

Saskatchewan Indian Equity Foundation Inc.
Financial Statements
March 31, 2014

Saskatchewan Indian Equity Foundation Inc.

Contents

For the year ended March 31, 2014

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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 fulfills 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.

June 28, 2014

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 statement of financial position as at March 31, 2014, and the statements of operations and changes in net assets, cash flows and the related schedules for the year then ended, 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 audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 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, 2014 and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Saskatoon, Saskatchewan

June 28, 2014

Chartered Accountants

Saskatchewan Indian Equity Foundation Inc.
Statement of Financial Position
As at March 31, 2014

	2014	2013
Assets		
Current		
Cash and cash equivalents	679,390	799,596
Accounts receivable (Note 3)	2,074,803	1,724,878
Prepaid expenses	2,274	732
Foreclosed assets held for sale (Note 4)	148,915	262,982
	2,905,382	2,788,188
Capital assets (Note 5)	607,345	646,218
Long-term investments (Note 6)	8,040,058	8,031,863
Advances to related parties (Note 7)	44,449	3,660
Loans receivable (Note 8)	6,030,808	6,750,274
	17,628,042	18,220,203
Liabilities		
Current		
Accounts payable and accrued liabilities	83,152	107,829
Current portion of mortgage payable (Note 10)	30,773	31,482
	113,925	139,311
Advances from related party (Note 11)	-	512,499
Mortgage payable (Note 10)	275,371	303,735
	275,371	816,234
	389,296	955,545
Commitment (Note 15)		
Net Assets		
Net assets, end of year (Note 12)	3,043,021	3,281,724
Contributed equity (Note 13)	14,195,725	13,982,934
	17,238,746	17,264,658
	17,628,042	18,220,203

Approved on behalf of the Board

 Director

 Director

The accompanying notes are an integral part of these financial statements

Saskatchewan Indian Equity Foundation Inc.
Statement of Operations and Changes in Net Assets

For the year ended March 31, 2014

	2014	2013
Revenue		
Loan interest	619,059	749,110
Grant revenue	518,016	423,723
Other revenue	148,573	208,358
Rental income	85,437	74,428
NACCA Grants	60,857	42,558
Investments	25,426	25,738
Management fee	15,000	15,000
Other recoveries	11,920	12,381
Consulting fees	5,390	10,929
	1,489,678	1,562,225
Expenses		
Administrative	38,200	27,767
Advertising	27,008	53,285
Amortization	56,800	52,555
Board of Directors	107,773	77,696
Conferences	9,972	6,732
Events	26,415	12,984
Insurance	8,815	10,571
Interest and bank charges	8,606	8,848
Interest on mortgage payable	18,330	19,586
Janitorial	9,600	9,672
Loan costs	97,480	51,006
Membership fees	5,651	5,500
Miscellaneous	3,760	4,535
Office expenses	31,877	37,707
Postage	2,849	3,943
Professional fees	57,647	77,890
Property taxes	19,427	23,317
Provision for loan losses	172,458	123,741
Rent	53,798	39,213
Repairs and maintenance	15,665	15,582
SIEF annual general meeting	11,340	15,259
Salaries and benefits	761,773	584,028
Service contracts	71,336	52,244
Telephone	18,377	17,103
Training and education	23,320	25,527
Travel	61,714	64,790
Utilities	16,585	14,006
	1,736,576	1,435,087
Excess (deficiency) of revenue over expenses before other items	(246,898)	127,138

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Saskatchewan Indian Equity Foundation Inc.
Statement of Operations and Changes in Net Assets
For the year ended March 31, 2014

	2014	2013
Excess (deficiency) of revenue over expenses before other items <i>(Continued from previous page)</i>	(246,898)	127,138
Other items		
Earnings from investment in subsidiary	8,195	36,336
Excess (deficiency) of revenue over expenses	(238,703)	163,474
Net assets, beginning of year	3,281,724	3,118,250
Net assets, end of year	3,043,021	3,281,724

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, 2014

	2014	2013
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenue over expenses	(238,703)	163,474
Amortization	56,800	52,555
Provision for loan losses	172,458	123,741
Earnings from investment in subsidiary	(8,195)	(36,336)
	(17,640)	303,434
Changes in working capital accounts		
Accounts receivable	(349,925)	270,410
Prepaid expenses and deposits	(1,542)	(292)
Accounts payable and accruals	(24,677)	33,107
	(393,784)	606,659
Financing		
Repayment of advances from related party	(512,499)	-
Repayment of mortgage payable	(29,073)	(27,818)
Net change in capital contributions (Note 13)	212,791	1,240,026
	(328,781)	1,212,208
Investing		
Change in foreclosed assets held for sale	114,067	(262,982)
Advances to related parties	(40,789)	-
Repayment of advances to related party	-	124,792
Purchase of capital assets	(17,927)	(4,398)
Net change in loans receivable	547,008	(647,600)
	602,359	(790,188)
Increase (decrease) in cash and cash equivalents (deficiency)	(120,206)	1,028,679
Cash and cash equivalents (deficiency), beginning of year	799,596	(229,083)
Cash and cash equivalents, end of year	679,390	799,596

The accompanying notes are an integral part of these financial statements

Saskatchewan Indian Equity Foundation Inc.

Notes to the Financial Statements

For the year ended March 31, 2014

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 Askiky 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 (AANDC) contributions cover 75% of project costs. This program was completed as of March 31, 2014.

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 (IAPO).

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. AANDC has agreed to supply the funding for this program. See Note 13 for additional information.

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. 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.

	<i>Method</i>	<i>Rate</i>
Buildings	straight-line	20 years
Office equipment	declining balance	20-100 %
Leasehold improvements	straight-line	5 years

Long-term investments

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.

Saskatchewan Indian Equity Foundation Inc.
Notes to the Financial Statements
For the year ended March 31, 2014

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

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 provisions established as a result of reviews of individual 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.

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.

Saskatchewan Indian Equity Foundation Inc.
Notes to the Financial Statements
For the year ended March 31, 2014

2. **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.

Employee future benefits

The Foundation's employee future benefit program consists of a defined contribution pension plan.

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 14).

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.

Saskatchewan Indian Equity Foundation Inc.
Notes to the Financial Statements
For the year ended March 31, 2014

2. **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. Amortization is based on the estimated useful lives of capital assets. 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.

3. **Accounts receivable**

	2014	2013
Accounts receivable	15,276	20,104
Grants receivable	570,553	464,748
Capital contribution receivable (note 13)	1,488,974	1,240,026
	2,074,803	1,724,878

4. **Foreclosed assets held for sale**

	2014	2013
Loans transferred to foreclosed assets held for sale	148,915	317,982
Specific allowance on foreclosed	-	(55,000)
	148,915	262,982

5. **Capital assets**

	Cost	Accumulated amortization	2014 Net book value	2013 Net book value
Buildings	909,251	327,777	581,474	626,936
Office equipment	347,550	321,679	25,871	19,282
Leasehold improvements	93,225	93,225	-	-
	1,350,026	742,681	607,345	646,218

Saskatchewan Indian Equity Foundation Inc.
Notes to the Financial Statements
For the year ended March 31, 2014

6. Long-term investments

	2014	2013
Measured at cost:		
Investment in SIEF Investments Inc.	1,440,054	1,431,859
<hr/>		
Measured at fair value:		
First Nations Bank of Canada	6,600,004	6,600,004
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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 as outlined in Note 2. 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 Investments Inc. of \$8,195 (2013 - \$36,336).

At March 31, 2014 SIEF Investments Inc. had total assets of \$1,756,483 (2013 - \$1,749,071), total liabilities of \$5,616 (2013 - \$4,201) and equity of \$1,750,867 (2013 - \$1,744,870).

For the year ending March 31, 2014 SIEF Investments Inc. had total revenue of \$54,968 (2013 - \$54,649) and total expenses of \$29,620 (2013 - \$17,629). After an unrealized loss of \$17,153 (2013 - \$684 loss), and current taxes of \$nil (2013 - \$nil) there was total net income of \$8,195 (2013 - \$36,336).

7. Advances to related parties

Advances to related parties consists of amounts loaned to SIEF Investments Inc., a company wholly owned by the Foundation and to SIEF Financial Inc., a company wholly owned by SIEF Investments Inc. These amounts are non-interest-bearing and have no specified terms of repayment.

	2014	2013
Advances to SIEF Investments Inc.	628	-
Advances to SIEF Financial Inc.	43,821	3,660
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	44,449	3,660
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Saskatchewan Indian Equity Foundation Inc.
Notes to the Financial Statements
For the year ended March 31, 2014

8. Loans receivable

	2014	2013
Capital and working capital	6,233,890	6,808,818
Bridge	-	56,000
Youth	200,182	283,428
Accrued interest	153,428	139,184
	6,587,500	7,287,430
Allowances for loan impairment:		
Specific allowance for losses	(556,692)	(98,823)
General allowance for losses	-	(438,333)
	6,030,808	6,750,274
Allowance for loan impairment results from the following:		
Allowance for loan losses, beginning of the year	537,156	528,743
Provision for loan losses	172,458	123,741
Write-offs	(152,922)	(115,328)
	556,692	537,156

Total principal balance of impaired loans at March 31, 2014 is \$270,014 (2013 - \$388,880).

At year-end, the Foundation has approved loans in the amount of \$291,389 (2013 - \$848,931) that have not yet been disbursed.

These loans receivable carry an average interest rate of 10.7% (2013 - 10.6%)

9. 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 (2013 - \$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.

10. Mortgage payable

	2014	2013
Due to First Nations Bank of Canada, bears interest at the rate of 5% and is repayable by monthly principal and interest payments of \$3,950, matures November 2016	306,144	335,217
Less: Current portion	30,773	31,482
	275,371	303,735

Saskatchewan Indian Equity Foundation Inc.
Notes to the Financial Statements
For the year ended March 31, 2014

10. Mortgage payable *(Continued from previous page)*

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

2015	30,773
2016	34,140
2017	36,135
2018	38,246
2019	40,481
	179,775

The Foundation has pledged their building as collateral against mortgage payable amounts, with a carrying amount of \$581,474 (2013 – \$626,936).

Mortgage payable is subject to certain financial covenants with respect to the debt service coverage ratio. As at March 31, 2014, 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, 2014.

11. 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.

	2014	2013
Advances from SIEF Investments Inc.	-	512,499
	-	512,499

12. Net assets

The net assets balance consist of the following:

	2014	2013
Unrestricted	(642,302)	(442,472)
Investment in capital assets	607,345	646,218
Accumulated unrealized gain	3,077,978	3,077,978
	3,043,021	3,281,724
Net assets, end of year	3,043,021	3,281,724

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.

13. Contributed equity

	2014	2013
Balance, beginning of year	13,982,934	12,742,908
Capital contributions	1,488,974	1,240,026
Funding granted by SIEF Contribution Program	(1,276,183)	-
	14,195,725	13,982,934

In the year, the Foundation received \$1,488,974 (2013 - \$1,240,026) in funding from AANDC. This amount is to be used for providing non-repayable contributions to Aboriginal businesses and entrepreneurs through the SIEF Contribution Program.

Saskatchewan Indian Equity Foundation Inc.
Notes to the Financial Statements
For the year ended March 31, 2014

14. Related party transactions

During the year, the Foundation earned management fees from SIEF Investments Inc. in the amount of \$15,000 (2013 - \$15,000). See Note 6 for additional information.

The Foundation also incurred expenses from the SIEF/SMEDCO joint venture in the amount of \$1,000 (2013 - \$5,500 in revenue). This Joint Venture ceased operations in the current fiscal year.

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.

15. Commitment

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

2015	5,867
2016	5,867
2017	5,867
2018	5,867
2019	5,867
	<hr/>
	29,335

16. Guarantee

The Foundation guaranteed an operating loan through First Nations Bank of Canada to SIEF Financial Inc., a company wholly owned by SIEF Investments Inc. This operating loan charges interest at the prime rate plus 1.50% per annum. There is no contractual term of this operating loan. The maximum potential amount of future payments is \$300,000.

As at March 31, 2014, no liability has been recorded associated with this guarantee.

17. 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 to concentrations of credit risk consist primarily of loans receivable. The loans receivable balance is 34% (2013 - 37%) of the Foundations's total asset balance. One loan has an outstanding balance of 10.25% of the total loan balance at the end of the year (2013 - 1 loan, 11.11%). 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.

17. **Financial Instruments** *(Continued from previous page)*

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.

Saskatchewan Indian Equity Foundation Inc.
Schedule 1 - Schedule of Business Services Office
For the year ended March 31, 2014

	2014	2013
Revenue		
Aboriginal Affairs and Northern Development Canada	149,678	200,589
Consulting fees	5,390	10,929
Other revenue	2,400	3,540
Loan interest	257	408
	157,725	215,466
Expenses		
Administrative	12,200	15,600
Advertising	9,842	35,080
Conferences	1,946	2,281
Membership fees	250	250
Office expenses	408	3,214
Other expenses	-	336
Postage	684	1,551
Professional fees	2,010	1,100
Rent	13,553	17,248
Salaries and benefits	139,836	157,077
Service contracts	1,060	40
Telephone	2,173	2,610
Training and education	113	1,041
Travel	15,495	32,392
	199,570	269,820
Deficiency of revenue over expenses	(41,845)	(54,354)

Saskatchewan Indian Equity Foundation Inc.
Schedule 2 - Schedule of Agriculture Extension Program
For the year ended March 31, 2014

	2014	2013
Revenue		
Indian Agriculture Program of Ontario	115,000	115,000
Other revenue	-	9,176
Loan interest	-	19,327
Gross profit	115,000	143,503
Expenses		
Administrative	6,000	6,000
Advertising	116	746
Loan costs	-	7
Office expenses	973	1,427
Other expenses	-	1,858
Postage	65	181
Professional fees	2,500	-
Salaries and benefits	79,478	78,969
Service contracts	3,370	2,344
Telephone	4,151	3,766
Training and education	13,970	7,483
Travel	9,652	10,546
	120,275	113,327
Excess (deficiency) of revenue over expenses	(5,275)	30,176

Saskatchewan Indian Equity Foundation Inc.
Schedule 3- Schedule of Agriculture Youth Program

For the year ended March 31, 2014

	2014	2013
Revenue		
Indian Agriculture Program of Ontario	66,000	54,000
Expenses		
Project costs	66,000	54,000
Excess of revenue over expenses	-	-

Saskatchewan Indian Equity Foundation Inc.
Schedule 4 - Schedule of SIEF Contribution Program
For the year ended March 31, 2014

	2014	2013
Revenue		
Aboriginal Affairs and Northern Development Canada	253,338	51,134
Expenses		
Administrative	20,000	6,167
Advertising	2,147	-
Board of Directors	27,148	2,598
Conferences	2,527	-
Insurance	2,000	500
Membership fees	250	-
Office expenses	2,619	6,787
Postage	376	667
Professional fees	2,500	-
Rent	27,000	8,667
Salaries and benefits	146,062	15,215
Service contracts	4,690	3,893
Telephone	1,133	2,533
Training and education	918	1,667
Travel	13,968	2,440
	253,338	51,134
Excess of revenue over expenses	-	-