

---

**SALT RIVER FIRST NATION # 195**

**CONSOLIDATED FINANCIAL STATEMENTS**

---

**March 31, 2014**

---

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The accompanying consolidated financial statements of the Salt River First Nation #195 are the responsibility of management and have been approved by the Chief and Council.

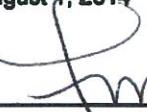
Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector generally accepted accounting principles. The responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required. 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.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of the consolidated financial statements.

The First Nation Council is responsible for overseeing management in the performance of its financial responsibilities, and for approving the consolidated financial statements. The Council fulfills its responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management, and external auditors. The Council is also responsible for recommending the appointment of the First Nation's auditors.

Romanovsky & Associates LLP Chartered Accountants, an independent firm of Chartered Accountants, is appointed by the members to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss the audit findings.

August 1, 2014

  
Tomartselos \_\_\_\_\_ Chief

  
Allen Shook \_\_\_\_\_ Chief Executive Officer

**INDEPENDENT AUDITORS' REPORT**

To the Members of  
Salt River First Nation #195

We have audited the accompanying consolidated financial statements of Salt River First Nation #195, which comprise the consolidated statement of financial position as at March 31, 2014 the consolidated statements of operations and accumulated surplus, consolidated statement of net financial assets, statement of change in tangible capital assets and statement of changes in financial position for the year then ended, and a summary of significant accounting policies and other explanatory information.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free of 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 of 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 our judgment, including the assessment of risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of 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 presentation of the consolidated financial statements.

***Basis of Qualified Opinion***

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for an audit opinion except as explained in the following paragraphs.

The First Nation have not been provided with the financial records of the subsidiary, 4993 NT Ltd., since November 2008; therefore they could not provide us with the required financial information. Consequently, we are unable to satisfy ourselves that all assets, liabilities and equity have been recorded.

***Qualified Opinion***

In our opinion, except for the possible effects of these adjustments, if any, which might have been determined to be necessary had we been provided the financial records of 4993 NT Ltd. as described in the preceding paragraphs, the consolidated financial statements of Salt River First Nation #195 for the year ended March 31, 2014 are prepared, in all material respects, in accordance Canadian public sector accounting standards.

Edmonton, Alberta

August 1, 2014

*Romanovsky & Associates LLP*  
Chartered Accountants

# SALT RIVER FIRST NATION #195

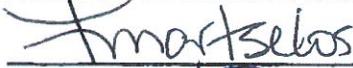
## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT March 31, 2014

	2014	2013 (as restated)
<b>FINANCIAL ASSETS</b>		
Cash (Note 5)	\$ 2,362,039	\$ 3,094,265
Funds held in Trust (Note 6)	108,872	75,099
Accounts receivable (Schedule 13)	260,554	321,257
Due from related entities (Note 7)	3,333,899	3,035,320
	<b>6,065,364</b>	<b>6,525,941</b>
<b>LIABILITIES</b>		
Accounts payable (Note 9)	111,604	178,346
Funding refundable to funder (Note 10)	54,975	70,495
Obligation under capital lease (Note 11)	-	32,541
Deferred revenue (Note 12)	2,176,356	3,369,808
Investment in subsidiary (Note 13)	632,968	1,040,173
	<b>2,975,903</b>	<b>4,691,363</b>
<b>Net financial assets</b>	<b>3,089,461</b>	<b>1,834,578</b>
<b>NON FINANCIAL ASSETS</b>		
Prepaid expenses	42,289	55,501
Tangible capital assets (Note 14)	3,031,100	3,104,595
Tangible capital assets under capital lease (Note 15)	-	105,475
	<b>3,073,389</b>	<b>3,265,571</b>
<b>ACCUMULATED SURPLUS</b>	<b>\$ 6,162,850</b>	<b>\$ 5,100,149</b>

### CONTINGENCIES (Note 19)

APPROVED BY THE FIRST NATION:

 Chief  
 Councilor

# SALT RIVER FIRST NATION #195

## CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS FOR THE YEAR ENDED March 31, 2014

	2014 Budget	2014	2013 (as restated)
<b>RECEIPTS</b>			
Settlement Trust Distribution	\$ 3,902,742	\$ 4,068,176	\$ 2,955,760
AANDC - Contribution	358,337	579,716	338,084
Government of Northwest Territories	226,900	418,491	257,973
Health Canada	292,000	249,208	291,708
Akaitcho Territorial Government	6,000	-	-
Other revenue	40,000	79,162	84,322
Investment income	-	13,746	17,052
Funding returned to provider	-	(54,975)	(70,495)
	<b>4,825,979</b>	<b>5,353,524</b>	<b>3,874,404</b>
<b>EXPENDITURES - Schedule</b>			
Administration, Finance	25 1,315,647	1,371,137	1,438,981
Governance, Justice	26 1,270,520	1,286,526	1,479,139
Culture, Education	27 75,000	53,496	181,620
Human Resource Development	28 58,900	25,708	31,363
Capital	29 -	221,640	302,827
Lands, Public Works	30 295,458	351,823	481,714
Homeless Shelter	31 281,777	229,418	305,334
Child and Family Development	32 434,200	418,954	386,534
Membership	33 968,161	619,575	716,520
SRFN Youth & Education Found - Earnings	33 -	102,002	239,985
	<b>4,699,663</b>	<b>4,680,279</b>	<b>5,564,017</b>
<b>SURPLUS (DEFICIT), BEFORE EARNINGS OF ENTITY UNDER COMMON CONTROL</b>			
	<b>126,316</b>	<b>673,245</b>	<b>(1,689,613)</b>
Equity income (loss) from corporate activities	-	407,205	(489,649)
Unrecoverable GST	-	(17,749)	(20,768)
<b>SURPLUS (DEFICIT), FOR THE YEAR</b>	<b>\$ 126,316</b>	<b>\$ 1,062,701</b>	<b>\$ (2,200,030)</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>			
	<b>\$ 5,134,652</b>	<b>\$ 7,317,739</b>	
<b>CORRECTION OF PRIOR PERIOD ACCOUNTING ERRORS (Note 17)</b>		<b>(34,503)</b>	<b>87,642</b>
<b>ELIMINATION OF INTERCOMPANY TRANSACTION</b>		<b>-</b>	<b>(105,202)</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR, AS RESTATE</b>		<b>5,100,149</b>	<b>7,300,179</b>
<b>SURPLUS (DEFICIT), FOR THE YEAR</b>	<b>\$ 1,062,701</b>	<b>(2,200,030)</b>	
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 6,162,850</b>	<b>\$ 5,100,149</b>	

---

## SALT RIVER FIRST NATION #195

### CONSOLIDATED STATEMENT OF NET FINANCIAL ASSETS FOR THE YEAR ENDED March 31, 2014

---

	2014	2013 (as restated)
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ 1,062,701</b>	<b>\$ (2,200,030)</b>
Purchase of tangible capital assets	(42,670)	(895,601)
Amortization of tangible capital assets	221,640	311,646
Gain on disposal of tangible capital assets	-	(8,818)
Proceeds on disposition of tangible capital assets	-	25,000
	<b>178,970</b>	<b>(567,773)</b>
Payment of prepaid expenses	13,212	(28,782)
Transfer of equity in Salt River First Nation Youth & Education Foundation	<b>5,100,149</b>	-
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>6,355,032</b>	<b>(2,796,585)</b>
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<b>1,834,578</b>	<b>4,736,365</b>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>\$ 8,189,610</b>	<b>\$ 1,939,780</b>

---

## SALT RIVER FIRST NATION #195

### CONSOLIDATED STATEMENT OF CHANGE IN TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED March 31, 2014

---

	2014	2013 (as restated)
<b>TANGIBLE CAPITAL ASSETS</b>		
Purchase of tangible capital assets	\$ 42,670	\$ 895,601
Amortization of tangible capital assets	(221,640)	(311,646)
Loss on sale of tangible capital assets	-	8,818
Proceeds on disposition of tangible capital assets	-	-
Proceeds on disposal of capital assets	<u>-</u>	<u>(25,000)</u>
<b>INCREASE IN TANGIBLE CAPITAL ASSETS</b>	<b>(178,970)</b>	<b>567,773</b>
<b>TANGIBLE CAPITAL ASSETS, beginning of year</b>	<b><u>3,210,070</u></b>	<b><u>2,642,297</u></b>
<b>TANGIBLE CAPITAL ASSETS, end of year</b>	<b><u>\$ 3,031,100</u></b>	<b><u>\$ 3,210,070</u></b>
 <b>TANGIBLE CAPITAL ASSETS COMPOSED OF THE FOLLOWING:</b>		
<b>TANGIBLE CAPITAL ASSETS</b>	<b>\$ 3,031,100</b>	<b>\$ 3,104,595</b>
<b>TANGIBLE CAPITAL ASSETS UNDER CAPITAL LEASE</b>	<b><u>-</u></b>	<b><u>105,475</u></b>
<b>TANGIBLE CAPITAL ASSETS, end of year</b>	<b><u>\$ 3,031,100</u></b>	<b><u>\$ 3,210,070</u></b>

# SALT RIVER FIRST NATION #195

## CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED March 31, 2014

	2014	2013 (as restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from funding agencies, customers and the Settlement Trust	\$ 4,188,884	\$ 7,062,262
Cash paid to suppliers, employees and the Settlement Trust	(4,526,130)	(5,272,200)
Investment income	13,746	21,142
	<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>
	(323,500)	1,811,204
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of capital assets	(42,670)	(895,600)
Repayment of (advances to) related parties	(298,579)	(1,315,835)
Proceeds on disposal of capital assets	-	25,000
	<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>
	(341,249)	(2,186,435)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Capital lease payments	<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>
	(33,704)	(41,194)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>
	(698,453)	(416,425)
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>
	3,169,364	3,585,789
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>
	\$ 2,470,911	\$ 3,169,364
<b>CASH AND CASH EQUIVALENTS:</b>		
Cash	\$ 2,362,039	\$ 3,094,265
Funds held in trust	108,872	75,099
Short term investments	-	-
	<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>
	\$ 2,470,911	\$ 3,169,364

---

# SALT RIVER FIRST NATION #195

---

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED March 31, 2014

---

### **1. SCOPE OF FINANCIAL STATEMENTS**

These consolidated financial statements include the assets, liabilities and results of operations of Salt River First Nation #195 and Salt River First Nation Youth & Education Foundation. Salt River First Nation Development Corporation, a commercial entity, is recorded using the modified equity method. The consolidated financial statements also include the assets of 4993 NT Ltd. as at November 2006 but do not include the assets, liabilities, revenues and expenditures of that company subsequent to November 2006 as the First Nation has not been provided with the financial records of the company.

Salt River First Nation Settlement Trust (SRFNST) is governed by the Trustee. Therefore, the financial statements of SRFNST have not been included in these financial statements. Disclosure of the financial information regarding the Salt River First Nation Settlement Trust is contained in Note 8 of these consolidated financial statements.

### **2. ACCOUNTING POLICIES**

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles for local government entities, as defined in the CICA Public Sector Accounting Handbook which encompasses the following principles:

#### **Basis of Presentation**

Sources of financing and expenditures are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

#### **Fund Accounting**

The First Nation uses fund accounting procedures that result in a set of accounts for each program established by legal, contractual or voluntary actions. The programs have been amalgamated for the purpose of presentation in the consolidated financial statements. The First Nation follows the restricted method of accounting for contributions. Related revenue and expenditures are grouped into programs, based on their use.

The Operating Fund revenues include the annual distribution from the Settlement Trust, investment income on short term investments, government contributions and other donations. The revenues are used to fund the costs of administration and management of the First Nation and expenditures incurred in program funding.

The Land and Infrastructure revenues include the annual distribution from the Settlement Trust, government contributions and other donations. The revenues are used to fund the costs related to the transfer of lands under the Treaty Settlement Agreement, acquisition of land and infrastructure costs incurred on First Nation lands.

All interfund balances have been eliminated, 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.

Continued.../

---

# **SALT RIVER FIRST NATION #195**

---

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED March 31, 2014**

---

### **2. ACCOUNTING POLICIES (Continued)**

#### **Financial Instruments**

The First Nation's financial instruments consist of cash, funds held in trust, investments, accounts receivable, amounts due to/from related entities, accounts payable and the investment in related party.

Cash, funds held in trust, accounts receivable and accounts payable are reported at their fair values on the statement of financial position. The fair values approximate their carrying values due to their short-term nature.

The fair values of the short-term investments are disclosed in the respective notes to the consolidated financial statements.

Unless otherwise noted, it is management's opinion the First Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

#### **Cash and Cash Equivalents**

The First Nation's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and temporary investments with a maturity period of three months or less from the date of acquisition.

#### **Short Term Investments**

Short term investments include a high interest savings account and guaranteed investment certificates maturing at various times during the next fiscal year. These investments are recorded at cost.

#### **Due To/From Related Entities**

Advances to/from related entities are recorded at cost.

Continued.../

---

# SALT RIVER FIRST NATION #195

---

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED March 31, 2014

---

### 2. ACCOUNTING POLICIES (Continued)

#### Tangible Capital Assets [TCA]

TCA include capital assets and infrastructure costs recorded at acquisition cost. TCA does not include intangible assets, natural resources and Reserve lands that have not been purchased by the First Nation. TCA also does not include land held for resale. Capital grants received from federal or territorial governments are not netted against the cost of the asset.

The First Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate the carrying value of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the asset's carrying amount. Impairment is measured as the amount by which the asset's carrying value exceeds its fair value. Any impairment is included in earnings during the year in which the asset becomes impaired.

Capital assets are amortized annually. Amortization is calculated using the methods listed below at rates sufficient to amortize the cost of the assets over their estimated useful lives. Amortization is not provided for assets under construction and not available for use. The following annual rates are used:

Buildings	10, 20 yr	straight-line
Automotive equipment	30%	declining-balance
Computer equipment	30%	declining-balance
Office furniture and equipment	20%	declining-balance
Equipment under capital lease	30%	declining-balance
Software	50%	declining-balance

#### Revenue Recognition

Government transfer revenue and restricted revenue, is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under the funding arrangement that related to a subsequent fiscal period is reflected as deferred revenue on the Consolidated Statement of Financial Position in the current year of receipt, and is matched with the related department expenditures in the year of their occurrence.

Other unrestricted contributions and donations are recognized as revenue of the appropriate fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

---

# SALT RIVER FIRST NATION #195

---

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED March 31, 2014

---

### 3. ACCOUNTING ESTIMATES

As the precise determination of many assets, liabilities, revenues and expenses are dependent on future events, the preparation of consolidated financial statements for a period necessarily includes the use of estimates and approximations which have been made using careful judgment by management. Consequently, actual results could differ from those estimates. Significant estimates in these financial statements include the following:

- a) Management estimates that the value of amounts due to/from related parties approximates their carrying values considering the related parties future ability to pay, the condition of the economy in general, and other pertinent factors.
- b) Impairment in value of tangible capital assets. Management reviews the carrying value of tangible capital assets for impairment in value whenever events or circumstances indicate the carrying value may not be recoverable. If the carrying value exceeds the amount recoverable, based on undiscounted estimated future cash flows, a write-down to fair value is charged to earnings in that period.
- c) Useful life of tangible capital assets. Management reviews the period over which an asset is expected to contribute directly or indirectly to its future cash flows and ensures the amortization period is the lesser of the asset's estimated physical, technological, commercial, or legal life.

---

# SALT RIVER FIRST NATION #195

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED March 31, 2014

---

### 4. FINANCIAL INSTRUMENTS RISKS

Transacting in financial instruments exposes the Nation to certain financial risks and uncertainties. These risks include:

a) Credit Risk

SRFN's exposure to credit risk relates to accounts and notes receivable and arises from the possibility that a customer does not fulfil its obligations. This is minimized as customers are predominately governments and outstanding receivables will be paid upon SRFN's compliance with reporting obligations. The Nation maintains cash with established financial institutions in Canada. This risk has not substantially changed from the prior year.

Credit risk also impacts the SRFN's loans to related parties. The amounts due arose from cash advances and amounts paid for on behalf of Salt River First Nation Development Corporation and Salt River First Nation Youth & Education Foundation. The loans are unsecured, non-interest bearing, due on demand, with no scheduled terms of repayments. The ability of the related entities to repay the amount are contingent on future events which are not determinable at this time and an estimate cannot be made of contingent losses, if any. This risk has not substantially changed from the prior year.

b) Liquidity Risk

SRFN's exposure to liquidity risk is dependent on the collection of accounts and notes receivable, purchasing commitments and obligations or raising of funds to meet commitments and sustain operations. The Company controls liquidity risk by management of working capital, cash flows and the availability of borrowing facilities. This risk has not substantially changed from the prior year.

c) Market Risk

SRFN's investments in publicly-traded securities exposes the Nation to price risks as these investments are subject to price changes in an open market due to a variety of reasons including changes in market rates of interest, general economic indicators and restrictions of credit markets. SRFN does not use derivative financial instruments to alter the effects of this risk and mitigates this risk by ensuring no individual investment is significant to the overall financial position of the Nation. There is no market risk as at March 31, 2013 as the Nation has sold all its short-term investments.

SRFN's primary source of revenue is income distributions from Salt River First Nation Settlement Trust (Trust). The Trust investments in government and corporate bonds and Canadian and foreign equity investments. As such the income derived from the Trust is subject to interest, foreign currency and market risk.

---

## SALT RIVER FIRST NATION #195

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED March 31, 2014

---

#### 5. CASH

Cash and cash equivalents consist of cash on hand, balances with banks less cheques issued and outstanding, funds held in trust and investments in Canadian money market instruments. The amounts noted below are included in cash on the cash flow statement.

	2014	2013
Savings	\$ 1,500,838	\$ 2,212,312
Operations	15,645	728,865
Per capita distribution	379,678	(132)
TD Waterhouse cash accounts	5,545	11,445
Short-term investments	206,128	-
Youth & Education foundation	254,205	141,775
	<hr/>	<hr/>
	\$ 2,362,039	\$ 3,094,265

#### 6. FUNDS HELD IN TRUST

The First Nation has advanced the following retainers to legal counsel.

	2014	2013
Parlee McLaws LLP	\$ 38,062	\$ 1,645
Fraser Milner Casgrain LLP	<hr/> 70,810	<hr/> 73,454
	<hr/>	<hr/>
	\$ 108,872	\$ 75,099

#### 7. DUE FROM RELATED ENTITIES

	2014	2013
Salt River Development Corp.	<hr/> \$ 3,333,899	<hr/> \$ 3,032,320

Amounts due to/from related entities are unsecured, non-interest bearing, and have no specified terms of repayment and arose from cash transfers to fund operations and purchase tangible capital assets. The ability of the related entities to repay the amount are contingent on future events which are not determinable at this time and an estimate cannot be made of contingent losses, if any.

# SALT RIVER FIRST NATION #195

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED March 31, 2014

### 8. LINE OF CREDIT

Salt River First Nation signed an Operating Loan Agreement and a Corporate MasterCard Agreement in February 2013. The operating agreement provided for an overdraft line of credit to a maximum of \$200,000, payable on demand. The line of credit was cancelled on January 20, 2014. In addition, the Corporate MasterCard Account was closed in May 2013.

### 9. ACCOUNTS PAYABLE

	2014	2013
Trade payables	\$ 62,489	\$ 141,042
Accrued liabilities	48,318	35,000
Source deductions payable	297	679
Other payroll liabilities	500	1,625
	<hr/>	<hr/>
	\$ 111,604	\$ 178,346

### 10. FUNDING REFUNDABLE TO FUNDER

	2014	2013
AANDC	\$ 26,758	\$ 15,355
GNWT	<hr/>	<hr/>
	\$ 28,217	\$ 55,140
	<hr/>	<hr/>
	\$ 54,975	\$ 70,495

AANDC funding in relation to land designation consultation was not fully spent as all scheduled meetings could not be held. AANDC has indicated that funds will be re-issued in the next fiscal year under a new funding proposal.

GNWT language nest funding was not fully spent as was no adequate replacement for the language teacher.

### 11. OBLIGATIONS UNDER CAPITAL LEASE

	2014	2013
Agreement bearing interest at 8.50% per annum, requiring blended monthly payments of \$3,745 to December 2013. The lease was paid out in the year.	\$ -	\$ 32,541
	<hr/>	<hr/>
Less current portion	-	32,541
	<hr/>	<hr/>
	\$ -	\$ -

# SALT RIVER FIRST NATION #195

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED March 31, 2014

### 12. DEFERRED REVENUE

	2014	2013
Settlement Trust Funds received in advance	<u>\$ 2,176,356</u>	<u>\$ 3,369,808</u>

Deferred revenue arises from Settlement Trust Funds for the following fiscal year being released by the trustee at the end of the current fiscal year. As the 2014/15 fiscal year will be an election year, only 50% of the \$3,970,184 annual funding, which represents funding for April 2014 to next elections to be held in September 2014.

### 13. INVESTMENT IN SUBSIDIARY

	2014	2013
<b>Salt River First Nation Development Corporation</b>		
Shares - at cost	<u>\$ 100</u>	<u>\$ 100</u>
Equity		
Deficit, beginning of year	<u>\$ (1,040,273)</u>	<u>\$ (550,624)</u>
Current year earnings (loss)	<u>407,205</u>	<u>(489,649)</u>
Deficit, end of year	<u>\$ (633,068)</u>	<u>\$ (1,040,273)</u>
Total investment	<u>\$ (632,968)</u>	<u>\$ (1,040,173)</u>

The Salt River First Nation accounts for its 100% equity investment in its subsidiary company, Salt River First Nation Development Corporation, using the modified equity method. Under this method, the initial investment is recorded at cost. Net income (loss) from Salt River First Nation Development Corporation is added (deducted) to the income of Salt River First Nation, which has the effect of increasing (decreasing) the equity investment. Dividends paid by Salt River Development Corporation to Salt River First Nation are charged as a reduction to the investment. Salt River First Nation Development Corporation has yet to pay dividends to Salt River First Nation.

# SALT RIVER FIRST NATION #195

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED March 31, 2014

### 14. TANGIBLE CAPITAL ASSETS

	2014			2013	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value	Net Book Value
Land	\$ 698,671	\$ -	\$ 698,671	\$ 698,671	\$ 698,671
Buildings	3,024,535	951,524	2,073,011	2,203,028	
Automotive equipment	255,305	188,484	66,821	95,458	
Computer equipment	163,865	146,479	17,386	7,462	
Office furniture and equipment	476,761	301,550	175,211	99,976	
Equipment under capital lease	-	-	-	-	
Software	1,250	1,250	-	-	
Capital projects under construction	-	-	-	-	
	<u>\$ 4,620,387</u>	<u>\$ 1,589,287</u>	<u>\$ 3,031,100</u>	<u>\$ 3,104,595</u>	

	2013			2012	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value	Net Book Value
Land	\$ 698,671	\$ -	\$ 698,671	\$ 127,424	\$ 127,424
Buildings	3,024,535	821,507	2,203,028	887,896	887,896
Automotive equipment	255,305	159,847	95,458	70,752	70,752
Computer equipment	146,490	139,028	7,462	10,659	10,659
Office furniture and equipment	311,165	211,189	99,976	125,597	125,597
Software	1,250	1,250	-	-	-
Capital projects under construction	-	-	-	1,294,194	1,294,194
	<u>\$ 4,437,416</u>	<u>\$ 1,332,821</u>	<u>\$ 3,104,595</u>	<u>\$ 2,516,522</u>	

### 15. TANGIBLE CAPITAL ASSETS UNDER CAPITAL LEASE

	2014			2013	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value	Net Book Value
Tangible capital assets under capital lease	\$ -	\$ -	\$ -	\$ 105,475	

# SALT RIVER FIRST NATION #195

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED March 31, 2014

### 16. SETTLEMENT TRUST

The First Nation is the beneficiary of a Settlement Trust. All disbursements from the Trust to the First Nation are approved by the Trustees under the trust documents established by the final settlement agreement. The trust assets are invested with TD Waterhouse.

The objectives of the Trust are as follows:

a) Settlement Capital Fund

The Salt River First Nation Settlement Trust Agreement dated March 4, 2002 provides for an annual distribution to the Salt River First Nation to fund operations, per capita distributions and other programs or expenditures in accordance with the annual budget approved by membership.

b) Reserve Survey Fund

To pay reserve survey costs, including environmental assessment and remediation, reserve survey, legal and consulting costs.

c) Infrastructure and Land Acquisition Fund

To pay costs related to the planning, design, construction, operation and maintenance of infrastructure on the reserves of Salt River First Nation, and to pay costs related to the appraisal and acquisition of lands identified in the Settlement Agreement.

d) Youth and Education Fund

To transfer funding and income to the Youth and Education Foundation.

Financial statements of the trust's year ended December 31, 2013 are available upon request. A financial summary of those financial statements is as follows:

	2013	2012
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,810,756	\$ 1,297,322
Accrued investment income	267,015	230,431
Investments	<u>72,795,973</u>	<u>67,579,744</u>
	<b><u>\$ 75,873,744</u></b>	<b><u>\$ 69,107,497</u></b>
<b>LIABILITIES</b>		
Accounts payable	\$ 86,799	\$ 88,450
Annual distribution to S.R.F.N.	<u>4,927,115</u>	<u>4,068,178</u>
	<b><u>5,013,914</u></b>	<b><u>4,156,628</u></b>
<b>NET ASSETS</b>		
Settlement Capital Fund	63,147,234	57,972,425
Infrastructure and Land Acquisition Fund	5,250,395	4,735,062
Youth and Education Fund	<u>2,462,201</u>	<u>2,243,382</u>
	<b><u>70,859,830</u></b>	<b><u>64,950,869</u></b>
	<b><u>\$ 75,873,744</u></b>	<b><u>\$ 69,107,497</u></b>

---

# SALT RIVER FIRST NATION #195

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED March 31, 2014

---

### 16. SETTLEMENT TRUST (Continued)

Results of operations for the years ended December 31, 2012 and December 31, 2011 are as follows:

	2013	2012
<b>Total investment income</b>	<b>\$ 10,642,230</b>	<b>\$ 5,813,102</b>
<b>Expenditures</b>		
Investment management and trustee fees	247,677	238,480
Other	<u>247,248</u>	<u>240,470</u>
	<b>494,925</b>	<b>478,950</b>
<b>Operating income</b>	<b>\$ 10,147,305</b>	<b>\$ 5,334,152</b>

Detailed information related to the investments held by the Trust as at December 31 are as follows:

	2013 Cost	2013 Market Value	2012 Cost	2012 Market Value
Federal Government and Guaranteed Bonds	\$ 280,101	\$ 265,958	\$ 4,550,030	\$ 4,570,016
Provincial Government and Guaranteed Bonds	5,383,146	5,273,643	5,858,077	6,100,833
Corporate Bond Funds	13,789,719	13,961,223	12,932,385	13,800,854
Stocks, Equities and Mutual Funds	<u>43,366,597</u>	<u>53,295,149</u>	<u>41,066,508</u>	<u>43,108,041</u>
	<b>\$ 62,819,563</b>	<b>\$ 72,795,973</b>	<b>\$ 64,407,000</b>	<b>\$ 67,579,744</b>

Federal and provincial government debt securities bear interest at rates from 0.9% to 1.7%. Corporate and crown corporation bonds bear interest at a rates from 3.97% to 4.07%. Shares are held in companies which are listed on stock exchanges. As at December 31, 2013 stocks, equities and equity mutual funds include foreign equities with a market value of \$30,034,569 and a cost of \$25,513,912.

The Trust is exposed to the risk that fair market values of government debt securities and corporate bonds may fluctuate due to fluctuations in interest rates. The fair market value of the Trust's stock portfolio may fluctuate as a result of changes in market stock prices that may be caused by factors specific to an individual security or its issuer, or factors affecting some or all securities traded in the market. The fair market value of the Trust's stock portfolio may also be affected by the foreign exchange rates in effect at the year-end for securities traded on stock exchanges outside of Canada.

---

# SALT RIVER FIRST NATION #195

---

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED March 31, 2014

---

### 16. SETTLEMENT TRUST (Continued)

#### Annual Distribution to the First Nation

Distributions from the Trust accounts are calculated by the Trustee, annually at December 31, as follows:

The greater of:

- 1) Income for tax purposes, and
- 2) 8% of the value of cash and authorized investments less the annual rate of inflation.

The annual rate of inflation of 0.9% for 2013 which was determined by reference to the Stats Canada/CPI website.

The Settlement Trust Agreement requires annual distributions from the Settlement Capital Fund, Reserve Survey Fund and Infrastructure & Land Acquisition Fund to be made to the Salt River Settlement Revenue Account (TLE Program). Annual distributions from the Youth & Education Fund are paid to the Salt River Youth & Education Foundation.

Distributions calculated by the trustee are as follows:

	2013	2012
Settlement Capital Fund	\$ 4,323,594	\$ 3,570,743
Infrastructure and Land Acquisition Fund	<u>412,257</u>	<u>339,099</u>
	<u>4,877,626</u>	<u>3,909,842</u>
Youth and Education Foundation Fund	<u>191,264</u>	<u>158,336</u>
	<u><u>\$ 5,308,880</u></u>	<u><u>\$ 4,068,178</u></u>

# SALT RIVER FIRST NATION #195

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED March 31, 2014

### 17. CORRECTION OF PRIOR PERIOD ACCOUNTING ERROR

Salt River First Nation Youth & Education Foundation (SRFNY&EF) is a government not-for-profit organization controlled by Salt River First Nation (SRFN) Chief and Council. SRFN prior year's financial statements did not consolidate the assets, liabilities, receipts and expenditures of SRFNY&EF in the SRFN financial statements. An adjustment to correct the prior period accounting error has been recorded in 2014 SRFN consolidated financial statements to consolidate SRFNY&EF assets, liabilities, receipts and expenditures as outlined below:

#### STATEMENT OF FINANCIAL POSITION

	2013	2012
<b>FINANCIAL ASSETS</b>		
Cash	<u>\$ 141,775</u>	<u>\$ 207,692</u>
<b>FINANCIAL LIABILITIES</b>		
Accounts payable	2,005	1,039
Deferred revenue	158,336	117,191
Due to Salt River First Nation	<u>15,937</u>	<u>1,820</u>
	<u>176,278</u>	<u>120,050</u>
<b>NET FINANCIAL ASSETS (LIABILITIES)</b>	<u><u>\$ (34,503)</u></u>	<u><u>\$ 87,642</u></u>
<b>ACCUMULATED SURPLUS (DEFICIT)</b>	<u><u>\$ (34,503)</u></u>	<u><u>\$ 87,642</u></u>

#### STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS (DEFICIT)

	2013	2012
<b>RECEIPTS</b>		
Settlement trust distribution	\$ 117,191	\$ 150,085
Other income	649	923
	<u>\$ 117,840</u>	<u>\$ 151,008</u>
<b>EXPENDITURES</b>		
Bank charges	470	55
Meeting expenses	18,900	4,950
Office	9,027	2,157
Student living allowances	134,194	103,246
Telephone and utilities	1,819	1,945
Training, workshops	65,823	87,650
Wages, benefits	9,757	1,820
	<u>239,990</u>	<u>201,823</u>
<b>SURPLUS (DEFICIT), FOR THE YEAR</b>	<u><u>\$ (122,150)</u></u>	<u><u>\$ (50,815)</u></u>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u><u>\$ 87,647</u></u>	<u><u>\$ 138,457</u></u>
<b>ACCUMULATED SURPLUS (DEFICIT), END OF YEAR</b>	<u><u>\$ (34,503)</u></u>	<u><u>\$ 87,642</u></u>

---

## **SALT RIVER FIRST NATION #195**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED March 31, 2014**

---

#### **18. ECONOMIC DEPENDENCE**

The First Nation receives approximately 76% (2012 - 80%) of its annual revenue from the Salt River First Nation Settlement Trust and 9% (2012 - 10%) in the form of transfer payments from the Federal Government on the basis of annual contribution agreements.

---

# SALT RIVER FIRST NATION #195

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED March 31, 2014

---

### 19. CONTINGENCIES

The Government of the Northwest Territories (GNWT) is claiming unremitted payroll tax since 1996. The First Nation is disputing the GNWT's claim on the basis that status employees who work on reserve are exempt from Territorial payroll taxes. The GNWT claims that there were no reserves prior to 2002, and consequently employees were subject to Territorial tax, and the Nation has failed to provide adequate documentation to establish taxes due on non-status employees who worked for the Nation since then. The Nation is currently in discussions with the GNWT and gathering the necessary information to determine the amount due to the GNWT, if any. The liability, if any, cannot be estimated at this time.

Salt River First Nation #195, 4990 NT Ltd. and 4993 NT Ltd. (the plaintiffs) filed a action in the Supreme Court of the Northwest Territories against 5721 NT Ltd., 5780 NT Ltd., SLFN Land Corp (NT) Ltd., VITI Investments Limited, Ram Mudalier, James Schaefer, Raymond Beaver, Melvin Wandering Spirit, Delphine Beaulieu, Chris Bird, Toni Heron, Sonny Macdonald, Michael Beaver, Barbara Heron Mcarthur, Betty Tourangeau, Fred Daniels, Kelera Begum Mudalier, Susan Fay Mudalier, Allan Schaefer and/or AJ's or as AJ's Contracting.

Ken Laviolette, Crystal Catholic, Gloria Villebrun, Joliene Beaver, Ron Schaefer, Jeff Fraser and Fredrick Beaulieu have been added as third parties to the action. Pleadings have been filed in the above action for breach of fiduciary duty, conspiracy and misappropriation of funds. The claim is for over \$800,000 plus interest and costs. The action is currently at the Examination for Discovery stage of litigation. It is too early in the litigation process to ascertain the potential outcome of the matter, although it would appear that the plaintiffs are likely to succeed.

The Nation (Plaintiff) is seeking a judgment in the Supreme Court of the Northwest Territories against Charlie Schaefer Operating as Schaefer Plumbing & Heating and Charles Schaefer (Defendant). The judgment against the Defendants is for \$70,000 or such reasonable amount as may be appropriate compensation for the Defendant's use and occupation of reserve lands. The Nation is also seeking a judgment of \$100,000 or such other amount as may be proven at trial, being the cost of restoring the reserve lands to their original condition as at July 1, 1997; interest in accordance with the *Judicator Act*; costs; and such further or other relief as the Court deems just. A Statement of Defence and Counterclaim was filed by the Defendant's December 6, 2011. The Defendants are claiming in the Counterclaim the following: - A declaration that the loan is owed from the Nation in the amount of \$50,100 plus interest at the rate of twenty-four (24%) percent per annum pursuant to the Loan Agreement, before and after Judgment commencing from February 24, 1997; - Accounting for the loan proceeds from the Nation; - Set off of any amount found to be owed by Charlie / Charles Schaefer to the Plaintiff; - Damages in the amount of \$100,000 per year since 1997 or such amount that is deemed at trial, representing the lost opportunity of his plumbing business; - Costs of this action on solicitor / client basis or, a lump sum scale; - and such further relief as the Court deems just. SRFN filed a reply and Statement of Defence to the Counterclaim on January 11, 2012 denying all allegations. Pleadings have been exchanged as well as a Reply and Statement of Defence to the Counterclaim and Statement as to Documents filed by the Nation. A Statement of Documents has not been received from the Defendant and Questioning has not occurred. Legal counsel is unable to determine the outcome or amount of the claim at this time.

A judicial review (and appeal from the Order granting leave to bring the judicial review) challenging the April 29, 2013 decision of the Special Meeting of the Salt River First Nation Electors removing Applicant's from Council under Custom Electing Regulations and seeking to enforce a decision of individual members of the Nation on May 13, 2013 purporting to remove the Chief from office. While Connie Benwell and Joline Beaver have since discontinued their involvement in this judicial review, Judith Gale continues as an Applicant. The Nation could be liable for the Applicant's assessable costs of the Application (Appeal) if they succeed. The costs might be \$20,000 - \$30,000. At this stage of the proceedings legal counsel expects that the Applicants will not succeed and that assessable costs will, instead, be awarded to the Nation.

Continued.../

---

## **SALT RIVER FIRST NATION #195**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED March 31, 2014**

---

#### **19. CONTINGENCIES (Continued)**

A Federal Court Application has been filed by Judith Gale, Connie Benwell and Joline Beaver ("the Applicants") against Frieda Martselos, Christopher Hunter, Betty Phinney and Ken Laviolette. The action calls for a judicial review (and appeal from the Order granting leave to bring the judicial review) challenging the April 29, 2013 decision of the Special Meeting of the Salt River First Nation Electors removing the Applicant's from Council under Custom Electing Regulations and seeking to enforce a decision of individual members of the Nation on May 13, 2013 purporting to remove the Chief from office. The Nation could be liable for the Applicants assessable cost of the Application (Appeal) if they succeed. The costs might be \$20,000 - \$30,000. At this stage of the proceedings we expect that the Applicants will not succeed and that assessable costs will, instead, be awarded to the Nation.

The First Nation is subject to lawsuits from former employees. Since the amount of the loss, if any, cannot be reasonably estimated, no provision has been recorded in these financial statements. Should a loss be incurred, it will be expensed in the year the liability is determined.

#### **20. COMPARATIVE FIGURES**

2013 comparative figures have been reclassified in order to conform with the financial statement presentation adopted for 2014.