



9:52 am, Jul 17, 2015

**Spuzzum First Nation
Financial Statements**

March 31, 2015

Spuzzum First Nation
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For the year ended March 31, 2015

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Spuzzum First Nation
March 31, 2015

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements for the Spuzzum First Nation and all the information in this annual report are the responsibility of management and have been approved by Council.


The financial statements have been prepared in conformity with Canadian generally accepted accounting principles as defined by the Public Sector Accounting and Auditing Handbook and the Canadian Institute of Chartered Accountants Handbook and where appropriate, include amounts that are based on management's best estimates and judgments. Management has established internal control systems to ensure that the financial information is objective and reliable and that the Spuzzum First Nation assets are appropriately accounted for and adequately safeguarded.

The financial statements have been audited by the independent auditor, Ribeyre & Company, whose report outlines the scope of their opinion on the financial statements.

Council carries out its responsibility for the financial statements through the Office of Chief and Council, which is comprised of a quorum of council. Council meets with the auditors to satisfy themselves on the adequacy of internal control and to review the financial statements and auditors' report.

Council reviewed the audited financial statements with the external auditors before making recommendations for presentation to the band membership.



Chief

Councillor

Councillor

INDEPENDENT AUDITOR'S REPORT

To: The Members of the Spuzzum First Nation

Report on the Financial Statements

We have audited the accompanying financial statements of the Spuzzum First Nation, which comprise the summary statement of financial position as at March 31, 2015, and the summary statement of operations, summary statement of change in net debt, 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 generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 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 Spuzzum First Nation as at March 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Port Coquitlam, B.C.
July 14, 2015

Ribeys & Company
Chartered Accountants

Spuzzum First Nation

SUMMARY STATEMENT OF FINANCIAL POSITION

As at March 31, 2015		Statement 1	
	2015	2014	
Financial assets			
Cash	\$ 425,061	\$ 69,477	
Restricted cash	75,698	52,019	
Accounts receivable - Note 3	87,437	77,558	
Investments - Note 4	15,975	15,975	
Trust moneys - Note 5	708,409	691,113	
Total financial assets	1,312,580	906,142	
Liabilities			
Accounts payable and accrued expenses	184,010	118,651	
Long-term debt - Note 6	68,569	80,071	
Total liabilities	252,579	198,722	
Net financial assets	1,060,001	707,420	
Non-financial assets			
Prepaid expenses	7,494	9,506	
Tangible capital assets - Note 7	1,231,274	941,548	
Total non-financial assets	1,238,768	951,054	
Accumulated surplus - Note 8	\$ 2,298,769	\$ 1,658,474	

See accompanying notes

On behalf of Band Council:

Chief

Councillor

Spuzzum First Nation

SUMMARY STATEMENT OF OPERATIONS

For the year ended March 31, 2015		Statement 2	
	Budget	2015	2014
Revenue			
Operating Fund			
Aboriginal Affairs and Northern Development Canada	\$1,038,228	\$1,125,158	\$ 709,073
Nlaka'pamux Nation Tribal Council	588,463	601,998	113,627
Fraser Thompson Indian Services Society	96,469	82,934	83,478
First Nation Education Steering Committee	35,670	35,670	4,757
Sto:Lo Tribal Council	14,136	19,198	25,062
Property tax revenue	38,251	38,477	38,837
Rental revenue	22,219	18,702	28,508
Administration fees	-	37,560	6,352
New Relationship Trust	25,000	25,000	-
Investment income	571	2,902	52,403
Other	73,507	24,325	24,694
Social Housing Fund	23,563	23,012	25,858
Trust Fund	-	17,296	19,731
	1,956,077	2,052,232	1,132,380
Expenditure			
Operating Fund			
Band government	567,000	79,400	227,026
Social development	69,694	91,192	90,183
Economic development	24,464	85,244	51,332
Education and training	250,301	261,209	226,899
Health programs	32,928	32,928	40,699
Community infrastructure	100,473	100,473	108,271
Capital projects	588,030	551,149	105,205
Depreciation	-	164,664	233,573
Social Housing Fund	25,194	27,166	33,430
	1,658,084	1,393,425	1,116,618
Annual surplus	297,993	658,807	15,762
Accumulated surplus, beginning of year		1,658,474	1,646,078
Recoveries		(18,512)	(3,366)
Accumulated surplus, end of year		\$2,298,769	\$1,658,474

See accompanying notes

Spuzzum First Nation

CONSOLIDATED STATEMENT OF CHANGE IN NET SURPLUS

For the year ended March 31, 2015		Statement 3	
	2015	2014	
Annual (deficit) surplus	\$ 658,807	\$ 15,762	
Recoveries in the year	(18,512)	(3,366)	
	640,295	12,396	
Changes in tangible capital assets			
Acquisition of tangible capital assets	(465,892)	(9,900)	
Amortization of tangible capital assets	176,166	243,500	
	(289,726)	233,600	
Changes in other non-financial assets			
Use of prepaid asset - net	2,012	(9,506)	
	2,012	(9,506)	
Increase in net financial assets	352,581	236,490	
Net financial assets, beginning of year	707,420	470,930	
Net financial assets, end of year	\$ 1,060,001	\$ 707,420	

Spuzzum First Nation

SUMMARY STATEMENT OF CASH FLOWS

For the year ended March 31, 2015

Statement 4

	2015	2014
OPERATING ACTIVITIES		
Funding surplus	\$ 658,807	\$ 15,762
Less:		
Recoveries	(18,512)	(3,366)
Net change in Band Members' Equity	640,295	12,396
Items not involving cash:		
Depreciation of capital equity assets	164,664	233,573
Depreciation of Social Housing Fund assets	11,502	9,927
Revenues earned in Trust Fund	(17,296)	(19,731)
Changes in non-cash working capital items	57,492	(182,952)
Cash provided by operating activities	856,657	53,213
INVESTING ACTIVITIES		
Purchase of fixed assets	(465,892)	(9,900)
Cash used in investing activities	(465,892)	(9,900)
FINANCING ACTIVITIES		
Repayment of long-term debt	(11,502)	(11,169)
Cash used in financing activities	(11,502)	(11,169)
Increase in cash during the year	379,263	32,144
Cash, beginning of year	121,496	89,352
Cash, end of year	\$ 500,759	\$ 121,496
Represented by:		
Cash	\$ 425,061	\$ 69,477
Restricted cash	75,698	52,019
	\$ 500,759	\$ 121,496

See accompanying notes

Spuzzum First Nation

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

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1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These summary financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local government entities, as defined in the CICA Public Sector Accounting and Auditing Handbook, which encompasses the following principles.

a) Fund accounting

The Spuzzum First Nation uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions. The various funds have been amalgamated for the purpose of presentation in the summary financial statements. Details of the operations of each fund are set out in the supplementary schedules. The Spuzzum First Nation maintains the following funds:

- The Operating Fund which reports the general activities of the Nation administration.
- The Trust Fund which reports on trust funds owned by the Nation and held by a third party.
- The Social Housing Fund which reports on the housing activities related to CMHC funded housing.

b) Reporting entity and principles of financial reporting

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

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

- Operating Fund
- Trust Fund
- 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.

c) Investments in non-controlled entities

Long-term investments in non-controlled entities are recorded at the lower of cost or net realizable value.

d) Cash and/or cash equivalents

Cash equivalents include short-term highly liquid investments with a term to maturity of 90 days or less at acquisition.

Spuzzum First Nation

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March 31, 2015

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1. Continued...

e) Restricted cash

Restricted cash represents amounts reserved either internally or by statute for specific future purposes.

f) Deferred Revenue

Deferred revenue represents grants and other fees which have been collected, but for which the related expenses or services have yet to be incurred or performed. These amounts will be recognized as revenues in the fiscal year in which the services are performed or related expenditures incurred.

g) Tangible capital assets

Tangible capital assets are valued at either cost or estimated cost and recorded in the Operating Fund. Items over \$3,000 are capitalized.

The acquisition costs of tangible capital assets and payments on capital debt, which are not funded from capital financing sources, are charged to operations and matched with the applicable revenue source in the year of expenditure. These expenditures are also recorded as an addition to assets of the Operating Fund with a corresponding increase in Operating Fund - unrestricted equity.

Tangible capital assets acquired as part of the Social Housing Fund are recorded as assets of that Fund.

h) Depreciation

Tangible capital assets are recorded and depreciated with a corresponding reduction in Equity in Tangible Capital Assets. Assets are depreciated over their expected useful life using the straight line method:

Domestic water system	15 years
Buildings	25 years
Equipment	5 years
Infrastructure	25 years
Vehicles	5 years

Social Housing assets acquired under Canada Mortgage and Housing Corporation sponsored housing programs are depreciated at a rate equivalent to the annual principal reduction in the related long-term debt, as required for Canada Mortgage and Housing Corporation reporting purposes. To be consistent, housing assets in the Capital Fund are also depreciated at a rate equivalent to the annual principal reduction in the related long-term debt.

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1. Continued...

i) Non-financial assets

Tangible capital assets and other non-financial assets are accounted for as assets by the Spuzzum First Nation because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Spuzzum First Nation unless they are sold.

j) Revenue recognition

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

k) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reported period. Actual results could differ from the estimates.

2. ECONOMIC DEPENDANCE

The Spuzzum First Nation receives a major portion of its revenue pursuant to a funding arrangement with Aboriginal Affairs and Northern Development Canada .

3. ACCOUNTS RECEIVABLE

	2015	2014
Aboriginal Affairs and Northern Development Canada	\$ 47,856	\$ 42,688
Nlaka'pamux Nation Services Society	10,758	-
Other	28,823	34,870
Nation members loans	266,092	261,375
Nation members loans allowance	(266,092)	(261,375)
Nation members rent	219,056	219,056
Nation members rent allowance	(219,056)	(219,056)
	\$ 87,437	\$ 77,558

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4. INVESTMENTS

Investments consist of the following:	2015	2014
All Nations Trust Company, 8,400 Class A shares, at cost	\$ 5,600	\$ 5,600
Skuzzy Creek Power Station, 17.3% interest in common shares	10,375	10,375
Southern Nlaka'pamux Forestry Resources Ltd., 6 Common shares at cost of \$1 each (20% interest) and advances of \$15,994	16,000	16,000
Less allowance for impairment	(16,000)	(16,000)
	-	-
	\$ 15,975	\$ 15,975

5. TRUST MONEYS

The Ottawa Trust accounts arise from moneys 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 and 69 of the Indian Act.

6. LONG-TERM DEBT

	2015	2014
Mortgage payable with monthly payments of \$1,143 including interest at 2.97% per annum is due April 1, 2016, secured by certain assets and a Ministerial Guarantee.	\$ 68,569	\$ 80,071

Scheduled principal repayments for the next five years are as follows:

2016	11,836
2017	56,733
2018	-
2019	-
2020	-
	<u>\$ 68,569</u>

Spuzzum First Nation

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7. Tangible Capital Assets

	2015								2014	
	Beginning Cost	Additions	Disposals	Ending Cost	Beginning Accumulated Depreciation	Depreciation	Disposals	Ending Accumulated Depreciation	Net Book Value	Net Book Value
Capital Fund										
Land	\$ 37,000	\$ -	\$ -	\$ 37,000	\$ -	\$ -	\$ -	\$ -	\$ 37,000	\$ 37,000
Domestic water system	2,344,613	410,070	-	2,754,683	(2,242,420)	(115,862)	-	(2,358,282)	396,401	102,193
Buildings	897,161	-	-	897,161	(299,590)	(35,887)	-	(335,477)	561,684	597,571
Infrastructure	133,821	-	-	133,821	(18,018)	(5,353)	-	(23,371)	110,450	115,803
Equipment	344,670	32,922	(10,762)	366,830	(335,760)	(5,272)	(10,762)	(330,270)	36,560	8,910
Vehicles	83,158	22,900	(83,158)	22,900	(83,158)	(2,290)	(83,158)	(2,290)	20,610	-
	3,840,423	465,892	(93,920)	4,212,395	(2,978,946)	(164,664)	(93,920)	(3,049,690)	1,162,705	861,477
Social Housing Fund										
Buildings and infrastructure	278,436	-	-	278,436	(198,365)	(11,502)	-	(209,867)	68,569	80,071
	\$4,118,859	\$ 465,892	\$(93,920)	\$ 4,490,831	\$ (3,177,311)	\$ (176,166)	\$(93,920)	\$ (3,259,557)	\$1,231,274	\$ 941,548

Spuzzum First Nation

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8. ACCUMULATED SURPLUS

	2015	2014
<hr/>		
Accumulated Surplus is comprised of the following:		
Restricted surpluses		
Trust Fund	\$ 708,409	\$ 691,113
CMHC subsidy surplus reserve	-	1,511
Unrestricted surplus	1,590,360	965,850
	<hr/>	
	\$ 2,298,769	\$ 1,658,474
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9. REPLACEMENT RESERVE FUND

In accordance with the terms and conditions of the "Operating Agreement" with Canada Mortgage and Housing Corporation, Spuzzum First Nation Social Housing must set aside funds annually for the non-annual expenditures of the Program for the repair, maintenance and replacement of worn out assets.

As at March 31, 2015, the Replacement Reserve Fund was fully funded (2014 deficiency - \$17,494).

10. BUDGET INFORMATION

The budget information disclosed has been approved by the Spuzzum First Nation Chief and Council. Individual program operations not showing budget information does not mean budgets were not prepared but rather that their amounts were not readily determinable.

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11. FINANCIAL INSTRUMENTS

Risk management policy

Spuzzum First Nation is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks at March 31, 2015.

Credit risk

The carrying value of the First Nation's main financial assets represents the maximum credit risk to which the nation is exposed.

Spuzzum First Nation's credit risk is due mainly to its accounts receivable. The balance sheet amounts are presented net of the allowance for impaired accounts, which management estimates based on past experience and its assessment of current economic conditions.

Spuzzum First Nation believes that its accounts receivable credit risk is limited because:

- Majority of its receivables are due from Canadian government agencies.
- Spuzzum First Nation recognizes a specific allowance for accounts receivable when management considers the expected collectable amount to be lower than the actual amount receivable.

Liquidity risk

Spuzzum First Nation considers that it has sufficient credit facilities to ensure that funds are available to meet its current and long-term financial needs, at a reasonable cost.

Market risk

Spuzzum First Nation is exposed to interest rate risk on its fixed-interest and variable-interest financial instruments. Fixed-interest instruments subject the nation to a fair value risk while the variable-interest instruments subject it to a cash flow risk.

The following table summarizes the contractual maturities of the financial liabilities as at March 31, 2015.

	Carrying amount	Contractual cash flows	0 to 1 year	2 to 4 years	Over 5 years
Accounts payable and accrued expenses	\$ 184,010	\$ 184,010	\$ 184,010	\$ -	\$ -
Long-term debt	68,569	68,569	11,836	56,733	-
	<u>\$ 252,579</u>	<u>\$ 252,579</u>	<u>\$ 195,846</u>	<u>\$ 56,733</u>	<u>\$ -</u>