

CANIM LAKE BAND
Consolidated Financial Statements
Year Ended March 31, 2014



CANIM LAKE BAND
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Year Ended March 31, 2014

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Canim Lake Band

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CHIEF AND COUNCIL AND MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Canim Lake Band are the responsibility of management and have been approved by the Chief and Council of Canim Lake Band.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants and as such include amounts that are the best estimates and judgments of management.

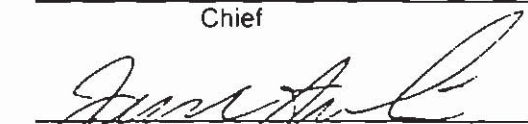
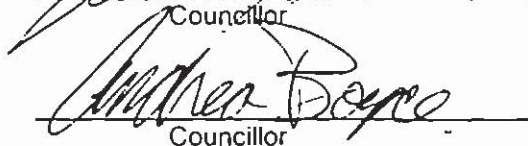
Management is responsible for integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

Chief and Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.


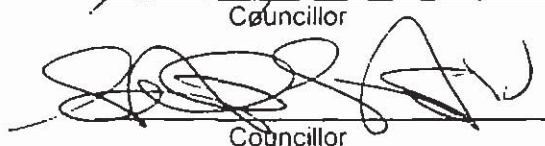
Chief and Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditor's report.

The external auditors, Tiani Adams & Company Inc. Chartered Accountants, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to the financial management of Canim Lake Band and meet when required.

Chief


Councillor

Councillor

Councillor


Councillor

Councillor

100 Mile House, BC
July 28, 2014



TIANI ADAMS & COMPANY INC.

CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Members of Canim Lake Band

We have audited the accompanying consolidated financial statements of Canim Lake Band, which comprise the consolidated statement of financial position as at March 31, 2014 and the consolidated statements of revenue and expenditure, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Canadian public sector accounting standards set out in the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants ("PSA Standards"), and for such internal control as management determines is necessary to enable the preparation of consolidated 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 consolidated 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 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 auditor's 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 Canim Lake Band as at March 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with the Canadian public sector accounting standards set out in the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants ("PSA Standards").

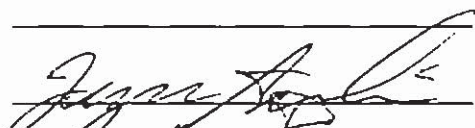
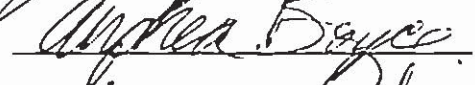


Prince George, British Columbia
July 28, 2014

Tiani Adams & Company Inc.
CHARTERED ACCOUNTANTS

CANIM LAKE BAND
Consolidated Statement of Financial Position
March 31, 2014

	2014	2013
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 1,357,855	\$ 1,381,182
Marketable securities (Market value \$419,163)	410,467	411,587
Accounts receivable (Note 2)	546,645	920,238
Restricted cash (Note 3)	85,563	75,604
Investments and advances (Note 4)	464,248	334,698
Trust assets (Note 5)	197,975	191,093
	<u>3,062,753</u>	<u>3,314,402</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	360,589	671,678
Term demand loans (Note 7)	16,605	57,695
Debt (Note 8)	1,565,264	1,498,330
Unfunded reserves (Note 3)	472,075	436,293
	<u>2,414,533</u>	<u>2,663,996</u>
NET FINANCIAL ASSETS	<u>648,220</u>	<u>650,406</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 9)	5,688,706	5,751,203
Prepaid expenses	174,610	59,425
	<u>5,863,316</u>	<u>5,810,628</u>
ACCUMULATED SURPLUS	<u>\$ 6,511,536</u>	<u>6,461,034</u>

ON BEHALF OF CHIEF AND COUNCIL

	Chief
	Councillor
	Councillor
	Councillor

See notes to financial statements



CANIM LAKE BAND
Consolidated Statement of Revenue and Expenditure
Year Ended March 31, 2014

	2014	2013
REVENUE		
Aboriginal Affairs and Northern Development Canada	\$ 3,022,263	\$ 3,050,415
First Nations Health Authority	903,007	934,005
Other government	196,164	693,377
Administration fees	213,019	245,004
Cariboo Chilcotin Aboriginal Training Employment Centre	159,150	110,970
Contract revenue	1,599,495	1,410,195
Interest	28,106	53,658
Other revenue	501,546	477,449
Rental	133,487	148,068
Trust fund revenue (Schedule 1)	6,882	5,804
Canada Mortgage and Housing Corporation subsidy and minimum revenue contribution	112,099	105,989
Canada Mortgage and Housing Corporation rental	204,842	217,487
	<u>7,080,060</u>	<u>7,452,421</u>
EXPENDITURE		
Accounting fees	47,500	47,500
Advertising and promotion	7,393	11,239
Allowances	179,151	172,341
Amortization	298,026	304,841
Bad debts (recovery)	3,720	(5,192)
Consulting fees	62,928	73,791
Contracts	970,589	1,259,384
Education supplies	2,469	3,970
Freight	899	795
Fuel	96,726	40,330
Honorarium	115,910	75,275
Insurance	102,818	97,677
Interest and bank charges	5,402	4,635
Management fees	208,069	197,455
Office	36,380	19,932
Other	387,800	435,329
Rental	121,124	67,662
Repairs and maintenance	19,686	23,129
Supplies	516,814	506,156
Telephone	67,316	56,089
Travel	277,295	266,692
Tuition	415,994	419,509
Utilities	119,338	146,241
Wages and benefits	2,576,978	2,541,104
CMHC expenses	379,832	313,826
	<u>7,020,157</u>	<u>7,079,710</u>

(continues)

See notes to financial statements



CANIM LAKE BAND
Consolidated Statement of Revenue and Expenditure (continued)
Year Ended March 31, 2014

	2014	2013
EXCESS OF REVENUE OVER EXPENDITURE FROM OPERATIONS	59,903	372,711
RECOVERIES	(9,401)	-
EXCESS OF REVENUE OVER EXPENDITURE	<u>\$ 50,502</u>	<u>\$ 372,711</u>

See notes to financial statements



CANIM LAKE BAND
Consolidated Statement of Changes in Net Financial Assets
Year Ended March 31, 2014

	Operations Fund	CMHC Social Housing Fund	Trust Fund	2014	2013
NET FINANCIAL ASSETS - BEGINNING OF YEAR	\$ 6,740,279	\$ (470,338)	\$ 191,093	\$ 6,461,034	\$ 6,088,323
Excess of revenue over expenditure	106,511	(62,891)	6,882	50,502	372,711
NET FINANCIAL ASSETS - END OF YEAR	\$ 6,846,790	\$ (533,229)	\$ 197,975	\$ 6,511,536	\$ 6,461,034

See notes to financial statements



CANIM LAKE BAND
Consolidated Statement of Cash Flows
Year Ended March 31, 2014

	2014	2013
OPERATING ACTIVITIES		
Excess of revenue over expenditure	\$ 50,502	\$ 372,711
Items not affecting cash:		
Amortization of tangible capital assets	493,142	439,027
Allocation to replacement reserve and operations reserve	35,782	28,012
Allocation to restricted cash	(9,959)	-
Loss (gain) from marketable securities	1,120	(23,594)
Income from trust funds	(6,882)	(5,804)
	<u>563,705</u>	<u>810,352</u>
Changes in non-cash working capital:		
Accounts receivable	373,593	(337,812)
Accounts payable and accrued liabilities	(311,085)	198,107
Prepaid expenses	(115,185)	86,930
	<u>(52,677)</u>	<u>(52,775)</u>
Cash flow from operating activities	<u>511,028</u>	<u>757,577</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(430,646)	(577,491)
Decrease (increase) in investments and advances	(129,550)	135,165
Cash flow used by investing activities	<u>(560,196)</u>	<u>(442,326)</u>
FINANCING ACTIVITIES		
Repayment of term demand loans	(41,090)	(42,372)
Proceeds from debt	266,964	-
Repayment of debt	(200,033)	(148,324)
Cash flow from (used by) financing activities	<u>25,841</u>	<u>(190,696)</u>
INCREASE (DECREASE) IN CASH FLOW	<u>(23,327)</u>	<u>124,555</u>
Cash - beginning of year	<u>1,381,182</u>	<u>1,256,627</u>
CASH - END OF YEAR	<u>\$ 1,357,855</u>	<u>\$ 1,381,182</u>

See notes to financial statements



CANIM LAKE BAND
Notes to Consolidated Financial Statements
Year Ended March 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Fund accounting

Canim Lake 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. Canim Lake Band maintains the following funds:

The Operations Fund which reports the general activities of the Band Administration.

The Capital Fund which reports the tangible capital assets of the Band together with their related financing.

The Investment Fund which reports the Band's investments in related parties.

The Trust Fund which reports on trust funds owned by the Band and held by third parties.

The Canada Mortgage and Housing Corporation (CMHC) Social Housing Fund which reports the activities within the CMHC Social Housing Program.

Reporting Entity

The Canim Lake Band reporting entity includes the Canim Lake Band government and all related entities that are controlled by the First Nation.

Principles of consolidation

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of government business enterprise, which are included in the Consolidated Financial Statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon 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.

Under the modified equity method of accounting, only Canim Lake Band's investment in the government business enterprise and the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprises that are different from those of Canim Lake Band.

Organizations consolidated in Canim Lake Band's consolidated financial statements include: Canim Lake Band CMHC Housing Program and Three Feathers Construction.

Organizations accounted for on a modified equity basis include: CLB Development Corp; Nikec Partners Products Ltd.; Teniye Logging Ltd., and Kenkekmem Forest Tenures Ltd

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CANIM LAKE BAND
Notes to Consolidated Financial Statements
Year Ended March 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and term deposits having a maturity of three months or less at acquisition which are held for the purpose of meeting short-term cash commitments.

Marketable securities

Marketable securities are valued at the lower of cost and net realizable value. In the current year, marketable securities were recognized at cost rather than net realizable value, which is the lower value, as the difference is not considered material.

Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Tangible capital assets other than CMHC Social Housing, are amortized annually using the straight-line method at rates intended to amortize the cost of the assets over their estimated useful lives at the following rates:

Automotive equipment	4 years	straight-line method
Bridges and dams	40 years	straight-line method
Buildings	40 years	straight-line method
Infrastructure	40 years	straight-line method
Office equipment	4 years	straight-line method
Other equipment	4 years	straight-line method
Streetlighting	40 years	straight-line method
Water systems	40 years	straight-line method
Construction equipment	5 years	straight-line method

CMHC Social Housing assets acquired under CMHC sponsored housing programs are amortized at a rate equivalent to the annual principal reduction in related long-term debt, as required for CMHC reporting purposes.

Tangible capital assets are written down when conditions indicate that they no longer contribute to Canim Lake Band's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

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CANIM LAKE BAND
Notes to Consolidated Financial Statements
Year Ended March 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfers is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

Measurement uncertainty

In preparing the consolidated financial statements for Canim Lake Band, management is required 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 consolidated financial statements and the reported amounts of revenue and expenses during the period. Items requiring the use of significant estimates include amortization and allowance for doubtful accounts. Actual results could differ from these estimates.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

CANIM LAKE BAND
Notes to Consolidated Financial Statements
Year Ended March 31, 2014

2 ACCOUNTS RECEIVABLE

	<u>2014</u>	<u>2013</u>
Rent	\$ 213,261	\$ 206,778
Allowance for doubtful accounts	<u>(100,147)</u>	<u>(101,171)</u>
Net rental accounts receivable	113,114	105,607
Band members	103,896	103,861
Government	84,647	483,562
Other	<u>244,988</u>	<u>227,208</u>
	<u>\$ 546,645</u>	<u>\$ 920,238</u>

The net rental accounts receivable of \$113,114 (March 31, 2013 - \$105,607) is perceived by Canim Lake Band CMHC Housing Program's management to be collectible and is actively being pursued for payment with respect to delinquent accounts.

An allowance for doubtful accounts and bad debts expense will be recognized once management confirms that a tenant has moved out of the unit, no longer lives on the reserve, or cannot be located and the outstanding arrears have been sent to a collection agency and all attempts to collect have been exhausted.

3. RESTRICTED CASH AND RESERVE

Under the terms of Canim Lake Band's Social Housing Agreement with CMHC, a separate replacement reserve account is maintained. The funds in this account may only be used for repairs and maintenance as approved by CMHC. Canim Lake Band has unfunded reserves of \$386,512 (March 31, 2013 - \$360,689), and is in technical default of their agreement with CMHC.

4. INVESTMENTS AND ADVANCES

	<u>2014</u>	<u>2013</u>
CLB Development Corp. (100%)		
Advances to	\$ 260,701	\$ 117,702
Equity	37,026	39,378
Shares	<u>3</u>	<u>3</u>
	<u>297,730</u>	<u>157,083</u>
Nikec Partners Products Ltd. (100% - shares held by CLB Development Corp.)		
Loan payable	\$ (54,636)	\$ (54,636)
Advances to	108,657	108,657
Deficiency	<u>(105,307)</u>	<u>(105,307)</u>
	<u>(51,286)</u>	<u>(51,286)</u>

(continues)

CANIM LAKE BAND
Notes to Consolidated Financial Statements
Year Ended March 31, 2014

4. INVESTMENTS AND ADVANCES (continued)

	<u>2014</u>	<u>2013</u>
Teniye Logging Ltd. (100%)		
Loan receivable	\$ 54,636	\$ 54,636
Advances to	107,647	107,647
Shares	3	3
Deficiency	<u>(126,461)</u>	<u>(4,535)</u>
	<u>35,825</u>	<u>157,751</u>
 Kenkekne Forest Tenures Ltd. (100%)		
Advances to	\$ 73,528	\$ 28,351
Shares	12	12
Equity	<u>108,439</u>	<u>42,787</u>
	<u>181,979</u>	<u>71,150</u>
	<u>\$ 464,248</u>	<u>\$ 334,698</u>

Shares of CLB Development Corp., Teniye Logging Ltd. and Kenkekne Forest Tenures Ltd. are held on behalf of Canim Lake Band membership by specific band members under trust agreements.

Canim Lake Band holds shares in trust for a shareholder of Nikec Partners Products Ltd.

Financial information for each of the entities for the year ended March 31, 2014 are as follows:

CLB Development Corp. - The assets, liabilities, revenue and net income (loss) are \$296,553, \$261,901, \$NIL and (\$2,352) respectively.

Nikec Partners Products Ltd. - The assets, liabilities, revenue and net income (loss) are \$NIL, \$108,947, \$NIL and \$NIL respectively.

Teniye Logging Ltd. - The assets, liabilities, revenue and net income (loss) are \$236,176, \$539,975, \$928,971 and (\$58,935) respectively.

Kenkekne Forest Tenures Ltd. - The assets, liabilities, revenue and net income (loss) are \$588,777, \$480,325, \$955,071 and \$65,652 respectively.

5. TRUST ASSETS

The Ottawa Trust Accounts arise from monies 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.

As at year end, Aboriginal Affairs and Northern Development Canada is holding a total amount of \$123,033 (March 31, 2013 - \$119,630) plus interest in four separate suspense accounts that have not been transferred to the Canim Lake Band's capital or revenue trust accounts. The transfers are pending an Order in Council from the Government of Canada. The value of these trust funds have not been reflected in the financial statements.

CANIM LAKE BAND
Notes to Consolidated Financial Statements
Year Ended March 31, 2014

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities is \$5,863 (March 31, 2013 - \$7,507) with respect to government remittances.

7. TERM DEMAND LOANS

	2014	2013
Term demand loan repayable in monthly instalments of \$3,102 including interest at prime plus 0.5% (March 31, 2014 - 3.5%), secured by specific equipment, maturing August 2014.	\$ 16,605	\$ 52,558
Term demand loan	-	5,137
	16,605	57,695
Principal due in one year	(16,605)	-
	\$ -	\$ 57,695

8. DEBT

	2014	2013
Term loan repayable in monthly instalments of \$2,350 including interest at 3.7% per annum, secured by existing cash collateral pledging an amount of \$372,478 and specific building with a net book value of \$223,349, matures January 2024.	\$ 233,281	\$ -
Term loan including interest at 3.5%, with the full amount repayable in June 2014, secured by specific land with a net book value of \$140,000 held in CLB Development Corp.	32,000	-
Mortgage repayable in monthly instalments of \$2,933 including interest at 5.25% per annum, secured by a Government of Canada ministerial guarantee, matures June 2018.	118,527	161,446
Mortgage repayable in monthly instalments of \$1,517 including interest at 7.2% per annum, secured by a Government of Canada ministerial guarantee, matures December 2019.	85,373	97,411
Mortgage repayable in monthly instalments of \$4,217 including interest at 1.67% per annum, secured by a Government of Canada ministerial guarantee, due to renew March 2017.	147,990	195,701

(continues)

CANIM LAKE BAND
Notes to Consolidated Financial Statements
Year Ended March 31, 2014

8. DEBT (continued)

	<u>2014</u>	<u>2013</u>
Mortgage repayable in monthly instalments of \$1,476 including interest at 1.62% per annum, secured by a Government of Canada ministerial guarantee, due to renew March 2018.	148,295	163,481
Mortgage repayable in monthly instalments of \$731 including interest at 1.71% per annum, secured by a Government of Canada ministerial guarantee, due to renew September 2017.	105,696	112,601
Mortgage repayable in monthly instalments of \$3,491 including interest at 1.82% per annum, secured by a Government of Canada ministerial guarantee, due to renew December 2016.	694,102	761,727
Conditional sales contract	-	2,439
Conditional sales contract	-	1,593
Conditional sales contract	-	1,931
	<u>1,565,264</u>	<u>1,498,330</u>
Amounts payable within one year	<u>(187,917)</u>	<u>(142,963)</u>
	<u>\$ 1,377,347</u>	<u>\$ 1,355,367</u>

Principal repayment terms are approximately:

2015	\$ 187,917
2016	160,686
2017	165,664
2018	109,688
2019	87,774
Thereafter	853,535
	<u>\$ 1,565,264</u>

CANIM LAKE BAND
Notes to Consolidated Financial Statements
Year Ended March 31, 2014

9. TANGIBLE CAPITAL ASSETS

	2014		2013	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Automotive equipment	\$ 963,777	\$ 740,608	\$ 963,777	\$ 692,055
Bridges and dams	660,746	252,000	660,746	236,333
Buildings	3,033,942	1,382,388	2,804,866	1,292,380
Infrastructure	2,884,516	968,686	2,682,946	887,981
Office equipment	708,085	708,085	708,085	668,771
Other equipment	208,114	193,000	208,114	179,810
Streetlighting	20,223	11,568	20,223	10,991
Water systems	319,003	168,823	319,003	158,811
Construction equipment	93,607	78,131	93,607	75,400
CMHC social housing	2,666,188	1,366,206	2,666,188	1,173,820
	\$ 11,558,201	\$ 5,869,495	\$ 11,127,555	\$ 5,376,352
Net book value	\$ 5,688,706		\$ 5,751,203	

10. CONTINGENT LIABILITIES

Government Funded Programs

Under the terms of agreements with Aboriginal Affairs and Northern Development Canada and other government agencies, certain surpluses may be recoverable and so repayable to the government. The amount of the liability, if any, of Canim Lake Band is not determinable at this time.

British Columbia Treaty Commission Agreement

The Northern Shuswap Society has signed an agreement on behalf of its member bands with Canada and British Columbia. The Northern Shuswap Treaty Society has received loans totaling \$24,856,720 (March 31, 2013 - \$23,312,240) pursuant to the Agreement with the British Columbia Treaty Commission which are repayable upon the earlier of:

- a) the date a treaty signed by the Negotiating Parties takes effect unless otherwise agreed in the treaty;
- b) the twelfth anniversary of the date on which the first loan was advanced by Canada to the First Nation Association under the earliest First Nation Funding Agreement (September 22, 1994). An extension agreement dated August 18, 2011, extends this period by five years to August 18, 2016, the date is set to be extended on an indefinite basis as per the terms of the 2013/2014 funding agreement;
- c) the seventh anniversary after the signing of an agreement in Principle; and
- d) the date the Federal Minister demands payment of the Loan due to an event of default under this agreement or under any First Nation Funding Agreement.

The amount of the liability, if any, of Canim Lake Band is not determinable at this time

CANIM LAKE BAND
Notes to Consolidated Financial Statements
Year Ended March 31, 2014

11. RECONCILIATION OF CANADA FIRST NATIONS FUNDING AGREEMENT REVENUE

Pursuant to the instructions provided by Aboriginal Affairs and Northern Development Canada (AANDC) Year-end Reporting Handbook for First Nations, Tribal Councils and First Nation Political Organizations dated March 2013, the following reconciliation has been prepared:

	<u>2014</u>	<u>2013</u>
AANDC Revenue as per Transfer Payment Management System Funding Confirmation	<u>\$ 3,022,263</u>	<u>\$ 3,050,415</u>

There are no adjustments during the year. The AANDC Revenue as per Transfer Payment Management System Funding Confirmation equals the AANDC Revenue as per Summary Schedule of Revenue and Expenditures and Surplus.

12. RELATED PARTY TRANSACTIONS

The following is a summary of the Band's related party transactions:

	<u>2014</u>	<u>2013</u>
Northern Shuswap Treaty Society Contribution funding	<u>\$ 306,750</u>	<u>\$ 297,750</u>

Canim Lake Band is one of five member bands belonging to the Northern Shuswap Treaty Society.

13. ECONOMIC DEPENDENCE

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

14. FINANCIAL INSTRUMENTS

Canim Lake Band is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the band's risk exposure and concentration as of March 31, 2014

Credit risk

Canim Lake Band has a long history of dealing with its funding agencies and does not believe it is exposed to an unusual level of credit risk with respect to its accounts receivable.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Band is exposed to this risk mainly in respect of its receipt of funds from its funders and other related sources, callable debt, long-term debt and accounts payable and accrued liabilities.

(continues)

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14. FINANCIAL INSTRUMENTS *(continued)*

Market risk

Market Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Band is mainly exposed to interest rate risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Band manages exposure through its normal operating and financing activities. The Band is exposed to interest rate risk primarily through its credit facilities.

15. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.
