Accumulated surplus (deficit), April 1, 2012:

As previously reported	\$ 3,023,980
Restatement, Nolan Settlement Trust	538,685

As restated, April 1, 2012	\$ 3,562,665
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Accumulated surplus (deficit), March 31, 2013:

As previously reported	\$ 3,531,274
Restatement, Nolan Settlement Trust	541,372
Restatement, Social Housing tangible capital assets	79,008
Restatement, tax credits recoverable	26,400

As restated, March 31, 2013	\$ 4,178,054
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TOBACCO PLAINS INDIAN BAND

Notes to Financial Statements (continued)

Year ended March 31, 2014

11. Invested in tangible capital assets:

(a) Investment in tangible capital assets:

	2014	2013
		Restated (note 10(a))
Tangible capital assets	\$ 2,084,214	\$ 2,276,635
Less financed by:		
Long-term debt	(790,145)	(554,400)
	<u>\$ 1,294,069</u>	<u>\$ 1,722,235</u>

(b) Change in invested in tangible capital assets:

	2014	2013
Balance, beginning of year	\$ 1,722,235	\$ 1,260,721
Amortization of tangible capital assets	(148,880)	(54,877)
Acquisition of tangible capital assets	125,650	1,070,791
Net book value of tangible capital assets disposed	(5,422)	-
Write-down of tangible capital assets	(163,769)	-
Proceeds from long-term debt	(235,745)	(554,400)
Balance, end of year	<u>\$ 1,294,069</u>	<u>\$ 1,722,235</u>

TOBACCO PLAINS INDIAN BAND

Notes to Financial Statements (continued)

Year ended March 31, 2014

12. Externally restricted surplus:

	Beginning balance	Contributions	Interest	Approved Transfers	Ending Balance
AANDC					
Capital	\$ 91,012	\$ -	\$ -	\$ -	\$ 91,012
Revenue	75,219	478	2,240	-	77,937
	166,231	478	2,240	-	168,949
Nolan Settlement Trust	541,372	-	5,119	-	546,491
	\$ 707,603	\$ 478	\$ 7,359	\$ -	\$ 715,440

The AANDC 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. These funds are restricted in their use, of which the Band is generally permitted to use for a purpose that will promote the general progress and welfare of the Band and Band members. The management of the funds is primarily governed by the sections of the Indian Act.

13. Commitments and contingencies:

(a) Operating lease commitments:

The Band has non-cancelable operating lease commitments at an annual amount of \$2,415 annually until February 2018.

The total lease and expenditure commitments described in (a) for the next four years is as follows:

2015	2,415
2016	2,415
2017	2,415
2018	2,214
	\$ 9,459

TOBACCO PLAINS INDIAN BAND

Notes to Financial Statements (continued)

Year ended March 31, 2014

13. Commitments and contingencies (continued):

(b) Legal settlement:

Tobacco Plains Indian Band was one of five defendants involved in a court action for breach of a contract entered into in 1993 in relation to management of the casino at St. Eugene Mission Resort. In November 2010, the parties reached a settlement agreement of \$537,500 to be paid over 10 years of which each of the five parties have assumed an equal share resulting in a liability to Tobacco Plains Indian Band of \$32,500 as at March 31, 2014 (included in accounts payable and accrued liabilities). It is the intention of the parties to make annual payments with Host Local Government funds, which Tobacco Plains Indian Band made payments of \$55,000 during the year. The Band is contingently liable as guarantor of this settlement agreement in the event any of the other parties to the agreement default.

14. Related party transactions:

- (a) The Tobacco Plains Indian Band is one of four Indian Bands that comprise the Ktunaxa Nation Council. Transactions with the Ktunaxa Nation Council during the year consisted of receiving funds of \$336,191 (2013 - \$175,268) which includes an amount of \$80,368 (2013 - \$35,368) for Host Local Government funds in relation to the St. Eugene Mission Resort Limited Partnership and \$10,000 (2013 - \$10,000) to the Modern Games Ltd. settlement (note 13(b)). All of the identified transactions are encompassed within the Ktunaxa Nation Council financial statement caption.
- (b) Recognized rent sharing revenue receivable from Tobacco Plains Development Corporation in regards to the operation of Big Springs Campground and Edwards Lake Leasehold of \$67,094 (2013 - \$nil).
- (c) The Band paid Nupqu Development Limited Partnership \$30,156 (2013 - \$15,027) for fuel reduction treatment and woodlot management activities and received \$11,676 (2013 - nil) on the sale of equipment.

These transactions are in the normal course of operations and are measured at the exchange value, which is the amount of consideration established and agreed to by the related parties.

15. Employee future benefits:

The Band matches employee contributions to a defined contribution plan, which is administered by Great West Life. The total pension expense, representing employer contributions to the plan, for the year was \$16,218 (2013 - \$20,017)

TOBACCO PLAINS INDIAN BAND

Notes to Financial Statements (continued)

Year ended March 31, 2014

16. Financial risks and concentration of risks:

(a) Credit risk:

Credit risk refers to the risk that counterparty may default on its contractual obligations resulting in a financial loss. The Band holds its cash and cash equivalents, with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. In the event of default, the Band's cash accounts are insured up to \$300,000.

(b) Liquidity risk:

Liquidity risk is the risk that the Band will not be able to meet its financial obligations as they become due. For the year ended March 31, 2014, mortgages are secured by AANDC or by redirection of AANDC funding. The Band monitors the maturity of its financial liabilities and assesses whether it has sufficient cash to settle these financial obligations when due.

The Band is subject to non-financial covenants and restrictions in relation to its long-term debt loan and mortgages. As at March 31, 2014, the Band was in compliance with these covenants and restrictions.

The Band has performed an analysis of the age of financial assets that are past due as at March 31, 2014 and has recorded an impairment of \$193,037 (2013 - \$528) to its accounts receivable balance due to the likelihood of ultimate collectibility.

(c) Interest rate risk:

Interest rate risk relates to the impact of changes in interest rates on the Band's future cash inflows from its investments and future cash outflows on its long-term debt. The Band's cash and cash equivalents are held in cash or short term money market instruments, accordingly, the Band is not subject to significant interest rate risk in regards to these financial assets.

The Band is subject to interest rate risk with respect to its long-term debt, which bears interest at fixed rates based on the lenders' 5 year interest rates. For the year ended March 31, 2014, the Band's interest on its long-term debt loan and mortgages were not subject to significant interest rate risk. The Band manages interest rate risk through negotiations with lenders at origination or renewal of loan agreements.

17. Economic dependence:

The Band receives a major portion of its revenues pursuant to a funding agreement with AANDC. Any disruption in this funding could have a negative effect on Band operations.

TOBACCO PLAINS INDIAN BAND

Notes to Financial Statements (continued)

Year ended March 31, 2014

18. Segmented information:

Segmented information has been identified based upon lines of service provided by the Band. Band services are provided by departments and their activities are reported by functional are in the body of the financial statements. Certain lines of service that have been separately disclosed are summarized below, with activity for the year ended March 31, 2014 summarized in schedule 2.

(a) Administration

Administration provides the functions of corporate administration, finance, human resources, legislative services, and elected officials.

(b) Education

Education is responsible for administering and facilitating education programs such as secondary education, university qualifying credit courses and community education programs.

(c) Community Health Services

Community health services includes salaries and expenses related to the operation of a community health and wellness programs to Band members.

(d) Social Development

Social development provides social programs to Band members.

(e) Municipal Services

Maintenance of facilities includes funding for and expenses related to the repair and maintenance of the Band's land, community waters systems, roads, equipment and buildings.

(f) Band Housing

Band housing includes revenue and expenses related to rental housing units owned or managed on behalf of others by the Band.

(g) Taxation

Taxation includes revenues from property tax levies, goods and services tax and funds received from impact benefits and costs related to the administration of the property taxation department.

TOBACCO PLAINS INDIAN BAND

Notes to Financial Statements (continued)

Year ended March 31, 2014

18. Segmented information (continued):

(h) Forest and Range Operation

Lands and resource management includes revenue and expenses related to the management and planning of the Band's land and resources.

(i) Social Housing Program

The Social Housing Program administers the CMHC program to provide and advocate for secure, affordable housing under the CMHC program Phase 11.

(j) Band Revenue

Band revenue includes revenue and expenses related to Band's community projects and events.

(p) Capital

Capital includes grant and other funding and related expenses for the upgrade and addition to the Band's tangible capital assets.

(r) Economic Development

Economic development includes revenues and expenses related to administering and facilitating new business opportunities and projects for the Band.

19. Comparative figures:

Certain 2013 comparative figures have been reclassified to conform with the consolidated financial statement presentation adopted for the current year.