

**Naicatchewenin First Nation  
Consolidated Financial Statements  
For the year ended March 31, 2015**

**Naicatchewenin First Nation**  
**Consolidated Financial Statements**  
For the year ended March 31, 2015

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## Naicatchewenin First Nation Management's Responsibility for the Consolidated Financial Statements

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The accompanying consolidated financial statements of Naicatchewenin First Nation and all the information in this annual report are the responsibility of management and have been approved by the Chief and Council of Naicatchewenin First Nation.

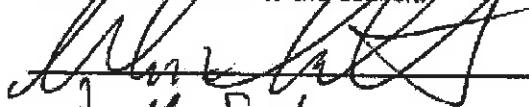
The consolidated financial statements have been prepared by management in accordance with Public Sector Accounting Principles. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

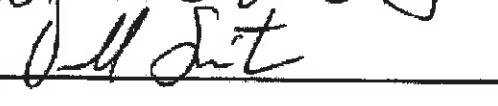
The First Nation maintains systems of internal accounting and administrative controls of high quality consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the First Nation's assets are appropriately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

The Naicatchewenin First Nation Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Council reviews the First Nation's consolidated financial statements and 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 annual report, the consolidated financial statements and the external auditor's report.

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 the Council.

  
\_\_\_\_\_  
Chief

  
\_\_\_\_\_  
Councilor

  
\_\_\_\_\_  
Councilor



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BDO Canada LLP  
375 Scott Street  
Fort Frances ON P9A 1H1 Canada

## Independent Auditor's Report

### To the Chief and Council of Naicatchewenin First Nation

We have audited the accompanying consolidated financial statements of Naicatchewenin First Nation, as at March 31, 2015, which are comprised of the Consolidated Statement of Financial Position as at March 31, 2015, and the Consolidated Statement of Operations, the Consolidated Statement of Changes in Accumulated Surplus, the Consolidated Statement of Changes in Net Financial Assets and the Consolidated Statement of 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 the 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 the 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 the 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.

### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Naicatchewenin First Nation as at March 31, 2015, and their financial performance and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

### Other Matters

Naicatchewenin First Nation has also prepared another set of financial statements for the year ended March 31, 2015, in accordance with Canadian Public Sector Accounting Standards. However, these financial statements include unaudited supplementary schedules which present detailed program revenues and expenditures prepared to assist management of Naicatchewenin First Nation to meet the reporting requirements of various funding agencies. Our audit report on the other set of financial statements was issued to Chief and Council of Naicatchewenin First Nation and was dated August 10, 2015.

*BDO CANADA LLP*

Chartered Professional Accountants, Licensed Public Accountants

Fort Frances, Ontario

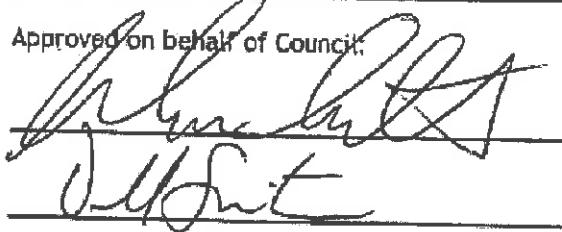
August 10, 2015 Canadian LLP partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

## Naicatchewenin First Nation Consolidated Statement of Financial Position

March 31

	2015	2014	(Restated Note 1)
<b>Financial assets</b>			
Cash and cash equivalents (Note 2)	\$ 4,074,395	\$ 3,043,664	
Accounts and loans receivable (Note 3)	780,460	650,945	
Advances to affiliated Companies (Note 4)	193,255	193,255	
Investments held in trust (Note 7)	180,597	66,988	
Portfolio investments (Note 5)	2,681,442		
Government business enterprises and partnerships (Note 6)	2,534,004	2,326,563	
	<u>10,444,153</u>	<u>6,281,415</u>	
<b>Liabilities</b>			
Accounts payable and accrued liabilities	550,514	518,908	
Deferred revenue (Note 8)	2,368,568	2,053,356	
Long-term debt (Note 9)	3,193,715	2,949,180	
	<u>6,112,797</u>	<u>5,521,444</u>	
<b>Net assets</b>	<u>4,331,356</u>	<u>759,971</u>	
<b>Non-financial assets</b>			
Tangible capital assets (Note 12)	7,503,953	8,237,487	
Prepaid expense	127,058	669	
	<u>7,631,011</u>	<u>8,238,156</u>	
<b>Accumulated surplus (Note 11)</b>	<u>\$ 11,962,367</u>	<u>\$ 8,998,127</u>	

Approved on behalf of Council:



Councilor



Councilor

## Naicatchewenin First Nation Consolidated Statement of Operations

March 31	Budget	2015	2014
	(Note 17)		(Restated Note 1)
<b>Revenue</b>			
Aboriginal Affairs and Northern Development	\$ 255,664	\$ 255,664	\$ 256,094
AANDC - fixed contribution funding	1,093,201	1,109,239	1,108,262
AANDC - set contribution funding	1,112,100	1,385,180	1,281,817
Health Canada	423,756	468,371	526,361
CMHC	227,530	242,530	232,965
Ministry of Community and Social Services	610,900	610,900	640,468
Ministry of Citizenship	-	-	2,610
Ontario First Nations Limited Partnership	494,596	494,596	481,808
Weechi-It-Te-Win Family Services Inc.	511,816	511,821	507,816
Rentals and fees	160,080	212,597	210,920
Fort Frances Tribal Area Health Authority	78,927	75,515	70,267
Enterprise income (loss)	-	99,742	44,495
Shooniyaa Wa-Biitong	-	71,229	127,901
Income on trusts	-	1,897	1,654
Resource revenue	-	3,176,607	73,331
Other	153,505	615,751	535,673
	<b>5,122,075</b>	<b>9,331,639</b>	<b>6,102,442</b>
<b>Deferred revenue, beginning of year</b>	<b>-</b>	<b>2,053,356</b>	<b>2,288,859</b>
<b>Deferred revenue, end of year (Note 8)</b>	<b>-</b>	<b>(2,368,568)</b>	<b>(2,053,356)</b>
	<b>5,122,075</b>	<b>9,016,427</b>	<b>6,337,945</b>
<b>Expenses</b>			
Education	1,423,801	1,738,966	1,569,878
Welfare	610,000	626,043	680,968
Band support/administration	344,596	743,253	692,837
Operations and maintenance	45,482	579,741	595,550
Minor capital	80,000	234,912	201,706
Medical transportation	37,967	61,038	62,253
Summer student	-	23,483	16,262
Day care	-	63,386	59,474
Community care	287,967	427,017	468,382
New Relationship Fund	-	81,000	129,500
Band housing	2,195	106,826	120,186
Casino Rama	494,596	120,308	499,821
New Paths	13,000	13,200	10,000
FFATHA	95,280	131,696	124,194
Water and sewer	89,668	173,395	199,328
Flood claim and Burditt Dam	-	72,509	24,928
Corrections officer	-	11,102	9,002
CMHC rental housing	280,119	295,429	295,232
Health Canada	225,080	335,155	402,392
National Child Benefit Reinvestment	23,500	23,500	37,700
Investments	-	203,454	36,853
	<b>4,053,251</b>	<b>6,065,413</b>	<b>6,236,446</b>
<b>Annual surplus</b>	<b>\$ 1,068,824</b>	<b>\$ 2,951,014</b>	<b>\$ 101,499</b>

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

**Naicatchewenin First Nation**  
**Consolidated Statement of Changes in Accumulated Surplus**

March 31	2015	2014
		(Restated Note 1)
<b>Accumulated surplus, beginning of year</b>	<b>\$ 8,998,127</b>	<b>\$ 8,922,338</b>
<b>Prior period funding adjustment (Note 1)</b>	<b>13,226</b>	<b>(25,710)</b>
<b>Accumulated surplus, beginning of year, as restated</b>	<b>9,011,353</b>	<b>8,896,628</b>
<b>Annual surplus (deficit), prior to adjustment</b>	<b>2,951,014</b>	<b>(235,797)</b>
<b>Prior period adjustment (Note 1)</b>	<b>-</b>	<b>337,296</b>
<b>Accumulated surplus, end of year</b>	<b>\$11,962,367</b>	<b>\$ 8,998,127</b>

**Naicatchewenin First Nation**  
**Consolidated Statement of Changes in Net Financial Assets**

March 31	2015	2014
		(Restated Note 1)
<b>Annual surplus</b>	<b>\$ 2,951,014</b>	<b>\$ 101,499</b>
Acquisition of tangible capital assets	-	(84,421)
Disposal of tangible capital assets	45,684	695,755
Amortization of tangible capital assets	687,850	695,755
AANDC clawback	13,226	(25,710)
	<b>3,697,774</b>	<b>687,123</b>
Use of prepaid expenses	<b>(126,389)</b>	<b>10,093</b>
<b>Change in net assets</b>	<b>3,571,385</b>	<b>697,216</b>
<b>Net assets, beginning of year</b>	<b>759,971</b>	<b>62,755</b>
<b>Net assets, end of year</b>	<b>\$ 4,331,356</b>	<b>\$ 759,971</b>

**Naicatchewenin First Nation  
Consolidated Statement of Cash Flows**

March 31	2015	2014
		(Restated Note 1)
<b>Cash flows from operating activities</b>		
Annual surplus	\$ 2,951,014	\$ 101,499
Items not affecting cash		
Gain on disposal of tangible capital assets	(96,196)	(2,000)
Amortization of tangible capital assets	687,850	695,755
Net income from commercial enterprises	(99,742)	(44,495)
Gain on disposal of investments	-	(44,759)
	<u>3,442,926</u>	<u>706,000</u>
<b>Changes in non-cash working capital</b>		
Accounts and loans receivable	(129,515)	(432,103)
Trust funds	(113,609)	(1,654)
Prepaid expense	(126,389)	10,093
Accounts payable	31,606	(88,162)
Deferred revenue	315,212	(235,504)
AANDC clawback	13,226	(25,710)
	<u>(9,469)</u>	<u>(773,040)</u>
	<u>3,433,457</u>	<u>(67,040)</u>
<b>Cash flows from capital activities</b>		
Proceeds from disposal of tangible capital assets	141,880	2,000
Purchase of capital assets	-	(84,421)
	<u>141,880</u>	<u>(82,421)</u>
<b>Cash flows from investing activities</b>		
Advances to affiliated enterprises	-	324,795
Advances of capital to subsidiaries	(183,932)	143,026
Purchase of investments	(2,605,209)	(20)
Proceeds from sale of investments	-	151,902
	<u>(2,789,141)</u>	<u>619,703</u>
<b>Cash flows from financing activities</b>		
Advances of long-term debt	435,546	-
Repayment of long-term debt	(191,011)	(533,717)
	<u>244,535</u>	<u>(533,717)</u>
<b>Net change in cash and cash equivalents</b>	<b>1,030,731</b>	<b>(63,475)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>3,043,664</b>	<b>3,107,139</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 4,074,395</b>	<b>\$ 3,043,664</b>
<b>Supplementary information</b>		
Interest received	\$ 39,355	\$ 34,820
Interest paid	\$ 57,515	\$ 73,660

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

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## Naicatchewenin First Nation Summary of Significant Accounting Policies

March 31, 2015

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<b>Basis of Accounting</b>	<p>These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local government entities, as defined in the Canadian Institute of Chartered Accountants Public Sector Accounting and Auditing Handbook, and include all organizations, operations and activities that are:</p> <ol style="list-style-type: none"><li>1) accountable for the administration of their financial affairs and resources directly to the First Nation; and</li><li>2) owned or controlled by the First Nation.</li></ol> <p>This includes all aspects of band operations including provision of social, educational, administration and operational services, as well as, the results of First Nation enterprises on a modified equity method as disclosed in Note 6 to these consolidated financial statements.</p> <p>Other long-term investments are reflected at cost as disclosed in Note 5.</p> <p>Government business enterprises are separate legal entities which do not rely on the government for funding. The First Nation's government business enterprises consist of investments in Rainy Lake Tribal Development Corporation, Myguard Security Group Limited Partnership, Naicatchewenin Development Corporation, Kish Gon Dug (Canada) Inc. and Rainy Lake Tribal Resource Management Inc. These investments are accounted for using the modified equity basis of accounting.</p>
<b>Cash and Cash Equivalents</b>	<p>Management considers all highly liquid investments with maturities of three months or less at acquisition to be cash equivalents.</p>

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## Naicatchewenin First Nation Summary of Significant Accounting Policies

**March 31, 2015**

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<b>Tangible Capital Assets</b>	Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Certain tangible capital assets for which historical cost information is not available have been recorded at current fair market values discounted by a relevant inflation factor. The First Nation does not capitalize interest charges as part of the cost of its tangible capital assets.										
	Certain assets which have historical or cultural value including works of art, historical documents as well as historical and cultural artifacts are not recognized as tangible capital assets because a reasonable estimate of the future benefits associated with such property cannot be made. Intangibles, Crown lands that have not been purchased by the First Nation, forests, water, and other natural resources are not recognized as tangible capital assets.										
<b>Amortization</b>	Amortization is calculated on the cost, net of contributions on a straight-line basis over the following number of years:										
	<table><tbody><tr><td>Buildings</td><td>25 years</td></tr><tr><td>Equipment</td><td>5 years</td></tr><tr><td>Vehicles</td><td>5 years</td></tr><tr><td>Computers</td><td>5 years</td></tr><tr><td>Infrastructure</td><td>10 - 50 years</td></tr></tbody></table>	Buildings	25 years	Equipment	5 years	Vehicles	5 years	Computers	5 years	Infrastructure	10 - 50 years
Buildings	25 years										
Equipment	5 years										
Vehicles	5 years										
Computers	5 years										
Infrastructure	10 - 50 years										
<b>Program Surplus</b>	Programs funded by government agencies may be subject to recovery by the contributing agencies in accordance with funding arrangements and could result in adjustments to prior year funding.										
<b>Long-term Loans Receivable</b>	Loans are carried at the unpaid principal less allowances for doubtful loans.										
<b>Allowance for Doubtful Loans</b>	The First Nation maintains specific allowances for doubtful loans that reduces the carrying value of loans identified as impaired to their estimated realizable amounts.										
<b>Investments</b>	The modified equity method of accounting is used to account for investments in the First Nation's business enterprises which the First Nation owns and controls. Under this method, the investment is initially recorded at cost and the carrying value is adjusted annually thereafter to include the First Nation's pro rata share of post acquisition earnings.										
	Other investments (where control does not exist) are accounted for following the cost method of accounting. Under this method, the investment is recorded at cost and earnings from the investment are recognized only to the extent received or receivable.										

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## Naicatchewenin First Nation Summary of Significant Accounting Policies

**March 31, 2015**

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<b>Replacement Reserves</b>	The replacement reserve accounts are funded by an annual allocation based on amounts specified in agreements with CMHC.
<b>Government Transfers</b>	Government transfers, which include legislative grants, are recognized as revenue in the consolidated financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. When transfer stipulations give rise to a liability, government transfers are recognized as referred revenue and recognized as revenue when the stipulations are settled.
<b>Revenue Recognition</b>	Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.
	Government transfers, which include legislative grants, are recognized as revenues in the consolidated financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the consolidated statement of operations as the stipulated liabilities are settled.
	Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.
	Revenue related to fees or services received in advance of the fee being earned or the service being performed is deferred and recognized when the fee is earned or service performed.
<b>Financial Instruments</b>	The First Nation's financial instruments consist of cash in bank, accounts and loans receivable, advances to affiliated Companies, investments, accounts payable and accrued liabilities, and long-term debt. Unless otherwise noted, it is management's opinion that the First Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values unless otherwise noted.

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## Naicatchewenin First Nation Summary of Significant Accounting Policies

March 31, 2015

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<b>Trust Funds</b>	Trust funds are held in trust by Aboriginal Affairs and Northern Development Canada (AANDC). Revenue on trust funds is recognized in accordance with terms of the related instrument.
<b>Measurement Uncertainty</b>	Estimates are used to accrue revenues and expenses in circumstances where the actual accrued revenues are unknown at the time the consolidated financial statements are prepared. Uncertainty in the determination of the amount at which an item is recognized in the consolidated financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonable possible amount, as there is whenever estimates are used.
<b>Use of Estimates</b>	<p>The preparation of consolidated 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 consolidated 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.</p> <p>The estimates used in the preparation of these consolidated financial statements are the useful lives of tangible capital assets and accrued liabilities.</p>

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## Naicatchewenin First Nation Notes to Consolidated Financial Statements

March 31, 2015

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### **1. Prior Period Funding Adjustment**

In prior years, receivables and clawbacks that were anticipated to be owing to the First Nation were accrued in the consolidated financial statements. These receivables and clawbacks did not become due and therefore were brought back into surplus in 2015. The amount added to surplus in the prior year in relation to these receivables and clawbacks equals \$13,226.

#### **Prior Period Adjustment**

In the prior year, the First Nation had a related party receivable that was uncollectible and was allowed for. The related party receivable was from a government business enterprise that was wholly owned by the First Nation. The investment account in the prior year was negative as the government business enterprise had a significant deficit and, using the modified equity method as directed by Canadian Public Sector Accounting Standards, the First Nation recorded the deficit in the investment account. In the current year, management reviewed this accounting treatment and it was decided that the related party receivable should be treated as capital for the purposes of calculating equity of the government business enterprise when consolidating using the modified equity method. This change in treatment resulted in removing the allowance for the related party receivable. This restatement resulted in an increase in 2014 assets and income of \$337,296.

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## Naicatchewenin First Nation Notes to Consolidated Financial Statements

March 31, 2015

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### 2. Cash and Cash Equivalents

Under the terms of an agreement with Canada Mortgage and Housing Corporation, Naicatchewenin First Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Capital Improvement Fund. Cash and cash equivalents is comprised of the following:

	2015	2014
<b>Externally restricted</b>		
Replacement reserve	\$ 553,280	\$ 416,337
Funding agreement	2,368,568	2,053,356
<b>Unrestricted</b>		
Operating	<u>1,152,547</u>	<u>573,971</u>
<b>Total cash and cash equivalents</b>	<b><u>\$ 4,074,395</u></b>	<b><u>\$ 3,043,664</u></b>

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### 3. Accounts and Loans Receivable

	2015	2014
Accounts receivable		
Rental housing	\$ 743,180	\$ 609,845
Advances to band members	112,878	113,927
	<u>17,420</u>	<u>17,689</u>
	<b>873,478</b>	<b>741,461</b>
Allowance for doubtful accounts	<u>(93,018)</u>	<u>(90,516)</u>
	<b>\$ 780,460</b>	<b>\$ 650,945</b>

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## Naicatchewenin First Nation Notes to Consolidated Financial Statements

**March 31, 2015**

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### **4. Advances to Affiliated Companies**

	<u>Payment terms</u>	<u>Interest rate</u>	<b>2015</b>	<b>2014</b>
<b>Nanicost Ltd.</b>	unspecified	unspecified	<b>\$ 193,255</b>	<b>\$ 193,255</b>

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### **5. Portfolio Investments**

	<b>2015</b>	<b>2014</b>
<b>Portfolio investments held at CIBC Wood Gundy Kindcan Holdings Ltd.</b>	<b>\$ 2,531,442</b>	<b>\$ 150,000</b>
	<b>\$ 2,681,442</b>	<b>\$</b>

Portfolio investments are valued at cost. The fair market value of the investments held at CIBC Wood Gundy is \$2,525,840 (2014 - \$NIL).

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### **6. Government Business Enterprises and Partnerships, at modified equity**

#### **Rainy Lake Tribal Development Corporation**

Rainy Lake Tribal Development Corporation is a Corporation that was created for the purpose of pursuing economic development opportunities to generate wealth for the seven First Nation members belonging to Pwi-Di-Goo-Zing Ne-Yaa-Zhing.

#### **Myguard Security Group Limited Partnership**

Myguard Security Group Limited Partnership is a partnership that was created for the purpose of pursuing mine security contracts and other business opportunities as agreed upon pursuant to the terms of the Limited Partnership Agreement.

#### **Naicatchewenin Development Corporation**

Naicatchewenin Development Corporation is a Corporation that was created for the purpose of developing business activities for the Naicatchewenin First Nation. Activities include training, consulting and a significant portfolio of ventures.

#### **Kish Gon Dug (Canada) Inc.**

Kish Gon Dug (Canada) Inc. is a Corporation that was created for the purpose of manufacturing cedar furnishings in the First Nation for sale through Gannon Creek Trading Company.

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## **Naicatchewenin First Nation Notes to Consolidated Financial Statements**

**March 31, 2015**

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### **6. Government Business Enterprises and Partnerships, at modified equity (continued)**

#### **Rainy Lake Tribal Resource Management Inc.**

**Rainy Lake Tribal Resource Management Inc.** is a Corporation that was created to undertake a contract with the Ministry of Natural Resources of Ontario to manage the Sapawe forest.

#### **NDC Energy, LP**

**NDC Energy, LP** is a limited partnership that was created for the purpose of selling and distributing petroleum products. This partnership was dissolved as of March 31, 2015.

#### **Ozaanaman Engineering, LP**

**Ozaanaman Engineering, LP** is a limited partnership that was created for the purpose of carrying on the business of engineering and consulting.

#### **Onikaajigan Construction, LP**

**Onikaajigan Construction, LP** is a limited partnership that was created for the purpose of carrying on the business of construction and general contracting.

**Natcatchewenin First Nation  
Notes to Consolidated Financial Statements**

**6. Government Businesses Enterprises and Partnerships, at modified equity (continued)**

Percentage ownership	Natcatchewenin Development Corporation				Kish Gon Dug Inc. Management Inc.				Rainy Lake Tribal Resource Management Inc.				NDC Engineering, LP				Onkakajean			
	Rainy Lake Tribal Development Corporation	Myguard Security Group Limited Partnership	Myguard Security Group Limited Partnership	16.67%	100%	100%	100%	16.67%	100%	16.67%	100%	49.99%	49.99%	49.99%	49.99%	40%	44.99%	Total		
Carrying value, March 31, 2013	\$ 555,891	\$ 10,674	\$ 2,147,431	\$ 24,683	\$ 7,452	\$ 16,248	\$ -	\$ -	\$ 20	\$ -	\$ 5	\$ -	\$ 2,762,369							
Purchase of shares	(39,762)	47,839	(311,785)	(4,731)	2,469	14,517										20				
Share of net income (loss)	(63,679)	(59,196)	(19,952)													(291,473)				
Changes in capital																(143,927)				
Other adjustments		(1,326)														(1,326)				
Carrying value, March 31, 2014	452,430	57,187	1,776,250	-	9,911	30,765	20													
Purchase of shares	13,676	(54,478)	96,764	(1,151)	12,977	4,375										4,499	2,726,563			
Share of net income (loss)			183,934	1,151												(23,366)	4,499			
Changes in capital																49,017				
Other adjustments																185,085				
Carrying value, March 31, 2015	\$ 466,376	\$ 2,709	\$ 2,056,948	\$ -	\$ 22,898	\$ -	\$ 4,000	\$ 4,000	\$ (18,867)	\$ 2,534,004						(31,160)				

**Niigatchewenin First Nation  
Notes to Consolidated Financial Statements**

March 31, 2015

**6. Government Business Enterprises and Partnerships, at modified equity (continued)**

	Rainy Lake Tribal Development Group Limited	Myguard Security Niigatchewenin Development Partnership	Rash Gas Dug Corporation	Rainy Lake Tribal Resource Management Inc	NDC Energy, LP	Onikasajigan Engineering, LP Construction, LP	2015 Total	2014 Total
<b>Financial position</b>								
Current assets	\$ 2,778,940	\$ 8,051	\$ 894,484	\$ 2,506	\$ 424,969	\$ -	\$ 4,103,443	\$ 7,712,363
Long-term assets	799,205	1,792,259	3,568	3,568	-	10,000	221,928	2,856,960
	<b>3,078,115</b>	<b>8,051</b>	<b>2,686,743</b>	<b>6,074</b>	<b>424,969</b>	<b>-</b>	<b>4,355,371</b>	<b>10,569,323</b>
Current liabilities	495,265	51	264,799	1,500	287,640	-	3,497,166	4,546,621
Long-term liabilities	-	2,713,157	313,020	-	-	900,140	3,956,317	3,004,520
	<b>495,265</b>	<b>51</b>	<b>2,978,156</b>	<b>344,520</b>	<b>287,640</b>	<b>-</b>	<b>4,397,306</b>	<b>8,502,938</b>
Share capital	3,153,294	30	1	600	-	10,000	(41,935)	3,153,925
Net equity (deficit), end of year	(570,444)	\$ 8,000	(291,443)	(338,447)	136,729	-	-	(1,084,423)
	<b>2,582,850</b>	<b>8,000</b>	<b>(291,413)</b>	<b>(338,446)</b>	<b>137,325</b>	<b>-</b>	<b>10,000</b>	<b>(41,935)</b>
	<b>\$ 3,078,115</b>	<b>\$ 8,051</b>	<b>\$ 2,686,243</b>	<b>\$ 6,074</b>	<b>\$ 424,969</b>	<b>\$ -</b>	<b>\$ 10,000</b>	<b>\$ 4,355,371</b>
								<b>\$ 10,569,323</b>
<b>Results of operations</b>								
Revenues	\$ 58,666	\$ 68,797	\$ 3,638,042	\$ 2,427	\$ 1,254,137	\$ -	\$ 3,518,774	\$ 9,816,943
Operating expenses	17,346	174,233	3,550,302	3,578	1,176,273	1,337,619	3,370,709	\$ 830,060
	<b>(61,346)</b>	<b>(105,436)</b>	<b>87,740</b>	<b>(1,151)</b>	<b>77,864</b>	<b>(61,579)</b>	<b>(51,935)</b>	<b>(1,117)</b>
Net income (loss)	41,320	613,436	(379,193)	(337,296)	58,365	61,519	-	(630,768)
Net equity (deficit), beginning of year	(611,764)	113,436	(379,193)	(337,296)	-	-	10,000	(1,084,423)
Net equity (deficit), end of year	<b>\$ 570,444</b>	<b>\$ 8,000</b>	<b>\$ (291,433)</b>	<b>\$ (338,447)</b>	<b>\$ 136,729</b>	<b>\$ -</b>	<b>\$ (41,935)</b>	<b>\$ (1,087,540)</b>
								<b>\$ (1,087,540)</b>

**Naicatchewenin First Nation  
Notes to Consolidated Financial Statements**

**March 31, 2015**

**7. Investments Held in Trust**

	Balance March 31, 2014	Additions 2015	Withdrawals 2015	Balance March 31, 2015
<b>Held by Federal Government</b>				
Capital Revenue	\$ 17,762 49,226	\$ - 1,897	\$ - -	\$ 17,762 51,123
	<b>66,988</b>	<b>1,897</b>	<b>-</b>	<b>68,885</b>
<b>Held by Rainy River District First Nations Trust</b>	<b>-</b>	<b>2,083,117</b>	<b>1,971,405</b>	<b>111,712</b>
	<b>\$ 66,988</b>	<b>\$ 2,085,014</b>	<b>\$ 1,971,405</b>	<b>\$ 180,597</b>

**Held by Federal Government**

The trust funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in Trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

**Held by Rainy River District First Nations Trust**

The trust funds arise from monies derived from a resource sharing agreement. The monies are intended to fund educational and training initiatives within the First Nation community.

**Naicatchewenin First Nation  
Notes to Consolidated Financial Statements**

**March 31, 2015**

**8. Deferred Revenue**

	Balance March 31, 2014	Funding Received 2015	Revenue Recognized 2015	Balance March 31, 2015
<b>Federal Government</b>				
Capital projects	\$ 403,643	\$ 240,930	\$ 275,006	\$ 369,567
<b>Other</b>				
Casino Rama	1,624,713	494,596	120,308	1,999,001
Unearned fees	25,000	-	25,000	-
	<b>\$ 2,053,356</b>	<b>\$ 735,526</b>	<b>\$ 420,314</b>	<b>\$ 2,368,568</b>

**Capital Projects**

Aboriginal Affairs and Northern Development Canada advances the First Nation funding in relation to capital projects. This funding must be spent on capital projects within the boundaries of the First Nation.

**Casino Rama**

Ontario First Nations Limited Partnership advances the First Nation funding in relation to community development, health, education, economic development and cultural development. This funding must be spent on expenditures that fall into these categories.

**Naicatchewenin First Nation  
Notes to Consolidated Financial Statements**

**March 31, 2015**

**9. Long-term Debt**

	<b>2015</b>	<b>2014</b>
CMHC mortgage with interest at 2.56%, repayable in monthly instalments of \$5,062 principal and interest, maturing November 1, 2020.	\$ 320,168	\$ 372,033
CMHC mortgage with interest at 1.64%, repayable in monthly instalments of \$3,199 principal and interest, maturing February 1, 2032.	566,958	595,822
CMHC mortgage with interest at 2.35% repayable in monthly instalments of \$3,036 principal and interest, maturing August 1, 2033.	544,712	568,108
CMHC mortgage with interest at 2.35%, repayable in monthly instalments of \$6,072 principal and interest, maturing August 1, 2033.	1,089,427	1,136,219
AANDC loan, interest free, repayable in full on March 31, 2019.	217,344	217,344
AANDC loan, interest free, repayable in full on March 31, 2016.	16,219	16,219
John Deere financial loan with interest at 0.00%, repayable in monthly instalments of principal and interest of \$3,341, maturing April 11, 2015.	3,341	43,435
Royal Bank of Canada loan with interest at Royal Bank prime plus 1.60% (effective rate 4.45%), repayable in monthly instalments of \$11,111 principal plus interest, maturing March 13, 2016.	435,546	-
	<b>\$ 3,193,715</b>	<b>\$ 2,949,180</b>

Mortgages are secured by a first charge mortgage against rental properties and Ministerial Guarantees from Aboriginal Affairs and Northern Development Canada.

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## Naicatchewenin First Nation Notes to Consolidated Financial Statements

March 31, 2015

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### 9. Long-term Debt (continued)

Principal repayments required over the next five years and thereafter are as follows:

	Principal Repayments	Interest	Total
2016	\$ 609,250	\$ 57,287	\$ 666,537
2017	157,708	50,724	208,432
2018	161,356	47,076	208,432
2019	382,434	43,341	425,775
2020	168,912	39,519	208,431
Thereafter	<u>1,714,055</u>	<u>266,086</u>	<u>1,980,141</u>
	<u><u>\$ 3,193,715</u></u>	<u><u>\$ 504,033</u></u>	<u><u>\$ 3,697,748</u></u>
		<hr/>	<hr/>
		2015	2014
Interest expense for the year on long-term debt		<u><u>\$ 57,515</u></u>	<u><u>\$ 73,660</u></u>

**Naicatchewenin First Nation**  
**Notes to Consolidated Financial Statements**

**March 31, 2015**

**10. Replacement Reserve**

	4-Unit	5-Unit	7-Unit	Duplex	9-Unit	10-Unit	Capital	Replacement	Total
	#19 446 666	#19 446 624-1	#19 446 624-2	#19 446 624-3	#19 446 624-4				
Balance March 31, 2013	\$ 17,383	\$ 36,731	\$ 41,847	\$ 36,006	\$ 41,692	\$ 181,693	\$ 355,352		
Expenditures for the year		(1,272)	(506)	(1,706)	(3,531)				(7,015)
Allocation to restricted funds	-	5,950	10,000	8,000	12,000		32,050		68,000
 Balance March 31, 2014	 17,383	 41,409	 51,341	 42,300	 50,161	 213,743	 416,337		
Expenditures for the year		(12,436)	(7,729)	(6,799)	(3,413)				(30,377)
Allocation to restricted funds	-	5,950	10,000	8,000	12,000		35,950		
 Balance March 31, 2015	 \$ 17,383	 \$ 34,923	 \$ 53,612	 \$ 43,501	 \$ 58,748	 \$ 213,743	 \$ 421,910		

CNHC requires that the replacement reserve be fully funded at the end of the fiscal year. The total CNHC replacement reserve is \$208,167. The amount held in a restricted bank account in relation to this reserve is \$208,167; therefore, the reserve is fully funded as of March 31, 2015.

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**Naicatchewenin First Nation  
Notes to Consolidated Financial Statements**

**March 31, 2015**

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**11. Accumulated Surplus**

The First Nation segregates its accumulated surplus in the following categories:

	<b>2015</b>	<b>2014</b>
<b>Investment in tangible capital assets</b>		
Tangible capital assets	\$ 7,503,953	\$ 8,237,487
Debt relating to tangible capital assets	<u>(2,524,606)</u>	<u>(2,715,617)</u>
Total investment in tangible capital assets	4,979,347	5,521,870
<b>Operations</b>		
Equity in trusts and enterprises	6,804,715	3,535,912
Education reserve	<u>(374,975)</u>	<u>(475,992)</u>
Replacement reserves	131,370	-
	<u>421,910</u>	<u>416,337</u>
	<hr/> <b>\$ 11,962,367</b>	<hr/> <b>\$ 8,998,127</b>

**Naicatchewenin First Nation  
Notes to Consolidated Financial Statements**

**March 31, 2015**

**12. Tangible Capital Assets**

	<b>2015</b>				
	Buildings and housing	Infrastructure	Vehicles	Equipment	Computers
<b>Cost, beginning of year</b>	<b>\$ 11,867,730</b>	<b>\$ 6,308,080</b>	<b>\$ 635,420</b>	<b>\$ 400,467</b>	<b>\$ 20,377</b>
<b>Additions</b>					<b>\$ 19,232,074</b>
<b>Disposals</b>	<b>(114,210)</b>				<b>(114,210)</b>
<b>Cost, end of year</b>	<b>11,753,520</b>	<b>6,308,080</b>	<b>635,420</b>	<b>400,467</b>	<b>20,377</b>
<b>Accumulated amortization, beginning of year</b>	<b>6,398,104</b>	<b>3,772,873</b>	<b>519,463</b>	<b>283,770</b>	<b>20,377</b>
<b>Amortization</b>	<b>393,733</b>	<b>150,025</b>	<b>47,092</b>	<b>97,000</b>	<b>687,850</b>
<b>Disposals</b>	<b>(68,526)</b>				<b>(68,526)</b>
<b>Accumulated amortization, end of year</b>	<b>6,723,311</b>	<b>3,922,898</b>	<b>566,555</b>	<b>380,770</b>	<b>20,377</b>
<b>Net carrying amount, end of year</b>	<b>\$ 5,030,209</b>	<b>\$ 2,385,182</b>	<b>\$ 68,865</b>	<b>\$ 19,697</b>	<b>\$ 11,613,911</b>
					<b>\$ 7,503,953</b>

**Nâlatchewenin First Nation  
Notes to Consolidated Financial Statements**

**March 31, 2015**

**12. Tangible Capital Assets (continued)**

	<b>2014</b>					
	Buildings and housing	Infrastructure	Vehicles	Equipment	Computers	Total
<b>Cost, beginning of year</b>	<b>\$ 11,859,180</b>	<b>\$ 6,259,540</b>	<b>\$ 671,410</b>	<b>\$ 373,136</b>	<b>\$ 20,377</b>	<b>\$19,183,643</b>
<b>Additions</b>	<b>8,550</b>	<b>48,540</b>	-	27,331	-	84,421
<b>Disposals</b>	-	-	(35,990)	-	-	(35,990)
<b>Cost, end of year</b>	<b>11,867,730</b>	<b>6,308,080</b>	<b>635,420</b>	<b>400,467</b>	<b>20,377</b>	<b>19,232,074</b>
 <b>Accumulated amortization, beginning of year</b>	 5,999,803	 3,622,848	 463,728	 232,641	 16,302	 10,334,822
<b>Amortization</b>	398,301	150,025	92,225	51,129	4,075	695,755
<b>Disposals</b>	-	-	(35,990)	-	-	(35,990)
<b>Accumulated amortization, end of year</b>	<b>6,398,104</b>	<b>3,772,873</b>	<b>519,463</b>	<b>283,770</b>	<b>20,377</b>	<b>10,994,587</b>
<b>Net carrying amount, end of year</b>	<b>\$ 5,469,626</b>	<b>\$ 2,535,207</b>	<b>\$ 115,957</b>	<b>\$ 116,697</b>	<b>\$ 8,237,487</b>	<b>\$ 8,237,487</b>

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## Naicatchewenin First Nation Notes to Consolidated Financial Statements

March 31, 2015

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### 13. Pension Plan

The First Nation has a defined contribution pension plan for full-time employees. The First Nation matches employee contributions at 3% of the employee salary. As a defined contribution pension plan, the First Nation has no further liability or obligation for future contributions to fund future benefits to plan members.

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### 14. Economic Dependence

Naicatchewenin First Nation receives a major portion of its revenue pursuant to a funding arrangement with Aboriginal Affairs and Northern Development Canada.

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### 15. Federal Assistance Payments

The CMHC projects have received federal assistance through CMHC pursuant to Section 56.1 of the National Housing Act to enable the project to provide housing to low income individuals. The amount of assistance received in 2015 was \$242,530 (2014 - \$232,965).

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### 16. Expenditure by Object

	2015	2014
Salaries, wages and employee benefits	\$ 1,637,659	\$ 1,570,926
Materials and supplies	1,979,794	2,270,801
Contracted services	1,394,094	1,225,863
Rents and financial expenses	236,475	256,758
Travel	145,140	216,343
Amortization	<u>672,251</u>	<u>695,755</u>
	<u><b>\$ 6,065,413</b></u>	<u><b>\$ 6,236,446</b></u>

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### 17. Budget Information

The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated recovering deficits. In addition, the budget did not include amortization expense. As a result, the budget figures presented in the statement of operations represent the Financial Plan adopted by Council, with adjustments as follows:

	2015
Financial Plan (budget) by-law surplus for the year	\$ 1,556,334
Add:	
Transfers	140,247
Less:	
Amortization	<u>(627,757)</u>
Budget surplus per consolidated statement of operations	<u><b>\$ 1,068,824</b></u>

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## Naicatchewenin First Nation Notes to Consolidated Financial Statements

March 31, 2015

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### **18. Segmented Information**

Naicatchewenin First Nation is a First Nation government that provides a wide range of services to the members of its community. For management reporting purposes the First Nation's operations and activities are organized and reported by Program. Programs were created for the purpose of recording specific activities in accordance with specific regulations, restrictions or limitations. These activities can also be categorized into segments. The following significant segments have been identified and as such are separately disclosed:

#### **Education**

The education department provides services to elementary and secondary students primarily by entering into service contracts with provincially funded area school boards, as well as native language study. In addition, the department reimburses tuition costs and provides living and other allowances to students who are attending post-secondary institutions.

#### **Operations and Maintenance**

The infrastructure department provides public services that contribute to community development and sustainability through the provision of operating services such as roads, water and sanitation, fire protection and community buildings.

#### **Medical and Other Health Services**

The community wellness department provides a diverse bundle of services directed towards the well-being of members including such activities as long-term care, medical transportation, pre-natal and early childhood care, nursing, health representation, traditional healing, family violence prevention and many other smaller programs designed to enhance the health of members.

#### **Band Support**

The administration department oversees the delivery of all governmental services. The department is responsible for ensuring that there are adequate policies and procedures in place to safeguard assets and to properly report financial activities. In addition, this department includes the governance activities of chief and council.

#### **Capital**

This department is responsible for all capital asset activities occurring in the First Nation during the year, including housing construction and renovations.

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## Naicatchewenin First Nation Notes to Consolidated Financial Statements

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March 31, 2015

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### 18. Segmented Information (continued)

#### Other Services

The First Nation provides a wide array of other services, including youth employment projects, economic development, housing activities and others.

For each reported segment, revenues and expenses include amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information, including transfers and have been apportioned based on a percentage of budgeted expenses.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in the summary of significant accounting policies.

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### 19. Comparative Figures

The comparative amounts presented in the consolidated financial statements have been reclassified to conform to the current year's presentation.

**Naicatchewenin First Nation**  
**2015 Segment Disclosure**

		Band	Operations and Maintenance	Support	Education	Welfare	Minor Capital	Other	Total
<b>For the year ended March 31, 2015</b>									
Revenue									
AANDC	\$ 350,390	\$ 142,282	\$ 1,696,586	\$ 104,900	\$ 225,930	\$ 229,995	\$ 2,750,083		
Canada	-	-	-	-	15,000	695,901	710,901		
Ontario	-	-	-	559,300	-	133,028	692,328		
Casino Rama	-	-	-	-	-	494,596	494,596		
Other Aboriginal organizations	67,956	-	-	-	-	648,727	716,683		
Interest, rentals and other	91,924	8,344	71,227	-	-	3,795,553	3,967,048		
Administration	220,361	-	-	-	-	(220,361)	-		
Transfers	191,011	31,501	-	-	-	(222,512)	-		
	921,642	182,127	1,767,813	664,200	240,930	5,554,927	9,331,639		
Deferred revenue, beginning of year	25,000	-	-	-	403,643	1,624,713	2,053,356		
Deferred revenue, end of year					(369,567)	(1,999,097)	(2,368,568)		
	946,642	182,127	1,767,813	664,200	275,006	5,180,619	9,016,427		
Expenditures									
Salaries, wages and benefits	334,302	30,475	250,320	148,424	80,714	793,424	1,637,659		
Materials, supplies and capital	240,863	141,533	71,079	485,119	194,292	846,908	1,979,794		
Contracted services	-	-	1,394,094	-	-	-	1,394,094		
Rents and financial expenses	111,094	2,162	-	-	-	123,219	236,475		
Travel	49,692	991	5,971	27,500	-	60,936	145,140		
Amortization	7,302	404,580	39,672	(15,599)	-	236,236	672,251		
	743,253	579,741	1,761,136	645,444	275,006	2,060,833	6,065,413		
Excess (deficiency) of revenue over expenditures	\$ 203,389	\$ (397,614)	\$ 6,677	\$ 18,756	\$ -	\$ 3,119,806	\$ 2,951,014		

**Naicatchewenin First Nation  
2014 Segment Disclosure**

	Operations						Minor Capital	Other	Total
	Band and Maintenance		Support	Education	Welfare				
<b>Revenue</b>									
AANDC	\$ 333,094	\$ 148,355	\$ 1,557,781	\$ 122,100	\$ 222,638	\$ 262,205	\$ 2,646,173		
Canada							789,526	789,526	
Ontario							58,026	646,894	
Casino Rama							481,808	481,808	
Other Aboriginal organizations	124,628	-	-	-	-	-	636,505	761,133	
Interest, rentals and other	143,496	2,340	61,492	-	-	-	569,130	776,508	
Administration	173,028	-	-	-	-	-	(173,028)		
Transfers	353,805	30,583	-	-	-	-	(384,388)		
1,125,051	181,278	1,619,273	710,968	222,638	2,240,234	6,102,442			
Deferred revenue, beginning of year									
Deferred revenue, end of year	(25,000)	-	-	-	-	492,894	1,795,965	2,288,859	
							(403,643)	(1,624,713)	(2,053,356)
<b>1,103,051</b>	<b>181,278</b>	<b>1,619,273</b>	<b>710,968</b>	<b>311,889</b>	<b>2,411,436</b>	<b>6,337,945</b>			
<b>Expenditures</b>									
Salaries, wages and benefits	318,193	18,995	251,210	136,913	79,739	765,876	1,570,926		
Materials, supplies and capital	171,327	146,127	163,285	543,666	232,150	1,014,246	2,270,801		
Contracted services	-	-	1,225,863	-	-	-	1,225,863		
Rents and financial expenses	84,316	22,912	-	-	-	-	149,530	256,758	
Travel	111,699	1,674	5,240	30,389	-	-	67,341	216,343	
Amortization	7,302	405,842	39,672	-	-	-	242,939	695,755	
<b>692,837</b>	<b>595,550</b>	<b>1,685,270</b>	<b>710,968</b>	<b>311,889</b>	<b>2,239,932</b>	<b>6,236,446</b>			
<b>Excess (deficiency) of revenue over expenditures</b>	<b>\$ 410,214</b>	<b>\$ (414,272)</b>	<b>\$ (65,997)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 171,554</b>	<b>\$ 101,499</b>		