

# **ESQUIMALT NATION**

## **FINANCIAL STATEMENTS**

**March 31, 2015**

## ESQUIMALT NATION



1189 Kosapsum Cr  
Victoria, B.C V9A 7K7

### MESSAGE FROM CHIEF THOMAS ESQUIMALT NATION

The accompanying audited consolidated financial statements of Esquimalt Nation as at March 31, 2015 are presented here for your review under protest. It is the view of our Councillors, management and I that these consolidated financial statements are confidential and should only be available to the Members of Esquimalt Nation. However, we are compelled by the Government of Canada under the auspices of the *First Nations Financial Transparency Act* to publish these consolidated financial statements for the general public, inclusive of our competitors, to peruse.

Our economic, social, educational and employment activities are numerous and are funded by other important funding sources in addition to the Government of Canada. In many cases these activities have no Government of Canada funding, yet these activities are required to be presented to the public despite having already been separately reported to the other funding sources. It is our view, as well as that of other First Nations across Canada, that the Government of Canada does not have the authority to compel our Nation to provide the consolidated financial statements to anyone other than our own Members.

It is our hope that our future reporting for the public's viewing will be limited to those activities that have Government of Canada funding.

Chief Andy Thomas

# **ESQUIMALT NATION**

## **AUDITED FINANCIAL STATEMENTS**

**YEAR ENDED MARCH 31, 2015**

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# ESQUIMALT NATION



1189 Kosapsum Cr  
Victoria, B.C V9A 7K7

## MANAGEMENT'S STATEMENT OF RESPONSIBILITY

The accompanying financial statements of Esquimalt Nation and all the information in this annual report are the responsibility of management and have been approved by the Chief and Council of Esquimalt Nation.

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 Chartered Professional Accountants Canada ("CPA Canada") and as such include amounts that are the best estimates and judgements 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 fulfils its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the financial statements.

The Chief and Council meet 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 annual report, the financial statements and the external auditor's report.

The external auditors, Chan & Associates, Chartered Professional Accountants, 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 Esquimalt Nation and meet when required.

On behalf of Esquimalt Nation:

Chief

Councillor

Date

Aug 25/15

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INDEPENDENT AUDITORS' REPORT

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**TO THE CHIEF, COUNCIL AND MEMBERS  
ESQUIMALT NATION**

**Report on Financial Statements**

We have audited the accompanying financial statements of Esquimalt Nation, which comprise the statement of financial position as at March 31, 2015, statement of operations and accumulated surplus, statement of changes 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'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.

**Auditors' 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 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 purposes 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 audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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## INDEPENDENT AUDITORS' REPORT

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### Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Nation as at March 31, 2015 and the results of its operations and the changes in its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Other Matter

Our audit was performed for the purpose of forming an opinion on the financial statements. Budget information as presented in the financial statements and as also described in Note 18 in these financial statements are unaudited and are presented as information only.

Victoria, British Columbia  
August 25, 2015

*Chan & Associates*  
CHAN & ASSOCIATES  
Chartered Professional Accountants

# ESQUIMALT NATION

## STATEMENT OF FINANCIAL POSITION as at March 31, 2015

	2015	Restated 2014
<b>FINANCIAL ASSETS</b>		
Cash (Note 4)	\$ 2,533,980	\$ 4,110,679
Restricted cash (Note 5)	4,229,247	4,229,247
Accounts receivable (Note 6)	1,070,147	419,359
Ottawa Trust Funds (Note 7)	15,884	14,826
	<hr/> 7,849,258	<hr/> 8,774,111
<b>FINANCIAL LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 8)	269,875	299,656
Deferred revenues (Note 9)	45,410	24,455
Long term debt (Note 10)	898,017	913,565
	<hr/> 1,213,302	<hr/> 1,237,676
<b>NET FINANCIAL ASSETS</b>	<b>6,635,956</b>	<b>7,536,435</b>
<b>NON FINANCIAL ASSETS</b>		
Tangible capital assets (Note 12)	4,169,876	2,750,326
Investments in Joint Ventures (Note 13)	400,000	350,000
Investment in Kosapsum Development Corporation	211,482	211,482
Prepaid expenses	50,371	53,287
	<hr/> 4,831,729	<hr/> 3,365,095
<b>ACCUMULATED SURPLUS</b>	<b>\$ 11,467,685</b>	<b>\$ 10,901,530</b>

Approved on behalf of the Esquimalt Nation Council



Chief Councillor

# ESQUIMALT NATION

## STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS for the year ended March 31, 2015

	Budget	2015	Restated 2014
<i>(Unaudited - Note 18)</i>			
<b>REVENUES</b>			
AANDC	\$ 1,626,038	\$ 1,544,035	\$ 1,031,904
Government of Canada - other	707,000	707,082	-
Settlement Trust and fund (Note 17)	260,700	722,077	635,679
Kinder Morgan	135,000	410,000	100,000
Commercial leases and rentals	258,350	260,624	301,212
Inter Tribal Health Authority	269,246	272,380	254,265
Housing rentals	97,660	140,602	129,908
Salish Seas Development and Kosapsum Trust	15,000	165,020	21,323
CMHC	52,004	50,368	52,004
CSETS	63,518	66,018	63,518
School District #61	60,000	60,000	60,000
First Nations funding sources	5,000	5,000	55,130
Province of British Columbia	10,323	10,323	3,510,323
Ottawa Trust Funds	1,000	1,058	1,083
Other miscellaneous - net	37,400	39,706	292,080
Health Canada	76,647	76,647	72,600
	<b>3,674,886</b>	<b>4,530,940</b>	<b>6,581,029</b>
<b>EXPENDITURES</b>			
Nation administration	547,981	559,688	474,314
Nation generated	148,853	150,511	121,440
Social assistance and health	607,407	546,991	590,634
Settlement Trust and fund activities	150,000	254,880	278,499
Social Housing	322,468	367,646	344,655
Education	212,159	203,548	222,314
Employment	84,052	82,489	160,527
Public works	111,906	101,412	170,358
Land use	584,786	513,753	191,331
Economic development	813,726	943,098	914,937
Economic Development - Land and Resources	125,118	125,506	-
Housing Strategy - CPMS #11368	45,000	45,000	-
Headstart	75,647	70,263	72,766
Inter-department charges	-	-	<b>(161,168)</b>
	<b>3,829,103</b>	<b>3,964,785</b>	<b>3,380,607</b>
<b>ANNUAL (DEFICIT) SURPLUS</b>	<b>(154,217)</b>	<b>566,155</b>	<b>3,200,422</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>10,801,530</b>	<b>10,901,530</b>	<b>7,701,108</b>
<b>ACCUMULATED SURPLUS END OF YEAR</b>	<b>\$10,647,313</b>	<b>\$11,467,685</b>	<b>\$10,901,530</b>

*See accompanying notes to these financial statements*

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# ESQUIMALT NATION

## STATEMENT OF CHANGE IN NET FINANCIAL ASSETS for the year ended March 31, 2015

	Budget	2015	Restated 2014
<i>(Unaudited - Note 18)</i>			
Annual surplus (deficit)	\$ (101,284)	\$ 566,155	\$ 3,200,422
Acquisition of tangible capital assets	(11,800)	(1,602,155)	(11,800)
Amortization of tangible capital assets	156,000	182,605	151,841
(Income) loss from Kosapsum Trust	(15,000)	-	(21,323)
	<hr/>	<hr/>	<hr/>
	27,916	(853,395)	3,319,140
<hr/>			
Decrease (Increase) in prepaid expenses (net)	6,728	2,916	6,728
Receipts from (advances to) - Kosapsum Trust	-	-	(144,052)
Investment in Joint Venture	-	(50,000)	-
	<hr/>	<hr/>	<hr/>
	6,728	(47,084)	(137,324)
<hr/>			
<b>CHANGE IN FINANCIAL ASSETS</b>	<b>(273,795)</b>	<b>(900,479)</b>	<b>3,181,816</b>
<hr/>			
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<b>4,060,971</b>	<b>7,536,435</b>	<b>4,354,619</b>
<hr/>			
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>\$ 3,787,176</b>	<b>\$ 6,635,956</b>	<b>\$ 7,536,435</b>

# ESQUIMALT NATION

## STATEMENT OF CASH FLOWS for the year ended March 31, 2015

	<i>Restated</i>	
	2015	2014
<b>CASH PROVIDED BY (USED IN):</b>		
<b>OPERATING ACTIVITIES</b>		
Annual Surplus (deficit)	\$ 566,155	\$ 3,200,422
Items not involving cash		
Amortization of tangible capital assets	182,605	151,841
Distributions from Kosapsum Trust		(21,323)
Change in non-cash operating accounts	(656,698)	156,588
	92,062	3,487,528
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(1,602,155)	(11,800)
<b>INVESTING ACTIVITIES</b>		
Funds received (paid) on behalf of Kosapsum Trust		(144,052)
Funds invested in Sea Joint Venture	(50,000)	
	(50,000)	(144,052)
<b>FINANCING ACTIVITIES</b>		
Repayment of demand loan and long-term debt	(65,548)	(63,272)
Loan received from Greater Victoria Harbour Authority	50,000	
	(15,548)	(63,272)
<b>INCREASE (DECREASE) IN CASH</b>	<b>(1,575,641)</b>	<b>3,268,404</b>
<b>CASH AND CASH EQUIVALENTS BEGINNING OF YEAR</b>	<b>8,354,752</b>	<b>5,086,348</b>
<b>CASH AND CASH EQUIVALENTS END OF YEAR</b>	<b>\$ 6,779,111</b>	<b>\$ 8,354,752</b>
<b>CASH AND CASH EQUIVALENTS ARE REPRESENTED BY</b>		
Cash	\$ 2,533,980	\$ 4,110,679
Land Acquisition Trust fund	4,229,247	4,229,247
Ottawa Trust funds	15,884	14,826
	\$ 6,779,111	\$ 8,354,752

# ESQUIMALT NATION

## NOTES TO FINANCIAL STATEMENTS

March 31, 2015

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These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants Canada.

### 1. DESCRIPTION OF REPORTING ENTITY

The Esquimalt Nation reporting entity includes Esquimalt Nation government and all related entities which are accountable to the Nation and are either owned or controlled by Esquimalt Nation. The financial statements include the assets, liabilities, and results of operations for the following entities which use accounting principles which lend themselves to combination:

- Nation government administration (Operations and Capital funds)
- Nation trust funds (comprising the funds held in trust with Aboriginal Affairs and Northern Development Canada)
- Nation reserves (housing replacement reserve)
- Nation Enterprise Fund

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### a) *Basis of presentation*

- (i) These financial statements are prepared in accordance with Canadian public sector accounting standards. The accounting principles therein are designed to show that funds provided by governments, government agencies and other groups have been used for the purposes intended.
- (ii) The financial statements have been prepared using the full accrual basis. Revenues are recognized in the period earned or contributed and expenditures are recorded in the period in which they became an obligation of the Nation.

#### b) *Government transfers and revenue recognition*

Government transfers from the Government of Canada (inclusive of Aboriginal Affairs and Northern Development Canada ("AANDC"), Health Canada and other departments), the Province of British Columbia, municipalities and other quasi-governmental entities (Canada Mortgage and Housing Corporation, school districts and the Inter Tribal Health Authority) are recorded as revenues when the related project is undertaken, however, if the project is not completed in the fiscal year, an estimate of the unearned revenues is made and recorded as deferred revenues (see 2c below).

The Nation has signed a Comprehensive Funding Arrangement with AANDC which stipulates that funding to the Nation will consist of flexible transfer payments and contribution payments. Funding under the flexible transfer payments requires the Nation to absorb any deficits in these projects and to use any surpluses from these projects at its discretion as long as the terms and conditions of the agreement have been met. Deficits in projects funded by contribution payments are recoverable from AANDC and any surpluses must be returned to AANDC.

# ESQUIMALT NATION

## NOTES TO FINANCIAL STATEMENTS

March 31, 2015

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### 2. SIGNIFICANT ACCOUNTING POLICIES *continued*

#### c) *Deferred revenue*

Funding received in advance for specific approved projects which were not completed at year end have been recorded on the statement of financial position. As the projects are completed and funding utilized or received, the amounts will be transferred to the statement of operations and surplus.

#### d) *Non-financial capital assets*

Non-financial assets are those assets which are not able to extinguish financial liabilities in an orderly manner. Typically the assets have service lives beyond the current year and are generally held for use in the provision of services to the community. Non-financial assets comprise the following:

##### (i) *Tangible capital assets*

Tangible capital assets (previously called 'property, plant and equipment' or 'capital assets') are recorded at cost inclusive of costs relating to the betterment of these assets. Reserve lands are not included in tangible capital assets, unless those lands were acquired by the Nation and the costs can be reasonably determined. Amortization of these assets is provided annually over their expected useful life using the declining balance method as follows:

Buildings	5%
Infrastructure	5%
Equipment	20%
Moveable equipment	30%

Additions to tangible capital assets are deemed to occur midway during the year and amortization of additions is recorded at one-half the normal rate.

Certain inherited assets and rights of the Nation and its members are not recorded in these accounts. These assets and rights include reserve lands and access rights to water, fisheries and minerals.

##### (ii) *Prepaid expenses*

These assets represent expenditures that have been made in the year that relate to periods that extend past the fiscal year end. These prepaid expenses will be charged to operations in subsequent periods.

#### e) *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 at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting periods. Actual results may differ from those estimates. Accounts which may contain significant estimates and assumptions include tangible capital assets, the allowance for doubtful accounts and accounts payable and accrued liabilities.

# ESQUIMALT NATION

## NOTES TO FINANCIAL STATEMENTS

March 31, 2015

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### 2. SIGNIFICANT ACCOUNTING POLICIES *continued*

#### f) *Liability for contaminated site*

Certain of the reserve lands are contaminated from prior uses. The Nation and AANDC have been remediating these lands over the past several years. In these past years, AANDC has funded the remediation fully. The Nation is not able to ascertain the extent of any remaining remediation that is required nor the associated costs of these remediation activities.

At each financial reporting date, the Nation reviews the extent of the remediation remaining and the estimate of the costs relating to this remediation, if determinable. If this liability is determined with a degree of certainty, the liability will be recorded in the accounts of the Nation and will be reduced by the activities expended in the remediation process..

### 3. CHANGE IN ACCOUNTING POLICIES

Effective April 1, 2014 the Nation adopted the pronouncements of the Public Sector Accounting Board ("PSAB") in PS 3260 Liability for Contaminated Sites. These pronouncements require the changes to be applied prospectively. Prior to the adoption of this accounting policy, no policy was in place for this type of liability. The Nation has determined that it is unable to determine the extent of the future economic benefits that will be given up to fully remediate the contamination. Accordingly, no liability has been recorded in these statements (see Note 2f above).

### 4. CASH (BANK INDEBTEDNESS)

Cash (Bank indebtedness) is comprised of the following:

	2015	2014
Cash	\$ 2,360,905	\$ 3,932,222
Restricted cash:		
Replacement reserves	173,075	178,457
	<hr/>	<hr/>
	\$ 2,533,980	\$ 4,110,679

### 5. RESTRICTED CASH

Restricted cash in the amount of \$4,229,247 (2014 - \$4,229,247) is held at the Nation's legal advisors in an interest bearing account exclusively for the benefit of the Nation. These funds were part of the settlement proceeds received from the Governments of Canada and British Columbia in 2008 and must be used for the acquisition of additional lands for the Nation. Interest earned on these funds is transferred to the Nation on a monthly basis.

### 6. ACCOUNTS RECEIVABLE

Account receivable is comprised of the following:

Operation fund

	2015	2014
Accounts receivable	\$ 996,281	\$ 254,666
Due from Members (see following)	73,866	64,693
	<hr/>	<hr/>
	\$ 1,070,147	\$ 319,359

# ESQUIMALT NATION

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2015

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### 6. ACCOUNTS RECEIVABLE, *continued*

Amounts due from Members comprise the following:

Rent	\$ 262,943	\$ 233,341
Less: allowance for doubtful accounts	<u>(189,077)</u>	<u>(168,648)</u>
	<u>\$ 73,866</u>	<u>\$ 64,693</u>

All amounts are currently due and receivable and are non-interest bearing.

During 2012, management determined that the accounts receivable owing by certain of the Members may prove to be uncollectible. Accordingly, the Nation increased the allowance for doubtful accounts to \$168,648, and in the current year added a further \$20,430 to the allowance. Collection efforts, however, have not stopped and the accounts may be collectible in the future dependent upon management's efforts. If accounts that have been specifically provided for in the above allowance are collected, they will be added to income in the year of collection.

### 7. OTTAWA TRUST FUNDS

The Ottawa Trust funds are monies derived from capital or revenue sources as outlined in Section 65 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 61 to 69 of the Indian Act. During the year, these funds earned interest in the amount of \$1,058 (2014 - \$1,083).

### 8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<b>2015</b>	<b>2014</b>
General trade payables	\$ 183,873	\$ 162,300
Government remittances and recoverable amounts	59,164	110,314
Accrued liabilities	26,838	27,042
	<hr/>	<hr/>
	\$ 269,875	\$ 299,656

### 9. DEFERRED REVENUES

Deferred revenues comprise the following:

Aboriginal Affairs and Northern Development Canada	\$ 4,155
Miscellaneous funding sources	41,255

<b>2015</b>	<b>2014</b>
\$ 4,155	\$ 4,155
41,255	20,300

# ESQUIMALT NATION

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2015

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### 10. LONG-TERM DEBT

	<b>2015</b>	<b>2014</b>
<b>Social Housing Loans</b>		
All Nations Trust Company mortgage repayable in monthly instalments of \$2,660 including interest at 2.63%, maturing March 1, 2026.	\$ 305,490	\$ 329,151
All Nations Trust Company mortgage repayable in monthly instalments of \$2,189 including interest at 2.57%, maturing November 1, 2019.	117,591	141,227
All Nations Trust Company mortgage repayable in monthly instalments of \$2,364 including interest at 3.41%, maturing August 1, 2033	<u>424,936</u>	<u>443,187</u>
	848,017	913,565
<b>Investment in Skwin'ang'eth Se'las Development Company</b>		
Loan payable to Greater Victoria Harbour Authority without interest and repayable on March 3, 2017	<u>50,000</u>	-
	<u>\$ 898,017</u>	<u>\$ 913,565</u>

The Social Housing loans are secured by guarantees from CMHC and the Minister of Aboriginal Affairs and Northern Development Canada. Assets secured by these loans have a cost amount of \$2,018,416.

Estimated scheduled principal repayments over the next five years are as follows:

2016	\$ 65,478
2017	117,332
2018	69,186
2019	71,147
2020	64,216

### 11. CONTINGENT LIABILITY

The Esquimalt Nation is contingently liable, under the Guaranteed Loan Management System administered by Aboriginal Affairs and Northern Development Canada in the amount of \$898,017 (2014 - \$ 900,177).

# ESQUIMALT NATION

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2015

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### 12. TANGIBLE CAPITAL ASSETS

Tangible capital assets comprise the following:

	Cost	Accumulated Amortization	Net Book Value	
			2015	2014
<b>Buildings</b>				
CMHC	\$ 2,018,416	\$ 1,153,050	\$ 865,366	\$ 910,912
Other	2,454,350	974,031	1,480,319	1,558,230
Longhouse	1,602,155	40,054	1,562,101	
<b>Infrastructure</b>				
Sewer systems	59,954	38,014	21,940	23,095
Water systems	22,262	14,240	8,022	8,444
Subdivision	443,045	257,262	185,783	195,561
Roads	100,000	74,272	25,728	27,082
Equipment	203,647	189,921	13,726	17,157
Movable equipment	14,682	13,573	1,109	1,585
Automotive	11,800	6,018	5,782	8,260
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 6,930,311	\$ 2,760,435	\$ 4,169,876	\$ 2,750,326

### 13. INVESTMENT IN JOINT VENTURES

During 2012, the Nation, along with Songhees Nation and the Ralmax Group of Companies, formed the Salish Sea Joint Venture. This joint venture has as its main objective to secure specialized remediation projects along the Salish Sea area that will train and employ the members of the two Nations.

The parties to the Joint Venture each contributed \$350,000 to the Joint Venture to assist with its start-up and marketing.

In the current year the Nation, along with Songhees Nation and the Greater Victoria Harbour Authority, formed Skwin'ang'eth Se'las Development Company, a not-for-profit corporation formed under the Canada Not-for-Profit Corporations Act with the purpose of, among other things, promoting economic development opportunities for the Esquimalt Nation and Songhees Nation communities.

### 14. ECONOMIC DEPENDENCE

The Nation receives a significant portion of its revenues pursuant to funding arrangements with AANDC. The Nation's ability to operate certain programs depends on the continuation of this funding.

# ESQUIMALT NATION

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2015

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### 15. FINANCIAL INSTRUMENTS

#### a) Fair value of financial instruments

The carrying amount of cash, accounts receivable, funds held by the Government of Canada, accounts payable and accrued liabilities and long-term debt approximates their fair value at March 31, 2015, due to the short-term maturities of these instruments or interest rates charged at market interest rates.

#### b) Financial risk

The Nation's financial risk is defined to mean the risk to the Nation's earnings that arises from fluctuations in interest rates and the degree of volatility of these rates. The Nation does not use derivative instruments to reduce its exposure to financial risk. The Nation's exposure to financial risk is limited to the investments in GIC's held by the Nation as at March 31, 2015 (\$1,825,000, NIL at March 31, 2014).

#### c) Credit risk

The Nation does not believe it is exposed to an unusual level of credit risk with respect to its accounts receivable as an allowance for doubtful accounts in the amount of \$189,077 has been provided. The balance of the receivables are from government agencies.

### 16. HOUSING PROGRAM REPLACEMENT RESERVE

The rental housing program is obligated under its operating agreements with Canada Mortgage and Housing Corporation ("CMHC") to transfer \$18,000 (2014 - \$18,000) to the replacement reserve annually. Funds deposited into these accounts as well as interest earned thereon may only be used to acquire items outlined by CMHC. At March 31, 2015 the reserves are adequately funded (2014 - adequately funded).

### 17. JAMES BAY SETTLEMENT AGREEMENT

Pursuant to an agreement dated as of November 18, 2006 and executed by the Esquimalt Nation, the Songhees Nation and the Governments of Canada and British Columbia on January 22, 2008, the Esquimalt Nation settled its claim with the Governments of Canada and British Columbia with respect to the area of land known as the 'James Bay Reserve' in Victoria, British Columbia. The agreement provides for the payment to the Nation of funds totalling \$15,750,000. The settlement funds are to be held in two trusts for the benefit of the Esquimalt Nation members. The 'James Bay Settlement Trust' was established on January 15, 2008 and initially held the sum of \$10,000,000 and the 'Replacement Lands Trust Fund' held an amount totalling \$4,250,000. The balance of the settlement compensation of \$1,500,000 was used to pay the costs associated with the claim and settlement process.

The terms of the settlement with the two governments stipulate that only the investment income earned from the James Bay Settlement Trust is available for use by the Nation. In addition, and in respect to the Replacement Lands Trust, those funds are to be utilized only for the acquisition of additional lands for the Nation's use.

# ESQUIMALT NATION

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2015

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### 17. JAMES BAY SETTLEMENT AGREEMENT, *continued*

During the year, the sum of \$235,035 (2014 - \$338,294) was received from the James Bay Settlement Trust and the Land Acquisition trust funds and a further \$488,042 is due from the Trust as at March 31, 2015 (2014 - \$197,385).

### 18. PRIOR YEAR BALANCES

Certain of the prior year's balances have been restated to conform to the current year's presentation.

### 19. BUDGET FIGURES

The unaudited budget data presented in these financial statements are based on the operating and capital budgets approved by the Council.