

**SIMPCW FIRST NATION**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2014**

EXHIBIT

	CONSOLIDATED FINANCIAL STATEMENTS:	
A	MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	
A1	INDEPENDENT AUDITORS' REPORT	
A2	CONSOLIDATED STATEMENT OF FINANCIAL POSITION	
A3	CONSOLIDATED STATEMENT OF ACCUMULATED SURPLUS	
A4	CONSOLIDATED STATEMENT OF OPERATIONS	
A5	CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES	
A6	CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS	
A7	CONSOLIDATED STATEMENT OF CASH FLOWS	
	NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	
	CONSOLIDATED SCHEDULE OF TANGIBLE	
	CAPITAL ASSETS	APPENDIX 1
	STATEMENT OF FINANCIAL ACTIVITIES -	
	SEGMENTED	APPENDIX 2

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of SIMPCW FIRST NATION have been prepared in accordance with Canadian public sector accounting standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgements. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of SIMPCW FIRST NATION's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Band Council is responsible for ensuring that management fulfils its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Council carries out this responsibility periodically through its Finance Committee. The Finance Committee is appointed by the Council and meets periodically with management and the members' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Finance Committee reports to Council prior to its approval of the financial statements. The Committee also considers, for review by the Council and approval by the members, the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the members by Daley & Company Chartered Accountants LLP in accordance with Canadian public sector accounting standards.



Chief



Manager



**DALEY &  
COMPANY** LLP

Chartered Accountants

900-235 1st Ave.  
Kamloops, BC V2C 3J4  
p. 250.374.5577  
f. 250.374.5573  
toll free. 1.877.374.5577  
email. admin@daleyllp.ca  
www.daleyllp.ca

Norman Daley, BCom, CA  
Paul Mumford, BBA, CA  
Michael Parker, BCom, CA  
Maureen McCurdy, BBA, CA  
Sean Wandler, BBA, CA  
Incorporated Professionals

## INDEPENDENT AUDITORS' REPORT

To the members of SIMPCW FIRST NATION

EXHIBIT A1

### *Report on the Financial Statements*

We have audited the accompanying consolidated financial statements of SIMPCW FIRST NATION, which comprise the consolidated statement of financial position as at March 31, 2014, and the consolidated statement of accumulated surplus, consolidated statement of operations, consolidated statement of remeasurement gains and losses, consolidated statement of change in net financial assets and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Management is responsible for the preparation and fair presentation of these 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 misstatements, 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 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 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, the consolidated financial statements present fairly, in all material respects, the financial position of SIMPCW FIRST NATION as at March 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### *Other Matter*

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The current year's supplementary information included in Exhibits B1 to B3, C1 to C2, D1 to D2 and schedules 1 to 32 are presented for the purposes of additional analysis and are not a required part of the financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Daley & Company LLP*  
Chartered Accountants

Kamloops, BC  
June 23, 2014

### *Disclaimer of Liability*

These consolidated financial statements were examined and this Audit Opinion issued solely for the use of SIMPCW FIRST NATION. Daley & Company Chartered Accountants LLP makes no representations of any kind to any other person in respect of these consolidated financial statements and accepts no responsibility for their use by any other person in the absence of the written consent of Daley & Company Chartered Accountants LLP.

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

<b>FINANCIAL ASSETS</b>	<b>2014</b>	<b>2013</b>
Cash	\$ 177,904	\$ 997,797
Term deposits	22,500	22,500
Restricted cash (Note A3)	138,161	144,295
Investments held in trust (Note A4)	2,977,531	2,624,465
Marketable securities (Note A5)	1,649,759	1,108,247
Grants and accounts receivable	439,262	272,634
Loan receivable (Note A6)	48,584	55,784
Investment in partnership (Note A7)	5,121,293	3,834,337
Investments and advances (Note A8)	41,775	40,965
Investments in controlled entities (Note A9)	3	3
	<u>10,616,772</u>	<u>9,101,027</u>
<b>LIABILITIES</b>		
Accounts payable and accruals	388,413	323,083
Demand loans (Note A11)	940,597	1,081,236
Prepaid rents	840	341
Mortgages payable (Note A12)	413,625	457,687
Deferred revenue (Note A13)	290,133	481,121
	<u>2,033,608</u>	<u>2,343,468</u>
<b>NET FINANCIAL ASSETS</b>	<u>8,583,164</u>	<u>6,757,559</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note A14)	5,734,054	5,853,166
Prepaid expenses	89,073	70,252
	<u>5,823,127</u>	<u>5,923,418</u>
<b>ACCUMULATED SURPLUS (Note A15)</b>	<u>\$ 14,406,291</u>	<u>\$ 12,680,977</u>

COMMITMENTS AND CONTINGENCIES (Note A17)

APPROVED BY THE BAND:

Rita Matthew Chief

K. Hutter Manager

**SIMPCW FIRST NATION**  
**CONSOLIDATED STATEMENT OF ACCUMULATED SURPLUS**  
**Year ended March 31, 2014**

---

	<b>2014</b>	2013
ACCUMULATED SURPLUS, beginning of year	<b>\$ 12,680,977</b>	\$ 12,477,468
EXCESS OF REVENUE OVER EXPENSES	<b>1,671,812</b>	86,045
UNREALIZED GAINS (Exhibit A5)	<u><b>53,502</b></u>	<u>117,464</u>
ACCUMULATED SURPLUS, end of year	<b>\$ 14,406,291</b>	\$ 12,680,977

---



**SIMPCW FIRST NATION**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**Year ended March 31, 2014**

	Budget	2014	2013
<b>REVENUE:</b>			
Aboriginal Affairs and Northern Development			
Canada	\$ 2,535,233	\$ <b>2,508,438</b>	\$ 2,507,734
Health Canada	362,056	<b>366,192</b>	730,374
First Nations Health Authority	377,056	<b>381,183</b>	-
Canada Mortgage & Housing Corporation	54,702	<b>54,702</b>	55,005
Province of BC	412,842	<b>794,322</b>	207,149
Rental	92,204	<b>89,665</b>	99,385
Fisheries & Oceans Canada	133,000	<b>161,098</b>	116,492
Investment income	195,895	<b>240,532</b>	200,783
Income - Ottawa Trust Funds	-	<b>3,411</b>	3,038
Income from investment in government business enterprise	392,850	<b>1,462,904</b>	427,499
Other	2,309,169	<b>2,094,454</b>	1,986,106
	<u>6,865,007</u>	<u><b>8,156,901</b></u>	<u>6,333,565</u>
<b>EXPENSES:</b>			
Band Revenue	1,114,177	<b>730,347</b>	448,271
Band Government	1,179,217	<b>1,167,472</b>	1,312,812
Social Services	285,451	<b>274,705</b>	298,295
Education	1,834,532	<b>1,443,511</b>	1,600,926
Community Development	515,003	<b>588,666</b>	591,033
Capital Works	614,000	<b>172,282</b>	224,312
Natural Resources	1,170,801	<b>1,130,353</b>	769,247
Health	939,454	<b>787,804</b>	826,710
Housing	222,790	<b>189,949</b>	175,914
	<u>7,875,425</u>	<u><b>6,485,089</b></u>	<u>6,247,520</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>	<b>\$ (1,010,418)</b>	<b>\$ 1,671,812</b>	<b>\$ 86,045</b>

**SIMPCW FIRST NATION**  
**CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES**  
Year ended March 31, 2014

---

	2014	2013
ACCUMULATED REMEASUREMENT GAINS, beginning of year	\$ 161,214	\$ 43,750
UNREALIZED GAINS ATTRIBUTED TO:		
Equity in partnerships	<u>53,502</u>	<u>117,464</u>
ACCUMULATED REMEASUREMENT GAINS, end of year	<u>\$ 214,716</u>	<u>\$ 161,214</u>

---

**SIMPCW FIRST NATION**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
**Year ended March 31, 2014**

---

	Budget	2014	2013
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	\$ (1,010,418)	\$ 1,671,812	\$ 86,045
Acquisition of tangible capital assets	-	(180,370)	(811,084)
Amortization of tangible capital assets	-	299,482	292,140
Unrealized gains (Exhibit A5)	-	53,502	117,464
Change in prepaid expenses	-	(18,821)	9,129
Loss on disposal of assets	-	-	8,760
Proceeds on disposal of assets	-	-	20,880
	<hr/>	<hr/>	<hr/>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(1,010,418)	1,825,605	(276,666)
NET FINANCIAL ASSETS, beginning of year	<hr/> 6,757,559	<hr/> 6,757,559	<hr/> 7,034,225
NET FINANCIAL ASSETS, end of year	<hr/> \$ 5,747,141	<hr/> \$ 8,583,164	<hr/> \$ 6,757,559

---



**SIMPCW FIRST NATION**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
Year ended March 31, 2014

	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Excess of revenue over expenses	\$ 1,671,812	\$ 86,045
Non-cash charges to operations:		
Amortization	299,482	292,140
Loss on disposal of assets	-	8,760
(Increase) decrease in:		
Grants and accounts receivable	(166,628)	(23,862)
Loan receivable	7,200	7,200
Prepaid expenses	(18,821)	9,129
Increase (decrease) in:		
Accounts payable and accruals	65,330	(87,105)
Deferred revenue	(190,988)	372,040
Prepaid rents	499	(25)
Cash flows from operations	<u>1,667,886</u>	<u>664,322</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Demand loan reduction	(140,639)	(134,130)
Long-term debt reduction	<u>(44,062)</u>	<u>(42,692)</u>
Cash flows used in financing	<u>(184,701)</u>	<u>(176,822)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment in partnership	(1,286,956)	198,001
Interest on investments capitalized	(810)	-
Equity in partnerships	53,502	117,464
Restricted cash / cash held in trust	<u>(346,932)</u>	<u>(36,010)</u>
Cash flows from (used in) investing	<u>(1,581,196)</u>	<u>279,455</u>
<b>CASH FLOWS FROM CAPITAL ACTIVITIES:</b>		
Acquisition of tangible capital assets	(180,370)	(811,084)
Proceeds from disposal of assets	<u>-</u>	<u>20,880</u>
Cash flows used in capital	<u>(180,370)</u>	<u>(790,204)</u>
<b>DECREASE IN CASH RESOURCES</b>	<b>(278,381)</b>	<b>(23,249)</b>
<b>CASH RESOURCES, beginning of year</b>	<b><u>2,128,544</u></b>	<b><u>2,151,793</u></b>
<b>CASH RESOURCES, end of year</b>	<b>\$ 1,850,163</b>	<b>\$ 2,128,544</b>
<b>CASH RESOURCES IS REPRESENTED BY:</b>		
Cash	\$ 177,904	\$ 997,797
Term deposits	22,500	22,500
Marketable securities	<u>1,649,759</u>	<u>1,108,247</u>
	<b>\$ 1,850,163</b>	<b>\$ 2,128,544</b>

**SIMPCW FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2014**

---

**NOTE A1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES:**

These consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. The significant accounting policies are summarized as follows:

a) Fund Accounting:

Simpcw 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 consolidated financial statements. Details of the operations of each fund are set out in the supplementary schedules. Simpcw First Nation maintains the following funds:

- The Band Operating Fund which reports the general activities of the First Nation Administration.
- The Trust Fund which reports on trust funds owned by the First Nation and held by third parties.
- The Capital Fund which reports the property and equipment of the First Nation, together with their related financing.
- The Social Housing Fund Post-1996 Program which report the social housing assets of the First Nation, together with related activities.

b) Reporting Entity and Principles of Financial Reporting:

The Simpcw First Nation reporting entity includes the Band 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:

- Simpcw First Nation Operating Fund
- Simpcw First Nation Trust Fund
- Simpcw First Nation Capital Fund
- Simpcw First Nation Social Housing Fund - Post-1996 Program
- Simpcw Development Co. Ltd.
- Simpcw Holdings Limited

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.

Incorporated business entities, which are owned or controlled by the Simpcw First Nation and which are not dependent on the First Nation for their continuing operations, are included in the consolidated financial statements using the modified equity method. This includes:

- Simpcw Resources Ltd.
- Simpcw Resources LLP (including the entity's interest in Estsek' Environmental Services LLP and Tknémentem Energy Solutions LLP)

Long-term investments in non-controlled entities and not subject to significant influence are recorded at cost.

c) Term Deposits:

Term deposits are recorded at cost plus accrued interest.

d) Marketable Securities:

Marketable securities are recorded at the lower of cost and net realizable value.

**SIMPCW FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2014**

---

**NOTE A1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued):**

e) Investments:

Investments are recorded at cost.

f) Non-financial Assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenue over expenses, provides the Change in Net Financial Assets for the year.

1) Tangible Capital Assets:

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Major Asset Category:

Roads	10 to 75 years
Buildings and other	20 to 70 years
Water Systems	50 to 80 years
Automotive	5 to 10 years
Equipment	5 to 10 years

Assets under construction are not amortized until the asset is available for productive use.

The Band reviews the useful lives and the carrying values of its tangible capital assets at least annually or more frequently if events or changes in circumstances indicate that the assets might be impaired, by reference to the assets' contribution to the Band's ability to provide services. When assets no longer have any long-term service potential to the Band, the assets are considered to be impaired. An impairment loss is measured at the amount by which the carrying amount of the assets exceeds their fair value, which is estimated as the expected service potential of the assets.

2) Leases:

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

The Band's interest in reserve lands is not reflected in these financial statements, as no consideration was paid by the Band to acquire these lands.

g) Accrual Method:

The accrual method is used in accounting for all funds.

h) Operating Reserve:

The Operating Reserve account is funded by an allocation of the excess or shortfall of annual minimum revenue contribution and CMHC subsidies over current eligible expenses.

i) Replacement Reserve:

The Replacement Reserve account is funded by an annual charge against earnings as opposed to an appropriation of surplus.

**SIMPCW FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2014**

---

**NOTE A1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued):**

j) Deferred Revenue:

Revenue is recorded in the period to which it relates.

k) Revenue Recognition:

The Simpcw First Nation derives revenues from a number of sources.

Amounts received from Aboriginal Affairs and Northern Development Canada (AANDC) are reported in accordance with the terms of the funding arrangement. Amounts specified as set funding are reported as revenue as program terms and conditions are met and delivered. Any resulting surpluses are repayable to AANDC and any deficits incurred are refundable by AANDC. Amounts specified as fixed funding are recognized as revenue as program terms and conditions are met and delivered. Any resulting surpluses may be retained by the Band provided delivery of the program is complete at March 31. Any resulting deficits are the responsibility of the Band. Grants received from AANDC are unconditional and are reported as revenue when received or receivable and collection is reasonably assured. Amounts received under block funding arrangements are reported as revenue when received or receivable and collection is reasonably assured.

Amounts received from other government departments, both federal and provincial, are reported as revenue in accordance with the terms of the contract or agreement.

Own source revenues derived from such sources as housing rents, resource based revenues, interest income, etc. are reported when received or receivable and collection is reasonably assured.

l) Use of Estimates:

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

**NOTE A2. FINANCIAL INSTRUMENTS:**

**Fair Value of Financial Assets and Financial Liabilities:**

The carrying values of cash, term deposits, marketable securities, grants and accounts receivable, loan receivable, accounts payable and accrued liabilities and demand loans approximate their fair value due to the relatively short periods to maturity of these items or because they are receivable or payable on demand.

The carrying value of long-term debt approximates its fair value as the terms and conditions of the borrowing arrangements are comparable to current market terms and conditions for similar items.

**Interest Risk:**

A demand loan has a variable interest rate based on the bank's prime rate, therefore interest expense will vary with changes in the bank's prime rate. All other demand loans and mortgages have fixed interest rates and interest expense will decrease with principal repayment of the loans.

**Credit Risk:**

The Band is exposed to a credit risk by its customers. However, because the majority of revenues is from government agencies, credit risk concentration is reduced to the minimum.

**SIMPCW FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2014**

**NOTE A3. RESTRICTED CASH:**

	2014	2013
Operating reserve	\$ 630	\$ 10,630
Replacement reserve	72,394	71,939
Ottawa Trust Funds	65,137	61,726
	<u>\$ 138,161</u>	<u>\$ 144,295</u>

a) Operating Reserve Fund:

Under the terms of the agreement with Canada Mortgage & Housing Corporation, after the payment of all costs and expenditures including the allocation of the Replacement Reserve, any surplus revenue will be retained by the First Nation within an Operating Reserve fund. Interest earnings must accrue to and be maintained in the Operating Reserve fund. The Project's Operating Reserve fund may only be used for the ongoing operating costs of the housing projects committed under the On-Reserve Program. Accordingly, future years' deficits may be recovered from the Operating Reserve fund. The First Nation agrees to maintain Operating Reserve funds 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 mutually agreed to by the First Nation and CMHC.

	2014	2013
Balance, beginning of year	\$ 63	\$ 4,572
Allocation for the year	(63)	(4,775)
Interest income	-	266
	<u>\$ -</u>	<u>\$ 63</u>

The Operating Reserve is represented by:

Cash	<u>\$ 630</u>	<u>\$ 10,630</u>
------	---------------	------------------

b) Replacement Reserve Fund:

Under the terms of the agreement with Canada Mortgage & Housing Corporation, the Replacement Reserve account is to be credited in the amount of \$10,350 annually plus interest. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts of instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by Canada Mortgage & Housing Corporation from time to time. Withdrawals are credited to interest first and then principal.

	2014	2013
Balance, beginning of year	\$ 71,906	\$ 62,597
Allocation for the year	10,350	10,350
Interest income	455	458
Approved expenditures	(2,521)	(1,499)
	<u>\$ 80,190</u>	<u>\$ 71,906</u>

The Replacement Reserve is represented by:

Cash and equivalents	<u>\$ 72,394</u>	<u>\$ 71,939</u>
----------------------	------------------	------------------

**SIMPCW FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2014**

**NOTE A3. RESTRICTED CASH (continued):**

c) Ottawa 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 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.

**NOTE A4. INVESTMENTS HELD IN TRUST:**

	<b>2014</b>	2013
Ball Field Relocation	<u>\$ 111,076</u>	<u>\$ 110,160</u>
Simpchw Trust (see Schedule 16 for income and expenses):		
	<b>Market Value</b>	
Cash and cash equivalents	<u>\$ 221,407</u>	95,764
Marketable Securities:		
Fixed income	<u>1,175,675</u>	999,459
Common stocks and equivalents	<u>1,018,848</u>	883,654
Common shares (U.S. Dollar account)	<u>794,992</u>	535,428
	<u><u>\$ 3,210,922</u></u>	2,514,305
	<u><u>\$ 2,977,531</u></u>	<u><u>\$ 2,624,465</u></u>

a) Ball Field Relocation:

Cash held in trust by the Band's lawyer consists of monies received from the Ministry of Transportation and Highways in January 1995, of \$116,910 less \$27,000, released for the ball field relocation. These funds are held pending a complete agreement with the Ministry. The balance in trust at March 31, 2014 includes interest. The reporting of the revenue has been deferred until the funds are released.

b) Simpcw Trust:

Simpchw First Nation has entered into various accommodation agreements with proponents wishing to develop projects in Simpcw First Nation's traditional territory. Simpcw Trust (the "Trust") was established on January 1, 2009 to hold payments received pursuant to the agreements and any income therefrom for the benefit of current and future generations of Simpcw First Nation. Royal Trust Corporation of Canada will administer the trust in accordance with the trust agreement. The trust agreement governs the distribution of income earned and distributed from the trust in the best interest of the Band and its members.

Distributions from the trust may only be made in areas of community development which includes social services, transportation for members, support for families for hardship, housing, elders, children, youth and family development, health, education and training, economic development, disaster relief and fire control, cultural awareness, recreation and recreational infrastructure, improvement to reserve lands, preparation and advancement of claims, justice and police and acquisition of fee simple lands for community benefits.

**NOTE A5. MARKETABLE SECURITIES:**

The market value of the marketable securities, at March 31, 2014, is \$1,710,774 (2013 \$1,115,923).

**SIMPCW FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2014**

NOTE A6. <b>LOAN RECEIVABLE:</b>	2014	2013
Band members, repayable in monthly installments of \$600, noninterest bearing, secured by a single-wide manufactured home, due September 2021	<u><u>\$ 48,584</u></u>	<u><u>\$ 55,784</u></u>

NOTE A7. <b>INVESTMENT IN PARTNERSHIP:</b>	2014	2013
SimpCW Resources LLP, unsecured, noninterest bearing, no stated terms of repayment. No amounts are due within the year.		
Partnership units (99.99%)	<u><u>\$ 999</u></u>	<u><u>\$ 999</u></u>
Partnership interest:		
Balance, beginning of year	2,803,291	2,757,739
Net income allocation	1,376,406	404,963
Drawings	-	(359,411)
Balance, end of year	<u><u>4,179,697</u></u>	<u><u>2,803,291</u></u>
Loan receivable, repayable in monthly installments of \$15,750 including interest at 4.75%, secured by real property held by the Albreda Lodge Partnership, due February 2015	<u><u>940,597</u></u>	<u><u>1,081,236</u></u>
Trade account payable	<u><u>-</u></u>	<u><u>(51,189)</u></u>
	<u><u>\$ 5,121,293</u></u>	<u><u>\$ 3,834,337</u></u>

Financial information for SimpCW Resources LLP:

	2014	2013
Assets	<u><u>\$ 6,500,710</u></u>	<u><u>\$ 5,400,033</u></u>
Liabilities	<u><u>2,319,728</u></u>	<u><u>2,595,595</u></u>
Equity	<u><u>\$ 4,180,982</u></u>	<u><u>\$ 2,804,438</u></u>
Revenues	<u><u>\$ 8,767,430</u></u>	<u><u>\$ 4,673,541</u></u>
Expenses	<u><u>7,444,388</u></u>	<u><u>4,386,001</u></u>
Other comprehensive income	<u><u>53,502</u></u>	<u><u>117,464</u></u>
Net income	<u><u>\$ 1,376,544</u></u>	<u><u>\$ 405,004</u></u>

SimpCW Resources LLP is domiciled in Canada and has a registered office at 500 Dunn Lake Road, Barriere, BC. The Partnership is engaged in logging operations and other environmental contract work. The Partnership is controlled by SimpCW First Nation (Limited Partner 99.99%). Net income of the Partnership is allocated to the respective Partners annually.



**SIMPCW FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2014**

NOTE A8. <b>INVESTMENTS AND ADVANCES:</b>	2014	2013
a) <u>All Nations Trust Company:</u>		
2,057 Common shares, par value \$10.01	<u>\$ 20,570</u>	<u>\$ 20,570</u>
b) <u>Secwepemc Ready-to-Assemble Ltd.:</u>		
Advances, noninterest bearing, unsecured, no stated terms of repayment. No amounts are due within the year	3,123	3,123
Less allowances	<u>(3,123)</u>	<u>(3,123)</u>
	<u>-</u>	<u>-</u>
c) <u>Community Futures Development Corporation of Central Interior First Nations:</u>		
Loan Administration Agreement, direct loans to a maximum of \$5,000 and Micro Lending Circles of up to \$4,000, direct loans at 12% per annum and on Micro Lending Circles interest at a percentage of prime per annum		
Loans outstanding	2,349	3,419
Cash	18,855	16,975
	<u>21,204</u>	<u>20,394</u>
d) <u>Secwepemc Economic Development Corporation:</u>		
1 Common share, par value \$1	<u>1</u>	<u>1</u>
<b>TOTAL INVESTMENTS AND ADVANCES</b>	<u><u>\$ 41,775</u></u>	<u><u>\$ 40,965</u></u>

NOTE A9. <b>INVESTMENTS IN CONTROLLED ENTITIES:</b>	2014	2013
Simpchw Development Co. Ltd. (100%):		
Shares	\$ 940	\$ 940
Advances	1,258,108	1,254,875
Advances (preferred shares not issued)	440,440	440,440
Less allowances	<u>(1,699,487)</u>	<u>(1,696,254)</u>
	<u>1</u>	<u>1</u>
Simpchw Resources Ltd. (100%):		
Shares	1	1
Simpchw Holdings Limited (100%):		
Shares	<u>1</u>	<u>1</u>
<b>TOTAL INVESTMENTS IN CONTROLLED ENTITIES</b>	<u><u>\$ 3</u></u>	<u><u>\$ 3</u></u>

Shares for these entities are held in trust by specified Band Members under a trust agreement.

**NOTE A10. TERMS AND CONDITIONS:**

Under a line of credit arrangement with the Royal Bank of Canada, the Band may borrow up to \$150,000 on such terms as the Band and the bank may mutually agree upon. This arrangement does not have a termination date and can be withdrawn at the bank's option. At March 31, 2014, the unused portion of the credit line was \$150,000.

**SIMPCW FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2014**

<b>NOTE A11. DEMAND LOANS:</b>	<b>2014</b>	<b>2013</b>
<u>Band Operations:</u>		
Royal Bank of Canada, repayable in monthly installments of \$15,750 including interest at 4.75%, secured by a general security agreement covering all property of the Band. The loan matures on February 28, 2015	<u><b>\$ 940,597</b></u>	<u><b>\$ 1,081,236</b></u>
<b>NOTE A12. MORTGAGES PAYABLE:</b>	<b>2014</b>	<b>2013</b>
<u>Social Housing Operations:</u>		
Canada Mortgage & Housing Corporation, repayable in monthly installments of \$835 including interest at 1.71% per annum, due August 2017, secured by houses with a carrying value of \$99,703	<b>\$ 33,248</b>	<b>\$ 42,620</b>
Canada Mortgage & Housing Corporation, repayable in monthly installments of \$1,746 including interest at 2.57% per annum, due December 2014, secured by houses with a carrying value of \$253,473	<b>108,903</b>	<b>126,822</b>
Canada Mortgage & Housing Corporation, repayable in monthly installments of \$1,701 including interest at 2.63% per annum, due June 2016, secured by houses with a carrying value of \$292,966	<b>212,478</b>	<b>227,120</b>
Canada Mortgage & Housing Corporation, repayable in monthly installments of \$306 including interest at 2.57% per annum, due December 2014, secured by a house with a carrying value of \$82,460	<u><b>58,996</b></u>	<u><b>61,125</b></u>
	<u><b>\$ 413,625</b></u>	<u><b>\$ 457,687</b></u>

The mortgages are guaranteed by Aboriginal Affairs and Northern Development Canada

Principal repayments due in the ensuing 4 years are approximately as follows

2015	\$ 192,439
2016	25,100
2017	191,966
2018	4,120

**SIMPCW FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2014**

NOTE A13. DEFERRED REVENUE:	2014	2013
Amounts deferred are summarized below:		
Province of BC:		
Forestry Consultation and Revenue Sharing Agreement: bump up	\$ -	\$ 80,903
First Nation Woodland License	-	21,851
Reconciliation Framework Agreement Negotiation Capacity	-	40,000
	-	142,754
Province of BC - Columbia River Treaty	-	28,207
Aboriginal Affairs and Northern Development Canada:		
Community Economic Development Program - 08110	25,000	-
Kinder Morgan Canada Inc.	154,057	200,000
Ball Field Relocation	111,076	110,160
	<u>\$ 290,133</u>	<u>\$ 481,121</u>

- a) Aboriginal Affairs and Northern Development Canada:  
The Band received \$25,000 in funding during the year. The deferred amount represents unspent funds as of March 31, 2014.
- b) Kinder Morgan Canada Inc.:  
The Band has received \$600,000 as a result of signing a Capacity Funding Agreement with Kinder Morgan Canada Inc. The initial payment is to be applied towards negotiation costs as they are incurred. As of March 31, 2014 \$445,943 in costs have been incurred.
- d) Ball Field Relocation:  
This is represented by cash held in trust by the Band's lawyer and consists of monies received from the Ministry of Transportation and Highways in January 1995, of \$116,910 less \$27,000, released for the ball field relocation. These funds are held pending a complete agreement with the Ministry. The balance in trust at March 31, 2014 includes interest. The reporting of the revenue has been deferred until the funds are released.

NOTE A14. TANGIBLE CAPITAL ASSETS:	2014	2013
Tangible capital assets consist of the following:		
Roads	\$ 220,279	\$ 225,374
Buildings and other	1,597,497	1,683,069
Water systems	2,476,889	2,473,901
Land	307,654	307,654
Automotive	648,386	670,993
Equipment	216,528	232,425
Construction-in-progress	266,821	259,750
	<u>\$ 5,734,054</u>	<u>\$ 5,853,166</u>

For additional information, see the Consolidated Schedule of Tangible Capital assets (Appendix 1)

**SIMPCW FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2014**

**NOTE A15. ACCUMULATED SURPLUS:**

**2014**

**2013**

Accumulated surplus consists of individual fund surpluses and reserves as follows:

Surplus from operations	<u>\$ 5,262,493</u>	<u>\$ 3,839,848</u>
Invested in tangible capital assets	<u>5,320,193</u>	<u>5,395,243</u>
Investments in controlled entities	<u>3</u>	<u>3</u>
Funded Reserves:		
Operating Reserve Fund (CMHC) (Note A3)	-	63
Replacement Reserve Fund (CMHC) (Note A3)	80,190	71,906
Ottawa Trust Funds	65,137	61,726
	<u>145,327</u>	<u>133,695</u>
Committed Reserves (Note A17):		
Education	446,311	438,131
Health	365,509	359,752
Negotiation	2,866,455	2,514,305
	<u>3,678,275</u>	<u>3,312,188</u>
	<u>\$ 14,406,291</u>	<u>\$ 12,680,977</u>

**NOTE A16. COMMITMENTS AND CONTINGENCIES:**

**Lease Commitments:**

The Band leases office equipment and automobiles under long-term agreements which expire between April 2014 and May 2020.

Future minimum lease payments as at March 31, 2014, are as follows:

2015	\$ 87,134
2016	86,737
2017	86,737
2018	83,809
2019	69,581
	<u>\$ 413,998</u>

**Contingencies:**

- a) The Band receives a portion of its funding under a contribution authority with Aboriginal Affairs and Northern Development Canada which, if unexpended, may be refundable to Aboriginal Affairs and Northern Development Canada. Further, amounts which are overexpended may be reimbursed by Aboriginal Affairs and Northern Development Canada to the Band. No amounts have been recorded in the financial statements as refundable or reimbursable.
- b) Social Housing Mortgages:  
The Band is guarantor of various Social Housing mortgages, secured by Ministerial guarantees, totaling \$949,470.

**SIMPCW FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2014**

---

**NOTE A16. COMMITMENTS AND CONTINGENCIES (continued):**

**c) Pension Plan:**

The Band and its employees contribute to a defined contribution pension plan. There is no obligation for past service or periods in which an employee was not employed. Total contributions to the plan during the year were \$68,707 (2012 \$53,091).

**d) Legal Matter:**

Simpcw Development Co. Ltd., a company owned by the Band, has commenced legal action against an enterprise that managed a forest license on behalf of the Company. As plaintiff in the case, Simpcw Development Co. Ltd. had to post security should there be an award of legal costs to the defendant. The Band has posted this security on behalf of the Company in the form of a Letter of Guarantee with the Royal Bank of Canada in the amount of \$136,360. The defendants have also filed a counterclaim. The party has claimed general damages rather than a specific amount. No amounts have been recorded in the financial statements as the claims are still at the discovery stage and the outcome and related amounts cannot be determined.

**NOTE A17. COMMITTED RESERVES:**

The Band has set up three reserves for future education, social development, health and other needs of Band members. These reserves are funded from Education and Health surpluses and funds received from Kinder Morgan Canada Inc. under the Mutual Benefits Agreement and Canadian Hydro Developer's Inc. under the Impact Benefit Agreement.

**Education:**

Of these amounts, \$17,349 relates to a transfer from the Master Tuition Agreement in 1994. This amount has been transferred to the Education Fund to offset an ongoing deficit in the Master Tuition Agreement. The reserve fund is summarized as follows:

March 31, 1994	\$ 116,171
March 31, 1995	183,253
March 31, 1996	220,227
March 31, 1997	18,096
Interest earned April 1, 2003 to March 31, 2014	<u>251,013</u>
	<u>788,760</u>
Transfers:	
To Master Tuition Agreement (March 31, 2000)	(17,349)
To University & Professional (March 31, 2004)	(50,000)
To University & Professional (March 31, 2005)	(50,000)
To University & Professional (March 31, 2009)	(29,851)
To University & Professional (March 31, 2011)	(90,521)
To University & Professional (March 31, 2012)	<u>(104,728)</u>
	<u><u>\$ 446,311</u></u>

**Health:**

The reserve is summarized as follows:

March 31, 2003	\$ 300,000
Interest earned April 1, 2002 to March 31, 2014	<u>65,509</u>
	<u><u>\$ 365,509</u></u>

**SIMPCW FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2014**

---

**NOTE A17. COMMITTED RESERVES (continued):**

Simpcw Trust:  
These funds consist of monies received from Kinder Morgan Canada Inc. under the Mutual Benefits Agreement and Canadian Hydro Developer's Inc. under the Impact Benefit Agreement. See Note A4 for further detail.

**\$ 2,866,455**

**NOTE A18. SEGMENTED INFORMATION:**

The Simpcw First Nation is a First Nations government institution that provides a range of programs and services to its members, including band revenue, administration, social development, education, community development, capital works and natural resources. For management reporting purposes the First Nation's operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

First Nation services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

**Band Revenue:**

The Band Revenue department is responsible for administering projects the Band is involved in annually and on an on-going basis relating to the overall objectives of the First Nation.

**Band Government:**

Administration supports the development of stable, legitimate and accountable community governments. It also provides overall support of the First Nation including advisory services relating to financial management, band government, economic development, community services and technical services.

**Social Services:**

Social Services provides assistance to community members unable to provide for themselves and their dependents. The services provided by this department include, but are not limited to, income assistance, child and family services, assisted living and early childhood development.

**Education:**

Education supports the members in expressing, preserving, developing and promoting its cultural heritage through the establishment and operation of First Nation education centres and programs. It also provides services for students at the elementary/secondary and post secondary level, including; instructional services both on and off reserve as well as support services such as transportation, accommodation, guidance and counselling.

**SIMPCW FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2014**

---

**NOTE A18. SEGMENTED INFORMATION (continued):**

**Community Development:**

Community development supports the construction, operation and basic maintenance of community facilities and services such as water and sewage, roads, electrification, schools and fire protection. It is also responsible for ensuring that the facilities and community services meet recognized standards and are comparable to the services provided to nearby communities by provincial and municipal governments.

**Capital Works:**

Capital works manages capital projects within the community undertaken to support the growth and/or maintenance of the First Nations infrastructure.

**Natural Resources:**

Natural Resources is responsible for the development of land and resources under community control, access to economic opportunities on land and resources beyond community control, investment promotion, as well as research and advocacy. It also manages economic development planning, proposal development, and planning and implementation of ongoing activities and one-time projects.

**Health:**

Health supports the concept of promoting holistic health, and the Community Health Plan, which is based on health needs identified by a community needs assessment. It provides services to the community with programs such as home and community care, addictions counselling and public health services, as well as children, adult and elder wellness prevention and education programs.

**Housing:**

Housing is responsible for the administration and management of Social Housing units, Band-owned housing units and renovation projects for private homeowners.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note A1. For additional information see the Statement of Financial Activities - Segmented (Appendix 2).

**NOTE A19. ECONOMIC DEPENDENCE:**

The Band receives a major portion of its revenues pursuant to a Funding Arrangement with Aboriginal Affairs and Northern Development Canada.

**NOTE A20. RELATED PARTY TRANSACTIONS:**

The Band paid \$260,443 (2013 \$NIL) for environmental services and \$26,044 for administration services to Estsek' Environmental Services LLP, a partnership owned 50% by Simpcw Resources LLP. Simpcw First Nation holds 99.99% of the partnership units in Simpcw Resources LLP. As at March 31, 2014, an amount payable of \$35,542 is owing to Estsek' Environmental Services LLP and is subject to normal trade terms. included in accounts payable.

**NOTE A21. COMPARATIVE FIGURES:**

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.