

**LAKE COWICHAN FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2014



Lee & Company
CHARTERED ACCOUNTANT

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Lake Cowichan First Nation are the responsibility of management and have been approved by Chief and Executive Director on behalf of Council.

The consolidated 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.

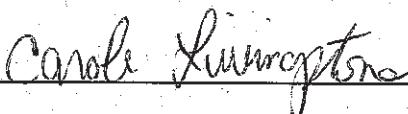
The First Nation Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

The First Nation 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 consolidated financial statements and the external auditor's report.

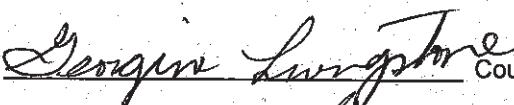
The external auditors, Lee & Company, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Lake Cowichan First Nation and meet when required.

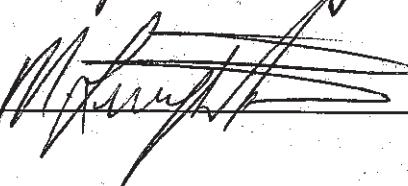
On behalf of Lake Cowichan First Nation:


Cyril Knapp
Chief


Carole Livingston
Councillor

August 8, 2014


Georgie Livingston
Councillor


Michael
Councillor

Lee & Company

CHARTERED ACCOUNTANT

W. Lee, CGA, CA An incorporated professional



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LAKE COWICHAN FIRST NATION

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of LAKE COWICHAN FIRST NATION which comprise the consolidated statement of financial position as at March 31, 2014 and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

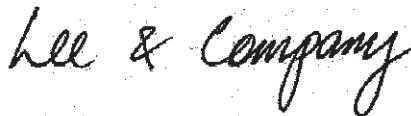
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of LAKE COWICHAN FIRST NATION as at March 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in cursive script that reads "Lee & Company".

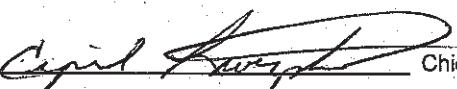
CHARTERED ACCOUNTANT

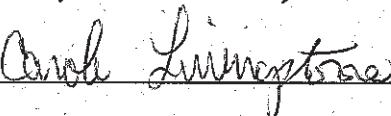
Victoria, BC
August 8, 2014

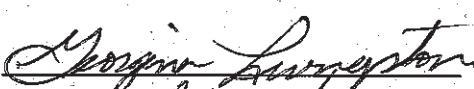
LAKE COWICHAN FIRST NATION
Consolidated Statement of Financial Position
March 31, 2014

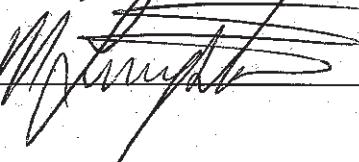
| | 2014 | 2013 |
|---|-------------------------|-------------------------|
| FINANCIAL ASSETS | | |
| Cash and cash equivalents (Note 2) | 4,715 | - |
| Accounts receivable (Note 3) | 58,228 | 80,223 |
| Ottawa Trust funds (Note 4) | 3,259 | 3,126 |
| Investments (Note 5) | <u>5,000</u> | <u>5,000</u> |
| | <u>71,202</u> | <u>88,349</u> |
| LIABILITIES | | |
| Bank indebtedness (Note 2) | - | 1,448 |
| Accounts payable and accrued liabilities (Note 6) | 99,889 | 70,456 |
| Deferred capital asset contributions (Note 7) | 18,212 | - |
| Reserve funds (Note 1) | 9,537 | 8,311 |
| Long term debt (Note 8) | <u>450,165</u> | <u>460,233</u> |
| | <u>577,803</u> | <u>540,448</u> |
| NET FINANCIAL ASSETS (NET DEBT) | <u>(506,601)</u> | <u>(452,099)</u> |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets (Note 9) | 471,482 | 466,242 |
| Prepaid expenses | <u>5,134</u> | <u>5,597</u> |
| | <u>476,616</u> | <u>471,839</u> |
| ACCUMULATED SURPLUS (DEFICIT) (Note 12) | <u>(29,985)</u> | <u>19,740</u> |

Approved by Chief and Council


Craig Livingston Chief


Carole Livingston Councillor


Georgie Livingston Councillor


Wendy Councillor

LAKE COWICHAN FIRST NATION
Consolidated Statement of Operations
For the year ended March 31, 2014

| | Budget | 2014 | 2013 |
|--|-----------------|-----------------|----------------|
| REVENUE | | | |
| Federal funding - Aboriginal Affairs and Northern Development Canada | 226,642 | 240,378 | 191,133 |
| Federal funding - Canada Mortgage and Housing Corporation | 9,824 | 11,224 | 9,824 |
| Federal funding - Other | 122,562 | 135,488 | 158,968 |
| Provincial funding | 59,152 | 59,152 | 36,250 |
| Ottawa Trust | - | 133 | 116 |
| Rent | 39,057 | 40,439 | 44,765 |
| Other | 200,497 | 183,026 | 272,206 |
| | 657,734 | 669,840 | 713,262 |
| EXPENSES | | | |
| Governance and administration | 182,056 | 166,458 | 137,917 |
| Social development | 64,529 | 44,903 | 71,029 |
| Health services | 77,426 | 71,978 | 104,496 |
| Education and training | 73,508 | 96,707 | 85,503 |
| Public works | 12,930 | 10,435 | 10,326 |
| Lands and treaty | 160,100 | 173,384 | 236,690 |
| Economic development | 98,010 | 89,112 | 13,407 |
| Capital projects | - | - | - |
| Band housing | 11,896 | 18,725 | 8,460 |
| Social housing | 36,482 | 25,628 | 25,398 |
| Depreciation | - | 22,235 | 21,907 |
| | 716,937 | 719,565 | 715,133 |
| ANNUAL SURPLUS (DEFICIT) | (59,203) | (49,725) | (1,871) |
| ACCUMULATED SURPLUS (DEFICIT), at beginning of year | 19,740 | 20,742 | |
| Transfer from (to) reserves | - | 869 | |
| ACCUMULATED SURPLUS (DEFICIT), at end of year (Note 12) | (29,985) | 19,740 | |

LAKE COWICHAN FIRST NATION
Consolidated Statement of Changes in Net Financial Assets (Net Debt)
For the year ended March 31, 2014

| | 2014 | 2013 |
|--|------------------|------------------|
| ANNUAL SURPLUS (DEFICIT) | (49,725) | (1,871) |
| Tangible capital assets | | |
| Acquisition of tangible capital assets | (59,783) | (35,897) |
| Proceeds on disposal of tangible capital assets | 26,297 | - |
| Amortization of tangible capital assets | 22,235 | 21,907 |
| Write-downs on tangible capital assets | - | - |
| (Gain) loss on disposal of tangible capital assets | <u>6,011</u> | <u>-</u> |
| | (5,240) | (13,990) |
| Acquisition of supplies inventories | | |
| Acquisition of prepaid expense | (5,134) | (5,597) |
| Transfer from (to) reserves | - | 869 |
| Consumption of supplies inventories | - | - |
| Use of prepaid expense | <u>5,597</u> | <u>2,188</u> |
| | 463 | (2,540) |
| CHANGE IN NET FINANCIAL ASSETS (NET DEBT) | (54,502) | (18,401) |
| NET FINANCIAL ASSETS (NET DEBT), at beginning of year | (452,099) | (433,698) |
| NET FINANCIAL ASSETS (NET DEBT), at end of year | (506,601) | (452,099) |

LAKE COWICHAN FIRST NATION
Consolidated Statement of Cash Flows
For the year ended March 31, 2014

| | 2014 | 2013 |
|--|-----------------|-----------------|
| OPERATING ACTIVITIES | | |
| Annual surplus (deficit) | (49,725) | (1,871) |
| Items not affecting cash | | |
| Amortization of tangible capital assets | 22,235 | 21,907 |
| (Gain) loss on disposal of tangible capital assets | 6,011 | - |
| Transfers from (to) reserves | - | 869 |
| Change in non-cash charges to operations | | |
| Accounts receivable | 21,995 | (41,233) |
| Ottawa Trust funds | (133) | (116) |
| Prepaid expenses | 462 | (3,409) |
| Accounts payable and accrued liabilities | 29,434 | 8,859 |
| Deferred capital asset contributions | 18,212 | (9,607) |
| Reserve funds | 1,226 | (2,065) |
| | 49,717 | (26,666) |
| CAPITAL TRANSACTIONS | | |
| Proceeds on disposal of tangible capital assets | 26,297 | - |
| Acquisition of tangible capital assets | (59,783) | (35,897) |
| | (33,486) | (35,897) |
| INVESTING TRANSACTIONS | | |
| Investments | - | - |
| FINANCING TRANSACTIONS | | |
| Long term debt | (10,068) | 11,689 |
| INCREASE (DECREASE) IN CASH DURING YEAR | 6,163 | (50,874) |
| CASH, at beginning of year | (1,448) | 49,426 |
| CASH, at end of year | 4,715 | (1,448) |
| REPRESENTED BY: | | |
| Cash (bank indebtedness) | (2,258) | (8,763) |
| Cash - restricted by CMHC | 6,973 | 7,315 |
| | 4,715 | (1,448) |

LAKE COWICHAN FIRST NATION
Notes to Consolidated Financial Statements
For the year ended March 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basic of accounting

These consolidated 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 and Principles of Financial Reporting

These financial statements consolidate the assets, liabilities and results of operations for the following entities, which use accounting principles, which lend themselves to consolidation:

- Lake Cowichan First Nation Government Administration
- Lake Cowichan First Nation Trusts Fund
- CMHC Housing Program

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

c. Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and term deposits having a maturity of three months or less at acquisition which are held for the purpose of meeting short term cash commitments.

d. Financial Instruments

The carrying amounts for accounts receivable, grants receivable and accounts payable and accrued liabilities approximate fair value because of the short-term nature of these instruments.

e. Investments

Investments are recorded at cost. Investments are written down where there has been a loss in value that is other than a temporary decline.

f. Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. The cost, less residual value, of the tangible capital assets, excluding land, is amortized on a straight-line basis over their estimated useful lives as follows:

| | |
|----------------|---------------------------------|
| Social Housing | Equal to loan principal payment |
| Equipment | 20% |
| Vehicle | 20% |
| Boat | 33% |

In the year of acquisition, 50% of the normal amortization is recorded. Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

LAKE COWICHAN FIRST NATION
Notes to Consolidated Financial Statements
For the year ended March 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Reserve funds

Reserve funds represent the replacement and operating reserve funds required under the terms of the agreement with Canada Mortgage and Housing Corporation.

h. Revenue Recognition

Government transfers are recognized in the financial statements as revenues in the period that the events giving rise to the transfer occurred, providing that the transfers are authorized, all eligibility criteria have been met by the Nation, and reasonable estimates of the amounts can be made. Government transfers received for which the Nation has not met all eligibility requirements are recorded as revenue. Government transfers include financial transfer agreement payments, band trust revenue payments, contribution arrangements, and other federal and provincial grants.

Grant revenue is recognized in the financial statements as the related expenditures are incurred and when the terms and conditions of the funding are satisfied. Other income is recorded as revenue when earned.

i. Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumption used in estimating provisions for accrued liabilities and estimating the useful lives of tangible capital assets. Actual results could differ from those estimates.

2. CASH AND CASH EQUIVALENTS

Under the terms of an agreement with Canada Mortgage and Housing Corporation, Lake Cowichan First Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Replacement and Operating Fund. Cash and cash equivalents is comprised of the following:

| | 2014 | 2013 |
|--------------------------|--------------|----------------|
| Unrestricted - Operating | (2,258) | (8,763) |
| Restricted - CMHC | <u>6,973</u> | <u>7,315</u> |
| | 4,715 | (1,448) |

LAKE COWICHAN FIRST NATION
Notes to Consolidated Financial Statements
For the year ended March 31, 2014.

3. ACCOUNTS RECEIVABLE

| | 2014 | 2013 |
|---|---------------|---------------|
| Federal government | | |
| Aboriginal Affairs and Northern Development | | |
| Canada | 8,009 | |
| Other government organizations | 32,597 | 21,283 |
| Canada Mortgage and Housing Corporation | 1,519 | 819 |
| | 34,116 | 30,111 |
| Members | | |
| Rent | 3,936 | 2,972 |
| Social housing | 4,137 | 7,371 |
| | 8,073 | 10,343 |
| Other | 16,039 | 39,769 |
| | 58,228 | 80,223 |

4. OTTAWA TRUST FUNDS

| | March 31, 2013 | Additions | Withdrawals | March 31, 2014 |
|---------|---------------------------|------------------|--------------------|---------------------------|
| Revenue | 1,261 | 133 | - | 1,394 |
| Capital | 1,865 | - | - | 1,865 |
| | 3,126 | 133 | - | 3,259 |

The trust funds 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. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

LAKE COWICHAN FIRST NATION
Notes to Consolidated Financial Statements
For the year ended March 31, 2014

5. INVESTMENTS

| | 2014 | 2013 |
|---|--------------|--------------|
| Hul'Q'Umn Num Fisheries Limited Partnership | 5,000 | 5,000 |

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | 2014 | 2013 |
|---|---------------|---------------|
| Aboriginal Affairs and Northern Development Canada | 3,141 | - |
| Trade payables | 61,999 | 42,084 |
| Accrued salaries and benefits payable Canada Revenue Agency - Source deductions payable | 17,220 | 12,270 |
| Other accrued liabilities | 4,300 | 4,329 |
| | 13,229 | 11,773 |
| | 99,889 | 70,456 |

7. DEFERRED CAPITAL ASSETS CONTRIBUTIONS

Deferred capital asset contributions represent government contributions which were provided to assist in the purchase or construction of tangible capital assets.

The changes in the deferred contributions balance for the year are as follows:

| | Balance March 31, 2013 | Funding Received 2014 | Revenue Recognized 2014 | Balance March 31, 2014 |
|--|------------------------------|-----------------------------|-------------------------------|------------------------------|
| Department of Fisheries and Oceans Canada | - | 18,212 | - | 18,212 |

LAKE COWICHAN FIRST NATION
Notes to Consolidated Financial Statements
For the year ended March 31, 2014

8. LONG TERM DEBT

| | 2014 | 2013 |
|--|-----------------|-------------|
| All Nations Trust - mortgage repayable at \$2,119 per month including interest @ 2.08%, maturing February 1, 2034. Secured by a ministerial guarantee from Aboriginal Affairs and Northern Development Canada and a first mortgage on three housing units. | 414,606 | 431,704 |
| Ford Credit Canada Ltd. - auto loan repayable at \$679 per month including interest at 1.99% per annum. Secured by vehicle, maturing September 17, 2016. | 28,529 | |
| Ford Credit Canada Ltd. - auto loan repayable at \$697 per month including interest at 0% per annum. Secured by vehicle, maturing June 3, 2018. | 35,559 | |
| | 450,165 | 460,233 |
| Portion payable within one year | (25,419) | (25,287) |
| | 424,746 | 434,946 |

Anticipated annual principal repayments over the next five years and thereafter are as follows:

| | |
|------------|---------|
| 2015 | 25,419 |
| 2016 | 25,706 |
| 2017 | 26,090 |
| 2018 | 26,460 |
| 2019 | 20,562 |
| Thereafter | 325,928 |

| | 2014 | 2013 |
|---|--------------|-------------|
| Interest expense for the year on long-term debt | 8,191 | 8,559 |

LAKE COWICHAN FIRST NATION
Notes to Consolidated Financial Statements
For the year ended March 31, 2014

9. TANGIBLE CAPITAL ASSETS

| | Social Housing Buildings | Equipment | Vehicle | Boat | 2014 Total | 2013 Total |
|---------------------------------|---|------------------|----------------|---------------|-----------------------|-----------------------|
| Cost | | | | | | |
| Opening Balance | 491,999 | 192,273 | 37,798 | - | 722,070 | 686,172 |
| Additions | - | - | 41,571 | 18,212 | 59,783 | 35,897 |
| Disposals | - | - | (35,898) | - | (35,898) | - |
| Write-downs | - | - | - | - | - | - |
| Closing balance | 491,999 | 192,273 | 43,471 | 18,212 | 745,955 | 722,069 |
| Accumulated Amortization | | | | | | |
| Opening Balance | 60,295 | 191,373 | 4,160 | - | 255,828 | 233,920 |
| Amortization | 17,098 | 600 | 4,537 | - | 22,235 | 21,907 |
| Disposals | - | - | (3,590) | - | (3,590) | - |
| Write-downs | - | - | - | - | - | - |
| Closing balance | 77,393 | 191,973 | 5,107 | - | 274,473 | 255,827 |
| Net book value | 414,606 | 300 | 38,364 | 18,212 | 471,482 | 466,242 |

10. EXPENSES BY OBJECT

The following is a summary of expenses by object.

| | 2014 | 2013 |
|-----------------------------|----------------|----------------|
| Amortization | 22,235 | 21,907 |
| Debt servicing and interest | 9,189 | 11,125 |
| Education and training | 28,725 | 46,071 |
| Other | 118,085 | 147,558 |
| Professional fees | 158,448 | 80,955 |
| Social assistance | 15,811 | 32,508 |
| Travel | 30,381 | 19,170 |
| Wages and benefits | 336,691 | 355,839 |
| | 719,565 | 715,133 |

LAKE COWICHAN FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31 2011

11. SEGMENT DISCLOSURE

Lake Cowichan First Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by function. For each segment separately reported, the segment revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as described in the summary of Significant Accounting Policies as described in Note 1. The segment results for the period are as follows:

| | Governance and Administration | | Social Development | | Health Services | | Education and Training | | Public Works | |
|--|-------------------------------|-----------------|--------------------|---------------|-----------------|----------------|------------------------|-----------------|---------------|----------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| REVENUES | | | | | | | | | | |
| Federal funding - Aboriginal Affairs and Northern Development Canada | 70,499 | 78,903 | 53,161 | 73,927 | - | - | 23,337 | 19,546 | 10,371 | 8,757 |
| Federal funding - Canada Mortgage and Housing Corporation | - | 22,500 | - | - | 92,448 | 89,739 | 32,252 | 46,729 | - | - |
| Federal funding - Other | - | - | - | - | - | - | 16,652 | - | - | - |
| Provincial funding | - | - | - | - | - | - | - | - | - | - |
| Ottawa Trust | - | - | - | - | - | - | - | - | - | - |
| Rent | - | - | - | - | - | - | - | - | - | - |
| Other | 29,386 | 29,125 | - | - | 10,200 | 10,689 | - | - | 64 | - |
| | 99,885 | 130,528 | 53,161 | 73,927 | 102,648 | 100,428 | 72,241 | 66,275 | 10,435 | 8,757 |
| EXPENSES | | | | | | | | | | |
| Wages and benefits | 94,257 | 56,452 | 26,551 | 28,192 | 47,563 | 95,448 | 43,927 | 44,231 | 2,098 | - |
| Debt servicing | 1,355 | 3,173 | - | - | - | - | - | - | - | - |
| Amortization | 4,757 | 4,687 | - | - | - | - | - | - | - | - |
| Other Expenses | 70,846 | 78,292 | 18,352 | 42,837 | 24,415 | 9,048 | 52,780 | 41,272 | 8,337 | 10,326 |
| | 171,215 | 142,604 | 44,903 | 71,029 | 71,978 | 104,496 | 96,707 | 85,503 | 10,435 | 10,326 |
| ANNUAL SURPLUS (DEFICIT) | | | | | | | | | | |
| | (71,330) | (12,076) | 8,258 | 2,898 | 30,670 | (4,068) | (24,466) | (19,228) | - | (1,569) |

LAKE COWICHAN FIRST NATION
Notes to Consolidated Financial Statements
For the year ended March 31, 2014

11. SEGMENT DISCLOSURE (Continued)

| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
|--|---------------|---------------|----------------|----------------|----------|----------------|--------------|----------------|----------------|----------|
| REVENUES | | | | | | | | | | |
| Federal funding - Aboriginal Affairs and Northern Development Canada | - | - | 83,010 | 10,000 | - | - | - | - | 11,224 | 9,824 |
| Federal funding - Canada Mortgage and Housing Corporation | 10,788 | - | - | - | - | - | - | - | - | - |
| Federal funding - Other | 42,500 | 36,250 | - | - | - | - | - | - | - | - |
| Provincial funding | 133 | 116 | - | - | - | - | - | - | - | - |
| Ottawa Trust | - | - | - | - | - | - | - | - | - | - |
| Rent | 143,376 | 232,392 | - | - | - | - | 14,015 | 18,341 | 26,424 | 26,424 |
| Other | 196,797 | 268,758 | 83,010 | 10,000 | - | - | 14,015 | 18,341 | 37,648 | 36,248 |
| EXPENSES | | | | | | | | | | |
| Wages and benefits | 109,220 | 121,901 | 10,975 | 4,660 | - | - | - | - | 2,100 | 4,954 |
| Debt servicing | - | - | - | - | - | - | - | - | 7,834 | 7,952 |
| Amortization | 380 | 380 | - | - | - | - | - | - | 17,098 | 16,840 |
| Other Expenses | 64,164 | 114,789 | 78,137 | 8,747 | - | 18,725 | 8,460 | - | 15,694 | 12,491 |
| ANNUAL SURPLUS (DEFICIT) | 23,033 | 31,688 | (6,102) | (3,407) | - | (4,710) | 9,881 | (5,078) | (5,990) | - |

LAKE COWICHAN FIRST NATION
Notes to Consolidated Financial Statements
For the year ended March 31, 2014

12. ACCUMULATED SURPLUS (DEFICIT)

| | Operating | Trust | Housing | Capital | 2014 Total | 2013 |
|---|-----------|-------|----------|---------|---------------|---------|
| Accumulated Surplus (Deficit), at the beginning of year | 19,505 | 3,126 | (5,121) | 2,230 | 19,740 | 20,742 |
| Annual Surplus (Deficit) | (44,780) | 132 | (5,077) | - | (49,725) | (1,871) |
| Transfers | 980 | - | - | (980) | - | 869 |
| Accumulated Surplus (Deficit), at the beginning of year | (24,295) | 3,258 | (10,198) | 1,250 | (29,985) | 19,740 |

13. TREATY NEGOTIATIONS

Treaty negotiations for Lake Cowichan First Nation are being carried on by the Hul'qumi'num Treaty Group. As at March 31, 2014, the Treaty Group is responsible to repay in excess of \$30,110,148 to the Federal Government for advances made under the treaty process.

14. CONTINGENT LIABILITY

Lake Cowichan First Nation has a contingent liability of \$491,999 for various on-reserve housing loan guarantees.

15. ECONOMIC DEPENDENCE

Lake Cowichan First Nation receives a majority portion of its revenue pursuant to a funding arrangement with Aboriginal Affairs and Northern Development Canada.

16. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.