

STSWECEM'C XGAT'TEM FIRST NATION
Consolidated Financial Statements
Year Ended March 31, 2015

STSWECEM'C XGAT'TEM FIRST NATION
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Year Ended March 31, 2015

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Stswecem'c Xgat'tem

Canoe Creek Band

Management's Responsibility for Financial Reporting

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


The consolidated 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 consolidated financial statements.

The Chief and Council review Stswecem'c Xgat'tem First Nation's consolidated 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 consolidated financial statements and independent auditor's report. The Chief and Council also consider the engagement of the independent auditor.

The consolidated financial statements have been audited by Fraser Bezv Broughton Chartered Accountants LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. Fraser Bezv 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. Bevez, 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 consolidated financial statements of Stswecem'c Xgat'tem First Nation, which comprise the consolidated statement of financial position as at March 31, 2015 and the consolidated 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 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 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 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 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.

(continues)

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Stswecem'c Xgat'tem First Nation as at March 31, 2015 and the results of its changes in net financial assets, operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Williams Lake, British Columbia
July 30, 2015

Fraser Beetz Broughton
FRASER BEZZ BROUGHTON
CHARTERED ACCOUNTANTS LLP

STSWECEM'C XGAT'TEM FIRST NATION
Consolidated Statement of Financial Position
As at March 31, 2015

	2015	2014
Financial assets		
Cash (Note 4)	\$ 1,349,043	\$ 711,845
Cash restricted as to use (Note 5)	117,901	117,605
Accounts receivable (Note 6)	856,989	1,777,116
Trust funds held by Canada (Note 7)	1,256,127	1,224,860
Advances to related parties (Note 8)	500,387	500,387
Inventory for resale	31,782	31,782
Investment in Stswecem'c Xgat'tem Development Limited Partnership (Note 9)	27,593	11,315
	<u>4,139,822</u>	<u>4,374,910</u>
Liabilities		
Bank indebtedness (Note 10)	168,037	177,022
Accounts payable and accrued liabilities (Note 11)	484,242	614,287
Deferred revenue (Note 12)	164,707	145,886
Callable debt (Note 13)	685,484	830,401
Long term debt (Note 14)	234,767	272,223
	<u>1,737,237</u>	<u>2,039,819</u>
Net financial assets	2,402,585	2,335,091
Non-financial assets		
Tangible capital assets (Note 15)	5,901,117	4,895,127
Band equity	\$ 8,303,702	\$ 7,230,218
Band equity		
Accumulated surplus (Note 16) - page 6	\$ 6,629,192	\$ 5,572,645
Replacement reserve (Note 17)	502,648	485,711
Tangible capital asset replacement reserve (Note 18)	75,165	75,165
	<u>7,207,005</u>	<u>6,133,521</u>
Contributed surplus (Note 19)	1,096,697	1,096,697
	<u>\$ 8,303,702</u>	<u>\$ 7,230,218</u>

Contingencies (Note 22)

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


 Chief


 Councilor

STSWECM'C XGAT'TEM FIRST NATION**Consolidated Statement of Changes in Net Financial Assets****Year Ended March 31, 2015**

	2015	2014
Net revenue for the year	\$ 1,056,547	\$ 1,068,671
Amortization	466,501	450,200
Net contribution to replacement reserve	16,937	14,638
CMHC required adjustment required to CMHC replacement reserve	-	(20,847)
CMHC required adjustment to CMHC operating fund	-	72,767
Change in prepaid expenses	-	15,476
Tangible capital asset acquisitions, net of disposals	(1,472,491)	(427,506)
Increase in net financial assets	\$ 67,494	\$ 1,173,399
Net financial assets - beginning of year	2,335,091	1,161,692
Net financial assets - end of year	\$ 2,402,585	\$ 2,335,091

STSWECEM'C XGAT'TEM FIRST NATION
Consolidated Statement of Operations
Year Ended March 31, 2015

	2015 Budget (Unaudited)	2015	2014
Revenue			
Federal Government			
AANDC - Operating	\$ 1,788,516	\$ 1,718,894	\$ 1,807,618
AANDC - Capital	10,000	1,460,323	250,327
Government of Canada - Claim Settlement	-	-	1,211,965
Northern Shuswap Treaty Society	338,420	330,353	303,750
CMHC	62,074	62,245	93,750
Three Corners Health Services Society	-	280,634	255,362
CCATEC	99,509	133,573	117,234
Health Canada	70,804	70,804	54,482
First Nations Health Authority	-	-	77,483
Northern Shuswap Tribal Council	1,500	1,238	2,825
Province of British Columbia	210,000	254,389	318,715
First Nations Education Steering Committee	59,900	59,308	67,652
GST/HST Refunded	15,000	13,364	40,496
Spectra Energy	50,000	50,000	51,000
Knucwentwecw Society	30,000	30,500	31,250
Store sales	-	427,715	464,193
Rental revenue	275,711	385,358	347,372
Interest income	500	25,543	39,927
Other	429,683	159,481	76,688
	3,441,617	5,463,722	5,612,089
Transfer from deferred revenue	-	145,886	130,063
Transfer to deferred revenue	-	(164,707)	(145,886)
	3,441,617	5,444,901	5,596,266
Expenses (Schedule 2)	3,232,484	4,389,221	4,178,296
Net revenue before the following	209,133	1,055,680	1,417,970
AANDC recoveries, net of deficit funding	-	(15,411)	(275,840)
Adjust advances receivable	-	-	(42,387)
Operating results of First Nation enterprises	-	16,278	(31,072)
Net revenue for the year	209,133	1,056,547	1,068,671
Accumulated surplus - beginning of year	5,689,322	5,689,322	4,390,185
Restatement of previous year (Note 23)	(116,677)	(116,677)	41,022
Accumulated surplus - as restated	5,572,645	5,572,645	4,431,207
Adjustment required by CMHC to CMHC Operating Fund	-	-	72,767
Accumulated surplus - end of year - page 4	\$ 5,781,778	\$ 6,629,192	\$ 5,572,645

See notes to financial statements

STSWECEM'C XGAT'TEM FIRST NATION**Consolidated Expenses****(Schedule 2)****Year Ended March 31, 2015**

	2015 Budget (Unaudited)	2015	2014
Administration	\$ 869,212	\$ 872,132	\$ 815,347
Amortization	170,312	466,501	450,200
Capital projects	10,000	26,130	153,869
Education	800,056	831,779	526,901
Bad debts	-	91,828	105,511
First Nation store	-	439,285	399,506
Health and well-being	353,844	367,638	380,495
Housing	100,708	120,715	204,270
Natural resources	-	36,693	84,287
Public works	254,700	359,606	335,782
Social development	364,132	444,721	425,362
Treaty	309,520	332,193	296,766
	\$ 3,232,484	\$ 4,389,221	\$ 4,178,296

See notes to financial statements

STSWECEM'C XGAT'TEM FIRST NATION**Consolidated Statement of Cash Flows****Year Ended March 31, 2015**

	2015	2014
Cash flows from operating activities		
Net revenue for the year	\$ 1,056,547	\$ 1,068,671
Items not affecting cash:		
Amortization	466,501	450,200
Operating results of First Nation enterprises	(16,278)	31,072
CMHC required adjustment to CMHC operating fund	-	72,767
CMHC required adjustment to CMHC replacement reserve	-	(20,847)
	<u>1,506,770</u>	<u>1,601,863</u>
Changes in non-cash working capital:		
Accounts receivable	920,127	(1,315,198)
Replacement reserve	16,937	14,638
Cash restricted as to use	(296)	(338)
Inventory for resale	-	(14,332)
Accounts payable and accrued liabilities	(130,045)	116,257
Deferred revenue	18,821	15,823
Prepaid expenses	-	15,476
	<u>825,544</u>	<u>(1,167,674)</u>
Cash flows from operating activities	<u>2,332,314</u>	<u>434,189</u>
Cash flows from (used by) investing activities		
Change in trust funds held by Canada	(31,267)	(35,608)
Advances to related parties	-	(4,250)
Cash flow used by investing activities	<u>(31,267)</u>	<u>(39,858)</u>
Cash flows from (used by) financing activities		
Change in bank indebtedness	(8,985)	140,472
Proceeds from long term financing	-	41,128
Repayment of callable debt	(144,917)	(139,405)
Repayment of long term debt	(37,456)	(109,962)
Cash flow used by financing activities	<u>(191,358)</u>	<u>(67,767)</u>
Cash flows used by capital activities		
Tangible capital asset acquisitions	<u>(1,472,491)</u>	<u>(427,506)</u>
Increase (decrease) in cash flow	637,198	(100,942)
Cash - beginning of year	<u>711,845</u>	<u>812,787</u>
Cash - end of year (Note 4)	\$ 1,349,043	\$ 711,845
Cash flows supplementary information		
Interest received	<u>\$ (25,543)</u>	<u>\$ (39,927)</u>
Interest paid	<u>\$ 88,740</u>	<u>\$ 109,051</u>

See notes to financial statements

STSWECEM'C XGAT'TEM FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2015

1. Basis of presentation

In order to satisfy the Reporting Guide's Financial Reporting Requirements 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 CICPA 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 Consolidated Financial Statements
Year Ended March 31, 2015

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. The investment is accounted for by the 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.

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 Consolidated Financial Statements
Year Ended March 31, 2015

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 consolidated 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.

Adoption of new accounting policies

On April 1, 2014, the First Nation adopted the provisions of the new accounting policy for liability for contaminated sites.

The details of the new policy are specified in Section PS 3260 of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Professional Accountants.

The First Nation has reviewed the implications of the Section and has concluded that it is not exposed to any contaminated sites. It has therefore not recorded any liability for remediation of contaminated sites.

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:

	2015	2014
Operations	\$ 1,384,952	\$ 649,378
Stswecem'c Xgat'tem Store	(7,010)	22,034
Treaty Self-Government Program	(28,899)	40,433
	<u>\$ 1,349,043</u>	<u>\$ 711,845</u>

STSWECEM'C XGAT'TEM FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2015

5. Cash restricted as to use

	<u>2015</u>	<u>2014</u>
Replacement reserve	<u>\$ 117,901</u>	<u>\$ 117,605</u>

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.

6. Accounts receivable

	<u>2015</u>	<u>2014</u>
Due from members:		
Rent	\$ 266,917	\$ 421,487
Less: Allowance for doubtful accounts	<u>(46,322)</u>	<u>(334,274)</u>
	220,595	87,213
Others:		
Canada - re: Specific Claim Settlement	447,557	1,211,965
AANDC	-	122,795
CCATEC	5,750	33,642
CMHC	8,250	-
FNESC	-	20,665
Health Canada and Three Corners Services Society	63,155	60,531
GST/HST recoverable	5,377	20,710
Northern Shuswap Treaty Society	96,825	68,751
All others	5,730	150,844
Northern Shuswap Tribal Council	<u>3,750</u>	<u>-</u>
	<u>\$ 856,989</u>	<u>\$ 1,777,116</u>

7. Trust funds held by Canada

	<u>2015</u>	<u>2014</u>
Ottawa Trust Accounts	<u>\$ 1,256,127</u>	<u>\$ 1,224,860</u>

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.

STSWECEM'C XGAT'TEM FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2015

8. Advances to related parties

	<u>2015</u>	<u>2014</u>
Stswecem'c Xgat'tem Development:		
Limited Partnership	\$ 40,893	\$ 40,893
Corporation	<u>459,494</u>	<u>459,494</u>
	<u>\$ 500,387</u>	<u>\$ 500,387</u>

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.

9. Investment in Stswecem'c Xgat'tem Development Limited Partnership

	<u>2015</u>	<u>2014</u>
Investment	<u>\$ 27,593</u>	<u>\$ 11,315</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>2015</u>	<u>2014</u>
Royal Bank of Canada		
Bank accounts in overdraft	\$ 80,037	\$ 122,022
Revolving line of credit - operations	80,000	40,000
Revolving line of credit - store	<u>8,000</u>	<u>15,000</u>
	<u>\$ 168,037</u>	<u>\$ 177,022</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, 2015 was 3.0%.

STSWECEM'C XGAT'TEM FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2015

11. Accounts payable and accrued liabilities

	<u>2015</u>	<u>2014</u>
AANDC recoveries	\$ 141,798	\$ 273,648
Trade accounts	216,882	195,128
Accrued payroll and source deductions	60,822	58,316
Other accrued liabilities	64,740	87,195
	<u>\$ 484,242</u>	<u>\$ 614,287</u>

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:

	<u>2015</u>	<u>2014</u>
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	958
Subdivision Fund - CPMS 6493	68,407	68,407
Major Renovations Fund - CPMS 4392-8	1	1
ACRS Group 2 Fund	15,999	15,999
Safe Water Operations Fund - CPMS 4343	18,821	-
Canada Mortgage and Housing Corporation		
CMHC/RRAP Fund	22,358	22,358
	<u>\$ 164,707</u>	<u>\$ 145,886</u>

STSWECEM'C XGAT'TEM FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2015

13. Callable debt

	<u>2015</u>	<u>2014</u>
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 31, 2016.	\$ 164,910	\$ 182,217
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.	62,965	75,346
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, 2018.	105,356	144,446
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.	295,499	341,849
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.	56,754	86,543
	<u>\$ 685,484</u>	<u>\$ 830,401</u>

Principal repayments required are approximately as follows:

2016	\$ 149,680
2017	149,368
2018	104,913
2019	85,466
Thereafter	196,057
	<u>\$ 685,484</u>

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

STSWECM'C XGAT'TEM FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2015

14. Long term debt

	<u>2015</u>	<u>2014</u>
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, 2015.	\$ 6,497	\$ 17,301
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, 2018.	105,349	143,012
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.	14,196	21,561
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.	15,807	23,631
Toyota Credit Canada Inc. term loan bearing interest at 3.9% per annum, repayable in monthly blended payments of \$700. The finance contract matures on June 6, 2017.	18,059	25,590
Toyota Credit Canada Inc finance contract bearing interest at 1.9% per annum, repayable in monthly blended payments of \$621. The loan matures on May 1, 2020.	34,397	41,128
Toyota Credit Canada Inc finance contract bearing interest at .09% per annum, repayable in monthly blended payments of \$738. The finance contract matures on November 17, 2019.	40,462	-
	<u>\$ 234,767</u>	<u>\$ 272,223</u>

Principal repayments required are approximately as follows:

2016	\$ 89,070
2017	82,199
2018	30,529
2019	13,163
2020	19,806
	<u>\$ 234,767</u>

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

STSWECEM'C XGAT'TEM FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2015

15. Tangible capital assets

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
Land	\$ 594,533	\$ -	\$ 594,533	\$ 594,533
Automotive equipment	939,425	758,836	180,589	156,614
Buildings and infrastructure	10,775,880	5,706,061	5,069,819	4,087,799
Computers and office equipment	751,445	695,269	56,176	56,181
	\$ 13,061,283	\$ 7,160,166	\$ 5,901,117	\$ 4,895,127

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

Tangible capital asset acquisitions:

2007 Ford F350	\$ 8,500
2008 Chev Silverado	6,800
2014 Toyota Sienna	44,285
1997 IHC dump truck	8,500
Water reservoir project - CPMS 4343	1,391,738
Other equipment	1,397
ADSL	8,171
Storage container	3,100
	\$ 1,472,491

	Balance April 1, 2014	Disposal Adjustment	2015 Provision	Balance March 31, 2015
Accumulated Amortization:				
Automotive equipment	\$ 715,727	\$ (1,000)	\$ 44,109	\$ 758,836
Buildings and infrastructure	5,296,343	-	409,718	5,706,061
Computers and office equipment	682,595	-	12,674	695,269
	\$ 6,694,665	\$ (1,000)	\$ 466,501	\$ 7,160,166

The Nation sold a vehicle for \$1,000 during the year. There were no asset write-downs during the year (2014 - \$nil).

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16. Accumulated surplus

Accumulated surplus consists of the following fund balances:

	2015	2014
Equity in SXDC Limited Partnership	\$ 27,593	\$ 11,315
Operating and Capital Fund	5,997,910	4,886,982
Ottawa Trust Funds	1,256,127	1,224,860
Health Services	21,712	32,056
CMHC Housing Program	(392,639)	(392,639)
Stswecem'c Xgat'tem Store	(292,315)	(233,506)
Treaty Self Government Program	10,804	43,577
	\$ 6,629,192	\$ 5,572,645

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:

	2015	2014
CMHC replacement reserve - beginning of year	\$ 485,711	\$ 491,920
Adjustment required by CMHC	-	(20,847)
CMHC replacement reserve - beginning of year, as adjusted	485,711	471,073
Interest earned	-	359
Contributions required	27,129	32,129
Expenditures for replacements	(10,192)	(17,850)
CMHC replacement reserve - end of year	\$ 502,648	\$ 485,711

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 \$27,129 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 \$384,747 (2014 - \$368,106).

18. Tangible capital asset replacement reserve

	2015	2014
Balance	\$ 75,165	\$ 75,165

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.

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19. Contributed surplus

	<u>2015</u>	<u>2014</u>
First Nation contribution to social housing program	\$ 1,096,697	\$ 1,096,697

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, 2015 was \$62,074 (2014 - \$93,750). 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 \$685,484 (2014 - \$830,401).

23. Restatement of previous years

The First Nation has retroactively restated its accounts to recognize additional doubtful accounts in the CMHC Social Housing Program.

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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 2015 AANDC confirmation (specific claims of \$866,798 reported in 2014)	<u>\$ 3,179,152</u>
AANDC Revenue as per Statement of Operations	
Operating	\$ 1,718,894
Capital	<u>1,460,258</u>
	<u>\$ 3,179,152</u>

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 \$28,459 to the plan during the year ended March 31, 2015 (March 31, 2014 - \$27,745), to match its employees' required contributions.

26. Expenses by object

	<u>2015</u>	<u>2014</u>
Administration	\$ 8,133	\$ 7,644
Amortization	466,501	450,200
Contracted services	285,484	266,192
Honoraria	148,857	72,963
Bad debts	91,828	105,511
Insurance	107,498	95,009
Interest and bank charges	88,740	109,051
Materials and supplies	346,688	349,016
Rent, maintenance and utilities	571,389	566,421
Salaries, wages and benefits	1,368,884	1,341,451
Service delivery	445,170	396,747
Travel	171,219	176,164
Tuition and education	288,830	241,927
	<u>\$ 4,389,221</u>	<u>\$ 4,178,296</u>

27. Comparative figures

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