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SHUSWAP INDIAN BAND
FINANCIAL STATEMENTS
MARCH 31, 2015

SHUSWAP INDIAN BAND**FINANCIAL STATEMENTS****MARCH 31, 2015**

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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.

Barbara Cote
Councilor

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, 2015, 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, 2015, 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

July 28, 2015

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SHUSWAP INDIAN BAND
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2015

	2015	2014
Financial assets		
Cash	668,967	52,868
Accounts receivable – note 2	828,895	843,814
Prepaid expenses	10,000	90,000
Advances to Band controlled entities – notes 3,9,10	339,504	204,449
First Nations Trust Co. Shares	1,000	1,000
Trust Funds held by AANDC	40,952	39,277
Total financial assets	1,889,318	1,231,408
Liabilities		
Accounts payable and accrued liabilities	452,328	413,493
Unearned AANDC revenue – note 4		69,172
Bank loan – note 11	155,555	260,050
Unearned lease revenue – note 7	12,301	15,377
Total liabilities	620,184	758,092
Net financial assets	1,269,134	473,316
Non-financial assets		
Tangible capital assets – notes 1,5	1,273,213	1,319,330
Accumulated surplus	2,542,347	1,792,646


 Councillor

SHUSWAP INDIAN BAND**STATEMENT OF OPERATIONS**
YEAR ENDED MARCH 31, 2015

	Budget	2015	2014
Revenues			
Aboriginal Affairs and Northern Development Canada— note 4	1,269,460	1,269,460	668,383
First Nations Health Canada	253,962	253,962	239,339
First Nations GST	523,811	523,811	468,111
Property taxes	703,319	573,573	640,909
BC Forestry	289,508	289,508	
Rent	18,575	18,575	30,263
Income from AANDC trust	1,675	1,675	1,702
Other income	73,992	169,434	169,753
Gain from government business enterprises		648,747	
Total revenue	3,134,302	3,748,745	2,218,460
Expenses			
Band government	601,069	601,069	326,413
Economic development	577,440	577,440	226,005
Education	128,005	128,005	85,450
Health	241,823	241,823	254,108
Housing	18,552	18,552	29,165
Public works	87,675	87,675	94,509
Other	501,637	501,637	905,799
Social services	194,387	194,387	212,254
Taxation	703,319	586,617	288,133
Employment	15,723	15,723	6,577
Loss from government business enterprises — note 13			92,666
Amortization	64,602	64,602	67,304
Total expenses	3,134,232	3,017,530	2,588,383
Surplus (deficit) for the year		731,215	(369,923)
Accumulated surplus beginning of year	1,792,646	1,792,646	2,162,569
Tangible capital assets additions — note 5		18,486	
Accumulated surplus end of year — note 13	1,792,646	2,542,347	1,792,646

SHUSWAP INDIAN BAND**STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
YEAR ENDED MARCH 31, 2015**

	2015	2014
Surplus (deficit) for the year	731,215	(369,923)
Amortization	64,603	67,303
Change in financial assets	795,818	(302,260)
Financial assets beginning of year	473,316	775,936
Financial assets end of year	1,269,134	473,316

SHUSWAP INDIAN BAND

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2015

	2015	2014
Operating transactions		
Surplus (deficit) for the year	731,215	(369,923)
Depreciation	64,602	67,304
Change in deficiency in band controlled entities	(648,747)	92,666
Interest from AANDC trust	(1,675)	(1,702)
Changes in non-cash working capital items		
Change in accounts receivable	14,919	73,684
Change in prepaid expenses	80,000	
Change in due from Kinbasket Development Corporation	408,001	(209,879)
Change in due from Kinbasket Water & Sewer Company Ltd.	105,691	60,320
Change in accounts payable and accrued liabilities	38,835	(79,747)
Change in unearned AANDC revenue	(69,172)	32,692
Total from operating activities	723,669	(334,585)
Financing transactions		
Bank loan		300,000
Loan repayment	(104,494)	(39,950)
Change in unearned lease revenue	(3,076)	(3,076)
Total financing transactions	(107,570)	256,974
Increase (decrease) in cash	616,099	(77,611)
Cash beginning of year	52,868	130,479
Cash end of year	668,967	52,868

SHUSWAP INDIAN BAND

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2015

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 following annual rates:

Buildings	5%	DB
Automotive	25%	DB
Equipment	25%	DB
Water systems	5%	DB
Leasehold improvements	20%	SL

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, 2015

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.

h) Budgets

A budget was not prepared for the year, therefore, budget, comparisons are not shown on these financial statements.

2) Accounts Receivable

	2015	2014
BC Highways and CPR	485,580	485,580
AANDC		120,572
Property taxes	215,006	237,662
Province of BC Forestry	128,309	
	<u>828,895</u>	<u>843,814</u>

3) Advances to Band controlled entities

	2015	2014
Due from Kinbasket Water & Sewer Company Ltd.	174,620	280,311
Due from Kinbasket Development Corporation	944,253	1,352,254
Deficiency in investment in band controlled entities	(779,369)	(1,428,116)
Estimated value of advances to Band controlled entities	<u>339,504</u>	<u>204,449</u>

4) Unearned AANDC Revenue

	2015	2014
Unearned AANDC revenue beginning of year	69,172	36,480
Community economic development (PPP)		
First Nations Land Management Development	69,172	32,692
Balance end of year	<u>69,172</u>	<u>69,172</u>
AANDC revenue recorded	1,200,288	701,075
First Nations Land Management Development	69,172	(32,692)
AANDC funding per confirmation	<u>1,269,460</u>	<u>668,383</u>

SHUSWAP INDIAN BAND

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2015

5) Tangible Capital Assets

	2015 Cost	2015 Additions	2015 Cost
Land	152,371		152,371
Administrative buildings	341,835		341,835
Church building	68,375		68,375
Equipment	219,607	8,500	228,107
Leasehold improvements		9,986	9,986
Social housing buildings	1,585,794		1,585,794
Water systems	1,251,676		1,251,676
	<u>3,619,658</u>	<u>18,486</u>	<u>3,638,144</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.

	2015 Amortization	2015 Accumulated Amortization	2015 Net Book Value	2014 Net Book Value
Land			152,371	152,371
Administrative buildings	5,903	229,683	112,151	118,054
Church building	3,167	8,209	60,166	63,333
Equipment	6,304	204,946	23,161	20,965
Leasehold improvements	999	999	8,988	
Social housing buildings	25,602	1,099,358	486,436	512,038
Water systems	22,628	821,736	429,940	452,569
	<u>64,603</u>	<u>2,364,931</u>	<u>1,273,213</u>	<u>1,319,330</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:

	2015	2014
Kinbasket Development Corporation equity	(1,982,498)	(2,352,812)
Kinbasket Property Development Corporation equity	167,852	17,852
Kinbasket Water and Sewer Company equity	980,022	851,589
Kinbasket Integrated Property Management Ltd. – 90%	55,255	55,255
	<u>(779,369)</u>	<u>(1,428,116)</u>

SHUSWAP INDIAN BAND
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015

6) Investment in Controlled Entities (Continued)

Audited condensed financial information for Kinbasket Development Corporation for its fiscal year ended March 31, 2015 is as follows:

	2015	2014
Assets	5,883,667	5,369,025
Liabilities	7,866,165	7,721,837
Appraisal increase on lands held for development	2,615,304	2,647,995
Revenue	799,288	340,469
Income (loss)	503,005	(222,721)

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

	2014
Assets	26,393
Liabilities	8,541
Revenue (loss)	(9,023)
Income (loss)	(9,023)

Audited condensed financial information for Kinbasket Water & Sewer Company Ltd. for its fiscal year ended March 31, 2015 is as follows:

	2015	2014
Assets	5,468,121	5,487,830
Liabilities	4,488,099	4,636,241
Appraisal increase on lands held for development	582,791	582,791
Revenue	364,661	341,398
Income (loss)	128,433	84,684

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

	2014
Assets	63,286
Liabilities	8,031
Revenue	
Income (loss)	(83,308)

SHUSWAP INDIAN BAND
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015

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, 2015

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

	2015	2014
Amortization	64,602	67,304
Bank charges and interest	24,059	11,785
Insurance	58,551	99,394
Office	23,176	18,629
Other	971,151	816,701
Professional fees	560,532	28,000
Repairs and maintenance	508,670	70,199
Travel	23,467	54,447
Utilities	12,009	17,632
Wages, salaries and benefits	771,313	1,322,720
	<u>3,017,530</u>	<u>2,506,811</u>

13) Prior Period Adjustment

The losses in band controlled enterprises was adjusted by \$33,286.

	2014
Accumulated surplus end of year as previously stated	1,759,360
Adjustment for losses in band controlled enterprises	33,286
Accumulates surplus end of year as restated	<u>1,792,646</u>
Loss from government business enterprises as previously stated	125,952
Adjustment for losses in band controlled enterprises	33,286
Loss from government business enterprises as restated	<u>92,666</u>

SHUSWAP INDIAN BAND
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015

14) Contingent Liabilities

The Band is contingently liable to the Bank of Montreal for loans of KDC Sand and Gravel in the amount of \$325,333. The Band is also in litigation with a number of employees. The amount of the claims exceed \$240,000, however, it is not possible to estimate whether any liability will occur to the Band.

The Band is in dispute with Shuswap Woodlands Restoration Ltd. over forestry services provided by Shuswap Woodlands Restoration Ltd. to the Shuswap Indian Band and its business enterprises. During the year the Company wrote off debts to Shuswap Woodlands Restoration Ltd. in the amount of \$249,746. It is not determinable at this time if this amount will be payable in the future.

Kinbasket Water & Sewer Company has a disagreement regarding the billing of one of its contractors, who intends on charging interest in the amount of approximately \$1,118,753. It is not determinable at this time if any of this interest will be required to be paid. The Shuswap Indian Band is contingently liable for this debt.