

SODA CREEK INDIAN BAND
Financial Statements
Year Ended March 31, 2015

SODA CREEK INDIAN BAND
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Year Ended March 31, 2015

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Soda Creek Indian Band
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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



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, 2015 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)

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, 2015 and the results of its changes in net financial assets, operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Williams Lake, British Columbia
July 14, 2015


Fraser Beetz Broughton
FRASER BEZZ BROUGHTON
CHARTERED ACCOUNTANTS LLP

SODA CREEK INDIAN BAND
Statement of Financial Position
As at March 31, 2015

	2015	2014
Financial assets		
Cash (Note 4)	\$ 3,722,519	\$ 3,132,783
Restricted cash (Note 5)	217,110	190,146
Accounts receivable (Note 6)	827,280	473,168
Trust funds held by Canada (Note 7)	244,805	238,064
Investments (Note 8)	1,083,991	737,258
	<u>6,095,705</u>	<u>4,771,419</u>
Liabilities		
Accounts payable and accrued liabilities (Note 9)	483,636	421,652
Deferred revenue (Note 10)	50,480	20,251
Long term debt (Note 11)	637,642	730,720
Due to related party (Note 12)	84,459	84,459
	<u>1,256,217</u>	<u>1,257,082</u>
Net financial assets	<u>4,839,488</u>	<u>3,514,337</u>
Non-financial assets		
Tangible capital assets (Note 13)	5,116,537	5,398,491
Prepaid expenses	100,447	46,627
	<u>5,216,984</u>	<u>5,445,118</u>
Band equity	<u>\$ 10,056,472</u>	<u>\$ 8,959,455</u>
Band equity		
Accumulated surplus (Note 14) - page 6	\$ 9,471,479	\$ 8,399,726
Replacement reserve (Note 15)	313,612	288,348
	<u>9,785,091</u>	<u>8,688,074</u>
Contributed surplus (Note 16)	271,381	271,381
	<u>\$ 10,056,472</u>	<u>\$ 8,959,455</u>

Contingent liabilities (Note 19)

Approved on behalf of Soda Creek Indian Band


 Chief


 Councilor

SODA CREEK INDIAN BAND
Statement of Changes in Net Financial Assets
Year Ended March 31, 2015

	2015	2014
Net revenue for the year	\$ 1,071,753	\$ 393,515
Amortization	281,954	292,161
Allocation from replacement reserve	25,264	23,067
Change in prepaid expenses	(53,820)	1,515
Tangible capital asset acquisitions, net of transfer in of accumulated amortization	-	(125,865)
	1,325,151	584,393
Net financial assets - beginning of year	3,514,337	2,929,944
Net financial assets - end of year	\$ 4,839,488	\$ 3,514,337

See notes to financial statements

SODA CREEK INDIAN BAND
Statement of Operations
Year Ended March 31, 2015

	Budget 2015 (Unaudited)	2015	2014
Revenues <i>(from Schedule 1)</i>	\$ 3,400,455	\$ 4,571,830	\$ 3,492,712
Transfer from deferred revenue	-	20,251	52,472
Transfer to deferred revenue	-	(50,480)	(20,251)
	3,400,455	4,541,601	3,524,933
Expenses <i>(Schedule 2)</i>	3,336,983	3,792,577	3,227,070
Net revenue before the following	63,472	749,024	297,863
Other income (expenses)			
Surplus recoveries	-	(24,004)	(7,611)
Partner's share in net income in Xat'sull Limited Partnership	-	346,733	103,263
Net revenue for the year	63,472	1,071,753	393,515
Accumulated surplus - beginning of year	8,399,726	8,399,726	8,006,211
Accumulated surplus - end of year - page 4	\$ 8,463,198	\$ 9,471,479	\$ 8,399,726

See notes to financial statements

SODA CREEK INDIAN BAND
Revenues
(Schedule 1)
Year Ended March 31, 2015

	Budget 2015 (Unaudited)	2015	2014
Revenues			
Federal Government			
AANDC - Operating	\$ 1,369,433	\$ 1,408,913	\$ 1,316,119
AANDC - Capital	-	-	22,200
Northern Shuswap Treaty Society	364,138	338,420	303,750
Three Corners Health Society	179,791	187,655	185,041
CCATEC	96,186	47,194	53,747
CMHC	44,463	36,702	37,729
First Nations Health Authority	64,702	89,702	30,643
Health Canada	-	-	30,642
Canada Youth	6,465	6,481	6,097
Canada Heritage	-	1,300	-
Province of British Columbia	257,320	997,125	230,833
BC Hydro	-	-	196,475
Likely Xat'Sull Community Forest	-	361,503	-
Mount Polley Mining Corporation	50,000	180,000	180,000
Rentals	170,987	166,735	168,932
Taxation	123,000	122,385	123,345
Administration and management fees	60,000	60,000	60,000
Tolko Industries Ltd.	60,000	60,000	39,000
FNESC	150,001	53,826	28,906
Spectra Energy	52,000	50,000	51,000
Union of BC Municipalities	-	-	35,528
Interest	7,000	37,424	32,679
Knucwentwecw Society	30,000	30,000	32,510
New Relationship Trust	-	27,000	-
Eclipsol Energy	-	23,750	-
Gibraltar Mines	36,000	21,500	-
Finning Canada	-	18,000	-
Gold Fields Horsefly Exploration Corporation	-	-	25,000
First Resources Power	-	-	25,000
Heritage Canada Foundation	-	-	2,600
BC Association of Aboriginal Friendship Centres	-	-	1,000
All other sources	278,969	246,215	273,936
	\$ 3,400,455	\$ 4,571,830	\$ 3,492,712

See notes to financial statements

SODA CREEK INDIAN BAND**Expenses****(Schedule 2)****Year Ended March 31, 2015**

	Budget 2015 (Unaudited)	2015	2014
Expenses			
Administration	\$ 970,903	\$ 1,220,931	\$ 678,547
Amortization	-	281,954	292,161
Capital improvement projects	-	4,504	17,216
Education	739,198	737,968	676,304
Health and well-being	253,972	222,576	234,473
Housing	168,803	64,034	83,571
Natural resources	237,979	398,137	356,861
Public works	239,072	247,052	252,200
Social development	403,528	348,904	372,746
Treaty	323,528	266,517	262,991
	\$ 3,336,983	\$ 3,792,577	\$ 3,227,070

See notes to financial statements

SODA CREEK INDIAN BAND**Statement of Cash Flows****Year Ended March 31, 2015**

	2015	2014
Cash flows from operating activities		
Net revenue for the year	\$ 1,071,753	\$ 393,515
Items not affecting cash:		
Amortization	281,954	292,161
Partner's share in net income in Xat'sull Limited Partnership	(346,733)	(103,263)
	<u>1,006,974</u>	<u>582,413</u>
Changes in non-cash working capital:		
Restricted cash	(26,964)	(15,103)
Accounts receivable	(354,112)	45,332
Accounts payable and accrued liabilities	61,984	95,696
Deferred revenue	30,229	(32,221)
Prepaid expenses	(53,820)	1,515
Replacement reserve	25,264	23,067
	<u>(317,419)</u>	<u>118,286</u>
Cash flows from operating activities	<u>689,555</u>	<u>700,699</u>
Cash flows from investing activities		
Trust funds held by Canada	(6,741)	(7,553)
Due to related party	-	84,459
	<u>(6,741)</u>	<u>76,906</u>
Cash flows from (used in) investing activities	<u>(6,741)</u>	<u>76,906</u>
Cash flows used in financing activities		
Repayment of long term debt	(93,078)	(91,653)
	<u>(93,078)</u>	<u>(91,653)</u>
Cash flows used in capital activities		
Purchase of tangible capital assets	-	(125,865)
	<u>-</u>	<u>(125,865)</u>
Increase in cash	<u>589,736</u>	<u>560,087</u>
Cash - beginning of year	<u>3,132,783</u>	<u>2,572,696</u>
Cash - end of year (Note 4)	<u>\$ 3,722,519</u>	<u>\$ 3,132,783</u>

See notes to financial statements

SODA CREEK INDIAN BAND
Notes to Financial Statements
Year Ended March 31, 2015

1. Basis of presentation

In order to satisfy the requirements of the Reporting Guide's Financial Reporting Requirements of Aboriginal Affairs and Northern Development Canada (AANDC) these financial statements have been prepared in accordance with Canadian public sector accounting standards, as defined in the CICPA Public Sector Accounting Handbook, which encompasses the following:

- a. The focus of PSAB statements is on the financial position of the 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, 2015

2. Summary of significant accounting policies

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand less outstanding cheques and deposits with a maturity of less than three months at the time of purchase. When outstanding cheques are in excess of cash on hand, the excess is reported in bank indebtedness.

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.

(continues)

SODA CREEK INDIAN BAND
Notes to Financial Statements
Year Ended March 31, 2015

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.

Adoption of new accounting policies

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

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

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

3. Economic dependence

The 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.

SODA CREEK INDIAN BAND
Notes to Financial Statements
Year Ended March 31, 2015

4. Cash

	<u>2015</u>	<u>2014</u>
Operations	\$ 3,621,850	\$ 3,053,352
CMHC Housing Program	103,290	98,586
Treaty self government program	(2,621)	(19,155)
	<u>\$ 3,722,519</u>	<u>\$ 3,132,783</u>

5. Cash restricted as to use

	<u>2015</u>	<u>2014</u>
Replacement reserve	\$ 217,110	\$ 190,146

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>2015</u>	<u>2014</u>
Due from Band members		
Housing program	\$ 254,132	\$ 238,522
Other	19,039	17,752
	<u>273,171</u>	<u>256,274</u>
Less: Allowance for doubtful accounts	99,055	99,055
	<u>174,116</u>	<u>157,219</u>
Due from others:		
Province of British Columbia	361,375	-
Northern Shuswap Treaty Society	74,770	86,491
GST recoverable	5,795	2,707
Three Corners Health Services Society	94,681	44,948
CCATEC	1,034	22,257
Spectra Energy	50,000	50,000
FNESC	25,014	-
All others	40,495	109,546
	<u>653,164</u>	<u>315,949</u>
	<u>\$ 827,280</u>	<u>\$ 473,168</u>

SODA CREEK INDIAN BAND
Notes to Financial Statements
Year Ended March 31, 2015

7. Trust funds held by Canada

	<u>2015</u>	<u>2014</u>
Trust funds held by Canada	\$ 244,805	\$ 238,064

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*.

8. Investments

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

	<u>2015</u>	<u>2014</u>
Xat'sull Limited Partnership interest - beginning of year	\$ 737,256	\$ 633,993
Share in net income of the partnership	346,733	103,263
Xat'sull Limited Partnership interest - end of year	1,083,989	737,256
Shares in Xat'sull Logging Ltd.	1	1
Shares in Xat'sull Development Ltd.	1	1
	\$ 1,083,991	\$ 737,258

9. Accounts payable and accrued liabilities

	<u>2015</u>	<u>2014</u>
Trade accounts	\$ 393,989	\$ 351,594
Accrued payroll and source deductions	72,647	53,058
Other accrued liabilities	17,000	17,000
	\$ 483,636	\$ 421,652

SODA CREEK INDIAN BAND
Notes to Financial Statements
Year Ended March 31, 2015

10. Deferred revenue

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

	<u>2015</u>	<u>2014</u>
Aboriginal Affairs and Northern Development Canada		
Mould Renovations Fund - #11128	\$ 480	\$ 4,984
Other		
Forestry harvest revenues	25,000	-
Mount Polley Crisis	25,000	-
Nenqayni Treatment Centre	-	14,850
Northern Shuswap Treaty Society	-	417
	<u>\$ 50,480</u>	<u>\$ 20,251</u>

11. Long term debt

	<u>2015</u>	<u>2014</u>
CMHC Phase 1 mortgage loan bearing interest at 3.75% per annum, repayable in monthly blended payments of \$2,283. The mortgage loan matures on October 1, 2017.	\$ 67,378	\$ 91,928
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.	140,318	165,110
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.	161,486	185,022
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.	268,460	288,660
	<u>\$ 637,642</u>	<u>\$ 730,720</u>

Principal repayment requirements are approximately:

2016	\$ 94,888
2017	98,133
2018	88,130
2019	74,375
2020	76,385
Thereafter	205,731
	<u>\$ 637,642</u>

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

SODA CREEK INDIAN BAND
Notes to Financial Statements
Year Ended March 31, 2015

12. Due to related party

	<u>2015</u>	<u>2014</u>
Due to Xat'sull Limited Partnership	\$ 84,459	\$ 84,459

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

13. Tangible capital assets

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
Building				
Soda Creek Emporium	\$ 108,921	\$ 73,427	\$ 35,494	\$ 36,973
Campsite building	7,345	3,817	3,528	3,675
Xat'sull Heritage Village buildings	147,542	64,183	83,359	86,983
Community infrastructure	5,011,669	2,430,998	2,580,671	2,689,914
Equipment and machinery	91,099	89,548	1,551	2,068
Equipment				
Soda Creek Emporium	14,067	13,459	608	760
Automotive equipment	152,830	102,166	50,664	63,329
Office furniture and equipment	109,515	98,668	10,847	13,558
Health Centre				
Building	1,897,727	528,726	1,369,001	1,426,043
Equipment	82,654	77,476	5,178	6,473
CMHC				
Buildings and equipment	2,027,632	1,051,996	975,636	1,068,715
	\$ 9,651,001	\$ 4,534,464	\$ 5,116,537	\$ 5,398,491

Accumulated amortization:	Balance April 1, 2014	2015 Provision	Balance March 31, 2015
Building			
Soda Creek Emporium	\$ 71,948	\$ 1,479	\$ 73,427
Campsite building	3,670	147	3,817
Xat'sull Heritage Village buildings	60,559	3,624	64,183
Community infrastructure	2,321,755	109,243	2,430,998
Equipment and machinery	89,031	517	89,548
Equipment			
Soda Creek Emporium	13,307	152	13,459
Automotive equipment	89,501	12,665	102,166
Office furniture and equipment	95,957	2,711	98,668
Health Centre			
Building	471,684	57,042	528,726
Equipment	76,181	1,295	77,476
CMHC			
Buildings and equipment	958,917	93,079	1,051,996
	\$ 4,252,510	\$ 281,954	\$ 4,534,464

There were no asset disposals during the year (2014 - \$nil). There were no asset write-downs during the year (2014 - \$nil).

SODA CREEK INDIAN BAND
Notes to Financial Statements
Year Ended March 31, 2015

14. Band equity - accumulated surplus

Accumulated surplus consists of the following fund balances:

	<u>2015</u>	<u>2014</u>
Operating and Capital Projects Fund	\$ 8,186,788	\$ 7,518,442
CMHC Social Housing Fund	(104,526)	(119,756)
Ottawa Trust Fund	244,805	238,064
Investment in Band Business Enterprises	1,083,991	737,258
Treaty Self Government Program	60,421	25,718
	<u>\$ 9,471,479</u>	<u>\$ 8,399,726</u>

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:

	<u>2015</u>	<u>2014</u>
CMHC replacement reserve - beginning of year	\$ 288,348	\$ 265,281
Appropriation	23,853	23,853
Replacements	(1,775)	(2,105)
Interest	3,111	1,319
CMHC required adjustment	75	-
CMHC replacement reserve - end of year	<u>\$ 313,612</u>	<u>\$ 288,348</u>

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 \$23,853 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 \$96,502 (2014 - \$98,202).

16. Contributed surplus

Contributed surplus consists of the following:

	<u>2015</u>	<u>2014</u>
Band contribution to social housing program	\$ 271,381	\$ 271,381

SODA CREEK INDIAN BAND
Notes to Financial Statements
Year Ended March 31, 2015

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, 2015 was \$36,702 (2014 - \$37,729). 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, 2015 aggregating \$637,642 (2014 - \$730,720) and a loan made to a band member in the original amount of \$110,000 with a balance as at March 31, 2015 of \$35,013 (2014 - \$39,977).

20. Reconciliation of AANDC Comprehensive Funding Arrangement Revenue

Pursuant to the Aboriginal Affairs and Northern Developments Canada Reporting Guide's Financial Reporting Requirements, the following reconciliation has been prepared:

Revenue total as per 2015 funding confirmation	<u>\$ 1,408,913</u>
AANDC Revenue as per Statement of Operations Operating	<u>\$ 1,408,913</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 \$22,591 to the plan during the year ended March 31, 2015 (2014 - \$24,059), to match its employees' required contributions.

SODA CREEK INDIAN BAND
Notes to Financial Statements
Year Ended March 31, 2015

22. Related party transactions

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

	<u>2015</u>	<u>2014</u>
Administration costs charged by the Band to Xat'sull Limited Partnership	<u>\$ 60,000</u>	<u>\$ 60,000</u>
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
	<u>\$ -</u>	<u>\$ 91,450</u>

23. Expenses by object

	<u>2015</u>	<u>2014</u>
Amortization	\$ 281,954	\$ 292,161
Contracted services	1,066,784	450,346
Honoraria	93,145	144,319
Insurance and licenses	31,062	37,242
Interest	18,041	17,796
Materials and supplies	75,308	68,662
Rent, maintenance and utilities	215,278	215,976
Salaries, wages and benefits	1,045,155	1,115,250
Social assistance	298,922	284,719
Travel	99,009	126,201
Tuition and education related	561,045	474,398
All other	6,874	-
	<u>\$ 3,792,577</u>	<u>\$ 3,227,070</u>