MNP LLP

Saskatchewan Indian Equity Foundation Inc.
Financial Statements
March 31, 2013

Contents

For the year ended March 31, 2013

Management's Responsibility

To the Members of Saskatchewan Indian Equity Foundation Inc.:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed entirely of Directors who are neither management nor employees of the Foundation. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Foundation's external auditors.

MNP LLP is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

July 10, 2013

General Manager

Independent Auditors' Report

To the Members of Saskatchewan Indian Equity Foundation Inc.:

We have audited the accompanying financial statements of Saskatchewan Indian Equity Foundation Inc., which comprise the statements of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011 and the statements of operations and changes in net assets, cash flows and the related schedules for the years ended March 31, 2013 and March 31, 2012, and 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 accounting standards for not-for-profit organizations, 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.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditors' 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 in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Saskatchewan Indian Equity Foundation Inc. as at March 31, 2013, March 31, 2012 and April 1, 2011 and the results of its operations, changes in net assets and its cash flows for the years ended March 31, 2013 and March 31, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

Saskatoon, Saskatchewan

July 10, 2013

MNP LLP
Chartered Accountants

Saskatchewan Indian Equity Foundation Inc.
Statement of Financial Position
As at March 31, 2013

	March 31 2013	March 31 2012	April 1 2011
Assets			
Current			
Cash and cash equivalents	**799,596**	102,852	405,279
Accounts receivable *(Note 4)*	**1,724,878**	1,995,288	120,668
Prepaid expenses	**732**	440	5,409
Foreclosed assets held for sale *(Note 5)*	**262,982**	-	-
	2,788,188	2,098,580	531,356
Capital assets *(Note 6)*	**646,218**	694,375	748,738
Long-term investments *(Note 7)*	**8,031,863**	7,995,527	7,988,799
Advances to related party *(Note 8)*	**3,660**	128,452	-
Loans receivable *(Note 9)*	**6,750,274**	6,226,415	5,476,009
	18,220,203	17,143,349	14,744,902
Liabilities			
Current			
Bank indebtedness *(Note 10)*	-	331,935	-
Accounts payable and accrued liabilities	**107,829**	74,722	69,327
Current portion of mortgage payable *(Note 11)*	**31,482**	29,950	27,416
	139,311	436,607	96,743
Advances from related party *(Note 12)*	**512,499**	512,499	-
Mortgage payable *(Note 11)*	**303,735**	333,085	363,030
	816,234	845,584	363,030
	955,545	1,282,191	459,773
Commitment *(Note 17)*			
Net Assets			
Net assets, end of year *(Note 13)*	**3,281,724**	3,118,250	3,081,221
Contributed equity *(Note 14)*	**13,982,934**	12,742,908	11,203,908
	17,264,658	15,861,158	14,285,129
	18,220,203	17,143,349	14,744,902

Approved on behalf of the Board

Director

Director

The accompanying notes are an integral part of these financial statements

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Saskatchewan Indian Equity Foundation Inc.
Statement of Operations and Changes in Net Assets
For the year ended March 31, 2013

	2013	2012
Revenue		
Loan interest	**749,110**	670,169
Grant revenue	**423,723**	370,460
Other revenue	**208,358**	244,354
Rental income	**74,428**	76,549
NACCA Grants	**42,558**	43,526
Investments	**25,738**	25,793
Management fee	**15,000**	15,000
Other recoveries	**12,381**	10,460
Consulting fees	**10,929**	5,027
	1,562,225	1,461,338
Expenses		
Administrative	**27,767**	21,500
Advertising	**53,285**	33,395
Amortization	**52,555**	54,364
Board of Directors	**77,696**	77,607
Conferences	**6,732**	14,233
Events	**12,984**	111,169
Insurance	**10,571**	10,738
Interest and bank charges	**8,848**	28,615
Interest on mortgage payable	**19,586**	21,012
Janitorial	**9,672**	9,600
Loan costs	**51,006**	67,427
Membership fees	**5,500**	5,716
Miscellaneous	**4,535**	4,335
Office expenses	**37,707**	20,761
Postage	**3,943**	3,969
Professional fees	**77,890**	54,042
Property taxes	**23,317**	-
Provision for loan losses	**123,741**	113,193
Rent	**39,213**	31,853
Repairs and maintenance	**15,582**	7,901
SIEF annual general meeting	**15,259**	22,899
Salaries and benefits	**584,028**	573,346
Service contracts	**52,244**	34,068
Telephone	**17,103**	19,756
Training and education	**25,527**	29,233
Travel	**64,790**	47,080
Utilities	**14,006**	13,225
	1,435,087	1,431,037
Excess of revenue over expenses before other items	**127,138**	30,301

Continued on next page

Saskatchewan Indian Equity Foundation Inc.
Statement of Operations and Changes in Net Assets
For the year ended March 31, 2013

	2013	2012
Excess of revenue over expenses before other items *(Continued from previous page)*	127,138	30,301
Other items		
Earnings from investment in subsidiary	36,336	6,728
Excess of revenue over expenses	163,474	37,029
Net assets, beginning of year	3,118,250	3,081,221
Net assets, end of year	3,281,724	3,118,250

The accompanying notes are an integral part of these financial statements

Saskatchewan Indian Equity Foundation Inc.
Statement of Cash Flows
For the year ended March 31, 2013

	2013	2012
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	163,474	37,029
Amortization	52,555	54,364
Provision for loan losses	123,741	113,193
Earnings from investment in subsidiary	(36,336)	(6,728)
	303,434	197,858
Changes in working capital accounts		
Accounts receivable	270,410	(1,874,620)
Prepaid expenses and deposits	(292)	4,969
Accounts payable and accruals	33,107	5,394
	606,659	(1,666,399)
Financing		
Advances from related party	-	512,499
Repayment of long-term debt	(27,818)	(27,411)
Capital contribution	1,240,026	1,539,000
	1,212,208	2,024,088
Investing		
Change in foreclosed assets held for sale	(262,982)	-
Advances to related party	-	(128,452)
Repayment of advances to related party	124,792	-
Purchase of capital assets	(4,398)	-
Net change in loans receivable	(647,600)	(863,599)
	(790,188)	(992,051)
Increase (decrease) in cash resources (deficiency)	1,028,679	(634,362)
Cash resources (deficiency), beginning of year	(229,083)	405,279
Cash resources (deficiency), end of year	799,596	(229,083)
Cash resources (deficiency) are composed of:		
Cash and cash equivalents	799,596	102,852
Bank indebtedness	-	(331,935)
	799,596	(229,083)

The accompanying notes are an integral part of these financial statements

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1. Organization

Saskatchewan Indian Equity Foundation Inc. ("SIEF" or the "Foundation") is incorporated under the Saskatchewan Non-Profit Corporations Act. SIEF is restricted to providing financial services to Status Indian entrepreneurs. By its Articles of Incorporation, membership in SIEF is restricted to First Nations of Saskatchewan.

SIEF was one of the first Aboriginal institutions in Canada to offer developmental lending to First Nations businesses in Saskatchewan. SIEF is owned by the 75 First Nations of Saskatchewan and affiliated with the Federation of Saskatchewan Indians, Inc. ("FSI"). SIEF offers commercial and agricultural lending and business consulting services through locations in Saskatoon, on the Asimakaniseekan Askiy Reserve, and in Regina and North Battleford. All three locations provide business lending solutions and business consulting services, and each administers lending programs and services. SIEF is committed to developing a strong economic base among First Nations in Saskatchewan. The goal of SIEF is to continue to assist in the creation of jobs and to foster economic growth for First Nations People.

SIEF is a tax exempt organization under Section 149(1)(l) of the Income Tax Act.

Programs

The Business Services Office was established to provide business planning and consulting services to Status Indian entrepreneurs. Aboriginal Affairs and Northern Development Canada contributions cover 75% of project costs.

The Agricultural Extension Program was established to provide support to First Nations involved in the agricultural sector. SIEF has expensed funds under this program in accordance with agreements with Indian Agricultural Program of Ontario.

The SIEF Contribution Program began public offerings as of April 1, 2013. Using an equity fund, this program will provide non-repayable contributions to eligible Aboriginal businesses and entrepreneurs that have viable business activities in the province of Saskatchewan. Aboriginal Affairs and Northern Development Canada has agreed to supply the funding for this program.

Schedules 1, 2, 3 and 4 of the financial statements provide details on the revenues and expenses associated with programs. These amounts are included in the statement of operations and changes in net assets.

2. Impact of adopting accounting standards for not-for-profit organizations

These are the Foundation's first financial statements prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). The accounting policies in Note 3 have been applied in preparing the financial statements for the year ended March 31, 2013, the comparative information for the year ended March 31, 2012, and the opening ASNPO balance sheet as at April 1, 2011 (the Foundation's date of transition to ASNPO).

In preparing these financial statements, the Foundation has elected to apply one transitional provision permitted by CICA 1501 *First-time adoption by not-for-profit organizations* at the date of transition to ASNPO as noted below:

Financial instruments

- The Foundation elected to designate equity instruments, with no quoted market price, to be measured at fair value at the date of transition to ASNPO and subsequently thereafter. This is consistent with their previous accounting method. This includes the equity investment in First Nations Bank of Canada, shown as a long-term investment, to be subsequently measured at fair value.

Reconciliations and explanatory notes on how the transition to ASNPO has affected the statement of financial position, and statement of operations and changes in net assets previously reported under Canadian generally accepted accounting principles (GAAP) are provided below.

Explanation of charges to net assets at April 1, 2011

	Sub-notes	*Adjustments to Opening Net Assets*
Net assets, April 1, 2011, prior to transition		3,243
Accumulated unrealized gain (available-for-sale investments)	1	3,077,978
		3,081,221

Notes to charges to net assets at April 1, 2011

Sub-note 1

The accumulatd unrealized gain, previously shown as its own line item within net assets, has been combined with total net assets. In relation to this, any unrealized gains or losses experienced in the future will be shown on the statement of operations immediately and flow through net assets as a part of excess of revenue over expenses in the year. This has not had an effect on overall excess of revenue over expenses in prior years.

3. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) and include the following significant accounting policies:

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with original maturities of three months or less.

Capital assets

Capital assets are recorded at cost. Amortization is provided using the declining balance or straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

	Method	*Rate*
Buildings	straight-line	20 years
Office equipment	declining balance	20-100 %
Leasehold improvements	straight-line	5 years

3. Significant accounting policies *(Continued from previous page)*

Other long-term investments

Other long-term investments are share investments recorded at fair value. They have been classified as long-term assets in concurrence with the nature of the investment.

Investment in subsidiary entity

The Foundation's investment in its wholly-owned subsidiary, SIEF Investments Inc., is accounted for using the equity method. Accordingly, the investment is recorded at acquisition cost and is increased for the proportionate share of earnings and decreased by losses and distributions received.

All transactions with the subsidiary are disclosed as related party transactions.

SIEF Financial Inc. is a wholly owned subsidiary of SIEF Investments Inc. SIEF Financial Inc. is accounted for using the equity method of accounting by SIEF Investments Inc.

Investment in a joint venture

Investments in programs subject to joint control are accounted for using the equity method. All transactions with joint ventures are disclosed as related party transactions.

Loans Receivable

Loans are initially recorded at fair value and subsequently measured at their amortized cost less impairment. Amortized cost is calculated as the loans' principal amount plus unamortized loan administration fees, less any allowance for anticipated losses, plus accrued interest. Interest revenue is recorded on the accrual basis using the straight-line method. Loan administration fees are amortized over the term of the loan using the straight-line method.

Interest income on loans is recorded on the accrual basis until such time as the loan is classified as impaired.

Loans are classified as impaired, and a provision for loss is established, when there is no longer reasonable assurance of the timely collection of the full amount of principal or interest. Whenever a payment is 30 days past due, loans are classified as impaired unless they are fully secured or collection efforts are reasonably expected to result in repayment of the debt.

In such cases, a specific provision is established to write down the loan to the estimated future net cash flows from the loan discounted at the rate inherent in the loan when impairment was recognized. In cases where it is impractical to estimate the future cash flows, the carrying amount of the loan is reduced to its estimated realizable value.

Accrual of interest is discontinued and any previously accrued but unpaid interest on the loan is charged to provision for loan losses.

Allowance for loan impairment

Allowance for loan impairment represents specific and general provisions established as a result of reviews of individual loans and groups of loans. A specific allowance for loan losses is determined on a regular basis by review of those loans where payments are overdue. The allowance is based on a review of the payment history and security held. In addition to the specific allowance for loan losses, a general allowance for loan losses has been provided based on assessment of the balance of the loan portfolio which may be required to absorb future loan losses.

Restructured loans are not considered impaired where reasonable assurance exists that the borrower will meet the terms of the modified debt agreement.

Foreclosed assets held for sale

Foreclosed assets held for sale are recorded at the lower of carrying amount, and fair value less anticipated selling costs. Any difference between the carrying amount of the loan prior to foreclosure and the amount at which the foreclosed assets are initially measured is recognized by a charge or credit to the allowance for impairment of foreclosed assets.

Revenues and expenses of the property during the possession period are recorded as adjustments to the carrying value of the foreclosed property, but not in excess of net realizable value.

3. Significant accounting policies *(Continued from previous page)*

Revenue recognition

The Foundation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Grants are recognized as revenue in the year received or receivable if the amount can be reasonably estimated and collection is reasonably assured. All other revenue is recognized when performance is achieved and reasonable assurance regarding measurement and collectability of the consideration exists.

Financial instruments

The Foundation recognizes its financial instruments when the Foundation becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with CICA 3840 *Related Party Transactions* (refer to Note 15).

At initial recognition, the Foundation may irrevocably elect to subsequently measure any financial instrument at fair value. The equity investment in First Nations Bank of Canada, shown as a long-term investment on the statement of financial position, has been designated to be subsequently measured at its fair value. Fair value is determined by a third party evaluator that values these shares bi-annually as there is not a quoted market price regularly available.

The Foundation subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by third party evaluations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment unless otherwise elected. With the exception of financial liabilities indexed to a measure of the Foundation's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

Financial asset impairment:

The Foundation assesses impairment of all of its financial assets measured at cost or amortized cost. The Foundation groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; no asset is individually significant. When there is an indication of impairment, the Foundation determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Foundation reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess of revenues over expenses.

The Foundation reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess of excess in the year the reversal occurs.

3. Significant accounting policies *(Continued from previous page)*

Use of estimates

The preparation of financial statements, in conformity with Canadian accounting standards for not-for-profit organizations, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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. Management estimates the provision for anticipated loan losses after evaluation as to the loans collectibility. Amortizaiton is based on the estimated useful lives of property, plant and equipment. Fair value less selling costs of foreclosed assets held for sale are based on comparison to market prices. Actual results could differ from those estimations.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

4. Accounts receivable

	2013	*2012*
Accounts receivable	20,104	26,542
Grants receivable	464,748	429,746
Capital contribution receivable	1,240,026	1,539,000
	1,724,878	1,995,288

5. Foreclosed assets held for sale

	2013	*2012*
Loans transferred to foreclosed assets held for sale	317,982	-
Specific allowance on foreclosed	(55,000)	-
Balance, end of year	262,982	-

6. Capital assets

	Cost	*Accumulated amortization*	*2013 Net book value*	*2012 Net book value*
Buildings	909,251	282,315	626,936	674,861
Office equipment	329,623	310,341	19,282	19,514
Leasehold improvements	93,225	93,225	-	-
	1,332,099	685,881	646,218	694,375

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7. Long-term investments

	2013	*2012*
Measured at cost:		
Investment in SIEF Investments Inc.	**1,431,859**	1,395,523

Measured at fair value:		
First Nations Bank of Canada	**6,600,004**	6,600,004

The Foundation owns 19% of the outstanding shares in First Nations Bank of Canada which was determined not to result in significant influence.

SIEF Investments Inc. is a wholly owned subsidiary of the Foundation. SIEF Investments Inc. is an investing company operating in the province of Saskatchewan.

During the year, the Foundation recorded equity earnings in relation to SIEF Invesments Inc. of $36,336 (2012 - $6,728).

At March 31, 2013 SIEF Investments Inc. had total assets of $1,749,071 (2012 - $1,714,035), total liabilities of $4,201 (2012 - $5,501) and equity of $1,744,870 (2012 - $1,708,534).

For the year ending March 31, 2013 SIEF Investments Inc. had total revenue of $54,649 (2012 - $66,600) and total expenses of $17,629 (2012 - $23,440). After an unrealized loss of $684 (2012 - $7,329 loss), future income tax provision of $nil (2012 - $28,812), and current taxes of $nil (2012 - $291) there was total net income of $36,336 (2012 - $6,728).

8. Advances to related party

Advances to related party consists of amounts loaned to SIEF Financial Inc., a company wholly owned by SIEF Investments Inc. This amount is non-interest-bearing and has no specified terms of repayment.

9. Loans receivable

	2013	*2012*
Capital and working capital	**6,808,818**	6,396,151
Bridge	**56,000**	-
Youth	**283,428**	242,440
Accrued interest	**139,184**	116,567
	7,287,430	6,755,158
Allowances for loan impairment:		
Specific allowance for losses	**(98,823)**	(90,410)
General allowance for losses	**(438,333)**	(438,333)
Total loans receivable	**6,750,274**	6,226,415
Allowance for loan impairment results from the following:		
Allowance for loan losses, beginning of the year	**528,743**	503,704
Provision for loan losses	**123,741**	113,193
Write-offs	**(115,328)**	(88,154)
	537,156	528,743

Total principal balance of impaired loans at March 31, 2013 is $388,880 (2012 - $445,551).

At year-end, the Foundation has approved loans in the amount of $848,931 (2012 - $1,045,738) that have not yet been disbursed.

These loans receivable carry an average interest rate of 10.6% (2012 - 10.8%)

10. Bank indebtedness

The Foundation has an operating line of credit with First Nations Bank of Canada with an approved borrowing limit up to $2,000,000 (2012 - $2,000,000) and bearing interest at prime plus 1.5%. The line of credit is secured by a general security agreement representing a first charge on all assets of the Foundation.

11. Mortgage payable

	2013	*2012*
Due to First Nations Bank of Canada, bears interest at the rate of 5% and is repayable by monthly principal and interest payments of $4,078, matures November 2016	**335,217**	363,035
Less: Current portion	**31,482**	29,950
	303,735	333,085

Principal repayments on mortgage payable in each of the next five years are estimated as follows:

2014	31,482
2015	33,093
2016	34,786
2017	36,565
2018	38,436
	174,362

The Foundation has pledged their building as collateral against mortgage payable amounts, with a carrying amount of $626,936 (2012 – $674,861).

Mortgage payable is subject to certain financial covenants with respect to the debt service coverage ratio. As at March 31, 2013, the Foundation is in compliance with all such covenants. It is management's opinion that the Foundation is likely to remain in compliance with all long-term debt covenants throughout the next twelve months subsequent to March 31, 2013.

12. Advances from related party

Advances from related party consists of amounts relating to SIEF Investments Inc., a company wholly owned by the Foundation. This amount is non-interest-bearing and has no specified terms of repayment.

13. Net assets

The net assets balance consist of the following:

	2013	*2012*
Unrestricted	**(442,472)**	(654,103)
Investment in capital assets	**646,218**	694,375
Accumulated unrealized gain	**3,077,978**	3,077,978
Net assets, end of year	**3,281,724**	3,118,250

The accumulated unrealized gain is in relation to the adjustment of long-term investments to fair value and was recorded in the March 31, 2011 fiscal year.

14. Contributed equity

	2013	2012
Balance, beginning of year	**12,742,908**	11,203,908
Capital contributions	**1,240,026**	1,539,000
	13,982,934	12,742,908

On April 15, 2013 the Foundation received $1,240,026 in funding from AANDC/ABDP. This amount is to be used for providing non-repayable contributions to Aboriginal businesses and entrepreneurs through the SIEF Contribution Program.

15. Related party transactions

During the year, the Foundation earned management fees from SIEF Investments Inc. in the amount of $15,000 (2012 - $15,000). See note 7 for additional information.

The Foundation also earned revenue from the SIEF/SMEDCO joint venture in the amount of $5,500 (2012 - $3,562). See note 16 for additional information.

These transactions were conducted in the normal course of operations and recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

16. Joint Venture

Pursuant to the Saskatchewan Indian Equity Foundation Inc. and SaskMetis Economic Development Corporation Joint Venture Agreement, the Foundation is involved in the administration of the joint venture, SIEF/SMEDCO External Delivery Office. The Joint Venture provides an external delivery officer to deliver Aboriginal Affairs and Northern Development Canada programming in northern Saskatchewan and the Regina region.

17. Commitment

The Foundation has entered into an equipment lease agreement with estimated minimum annual payments as follows:

2014	5,867
2015	5,867
2016	5,867
2017	5,867
2018	5,867
	29,335

18. Financial instruments

The Foundation, as part of its operations, carries a number of financial instruments. It is management's opinion that the Foundation is not exposed to significant interest, currency, liquidity or credit risks arising from these financial instruments except as otherwise disclosed.

Credit concentration

Financial instruments that potentially subject the Foundation concentrations of credit risk consist primarily of loans receivable. The loans receivable balance is 37% (2012 - 36%) of the Foundations's total asset balance. One loan has an outstanding balance of 11.11% of the total loan balance at the end of the year (2012 - 0 loans). However, the Foundation believes that there is minimal risk associated with the collection of these amounts, as the balance of loans receivable is widely distributed. Although the Foundation's loan portfolio is diversified, a substantial portion of its borrowers' ability to honour the terms of their loans is dependent on business and economic conditions in Saskatchewan. The Foundation manages its credit risk by performing regular credit assessments of its customers and provides allowances for potentially uncollectible loans receivable. The Foundation holds collateral such as mortgages, personal property registrations and personal guarantees as security over loans receivable.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Foundation is exposed to interest rate risk with respect to loans receivable, short-term investments and mortgage payable. Interest rates on all loans are fixed at the time of approval, with the Board of Directors reserving the right to change the rate to a floating rate on specific loans when reassessing payment record, risk and security positions. The interest bearing short-term investments have a limited exposure to interest rate risk due to their short-term maturity. The mortgage payable has limited exposure to interest rate risk due to the current fixed rate being similar to current market rates.

Liquidity risk

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting obligations associated with financial liabilities.

The Foundation manages the liquidity risk by implementing policies that address limits on the sources, quality and amount of the assets to meet normal operational and regulatory requirements. The Foundation follows a policy for loan disbursement to mitigate risks of collections and create a timely inflow of cash.

The Board of Directors is ultimately responsible for the liquidity risk management policy. Management reports to the board on a regular basis.

19. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation. Excess of revenue over expenses was not impacted.

Saskatchewan Indian Equity Foundation Inc.
Schedule 1 - Schedule of Business Services Office
For the year ended March 31, 2013

	2013	2012
Revenue		
Aboriginal Affairs and Northern Development Canada	**200,589**	188,574
Consulting fees	**10,929**	4,588
Other revenue	**3,540**	4,096
Loan interest	**408**	-
	215,466	197,258
Expenses		
Administrative	**15,600**	15,500
Advertising	**35,080**	14,141
Conferences	**2,281**	4,688
Membership fees	**250**	891
Office expenses	**3,214**	3,263
Other expenses	**336**	-
Postage	**1,551**	1,751
Professional fees	**1,100**	6,329
Rent	**17,248**	18,515
Salaries and benefits	**157,077**	158,282
Service contracts	**40**	221
Telephone	**2,610**	4,434
Training and education	**1,041**	3,847
Travel	**32,392**	14,199
	269,820	246,061
Deficiency of revenue over expenses	**(54,354)**	(48,803)

Saskatchewan Indian Equity Foundation Inc.
Schedule 2 - Schedule of Agriculture Extension Program
For the year ended March 31, 2013

	2013	2012
Revenue		
Indian Agriculture Program of Ontario	115,000	115,000
Other revenue	9,176	-
Loan interest	19,327	-
	143,503	115,000
Expenses		
Administrative	6,000	6,000
Advertising	746	2,589
Loan costs	7	5
Office expenses	1,427	1,969
Other expenses	1,858	-
Postage	181	-
Professional fees	-	2,500
Salaries and benefits	78,969	73,007
Service contracts	2,344	6,477
Telephone	3,766	3,662
Training and education	7,483	15,056
Travel	10,546	10,582
	113,327	121,847
Excess (deficiency) of revenue over expenses	30,176	(6,847)

Saskatchewan Indian Equity Foundation Inc.
Schedule 3- Schedule of Agriculture Youth Program
For the year ended March 31, 2013

	2013	2012
Revenue		
Indian Agriculture Program of Ontario	**54,000**	39,000
Expenses		
Project costs	**54,000**	39,000
Excess of revenue over expenses	**-**	-

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Saskatchewan Indian Equity Foundation Inc.
Schedule 4 - Schedule of SIEF Contribution Program
For the year ended March 31, 2013

	2013	2012
Revenue		
Aboriginal Affairs and Northern Development Canada	51,134	-
Expenses		
Administrative	6,167	-
Board of Directors	2,598	-
Insurance	500	-
Office expenses	6,787	-
Postage	667	-
Rent	8,667	-
Salaries and benefits	15,215	-
Service contracts	3,893	-
Telephone	2,533	-
Training and education	1,667	-
Travel	2,440	-
	51,134	-
Excess of revenue over expenses	-	-