

Alexis Creek Indian Band
Consolidated Financial Statements
March 31, 2015

Alexis Creek Indian Band

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For the year ended March 31, 2015

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Alexis Creek First Nation

Management's Responsibility

To the Members of Alexis Creek Indian Band:

The accompanying consolidated financial statements of Alexis Creek 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 consolidated 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 consolidated 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 consolidated financial statements.

The Alexis Creek Indian Band Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Council fulfils 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 is appointed by Chief and Council 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 3, 2015

Band Administrator

Independent Auditors' Report

To the Members of Alexis Creek Indian Band:

We have audited the accompanying consolidated financial statements of Alexis Creek Indian Band, which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statements of operations and accumulated surplus, change in net financial assets, cash flows and the related schedules for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Alexis Creek Indian Band as at March 31, 2015 and the results of its operations, change in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matter

The consolidated financial statements of the Band for the year end March 31, 2014 were audited by another firm of public accountants who issued an audit engagement report without reservation on July 25, 2014.

Prince George, British Columbia


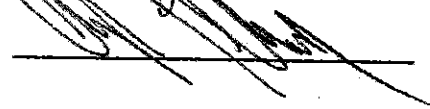
September 3, 2015


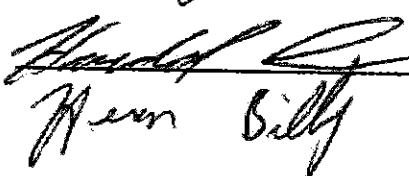
MNP LLP
Chartered Professional Accountants

Alexis Creek Indian Band
Consolidated Statement of Financial Position
As at March 31, 2015

	2015	2014 (Restated - Note 17)
Financial assets		
Cash		
Accounts receivable (Note 3)	1,252,282	1,397,986
Inventory for resale	150,523	238,257
Funds held in trust (Note 4)	85,189	62,926
Restricted cash (Note 5)	938,119	914,476
Investments in Band partnerships and business entities (Note 6)	1,404	515
	146,674	207,846
Total financial assets	2,574,191	2,822,006
Liabilities		
Accounts payable and accruals		
Deferred revenue	622,129	1,026,753
	1,750	-
Long-term debt (Note 8)	1,052,683	1,124,906
Total liabilities	1,676,562	2,151,659
Net financial assets	897,629	670,347
Contingencies (Note 7)		
Subsequent event (Note 9)		
Non-financial assets		
Tangible capital assets (Schedule 1)		
Prepaid expenses	4,481,653	4,700,319
	50,007	92,121
Total non-financial assets	4,531,660	4,792,440
Accumulated surplus (Note 10)	5,429,289	5,462,787

Approved on behalf of the Council

 Chief
 Councillor

 Councillor
 Councillor

The accompanying notes are an integral part of these financial statements

Alexis Creek Indian Band
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2015

	<i>Schedules</i>	<i>2015 Budget (Note 13)</i>	<i>2015</i>	<i>2014 (Restated - Note 17)</i>
Revenue				
Aboriginal Affairs and Northern Development Canada (Note 11)		2,425,909	2,375,839	2,216,128
First Nation Education Steering Committee		50,000	66,403	49,828
First Nation Health Authority		893,687	917,307	841,203
Canada Mortgage and Housing Corporation		28,256	30,611	2,355
Redstone Gas Bar		-	1,647,932	1,617,615
Band housing rentals		100,289	112,657	120,564
Interest income		-	23,644	26,859
Other revenue		401,853	302,088	719,611
Earnings (loss) from investment in Band partnerships		-	(137,469)	-
Forest Range Agreement		385,888	361,237	3,391,884
		4,285,882	5,700,249	8,986,047
Program expenses				
Band Support	3	853,251	1,104,027	1,103,758
Education	4	1,033,431	910,585	928,462
Social Assistance	5	429,005	492,231	529,201
Capital	6	51,577	527,307	611,176
Social Housing	7	17,729	66,786	45,162
Economic Development	8	41,938	1,752,768	4,956,351
Health	9	885,806	880,043	832,900
Total expenses		3,312,737	5,733,747	9,007,010
Annual surplus (deficit)		973,145	(33,498)	(20,963)
Accumulated surplus, beginning of year, as previously stated		4,514,313	4,514,313	4,506,004
Prior period adjustments (Note 17)		-	948,474	977,746
Accumulated surplus, beginning of year, as restated		4,514,313	5,462,787	5,483,750
Accumulated surplus, end of year		5,487,458	5,429,289	5,462,787

The accompanying notes are an integral part of these financial statements

Alexis Creek Indian Band
Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2015

	2015 Budget (Note 13)	2015	2014 (Restated - Note 17)
Annual deficit			
Purchases of tangible capital assets	973,145	(33,498)	(20,963)
Amortization of tangible capital assets	(140,000)	(202,971)	(813,666)
Acquisition of prepaid expenses	-	421,637	389,416
Use of prepaid expenses	-	-	(43,456)
		42,114	-
Increase (decrease) in net financial assets	833,145	227,282	(488,669)
Net financial assets, beginning of year	670,347	670,347	1,159,016
Net financial assets, end of year	1,503,492	897,629	670,347

The accompanying notes are an integral part of these financial statements

Alexis Creek Indian Band
Consolidated Statement of Cash Flows
For the year ended March 31, 2015

	2015	2014 (Restated - Note 17)
Cash provided by (used for) the following activities		
Operating activities		
Annual surplus (deficit)	(33,498)	(20,963)
Non-cash items		
Amortization	421,637	389,416
Bad debts	44,327	75,080
Loss (earnings) from investment in Band partnership	137,469	(63,112)
Trust fund interest revenue	(23,644)	(26,859)
Changes in working capital accounts	546,291	353,562
Accounts receivable		
Prepaid expenses	43,407	203,276
Inventory	42,113	(43,456)
Accounts payable	(22,263)	(2,551)
Deferred revenue	(404,621)	444,537
	1,750	-
	206,677	955,368
Financing activities		
Advances of long-term debt	299,772	688,299
Repayment of long-term debt	(371,995)	(54,575)
Advances to Band entities	(76,298)	(64,480)
	(148,521)	569,244
Capital activities		
Purchases of tangible capital assets	(202,971)	(813,666)
Increase (decrease) in cash resources	(144,815)	710,946
Cash resources, beginning of year	1,398,501	687,555
Cash resources, end of year	1,253,686	1,398,501
Cash resources are composed of:		
Cash and cash equivalents	1,252,282	1,397,986
Restricted cash	1,404	515
	1,253,686	1,398,501

The accompanying notes are an integral part of these financial statements

Alexis Creek Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

1. Operations

Alexis Creek Indian Band (the "Band") is located in the province of British Columbia, and provides various services to its members. Alexis Creek 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 consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and including the following significant accounting policies:

Reporting entity

The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity, except for First Nation business entities. Trusts administered on behalf of third parties by Alexis Creek Indian Band are excluded from the First Nation reporting entity.

The First Nation has consolidated the assets, liabilities, revenue and expenses of the following entities and departments:

- Redstone Gas Bar
- Crazy Horse Energy Drink

All inter-entity balances have been eliminated on consolidation.

Alexis Creek Indian Band business entities, owned or controlled by the First Nation's Council but not dependent on the First Nation for their continuing operations, are included in the financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the First Nation. Thus, the First Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post-acquisition earnings and decreased by post acquisition losses and distributions received. Entities accounted for by the modified equity basis include:

- Tsideldel Development Corporation
- Tsideldel Development Limited Partnership

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.

Net financial assets

The First Nation's financial statements are presented so as to highlight net financial assets as the measurement of financial position. The net financial assets of the First Nation is determined by its financial assets less its liabilities. Net financial assets combined with non-financial assets comprise a second indicator of financial position, accumulated surplus (deficit).

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.

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Funds held in Ottawa Trust Fund

Alexis Creek Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

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

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the consolidated statement of financial position. Trust monies consist of:

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

Tangible capital assets

Tangible capital assets are initially recorded at cost. Contributed tangible assets are recorded at their fair value at the date of contribution.

All intangible assets and items inherited by the rights of the Band, such as reserve land, forests, water and mineral resources are not recognized in the Nation's consolidated financial statements.

As amounts from prior years could not be reasonably estimated, the following tangible capital assets are recorded at a nominal value of \$1 - land, automotive equipment, community centre, band office building, fire hall, fire truck, kindergarten building, office equipment, pump house and shop equipment.

Amortization

Tangible capital assets are amortized over the expected useful life of the assets using the straight-line method. In the year of acquisition, amortization is taken at one-half of the following rates:

	Rate
Buildings	4 %
Infrastructure	4 %
Equipment	20-30 %

Revenue recognition

- i) **Government Funding**
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.
- ii) **First Nation Capital and Revenue Trust Funds**
The Band recognizes revenue of the Capital and Revenue trusts when earned
- iii) **Canada Mortgage and Housing Corporation ("CMHC")**
CMHC revenue is recognized as it becomes receivable under the terms of the applicable funding agreements. Funding received under the funding agreements that relate to a subsequent fiscal period are reflected as deferred revenue on the consolidated statement of financial position in the year of receipt.
- iv) **Housing Rental Income**
Rental revenue is recorded in the year it is earned. At the end of each year, management evaluates whether rent revenue is collectible and records a bad debt expense and allowance for doubtful accounts for those amounts designated as unlikely to be collected.
- v) **Other Revenue**
Other revenue are recognized when performance is achieved, amounts are reasonably estimated and collection is reasonably assured.
- vi) **Investment Income**
Investment income is recognized by the Band when the investment income is earned.

Alexis Creek Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

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

Portfolio Investments

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

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

Prepaid expenses

Prepaid expenses included in non-financial assets include payment for services that have not been provided as of year end.

Measurement uncertainty (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 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, and amounts due from related First Nation entities and departments, are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets. Liabilities for contaminated sites are estimated based on the best information available regarding potentially contaminated sites that the Band is responsible for.

These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the surplus of the period in which they become known.

Long-lived assets

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.

The Band performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when an asset's service potential is reduced. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using prices for similar items. Any impairment is included in surplus for the year.

The Band does not perform impairment testing on its long-lived assets that are held for public administration and situated on its reserve land as it is not possible to determine their fair value.

Segments

The First Nation conducts its business through seven reportable segments as describe in Note 12. These operating segments are established by senior management to facilitate the achievement of the First Nation'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 consolidated financial statements, as described in *Note 2 Significant accounting policies*.

Alexis Creek Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

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

Liability for contaminated site

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2015.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

Recent accounting pronouncements

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, 2019. 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 consolidated financial statements.

3. Accounts receivable

	2015	2014 (Restated - Note 17)
Union of BC Municipalities	52,662	52,662
Aboriginal Affairs and Northern Development Canada	5,590	83,220
Other receivables	<u>586,663</u>	<u>554,246</u>
	644,915	690,128
Less: Allowance for doubtful accounts	<u>(494,392)</u>	<u>(451,871)</u>
	<u>150,523</u>	<u>238,257</u>

Included in the above balance is \$53,998 (2014 - \$52,662) that has been outstanding for more than one year.

Alexis Creek Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

4. Funds held in trust

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

	2015	2014
Capital Trust		
Balance, beginning and end of year	365,086	365,086
Revenue Trust		
Balance, beginning of year	549,390	512,269
Interest	22,063	35,541
BC Special	1,580	1,580
Balance, end of year	573,033	549,390
	938,119	914,476

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 Section 63 to 69 of the *Indian Act*.

5. Restricted cash

Under the terms of the agreements with Canada Mortgage and Housing Corporation, the replacement reserve account is to be credited in the amount of \$5,400 annually (2014 - \$5,400). These funds, along with accumulated interest, must be held 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 approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. At year end, the replacement reserve is under funded by \$5,408 (2014 - the reserve was fully funded).

Under the terms of the agreements with CMHC, excess federal assistance payments received may be retained in an Operating Reserve. These funds along with accumulated interest must be held in a separate bank account and/or invested in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. For the Post 1996 phases, the funds may be used to offset future deficits. At year end, this reserve was under funded by \$18,779 (2014 - under funded by \$970).

	2015	2014
Replacement reserve	442	515
Operating reserve	962	-
	1,404	515

Alexis Creek Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

6. Investments in Band partnerships and business entities

The First Nation has investments in the following entities:

	Investment cost	Loans / advances	Cumulative share of earnings (loss)	2015 Total investment
Wholly-owned Businesses - Modified Equity Method:				
Tsitledel Development Corporation	100	(250)	6	(144)
First Nation Partnerships - Proportionate Consolidation:				
Tsitledel Limited Partnership - 99.99%	100	140,827	(74,363)	66,564
First Nation Investments - Recorded at Cost:				
Tsi del del Enterprises Ltd.	1	80,000	-	80,001
River West Forest Products Ltd.	1	-	-	1
Eniyud Community Forests Ltd.	1	249	-	250
Cariboo Indian Enterprises Ltd.	1	-	-	1
Tsilhqot'in Forest Products Inc.	1	-	-	1
	205	220,826	(74,357)	146,674

	Investment cost	Loans / advances	Cumulative share of earnings (loss)	2014 (Restated - Note 17) Total investment
Wholly-owned Businesses - Modified Equity Method:				
Tsitledel Development Corporation	100	(100)	6	6
First Nation Partnerships - Proportionate Consolidation:				
Tsitledel Limited Partnership - 99.99%	100	64,380	63,106	127,586
First Nation Investments - Recorded at Cost:				
Tsi del del Enterprises Ltd.	1	80,000	-	80,001
River West Forest Products Ltd.	1	-	-	1
Eniyud Community Forests Ltd.	1	249	-	250
Cariboo Indian Enterprises Ltd.	1	-	-	1
Tsilhqot'in Forest Products Inc.	1	-	-	1
	205	144,529	63,112	207,846

Continued on next page

The advances made to the Band partnerships and business entities are recorded net of allowances, have no set terms of repayments, are non-interest bearing and are unsecured.

Alexis Creek Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

6. Investments in Band partnerships and business entities *(Continued from previous page)*

The following financial information for the Band's business entities is not audited.

Summary financial information for each First Nation business entity, accounted for using the modified-equity method, for their respective year-end is as follows:

	<i>Ts'del'del Development Corporation As at March 31, 2015</i>	<i>Ts'del'del Limited Partnership As at March 31, 2015</i>
Assets		
Accounts receivable	100	153,111
Investments	(8)	-
Prepaid expenses	-	28,590
Total assets	92	181,701
Accounts payable and accruals	-	9,512
Due to related party	-	246,460
Total liabilities	-	255,972
Net assets (debt)	92	(74,271)
Total revenue	(14)	107,956
Total expenses	-	245,439
Net loss	(14)	(137,483)

7. Contingencies

These financial statements are subject to review by Aboriginal Affairs and Northern Development Canada and Canada Mortgage Housing Corporation. It is possible that adjustments could be made based on the results of their review.

Alexis Creek Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

8. Long-term debt

	2015	2014
Bank of Montreal		
- Interest at 3.35% per annum		
- Monthly blended payments of \$499		
- Maturity date of October 31, 2024		
- Secured by a guarantee from Alexis Creek Indian Band	48,625	-
Bank of Montreal		
- Interest at 3.35% per annum		
- Monthly blended payments of \$448		
- Maturity date of October 31, 2029		
- Secured by a guarantee from Alexis Creek Indian Band	61,251	-
Bank of Montreal		
- Interest at 3.35% per annum		
- Monthly blended payments of \$825		
- Maturity date of October 31, 2029		
- Secured by a guarantee from Alexis Creek Indian Band	112,837	-
Bank of Montreal		
- Interest at 3.35% per annum		
- Monthly blended payments of \$563		
- Maturity date of October 31, 2029		
- Secured by a guarantee from Alexis Creek Indian Band	77,059	-
Bank of Montreal		
- Interest at 3.35% per annum		
- Monthly blended payments of \$748		
- Maturity date of October 31, 2027		
- Secured by a guarantee from Alexis Creek Indian Band	91,146	-
CMHC RRAP		
- Interest (when payable) at 7.25%		
- Forgivable over the next 40 months		
- unsecured	16,375	38,584
All Nations Trust		
- Interest at 2.04% per annum		
- Monthly blended payments of \$2,848		
- Term maturity date of March 2019		
- Secured by buildings with a net book value of \$756,304 (2014 - \$787,817)	645,390	648,421
Peace Hills Trust		
- Fully repaid in November 2014	-	434,741
Arco Finance Canada		
- Fully repaid in August 2014	-	3,160
	1,052,683	1,124,906

Alexis Creek Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

8. Long-term debt *(Continued from previous page)*

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

2016	44,899
2017	46,178
2018	47,496
2019	65,230
2020	50,255

Subtotal	254,058
Thereafter	798,626

Total	1,052,683
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9. Subsequent event

Subsequent to the year, the Band transferred the operations of the timber development, Redstone Gas Bar and Crazy Horse Energy Drink to Tsi'deldel Limited Partnership.

10. Accumulated surplus

Accumulated surplus consists of the following:

	2015	2014 (Restated - Note 17)
Ottawa Trust Funds	938,119	914,476
Operating and Enterprise fund	940,719	875,586
Tangible capital assets	3,428,971	3,575,416
Replacement and operating reserve	121,480	97,309
	5,429,289	5,462,787

11. Aboriginal Affairs and Northern Development Canada Funding Reconciliation

	2015	2014
Direct Band Funding		
AANDC revenue per confirmation	2,467,944	2,411,754
Prior year receivable - Bottled Water - NTFZ-001	(71,672)	-
Current year receivable - FNWWAP Water O&M	1,090	-
Recovery	(21,523)	(195,626)
	2,375,839	2,216,128

Alexis Creek Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

12. Segments

The Band receives revenue from many different projects and sources. For management and reporting purposes, the revenue, expenses, and surplus or deficits are organized by the following segments:

Band Support

Includes general operations, support, and financial management of Alexis Creek Indian Band.

Education

Includes revenue and expenses related to primary, secondary and post secondary education of the members of Alexis Creek Indian Band.

Social Assistance

Includes revenue and expenses relating to the delivery of social assistance to members of Alexis Creek Indian Band.

Capital

Includes revenue and expenditures of capital projects.

Social Housing

Includes revenue and expenditures relating to the operation of Alexis Creek Indian Band's social housing program.

Economic Development

Includes activities related to the growth of revenue producing projects within Alexis Creek Indian Band.

Health

Includes activities related to the provision of health services for Alexis Creek Indian Band.

13. Budget information

The disclosed budget information has been approved by the Chief and Council of the Alexis Creek Indian Band at the Chief and Council meeting held on April 28, 2014. The Band does not budget for all activities presented in these consolidated financial statements, therefore the budget figures on the statement of operations do not include amounts for the Redstone Gas Bar or earnings from investments in Band partnerships and business entities. The budget information on the consolidated statement of operations and accumulated surplus is presented using the same accounting policies as the actual results. A reconciliation from those results to the surplus amount budgeted by Chief and Council is included below:

Budgeted surplus per consolidated statement of operations and accumulated surplus	\$973,145
Adjusted for:	
Purchases of tangible capital assets	(140,000)
Loan payments	(34,176)
Transfers between programs	21,681
<u>Surplus as approved by Chief and Council</u>	<u>\$820,650</u>

14. Economic dependence

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

15. Comparative figures

Certain comparative figures have been restated to conform with the current year's presentation.

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For the year ended March 31, 2015

16. Change in accounting policy

Effective April 1, 2014, the First Nation adopted the recommendations relating to PS 3260 *Liability for Contaminated Sites*, as set out in the Canadian public sector accounting standards. Pursuant to the recommendations, the change was applied prospectively, and prior periods have been not restated.

Previously, no accounting policy existed to account for a liability for contaminated sites. Under the new recommendations, the Band is required to recognize a liability for contaminated sites when economic benefits will be given up, as described in Note 2 *Significant accounting policies*.

There was no effect on the Band's consolidated financial statements of adopting the above-noted change in accounting policy.

17. Prior period adjustments

In the prior year, tangible capital assets were recorded using the equity in property and equipment method. To comply with PSAB requirements, the 2014 amortization of \$389,416 was adjusted from equity and presented on the schedule of consolidated expenses by object.

In the prior year, funds held in trust were recorded as a liability on the consolidated statement of financial position for the Band. These funds were adjusted to accumulated surplus, increasing the accumulated surplus by \$914,476 (2014 - \$887,617).

In the prior year, replacement and operating reserves were recorded as a liability on the consolidated statement of financial position for the Band. These reserves were adjusted to accumulated surplus, increasing the accumulated surplus by \$97,309 (2014 - \$90,129).

In the prior year, inventory was recorded as a non-financial asset. As the inventory is held for resale, inventory of \$85,189 (2014 - \$62,926) was adjusted to financial assets.

In the prior year, the operations of Tsideldel Development Corporation and Tsideldel Limited Partnership were consolidated into the financial statements. As these entities are considered government business entities, the prior year's figures were adjusted to show the modified equity pick up in each investment and remove the consolidated figures as follows:

Accounts receivable decrease	\$105,807
Prepaid expenses decrease	\$28,590
Accounts payable decrease	\$6,805
Advances from related party decrease	\$64,380
Revenue decrease	\$76,102
Expenses decrease	\$12,990
Accumulated surplus decrease	\$63,311

The cumulative effect on the 2015 opening accumulated surplus is an increase of \$948,474 (2014 - \$977,746).