

July 16, 2014

**Aboriginal Affairs and Northern Development Canada  
BC Region – Funding Services Directorate  
Att'n: Richard George, Funding Services Officer  
600 - 1138 Melville Street  
Vancouver, BC V6E 4S3**

Dear Richard George:

**Re: Snuneymuxw First Nation**

**AANDC - 2013-2014 Audited Financial Statements & First Nations Financial Transparency Act Requirements**

Enclosed herewith are the signed Audited Financial Statements, Unaudited Program Schedules and Annex Schedules for the year ended March 31, 2014 for the Snuneymuxw First Nation.

As required we have enclosed the following:

**i. First Package**

1. Audited Consolidated Financial Statements and Notes
2. Schedule of Remuneration and Expenses of Chief and Councillors (Annex B)

**ii. Second Package**

3. Unaudited Program Schedules of Revenue and Expenses and Fund Balance by Program (Annex A)
4. Schedule of Remuneration and Expenses of Unelected Senior Officials (Annex C)
5. Management Letter

Please don't hesitate to contact our office should you require additional information.

Thank you.

Yours truly,

**MORROW & CO.**



Norman G. Grdina, CFE, CAFM, CPA, CGA

David Leung, B Comm, CPA, CGA

**Enclosures**

2014 JUL 17 PM 1:28

# **SNUNEYMUWX FIRST NATION**

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**FIRST PACKAGE**  
**MARCH 31, 2014**

# **SNUNEYMUXW FIRST NATION**

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**CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2014**

# **SNUNEYMUXW FIRST NATION**

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## **CONSOLIDATED FINANCIAL STATEMENTS** **MARCH 31, 2014**

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### **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

### **INDEPENDENT AUDITOR'S REPORT**

### **FINANCIAL STATEMENTS**

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# SNUNEYMUXW FIRST NATION

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING MARCH 31, 2014

The accompanying consolidated financial statements of Snuneymuxw First Nation are the responsibility of management and have been approved by Chief and 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.

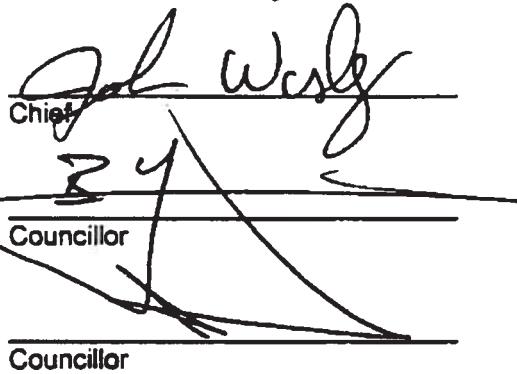
Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

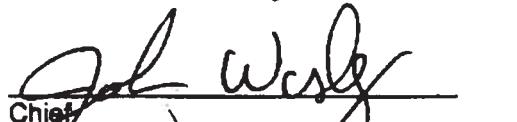
The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

The 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, Morrow & Co., 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 Snuneymuxw First Nation and meet when required.

On behalf of Snuneymuxw First Nation:



Chief \_\_\_\_\_  


Councillor \_\_\_\_\_  


Councillor \_\_\_\_\_  


## Independent Auditor's Report

### To the Members of Snuneymuxw First Nation

We have audited the accompanying consolidated financial statements of Snuneymuxw First Nation, which comprise the consolidated statement of financial position as at March 31, 2014, and the consolidated statements of change in net debt, revenue and expenses, accumulated surplus and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the First Nation's preparation and fair presentation of the consolidated 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 First Nation'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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

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

#### *Other Matter*

The prior year financial statements were audited by another accounting firm.

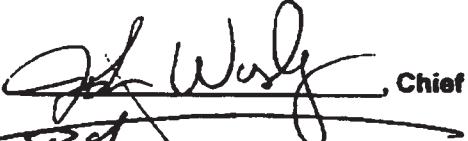


Vancouver, B.C.  
July 8, 2014

CERTIFIED GENERAL ACCOUNTANTS

# SNUNEYMUXW FIRST NATION

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2014

|  | 2014                | 2013<br>Restated    |
|--|---------------------|---------------------|
| <b>FINANCIAL ASSETS</b>  |                     |                     |
| Cash and cash equivalents (Note 3)   | \$ 7,006,448        | \$ 6,702,320        |
| Accounts receivable (Note 4)   | 1,096,252           | 1,528,416           |
| Investment in Government Business Enterprises (Note 5)   | 291,259             | 215,748             |
| Investment in Treaty   | 8,533,055           | 8,339,296           |
| Investment in Specific Land Claims   | 1,279,924           | 1,279,924           |
| Trust Funds (Note 6)   | 378,399             | 269,028             |
|  | <b>18,585,337</b>   | <b>18,334,732</b>   |
| <b>LIABILITIES</b>   |                     |                     |
| Accounts payable and accrued liabilities (Note 7)  | 599,503             | 1,877,629           |
| Deferred revenue (Note 8)  | 9,082,305           | 8,052,408           |
| First Nation loan agreement (Note 9)   | 8,515,786           | 8,322,026           |
| Specific land claims loan (Note 10)  | 1,282,085           | 1,282,085           |
| Long-term debt (Note 11)   | 7,476,641           | 7,828,634           |
|  | <b>26,956,320</b>   | <b>27,362,782</b>   |
| <b>NET DEBT</b>  | <b>(8,370,983)</b>  | <b>(9,028,050)</b>  |
| <b>NON-FINANCIAL ASSETS</b>  |                     |                     |
| Tangible capital assets (Note 12)  | 13,855,730          | 14,555,139          |
| Prepaid expenses   | 190,622             | 174,131             |
| Construction in progress   | 330,531             | 95,180              |
|  | <b>14,376,883</b>   | <b>14,824,450</b>   |
| <b>ACCUMULATED SURPLUS (Note 13)</b>   | <b>\$ 6,005,900</b> | <b>\$ 5,796,400</b> |
| Contingent liabilities (Note 18)   |                     |                     |
| <b>APPROVED ON BEHALF OF THE CHIEF AND COUNCIL</b>   |                     |                     |
| <br>, Chief      |                     |                     |
| <br>, Councillor |                     |                     |
| <br>, Councillor |                     |                     |

The accompanying notes are an integral part of the financial statements

# SNUNEYUXW FIRST NATION

## CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT FOR THE YEAR ENDED MARCH 31, 2014

|  | 2014                  | 2013<br>Restated      |
|--|-----------------------|-----------------------|
| <b>ANNUAL SURPLUS</b>                          | <b>\$ 209,500</b>     | <b>\$ 1,799,647</b>   |
| Acquisition of tangible capital assets         | (105,842)             | (2,380,861)           |
| Amortization of tangible capital assets        | 800,400               | 780,215               |
| <u>Disposal of tangible capital assets</u>     | <u>4,850</u>          | <u>-</u>              |
|  | <b>699,408</b>        | <b>(1,600,646)</b>    |
| Acquisition of prepaid assets                  | (190,621)             | (174,131)             |
| <u>Use of prepaid assets</u>                   | <u>174,131</u>        | <u>205,922</u>        |
|  | <b>(16,490)</b>       | <b>31,791</b>         |
| <u>Acquisition of construction in progress</u> | <u>(235,351)</u>      | <u>(95,179)</u>       |
| <b>INCREASE IN NET FINANCIAL ASSETS</b>        | <b>657,067</b>        | <b>135,613</b>        |
| <b>NET DEBT, BEGINNING OF YEAR</b>             | <b>(9,028,050)</b>    | <b>(9,163,663)</b>    |
| <b>NET DEBT, END OF YEAR</b>                   | <b>\$ (8,370,983)</b> | <b>\$ (9,028,050)</b> |

# SNUNEYMUXW FIRST NATION

## CONSOLIDATED STATEMENT OF REVENUE AND EXPENSES FOR THE YEAR ENDED MARCH 31, 2014

|   | 2014<br>Budget    | 2014<br>Actual    | 2013<br>Restated    |
|---|-------------------|-------------------|---------------------|
| <b>REVENUE</b>                          |                   |                   |                     |
| AANDC                                   | \$ 7,647,214      | \$ 8,323,391      | \$ 6,554,310        |
| Treaty Loan Advance                     | 193,760           | 193,760           | 516,640             |
| Treaty Contribution Income              | 48,440            | 48,440            | 129,160             |
| Specific Land Claims                    | -                 | -                 | 96,980              |
| Health Canada                           | 541,204           | 541,205           | 1,080,513           |
| First Nations Health Authority          | 541,203           | 541,203           | -                   |
| CMHC                                    | 496,852           | 456,869           | 532,190             |
| Fisheries and Oceans Canada             | 148,340           | 148,340           | 148,340             |
| Ottawa Trust Fund                       | -                 | 71,407            | 48,141              |
| Province of BC                          | 712,607           | 692,191           | 793,458             |
| Income (Loss) from Business Enterprises | -                 | 75,511            | (1,919)             |
| Other revenue (Note 15)                 | 2,199,152         | 2,821,091         | 3,554,168           |
| Deferred revenue                        | 136,423           | (1,384,377)       | 618,282             |
|   | <b>12,665,195</b> | <b>12,529,031</b> | <b>14,070,263</b>   |
| <b>EXPENSES</b>                         |                   |                   |                     |
| Administration                          | 1,092,972         | 1,137,541         | 1,068,748           |
| Elder's Cultural and Heritage           | 29,100            | 32,905            | 36,967              |
| Education                               | 2,968,955         | 2,880,613         | 2,710,951           |
| Health                                  | 1,079,393         | 1,110,275         | 1,055,278           |
| Daycare                                 | 729,199           | 685,919           | 680,231             |
| Social Development                      | 1,743,847         | 1,715,637         | 1,733,503           |
| Youth Programs                          | 66,374            | 67,509            | 87,458              |
| Economic Development                    | 839,709           | 1,305,594         | 1,359,248           |
| Infrastructure                          | 485,709           | 584,069           | 593,624             |
| Capital Projects                        | 2,192,300         | 675,536           | 2,699,628           |
| Housing                                 | 1,148,071         | 1,416,210         | 1,340,027           |
| Land and Resources                      | 26,095            | 53,915            | 37,229              |
| Treaty and Specific Claims              | 242,200           | 493,506           | 744,933             |
| Housing Reserve                         | -                 | 39,805            | 20,235              |
| Invested in Tangible Capital Assets     | -                 | 800,400           | 780,215             |
|   | <b>12,643,924</b> | <b>12,999,434</b> | <b>14,948,275</b>   |
| <b>ANNUAL DEFICIT BEFORE OTHER</b>      | <b>21,271</b>     | <b>(470,403)</b>  | <b>(878,012)</b>    |
| <b>OTHER</b>                            |                   |                   |                     |
| Acquisition of tangible capital assets  | -                 | 341,192           | 2,380,861           |
| Capitalized Treaty expenditures         | -                 | 193,760           | 615,773             |
| Proceeds from long-term debt            | -                 | (193,760)         | (641,403)           |
| Repayments of long-term debt            | -                 | 338,711           | 322,428             |
|   | -                 | 679,903           | 2,677,659           |
| <b>ANNUAL SURPLUS</b>                   | <b>\$ 21,271</b>  | <b>\$ 209,500</b> | <b>\$ 1,799,647</b> |

The accompanying notes are an integral part of the financial statements

# **SNUNEYMUW FIRST NATION**

## **CONSOLIDATED STATEMENT OF ACCUMULATED SURPLUS FOR THE YEAR ENDED MARCH 31, 2014**

|   | <b>2014</b>         | <b>2013</b>         |
|---|---------------------|---------------------|
|   |                     | <b>Restated</b>     |
| <b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b> |                     |                     |
| As previously stated                          | \$ 6,024,487        | \$ 3,669,687        |
| Prior period adjustment                       | (228,087)           | 327,066             |
| As restated                                   | 5,796,400           | 3,996,753           |
| <b>ANNUAL SURPLUS</b>                         | <b>209,500</b>      | <b>1,799,847</b>    |
| <b>ACCUMULATED SURPLUS, END OF YEAR</b>       | <b>\$ 6,005,900</b> | <b>\$ 5,796,400</b> |

# SNUNEYMUXW FIRST NATION

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2014

|  | 2014                | 2013<br>Restated    |
|--|---------------------|---------------------|
| <b>OPERATING ACTIVITIES</b>                                  |                     |                     |
| Annual surplus   | \$ 209,500          | \$ 1,799,647        |
| Items not affecting cash:                                    |                     |                     |
| Amortization   | 800,399             | 780,215             |
| Net (income) loss from First Nation business entities        | (75,511)            | 1,919               |
| Loss on disposal of tangible capital assets                  | 4,852               | -                   |
|  | 939,240             | 2,581,781           |
| Change in non-cash items on statement of financial position: |                     |                     |
| Accounts receivable  | 432,164             | (637,904)           |
| Prepaid expenses   | (16,491)            | (63,389)            |
| Accounts payable and accrued liabilities                     | (1,278,127)         | 1,177,138           |
| Deferred revenue   | 1,029,897           | (316,022)           |
|  | 1,106,683           | 2,741,604           |
| <b>CAPITAL ACTIVITIES</b>                                    |                     |                     |
| Purchase of tangible capital assets                          | (341,191)           | (2,380,861)         |
| <b>FINANCING ACTIVITIES</b>                                  |                     |                     |
| Repayment of long-term debt                                  | (351,994)           | (372,694)           |
| Advances from Specific Land Claims                           | -                   | 96,980              |
| Advances from First Nation loan agreement                    | 193,760             | 516,640             |
|  | (158,234)           | 240,926             |
| <b>INVESTING ACTIVITIES</b>                                  |                     |                     |
| Investment in Treaty   | (193,759)           | (516,644)           |
| Funds held in trust  | (109,371)           | (10,177)            |
| Investment in Specific Land Claims                           | -                   | (96,980)            |
|  | (303,130)           | (623,801)           |
| <b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>      | 304,128             | (22,132)            |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>          | 6,702,320           | 6,724,452           |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>                | <b>\$ 7,006,448</b> | <b>\$ 6,702,320</b> |

The accompanying notes are an integral part of the financial statements

# **SNUNEYMUXW FIRST NATION**

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## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** **MARCH 31, 2014**

### **1. NATURE OF OPERATIONS**

The Snuneymuxw First Nation (the "First Nation") is an Indian Band as defined by the Indian Act. The First Nation manages various programs offered by Aboriginal Affairs and Northern Development Canada (AANDC) and other funding agents to benefit its members. The First Nation also represents its members in the negotiation of treaty settlements and specific land claims.

### **2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES**

These financial statements are prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

#### **(a) Reporting Entity**

The Snuneymuxw First Nation reporting entity includes the Snuneymuxw First Nation government and all related entities that are controlled by the First Nation.

#### **(b) Principles of Consolidation**

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of a government business enterprise, which are included in the consolidated statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Under the modified equity method of accounting, only the First Nation's investment in the government business enterprise and the enterprise's net income and other changes in equity are recorded.

Organizations consolidated in Snuneymuxw First Nation's financial statements include:

Organizations accounted for on a modified equity basis include:

1. Tuytaxun General Store Ltd. (Wholly Owned Corporation)
2. Snuneymuxw Sandstone Corporation (Wholly Owned Corporation)

#### **(c) Asset Classification**

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, which may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets, construction in progress and prepaid expenses.

# **SNUNEYMUXW FIRST NATION**

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## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** **MARCH 31, 2014**

### **2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **(d) 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.

#### **(e) Funds Held in Ottawa Trust Fund**

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the statement of financial position with an offsetting amount in accumulated surplus. Trust moneys consist of:

- Capital trust moneys derived from non-renewable resource transactions on the sale of land or other First Nation tangible capital assets; and
- Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

#### **(f) Investment in Treaty and Specific Land Claims**

The Nation is in negotiations with the Government of Canada to settle outstanding claims and negotiate a treaty. Both funding and interest free loans are received from the federal government to assist in the process. Expenses pertaining to the negotiation are capitalized to reflect the amount of investment the Nation has made in the treaty process. The loan will be repaid as outlined in Notes 10 and 11.

# SNUNEYMUXW FIRST NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

### 2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (g) 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. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the assets.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital assets and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and the First Nation's incremental cost of borrowing.

Amortization is provided for their estimated useful lives as follows:

|                           |                       |
|---------------------------|-----------------------|
| Buildings and renovations | 5% Declining balance  |
| Infrastructure            | 5% Declining balance  |
| Equipment                 | 20% Declining balance |
| Automotive equipment      | 30% Declining balance |
| Boats                     | 20% Declining balance |

Tangible capital assets are written down when conditions indicate that they no longer contribute to the First Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations.

Contributed tangible capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of tangible capital assets from related parties are recorded at carrying value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

# SNUNEYMUW FIRST NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

### 2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (h) Long-lived Assets

Long-lived assets consist of tangible capital assets, and intangible assets with finite useful lives. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The First Nation performs impairment testing on long-lived assets, or group of assets, may not be recoverable. Impairment losses are recognized when an asset's service potential is reduced. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Any impairment is included in surplus (deficit) for the year. Prices for similar items are used to measure fair value of long-lived assets.

The First Nation does not perform impairment testing on its long-lived assets that are held for public administration and situated on its reserve land as it is not possible to determine their fair market value.

#### (i) Net Debt

The First Nation's consolidated financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the First Nation is determined by its financial assets less its liabilities. Net debt is comprised of two components, non-financial assets and accumulated surplus.

#### (j) Revenue Recognition

##### Government Funding

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

##### First Nation Capital and Revenue Trust Funds

The First Nation recognizes revenues of the Capital and Revenue Trust Fund at the time funds are contributed from the accounts held in Ottawa. Interest revenue is recognized when earned.

##### Housing Rental Income

Rental revenue is recorded in the year it is earned. At the end of each year management evaluates whether rent revenue is collectible and records a bad debt expense and allowance for doubtful accounts for those amounts designated as unlikely to be collected.

##### Own Source Revenue

Revenue from own sources is recognized as it becomes receivable.

# **SNUNEYMUW FIRST NATION**

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## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** **MARCH 31, 2014**

### **2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **(k) Financial Instruments**

The First Nation's financial instruments consist of cash resources, funds held in trust, account receivable, accounts payable and accrued liabilities, demand loans, First Nation loan agreement, specific land claims loan and long-term debt. Unless otherwise noted, it is management's opinion that the First Nation is not exposed to significant interest, credit or currency risks arising from these financial instruments.

#### **(l) Measurement Uncertainty**

In preparing the consolidated financial statements for the First Nation, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Items requiring the use of significant estimates include allowance for doubtful accounts and amortization. Actual results could differ from these estimates.

#### **(m) Comparative Figures**

Comparative figures have been reclassified, where applicable, to conform to current presentation.

#### **(n) Segments**

The First Nation conducts its business through a number of operating segments as described in Note 21. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives, to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements.

# SNUNEYMUWX FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

### 3. CASH AND CASH EQUIVALENTS

|  | 2014                | 2013                |
|--|---------------------|---------------------|
| <b>Externally restricted:</b>          |                     |                     |
| Operating Reserve                      | \$ 130,129          | \$ 97,645           |
| Replacement Reserve                    | 350,726             | 330,874             |
|  | <b>480,855</b>      | <b>428,519</b>      |
| <b>Internally restricted:</b>          |                     |                     |
| Sacred Bath Site                       | 78,876              | 78,092              |
| <b>Unrestricted:</b>                   |                     |                     |
| Cash and banks                         | 68,109              | 5,059               |
| Term deposits                          | 6,502,134           | 6,512,946           |
| Bank overdrafts                        | (123,526)           | (322,296)           |
|  | <b>6,446,717</b>    | <b>6,195,709</b>    |
| <b>Total Cash and Cash Equivalents</b> | <b>\$ 7,006,448</b> | <b>\$ 6,702,320</b> |

#### Externally restricted - Operating Reserve

Under the terms of the agreements with CMHC, excess federal assistance payments received may be retained in a subsidy surplus reserve up to a maximum of \$500 per unit plus interest for the Pre 1997 phases. Excess revenues over expenditures for the Post 1996 phases may be retained in an Operating Reserve. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. For the Pre 1997 phases, the funds in the account may only be used to meet future subsidy requirements of income-tested occupants over and above the maximum federal assistance. For the Post 1997 phases, the funds may be used to offset future deficits. Withdrawals are credited to interest first and then principal. At the year end, the reserve was under funded by \$25,367 (2013: under funded by \$31,454).

#### Externally restricted - Replacement Reserve

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the replacement reserve account is to be credited in the amount of \$73,042 (2013 - \$73,042) annually. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. At year end, the reserve was over funded by \$14,091 (2013 - under funded by \$10,132).

#### Internally restricted - Sacred Bath Site

Consists of money set aside for the purposes of cultural related expenditures.

The First Nation also has available a \$100,000 overdraft with the Bank of Montreal, bearing interest at prime plus 1.0%.

# SNUNEYMUXW FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

### 4. ACCOUNTS RECEIVABLE

|  | <b>2014</b>         | <b>2013</b>         |
|--|---------------------|---------------------|
| <b>Due from members:</b>                                       |                     |                     |
| Rent receivable  | \$ 1,270,539        | \$ 1,101,830        |
| Band members   | 36,864              | 84,628              |
|  | <b>1,307,403</b>    | <b>1,186,458</b>    |
| <b>Due from Government and other Government Organizations:</b> |                     |                     |
| AANDC  | 199,670             | 430,966             |
| CMHC   | 22,354              | 22,811              |
| City of Nanaimo  | -                   | 71,544              |
| Department of Fisheries and Oceans                             | 296,680             | 189,921             |
| First Nation Health Authority                                  | 643                 | -                   |
| Public Services Rebate receivable                              | 25,699              | 49,308              |
| Health Canada  | -                   | 1,800               |
| Province of BC   | 20,316              | 61,597              |
|  | <b>565,362</b>      | <b>827,947</b>      |
| <b>Due from others:</b>  |                     |                     |
| BC Parks   | -                   | 77,546              |
| CSETS  | 35,030              | 35,530              |
| Coastland lease  | -                   | 37,965              |
| Other  | 172,692             | 144,725             |
| Snuneymuxw Sandstone Corporation                               | -                   | 10,000              |
| Tuytaxun General Store Ltd.                                    | 194,979             | 228,186             |
| Vancouver Island University                                    | 20,000              | 25,000              |
|  | <b>422,701</b>      | <b>558,952</b>      |
| <b>Allowance for doubtful accounts</b>                         | <b>2,295,466</b>    | <b>2,573,357</b>    |
|  | <b>(1,199,214)</b>  | <b>(1,044,941)</b>  |
|  | <b>\$ 1,096,252</b> | <b>\$ 1,528,416</b> |

# SNUNEYMUXW FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

### 5. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES

The First Nation's investment in government business enterprises consist of the following:

|  | 2014              | 2013              |
|--|-------------------|-------------------|
| Tuytaxun General Store Ltd. (Store)          | \$ 274,886        | \$ 209,932        |
| Snuneymuxw Sandstone Corporation (Sandstone) | 16,373            | 5,816             |
|  | <b>\$ 291,259</b> | <b>\$ 215,748</b> |

The following table presents condensed financial information for these enterprises:

|                                     | Store             | Sandstone        | 2014<br>Total     | 2013<br>Total     |
|-------------------------------------|-------------------|------------------|-------------------|-------------------|
| Cash                                | \$ 126,238        | \$ 16,273        | \$ 142,511        | \$ 78,673         |
| Term deposits                       | 256,744           | -                | 256,744           | 253,314           |
| Accounts receivable                 | 43,892            | -                | 43,892            | 90,399            |
| Inventory                           | 42,861            | -                | 42,861            | 25,584            |
| Property, Plant and equipment       | 12,725            | -                | 12,725            | 16,156            |
| Other assets                        | 1,202             | 1,000            | 2,202             | 1,000             |
| <b>Total Assets</b>                 | <b>\$ 483,662</b> | <b>\$ 17,273</b> | <b>\$ 500,935</b> | <b>\$ 465,126</b> |
| Accounts payable                    | \$ 13,791         | \$ -             | \$ 13,791         | \$ 20,286         |
| Due to parent                       | 194,985           | 900              | 195,885           | 229,092           |
| <b>Total Liabilities</b>            | <b>208,776</b>    | <b>900</b>       | <b>209,676</b>    | <b>249,378</b>    |
| <b>Equity</b>                       | <b>274,886</b>    | <b>16,373</b>    | <b>291,259</b>    | <b>215,748</b>    |
| <b>Total Liabilities and Equity</b> | <b>\$ 483,662</b> | <b>\$ 17,273</b> | <b>\$ 500,935</b> | <b>\$ 465,126</b> |

|                       | Store            | Sandstone        | 2014<br>Total    | 2013<br>Total     |
|-----------------------|------------------|------------------|------------------|-------------------|
| Revenue               | \$ 1,251,790     | \$ 88,432        | \$ 1,340,222     | \$ 1,100,367      |
| Interest income       | 2,521            | 107              | 2,628            | 3,239             |
| Loss on disposal      | -                | -                | -                | (2,549)           |
| <b>Total Revenue</b>  | <b>1,254,311</b> | <b>88,539</b>    | <b>1,342,850</b> | <b>1,101,057</b>  |
| Cost of sales         | 871,966          | -                | 871,966          | 756,589           |
| Expenses              | 317,391          | 77,982           | 395,373          | 346,387           |
| <b>Total Expenses</b> | <b>1,189,357</b> | <b>77,982</b>    | <b>1,267,339</b> | <b>1,102,976</b>  |
| <b>Net Income</b>     | <b>\$ 64,954</b> | <b>\$ 10,557</b> | <b>\$ 75,511</b> | <b>\$ (1,919)</b> |

# SNUNEYUXW FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

### 6. TRUST FUNDS HELD BY FEDERAL GOVERNMENT

Capital and revenue trust 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. The trust monies are transferred to the First Nation on the authorization of AANDC with the consent of the First Nation's Council.

|                             | 2014<br>Revenue  | 2014<br>Capital   | 2014<br>Total     | 2013<br>Total     |
|-----------------------------|------------------|-------------------|-------------------|-------------------|
| Surplus, beginning of year  | \$ 4,397         | \$ 264,631        | \$ 269,028        | \$ 255,574        |
| Interest                    | -                | 9,547             | 9,547             | 9,385             |
| Timber dues                 | 20,055           | -                 | 20,055            | -                 |
| Rental                      | -                | 75,701            | 75,701            | -                 |
| BC Special                  | -                | 4,068             | 4,068             | 4,069             |
| <b>Surplus, end of year</b> | <b>\$ 24,452</b> | <b>\$ 353,947</b> | <b>\$ 378,399</b> | <b>\$ 269,028</b> |

### 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

|                       | 2014              | 2013                |
|-----------------------|-------------------|---------------------|
| Trade payables        | \$ 406,678        | \$ 1,684,584        |
| Wages payable         | 80,977            | 71,664              |
| Payroll deduction     | 49,291            | 49,649              |
| Vacation and overtime | 20,755            | 32,909              |
| Damage deposit        | 20,727            | 20,287              |
| Pension               | 21,075            | 18,536              |
|                       | <b>\$ 599,503</b> | <b>\$ 1,877,629</b> |

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits or are entitled to these benefits within the next budgetary year

The First Nation provides a defined contribution plan for eligible members of its staff. Members are required to contribute 5% of their salary and the First Nation is required to match their contribution of 5%. The amount of the retirement benefit to be received by the employees will be the amount of the retirement annuity that could be purchased based on the member's share of the pension plan at the time of the member's withdrawal from the plan. The First Nation contributed during the year \$102,289 (2013: \$90,949) for retirement benefits. The First Nation does not have any other obligations with regards to the pension plan as at March 31, 2014.

# SNUNEYMUWX FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

### 8. DEFERRED REVENUE

|                              | March 31<br>2013<br>Restated | Funding<br>received<br>2014 | Funding<br>recognized<br>2014 | March 31<br>2014    |
|------------------------------|------------------------------|-----------------------------|-------------------------------|---------------------|
| <b>Federal government</b>    |                              |                             |                               |                     |
| AANDC - Capital projects     | \$ 2,861,941                 | \$ -                        | \$ (490,632)                  | \$ 2,371,309        |
| AANDC - CPMS 8646            | 108,438                      | -                           | -                             | 108,438             |
| AANDC - CPMS 11014 (FLEX)    | -                            | 1,601,231                   | (82,913)                      | 1,518,318           |
| AANDC - CPMS 11190 (FIXED)   | -                            | 10,111                      | (1,875)                       | 8,236               |
| AANDC - CPMS 11191 (FIXED)   | -                            | 10,111                      | (1,875)                       | 8,236               |
| Health Canada                | 37,863                       | -                           | (37,863)                      | -                   |
|                              | 3,008,242                    | 1,621,453                   | (615,158)                     | 4,014,537           |
| <b>Provincial Government</b> |                              |                             |                               |                     |
| Province of BC               | 5,000,000                    | -                           | -                             | 5,000,000           |
| <b>Other</b>                 |                              |                             |                               |                     |
| Other Funding                | 44,166                       | 59,116                      | (35,514)                      | 67,768              |
|                              | <b>\$ 8,052,408</b>          | <b>\$ 1,680,569</b>         | <b>\$ (650,672)</b>           | <b>\$ 9,082,305</b> |

### 9. FIRST NATION LOAN AGREEMENT

Snuneymuxw First Nation receives interest free advances from AANDC pursuant to an agreement with the British Columbia Treaty Commission and the Minister of Aboriginal Affairs and Northern Development Canada. Under the terms of the agreement the First Nation received both loaned and contributed funds.

During the year the First Nation received \$48,440 (\$2013: \$129,160) contributed funds and loans in the amount of \$193,760 (2013: \$516,640) resulting in a cumulative loan balance of \$8,515,786 (2013: \$8,322,026).

The funds are to be used solely for the purposes of treaty negotiations. The loan proceeds are non-interest bearing and become due and payable upon the earlier of:

- (a) the date a treaty signed by the negotiating parties takes effect unless otherwise agreed to in the treaty;
- (b) the later of:
  - the twelfth anniversary of the date of the first Loan Advance by Canada to the First Nation under the earliest First Nation Funding Agreement; or
  - the Extended Due Date; and
- (c) the date the Federal Minister demands payment of the loan due to an event of default under the agreement or under any First Nation Funding Agreement.

# SNUNEYUXW FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

### 10. SPECIFIC LAND CLAIMS LOAN

Snuneyuxw First Nation received interest free advances from AANDC to be spent on specific land claims. The amounts below consist of various promissory notes signed on different dates. The promissory notes are due the earlier of five years from signing date or the date on which the claim is settled. If the loan becomes due and payable under the terms of the promissory notes while the claim is still in negotiation, the loan repayment dates will be extended by the earlier of five years, or a period deemed appropriate to coincide with the anticipated claim settlement date.

|   | 2014                | 2013                |
|---|---------------------|---------------------|
| 79 Acre Claim                                   | \$ 1,155,665        | \$ 1,155,665        |
| Douglas Treaty Village Claim at False Narrows   | 25,284              | 25,284              |
| Douglas Treaty Village Claim at Harbour Park    | 25,284              | 25,284              |
| Douglas Treaty Village Claim at Departure Bay   | 25,284              | 25,284              |
| Douglas Treaty Village Claim at Milestone River | 25,284              | 25,284              |
| Douglas Treaty Village Claim at Teytexen        | 25,284              | 25,284              |
|   | <b>\$ 1,282,085</b> | <b>\$ 1,282,085</b> |

### 11. LONG-TERM DEBT

|   | 2014      | 2013      |
|---|-----------|-----------|
| Pre 97 - Phase 8 - All Nations Trust - Mortgage repayable at \$2,177 per month including interest at 1.99% per annum; secured by a N.H.A. and Ministerial Guarantee. Matures on May 1, 2015 and renewal on May 1, 2014.           | \$ 30,121 | \$ 55,383 |
| Post 96 - Phase 1 - All Nations Trust - Mortgage repayable at \$2,206 per month including interest at 1.53% per annum; secured by a N.H.A. and Ministerial Guarantee. Matures on October 1, 2032 and renewal on December 1, 2017. | 428,140   | 447,919   |
| Post 96 - Phase 2 - All Nations Trust - Mortgage repayable at \$4,024 per month including interest at 2.11% per annum; secured by a N.H.A. and Ministerial Guarantee. Matures on November 1, 2033 and renewal on January 1, 2019. | 780,807   | 809,996   |
| Post 96 - Phase 3 - All Nations Trust - Mortgage repayable at \$3,876 per month including interest at 2.04% per annum; secured by a N.H.A. and Ministerial Guarantee. Matures on March 1, 2034 and renewal on March 1, 2019.      | 764,018   | 794,497   |
| Post 96 - Phase 4 - All Nations Trust - Mortgage repayable at \$4,429 per month including interest at 1.92% per annum; secured by a N.H.A. and Ministerial Guarantee. Matures on April 1, 2034 and renewal on April 1, 2019.      | 885,716   | 922,057   |

# SNUNEYUXW FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

### 11. LONG-TERM DEBT, continued

|  | 2014               | 2013               |
|--|--------------------|--------------------|
| Post 96 - Phase 5 - All Nations Trust - Mortgage repayable at \$4,128 per month including interest at 2.78% per annum; secured by a N.H.A. and Ministerial Guarantee. Matures on July 1, 2034 and renewal on August 1, 2015.       | 797,764            | 824,841            |
| Post 96 - Phase 6 - All Nations Trust - Mortgage repayable at \$6,857 per month including interest at 2.75% per annum; secured by a N.H.A. and Ministerial Guarantee. Matures on February 1, 2036 and renewal on February 1, 2016. | 1,355,352          | 1,399,909          |
| Post 96 - Phase 7 - All Nations Trust - Mortgage repayable at \$6,150 per month including interest at 3.13% per annum; secured by a N.H.A. and Ministerial Guarantee. Matures on May 1, 2034 and renewal on June 1, 2015.          | 1,138,838          | 1,176,586          |
| Post 96 - Phase 8 - All Nations Trust - Mortgage repayable at \$2,861 per month including interest at 2.37% per annum; secured by a N.H.A. and Ministerial Guarantee. Matures on July 1, 2034 and renewal on June 1, 2016.         | 595,634            | 615,864            |
| Post 96 - Phase 9 - All Nations Trust - Mortgage repayable at \$2,573 per month including interest at 2.37% per annum; secured by a N.H.A. and Ministerial Guarantee. Matures on July 1, 2036 and renewal on June 1, 2016.         | 535,717            | 554,841            |
| Bank of Montreal - Demand loan repayment at \$3,450 per month plus interest at prime plus 1.5%, compounded monthly.  | 91,608             | 105,142            |
| Bank of Montreal - Demand loan repayment at \$1,667 per month plus interest at prime plus 0.5%, compounded monthly.  | 59,952             | 79,956             |
| Bank of Montreal - Demand loan repayment at \$2,162 per month plus interest at prime plus 1%, compounded monthly. It is secured by garbage truck with a net book value of \$22,267.  | 12,974             | 41,085             |
| Bank of Montreal - Interest free demand loan repayable at \$379 per month.   |                    | 758                |
| <hr/> <u>Current portion</u>   | <hr/> 7,476,641    | <hr/> 7,828,634    |
|  | 370,830            | 294,841            |
| <hr/>  | <hr/> \$ 7,105,811 | <hr/> \$ 7,533,793 |

# SNUNEYMUXW FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

### 11. LONG-TERM DEBT, continued

Principal portions of long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed, are as follows:

|                     |                     |
|---------------------|---------------------|
| 2015                | \$ 370,830          |
| 2016                | 342,978             |
| 2017                | 312,697             |
| 2018                | 290,829             |
| 2019 and thereafter | 6,159,307           |
|                     | <b>\$ 7,476,641</b> |

### 12. TANGIBLE CAPITAL ASSETS

|                           | Cost                | Accumulated amortization | 2014 Net book value | 2013 Net book value |
|---------------------------|---------------------|--------------------------|---------------------|---------------------|
| Buildings and renovations | \$16,470,450        | \$ 6,100,605             | \$10,369,845        | \$10,915,626        |
| Infrastructure            | 4,978,827           | 1,783,335                | 3,195,492           | 3,266,463           |
| Equipment                 | 673,062             | 477,355                  | 195,707             | 239,709             |
| Automotive equipment      | 584,862             | 511,319                  | 73,543              | 105,061             |
| Boats                     | 69,598              | 48,455                   | 21,143              | 28,280              |
|                           | <b>\$22,776,799</b> | <b>\$ 8,921,069</b>      | <b>\$13,855,730</b> | <b>\$14,555,139</b> |

### 13. ACCUMULATED SURPLUS

Accumulated surplus is comprised of the following:

|                                     | 2014                | 2013<br>Restated    |
|-------------------------------------|---------------------|---------------------|
| <b>Restricted</b>                   |                     |                     |
| Ottawa Trust Fund                   | \$ 378,399          | \$ 306,992          |
| Enterprise Fund                     | 291,259             | 215,748             |
| Housing Reserve                     | 492,131             | 469,468             |
| <b>Unrestricted</b>                 |                     |                     |
| Operations                          | (1,678,997)         | (1,844,265)         |
| Invested in tangible capital assets | 6,523,108           | 6,648,457           |
|                                     | <b>\$ 6,005,900</b> | <b>\$ 5,796,400</b> |

# SNUNEYMUW FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

### 14. PRIOR PERIOD ADJUSTMENT

After the completion of the 2013 audit and submission to AANDC for review, AANDC required an adjustment to the deferred revenue recorded for CPMS 8682. As a result, the 2014 opening balance of accumulated surplus is increased by \$96,456 and the opening balance of deferred revenue is reduced by \$96,456.

The 2013 opening accumulated surplus for Treaty has been overstated by \$197,536 due to over capitalized of treaty expenditure from prior years. Also, the amount capitalized for treaty expenditure in 2013 was overstated by \$127,007. As a result, the 2014 opening accumulated surplus of Treaty is reduced by \$324,543 and the Investment in Treaty is reduced by \$324,543.

### 15. OTHER REVENUE

The following is a summary of other revenue by object.

|                                     | 2014                | 2013                |
|-------------------------------------|---------------------|---------------------|
| Rental income                       | \$ 830,909          | \$ 830,367          |
| Miscellaneous contracts             | 674,407             | 696,119             |
| Administration recovery             | 528,794             | 493,213             |
| CSETS                               | 374,032             | 380,032             |
| FNESC                               | 191,128             | 132,267             |
| Replacement reserve allocation      | 73,042              | 73,042              |
| Interest income                     | 61,077              | 70,706              |
| Park user fees                      | 38,820              | 134,469             |
| Tax assessment                      | 30,704              | 33,915              |
| Daycare fees                        | 12,783              | 8,791               |
| Donation                            | 5,962               | 5,478               |
| Status card                         | 3,685               | 2,860               |
| Cost recovery income                | 600                 | 4,771               |
| City of Nanaimo                     | -                   | 688,138             |
| Disposal of tangible capital assets | (4,852)             | -                   |
|                                     | <b>\$ 2,821,091</b> | <b>\$ 3,554,168</b> |

# SNUNEYMUWX FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

### 16. EXPENSES BY OBJECT

The following is a summary of expenses by object.

|   | 2014<br>Budget | 2014<br>Actual | 2013<br>Actual |
|---|----------------|----------------|----------------|
| <b>EXPENSES</b>                                 |                |                |                |
| Wages and benefits                              | \$ 3,591,697   | \$ 3,886,536   | \$ 3,869,507   |
| Tuition and training                            | 1,366,406      | 1,393,693      | 1,390,431      |
| Consultants and contractors                     | 2,431,709      | 1,369,166      | 3,297,471      |
| Basic needs                                     | 1,320,000      | 1,316,994      | 1,359,518      |
| Repair and maintenance                          | 947,519        | 940,761        | 909,049        |
| Amortization                                    | -              | 800,399        | 780,215        |
| Interest on long-term debt                      | 537,576        | 495,507        | 503,596        |
| Internal administration charge                  | 372,243        | 372,210        | 336,629        |
| Student expenses                                | 411,620        | 350,644        | 353,624        |
| Materials and supplies                          | 308,909        | 342,701        | 344,695        |
| Transportation and travel                       | 297,941        | 309,381        | 304,409        |
| Meeting, food and events                        | 183,168        | 189,286        | 244,107        |
| Bad debts                                       | -              | 177,156        | 59,898         |
| Internal rent                                   | 156,584        | 156,584        | 156,584        |
| Legal   | 85,305         | 152,989        | 184,225        |
| Honorariums                                     | 93,212         | 126,882        | 120,028        |
| Telephone and utilities                         | 106,304        | 123,752        | 129,778        |
| Insurance                                       | 76,668         | 85,874         | 77,859         |
| Rent - equipment and storage                    | 58,520         | 83,478         | 58,479         |
| Office and miscellaneous                        | 44,890         | 73,545         | 53,898         |
| Replacement reserve allocation                  | 44,242         | 73,042         | 73,042         |
| Community support and cultural awareness        | 71,491         | 67,891         | 146,593        |
| Guardian financial assistance and special needs | 72,000         | 56,347         | 71,576         |
| Accounting                                      | 30,320         | 31,000         | 29,010         |
| IT/Computer                                     | 35,600         | 23,616         | 32,643         |
| Communications                                  | -              | -              | 22,000         |
| Subsidy payments                                | -              | -              | 20,222         |
| Office expenses                                 | -              | -              | 19,189         |
|   | \$12,643,924   | \$12,999,434   | \$14,948,275   |

### 17. BUDGETED FIGURES

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the Chief and Council.

# **SNUNEYUXW FIRST NATION**

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## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** **MARCH 31, 2014**

### **18. CONTINGENT LIABILITIES**

The First Nation has entered into contribution agreements with various federal government departments. Funding received under these contribution agreements are subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements.

In addition, in the normal course of its operations, the First Nation becomes involved in legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded on the First Nation's financial statements.

As at March 31, 2014, the total ministerial housing loan guarantees provided to financial institutions for loans to the First Nation and individual members are in the amount of \$8,305,078.

### **19. ECONOMIC DEPENDENCE**

The First Nation receives a significant portion of its revenue from AANDC as a result of funding agreements entered into with the Government of Canada. These agreements are administered by AANDC under the terms and conditions of the Indian Act. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these agreements.

### **20. COMPARATIVE AMOUNTS**

Certain comparative amounts have been reclassified to conform with current year's presentation.

# SNUNEYMUXW FIRST NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

### 21. SEGMENTED INFORMATION

The First Nation received revenues and incurs expenses from many different projects and sources. For management and reporting purposes, the revenues, expenses and surplus or deficits are organized by segments. The First Nation's revenue and expenses are divided into the following segments:

- **Administration** - Includes general operations, support, and financial management of the First Nation.
- **Elder's Cultural and Heritage** - Includes activities related to cultural and traditional teachings.
- **Education** - Includes revenues and expenses related to primary, secondary and post secondary education of the members of the First Nation.
- **Health** - Includes activities related to the provision of health services within the First Nation.
- **Daycare** - Includes the daycare and aboriginal infant development programs.
- **Social Development** - Includes revenues and expenses relating to the social assistance of the members of the First Nation.
- **Youth Programs** - Includes revenues and expenses related to various activities designed for school aged children.
- **Economic Development** - Includes activities related to the growth of revenue producing projects with in the First Nation.
- **Infrastructure** - Includes the maintenance of infrastructure owned by the First Nation
- **Capital Projects** - Includes revenue and expenditures for capital projects.
- **Housing** - Includes rent collection and maintenance related to the mortgaged and non-mortgaged homes owned by the First Nation as well as housing renovation projects.
- **Land and Resources** - Includes revenues and expenditures related to conservation and stewardship of the First Nation's land and resources.
- **Treaty and Specific Claims** - Includes revenue and expenditures related to the negotiation of treaty and specific claims.
- **Ottawa Trust Fund** - Includes revenue and disbursement from the Ottawa Trust Fund.
- **Enterprise Fund** - Includes income or loss from Government Business Enterprises reported under the modified equity method.
- **Housing Reserve** - Includes allocation to reserves, interest income and qualified replacement reserve expenditure as required by CMHC.
- **Capital Surplus** - Includes tangible capital assets additions, disposal and amortization, proceeds and repayments from long term debt in relation to tangible capital assets.

# SNUNEYMUXW FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

### 21. SEGMENTED INFORMATION, continued

|                                 | Administration     |                    |                  | Elder's Cultural and Heritage |                    |                    | Education        |                   |                  |
|---------------------------------|--------------------|--------------------|------------------|-------------------------------|--------------------|--------------------|------------------|-------------------|------------------|
|                                 | 2014               |                    | 2014             | 2014                          |                    | 2013               | 2014             |                   | 2013             |
|                                 | Budget             | Actual             | Restated         | Budget                        | Actual             | Restated           | Budget           | Actual            | Actual           |
| <b>Revenues</b>                 |                    |                    |                  |                               |                    |                    |                  |                   |                  |
| AANDC                           | \$ 575,666         | \$ 575,667         | \$ 564,057       | \$ 564,057                    | \$ -               | \$ -               | \$ 2,716,393     | \$ 3,088,475      | \$ 2,070,127     |
| Province of BC                  | -                  | -                  | 50,000           | -                             | -                  | -                  | 103,460          | 73,880            | 116,831          |
| Other revenue                   | 476,406            | 487,290            | 461,213          | -                             | -                  | 4,590              | 5,235            | 147,102           | (188,780)        |
| <b>Total revenue</b>            | <b>1,052,072</b>   | <b>1,062,957</b>   | <b>1,075,270</b> | <b>-</b>                      | <b>-</b>           | <b>4,590</b>       | <b>5,235</b>     | <b>2,988,955</b>  | <b>2,981,375</b> |
| <b>Expenses</b>                 |                    |                    |                  |                               |                    |                    |                  |                   |                  |
| Wages and benefits              | 589,134            | 571,474            | 592,245          | 4,000                         | 11,418             | 5,091              | 608,724          | 821,592           | 758,101          |
| Tuition and training            | 3,100              | 3,961              | 1,595            | -                             | -                  | -                  | 1,307,080        | 1,337,035         | 1,327,490        |
| Consultants and contractors     | 100,868            | 106,939            | 25,954           | -                             | -                  | -                  | 50,459           | 38,535            | 24,456           |
| Repair and maintenance          | 27,800             | 27,880             | 31,003           | -                             | -                  | -                  | 28,200           | 13,158            | 13,942           |
| Internal administration charge  | 35,080             | 35,080             | 37,410           | -                             | -                  | -                  | 15,505           | 15,505            | 15,505           |
| Other expenses                  | 356,992            | 392,407            | 380,541          | 25,100                        | 21,487             | 31,826             | 758,977          | 854,798           | 571,457          |
| <b>Total expenses</b>           | <b>1,092,972</b>   | <b>1,137,541</b>   | <b>1,068,748</b> | <b>28,100</b>                 | <b>32,905</b>      | <b>36,987</b>      | <b>2,988,955</b> | <b>2,880,813</b>  | <b>2,710,951</b> |
| <b>Annual surplus (deficit)</b> | <b>\$ (40,900)</b> | <b>\$ (74,584)</b> | <b>\$ 6,522</b>  | <b>\$ (29,100)</b>            | <b>\$ (28,316)</b> | <b>\$ (31,732)</b> | <b>-</b>         | <b>\$ 100,782</b> | <b>\$ (1)</b>    |

# SNUNEYMUXW FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

### 21. SEGMENTED INFORMATION, continued

|                                 | Health           |                  |                  | Daycare         |                  |                  | Social Development |                  |                    |
|---------------------------------|------------------|------------------|------------------|-----------------|------------------|------------------|--------------------|------------------|--------------------|
|                                 | 2014<br>Budget   | 2014<br>Actual   |                  | 2013<br>Revised | 2014<br>Budget   |                  | 2013<br>Revised    | 2014<br>Actual   |                    |
|                                 |                  | 2014<br>Budget   | 2014<br>Actual   |                 | 2014<br>Budget   | 2014<br>Actual   |                    | 2014<br>Budget   | 2014<br>Actual     |
| <b>Revenues</b>                 |                  |                  |                  |                 |                  |                  |                    |                  |                    |
| AANDC                           | \$ 115,123       | \$ 115,123       | \$ 115,123       | \$ 981,513      | \$ 107,800       | \$ 107,800       | \$ 106,624         | \$ 1,848,447     | \$ 1,810,771       |
| Health Canada                   | 491,704          | 491,705          | 491,705          |                 | 49,500           | 49,500           | 99,000             |                  |                    |
| First Nations Health Authority  | 491,703          | 491,703          | 491,703          |                 | 49,500           | 49,500           |                    |                  |                    |
| Province of BC                  |                  |                  |                  |                 | 364,849          | 370,233          | 362,107            | 85,400           | 85,400             |
| Other revenue                   | 14,000           |                  |                  |                 | 157,550          | 155,283          | 163,518            |                  | 85,822             |
| <b>Total revenue</b>            | <b>37,863</b>    | <b>48,841</b>    | <b>7,540</b>     |                 |                  |                  |                    |                  |                    |
| <b>Expenses</b>                 |                  |                  |                  |                 |                  |                  |                    |                  |                    |
| Wages and benefits              | 664,511          | 702,183          | 653,254          | 633,204         | 603,587          | 505,696          | 171,541            | 171,413          | 167,809            |
| Tuition and training            | 7,000            | 4,878            | 4,513            | 10,000          | 8,295            | 4,756            | 2,000              |                  | 385                |
| Consultants and contractors     | 138,770          | 114,010          | 111,812          | 2,500           |                  |                  |                    |                  | 2,150              |
| Basic needs                     |                  |                  |                  |                 |                  |                  | 1,320,000          | 1,316,894        | 1,359,518          |
| Repair and maintenance          | 14,000           | 10,503           | 14,923           | 30,168          | 34,510           | 21,712           |                    |                  |                    |
| Internal administration charge  | 64,044           | 64,044           | 64,602           | 24,534          | 24,534           | 24,534           | 152,080            | 152,080          | 107,080            |
| Other expenses                  | 191,088          | 214,559          | 206,274          | 128,803         | 114,993          | 123,633          | 98,228             | 75,150           | 98,561             |
| <b>Total expenses</b>           | <b>1,078,383</b> | <b>1,110,275</b> | <b>1,055,278</b> | <b>729,189</b>  | <b>685,919</b>   | <b>680,231</b>   | <b>1,743,847</b>   | <b>1,715,837</b> | <b>1,733,503</b>   |
| <b>Annual surplus (deficit)</b> | <b>\$ 57,000</b> | <b>\$ 51,007</b> | <b>\$ 49,889</b> | <b>\$ -</b>     | <b>\$ 46,397</b> | <b>\$ 31,018</b> | <b>\$ -</b>        | <b>\$ 10,210</b> | <b>\$ (28,910)</b> |

# SNUNEYMUXW FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

### 21. SEGMENTED INFORMATION, continued

|                                | Youth Programs |               |               | Economic Development |                  |                  | Infrastructure |                |                |
|--------------------------------|----------------|---------------|---------------|----------------------|------------------|------------------|----------------|----------------|----------------|
|                                | 2014           |               | 2013          | 2014                 | 2014             | 2013             | 2014           | 2014           | 2013           |
|                                | Budget         | Actual        | Restated      | Budget               | Actual           | Restated         | Budget         | Actual         | Restated       |
| <b>Revenues</b>                |                |               |               |                      |                  |                  |                |                |                |
| AANDC                          | \$ 7,374       | \$ 7,374      | \$ 7,311      | \$ 88,030            | \$ 66,141        | \$ 107,784       | \$ 107,784     | \$ 103,917     |                |
| Fisheries and Oceans Canada    |                |               |               | 148,340              | 148,340          |                  |                |                |                |
| Province of BC                 |                |               |               | 146,898              | 146,898          |                  |                |                |                |
| Other revenue                  | 2,000          | 3,135         | 4,880         | 474,441              | 581,844          | 1,077,412        | 329,748        | 333,138        | 357,054        |
| <b>Total revenue</b>           | <b>9,374</b>   | <b>10,509</b> | <b>12,191</b> | <b>839,709</b>       | <b>847,112</b>   | <b>1,440,791</b> | <b>437,512</b> | <b>440,900</b> | <b>460,971</b> |
| <b>Expenses</b>                |                |               |               |                      |                  |                  |                |                |                |
| Wages and benefits             | 18,354         | 25,986        | 37,186        | 482,921              | 590,986          | 577,330          | 85,584         | 132,912        | 113,428        |
| Tuition and training           | 2,922          |               |               | 32,229               | 36,599           | 50,839           | 2,085          | 2,827          | 853            |
| Consultants and contractors    |                |               |               | 78,791               | 352,250          | 337,168          |                |                |                |
| Repair and maintenance         | 2,263          | 455           | 2,200         | 31,750               | 34,930           | 21,710           | 284,489        | 323,714        | 323,437        |
| Interest on long-term debt     |                |               |               |                      |                  |                  | 20,004         | 20,004         | 20,004         |
| Internal administration charge |                |               |               | 51,520               | 51,487           | 52,119           | 5,621          | 5,621          | 5,821          |
| Other expenses                 | 42,835         | 41,088        | 45,897        | 162,498              | 239,342          | 320,062          | 87,946         | 98,991         | 130,281        |
| <b>Total expenses</b>          | <b>68,374</b>  | <b>97,509</b> | <b>87,458</b> | <b>839,709</b>       | <b>1,305,594</b> | <b>1,359,248</b> | <b>485,709</b> | <b>584,089</b> | <b>593,624</b> |
| Annual surplus (deficit)       | \$ (57,000)    | \$ (67,000)   | \$ (75,267)   | \$ (368,482)         | \$ 81,643        | \$ (48,197)      | \$ (143,169)   | \$ (132,663)   |                |

# SNUNEYMUXW FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

### 21. SEGMENTED INFORMATION, continued

|                                 | Capital Projects  |                   |                    | Housing          |                     |                    | Land and Resources |                   |                  |
|---------------------------------|-------------------|-------------------|--------------------|------------------|---------------------|--------------------|--------------------|-------------------|------------------|
|                                 | 2014<br>Budget    | 2014<br>Actual    | 2013<br>Restated   | 2014<br>Budget   | 2014<br>Actual      | 2013<br>Restated   | 2014<br>Budget     | 2014<br>Actual    | 2013<br>Restated |
| <b>Revenue</b>                  |                   |                   |                    |                  |                     |                    |                    |                   |                  |
| AANDC                           | \$ 2,252,300      | \$ 2,550,394      | \$ 1,784,995       | \$ 20,222        | \$ 20,458           | \$ 28,095          | \$ 28,788          |                   |                  |
| CMHC                            | 88,783            | (1,027,386)       | 816,043            | 498,852          | 458,889             | 532,190            |                    |                   |                  |
| Other revenue                   |                   |                   |                    | 841,702          | 641,078             | 649,351            |                    |                   |                  |
| <b>Total revenue</b>            | <b>2,321,083</b>  | <b>1,523,008</b>  | <b>2,901,038</b>   | <b>1,158,776</b> | <b>1,118,189</b>    | <b>1,277,997</b>   | <b>26,095</b>      | <b>351,145</b>    | <b>38,508</b>    |
| <b>Expenses</b>                 |                   |                   |                    |                  |                     |                    |                    |                   |                  |
| Wages and benefits              | 124,272           | 148,714           | 128,925            | 105,516          | 118,180             | 122,118            | 23,936             | 23,936            | 34,350           |
| Consultants and contractors     | 1,905,025         | 516,987           | 2,541,588          | -                | 370,622             | 486,883            | 459,986            | -                 | 26,406           |
| Repair and maintenance          | 158,037           | -                 | -                  | -                | 517,572             | 475,503            | 483,592            | -                 | -                |
| Interest on long-term debt      | -                 | -                 | -                  | -                | 4,400               | 4,400              | 4,400              | 2,159             | 2,159            |
| Internal administration charge  | -                 | -                 | -                  | -                | 149,781             | 351,464            | 269,931            | -                 | 2,879            |
| Other expenses                  | 4,966             | 9,855             | 29,115             | -                | -                   | -                  | -                  | 1,414             | -                |
| <b>Total expenses</b>           | <b>2,192,300</b>  | <b>675,536</b>    | <b>2,699,628</b>   | <b>1,148,071</b> | <b>1,416,210</b>    | <b>1,340,027</b>   | <b>26,095</b>      | <b>53,915</b>     | <b>37,229</b>    |
| <b>Annual surplus (deficit)</b> | <b>\$ 126,763</b> | <b>\$ 847,472</b> | <b>\$ (88,590)</b> | <b>\$ 10,705</b> | <b>\$ (298,041)</b> | <b>\$ (62,039)</b> | <b>-</b>           | <b>\$ 297,230</b> | <b>\$ 1,278</b>  |

# SNUNEYMUXW FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

### 21. SEGMENTED INFORMATION, continued

|                                 | Treaty and Specific Claims |                     |                | Ottawa Trust Fund |                  |               | Enterprise Fund  |                   |                |
|---------------------------------|----------------------------|---------------------|----------------|-------------------|------------------|---------------|------------------|-------------------|----------------|
|                                 | 2014                       | 2014                | 2013           | 2014              | 2014             | 2013          | 2014             | 2014              | 2013           |
|                                 | Budget                     | Actual              | Restated       | Budget            | Actual           | Restated      | Budget           | Actual            | Restated       |
| <b>Revenues</b>                 |                            |                     |                |                   |                  |               |                  |                   |                |
| Treaty Contribution Income      | \$ 48,440                  | \$ 48,440           | \$ 129,160     | \$ -              | \$ -             | \$ -          | \$ -             | \$ -              | \$ -           |
| Specific Land Claims            | 183,760                    | 193,760             | 98,980         | -                 | -                | 71,407        | 48,141           | -                 | 75,511         |
| Other revenue                   |                            |                     | 516,840        | -                 | -                | -             | -                | -                 | (1,919)        |
| <b>Total revenue</b>            | <b>242,200</b>             | <b>242,200</b>      | <b>742,780</b> | <b>-</b>          | <b>71,407</b>    | <b>48,141</b> | <b>-</b>         | <b>75,511</b>     | <b>(1,919)</b> |
| <b>Expenses</b>                 |                            |                     |                |                   |                  |               |                  |                   |                |
| Wages and benefits              |                            | 64,156              | 173,976        | -                 | -                | -             | -                | -                 | -              |
| Consultants and contractors     | 155,298                    | 214,057             | 251,897        | -                 | -                | -             | -                | -                 | -              |
| Internal administration charge  | 17,300                     | 17,300              | 22,480         | -                 | -                | -             | -                | -                 | -              |
| Other expenses                  | 69,602                     | 197,993             | 298,580        | -                 | -                | -             | -                | -                 | -              |
| <b>Total expenses</b>           | <b>242,200</b>             | <b>493,506</b>      | <b>744,933</b> | <b>-</b>          | <b>-</b>         | <b>-</b>      | <b>-</b>         | <b>-</b>          | <b>-</b>       |
| Other                           |                            | (251,306)           | (2,153)        | -                 | 71,407           | 48,141        | -                | 75,511            | (1,919)        |
| <b>Annual surplus (deficit)</b> | <b>\$ -</b>                | <b>\$ (251,306)</b> | <b>\$ -</b>    | <b>\$ 71,407</b>  | <b>\$ 48,141</b> | <b>\$ -</b>   | <b>\$ 75,511</b> | <b>\$ (1,919)</b> |                |

# SNUNEYMUXW FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

### 21. SEGMENTED INFORMATION, continued

|                                 | Invested in Tangible Capital Assets |                  |             |                     |                     |                   | Consolidated Totals |                     |                   |
|---------------------------------|-------------------------------------|------------------|-------------|---------------------|---------------------|-------------------|---------------------|---------------------|-------------------|
|                                 | 2014                                |                  | 2013        |                     | 2013                |                   | 2014                | 2014                | 2013              |
|                                 | Budget                              | Actual           | Revised     | Budget              | Actual              | Revised           | Budget              | Actual              | Revised           |
| <b>Revenues</b>                 |                                     |                  |             |                     |                     |                   |                     |                     |                   |
| AANDC                           | \$ -                                | \$ -             | \$ -        | \$ -                | \$ -                | \$ -              | \$ 7,847,214        | \$ 8,323,391        | \$ 6,554,310      |
| Treaty Contribution Income      | -                                   | -                | -           | -                   | -                   | -                 | 48,440              | 48,440              | 129,180           |
| Specific Land Claims            | -                                   | -                | -           | -                   | -                   | -                 | -                   | -                   | 96,980            |
| Health Canada                   | -                                   | -                | -           | -                   | -                   | -                 | 541,204             | 541,205             | 1,080,513         |
| First Nations Health Authority  | -                                   | -                | -           | -                   | -                   | -                 | 541,203             | 541,203             | -                 |
| CMIIC                           | -                                   | -                | -           | -                   | -                   | -                 | 498,852             | 456,869             | 532,190           |
| Fisheries and Oceans Canada     | -                                   | -                | -           | -                   | -                   | -                 | 148,340             | 146,340             | 148,340           |
| Province of BC                  | -                                   | -                | -           | -                   | -                   | -                 | 712,607             | 692,191             | 793,468           |
| Other revenue                   | 77,465                              | 76,292           | -           | (4,852)             | -                   | -                 | 2,529,335           | 1,777,392           | 4,735,312         |
| <b>Total revenue</b>            | <b>77,465</b>                       | <b>76,292</b>    | <b>-</b>    | <b>(4,852)</b>      | <b>-</b>            | <b>-</b>          | <b>12,865,185</b>   | <b>12,529,031</b>   | <b>14,070,263</b> |
| <b>Expenses</b>                 |                                     |                  |             |                     |                     |                   |                     |                     |                   |
| Wages and benefits              | -                                   | -                | -           | -                   | -                   | -                 | 3,591,697           | 3,886,537           | 3,869,507         |
| Tuition and training            | -                                   | -                | -           | -                   | -                   | -                 | 1,368,406           | 1,393,893           | 1,380,431         |
| Consultants and contractors     | -                                   | -                | -           | -                   | -                   | -                 | 2,431,708           | 1,369,164           | 3,297,470         |
| Basic needs                     | 28,148                              | 20,235           | -           | -                   | -                   | -                 | 1,320,000           | 1,318,984           | 1,369,518         |
| Repair and maintenance          | -                                   | -                | -           | -                   | -                   | -                 | 947,519             | 940,761             | 909,050           |
| Amortization                    | -                                   | -                | -           | -                   | -                   | -                 | 600,400             | 600,400             | 780,215           |
| Interest on long-term debt      | -                                   | -                | -           | -                   | -                   | -                 | 537,578             | 495,507             | 503,598           |
| Internal administration charge  | -                                   | -                | -           | -                   | -                   | -                 | 372,243             | 372,210             | 336,630           |
| Other expenses                  | 10,657                              | -                | -           | -                   | -                   | -                 | 2,076,774           | 2,424,168           | 2,501,858         |
| <b>Total expenses</b>           | <b>39,805</b>                       | <b>20,235</b>    | <b>-</b>    | <b>800,400</b>      | <b>780,215</b>      | <b>12,843,974</b> | <b>12,999,434</b>   | <b>14,948,275</b>   |                   |
| <b>Other</b>                    | <b>37,660</b>                       | <b>58,057</b>    | <b>-</b>    | <b>(805,252)</b>    | <b>(780,215)</b>    | <b>21,271</b>     | <b>(470,403)</b>    | <b>(878,012)</b>    |                   |
| <b>Annual surplus (deficit)</b> | <b>\$ -</b>                         | <b>\$ 58,057</b> | <b>\$ -</b> | <b>\$ (125,349)</b> | <b>\$ 1,896,291</b> | <b>\$ 21,271</b>  | <b>\$ 209,500</b>   | <b>\$ 1,799,847</b> |                   |