

EAGLE LAKE FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

EAGLE LAKE FIRST NATION

MANAGEMENT'S REPORT

FOR THE YEAR ENDED MARCH 31, 2015

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of Eagle Lake First Nation are the responsibility of management and have been approved by the Council.

The 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 of the Canadian Institute of Chartered Accountants and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

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 Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditor's report.

The external auditors, Heartland Chartered Accountants LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Eagle Lake First Nation and meet when required.

On behalf of Eagle Lake First Nation:

 CHIEF

 COUNCILLOR

 COUNCILLOR

_____ COUNCILLOR

August 28, 2015



INDEPENDENT AUDITOR'S REPORT

To the Members of Eagle Lake First Nation:

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Eagle Lake First Nation, which comprise the consolidated statement of financial position as at March 31, 2015 and the consolidated statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended, and the notes to the financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of 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 an 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 consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

The consolidated financial statements include results from six government business enterprises which were not subject to audit. The six enterprises are listed in Note 1c to the consolidated financial statements.

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 consolidated financial position of Eagle Lake First Nation as at March 31, 2015 and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Winnipeg, Manitoba
August 28, 2015

CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

EAGLE LAKE FIRST NATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2015

	<u>2015</u>	<u>2014</u>
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	\$ 2,286,902	3,409,157
Accounts receivable (Note 3)	228,219	254,969
Trust funds held by the federal government (Note 4)	<u>84,509</u>	<u>82,182</u>
	<u>2,599,630</u>	<u>3,746,308</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 7)	423,667	434,551
Incomplete projects (Note 8)	1,949,226	2,940,746
Long-term debt (Note 9)	<u>1,419,300</u>	<u>1,559,430</u>
	<u>3,792,193</u>	<u>4,934,727</u>
NET DEBT	\$ <u><u>1,192,563</u></u>	<u><u>1,188,419</u></u>
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 6)	<u>8,928,328</u>	<u>9,640,169</u>
	\$ <u><u>8,928,328</u></u>	<u><u>9,640,169</u></u>
ACCUMULATED SURPLUS	\$ <u><u>7,735,765</u></u>	<u><u>8,451,750</u></u>

APPROVED ON BEHALF OF THE FIRST NATION:

 CHIEF

 COUNCILLOR

 COUNCILLOR

_____ COUNCILLOR

EAGLE LAKE FIRST NATION

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED MARCH 31, 2015

	2015	2014
REVENUES		
AANDC (Page 13)	\$ 2,330,827	2,215,320
Health Canada (Page 37)	682,188	701,815
Federal Government - other	32,640	23,300
Province of Ontario	863,923	884,080
Business enterprises - net	(205,936)	(139,714)
CMHC - rental subsidies	63,715	77,292
Other	768,177	920,292
Net transfer from (to) incomplete projects	991,520	1,156,186
	<u>5,527,054</u>	<u>5,838,571</u>
EXPENSES		
Community development	1,372,969	1,214,022
Economic development	209,971	188,709
Education	1,262,229	1,064,932
Government support	442,486	519,916
Social development	803,039	704,205
Health	902,288	736,524
Amortization	1,151,229	1,097,678
Other	98,828	81,373
	<u>6,243,039</u>	<u>5,607,359</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER EXPENSES	(715,985)	231,212
Impairment of investment (Note 5)	<u>-</u>	<u>400,000</u>
ANNUAL DEFICIT	<u>(715,985)</u>	<u>(168,788)</u>
ACCUMULATED SURPLUS AT BEGINNING OF YEAR	<u>8,451,750</u>	<u>8,620,538</u>
ACCUMULATED SURPLUS AT END OF YEAR	<u><u>\$ 7,735,765</u></u>	<u><u>8,451,750</u></u>

EAGLE LAKE FIRST NATION

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

FOR THE YEAR ENDED MARCH 31, 2015

	<u>2015</u>	<u>2014</u>
ANNUAL SURPLUS (DEFICIT)	\$ (715,985)	231,212
Acquisition of tangible capital assets	(439,388)	(303,683)
Amortization of tangible capital assets	<u>1,151,229</u>	<u>1,097,678</u>
CHANGE IN NET DEBT	(4,144)	1,025,207
NET DEBT AT BEGINNING OF YEAR	<u>1,188,419</u>	<u>2,213,626</u>
NET DEBT AT END OF YEAR	\$ <u><u>1,192,563</u></u>	<u><u>1,188,419</u></u>

EAGLE LAKE FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2015

	<u>2015</u>	<u>2014</u>
OPERATING TRANSACTIONS		
Annual deficit	\$ (715,985)	(168,788)
Items not affecting cash:		
Amortization	1,151,229	1,097,678
Impairment of investment	<u>-</u>	<u>400,000</u>
	435,244	1,328,890
Change in non-cash charges to operations		
Accounts receivable	26,750	39,395
Trust funds held by the federal government	(2,327)	(2,029)
Accounts payable and accrued liabilities	(10,884)	(260,211)
Incomplete projects	<u>(991,520)</u>	<u>(1,156,186)</u>
Cash provided by (applied to) operating transactions	<u>(542,737)</u>	<u>(50,141)</u>
CAPITAL TRANSACTIONS		
Purchase of tangible capital assets	<u>(439,388)</u>	<u>(303,683)</u>
FINANCING TRANSACTIONS		
Debt retirement	<u>(140,130)</u>	<u>(271,580)</u>
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,122,255)	(625,404)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>3,409,157</u>	<u>4,034,561</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ <u>2,286,902</u>	<u>3,409,157</u>

EAGLE LAKE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

1) SUMMARY OF 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 of the Canadian Institute of Chartered Accountants.

b) Reporting entity

The Eagle Lake First Nation reporting entity includes the Eagle Lake 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 the commercial enterprises which meet the definition of government business enterprise, which are included in the Consolidated Financial Statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Under the modified equity method of accounting, only Eagle Lake First Nations investment in the government business enterprise and 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 Eagle Lake First Nation.

Organizations accounted for on an modified equity basis:

- Ojibway Paradise Resort
- Bingo Palace
- 1157065 Ontario Inc. (o/a Eagle Lake Contractors)
- Migisi Logging
- Recreation (Arena) Operations
- Concession Operation

d) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and term deposits having a maturity of three months or less at acquisition which are held for the purpose of meeting short-term cash commitments.

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 acquired after March 31, 1999 are recorded at cost, which 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. Tangible capital assets acquired prior to April 1, 1999 were recorded at insured values at that date.

EAGLE LAKE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Tangible capital assets (continued)

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and Eagle Lake First Nation incremental cost of borrowing.

Amortization is provided at the following rates and methods:

Buildings - CMHC	Amount of principal repayment of mortgage
Buildings - other	5% straight line
Infrastructure	5% straight line
Equipment	20% straight line
Vehicles	30% straight line

Tangible capital assets are written down when conditions indicate that they no longer contribute to Eagle Lake 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. Transfers of capital assets from related parties are recorded at carrying value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and 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, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

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

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

EAGLE LAKE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Measurement uncertainty

In preparing the consolidated financial statements for Eagle Lake First Nation, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent liabilities, at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Items requiring the use of significant estimates include the allowance for doubtful accounts and the estimated life of tangible capital assets. Actual results could differ from these estimates.

2) CASH AND CASH EQUIVALENTS

Under the terms of an agreement with Canada Mortgage and Housing Corporation, Eagle Lake 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 fund 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 Replacement Reserve Fund. Cash and cash equivalents is comprised of the following:

	<u>2015</u>	<u>2014</u>
Externally restricted		
Replacement Reserve Fund	\$ 151,383	150,648
Operating Surplus Fund	84,171	84,171
Internally restricted		
Incomplete projects	1,949,226	2,940,746
Unrestricted	186,293	317,763
Total cash and cash equivalents	<u><u>\$ 2,286,902</u></u>	<u><u>3,409,157</u></u>

3) ACCOUNTS RECEIVABLE

	<u>2015</u>	<u>2014</u>
Trade receivables	\$ 173,022	185,787
Due to government and other government organizations		
Federal government		
Aboriginal Affairs and Northern Development Canada	-	3,000
Health Canada	21,179	21,179
Canada Mortgage and Housing Corporation	13,240	5,690
Provincial government	20,778	39,313
Total Accounts Receivable	<u><u>\$ 228,219</u></u>	<u><u>254,969</u></u>

EAGLE LAKE FIRST NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2015

4) TRUST FUNDS HELD BY THE FEDERAL GOVERNMENT

	<u>March 31, 2014</u>	<u>Additions 2015</u>	<u>Withdrawals 2015</u>	<u>March 31, 2015</u>
Revenue	\$ 27,773	2,327	-	30,100
Capital	54,409	-	-	54,409
	<u>\$ 82,182</u>	<u>2,327</u>	<u>-</u>	<u>84,509</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.

5) INVESTMENT

The First Nation has subscribed to a 10 % interest in Two Feathers Forest Products LP ("TFFP"). During the prior year, the First Nation determined that TFFP's bankruptcy has impaired the future recoverability of the investment by the First Nations. Accordingly, an impairment loss of \$400,000 was recorded in the prior year.

6) TANGIBLE CAPITAL ASSETS

	<u>2015</u>		<u>2014</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Cost</u>	<u>Accumulated Amortization</u>
Buildings - CMHC	\$ 2,781,620	396,306	2,781,620	357,093
Buildings - other	17,448,580	11,848,921	16,835,601	10,976,491
Buildings under construction	-	-	173,590	-
Infrastructure	4,199,190	3,278,910	4,199,190	3,068,951
Equipment	1,342,393	1,330,735	1,342,393	1,317,826
Vehicles	519,025	507,608	519,025	490,889
	<u>\$ 26,290,808</u>	<u>17,362,480</u>	<u>25,851,419</u>	<u>16,211,250</u>
Net book value		<u>\$ 8,928,328</u>		<u>\$ 9,640,169</u>

7) ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2015</u>	<u>2014</u>
Trade payables	\$ 185,300	191,579
Vacation pay accrual	62,928	66,939
Due to government and other government organizations		
Federal government	166,207	166,207
Provincial government	9,232	9,826
	<u>\$ 423,667</u>	<u>434,551</u>

EAGLE LAKE FIRST NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2015

7) ACCOUNTS PAYABLE AND ACCRUED LIABILITIES (continued)

The vacation pay liability is comprised of the vacation pay that employees are deferring to future years. Employees have either earned the benefits or are entitled to these benefits within the next budgetary year.

8) INCOMPLETE PROJECTS

	Balance March 31, 2014	Funding Received 2015	Revenue Recognized 2015	Balance March 31, 2015
<u>Federal Government</u>				
Capital projects	\$ 5,900	-	(3,823)	2,077
Other	19,930	-	(11,216)	8,714
	<u>25,830</u>	<u>-</u>	<u>(15,039)</u>	<u>10,791</u>
<u>Provincial Government</u>				
Capital projects	76,190	-	-	76,190
<u>Other</u>				
Restricted contributions	2,838,726	620,186	(1,596,667)	1,862,245
	<u>\$ 2,940,746</u>	<u>620,186</u>	<u>(1,611,706)</u>	<u>1,949,226</u>

9) LONG-TERM LIABILITIES

	2015	2014
CMHC - Capital Fund		
5.19% mortgage payable at \$291 monthly including principal and interest, maturing January 1, 2022, secured by 1 rental house	\$ 20,108	22,505
2.35% mortgage payable at \$4,769 monthly including principal and interest, maturing July 1, 2033, secured by 14 rental houses	852,403	889,219
Royal Bank of Canada - Community Building expansion loan		
The loan is repayable at \$8,333 monthly plus interest at Royal Bank prime plus 1.45%	546,789	647,706
	<u>\$ 1,419,300</u>	<u>1,559,430</u>

Anticipated annual principal payments over the next five years are as follows:

March 31, 2016	141,020
March 31, 2017	142,046
March 31, 2018	143,102
March 31, 2019	144,185
March 31, 2020	145,300

EAGLE LAKE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

10) EXPENSES BY OBJECT

The following is a summary of expenses by object:

	<u>2015</u>	<u>2014</u>
Salaries, wages and benefits	\$ 2,319,501	1,925,389
Staff development	83,626	67,620
Supplies and services	1,830,454	1,538,147
Interest	44,208	61,317
Professional services	225,747	232,693
Rental expenditures	88,748	84,054
Fees and contract services	499,526	600,461
Amortization	1,151,229	1,097,678
Impairment of investment	-	400,000
	<u><u>\$ 6,243,039</u></u>	<u><u>6,007,359</u></u>

11) COMPARATIVE FIGURES

Comparative figures have been provided where practicable in the Schedules of Revenue and Expenditures. Certain comparative figures have been reclassified to conform to the current year's method of presentation.