

**Seine River First Nation**  
**Consolidated Financial Statements**  
For the year ended March 31, 2014

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## **Seine River First Nation Management's Statement of Responsibility for Financial Reporting**

**March 31, 2014**

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The accompanying consolidated financial statements of Seine River First Nation are the responsibility of management and have been approved by the Chief and Council.

These consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board. Management is responsible 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.

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

The external auditors, BDO Canada LLP, conduct an audit, in accordance with Canadian generally accepted auditing standards, and express their opinion on the consolidated financial statements. The external auditors have access to financial management of Seine River First Nation and meet when required.

On behalf of Seine River First Nation

\_\_\_\_\_  
Chief

\_\_\_\_\_  
Councilor

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## Independent Auditor's Report

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**To the Members  
Seine River First Nation**

We have audited the accompanying consolidated financial statements of Seine River First Nation, which comprise the statement of financial position as at March 31, 2014, and the statements of operations and accumulated surplus, changes in net debt and cash flows 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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## Independent Auditor's Report (cont'd)

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### Basis for Qualified Opinion

Section 1200, Financial Statement Presentation, of Public Sector Accounting Board Handbook requires the disclosure of budgeted information. The First Nation has not prepared or approved consolidated budgets. As a result, we are unable to present budgeted information on the consolidated financial statements for the years ended March 31, 2014 and 2013. Our audit opinion on the financial statements for the year ended March 31, 2013 was modified accordingly because of the possible effects of this limitation in scope.

### Opinion

In our opinion, except for the possible effect of the matters discussed in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of Seine River First Nation as at March 31, 2014 and the results of its operations, changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*BDO Canada LLP*

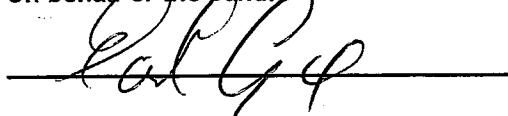
Chartered Accountants, Licensed Public Accountants

Thunder Bay, Ontario  
August 19, 2014

## Seine River First Nation Consolidated Statement of Financial Position

March 31	2014	2013
(restated)		
<b>Financial assets</b>		
Cash (Note 2)	\$ 1,016,293	\$ 1,503,578
Due from band members (Note 3)	22,550	15,882
Accounts receivable (Note 4)	487,171	959,070
Due from government (Note 5)	862,334	217,798
Portfolio investments (Note 6)	100	80,468
Investment in government business enterprises (Note 7)	495,901	530,651
Trust funds held by government (Note 8)	170,059	165,659
	<hr/>	<hr/>
	3,054,408	3,473,106
<hr/>		
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 9)	601,618	828,241
Due to government (Note 10)	30,675	87,213
Deferred revenue (Note 20)	165,972	146,703
Long term debt (Note 11)	3,152,230	2,959,178
	<hr/>	<hr/>
	3,950,495	4,021,335
<hr/>		
<b>Net debt</b>	(896,087)	(548,229)
<hr/>		
<b>Non-financial assets</b>		
Prepaid expenses	39,971	61,885
Tangible capital assets (Note 12)	5,879,978	6,332,003
	<hr/>	<hr/>
	5,919,949	6,393,888
<hr/>		
<b>Accumulated Surplus (Note 13)</b>	\$ 5,023,862	\$ 5,845,659
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On behalf of the Band:

 Chief

 Councilor

**Seine River First Nation  
Consolidated Statement of Operations  
and Accumulated Surplus**

For the year ended March 31	2014	2013
(restated)		
<b>Revenue</b>		
Federal government transfers (Note 20)	\$ 3,450,787	\$ 3,474,564
Provincial government transfers (Note 20)	1,046,103	895,362
Ontario First Nations Limited Partnership	572,321	579,226
Rental Revenue	140,219	133,774
Other	1,064,161	1,422,406
Trust fund revenue	4,400	3,214
Rainy Lake Tribal Development Corporation	-	75,858
Equity earnings (loss) in government business enterprise	(34,750)	(74,639)
	<hr/> <b>6,243,241</b>	<hr/> <b>6,509,765</b>
<b>Expenses</b>		
Band management	853,582	817,898
Community services	784,394	849,296
Economic development	230,266	135,439
Education	1,898,629	1,906,639
Employment programs	94,151	56,371
Health	388,401	393,321
Housing	342,854	325,556
Public works	415,794	319,780
Social services	897,544	842,200
Ontario First Nations Limited Partnership	313,163	151,954
Land & flood claims	166,177	140,195
Capital	674,083	900,579
	<hr/> <b>7,059,038</b>	<hr/> <b>6,839,228</b>
<b>Excess expenses over revenue before other items</b>	<b>(815,797)</b>	<b>(329,463)</b>
<b>Other items</b>		
Adjustment to prior years' funding	(6,000)	-
	<hr/> <b>(821,797)</b>	<b>(329,463)</b>
<b>Accumulated Surplus, beginning of year</b>	<b>5,845,659</b>	<b>7,808,070</b>
<b>Prior period adjustments (Note 18)</b>	<b>-</b>	<b>(1,632,948)</b>
	<hr/> <b>5,845,659</b>	<b>6,175,122</b>
<b>Accumulated Surplus, end of year</b>	<b>\$ 5,023,862</b>	<b>\$ 5,845,659</b>

**Seine River First Nation**  
**Consolidated Statement of Changes in Net Debt**

March 31	2014	2013
	(restated)	
<b>Annual Deficit</b>	<b>\$ (821,797)</b>	<b>\$ (329,463)</b>
Acquisition of tangible capital assets	(411,223)	(873,142)
Amortization of tangible capital assets	863,248	915,212
	<b>(369,772)</b>	<b>(287,393)</b>
Reduction of prepaid expenses	21,914	7,636
<b>Net change in net financial debt</b>	<b>(347,858)</b>	<b>(279,757)</b>
<b>Net financial debt, beginning of year</b>	<b>(548,229)</b>	<b>(268,472)</b>
<b>Net financial debt, end of year</b>	<b>\$ (896,087)</b>	<b>\$ (548,229)</b>

## Seine River First Nation Consolidated Statement of Cash Flows

For the year ended March 31	2014	2013
		(restated)
<b>Operating transactions</b>		
Deficiency of revenues over expenses	\$ (821,797)	\$ (329,463)
Item not involving cash		
Amortization of tangible capital assets	863,248	915,212
Equity loss on investment in government business enterprise	34,750	74,639
	<u>76,201</u>	<u>660,388</u>
<b>Changes in non-cash working capital balances</b>		
Due from Band members	(6,668)	6,303
Accounts receivable	471,899	(405,075)
Due from government and government organizations	(644,536)	644,121
Prepaid expenses	21,914	7,636
Accounts payable and accrued liabilities	(226,623)	(248,690)
Due to government and government organizations	(56,538)	-
Deferred revenue	19,269	98,068
AANDC funds held in trust	(4,400)	(3,214)
	<u>(425,683)</u>	<u>99,149</u>
	<u>(349,482)</u>	<u>759,537</u>
<b>Capital transactions</b>		
Purchase of tangible capital assets	<u>(411,223)</u>	<u>(873,142)</u>
<b>Investing transactions</b>		
Contributed portfolio investments	(98,470)	(312,951)
Proceeds from disposal of portfolio investments	151,902	-
Loss on sale of portfolio investments	27,036	-
Purchase of common shares of 8232121 Canada Ltd.	(100)	-
	<u>80,368</u>	<u>(312,951)</u>
<b>Financing transactions</b>		
Advances on long term debt	379,607	603,171
Repayment of long term debt	(186,555)	(218,995)
	<u>193,052</u>	<u>384,176</u>
<b>Decrease in cash, during the year</b>	<b>(487,285)</b>	<b>(42,380)</b>
<b>Cash, beginning of year</b>	<b>1,503,578</b>	<b>1,545,958</b>
<b>Cash, end of year</b>	<b>\$ 1,016,293</b>	<b>\$ 1,503,578</b>
<b>Represented by:</b>		
Cash	\$ 1,016,293	\$ 1,503,578
<b>Supplementary cash flow information</b>		
Interest received in year	\$ 11,453	\$ 9,168
Interest paid in year	63,055	69,693

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## Seine River First Nation Notes to Consolidated Financial Statements

March 31, 2014

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### 1. Significant Accounting Policies

#### a) Basis of Accounting

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board.

#### b) Reporting Entity

The Seine River First Nation reporting entity includes the Seine River First Nation government and all related entities that are controlled by the First Nation.

#### c) Principles of Consolidation

All controlled entities are fully consolidated on a line-by-line basis except for commercial enterprises which meet the definition of a government business enterprise, which are included in the consolidated financial statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consideration.

Under the modified equity method of accounting, only Seine River First Nation's investment in the government business enterprise and the First Nation's portion of the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of Seine River First Nation and inter-organizational balances and transactions are not eliminated. The following entity has been consolidated in the financial statements:

i) Seine River First Nation Development Corporation

The following entities have been accounted for using the modified equity method:

i) Rainy Lake Tribal Development Corporation

ii) Senic River Mall Inc.

#### d) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, bank balances and bank overdrafts.

#### e) Portfolio investments

Portfolio investments are recorded at cost. Portfolio investments are written down where there has been a loss in value that is other than a temporary decline.

#### f) Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

## Seine River First Nation Notes to Consolidated Financial Statements

March 31, 2014

### 1. Significant Accounting Policies (cont'd)

#### f) Tangible Capital Assets (cont'd)

Amortization is provided for on a straight-line basis over their estimated useful lives as follows:

Medical van	-	5	years
School bus	-	5	years
Automotive	-	5	years
Computer equipment	-	3	years
General equipment	-	5	years
Community playground	-	5	years
Water systems	-	20	years
Buildings and housing	-	20	years

Tangible capital assets are written down when conditions indicate that they no longer contribute to Seine River First Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical or cultural artifacts, are not recognized as tangible capital assets.

Assets under construction are not amortized until the asset is available to be put into service.

#### g) Revenue Recognition

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.

Government transfers are recognized as revenues 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 the transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions, other than government transfers, are deferred when restrictions are placed on their use by the external 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 is performed is deferred and recognized when the fee is earned or service performed.

## Seine River First Nation Notes to Consolidated Financial Statements

March 31, 2014

### 1. Significant Accounting Policies (cont'd)

#### h) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

### 2. Cash and Cash Equivalents

Under the terms of an agreement with Canada Mortgage and Housing Corporation, Seine River 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 Apartment Replacement and Subsidy Fund. Cash and cash equivalents is comprised of the following:

	2014	2013
<b>Externally Restricted</b>		
Canada Mortgage and Housing Corporation	\$ 49,696	\$ 49,684
Unrestricted	<u>966,597</u>	<u>1,453,894</u>
<b>Total cash and cash equivalents</b>	<b>\$ 1,016,293</b>	<b>\$ 1,503,578</b>

### 3. Due from Band Members

	2014	2013
Due from band members	\$ 984,520	\$ 926,374
Valuation allowance	(961,970)	(910,492)
	<b>\$ 22,550</b>	<b>\$ 15,882</b>

**Seine River First Nation**  
**Notes to Consolidated Financial Statements**

**March 31, 2014**

**4. Accounts Receivable**

	<b>2014</b>	<b>2013</b>
Accounts receivable	\$ 476,550	\$ 944,150
HST receivable	<u>59,016</u>	<u>63,315</u>
	<b>535,566</b>	<b>1,007,465</b>
Less: Valuation allowance	<b>(48,395)</b>	<b>(48,395)</b>
	<b>\$ 487,171</b>	<b>\$ 959,070</b>

**5. Due from Government**

	<b>2014</b>	<b>2013</b>
Federal government		
Aboriginal Affairs and Northern Development Canada	\$ 461,462	\$ 181,865
Health Canada	<u>328,657</u>	-
Canada Mortgage and Housing Corporation	<u>16,956</u>	<u>29,945</u>
Environment Canada	<u>2,190</u>	-
Provincial government	<u>53,069</u>	<u>5,988</u>
	<b>\$ 862,334</b>	<b>\$ 217,798</b>

**6. Portfolio Investments**

	<b>2014</b>	<b>2013</b>
Rainy River Resources Ltd.	\$ -	\$ 80,468
8232121 Canada Ltd.	<u>100</u>	-
	<b>\$ 100</b>	<b>\$ 80,468</b>

During the year the First Nation received 42,444 (19,159 - 2013) shares of Rainy River Resources Ltd. valued at \$98,470 (\$80,468 - 2013) based upon the trading price on the date of receipt. All of the shares were subsequently sold.

## Seine River First Nation Notes to Consolidated Financial Statements

March 31, 2014

### 7. Investments in Government Business Enterprises

	Rainy Lake Tribal Development Corporation	Senic River Mall Inc.
Percentage ownership	16.66%	33.33%
Carrying value, March 31, 2012	\$ 315,245	\$ 32,693
Issued preferred shares	257,351	-
Share of net income (loss)	(76,212)	1,574
	<hr/>	<hr/>
Carrying value, March 31, 2013	496,384	34,267
Share of net income (loss)	(39,919)	5,169
Carrying value, March 31, 2014	<hr/>	<hr/>
Balance comprised of:		
Common and preferred shares	525,548	10
Share of cumulative net earnings	(108,969)	(53,318)
Balance due from investment	39,886	92,744
	<hr/>	<hr/>
	\$ 456,465	\$ 39,436
	<hr/>	<hr/>

The following table presents condensed financial information for these commercial enterprises:

	Rainy Lake Tribal Development Corporation	Senic River Mall Inc.
<b>Balance Sheet</b>		
Current assets	\$ 2,153,874	\$ 9,434
Long-term investments	802,255	-
Capital assets	-	150,265
Other assets	-	40,417
	<hr/>	<hr/>
	2,956,129	200,116
<b>Current liabilities</b>	456,655	81,826
Deferred contributions	-	-
Shareholders' loan	-	278,229
<b>Equity</b>		
Share capital	3,153,294	30
Deficit	(653,820)	(159,969)
	<hr/>	<hr/>
	\$ 2,956,129	\$ 200,116

## Seine River First Nation Notes to Consolidated Financial Statements

March 31, 2014

### 7. Investments in Government Business Enterprises (Cont'd)

#### Income Statement

Revenue	\$ (196,094)	\$ 125,686
Expenses	43,421	110,178
Net income (loss) for the year	(239,515)	15,508
Deficit, beginning of year	(414,305)	(175,477)
Deficit, end of year	<u>\$ (653,820)</u>	<u>\$ (159,969)</u>

### 8. Trust Funds Held by Federal Government

	2013	Additions	2014
Revenue	\$ 110,431	\$ 4,400	\$ 114,831
Capital	55,228	-	55,228
	<u>\$ 165,659</u>	<u>\$ 4,400</u>	<u>\$ 170,059</u>

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*.

### 9. Accounts Payable and Accrued Liabilities

	2014	2013
Trade payables	\$ 344,275	\$ 561,227
Vacation pay	52,469	59,915
Tuition Payable	204,874	207,099
	<u>\$ 601,618</u>	<u>\$ 828,241</u>

### 10. Due to Government

	2014	2013
Federal government Aboriginal Affairs and Northern Development Canada	<u>\$ 30,675</u>	<u>\$ 87,213</u>

## Seine River First Nation Notes to Consolidated Financial Statements

March 31, 2014

### 11. Long Term Debt

	2014	2013
CMHC mortgage, payable \$4,836 monthly including interest at 1.67%, maturing April 1, 2017	\$ 430,795	\$ 481,286
CMHC mortgage, payable \$2,437 monthly including interest at 1.77%, maturing April 1 2017	87,499	115,634
TD Canada Trust mortgage, payable \$3,742 monthly including interest at 4.71%, maturing December 1, 2015	238,262	270,313
CMHC mortgage, payable \$2,268 monthly including interest at 1.71%, maturing September 1, 2017	432,252	451,963
CMHC mortgage, payable \$4,281 monthly including interest at 2.65%, maturing February 1, 2015	821,571	850,985
CMHC mortgage, payable \$3,010 monthly including interest at 2.00%, maturing November 1, 2018	704,313	483,076
Aboriginal Affairs and Northern Development Canada, Native Claims Loan, non-interest bearing, maturing at the earliest of March 31, 2015 or the date on which the claim is settled	235,180	235,180
Aboriginal Affairs and Northern Development Canada, Flood Claims Loan, non-interest bearing, maturing at the earliest of March 31, 2018 or the date on which the claim is settled	43,955	-
Aboriginal Affairs and Northern Development Canada, Treaty Land Entitlement Claim Loan, non-interesting bearing unless the loan matures, maturing at the earliest of March 31, 2017 or the date on which the claim is settled	46,680	46,680
Aboriginal Affairs and Northern Development Canada, Treaty Land Entitlement Claim Loan, non-interesting bearing unless the loan matures, maturing at the earliest of March 31, 2018 or the date on which the claim is settled	111,723	-
TD Canada Trust term loan, payable \$4,812 monthly including interest at prime plus 3.00%, maturing August 16, 2013 secured by specific vehicles	-	24,061
	<hr/>	<hr/>
	3,152,230	2,959,178
Current portion	<hr/>	<hr/>
	1,415,175	332,750
	<hr/>	<hr/>
	<b>\$ 1,737,055</b>	<b>\$ 2,626,428</b>

The mortgages are guaranteed by Aboriginal Affairs and Northern Development Canada and secured by specific buildings.

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**Seine River First Nation  
Notes to Consolidated Financial Statements**

**March 31, 2014**

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**11. Long Term Debt (cont'd)**

Principal payments due in the next five years and thereafter are as follows:

<u>Year</u>	<u>Current Banking Agreements</u>	<u>Assuming Refinancing on Maturity</u>
2015	\$ 1,415,175	\$ 418,169
2016	122,275	187,452
2017	818,555	238,728
2018	796,225	326,209
2019	-	171,949
Thereafter		<u>1,809,723</u>
	<u>\$ 3,152,230</u>	<u>\$ 3,152,230</u>

**Seine River First Nation**  
**Notes to Consolidated Financial Statement**

**March 31, 2014**

**12. Tangible Capital Assets**

	<b>2014</b>								
	<b>Commercial Buildings</b>	<b>General Equipment</b>	<b>Housing Assets</b>	<b>Infrastructure</b>	<b>Vehicles</b>	<b>Water Systems</b>	<b>Other</b>	<b>Construction in Progress</b>	<b>Total</b>
Cost, beginning of year	\$ 3,556,125	\$ 869,401	\$ 5,271,979	\$ 289,357	\$ 848,550	\$ 6,905,183	\$ 379,719	\$ 824,267	\$ 18,944,581
Additions	-	-	383,736	-	27,455	32	-	-	411,223
Transfer from construction in progress to housing	-	-	824,267	-	-	-	-	(824,267)	-
<b>Cost, end of year</b>	<b>3,556,125</b>	<b>869,401</b>	<b>6,479,982</b>	<b>289,357</b>	<b>876,005</b>	<b>6,905,215</b>	<b>379,719</b>	-	<b>19,355,804</b>
Accumulated amortization, beginning of year	2,126,072	495,811	3,500,905	142,662	755,028	5,522,192	69,908	-	12,612,578
Amortization	163,300	65,915	183,009	11,574	70,149	345,137	24,164	-	863,248
<b>Accumulated amortization, end of year</b>	<b>2,289,372</b>	<b>561,726</b>	<b>3,683,914</b>	<b>154,236</b>	<b>825,177</b>	<b>5,867,329</b>	<b>94,072</b>	-	<b>13,475,826</b>
Net carrying amount, end of year	<b>\$ 1,266,753</b>	<b>\$ 307,675</b>	<b>\$ 2,796,068</b>	<b>\$ 135,121</b>	<b>\$ 50,828</b>	<b>\$ 1,037,886</b>	<b>\$ 285,647</b>	-	<b>\$ 5,879,978</b>

**Seine River First Nation**  
**Notes to Consolidated Financial Statement**

March 31, 2014

**12. Tangible Capital Assets (cont'd)**

	2013								
	Commercial Buildings	General Equipment	Housing Assets	Infrastructure	Vehicles	Water Systems	Other	Construction in Progress	Total
Cost, beginning of year	\$ 3,556,125	\$ 846,726	\$ 5,271,979	\$ 289,357	\$ 822,350	\$ 6,905,183	\$ 379,719	\$ -	\$ 18,071,439
Additions	-	22,675	-	-	26,200	-	-	824,267	873,142
Cost, end of year	<u>3,556,125</u>	<u>869,401</u>	<u>5,271,979</u>	<u>289,357</u>	<u>848,550</u>	<u>6,905,183</u>	<u>379,719</u>	<u>824,267</u>	<u>18,944,581</u>
Accumulated amortization, beginning of year	1,962,772	416,817	3,297,401	131,088	666,668	5,177,055	45,564	-	11,697,365
Amortization	<u>163,300</u>	<u>78,994</u>	<u>203,504</u>	<u>11,574</u>	<u>88,360</u>	<u>345,137</u>	<u>24,344</u>	-	<u>915,213</u>
Accumulated amortization, end of year	<u>2,126,072</u>	<u>495,811</u>	<u>3,500,905</u>	<u>142,662</u>	<u>755,028</u>	<u>5,522,192</u>	<u>69,908</u>	-	<u>12,612,578</u>
Net carrying amount, end of year	<u>\$ 1,430,053</u>	<u>\$ 373,590</u>	<u>\$ 1,771,074</u>	<u>\$ 146,695</u>	<u>\$ 93,522</u>	<u>\$ 1,382,991</u>	<u>\$ 309,811</u>	<u>\$ 824,267</u>	<u>\$ 6,332,003</u>

## Seine River First Nation Notes to Consolidated Financial Statements

**March 31, 2014**

### 13. Accumulated Surplus

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

	2014	2013
<b>Fund balances</b>		
<b>Unrestricted</b>		
Fund balance - General (Note 18)	\$ 4,385,013	\$ 5,226,353
Band trust funds (Note 8)	170,059	165,659
<b>Internally restricted</b>		
Operating reserve (Note 15)	68,530	68,530
Equity in long term investment	44,962	44,962
<b>Externally restricted</b>		
Replacement reserve (Note 14)	<u>355,298</u>	340,155
<b>Accumulated Surplus</b>	<u>\$ 5,023,862</u>	\$ 5,845,659

### 14. Replacement Reserve

	2014	2013				
	Band	Rental Housing	Rental Housing	Community Housing	Total	Total
	Transportation	Post 1997	Pre 1997	Housing	Total	Total
Balance, beginning of year	\$ 123,156	\$ 146,155	\$ 65,741	\$ 5,103	\$ 340,155	\$ 296,520
Allocation for the year	11,000	29,775	3,150	-	43,925	48,750
Expenditure	-	25,764	3,018	-	28,782	5,115
Balance, end of year	<u>\$ 134,156</u>	<u>\$ 150,166</u>	<u>\$ 65,873</u>	<u>\$ 5,103</u>	<u>\$ 355,298</u>	<u>\$ 340,155</u>

Under the terms of agreements with Canada Mortgage and Housing Corporation, the Rental Housing Replacement Reserve account is to be credited in the amounts of \$23,600 and \$4,550 annually until it accumulates to the maximum stated in the agreements plus interest. These funds, along with accumulated interest, must be held in separate bank accounts and may only be used as approved by Canada Mortgage and Housing Corporation. As at March 31, 2014, included in restricted cash and deposits is a separate bank account for the replacement reserve of \$49,696 (2013 - \$49,684).

The allocation to the Band transportation replacement reserve is determined annually by Chief and Council.

The replacement reserve for community housing relates to fire loss proceeds receivable on a community owned home destroyed by fire. The funds will be applied to the replacement of the home lost.

## Seine River First Nation Notes to Consolidated Financial Statements

**March 31, 2014**

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### **15. Operating Reserve**

Under the terms of agreement with Canada Mortgage and Housing Corporation, the operating reserve is to be credited for any surplus generated by the housing projects constructed after 1996.

	2014	2013
Beginning balance	\$ 68,530	\$ 40,206
Surplus transfer	-	28,324
<b>Ending balance</b>	<b>\$ 68,530</b>	<b>\$ 68,530</b>

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### **16. Contingencies**

Seine River First Nation has entered into contribution agreements with various federal government departments. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements.

In addition, in the normal course of its operations, Seine River First Nation becomes involved in legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded on Seine River First Nation's financial statements.

The RRAP Housing program received a five year forgivable loans from CMHC during 2011/12 for \$16,000. The loans are fully forgivable on condition that the assigned owners of the renovated units continue to occupy the unit and are earned over five years. Under the terms of the loans, the First Nation is contingently liable for \$8,000 which represents the amount of the outstanding loans not forgiven at March 31, 2014.

Retention or repayment of individual program expenses will be determined and negotiated with the appropriate funding agencies upon receipt of these financial statements. It is not possible at this time to determine the amount, if any, of retention or repayment of excesses.

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### **17. Intangibles**

All intangibles, and items inherited by right of the Crown, such as Crown lands, forests, water, and mineral resources, are not recognized in the financial statements.

## Seine River First Nation Notes to Financial Statements

March 31, 2014

### 18. Prior Period Adjustments

The First Nation previously recorded amortization on CMHC housing projects as the amount of the principal reduction of the housing projects loan balance outstanding with CMHC. This is not consistent with Public Sector Accounting Standards. The housing projects accumulated amortization have been adjusted assuming a 20 year amortization period. In addition the First Nation did not recognize its equity interest in its investment in Rainy Lake Tribal Development Corporation or Senic River Mall Inc. in the previous period. Given the level of ownership and significant influence, the investments are now being accounted for using the modified equity method. As a result of the above, the First Nation has retroactively adjusted its financial statements to correctly account for its tangible capital assets and investments in government business enterprises. The impact of this was as follows:

2013	
<u>Consolidated Statement of Financial Position</u>	
Decrease in tangible capital assets	\$ (1,612,746)
Decrease in investment in government business enterprise	<u>(134,698)</u>
 <b>Decrease in accumulated surplus</b>	 <b>(1,747,444)</b>
Accumulated surplus as previously reported	<u>7,593,103</u>
 <b>Accumulated surplus as revised</b>	 <b><u>\$ 5,845,659</u></b>
2013	
<u>Consolidated Statement of Operations</u>	
Equity earnings in government business enterprise (decrease)	\$ (74,639)
Housing expense (increase)	<u>39,857</u>
Total decrease in deficit for the year	<u>\$ (114,496)</u>
 <b>Reconciliation of accumulated surplus</b>	 <b></b>
Decrease in annual surplus, as noted above	\$ (114,496)
Annual deficit as previously reported	<u>(214,967)</u>
 Adjusted deficit	 (329,463)
Opening accumulated surplus, revised	<u>6,175,122</u>
 <b>Accumulated surplus as revised</b>	 <b><u>\$ 5,845,659</u></b>

## Seine River First Nation Notes to Consolidated Financial Statements

**March 31, 2014**

### **19. Comparative Amounts**

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

### **20. Deferred Revenue and Government Transfers**

	Balance March 31, 2013	Funding Received 2014	Revenue Recognized 2014	Balance March 31, 2014
<b><u>Federal Government</u></b>				
Aboriginal Affairs and Northern Development Canada	\$ 146,703	\$ 2,889,350	\$ 2,870,081	\$ 165,972
Health Canada	-	393,610	393,610	-
CMHC	-	181,096	181,096	-
	<u>146,703</u>	<u>3,464,056</u>	<u>3,444,787</u>	<u>165,972</u>
<b><u>Provincial Government</u></b>				
Ministry of Aboriginal Affairs	-	249,960	249,960	-
Ministry of Community and Social Services (AHWS)	-	739,410	739,410	-
Ministry of Health	-	1,208	1,208	-
Northern Ontario Heritage Fund Corporation	-	22,025	22,025	-
C.O.R.D.A	-	33,500	33,500	-
	<u>-</u>	<u>1,046,103</u>	<u>1,046,103</u>	<u>-</u>
<b><u>First Nation and Organization</u></b>				
Ontario First Nations Limited Partnership	-	572,321	572,321	-
<b><u>Rent and Other</u></b>				
	<u>-</u>	<u>1,174,030</u>	<u>1,174,030</u>	<u>-</u>
	<u>\$ 146,703</u>	<u>\$ 6,256,510</u>	<u>\$ 6,237,241</u>	<u>\$ 165,972</u>

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## Seine River First Nation Notes to Consolidated Financial Statements

**March 31, 2014**

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### **21. Operating Loan**

The First Nation has an operating loan with a credit limit of \$500,000. The credit line bears interest at the Toronto-Dominion's prime lending rate plus 1.50% for an effective rate of 4.50% at March 31, 2014 and is secured by a general security agreement. As at March 31, 2014, the balance available on the credit line was \$500,000 (2013 - \$500,000).

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### **22. Pension Plan**

The First Nation has a defined contribution plan for full-time employees. The First Nation matches employee contributions to a maximum of 5.5% of employees salary. As a defined contribution plan, the First Nation has no further liability or obligation for future contributions to fund future benefits to plan members. The expense to the First Nation for the year was \$47,281 (2013 - \$49,481).

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## Seine River First Nation Notes to Consolidated Financial Statements

March 31, 2014

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### **23. Segmented Information**

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

#### **Band Management**

Band Management contains activities that are needed to run the Seine River First Nation organization.

#### **Community Services**

Community Services contains activities that provide a benefit to the community.

#### **Economic Development**

Economic Development contains all the activities that provide economic support for the community.

#### **Education**

Education Services contains activities that provide education to band members for primary, secondary schooling and sponsorship to attend post secondary institutions.

#### **Employment Programs**

Employment programs contains activities that provide employment and training services.

#### **Health Services**

Health Services contains activities that provide medical services to band members.

#### **Housing**

Housing contains activities that provide housing and repairs and maintenance to band members' housing.

#### **Public Works**

Public Works contains all activities that relate to the maintenance of infrastructure, buildings and land of the First Nation.

#### **Social Services**

Social Services contains activities that provide financial support or support by other means to band members that are aimed at developing both the individual as well as the community.

#### **Projects**

Projects contains capital and other activities for which a specific project has been set up and separately monitored.

**Seine River First Nation**  
**Notes to Consolidated Financial Statements**

**23. Segmented Information (cont'd)**

For the year ended March 31, 2014	Band Management	Community Services	Economic Development	Education	Employment Programs	Health	Housing	Balance Forward
<b>Revenue</b>								
Federal government transfers	\$ 382,220	\$ 49,080	\$ 64,344	\$ 1,677,102	\$ 20,100	\$ 364,214	\$ 181,096	\$ 2,738,156
Provincial government transfers	-	(26,688)	113,500	-	22,025	-	-	108,837
Ontario First Nations Limited Partnership	-	688,728	80,601	17,280	52,184	3,783	4,814	1,033,437
Other	186,047	-	-	-	-	-	140,219	140,219
Rent	-	-	-	-	-	-	-	-
	<b>\$ 568,267</b>	<b>\$ 711,120</b>	<b>\$ 258,445</b>	<b>\$ 1,694,382</b>	<b>\$ 94,309</b>	<b>\$ 367,997</b>	<b>\$ 326,129</b>	<b>\$ 4,020,649</b>
<b>Expenses</b>								
Amortization	\$ 84,989	\$ 28,907	\$ 1,189	\$ 43,783	\$ -	\$ 11,840	\$ 169,652	\$ 340,360
Audit	75,295	-	-	-	-	-	11,500	86,795
Bad debt	15,782	-	-	-	-	-	35,697	51,479
Honoraria	60,792	450	5,360	200	200	-	-	67,002
Insurance	9,223	-	-	5,753	-	1,500	20,150	36,626
Interest	-	-	-	-	-	-	62,711	62,711
Maintenance	10,119	19,315	6,861	30,173	99	7,871	-	74,658
Meetings	13,603	2,305	2,587	4,145	1,906	379	-	24,925
Office supplies	37,604	486	1,513	-	910	-	158	40,671
Professional services	86,804	55,549	32,683	13,643	10,106	12,780	7,104	218,669
Program expenses	56,628	63,670	38,991	285,364	5,878	66,121	4,142	520,794
Service charges	13,858	-	-	-	-	-	-	13,858
Telephone and internet	32,351	22,928	261	1,992	-	2,737	-	60,269
Training	8,224	1,550	11,476	3,014	-	1,400	-	25,664
Travel	99,833	58,458	24,395	40,052	320	93,486	81	316,625
Tuition	-	-	2,000	1,129,927	-	-	-	1,131,927
Utilities	3,093	48,484	1,860	44,981	538	20,187	2,092	121,235
Wages and benefits	245,383	482,292	101,088	295,603	74,194	170,100	565	1,369,225
Replacement reserve expenditures	-	-	-	-	-	-	28,782	28,782
	<b>\$ 853,581</b>	<b>\$ 784,394</b>	<b>\$ 230,264</b>	<b>\$ 1,898,630</b>	<b>\$ 94,151</b>	<b>\$ 388,401</b>	<b>\$ 342,854</b>	<b>\$ 4,592,275</b>

**Seine River First Nation  
Notes to Consolidated Financial Statements**

**23. Segmented Information (cont'd)**

For the year ended March 31, 2014	Balance Forward	Land & Flood Claims	Public Works	Social Services	Ontario First Nations Limited Partnership	Projects	2014 Total
<b>Revenue</b>							
Federal government transfers	\$ 2,738,156	\$ 196,648	\$ 279,824	\$ 162,300	\$ -	\$ 264,215	\$ 3,444,495
Provincial government transfers	108,837	-	-	740,618	-	-	1,046,103
Ontario First Nations Limited Partnership	-	-	-	-	572,321	-	572,321
Other	1,033,437	-	-	-	666	-	1,034,103
Rent	140,219	-	-	-	-	-	140,219
	<b>\$ 4,020,649</b>	<b>\$ 196,648</b>	<b>\$ 279,824</b>	<b>\$ 902,918</b>	<b>\$ 572,987</b>	<b>\$ 264,215</b>	<b>\$ 6,237,241</b>
<b>Expenses</b>							
Amortization	\$ 340,360	\$ 4,391	\$ 25,961	\$ 739	\$ -	\$ 491,798	\$ 863,249
Audit	86,795	-	-	-	-	-	86,795
Bad debt	51,479	-	-	-	-	-	51,479
Honoraria	67,002	1,500	200	-	-	-	68,702
Insurance	36,626	-	-	-	-	-	36,626
Interest	62,711	-	-	-	-	-	62,711
Maintenance	74,658	-	17,520	1,878	-	280	94,336
Meetings	24,925	432	1,526	-	-	1,179	28,062
Office supplies	40,671	-	28	-	-	15,404	56,103
Professional services	218,669	131,175	26,509	44,772	-	32,646	453,771
Program expenses	520,794	865	43,706	50,816	313,164	29,384	958,729
Service charges	13,858	-	-	-	-	344	14,202
Social assistance	-	-	-	640,059	-	-	640,059
Telephone and internet	60,269	-	7,148	5,000	-	-	72,417
Training	25,664	-	2,767	1,400	-	-	29,831
Travel	316,625	14,071	11,236	21,087	-	6,380	369,399
Tuition	1,131,927	-	-	-	-	-	1,131,927
Utilities	121,235	-	115,461	-	-	20,947	257,643
Wages and benefits	1,369,225	13,743	163,732	131,793	-	75,722	1,754,215
Replacement reserve expenditures	28,782	-	-	-	-	-	28,782
	<b>\$ 4,592,275</b>	<b>\$ 166,177</b>	<b>\$ 415,794</b>	<b>\$ 897,544</b>	<b>\$ 313,164</b>	<b>\$ 674,084</b>	<b>\$ 7,059,038</b>

**Seine River First Nation**  
**Notes to Consolidated Financial Statements**

**23. Segmented Information (cont'd)**

For the year ended March 31, 2013	Band Management	Community Services	Economic Development	Education	Employment Programs	Health	Housing	Balance Forward
<b>Revenue</b>								
Federal government transfers	\$ 381,740	\$ 47,357	\$ 37,868	\$ 1,681,023	\$ 3,160	\$ 486,755	\$ 170,713	\$ 2,808,616
Provincial government transfers		88,454	80,000					168,454
Other	202,939	689,662	50,000	43,445	51,363	251		1,037,660
Rent							133,774	133,774
	<b>\$ 584,679</b>	<b>\$ 825,473</b>	<b>\$ 167,868</b>	<b>\$ 1,724,468</b>	<b>\$ 54,523</b>	<b>\$ 487,006</b>	<b>\$ 304,487</b>	<b>\$ 4,148,504</b>
<b>Expenses</b>								
Amortization	\$ 88,908	\$ 40,257	\$ 3,505	\$ 52,090	\$ 610	\$ 14,594	\$ 200,178	\$ 400,142
Audit	43,000	-	-	-	-	-	8,000	51,000
Bad debt	32,113	-	-	-	-	-	18,860	50,973
Honoraria	51,320	13,210	4,390	2,250	-	1,500	20,321	119,318
Insurance	90,144	-	-	7,353	-	-	67,408	67,408
Interest	-	-	-	-	-	-	-	-
Maintenance	4,566	17,152	2,880	28,930	-	9,696	159	63,383
Meetings	7,790	7,413	5,749	3,079	-	-	-	24,031
Office supplies	22,424	112	-	-	-	-	-	22,536
Professional services	85,800	61,291	9,350	10,282	5,209	13,766	8,251	193,949
Program expenses	33,368	77,894	547	323,196	-	75,673	967	511,645
Service charges	5,468	-	-	-	-	-	-	5,468
Telephone and internet	34,196	24,892	-	5,106	-	2,306	-	66,500
Training	6,415	1,508	13,528	380	8,867	560	-	31,258
Travel	105,491	92,112	10,958	31,149	-	60,055	-	299,765
Tuition	-	-	-	1,110,215	-	-	-	1,110,215
Utilities	10,224	31,988	-	42,360	-	19,106	1,411	105,089
Wages and benefits	191,556	481,467	84,532	290,249	41,685	196,065	-	1,285,554
Replacement reserve expenditures	5,115	-	-	-	-	-	-	5,115
	<b>\$ 817,898</b>	<b>\$ 849,296</b>	<b>\$ 135,439</b>	<b>\$ 1,906,639</b>	<b>\$ 56,371</b>	<b>\$ 393,321</b>	<b>\$ 325,555</b>	<b>\$ 4,484,519</b>

**Seine River First Nation  
Notes to Consolidated Financial Statements**

**23. Segmented Information (cont'd)**

For the year ended March 31, 2013	Balance Forward	Land & Flood Claims	Public Works	Social Services	Ontario First Nations Limited Partnership	Projects	2013
							Total
<b>Revenue</b>							
Federal government transfers	\$ 2,808,616	\$ 28,798	\$ 248,917	\$ 173,126	\$ -	\$ 243,905	\$ 3,474,564
Provincial government transfers	168,454	-	-	698,110	-	-	895,362
Ontario First Nations Limited Partnership	-	-	-	-	579,226	-	579,226
Other	1,037,660	-	25,130	1,049	-	363,000	1,426,839
Rent	133,774	-	-	-	-	-	133,774
	<b>\$ 4,148,504</b>	<b>\$ 28,798</b>	<b>\$ 274,047</b>	<b>\$ 872,285</b>	<b>\$ 579,226</b>	<b>\$ 606,905</b>	<b>\$ 6,509,765</b>
<b>Expenses</b>							
Amortization	\$ 400,142	\$ 4,391	\$ 25,961	\$ 2,952	\$ 1	\$ 481,765	\$ 915,212
Audit	51,000	-	-	-	-	-	51,000
Bad debt	50,973	-	-	-	-	-	50,973
Honoraria	71,170	5,060	-	-	-	5,925	82,155
Insurance	119,318	-	-	-	-	-	119,318
Interest expense	67,408	-	-	-	-	-	67,408
Maintenance	63,383	-	14,702	2,606	-	15,507	96,198
Meetings	24,031	-	47	-	-	-	24,078
Office supplies	22,536	24	12	-	-	-	22,572
Professional services	193,949	92,574	54,237	6,694	-	199,420	546,874
Program expenses	511,645	121	43,537	55,823	151,953	50,424	813,503
Service charges	5,468	-	-	-	-	3,304	8,772
Social assistance	-	-	-	577,507	-	-	577,507
Telephone and internet	66,500	-	6,714	3,668	-	1,100	77,982
Training	31,258	-	969	29,519	-	-	61,746
Travel	299,765	5,901	3,208	31,961	-	11,014	351,849
Tuition	1,110,215	-	-	-	-	-	1,110,215
Utilities	105,089	-	60,567	882	-	15,569	182,107
Wages and benefits	1,285,554	32,124	109,826	130,588	-	116,551	1,674,643
Replacement reserve expenditures	5,115	-	-	-	-	-	5,115
	<b>\$ 4,484,519</b>	<b>\$ 140,195</b>	<b>\$ 319,780</b>	<b>\$ 842,200</b>	<b>\$ 151,954</b>	<b>\$ 900,579</b>	<b>\$ 6,839,227</b>