

**SONGHEES FIRST NATION**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended MARCH 31, 2014**

**Brynjolfson & Company  
Certified General Accountant**

**SONGHEES FIRST NATION  
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MARCH 31, 2014**

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**SONGHEES FIRST NATION**  
*1100 Admirals Road*  
*Victoria, B.C.*  
**V9A 2P6**

## **Management's Statement of Responsibility**

The accompanying consolidated financial statements of Songhees 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.

Chief and Council are 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.

Chief and Council meet periodically with management, as well as the external auditor, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the financial statements and the external auditor's report.

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

### **On behalf of Songhees First Nation:**

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**Director of Operations**

Date: 9/11/14



**Brynjolfson & Co. Ltd.  
Certified General Accountant**

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Victoria, B.C. V8X 4N9  
(Tel: 250-727-7169)  
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**INDEPENDENT AUDITOR'S REPORT**

To the Members of  
Songhees First Nation:

I have audited the accompanying financial statements of the Songhees First Nation, which comprises the consolidated statement of financial position as at March 31, 2014, and the consolidated statement of operations, consolidated statement of change in net debt, and consolidated statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's responsibility for the financial statements**

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

**Auditor's responsibility**

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

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

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

**Opinion**

In my opinion, the financial statements present fairly, in all materials respects, the financial position of Songhees First Nation as at March 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Brynjolfson + Co.*

Certified General Accountant

Date: September 11, 2014

Victoria, BC

**SONGHEES FIRST NATION**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**March 31, 2014**

	2014 Actual \$	2013 Actual \$
<b>Financial assets</b>		
Cash	2,272,874	1,905,796
Cash – Restricted, Note 7	160,819	140,688
Accounts receivable	1,069,342	2,319,008
Investment in mutual funds (Cost = FMV)	5,286,102	2,324,642
Investment in shares	25	25
Ottawa Trust funds	1,563	1,566
Other Trust funds	11,001,582	10,113,110
Hwy Burns funds	<u>13,433</u>	<u>13,242</u>
	<u>19,805,740</u>	<u>16,818,077</u>
<b>Liabilities</b>		
Accounts payable	2,054,967	2,940,629
Deferred revenue	-	235
Deferred capital contributions, Note 8	-	920,000
Reserves	866,382	208,125
Debt, Note 5	<u>19,934,018</u>	<u>13,835,746</u>
	<u>22,855,367</u>	<u>17,904,735</u>
<b>Net financial assets (net debt)</b>	<b>(3,049,627)</b>	<b>(1,086,658)</b>
<b>Non-financial assets</b>		
Tangible capital assets - Note 3	33,625,620	5,372,524
Building under construction	-	16,119,530
Totem poles	-	363,881
Prepaid expenses	<u>224,611</u>	<u>98,460</u>
	<u>33,850,231</u>	<u>21,954,395</u>
<b>Accumulated surplus, Note 10</b>	<b>30,800,604</b>	<b>20,867,737</b>

Approved by:

Approved by,  
Chief Ron Lam Chief

 Councillor

Frank George Councillor

J. — Councillor

Councillor

Councillor

The accompanying notes and supplementary schedules are an integral part of these consolidated financial statements.

**SONGHEES FIRST NATION**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
For the Year Ended March 31, 2014

	<u>2014</u>	<u>2013</u>
<b>REVENUES</b>		
Aboriginal Affairs and Northern Development Canada	\$3,693,031	\$3,754,256
Prior Year AANDC Reimbursement	-	(71,772)
Health Canada	265,682	274,680
Canada Mortgage and Housing Corporation	42,235	53,830
CSETS	105,542	110,461
Local revenue account	1,127,385	1,301,994
Other	<u>6,629,997</u>	<u>3,560,071</u>
	<u>11,863,872</u>	<u>8,983,520</u>
<b>EXPENDITURES</b>		
Administration	817,797	704,731
Lands	315,014	402,684
Public Works	257,606	181,914
Education	2,034,078	2,013,485
Health	316,947	381,726
Band Funds	1,229,778	315,530
James Bay Trust	100,135	853,805
Social Development	859,588	1,328,278
Treaty	31,277	22,498
Property Taxation	2,602,385	1,388,980
Social Housing (CMHC)	150,611	173,068
Ottawa Trust Fund	<u>1,347</u>	<u>1,343</u>
	<u>8,716,563</u>	<u>7,768,042</u>
<b>ANNUAL SURPLUS/(DEFICIT) BEFORE OTHER</b>	3,147,309	1,215,478
<b>OTHER</b>		
Contributed surplus (building construction)	10,665,331	-
Transfers (to) Trusts/ Reserves	<u>(3,879,773)</u>	<u>(561,669)</u>
<b>ANNUAL SURPLUS/(DEFICIT)</b>	9,932,867	653,809
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>20,867,737</u>	<u>20,213,928</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>\$30,800,604</u>	<u>\$20,867,737</u>

The accompanying notes and supplementary schedules are an integral part of these consolidated financial statements.

**SONGHEES FIRST NATION**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT**  
**For the year ended March 31, 2014**

	<b>2014</b> <b>Actual</b> <b>\$</b>	<b>2013</b> <b>Actual</b> <b>\$</b>
Excess (shortfall) of revenue over expenditures	3,147,309	1,215,478
Adjustment – deficit from capital project	111,316	-
Transfer to operating reserve	-	(4,357)
Net transfers from (to) local revenue funds	(1,287,645)	(88,512)
Transfer / increase (decrease) trust funds	888,732	(509,522)
Transfer to/from restricted funds	(757,000)	40,017
Contributed surplus capital project	10,665,331	-
Acquisition of tangible capital assets	(11,929,691)	(10,939,255)
Amortization of tangible capital assets charged against Capital Fund and Social Housing Fund	160,006	135,074
Decrease in capital surplus fund	(2,835,411)	-
Amortization of federal government grants	<u>235</u>	<u>705</u>
	<u>(1,836,818)</u>	<u>(10,150,372)</u>
Use (purchase) of prepaid expenses	<u>(126,151)</u>	<u>36,163</u>
<b>Change in Net Financial Assets/Net Debt</b>	<b>(1,962,969)</b>	<b>(10,114,209)</b>
<b>Net Debt, at beginning of year</b>	<b><u>(1,086,658)</u></b>	<b><u>9,027,551</u></b>
<b>Net debt, end of year</b>	<b><u>(3,049,627)</u></b>	<b><u>(1,086,658)</u></b>

The accompanying notes and supplementary schedules are an integral part of these consolidated financial statements.

**SONGHEES FIRST NATION**  
**CONSOLIDATED STATEMENT OF CASH FLOW**  
**For the Year Ended March 31, 2014**

	<u>2014</u>	<u>2013</u>
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenditures	\$3,147,309	\$1,215,478
Adjustment – deficit from capital project capitalized	111,323	
Items not requiring a current outlay of cash:		
- Amortization	160,006	135,074
- Deferred capital contributions	-	920,000
- Transfer from capital projects fund	-	(175,000)
- Miscellaneous non-cash items	-	(35,731)
Change in non-cash items:		
- (Increase) decrease in restricted cash	(20,131)	65,681
- (Increase) decrease in accounts receivable	1,249,666	(1,130,801)
- (Increase) decrease in prepaid expenses	(126,151)	36,163
- Increase (decrease) in accounts payable	(885,662)	918,810
- Increase (decrease) in replacement reserves	658,257	16,273
- Increase (decrease) in deferred revenue	<u>(920,235)</u>	<u>919,294</u>
	<u>3,374,382</u>	<u>2,885,241</u>
<b>FINANCING ACTIVITIES</b>		
Increase (decrease) in contributed surplus	7,072,921	705
(Increase) decrease of investments	<u>(2,961,460)</u>	361,942
Increase (repayment) of long-term debt	<u>6,098,272</u>	<u>8,564,145</u>
	<u>10,209,733</u>	<u>8,926,792</u>
<b>INVESTING ACTIVITIES</b>		
Increase (decrease) in trust funds	-	(626,644)
Increase decrease in local revenue funds	(1,287,346)	(135,655)
(Increase) decrease in capital assets	<u>(11,929,691)</u>	<u>(10,939,255)</u>
	<u>(13,217,037)</u>	<u>(11,701,554)</u>
<b>INCREASE (DECREASE) IN CASH DURING YEAR</b>	<b>367,078</b>	<b>110,479</b>
<b>CASH – Beginning of year</b>	<b><u>1,905,796</u></b>	<b><u>1,795,317</u></b>
<b>CASH – End of year</b>	<b><u>\$2,272,874</u></b>	<b><u>\$ 1,905,796</u></b>

The accompanying notes and supplementary schedules are an integral part of these consolidated financial statements.

## SONGHEES FIRST NATION

### NOTES TO THE FINANCIAL STATEMENTS March 31, 2014

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

These Summary Financial Statements have been prepared in accordance with generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

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

##### a) Fund Accounting

Songhees First Nation uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions. The various funds have been amalgamated for the purpose of presentation in the Summary Financial Statements.

##### b) Reporting Entity and Principles of Financial Reporting

The reporting entity includes the Songhees First Nation government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

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

- Songhees First Nation Government Administration and Capital
- Songhees First Nation Trust Funds
- Songhees First Nation Social Housing Program
- Songhees First Nation Controlled Entities

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

##### 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 provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets, prepaid expenses and inventories of supplies.

## SONGHEES FIRST NATION

### NOTES TO THE FINANCIAL STATEMENTS March 31, 2014

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**d) Cash**

Cash includes cash on hand and balances with banks net of bank overdraft.

**e) Tangible Capital Assets**

Tangible capital assets include acquired, built, developed and improved tangible capital assets, whose useful life extends beyond one year and which are intended to be used on an on-going basis for producing goods or delivering services.

Tangible capital assets are reported at net book value. Contributions received specifically to assist in the acquisition of tangible capital assets are reported as deferred revenue and amortized to income at the same rate as the related asset.

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

**f) Amortization**

Tangible capital assets are amortized over their expected useful life using the diminishing balance method at the following rates:

General Housing	5%
Buildings and improvements	4%/5%
General equipment	20%
Infrastructure	4%
Docks	5%
Boats	15%
Automotive	30%

In the year of acquisition, 50% of the normal amortization is recorded.

Social Housing assets acquired under CMHC sponsored housing programs are amortized at a rate equivalent to annual principal reduction in related long term debt, as required for CMHC reporting purposes.

**g) Net Debt**

The First Nation's 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 liabilities less its financial assets. Net debt is comprised of two components, non-financial and accumulated surplus.

## SONGHEES FIRST NATION

### NOTES TO THE FINANCIAL STATEMENTS March 31, 2014

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#### **h) Revenue Recognition**

All revenue is recorded on the accrual basis whereby amounts received or recorded as receivable but not earned by the end of the fiscal year are recorded as deferred revenue. Funding received under the terms of contribution agreements with the federal government is recognized as revenue once eligibility criteria have been met. Funding is recorded as deferred revenue if it has been restricted by the federal government for a stated purpose, such as a specific program or the purchase of tangible capital assets. Deferred revenue is recognized in revenue over time as the recognition criteria are met.

#### **i) Measurement Uncertainty**

In preparing financial statements for the government of Songhees First Nation, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the year. Significant areas of estimation include allowance for doubtful accounts, estimated useful lives of tangible capital assets, impairment of long-lived assets, accrued liabilities, and disclosure of contingencies. Actual results could differ from those estimates.

#### **j) Financial Instruments**

Songhees First Nation's financial instrument consists of cash, accounts receivable, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that Songhees First Nation is not exposed to significant interest or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

## **2. ECONOMIC DEPENDENCE**

The government of Songhees First Nation receives a major portion of its revenue from Aboriginal Affairs and Northern Development Canada. The nature and extent of this revenue is of such significance that the First Nation is economically dependent on this source of revenue.

**SONGHEES FIRST NATION**

**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2014**

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**3. TANGIBLE CAPITAL ASSETS**

	<u>Cost</u>	<u>Accumulated Amortization</u>	Net Book Value 2014	Net Book Value 2013
<b>OPERATING</b>				
Float	58,638	42,505	16,133	\$19,065
Oceangoing canoes	26,405	26,405	-	-
Trailer – triple-wide	102,229	81,108	21,121	26,232
Trailer - youth centre	56,000	23,800	32,200	35,000
Band owned housing	148,049	47,938	100,111	-
Preschool addition	381,312	142,993	238,319	257,385
Van	19,293	19,293	-	-
Office equipment	88,798	88,798	-	-
Properties	<u>3,245,422</u>	<u>—</u>	<u>3,245,422</u>	<u>3,245,422</u>
	<u>4,126,146</u>	<u>472,840</u>	<u>3,653,306</u>	<u>3,583,104</u>
<b>LOCAL REVENUE</b>				
Infrastructure	583,766	211,613	372,153	408,638
Building	94,290	44,991	49,299	55,370
Playground	97,600	45,140	52,460	58,560
Tractor/backhoe	69,000	69,000	-	-
Trailer	182,572	109,092	73,480	82,025
Truck	30,424	28,099	2,325	2,700
General equipment	39,535	39,535	-	-
Boat	<u>9,000</u>	<u>2,025</u>	<u>6,975</u>	<u>8,100</u>
	<u>1,106,187</u>	<u>549,495</u>	<u>556,692</u>	<u>615,393</u>
<b>CMHC</b>				
CMHC Housing	<u>1,465,690</u>	<u>450,199</u>	<u>1,006,491</u>	<u>1,174,027</u>
<b>WELLNESS CENTRE*</b>				
Building	27,064,889	-	27,064,889	-
Equipment and fixtures	1,029,528	-	1,029,528	-
Artwork	118,275	-	118,275	-
Carvings	<u>196,439</u>	<u>—</u>	<u>196,439</u>	<u>—</u>
	<u>28,409,131</u>	<u>—</u>	<u>28,409,131</u>	<u>—</u>
<b>TOTALS</b>	<b><u>\$35,107,154</u></b>	<b><u>\$1,472,534</u></b>	<b><u>\$33,625,620</u></b>	<b><u>\$5,372,524</u></b>

\* Wellness centre was completed at the end of fiscal 2014. No amortization was taken for fiscal 2014.

## SONGHEES FIRST NATION

### NOTES TO THE FINANCIAL STATEMENTS March 31, 2014

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#### 4. TRUST FUNDS

*The Ottawa Trust Accounts* 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 Section 63 to 69 of the Indian Act.

	<u>Opening Balance</u>	<u>Additions</u>	<u>Withdrawals</u>	<u>2014</u>	<u>2013</u>
Revenue	1,347	1,344	1,347	1,344	1,347
Capital	<u>219</u>	—	—	<u>219</u>	<u>219</u>
Fund Total	<u>1,566</u>	<u>1,344</u>	<u>1,347</u>	<u>1,563</u>	<u>1,566</u>

*The Highway Burning Trust Fund* is a fund being jointly held by Songhees Nation and Esquimalt Nation. Only Songhees Nation's portion is reflected on the financial statements.

*Funds Held in Trust (Other)* consist of funds received for the James Bay Settlement which are being held in an aboriginal trust account administered by BMO Trust Company.

#### 5. LONG-TERM DEBT

	<u>2014</u>	<u>2013</u>
Bank of Montreal loan, repayable at \$30,000 per quarter, interest paid monthly at Prime, secured by a general security agreement providing a first charge on the investments held by Songhees James Bay Village Trust and promissory notes for all loan facilities.	- 2,820,000	
Less: portion due within one year	— (120,000)	
	<u>—</u>	<u>2,700,000</u>
Fixed rate business mortgage, from Van City Credit Union, \$13,500,000, repayable monthly \$70,278 blended at 3.9%, secured by own source revenue (currently FN GST)	13,500,000	-
Less: portion due within one year	322,561	—
	<u>13,177,439</u>	<u>—</u>

**SONGHEES FIRST NATION**

**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2014**

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	<u>2014</u>	<u>2013</u>
Promissory Note payable to First Nations Finance Authority, repayable yearly at \$93,857 principal, plus interest at 3.79%, payments commencing June 26, 2015, amortized over 30 years; the promissory note has a term of ten (10) years, expiring June 26, 2024.	5,264,000	-
Less: portion due within one year	<u>      </u>	<u>      </u>
	<u>5,264,000</u>	<u>      </u>
Loan payable, All Nations Trust, on the housing unit located at #5 Maple Bank Songhees Nation, secured by ministerial guarantee from AANDC, repayable @ \$983 per month, interest at 5.25 %	163,527	-
Less: portion due within one year	<u>      </u>	<u>      </u>
	<u>3,289</u>	<u>      </u>
	<u>160,238</u>	<u>      </u>
Canada Mortgage and Housing Corporation Mortgages, secured by ministerial guarantees from AANDC and first mortgages on twenty-four housing units.		
- Loan #08-400-483 repayable @ \$688 per month, including interest at 9.625%	- 3,924	
- Loan #153-52495002, repayable @ \$1,489 per month, including interest at 3.9%	93,352	108,415
- Loan #193-62409001, repayable @ \$1,621 per month, including interest at 2.61%	246,925	260,359
- Loan #193-62409001 repayable @ \$4,548 per month, including interest at 4.73%	<u>666,214</u>	<u>697,737</u>
	<u>1,006,491</u>	<u>1,070,435</u>
Less: portion due within one year	<u>(59,376)</u>	<u>(55,424)</u>
	<u>947,115</u>	<u>1,015,011</u>
	<u><b>\$19,548,792</b></u>	<u><b>\$3,715,011</b></u>

Principal repayments required over the next five years:

2015	\$ 385,226	2018	\$ 522,894
2016	\$ 493,141	2019 and thereafter	\$18,025,019
2017	\$ 507,738		

## SONGHEES FIRST NATION

### NOTES TO THE FINANCIAL STATEMENTS March 31, 2014

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#### 6. SOCIAL HOUSING RESERVES

##### a) Replacement Reserve

Under the terms of the agreement with CMHC, a replacement reserve is maintained to provide for future asset replacement. These funds, along with accumulated interest, must be held in a separate bank account. Use of these funds is restricted to expenditures approved by CMHC.

##### b) Subsidy Surplus Reserve

Under the terms of the agreement with CMHC, express federal assistance payments received may be retained in a subsidy surplus reserve up to a maximum of \$500 per unit. These funds, along with accumulated interest, must be held in a separate bank account. The funds in this account may only be used to meet future subsidy requirements.

##### c) Operating Reserve

Under the terms of the agreement with CMHC (Section 95, Post 1997 on Reserve Program), any surplus revenue will be retained within an Operating Reserve. These funds, along with accumulated interest, must be held in a separate bank account. Use of these funds is restricted to ongoing operating costs of housing projects committed under the Post 1997 On Reserve Program.

#### 7. RESTRICTED CASH

	<u>2014</u>	<u>2013</u>
Comprised of the following		
Band Housing reserve funds	\$ 9,575	\$ -
CMHC reserve funds	<u>151,244</u>	<u>140,688</u>
	<u><u>\$160,819</u></u>	<u><u>\$140,688</u></u>

#### 8. DEFERRED CAPITAL ASSET CONTRIBUTIONS

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

Changes in deferred contributions balance for the year are as follows:

	<u>2014</u>	<u>2013</u>
Balance, beginning of year	990,000	
Additions	-	990,000
Capital project allocation	(990,000)	
Amounts amortized to revenue	-	
Balance, end of year	<u><u>990,000</u></u>	

## SONGHEES FIRST NATION

### NOTES TO THE FINANCIAL STATEMENTS March 31, 2014

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#### 9. CONTINGENT LIABILITIES

- a) Restricted (set) unexpended surpluses can be recovered by the funding agency.
- b) The First Nation has Ministerial Guarantees for loan balances outstanding. The contingent liability as at year-end amounts to \$1,485,082, as per confirmation provided by Aboriginal Affairs and Northern Development Canada.

#### 10. ACCUMULATED SURPLUS / (DEFICIT)

	<u>2014</u>	<u>2013</u>
Represented by:		
Operations	4,074,928	816,296
Trust Funds	11,015,015	10,126,352
Local Revenue	2,102,219	3,389,565
Contributed surplus	<u>13,608,444</u>	<u>6,535,524</u>
	<u><b>30,800,606</b></u>	<u><b>20,867,737</b></u>

#### 11. WEST BAY MARINA ACQUISITION

On May 9, 2005, Songhees First Nation entered into a purchase agreement with Her Majesty the Queen in the Right of Canada to purchase certain lands in Esquimalt for \$1,880,000.

The purchase was facilitated by the use of Xhamasung Holdings LLP which has two partners, Kosapsum Development Corporation (Esquimalt First Nation shareholder) and Lekwungen Development Corporation (Songhees First Nation shareholder). The purchase was financed by a down payment of \$42,720 and annual payments of \$42,720 for 15 years and a balloon payment at the end of term for \$1,937,699. Interest is charged at 4.94% per year.

**SONGHEES FIRST NATION**

**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2014**

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**12. INVESTMENT IN LEKWUNGEN DEVELOPMENT CORP.**

**Lekwungen Development Corp.**  
**Balance Sheet**

	(unaudited)	March 31	
		<u>2014</u>	<u>2013</u>
<b>Assets</b>			
LONGTERM			
Investment in Xhamasung Holdings LLP		<u>81,748</u>	<u>60,710</u>
INTANGIBLE			
Incorporation costs		<u>1,481</u>	<u>1,481</u>
Total Assets		<u>83,229</u>	<u>62,191</u>
<b>Liabilities</b>			
LONGTERM			
Due to Songhees First Nation		<u>85,583</u>	<u>64,545</u>
EQUITY			
Surplus/(Deficit)		<u>(2,354)</u>	<u>(2,354)</u>
Total Liabilities and Equity		<u>83,229</u>	<u>62,191</u>

**13. COMPARATIVE FIGURES**

Prior year's comparative amounts have been reclassified where necessary to conform to the current year's presentation.

#### 14. SEGMENTED DISCLOSURE

Songhees First Nation										
Schedule of Segmented Operations (unaudited)										
For the year ended March 31, 2014										
	Adminn.	Lands	Public Works	Education	Health	Funds	James Bay	Social Dev.	Treaty	Property Taxation
										CMHC Housing Trust Fund
										TOTAL
<b>Revenue</b>										
AANDC	371,589	309,446	119,727	1,755,759	50,299	24,334	1,061,877			3,693,031
Health Canada					265,682					265,682
CMHC									42,235	42,235
CSET'S					105,542					105,542
Deferred/reserve Income			145,311							1,620,311
Other	261,410	28,411	-	231,936	91,562	4,237,779	20,712	446	31,720	1,127,385
										104,367
										1,343
										6,137,071
	632,999	337,857	265,038	2,093,237	407,543	4,262,113	20,712	1,062,323	31,720	2,602,385
										146,602
										1,343
										11,863,872
<b>Expenditure</b>										
Salaries and benefits	371,124	120,483	-	383,583	150,010	4,537	15,241		31,277	
Amortization			37,311							46,969
Direct Assistance			-					805,908		63,944
Debt Servicing			15,399							
Other	446,673	194,531	204,896	1,650,495	166,937	1,225,241	84,894	53,680		14,635
									2,555,416	72,032
										1,347
										6,656,142
	817,797	315,014	257,606	2,034,078	316,947	1,229,778	100,135	859,588	31,277	2,602,385
										150,611
										1,347
										8,716,563
<b>Surplus/(deficit)</b>	-184,498	22,843	7,432	59,159	90,596	3,032,335	-79,423	202,735	443	-4,009
Departmental transfer	309,083	-	43,413	-	-	-	-352,496	-	-	-
<b>Excess (deficiency) of revenue for the year</b>	124,285	22,843	50,845	59,159	90,596	2,679,839	-79,423	202,735	443	-4,009
										-4
										3,147,309