

**Northwest Angle #37**  
**First Nation**  
Financial Statements  
For the year ended March 31, 2014

## Contents

---

Management's Responsibility for Financial Reporting	2
Independent Auditor's Report	3
<b>Financial Statements</b>	
Statement of Financial Position	5
Statement of Operations	6
Statement of Changes in Net Debt	7
Statement of Cash Flows	8
Summary of Significant Accounting Policies	9
Notes to Financial Statements	10
Segmented Financial Information	16

---

## Northwest Angle #37 First Nation Management's Responsibility for Financial Reporting

---

The accompanying financial statements of Northwest Angle #37 First Nation and all the information in this annual report are the responsibility of the First Nations' management and have been approved by the Chief and Council.

The 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 judgements of management.


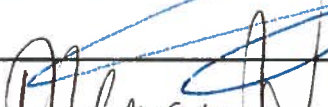
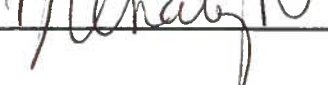
Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The First Nation 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 financial statements.

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

The external auditors, BDO Canada LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of Northwest Angle #37 First Nation and meet when required.

On behalf of Northwest Angle #37 First Nations:

	Chief
	Councillor
	Councillor

---

## Independent Auditor's Report

---

### To the Members Northwest Angle #37 First Nation

We have audited the accompanying financial statements of Northwest Angle #37 First Nation, which comprise the statement of financial position as at March 31, 2014, and the statement of operations, statement of changes in net debt and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 qualified audit opinion.

#### Basis of Qualified Opinion

The Summary of Significant Accounting Policies describes the capitalization policies with respect to the First Nation's tangible capital assets. The First Nation has not completed an assessment of their tangible capital assets with respect to PS 3150 Tangible Capital Assets adoption. The capital assets recorded are only those assets that have been acquired since 1996 and as such the tangible capital asset amounts reported may not be complete. The First Nation has not reviewed the remaining useful lives or condition of recorded capital assets which may impact the valuation of capital assets and the accuracy and completeness of accumulated amortization. This caused us to modify our audit opinion on the financial statements relating to the year ended March 31, 2014. Accordingly, we were unable to determine whether any adjustments might be necessary to tangible capital assets, accumulated amortization and accumulated surplus as at April 1, 2012 and 2013 and March 31, 2013 and 2014 and amortization expense and annual surplus for the years ended March 31, 2013 and 2014.

### Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Northwest Angle #37 First Nation as at March 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Chartered Accountants, Licensed Public Accountants



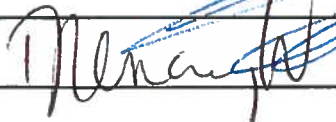
Kenora, Ontario  
November 14, 2014

# Northwest Angle #37 First Nation

## Statement of Financial Position

March 31	2014	2013
<b>Financial Assets</b>		
Cash	\$ 97,655	\$ 139,196
Accounts receivable (Note 1)	1,057,955	479,074
CMHC Replacement and operating reserve funds (Note 2)	168,614	174,114
	<u>1,324,224</u>	<u>792,384</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 4)	298,733	206,001
Deferred revenue (Note 5)	515,564	119,925
Long term debt (Note 6)	1,184,970	1,164,754
	<u>1,999,267</u>	<u>1,490,680</u>
<b>Net Debt</b>	<u>(675,043)</u>	<u>(698,296)</u>
<b>Non-Financial Assets</b>		
Prepaid expenses	21,089	8,710
Capital assets (Note 3)	5,626,287	5,973,283
	<u>5,647,376</u>	<u>5,981,993</u>
<b>Accumulated surplus (Note 8)</b>	<u>\$ 4,972,333</u>	<u>\$ 5,283,697</u>

Approved on behalf of the First Nation:

	Chief
	Councillor
	Councillor

# Northwest Angle #37 First Nation

## Statement of Operations

For the year ended March 31	2014	2013
<b>Revenue</b>		
Aboriginal Affairs and Northern Development Canada	\$ 2,139,987	\$ 2,147,179
Ministry of Community and Social Services	365,737	277,201
Health Canada	447,658	410,366
Ministry of Aboriginal Affairs	269,044	196,753
AKRC/GCT #3	74,080	28,562
Canadian Mortgage and Housing Corporation	85,272	48,689
Ontario First Nations Limited Partnership (Casino Rama)	680,416	680,814
Shooniyaa Wa Biitong	54,804	54,155
Other	187,630	191,158
Program transfers and administration fees	515,990	927,775
	<b>4,820,618</b>	<b>4,962,652</b>
Revenue deferred from prior year	119,925	430,850
Revenue deferred to subsequent year	(515,564)	(119,925)
Less: program transfers	(515,990)	(927,775)
	<b>3,908,989</b>	<b>4,345,802</b>
<b>Expenses (excluding capitalized expenditures)</b>		
Administration	558,461	488,355
Daycare	35,955	44,423
Social Services	63,316	71,107
Instructional Services	243,918	268,553
Provincial Education	269,480	222,467
Post Secondary Education	322,199	322,199
Special Education	203,471	203,381
Health	548,523	503,309
Aboriginal Diabetes Education	-	3,767
Healthy Babies	31,401	60,802
Kenora Health Access Centre Health Promotion	-	5,000
Aboriginal Healing and Wellness	83,454	66,782
Operations and Maintenance	429,928	435,345
Capital Programs	163,795	130,683
CMHC Housing Programs	74,817	54,949
Ontario Works Program	246,916	154,565
Economic Development	44,214	42,000
Training and Summer Student Programs	83,728	129,010
Casino Rama	409,010	899,897
Other Educational Programs	31,632	34,155
First Nation Training (WTPO)	7,641	4,699
Flood Claims Negotiations - Provincial	95,000	133,917
Flood Claims Negotiations - Federal	45,757	50,782
New Relationship Fund	80,000	80,000
Safe Water Operations Program	145,400	145,400
Treaty Land Entitlement Claim - Provincial	63,194	-
Treaty Land Entitlement Claim - Federal	34,477	68,877
Right to Play	15,715	-
CMHC - Other Programs	56,245	-
Communications and Engagement Fund	1,700	-
Amortization	346,996	277,305
	<b>4,736,343</b>	<b>4,901,729</b>
Less: Program Transfers	(515,990)	(927,775)
	<b>4,220,353</b>	<b>3,973,954</b>
<b>Annual surplus</b>	<b>(311,364)</b>	<b>371,848</b>
<b>Accumulated surplus, beginning of year</b>	<b>5,283,697</b>	<b>4,911,849</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 4,972,333</b>	<b>\$ 5,283,697</b>

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

## Northwest Angle #37 First Nation Statement of Changes in Net Debt

For the year ended March 31	2014	2013
Annual surplus (deficit) for the year	\$ (311,364)	\$ 371,848
Acquisition of tangible capital assets	-	(575,939)
Amortization of tangible capital assets	346,996	277,305
	<u>35,632</u>	<u>73,214</u>
Acquisition of prepaid expenses	(21,089)	(8,710)
Use/consumption of prepaid expenses	8,710	-
	<u>(12,379)</u>	<u>(8,710)</u>
Net change in debt	23,253	64,504
Net debt, beginning of year	<u>(698,296)</u>	<u>(762,800)</u>
Net debt, end of year	<u>\$ (675,043)</u>	<u>\$ (698,296)</u>

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



# Northwest Angle #37 First Nation

## Statement of Cash Flows

For the year ended March 31	2014	2013
<b>Operating activities</b>		
Annual surplus (deficit) for the year	\$ (311,364)	\$ 371,846
Item not affecting cash		
Amortization	346,996	277,305
	35,632	649,151
Changes in non-cash operating balances		
Accounts receivable	(578,881)	76,828
Accounts payable	92,736	(250,258)
Deferred revenue	395,638	(310,925)
Prepaid expenses	(12,382)	(8,710)
	(67,257)	156,086
<b>Financing activities</b>		
Net change in long term debt	20,216	237,587
<b>Investing activities</b>		
Purchase of capital assets	-	(575,939)
Increase in reserve funds	5,500	(53,324)
	5,500	(629,263)
<b>Decrease in cash</b>	<b>(41,541)</b>	<b>(235,590)</b>
<b>Cash, beginning of year</b>	<b>139,196</b>	<b>374,786</b>
<b>Cash, end of year</b>	<b>\$ 97,655</b>	<b>\$ 139,196</b>

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

---

## Northwest Angle #37 First Nation

### Summary of Significant Accounting Policies

March 31, 2014

---

<b>Basis of Consolidation</b>	These financial statements include the assets, liabilities, fund balances, revenues and expenditures of the First Nation. There are no other known entities or corporations that should be included in these financial statements.										
<b>Basis of Accounting</b>	These financial statements have been prepared using Canadian public sector accounting standards for local government entities as defined in the CICA Public Sector Accounting Handbook with reference to Aboriginal Affairs and Northern Development Canada Year End Reporting Handbook.										
<b>Capital Assets</b>	<p>Capital assets are expensed at the time of acquisition against the related program funding. Effective April 1, 1996, capital assets are reported on the statement of financial position at cost with an offsetting amount to investment in capital assets. Additions over \$5,000 are subject to the capitalization policy. Capital assets purchased without financing are amortized annually with a corresponding reduction in investment in capital assets as follows:</p> <table><tr><td>Automobiles</td><td>- 30% diminishing balance</td></tr><tr><td>Buildings</td><td>- 4% diminishing balance</td></tr><tr><td>Community Infrastructure</td><td>- 5% diminishing balance</td></tr><tr><td>Equipment</td><td>- 20% diminishing balance</td></tr><tr><td>Roads</td><td>- 5% diminishing balance</td></tr></table> <p>Capital assets purchased with loans secured by CMHC are amortized at a rate consistent with the debt repayment schedule.</p>	Automobiles	- 30% diminishing balance	Buildings	- 4% diminishing balance	Community Infrastructure	- 5% diminishing balance	Equipment	- 20% diminishing balance	Roads	- 5% diminishing balance
Automobiles	- 30% diminishing balance										
Buildings	- 4% diminishing balance										
Community Infrastructure	- 5% diminishing balance										
Equipment	- 20% diminishing balance										
Roads	- 5% diminishing balance										
<b>Deferred Revenue</b>	Deferred revenue consists of unspent, accountable contributions for programs which are not complete at the year end. The unspent revenue is carried forward to be matched with the expenses to be incurred in the subsequent year.										
<b>Revenue Recognition</b>	Revenues from government grants are recognized only after final approval has been received from the funding agency. Funding for prior year deficits or recovery for prior year surpluses are recorded in the year incurred.										
<b>Use of Estimates</b>	The preparation of financial statements in accordance with Canadian public sector accounting standards 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.										

# Northwest Angle #37 First Nation

## Notes to Financial Statements

March 31, 2014

### 1. Accounts Receivable

	2014	2013
Aboriginal Affairs and Northern Development Canada	\$ 604,748	\$ 287,803
Due from First Nations Members	-	159,567
HST rebates	35,000	51,829
Anishinaabeg of Kabapikotawangag Resource Council Inc.	89,065	65,866
Shooniyaa Wa-Biitong	33,818	4,273
Canada Mortgage and Housing Corporation	25,884	3,698
Province of Ontario	8,092	29,222
Health Canada	247,734	-
Ministry of Health and Long Term Care	1,789	-
Other	11,825	5,109
Allowance for doubtful accounts	-	(128,293)
	<u>\$ 1,057,955</u>	<u>\$ 479,074</u>

### 2. Canada Mortgage and Housing Corporation Replacement Reserve Funds

The Canada Mortgage and Housing Corporation replacement reserve funds are restricted funds to be held in separate bank accounts and/or invested only in accounts or instruments insured by the Canadian Deposit Insurance Corporation. The funds in the accounts may only be drawn down for authorized major renovations and repairs.

# Northwest Angle #37 First Nation

## Notes to Financial Statements

March 31, 2014

### 3. Capital Assets

	Cost			Accumulated Amortization			2014	2013
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Disposals and Write-downs		
Buildings	\$ 5,421,849	\$ -	\$ -	\$ 5,421,849	\$ 1,171,787	\$ -	\$ 4,080,060	\$ 4,250,062
Community infrastructure and roads	535,744	-	-	535,744	67,910	-	378,788	467,834
Equipment	473,214	-	-	473,214	303,035	-	136,143	170,179
Automotive	288,086	-	-	288,086	211,951	-	53,294	76,135
Buildings - CMHC	503,063	-	-	503,063	503,063	-	-	-
Buildings - CMHC Phase 1	1,214,517	-	-	1,214,517	205,444	-	978,002	1,009,073
	<u>\$8,436,473</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$8,436,473</u>	<u>\$2,463,190</u>	<u>\$ -</u>	<u>\$ 5,626,287</u>	<u>\$ 5,973,283</u>

# Northwest Angle #37 First Nation

## Notes to Financial Statements

March 31, 2014

### 4. Accounts Payable and Accruals

	2014	2013
Trade and other payables	\$ 279,217	\$ 192,521
Payroll payables	19,516	13,480
Surpluses repayable	-	-
	<u>\$ 298,733</u>	<u>\$ 206,001</u>

### 5. Deferred Revenue

	Opening Balance	Funding Received	Revenue Recognized	Closing Balance 2014	Closing Balance 2013
Casino Rama	\$ 109,392	\$ 680,416	\$ (409,009)	\$ 380,799	\$ 109,392
Other programs	10,533	229,547	(105,315)	134,765	10,533
	<u>\$ 119,925</u>	<u>\$ 909,963</u>	<u>\$ (514,324)</u>	<u>\$ 515,564</u>	<u>\$ 119,925</u>

### 6. Long Term Debt

	2014	2013
CMHC Mortgage on CMHC phase 1 project, total loan \$825,000, repayable \$3,516 monthly, commencing May 1, 2007 including interest at 1.65%, secured by a Ministerial Guarantee, advanced to date	\$ 659,637	\$ 690,708
Loan advance from Aboriginal Affairs and Northern Development Canada, in connection with the treaty land entitlement, repayable from flood claim proceeds upon receipt of the proceeds or by March 31, 2018 if no proceeds are received	218,140	195,626
Loan advance from Aboriginal Affairs and Northern Development Canada, in connection with research and negotiation of the Treaty Land Entitlement Claim. Repayable on the earlier of March 31, 2018 or the date on which the claim is settled	307,193	278,420
	<u>\$ 1,184,970</u>	<u>\$ 1,164,754</u>

# Northwest Angle #37 First Nation

## Notes to Financial Statements

March 31, 2014

### 6. Long Term Debt - continue

Principal payments due in the next four years are as follows:

Year	Amount
2015	\$ 31,941
2016	32,472
2017	26,408
2018	1,094,149

### 7. Ottawa Trust Fund

	2014	2013
Balance, beginning of year	\$ 78,737	\$ 76,849
Add:		
Investment income	1,994	1,888
Balance, end of year	<u>\$ 80,731</u>	<u>\$ 78,737</u>

These amounts are not carried on the statement of financial position and are presented here solely for information purposes only. The amounts on deposit with the Government of Canada are audited by the Auditor General for Canada. If the First Nation accesses these funds at a future time, they will be recognized as revenue in the year accessed.

### 8. Accumulated Surplus

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

	2014	2013
Current funds	\$ (154,867)	\$ (98,115)
Investment in capital assets	4,966,650	5,222,389
CMHC reserve funds	160,550	159,423
	<u>\$ 4,972,333</u>	<u>\$ 5,283,697</u>

## Northwest Angle #37 First Nation Notes to Financial Statements

March 31, 2014

### 8. Accumulated Surplus - continued

	<u>2014</u>	<u>2013</u>
<b>Replacement Reserve #22-288-781-001</b>		
Balance, beginning of year	\$ 56,100	\$ 46,750
Add:		
Replacement reserve contributions	<u>9,350</u>	<u>9,350</u>
Balance, end of year	<u>\$ 65,450</u>	<u>\$ 56,100</u>
 <b>Operating Reserve #22-288-781-001</b>		
Balance, beginning of year	\$ 103,323	\$ 95,664
Add:		
Transfer from operations	<u>(8,223)</u>	<u>7,659</u>
	<u>\$ 95,100</u>	<u>\$ 103,323</u>
 <b>Total Reserve Funds</b>	 <u>\$ 160,550</u>	 <u>\$ 159,423</u>

### 9. Bank Line of Credit

The First Nation has in place a line of credit at the Canadian Imperial Bank of Commerce. The line of credit has a limit of \$40,000 and bears interest at a rate of prime plus 3.5%. At March 31, 2014, the line of credit was not utilized.

### 10. Economic Dependence

The First Nation receives the majority of its revenue from government sources. In the event that this funding is discontinued, the First Nation would have to find alternative funding or discontinue some or all of its programs.

---

## Northwest Angle #37 First Nation

### Notes to Financial Statements

March 31, 2014

---

#### 11. Federal Assistance Payments

The First Nation has received Federal assistance through CMHC pursuant to Section 95 of the National Housing Act to reduce mortgage interest expense to enable the First Nation to provide housing to low-income individuals. The amount of assistance received during the year was \$44,372 (2013 - \$46,289).

---

#### 12. Budgets

The budget approved by Chief and Council was not prepared on a consolidated basis and does not include all of the activities of the First Nation. As a result, budget figures are only presented on a non-consolidated basis for programs where available.

---

#### 13. Segmented Financial Information

Northwest Angle #37 First Nation is a diversified local government that provides a wide range of services to its citizens and members, including band administration, education, health, economic development, social services, housing, Casino Rama, and capital, operations and maintenance. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis.

##### Band Administration

Administration is comprised of the administration and finance department. This department performs a management and administrative role by holding Council Meetings to administer the delivery of programs and services and to help develop a strategy for the future.

##### Education

Education and educational programs are responsible for providing the resources necessary to enhance the educational development of community members.

##### Health

The First Nation operates a variety of health programs to provide health awareness and prevention and assistance programs for community members.

##### Economic Development and Social Services

Economic development and social services provide a variety of services and programs to improve the economic and social well-being of community members.

##### Casino Rama

Casino Rama programs provide assistance in a variety of First Nation initiatives including community development, economic development, cultural development, education and health.

##### Capital, Operations and Maintenance

Capital, operations and maintenance programs develop and maintain community infrastructure.



# Northwest Angle #37 First Nation Schedule of Revenue and Expenses Segmented Financial Information

For the year ended March 31, 2014

	Administration	Education	Health	Economic Development and Social Services	Casino Rama	Operations and Maintenance	Capital, Operations and Maintenance	Total
<b>Revenue</b>								
Grants	\$ 388,699	\$ 1,033,677	\$ 717,398	\$ 745,711	\$ 409,010	\$ 573,512	\$ 573,512	\$ 3,868,007
User fees and other	371,642	-	95,510	83,866	-	-	-	551,018
	760,341	1,033,677	812,908	829,577	409,010	573,512	573,512	4,419,025
<b>Expenses</b>								
Administration and office	182,281	71,227	62,670	87,107	-	37,811	37,811	441,096
Supplies and program expenses	89,899	661,708	322,242	537,010	409,010	361,053	361,053	2,380,922
Rent and utilities	34,480	28,656	19,757	2,400	-	75,574	75,574	160,867
Travel and training	50,045	50,333	105,855	61,071	-	13,417	13,417	280,721
Honorariums, salaries and benefits	284,597	258,775	298,254	205,034	-	105,325	105,325	1,151,985
	641,302	1,070,699	808,778	892,622	409,010	593,180	593,180	4,415,591
<b>Net revenue (expense) for the year</b>	\$ 119,039	\$ (37,022)	\$ 4,130	\$ (63,045)	\$ -	\$ (19,668)	\$ (19,668)	\$ 3,434