



SNUNEYMUXW FIRST NATION

**Presentation of the Audited Financial
Statements**

Annual General Meeting

Nanaimo, BC

November 20, 2014

OUTLINE

The Audit Process

Independent Auditor's Report

Managements Responsibility

The Auditor's Role

The Auditor's Management Letter

Bill C27 – Transparency Act

Financial Statements

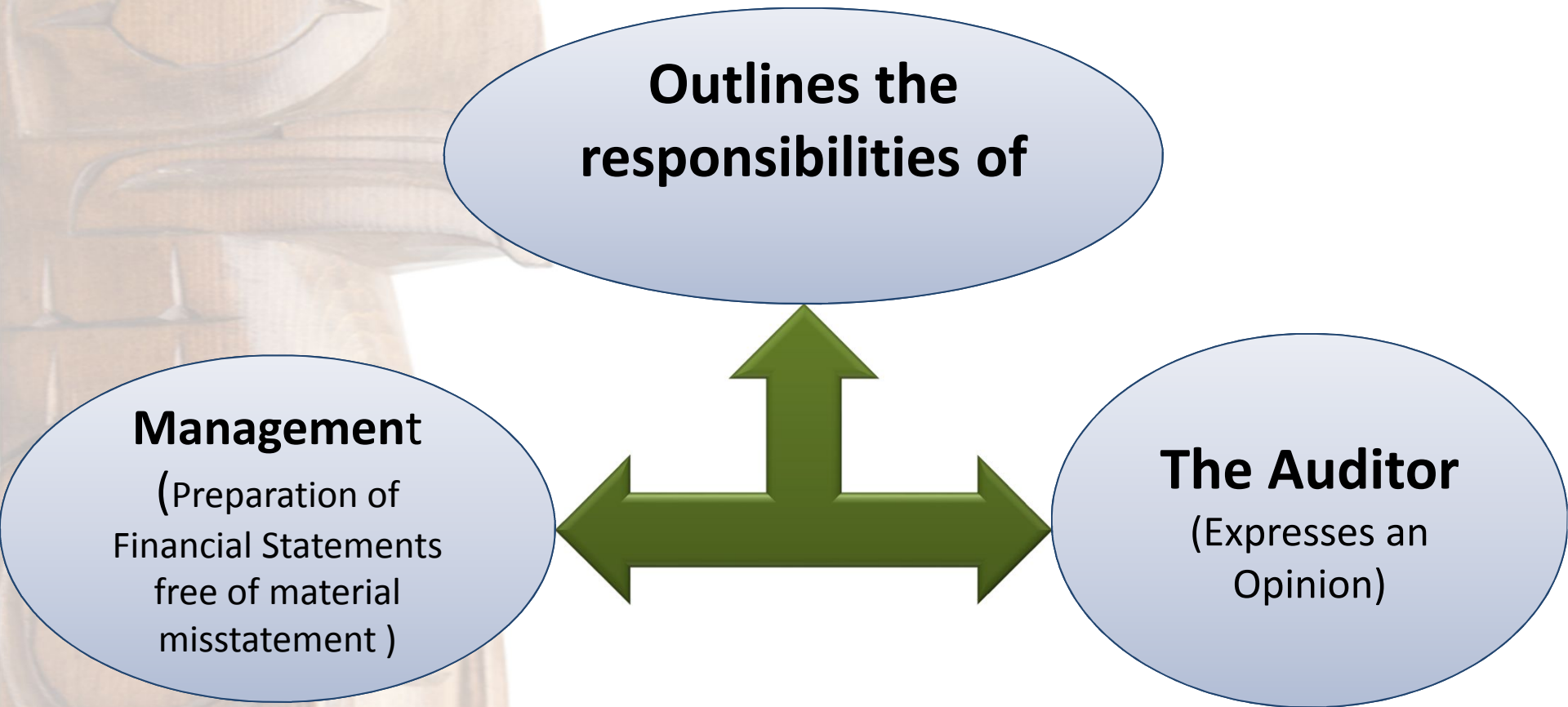
- Statement of Financial Position

- Statement of Revenue, Expense & Accumulated Surplus and Notable Items

- Notes to Financial Statements



Independent Auditor's Report



It may include a section on the basis for a "Qualified Opinion".

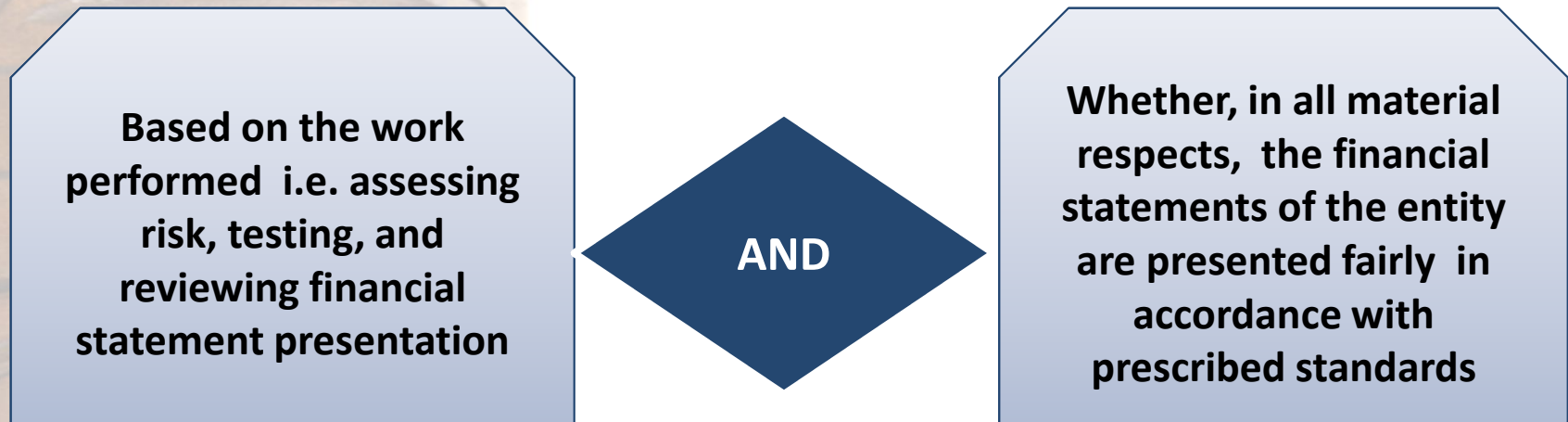
Management's Responsibility

Includes the preparation of Financial Statements
based on:



The Auditor's Role

The role of an auditor is to express an opinion on an organization's financial statements in a report format:



The auditor also provides a memo or management letter with recommendations on his or her findings

Audit Adjustments

The Auditor, based on his or her findings, makes recommendations for adjustments to the client's financial statements



But

Auditors do not have the right to adjust the Snuneymuxw First Nation's financial statements without the approval of management

THE AUDITOR'S MANAGEMENT LETTER

A list of recommendations and findings related to:

1

- **Minutes of Council Meetings**

- A register of business conducted during the year, important for continuity

2

- **Annual reports**

- Required for compliance with funding sources

3

- **Status of the accounting records**

- Important for formatting our audit opinion

4

- **Accounting and Bookkeeping related issues**

- Part of the internal control process and evaluation of risk

THE AUDITOR'S MANAGEMENT LETTER

A list of recommendations and findings related to:

5

- **Tangible Capital Assets**

- Assessment of the recording and amortization of the Nation's assets

6

- **Deferred Revenue**

- Generally related to Set and Fixed funding components

7

- **Use of Budgets, Unusual transactions, accounting estimates**

- Necessary for the accurate reflection of year end operating results

8


- **Disagreements with management**

- A standards reporting requirement. No disagreements with management

9

- **Issues encountered during the audit process.**

- A standards reporting requirement. No issues of significance encountered



**FIRST NATIONS FINANCIAL TRANSPARENCY ACT
– BILL C-27**

FIRST NATIONS FINANCIAL TRANSPARENCY ACT– BILL C-27

Application

First Nations Financial Transparency Act – Bill C-27, “The Act” applies in respect of “every First Nation’s financial year that begins after the day on which this Act comes into force” *these changes came into effect for the year ended March 31, 2014.*

FIRST NATIONS FINANCIAL TRANSPARENCY ACT– BILL C-27

Requirement to Produce

First Nations are required to produce:

1. An audited annual consolidated financial statement;
2. A separate annual “schedule of remuneration” that details the remuneration (salaries, wages, commissions, bonuses, fees, honoraria, dividends and expenses – including transportation, accommodation, meals, hospitality and incidentals) paid by the First Nation and ***any entity controlled by the First Nation*** to its Chief and each of its Councillors in ***their professional and personal capacities***.
3. An auditor’s written report respecting the consolidated financial statements; and
4. ***An auditor’s report respecting the schedule of remuneration.***



FIRST NATIONS FINANCIAL TRANSPARENCY ACT– BILL C-27

AANDC - Website Publishing

The Minister for Aboriginal Affairs and Northern Development must publish the documents on the website of the Department of Aboriginal Affairs and Northern Development.

FIRST NATIONS FINANCIAL TRANSPARENCY ACT– BILL C-27

Timing of Document Preparation

For each of the four documents above, a First Nation is Required to:

Provide the document upon request to any of its members within ***120 days***;

Publish the documents on the website of the First Nation and retain on its website for ***10 years***.

Financial Statements





Statement of Financial Position

This Statement represents the financial assets, liabilities and the non-financial assets of the Nation at March 31, 2014.

As of March 31, 2013 the Nation's accumulated surplus was \$5,796,400 and progressed to an increased accumulated surplus of \$6,005,900 by March 31, 2014 for a period gain of \$209,500.

Statement of Financial Position

Financial Assets

| | 2014 | 2013 Restated | Change |
|--------------------------------------------------------|------------|------------------|----------|
| Cash and cash equivalents (Note 3) | 7,006,448 | 6,702,320 | 304,128 |
| Accounts receivable (Note 4) | 1,096,252 | 1,528,416 | -432,164 |
| Investment in Government Business Enterprises (Note 5) | 291,259 | 215,748 | 75,511 |
| Investment in Treaty | 8,533,055 | 8,339,296 | 193,759 |
| Investment in Specific Land Claims | 1,279,924 | 1,279,924 | 0 |
| Trust Funds (Note 6) | 378,399 | 269,028 | 109,371 |
| | ----- | ----- | ----- |
| | 18,585,337 | 18,334,732 | 250,605 |
| | ===== | ===== | ===== |

Statement of Financial Position

Liabilities

| | 2014 | 2013 Restated | Change |
|---------------------------------------------------|------------|------------------|------------|
| Accounts payable and accrued liabilities (Note 7) | 599,503 | 1,877,629 | -1,278,126 |
| Deferred revenue (Note 8) | 9,082,305 | 8,052,408 | 1,029,897 |
| First Nation loan agreement (Note 9) | 8,515,786 | 8,322,026 | 193,760 |
| Specific land claims loan (Note 10) | 1,282,085 | 1,282,085 | 0 |
| Long-term debt (Note 11) | 7,476,641 | 7,828,634 | -351,993 |
| | ----- | ----- | ----- |
| | 26,956,320 | 27,362,782 | -406,462 |
| | ===== | ===== | ===== |
| | | | |

Statement of Financial Position

Non-financial Assets

| | 2014 | 2013 Restated | Change |
|-----------------------------------|------------|------------------|----------|
| Tangible capital assets (Note 12) | 13,855,730 | 14,555,139 | -699,409 |
| Prepaid expenses | 190,622 | 174,131 | 16,491 |
| Construction in progress | 330,531 | 95,180 | 235,351 |
| | ----- | ----- | ----- |
| | 14,376,883 | 14,824,450 | -447,567 |
| | ===== | ===== | ===== |



Notes to Financial Statements

Provide further details about significant accounting policies and details of the various balances outlined in the Financial Statements.

Notes to Financial Statements

| Note 3 - Cash and Cash Equivalents | | 2014 | 2013 |
|-------------------------------------------|--|-------------|-------------|
| Externally restricted: | | | |
| Operating Reserve | | 130,129 | 97,645 |
| Replacement Reserve | | 350,726 | 330,874 |
| Internally restricted: | | | |
| Sacred Bath Site | | 78,876 | 78,092 |
| Unrestricted | | | |
| Banks and Term Deposits | | 6,446,717 | 6,195,709 |
| | | | |
| | | | |

Note to Financial Statements

| Note 4 - Accounts Receivables | 2014 | 2013 |
|---------------------------------|-----------|-----------|
| Due from members: | | |
| Rent receivable | 1,270,539 | 1,101,830 |
| Band members | 36,864 | 84,628 |
| | ----- | ----- |
| | 1,307,403 | 1,186,458 |
| | ===== | ===== |
| | | |
| Allowance for Doubtful Accounts | 1,199,214 | 1,044,941 |
| | ===== | ===== |

Note to Financial Statements

| Note 5 - Investments In Government Business Enterprises | 2014 | 2013 |
|----------------------------------------------------------------|-------------|-------------|
| | | |
| Tuytaxun General Store Ltd. | 274,886 | 209,932 |
| Snuneymuxw Sandstone Corporation | 16,373 | 5,816 |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

Note to Financial Statements

| Note 8 – Deferred Revenue | | | | | |
|----------------------------------|--------------------|----------------------------|-----------------------------|-------------------------------|-------------------|
| | | March 31, 2013 Restated | Funding Received 2014 | Revenue recognized 2014 | March 31, 2014 |
| Federal Government | | | | | |
| AANDC | | | | | |
| | Capital | 2,861,941 | | (490,632) | 2,371,309 |
| | CPMS 8646 | 108,438 | | | 108,438 |
| | CPMS 11014 (Flex) | | 1,601,231 | (82,913) | 1,518,318 |
| | CPMS 11190 (Fixed) | | 10,111 | (1,875) | 8,236 |
| | CPMS 11191 (Fixed) | | 10,111 | (1,875) | 8,236 |
| Health Canada | | 37,863 | | (37,863) | |
| Provincial Government and other | | | | | |
| | Province of B.C. | 5,000,000 | | | 5,000,000 |
| | | | | | |

ABORIGINAL AFFAIRS AND NORTHERN DEVELOPMENT CANADA

Current AANDC Funding Approaches

| | Pre-established eligibility | Performance Conditions (assessed annually) | Claw backs or recovery of unspent funding | |
|--------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|
| | | | Annually | Other |
| Grant | Yes | Nominal | N/A | N/A |
| Set Contribution | Yes | Yes | Annually | N/A |
| Fixed Contribution | Fixed-cost approach | Yes - Program basis | Generally, no claw back if funds used for purposes consistent with program objectives within a 2 year period | |
| Flexible Contribution multi-year funding agreement | Yes - certain assessment criteria | Two or more year relationship with recipient | Movement within program but unspent funds must be returned to the department at the end of the project, program or agreement | |
| Block Contribution multi-year funding agreement - Currently majority of your funding is under a 5 year block funding agreement | Yes - certain readiness assessment criteria | Progress towards program objectives must be achieved | N/A if program delivery standards have been met and the recipient agrees to use the unspent funding for purposes consistent with the block program objectives | |

Note to Financial Statements

| Note 10 – Specific Land Claims Loans | | 2014 | 2013 |
|--------------------------------------|--|-----------|-----------|
| 79 Acre Claim | | 1,155,665 | 1,155,665 |
| Douglas Treaty Village Claim | | | |
| False Narrows | | 25,284 | 25,284 |
| Harbour Park | | 25,284 | 25,284 |
| Departure Bay | | 25,284 | 25,284 |
| Milestone River | | 25,284 | 25,284 |
| Teytexen | | 25,284 | 25,284 |

Note to Financial Statements

| Note 13 – Accumulated Surplus | | 2014 | 2013 |
|-------------------------------------|--|------------------|------------------|
| Restricted Funds | | | |
| Ottawa Trust | | 378,399 | 306,992 |
| Enterprise | | 291,259 | 215,748 |
| Housing Reserve | | 492,131 | 469,468 |
| Unrestricted | | | |
| Operations | | (1,678,997) | (1,844,265) |
| Invested in tangible capital assets | | 6,523,108 | 6,648,457 |
| | | ----- | ----- |
| Total | | 6,005,900 | 5,796,400 |
| | | ===== | ===== |



Statement of Revenue & Expense

This Statement shows the combination of all funds or profit centres of the Nation.

This year there are 77 detailed schedules for all of the Nation's Operational Funds.

Statement of Revenue & Expense

Revenue

| | 2014 | 2013 | Change |
|-----------------------------------------|------------|------------|------------|
| AANDC | 8,323,391 | 6,554,310 | 1,769,081 |
| Treaty Loan Advance | 193,760 | 516,640 | -322,880 |
| Treaty Contribution Income | 48,440 | 129,160 | -80,720 |
| Specific Land Claims | 0 | 96,980 | -96,980 |
| Health Canada | 541,205 | 1,080,513 | -539,308 |
| First Nations Health Authority | 541,203 | 0 | 541,203 |
| CMHC | 456,869 | 532,190 | -75,321 |
| Fisheries and Oceans Canada | 148,340 | 148,340 | 0 |
| Ottawa Trust Fund | 71,407 | 48,141 | 23,266 |
| Province of BC | 692,191 | 793,458 | -101,267 |
| Income (Loss) from Business Enterprises | 75,511 | -1,919 | 77,430 |
| Other revenue (Note 15) | 2,821,091 | 3,554,168 | -733,077 |
| Deferred revenue | -1,384,377 | 618,282 | -2,002,659 |
| | ----- | ----- | ----- |
| | 12,529,031 | 14,070,263 | -1,541,232 |
| | ===== | ===== | ===== |

Statement of Revenue & Expense

Expense

| | 2014 | 2013 | Change |
|-------------------------------|------------|------------|------------|
| Administration | 1,137,541 | 1,068,748 | 68,793 |
| Elder's Cultural and Heritage | 32,905 | 36,967 | -4,062 |
| Education | 2,880,613 | 2,710,951 | 169,662 |
| Health | 1,110,275 | 1,055,278 | 54,997 |
| Daycare | 685,919 | 680,231 | 5,688 |
| Social Development | 1,715,637 | 1,733,503 | -17,866 |
| Youth Programs | 67,509 | 87,458 | -19,949 |
| Economic Development | 1,305,594 | 1,359,248 | -53,654 |
| Infrastructure | 584,069 | 593,624 | -9,555 |
| Capital Projects | 675,536 | 2,699,628 | -2,024,092 |
| Housing | 1,416,210 | 1,340,027 | 76,183 |
| Land and Resources | 53,915 | 37,229 | 16,686 |
| Treaty and Specific Claims | 493,506 | 744,933 | -251,427 |
| Housing Reserve | 39,805 | 20,235 | 19,570 |
| Capital Surplus | 800,400 | 780,215 | 20,185 |
| | ----- | ----- | ----- |
| | 12,999,434 | 14,948,275 | -1,948,841 |
| | ===== | ===== | ===== |

Statement of Revenue & Expense

Other

| | 2014 | 2013 | Change |
|----------------------------------------|----------|-----------|------------|
| Acquisition of tangible capital assets | 341,192 | 2,380,861 | -2,039,669 |
| Capitalized Treaty Expenditure | 193,760 | 615,773 | -422,013 |
| Proceeds from long-term debt | -193,760 | -641,403 | 447,643 |
| Repayment of long-term debt | 338,711 | 322,428 | 16,283 |
| | ----- | ----- | ----- |
| | 679,903 | 2,677,659 | -1,997,756 |
| | ===== | ===== | ===== |
| | | | |

Consolidated Statement of Accumulated Surplus

| | 2014 Actual | 2014 Restated |
|----------------------------------------|----------------|------------------|
| ACCUMULATED SURPLUS, BEGINNING OF YEAR | | |
| As previously stated | 6,024,487 | 3,669,687 |
| Prior period adjustment | (228,087) | 327,066 |
| | ----- | ----- |
| As restated | 5,796,400 | 3,996,753 |
| Annual Surplus | 209,500 | 1,799,647 |
| | ----- | ----- |
| ACCUMULATED SURPLUS, END OF YEAR | 6,005,900 | 5,796,400 |
| | ===== | ===== |



Are There Any Questions ?



Thank You Once Again

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