

**STSWECEM'C XGAT'TEM FIRST NATION**

**Financial Statements**

**Year Ended March 31, 2014**

**STSWECEM'C XGAT'TEM FIRST NATION**

**Index to Financial Statements**

**Year Ended March 31, 2014**

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Stswecem'c Xgat'tem

*Canoe Creek Band*

### **Management's Responsibility for Financial Reporting**

The accompanying financial statements of Stswecem'c Xgat'tem First Nation are the responsibility of management and have been approved by Chief and Council.

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

Stswecem'c Xgat'tem First Nation maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance the financial information is relevant, reliable and accurate and that the First Nation's assets are appropriately accounted for and adequately safeguarded.

The Chief and Council are responsible for ensuring the integrity of the First Nation's accounting and reporting systems and that appropriate internal controls are in place, including those for monitoring risk, financial reporting and compliance with the laws and that management fulfils its responsibilities for financial reporting. The Chief and Council are ultimately responsible for reviewing and approving the financial statements.

The Chief and Council review Stswecem'c Xgat'tem First Nation's financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as the independent auditor, 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 annual report, the financial statements and independent auditor's report. The Chief and Council also consider the engagement of the independent auditor.

The financial statements have been audited by Fraser Bevez Broughton Chartered Accountants LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. Fraser Bevez Broughton Chartered Accountants LLP has full access to the Chief and Council.

  
\_\_\_\_\_  
Chief  
\_\_\_\_\_  
Councilor



**FRASER BEVZ BROUGHTON**  
**Chartered Accountants LLP**

**D. Kane Fraser, CPA, CA\***  
*Partner*

**Shelley R. Bevz, CPA, CA**  
*Partner, Certified Aboriginal Finance Manager*

**Ryan Broughton, CPA, CA\***  
*Partner*

*\*Denotes incorporated professional*

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of Stswecem'c Xgat'tem First Nation

We have audited the accompanying financial statements of Stswecem'c Xgat'tem First Nation, which comprise the statement of financial position as at March 31, 2014, and the statements of changes in net financial assets, operations and cash flows, for the year then ended, and notes, comprising 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.

*(continues)*



**FRASER BEZZ BROUGHTON**  
**Chartered Accountants LLP**

#### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Stswecem'c Xgat'tem First Nation as at March 31, 2014 and the results of its changes in net financial assets, operations and cash flow for the year then ended in accordance with Canadian public sector accounting standards.

The financial statements for the year ended March 31, 2013 were audited by another accounting firm and are presented for comparative purposes only.

Williams Lake, British Columbia  
July 22, 2014


*Fraser Beetz Broughton*

FRASER BEZZ BROUGHTON  
CHARTERED ACCOUNTANTS LLP

**STSWECEM'C XGAT'TEM FIRST NATION****Statement of Financial Position****As at March 31, 2014**

	2014	2013
<b>Financial assets</b>		
Cash (Note 4)	\$ 711,845	\$ 812,787
Cash restricted as to use (Note 5)	117,605	117,267
Accounts receivable (Note 6)	1,882,626	450,751
Trust funds held by Canada (Note 7)	1,224,860	1,189,252
Advances to related parties (Note 8)	500,387	496,137
Inventory for resale	31,782	17,450
Investment in Stswecem'c Xgat'tem Development Limited Partnership (Note 9)	11,315	42,387
	<u>4,480,420</u>	<u>3,126,031</u>
<b>Liabilities</b>		
Bank indebtedness (Note 10)	177,022	36,550
Accounts payable and accrued liabilities (Note 11)	603,120	486,863
Deferred revenue (Note 12)	145,886	130,063
Callable debt (Note 13)	830,401	969,806
Long term debt (Note 14)	272,223	341,057
	<u>2,028,652</u>	<u>1,964,339</u>
<b>Net financial assets</b>	<u>2,451,768</u>	<u>1,161,692</u>
<b>Non-financial assets</b>		
Tangible capital assets (Note 15)	4,895,127	4,917,821
Prepaid expenses	-	15,476
	<u>4,895,127</u>	<u>4,933,297</u>
<b>Band equity</b>	<u>\$ 7,346,895</u>	<u>\$ 6,094,989</u>
<b>Band equity</b>		
Accumulated surplus (Note 16) - page 6	\$ 5,689,322	\$ 4,431,207
Replacement reserve (Note 17)	485,711	491,920
Tangible capital asset replacement reserve (Note 18)	75,165	75,165
	<u>6,250,198</u>	<u>4,998,292</u>
Contributed surplus (Note 19)	1,096,697	1,096,697
	<u>\$ 7,346,895</u>	<u>\$ 6,094,989</u>

Contingencies (Note 22)

**Approved on behalf of Stswecem'c Xgat'tem First Nation**

  
 Chief


  
 Councilor

The accompanying notes are an integral part of this statement.

**STSWECEM'C XGAT'TEM FIRST NATION**  
**Statement of Changes in Net Financial Assets**  
**Year Ended March 31, 2014**

	<b>2014</b>	<b>2013</b>
<b>Net revenue for the year</b>	<b>\$ 1,185,348</b>	<b>\$ 24,422</b>
Amortization	<b>450,200</b>	453,461
Net contribution to replacement reserve	<b>14,638</b>	12,476
CMHC required adjustment to CMHC replacement reserve	<b>(20,847)</b>	5,382
CMHC required adjustment to CMHC operating fund	<b>72,767</b>	-
Change in prepaid expenses	<b>15,476</b>	(1,041)
Tangible capital asset acquisitions, net of disposals	<b>(427,506)</b>	(172,470)
<b>Increase in net financial assets</b>	<b>1,290,076</b>	322,230
<b>Net financial assets - beginning of year</b>	<b>1,161,692</b>	839,462
<b>Net financial assets - end of year</b>	<b>\$ 2,451,768</b>	<b>\$ 1,161,692</b>

The accompanying notes are an integral part of this statement.

**STSWECEM'C XGAT'TEM FIRST NATION**
**Statement of Operations**
**Year Ended March 31, 2014**

	2014 Budget (Unaudited)	2014	2013
<b>Revenues</b>			
Federal Government			
AANDC - Operating	\$ 1,739,247	\$ 1,807,618	\$ 1,766,950
AANDC - Capital	146,105	250,327	721,998
Government of Canada - Claim Settlement	-	1,211,965	-
Northern Shuswap Treaty Society	303,750	303,750	307,750
CMHC	101,013	93,750	101,013
Three Corners Health Services Society	246,349	255,362	242,966
CCATEC	101,170	117,234	108,811
Health Canada	108,965	54,482	67,065
First Nations Health Authority	-	77,483	-
Northern Shuswap Tribal Council	-	2,825	5,500
Province of British Columbia	309,699	318,715	282,663
First Nations Education Steering Committee	14,624	67,652	67,483
GST/HST Refunded	-	40,496	-
Spectra Energy	50,000	51,000	50,000
Knucwentwecw Society	30,000	31,250	32,500
Store sales	-	464,193	428,724
Rental revenue	261,236	347,372	326,691
Interest income	-	39,927	30,801
Other	27,649	76,688	42,423
	3,439,807	5,612,089	4,583,338
Transfer from deferred revenue	-	130,063	70,650
Transfer to deferred revenue	-	(145,886)	(130,063)
	3,439,807	5,596,266	4,523,925
<b>Expenses (Schedule 1)</b>	3,504,994	4,061,619	4,491,219
<b>Net revenue before the following</b>	(65,187)	1,534,647	32,706
AANDC recoveries, net of deficit funding	-	(275,840)	(8,284)
Adjust advances receivable	-	(42,387)	-
Operating results of First Nation enterprises	-	(31,072)	-
<b>Net revenue for the year</b>	(65,187)	1,185,348	24,422
<b>Accumulated surplus - beginning of year</b>	4,390,185	4,390,185	4,234,880
Restatement of previous year (Note 23)	(1,365)	41,022	41,022
<b>Accumulated surplus - as restated</b>	4,388,820	4,431,207	4,275,902
Transfer to CMHC Operating Fund	-	-	113,552
Adjustment required by CMHC to CMHC Operating Fund	-	72,767	17,331
<b>Accumulated surplus - end of year - page 4</b>	\$ 4,323,633	\$ 5,689,322	\$ 4,431,207

The accompanying notes are an integral part of this statement.



**STSWECEM'C XGAT'TEM FIRST NATION****Expenses****(Schedule 1)****Year Ended March 31, 2014**

	2014 Budget (Unaudited)	2014	2013
Administration	\$ 865,936	\$ <b>815,347</b>	\$ 776,220
Amortization	-	<b>450,200</b>	453,461
Capital projects	146,105	<b>153,869</b>	286,899
Education	584,140	<b>526,901</b>	706,679
First Nation store	-	<b>399,506</b>	484,213
Health and well-being	437,533	<b>380,495</b>	335,844
Housing	406,419	<b>193,104</b>	175,777
Housing provision for bad debts	-	-	183,682
Natural resources	90,043	<b>84,287</b>	105,155
Public works	252,099	<b>335,782</b>	326,524
Social development	435,994	<b>425,362</b>	417,713
Treaty	286,725	<b>296,766</b>	239,052
	<b>\$ 3,504,994</b>	<b>\$ 4,061,619</b>	<b>\$ 4,491,219</b>

The accompanying notes are an integral part of this statement.

**STSWECEM'C XGAT'TEM FIRST NATION**
**Statement of Cash Flows**
**Year Ended March 31, 2014**

	2014	2013
<b>Cash flows from operating activities</b>		
Net revenue for the year	\$ 1,185,348	\$ 24,422
Items not affecting cash:		
Amortization	450,200	453,461
Operating results of First Nation enterprises	31,072	-
CMHC required adjustment to CMHC operating fund	72,767	-
CMHC required adjustment to CMHC replacement reserve	(20,847)	5,382
	<u>1,718,540</u>	<u>483,265</u>
Changes in non-cash working capital:		
Replacement reserve	14,638	12,476
Cash restricted as to use	(338)	(3,681)
Accounts receivable	(1,431,875)	329,203
Inventory for resale	(14,332)	9,402
Accounts payable and accrued liabilities	116,257	(275,327)
Deferred revenue	15,823	59,413
Prepaid expenses	15,476	(1,041)
	<u>(1,284,351)</u>	<u>130,445</u>
Cash flow from operating activities	<u>434,189</u>	<u>613,710</u>
<b>Cash flows from investing activities</b>		
Change in trust funds held by Canada	(35,608)	(28,956)
Advances to related parties	(4,250)	(2,887)
Cash flow used by investing activities	<u>(39,858)</u>	<u>(31,843)</u>
<b>Cash flow from capital activities</b>		
Tangible capital asset acquisitions	<u>(427,506)</u>	<u>(172,471)</u>
<b>Cash flows from financing activities</b>		
Change in bank indebtedness	140,472	(164,149)
Proceeds from long term financing	41,128	302,791
Repayment of callable debt	(139,405)	(178,836)
Repayment of long term debt	(109,962)	(79,778)
Cash flow used by financing activities	<u>(67,767)</u>	<u>(119,972)</u>
<b>Increase (decrease) in cash</b>	<u>(100,942)</u>	<u>289,424</u>
Cash - beginning of year	<u>812,787</u>	<u>523,363</u>
<b>Cash - end of year (Note 4)</b>	<u>\$ 711,845</u>	<u>\$ 812,787</u>

The accompanying notes are an integral part of this statement.

# STSWECEM'C XGAT'TEM FIRST NATION

## Notes to Financial Statements

Year Ended March 31, 2014

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### 1. Basis of presentation

In order to satisfy the requirements of the year-end reporting handbook of Aboriginal Affairs and Northern Development Canada (AANDC) these financial statements have been prepared in accordance with Canadian public sector accounting standards, as defined in the CICA Public Sector Accounting Handbook, which encompasses the following:

- a. The focus of PSAB statements is on the financial position of the First Nation and the changes thereto. The Statement of Financial Position includes all the assets and liabilities of the First Nation. Financial assets are economic resources controlled by a government as a result of past transactions from which future economic benefits may be obtained. Liabilities are present obligations of a government to others arising from past transactions, the settlement of which is expected to result in the future sacrifice of economic benefits.
- b. The Stswecem'c Xgat'tem 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 financial statements. Details of the operation of each fund are set out in the supplementary schedules.

Stswecem'c Xgat'tem First Nation maintains the following funds:

- The Operations Fund which reports the general activities of the First Nation.
- The Capital Fund which reports the capital projects of the First Nation together with their related financing, other than those tangible capital assets funded by CMHC.
- The Investment Fund which reports the First Nation's investments in related entities.
- The Trust Fund which reports on the trust funds owned by the First Nation and held by third parties.
- The CMHC Housing Fund which reports assets, liabilities, revenues, expenses and reserves specifically related to housing funded by CMHC.
- The Treaty Self-Government Fund which reports on activities related to treaty negotiations.
- The Stswecem'c Xgat'tem Store Fund which reports the activities of the store operated by the First Nation.

#### c. Reporting entity and principles of financial reporting

The Stswecem'c Xgat'tem First Nation reporting entity includes the First Nation and all related entities which are accountable to the Chief and Council and are either owned or controlled by the First Nation.

The financial statements include the assets, liabilities and results of operations for the following entities which use accounting principles which lend themselves to consolidation:

- First Nation administration (operating and capital funds)
- Trust Fund (comprising the Ottawa Trust Funds)
- CMHC Housing Fund
- Stswecem'c Xgat'tem Store

All inter-entity balances have been eliminated on consolidation, but in order to present the results of operations for each fund, transactions amongst funds have not been eliminated on the individual schedules.

# STSWECEM'C XGAT'TEM FIRST NATION

## Notes to Financial Statements

Year Ended March 31, 2014

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### 2. Summary of significant accounting policies

#### Cash and cash equivalents

Cash and cash equivalents consist of cash on hand less outstanding cheques and deposits with a maturity of less than three months at the time of purchase. When outstanding cheques are in excess of cash on hand, the excess is reported in bank indebtedness.

#### Investment in Stswecem'c Xgat'tem Development Limited Partnership

The First Nation is the Limited Partner of the Limited Partnership and holds a 99.99% interest in the results of operations of the Limited Partnership.

#### Tangible capital assets

Tangible capital assets are non-financial assets having physical substance that:

- Are held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other tangible capital assets;
- Have useful economic lives extending beyond an accounting period;
- Are to be used on a continuing basis; and
- Are not for sale in the ordinary course of operations.

Tangible capital assets purchased are recorded at cost. Tangible capital assets contributed are recorded at the fair market value as at the date of the contribution.

Tangible capital assets are amortized over their expected useful life using the straight line method at the following rates:

Automotive equipment	5 years
Buildings and infrastructure	20 to 50 years
Computers and office equipment	3 to 5 years

Assets under construction are not amortized as they are not available for use.

Housing tangible capital assets acquired under Canada Mortgage and Housing Corporation sponsored housing programs are amortized 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.

#### Surplus recoveries and deficit funding

Under the terms of funding arrangements, remaining surpluses of certain programs may be recovered by the funding agency, and remaining deficits may be funded by the funding agency.

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# STSWECEM'C XGAT'TEM FIRST NATION

## Notes to Financial Statements

Year Ended March 31, 2014

### 2. Summary of significant accounting policies (*continued*)

#### Revenue recognition

Revenue is recognized as it becomes receivable and collection is reasonably assured under the terms of applicable funding agreements. Funding received under funding arrangements which 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.

Expenses are accounted for in the period the goods and services are acquired and a liability is incurred, or transfers are due.

Rental revenue is recognized when a tenant commences occupancy and rent is due. Stswecem'c Xgat'tem First Nation retains all benefits and risks of ownership of its property and, therefore, accounts for leases with its tenants as operating leases.

#### 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 revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the impairment of assets, and rates for depreciation and amortization. Actual results could differ from those estimates.

### 3. Economic dependence

The Stswecem'c Xgat'tem First Nation receives a significant portion of its revenues pursuant to funding arrangements with Aboriginal Affairs and Northern Development Canada. The First Nation's ability to continue operations would be severely hampered should this funding be discontinued.

### 4. Cash

Cash includes the following unrestricted operating accounts:

	<b>2014</b>	<b>2013</b>
Operations	\$ 649,378	\$ 642,166
Stswecem'c Xgat'tem Store	22,034	(2,129)
Treaty Self-Government Program	40,433	172,750
	<b>\$ 711,845</b>	<b>\$ 812,787</b>

### 5. Cash restricted as to use

	<b>2014</b>	<b>2013</b>
Replacement reserve	<b>\$ 117,605</b>	<b>\$ 117,267</b>

Under the terms of the First Nation's Social Housing Agreement with Canada Mortgage and Housing Corporation, a separate replacement reserve account is maintained. The funds in this account may only be used for repairs and maintenance as approved by Canada Mortgage and Housing Corporation.

**STSWECEM'C XGAT'TEM FIRST NATION****Notes to Financial Statements****Year Ended March 31, 2014****6. Accounts receivable**

	<u>2014</u>	<u>2013</u>
Due from members:		
Rent	\$ 526,997	\$ 437,078
Less: Allowance for doubtful accounts	<u>(334,274)</u>	<u>(334,274)</u>
	<b>192,723</b>	102,804
Others:		
Canada - re: Specific Claim Settlement	1,211,965	-
AANDC	122,795	49,488
CCATEC	33,642	39,000
CMHC	-	5,239
FNESC	20,665	12,771
Health Canada and Three Corners Services Society	60,531	62,221
GST/HST recoverable	20,710	16,894
Northern Shuswap Treaty Society	68,751	83,750
All others	<u>150,844</u>	<u>78,584</u>
	<b>\$ 1,882,626</b>	<b>\$ 450,751</b>

**7. Trust funds held by Canada**

	<u>2014</u>	<u>2013</u>
Ottawa Trust Accounts	<b>\$ 1,224,860</b>	<b>\$ 1,189,252</b>

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 governed primarily by Sections 63 and 69 of the *Indian Act*.

Funds on deposit in the Ottawa Trust Accounts may be withdrawn by Band Council Resolution.

**8. Advances to related parties**

	<u>2014</u>	<u>2013</u>
Stswecem'c Xgat'tem Development:		
Limited Partnership	\$ 40,893	\$ 40,893
Corporation	<u>459,494</u>	<u>455,244</u>
	<b>\$ 500,387</b>	<b>\$ 496,137</b>

The First Nation is the majority limited partner in the limited partnership. Of the balance receivable from Stswecem'c Xgat'tem Development Corporation, \$100,000 is repayable in monthly payments of \$1,887 for sixty months commencing November, 2016. The interest rate on this amount is 5%. The advance is secured by a general security agreement.

The remaining advances are not specifically secured, bear no interest and have no terms of repayment.

**STSWECEM'C XGAT'TEM FIRST NATION****Notes to Financial Statements****Year Ended March 31, 2014****9. Investment in Stswecem'c Xgat'tem Development Limited Partnership**

	<u>2014</u>	<u>2013</u>
Investment	<u>\$ 11,315</u>	<u>\$ 42,387</u>

The investment is accounted for by the modified equity method. Under this method, the cost of the investment is adjusted for earnings from the date of acquisition. Losses in excess of the cost of the investment are not recorded.

**10. Bank indebtedness**

	<u>2014</u>	<u>2013</u>
Royal Bank of Canada		
Bank accounts in overdraft	\$ 122,022	\$ 1,550
Revolving line of credit - operations	40,000	20,000
Revolving line of credit - store	15,000	15,000
	<u>\$ 177,022</u>	<u>\$ 36,550</u>

The revolving lines of credit are secured by a general security agreement and bear interest at prime plus 2.50%. The line of credit for the store has an authorized limit of \$15,000 and the line of credit for operations has an authorized limit of \$150,000.

The bank's prime lending rate as at March 31, 2014 was 3.0%.

**11. Accounts payable and accrued liabilities**

	<u>2014</u>	<u>2013</u>
AANDC recoveries	\$ 273,648	\$ -
Trade accounts	195,128	366,273
Accrued payroll and source deductions	58,316	80,490
Other accrued liabilities	76,028	40,100
	<u>\$ 603,120</u>	<u>\$ 486,863</u>

**STSWECEM'C XGAT'TEM FIRST NATION****Notes to Financial Statements****Year Ended March 31, 2014****12. Deferred revenue**

The First Nation has recorded the following externally restricted surpluses as deferred revenue to be used in the completion of ongoing capital projects:

	<b>2014</b>	<b>2013</b>
Aboriginal Affairs and Northern Development Canada		
ACRS 2005 Fund - CPMS 7603	\$ 21,100	\$ 21,100
ACRS Fund - CPMS 7101	17,063	17,063
Gustafsen Lake Dam Fund - CPMS 7221	958	1,134
Subdivision Fund - CPMS 6493	68,407	68,407
Major Renovations Fund - CPMS 4392-8	1	1
ACRS Group 2 Fund	15,999	-
Canada Mortgage and Housing Corporation		
CMHC/RRAP Fund	22,358	22,358
	<b>\$ 145,886</b>	<b>\$ 130,063</b>

**13. Callable debt**

	<b>2014</b>	<b>2013</b>
Royal Bank of Canada demand loan bearing interest at 2.61% per annum, repayable in monthly blended payments of \$1,820. The loan matures on October 30, 2016.	\$ 182,217	\$ 200,440
Royal Bank of Canada Phase V demand loan bearing interest at 3.03% per annum, repayable in monthly blended payments of \$1,207. The loan matures on November 1, 2018.	75,346	86,889
Royal Bank of Canada Phase II demand loan bearing interest at prime plus 1.35% per annum, repayable in monthly blended payments of \$3,716. The loan matures on September 6, 2014.	144,446	180,242
Royal Bank of Canada Phase IV demand loan bearing interest at 3.04% per annum, repayable in monthly blended payments of \$4,673. The loan matures on December 1, 2015.	341,849	386,725
Royal Bank of Canada Phase III demand loan bearing interest at 2.73% per annum, repayable in monthly blended payments of \$2,648. The loan matures on January 1, 2017.	86,543	115,510
	<b>\$ 830,401</b>	<b>\$ 969,806</b>

*(continues)*



**STSWECEM'C XGAT'TEM FIRST NATION****Notes to Financial Statements****Year Ended March 31, 2014****13. Callable debt (continued)**

Principal repayments required are approximately as follows:

2015	\$ 144,857
2016	149,680
2017	149,368
2018	104,913
2019	85,466
Thereafter	196,117
	<u>\$ 830,401</u>

The demand loans are secured by the ministerial guarantee of the Minister of Finance of Canada.

**14. Long term debt**

	<u>2014</u>	<u>2013</u>
All Nations Trust mortgage bearing interest at 2.37% per annum, repayable in monthly blended payments of \$3,585. The mortgage matures on February 1, 2014.	\$ -	\$ 38,992
Royal Bank of Canada finance contract bearing interest at 1.35% per annum, repayable in monthly blended payments of \$945. The finance contract matures on November 19, 2013.	17,301	27,645
Royal Bank of Canada term loan bearing interest at 1.35% per annum, repayable in monthly blended payments of \$3,716. The loan matures on September 6, 2013.	143,012	181,860
Royal Bank of Canada term loan bearing interest at 4.95% per annum, repayable in monthly blended payments of \$689. The loan matures on July 20, 2017.	21,561	28,570
Ford Credit Canada finance contract bearing interest at 3.9% per annum, repayable in monthly blended payments of \$717. The finance contract matures on February 28, 2017.	23,631	31,155
Toyota Credit Canada Inc term loan bearing interest at 3.9% per annum, repayable in monthly blended payments of \$700. The loan matures on June 6, 2017.	25,590	32,835
Toyota Credit Canada Inc finance contract bearing interest at 1.9% per annum, repayable in monthly blended payments of \$621. The finance contract matures on May 1, 2020.	41,128	-
	<u>\$ 272,223</u>	<u>\$ 341,057</u>

(continues)

**STSWECEM'C XGAT'TEM FIRST NATION**
**Notes to Financial Statements**
**Year Ended March 31, 2014**
**14. Long term debt (continued)**

Principal repayments required are approximately as follows:

2015	\$	83,565
2016		80,214
2017		73,343
2018		21,673
2019		7,259
Thereafter		6,169
	<b>\$</b>	<b>272,223</b>

The term loans and mortgages are secured by the ministerial guarantee of the Minister of Finance of Canada.

**15. Tangible capital assets**

	Cost	Accumulated amortization	2014 Net book value	2013 Net book value
Land	\$ 594,533	\$ -	\$ 594,533	\$ 594,533
Automotive equipment	872,341	715,727	156,614	86,919
Buildings and infrastructure	9,384,142	5,296,343	4,087,799	4,166,143
Computers and office equipment	738,776	682,595	56,181	70,226
	<b>\$ 11,589,792</b>	<b>\$ 6,694,665</b>	<b>\$ 4,895,127</b>	<b>\$ 4,917,821</b>

During the year, the following transactions occurred in the First Nation's tangible capital asset accounts:

Tangible capital asset acquisitions:

Water reservoir project - CPMS 4343	\$ 219,668
Headstart building renovations	113,017
2014 Toyota 4 Runner	45,582
2014 Toyota Sienna	43,239
2007 Subaru Forester	6,000
	<b>\$ 427,506</b>

Accumulated Amortization:	Balance April 1, 2013	2014 Provision	Balance March 31, 2014
Automotive equipment	\$ 690,601	\$ 25,126	\$ 715,727
Buildings and infrastructure	4,885,314	411,029	5,296,343
Computers and office equipment	668,550	14,045	682,595
	<b>\$ 6,244,465</b>	<b>\$ 450,200</b>	<b>\$ 6,694,665</b>

There were no asset disposals during the year (2013 - \$nil). There were no asset write-downs during the year (2013 - \$nil).

**STSWECEM'C XGAT'TEM FIRST NATION****Notes to Financial Statements****Year Ended March 31, 2014****16. Accumulated surplus**

Accumulated surplus consists of the following fund balances:

	<b>2014</b>	2013
Equity in SXDC Limited Partnership	\$ 11,315	\$ 42,387
Operating and Capital Fund	<b>4,992,492</b>	3,761,599
Ottawa Trust Funds	<b>1,224,860</b>	1,189,252
Health Services	<b>32,056</b>	44,196
CMHC Housing Program	<b>(381,472)</b>	(425,247)
Stswecem'c Xgat'tem Store	<b>(233,506)</b>	(297,595)
Treaty Self Government Program	<b>43,577</b>	75,593
	<b>5,689,322</b>	4,390,185
Restatement of prior years		
CMHC Housing Program	-	41,022
	<b>\$ 5,689,322</b>	<b>\$ 4,431,207</b>

**17. Replacement reserve**

The replacement reserve represents funds set aside by the First Nation to fund future anticipated costs. The reserve fund balance consists of the following amounts:

	<b>2014</b>	2013
CMHC replacement reserve - beginning of year	\$ 491,920	\$ 587,614
Adjustment required by CMHC	<b>(20,847)</b>	5,382
CMHC replacement reserve - beginning of year, as adjusted	<b>471,073</b>	592,996
Interest earned	<b>359</b>	363
Contributions required	<b>32,129</b>	33,129
Expenditures for replacements	<b>(17,850)</b>	(21,016)
Transfer to CMHC Operating Fund	-	(113,552)
CMHC replacement reserve - end of year	<b>\$ 485,711</b>	<b>\$ 491,920</b>

Under the terms of the mortgage agreements with Canada Mortgage and Housing Corporation, the Replacement Reserve account is to be credited in the amount of \$32,129 annually. These funds, along with accumulating interest are to be held in a separate bank account. The funds in this account may only be used as approved by Canada Mortgage and Housing Corporation.

As at the year-end, the reserve is unfunded by the amount of \$368,106 (2013 - \$374,653).

**STSWECEM'C XGAT'TEM FIRST NATION****Notes to Financial Statements****Year Ended March 31, 2014**

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**18. Tangible capital asset replacement reserve**

	<u>2014</u>	<u>2013</u>
Balance	<u>\$ 75,165</u>	<u>\$ 75,165</u>

The Tangible Capital Asset Replacement Reserve represents an allowance set aside to replace various education assets. This reserve complies with the agreement to replace the original grant funding, and will be utilized for educational needs in accordance with First Nation Chief and Council requirements.

**19. Contributed surplus**

	<u>2014</u>	<u>2013</u>
First Nation contribution to social housing program	<u>\$ 1,096,697</u>	<u>\$ 1,096,697</u>

**20. Financial instruments and risk management**

The First Nation's financial instruments consist of cash, cash restricted as to use, accounts receivable, trust funds held by Canada, bank advances, accounts payable and accrued liabilities and long term debt. Unless otherwise noted, it is management's opinion that the First Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

The First Nation is exposed to financial risk that arises from the credit quality of the entities to which it provides services. Credit risk arises from the possibility that the entities to which the First Nation provides services may experience financial difficulty and be unable to fulfill their obligations.

The First Nation is exposed to interest rate risk arising from fluctuations in interest rates on its cash and investments and does not hold any financial instruments that mitigate this risk.

**21. Federal assistance payments**

Stswecem'c Xgat'tem First Nation Social Housing Fund has received federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 56-1 of the National Housing Act to reduce mortgage interest expense to 2% to enable the project to provide housing to low income individuals. The amount of the assistance received for the year ended March 31, 2014 was \$93,750 (2013 - \$101,013). This assistance will continue, providing the First Nation is not in default of the agreement.

**22. Contingencies**

The First Nation has guaranteed loans under the CMHC Social Housing Program with original balances advanced of \$2,475,634. The balances outstanding on these loans are \$830,401 (2013 - \$969,806).

**23. Restatement of previous years**

The First Nation has retroactively corrected a previous year adjustment of Contributed Surplus.

**STSWECEM'C XGAT'TEM FIRST NATION****Notes to Financial Statements****Year Ended March 31, 2014****24. Reconciliation of AANDC Comprehensive Funding Arrangement Revenue**

Pursuant to the requirements prescribed by the Aboriginal Affairs and Northern Development Canada Year-End Reporting Handbook for First Nations, Tribal Councils and First Nation Political Organizations, the following reconciliation has been prepared:

Revenue total as per 2014 funding confirmation	<b><u>\$ 2,057,945</u></b>
AANDC Revenue as per Statement of Operations	
Operating	\$ 1,807,618
Capital	<u>250,327</u>
	<b><u>\$ 2,057,945</u></b>

**25. First Nation registered pension plan**

The First Nation provides a defined contribution pension plan to qualifying employees. Under the plan, the defined members' contributions, the Band contributions, and the related plan earnings comprise the members' money purchase amount. The plan is registered with the Canada Revenue Agency as 1022920.

The First Nation contributed \$27,745 to the plan during the year ended March 31, 2014, to match its employees' required contributions.

**26. Expenses by object**

	<b>2014</b>	<b>2013</b>
Administration	\$ 7,644	\$ 15,791
Amortization	450,200	453,461
Contracted services	266,192	375,261
Honoraria	72,363	44,268
Housing program bad debts	-	183,682
Insurance	95,609	75,606
Interest and bank charges	109,051	61,479
Materials and supplies	349,016	443,678
Rent, maintenance and utilities	566,421	433,711
Salaries, wages and benefits	1,446,963	1,545,854
Service delivery	396,747	410,253
Travel	176,164	118,537
Tuition and education	125,249	329,638
	<b><u>\$ 4,061,619</u></b>	<b><u>\$ 4,491,219</u></b>

**27. Comparative figures**

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