



# Nicomen Indian Band Contents

For the year ended March 31, 2014

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## **Management's Responsibility**

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To the Members of Nicomen Indian Band

The accompanying financial statements of Nicomen Indian Band are the responsibility of management and have been approved by the Chief and Council.

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Nicomen Indian Band Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial statements. The Council fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for recommending the appointment of the Band's external auditors.

MNP LLP, an independent firm of Chartered Accountants, is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

September 12, 2014

Original Signed by Donna Gallinger

Chief

Original Signed by Jeff Munroe

Band Manager

## Independent Auditors' Report

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To the Members of Nicomen Indian Band:

We have audited the accompanying financial statements of Nicomen Indian Band, which comprise the statement of financial position as at March 31, 2014 and the statements of operations and accumulated surplus, changes in net financial assets 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 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 financial statements.

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

### *Basis for Qualified Opinion*

Beginning January 1, 2009, Canadian public sector accounting standards require that the Band record the net value of tangible capital assets in its financial statements. The Band has not applied these new financial reporting standards. As a result, non-profit housing assets are overstated by \$31,418 and amortization expense is overstated by \$4,812. The Band did not provide us with a completed capital assets register for the remaining assets reflecting the total cost of tangible capital assets owned and appropriate accumulated amortization and any impairment attributable to each of the remaining assets, therefore we were unable to determine the net value of these remaining tangible capital assets that should have been recorded as an asset and the related amortization or impairment that should have been recorded as an expense in the current and prior years.

The financial statements do not include budgeted information. The exclusion of such information is a departure from Canadian public sector accounting standards as the comparison of budgeted to actual results is a significant measurement of performance.

### *Qualified Opinion*

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly in all material respects the financial position of Nicomen Indian Band as at March 31, 2014 and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chilliwack, British Columbia

September 12, 2014

**MNP LLP**  
Chartered Accountants

**Nicomen Indian Band**  
**Statement of Financial Position**  
*As at March 31, 2014*

	<b>2014</b>	<b>2013</b>
<b>Financial assets</b>		
Cash	549,296	532,904
Accounts receivable (Note 3)	85,926	63,323
Funds held in trust (Note 4)	460,845	438,970
Long-term investments (Note 5)	11,190	11,190
	<b>1,107,257</b>	1,046,387
<b>Liabilities</b>		
Accounts payable and accruals (Note 6)	81,131	53,528
Deferred revenue (Note 7)	26,653	42,739
Long-term debt (Note 8)	145,057	162,856
	<b>252,841</b>	259,123
<b>Net financial assets</b>	<b>854,416</b>	787,264
<b>Non-financial assets</b>		
Tangible capital assets (Note 9)	467,192	510,905
Prepaid expenses	13,572	7,084
	<b>480,764</b>	517,989
<b>Accumulated surplus (Note 10)</b>	<b>1,335,180</b>	1,305,253

**Approved on behalf of the Council**

Original Signed by Donna Gallinger

Chief

Original Signed by Raymond Drynock

Councilor

**Nicomen Indian Band**  
**Statement of Operations and Accumulated Surplus**  
*For the year ended March 31, 2014*

	<b>2014</b>	<b>2013</b>
<b>Revenue</b>		
Aboriginal Affairs and Northern Development Canada	408,333	526,348
Fisheries and Oceans Canada	32,750	32,121
Canada Mortgage and Housing Corporation	-	18,052
New Relationship Trust	-	4,000
Nlaka'pamux Legacy Trust	300,000	-
UBCM	96,157	-
Ministry of Forests	40,600	66,535
Interwest Timber	38,606	48,868
ISET	37,346	27,543
Rental income	33,800	24,300
Other revenues	22,996	35,096
Teck HVC Traditional Use Study	21,160	-
Taxation	20,353	9,429
Kwoiek Creek Resources Limited Partnership	14,500	14,951
Fraser Canyon Health Authority	13,345	-
Interest income - Ottawa Trust	12,629	10,037
Canadian Pacific Railway	8,938	-
Squiany Family Centre	8,518	59,538
FNESC - Summer students	2,843	3,736
Niha'7kamx Child and Family	2,000	-
BC Special - Ottawa Trust	308	330
BC Hydro	-	35,500
New Paths	-	2,302
New Relationship Trust (FNESC)	-	1,571
Tolko Industries Ltd.	-	47,482
	<b>1,115,182</b>	<b>967,739</b>
<b>Expenses</b>		
Administration	446,277	549,711
Education and Economic Development	283,624	241,729
Social Development and Health	148,745	189,874
Capital Projects	22,043	36,975
Maintenance	58,928	56,253
Employment	64,654	59,664
Housing	17,270	24,616
Other	43,714	49,124
	<b>1,085,255</b>	<b>1,207,946</b>
<b>Surplus (deficit)</b>	<b>29,927</b>	<b>(240,207)</b>
<b>Accumulated surplus, beginning of year</b>	<b>1,305,253</b>	<b>1,545,460</b>
<b>Accumulated surplus, end of year</b>	<b>1,335,180</b>	<b>1,305,253</b>

**Nicomen Indian Band**  
**Statement of Change in Net Financial Assets**  
*For the year ended March 31, 2014*

	<b>2014</b>	<b>2013</b>
<b>Annual surplus (deficit)</b>	<b>29,927</b>	(240,207)
Purchases of tangible capital assets	-	(111,065)
Amortization of tangible capital assets	43,714	49,124
	<b>43,714</b>	(61,941)
Acquisition of prepaid expenses	(16,284)	(8,500)
Use of prepaid expenses	9,795	3,067
	<b>(6,489)</b>	(5,433)
<b>Increase (decrease) in net financial assets</b>	<b>67,152</b>	(307,581)
<b>Net financial assets, beginning of year</b>	<b>787,264</b>	1,094,845
<b>Net financial assets, end of year</b>	<b>854,416</b>	787,264

**Nicomen Indian Band**  
**Statement of Cash Flows**  
*For the year ended March 31, 2014*

	<b>2014</b>	<b>2013</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Annual Surplus (deficit)	29,927	(240,207)
Non-cash items		
Amortization	43,714	49,124
Income in Ottawa Trust	(21,876)	(10,366)
Change in deferred revenue	(16,086)	-
	35,679	(201,449)
Changes in working capital accounts		
Accounts receivable	(22,603)	550,292
Prepaid expenses	(6,489)	(5,433)
Accounts payable and accruals	27,604	15,744
	34,191	359,154
<b>Financing activities</b>		
Repayment of long-term debt	(17,799)	(17,513)
<b>Capital activities</b>		
Purchases of tangible capital assets	-	(111,065)
<b>Increase in cash resources</b>	<b>16,392</b>	230,576
<b>Cash resources, beginning of year</b>	<b>532,904</b>	302,328
<b>Cash resources, end of year</b>	<b>549,296</b>	532,904
<b>Supplementary cash flow information</b>		
Interest paid	2,575	2,862

**Nicomen Indian Band**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2014*

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**1. Operations**

The Nicomen Indian Band (the "Band") is located in the province of British Columbia, and provides various services to its members. Nicomen Indian Band includes the Band's members, government and all related entities that are accountable to the Band and are either owned or controlled by the Band.

**2. Significant accounting policies**

These financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and including the following significant accounting policies:

***Basis of presentation***

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

***Asset classification***

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

***Net financial assets***

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

***Cash resources***

Cash resources include balances with banks and short-term investments with maturities of three months or less.

***Tangible capital assets***

Tangible capital assets are initially recorded at cost based on historical cost accounting records for all tangible capital assets. Contributed tangible assets are recorded at their fair value at the date of contribution.

***Amortization***

Non-profit housing assets acquired under Canada Mortgage and Housing Corporation ("CMHC") sponsored programs are amortized over their estimated useful lives at a rate equivalent to the annual principal reduction in the related long-term debt. Amortization for other tangible capital assets is provided using the declining balance method at rates intended to amortize the cost of the assets over their estimated useful lives:

	Method	Rate
Community Infrastructure	declining balance	20 %
Equipment	declining balance	20 %

***Long-lived assets and discontinued operations***

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

When the Band determines that a long-lived asset no longer has any long-term service potential to the Band, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

**Nicomen Indian Band**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2014*

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**2. Significant accounting policies** *(Continued from previous page)*

***Funds held in Ottawa Trust Fund***

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

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

***Portfolio investments***

Long-term investments in entities that are not owned, controlled or influenced by the Band are accounted for using the cost method. They are recorded at cost, less any provision for other than temporary impairment.

***Revenue recognition***

**Government Transfers**

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

**Externally restricted revenue**

The Band recognizes externally restricted inflows as revenue in the period the resources are used for the purposes specified in accordance with an agreement or legislation. Until this time, the Band records externally restricted inflows in deferred revenue.

**Funds held in Ottawa Trust Fund**

Due to measurement uncertainty, revenue related to the receipt of funds held in the Ottawa Trust Fund is recognized when it is received.

**Other revenue**

Other revenue is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

***Measurement uncertainty***

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets.

***Recent accounting pronouncements***

**Liability for contaminated sites**

In June 2010, the Public Sector Accounting Board (PSAB) issued PS 3260 *Liability for Contaminated Sites* to establish recognition, measurement and disclosure standards for liabilities associated with the remediation of contaminated sites. The new section defines activities included in a liability for remediation, establishes when to recognize and how to measure a liability for remediation, and provides the related financial statement presentation and disclosure requirements.

PS 3260 is effective for fiscal years beginning on or after April 1, 2014. The Band has not yet determined the effect of the new section in its financial statements.

**Nicomen Indian Band**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2014*

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**2. Significant accounting policies** *(Continued from previous page)*

**Financial instruments**

In June 2011, the Public Sector Accounting Board (PSAB) issued PS 3450 *Financial Instruments* to establish standards for recognition, measurement, presentation and disclosure of financial assets, financial liabilities and non-financial derivatives. As a result of issuance of PS 3450, there have been numerous consequential amendments made to other Sections. PS 3450 is effective for fiscal years beginning on or after April 1, 2015. Earlier adoption is permitted.

PS 3450 is applied prospectively in the fiscal year of initial adoption; therefore, financial statements of prior periods, including comparative information, are not restated. The Band has not yet determined the effect of these new standards on its financial statements.

**Segments**

The Band conducts its business through eight reportable segments: Administration, Education and Economic Development, Social Development and Health, Capital Projects, Maintenance, Employment, Housing and Other. These operating segments are established by senior management to facilitate the achievement of the Band's long-term objectives to aid in resource allocation decisions and to assess operational performance.

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

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

**3. Accounts receivable**

Accounts receivable includes loans to Band members in the amount of \$700.

**4. Funds held in trust**

Capital and revenue trust monies are transferred to the Band on the authorization of the Minister of Aboriginal Affairs and Northern Development Canada, with the consent of the Band's Council.

	<b>2014</b>	<b>2013</b>
<b>Capital Trust</b>		
Balance, beginning and end of year	<b>219,273</b>	219,273
<b>Revenue Trust</b>		
Balance, beginning of year	219,697	209,331
Interest	12,629	10,036
Canada Pacific Railway	8,938	-
BC Special Distribution	308	330
Balance, end of year	<b>241,572</b>	219,697
	<b>460,845</b>	438,970

**Nicomen Indian Band**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2014*

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**5. Long-term investments**

Long-term investments consist of 5,595 Class A common shares of All Nations Trust Company and are recorded at cost.

**6. Accounts payable and accruals**

Included in accounts payable and accruals are government remittances payable of \$3,664 (2013 - \$4,790).

**7. Deferred revenue**

Recognition of revenue was deferred for the following programs until related costs are incurred. These deferred revenues are committed to the programs based on funding agency guidelines and/or management policies:

	<b>2014</b>	<b>2013</b>
Feasibility Study - Project 3573	-	24,426
Subdivision Design - Project 3463	18,313	18,313
Skeesht Health Society - Diabetic Members	8,340	-
	<hr/> <b>26,653</b>	<hr/> <b>42,739</b>

**Nicomen Indian Band**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2014*

**8. Long-term debt**

	<b>2014</b>	<b>2013</b>
Non-Profit Housing IV All Nations Trust mortgage; payments of \$1,697 per month, including interest at 1.67% per annum; renewal date of April 1, 2017; maturity date of October 1, 2021	<b>145,057</b>	162,856

Principal repayments on long-term debt in each of the next five years, assuming term debt is subject to contractual terms of repayment and long-term debt subject to refinancing is renewed, are estimated as follows:

2015	18,080
2016	18,383
2017	18,693
2018	19,008
2019	19,328

Long-term debt for housing projects is secured by Ministerial guarantees of the Minister of Aboriginal Affairs and Northern Development Canada.

**9. Tangible capital assets**

	<b>Cost</b>	<b>Additions</b>	<b>Disposals</b>	<b>Accumulated amortization</b>	<b>2014 Net book value</b>
Equipment	396,034	-	-	287,547	108,487
Domestic Water System	444,331	-	-	444,331	-
Buildings	940,006	-	-	581,301	358,705
	<b>1,780,371</b>	-	-	<b>1,313,179</b>	<b>467,192</b>

	<b>Cost</b>	<b>Additions</b>	<b>Disposals</b>	<b>Accumulated amortization</b>	<b>2013 Net book value</b>
Equipment	284,968	111,065	-	270,595	125,438
Domestic Water System	444,331	-	-	444,331	-
Buildings	940,006	-	-	554,539	385,467
	<b>1,669,305</b>	<b>111,065</b>	-	<b>1,269,465</b>	<b>510,905</b>

**Nicomen Indian Band**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2014*

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**10. Accumulated surplus**

Accumulated surplus is comprised of the following:

	<b>2014</b>	<b>2013</b>
Operating surplus	456,293	428,469
Capital surplus	322,135	348,049
Ottawa trust surplus	460,845	438,970
<u>Replacement reserve surplus</u>	<u>95,907</u>	<u>89,765</u>
	<b>1,335,180</b>	<b>1,305,253</b>

**11. Replacement reserve**

Under agreements with Canada Mortgage and Housing Corporation (CMHC) the Band established a replacement reserve funded by an annual allocation of \$6,142, to ensure maintenance and replacement of buildings financed by CMHC. At March 31, 2014, \$95,907 has not been set aside to fund this reserve. The unfunded portion at March 31, 2014 was \$95,907 (2013 - \$89,765).

In accordance with terms of the agreements, CMHC reserve moneys must be held or invested only in accounts or instruments guaranteed by the Canada Deposit Insurance Corporation, or as otherwise approved by CMHC. Reserve withdrawals are credited first to interest and then to principal.

**12. Economic dependence**

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

**Nicomen Indian Band**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2014*

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**13. Financial Instruments**

The Nicomen Indian Band's financial instruments consist of cash, receivables, marketable securities, accounts payable, accrued liabilities and long-term debt. It is management's opinion that the Nicomen Indian Band is not exposed to significant currency, credit, or interest rate risk arising from these financial instruments. The fair value of the instruments approximates their carrying values, unless otherwise noted.

**14. Segments**

The Nicomen Indian Band receives revenues and incurs expenses from various projects and sources. For management and reporting purposes, the revenues, expenses and surplus or deficits are organized by segments. Schedules 2 to 9 disclose the Band's revenues and expenses in the following segments:

*Administration*

Includes general operations, support and financial management of the Band.

*Education and Economic Development*

Includes revenues and expenses related to primary, secondary and post secondary education of the members of the Band and activities related to the growth of revenue producing projects with the Band.

*Social Development and Health*

Includes revenues and expenses relating to the social assistance of the members of the Band and the provision of health services within the Band

*Capital Projects*

Includes revenues and expenditures related to capital projects.

*Maintenance*

Includes revenues and expenditures related to ongoing community maintenance.

*Employment*

Includes revenues and expenses related to employment programs of the Band.

*Housing*

Includes rent collection and maintenance related to the mortgaged homes owned by the Band.

*Other*

Includes revenues and expenses related to the Ottawa Trust fund and other activities not related to another segment.

**15. First Nations Financial Transparency Act**

The First Nation is required to post its consolidated financial statements on a website and submit the consolidated financial statements to AANDC by July 29, 2014. As the audit report is dated after this date, the First Nation is in violation of this requirement. The possible effect of this violation has not yet been determined.