

**Iskut Band Council
Financial Statements
For the year ended March 31, 2014**

**Iskut Band Council
Financial Statements
For the year ended March 31, 2014**

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Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of Iskut Band Council are the responsibility of management and have been approved by the Chief and another Band Councilor on behalf of the Band Council.

These 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. Management is responsible 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.

The Chief and Council of Iskut Band Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The external auditors, BDO Canada LLP conduct an audit, in accordance with Canadian generally accepted auditing standards, and express their opinion on the consolidated financial statements. The external auditors have access to financial management of Iskut Band Council and meet when required.

On Behalf of Iskut Band Council:

Chief Councilor

Band Councilor

Independent Auditor's Report

**To the Members
Iskut Band Council**

We have audited the accompanying consolidated financial statements of the Iskut Band Council, which comprise the consolidated statement of financial position as at March 31, 2014, the consolidated statements of operations, change 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.

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 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 qualified opinion on the results of operations and cash flows and our unmodified audit opinion on the financial position.



Basis for Qualified Opinion

Due to uncertainties surrounding the physical inventory count on March 31, 2013, we were not able to satisfy ourselves concerning those inventory quantities by alternative means. Since inventories affect the determination of the results of operations and cash flows, we were unable to determine whether any possible adjustments might be necessary to the results of operations, cost of sales, accumulated surplus, and cash flows from operations for the years ended March 31, 2013, and March 31, 2014. Our audit opinion on the consolidated financial statements for the year ended March 31, 2013 was modified accordingly because of this limitation in scope.

Canadian public sector accounting standards require that organizations in the public sector disclose budgeted results for operations and changes in net debt. These consolidated financial statements do not include budgeted numbers and therefore are not in compliance with Canadian public sector accounting standards in this respect.

Qualified Opinion on the Results of Operations and Cash Flows

In our opinion, except for the possible effects of the scope limitation and the effect of the missing budget numbers as described in the Basis for Qualified Opinion on the Results of Operations and Cash Flows paragraph, the consolidated statements of operations, changes in net debt, and cash flows present fairly, in all material respects, the results of operations and cash flows of Iskut Band Council for the year ended March 31, 2014 in accordance with Canadian public sector accounting standards.

Opinion on the Financial Position

In our opinion, the consolidated financial position presents fairly, in all material respects, the consolidated financial position of Iskut Band Council as at March 31, 2014 in accordance with Canadian public sector accounting standards.

Other Matters

Iskut Band Council has also prepared another set of consolidated financial statements for the year ended March 31, 2014 in accordance with Canadian public sector accounting standards. However, these consolidated financial statements include unaudited supplementary schedules which present detailed program revenues and expenditures prepared to assist management of Iskut Band Council to meet the reporting requirements of various funding agencies. Our audit report on the other set of consolidated financial statements was issued to Chief and Council of Iskut Band Council and was dated July 31, 2014.

BDO Canada LLP

Chartered Accountants

Penticton, British Columbia
July 31, 2014

Iskut Band Council
Consolidated Statement of Financial Position

<u>March 31</u>	<u>2014</u>	<u>2013</u>
		(Restated)
Financial assets		
Cash (Note 3)	\$ 141,170	\$ 545,593
Short-term investments (Note 3)	257,269	200,349
Accounts receivable (Note 4)	530,267	1,218,926
Long-term investments (Note 6)	<u>698,710</u>	<u>662,097</u>
	<u>1,627,416</u>	<u>2,626,965</u>
Liabilities		
Demand loan (Note 10)		110,000
Accounts payable and accrued liabilities (Note 8)	311,869	437,538
Deferred revenue (Note 9)	1,092	63,489
Long-term debt (Note 12)	<u>2,860,792</u>	<u>2,876,710</u>
	<u>3,173,753</u>	<u>3,487,737</u>
Net debt	<u>(1,546,337)</u>	<u>(860,772)</u>
Non-financial assets		
Prepaid expenses	25,553	72,368
Tangible capital assets (Note 7)	<u>16,995,270</u>	<u>15,703,817</u>
	<u>17,020,823</u>	<u>15,776,185</u>
Accumulated surplus (Note 13)	<u>\$ 15,474,486</u>	<u>\$ 14,915,413</u>

Approved on behalf of Chief & Council

John Sjrock
John Sjrock

Iskut Band Council
Consolidated Statement of Operations

March 31, 2014	2014	2013
(Restated)		
Revenue		
Federal Government:		
Aboriginal Affairs and Northern Development Canada	\$ 2,944,171	\$ 3,370,875
Canada Mortgage and Housing Corporation	117,345	137,504
Fisheries and Oceans Canada	305,085	319,704
Health and Welfare Canada	1,928,860	2,126,522
Provincial Government:		
First Nations Education Steering Committee	115,740	91,308
Province of British Columbia	182,340	182,496
Other		
Equipment rental	122,582	135,853
Fisheries contracts	223,390	183,024
Housing charges	254,990	261,645
Interest and investment income	278,827	338,060
Local operations	83,846	38,566
Miscellaneous health contracts	294,240	207,637
Contracts, rent, contributions and miscellaneous	<u>640,344</u>	<u>1,003,951</u>
	<u>7,491,760</u>	<u>8,397,145</u>
Expenditures (Note 18)		
Administration	1,104,792	751,965
Community health	2,182,963	2,346,426
Education	1,391,323	1,489,537
Enterprise Fund	252,354	519,822
Fisheries	534,901	553,459
Housing	487,701	527,358
Public works	412,082	485,573
Social services	<u>670,826</u>	<u>763,671</u>
	<u>7,036,942</u>	<u>7,437,811</u>
Annual surplus before income from government business enterprise	454,818	959,334
Income from investment in government business enterprise (Note 6)	104,254	162,373
Annual surplus	<u>559,072</u>	<u>1,121,707</u>
Accumulated surplus at beginning of year, as previously stated	15,017,047	13,793,706
Prior period adjustment (Note 2)	(101,634)	-
Accumulated surplus at beginning of year, restated	14,915,413	13,793,706
Accumulated surplus at end of year	<u>\$ 15,474,485</u>	<u>\$ 14,915,413</u>

The accompanying summary of significant accounting policies and notes are an integral part of these consolidated financial statements.

Iskut Band Council
Consolidated Statement of Change in Net Debt

<u>March 31, 2014</u>	<u>2014</u>	<u>2013</u>
(Restated)		
Annual surplus	\$ 559,072	\$ 1,121,707
Tangible capital assets:		
Acquisition of tangible capital assets	(2,034,700)	(1,609,743)
Amortization of tangible capital assets	677,357	719,715
Proceeds on sale of tangible capital assets	30,000	27,000
Loss on disposal of tangible capital assets	<u>35,889</u>	<u>(22,747)</u>
	<u>(732,382)</u>	<u>235,932</u>
Net acquisition of prepaid expenses	<u>46,816</u>	<u>(33,405)</u>
Decrease (increase) in net debt	(685,566)	202,527
Net debt at beginning of year	<u>(860,772)</u>	<u>(1,063,299)</u>
Net debt at end of year	<u>\$ (1,546,338)</u>	<u>\$ (860,772)</u>

The accompanying summary of significant accounting policies and notes are an integral part of these consolidated financial statements.

**Iskut Band Council
Consolidated Statement of Cash Flows**

March 31, 2014	2014	2013
		(Restated)
Operating activities		
Annual surplus	\$ 559,072	\$ 1,121,707
Items not affecting cash:		
Amortization	677,357	719,715
Loss on disposal of tangible capital assets	35,889	-
Income from investment in government business enterprise	(104,254)	(162,373)
Changes in operating balances		
Decrease (increase) in accounts receivable	688,659	(251,964)
Decrease (increase) in prepaid expenses	46,815	(33,405)
Decrease (increase) in accounts payable and accrued liabilities	(125,669)	150,370
Decrease (increase) in deferred revenue	<u>(62,397)</u>	<u>63,489</u>
	<u>1,715,472</u>	<u>1,607,539</u>
Capital activities		
Purchase of tangible capital assets	(2,034,700)	(1,609,743)
Proceeds from disposal of tangible capital assets	<u>30,000</u>	<u>4,253</u>
	<u>(2,004,700)</u>	<u>(1,605,490)</u>
Investing activities		
Investments in short-term investments	(56,920)	(94,294)
Loan to (repayment from) Iskut Band Development Corporation	<u>67,644</u>	<u>(89,924)</u>
	<u>10,724</u>	<u>(184,218)</u>
Financing activities		
Proceeds from long-term debt	210,661	28,691
Repayment of long-term debt	(226,580)	(184,306)
Proceeds (repayment) line of credit	<u>(110,000)</u>	<u>110,000</u>
	<u>(125,919)</u>	<u>(45,615)</u>
Decrease in cash for the year	(404,423)	(227,784)
Cash, beginning of year	545,593	773,377
Cash, end of year (Note 3)	\$ 141,170	\$ 545,593

Iskut Band Council Notes to Consolidated Financial Statements

March 31, 2014

1. Summary of Significant Accounting Policies

Nature of Business	Iskut Band Council provides services and support to its band members. Iskut Band Council is an Indian Band and, as such, is exempt from income tax under section 87 of the Indian Act.
Basis of Accounting	These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board.
Reporting Entity	The Iskut Band Council reporting entity includes the Iskut Band Council government and all related entities that are controlled by the First Nation.
Principles of Consolidation	All controlled entities are fully consolidated on a line-by-line basis except for commercial enterprises which meet the definition of a government business enterprise, which are included in the consolidated financial statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation. Under the modified equity method of accounting, only Iskut Band Council's investment in the government business enterprise and the First Nation's portion of the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of Iskut Band Council and inter-organizational balances and transactions are not eliminated.
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, and prepaid expenses.
Cash	Cash includes cash on hand and balances with banks.
Short-term Investments	Short-term investments include guaranteed investment certificates maturing at various times during the next fiscal year. These investments are recorded at cost.

Iskut Band Council Notes to Financial Statements

March 31, 2014

1. Summary of Significant Accounting Policies (continued)

Long-term Investments	Long-term investments in entities which are not wholly owned or controlled by the First Nation are recorded at cost. The First Nation's investment in Iskut Band Development Corporation, a government business enterprise, is recorded on a modified equity basis. The modified equity method of reporting includes the investment, equity, and net income of the government business enterprise. The First Nation's investment in Tahltan Nation Development Corporation, an entity which is not controlled, is recorded at cost.												
Use of Estimates	The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.												
Tangible Capital Assets	Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital assets including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:												
	<table><tbody><tr><td>Automotive equipment</td><td>20%</td></tr><tr><td>Buildings and improvements</td><td>4%</td></tr><tr><td>Band owned housing</td><td>2.5%</td></tr><tr><td>Community equipment</td><td>20%</td></tr><tr><td>Infrastructure</td><td>2%</td></tr><tr><td>Office equipment</td><td>20%</td></tr></tbody></table>	Automotive equipment	20%	Buildings and improvements	4%	Band owned housing	2.5%	Community equipment	20%	Infrastructure	2%	Office equipment	20%
Automotive equipment	20%												
Buildings and improvements	4%												
Band owned housing	2.5%												
Community equipment	20%												
Infrastructure	2%												
Office equipment	20%												
	No amortization is recorded in the year of asset acquisition.												
Net Debt	The Band's consolidated financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the Band is determined by its liabilities less its financial assets. Net debt is comprised of two components, non-financial assets and accumulated surplus.												

Iskut Band Council
Notes to Financial Statements

March 31, 2014

1. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Revenue in the Operating Fund is recognized as it becomes receivable under the terms of applicable funding agreements. Revenue received under the funding arrangements which relates to a subsequent fiscal period is reflected as deferred revenue in the year of receipt and classified as such on the Statement of Financial Position.

Revenue in the Enterprise Fund is recognized when ownership of products are transferred to a third party or services are provided, and collection is reasonably assured.

Revenue from rental and other income is recognized when services are provided, and collection is reasonably assured. When payments are received in advance of contracted services, the Band records this as deferred revenue.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Iskut Band Council Notes to Financial Statements

March 31, 2014

2. Prior Period Adjustment

In the prior year, Iskut Band Council completed construction of a new phase of housing. As a result of the approval of the final cost certificate, loan proceeds of \$101,634 were due to be paid to the Band. The loan proceeds were incorrectly recorded as revenue and accounts receivable in the prior year which was required to be corrected in the current year. The total adjustment required was a decrease in the 2013 annual surplus and accounts receivable account of \$101,634 and a decrease to the April 1, 2013 accumulated surplus of \$101,634.

3. Cash and Short-term Investments

	2014	2013
Consists of:		
Cash	\$ 141,170	\$ 545,593
Term deposits	<u>257,269</u>	<u>200,349</u>
	<u>\$ 398,439</u>	<u>\$ 745,942</u>
Externally Restricted		
Ottawa Trust funds (Note 13)	\$ 165,663	\$ 159,331
Replacement reserves (Note 13)	523,359	364,875
Unrestricted (underfunded)	(290,583)	221,736
	<u>\$ 398,439</u>	<u>\$ 745,942</u>

The Ottawa Trust account arises 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 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.

Term deposits consist of 1 year cashable GICs at rates varying from 1.00-1.15% per annum, maturing June 9, 2014.

Replacement Reserves

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the Replacement Reserve account is to be credited annually in an amount as specified by C.M.H.C. 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 Canada Mortgage and Housing Corporation. Withdrawals are credited to interest first and then principal.

Iskut Band Council
Notes to Financial Statements

March 31, 2014

4. Accounts Receivable

	2014	2013
(Restated)		
Trade	\$ 171,414	\$ 160,804
Aboriginal Affairs and Northern Development Canada	60,937	697,746
Canada Mortgage and Housing Corporation	9,779	87,455
Band member rent	655,611	636,936
First Nations Education Steering Committee	27,029	18,373
Fisheries & Oceans Canada	23,725	97,608
GST	33,799	43,740
First Nation Health Authority	79,124	-
Miscellaneous	<u>88,276</u>	<u>70,873</u>
	1,149,694	1,813,535
Less: Allowance for doubtful accounts	(46,506)	(45,951)
Less: Housing allowance for doubtful accounts	<u>(572,921)</u>	<u>(548,658)</u>
Net accounts receivable	\$ 530,267	\$ 1,218,926

5. Trust Funds Held by Federal Government

	March 31, 2013	Additions	Withdrawals	March 31, 2014
Revenue	\$ 157,473	\$ 8,174	\$ -	\$ 165,647
Capital	16	-	-	16
	\$ 157,489	\$ 8,174	\$ -	\$ 165,663

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

Iskut Band Council Notes to Financial Statements

March 31, 2014

6. Long-term Investments

Tahltan Nation Development Corporation

TNDC is a business corporation owned by the people of the Tahltan Nation through Tahltan Indian Band, Iskut Band Council and the Tahltan Central Council. Their mandate is to maintain a profitable organization that generates wealth, economic, employment and training opportunities for all members of the Tahltan Nation while adhering to Tahltan values.

Iskut Band Development Corporation

IBDC is a wholly owned corporation which includes four operating divisions. It includes The Kluachon Centre Store (operating a retail store selling groceries, gas, and general merchandise) which is the only active division. The inactive divisions are: Eagle River Guide Outfitters, Kluachon Guide Outfitters, and Zetu Construction.

	2014	2013
Tahltan Nation Development Corp. (33.3% owned)	\$ 251	\$ 251
Iskut Band Development Corp.		
Investment, at cost	100	100
Equity in investment	<u>698,358</u>	<u>661,746</u>
	<u>698,458</u>	<u>661,846</u>
	<u>\$ 698,709</u>	<u>\$ 662,097</u>

Iskut Band Council
Notes to Financial Statements

March 31, 2014

6. Long-term Investments (continued)

Iskut Band Development Corporation consists of:

	2014	2013
Assets		
Current	\$ 296,077	\$ 229,365
Non-current	<u>442,335</u>	<u>474,386</u>
	<u>\$ 738,412</u>	<u>\$ 703,751</u>
Liabilities		
Current	\$ 39,955	\$ 41,906
Non-current	<u>1,023,840</u>	<u>1,091,481</u>
	<u>1,063,795</u>	<u>1,133,387</u>
Deficit	<u>(325,383)</u>	<u>(429,636)</u>
	<u>\$ 738,412</u>	<u>\$ 703,751</u>
Revenue		
Expenditures	<u>\$ 2,074,301</u>	<u>\$ 1,996,654</u>
	<u>1,970,047</u>	<u>1,834,281</u>
	<u>\$ 104,254</u>	<u>\$ 162,373</u>

The following transactions occurred during the year between the government business enterprise and the First Nation. These transactions are measured at the amount of consideration established and agreed to by the related parties.

- Iskut Band Council purchased \$104,801 (2013 - \$112,904) of fuel and goods from the Kluachon Centre Store.
- Iskut Band Development made loan repayments of \$100,000 (2013 - \$153,627) to Iskut Band Council during the year.
- During the prior year, Iskut Band Development Corporation entered into a contract with Iskut Band Council to renovate the Kluachon Centre Store. Construction was completed during the current year in the amount of \$33,242 (2013 - \$243,551).

Iskut Band Council
Notes to Financial Statements

March 31, 2014

7. Tangible Capital Assets

	2014								
	Automotive Equipment	Band-Owned Housing	Buildings	Community Equipment	Equipment	Infrastructure	Construction in Progress	Social Housing	Total
Cost, beginning of year	\$ 1,050,422	\$ 4,842,131	\$ 4,482,869	\$ 439,342	\$ 325,991	\$ 4,874,109	\$ 1,537,258	\$ 5,791,929	\$ 23,344,051
Additions	224,133	15,831	1,755,375	28,731	10,630	-	-	-	2,034,700
Disposals	(109,813)	-	-	-	-	-	-	-	(109,813)
Transfers from CIP	-	-	1,537,258	-	-	-	(1,537,258)	-	-
Cost, end of year	1,164,742	4,857,962	7,775,502	468,073	336,621	4,874,109	-	5,791,929	25,268,938
Accumulated amortization, beginning of year	707,164	2,587,227	1,590,284	341,663	195,375	1,251,959	-	966,561	7,640,233
Amortization	90,077	117,765	156,818	20,524	49,530	97,484	-	145,159	677,357
Disposals	(43,922)	-	-	-	-	-	-	-	(43,922)
Accumulated amortization, end of year	753,319	2,704,992	1,747,102	362,187	244,905	1,349,443	-	1,111,720	8,273,668
Net carrying amount, end of year	\$ 411,423	\$ 2,152,970	\$ 6,028,400	\$ 105,886	\$ 91,716	\$ 3,524,666	-	\$ 4,680,209	\$ 16,995,270

Iskut Band Council
Notes to Financial Statements

March 31, 2014

7. Tangible Capital Assets (continued)

2013

	Automotive Equipment	Band-Owned Housing	Community Buildings	Community Equipment	Community Equipment	Construction Infrastructure	Construction in Progress	Social Housing	Total
Cost, beginning of year	\$1,026,981	\$4,842,131	\$4,470,636	\$ 377,981	\$ 325,491	\$ 4,874,109	\$ 191,023	\$ 5,690,295	\$21,798,647
Additions	58,881	-	12,233	90,261	500	-	1,346,234	101,634	1,609,743
Disposals	(35,440)	-	-	(28,900)	-	-	-	-	(64,340)
Cost, end of year	1,050,422	4,842,131	4,482,869	439,342	325,991	4,874,109	1,537,257	5,791,929	23,344,050
Accumulated amortization, beginning of year	623,677	2,469,857	1,427,186	338,066	145,942	1,154,475	-	821,402	6,980,605
Amortization	114,674	117,370	163,098	32,497	49,433	97,484	-	145,159	719,715
Disposals	(31,187)	-	-	(28,900)	-	-	-	-	(60,087)
Accumulated amortization, end of year	707,164	2,587,227	1,590,284	341,663	195,375	1,251,959	-	966,561	7,640,233
Net carrying amount, end of year	\$ 343,258	\$ 2,254,904	\$ 2,892,585	\$ 97,679	\$ 130,616	\$ 3,622,150	\$ 1,537,257	\$ 4,825,368	\$15,703,817

Iskut Band Council
Notes to Financial Statements

March 31, 2014

8. Accounts Payable and Accrued Liabilities

	2014	2013
Trade payables	\$ 114,976	\$ 201,940
Accrued liabilities	102,529	152,382
AANDC Funding Surplus - Direct Assistance	34,884	37,854
Accrued salaries and employee benefits payable	<u>59,480</u>	<u>45,362</u>
	<hr/>	<hr/>
	\$ 311,869	\$ 437,538

9. Deferred Revenue

Deferred revenue represents funding received for programs that were not completed during the year.

	2014	2013
Education Program - AANDC Post Secondary	\$ 1,092	\$ 44,753
Enterprise Fund - National Geographic	-	18,736
	<hr/>	<hr/>
	\$ 1,092	\$ 63,489

10. Demand Loan

The bank overdraft and line of credit are due on demand. The bank overdraft bears interest at the bank's prime rate plus 1.5% per annum, calculated and payable monthly. The line of credit bears interest at the bank's prime rate plus 1.75% per annum, calculated and payable monthly with a maximum limit of \$200,000. The loans are secured by the assets of the Band and authorized through Band Council Resolution. As at March 31, 2014 the line of credit was not in use.

11. Pension Plan

The Band and certain of its employees contribute to the Iskut Band Pension Plan (the "Plan"). The Plan is a defined contribution plan. Pacific Employee Benefits administers the Plan through Sun Life Financial Group Retirement Services, including the payment of pension benefits on behalf of the employer and employees in accordance with the federal legislation.

Based on the most recent plan statement as of March 31, 2014, the Plan had total net assets of \$1,959,602.

During the year, the Band paid \$93,967 (2013 - \$78,156) to the Plan on behalf of its employees.

Iskut Band Council
Notes to Financial Statements

March 31, 2014

12. Long-term Debt

	2014	2013
Capital Fund		
GMAC - various loans, with monthly payments totaling \$4,909, including interest at varying interest rates between 2.99 - 6.49% per annum, secured by specific equipment	<u>\$ 130,974</u>	<u>\$ 107,687</u>
Social Housing Fund		
C.M.H.C. mortgage payable with payments of \$1,032 per month including interest at 1.30% per annum, maturing January 2015, renewable January 2015.	10,285	22,450
C.M.H.C mortgage payable with payments of \$2,681 per month including interest at 1.62% per annum, maturing January 2018, renewable January 2018.	119,517	149,496
C.M.H.C. mortgage payable with payments of \$6,685 per month including interest at 1.67% per annum, maturing September 2032, renewable October 2017.	1,276,659	1,335,109
C.M.H.C. mortgage payable with payments of \$6,412 per month including interest at 2.17% per annum, maturing November 2035, renewable December 2015.	<u>1,323,357</u>	<u>1,261,968</u>
	<u>2,729,818</u>	<u>2,769,023</u>
	<u>2,860,792</u>	<u>2,876,710</u>
Less: current portion	<u>(227,668)</u>	<u>(206,171)</u>
	<u>\$ 2,633,124</u>	<u>\$ 2,670,539</u>

All Social Housing mortgages are secured by a ministerial guarantee from Aboriginal Affairs and Northern Development Canada. Principal repayments on long-term debt for the next five years and thereafter are as follows, assuming mortgages are renewed on similar terms:

2015	\$ 227,668
2016	174,186
2017	167,201
2018	136,382
2019	116,503
Thereafter	<u>2,038,852</u>
	<u>\$ 2,860,792</u>

Iskut Band Council
Notes to Financial Statements

March 31, 2014

13. Accumulated Surplus

Accumulated surplus is comprised of the following:

	Balance Mar 31, 2013	Surplus	Transfers to (from)	Balance Mar 31, 2014
General	\$(1,283,344)	\$ (685,566)	\$ (164,816)	\$(2,133,726)
Non-financial assets	15,776,185	1,244,638	-	17,020,823
Prior period adjustment	(101,634)	-	-	(101,634)
	14,391,207	559,072	(164,816)	14,785,463
Reserves				
Replacement reserve - housing	259,913	-	70,611	330,524
Health replacement reserve	104,962	-	7,879	112,841
Equity in Ottawa Trust Funds	159,331	-	6,332	165,663
Education replacement reserve	-	-	79,994	79,994
	524,206	-	164,816	689,022
Total Accumulated Surplus	\$14,915,413	\$ 559,072	\$ -	\$15,474,485

Replacement reserves were underfunded \$219,746 at March 31, 2014 (2013 - overfunded \$125,889).

14. Tahltan Central Council Social/Cultural Working Group Trust Fund

The Band entered into an arrangement with the Tahltan Central Council (TCC) to administer fund dollars on behalf of TCC. The funds were received by TCC as part of the Northwest Transmission Line Impact Benefit Agreement (NTL-IBA) and are administered by Iskut Band Council. Iskut Band Council holds \$351,105 in unspent funds related to the agreement which are not included in the financial statements.

15. Economic Dependence

Iskut Band Council receives a major portion of its revenue from Aboriginal Affairs and Northern Development Canada and First Nations Health Authority. The nature and extent of this revenue is of such significance that the Band is economically dependent on this source of revenue.

16. Comparative Figures

The comparative amounts presented in the financial statements have been restated to conform to the current year's presentation.

Iskut Band Council
Notes to Financial Statements

March 31, 2014

17. Federal Assistance Payments

The Social Housing Fund receives federal assistance through CMHC, pursuant to Section 56.1 of the National Housing Act, to reduce mortgage interest expense to 2% to enable the project to provide housing to low income individuals. The amount of the assistance received for the year ended March 31, 2014 was \$117,345 (2013 - \$137,503).

18. Statement of Expenditures by Object

	2014	2013
Expenditures		(Restated)
Amortization	\$ 677,357	\$ 719,715
Bad debts	24,817	63,689
Bank charges	22,622	32,500
Contract services	153,372	235,365
Cultural services	30,456	15,301
Direct social assistance	239,292	338,583
Equipment rental	49,106	34,466
Equipment purchases	3,950	-
Guidance and counselling	43,053	40,183
Honoraria	19,275	19,081
Insurance	57,650	51,628
Interest on long term debt	59,396	77,584
Materials and supplies	179,362	165,335
Office and miscellaneous	18,854	21,117
Patient transport	442,626	425,748
Professional fees	438,655	599,674
Program resources	180,404	272,778
Rental	-	1,000
Repairs and maintenance	137,182	200,205
Salaries and benefits	3,304,950	3,101,802
Student allowance and transportation	178,976	158,395
Technology	52,041	66,360
Telephone	76,544	72,089
Travel and accommodation	333,884	357,832
Tuition fees	67,762	61,081
Utilities	126,487	106,946
Vehicles O&M	77,715	83,721
Workshops and training	41,154	115,633
 Total expenditures for the year	 \$ 7,036,942	 \$ 7,437,811

Iskut Band Council Notes to Financial Statements

March 31, 2014

19. Segmented Information

Iskut Band Council is a First Nation organization that provides a wide range of services to its members including social, education, health, housing, public works and economic activities. For management reporting purposes, the Band's operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives with special regulations, restrictions or limitations. Services are provided by programs and their activities are reported in these funds. Certain programs have been separately disclosed in the segmented information, along with the services they provide, are detailed in the Schedule of Segmented Financial Activities.

Social Services

The Social Services program provides financial benefits and services to individuals and families, resident on reserve, who are in need.

Education

The Education program provides services to eligible First Nation students enrolled in elementary/secondary education programs and eligible post-secondary education programs.

Fisheries

The Fisheries program is a co-management initiative with the Department of Fisheries and Oceans that includes monitoring and enhancement projects.

Community Health

Iskut Valley Health Services provides health programs and services under an agreement with First Nations Health Authority.

Housing

The Housing program provides on-reserve housing to eligible members under the CMHC housing programs for First Nation.

Public Works

The Public Works program is responsible for the construction and maintenance of public spaces within the community.

Enterprise Fund

The Enterprise Fund is responsible for all locally initiated business activities, usually derived from non-government financial support.

Iskut Band Council
Notes to Financial Statements
Schedule of Segmented Financial Activities

March 31, 2014

19. Segmented Information (continued)

2014

	Administration	Social Services	Education	Fisheries	Community Health	Housing	Public Works	Enterprise Fund	Total
Revenue									
A.A.N.D.C.	\$ 473,940	\$ 404,351	\$ 1,540,453	\$ -	\$ -	\$ 117,345	\$ 525,427	\$ -	\$ 2,944,171
C.M.H.C.	-	-	-	305,085	-	-	-	-	117,345
Fisheries & Oceans Canada	-	-	115,740	-	-	-	-	-	305,085
F.N.E.S.C.	-	-	-	-	1,928,860	-	-	-	115,740
Health & Welfare Canada	-	-	-	-	1,928,860	-	-	-	1,928,860
Housing Charges	-	-	13,700	-	-	241,290	-	-	254,990
Investment income	(25,102)	-	-	-	-	-	-	303,929	278,827
Province of B.C.	-	182,340	-	-	-	-	-	-	182,340
Other	416,213	141,462	7,038	223,390	267,727	-	2,429	306,143	1,364,402
	865,051	728,153	1,676,931	528,475	2,196,587	358,635	527,856	610,072	7,491,760
Expenditures									
Amortization	21,435	14,049	47,762	7,763	150,564	253,201	182,584	-	677,358
Direct Assistance	-	239,291	-	-	-	-	-	-	239,291
Interest	-	-	-	-	-	55,066	-	-	55,066
Materials, supplies and utilities	28,625	40,538	90,121	52,022	92,108	1,015	50,957	10,968	366,354
Operations and maintenance	264,658	117,138	268,458	152,105	254,209	119,276	59,808	191,612	1,427,264
Salaries, wages and benefits	728,883	222,242	774,331	294,870	1,070,236	59,046	113,661	41,682	3,304,951
Student costs	-	-	178,976	-	-	-	-	-	178,976
Transportation costs	61,191	37,568	31,675	28,141	615,846	97	5,072	8,092	787,682
	1,104,792	670,826	1,391,323	534,901	2,182,963	487,701	412,082	252,354	7,036,942
Excess of revenue (expenditure) for the year	\$ (239,741)	\$ 57,327	\$ 285,608	\$ (6,426)	\$ 13,624	\$ (129,066)	\$ 115,774	\$ 357,718	\$ 454,818

Iskut Band Council
Notes to Financial Statements
Schedule of Segmented Financial Activities

March 31, 2014

19. Segmented Information (continued)

	2013									
	Administration	Social Services	Education	Fisheries	Community Health	Housing	Public Works	Enterprise Fund		(Restated)
										Total
Revenue										
A.A.N.D.C.	\$ 570,321	\$ 488,703	\$ 1,670,115	\$ -	\$ -	\$ 137,504	\$ 641,736	\$ -	\$ -	\$ 3,370,875
C.M.H.C.	-	-	-	319,704	-	-	-	-	-	137,504
Fisheries & Oceans Canada	-	-	-	91,308	-	-	-	-	-	319,704
F.N.E.S.C.	-	-	15,240	-	2,126,522	-	-	-	-	91,308
Health & Welfare Canada	-	-	-	-	-	246,405	-	-	-	2,126,522
Housing Charges	-	-	-	-	-	-	-	-	-	261,645
Investment income	30,224	-	-	-	-	-	-	-	307,836	338,060
Province of B.C.	-	182,496	-	-	-	-	-	-	-	182,496
Other	112,590	125,334	-	183,024	185,558	-	16,400	946,125	-	1,569,031
	713,135	796,533	1,776,663	502,728	2,312,080	383,909	658,136	1,253,961		8,397,145
Expenditures										
Amortization	21,437	14,049	33,713	7,523	197,406	253,201	192,386	-	-	719,715
Direct Assistance	-	338,583	-	-	-	-	-	-	-	338,583
Interest	-	-	-	-	-	77,584	-	-	-	77,584
Materials, supplies and utilities	33,040	35,575	76,544	55,795	99,118	29,872	45,474	27,594	-	403,012
Operations and maintenance	281,140	127,316	313,129	122,882	341,005	117,904	128,423	414,519	-	1,846,318
Salaries, wages and benefits	359,930	201,500	876,041	323,551	1,114,353	48,797	110,488	67,149	-	3,101,809
Student costs	-	-	158,395	-	-	-	-	-	-	158,395
Transportation costs	56,418	46,648	31,715	43,708	594,544	-	8,802	10,560	-	792,395
	751,965	763,671	1,489,537	553,459	2,346,426	527,358	485,573	519,822		7,437,811
Excess of revenue (expenditure) for the year	\$ (38,830)	\$ 32,862	\$ 287,126	\$ (50,731)	\$ (34,346)	\$ (143,449)	\$ 172,563	\$ 734,139		\$ 959,334