

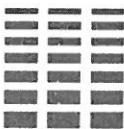
**ATTAWAPISKAT FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2014**

ATTAWAPISKAT FIRST NATION

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YEAR ENDED MARCH 31, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Members of Attawapiskat First Nation:

We have audited the accompanying consolidated financial statements of Attawapiskat First Nation which comprise the consolidated statement of financial position as at March 31, 2014 and the consolidated statements of financial activities and accumulated surplus, change in net debt and cash flows for the year then ended, and summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair representation of these consolidated financial statements in accordance with Canadian public sector accounting principles, 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

Basis for Qualified Opinion

The First Nation has investments in various government business enterprises and government business partnerships which operate independent of the First Nation. Current financial information for these entities was not available at the date of the consolidated financial statements. Accordingly, we were unable to obtain sufficient appropriate audit evidence relating to current operations which may or may not result in a material misstatement in the investment in government business enterprises and partnerships reported in the consolidated statement of financial position or the earnings of government business enterprises and partnerships reported in the consolidated statement of financial activities and accumulated surplus.

Qualified Opinion

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

Other Matters

Our audit was made for the purposes of forming an opinion on the financial statements taken as a whole. The supplementary information included in Schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements taken as a whole.

Ross, Pope LLP
Chartered Professional Accountants
Licensed Public Accountants

Timmins, Ontario
July 31, 2014

STATEMENT 1

ATTAWAPISKAT FIRST NATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31

| | 2014 | 2013 (Restated) |
|--|-----------------------|----------------------|
| FINANCIAL ASSETS | | |
| Cash (Note 3) | \$ 9,767,106 | \$ 6,855,065 |
| Investments (market value \$163,417, Note 4) | 1 | 1 |
| Accounts receivable (Note 5) | 4,463,955 | 4,251,286 |
| Government funding receivable | 2,641,843 | 4,011,927 |
| | <u>16,872,905</u> | <u>15,118,279</u> |
| Restricted cash and deposits | | |
| CMHC reserve fund (Note 3) | 16,104 | 35,576 |
| Trust funds held by federal government (Note 6) | 189,573 | 184,969 |
| Government business enterprises and partnerships (Note 20, Schedule C) | 3,201,689 | 2,364,686 |
| Due from related parties (Note 11) | 139,528 | 139,527 |
| | <u>20,419,799</u> | <u>17,843,037</u> |
| FINANCIAL LIABILITIES | | |
| Bank indebtedness (Note 3) | 885,263 | 874,345 |
| Accounts payable and accrued liabilities (Note 8) | 10,600,655 | 9,290,710 |
| Callable debt (Note 12) | 1,946,681 | 2,055,000 |
| Deferred revenue (Note 10) | 1,701,604 | 5,328,962 |
| Due to AANDC - long-term (Note 13) | 2,400,000 | 2,400,000 |
| Long-term debt (Note 14) | 7,218,078 | 7,819,794 |
| | <u>24,752,281</u> | <u>27,768,811</u> |
| NET DEBT | (4,332,482) | (9,925,774) |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets (Note 1 and Schedule A) | 106,026,994 | 93,202,295 |
| Inventories (Note 1) | 785,786 | 713,038 |
| | <u>106,812,780</u> | <u>93,915,333</u> |
| ACCUMULATED SURPLUS (Notes 20 and 22) | \$ 102,480,298 | \$ 83,989,559 |
| Contingencies (Note 15) | | |
| Contractual obligations (Note 23) | | |

Approved on behalf of Chief and Council:

Theresa Spence

Chief

C

Councilor

STATEMENT 2

ATTAWAPISKAT FIRST NATION

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES AND ACCUMULATED SURPLUS

YEARS ENDED MARCH 31

| | 2014 | 2013 |
|--|-----------------------|----------------------|
| | (Restated) | |
| REVENUE | | |
| Aboriginal Affairs and Northern Development Canada | | |
| Current year funding (Notes 16 and 26) | \$ 29,313,131 | \$ 34,011,151 |
| Health Canada | 1,174,799 | 1,134,012 |
| Ontario First Nations Limited Partnership | 1,694,359 | 1,708,248 |
| Province of Ontario | 5,115,599 | 4,734,387 |
| Contracting and user fees | 6,551,235 | 3,503,234 |
| Attawapiskat Trust distributions (Note 9) | 1,025,868 | 652,160 |
| Mushkegowuk Council | 452,037 | 91,072 |
| Canada Mortgage and Housing Corporation | 464,280 | 480,096 |
| Government business enterprises and partnerships (Note 7 and Schedule C) | 837,003 | 1,034,279 |
| Other | 2,567,808 | 3,286,156 |
| Deferred revenue - opening (Note 10) | 5,328,962 | 6,499,963 |
| Deferred revenue - closing (Note 10) | (1,701,604) | (5,328,962) |
| | 52,823,477 | 51,805,796 |
| EXPENDITURES | | |
| Administration | 2,922,948 | 812,942 |
| Community development | 3,102,490 | 2,226,330 |
| Daycare | 536,155 | 416,904 |
| Economic development | 1,809,575 | 936,527 |
| Education | 8,722,332 | 8,859,699 |
| Governance | 134,246 | 63,129 |
| Health | 1,172,501 | 1,320,696 |
| Housing | 3,166,263 | 2,108,813 |
| Infrastructure | 2,994,355 | 476,081 |
| Other funds | 1,859,800 | 1,799,285 |
| Social assistance | 5,488,624 | 5,201,498 |
| Technical services | 2,423,449 | 2,911,590 |
| | 34,332,738 | 27,133,494 |
| ANNUAL SURPLUS | | |
| ACCUMULATED SURPLUS, beginning of year (Note 20) | 18,490,739 | 24,672,302 |
| REPAYABLE TO FUNDING AGENCIES | 83,989,559 | 60,004,600 |
| | - | (687,343) |
| ACCUMULATED SURPLUS, end of year | \$ 102,480,298 | \$ 83,989,559 |

STATEMENT 3**ATTAWAPISKAT FIRST NATION****CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT**
YEARS ENDED MARCH 31

| | 2014 | 2013 |
|---|-----------------------|----------------|
| | | (Restated) |
| ANNUAL SURPLUS | \$ 18,490,739 | \$ 24,672,302 |
| Acquisition of tangible capital assets | (16,845,465) | (23,017,412) |
| Disposal of tangible capital assets | - | 145,467 |
| Amortization of tangible capital assets | 4,020,765 | 3,355,747 |
| Increase in inventories | (72,747) | (145,404) |
| Decrease in prepaid expenses | - | 69,772 |
| | (12,897,447) | (19,591,830) |
| CHANGE IN NET DEBT | 5,593,292 | 5,080,472 |
| NET DEBT, BEGINNING OF YEAR | (9,925,774) | (14,318,903) |
| REPAYABLE TO FUNDING AGENCIES | - | (687,343) |
| NET DEBT, END OF YEAR | \$ (4,332,482) | \$ (9,925,774) |

STATEMENT 4

ATTAWAPISKAT FIRST NATION

CONSOLIDATED STATEMENT OF CASH FLOWS

YEARS ENDED MARCH 31

| | 2014 | 2013 (Restated) |
|---|---------------------|---------------------|
| OPERATING ACTIVITIES | | |
| ANNUAL SURPLUS | \$ 18,490,739 | \$ 24,672,302 |
| ITEMS NOT AFFECTING CASH: | | |
| Amortization | 4,020,765 | 3,355,747 |
| DECREASE (INCREASE) IN: | | |
| Accounts receivable | (212,670) | (1,360,672) |
| Funding receivable | 1,370,084 | (1,583,162) |
| Inventories | (72,747) | (145,404) |
| Prepaid expenses | - | 69,772 |
| Funds held in trust - AANDC | (4,604) | (4,359) |
| Investments in government business enterprises and partnerships | (837,003) | (1,034,279) |
| INCREASE (DECREASE) IN: | | |
| Accounts payable and accrued liabilities | 1,309,946 | 1,661,532 |
| Deferred revenue | (3,627,358) | (2,561,187) |
| CASH PROVIDED BY OPERATING ACTIVITIES | 20,437,152 | 23,070,290 |
| FINANCING ACTIVITIES | | |
| Repayment of long-term debt | (601,716) | (803,420) |
| Repayment of callable debt | (108,319) | (600,000) |
| Advances from (to) related parties (net) | - | (56,534) |
| Repayable to funding agencies | - | (687,343) |
| CASH USED IN FINANCING ACTIVITIES | (710,035) | (2,147,297) |
| INVESTING ACTIVITIES | | |
| Acquisition and construction of tangible capital assets | (16,845,465) | (23,017,412) |
| Proceeds on disposal of tangible capital assets | - | 145,467 |
| CASH USED IN INVESTING ACTIVITIES | (16,845,465) | (22,871,945) |
| CHANGE IN CASH | 2,881,652 | (1,948,952) |
| CASH, beginning of year | 6,016,295 | 7,965,247 |
| CASH, end of year | \$ 8,897,947 | \$ 6,016,295 |
| CASH IS COMPRISED OF: | | |
| Cash | \$ 9,767,106 | \$ 6,855,064 |
| CMHC reserve fund | 16,104 | 35,576 |
| Bank indebtedness | (885,263) | (874,345) |
| | \$ 8,897,947 | \$ 6,016,295 |

ATTAWAPISKAT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2014

NATURE OF ORGANIZATION

Attawapiskat First Nation is an Indian Band located in the James Bay Region of Northern Ontario.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are the representation of management and have been prepared in accordance with generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants. Further, the financial statements are prepared on the going concern assumption that the First Nation will be able to realize its assets and discharge its liabilities in the normal course of operations. Significant accounting policies are as follows:

(a) REPORTING ENTITY

The reporting entity includes the Attawapiskat First Nation government and all related entities controlled by the First Nation.

(b) PRINCIPLES OF CONSOLIDATION

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

Organizations consolidated in Attawapiskat First Nation's financial statements are as follows:

Attawapiskat First Nation Band
Attawapiskat First Nation Education Authority
Attawapiskat First Nation Maytawaywin Authority (Arena Gymnasium facility)
Attawapiskat Development Corporation
Attawapiskat Health Services Board

The First Nation manages the operation of community health services previously operated by Attawapiskat Health Services Board. As such, Attawapiskat Health Services Board reported no revenues or expenditures during the year.

Organizations accounted for on a modified equity basis are as follows:

Attawapiskat Power Corporation
Attawapiskat Resources Inc.
Attawapiskat Limited Partnership
Attawapiskat Catering Limited Partnership
Attawapiskat Catering Inc.
Advanced Security Limited Partnership
Attawapiskat Security Inc.
Kimesskanamenow Corporation

(c) ASSET CLASSIFICATION

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets, prepaid expenses and inventories of supplies.

(d) INVESTMENTS

Investments are recorded at cost.

(e) INVENTORIES

Inventories, comprised of fuel stock and coarse aggregate stockpiles for resale and use in operations, and parts inventory for own use, are recorded at the lower of cost and net realizable value, with cost being determined on a first-in, first-out basis. All inventory is reported as non-financial assets as the proportion held for resale is indeterminable and represents a minor portion of the reported amount. Management expects the inventory to be utilized or sold in the 2015 fiscal year.

ATTAWAPISKAT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED MARCH 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) TANGIBLE CAPITAL ASSETS

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on the declining balance and straight line methods as follows:

| | |
|-------------------|---------------------------|
| Land improvements | 15 years |
| Buildings | 10% and 20 - 40 years |
| Vehicles | 5 - 20 years |
| Equipment | 4 - 100% and 5 - 20 years |
| Roads | 80 years |
| Sewer and water | 50 years |

One-half of the annual amortization is charged in the year of acquisition. Assets under construction are not amortized until the asset is available for productive use.

(g) NET DEBT

The First Nation's financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the First Nation is determined by its financial assets less its liabilities.

(h) REVENUE

All revenue is recorded on the accrual basis whereby amounts received or recorded as receivable but not earned by the end of the fiscal year are recorded as deferred revenue. Funding received under the terms of contribution agreements with federal and provincial governments is recognized as revenue once eligibility criteria have been met. Funding is recorded as deferred revenue if it has been restricted by the funding government for a stated purpose, such as a specific program or the acquisition of tangible capital assets. Deferred revenue is recognized in revenue over time as the recognition criteria are met.

(i) MEASUREMENT UNCERTAINTY

In preparing the financial statements for Attawapiskat First Nation, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. The main estimates used in preparing these financial statements include an allowance for doubtful accounts, amortization and landfill closure and post-closure liability. Actual results could differ from these estimates.

(j) PRIOR YEAR FUNDING ADJUSTMENTS

The First Nation has entered into accountable contribution arrangements with several government funding agencies. These programs are subject to audit by the various governments, with potential audit adjustments repayable to the government. These adjustments are charged to operations in the year they become known.

2. GOING CONCERN

These consolidated financial statements have been prepared on the basis of a going concern which assumes the First Nation will be able to realize its assets and settle its obligations in the normal course of operations. At the date of these financial statements, the First Nation, pursuant to Aboriginal Affairs and Northern Development Canada (AANDC) directives, was operating under a co-management arrangement with a Remedial Management Plan in place. At the year-end date, the First Nation had a working capital surplus (deficit) of \$1,094,034 (2013 - \$(3,035,328)) and net debt of \$4,332,482 (2013 - \$9,925,774).

ATTAWAPISKAT FIRST NATION**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)****YEAR ENDED MARCH 31, 2014****3. CASH AND BANK INDEBTEDNESS**

Under the terms of an agreement with Canada Mortgage and Housing Corporation (CMHC), the 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 CMHC with any interest earned to be credited as revenue to the CMHC Replacement Reserve Fund. At the year-end date, the respective monies on hand were not sufficient to meet the CMHC reserve fund requirements. The deficiency amounted to \$345,698 (2013 - \$465,543).

Attawapiskat First Nation Band has available a credit facility bearing interest at the bank prime rate plus 2.75% with a borrowing limit of \$750,000 of which \$117,774 was utilized at the year-end date.

Cash and restricted cash funds are comprised of the following:

| | 2014 | 2013 |
|---------------------------------|---------------------|---------------------|
| Cash: | | |
| Internally restricted | | |
| Social services | \$ 134,717 | \$ 152,723 |
| Education | 275,989 | - |
| Economic development | 100,066 | (20,300) |
| OFNLP fund | 835,508 | 1,021,873 |
| Capital fund | 1,057,163 | 753,038 |
| Capital - new elementary school | 6,448,734 | 4,860,883 |
| | 8,852,177 | 6,768,217 |
| Unrestricted | | |
| Operating | 901,182 | 72,902 |
| Elders' complex | 13,747 | 13,946 |
| | \$ 9,767,106 | \$ 6,855,065 |
| Restricted cash fund: | | |
| CMHC Replacement Reserve | \$ 16,104 | \$ 35,576 |

4. INVESTMENTS

Investments, carried at the lower of cost and market value, consist of 4,269 common shares of Sunlife Financial Inc.

ATTAWAPISKAT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED MARCH 31, 2014

5. ACCOUNTS RECEIVABLE

| | 2014 | 2013 |
|--|---------------------|---------------------|
| Due from members: | | |
| Housing rentals | \$ 706,113 | \$ 533,729 |
| Employee advances | 130,148 | 131,798 |
| User fees | 2,508,348 | 1,826,902 |
| Other | 320,676 | 395,448 |
| Total due from members | 3,665,285 | 2,887,877 |
| Due from others: | | |
| Ministry of Community and Social Services | 322,982 | 147,691 |
| Government remittances receivable | 84,434 | - |
| Construction holdbacks receivable | 222,283 | - |
| Other | 4,005,414 | 3,578,570 |
| Total due from others | 4,635,113 | 3,726,261 |
| | 8,300,398 | 6,614,138 |
| Less: allowance for doubtful accounts | (3,836,443) | (2,362,852) |
| Total accounts receivable | \$ 4,463,955 | \$ 4,251,286 |

6. TRUST FUNDS HELD BY FEDERAL GOVERNMENT

Trust funds held by the federal government 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.

| | Opening Balance | Additions | Withdrawals | 2014 | 2013 |
|---------------------------|-----------------|-----------|-------------|------------|------------|
| AANDC Trust Funds: | | | | | |
| Revenue | \$ 184,969 | \$ 4,604 | \$ - | \$ 189,573 | \$ 184,969 |

7. GOVERNMENT BUSINESS ENTERPRISES AND GOVERNMENT BUSINESS PARTNERSHIPS

The First Nation has interests in a number of Government Business Enterprises and Government Business Partnerships as described below. Unless otherwise noted, the First Nation's interest is 100% of the shares or units of the respective entities. Summarized financial statements for these entities are provided in Schedule C:

Attawapiskat Power Corporation was established by the First Nation to provide hydro-electric power distribution to members of the community.

Attawapiskat Resources Inc. was established by the First Nation to conduct economic development activities on behalf of the First Nation.

Attawapiskat Limited Partnership was established pursuant to a Limited Partnership Agreement between Attawapiskat Resources Inc. and Attawapiskat First Nation and seeks business opportunities for the benefit of Attawapiskat First Nation and its members.

Attawapiskat Catering Limited Partnership was established pursuant to a Limited Partnership Agreement between Attawapiskat Catering Inc. and Attawapiskat First Nation in order to provide catering services at the DeBeers Canada Victor Mine.

Attawapiskat Catering Inc. is the general partner of Attawapiskat Catering Limited Partnership which provides catering services at the DeBeers Canada Victor Mine.

ATTAWAPISKAT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED MARCH 31, 2014

7. GOVERNMENT BUSINESS ENTERPRISES AND GOVERNMENT BUSINESS PARTNERSHIPS (CONT'D)

Advanced Security Limited Partnership was established pursuant to a Limited Partnership Agreement between Attawapiskat Security Inc. and Attawapiskat Resources Inc. in order to provide security and related services in Northern Ontario.

Attawapiskat Security Inc. is the general partner of Advanced Security Limited Partnership which provides security and related services in Northern Ontario.

Kimesskanamenow Corporation was established to develop business opportunities in the First Nation communities of Fort Albany, Kashechewan and Attawapiskat, Ontario. The corporation's primary activity is the construction and management of an annual winter road between Moosonee and Attawapiskat, Ontario. Attawapiskat First Nation has a 33.3% interest in the corporation.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | 2014 | 2013 |
|---|----------------------|---------------------|
| Accounts payable - trade | \$ 6,873,494 | \$ 6,654,778 |
| Construction holdbacks payable | 2,459,460 | 1,586,790 |
| Government remittances payable | 14,223 | 95,664 |
| Landfill closure and post-closure liability | 300,000 | - |
| Capital receipts overexpended - protective flood dyke | 953,478 | 953,478 |
| Total accounts payable and accrued liabilities | \$ 10,600,655 | \$ 9,290,710 |

9. ATTAWAPISKAT TRUST DISTRIBUTIONS

The First Nation is the sole beneficiary of Attawapiskat Trust. During the year, distributions, including accrued amounts for expense reimbursements, were recorded as follows:

| | 2014 | 2013 |
|-----------------------|---------------------|-------------------|
| IBA Implementation | \$ 480,000 | \$ 480,000 |
| Community Development | 545,868 | 172,160 |
| | \$ 1,025,868 | \$ 652,160 |

ATTAWAPISKAT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED MARCH 31, 2014

10. DEFERRED REVENUE

Details of the deferred revenue balance reported on the Consolidated Statement of Financial Position are as follows:

| | Opening Balance | Deferred Recorded (Realized) | 2014 |
|--|-----------------|---------------------------------|--------------|
| Economic Development | \$ 33,821 | \$ - | \$ 33,821 |
| Health Canada: | | | |
| Early Childhood Development | 93,981 | - | 93,981 |
| Health - FASD NAN | 76,682 | (76,682) | - |
| Health - Healthy Babies NAN | 39,130 | (39,130) | - |
| AANDC: | | | |
| Safe Water Operations | 101,200 | (101,200) | - |
| Emergency Retrofit - Lodge | 147,085 | (147,085) | - |
| Minor Capital Funding | 563,260 | 417,810 | 981,070 |
| Planning Design - Core Housing | - | 373,422 | 373,422 |
| Planning Design and Construction (RIGZ) | 588,718 | (588,718) | - |
| Major Renovations Extension and Repairs (RJRJ) | 53,133 | (53,133) | - |
| Planning Design and Construction | | | |
| - Education (over \$1.5M) | 3,091,043 | (3,091,043) | - |
| Band Support Funding | 88,801 | (88,801) | - |
| Water Systems | 11,053 | (11,053) | - |
| Wastewater Systems | 3,802 | (3,802) | - |
| Basic Needs | 55,186 | (55,186) | - |
| Special Needs | 1,966 | (1,966) | - |
| In-Home Care | 317 | (317) | - |
| Special Services | 156,882 | (156,882) | - |
| Other: | | | |
| IBA Trust | - | 90,250 | 90,250 |
| Right to Play | 13,533 | (13,533) | - |
| Province of Ontario - Showcasing | | | |
| Water Innovation Project | 24,775 | (24,775) | - |
| Social Panel | - | 11,353 | 11,353 |
| DeBeers Trailer - Shelter | 3,352 | (3,352) | - |
| Guildcrest Homes | 71,683 | (71,683) | - |
| Social Services Administration | 84,174 | (84,174) | - |
| Homemakers | 25,385 | (25,385) | - |
| Ontario Works (E&Y) Reimbursement | - | 22,207 | 22,207 |
| Kimesskanamenow Corp. - Dividend Program | - | 95,500 | 95,500 |
| | \$ 5,328,962 | \$ (3,627,358) | \$ 1,701,604 |

11. DUE FROM RELATED PARTIES

The balance consists of the following items. Amounts to/from consolidated entities are non-interest bearing, unsecured, and relate to trade items in the normal course of operations. The transactions are recorded at their exchange amounts, which are reflective of prevailing market rates.

| | 2014 | 2013 |
|--|------------|------------|
| Due from Attawapiskat Power Corporation (AFN) | \$ 209,800 | \$ 209,800 |
| Due from Attawapiskat Recreation Committee (AFNEA) | 65,918 | 65,918 |
| Due to Attawapiskat Recreation Committee (AFNMA) | (136,190) | (136,191) |
| | \$ 139,528 | \$ 139,527 |

ATTAWAPISKAT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED MARCH 31, 2014

| 12. CALLABLE DEBT | 2014 | 2013 |
|---|---------------------|---------------------|
| TD Canada Trust demand loan bearing interest at the bank prime rate plus 3%, repayable at \$25,000 per month principal plus interest. | \$ 900,000 | \$ 1,200,000 |
| TD Canada Trust demand loan bearing interest at the bank prime rate plus 3%, repayable at \$10,000 per month principal plus interest. | 412,931 | - |
| BMO Bank of Montreal demand loan bearing interest at the bank prime rate plus 2%, repayable at \$5,000 per month principal plus interest. | 633,750 | 855,000 |
| | \$ 1,946,681 | \$ 2,055,000 |

13. DUE TO AANDC - LONG TERM

The balance due to Aboriginal Affairs and Northern Development Canada (AANDC) represents prior year core capital advances repayable. The amount due is non-interest bearing with no specified terms of repayment. A reduction in the balance owing may be applied subject to AANDC approval of certain qualifying expenditures. These adjustments will be charged to operations in the year that they become known.

14. LONG-TERM DEBT

| | 2014 | 2013 |
|---|------------|------------|
| BMO bank loan payable bearing interest at 6.47%, secured by a fixed and floating charge on a commercial complex, triplex, office complex, general assignment of book debts, and assignment of lease agreement, repayable at \$31,192 per month principal and interest, maturing July, 2015. | \$ 475,109 | \$ 806,939 |
| Great West Life mortgage payable bearing interest at 9.47%, repayable at \$4,424 per month principal and interest, secured by a ministerial guarantee from Aboriginal Affairs and Northern Development Canada and a first charge on specific housing units, maturing August 2019. | 229,857 | 260,445 |
| Wakenagun Community Futures Development Corporation loan bearing interest at 7.75%, secured by promissory note and a lien on specific equipment. This loan is in arrears and no payments were made in the year. | 152,184 | 152,184 |
| CMHC mortgage payable bearing interest at 1.62%, repayable at \$6,083 per month principal and interest, secured by a ministerial guarantee from Aboriginal Affairs and Northern Development Canada and a first charge on specific housing units, renewable March 2018, maturing February, 2033. | 1,190,923 | 1,244,324 |
| CMHC mortgage payable bearing interest at 2.61%, repayable at \$6,149 per month principal and interest, secured by a ministerial guarantee from Aboriginal Affairs and Northern Development Canada and a first charge on specific housing units, renewable September 2014, maturing September 2034. | 1,173,595 | 1,216,466 |

ATTAWAPISKAT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED MARCH 31, 2014

14. LONG-TERM DEBT (CONT'D)

| | 2014 | 2013 |
|---|---------------------|---------------------|
| CMHC mortgage payable bearing interest at 2.61%, repayable at \$3,401 per month principal and interest, secured by a ministerial guarantee from Aboriginal Affairs and Northern Development Canada and a first charge on specific housing units, renewable September 2014, maturing September 2034. | 648,792 | 672,518 |
| CMHC mortgage payable bearing interest at 2.86%, repayable at \$2,580 per month principal and interest, secured by a ministerial guarantee from Aboriginal Affairs and Northern Development Canada and a first charge on specific housing units, renewable August 2014, maturing July 2034. | 478,128 | 495,299 |
| CMHC mortgage payable bearing interest at 2.86%, repayable at \$6,626 per month principal and interest, secured by a ministerial guarantee from Aboriginal Affairs and Northern Development Canada and a first charge on specific housing units, renewable August 2014, maturing July 2034. | 1,228,713 | 1,272,795 |
| CMHC mortgage payable bearing interest at 1.67%, repayable at \$7,155 per month principal and interest, secured by a ministerial guarantee from Aboriginal Affairs and Northern Development Canada and a first charge on specific housing units, renewable April 2017, maturing March 2037. | 1,640,777 | 1,698,824 |
| Less: Current portion | 7,218,078 | 7,819,794 |
| | 644,668 | 604,590 |
| | \$ 6,573,410 | \$ 7,215,204 |

Principal portion of the credit facilities due in the next five years and thereafter is approximately as follows:

| | |
|------------|---------------------|
| 2015 | \$ 644,668 |
| 2016 | 414,505 |
| 2017 | 301,875 |
| 2018 | 312,150 |
| 2019 | 322,998 |
| Thereafter | 5,221,882 |
| | \$ 7,218,078 |

ATTAWAPISKAT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED MARCH 31, 2014

15. CONTINGENCIES

The First Nation has entered into contribution agreements with various federal and provincial 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.

During the year, AANDC completed a comprehensive audit of the First Nation's housing programs for the fiscal years 2006 to 2011 inclusive, which identified an amount of \$1,842,260 as potentially repayable. The First Nation is not in agreement with the audit recommendations and, at the date of the financial statements, was in discussions with AANDC with the expectation the amount will be reduced in whole or in part. No amount is recorded in the accounts of the First Nation to recognize this potential liability. Any amount ultimately determined to be repayable will be recorded when the matter is resolved.

In addition, in the normal course of its operations, the 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 in the First Nation's financial statements.

16. ECONOMIC DEPENDENCE

The First Nation receives a major portion of its revenue from Aboriginal Affairs and Northern Development Canada, Health Canada and the Province of Ontario. The nature and extent of this revenue is of such significance that the First Nation is economically dependent on these sources of revenue. The ability of the First Nation to continue program delivery to its members is dependent on this funding.

17. DISTRIBUTION FROM ONTARIO FIRST NATIONS LIMITED PARTNERSHIP

The First Nation is entitled to a percentage of net revenues earned at gaming facilities located in the Province of Ontario. Net revenues are distributed in accordance with a formula agreed to by the participating First Nation Bands and the Province of Ontario. The First Nation's policy as ratified by Council is to appropriate any annual surplus in the OFNLP Program Fund to an OFNLP Fund.

18. FINANCIAL INSTRUMENTS

The First Nation is exposed to various risks through its financial instruments. The following analysis provides information about the First Nation's risk exposure and concentration as of March 31, 2014.

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The First Nation is exposed to credit risk from members and customers. In order to reduce its credit risk, the First Nation reviews a new member/customer's history before extending credit and conducts regular reviews of its existing member/customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The First Nation has a significant number of members/customers which minimizes concentration of credit risk.

Interest Rate Risk

The First Nation has interest bearing credit facilities on which prevailing interest rate fluctuations apply. Accordingly, there is a financial risk to the First Nation's annual surplus that arises from fluctuations in prevailing interest rates and the degree of volatility of these rates. The First Nation does not utilize derivative instruments to reduce its exposure to interest rate risk.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The First Nation is exposed to this risk mainly in respect of its receipt of funds from its funders and other related sources, long-term debt, and accounts payable.

ATTAWAPISKAT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED MARCH 31, 2014

19. BUDGET FIGURES

Budget figures have not been presented as the information was not available from the management of certain entities.

20. PRIOR YEAR RESTATEMENT AND COMPARATIVE FIGURES

The prior year comparative figures have been restated to include prior year transactions from investments in government business enterprises and government business partnerships. The financial information was not available in the prior year. These changes resulted in an increase in earnings from government business enterprises and partnerships, annual surplus, accumulated surplus, and investment in government business enterprises and partnerships of \$831,268 and a decrease in net debt by the same amount. Also, certain figures presented for comparative purposes have been reclassified to conform with the current year's presentation.

21. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

Generally accepted accounting principles require the disclosure of the net present value of landfill closure and post-closure care expenditures. Accounts payable and accrued liabilities includes \$300,000 in respect of landfill closure and post-closure expenditures.

Closure involves capping the site with a compacted impermeable clay layer, a layer of topsoil, the re-introduction of a vegetative cover and the construction of surface drainage controls. Post-closure care involves routine inspections, cap maintenance, and ground water sampling and analysis, if applicable. The reported liability is based on estimates and assumptions using information available to management. Future events may result in significant changes to the estimated total expenditures, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, if and when applicable.

22. ACCUMULATED SURPLUS

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

| | 2014 | 2013 (Restated) |
|-----------------------------------|-------------------------|------------------------|
| Unrestricted Surplus (Deficit) | \$ (343,026) | \$ 23,558,681 |
| Restricted Surplus | | |
| AANDC - Trust Fund | 193,932 | 184,969 |
| OFNLP - Equity | 1,113,278 | 299,644 |
| CMHC Replacement Reserve | 361,802 | 501,119 |
| Repayable to funding agencies | (1,197,636) | (1,197,636) |
| Equity in tangible capital assets | <u>102,351,948</u> | <u>60,642,782</u> |
| | <hr/> \$ 102,480,298 | <hr/> \$ 83,989,559 |

23. CONTRACTUAL OBLIGATIONS

The First Nation has entered into the following contracts:

- Soil remediation in the amount of \$12,317,382 with an expected completion date in the 2016 fiscal year.
- New elementary school in the amount of \$31,116,049 with an expected completion date in the 2015 fiscal year.

ATTAWAPISKAT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED MARCH 31, 2014

24. SEGMENTED INFORMATION

Attawapiskat First Nation is a diversified local government that provides a wide range of services to its members, including water, fire protection, roadworks, technical services, recreation, social services, health services, education, social housing and economic development among others. For management reporting purposes, the First Nation's operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with specific regulations, requirements or limitations.

The First Nation's services are provided by departments and their activities are recorded in these funds. Certain departments that have been disclosed in the segmented information, along with the services they provide, are as follows:

ADMINISTRATION

-Manages the administrative operations of the First Nation. Those costs that relate directly to the administration of the various segments have been allocated to the appropriate segment.

COMMUNITY DEVELOPMENT

-Undertakes activities of the OFNLP Fund, which derives revenue from gaming facilities located in the Province of Ontario.

DAYCARE

-Manages the activities of the local childrens' daycare program.

ECONOMIC DEVELOPMENT

-Manages the development of economic opportunities for First Nation entities and provides support to member entities as well as operates telecommunication services throughout the community.

EDUCATION

-Provides elementary and secondary education instructional services and provides financial support to post-secondary students.

GOVERNANCE

-Undertakes First Nation operated governance initiatives through the activities of Chief and Council and other activities relating to reserve lands, membership matters and other governance initiatives.

HEALTH

-Provides a variety of health care programs and support to First Nation members.

SOCIAL HOUSING

-Provides housing to members under CMHC programs and reports on the respective revenue and expenditures.

INFRASTRUCTURE

-Manages First Nation infrastructure programs including facilities operations and maintenance, capital projects, water and waste water plant operations and other related activities.

SOCIAL ASSISTANCE

-Administers the provision of social assistance to qualifying members.

TECHNICAL SERVICES

-Provides contract management services, heavy equipment operations, bulk fuel operations, general labour services and other related activities.

ATTAWAPISKAT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED MARCH 31, 2014

24. SEGMENTED INFORMATION (CONT'D)

OTHER

-Reports on the reserve and equity portions of other funds.

For each reported segment, revenues and expenditures represent both 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.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

25. EXPENDITURES BY OBJECT

| | 2014 | 2013 |
|---------------------------------------|-------------------|-------------------|
| Administration | \$ 2,207,259 | \$ 1,940,847 |
| Amortization | 4,020,765 | 3,355,747 |
| Interest and Bank Charges | 185,906 | 210,898 |
| Investment in tangible capital assets | (16,834,101) | (23,010,405) |
| Office and Other | 271,702 | 68,357 |
| Operations & maintenance | 25,181,935 | 27,976,390 |
| Social Assistance Payments | 4,759,171 | 4,519,160 |
| Utilities | 511,274 | 588,767 |
| Interest on long term debt | 219,343 | 285,006 |
| Program delivery | 846,619 | 742,834 |
| Wages and employee benefits | 11,198,841 | 10,303,774 |
| Writedown of accounts receivable | 1,764,024 | 152,118 |
| Total | \$ 34,332,738 | \$ 27,133,493 |

26. AANDC FUNDING RECONCILIATION

| | 2014 |
|--|-------------------|
| AANDC Funding per confirmation | \$ 29,482,933 |
| Recoveries of prior year amounts | (169,802) |
| AANDC current year funding (Statement 2) | \$ 29,313,131 |

SCHEDULE A

ATTAWAPISKAT FIRST NATION
 CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
 YEARS ENDED MARCH 31

| | General Capital Assets | | | | Infrastructure | | | Totals | | |
|--|------------------------|-------------------------------------|--|-------------------------------|-------------------|---------------------|----------------------------|----------------------|-----------------------|-------------------------|
| | Land Improvements | Attawapiskat First Nation Buildings | Attawapiskat Education Authority Buildings | Teachorage Housing Facilities | Vehicles | Equipment and other | Roads, Streets and Bridges | Water and Sewer | 2014 | 2013 |
| Cost | | | | | | | | | | |
| Opening costs | \$ 6,680,665 | \$ 68,666,584 | \$ 16,472,924 | \$ 3,388,817 | \$ 1,120,331 | \$ 5,320,159 | \$ 15,077,035 | \$ 19,910,154 | \$ 136,636,669 | \$ 113,764,724 |
| Additions during the year | 4,458,936 | 12,082,788 | - | - | 36,700 | 250,883 | - | 16,158 | 16,845,465 | 23,017,412 (145,467) |
| Disposals and write downs | - | - | - | - | - | - | - | - | - | - |
| Closing costs | 11,139,601 | 80,749,372 | 16,472,924 | 3,388,817 | 1,157,031 | 5,571,042 | 15,077,035 | 19,926,312 | 153,482,134 | 136,636,669 |
| Accumulated Amortization | | | | | | | | | | |
| Opening accum'd amortization | 368,397 | 17,849,642 | 11,522,446 | 2,792,504 | 865,449 | 2,705,450 | 1,859,430 | 5,471,056 | 43,434,374 | 40,078,627 |
| Amortization | 624,379 | 1,478,993 | 782,860 | 169,441 | 58,073 | 320,046 | 188,435 | 398,539 | 4,020,766 | 3,355,747 |
| Closing accum'd amortization | 992,776 | 19,328,635 | 12,305,306 | 2,961,945 | 923,522 | 3,025,496 | 2,047,865 | 5,869,595 | 47,455,140 | 43,434,374 |
| Net Book Value of Tangible Capital Assets | \$ 10,146,825 | \$ 61,420,737 | \$ 4,167,618 | \$ 426,872 | \$ 233,509 | \$ 2,545,546 | \$ 13,029,170 | \$ 14,056,717 | \$ 106,026,994 | \$ 93,202,295 |

ATTAWAPISKAT FIRST NATION

CONSOLIDATED SCHEDULE OF SEGMENTED INFORMATION YEAR ENDED MARCH 31, 2014

SCHEDULE B

| | Administration | | Community development | | Daycare | |
|---------------------------------------|----------------|--------------|-----------------------|--------------|-------------|-----------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| REVENUES | | | | | | |
| AANDC | \$ 1,099,272 | \$ 829,546 | \$ 148,715 | \$ (35,863) | \$ 46,700 | \$ 46,700 |
| Health Canada | - | - | 1,694,359 | 1,708,248 | - | - |
| OFNLIP | - | - | - | - | 199,069 | 251,278 |
| Province of Ontario | (37,978) | 350,252 | - | - | 710 | 56,950 |
| Contracting and user fees | 5,646 | - | 194,206 | 52,918 | 244,681 | - |
| Mustkiegowuk Council | - | - | - | - | - | - |
| CMHC | - | - | 837,003 | 1,034,279 | - | - |
| Government business enterprises | - | - | 935,618 | 401,131 | - | - |
| Attawapiskat Trust distributions | 378,940 | 748,867 | 71,353 | 6,358 | 27,213 | 15,279 |
| Other | 1,445,880 | 1,928,665 | 3,881,254 | 3,167,071 | 518,373 | 370,207 |
| Deferred revenue - beginning of year | - | - | 13,533 | 100,000 | - | 46,696 |
| Deferred revenue - end of year | - | - | (11,353) | (13,533) | - | - |
| Total revenues | 1,445,880 | 1,928,665 | 3,883,434 | 3,253,538 | 518,373 | 416,903 |
| EXPENDITURES | | | | | | |
| Administration | 339,869 | 422,434 | 501,556 | 161,157 | 3,175 | 753 |
| Interest on long term debt | - | - | - | - | - | - |
| Interest and Bank Charges | 157,075 | 202,095 | (536) | - | - | - |
| Office and Other | 9,867 | (125,265) | 19,823 | 34,340 | - | 137 |
| Operations & maintenance | 455,390 | 483,529 | 721,482 | 203,383 | 336,083 | 365,789 |
| Social Assistance Payments | - | - | - | - | - | - |
| Utilities | 73,220 | 75,065 | 3,771 | 6,029 | 3,081 | 4,030 |
| Program delivery | 223,579 | 266,425 | 409,357 | 276,005 | 193,816 | 190,475 |
| Wages and employee benefits | 1,624,524 | 56,275 | - | - | - | - |
| Write-down of accounts receivable | 2,883,524 | 1,380,558 | 1,655,453 | 680,914 | 536,155 | 561,184 |
| Capital Adjustments: | | | | | | |
| Amortization | | - | - | - | - | - |
| Investment in tangible capital assets | (17,236) | (2,806) | (1,876) | - | - | - |
| Total Expenditures (recoveries) | 2,866,288 | 1,377,752 | 1,653,577 | 680,914 | 536,155 | 561,184 |
| Surplus (Deficit) before transfers | (1,420,408) | 550,913 | 2,229,857 | 2,572,624 | (17,782) | (144,281) |
| Transfers between programs | (56,659) | 564,810 | (1,448,912) | (1,545,417) | - | 144,281 |
| Surplus (Deficit) for year | \$ (1,477,067) | \$ 1,115,723 | \$ 780,945 | \$ 1,027,207 | \$ (17,782) | \$ - |

ATTAWAPISKAT FIRST NATION

CONSOLIDATED SCHEDULE OF SEGMENTED INFORMATION YEAR ENDED MARCH 31, 2014

SCHEDULE B

| | Economic development | | | Education | | | Governance | |
|--|----------------------|-------------------|---------------------|-------------------|--------------------|----------------|------------|------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| REVENUES | | | | | | | | |
| AANDC | \$ 150,400 | \$ 150,400 | \$ 7,927,162 | \$ 8,813,124 | \$ 26,200 | \$ 25,600 | | |
| Health Canada | - | - | - | - | - | - | | |
| OFNLP | - | - | - | - | - | - | | |
| Province of Ontario | - | - | - | - | - | - | | |
| Contracting and user fees | 1,238,728 | - | - | - | - | - | | |
| Mushkegowuk Council | 7,504 | 31,524 | - | - | - | - | | |
| CMHC | - | - | - | - | - | - | | |
| Government business enterprises | - | - | - | - | - | - | | |
| Attawapiskat Trust distributions | - | 20,271 | - | - | 200,758 | - | | |
| Other | - | - | - | - | - | - | | |
| | 809,802 | 824,874 | 263,111 | 207,748 | 163,283 | 900 | | |
| Deferred revenue - beginning of year | 2,206,434 | 1,027,069 | 8,190,273 | 9,221,630 | 191,543 | 63,130 | | |
| 33,821 | 234,327 | 93,981 | 93,981 | 93,981 | - | - | | |
| (33,821) | (33,821) | (93,821) | (93,821) | (93,821) | (117,707) | - | | |
| Total revenues | 2,206,434 | 1,227,575 | 8,190,273 | 9,221,630 | 73,836 | 63,130 | | |
| EXPENDITURES | | | | | | | | |
| Administration | 84,609 | 86,120 | 686,984 | 643,984 | 182,495 | 161,774 | | |
| Interest on long term debt | 52,209 | 75,118 | - | - | - | - | | |
| Interest and Bank Charges | - | - | - | - | - | - | | |
| Office and Other | 894 | - | - | - | - | - | | |
| Operations & maintenance | 405,937 | 396,871 | 1,028,418 | 1,370,282 | 98,566 | 100,360 | | |
| Social Assistance Payments | - | - | - | - | 99,123 | 126,350 | | |
| Utilities | 857 | 8,768 | - | - | - | - | | |
| Program delivery | 88,160 | 98,016 | 758,459 | 644,818 | - | - | | |
| Wages and employee benefits | 1,037,410 | 459,166 | 5,385,004 | 5,247,306 | 454,260 | 569,514 | | |
| Write-down of accounts receivable | 139,500 | 95,843 | - | - | - | - | | |
| | 1,809,576 | 1,219,902 | 7,858,865 | 7,906,390 | 834,444 | 958,134 | | |
| Capital Adjustments: | - | - | 1,027,887 | 1,004,096 | - | - | | |
| Amortization | - | - | (164,420) | (50,787) | (879) | - | | |
| Investment in tangible capital assets | - | - | - | - | - | - | | |
| Total Expenditures (recoveries) | 1,809,576 | 1,219,902 | 8,722,332 | 8,859,699 | 833,565 | 958,134 | | |
| Surplus (Deficit) before transfers | 396,858 | 7,673 | (532,059) | 361,931 | (759,729) | (895,004) | | |
| Transfers between programs | - | 283,375 | - | - | 699,319 | 895,006 | | |
| Surplus (Deficit) for year | \$ 396,858 | \$ 291,048 | \$ (532,059) | \$ 361,931 | \$ (60,410) | \$ 2 | | |

ATTAWAPISKAT FIRST NATION

CONSOLIDATED SCHEDULE OF SEGMENTED INFORMATION YEAR ENDED MARCH 31, 2014

SCHEDULE B

| | Health | | Housing | | Infrastructure | |
|---------------------------------------|------------|--------------|--------------|--------------|----------------|---------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| REVENUES | | | | | | |
| AANDC | \$ 532,264 | \$ 1,174,799 | \$ 1,134,012 | \$ 1,463,798 | \$ 1,926,382 | \$ 16,903,501 |
| Health Canada | - | - | - | - | - | \$ 21,279,956 |
| OFNLP | - | - | - | - | - | - |
| Province of Ontario | - | - | - | - | - | - |
| Contracting and user fees | - | - | - | 50 | 143,215 | 37,341 |
| Mushkegowuk Council | - | - | - | - | - | 149,316 |
| CMHC | - | - | - | 464,280 | 480,096 | - |
| Government business enterprises | - | - | - | - | - | - |
| Attawapiskat Trust distributions | - | - | - | 90,250 | - | - |
| Other | 162,368 | 178,786 | 619,149 | 539,954 | 36,903 | 397,998 |
| Deferred revenue - beginning of year | 1,869,431 | 1,312,798 | 2,637,527 | 3,089,647 | 16,977,745 | 21,827,270 |
| Deferred revenue - end of year | 115,812 | 57,832 | 1,109,654 | 419,776 | 3,795,133 | 5,547,351 |
| Total revenues | 1,985,243 | 1,254,818 | 3,283,509 | 2,399,769 | 19,791,808 | 23,579,488 |
| EXPENDITURES | | | | | | |
| Administration | 92,104 | 257,652 | 130,488 | 68,642 | 66,384 | 5,079 |
| Interest on long term debt | - | - | 436,338 | 454,382 | - | 40,413 |
| Interest and Bank Charges | - | 40 | 225 | - | 19,613 | 502 |
| Office and Other | 8,519 | 12,922 | 47 | 2,145 | 733 | 566 |
| Operations & maintenance | 332,547 | 286,782 | 1,316,573 | 981,979 | 17,013,627 | 22,664,237 |
| Social Assistance Payments | - | - | - | - | - | - |
| Utilities | 44,035 | 74,216 | 205,202 | 238,779 | 55,966 | 89,423 |
| Program delivery | - | - | - | - | - | - |
| Wages and employee benefits | 763,919 | 814,877 | 1,027,150 | 1,187,625 | 312,587 | 344,469 |
| Write-down of accounts receivable | - | - | - | - | - | - |
| Capital Adjustments: | | | | | | |
| Amortization | | | | | | |
| Investment in tangible capital assets | (68,623) | (21,595) | - | - | (174,570) | (22,611,112) |
| Total Expenditures (recoveries) | 1,172,501 | 1,424,894 | 3,116,023 | 2,758,982 | (14,481,937) | (2,986,973) |
| Surplus (Deficit) before transfers | 812,742 | (170,076) | 167,486 | (359,213) | 16,804,835 | 533,577 |
| Transfers between programs | - | 104,198 | (50,240) | 650,168 | (7,382) | 23,045,911 |
| Surplus (Deficit) for year | \$ 812,742 | \$ (65,878) | \$ 117,246 | \$ 290,955 | \$ 16,797,453 | \$ 23,103,407 |

ATTAWAPISKAT FIRST NATION

CONSOLIDATED SCHEDULE OF SEGMENTED INFORMATION YEAR ENDED MARCH 31, 2014

SCHEDULE B

| | Social assistance | | Technical services | | Other funds | |
|--|-------------------|---------------------|---------------------|-------------------|-----------------------|-----------------------|
| | 2014 | | 2013 | | 2014 | |
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| REVENUES | | | | | | |
| AANDC | \$ 1,015,119 | \$ 877,919 | \$ - | \$ - | \$ 97,387 | \$ - |
| Health Canada | - | - | - | - | - | - |
| OFNLP | 4,879,190 | 4,333,793 | 5,347,665 | 2,952,818 | - | - |
| Province of Ontario | - | - | - | - | - | - |
| Contracting and user fees | - | - | - | - | - | - |
| Mushkegowuk Council | - | - | - | - | - | - |
| CMHC | - | - | - | - | - | - |
| Government business enterprises | - | - | - | - | - | - |
| Attawapiskat Trust distributions | - | - | - | - | - | - |
| Other | - | - | - | - | - | - |
| Deferred revenue - beginning of year | 5,894,309 | 5,211,712 | 5,383,350 | 3,415,595 | - | - |
| Deferred revenue - end of year | 167,028 | (167,028) | - | - | - | - |
| Total revenues | 6,061,337 | 5,044,684 | 5,383,350 | 3,415,595 | - | - |
| EXPENDITURES | | | | | | |
| Administration | 63,031 | 83,316 | 56,564 | 49,935 | - | - |
| Interest on long term debt | - | - | - | 335,502 | (269,204) | (620,409) |
| Interest and Bank Charges | 9,529 | 8,261 | - | - | - | - |
| Office and Other | 133,178 | 40,189 | 75 | 2,963 | - | - |
| Operations & maintenance | 79,560 | 81,785 | 3,393,195 | 1,015,403 | - | - |
| Social Assistance Payments | 4,759,171 | 4,519,160 | - | - | - | - |
| Utilities | 16,456 | 38,175 | 108,686 | 54,146 | - | - |
| Program delivery | - | - | - | - | - | - |
| Wages and employee benefits | 438,248 | 438,767 | 953,511 | 509,145 | - | - |
| Write-down of accounts receivable | - | - | - | - | - | - |
| Capital Adjustments: | - | - | - | - | - | - |
| Amortization | - | - | - | - | - | - |
| Investment in tangible capital assets | (10,548) | (3,578) | (2,088,582) | (145,957) | 2,992,878 | 2,351,651 |
| Total Expenditures (recoveries) | 5,488,625 | 5,206,075 | 2,423,449 | 1,821,137 | 2,723,674 | 1,731,242 |
| Surplus (Deficit) before transfers | 572,712 | (161,391) | 2,959,901 | 1,594,458 | (2,723,674) | (1,731,242) |
| Transfers between programs | - | 4,578 | - | (1,090,451) | 863,874 | (68,043) |
| Surplus (Deficit) for year | \$ 572,712 | \$ (156,813) | \$ 2,959,901 | \$ 504,007 | \$ (1,859,800) | \$ (1,799,285) |

ATTAWAPISKAT FIRST NATION

CONSOLIDATED SCHEDULE OF SEGMENTED INFORMATION YEAR ENDED MARCH 31, 2014

SCHEDULE B

| | Total | |
|--|----------------------|----------------------|
| | 2014 | 2013 |
| REVENUES | | |
| AANDC | \$ 29,313,131 | \$ 34,011,151 |
| Health Canada | 1,174,799 | 1,134,012 |
| OFNLP | 1,694,359 | 1,708,248 |
| Province of Ontario | 5,115,600 | 4,734,387 |
| Contracting and user fees | 6,551,235 | 3,503,235 |
| Muskkiegowuk Council | 452,037 | 91,072 |
| CMHC | 464,280 | 480,096 |
| Government business enterprises | 837,003 | 1,034,279 |
| Attawapiskat Trust distributions | 1,025,868 | 652,160 |
| Other | 2,567,807 | 3,286,154 |
| | 49,196,119 | 50,634,794 |
| Deferred revenue - beginning of year | 5,328,962 | 6,499,963 |
| Deferred revenue - end of year | (1,701,604) | (5,328,962) |
| Total revenues | 52,823,477 | 51,805,795 |
| EXPENDITURES | | |
| Administration | 2,207,259 | 1,940,847 |
| Interest on long term debt | 219,343 | 285,006 |
| Interest and Bank Charges | 185,906 | 210,898 |
| Office and Other | 271,702 | 68,357 |
| Operations & maintenance | 25,181,935 | 27,976,390 |
| Social Assistance Payments | 4,759,171 | 4,519,160 |
| Utilities | 511,274 | 588,767 |
| Program delivery | 846,619 | 742,834 |
| Wages and employee benefits | 11,198,841 | 10,303,774 |
| Write-down of accounts receivable | 1,764,024 | 152,118 |
| | 47,146,074 | 46,788,151 |
| Capital Adjustments: | | |
| Amortization | 4,020,765 | 3,355,747 |
| Investment in tangible capital assets | (16,834,101) | (23,010,405) |
| Total Expenditures (recoveries) | 34,332,738 | 27,133,493 |
| Surplus (Deficit) before transfers | 18,490,739 | 24,672,302 |
| Transfers between programs | - | - |
| Surplus (Deficit) for year | \$ 18,490,739 | \$ 24,672,302 |

ATTAWAPISKAT FIRST NATION

CONSOLIDATED SCHEDULE OF INVESTMENTS IN (OBLIGATIONS TO) GOVERNMENT BUSINESS ENTERPRISES AND PARTNERSHIPS

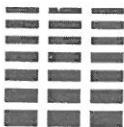
YEAR ENDED MARCH 31, 2014

(a) The following table provides condensed supplementary financial information for the years ended as indicated, which were the most recent available at the date of these financial statements:

| | December 2012 | March 2013 | March 2013 | March 2013 | March 2013 | March 2013 | July 2013 | 2014 Totals |
|-------------------------------|---------------------------------------|--|--|--|--|--|--|--|
| | Attawapiskat Resources Inc. (Audited) | Attawapiskat Limited Partnership (Audited) | Attawapiskat Catering Inc. (Unaudited) | Attawapiskat Catering Inc. (Unaudited) | Attawapiskat Limited Partnership (Unaudited) | Attawapiskat Limited Partnership (Unaudited) | Attawapiskat Security Inc. (Unaudited) | Kimesskana-menow Corporation (Audited) 33.3% |
| Financial Position | | | | | | | | |
| Current assets | \$ 1,079,538 | \$ 518,806 | \$ 1,098,798 | \$ 719,885 | \$ 478 | \$ 1,069,630 | \$ 66,524 | \$ 347,603 |
| Capital assets | 1,462,864 | 2,749 | 125,982 | - | - | 18,325 | 907,376 | 110,194 |
| Total Assets | 2,542,402 | 521,555 | 1,224,780 | 719,885 | 478 | 1,087,955 | 973,900 | 457,797 |
| Current liabilities | 701,781 | 434,157 | 949,912 | 241,212 | - | 929,213 | 346,718 | 83,582 |
| Long-term liabilities | 190,000 | - | - | - | - | - | 406,646 | 43,842 |
| Total liabilities | 891,781 | 434,157 | 949,912 | 241,212 | - | 929,213 | 753,364 | 127,424 |
| Net Assets | \$ 1,650,621 | \$ 87,398 | \$ 274,868 | \$ 478,673 | \$ 478 | \$ 158,742 | \$ 220,536 | \$ 330,373 |
| Results of operations: | | | | | | | | |
| Revenue | \$ 2,371,035 | \$ 24 | \$ 1,241,591 | \$ 733,192 | \$ 478 | \$ 2,962,623 | \$ 2,924,000 | \$ 12,344,628 |
| Expenses | 2,159,443 | 8,907 | 1,239,321 | 583,059 | - | 2,802,516 | 2,719,071 | 1,995,307 |
| Net Income (Loss) | \$ 211,592 | \$ (8,883) | \$ 2,270 | \$ 150,133 | \$ 478 | \$ 160,107 | \$ 204,929 | \$ 116,378 |
| | | | | | | | | \$ 837,004 |

(b) The investment as reported on the consolidated statement of financial position consists of:

| | December 2012 | March 2013 | March 2013 | March 2013 | March 2013 | March 2013 | July 2013 | 2014 Totals |
|--|---------------------------------------|--|--|--|--|--|--|--|
| | Attawapiskat Resources Inc. (Audited) | Attawapiskat Limited Partnership (Audited) | Attawapiskat Catering Inc. (Unaudited) | Attawapiskat Catering Inc. (Unaudited) | Attawapiskat Limited Partnership (Unaudited) | Attawapiskat Limited Partnership (Unaudited) | Attawapiskat Security Inc. (Unaudited) | Kimesskana-menow Corporation (Audited) 33.3% |
| Balance, beginning of year | \$ 1,439,029 | \$ 96,281 | \$ 272,598 | \$ 328,540 | - | \$ (1,365) | \$ 15,607 | \$ 213,996 |
| First Nation's share of earnings (loss) for the year | 211,592 | (8,883) | 2,270 | 150,133 | 478 | 160,107 | 204,929 | 116,377 |
| Balance, end of year | \$ 1,650,621 | \$ 87,398 | \$ 274,868 | \$ 478,673 | \$ 478 | \$ 158,742 | \$ 220,536 | \$ 330,373 |
| | | | | | | | | \$ 3,201,689 |



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DERIVATIVE REPORT BY THE AUDITOR

To the Members of Attawapiskat First Nation:

As specifically agreed, we have performed the auditing procedures described in Appendix A, to assist the AANDC in assessing Attawapiskat First Nation's compliance with the AANDC 2013-2014 Year-End Reporting Handbook for the year ended March 31, 2014. This engagement to apply agreed-upon auditing procedures was performed in accordance with standards established by the Canadian Institute of Chartered Professional Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described in Appendix A either for the purpose for which this report has been requested or for any other purpose.

The results of our procedures are documented in Appendix A. Our audit of the First Nation's financial statements for the year ended March 31, 2014 was not directed to the information in the schedule of salaries, honouraria, and travel expenditures. The procedures in Appendix A do not constitute an audit of the schedule of salaries, honouraria, and travel expenditures and, therefore, we express no opinion on the information in the schedule of salaries, honouraria, and travel expenditures for the year ended March 31, 2014. Had we performed additional procedures, other matters might have come to our attention that we would have reported to you.

This letter is for use solely by the AANDC in assessing the First Nation's compliance with the AANDC 2013-2014 Year-End Reporting Handbook and is not intended to be and should not be used by anyone else or for any other purpose.

Timmins, Ontario
July 31, 2014

Ross Pope LLP
Chartered Professional Accountants
Licensed Public Accountants

APPENDIX A

| SPECIFIED AUDITING PROCEDURES ON THE ANNUAL INFORMATION | RESULT OF SPECIFIED AUDITING PROCEDURES ON THE ANNUAL INFORMATION RETURN |
|--|--|
| 1. Compared the amounts disclosed on this schedule to the books and records of Attawapiskat First Nation for the year ending March 31, 2014. | We found the records to be in agreement. |
| 2. Added and cross-added the schedule. | We found it to be arithmetically correct. |

SCHEDULE D

ATTAWAPISKAT FIRST NATION

CONSOLIDATED SCHEDULE OF SALARIES, HONOURARIA AND TRAVEL EXPENDITURES

YEAR ENDED MARCH 31, 2014

(UNAUDITED - SEE DERIVATIVE REPORT BY THE AUDITOR)

In accordance with the reporting requirements of Aboriginal Affairs and Northern Development Canada, payments made to First Nation officials were as follows:

| | Number of Months* | Salary and Honouraria | Travel Expenses | Other Remuneration | Total |
|--------------------------------|-------------------|-----------------------|-----------------|--------------------|-----------|
| ELECTED OFFICIALS | | | | | |
| Chief - Theresa Spence | 12 | \$ 82,984 | \$ 14,230 | - | \$ 97,214 |
| Deputy Chief - Gerald Mattinas | 4 | 35,643 | 7,758 | - | 43,401 |
| Deputy Chief - Louis Edwards | 8 | 40,030 | 1,352 | - | 41,382 |
| Councillors | | | | | |
| Steve Hookimaw | 4 | 6,300 | 1,634 | - | 7,934 |
| Margaret Okimaw-Lavalley | 4 | 21,588 | 2,794 | - | 24,382 |
| Xavier Hookimaw | 12 | 14,460 | - | - | 14,460 |
| Christine Kataquapit | 4 | 16,738 | 3,406 | - | 20,144 |
| Mike Okimaw | 12 | 15,810 | 9,248 | - | 25,058 |
| Andrew Koostachin | 12 | 71,260 | 2,620 | - | 73,880 |
| Jerry Nakogee | 4 | 6,025 | 2,621 | - | 8,646 |
| Moses Hookimaw | 12 | 29,350 | - | - | 29,350 |
| Benoit Okitchquo | 4 | 12,194 | - | - | 12,194 |
| Christopher Kataquapit | 4 | 8,550 | 2,621 | - | 11,171 |
| Cecile Rose | 8 | 7,860 | - | - | 7,860 |
| Charlie Kebokee | 8 | 7,160 | - | - | 7,160 |
| Louis Sutherland | 8 | 15,300 | 3,300 | - | 18,600 |
| Raymond Metatawabin | 8 | 39,354 | 3,195 | - | 42,549 |
| Rosaire Hookimaw | 8 | 10,200 | 1,594 | - | 11,794 |
| Sylvia Metatawabin | 8 | 8,760 | 4,419 | - | 13,179 |
| Annabella Iahtail | 8 | 12,550 | 3,712 | - | 16,262 |

* Elections were held in August, 2013

| | | Actual salary or approved salary | | |
|----------------------------|----|----------------------------------|--------|---|
| UNELECTED OFFICIALS | | | | |
| Executive Director | 12 | 78,000 | 39,123 | - |
| Technical Services Manager | 12 | 81,804 | 12,253 | - |

SCHEDULE D (CONT'D)

ATTAWAPISKAT FIRST NATION

CONSOLIDATED SCHEDULE OF SALARIES, HONOURARIA AND TRAVEL EXPENDITURES (CONT'D)

YEAR ENDED MARCH 31, 2014

(UNAUDITED - SEE DERIVATIVE REPORT BY THE AUDITOR)

| | Number of Months | Salary and Honouraria | Travel Expenses | Other Remuneration | Total |
|------------------------------------|---------------------|--------------------------|--------------------|-----------------------|--------|
| EDUCATION AUTHORITY | | | | | |
| BOARD MEMBERS | | | | | |
| Andrew Koostachin | 12 | 7,150 | - | - | 7,150 |
| Annabella Iahtail | 12 | 9,300 | - | - | 9,300 |
| Greg Koostachin | 5 | 3,150 | - | - | 3,150 |
| Ignace Gull | 4 | 3,000 | - | - | 3,000 |
| Jackie Shisheesh | 12 | 8,500 | - | - | 8,500 |
| John B. Nakogee | 12 | 13,600 | 14,003 | - | 27,603 |
| Madeline Kioke | 5 | 3,600 | - | - | 3,600 |
| Margaret Okimaw-Lavally | 12 | 6,550 | - | - | 6,550 |
| Monique Edwards | 5 | 3,600 | - | - | 3,600 |
| Roger Nakogee | 12 | 7,700 | - | - | 7,700 |
| Rollande Hookimaw | 12 | 8,450 | - | - | 8,450 |
| Steve Hookimaw | 12 | 3,800 | - | - | 3,800 |
| Trevor Koostachin | 12 | 4,800 | - | - | 4,800 |
| Approved salary or salary range | | | | | |
| ADMINISTRATION | | | | | |
| Manager of Business Services | 12 | 67,890 | 6,838 | - | 74,728 |

Approved by:

Shereen Spence
Chief

C
Councilor