

Aitchelitz First Nation
Financial Statements
Year Ended March 31, 2014

Aitchelitz First Nation
Consolidated Financial Statements
Year Ended March 31, 2014

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Management's Report

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of Aitchelitz First Nation for the year ended March 31, 2014 are the responsibility of management and have been approved by the Chief and Council.

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

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

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

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

The external auditor, Loreen J Falys Inc. Certified General Accountant, conducts an independent examination, in accordance with Canadian auditing standards, and expresses her opinion on the consolidated financial statements. The external auditor has full and free access to financial management of Aitchelitz First Nation and meet when required.

 _____, Aitchelitz First Nation

 _____, Aitchelitz First Nation



To the Members of Aitchelitz First Nation

I have audited the accompanying consolidated financial statements of Aitchelitz First Nation, which comprise the consolidated statement of financial position as at March 31, 2014, and the consolidated statement of operations and accumulated surplus, change in net financial assets, cash flows for the year ended, and the 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

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 judgement, 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 controls 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Unqualified Opinion

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Aitchelitz First Nation as at March 31, 2014, and the results of its operations and changes in net assets and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Other Matters

The prior year comparative figures are unaudited and are shown for comparative purposes and have only been audited to the extent to confirm opening balances.

Certified General Accountant

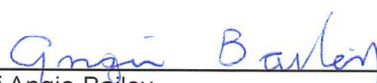
Chilliwack, BC
November 20, 2014

Aitchelitz First Nation
Consolidated Statement of Financial Position
Year Ended March 31, 2014

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	2014	(Unaudited) Restated 2013 (Note 7)
Financial assets		
Cash	\$ 20,591	\$ 53,711
Accounts receivable (Note 2)	263	-
Funds held by federal government (Note 3)	812,092	808,038
Investments in government business enterprises (Note 4)	<u>1,396,345</u>	<u>1,240,680</u>
	<u>2,229,291</u>	<u>2,102,429</u>
Liabilities		
Accounts payable and accrued liabilities	<u>11,343</u>	<u>2,950</u>
Net financial assets	2,217,948	2,099,479
Non-financial assets		
Tangible capital assets (Note 6)	<u>19,720</u>	<u>21,467</u>
Accumulated surplus	<u><u>\$ 2,237,668</u></u>	<u><u>\$ 2,120,946</u></u>

APPROVED on behalf of the Council of Aitchelitz First Nation:


 Chief Angie Bailey


 Councillor Leona Sam

 Councillor John A. George

 Councillor Gordon George

The accompanying notes and supplementary schedules are an integral part of these consolidated financial statements.

**Aitchelitz First Nation
Consolidated Statement of Operations
Year Ended March 31, 2014**

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	Budget	2014	(Unaudited) Restated 2013 (Note 7)
Revenues			
Aboriginal Affairs and Northern Development Canada	\$ 44,737	\$ 45,899	\$ 45,179
Income from investment in government business enterprises	11,250	189,415	122,540
Interest Income - Ottawa Trust Accounts	14,300	22,955	18,769
Property taxation	38,190	38,235	-
Sto:lo Nation - Brighter Futures	4,180	4,789	3,460
BC Hydro	2,583	2,000	2,000
Travel and honoraria reimbursement	6,722	14,626	4,582
	<u>121,962</u>	<u>317,919</u>	<u>196,530</u>
Expenses			
Administration	81,245	155,839	102,908
Community maintenance	75	4,512	3,835
Taxation	38,190	39,099	-
Write-down of tangible capital asset	-	104	-
Amortization	-	1,643	1,643
	<u>119,510</u>	<u>201,197</u>	<u>108,386</u>
Annual Surplus	2,452	116,722	88,144
Accumulated Surplus, beginning of year	<u>49,695</u>	<u>2,120,946</u>	<u>2,032,802</u>
Accumulated Surplus, end of year	<u>\$ 52,147</u>	<u>\$ 2,237,668</u>	<u>\$ 2,120,946</u>

The accompanying notes and supplementary schedules are an integral part of these consolidated financial statements.

Aitchelitz First Nation
Consolidated Statement of Changes in Net Assets
Year Ended March 31, 2014

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	2014	(Unaudited) Restated 2013 (Note 7)
Annual surplus	\$ 116,722	\$ 88,144
Write-down of tangible capital assets	104	-
Amortization of tangible capital assets	<u>1,643</u>	<u>1,643</u>
Increase in net financial assets	118,469	89,787
Net financial assets, beginning of year	<u>2,099,479</u>	<u>2,009,692</u>
Net financial assets, end of year	<u><u>\$ 2,217,948</u></u>	<u><u>\$ 2,099,479</u></u>

The accompanying notes and supplementary schedules are an integral part of these consolidated financial statements.

**Aitchelitz First Nation
Consolidated Statement of Cash Flows
Year Ended March 31, 2014**

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	2014	(Unaudited) Restated 2013 (Note 7)
Operating Activities		
Cash provided by (Used in):		
Annual surplus	\$ 116,722	\$ 88,144
Items not involving cash:		
Amortization	1,643	1,643
Write-down of obsolete assets	104	-
Funds held in trust	(4,054)	1,731
Net income from government business enterprises	(189,415)	(122,540)
Change in non-cash assets and liabilities:		
Accounts receivable	(263)	4,216
Accounts payable and accrued liabilities	8,393	(116)
	<u>(66,870)</u>	<u>(26,922)</u>
Investing activities		
Distribution from government business enterprises	<u>33,750</u>	<u>33,750</u>
Net change in cash	(33,120)	6,828
Cash and cash equivalents, beginning of year	<u>53,711</u>	<u>46,883</u>
Cash and cash equivalents, end of year	<u>\$ 20,591</u>	<u>\$ 53,711</u>
Represented by:		
Cash - Unrestricted	<u>\$ 20,591</u>	<u>\$ 53,711</u>

The accompanying notes and supplementary schedules are an integral part of these consolidated financial statements.

1. Significant Accounting Policies

a) Basis of accounting

The consolidated financial statements of Aitchelitz First Nation are prepared by management in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants. Significant accounting policies adopted by the Aitchelitz First Nation are as follows:

b) Reporting entity

The Aitchelitz First Nation reporting entity includes the Aitchelitz First Nation government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

c) Principles of consolidation

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

Under the modified equity method of accounting, only Aitchelitz First Nation's investment in the government business enterprise and the enterprise's net income and other change in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of Aitchelitz First Nation

Organizations accounted for on a modified equity basis include:

- Ch-ihl-kway-uhk Forestry Limited Partnership
- Ch-ihl-kway-uhk Tribe Society
- Centre Creek Limited Partnership
- The SHAC Joint Venture (Sto:lo Hydro Ad Hoc Committee)
- Ts'elxweyeqw Tribe Limited Partnership

d) Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets.

e) Cash

Cash includes cash on hand and balances with banks net of bank overdraft.

1. Significant Accounting Policies Cont'd

f) Tangible capital assets

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

Amortization is provided for on a straight-line basis over their estimated useful lives as follows:

Land	not amortized
Buildings	40 years
Tractor equipment	10 years
Office equipment	4 years

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

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

g) Revenue recognition

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

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

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

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

h) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements as well as the reported amounts of revenue and expenses during each period. Management believes that the estimates utilized in preparing its financial statements are reasonable and prudent.

1. Significant Accounting Policies Cont'd

i) Accounting Pronouncements

Liability for contaminated sites

In June 2010, the Public Accounting Board (PSAB) issued PS 3260 Liability for Contaminated Sites to establish recognition, measurement and disclosure standards for liabilities associated with the remediation of contaminated sites. The new section defines activities included in a liability for remediation, establishes when to recognize and how to measure a liability for remediation, and provides the related financial statement presentation and disclosure requirements.

PS 3260 is effective for fiscal years beginning on or after April 1, 2014. The Band has not yet determined the effect of the new section in its financial statements.

2. Accounts receivable

Accounts receivable consists of the following:

	<u>2014</u>	<u>2013</u>
Property taxation	\$ 263	\$ -
Due from Members	-	6,972
Allowance for doubtful accounts	-	(6,972)
	<u>\$ 263</u>	<u>\$ -</u>

3. Ottawa Trust Fund

Trust fund accounts arise from moneys derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

	<u>Capital Fund</u>	<u>Revenue Fund</u>	<u>2014 Total</u>	<u>2013 Total</u>
Balance, beginning of year	\$ 798,059	\$ 9,978	\$ 808,037	\$ 809,769
Additions				
Interest income	-	22,856	22,856	18,667
B.C. Special Distribution	-	99	99	102
Distributions	-	(10,800)	(10,800)	(9,000)
Distributions to minor accounts	-	(8,100)	(8,100)	(11,500)
	<u>-</u>	<u>4,055</u>	<u>4,055</u>	<u>(1,731)</u>
Balance, end of year	<u>\$ 798,059</u>	<u>\$ 14,033</u>	<u>\$ 812,092</u>	<u>\$ 808,038</u>

Aitchelitz First Nation
Notes to the Financial Statements
Year Ended March 31, 2014

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4. Investments in Government Business Enterprises

Aitchelitz First Nation along with other First Nations in the Sto:lo territory have established various business ventures and partnerships to accommodate any business or manage property collectively owned. The equity as reported by the respective entities is as follows:

	Investment beginning of year	Undistributed earnings (loss)	Adjustments & Withdrawals	2014 Total
Ch-ihl-kway-uhk Forestry Limited Partnership	\$ 39,745	\$ 1,945	\$ (23,291)	\$ 18,399
Ch-ihl-kway-uhk Forest Ltd. - shares	10	-	-	10
Ch-ihl-kway-uhk Tribe Society	40,295	5,473	-	45,768
Centre Creek Limited Partnership	181,181	(1,539)	-	179,642
Centre Creek Management Limited - shares	10	-	-	10
The SHAC Joint Venture	334,024	3,402	(33,750)	303,676
Ts'elxweyeqw Tribe Limited Partnership	645,414	203,425	-	848,839
Ts'elxweyeqw Tribe Management Ltd.-shares	1	-	-	1
	<u>\$ 1,240,680</u>	<u>\$ 212,706</u>	<u>\$ (57,041)</u>	<u>\$ 1,396,345</u>

	Investment beginning of year	Undistributed earnings (loss)	Adjustments	Restated 2013 Total
				(Note 7)
Ch-ihl-kway-uhk Forestry Limited Partnership	\$ 415,920	\$ 39,745	\$ (415,920)	\$ 39,745
Ch-ihl-kway-uhk Forest Ltd.- shares	10	-	-	10
Ch-ihl-kway-uhk Tribe Society	41,270	(975)	-	40,295
Centre Creek Limited Partnership	207,215	(26,034)	-	181,181
Centre Creek Management Limited - shares	10	-	-	10
The SHAC Joint Venture	378,871	(11,097)	(33,750)	334,024
Ts'elxweyeqw Tribe Limited Partnership	108,593	120,901	415,920	645,414
Ts'elxweyeqw Tribe Management Ltd.-shares	1	-	-	1
	<u>\$ 1,151,890</u>	<u>\$ 122,540</u>	<u>\$ (33,750)</u>	<u>\$ 1,240,680</u>

Ch-ihl-kway-uhk Forestry Limited Partnership - owns 11 of 89 units issued; established for the purpose of developing, operating and participating in various forestry operations and activities

Ch-ihl-kway-uhk Forest Ltd. - owns 10 of 100 shares issued, established for management purposes

Ch-ihl-kway-uhk Tribe Society - 1/9th interest, established for the purpose of property rental

Centre Creek Limited Partnership - 1/9th interest; established to manage and operate property owned in the Chilliwack River Valley

Centre Creek Management Limited - owns 10 of 80 shares issued, established for management purposes

The SHAC Joint Venture - 1/6th interest; established for the purpose of managing the Integrated Land Management (ILM) funds received under the terms of the IBA Agreement with BC Hydro. Prior year statements have been restated.

Ts'elxweyeqw Tribe Limited Partnership - owns 10 of 71 units issued; established April 18, 2011 to accommodate any business ventures that the Partners wish to enter into together and to defend the aboriginal title and rights collectively held by members of the Partners within their traditional territory.

Ts'elxweyeqw Tribe Management Ltd. - owns one of seven shares issued; established as a management corporation.

**Aitchelitz First Nation
Notes to the Financial Statements
Year Ended March 31, 2014**

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4. Investments in Nation Partnerships and Business Entities Cont'd

The following presents condensed financial information for Ch-ihl-kway-uhk Forestry Limited Partnership and the Ch-ihl-kway-uhk Forest Ltd. which is the general partner.

	<u>2014</u>	<u>2013</u>
Current assets	\$ 420,020	\$ 701,152
Current liabilities	\$ 227,308	\$ 524,177
	<u>227,308</u>	<u>524,177</u>
Equity (deficit), beginning of year	176,975	(96,521)
Net loss	15,737	273,496
Equity, end of year	192,712	176,975
	<u>\$ 420,020</u>	<u>\$ 701,152</u>
Revenue	\$ 257,888	\$ 800,073
Expenses	242,151	526,577
Net income	<u>\$ 15,737</u>	<u>\$ 273,496</u>

The following presents condensed financial information for Ch-ihl-kway-uhk Tribe Society:

	<u>2014</u>	<u>2013</u>
Current assets	\$ 297,975	\$ 276,065
Capital assets	320	438
Due from related party	128,897	99,524
	<u>\$ 427,192</u>	<u>\$ 376,027</u>
Current liabilities	\$ 15,281	\$ 13,373
Equity, beginning of year	362,654	371,436
Net loss	49,257	(8,782)
Equity, end of year	411,911	362,654
	<u>\$ 427,192</u>	<u>\$ 376,027</u>
Revenue	\$ 55,149	\$ 54,544
Expenses	5,892	63,326
Excess (deficiency) of revenue over expenses	<u>\$ 49,257</u>	<u>\$ (8,782)</u>

**Aitchelitz First Nation
Notes to the Financial Statements
Year Ended March 31, 2014**

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4. Investments in Nation Partnerships and Business Entities Cont'd

The following presents condensed financial information for Centre Creek Limited Partnership and Centre Creek Management Limited, the general partner:

	<u>2014</u>	<u>2013</u>
Current assets	\$ 27,985	\$ 31,172
Property and equipment	<u>2,539,492</u>	<u>2,581,137</u>
	<u>\$ 2,567,477</u>	<u>\$ 2,612,309</u>
Current liabilities	\$ 639,109	\$ 594,380
Long-term debt	<u>372,196</u>	<u>447,767</u>
	<u>\$ 1,011,305</u>	<u>\$ 1,042,147</u>
Equity, beginning of year	\$ 1,570,162	\$ 1,806,836
Net loss	<u>(13,990)</u>	<u>(236,674)</u>
Equity, end of year	<u>1,556,172</u>	<u>1,570,162</u>
	<u>\$ 2,567,477</u>	<u>\$ 2,612,309</u>
Revenue	\$ 95,700	\$ 5,676
Expenses	<u>109,690</u>	<u>242,350</u>
Net Income (loss)	<u>\$ (13,990)</u>	<u>\$ (236,674)</u>

The following presents condensed financial information for SHAC Joint Venture:

	<u>2014</u>	<u>2013</u>
Current assets	\$ 1,861,603	\$ 2,033,279
Property and equipment	<u>65,153</u>	<u>4,867</u>
	<u>\$ 1,926,756</u>	<u>\$ 2,038,146</u>
Current liabilities	\$ 104,698	\$ 34,002
	<u>104,698</u>	<u>34,002</u>
Venturers' Capital, beginning of year	2,004,144	2,273,226
Net income (loss)	20,414	(66,582)
Withdrawals	<u>(202,500)</u>	<u>(202,500)</u>
Venturers' Capital, end of year	<u>1,822,058</u>	<u>2,004,144</u>
	<u>\$ 1,926,756</u>	<u>\$ 2,038,146</u>
Revenue	\$ 767,572	\$ 573,338
Expenses	<u>747,158</u>	<u>639,920</u>
Net income (loss)	<u>\$ 20,414</u>	<u>\$ (66,582)</u>

**Aitchelitz First Nation
Notes to the Financial Statements
Year Ended March 31, 2014**

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4. Investments in Nation Partnerships and Business Entities Cont'd

The following presents consolidated condensed financial information for Ts'elxweyeqw Tribe Limited Partnership, Ts'elxweyeqw Tribe Forestry Limited Partnership and Ts'elxweyeqw Tribe Management Limited:

	2014	2013
Current assets	\$ 5,490,634	\$ 4,158,720
Property and equipment	18,492	24,130
Due from related parties	393,922	74,496
	<u>\$ 5,903,048</u>	<u>\$ 4,257,346</u>
Current liabilities	\$ 410,304	\$ 162,854
Share capital	<u>7</u>	<u>7</u>
Equity, beginning of year	4,094,485	710,686
Net income	1,398,252	888,279
Contributions	-	2,495,520
Equity, end of year	<u>5,492,737</u>	<u>4,094,485</u>
	<u>\$ 5,903,048</u>	<u>\$ 4,257,346</u>
Revenue	\$ 3,231,631	\$ 1,488,047
Expenses	1,833,379	599,768
Net income (loss)	<u>\$ 1,398,252</u>	<u>\$ 888,279</u>

5. Economic Dependence

The Aitchelitz First Nation receives a major portion of its revenue from Aboriginal Affairs and Northern Development Canada. The nature and extent of this revenue is of such significance that the First Nation is economically dependent on this source of revenue.

**Aitchelitz First Nation
Notes to the Financial Statements
Year Ended March 31, 2014**

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6. Tangible Capital Assets

				<u>Total</u>	<u>Restated</u>
	<u>Band</u>	<u>Tractor</u>	<u>Office</u>		<u>Total</u>
	<u>Housing</u>	<u>Equipment</u>	<u>Equipment</u>	<u>2014</u>	<u>(Note 7)</u>
					<u>2013</u>
Cost					
Opening costs	\$ 65,735	\$ 21,650	\$ 8,274	\$ 95,659	\$ 95,659
Additions during the year	-	-	-	-	-
Disposals and write-downs	-	(1,038)	(8,274)	(9,312)	-
Closing costs	65,735	20,612	-	86,347	95,659
Accumulated Amortization					
Opening accum'd amortization	44,372	21,546	8,274	74,192	72,549
Amortization	1,643	-	-	1,643	1,643
Disposals and write downs	-	(934)	(8,274)	(9,208)	-
Closing accum'd amortization	46,015	20,612	-	66,627	74,192
Net Book Value of Tangible Capital Assets	<u>\$ 19,720</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,720</u>	<u>\$ 21,467</u>

7. Prior Year Restatement

- a) Aitchelitz First Nation has implemented Public Sector Accounting Board (PSAB) sections 3150 Tangible Capital Assets. Section 3150 requires governments to record and amortize their tangible capital assets in their financial statements based on useful life expectancy. In prior year, amortization of tangible capital assets for housing was based on CMHC principal reduction method.

This change has been applied retroactively and prior periods have been restated. This change in accounting policy has changed amortization amounts resulting in a net change in tangible capital assets of \$15,214 and a corresponding increase in accumulated surplus.

- b) The prior year's figures have been restated to correct an error in reporting of the financial statement of one of the government business entities, the operating loss of Seven Generations Environment Services Ltd. has been included but is a 100% subsidiary of The SHAC Joint Venture which is also reported. The correction result is an increase in government business enterprise investment of \$152,730 and an corresponding increase in accumulated surplus.

