

SHUSWAP INDIAN BAND
FINANCIAL STATEMENTS
MARCH 31, 2014

SHUSWAP INDIAN BAND**FINANCIAL STATEMENTS****MARCH 31, 2014**

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Management's Responsibility for Financial Statements

The accompanying financial statements of the Shuswap Indian Band are the responsibility of management and have been approved by Council.

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

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

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

The external auditors, Larry Ewing Chartered Professional Accountant, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of the Shuswap Indian Band and meet when required.

On behalf of the Shuswap Indian Band.

A handwritten signature in black ink, appearing to read 'Alice Sam', with a stylized flourish at the end.

Alice Sam
Councilor

Larry Ewing

CHARTERED PROFESSIONAL ACCOUNTANT

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Larry Ewing BComm, CPA, CA, CPA (IL)
(an incorporated professional)

To the members of Shuswap Indian Band,

We have audited the accompanying financial statements of Shuswap Indian Band, which comprise the statement of financial position of Shuswap Indian Band as at March 31, 2014, and the statements of operations, statement of change in net financial assets, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 upon 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 of 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 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 evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of Shuswap 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 Public Sector Accounting Standards.




CHARTERED PROFESSIONAL ACCOUNTANT

August 18, 2014

SHUSWAP INDIAN BAND
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2014

	2014	2013
Financial assets		
Cash	52,868	130,479
Accounts receivable – note 2	843,814	917,498
Prepaid expenses	90,000	90,000
Advances to Band controlled entities – notes 3,9,10	171,163	147,556
First Nations Trust Co. Shares	1,000	1,000
Trust Funds held by AANDC	39,277	37,575
Total financial assets	1,198,122	1,324,108
Liabilities		
Accounts payable and accrued liabilities – note 13	413,493	493,239
Unearned AANDC revenue – note 4	69,172	36,480
Bank loan – note 11	260,050	
Unearned lease revenue – note 7	15,377	18,453
Total liabilities	758,092	548,172
Net financial assets	440,030	775,936
Non-financial assets		
Tangible capital assets – notes 1,5	1,319,330	1,386,633
Accumulated surplus	1,759,360	2,162,569


 Councillor

SHUSWAP INDIAN BAND**STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2014**

	Budget	2014	2013
Revenues			
Aboriginal Affairs and Northern Development Canada– note 4	668,383	668,383	985,810
Health Canada	239,339	239,339	245,696
First Nations GST	468,111	468,111	650,336
Property taxes	640,909	640,909	509,599
Rent	30,263	30,263	46,728
Interest from AANDC trust	1,702	1,702	1,469
Other income	169,753	169,753	965,826
Total revenue	2,218,460	2,218,460	3,405,464
Expenses			
Band government	326,413	326,413	435,856
Economic development	226,005	226,005	433,579
Education	85,450	85,450	126,974
Health	254,108	254,108	247,350
Housing	29,165	29,165	58,031
Public works	94,509	94,509	155,087
Other	905,799	905,799	1,562,147
Social services	212,254	212,254	234,293
Taxation – note 13	288,133	288,133	408,186
Employment	6,577	6,577	2,513
Loss from government business enterprises	125,952	125,952	116,232
Amortization	67,304	67,304	71,008
Total expenses	2,621,669	2,621,669	3,851,256
Surplus (deficit) for the year	(403,209)	(403,209)	(445,792)
Accumulated surplus beginning of year – note 13	2,162,569	2,162,569	2,539,986
Tangible capital assets additions – note 5			68,375
Accumulated surplus end of year	1,759,360	1,759,360	2,162,569

SHUSWAP INDIAN BAND**STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
YEAR ENDED MARCH 31, 2014**

	Budget	2014	2013
Surplus (deficit) for the year	(403,209)	(403,209)	(445,792)
Amortization	67,303	67,303	71,008
Change in financial assets	(335,906)	(335,906)	(374,784)
Financial assets beginning of year	775,936	775,936	1,150,720
Financial assets end of year	440,030	440,030	775,936

SHUSWAP INDIAN BAND**STATEMENT OF CASH FLOWS**
YEAR ENDED MARCH 31, 2014

	2014	2013
Operating transactions		
Surplus (deficit) for the year	(403,209)	(445,792)
Depreciation	67,304	71,008
Change in deficiency in band controlled entities	125,952	116,232
Interest from AANDC trust	(1,702)	(1,469)
Changes in non-cash working capital items		
Change in accounts receivable	73,684	87,809
Change in prepaid expenses		(72,580)
Change in due from Kinbasket Development Corporation	(209,879)	(30,085)
Change in due from Kinbasket Water & Sewer Company Ltd.	60,320	125,590
Change in accounts payable and accrued liabilities	(79,747)	(8,617)
Change in unearned AANDC revenue	32,692	10,795
Total from operating activities	(334,585)	(147,109)
Investing transactions		
Bank loan	300,000	
Loan repayment	(39,950)	
Change in unearned lease revenue	(3,076)	(3,076)
Total Investing transactions	256,974	
Increase (decrease) in cash	(77,611)	(150,185)
Cash beginning of year	130,479	280,664
Cash end of year	52,868	130,479

SHUSWAP INDIAN BAND
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2014

1) Significant Accounting Policies

a) Basis of Accounting

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

b) Reporting Entity

The Shuswap Indian Band includes all Shuswap Indian Band government and all related entities that are controlled by the Band.

c) Revenue Recognition

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

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

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

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

d) Tangible Capital Assets

Tangible capital assets are recorded at cost. Amortization is recorded using the declining balance method at the following annual rates:

Buildings	5%
Automotive	25%
Equipment	25%
Water systems	5%

e) Investments in Controlled Corporations

The Band's investment in the Kinbasket Development Corporation, Kinbasket Integrated Property Management Ltd., Kinbasket Property Development Corporation, and the Kinbasket Water & Sewer Company Ltd. have been accounted for using the modified equity method. Under the modified equity method the investment in these corporations are adjusted for income or loss for the year. For these corporations no modifications of the equity method are necessary because the accounting principles of these business entities are the same as that of the Band.

SHUSWAP INDIAN BAND
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2014

1) Significant Accounting Policies (continued)

f) Investments in Non-Controlled Corporations

The Shuswap Indian Band holds a 6.7% interest in the St. Eugene Mission Hotel and Golf Course Funding Corporation which was paid for by the Government of Canada. The value of that interest has not been determined by the Band and, therefore, the value reported on these statements is nil.

g) Measurement Uncertainty

These financial statements have been prepared in accordance with Canadian generally accepted accounting practices. In preparing these financial statements management has made estimates and assumptions that affect the amounts reported. Actual results could differ from these estimates.

2) Accounts Receivable

	2014	2013
BC Highways and CPR	485,580	485,579
AANDC	120,572	134,161
Property taxes	237,662	182,549
Province of BC First Nations Emergency Services Society		115,209
	<u>843,814</u>	<u>917,498</u>

3) Advances to Band controlled entities

	2014	2013
Due from Kinbasket Water & Sewer Company Ltd.	280,311	340,631
Due from Kinbasket Development Corporation	1,352,254	1,142,375
Deficiency in investment in band controlled entities	(1,461,402)	(1,335,450)
Estimated value of advances to Band controlled entities	<u>171,163</u>	<u>147,556</u>

4) Unearned AANDC Revenue

	2014	2013
Unearned AANDC revenue beginning of year	36,480	25,685
Community economic development (PPP)		(25,685)
First Nations Land Management Development	32,692	36,480
Balance end of year	<u>69,172</u>	<u>36,480</u>
AANDC revenue recorded	701,075	975,015
Community economic development (PPP)		(25,685)
First Nations Land Management Development	(32,692)	36,480
AANDC funding per confirmation	<u>668,383</u>	<u>985,810</u>

SHUSWAP INDIAN BAND
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2014

5) Tangible Capital Assets

	2013 Cost	2014 Additions	2014 Cost
Land	152,371		152,371
Administrative buildings	341,835		341,835
Church building	68,375		68,375
Equipment	219,607		219,607
Social housing buildings	1,585,794		1,585,794
Water systems	1,251,676		1,251,676
	<u>3,619,658</u>		<u>3,619,658</u>

Included in the Taxation Fund are social and cultural expenditures amounting to \$68,375 which relate to capital renovations to the church building in the fiscal year ended March 31, 2013.

	2014 Amortization	2014 Accumulated Amortization	2014 Net Book Value	2013 Net Book Value
Land			152,371	152,371
Administrative buildings	6,213	223,780	118,054	124,268
Church building	3,333	5,042	63,333	66,665
Equipment	6,989	198,642	20,965	27,954
Social housing buildings	26,949	1,073,756	512,038	538,988
Water systems	23,820	799,108	452,569	476,387
	<u>67,304</u>	<u>2,300,328</u>	<u>1,319,330</u>	<u>1,386,633</u>

6) Investment in Controlled Entities

Kinbasket Development Corporation, Kinbasket Property Development Corporation and Kinbasket Water & Sewer Company Ltd. are wholly owned subsidiaries of the Band. Shares of these corporations are held in trust by members of the current Band Council for the benefit of the members of the Shuswap Indian Band. The Band has a 90% interest in the shares of Kinbasket Integrated Property Management Ltd. The Band's investment in controlled entities can be summarized as follows:

	2014	2013
Kinbasket Development Corporation equity	(2,243,490)	(1,995,378)
Kinbasket Property Development Corporation equity	26,875	23,315
Kinbasket Water and Sewer Company equity	823,829	766,905
Kinbasket Integrated Property Management Ltd. – 90%	49,729	(130,292)
	<u>(1,343,057)</u>	<u>(1,335,450)</u>

SHUSWAP INDIAN BAND
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2014

6) Investment in Controlled Entities (Continued)

Audited condensed financial information for Kinbasket Development Corporation for its fiscal year ended March 31, 2014 is as follows:

	2014	2013
Assets	5,369,025	5,451,789
Liabilities	7,721,837	7,447,167
Appraisal increase on lands held for development	2,647,995	2,680,686
Revenue	340,469	625,327
Income (loss)	(222,721)	(119,167)

Unaudited condensed financial information for Kinbasket Property Development Corporation for its fiscal year ended March 31, 2014 is as follows:

	2014	2013
Assets	26,393	35,416
Liabilities	8,541	8,541
Revenue (loss)	(9,023)	2,907
Income (loss)	(9,023)	2,907

Audited condensed financial information for Kinbasket Water & Sewer Company Ltd. for its fiscal year ended March 31, 2014 is as follows:

	2014	2013
Assets	5,487,830	5,612,766
Liabilities	2,020,921	4,845,861
Appraisal increase on lands held for development	582,791	582,791
Revenue	341,398	297,155
Income (loss)	84,684	35,626

Unaudited condensed financial information for Kinbasket Integrated Property Management Ltd for the fiscal year ended March 31, 2014 is as follows:

	2014	2013
Assets	63,286	476,616
Liabilities	8,031	338,053
Revenue		464,354
Income (loss)	(83,308)	260,141

SHUSWAP INDIAN BAND
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2014

7) Unearned Lease Revenue

BC Hydro has entered into a lease to access Band lands. The parties have agreed to a twenty year lease starting in 2000 and expiring in 2019 for consideration of \$61,517. Lease revenue from this agreement is being included in revenue over the term of the lease.

8) Loans to Band Members

No amounts are owing from Band Members.

9) Financial Instruments

Credit Risk Management

There is no credit risk on accounts receivable. These amounts generally relate to property taxes, amounts held in trust, or amounts due from government sources.

The Corporation is exposed to credit risk on the balances due from Kinbasket Water & Sewer Company Ltd., and Kinbasket Development Corporation. The amount of credit risk is accounted for by offsetting the advances to Band controlled entities with the deficiency in investment in band controlled entities.

Fair Values

The carrying amount of accounts payable and accounts receivable approximates their fair value because of the short term maturities of these items.

The fair value of balances due from Kinbasket Water & Sewer Company Ltd. and Kinbasket Development Corporation are less than carrying value as the amounts are unsecured and non-interest bearing. Since there are no specific terms of repayment, it has not been possible to determine the fair value.

10) Related Party Transactions

The Kinbasket Development Corporation, Kinbasket Water & Sewer Company Ltd., and Kinbasket Property Development Corporation are wholly owned subsidiaries of the Shuswap Indian Band. Kinbasket Integrated Property Management Ltd. is 90% owned by the Shuswap Indian Band. Funds are transferred between the companies to facilitate the cash requirements of each company.

33.3% of the shares of North Rock Holdings Inc. are owned by the Kinbasket Property Development Corporation which exerts significant influence over the corporation.

The amounts owing from Kinbasket Development Corporation and Kinbasket Water & Sewer Company Ltd. are unsecured with no specific terms for repayment.

SHUSWAP INDIAN BAND
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2014

11) Bank Loan

The bank loan is payable upon demand plus interest at the bank prime rate plus 2%, and is secured by a general assignment of book debts.

12) Expenses by Object

	2014	2013
Amortization	67,304	71,008
Bank charges and interest	11,785	4,818
Insurance	99,394	15,000
Office	18,629	20,084
Other	931,559	1,746,269
Professional fees	28,000	120,264
Repairs and maintenance	70,199	131,978
Travel	54,447	130,066
Utilities	17,632	30,646
Wages, salaries and benefits	1,322,720	1,581,123
	<u>2,621,669</u>	<u>3,851,256</u>

13) Prior Period Adjustment

	2014	2013
Accumulated surplus beginning of year as previously stated	2,451,569	2,773,986
Adjustment for unrecorded municipal services	(289,000)	(234,000)
Accumulated surplus as restated	<u>2,162,569</u>	<u>2,539,986</u>
Taxation expenses as previously stated		353,186
Adjustment for municipal unrecorded services		55,000
Taxation expenses as restated		<u>408,186</u>
Accounts payable as previously stated		438,239
Adjustment for unrecorded municipal services		55,000
Accounts payable as restated		<u>493,239</u>