

**Iskatewizaagegan No. 39 Independent  
First Nation  
Consolidated Financial Statements  
For the year ended March 31, 2015**

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**Iskatewizaagegan No. 39 Independent First Nation**  
**Consolidated Financial Statements**  
For the year ended March 31, 2015

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## Management's Responsibility for Financial Reporting

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The accompanying financial statements of the Iskatewizaagegan No. 39 Independent First Nation and all the information in this annual report are the responsibility of management and have been approved by the Chief and Council of the Band.

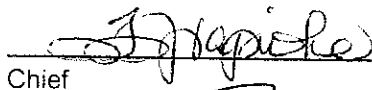
The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it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


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

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

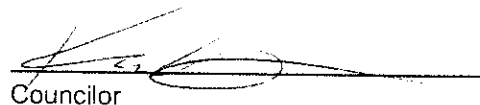
The Chief and Council review the First Nation's financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the financial statements and the external auditors' report. The Chief and Council takes this information into consideration when approving the financial statements for issuance to the Members. The Chief and Council also consider the engagement of the external auditors.

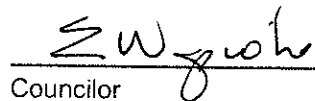
The financial statements have been audited by BDO Canada LLP in accordance with Canadian auditing standards on behalf of the members. BDO Canada LLP has full access to the First Nation Council.

  
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Chief

  
\_\_\_\_\_  
Councilor

\_\_\_\_\_  
Councilor

  
\_\_\_\_\_  
Councilor

  
\_\_\_\_\_  
Councilor



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301 First Avenue S, Suite 300  
Kenora ON P9N 4E9 Canada

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## Independent Auditor's Report

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To the Members of  
Iskatewizaagegan No. 39 Independent First Nation

We have audited the accompanying financial statements of Iskatewizaagegan No. 39 Independent First Nation, which comprise the consolidated statement of financial position as at March 31, 2015 and the consolidated statement of operations, consolidated statement of changes in net debt and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the 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 under 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 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 opinion.

### Basis for 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 years ended March 31, 2015 and 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, 2014 and 2013 and March 31, 2015 and 2014 and amortization expense and annual surplus (deficit) for the years ended March 31, 2015 and 2014.



#### Qualified Opinion

In our opinion, except for the 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 Iskatewizaagegan No. 39 Independent First Nation as at March 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*BDO Canada LLP*

Chartered Accountants, Licensed Public Accountants

Kenora, Ontario  
August 6, 2015

# Iskatewizaagegan No. 39 Independent First Nation

## Consolidated Statement of Financial Position

As at March 31

2015

2014

### Financial Assets

Cash and bank (Note 1)	\$ 135,945	\$ 93,432
Temporary investments (Note 2)	360,000	317,088
Accounts receivable (Note 3)	465,966	411,341
Replacement reserve (Note 10)	66,852	63,178
	<u>1,028,763</u>	<u>885,039</u>

### Liabilities

Bank indebtedness (Note 5)	459,176	1,032,912
Accounts payable and accruals (Note 6)	840,707	586,876
Deferred revenue (Note 7)	139,030	167,200
Long-term debt (Note 8)	920,647	921,413
	<u>2,359,560</u>	<u>2,708,401</u>

### Net Debt

(1,330,797) (1,823,362)

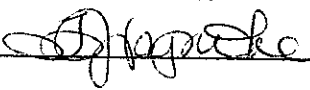
### Non Financial Assets

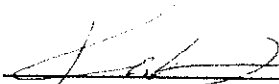
Inventory	54,363	70,504
Prepaid expenses and other current assets	74,689	150,784
Capital assets (Note 9)	13,062,075	13,595,834
	<u>13,191,127</u>	<u>13,817,122</u>


### Accumulated surplus (Note 10)

\$ 11,860,330 \$ 11,993,760

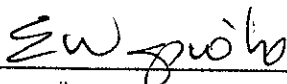
Approved on behalf of the Band Council:

  
Chief

  
Councilor

  
Councilor

  
Councilor

  
Councilor

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

# Iskatewizaagegan No. 39 Independent First Nation

## Consolidated Statement of Operations

For the year ended March 31	Budget	2015	2014
	(Note 14)		
<b>Revenue</b> (Note 13)			
Aboriginal Affairs and Northern Development Canada	\$ 3,574,396	\$ 3,698,488	\$ 3,666,060
Anishinaabe Abinoojii Family Services	18,000	16,994	16,991
Bimose Tribal Council	25,000	29,508	19,856
Casino Rama	-	546,800	532,592
Canada Mortgage and Housing Corporation	41,642	40,852	41,482
Health Canada	692,807	763,519	679,657
Kenora Chiefs Advisory	1,500	59,758	72,154
Ministry of Aboriginal Affairs	90,000	86,500	127,897
Ministry of Community and Social Services	283,552	655,677	632,048
Ministry of Citizenship and Culture	13,842	26,108	15,194
Ministry of Health and Long-Term Care	7,286	47,886	48,443
Ministry of Education	411,659	413,257	253,662
Ministry of Northern Development and Mines	-	-	2,590
Ministry of Tourism, Sport and Culture	-	-	5,379
Other revenue	231,474	317,751	301,163
Rent	57,600	31,230	37,800
Revenue deferred from prior year	167,200	167,200	-
Revenue deferred to subsequent year	-	(139,030)	(167,200)
Sales	-	1,672,441	1,461,132
Shooniia Wa-Biitong	128,504	134,312	96,245
Surplus repayable	-	(1,049)	(12,958)
	5,744,462	8,568,202	7,830,187
<b>Expenses</b>			
Band Support Programs	736,473	719,928	1,056,911
Casino Rama Programs	-	199	928
Economic Development Programs	238,479	262,744	385,626
Social Service Programs	299,876	786,905	774,340
Infrastructure Programs	1,483,547	1,386,229	1,471,730
Training Programs	75,537	68,124	17,626
Education Programs	2,284,658	2,323,524	2,206,415
Health Programs	803,439	879,685	844,230
Child Care Programs	546,710	542,894	547,149
Commercial Enterprises	40,559	1,731,400	1,549,130
	6,509,278	8,701,632	8,854,085
<b>Annual surplus (deficit)</b>	\$ (764,816)	(133,430)	(1,023,898)
<b>Accumulated surplus, beginning of year</b>		11,993,760	13,017,658
<b>Accumulated surplus, end of year</b>		\$ 11,860,330	\$ 11,993,760

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

## Iskatewizaagegan No. 39 Independent First Nation

### Consolidated Statement of Changes in Net Debt

<b>For the year ended March 31</b>	<b>Budget</b>	<b>2015</b>	<b>2014</b>
	(Note 14)		
<b>Annual surplus (deficit) for the year</b>	\$ (764,816)	\$ (133,430)	\$ (1,023,898)
Acquisition of tangible capital assets	-	(285,741)	(291,740)
Amortization of tangible capital assets	819,499	819,499	833,631
	54,683	400,328	(482,007)
Acquisition of prepaid expenses and inventory	-	(129,050)	(221,287)
Use/consumption of prepaid expenses and inventory	-	221,287	98,570
	-	92,237	(122,717)
<b>Net change in net debt</b>	54,683	492,565	(604,724)
<b>Net debt, beginning of year</b>	(1,823,362)	(1,823,362)	(1,218,638)
<b>Net debt, end of year</b>	\$ (1,768,679)	\$ (1,330,797)	\$ (1,823,362)

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



# Iskatewizaagegan No. 39 Independent First Nation

## Consolidated Statement of Cash Flows

For the year ended March 31	2015	2014
<b>Operating activities</b>		
Annual surplus (deficit) for the year	\$ (133,430)	\$ (1,023,898)
Item not affecting cash		
Amortization	819,499	833,631
Changes to non-cash operating balances		
Temporary investments	(42,912)	(3,937)
Accounts receivable	(54,625)	(101,280)
Accounts payable and accruals	253,830	67,920
Deferred revenue	(28,170)	167,200
Inventory	16,141	(26,278)
Prepaid expense and other current assets	76,097	(96,437)
	<u>906,430</u>	<u>(183,079)</u>
<b>Financing activities</b>		
Repayment of long term debt	(40,766)	(43,396)
Proceeds from long term debt	40,000	-
	<u>(766)</u>	<u>(43,396)</u>
<b>Investing activities</b>		
Purchase of capital assets	(285,741)	(291,740)
Increase in reserve fund	(3,674)	(4,110)
	<u>(289,415)</u>	<u>(295,850)</u>
<b>Increase (decrease) in cash</b>	<b>616,249</b>	<b>(522,325)</b>
<b>Cash deficiency, beginning of year</b>	<b>(939,480)</b>	<b>(417,155)</b>
<b>Bank indebtedness, end of year</b>	<b>\$ (323,231)</b>	<b>\$ (939,480)</b>
<b>Consists of:</b>		
Cash and bank	\$ 135,945	\$ 93,432
Bank indebtedness	(459,176)	(1,032,912)
	<u>\$ (323,231)</u>	<u>\$ (939,480)</u>

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

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## **Iskatewizaagegan No. 39 Independent First Nation Summary of Significant Accounting Policies**

**March 31, 2015**

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**Basis of Accounting** These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local government entities, as defined in the CPA Canada Public Sector Accounting Handbook.

These consolidated financial statements were prepared using the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.

**Basis of Consolidation** The Iskatewizaagegan No. 39 Independent First Nation reporting entity includes the Iskatewizaagegan No. 39 Independent First Nation government and all related entities which are accountable to the First Nation and are either owned or controlled by the Iskatewizaagegan No. 39 Independent First Nation.

The following controlled entities' results of operations are included in these financial statements:

Canada Mortgage and Housing Corporation project - 100% controlled  
Ombigi Aawasoon Childcare Centre - 100% controlled  
Social Services - 100% controlled  
Mr. Bubbles Laundromat - 100% owned  
Shoal Lake Landing - 100% owned

**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.

Revenue from the Shoal Lake Landing and Mr. Bubbles Laundromat is recognized at point of sale.

**Measurement Uncertainty** The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make assumptions and estimates that have an effect on the reported amounts of assets and liabilities and disclosure at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could be different from those estimates.

**Inventory** Inventory is valued at the lower of cost and net realizable value and includes the inventory at Shoal Lake Landing and Mr. Bubbles Laundromat.

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## Iskatewizaagegan No. 39 Independent First Nation Summary of Significant Accounting Policies

**March 31, 2015**

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### **Capital Assets**

Prior to April 1, 1996, acquired tangible capital assets were recognized as operating expenses and were not reported in the consolidated statement of financial position.

Subsequent to March 31, 1996, capital assets in excess of \$5,000 are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital assets including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs.

Amortization is recorded over the estimated useful life of the tangible capital asset commencing once the asset is available for productive use using the declining balance basis at the following annual rates:

Housing	5%
Housing renovations	10%
Infrastructure	4 and 10%
Community buildings and renovations	10%
Equipment	10%
Laundromat investment	5 and 6%
Computer equipment	30%
Gravel pit	10%
Vehicles	30%

### **Replacement Reserve Fund**

Under agreement with Canada Mortgage and Housing Corporation (CMHC) the replacement reserve account for project #18-677-518 is to be increased annually by an amount approved by CMHC. The replacement reserve fund, along with accumulated interest is a restricted fund to be held in a separate bank account and/or invested, only in accounts or instruments insured by the Canada Deposit Insurance Corporation. The funds in the accounts may only be drawn for authorized major renovations and repairs.

### **Pension Plan**

The First Nation maintains a defined contribution pension plan for its personnel. Expenses for this plan are equal to the First Nation's required contribution for the year.

# Iskatewizaagegan No. 39 Independent First Nation

## Notes to Financial Statements

March 31, 2015

### 1. Cash and Bank

	2015	2014
<b>Unrestricted</b>		
General	\$ 52,313	\$ -
ATM	34,285	23,438
Casino Rama	30	97
Social Services	49,317	-
	<u>135,945</u>	<u>23,535</u>
<b>Externally Restricted</b>		
Shoal Lake Landing	-	69,897
	<u>\$ 135,945</u>	<u>\$ 93,432</u>

### 2. Temporary Investments

	2015	2014
<b>Externally Restricted</b>		
Non-redeemable GIC, interest earned at 2.10%, maturing January 2020, held as cash collateral on general operating line of credit	\$ 300,000	\$ 317,088
Non-redeemable GIC, interest earned at 2.10%, maturing January 2020, held as cash collateral on landing operating line of credit	60,000	-
	<u>\$ 360,000</u>	<u>\$ 317,088</u>

### 3. Accounts Receivable

	2015	2014
Aboriginal Affairs and Northern Development Canada	\$ 97,503	\$ 70,920
Kenora Chiefs Advisory	-	14,780
Ministry of Education	108,256	81,188
Shooniyaa Wa-Biitong	10,559	10,975
Other government funding	92,153	53,135
Members	88,205	68,281
HST rebates	28,631	30,853
Other	96,226	136,776
Allowance for doubtful accounts	(55,567)	(55,567)
	<u>\$ 465,966</u>	<u>\$ 411,341</u>

# Iskatewizaagegan No. 39 Independent First Nation

## Notes to Financial Statements

March 31, 2015

### 4. Funds Held in Trust

	Revenue	Capital	2015	2014
<b>Ottawa Trust Fund</b>				
Balance, beginning of year	\$ 56,052	\$ 3,373	\$ 59,425	\$ 57,957
Interest for the year	1,682	-	1,682	1,468
Balance, end of year	\$ 57,734	\$ 3,373	\$ 61,107	\$ 59,425

The Ottawa Trust accounts 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 and are subject to audit by the Office of the Auditor General of Canada. These funds are restricted in their use. The First Nation is permitted to use its revenue for any purpose that will promote the general progress and welfare of the First Nation and First Nation members. The expenditure of capital funds requires the consent of Aboriginal Affairs and Northern Development Canada and generally must be for projects of a capital nature. Withdrawals of revenue or capital funds are recorded as revenue in the applicable fund where the monies are expended.

Trust Funds administered by Aboriginal Affairs and Northern Development Canada for the benefit of the First Nation have not been included in the statement of financial position nor have the operations been included in the statement of operations.

### 5. Bank Indebtedness

	2015	2014
General operating account	\$ 73,949	\$ 965,128
Shoal Lake Landing	5,276	41,094
Social services	-	1,829
Ombigi Aawasoon Childcare Centre	4,951	24,861
General - RBC business operating line of credit	325,000	-
Landing - RBC business operating line of credit	50,000	-
	\$ 459,176	\$ 1,032,912

The general line of credit is a revolving demand facility with a maximum credit capacity of \$300,000 and bears interest at prime plus 0.90%. There was no unused credit capacity at year end.

The Landing line of credit is a revolving demand facility with a maximum credit capacity of \$60,000 and bears interest at prime plus 0.90%. The unused credit capacity at year end was \$10,000.

Other facilities are:

- a revolving lease line of credit to finance the acquisition of capital assets. This credit facility was not in use at year-end.
- Visa Business to a maximum amount of \$30,000 (\$4,738 used at year-end).

Security consists of a general security agreement and cash collateral agreements assigning GICs in the amount of \$300,000 against the general line and \$60,000 against the Landing line.

# Iskatewizaagegan No. 39 Independent First Nation Notes to Financial Statements

March 31, 2015

## 6. Accounts Payable and Accruals

	2015	2014
Trade and other payables	\$ 734,781	\$ 383,668
Payroll payables	101,942	42,363
Surpluses repayable	3,984	160,845
	<u>\$ 840,707</u>	<u>\$ 586,876</u>

## 7. Deferred Revenue

	Opening balance	Funding received	Revenue recognized	Closing balance 2015	Closing balance 2014
Aboriginal Affairs and Northern Development Canada - solid waste	\$ 167,200	\$ -	\$(167,200)	\$ -	\$ 167,200
Aboriginal Affairs and Northern Development Canada - O&M water	-	77,935	-	77,935	-
Ministry of Tourism, Culture and Sport - library	-	26,108	(13,343)	12,765	-
Casino Rama	-	548,830	(500,762)	48,068	-
Shooniyaa Wa-Biitong - daycare	-	587	(325)	262	-
	<u>\$167,200</u>	<u>\$ 653,460</u>	<u>\$(681,630)</u>	<u>\$ 139,030</u>	<u>\$ 167,200</u>

# Iskatewizaagegan No. 39 Independent First Nation

## Notes to Financial Statements

March 31, 2015

### 8. Long Term Debt

	<u>2015</u>	<u>2014</u>
Mortgage payable, repayable in monthly installments of \$5,043 including interest at 5.04%, guaranteed by Aboriginal Affairs and Northern Development Canada, next renewal date March 1, 2017	\$ 398,561	\$ 438,119
Bank loan payable, repayable in monthly installments of \$746 including interest at 4.5%, secured by specific automotive equipment, maturing 2020	38,792	-
Promissory note payable to Minister of Aboriginal Affairs and Northern Development Canada, interest free unless in default, repayable \$115,862 beginning on the earlier of March 31, 2014 or a date on which the Garden Island Claim is settled and \$148,860 beginning on the earlier of March 31, 2016 or a date on which the claim is settled (a)	264,722	264,722
Promissory note payable to Minister of Aboriginal Affairs and Northern Development Canada, interest free unless in default, repayable \$20,125 on the earlier of March 31, 2014 or a date on which the Flooding Claim is settled and \$198,447 on the earlier of March 31, 2016 or a date on which the claim is settled (a)	<u>218,572</u>	<u>218,572</u>
	<b>\$ 920,647</b>	<b>\$ 921,413</b>

(a) Subsequent to the year-end, the expiry dates of the promissory notes payable to the Minister of Aboriginal Affairs and Northern Development Canada were extended to March 31, 2020.

The estimated principal repayments on the above long term debt over the next five years are as follows:

2016	\$ 48,953
2017	364,676
2018	8,058
2019	8,424
2020	<u>490,536</u>
	<b>\$ 920,647</b>

**Iskatewizaagegan No. 39 Independent First Nation**  
**Notes to Financial Statements**

**March 31, 2015**

**9. Capital Assets**

	Cost			Accumulated Amortization				2015	2014	
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Amortization	Disposals	Closing Balance	Net Book Value	Net Book Value
Housing	\$ 5,811,330	\$ -	\$ -	\$ 5,811,330	\$ 1,838,825	\$ 203,269	\$ -	\$ 2,042,094	\$ 3,769,236	\$ 3,972,505
Housing renovations	476,077	-	-	476,077	333,424	14,265	-	347,689	128,388	142,652
Infrastructure	13,227,505	-	-	13,227,505	6,088,180	430,440	-	6,518,620	6,708,885	7,139,325
Community buildings	2,835,118	-	-	2,835,118	896,092	77,561	-	973,653	1,861,465	1,939,026
Community building renovations	512,177	-	-	512,177	333,297	15,764	-	349,061	163,116	178,880
Equipment	426,967	91,186	-	518,153	275,710	30,235	-	305,945	212,208	151,257
Laundromat investment	51,069	-	-	51,069	45,619	327	-	45,946	5,123	5,450
Computer equipment	73,111	10,503	-	83,614	57,341	6,307	-	63,648	19,966	15,770
Gravel pit	30,000	-	-	30,000	24,562	544	-	25,106	4,894	5,438
Motor vehicles	208,351	184,051	-	392,402	162,820	40,788	-	203,608	188,794	45,531
	<b>\$23,651,705</b>	<b>\$ 285,740</b>	<b>\$ -</b>	<b>\$23,937,445</b>	<b>\$ 10,055,870</b>	<b>\$ 819,500</b>	<b>\$ -</b>	<b>\$10,875,370</b>	<b>\$13,062,075</b>	<b>\$13,595,834</b>



# Iskatewizaagegan No. 39 Independent First Nation

## Notes to Financial Statements

March 31, 2015

### 10. Accumulated Surplus

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

	2015	2014
Current funds	\$ (831,244)	\$ (1,227,133)
Investment in capital assets	12,624,722	13,157,715
Replacement reserve	66,852	63,178
	<u>\$ 11,860,330</u>	<u>\$ 11,993,760</u>

The investment in capital assets represents amounts already spent and invested in capital assets.

Current funds represent the general activities of the First Nation.

The replacement reserve reports on the CMHC replacement reserve activities.

Activity in the CMHC replacement reserve was as follows:

	2015	2014
Balance, beginning of year	\$ 63,178	\$ 59,067
Interest income	174	611
Allocation to reserve	3,500	3,500
Expenditures	-	-
Balance, end of year	<u>\$ 66,852</u>	<u>\$ 63,178</u>

### 11. Defined Contribution Pension Plan

The expense for the First Nation's pension plan for the year was \$67,130 (2014 - \$56,769). The plan is funded equally by the organization and the First Nation's employees at rates of 3%, 5% or 8% of the employee's salary. The funds are invested in segregated funds as directed by the First Nations' individual employees' investment directives.

# Iskatewizaagegan No. 39 Independent First Nation

## Notes to Financial Statements

March 31, 2015

### 12. Segmented Information

Iskatewizaagegan No. 39 Independent First Nation is a diversified local government that provides a wide range of services to its citizens and members, including band support, economic development, social services, infrastructure, training and education, health, child care and commercial enterprises. The Casino Rama segment includes the use of funds received under Ontario First Nations Limited Partnership agreements.

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. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. Operations and maintenance fee allocations have been made to each building based on a percentage of overall maintenance costs. Administrative fees, based on a percentage of revenues, have been allocated to programs where permitted by the funder.

### 13. Government Transfers

	2015			2014		
	Operating	Capital	Total	Operating	Capital	Total
Federal						
AANDC	\$3,450,250	\$ 248,238	\$3,698,488	\$3,184,507	\$ 481,553	\$ 3,666,060
Health Canada	759,119	4,400	763,519	679,657	-	679,657
CMHC	40,852	-	40,852	41,482	-	41,482
Sub-total	4,250,221	252,638	4,502,859	3,905,646	481,553	4,387,199
Provincial	1,229,428	-	1,229,428	1,182,513	-	1,182,513
Total	\$5,479,649	\$ 252,638	\$5,732,287	\$5,088,159	\$ 481,553	\$ 5,569,712

### 14. Budget

The program budgets approved by Chief and Council were not prepared on a basis consistent with that used to report actual financial statements results (Public Sector Accounting Standards). The budgets were prepared on a modified accrual basis while Public Sector Accounting Standards require a full accrual basis. The budgets expensed all capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statement of operations and changes in net debt represent the budgets adopted by Council with adjustments as follows. As well, 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 where available.

Budget surplus	\$ 11,624
Add:	
Capital expenditures	-
Budgeted payments of long term debt	39,559
Budget reserve fund surplus	3,500
Less:	
Amortization	(819,499)
Budget per statement of operations	\$(764,816)

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## **Iskatewizaagegan No. 39 Independent First Nation Notes to Financial Statements**

**March 31, 2015**

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### **15. Tangible Capital Assets**

For the year ending March 31, 2011, the Band was required to comply with Section 3150, Tangible capital assets of the Public Sector Accounting Board Handbook. Section 3150 requires the capitalization and amortization of tangible capital assets in the financial statements. As at March 31, 2015, this has not been completed. As a transitional provision, Public Sector Guideline - 7, Tangible Capital Assets of Local Governments, requires disclosure of information for each major class of tangible capital assets for which all the relevant information can be provided for the complete stock of tangible capital assets of that category. The First Nation has completed inventories of several categories of tangible capital assets, however total amounts for cost and accumulated amortization have not been completed.

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### **16. Contingent Liabilities**

The Band has made a claim against the City of Winnipeg. If unsuccessful, the claim could potentially result in a liability for costs. The outcome of the claims is not yet determinable and no amounts have been recorded in the accounts relating to this claim or possible claims.

The First Nation has been co-named in a claim for \$17.1 million in damages, plus interest and legal costs. In the opinion of management and legal counsel, the outcome of the claim is not yet determinable. Should any loss result from the resolution of the claim, such losses will be expensed to operations in the year of resolution.

**Iskatewizaagegan No. 39 Independent First Nation**  
**Segmented Disclosure**  
**For the year ended March 31, 2015**

	Band Support	Casino Rama	Economic Development	Social Services	Infrastructure	Training and Education	Health	Child Care	Commercial Enterprises	Consolidated 2015
<b>Revenue</b>										
Government transfers	\$ 457,217	\$ -	\$ 150,525	\$ 749,493	\$ 934,978	\$ 2,267,667	\$ 864,428	\$ 470,379	\$ -	\$ 5,894,687
Sales	-	-	-	-	-	-	-	-	1,672,441	1,672,441
Other	116,430	500,762	-	59,758	62,449	144,765	49,896	67,014	-	1,001,074
	573,647	500,762	150,525	809,251	997,427	2,412,432	914,324	537,393	1,672,441	8,568,202
<b>Expenses</b>										
Amortization	13,762	-	95,054	16,598	577,660	46,707	17,889	11,377	40,452	819,499
Debt servicing	-	-	-	-	20,956	-	-	-	-	20,956
Purchases for resale	-	-	-	-	-	-	-	-	1,531,216	1,531,216
Salaries and benefits	327,950	-	99,824	236,760	255,419	896,236	358,817	417,937	87,140	2,680,083
Other expenses	379,497	195	71,867	528,249	532,194	1,448,705	502,999	113,580	72,592	3,649,878
	721,209	195	266,745	781,607	1,386,229	2,391,648	879,705	542,894	1,731,400	8,701,632
<b>Excess of revenue (expense)</b>	(147,562)	500,567	(116,220)	27,644	(388,802)	20,784	34,619	(5,501)	(58,959)	(133,430)
<b>Transfer from other funds</b>	377,441	-	29,233	-	126,038	198,429	70,118	-	24,507	825,766
<b>Transfer to other funds</b>	-	(500,567)	-	-	(141,523)	(137,519)	(46,157)	-	-	(825,766)
<b>Excess of revenue (expense) for the year</b>	\$ 229,879	\$ -	\$ (86,987)	\$ 27,644	\$ (404,287)	\$ 81,694	\$ 58,580	\$ (5,501)	\$ (34,452)	\$ (133,430)

**Iskatewizaagegan No. 39 Independent First Nation**  
**Segmented Disclosure**  
**For the year ended March 31, 2015**

	Band Support	Casino Rama	Economic Development	Social Services	Infrastructure	Training and Education	Health	Child Care	Commercial Enterprises	Consolidated 2014
<b>Revenue</b>										
Government transfers	\$ 450,696	\$ -	\$ 171,229	\$ 728,876	\$ 724,790	\$ 2,175,701	\$ 804,949	\$ 298,238	\$ -	\$ 5,354,479
Sales	-	-	-	-	-	-	-	-	1,461,132	1,461,132
Other	165,376	538,408	-	69,442	55,215	68,237	44,076	73,822	-	1,014,576
	616,072	538,408	171,229	798,318	780,005	2,243,938	849,025	372,060	1,461,132	7,830,187
<b>Expenses</b>										
Amortization	17,123	15	105,298	14,005	602,486	36,429	14,894	10,111	33,270	833,631
Debt servicing	-	-	-	-	22,913	-	-	-	-	22,913
Purchases for resale	-	-	-	-	-	-	-	-	1,340,058	1,340,058
Salaries and benefits	496,380	-	103,932	217,057	272,600	1,018,603	350,650	418,044	82,454	2,959,720
Other expenses	543,593	163	175,730	543,341	573,797	1,169,051	478,848	119,783	93,457	3,697,763
	1,057,096	178	384,960	774,403	1,471,796	2,224,083	844,392	547,938	1,549,239	8,854,085
<b>Excess of revenue (expense)</b>	(441,024)	538,230	(213,731)	23,915	(691,791)	19,855	4,633	(175,878)	(88,107)	(1,023,898)
<b>Transfer from other funds</b>	114,522	-	42,942	-	172,842	196,634	33,380	74,467	83,838	718,625
<b>Transfer to other funds</b>	-	(538,245)	-	-	-	(147,000)	(33,380)	-	-	(718,625)
<b>Excess of revenue (expense) for the year</b>	\$ (326,502)	\$ (15)	\$ (170,789)	\$ 23,915	\$ (518,949)	\$ 69,489	\$ 4,633	\$ (101,411)	\$ (4,269)	\$ (1,023,898)