



**Spuzzum First Nation**  
**Financial Statements**

**March 31, 2016**

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**Spuzzum First Nation**  
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For the year ended March 31, 2016

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**Spuzzum First Nation**  
**March 31, 2016**

**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.

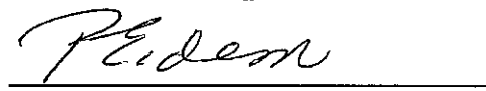
The financial statements have been prepared in conformity with Canadian generally accepted accounting principles as defined by the Public Sector Accounting and Auditing Handbook and the Canadian Institute of Chartered Accountants Handbook and where appropriate, include amounts that are based on management's 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 Chang Haylock, 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, 2016, 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 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.

### *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, 2016, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Port Coquitlam, B.C.  
July 18, 2016

*Ribeyre Chang Haylock*  
Chartered Professional Accountants

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## Spuzzum First Nation

### SUMMARY STATEMENT OF FINANCIAL POSITION

As at March 31, 2016	Statement 1	
	2016	2015
<b>Financial assets</b>		
Cash	\$ 294,415	\$ 425,061
Restricted cash	50,675	75,698
Accounts receivable - Note 3	47,130	87,437
Investments - Note 4	15,975	15,975
Trust moneys - Note 5	723,642	708,409
<b>Total financial assets</b>	<b>1,131,837</b>	<b>1,312,580</b>
<b>Liabilities</b>		
Accounts payable and accrued expenses	123,686	184,010
Demand loan - Note 6	316,226	-
Long-term debt - Note 7	56,726	68,569
<b>Total liabilities</b>	<b>496,638</b>	<b>252,579</b>
<b>Net financial assets</b>	<b>635,199</b>	<b>1,060,001</b>
<b>Non-financial assets</b>		
Prepaid expenses	6,884	7,494
Tangible capital assets - Note 8	1,639,291	1,231,274
<b>Total non-financial assets</b>	<b>1,646,175</b>	<b>1,238,768</b>
<b>Accumulated surplus - Note 9</b>	<b>\$ 2,281,374</b>	<b>\$ 2,298,769</b>

See accompanying notes

On behalf of Band Council:

  
Chief

  
Councillor

# Spuzzum First Nation

## SUMMARY STATEMENT OF OPERATIONS

For the year ended March 31, 2016	Statement 2		
	Budget	2016	2015
<b>Revenue</b>			
<b>Operating Fund</b>			
Indigenous and Northern Affairs Canada	\$ 667,174	\$ 839,935	\$1,125,158
Nlaka'pamux Nation Tribal Council	226,000	158,487	601,998
Fraser Thompson Indian Services Society	103,609	113,316	82,934
First Nation Education Steering Committee	35,670	44,409	35,670
Sto:lo Nation	3,057	17,393	19,198
Property tax revenue	38,251	38,793	38,477
Rental revenue	33,172	20,826	18,702
Administration fees	-	-	37,560
New Relationship Trust	13,000	27,000	25,000
Investment income	571	2,944	2,902
Other	132,835	25,839	24,325
<b>Social Housing Fund</b>	52,904	23,159	23,012
<b>Trust Fund</b>	-	15,233	17,296
	<b>1,306,243</b>	<b>1,327,334</b>	<b>2,052,232</b>
<b>Expenditure</b>			
<b>Operating Fund</b>			
Band government	461,020	470,263	79,400
Social development	48,975	98,746	91,192
Economic development	7,026	21,286	85,244
Education and training	293,736	310,701	261,209
Health programs	33,327	63,789	32,928
Community infrastructure	100,475	207,515	100,473
Capital projects	90,632	-	551,149
Depreciation	-	86,788	164,664
<b>Social Housing Fund</b>	54,119	57,599	27,166
	<b>1,089,310</b>	<b>1,316,687</b>	<b>1,393,425</b>
<b>Annual surplus</b>	<b>216,933</b>	<b>10,647</b>	<b>658,807</b>
<b>Accumulated surplus, beginning of year</b>		<b>2,298,769</b>	<b>1,658,474</b>
<b>Recoveries</b>		<b>(28,042)</b>	<b>(18,512)</b>
<b>Accumulated surplus, end of year</b>		<b>\$2,281,374</b>	<b>\$2,298,769</b>

See accompanying notes

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## Spuzzum First Nation

### CONSOLIDATED STATEMENT OF CHANGE IN NET SURPLUS

For the year ended March 31, 2016		Statement 3
	2016	2015
Annual surplus	\$ 10,647	\$ 658,807
Recoveries in the year	(28,042)	(18,512)
	(17,395)	640,295
Changes in tangible capital assets		
Acquisition of tangible capital assets	(506,648)	(465,892)
Amortization of tangible capital assets	98,631	176,166
	(408,017)	(289,726)
Changes in other non-financial assets		
Use of prepaid asset - net	610	2,012
	610	2,012
(Decrease) increase in net financial assets	(424,802)	352,581
Net financial assets, beginning of year	1,060,001	707,420
Net financial assets, end of year	\$ 635,199	\$1,060,001



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## Spuzzum First Nation

### SUMMARY STATEMENT OF CASH FLOWS

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For the year ended March 31, 2016

Statement 4

	2016	2015
<b>OPERATING ACTIVITIES</b>		
Funding surplus	\$ 10,647	\$ 658,807
Less:		
Recoveries	(28,042)	(18,512)
Net change in Band Members' Equity	(17,395)	640,295
Items not involving cash:		
Depreciation of capital equity assets	86,788	164,664
Depreciation of Social Housing Fund assets	11,843	11,502
Revenues earned in Trust Fund	(15,233)	(17,296)
Changes in non-cash working capital items	(19,407)	57,492
<b>Cash provided by operating activities</b>	<b>46,596</b>	<b>856,657</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(506,648)	(465,892)
<b>Cash used in investing activities</b>	<b>(506,648)</b>	<b>(465,892)</b>
<b>FINANCING ACTIVITIES</b>		
Loan proceeds	320,000	-
Repayment of long-term debt	(15,617)	(11,502)
<b>Cash provided by (used in) financing activities</b>	<b>304,383</b>	<b>(11,502)</b>
<b>(Decrease) increase in cash during the year</b>	<b>(155,669)</b>	<b>379,263</b>
Cash, beginning of year	500,759	121,496
<b>Cash, end of year</b>	<b>\$ 345,090</b>	<b>\$ 500,759</b>
<b>Represented by:</b>		
Cash	\$ 294,415	\$ 425,061
Restricted cash	50,675	75,698
	<b>\$ 345,090</b>	<b>\$ 500,759</b>

See accompanying notes

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# Spuzzum First Nation

## NOTES TO FINANCIAL STATEMENTS

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March 31, 2016

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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.

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# Spuzzum First Nation

## NOTES TO FINANCIAL STATEMENTS

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March 31, 2016

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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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# Spuzzum First Nation

## NOTES TO FINANCIAL STATEMENTS

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March 31, 2016

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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 Indigenous and Northern Affairs Canada .

**3. ACCOUNTS RECEIVABLE**

	2016	2015
Indigenous and Northern Affairs Canada	\$ 34,778	\$ 47,856
Nlaka'pamux Nation Services Society	-	10,758
Other	12,352	28,823
Nation members loans	276,995	266,092
Nation members loans allowance	(276,995)	(266,092)
Nation members rent	218,163	219,056
Nation members rent allowance	(218,163)	(219,056)
	<b>\$ 47,130</b>	<b>\$ 87,437</b>

# Spuzzum First Nation

## NOTES TO FINANCIAL STATEMENTS

**March 31, 2016**

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### 4. INVESTMENTS

Investments consist of the following:	2016	2015
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. DEMAND LOAN

	2016	2015
Loan payable with monthly payments of \$1,404 including interest at 2.3% per annum is due November 1, 2020, secured by assignment of fire insurance and a Ministerial Guarantee.	\$316,226	-

Assuming early repayment of the debt is not demanded, scheduled principal repayments for the next five years are as follows:

2017	9,679
2018	9,904
2019	10,134
2020	10,370
2021	276,139
	<u>\$ 316,226</u>

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## Spuzzum First Nation

### NOTES TO FINANCIAL STATEMENTS

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#### 7. LONG-TERM DEBT

	2016	2015
Mortgage payable with monthly payments of \$1,098 including interest at 1.11% per annum is due August 1, 2020, secured by certain assets and a Ministerial Guarantee.	<b>\$56,726</b>	\$68,569

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

2017	12,611
2018	12,752
2019	12,894
2020	13,038
2021	5,431
	<u>\$ 56,726</u>

**Spuzzum First Nation**

**NOTES TO FINANCIAL STATEMENTS**

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**8. TANGIBLE CAPITAL ASSETS**

	2016								2015	
	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	2,754,683	-	-	2,754,683	(2,358,282)	(27,338)	-	(2,385,620)	369,063	396,401
Buildings	897,161	506,648	-	1,403,809	(335,477)	(40,953)	-	(376,430)	1,027,379	561,684
Infrastructure	133,821	-	-	133,821	(23,371)	(5,353)	-	(28,724)	105,097	110,450
Equipment	366,830	-	-	366,830	(330,270)	(8,564)	-	(338,834)	27,996	36,560
Vehicles	22,900	-	-	22,900	(2,290)	(4,580)	-	(6,870)	16,030	20,610
	4,212,395	506,648	-	4,719,043	(3,049,690)	(86,788)	-	(3,136,478)	1,582,565	1,162,705
Social Housing Fund										
Buildings and infrastructure	278,436	-	-	278,436	(209,867)	(11,843)	-	(221,710)	56,726	68,569
	\$4,490,831	\$ 506,648	\$ -	\$4,997,479	\$ (3,259,557)	\$ (98,631)	\$ -	\$ (3,358,188)	\$1,639,291	\$ 1,231,274

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## Spuzzum First Nation

### NOTES TO FINANCIAL STATEMENTS

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March 31, 2016

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#### 9. ACCUMULATED SURPLUS

	2016	2015
<hr/>		
Accumulated Surplus is comprised of the following:		
Restricted surpluses		
Trust Fund	\$ 723,642	\$ 708,409
CMHC replacement reserve	48,602	74,347
Unrestricted surplus	1,509,130	1,516,013
	<hr/> \$ 2,281,374	<hr/> \$ 2,298,769 <hr/>

#### 10. 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, 2016, the Replacement Reserve Fund was fully funded (2015 - fully funded).

#### 11. SUBSIDY SURPLUS FUND

In accordance with the terms and conditions of the "Operating Agreement" with Canada Mortgage and Housing Corporation, Spuzzum First Nation Social Housing is permitted to set aside an amount of \$500 per housing unit for the purpose of meeting future requirements of income listed over and above the maximum federal assistance. The Fund may be replenished to its original limit from subsequent operating surpluses.

As at March 31, 2016, the Subsidy Surplus Fund was fully funded (2015 - fully funded).

#### 12. 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.



# Spuzzum First Nation

## NOTES TO FINANCIAL STATEMENTS

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### 13. 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, 2016.

#### *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, 2016.

	Carrying amount	Contractual cash flows	0 to 1 year	2 to 4 years	5 + years
Accounts payable and accrued expenses	\$ 123,686	\$ 123,686	\$ 123,686	\$ -	\$ -
Long-term debt	372,952	372,952	22,290	69,092	281,570
	<u>\$ 496,638</u>	<u>\$ 496,638</u>	<u>\$ 145,976</u>	<u>\$ 69,092</u>	<u>\$281,570</u>