

SODA CREEK INDIAN BAND
Financial Statements
Year Ended March 31, 2014

SODA CREEK INDIAN BAND
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Year Ended March 31, 2014

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Soda Creek Indian Band

3405 Mountain House Road

Williams Lake, BC V2G 5L5

Phone: (250) 989-2323 Fax: (250) 989-2300

Management's Responsibility for Financial Reporting

The accompanying financial statements of Soda Creek Indian Band are the responsibility of management and have been approved by Chief and Council.


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

Soda Creek Indian Band 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 Band's assets are appropriately accounted for and adequately safeguarded.

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

The Chief and Council review Soda Creek Indian Band's financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as the independent auditor, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the financial statements and independent auditor's report. The Chief and Council also consider the engagement of the independent auditor.

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



Chief



Councilor



FRASER BEVZ BROUGHTON
Chartered Accountants LLP

D. Kane Fraser, CPA, CA*
Partner

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

Ryan Broughton, CPA, CA*
Partner

**Denotes incorporated professional*

INDEPENDENT AUDITOR'S REPORT

To the Members of Soda Creek Indian Band:

We have audited the accompanying financial statements of Soda Creek Indian Band, which comprise the statement of financial position as at March 31, 2014, and the statements of changes in net financial assets, operations and cash flows, for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(continues)



FRASER BEVZ BROUGHTON
Chartered Accountants LLP

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Soda Creek Indian Band as at March 31, 2014 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.

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

Williams Lake, British Columbia
July 22, 2014

Fraser Beetz Broughton

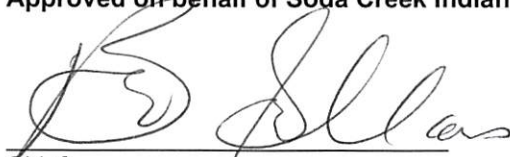
FRASER BEVZ BROUGHTON
CHARTERED ACCOUNTANTS LLP

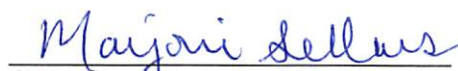
SODA CREEK INDIAN BAND
Statement of Financial Position
As at March 31, 2014

	2014	2013
Financial assets		
Cash (Note 4)	\$ 3,132,783	\$ 2,572,696
Restricted cash (Note 5)	190,146	175,043
Accounts receivable (Note 6)	473,168	518,500
Trust funds held by Canada (Note 7)	238,064	230,511
Investment (Note 8)	737,258	633,995
	<u>4,771,419</u>	<u>4,130,745</u>
Liabilities		
Accounts payable and accrued liabilities (Note 9)	421,652	325,956
Deferred revenue (Note 10)	20,251	52,472
Long term debt (Note 11)	730,720	822,373
Due to related party (Note 12)	84,459	-
	<u>1,257,082</u>	<u>1,200,801</u>
Net financial assets	<u>3,514,337</u>	<u>2,929,944</u>
Non-financial assets		
Tangible capital assets (Note 13)	5,398,491	5,564,787
Prepaid expenses	46,627	48,142
	<u>5,445,118</u>	<u>5,612,929</u>
Band equity	<u>\$ 8,959,455</u>	<u>\$ 8,542,873</u>
Band equity		
Accumulated surplus (Note 14) - page 6	\$ 8,399,726	\$ 8,006,211
Replacement reserve (Note 15)	288,348	265,281
	<u>8,688,074</u>	<u>8,271,492</u>
Contributed surplus (Note 16)	271,381	271,381
	<u>\$ 8,959,455</u>	<u>\$ 8,542,873</u>

Contingent liabilities (Note 19)

Approved on behalf of Soda Creek Indian Band


 Chief


 Councilor

The accompanying notes are an integral part of this statement.

SODA CREEK INDIAN BAND**Statement of Changes in Net Financial Assets****Year Ended March 31, 2014**

	2014	2013
Net revenue for the year	\$ 393,515	\$ 497,388
Amortization	292,161	285,894
Allocation from (to) replacement reserve	23,067	(6,487)
Change in prepaid expenses	1,515	4,161
Tangible capital asset acquisitions, net of transfer in of accumulated amortization	(125,865)	(21,184)
Increase in net financial assets	584,393	759,772
Net financial assets - beginning of year	2,929,944	2,170,172
Net financial assets - end of year	\$ 3,514,337	\$ 2,929,944

The accompanying notes are an integral part of this statement.

SODA CREEK INDIAN BAND
Statement of Operations
Year Ended March 31, 2014

	Budget 2014 (Unaudited)	2014	2013
Revenues <i>(from Schedule 1)</i>	\$ 2,558,795	\$ 3,492,712	\$ 3,487,592
Transfer from deferred revenue	-	52,472	272,263
Transfer to deferred revenue	-	(20,251)	(52,472)
	2,558,795	3,524,933	3,707,383
Expenses <i>(from Schedule 2)</i>	2,820,557	3,227,069	3,272,470
Net revenue before the following	(261,762)	297,864	434,913
Other income (expenses)			
Surplus recoveries	-	(7,612)	(16,621)
Partner's share in net income in Xat'sull Limited Partnership	-	103,263	79,096
Net revenue for the year	(261,762)	393,515	497,388
Accumulated surplus - beginning of year	-	8,006,211	7,508,823
Accumulated surplus - end of year - page 4	\$ (261,762)	\$ 8,399,726	\$ 8,006,211

The accompanying notes are an integral part of this statement.

SODA CREEK INDIAN BAND**Revenues****(Schedule 1)****Year Ended March 31, 2014**

	Budget 2014 (Unaudited)	2014	2013
Revenues			
Federal Government			
AANDC - Operating	\$ 1,068,732	\$ 1,316,119	\$ 1,466,289
AANDC - Capital	-	22,200	-
Northern Shuswap Treaty Society	303,750	303,750	307,750
Three Corners Health Society	179,330	185,041	182,030
CCATEC	71,030	53,747	62,145
CMHC	37,729	37,729	44,463
First Nations Health Authority	-	30,643	-
Health Canada	61,285	30,642	61,285
Canada Youth	8,867	6,097	6,031
Province of British Columbia	57,323	230,833	232,349
BC Hydro	117,900	196,475	-
Mount Polley Mining Corporation	20,000	180,000	229,000
Rentals	154,656	168,932	156,776
Taxation	123,345	123,345	122,498
Administration and management fees	60,000	60,000	60,000
Spectra Energy	50,000	51,000	50,000
Tolko Industries Ltd.	36,000	39,000	30,000
Union of BC Municipalities	71,056	35,528	-
Interest	-	32,679	23,435
Knucwentwecw Society	30,000	32,510	30,500
FNESC	13,000	28,906	14,432
Gold Fields Horsefly Exploration Corporation	5,000	25,000	121,400
First Resources Power	-	25,000	-
Heritage Canada Foundation	-	2,600	-
BC Association of Aboriginal Friendship Centres	2,094	1,000	36,578
Spanish Mountain Gold Mines	-	-	62,000
All other sources	87,698	273,936	188,631
	\$ 2,558,795	\$ 3,492,712	\$ 3,487,592

The accompanying notes are an integral part of this statement.

SODA CREEK INDIAN BAND**Expenses****(Schedule 2)****Year Ended March 31, 2014**

	Budget 2014 (Unaudited)	2014	2013
Expenses			
Administration	\$ 641,714	\$ 678,546	\$ 785,431
Amortization	91,654	292,161	285,894
Capital improvement projects	-	17,216	9,485
Education	477,223	676,304	679,070
Health and well-being	217,785	234,473	250,424
Housing	77,851	83,571	102,136
Natural resources	406,503	356,861	225,806
Public works	234,610	252,200	240,561
Social development	389,667	372,746	415,019
Treaty	283,550	262,991	278,644
	<u>\$ 2,820,557</u>	<u>\$ 3,227,069</u>	<u>\$ 3,272,470</u>

The accompanying notes are an integral part of this statement.

SODA CREEK INDIAN BAND**Statement of Cash Flows****Year Ended March 31, 2014**

	2014	2013
Cash flows from operating activities		
Net revenue for the year	\$ 393,515	\$ 497,388
Items not affecting cash:		
Amortization	292,161	285,894
Partner's share in net income in Xat'sull Limited Partnership	(103,263)	(79,096)
	<u>582,413</u>	<u>704,186</u>
Changes in non-cash working capital:		
Restricted cash	(15,103)	(598)
Accounts receivable	45,332	(111,403)
Accounts payable and accrued liabilities	95,696	(144,060)
Deferred revenue	(32,221)	(219,791)
Prepaid expenses	1,515	4,161
Replacement reserve	23,067	(6,487)
	<u>118,286</u>	<u>(478,178)</u>
Cash flow from operating activities	<u>700,699</u>	<u>226,008</u>
Cash flow from investing activity		
Trust funds held by Canada	(7,553)	(5,540)
Due to related party	84,459	-
	<u>76,906</u>	<u>(5,540)</u>
Cash flow from (used by) investing activity	<u>76,906</u>	<u>(5,540)</u>
Cash flow from capital activities		
Purchase of tangible capital assets, net of transfer in of accumulated amortization	(125,865)	(21,184)
	<u>(125,865)</u>	<u>(21,184)</u>
Cash flow from financing activities		
Repayment of long term debt	(91,653)	(84,597)
	<u>(91,653)</u>	<u>(84,597)</u>
Increase in cash	560,087	114,687
Cash - beginning of year	<u>2,572,696</u>	<u>2,458,009</u>
Cash - end of year (Note 4)	\$ 3,132,783	\$ 2,572,696

The accompanying notes are an integral part of this statement.

SODA CREEK INDIAN BAND
Notes to Financial Statements
Year Ended March 31, 2014

1. Basis of presentation

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

- a. The focus of PSAB statements is on the financial position of the Band and the changes thereto. The Statement of Financial Position includes all the assets and liabilities of the Band. Financial assets are economic resources controlled by the Band as a result of past transactions from which future economic benefits may be obtained. Liabilities are present obligations of the Band to others arising from past transactions, the settlement of which is expected to result in the future sacrifice of economic benefits.
- b. Soda Creek Indian Band uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions.

The various funds have been amalgamated for the purpose of presentation in the financial statements. Details of the operation of each fund are set out in the supplementary schedules.

Soda Creek Indian Band maintains the following funds:

- The Operations Fund which reports the general activities of the Band.
- The Capital Fund which reports the capital projects of the Band together with their related financing, other than those tangible capital assets funded by CMHC and the Enterprise Fund.
- The Enterprise Fund which reports the Band's investment in Xat'sull Limited Partnership.
- The Trust Fund which reports on the trust funds owned by the Band and held by third parties.
- The CMHC Social 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.

c. Reporting entity and principles of financial reporting

The Soda Creek Indian Band reporting entity includes the Band and all related entities which are accountable to the Chief and Council and are either owned or controlled by the Band.

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

- Band government administration (Operating and Capital funds)
- Band Enterprise Fund
- Band Trust Fund (comprising the Ottawa Trust Funds)
- Band CMHC Social Housing Fund
- Treaty Self-Government Fund

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.

SODA CREEK INDIAN BAND
Notes to Financial Statements
Year Ended March 31, 2014

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.

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 declining balance method at the following rates:

Buildings	4%
Community infrastructure	4%
Equipment and machinery	20%
Automotive equipment	20%
Office furniture and equipment	20%

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.

Investments

The Band accounts for its investment in Xat'sull Limited Partnership using the equity method. Under this method, the investment is initially recorded at cost and then increased or decreased to recognize subsequent earnings or losses. The investment is also increased or decreased to reflect advances to or repayments from the Limited Partnership.

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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SODA CREEK INDIAN BAND
Notes to Financial Statements
Year Ended March 31, 2014

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

Trust funds held by Canada (Ottawa Trust Fund)

Ottawa Trust Fund operating account revenues are recorded on an accrual basis, and include interest earned on the Ottawa Trust account.

Ottawa Trust Fund capital account revenues are recorded when the Band is notified of their deposit by Aboriginal Affairs and Northern Development Canada.

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. Soda Creek Indian Band retains all benefits and risks of ownership of its property and, therefore, accounts for leases with its tenants as operating leases.

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the impairment of assets, and rates for depreciation and amortization. Actual results could differ from those estimates.

3. Economic dependence

The Soda Creek Indian Band receives a significant portion of its revenues pursuant to funding arrangements with Aboriginal Affairs and Northern Development Canada. The Band's ability to continue operations would be severely hampered should this funding be discontinued.

4. Cash

Cash includes the following unrestricted operating accounts:

	2014	2013
Operations	\$ 3,053,352	\$ 2,499,446
CMHC Housing Program	98,586	101,734
Treaty self government program	(19,155)	(28,484)
	<u>\$ 3,132,783</u>	<u>\$ 2,572,696</u>

SODA CREEK INDIAN BAND
Notes to Financial Statements
Year Ended March 31, 2014

5. Cash restricted as to use

	<u>2014</u>	<u>2013</u>
Replacement reserve	\$ 190,146	\$ 175,043

Under the terms of the Band'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>2014</u>	<u>2013</u>
Due from Band members:		
Housing program	\$ 238,522	\$ 235,987
Other	17,752	19,489
	256,274	255,476
Less: Allowance for doubtful accounts	99,055	104,355
	157,219	151,121
Due from others:		
AANDC	-	73,532
Northern Shuswap Treaty Society	86,491	97,307
GST/HST recoverable	2,707	4,659
Three Corners Health Services Society	44,948	48,895
CCATEC	22,257	12,620
Spectra Energy	50,000	50,000
Williams Lake Indian Band	-	18,942
All others	109,546	61,424
	315,949	367,379
	\$ 473,168	\$ 518,500

7. Trust funds held by Canada

	<u>2014</u>	<u>2013</u>
Ottawa Trust Accounts	\$ 238,064	\$ 230,511

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.

SODA CREEK INDIAN BAND
Notes to Financial Statements
Year Ended March 31, 2014

8. Investment

Transactions for the year in the Band's investments are summarized below:

	2014	2013
Xat'sull Limited Partnership interest - beginning of year	\$ 633,993	\$ 554,897
Share in net income of the partnership	<u>103,263</u>	<u>79,096</u>
Xat'sull Limited Partnership interest - end of year	737,256	633,993
Shares in Xat'sull Logging Ltd.	1	1
Shares in Xat'sull Development Ltd.	<u>1</u>	<u>1</u>
	\$ 737,258	\$ 633,995

9. Accounts payable and accrued liabilities

	2014	2013
Trade accounts	\$ 343,982	\$ 238,937
Accrued payroll and source deductions	53,058	70,019
Other accrued liabilities	17,000	17,000
AANDC recoveries	<u>7,612</u>	<u>-</u>
	\$ 421,652	\$ 325,956

10. Deferred revenue

Deferred revenue includes funding received in advance of expenditures being made in respect of the following capital projects:

	2014	2013
Aboriginal Affairs and Northern Development Canada		
Mould Renovations Fund - #11128	\$ 4,984	\$ -
Other		
Nenqayni Treatment Centre	14,850	14,850
Northern Shuswap Treaty Society	417	-
Union of BC Municipalities	-	35,528
British Columbia Association of Aboriginal Friendship Centres	<u>-</u>	<u>2,094</u>
	\$ 20,251	\$ 52,472

SODA CREEK INDIAN BAND
Notes to Financial Statements
Year Ended March 31, 2014

11. Long term debt

	<u>2014</u>	<u>2013</u>
CMHC Phase 1 mortgage loan bearing interest at 3.14% per annum, repayable in monthly blended payments of \$2,263. The finance contract matures on October 1, 2017.	\$ 91,928	\$ 116,389
All Nations Trust mortgage loan bearing interest at 2.4% per annum, repayable in monthly blended payments of \$2,372. The loan matures on June 1, 2020.	165,110	189,317
All Nations Trust mortgage loan bearing interest at 1.8% per annum, repayable in monthly blended payments of \$2,222. The loan matures on April 1, 2017.	185,022	208,140
All Nations Trust mortgage loan bearing interest at 1.67% per annum, repayable in monthly blended payments of \$2,071. The loan matures on February 1, 2027.	288,660	308,527
	<u>\$ 730,720</u>	<u>\$ 822,373</u>

Principal repayment requirements are approximately:

2015	\$ 91,678
2016	94,888
2017	98,133
2018	92,120
2019	74,375
Thereafter	279,526
	<u>\$ 730,720</u>

Long term debt is secured by the ministerial guarantee of the Minister of Finance - Canada.

12. Due to related party

	<u>2014</u>	<u>2013</u>
Due to Xat'sull Limited Partnership	\$ 84,459	\$ -

The amount owing is unsecured and non-interest bearing with no specific terms of repayment.

SODA CREEK INDIAN BAND
Notes to Financial Statements
Year Ended March 31, 2014

13. Tangible capital assets

	Cost	Accumulated amortization	2014 Net book value	2013 Net book value
Building				
Soda Creek Emporium	\$ 108,921	\$ 71,948	\$ 36,973	\$ 38,513
Campsite building	7,345	3,670	3,675	3,828
Xat'sull Heritage Village buildings	147,542	60,559	86,983	-
Community infrastructure	5,011,669	2,321,755	2,689,914	2,804,138
Equipment and machinery	91,099	89,031	2,068	1,742
Equipment				
Soda Creek Emporium	14,067	13,307	760	950
Automotive equipment	152,830	89,501	63,329	44,747
Office furniture and equipment	109,515	95,957	13,558	16,948
Health Centre				
Building	1,897,727	471,684	1,426,043	1,485,461
Equipment	82,654	76,181	6,473	8,091
CMHC				
Buildings and equipment	2,027,632	958,917	1,068,715	1,160,369
	\$ 9,651,001	\$ 4,252,510	\$ 5,398,491	\$ 5,564,787

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

Tangible capital asset acquisitions:

Xat'sull Heritage Village - buildings	\$ 147,541
2013 Ford Truck F-150	34,414
Xat'sull Heritage Village - equipment and machinery	9,470
	\$ 191,425

	Balance April 1, 2013	Transfer in	2014 Provision	Balance March 31, 2014
Accumulated amortization:				
Building				
Soda Creek Emporium	\$ 70,408	\$ -	\$ 1,540	\$ 71,948
Campsite building	3,517	-	153	3,670
Xat'sull Heritage Village buildings	-	56,935	3,624	60,559
Community infrastructure	2,207,531	-	114,224	2,321,755
Equipment and machinery	79,886	8,628	517	89,031
Equipment				
Soda Creek Emporium	13,117	-	190	13,307
Automotive equipment	73,668	-	15,833	89,501
Office furniture and equipment	92,567	-	3,390	95,957
Health Centre				
Building	412,266	-	59,418	471,684
Equipment	74,563	-	1,618	76,181
CMHC				
Buildings and equipment	867,263	-	91,654	958,917
	\$ 3,894,786	\$ 65,563	\$ 292,161	\$ 4,252,510

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SODA CREEK INDIAN BAND
Notes to Financial Statements
Year Ended March 31, 2014

13. Tangible capital assets (continued)

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

14. Band equity - accumulated surplus

Accumulated surplus consists of the following fund balances:

	2014	2013
Operating and Capital Projects Fund	\$ 7,518,442	\$ 7,241,313
CMHC Social Housing Fund	(119,756)	(115,767)
Ottawa Trust Fund	238,064	230,511
Investment in Band Business Enterprises	737,258	633,995
Treaty Self Government Program	25,718	16,159
	\$ 8,399,726	\$ 8,006,211

15. Replacement reserve

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

	2014	2013
CMHC replacement reserve - beginning of year	\$ 265,281	\$ 271,768
Appropriation	23,853	23,853
Replacements	(2,105)	(31,465)
Interest	1,319	598
CMHC required adjustment	-	527
CMHC replacement reserve - end of year	\$ 288,348	\$ 265,281

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 \$22,853 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 \$98,202 (2013 - \$90,238).

16. Contributed surplus

Contributed surplus consists of the following:

	2014	2013
Band contribution to social housing program	\$ 271,381	\$ 271,381

SODA CREEK INDIAN BAND
Notes to Financial Statements
Year Ended March 31, 2014

17. Financial instruments and risk management

The Band's financial instruments consist of cash, cash restricted as to use, accounts receivable, trust funds held by Canada, accounts payable and accrued liabilities and long term debt. Unless otherwise noted, it is management's opinion that the Band 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 Band 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 Band provides services may experience financial difficulty and be unable to fulfill their obligations.

The Band 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.

18. Federal assistance payments

Soda Creek Indian Band Social Housing Fund has received federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 56-1 of the National Housing Act to reduce mortgage interest expense to 2% to enable the project to provide housing to low income individuals. The amount of the assistance received for the year ended March 31, 2014 was \$37,729 (2013 - \$44,463). This assistance will continue, providing the Band is not in default of the agreement.

19. Contingent liabilities

The Band has guaranteed loans under the CMHC Housing Program with balances as at March 31, 2014 aggregating \$730,720 (2013 - \$822,374) and a loan made to a band member in the original amount of \$110,000 with a balance as at March 31, 2014 of \$39,977 (2013 - \$44,591).

20. Reconciliation of AANDC Comprehensive Funding Arrangement Revenue

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

Revenue total as per 2014 funding confirmation	<u>\$ 1,338,319</u>
AANDC Revenue as per Statement of Operations	
Operating	\$ 1,316,119
Capital	<u>22,200</u>
	<u>\$ 1,338,319</u>

21. Band registered pension plan

The Band 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.

The Band contributed \$24,059 to the plan during the year ended March 31, 2014, to match its employees' required contributions.

SODA CREEK INDIAN BAND
Notes to Financial Statements
Year Ended March 31, 2014

22. Related party transactions

These financial statements include the following transactions with Xat'sull Limited Partnership. These transactions are at market value.

	2014	2013
Administration costs charged by the Band to Xat'sull Limited Partnership	\$ 60,000	\$ 60,000
Tangible capital assets sold to the Band by Xat'sull Limited Partnership:		
Xat'sull Heritage Village - buildings	\$ 90,607	\$ -
Xat'sull Heritage Village - machinery and equipment	843	-
	\$ 91,450	\$ -

23. Expenses by object

	2014	2013
Amortization	\$ 292,161	\$ 285,894
Contracted services	450,346	445,996
Honoraria	144,319	128,389
Insurance and licenses	37,242	27,893
Interest	17,796	24,580
Materials and supplies	68,662	116,686
Rent, maintenance and utilities	215,976	248,569
Salaries, wages and benefits	1,115,250	909,495
Social assistance	284,719	326,553
Travel	126,201	97,669
Tuition and education related	474,397	660,746
	\$ 3,227,069	\$ 3,272,470

24. Comparative figures

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