

LOWER KOOTENAY INDIAN BAND
CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2013

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Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of the Lower Kootenay Indian Band are the responsibility of management and have been approved by Chief and Council.

The consolidated 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.

The Lower Kootenay Indian Band maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable costs. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the First Nation's assets are appropriately accounted for and adequately safeguarded.

The Lower Kootenay Indian Band is responsible for ensuring that the management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

Chief and Council, composed of Band members, reviews the Lower Kootenay Indian Band's financial statements and recommends their approval. The 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 financial statements and the external auditor's report. Chief and Council reports its findings for consideration when approving the financial statements for issuance to the members. Chief and Council also considers, for review and approval by the members, the engagement of the external auditors.

The consolidated financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. BDO Canada LLP have full and free access to Chief and Council.



Director of Operations



Director of Finance



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Independent Auditor's Report

To the Members of the Lower Kootenay Indian Band

We have audited the accompanying consolidated financial statements of the Lower Kootenay Indian Band, which comprise the consolidated statement of financial position as at March 31, 2013, and the consolidated statements of financial activity, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 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.

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



Independent Auditor's Report (continued)

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Lower Kootenay Indian Band as at March 31, 2013, and the results of its operations, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matters

The financial statements of the Lower Kootenay Indian Band for the year ended March 31, 2012, were audited by another auditor who expressed an unmodified opinion on those statements on January 16, 2014.

Emphasis of Matter

We draw attention to Note 22 in the consolidated financial statements which describes the prior period adjustments required for the year.

BDO Canada LLP


Chartered Accountants

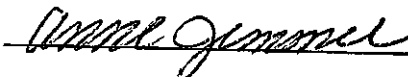
Cranbrook, British Columbia
March 4, 2014

LOWER KOOTENAY INDIAN BAND
Consolidated Statement of Financial Position

March 31	2013	(restated) 2012
Financial Assets		
Cash	\$ 986,990	\$ 899,132
Restricted cash (Note 2)	90,523	90,477
Temporary investments (Note 3)	637,254	629,806
Accounts receivable (Note 4)	329,376	293,899
Due from related entities (Note 5)	498,397	513,805
Long term investments (Note 6)	60,000	60,000
Investment in business partnership and enterprises (Note 7)	1,063,688	813,459
Ottawa Trust Funds (Note 15)	60,405	59,189
	3,726,633	3,359,767
Financial Liabilities		
Accounts payable and accrued liabilities (Note 10)	472,202	100,956
Deferred revenue (Note 8)	164,678	81,103
Long term debt (Note 9)	750,864	864,658
	1,387,744	1,046,717
Net Financial Assets	2,338,889	2,313,050
Non - Financial Assets		
Tangible capital assets (Note 11)	5,379,150	5,640,056
Prepaid expenses	-	61,826
	5,379,150	5,701,882
Accumulated Surplus (Note 12)	\$ 7,718,039	\$ 8,014,932

Approved on behalf of the Band Council

 Chief

 Councillor

LOWER KOOTENAY INDIAN BAND
Consolidated Statement of Financial Activity

For the year ended March 31	Budget	2013	(restated) 2012
Revenue			
Aboriginal Affairs and Northern Development Canada \$	1,285,573	\$ 1,369,499	\$ 1,493,207
First Nation Education Steering Committee Funding	92,931	106,006	103,635
Health Canada	130,081	147,021	140,087
Province of British Columbia	202,000	273,669	278,410
Rental income	190,000	154,453	165,284
Other income	482,684	681,051	1,235,002
Income from business partnership and enterprises	-	250,249	179,324
CMHC subsidy revenue	-	18,966	40,080
Interest income	-	2,011	2,222
	<u>2,383,269</u>	<u>3,002,925</u>	<u>3,637,251</u>
Expenses (Note 16)			
Amortization	415,000	420,673	405,770
Administration	413,422	670,762	552,820
Social Development	350,535	339,460	355,142
Health	147,701	130,909	96,809
Education	690,881	875,494	980,093
Social Housing	112,750	101,111	126,286
Infrastructure and Land Management	288,848	274,435	242,701
Economic Development	287,500	316,519	105,199
Operations and Maintenance	78,586	138,630	154,665
Capital Fund	37,500	20,102	43,285
CMHC approved expenditures	-	11,723	86,067
	<u>2,822,723</u>	<u>3,299,818</u>	<u>3,148,837</u>
Annual surplus (deficit)	<u>(439,454)</u>	<u>(296,893)</u>	<u>488,414</u>
Accumulated surplus, beginning of year, as previously reported	7,912,954	7,912,954	7,291,930
Prior period adjustments (Note 22)	-	101,978	234,588
Accumulated surplus, beginning of year, as restated	<u>7,912,954</u>	<u>8,014,932</u>	<u>7,526,518</u>
Accumulated surplus, end of year	<u>\$ 7,473,500</u>	<u>\$ 7,718,039</u>	<u>\$ 8,014,932</u>

LOWER KOOTENAY INDIAN BAND
Consolidated Statement of Change in Net Financial Assets

For the year ended March 31	Budget	2013	(restated) 2012
Annual surplus (deficit)	\$ (439,454)	\$ (296,893)	\$ 488,414
Acquisition of tangible capital assets (Note 11)	(5,000)	(159,767)	(207,421)
Amortization of tangible capital assets (Note 11)	415,000	420,673	405,770
Change in prepaid expenses	-	61,826	(61,971)
Net change in net financial assets	(29,454)	25,839	624,792
Net financial assets, beginning of year	2,313,050	2,313,050	1,688,258
Net financial assets, end of year	\$ 2,283,596	\$ 2,338,889	\$ 2,313,050

LOWER KOOTENAY INDIAN BAND
Consolidated Statement of Cash Flows

For the year ended March 31	2013	(restated) 2012
Cash flows provided by (used in) operating activities		
Cash receipts customers	\$ 3,051,023	\$ 3,986,420
Cash paid to employees and suppliers	(2,446,073)	(3,296,860)
	604,950	689,560
Cash flows used in capital activities		
Purchase of tangible capital assets	(159,767)	(207,421)
Cash flows used in investing activities		
Investment in business partnership and enterprises	(250,229)	(175,746)
Purchase of short term temporary investments	(7,448)	(629,806)
	(257,677)	(805,552)
Cash flows provided by (used in) financing activities		
Loans and advances with related parties	15,408	(3,444)
Receipts from long term debt	53,767	-
Repayment of long term debt	(167,561)	(146,628)
	(98,386)	(150,072)
Net increase (decrease) in cash	89,120	(473,485)
Cash, beginning of year	1,048,798	1,522,283
Cash, end of year	\$ 1,137,918	\$ 1,048,798
Represented by		
Cash	\$ 986,990	\$ 899,132
Ottawa Trust Funds	60,405	59,189
Restricted cash	90,523	90,477
	\$ 1,137,918	\$ 1,048,798
Supplementary Cash Flow Information:		
Interest paid	\$ (24,552)	\$ (37,710)
Interest received	\$ 2,011	\$ 2,222

The accompanying summary of significant accounting policies and notes are an integral part of these consolidated financial statements.

LOWER KOOTENAY INDIAN BAND

Summary of Consolidated Significant Accounting Policies

March 31, 2013

Basis of Presentation	It is the policy of the Lower Kootenay Indian Band (the "First Nation") to follow accounting principles generally accepted for First Nations in the Province of British Columbia. They have been prepared using guidelines issued by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants. The First Nation provides services such as band government, public works, social development, community health, economic development, land and resources, housing and a community school.
Reporting Entity	The Lower Kootenay Indian Band reporting entity includes the Lower Kootenay Band Council and all related entities which are accountable for the administration of their financial affairs and resources to the First Nation and are either owned or controlled by the First Nation.
Government Business Partnership and Enterprises	<p>These financial statements consolidate on a modified equity basis the assets, liabilities and results of operations for the following organizations which use accounting principles which lend themselves to consolidation on a modified equity basis with the Lower Kootenay Band:</p> <ul style="list-style-type: none">- Lower Kootenay Development Corporation- Lower Kootenay Guide Outfitters Ltd.- Lower Kootenay Forest Products Ltd.- Lower Kootenay Development Limited Partnership
Long Term Investments	Long term investments in entities in which the First Nation does not hold a significant influence are recorded at cost. If there has been permanent decline in the value of these investments, it is written down to its net realizable value.
Fund Accounting	<p>The First Nation is segregated into various funds for accounting and financial reporting purposes. Each fund is treated as a separate entity with responsibility for stewardship of the assets allocated to it.</p> <p>The funds and enterprises of the First Nation are as follows:</p> <ul style="list-style-type: none">- Lower Kootenay Indian Band Operations Fund- The Property, Plant and Equipment Assets Fund- The Trust Fund
Temporary Investments	Temporary investments are stated at the lower of cost and market value.

LOWER KOOTENAY INDIAN BAND

Summary of Consolidated Significant Accounting Policies

March 31, 2013

Leased Assets Leases entered into, that transfer substantially all the benefits and risks associated with ownership, are recorded as the acquisition of a tangible capital asset and the incurrence of an obligation. The asset is amortized in a manner consistent with tangible capital assets owned by the First Nation, and the obligation, including interest thereon, is liquidated over the term of the lease. All other leases are accounted for as operating leases, and the rental costs are expensed as incurred.

Government Transfers Government transfers, which include legislative grants, are recognized in the financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.

Budget Figures The budget figures are approved annually by Chief and Council. They have been reallocated to conform to PSAB financial statement presentation. Subsequent amendments have been made by the Chief and Council to reflect changes in the budget as required.

Tangible Capital Assets Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded using the declining balance method commencing once the asset is available for productive use as follows. The following rates are used to amortize each category of tangible capital asset:

Buildings	1% - 4%
Community infrastructure	4%
Equipment	20% - 30%
Assets under construction	nil

Impairment of Long Lived Assets

In the event that facts and circumstances indicate that the First Nation's long-lived assets may be impaired, an evaluation of recoverability would be performed. Such an evaluation entails comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write-down to market value or discounted cash flow value is required. The First Nation considers that no circumstances exist that would require such an evaluation.

LOWER KOOTENAY INDIAN BAND

Summary of Consolidated Significant Accounting Policies

March 31, 2013

Revenue Recognition

Government funding is recognized as it becomes receivable under the terms of applicable funding agreements. Revenue received under funding agreements which relates to a subsequent fiscal period is recognized as revenue in the period in which the resources are used for the purpose or purposes specified.

Rental revenue is recognized as it becomes receivable under the terms of the rental agreement.

Income from business enterprises is recognized based on the modified equity pick-up basis.

Sales of service and other revenue is recognized on an accrual basis.

All other revenue is recognized as it is earned.

Deferred Revenue

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general purposes are accounted for as deferred revenue on the statement of financial position. The revenue is recognized in the statement of financial activity in the year in which it is used for the specified purpose.

Financial Instruments

The First Nation recognizes and measures financial assets and financial liabilities on the statement of financial position when it becomes a party to the contractual provisions of a financial instrument. All transactions related to financial instruments are recorded on a trade date or settlement date basis. All financial instruments are measured at fair value on initial recognition. Financial instruments are subsequently measured at amortized cost as the First Nation has not entered into any derivative contracts and it does not hold any investments in equity instruments quoted on an active market. Since no financial instruments are measured at fair value after initial recognition, a Statement of Remeasurement Gains and Losses has not been presented in these financial statements

Use of Estimates

The preparation of financial statements in accordance 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, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

LOWER KOOTENAY INDIAN BAND
Notes to Consolidated Financial Statements

March 31, 2013

1. Economic Dependence

The Lower Kootenay Indian Band receives a major portion of its revenue pursuant to funding arrangements with Aboriginal Affairs and Northern Development Canada ("AANDC"), as detailed by a comprehensive funding agreement.

2. Restricted Cash

	2013	(restated) 2012
Social Housing Operations - Replacement reserve	\$ 90,523	\$ 90,477

3. Temporary Investments

The Band holds guaranteed investment certificates ("GIC's") and a money market fund with the following terms:

	2013	(restated) 2012
Money market fund, Municipal Finance Authority	\$ 619,904	\$ 613,303
GIC's, interest paid on maturity at 2.31% on July 8, 2013	14,227	13,517
GIC's, interest paid on maturity at 1.30% on April 5, 2016	3,123	2,986
	\$ 637,254	\$ 629,806

4. Accounts Receivable

	2013	(restated) 2012
Due from AANDC	\$ 228,715	\$ -
Trade accounts receivable	100,661	295,443
Band member receivables	353,252	328,813
Allowance for doubtful accounts	(353,252)	(330,357)
	\$ 329,376	\$ 293,899

LOWER KOOTENAY INDIAN BAND
Notes to Consolidated Financial Statements

March 31, 2013

5. Due From Related Entities

	2013	(restated) 2012
Lower Kootenay Guide Outfitters Ltd.	\$ 444,188	\$ 443,508
Lower Kootenay Development Corporation	37,277	37,277
Lower Kootenay Development Limited Partnership	16,932	33,020
	\$ 498,397	\$ 513,805

The amounts due from related parties bear no interest and have no fixed terms of repayment. The transactions have occurred in the normal course of operations and are measured at the exchange value (the amount of consideration established and agreed to by the related parties).

6. Long Term Investments

	2013	(restated) 2012
All Nations Trust Company, 90,000 Class A common shares, at cost	\$ 60,000	\$ 60,000

7. Investment in Business Partnership and Enterprises

	2013	(restated) 2012
Lower Kootenay Development Limited Partnership, 99.99% owned by the First Nation	\$ 1,063,686	\$ 813,456
Lower Kootenay Development Corporation, wholly-owned by the First Nation	1	1
Lower Kootenay Guide Outfitters Ltd., wholly-owned by the First Nation	1	1
Lower Kootenay Forest Products Ltd., wholly-owned by the First Nation	-	1
	\$ 1,063,688	\$ 813,459

Lower Kootenay Forest Products Ltd. was dissolved September 3, 2012.

LOWER KOOTENAY INDIAN BAND
Notes to Consolidated Financial Statements

March 31, 2013

7. Investment in Business Partnership and Enterprises (continued)

The following summary discloses the condensed financial information of the business partnership and enterprises:

(a) Summary of Financial Position	2013	(restated) 2012
Assets		
Cash and short term investments	\$ 493,883	\$ 370,333
Accounts receivable	58,001	33,883
Prepays and other assets	7,400	7,400
Long term investments	511,885	411,494
Due from related parties	61,761	78,718
Intangible asset	280,000	280,000
Tangible capital assets	117,337	159,353
Total Assets	1,530,267	1,341,181
Liabilities		
Accounts payable and accrued liabilities	1,368	22,893
Due to related parties	560,162	573,600
Total Liabilities	561,530	596,493
Net Assets	\$ 968,737	\$ 744,688

(b) Summary of Financial Activities

	2013	2012
Total Revenues	\$ 294,276	\$ 197,639
Total Expenses	70,226	46,261
Income for the year	\$ 224,050	\$ 151,378

8. Deferred Revenue

	2013	2012
Deferred revenue is comprised of the following:		
Deferred land leases	\$ 161,758	\$ 74,283
Other	2,920	6,820
	\$ 164,678	\$ 81,103

LOWER KOOTENAY INDIAN BAND
Notes to Consolidated Financial Statements

March 31, 2013

9. Long Term Debt

	2013	2012
Lower Kootenay Indian Band Council		
Scotiabank - repayable in monthly installments of \$361 interest free, maturing November 2017.	\$ 20,598	\$ -
TD Auto Finance - repayable in monthly installments of \$555 including interest at 1.49% per annum, maturing November 2017.	30,542	-
Peach Hills Trust - mortgage repayable in monthly installments of \$7,150 including a fixed rate of interest of 4.75% per annum, maturing June 2014.	105,004	181,252
Modern Games Canada Ltd. - repayable in annual installments of \$10,000 with interest of \$7,500 payable as the final installment in April 2021.	87,500	97,500
Lower Kootenay Indian Band - Social Housing Operations		
All Nations Trust Company - Phase 2 mortgage repayable in monthly installments of \$2,438 including interest at 2.14% per annum, maturing February 2014.	26,590	55,003
All Nations Trust - Phase 8 mortgage repayable in monthly installments of \$1,207 including interest at 3.09% per annum, maturing July 2018.	71,359	83,494
All Nations Trust - Phase 10 mortgage repayable in monthly installments of \$1,228 including interest at 2.37% per annum, maturing July 2021.	111,585	123,567
All Nations Trust - Phase 11 mortgage repayable in monthly installments of \$1,692 including interest at 1.71% per annum, maturing June 2022.	173,875	190,313
All Nations Trust - Phase 12 mortgage repayable in monthly installments of \$1,112 including interest at 2.86% per annum, maturing December 2023.	123,811	133,529
	750,864	864,658
Less current portion	181,371	162,604
	\$ 569,493	\$ 702,054

LOWER KOOTENAY INDIAN BAND
Notes to Consolidated Financial Statements

March 31, 2013

9. Long Term Debt (continued)

Principal repayments on long term debt for the next five years and thereafter are as follows, assuming mortgages are renewed on similar terms:

2014	\$	181,371
2015		97,895
2016		75,463
2017		76,899
2018		75,610
Thereafter		<u>243,626</u>
	\$	<u>750,864</u>

10. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities are the following amounts owing to AANDC:

	2013	2012
Capital Projects:		
Eco Clean Energy Project	\$ 413	\$ -
Solar Power Project	4,940	-
ACRES 2011	41,746	-
IR2 Dyke	4,524	-
Water Improvements	26,182	-
Program Funding:		
National Child Benefit	7,151	-
Basic Needs	21,944	-
Child Out of Home	2,323	-
Special Needs	2,301	-
In Home Care	2,181	-
Social Assistance Employment and Training	1,896	-
Economic Development	19,210	19,210
Safe Water Operating Program	7,800	7,800
	<u>\$ 142,611</u>	<u>\$ 27,010</u>

LOWER KOOTENAY INDIAN BAND
Notes to Consolidated Financial Statements

March 31, 2013

11. Tangible Capital Assets

	2013					
	Land	Buildings	Community infrastructure	Equipment	Assets under construction	Total
Cost, beginning of year	\$ 298,842	\$ 5,629,942	\$ 4,096,649	\$ 419,837	\$ 28,793	\$ 10,474,063
Additions	-	9,186	61,284	65,136	24,161	159,767
Cost, end of year	298,842	5,639,128	4,157,933	484,973	52,954	10,633,830
Accumulated amortization, beginning of year	-	2,907,222	1,561,318	365,467	-	4,834,007
Amortization	-	236,602	159,139	24,932	-	420,673
Accumulated amortization, end of year	-	3,143,824	1,720,457	390,399	-	5,254,680
Net carrying amount, end of year	\$ 298,842	\$ 2,495,304	\$ 2,437,476	\$ 94,574	\$ 52,954	\$ 5,379,150

LOWER KOOTENAY INDIAN BAND
Notes to Consolidated Financial Statements

March 31, 2013

11. Tangible Capital Assets (continued)

	Land	Buildings	Community infrastructure	Equipment	Assets under construction	Total
Cost, beginning of year	\$ 298,842	\$ 5,510,580	\$ 4,014,101	\$ 414,326	\$ 28,793	\$ 10,266,642
Additions	-	119,362	82,548	5,511	-	207,421
Cost, end of year	298,842	5,629,942	4,096,649	419,837	28,793	10,474,063
Accumulated amortization, beginning of year	-	2,682,267	1,405,049	340,921	-	4,428,237
Amortization	-	224,955	156,269	24,546	-	405,770
Accumulated amortization, end of year	-	2,907,222	1,561,318	365,467	-	4,834,007
Net carrying amount, end of year	\$ 298,842	\$ 2,722,720	\$ 2,535,331	\$ 54,370	\$ 28,793	\$ 5,640,056

(restated)
2012

LOWER KOOTENAY INDIAN BAND
Notes to Consolidated Financial Statements

March 31, 2013

12. Accumulated Surplus

The Lower Kootenay Indian Band segregates its accumulated surplus into the following categories:

	2013	(restated) 2012
Equity in investments (Note 6)	\$ 60,000	\$ 60,000
Equity in business partnership and enterprises (Note 7)	1,063,688	813,459
Replacement reserve balance (Note 13)	112,979	103,720
Equity in tangible capital assets (Note 14)	4,715,786	4,872,898
Equity in Ottawa Trust Funds (Note 15)	60,405	59,189
Unrestricted operating equity	1,705,181	2,105,666
	<u>\$ 7,718,039</u>	<u>\$ 8,014,932</u>

13. Replacement Reserve

	2013	(restated) 2012
Balance, beginning of year	\$ 103,720	\$ 168,850
Add:		
Current year allocation	20,937	20,937
Interest	45	-
Less:		
Approved expenditures	11,723	86,067
Balance, end of year	112,979	103,720
Funded balance (Note 2)	90,523	90,477
Unfunded balance	<u>\$ 22,456</u>	<u>\$ 13,243</u>

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the Replacement Reserve account is to be credited annually in the amount of \$20,937. These funds, along with accumulated interest, must be held in separate bank accounts and/or invested only in accounts or instruments insured by Canada Deposit Insurance Corporation, or as may otherwise be approved by Canada Mortgage and Housing Corporation. Withdrawals are credited to interest first and then principal.

LOWER KOOTENAY INDIAN BAND
Notes to Consolidated Financial Statements

March 31, 2013

14. Equity in Tangible Capital Assets

	2013	2012
Balance, beginning of the year	\$ 4,872,898	\$ 5,001,046
Add:		
Purchases of tangible capital assets	159,767	207,421
Debt repayment	157,561	70,201
	317,328	277,622
Less:		
Amortization of tangible capital assets	420,673	405,770
Proceeds from new debt issuance	53,767	-
	474,440	405,770
	\$ 4,715,786	\$ 4,872,898

15. Equity in Ottawa Trust Funds

Trust funds on deposit with the Aboriginal Affairs and Northern Development Canada consist of the following:

	Revenue	Capital	2013 Total	(restated) 2012 Total
Balance, beginning of year	\$ 19,151	\$ 39,288	\$ 58,439	\$ 56,967
Add:				
Interest on trust balances	1,966	-	1,966	2,222
Balance, end of year	\$ 21,117	\$ 39,288	\$ 60,405	\$ 59,189

The Ottawa Trust Funds relate to capital or revenue sources 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 primarily governed by Sections 63 to 69 of the Indian Act.

LOWER KOOTENAY INDIAN BAND
Notes to Consolidated Financial Statements

March 31, 2013

16. Expenses By Object

	Budget	2013	(restated) 2012
Advertising	\$ 1,575	\$ 153	\$ 2,033
Amortization	415,000	420,673	405,770
Bad debts	-	22,895	3,038
Capital expenditures	5,000	-	-
CMHC approved expenditures	-	11,723	86,067
Consulting	111,500	91,231	65,186
Insurance	28,000	39,989	38,792
Interest on long term debt	48,374	24,452	37,711
Interest and bank charges	840	4,756	8,176
Miscellaneous	5,947	14,418	11,005
Office	35,600	62,066	43,377
Professional fees	67,400	104,062	179,257
Program expenses	769,301	1,015,651	893,225
Rent	69,000	69,201	62,236
Repairs and maintenance	91,800	63,616	151,412
Supplies	39,969	44,829	40,737
Telephone and utilities	23,000	44,152	41,889
Training and workshops	88,950	84,051	23,818
Travel	32,174	60,996	34,584
Vehicle	-	16,529	8,391
Wages and benefits	989,293	1,104,375	1,012,133
Total expenses for the year	\$ 2,822,723	\$ 3,299,818	\$ 3,148,837

LOWER KOOTENAY INDIAN BAND

Notes to Consolidated Financial Statements

March 31, 2013

17. Segmented Information (continued)

Lower Kootenay Indian Band is First Nation community of over 200 members located in the Creston Valley in south eastern British Columbia. Lower Kootenay Indian Band provides a variety of services to community members, and receives funding from various federal and provincial government agencies to support the delivery of these services. Segmented reporting by program is used to account for the scope and significance of each service.

Administration

This program includes revenues and expenses relating to governance activities undertaken by Chief and Council, band membership activities, administrative services of the Band, and finance and accounting activities for the band and its business ventures. The operation of the economic development, operations and maintenance and infrastructure and land management activities are also facilitated by this program.

Social Development

This program includes the revenue and expenses relating to the delivery of social assistance programs to Lower Kootenay Indian Band members, and the delivery of cultural activities in the community. Certain social development activities are funded through agreements with Aboriginal Affairs and Northern Development Canada and have specific eligibility criteria.

Health

The Health program provides a variety of health services to the community pursuant to a funding agreement with Health Canada and other external funders. The Health program also includes revenues and expenses relating to recreation activities for community members.

Education

The Education program includes the revenues and expenses relating to the operation and maintenance of the community school located on the reserve lands of the Lower Kootenay Indian Band.

Social Housing Program

This program includes the revenues and expenses relating to the operation of the Band housing rental units and the provision of various housing services to Lower Kootenay Indian Band members. This program also includes the revenues and expenses relating to the operation of the Band's CMHC Social Housing Units, including individual houses and multi family units.

Capital Fund

This program includes the revenue and expenses relating to the construction, maintenance and operation of community infrastructure and buildings, and the provision of community services to Lower Kootenay Indian Band members.

18. Comparative Information

The comparative amounts presented in the consolidated financial statements have been restated to conform to the current year's presentation. These restatements had no effect on the annual or accumulated surpluses.

LOWER KOOTENAY INDIAN BAND
Notes to Consolidated Financial Statements

March 31, 2013

19. Financial Instrument Risk Management

The Lower Kootenay Indian Band holds various forms of financial instruments. The nature of these instruments and the Band's operations expose the Band to interest, credit and liquidity risks. The Lower Kootenay Indian Band manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Band is exposed to this risk through certain variable rate long term debt and marketable securities that it holds. The following table summarizes the Lower Kootenay Indian Band's net exposure to loans and securities with variable interest rates:

	2013	2012
Long term debt	\$ (642,766)	\$ (767,158)
Temporary investments	637,254	629,806
Net exposure	\$ (5,512)	\$ (137,352)

Management believes that changes in the market rate of interest will have an immaterial effect on the Band as a change in interest rate of 1% in either direction will increase or decrease interest by \$55 (2012 - \$1,374). There have been no changes from the previous year of policies, procedures and methods to measure this risk.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The Band is exposed to credit risk resulting from the possibility that a counterparty to a financial instrument defaults on their financial obligations and from concentration of transactions carried out with the same counterparty.

Default Credit Risk

The Lower Kootenay Indian Band's exposure to credit risk is represented by certain accounts receivable. The credit risk relating to accounts receivable is managed by having formal policies in place to assess the credit worthiness of customers and ensure timely collection of outstanding balances. The following table summarizes the aging of accounts receivable which provides an indication of possible credit risk:

	Current	31 to 60 days	Over 60 days	2013 Total
Accounts receivable	\$ 38,293	\$ 23,104	\$ 621,231	\$ 682,628
Allowance for doubtful accounts	-	-	(353,252)	(353,252)
	\$ 38,293	\$ 23,104	\$ 267,979	\$ 329,376

LOWER KOOTENAY INDIAN BAND
Notes to Consolidated Financial Statements

March 31, 2013

19. Financial Instrument Risk Management (continued)

	Current	31 to 60 days	Over 60 days	2012 Total
Accounts receivable	\$ 249,202	\$ 6,355	\$ 368,699	\$ 624,256
Allowance for doubtful accounts	-	-	(330,357)	(330,357)
	<u>\$ 249,202</u>	<u>\$ 6,355</u>	<u>\$ 38,342</u>	<u>\$ 293,899</u>

Concentration of Credit Risk

As at March 31, 2013 there was 1 (2012 - 0) counterparty holding more than 10% of net accounts receivables and in aggregate 34% (2012 - 19%) of net accounts receivables. Management believes that related party receivables and notes are not subject to default credit risk due to the tightly held nature of the group. There have been no changes from the previous year of policies, procedures and methods to measure this risk.

Liquidity Risk

Liquidity risk is the risk that the Lower Kootenay Indian Band encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Band will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and accrued liabilities and long term debt and commitments. The following table summarizes the aging of the Band's financial obligations which provides an indication of possible liquidity risk:

	Current	30 to 364 days	Over 1 year	2013 Total
Accounts payable and accrued liabilities	\$ 464,382	\$ 3,395	\$ 4,425	\$ 472,202
Long term debt	15,114	166,257	569,493	750,864
	<u>\$ 479,496</u>	<u>\$ 169,652</u>	<u>\$ 573,918</u>	<u>\$ 1,223,066</u>

	Current	30 to 364 days	Over 1 year	2012 Total
Accounts payable and accrued liabilities	\$ 100,956	\$ -	\$ -	\$ 100,956
Long term debt	13,550	149,054	702,054	864,658
	<u>\$ 114,506</u>	<u>\$ 149,054</u>	<u>\$ 702,054</u>	<u>\$ 965,614</u>

See Note 20 for further information on possible liquidity risk arising from the Lower Kootenay Indian Band's commitments. Management has determined that the Lower Kootenay Indian Band is not significantly exposed to liquidity risk given its strong operating cash flows and secured funding sources. There have been no changes from the previous year of policies, procedures and methods to measure the risk.

LOWER KOOTENAY INDIAN BAND
Notes to Consolidated Financial Statements

March 31, 2013

20. Contingencies and Commitments

- (a) The First Nation is involved in various ongoing legal claims. In the opinion of management, the overall estimation of loss is not determinable. These claims have not been provided for in the financial statements. Settlement, if any, made with respect to these actions would be expected to be accounted for as a charge to expenses in the period in which the realization is known.
- (b) The First Nation entered into multiple lease agreements for the purpose of leasing office equipment. The leased equipment under operating leases with aggregate minimum payments inclusive of taxes are as follows:

2014	\$	9,282
2015		7,260
2016		7,260
2017		7,260
2018		7,260
Thereafter		5,445
		\$ 43,767

21. Funds Held in Trust

Funds held in trust and administered by the First Nation are as follows:

	2013	2012
Band members - land settlement	\$ 65,861	\$ 66,060

The First Nation holds and administers the above amount in trust relating to deposits and other cash amounts on hand relating to other parties. At March 31, 2013 the liabilities which relate to these funds held in trust are fully funded.

22. Prior Period Adjustments

During the year ended March 31, 2013, the First Nation determined that several prior period adjustments were required as follows:

Work In Progress

The prior year's financial statements presented a value of \$28,793 as work in progress as a financial asset. This item is work in progress for a maintenance building. The asset is not yet being used as the building is currently under construction. This is not a financial asset and should have been recorded as a non-financial asset as part of tangible capital assets. This has been corrected by decreasing the financial assets and increasing the tangible capital assets with no impact to accumulated surplus.

LOWER KOOTENAY INDIAN BAND

Notes to Consolidated Financial Statements

March 31, 2013

22. Prior Period Adjustments (continued)

Replacement Reserve

In the prior year's financial statements, the cash balance of the replacement reserve included an amount of \$13,243 that was owing from the operating fund. However, this was not physical cash and the replacement reserve restricted cash should have only presented the physical cash balance. This has been corrected by decreasing the replacement reserve restricted cash balance on the statement of financial position and decreasing the offsetting accounts payable with no impact to accumulated surplus.

In the prior year's financial statements, the replacement reserve total of \$103,720 was presented on the statement of financial position as both a financial asset and a liability. This should have been presented as restricted cash within financial assets and part of accumulated surplus. This has been corrected by reducing liabilities by \$103,720 and increasing the accumulated surplus.

Tangible Capital Assets

The statement of operations in the prior year's financial statements had a line item for \$277,622 for investment in property, plant and equipment. This amount was the total of \$207,421 of the tangible capital asset additions for the prior year and \$70,201 for the principle reduction of mortgages which were already accounted for correctly. This amount was recorded as revenue twice, in error, on the statement of operations. To correct this, an adjustment was made to decrease revenue and decrease accumulated surplus by \$277,622.

The statement of operations in the prior year's financial statements had a line item for \$197,239 for capital projects. \$153,954 of this total related to tangible capital asset additions that were capitalized correctly. This expense on the statement of operations was not appropriate. To correct this, an adjustment was made to decrease expenses and increase accumulated surplus by \$153,954.

Internal Administration Fees

In the prior year's financial statements, administration fees charged between the various band departments were classified as part of both revenue and expenses on the statement of operations. Inter entity transactions such as this should have been eliminated. To correct this, both the revenue and expenses have been reduced, with no impact to accumulated surplus.

Long Term Investments

The prior year's financial statements reported an investment in Lower Kootenay Forage Products of \$33,020. This is actually an investment held by Lower Kootenay Development Limited Partnership, a business partnership controlled by the First Nation, not a direct investment of the First Nation. Long term investments were decreased by \$33,020 to remove the investment and the offset to the related party with Lower Kootenay Development Limited Partnership, with no impact to accumulated surplus.

LOWER KOOTENAY INDIAN BAND
Notes to Consolidated Financial Statements

March 31, 2013

22. Prior Period Adjustments (continued)

Long Term Investments (continued)

The First Nation's investment in Lower Kootenay Development Corporation was incorrectly presented as a deficit of \$22,980 in the prior year's financial statements. As this business enterprise was in a deficit position, this investment should have been recorded at a nominal value of \$1. Long term investments were adjusted to record this investment at the nominal value of \$1 with the offset to accumulated surplus.

The First Nation's investment in Lower Kootenay Forest Products Ltd. of \$1 was not presented in the prior year's financial statements. Long term investments were increased by \$1 to record the investment and as this investment was not new in 2012, the offset was to increase accumulated surplus by \$1.

Ottawa Trust Fund

In the prior year's financial statements, the equity held in the Ottawa Trust Funds was understated by \$2,274. This has been corrected by increasing the equity in the fund with an offset to accumulated surplus.

AANDC Revenue

In the prior year's Schedule of Federal Government funding, it was noted that \$27,010 of unexpended funding for set contribution projects should have been recorded as a liability in the prior year's financial statements. This has been corrected by increasing the prior year financial liabilities with an offset to accumulated surplus.

In the prior year's financial statements, \$67,216 of AANDC revenue that related to an earlier year, was recognized in 2012. This has been corrected by decreasing the prior year revenue with an offset to opening accumulated surplus.



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Independent Auditor's Comments on Supplementary Financial Information

To the Members of the
Lower Kootenay Indian Band

We have audited the consolidated financial statements of Lower Kootenay Indian Band, which comprise of the consolidated statement of financial position as at March 31, 2013, and the consolidated statements of financial activities, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information and have issued our report thereon dated March 4, 2014. The audit was performed to form an opinion on the consolidated financial statements as a whole. The following supplemental financial information is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from the underlying accounting and other records used to prepare the consolidated financial statements.

The supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such supplementary information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves.

The supplementary information is prepared to assist the Chief and Council of Lower Kootenay Indian Band with the decision making process of the First Nation. As a result, the supplementary information may not be suitable for another purpose. Our report is intended solely for the Chief and Council of Lower Kootenay Indian Band and should not be distributed to or used by parties other than the Chief and Council of Lower Kootenay Indian Band.

BDO Canada LLP

Chartered Accountants

Cranbrook, British Columbia
March 4, 2014

LOWER KOOTENAY INDIAN BAND
Schedules of Individual Program Financial Activity
Administration
(Unaudited)

For the year ended March 31	Budget	2013	2012
Revenue			
Aboriginal Affairs and Northern Development Canada			
Band Support	\$ 167,951	\$ 162,427	\$ 161,394
Band Employee Benefit Plan	50,546	50,546	35,934
Indian Registry Administration	1,565	1,565	1,626
Other income	7,700	103,192	9,280
Internal administration fees	83,953	91,800	91,800
	<u>311,715</u>	<u>409,530</u>	<u>300,034</u>
Expenses			
Advertising	1,575	153	2,033
Band employee benefit plan	-	69,779	53,672
Consulting	34,500	6,485	864
Indian registration administration	-	1,565	1,626
Interest and bank charges	-	3,060	2,507
Office and administration	32,500	48,248	32,869
Professional fees	55,000	87,335	164,311
Program expenses	11,105	67,346	29,870
Rent	9,000	6,823	8,868
Repairs and maintenance	650	3,343	758
Supplies	3,000	2,038	5,054
Travel	5,000	18,559	7,621
Vehicle	-	4,361	-
Wages and benefits	261,092	351,667	242,767
	<u>413,422</u>	<u>670,762</u>	<u>552,820</u>
Net expenses before other items	(101,707)	(261,232)	(252,786)
Income from business partnership and enterprises	-	250,249	179,324
Deficit for the year	\$ (101,707)	\$ (10,983)	\$ (73,462)

LOWER KOOTENAY INDIAN BAND
Schedules of Individual Program Financial Activity
Social Development
(Unaudited)

For the year ended March 31	Budget	2013	2012
Revenue			
Aboriginal Affairs and Northern Development Canada			
Basic Needs	\$ 208,082	\$ 202,022	\$ 171,208
Child Out of Parental Home Allowance	62,677	45,350	50,553
Service Delivery	46,776	43,182	43,078
National Child Benefit	29,945	22,794	29,696
In Home Care	14,283	11,000	12,592
Social Assistance Employment & Training	6,210	4,314	7,176
Special Needs	5,553	1,588	5,237
Prevention Projects	2,993	2,074	2,993
Other income	-	-	258
	<u>376,519</u>	<u>332,324</u>	<u>322,791</u>
Expenses			
Interest and bank charges	-	-	218
Program expenses	201,770	174,447	187,804
Rent	60,000	62,378	53,368
Telephone and utilities	23,000	44,152	41,889
Training and workshops	6,500	4,314	7,176
Travel	2,000	183	-
Wages and benefits	57,265	53,986	64,687
	<u>350,535</u>	<u>339,460</u>	<u>355,142</u>
Surplus (deficit) for the year	<u>\$ 25,984</u>	<u>\$ (7,136)</u>	<u>\$ (32,351)</u>

LOWER KOOTENAY INDIAN BAND
Social Development - Detailed Schedule of Program Financial Activity
(Unaudited)

For the year ended March 31, 2013	Basic Needs	Child out of Parental Home	National Child Benefit	In Home Care	Employment and Training	Special Needs	Administration and Other	Total
Aboriginal Affairs and Northern Development Canada	\$ 202,022	\$ 45,350	\$ 22,794	\$ 11,000	\$ 4,314	\$ 1,588	\$ 45,256	\$ 332,324
Expenses								
Program expenses	99,088	45,350	22,794	-	-	1,588	5,627	174,447
Rent	61,308	-	-	-	-	-	1,070	62,378
Telephone and utilities	44,152	-	-	-	4,314	-	-	44,152
Training and workshops	-	-	-	-	-	-	-	4,314
Travel	-	-	-	-	-	-	183	183
Wages and benefits	-	-	-	11,000	-	-	42,986	53,986
	<u>204,548</u>	<u>45,350</u>	<u>22,794</u>	<u>11,000</u>	<u>4,314</u>	<u>1,588</u>	<u>49,866</u>	<u>339,460</u>
Deficit for the year	\$ (2,526)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,610)	\$ (7,136)

LOWER KOOTENAY INDIAN BAND
Schedules of Individual Program Financial Activity
Health
(Unaudited)

For the year ended March 31	Budget	2013	2012
Revenue			
Health Canada	\$ 106,619	\$ 126,159	\$ 116,619
Health Canada - Patient Transportation	20,862	20,862	20,868
Province of British Columbia	2,600	-	2,600
Ktunaxa / Kinbasket Tribal Council	23,000	21,000	23,000
Other income	7,400	12,100	15,000
	<u>160,481</u>	<u>180,121</u>	<u>178,087</u>
Expenses			
Administration	7,721	10,800	10,742
Interest and bank charges	220	239	232
Office	-	7,109	850
Patient transportation	20,862	29,126	20,868
Program expenses	2,000	12,312	8,227
Supplies	1,619	10,055	8,433
Training and workshops	9,000	2,599	1,707
Travel	2,000	2,021	2,442
Wages and benefits	112,000	67,448	54,050
	<u>155,422</u>	<u>141,709</u>	<u>107,551</u>
Surplus for the year	\$ 5,059	\$ 38,412	\$ 70,536

LOWER KOOTENAY INDIAN BAND
Schedules of Individual Program Financial Activity
Education
(Unaudited)

For the year ended March 31	Budget	2013	2012
Revenue			
Aboriginal Affairs and Northern Development Canada			
AANDC Funding	\$ 419,737	\$ 430,008	\$ 438,666
Tuition Agreements - Local Education Agreement	146,768	218,589	229,925
Enhanced Teacher Salaries	742	742	2,550
Province of British Columbia	70,000	71,904	124,908
First Nations Education Steering Committee	92,931	106,006	103,635
Other income	43,260	44,481	73,017
	<u>773,438</u>	<u>871,730</u>	<u>972,701</u>
Expenses			
Enhanced teacher salaries	-	742	8,510
Interest and bank charges	620	772	854
Local education agreement	65,000	227,956	229,050
Miscellaneous	5,947	5,714	7,398
Office	3,100	5,708	4,000
Program expenses	108,064	121,423	183,460
Repairs and maintenance	19,550	21,520	37,893
Supplies	23,350	21,926	21,963
Training and workshops	43,450	45,137	12,910
Travel	10,174	10,513	13,986
Wages and benefits	411,626	414,083	460,069
	<u>690,881</u>	<u>875,494</u>	<u>980,093</u>
Surplus (deficit) for the year	\$ 82,557	\$ (3,764)	\$ (7,392)

LOWER KOOTENAY INDIAN BAND
Schedules of Individual Program Financial Activity
Social Housing
(Unaudited)

For the year ended March 31	Budget	2013	2012
Revenue			
Rental income	\$ 190,000	\$ 154,453	\$ 165,284
CMHC - subsidy	50,000	18,966	40,080
Other income	-	1,194	484
	<u>240,000</u>	<u>174,613</u>	<u>205,848</u>
Expenses			
Administration	12,000	15,000	15,000
Amortization	75,000	78,687	70,202
Bad debts	-	8,758	3,038
CMHC approved expenditures	-	11,723	86,067
Insurance	10,000	23,575	23,583
Interest on long term debt	32,000	14,900	23,336
Interest and bank charges	-	623	4,303
Office	-	-	3,131
Professional fees	2,400	2,563	6,663
Repairs and maintenance	56,350	33,935	56,946
Supplies	12,000	10,810	5,286
Travel	-	5,947	-
	<u>199,750</u>	<u>206,521</u>	<u>297,555</u>
Net revenues (expenses) before other items	40,250	(31,908)	(91,707)
Replacement reserve allocation	(25,000)	(20,937)	(20,937)
Surplus (deficit) for the year	<u>\$ 15,250</u>	<u>\$ (52,845)</u>	<u>\$ (112,644)</u>

LOWER KOOTENAY INDIAN BAND
Schedules of Individual Program Financial Activity
Infrastructure and Land Management
(Unaudited)

For the year ended March 31	Budget	2013	2012
Revenue			
Aboriginal Affairs and Northern Development Canada - Land Management	\$ 24,724	\$ 30,905	\$ 30,905
Province of British Columbia	102,000	186,577	128,002
Other income	214,000	235,793	234,682
Bad debt recovery	-	93,036	98,036
	<u>340,724</u>	<u>546,311</u>	<u>491,625</u>
Expenses			
Administration	53,127	66,000	66,000
Bad debts	-	14,138	-
Consulting	77,000	84,746	64,322
Insurance	18,000	16,414	15,209
Interest on long term debt	16,374	9,552	14,374
Interest and bank charges	-	63	62
Miscellaneous	-	8,677	3,178
Office	-	1,001	1,332
Professional fees	10,000	665	7,381
Program expenses	55,000	81,589	25,559
Repairs and maintenance	12,750	1,046	53,746
Travel	13,000	23,773	10,535
Vehicle	-	12,168	8,391
Wages and benefits	86,724	20,603	38,612
	<u>341,975</u>	<u>340,435</u>	<u>308,701</u>
Surplus (deficit) for the year	\$ (1,251)	\$ 205,876	\$ 182,924

LOWER KOOTENAY INDIAN BAND
Schedules of Individual Program Financial Activity
Economic Development
(Unaudited)

For the year ended March 31	Budget	2013	2012
Revenue			
Aboriginal Affairs and Northern Development Canada Economic Development Program	\$ 11,105	\$ 11,105	\$ (8,105)
KNC, CPC and CVT funding	24,724	-	599,156
FNGST revenue	160,000	163,922	170,086
NRT revenue	-	14,800	-
	<u>195,829</u>	<u>189,827</u>	<u>761,137</u>
Expenses			
FNGST distributions	30,000	18,721	16,411
IMBA expenses	190,000	191,501	58,284
NRT expenses	-	15,500	902
KNC language/culture expense	30,000	30,000	2,024
Wages and benefits	37,500	60,797	27,578
	<u>287,500</u>	<u>316,519</u>	<u>105,199</u>
Surplus (deficit) for the year	<u>\$ (91,671)</u>	<u>\$ (126,692)</u>	<u>\$ 655,938</u>

LOWER KOOTENAY INDIAN BAND
Schedules of Individual Program Financial Activity
Operations and Maintenance
(Unaudited)

For the year ended March 31	Budget	2013	2012
Revenue			
Aboriginal Affairs and Northern Development Canada			
Roads and Bridges	\$ 14,335	\$ 13,933	\$ 14,706
Water Systems	38,945	38,945	38,970
Municipal Services	6,223	29,055	18,205
Safe Water Operations	7,800	15,600	-
Community Buildings	6,300	13,206	13,206
Fire Protection	3,300	3,300	3,300
Electrical Systems	4,013	4,013	3,985
	80,916	118,052	92,372
Expenses			
Program expenses	53,000	71,128	90,408
Repairs and maintenance	2,500	3,772	2,069
Safe water operations expenses	23,086	56,401	53,833
Wages and benefits	-	7,329	8,355
	78,586	138,630	154,665
Surplus (deficit) for the year	\$ 2,330	\$ (20,578)	\$ (62,293)

LOWER KOOTENAY INDIAN BAND
Schedules of Individual Program Financial Activity
Capital Fund
(Unaudited)

For the year ended March 31	Budget	2013	2012
Revenue			
Aboriginal Affairs and Northern Development Canada \$	5,000	\$ 13,236	\$ 185,407
Province of British Columbia	30,000	15,188	25,500
	<u>35,000</u>	<u>28,424</u>	<u>210,907</u>
Expenses			
Amortization	340,000	341,986	335,568
Capital expenditures	5,000	-	-
Program expenses	32,500	20,102	43,285
	<u>377,500</u>	<u>362,088</u>	<u>378,853</u>
Deficit for the year	\$ (342,500)	\$ (333,664)	\$ (167,946)

LOWER KOOTENAY INDIAN BAND
Capital Fund Project Reconciliation
(Unaudited)

CPMS	Program	March 31, 2012, Opening Surplus (Deficit)	Current Year AANDC Revenue	March 31, 2012 Deferred Revenue	March 31, 2013 Deferred Revenue	Total AANDC Revenue for Current Year	Other Revenues and Transfers	Total Revenues and Transfers	Total Expenses	Excess (Deficiency) of Revenue Over Expenses	March 31, 2013 Ending Surplus (Deficit)
9095	Roads and Drainage	\$ (6,017)	-	-	-	-	-	-	-	\$ -	\$ (6,017)
8872	Flood Plain Management	(5,078)	-	-	-	-	-	-	-	-	(5,078)
8522	IR2 Dike	5,889	-	-	-	-	-	-	1,365	(1,365)	4,524
7586	ACRES Project	(9,792)	-	-	-	-	-	-	-	-	(9,792)
8215	Water Improvements / Water over \$1.5M	(135,592)	58,602	-	-	58,602	-	58,602	32,420	26,182	(109,410)
3274	Additions to Reserve	(913)	-	-	-	-	-	-	-	-	(913)
9246	ACRES Project	(4,903)	-	-	-	-	-	-	-	-	(4,903)
8715	ACRES 2011	41,746	-	-	-	-	-	-	-	-	41,746
-	Solar Power Project/Climate Change	-	32,440	-	-	32,440	-	32,440	27,500	4,940	4,940
-	Eco Clean Energy Project	17,215	-	-	-	-	4,500	4,500	21,302	(16,802)	413
2013		\$ (97,445)	\$ 91,042	\$ -	\$ -	\$ 91,042	\$ 4,500	\$ 95,542	\$ 82,588	\$ 12,955	\$ (84,490)
2012		\$ (71,469)	\$ 185,407	\$ -	\$ -	\$ 185,407	\$ 25,500	\$ 210,907	\$ 197,239	\$ 13,668	\$ (57,801)

LOWER KOOTENAY INDIAN BAND
Schedule of Salaries, Honoraria, Travel Expenses
and Other Remuneration
For the year ended March 31, 2013

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Review Engagement Report

To the Membership of the
Lower Kootenay Indian Band

At the request of Lower Kootenay Indian Band, we have reviewed the Schedules of Salaries, Honoraria, Travel Expenses and Other Remuneration for the First Nation for the year ended March 31, 2013, calculated pursuant to the requirements of the Department of Aboriginal Affairs and Northern Development Canada Year End Reporting Handbook for Funding Agreements covering Fiscal Year 2012-2013. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the First Nation.

A review does not constitute an audit and consequently we do not express an audit opinion on the Schedules of Salaries, Honoraria, Travel Expenses and Other Remuneration.

As a result of the uncertainty as to the definition of Travel Expenses, we were unable to complete our review of Travel Expenses and, therefore, the amounts included in these Schedules are based solely on the information provided by the First Nation. Had we been able to complete our review based on a clear definition of what constitutes Travel Expenses, we might have determined that adjustments were necessary to Travel Expenses.

Except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to complete our review of Travel Expenses, as described in the preceding paragraph, nothing has come to our attention that causes us to believe that the Schedules of Salaries, Honoraria, Travel Expenses and Other Remuneration are not, in all material respects, in accordance with the requirements of the Department of Aboriginal Affairs and Northern Development Canada Year End Reporting Handbook for Funding Agreements covering Fiscal Year 2012-2013.

BDO Canada LLP

Chartered Accountants

Cranbrook, British Columbia
March 4, 2014

LOWER KOOTENAY INDIAN BAND						
Schedule of Salaries, Honoraria, Travel Expenses and Other Remuneration						
ELECTED OFFICIALS						
For the Year Ended March 31, 2013						
Name of Individual	Position Title	No. of Months	Salary & Honoraria	Other Remuneration	Total	Travel Expenses
Jason Louie	Chief	12	\$ 5,750	\$ 56,729	\$ 62,479	\$ 12,475
Mary Basil	Councillor	12	12,300	-	12,300	432
Arlene Basil	Councillor	12	12,750	-	12,750	1,834
Anne Jimmie	Councillor	12	12,300	22,731	35,031	446
Sandra Luke	Councillor	9	9,750	-	9,750	1,904
Robin Louie	Councillor	3	3,000	-	3,000	1,258
			\$ 55,850	\$ 79,460	\$ 135,310	\$ 18,349

On behalf of the Committee:

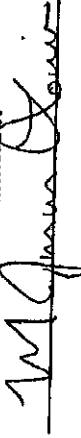
M. Louie

Chief

LOWER KOOTENAY INDIAN BAND
Schedule of Salaries, Honoraria, Travel Expenses and Other Remuneration
UNELECTED SENIOR OFFICIALS
For the Year Ended March 31, 2013

Position Title	No. of Months	Salary	Other Remuneration	Total	Travel Expenses
Chief Operating Officer	12	\$ 74,084	\$ 5,708	\$ 79,792	\$ 2,707
Development Services Director	12	72,000	-	72,000	-
Education Executive Director	12	62,351	581	62,932	2,050
Finance & Corporate Services Director	12	66,408	2,971	69,379	-
Social Services Director	12	35,907	2,277	38,184	2,318
		\$ 310,750	\$ 11,537	\$ 322,287	\$ 7,075

On behalf of the Committee:



Chief