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July 16, 2014

Aboriginal Affairs & Northern Development Canada
Suite 600 - 1138 Melville Street
Vancouver, BC V6E 4S3

Attention: Barbara Milczarski

Dear Madam:

Re: Shackan Indian Band

1. FIRST PACKAGE – TO BE PUBLISHED:

We enclose 2 copies (1 bound and 1 PDF on USB) of the audited consolidated financial statement Exhibit A – A6, together with supplementary information Schedule of Remuneration and Expenses of Chief and Councillors Exhibit F – F1 to be published online (please see the "033114 To be PUBLISHED" folder on the USB).

2. SECOND PACKAGE – NOT PUBLISHED:

We enclose 2 copies (1 bound copy and 1 PDF on USB – see folder "033114 NOT to be Published") of the audited financial statements for the year ended March 31, 2014 together with the following:

- Consolidated Revenue/Equity Analysis
- Reconciliation of AANDC Revenue from Financial Statements to AANDC Funding Confirmation
- Reconciliation of AANDC Revenue from the Schedule of Federal Government Funding to the AANDC Funding Confirmation

If you have any questions concerning the above, please contact our office.

Yours truly,

DALEY & COMPANY CHARTERED ACCOUNTANTS LLP

Paul Mumford, BBA, CA

/mk
Enclosures

cc: Shackan Indian Band

RECEIVED
JULY 25 2014
[Redacted stamp]

SHACKAN INDIAN BAND
FINANCIAL STATEMENTS

March 31, 2014

SHACKAN INDIAN BAND

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March 31, 2014

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SHACKAN INDIAN BAND

SUMMARY FINANCIAL STATEMENTS

March 31, 2014

EXHIBIT

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of SHACKAN INDIAN BAND 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 SHACKAN INDIAN BAND'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

Councillor (or equivalent)



INDEPENDENT AUDITORS' REPORT

To the Members,
SHACKAN INDIAN BAND

EXHIBIT A1

Report on the Financial Statements

We have audited the accompanying financial statements of SHACKAN INDIAN BAND, which comprise the summary statement of financial position as at March 31, 2014, and the summary statement of accumulated surplus, summary statement of operations, summary statement of changes in net financial assets and summary 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 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 misstatements, 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 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of SHACKAN INDIAN BAND 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 Matters

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 summary 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
July 21, 2014

Disclaimer of Liability

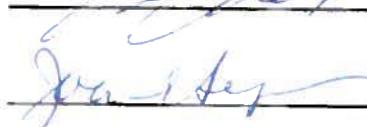
These financial statements were examined and this Audit Opinion issued solely for the use of SHACKAN INDIAN BAND. Daley & Company Chartered Accountants LLP makes no representations of any kind to any other person in respect of these financial statements and accepts no responsibility for their use by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

SHACKAN INDIAN BAND
SUMMARY STATEMENT OF FINANCIAL POSITION
March 31, 2014

FINANCIAL ASSETS	2014	2013
Cash	\$ 303,700	\$ 666,968
Marketable securities (Note A3)	365,662	509,618
Restricted cash (Note A4)	308,987	287,364
Accounts receivable (Note A5)	61,650	33,765
Long-term investments and advances (Note A6)	<u>617,621</u>	<u>501,984</u>
	<u>1,657,620</u>	<u>1,999,699</u>
LIABILITIES		
Accounts payable and accruals (Note A7)	243,818	200,180
Deferred revenue (Note 8)	22,092	-
Reforestation obligation	34,954	34,954
Mortgage payable (Note A9)	<u>194,016</u>	<u>201,444</u>
	<u>494,880</u>	<u>436,578</u>
NET FINANCIAL ASSETS	1,162,740	1,563,121
NON-FINANCIAL ASSETS		
Tangible capital assets (Note A10)	2,019,062	1,769,685
Prepaid expenses	<u>19,055</u>	<u>22,352</u>
ACCUMULATED SURPLUS (Note A11)	\$3,200,857	\$3,355,158
CONTINGENCIES (Note A12)		

APPROVED BY THE BAND:

 _____ Chief

 _____ Councillor

SHACKAN INDIAN BAND
SUMMARY STATEMENT OF ACCUMULATED SURPLUS
Year ended March 31, 2014

	2014	2013
ACCUMULATED SURPLUS, beginning of year	\$ 3,355,158	\$ 3,322,735
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES	<u>(154,301)</u>	<u>32,423</u>
<u>ACCUMULATED SURPLUS, end of year</u>	<u>\$ 3,200,857</u>	<u>\$ 3,355,158</u>

SHACKAN INDIAN BAND
SUMMARY STATEMENT OF OPERATIONS
Year ended March 31, 2014

	Budget	2014	2013
REVENUE:			
Aboriginal Affairs and Northern Development Canada	\$ 532,860	\$ 739,514	\$ 566,786
Leases and rentals	13,200	13,200	14,400
CMHC	6,625	6,627	6,935
BC Hydro	-	2,000	2,000
Province of BC	-	-	25,500
Interest	3,500	17,565	24,115
Management fees	-	162,000	386,700
Ministry of Forests	50,000	75,031	220,087
Miscellaneous	95,513	146,706	128,895
	<u>701,698</u>	<u>1,162,643</u>	<u>1,375,418</u>
EXPENSES:			
Band Revenue	2,500	15,582	77,446
Administration	263,272	398,832	306,249
Special Services	132,920	171,961	194,497
Education	76,048	193,982	149,996
Community Operations & Maintenance	114,884	230,395	217,821
Capital	85,054	188,325	-
Special Projects	22,000	30,047	106,461
Housing	21,000	23,107	22,794
Other	19,825	64,713	267,731
	<u>737,503</u>	<u>1,316,944</u>	<u>1,342,995</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	<u>\$ (35,805)</u>	<u>\$ (154,301)</u>	<u>\$ 32,423</u>

SHACKAN INDIAN BAND
SUMMARY STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
Year ended March 31, 2014

	Budget	2014	2013
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	\$ (35,805)	\$ (154,301)	\$ 32,423
Amortization of tangible capital assets	-	115,850	103,610
Acquisition of tangible capital assets	-	(365,227)	(16,930)
Change in prepaid expenses	-	3,297	(7,608)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(35,805)	(400,381)	111,495
NET FINANCIAL ASSETS, beginning of year	<u>1,563,121</u>	<u>1,563,121</u>	<u>1,451,626</u>
NET FINANCIAL ASSETS, end of year	<u>\$ 1,527,316</u>	<u>\$ 1,162,740</u>	<u>\$ 1,563,121</u>

SHACKAN INDIAN BAND
SUMMARY STATEMENT OF CASH FLOWS
Year ended March 31, 2014

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess (shortfall) of revenue over expenses	\$ (154,301)	\$ 32,423
Non-cash charges to operations:		
Amortization	115,850	103,610
(Increase) decrease in:		
Accounts receivable	(27,885)	540,114
Prepaid expenses	3,297	(7,608)
Advances (to) Nicola Valley Indian Services Association	(10,000)	(1,605)
Advances (to) Shackan Development Corporation	(105,637)	(121,820)
Increase (decrease) in:		
Accounts payable and accruals	43,638	8,644
Deferred revenue	<u>22,092</u>	-
Cash flows from (used in) operations	<u>(112,946)</u>	<u>553,758</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal repayment of long-term debt	(7,428)	(7,110)
Restricted cash	<u>(21,623)</u>	<u>(31,158)</u>
Cash flows used in financing	<u>(29,051)</u>	<u>(38,268)</u>
CASH FLOWS USED IN CAPITAL ACTIVITIES:		
Acquisition of tangible capital assets	<u>(365,227)</u>	<u>(16,930)</u>
Cash flows used in capital	<u>(365,227)</u>	<u>(16,930)</u>
INCREASE (DECREASE) IN CASH RESOURCES	(507,224)	498,560
CASH RESOURCES, beginning of year	1,176,586	678,026
CASH RESOURCES, end of year	\$ 669,362	\$ 1,176,586
CASH RESOURCES CONSISTS OF:		
Cash	\$ 303,700	\$ 666,968
Marketable securities	<u>365,662</u>	<u>509,618</u>
	\$ 669,362	\$ 1,176,586

SHACKAN INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2014

NOTE A1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES:

These summary 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:

Shackan Indian Band uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions. The various funds have been amalgamated for the purpose of presentation in the summary financial statements. Details of the operations of each fund are set out in the supplementary schedules. Shackan Indian Band 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 which reports the social housing assets of the First Nation, together with related activities.

b) Reporting Entity and Principles of Financial Reporting:

The Shackan Indian Band reporting entity includes the Shackan Indian 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:

- Shackan Indian Band Operating Fund
- Shackan Indian Band Trust Fund
- Shackan Indian Band Capital Fund
- Shackan Indian Band Social Housing Fund

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 Shackan Indian Band and which are not dependent on the First Nation for their continuing operations, are included in the summary financial statements using the modified equity method. This includes:

- Shackan Development Corporation

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

SHACKAN INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2014

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

c) Accrual Method:

The accrual method is used in accounting.

d) Cash Equivalents:

Highly liquid investments with maturities of one year or less at date of purchase are classified cash equivalents.

e) Term Deposits:

Term deposits are recorded at cost plus accrued interest.

f) Marketable Securities:

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

g) 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 revenues over expenses, provides the Changes 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
Water Systems	50 years
Buildings	20 to 40 years
Automotive	10 years
Equipment	5 to 10 years
Bridge	50 years

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

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.

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.

h) Deferred Revenue:

Revenue is recorded in the period to which it relates.

SHACKAN INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2014

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

i) Revenue Recognition:

The Shackan Indian Band 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 contributions 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 contributions 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 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.

j) 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 expenditures.

k) Replacement Reserve:

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

l) Reforestation:

As part of the Band's forest license agreement, the Band is required to perform reforestation on areas logged under conditions set out in the acts governing forestry operations. The Band estimates the costs of reforestation through to the free-to-grow stage and records the present value obligation of these costs as timber is harvested.

m) 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.

SHACKAN INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2014

NOTE A2. FINANCIAL INSTRUMENTS:

Fair Value of Financial Assets and Financial Liabilities:

The carrying values of cash, accounts receivable, and accounts payable and accrued liabilities 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 the mortgage payable approximates its fair value as the terms and conditions of the borrowing arrangement is comparable to current market terms and conditions for similar items.

It is not practicable to determine the fair value of advances to related parties due to the limited amount of comparable market information available.

Credit Risk:

The Band is exposed to a credit risk by its funding agencies and suppliers. However, because the majority of funding is from government agencies and there is a large number of different suppliers, credit risk concentration is reduced to the minimum.

Interest Risk:

Long-term debt has a fixed interest rate of 2.11% until January 2019. Therefore interest expense will decrease with principal repayment of the mortgage and interest risk is reduced to the minimum.

NOTE A3. MARKETABLE SECURITIES:

The market value of the marketable securities, at March 31, 2014, is \$377,270 (2013 \$509,618)

NOTE A4. RESTRICTED CASH:

	2014	2013
Operating Reserve	\$ 6,209	\$ 4,409
Replacement Reserve	8,627	8,667
Ottawa Trust Funds	<u>294,151</u>	<u>274,288</u>
	<u>\$ 308,987</u>	<u>\$ 287,364</u>

a) Operating Reserve Fund:

Under the terms of the agreement with Canada Mortgage and 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 Canada Mortgage and Housing Corporation.

Balance, beginning of year	\$ 6,103	\$ 4,409
Allocation for the year	<u>(888)</u>	<u>1,694</u>
Balance, end of year	<u>\$ 5,215</u>	<u>\$ 6,103</u>
The Operating Reserve is represented by:		
Cash	<u>\$ 6,209</u>	<u>\$ 4,409</u>

SHACKAN INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2014

NOTE A4. RESTRICTED CASH (continued):

b) Replacement Reserve:

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the Replacement Reserve account is to be credited in the amount of \$2,000 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 and Housing Corporation from time to time. Withdrawals are credited to interest first and then principal.

	2014	2013
Balance, beginning of year	\$ 8,667	\$ 6,667
Allocation for the year	<u>2,000</u>	<u>2,000</u>
Balance, end of year	<u><u>\$ 10,667</u></u>	<u><u>\$ 8,667</u></u>
The Replacement Reserve is represented by:		
Cash	<u><u>\$ 8,627</u></u>	<u><u>\$ 8,667</u></u>

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 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.

NOTE A5. ACCOUNTS RECEIVABLE:

Grants Receivable:

Aboriginal Affairs and Northern Development Canada	\$ 4,863
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Accounts Receivable:

Stuwix Resources Joint Venture	\$ 16,625
Cool Creek Energy Ltd.	1,226
Social Housing - Canada Mortgage and Housing Corporation	1,661
First Nations Education Steering Committee	11,045
Interior Salish Employment and Training Centre	10,125
SCW'EXMX Community Health	6,065
Aboriginal Business Match	700
Miscellaneous	8,277
Naut'Sa Mawt Tribal Council	<u>1,063</u>
	<u><u>56,787</u></u>
	<u><u>\$ 61,650</u></u>

SHACKAN INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2014

NOTE A6. LONG-TERM INVESTMENTS AND ADVANCES:	2014	2013
a) All Nations Trust Company, at cost:		
9,180 Class A Common Shares	<u>\$ 6,120</u>	<u>\$ 6,120</u>
b) Shackan Development Corporation (100%):		
Advances, unsecured, noninterest bearing, no stated terms of repayment	1,142,216	993,482
Accumulated equity in losses	<u>(582,543)</u>	<u>(539,446)</u>
Shares	<u>120</u>	<u>120</u>
	<u><u>559,793</u></u>	<u><u>454,156</u></u>
c) Nicola Valley Indian Services Society:		
Advances, unsecured, bearing interest at 1% above the Royal Bank of Canada's average prime loan rate for the year, no stated terms of repayment	<u>51,708</u>	<u>41,708</u>
d) Coyote Timber Products Inc.:		
Share capital (22%)	240,000	240,000
Advances, unsecured, bears interest at the Royal Bank of Canada's prime lending rate plus 2% per annum, convertible at the option of the Band into common shares	37,600	37,600
Less writedown of investment	<u>(277,600)</u>	<u>(277,600)</u>
	<u>-</u>	<u>-</u>
	<u><u>\$ 617,621</u></u>	<u><u>\$ 501,984</u></u>

Financial information for Shackan Development Corporation:

	2014	2013
Assets	<u>\$ 1,178,391</u>	<u>\$ 1,092,995</u>
Liabilities	<u>1,760,814</u>	<u>1,632,321</u>
Shareholders' deficiency	<u><u>\$ (582,423)</u></u>	<u><u>\$ (539,326)</u></u>
Revenues	<u>\$ 987,339</u>	<u>\$ 847,299</u>
Expenses	<u>1,030,436</u>	<u>1,115,029</u>
Net loss	<u><u>\$ (43,097)</u></u>	<u><u>\$ (267,730)</u></u>

Shackan Development Corporation is domiciled in Merritt, British Columbia. Its primary business activity is holding a 1/8 interest in Stuwix Resources Joint Venture. Stuwix Joint Resources Venture is engaged in logging operations in the Southern Interior of British Columbia.

NOTE A7. ACCOUNTS PAYABLE AND ACCRUALS:	2014	2013
School District No. 58 - local education agreement	\$ 142,589	\$ 134,445
Accrued Payroll	22,765	8,610
Nicola Tribal Association	20,000	-
Receiver General	18,990	19,673
Source Office Furnishings	9,832	-
Daley & Company Chartered Accountants LLP	9,700	9,300
Miscellaneous - less than \$1,500	5,674	15,382
Cliff Thorstenson Lawyer	4,905	-
Gold Business Machines	4,330	-
Urban Systems	2,560	9,723
Kamloops Communications	2,473	-
Johnny's on the Rez	-	3,047
	<u><u>\$ 243,818</u></u>	<u><u>\$ 200,180</u></u>

SHACKAN INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2014

NOTE A8. DEFERRED REVENUE:	2014	2013
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Amounts deferred are summarized below:

Government of Canada - New Horizons for Seniors Program	\$ 22,092	\$ -
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Funding for the project "Nikapa'mux Language and Cultural Awareness Program" has been deferred as the project term is from March 3, 2014 to February 27, 2015.

NOTE A9. MORTGAGE PAYABLE:	2014	2013
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Social Housing Operations:

Canada Mortgage and Housing Corporation, repayable in monthly installments of \$1,001 including interest at 2.11% per annum, secured by buildings with a carrying value of \$336,525, due January 2019	\$ 194,016	\$ 201,444
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The mortgage is guaranteed by Aboriginal Affairs and Northern Development Canada.

Principal repayments due in the ensuing 5 years are approximately as follows:

2015	\$ 7,995	
2016	8,166	
2017	8,340	
2018	8,517	
2019	160,998	

NOTE A10. TANGIBLE CAPITAL ASSETS:	2014	2013
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Tangible capital assets consist of the following:

Band Operations:

Land	\$ 90,551	\$ 8,623
Roads	92,016	94,379
Buildings	884,861	668,204
Water Systems	370,912	383,702
Automotive	99,380	124,224
Equipment	63,525	55,781
Bridge	102,694	107,829
	1,703,939	1,442,742

Social Housing Operations:

Buildings	315,123	326,943
	\$2,019,062	\$1,769,685

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

SHACKAN INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2014

NOTE A11. ACCUMULATED SURPLUS:

	2014	2013
Accumulated surplus consists of individual fund surpluses and reserves as follows:		
Long-term investments	<u>\$ 6,120</u>	<u>\$ 6,120</u>
Property and equipment	<u>1,825,046</u>	<u>1,568,241</u>
Restricted capital surplus	<u>3,988</u>	<u>21,482</u>
Surplus	<u>1,055,670</u>	<u>1,470,257</u>
Funded Reserves:		
Operating Reserve (CMHC) (Note A4)	<u>5,215</u>	<u>6,103</u>
Replacement Reserve (CMHC) (Note A4)	<u>10,667</u>	<u>8,667</u>
Ottawa Trust Funds (Note A4)	<u>294,151</u>	<u>274,288</u>
	<u>310,033</u>	<u>289,058</u>
	<u>\$3,200,857</u>	<u>\$3,355,158</u>

NOTE A12. CONTINGENCIES:

a) The Band leases office equipment under two long-term leases which expires January 2016 and June 2019.

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

2015	\$ 11,840
2016	10,066
2017	846
2018	846
2019	<u>212</u>
	<u>\$ 23,810</u>

b) 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.

c) Social Housing Mortgages:

The Band is guarantor of various Social Housing mortgages, secured by Ministerial guarantees, totaling \$194,362. The Band has also guaranteed a Band member's mortgage in the amount of \$149,469.

d) 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 \$11,136 (2013 \$6,703).

e) Canada Revenue Agency audit of Shackan Development Corporation:

Shackan Development Corporation, a subsidiary, is working with the CRA to resolve an audit issue regarding disallowed expenses. Although the amount of the expenses under review is material, the degree of impact on the financial statements at this stage of discussion is indeterminable. Accordingly, no amount has been provided for in the financial statements for the year.

SHACKAN INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2014

NOTE A13. SEGMENTED INFORMATION:

The Shackan Indian Band is a First Nations government institution that provides a range of programs and services to its members, including band revenue, administration, special services, education, community operations & maintenance, capital, special projects and housing. 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.

Administration

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.

Special Services

Special 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.

Community Operations & Maintenance

Community Operations & Maintenance supports the construction, operation and basic maintenance of community facilities and services such as water and sewage, roads, electrification 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

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

Special Projects

Special Projects 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.

Housing

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

Other

Other amounts include revenue from the Ottawa Trust Funds and modified equity adjustments of the investment in Shackan Development Corporation.

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).

SHACKAN INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2014

NOTE A14. ECONOMIC DEPENDENCE:

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

NOTE A15. RELATED PARTY TRANSACTIONS:

During the year, the Band earned, under normal terms of trade, \$162,000 (2013 \$386,700) for management fees from Shackan Development Corporation, a subsidiary.

During the year, the Band paid, under normal terms of trade, \$25,120 (2013 \$3,380) for contract services to the son of the Chief.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

NOTE A16. 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.

APPENDIX 1

SHACKAN INDIAN BAND
SUMMARY SCHEDULE OF TANGIBLE CAPITAL ASSETS
Year ended March 31, 2014

	Land	Roads	Buildings	Water Systems	Automotive	Equipment	Bridge	Housing	2014
									2013
Cost									
Balance, beginning of year	\$ 8,623	\$ 208,058	\$ 852,973	\$ 639,503	\$ 248,444	\$ 153,002	\$ 256,739	\$ 372,677	\$ 2,740,019
Add: Additions during the year	81,928	-	259,437	-	-	23,862	-	-	365,227
Balance, end of year	<u>90,551</u>	<u>208,058</u>	<u>1,112,410</u>	<u>639,503</u>	<u>248,444</u>	<u>176,864</u>	<u>256,739</u>	<u>372,677</u>	<u>3,105,246</u>
Accumulated amortization									
Balance, beginning of year	-	113,679	184,769	255,801	124,220	97,221	148,910	45,734	970,334
Add: Amortization	-	2,353	42,780	12,790	24,844	16,118	5,135	11,820	115,850
Balance, end of year	-	<u>116,042</u>	<u>227,549</u>	<u>268,591</u>	<u>149,064</u>	<u>113,339</u>	<u>154,045</u>	<u>57,554</u>	<u>1,086,184</u>
Net Book Value of Tangible Capital Assets	<u>\$ 90,551</u>	<u>\$ 92,016</u>	<u>\$ 884,861</u>	<u>\$ 370,912</u>	<u>\$ 99,360</u>	<u>\$ 63,525</u>	<u>\$ 102,694</u>	<u>\$ 315,123</u>	<u>\$ 2,019,062</u>
									<u>\$ 1,769,685</u>

See accompanying notes to financial statements.

SHACKAN INDIAN BAND
STATEMENT OF FINANCIAL ACTIVITIES - SEGMENTED
Year ended March 31, 2014

	Band Revenue	Administration	Special Services	Education	Community Operations & Maintenance	Capital	Special Projects	Housing	Other	Total 2014	Total 2013
REVENUE:											
Aboriginal Affairs and Northern Development Canada	\$ -	\$ 193,642	\$ 155,321	\$ 144,715	\$ 93,297	\$ 152,539	\$ -	\$ -	\$ -	\$ 739,514	\$ 566,786
Leases and rentals								\$ 13,200		\$ 13,200	14,400
CMHC								6,627		6,627	6,935
BC Hydro	2,000									2,000	2,000
Province of BC											25,500
Interest	9,412										24,115
Management fees	162,000										386,700
Ministry of Forests	75,031										220,087
Miscellaneous	171	36,194			34,443	18,280		45,908		75,031	128,895
	<u>248,614</u>	<u>229,836</u>	<u>155,321</u>	<u>179,158</u>	<u>111,577</u>	<u>152,539</u>	<u>45,908</u>	<u>45,908</u>	<u>19,827</u>	<u>11,710</u>	<u>146,706</u>
										<u>19,863</u>	<u>1,162,643</u>
											<u>1,375,418</u>
EXPENSES:											
Amortization		14,781			89,249				11,820		115,850
Assistance			131,809								131,809
Bad debts and write-downs											177,106
Contract services	9,089	23,841			3,966	40,951	4,200			43,097	43,097
Education				138,836							82,047
Honorarium				1,000				400			120,735
Insurance					13,312						129,416
Interest and bank charges								1,840			32,600
Licences, dues and fees	945	5,304							5,212		15,859
Materials and supplies	2,040	11,081			592					2,066	8,907
Office and other	484	28,577			10,215			100			23,436
Professional fees	182	29,000			1,293	8,565		13,688		50	52,657
Repairs and maintenance	343	4,243				17,793			3,035		50,010
Training		16,653				7,196	147,374			14,109	45,262
Travel	463	36,964	6,113					9,918		3,819	74,259
Utilities	302	22,837				8,485	3,435		405		17,014
Wages and benefits	1,734	165,454	34,039	38,568		65,643		1,336		55,865	34,467
	<u>15,582</u>	<u>398,832</u>	<u>171,961</u>	<u>193,982</u>	<u>230,395</u>	<u>188,325</u>	<u>30,047</u>	<u>1,200</u>	<u>1572</u>	<u>33,568</u>	<u>23,305</u>
										<u>23,107</u>	<u>64,713</u>
											<u>1,316,944</u>
											<u>1,342,995</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES											
	<u>\$ 233,032</u>	<u>\$ (168,996)</u>	<u>\$ (16,640)</u>	<u>\$ (14,824)</u>	<u>\$ (118,818)</u>	<u>\$ (35,786)</u>	<u>\$ 15,861</u>	<u>\$ (3,280)</u>	<u>\$ (44,850)</u>	<u>\$ (154,301)</u>	<u>\$ 32,423</u>

See accompanying notes to financial statements.

SHACKAN INDIAN BAND
STATEMENT OF FINANCIAL ACTIVITIES - SEGMENTED
Year ended March 31, 2013

	Band Revenue	Administration	Special Services	Education	Community Operations & Maintenance	Capital	Special Projects	Housing	Other	Total 2013
REVENUE:										
Aboriginal Affairs and Northern Development Canada	\$ -	\$ 148,266	\$ 174,598	\$ 109,293	\$ 86,001	\$ -	\$ 48,628	\$ -	\$ -	\$ 566,786
Leases and rentals	-	-	-	-	-	-	-	14,400	-	14,400
CMHC	-	-	-	-	-	-	-	6,935	-	6,935
Province of BC	-	-	-	-	-	-	25,500	-	-	25,500
BC Hydro	2,000	-	-	-	-	-	-	-	-	2,000
Interest	14,253	3,490	-	-	-	-	-	-	-	14,253
Management fees	386,700	-	-	-	-	-	-	-	6,372	386,700
Ministry of Forests	220,087	-	-	-	-	-	-	-	-	220,087
Miscellaneous	47,973	19,005	-	10,000	22,207	-	18,000	-	11,710	128,895
	671,013	170,761	174,598	119,293	108,208	-	92,128	21,335	18,082	1,375,418
EXPENSES:										
Amortization	-	4,804	-	-	86,543	-	-	12,263	-	103,610
Assistance	-	-	177,106	-	-	-	-	-	-	177,106
Bad debts and write-downs	-	-	-	-	-	-	-	-	267,731	267,731
Contract services	4,709	35,673	-	-	3,189	-	77,164	-	-	120,735
Education	-	-	-	129,416	-	-	-	-	-	129,416
Honorarium	500	28,800	-	-	-	-	-	-	-	28,800
Insurance	-	4,550	-	-	9,813	-	-	1,496	-	15,859
Interest and bank charges	-	2,645	-	-	231	-	-	5,835	-	8,711
Licences, dues and fees	390	2,130	-	-	115	-	-	-	-	2,635
Materials and supplies	1,116	11,419	-	-	11,862	-	770	-	-	25,167
Office and other	6,861	31,423	-	6,633	10,695	4,262	-	-	-	59,874
Professional fees	8,379	34,883	-	-	-	-	-	2,000	-	45,262
Repairs and maintenance	54,905	7,186	-	-	12,168	-	-	-	-	74,259
Training	-	10,380	-	-	-	-	6,634	-	-	17,014
Travel	586	17,906	3,467	1,947	4,930	-	5,631	-	-	34,467
Utilities	-	9,992	-	-	13,313	-	-	-	-	23,305
Wages and benefits	-	104,458	13,924	12,000	64,962	-	12,000	1,200	-	208,544
	77,446	306,249	194,497	149,956	217,821	-	106,461	22,794	267,731	1,342,995
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES										
	\$ 593,567	\$ (135,488)	\$ (19,899)	\$ (30,703)	\$ (109,613)	\$ -	\$ (14,333)	\$ (1,459)	\$ (249,649)	\$ 32,423

See accompanying notes to financial statements.