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**NANOOSE FIRST NATION**

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

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# NANOOSE FIRST NATION

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

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

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The First Nation maintains systems of internal accounting and administrative controls of high quality consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the First Nation's assets are appropriately accounted for and adequately safeguarded.

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

The First Nation Council reviews the First Nation's consolidated financial statements and management letter. 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 auditors' report. The Council approves the consolidated financial statements for issuance to the members. The Council also considers, for review and approval by the members, the engagement of the external auditors.

The consolidated financial statements have been audited by McGorman MacLean, Chartered Accountants in accordance with Canadian generally accepted auditing standards on behalf of the members. McGorman MacLean has full and free access to the Council.



Councillor

  
Councillor  
Councillor

## INDEPENDENT AUDITORS' REPORT

To the Members of Nanoose First Nation

We have audited the accompanying consolidated statement of financial position of Nanoose First Nation as at March 31, 2014 and the consolidated statements of operations, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

### Auditors' Responsibility

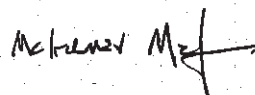
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain 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 auditors' 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 entity'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 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 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, these consolidated financial statements present fairly, in all material respects, the financial position of Nanoose First Nation as at March 31, 2014 and the results of its operations, changes in net debt and cash flows for the year then ended in accordance with Canadian public sector accounting standards.



CHARTERED ACCOUNTANTS


# NANOOSE FIRST NATION

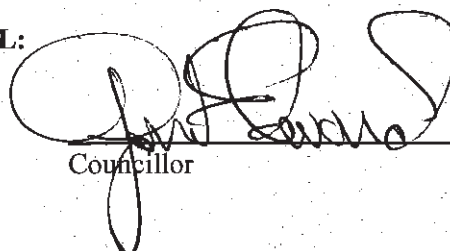
## CONSOLIDATED STATEMENT OF FINANCIAL POSITION YEAR ENDED MARCH 31, 2014

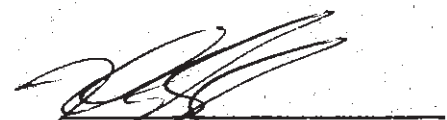
	2014	2013
<b>FINANCIAL ASSETS</b>		
Cash (note 4)	\$ -	\$ 393,377
Funds on deposit in Ottawa Trusts (notes 4 and 5)	74,438	71,792
Accounts receivable (note 6)	428,634	381,511
Receivable from affiliated companies (note 7)	46,049	43,104
Insurance proceeds receivable	-	1,540
Investments (note 8)	653	653
	549,774	891,977
<b>FINANCIAL LIABILITIES</b>		
Cheques issued in excess of funds on deposit (note 9)	42,671	-
Accounts payable and accrued liabilities	369,843	576,880
Payable to Aboriginal Affairs and Northern Development Canada (note 10)	60,166	113,860
Deferred revenue (note 11)	117,019	80,130
Long term debt (note 12)	2,591,387	2,692,626
	3,181,086	3,463,496
<b>NET DEBT</b>	(2,631,312)	(2,571,519)
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (notes 1 and 13)	11,844,481	12,385,051
Inventory	1,603	1,603
Prepaid expenses	88,501	74,126
	11,934,585	12,460,780
<b>ACCUMULATED SURPLUS</b>	\$ 9,303,273	\$ 9,889,261
<b>ACCUMULATED SURPLUS (DEFICIT) AT END OF YEAR CONSISTS OF:</b>		
Restricted	\$ 656,211	\$ 575,761
Unrestricted	(821,067)	(568,926)
	(164,856)	6,835
Investment in tangible capital assets	9,468,129	9,882,426
	\$ 9,303,273	\$ 9,889,261

Commitments (note 14)  
Contingent liabilities (note 15)

APPROVED BY THE COUNCIL:

  
Councillor

  
Councillor

  
Councillor

# NANOOSE FIRST NATION

## CONSOLIDATED STATEMENT OF OPERATIONS YEAR ENDED MARCH 31, 2014

	Budget (unaudited)	2014	2013
<b>REVENUE</b>			
Aboriginal Affairs and Northern Development Canada	\$ 995,713	\$ 1,024,830	\$ 1,020,283
Inter Tribal Health Authority	405,134	405,134	569,387
Sign rental income	230,536	230,535	223,393
Rental income - Social Housing	210,818	202,694	210,236
Province of British Columbia	197,726	163,571	168,846
Coast Salish Employment and Training Society	144,944	144,944	140,494
Canada Mortgage and Housing Corporation	165,955	108,406	112,274
Health Canada	105,415	105,415	841,045
Fisheries and Oceans Canada	104,060	104,060	101,310
Campground	146,000	95,969	112,853
Other income	36,072	59,650	33,402
Te'Mexw Treaty Association	43,000	43,000	25,500
Management fees - Snaw-Naw-As Aquaculture Ventures Inc.	24,000	34,000	25,000
Crab licence lease income	28,500	25,000	28,000
Rental and lease income	28,300	20,506	38,141
First Nation Education Steering Committee	16,459	10,205	20,842
Ottawa Trust Funds - interest and grant revenue	2,000	2,646	3,615
Interest	2,000	2,413	2,906
Gain on insurance proceeds	-	-	212,728
Ottawa Trust Funds	-	-	66,353
British Columbia Association of Aboriginal Friendship Centres	-	-	42,094
Management fees - Snaw-Naw-As Forest Services Ltd.	-	-	30,000
Government of Canada	-	-	6,000
	2,886,632	2,782,978	4,034,702
<b>TOTAL EXPENSES</b> (note 16)	2,817,632	3,368,966	3,283,500
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ 69,000	(585,988)	751,202
<b>ACCUMULATED SURPLUS AT BEGINNING OF YEAR</b>		9,889,261	9,138,059
<b>ACCUMULATED SURPLUS AT END OF YEAR</b>		\$ 9,303,273	\$ 9,889,261

# NANOOSE FIRST NATION

## CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT YEAR ENDED MARCH 31, 2014

	2014	2013
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ (585,988)	\$ 751,202
Acquisition of tangible capital assets	(138,291)	(1,427,561)
Amortization of tangible capital assets	678,861	594,518
Transfer of Social Housing tangible capital assets	-	304,313
Gain on insurance proceeds	-	(212,728)
Insurance proceeds	-	229,128
	(45,418)	238,872
Acquisition of inventory	(1,603)	(1,603)
Acquisition of prepaid expenses	(88,501)	(74,126)
Use of inventory	1,603	6,048
Use of prepaid expenses	74,126	92,459
	(14,375)	22,778
<b>CHANGE IN NET DEBT</b>	(59,793)	261,650
<b>NET DEBT AT BEGINNING OF YEAR</b>	(2,571,519)	(2,833,169)
<b>NET DEBT AT END OF YEAR</b>	\$ (2,631,312)	\$ (2,571,519)

# NANOOSE FIRST NATION

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

	2014	2013
<b>OPERATING ACTIVITIES</b>		
Annual surplus (deficit) (page 3)	\$ (585,988)	\$ 751,202
Adjustment for items which do not involve cash:		
Amortization	678,861	594,518
Gain on insurance recovery	-	(212,728)
Transfer of Social Housing tangible capital assets	-	304,313
	92,873	1,437,305
Changes in non-cash working capital:		
Decrease (Increase)		
Accounts receivable	(47,123)	649,397
Receivable from affiliated companies	(2,945)	(43,555)
Insurance proceeds receivable	1,540	98,333
Inventory	-	4,445
Prepaid expenses	(14,375)	18,333
Increase (Decrease)		
Accounts payable and accrued liabilities	(207,037)	(413,014)
Payable to affiliated companies	-	(2,932)
Payable to Aboriginal Affairs and Northern Development Canada	(53,694)	101,368
Deferred revenue	36,889	(157,594)
	(286,745)	254,781
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>	(193,872)	1,692,086
<b>CAPITAL TRANSACTIONS</b>		
Purchase of tangible capital assets	(138,291)	(1,427,561)
Insurance proceeds	-	229,128
	(138,291)	(1,198,433)
<b>INVESTING ACTIVITIES</b>		
Investments	-	(1)
<b>FINANCING ACTIVITIES</b>		
Principal reduction in long term debt	(101,239)	(161,444)
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(433,402)	332,208
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	465,169	132,961
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 31,767	\$ 465,169
<b>CASH AND CASH EQUIVALENTS CONSIST OF:</b>		
Cash	\$ -	\$ 393,377
Cheques issued in excess of funds on deposit	(42,671)	-
Funds on deposit in Ottawa Trusts	74,438	71,792
	\$ 31,767	\$ 465,169

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# NANOOSE FIRST NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2014

### 1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards which encompass the following principles:

(a) Basis of consolidation

The consolidated financial statements reflect a combination of the First Nation's operating, capital, social housing and trust funds.

The Operating Fund reports the general activities of the First Nation including the operation of Snaw-Naw-As campground and store.

The Capital Fund reports the tangible capital assets of the First Nation, together with the related sources of financing.

The Social Housing Fund reports the activities within the First Nation sponsored Social Housing Program.

The Ottawa Trust Funds reports on trust funds owned by the First Nation and held by a third party.

(b) Reporting entity and principles of financial reporting

These financial statements include the assets, liabilities and results of operations for the following funds and programs:

Administration

Local Revenue Funds, including:

Own Housing

Commercial activities and management fees

Snaw-Naw-As Campground and Store

Uy'Sqwalawun Child Care Centre

Social Housing Program

Ottawa Trust Funds

All transfers and transactions between funds and programs have been eliminated.

(c) Cash

The First Nation's policy is to present bank balances under cash or cheques issued in excess of funds on deposit.

(d) Inventory

Inventory is stated at cost.

# NANOOSE FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2014

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

#### (e) Tangible capital assets

Tangible capital assets are stated at cost and are being amortized on the straight-line basis using the following rates:

##### (i) Local Revenue Fund

Computer equipment	3 years
Automotive equipment	5 years
Furniture and equipment	5 years
Boat	8 years
Marina	10 years
School and daycare	15 - 25 years
General housing	20 years
Community buildings and structures	3 - 25 years
Health building	25 years
Infrastructure	25 years

##### (ii) Snaw-Naw-As Campground, Store, Equipment and Billboards

The campground store is being amortized at an annual rate of 4% and the equipment and billboards are being amortized at an annual rate of 20%, on the diminishing balance basis.

##### (iii) Social Housing

Buildings	21 - 44 years
Furniture	5 years
Septic field	25 years

#### (f) Investments

The investments in Snaw-Naw-As Forest Services Ltd., Snaw-Naw-As Aquaculture Ventures Inc. and Snaw-Naw-As Holdings Ltd., wholly-owned corporations, and the investment in Salish Strait Seafoods Ltd., representing a twenty percent ownership interest, are recorded at cost.

#### (g) Revenue recognition

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements.

Government transfers are recognized in the financial statements as revenue in the period the transfers are authorized and any eligibility criteria have been met, except when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability for the recipient government. Transfers received which meet the definition of a liability are included in deferred revenue.

Deferred revenue consists of funding which is received, externally restricted, and will not be included in revenue until the related expenses are incurred.

Rental revenue is recognized on a monthly basis when services are provided. Campground and store revenues are recognized when the goods and services are provided.

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# NANOOSE FIRST NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2014

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

#### (h) 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 amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of revenue and expenses. Actual results may differ from these estimates.

### 2. FINANCIAL INSTRUMENTS

The First Nation's financial instruments consists of accounts receivable, receivable from affiliated companies, investments, cheques issued in excess of funds on deposit, accounts payable and accrued liabilities, payable to Aboriginal Affairs and Northern Development Canada and long term debt. Unless otherwise noted, it is management's opinion that the First Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments, the fair value of which approximates their carrying value, except as explained in note 6.

#### Investments

The fair market values of the investments in Snaw-Naw-As Forest Services Ltd., Snaw-Naw-As Aquaculture Ventures Inc., Snaw-Naw-As Holdings Ltd. and Salish Strait Seafoods Ltd. have not been determined and accordingly may differ from the recorded values.

#### Interest risk

The First Nation has a line of credit and a demand loan with interest rates that fluctuate with the bank's prime lending rate.

### 3. ECONOMIC DEPENDENCE

Nanoose First Nation receives a major portion of its revenue pursuant to a funding arrangement with Aboriginal Affairs and Northern Development Canada. The current agreement expires March 31, 2015.

### 4. RESTRICTED CASH

#### (a) Ottawa Trust Funds

The Ottawa Trust Funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

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## NANOOSE FIRST NATION

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2014

#### 4. RESTRICTED CASH (continued)

##### (b) Replacement reserve

Under the terms of the agreements with Canada Mortgage and Housing Corporation (CMHC), the replacement reserve accounts are to be credited a specific amount annually as determined by CMHC. These funds, along with accumulated interest, must be held in a separate bank account by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. Expenses from this account must be approved by CMHC and withdrawals are credited to interest first and then principal.

Required transfers to the replacement reserve for 2014 totalled \$11,075 for the original Social Housing Phases VI and VII, and \$30,000 for the new Social Housing Phases I and II.

At March 31, 2014, the Replacement Reserve bank accounts were as follows:

Old Phase VI, VII	\$ 25,095	fully funded
New Phase I, II	\$ 157,019	fully funded

At March 31, 2013, the Replacement Reserve bank accounts were as follows:

Old Phase VI, VII	\$ 16,608	under-funded \$ 7,566
New Phase I, II	\$ 130,043	over-funded \$ 1,866

##### (c) Subsidy surplus reserve - original Social Housing Phases VI and VII

Under the terms of the agreement 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. These funds, along with accumulated interest, must be held in a separate bank account and 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 this account may only be used to meet future subsidy requirements of income-tested occupants over and above the maximum federal assistance. Withdrawals are credited to interest first and then principal. When the fund has attained the maximum of \$500 per unit, up to 10% of the excess assistance during the year may be transferred to other projects owned by the borrower requiring additional assistance if they are within the same municipality or area and are assisted under the same program.

At year end, there were no funds in a separate bank account for the subsidy surplus reserve for the original Social Housing Phases VI and VII.

# NANOOSE FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2014

### 5. OTTAWA TRUST FUNDS

	Opening Balance	Additions	Withdrawals	2014 Total	2013 Total
Revenue	\$ 19,879	\$ 2,646	\$ -	\$ 22,525	\$ 19,879
Capital	51,913	-	-	51,913	51,913
	\$ 71,792	\$ 2,646	\$ -	\$ 74,438	\$ 71,792

### 6. ACCOUNTS RECEIVABLE

	2014	2013
Canada Mortgage and Housing Corporation	\$ 63,960	\$ 9,044
Coast Salish Employment and Training Society	38,475	9,999
Tsow Tun Lelum	35,867	35,867
Fisheries and Oceans Canada	30,932	19,041
Other receivables	10,762	24,202
Te'Mexw Treaty Association	9,000	5,000
First Nations Education Steering Committee	5,456	2,500
Province of British Columbia	4,931	42,593
Inter Tribal Health Authority	4,282	3,747
Health Canada	-	22,890
Government of Canada	-	1,418
	203,665	176,301
Receivable from First Nation members - formerly Social Housing	262,046	265,303
Receivable from First Nation members and staff	49,899	30,212
Allowance for doubtful accounts - members	(148,077)	(146,625)
	163,868	148,890
Social Housing rent receivable from First Nation members	147,667	108,231
Allowance for doubtful accounts - rent receivable	(86,566)	(51,911)
	61,101	56,320
	\$ 428,634	\$ 381,511

Certain accounts receivable are subject to credit risk. A significant portion of the receivables are from First Nation members which are an unsecured source. Bad debts are recorded through the local revenue fund, including bad debts which result from recording an allowance for doubtful rent receivable for the Social Housing program.

Receivable from First Nation members - formerly Social Housing, represents receivables transferred from the Social Housing Fund to the Operating Fund for those Social Housing units where the related mortgages have been repaid in full.

# NANOOSE FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2014

### 7. RECEIVABLE FROM (PAYABLE TO) AFFILIATED COMPANIES

	2014	2013
Snaw-Naw-As Forest Services Ltd.	\$ 12,502	\$ 18,057
Snaw-Naw-As Aquaculture Ventures Inc.	33,550	25,050
Snaw-Naw-As Holdings Ltd.	(1)	(1)
Salish Strait Seafoods Ltd.	(2)	(2)
	\$ 46,049	\$ 43,104

The amounts receivable from (payable to) the affiliated companies do not bear interest and have no specific terms of repayment.

### 8. INVESTMENTS

	2014	2013
Snaw-Naw-As Forest Services Ltd. - shares - 100%	\$ 100	\$ 100
Snaw-Naw-As Aquaculture Ventures Inc. - shares - 100%	550	550
Snaw-Naw-As Holdings Ltd. - shares - 100%	1	1
Salish Strait Seafoods Ltd. - shares - 20%	2	2
	\$ 653	\$ 653

Shares in Snaw-Naw-As Forest Services Ltd., Snaw-Naw-As Aquaculture Ventures Inc, Snaw-Naw-As Holdings Ltd. and Salish Strait Seafoods Ltd. are held in trust on behalf of the First Nation members.

### 9. CHEQUES ISSUED IN EXCESS OF FUNDS ON DEPOSIT

Nanoose First Nation has a \$300,000 line of credit which bears interest at Bank of Montreal prime plus 1.5%, with interest payable monthly. The line of credit is secured by a Chief's Certificate.

# NANOOSE FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2014

### 10. PAYABLE TO (RECEIVABLE FROM) ABORIGINAL AFFAIRS AND NORTHERN DEVELOPMENT CANADA

	2014	2013
Social Development		
Basic needs - 2014 deficit	\$ (31,160)	\$ -
Basic needs - 2013 surplus	96,741	96,741
Basic needs - 2012 surplus	12,137	12,137
Child out of parental home - 2014 surplus	2,042	-
Child out of parental home - 2013 surplus	4,127	4,127
Child out of parental home - 2012 surplus	855	855
	84,742	113,860
Emergency Response Management - waste water treatment plant	(24,576)	-
	\$ 60,166	\$ 113,860

Surpluses in programs funded under a contribution agreement are recoverable by Aboriginal Affairs and Northern Development Canada and some deficits are reimbursable.

### 11. DEFERRED REVENUE

	2014	2013
Grants	\$ 106,634	\$ 17,331
Capital - Department of Fisheries guarantee	10,000	10,000
Deferred revenue - Operating fund	116,634	27,331
Capital - Health building	-	52,414
Prepaid rent - Social Housing fund	385	385
	\$ 117,019	\$ 80,130

# NANOOSE FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2014

### 12. LONG TERM DEBT

	2014	2013
Social Housing Fund - original Phases VI and VII Two mortgages held by All Nations Trust, guaranteed by CMHC, bearing interest at 2.56% and 2.61%, respectively, renewable on September 1, 2014 and December 1, 2015, respectively, repayable in monthly payments totalling \$3,754 including interest, secured by ministerial guarantees of the Minister of Aboriginal Affairs and Northern Development Canada	\$ 243,256	\$ 281,525
Social Housing Fund - new Phases I and II Two mortgages held by All Nations Trust, guaranteed by CMHC, bearing interest at 1.44% and 2.04%, respectively, renewable on July 1, 2017 and March 1, 2019, respectively, repayable in monthly payments totalling \$10,932 including interest, secured by ministerial guarantees of the Minister of Aboriginal Affairs and Northern Development Canada	2,133,096	2,221,101
	2,376,352	2,502,626
Bank of Montreal loan, bearing interest at prime plus 1.5%, repayable in monthly payments of \$2,500 plus interest, secured by a Chief's Certificate	160,000	190,000
Canada Mortgage and Housing Corporation Forgivable loan for residential rehabilitation assistance program, to be earned over four years from the interest adjustment date November 1, 2014 with interest at 4%	12,000	-
Forgivable loan for residential rehabilitation assistance program, to be earned over five years from the interest adjustment date November 1, 2014 with interest at 5.375%	11,035	-
Forgivable loan for residential rehabilitation assistance program, to be earned over five years from the interest adjustment date November 1, 2014 with interest at 5.375%	16,000	-
Forgivable loan for residential rehabilitation assistance program, to be earned over five years from the interest adjustment date November 1, 2014 with interest at 5.375%	16,000	-
	\$ 2,591,387	\$ 2,692,626

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## NANOOSE FIRST NATION

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2014

#### 12. LONG TERM DEBT (continued)

Although the Bank of Montreal loan is due on demand, it is not expected that payments will exceed the monthly amounts for the coming year.

Based on the current payment schedule, principal due within each of the next five years is approximately as follows:

2015	\$ 159,736
2016	162,526
2017	165,377
2018	168,291
2019	171,270

Based on current renewal dates, principal due within each of the next five years is approximately as follows:

2015	\$ 245,126
2016	240,894
2017	124,063
2018	397,153
2019	1,519,115

# NANOOSE FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2014

### 13. TANGIBLE CAPITAL ASSETS

	Cost				Accumulated amortization			Balance at at end of 2014	Net book value at end of 2014	
	Balance at end of 2013	Additions	Disposals	Balance at end of 2013	Disposals	Amortization				
Local Revenue Fund:										
Land	\$ 44,000	\$ -	\$ -	\$ 44,000	\$ -	\$ -	\$ -	\$ -	\$ 44,000	\$ 44,000
Computer equipment	48,123	2,226	-	50,349	31,227	-	9,563	40,790	9,559	9,559
Automotive equipment	91,976	4,500	-	96,476	77,693	-	7,723	85,416	11,060	11,060
Furniture and equipment	109,127	7,471	-	116,598	79,433	-	9,125	88,558	28,040	28,040
Boat	66,677	-	-	66,677	29,875	-	7,098	36,973	29,704	29,704
Marina	53,000	-	-	53,000	37,200	-	5,300	42,500	10,500	10,500
School and daycare	462,772	-	-	462,772	290,043	-	22,858	312,901	149,871	149,871
General housing	847,640	52,391	-	900,031	371,385	-	32,426	403,811	496,220	496,220
Community buildings	206,458	-	-	206,458	134,991	-	12,930	147,921	58,537	58,537
Health building	2,251,435	37,502	-	2,288,937	-	-	201,099	201,099	2,087,838	2,087,838
Infrastructure	8,293,803	-	-	8,293,803	2,620,752	-	243,988	2,864,740	5,429,063	5,429,063
	12,475,011	104,090	-	12,579,101	3,672,599	-	552,110	4,224,709	8,354,392	8,354,392
Snaw-Naw-As Campground and Store:										
Land improvements	81,023	-	-	81,023	-	-	-	-	81,023	81,023
Campground store	8,398	-	-	8,398	3,154	-	210	3,364	5,034	5,034
Equipment	8,649	-	-	8,649	7,830	-	164	7,994	655	655
Billboard	1,190	-	-	1,190	675	-	103	778	412	412
	99,260	-	-	99,260	11,659	-	477	12,136	87,124	87,124
First Nation Social Housing:										
Land	80,000	-	-	80,000	-	-	-	-	80,000	80,000
Buildings	4,006,692	31,889	-	4,038,581	626,888	-	112,631	739,519	3,299,062	3,299,062
Furniture	90,725	2,312	-	93,037	75,594	-	11,131	86,725	6,312	6,312
Septic field	62,808	-	-	62,808	42,705	-	2,512	45,217	17,591	17,591
	4,240,225	34,201	-	4,274,426	745,187	-	126,274	871,461	3,402,965	3,402,965
	\$16,814,496	\$ 138,291	\$ -	\$16,952,787	\$ 4,429,445	\$ -	\$ 678,861	\$ 5,108,306	\$11,844,481	\$11,844,481

# NANOOSE FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2014

### 13. TANGIBLE CAPITAL ASSETS (continued)

	Balance at end of 2012	Cost			Accumulated amortization			Balance at at end of 2013	Net book value at end of 2013
		Additions	Disposals	Balance at end of 2013	Disposals	Amortization			
Local Revenue Fund:									
Land	\$ -	\$ 44,000	\$ -	\$ 44,000	\$ -	\$ -	\$ -	\$ 44,000	
Computer equipment	23,904	24,219	-	48,123	21,060	-	10,167	31,227	16,896
Automotive equipment	91,976	-	-	91,976	70,870	-	6,823	77,693	14,283
Furniture and equipment	66,244	42,883	-	109,127	61,520	8,878	9,035	79,433	29,694
Boat	66,677	-	-	66,677	21,541	-	8,334	29,875	36,802
Marina	53,000	-	-	53,000	31,900	-	5,300	37,200	15,800
School and daycare	462,772	-	-	462,772	270,190	-	19,853	290,043	172,729
General housing	505,000	363,140	20,500	847,640	99,825	247,335	24,225	371,385	476,255
Community buildings	205,341	1,117	-	206,458	120,925	-	14,066	134,991	71,467
Health building	1,175,400	799,517	(276,518)	2,251,435	-	-	-	-	2,251,435
Infrastructure	8,553,968	16,353	276,518	8,293,803	2,256,153	-	364,599	2,620,752	5,673,051
	11,204,282	1,291,229	20,500	12,475,011	2,953,984	256,213	462,402	3,672,599	8,802,412
Snaw-Naw-As Campground and Store:									
Land improvements	81,023	-	-	81,023	-	-	-	-	81,023
Campground store	8,398	-	-	8,398	2,926	-	228	3,154	5,244
Equipment	8,649	-	-	8,649	7,557	-	273	7,830	819
Billboard	1,190	-	-	1,190	504	-	171	675	515
	99,260	-	-	99,260	10,987	-	672	11,659	87,601
First Nation Social Housing:									
Land	124,000	-	44,000	80,000	-	-	-	-	80,000
Buildings	4,121,795	136,332	251,435	4,006,692	761,652	(251,435)	116,671	626,888	3,379,804
Furniture	99,603	-	8,878	90,725	72,211	(8,878)	12,261	75,594	15,131
Septic field	62,808	-	-	62,808	40,193	-	2,512	42,705	20,103
	4,408,206	136,332	304,313	4,240,225	874,056	(260,313)	131,444	745,187	3,495,038
	\$15,711,748	\$ 1,427,561	\$ 324,813	\$16,814,496	\$ 3,839,027	\$ (4,100)	\$ 594,518	\$ 4,429,445	\$12,385,051

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## NANOOSE FIRST NATION

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2014

#### 14. COMMITMENTS

Nanoose First Nation is committed to two photocopier leases. The first lease is for 60 months and requires monthly payments of \$209 until January 2015. The second lease is for 60 months and requires monthly payments of \$185 until March 2018.

Nanoose First Nation is committed to a software lease for 36 months which required a down payment of \$3,735 and requires monthly payments of \$394 until April 2016.

Nanoose First Nation is committed to an vehicle lease for 60 months which required a down payment of \$3,561 and requires monthly payments of \$297 until March 2018.

Lease payments due in the next four years are as follows:

2015	\$ 12,596
2016	6,175
2017	5,781
2018	5,781

Nanoose First Nation has entered into a maintenance agreement for a waste water treatment plant which requires monthly payments of \$7,126 until March 31, 2015.

#### 15. CONTINGENT LIABILITIES

(a) Legal dispute

Nanoose First Nation is presently involved in a dispute over the legal ownership of certain property. The effect of any contingent claims relating to this dispute has not been determined at the date of this report.

(b) CMHC mortgage guarantees

Nanoose First Nation is contingently liable with respect to guarantees for "On Reserve" social housing loans as follows:

	2014	2013
Nanoose First Nation Social Housing	\$ 2,380,391	\$ 2,507,097

(c) Letter of credit

Nanoose First Nation has an outstanding letter of credit of \$10,000. This amount is required as a performance bond by the Department of Fisheries and Oceans.

(d) Bank of Montreal On Reserve Housing Loan Program

Under the On Reserve Housing Loan Program, in the current year and on behalf of two members, Nanoose First Nation has guaranteed \$312,869 for two residential mortgages. The maximum guarantee under this program is \$1,000,000.

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## NANOOSE FIRST NATION

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2014

#### 16. EXPENSES BY OBJECT

	2014	2013
Administration	\$ 77,211	\$ 68,703
Amortization	678,861	594,518
Audit	31,800	36,375
Bad debt	36,106	21,799
Bank charges	17,213	22,915
Contractors and consultants	200,303	117,602
Education	134,772	151,284
Electrification and utilities	60,937	48,289
Equipment lease	20,568	2,508
Honorarium	57,830	43,272
Insurance	94,305	64,530
Interest on long term debt	58,886	56,511
Office	142,783	137,478
Repairs and maintenance	188,774	296,119
Social development	388,519	440,080
Special events	46,912	42,478
Supplies	40,530	20,815
Telecommunications	30,142	22,015
Training	47,473	56,037
Travel and meetings	85,879	76,202
Wages and benefits	929,162	963,970
	<b>\$ 3,368,966</b>	<b>\$ 3,283,500</b>

#### 17. RESTRICTED SURPLUS

A portion of the surplus (deficit) in financial assets is classified as restricted due to the surplus (deficit) being committed to specific future expenses or recoverable by the relevant funding agencies. This restricted surplus (deficit) is set out on page 20 of the financial statements.

#### 18. PENSION PLAN

Nanoose First Nation has a defined contribution pension plan for eligible employees. Under the terms of the plan, Nanoose First Nation provides 100% matching of employee contributions to the plan. Defined contributions expensed in 2014 total \$7,297 (2013 - \$8,238).

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## **NANOOSE FIRST NATION**

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

#### **19. BUDGET AMOUNTS**

Unaudited budget figures have been provided for comparison purposes and have been derived from the estimates provided by Nanoose First Nation.

#### **20. COMPARATIVE FIGURES**

Certain 2013 comparative figures have been changed to reflect financial statement presentation adopted in the current year.

# NANOOSE FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2014

### 21. SEGMENTED REPORTING

Nanoose First Nation provides a wide variety of services and programs to its members. For segment disclosure, these services and programs are reported under various funds as disclosed in note 1(a), as follows:

PROGRAM	Revenue	Expenses	Current surplus (deficit)	Adjustments and program transfers	Program increase (decrease)	Surplus (deficit) at beginning of year	Surplus (deficit) at end of year
<b>Operating Fund</b>							
Administration and Registration	\$ 196,582	\$ 205,926	\$ (9,344)	\$ 9,344	\$ -	\$ -	\$ -
Chief and Council	3,000	45,827	(42,827)	42,827	-	-	-
Band Employee Benefit Plans	24,447	39,223	(14,776)	14,776	-	-	-
Economic Development	10,751	10,751	-	-	-	-	-
Emergency Response Management	24,576	32,023	(7,447)	7,447	-	-	-
Community Operations	155,439	231,790	(76,351)	76,351	-	-	-
Education	149,816	182,589	(32,773)	32,773	-	-	-
Social Development - Contribution	435,883	435,883	-	-	-	-	-
Social Development - Flexible Transfers	49,738	49,738	-	-	-	-	-
Community Health Services - Operations	356,937	336,802	20,135	(3,520)	16,615	266,294	282,909
Home and Community Care	48,197	51,717	(3,520)	3,520	-	-	-
Health Grants	2,237	2,237	-	-	-	-	-
Uy'Sqwalawun Child Care Centre	164,378	187,990	(23,612)	23,612	-	-	-
Head Start Program	53,000	53,000	-	-	-	-	-
Daycare Grants	3,672	3,672	-	-	-	-	-
Youth Program	28	8,479	(8,451)	8,451	-	-	-
Training and Employment	144,944	144,944	-	-	-	-	-
Fisheries	104,060	108,650	(4,590)	4,590	-	-	-
Local Revenue Fund - Own Housing	12,060	70,140	(58,080)	58,080	-	-	-
Residential Rehabilitation Assistance Program	-	55,035	(55,035)	55,035	-	-	-
Land Code	-	33,889	(33,889)	33,889	-	-	-
Other Funding	50,226	22,428	27,798	(27,798)	-	-	-
Local Revenue Fund	126,436	154,899	(28,463)	(223,678)	(252,141)	(568,926)	(821,067)
Local Revenue Fund - Commercial Activities	264,535	90,441	174,094	(174,094)	-	-	-
Snaw-Naw-As Campground and Store	95,969	121,529	(25,560)	25,560	-	-	-
Health Centre Building	52,415	52,415	-	-	-	-	-
Individual Housing	41,344	41,344	-	-	-	-	-
	2,570,670	2,773,361	(202,691)	(32,835)	(235,526)	(302,632)	(538,158)
<b>Social Housing Fund</b>							
Social Housing Operations	313,508	271,434	42,074	(10,648)	31,426	85,324	116,750
Replacement Reserves	1,273	12,585	(11,312)	41,075	29,763	152,351	182,114
	314,781	284,019	30,762	30,427	61,189	237,675	298,864
<b>Capital Fund</b>	43,073	678,861	(635,788)	221,491	(414,297)	9,882,426	9,468,129
<b>Ottawa Trust Funds</b>	2,646	-	2,646	-	2,646	71,792	74,438
Less capital financing	(43,073)	(43,073)	-	-	-	-	-
Less internal program transfers	(105,119)	(324,202)	219,083	(219,083)	-	-	-
	\$ 2,782,978	\$ 3,368,966	\$ (585,988)	\$ -	\$ (585,988)	\$ 9,889,261	\$ 9,303,273
<b>RESTRICTED SURPLUS:</b>							
Trust Funds						\$ 71,792	\$ 74,438
Social Housing Fund						237,675	298,864
Community Health Services Fund - included in Operating Fund						266,294	282,909
						\$ 575,761	\$ 656,211