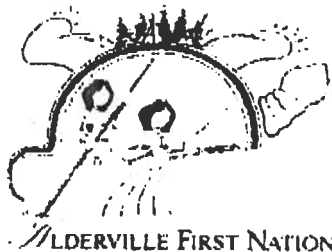


ALDERVILLE FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2014

ALDERVILLE FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2014

TABLE OF CONTENTS

	Page Number
MANAGEMENT REPORT	
INDEPENDENT AUDITORS' REPORT	
CONSOLIDATED FINANCIAL STATEMENTS	
Statement of Financial Position	1
Statement of Operations and Accumulated Surplus	2
Statement of Change in Net Financial Assets/(Liabilities)	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 13
Schedule of Tangible Capital Assets	20
Schedules of Segment Disclosure	21 - 23
Schedules of Salaries, Honoraria, Travel Expenses and Other Remuneration	24 - 25



ALDERVILLE FIRST NATION
11696 Second Line
P.O. Box 46
Roseneath, Ontario K0K 2X0
Phone: (905) 352-2011
Fax: (905) 352-3242

Chief: James R. Marsden
Councillor: Randy Smoke
Councillor: Pam Crowe
Councillor: Wes Marsden
Councillor: Dave Mowat

ALDERVILLE FIRST NATION

For The Year Ended March 31, 2014

MANAGEMENT REPORT

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

The consolidated 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 judgements. 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's Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving financial statements.

Council reviews and approves the First Nation's financial statements for issuance to the members. 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 financial statements and the external auditor's report.

The consolidated financial statements have been audited by Collins Barrow Kawartha LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. Collins Barrow Kawartha LLP has full and free access to Council.

Chief

Date

SEPT. 15/14

Band Administrator

Date

Sept 15/14



Collins Barrow

Chartered Accountants

Collins Barrow Kawartha LLP
272 Charlotte Street
Peterborough, Ontario
K9J 2V4

T. 705.742.3415
F. 705.742.9775

INDEPENDENT AUDITORS' REPORT

www.collinsbarrowkawartha.com

To Council and the Members of Alderville First Nation

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Alderville First Nation, which comprise the consolidated statement of financial position as at March 31, 2014, the consolidated statements of operations and accumulated surplus, change in net financial assets/(liabilities) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information and schedules of salaries, honoraria, travel expenses and other remuneration.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 auditors' 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 controls 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 controls. 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.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Alderville First Nation as at March 31, 2014 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Collins Barrow Kawartha LLP

Chartered Professional Accountants
Peterborough, Ontario
September 15, 2014

ALDERVILLE FIRST NATION**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
At March 31, 2014

	2014	2013
	\$	\$
FINANCIAL ASSETS		
Cash (note 2)	1,620,832	493,528
Investments (note 3)	57,097	57,097
Due from government and other government organizations (note 4)	251,962	181,410
Other accounts receivable (note 6)	2,472,429	602,161
Mortgages due from First Nation members (note 5)	3,439,121	3,492,003
Funds held in trust by Federal Government (note 7)	79,543	75,077
TOTAL FINANCIAL ASSETS	7,920,984	4,901,276
LIABILITIES		
Capital loan advances (note 8)	-	3,325,424
Due to government and other government organizations (note 9)	98,342	12,132
Accounts payable and accrued liabilities (note 10)	1,884,220	660,123
Deferred revenue (note 13)	187,644	124,262
Long term debt (note 14)	28,656,023	376,694
TOTAL LIABILITIES	30,826,229	4,498,635
NET FINANCIAL LIABILITIES	(22,905,245)	(1,597,359)
NON-FINANCIAL ASSETS		
Tangible capital assets (schedule)	36,342,357	13,672,463
Prepaid expenses (note 11)	65,484	59,453
TOTAL NON-FINANCIAL ASSETS	36,407,841	13,731,916
ACCUMULATED SURPLUS (note 18)	13,502,596	12,134,557

The accompanying notes are an integral part of these financial statements

ALDERVILLE FIRST NATION**CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**
For the Year Ended March 31, 2014

	Budget 2014 \$ (Unaudited)	Actual 2014 \$	Actual 2013 \$
REVENUES			
Aboriginal Affairs and Northern Development Canada (AANDC) (notes 19 and 20)	2,342,888	3,716,663	2,461,128
Other Federal grants (note 20)	1,091,734	1,081,308	867,136
Province of Ontario (note 20)	819,396	956,598	949,794
Ontario First Nations Limited Partnership	-	681,644	681,449
Other	994,786	1,081,920	1,092,050
Solar generation sales	-	693,838	-
Income from investments	-	-	7,288
Other investment income	10,000	60,356	9,078
Amounts earned & held in Trust by Federal government	-	4,466	4,303
TOTAL REVENUES	5,258,804	8,276,793	6,072,226
EXPENSES			
Administration	960,124	1,181,292	1,418,107
Economic development	703,333	1,648,206	465,935
Education	1,299,973	1,432,103	1,513,757
Lands and membership	94,524	105,554	100,495
Social development	705,437	826,215	896,250
Health	1,085,629	1,043,789	1,061,957
Maintenance of facilities	256,595	471,659	528,414
Community centre	157,930	199,936	251,263
TOTAL EXPENSES	5,263,545	6,908,754	6,236,178
ANNUAL SURPLUS/(DEFICIT)	(4,741)	1,368,039	1,163,952)
ACCUMULATED SURPLUS - beginning of year	12,134,557	12,134,557	12,298,509
ACCUMULATED SURPLUS - end of year	12,129,816	13,502,596	12,134,557

The accompanying notes are an integral part of these financial statements

ALDERVILLE FIRST NATION

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS/(LIABILITIES) For the Year Ended March 31, 2014

	Budget 2014 \$ (Unaudited)	Actual 2014 \$	Actual 2013 \$
ANNUAL SURPLUS/(DEFICIT)	(4,741)	1,368,039	(163,952)
Amortization of tangible capital assets	319,432	669,121	328,885
Acquisition of tangible capital assets	(2,000)	(23,339,015)	(3,302,046)
Increase in prepaid expenses	-	(6,031)	(19,820)
Decrease in solar panel deposit	-	-	1,200,000
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	312,691	(21,307,886)	(1,956,933)
NET FINANCIAL ASSETS (LIABILITIES) - beginning of year	(1,597,359)	(1,597,359)	359,574
NET FINANCIAL LIABILITIES - end of year	(1,284,668)	(22,905,245)	(1,597,359)

The accompanying notes are an integral part of these financial statements

ALDERVILLE FIRST NATION

CONSOLIDATED STATEMENT OF CASH FLOWS For the Year Ended March 31, 2014

	2014 \$	2013 \$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual surplus/(deficit)	1,368,039	(163,952)
(increase)/decrease in due from government and other government organizations	(70,552)	9,088
Increase in other accounts receivable	(1,870,268)	(87,775)
Increase in prepaid expenses	(6,031)	(19,820)
Decrease in solar panel deposit	-	1,200,000
Increase/(decrease) in due to government and other government organizations	86,210	(1,382)
Increase in accounts payable and accrued liabilities	1,224,097	345,306
Increase/(decrease) in deferred revenue	63,382	(39,877)
Non-cash charges to operations:		
Amortization of tangible capital assets	669,121	328,885
Net increase in cash from operating transactions	1,463,998	1,570,473
CAPITAL		
Acquisition of tangible capital assets	(23,339,015)	(3,302,046)
INVESTING		
Redemption of investments	-	358,074
Purchase of investments	-	(57,097)
Decrease in mortgages due from First Nation members	52,882	19,720
Increase in funds held in trust by the Federal Government	(4,466)	(4,303)
Net increase in cash from investing transactions	48,416	316,394
FINANCING		
Long term debt issued	28,300,000	-
Debt principal repayments	(20,671)	(16,798)
Capital loan advances issued	-	544,890
Capital loan advances repayment	(5,325,424)	-
Net increase in cash from financing transactions	22,953,905	528,092
INCREASE/(DECREASE) IN CASH	1,127,304	(887,087)
CASH - beginning of year	493,528	1,380,615
CASH - end of year	1,620,832	493,528

Interest received during the year was \$52,838 (2013 - \$20,669). Interest paid during the year was \$1,286,741 (2013 - \$241,860).

The accompanying notes are an integral part of these financial statements

ALDERVILLE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local governments and First Nations as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants Canada (CPA Canada). Significant aspects of the accounting policies are as follows:

(a) Reporting Entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenses and accumulated surplus of the reporting entity.

The reporting entity includes the reporting entity government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation. These financial statements include:

- Alderville Solar Inc.
- Alderville Solar Limited Partnership
- Alderville Community Development Corporation

All interdepartmental assets and liabilities and revenues and expenses have been eliminated.

(b) Cash

Cash consists of cash on hand and balances with banks.

(c) 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, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Buildings	40 years
Equipment	10-15 years
Vehicles	5 years
Computer hardware and software	4 years
Roads and traffic lights	20 years
Solar farm	20 years

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

Assets under construction are not amortized. When assets under construction are put into service they are transferred to the appropriate tangible capital asset classification.

ALDERVILLE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Recognition of Revenues and Expenses

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue. Funding received under the terms of contribution agreements with the federal government is recognized as revenue once eligibility criteria have been met. Funding is recorded as deferred revenue if it has been restricted by the federal government for a stated purpose, such as a specific program or the purchase of tangible capital assets. Deferred revenue is recognized in revenue over time as the recognition criteria are met. Expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

(e) Asset Classification

Assets are classified as either financial or non-financial. Financial assets are assets that can be used to discharge existing liabilities or finance future operations. Tangible capital and other non-financial assets are accounted for as assets by the First Nation because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the First Nation unless they are sold.

(f) Net Financial Assets

The First Nation's financial statements are presented so as to highlight net financial assets as the measurement of financial position. The net financial assets of the First Nation is determined by its financial assets less its liabilities. Net financial assets are comprised of two components, non-financial assets and accumulated surplus.

(g) Deferred Revenue

Deferred revenue represents grants and contributions which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenue in the fiscal year the services are performed.

(h) Government Funding

Government funding is recognized in the financial statements as revenue in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made. Reimbursement for program costs is dependent ultimately upon their acceptance by the various agencies that fund the programs.

ALDERVILLE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(i) Use of Estimates

Certain items recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the First Nation's best information and judgment. Such amounts are not expected to change materially in the near term. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

- The amounts recorded for amortization and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates.
- The amount recorded as allowance for doubtful accounts receivable is based on management's estimate of future payments on receivable account balances.

(j) Financial Instruments

The First Nation's financial instruments consist of cash, investments, due from government and other government organizations, other accounts receivable, mortgages due from First Nation members, funds held in trust by Federal Government, capital loan advances, due to government and other government organizations, accounts payable and accrued liabilities and long term debt. Unless otherwise noted, it is management's opinion that the carrying value of the financial instruments approximates their fair values and that the First Nation does not have any significant concentration of currency or credit risk.

(k) Mortgages Due From First Nation Members

Mortgages due from First Nation members are recorded at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt as assessed by management. Mortgages due from First Nation members are reviewed on an annual basis by management. Interest income is accrued on mortgages due from First Nation members to the extent it is deemed collectible.

ALDERVILLE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2014

2. CASH

Cash consists of the following:

	2014	2013
	\$	\$
Externally restricted		
Apartment replacement	104,748	26,250
Housing	30,643	14,564
Debt service reserve (note 14(c)(iii))	376,797	-
	512,188	40,814
Unrestricted and internally restricted		
General - unrestricted	969,293	304,425
Social assistance - internally restricted	4,193	134,770
Thurlow Settlement - internally restricted	4,393	4,362
Community Centre - internally restricted	8,688	9,157
Ontario First Nations (2008) Limited Partnership - internally restricted	122,077	-
	1,108,644	452,714
	1,620,832	493,528

Under the terms of an agreement with Canada Mortgage and Housing Corporation, Alderville First Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Apartment Replacement and Subsidy Fund. These funds are reported as externally restricted cash above.

3. INVESTMENTS

Investments are comprised of the following:

	2014	2013
	\$	\$
Guaranteed Investment Certificates		
Due June 14, 2017, 1.50% in year 1, 1.75% in year 2, 2.25% in year 3, 2.5% in year 4 and 5.5% in year 5	57,097	57,097

ALDERVILLE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2014

4. DUE FROM GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

Amounts due from government and other government organizations consist of:

	2014	2013
	\$	\$
Federal government		
Aboriginal Affairs and Northern Development Canada	13,500	27,816
Health Canada	1,600	791
Canada Mortgage and Housing Corporation	-	1,355
Environment Canada	7,546	7,000
	22,646	36,962
HST rebate receivable	200,572	91,520
Province of Ontario	28,744	52,928
	251,962	181,410

5. MORTGAGES DUE FROM FIRST NATION MEMBERS

The amount shown as mortgages due from First Nation members represents the amount of funds due from First Nation members with respect to approved housing loans. The unexpended portion of approved loans is not recorded until a payment is made by the First Nation on behalf of the member. The First Nation members have a legal obligation to repay the full amount of the approved loans. No interest is charged on these mortgages. The provision for forgiveness is based upon the last twelve monthly payments, and is provided for, if the First Nation members' loan balance is in good standing before the end of the original mortgage term.

Mortgages due from First Nation members and provision for forgiveness are as follows:

	2014	2013
	\$	\$
Mortgages due from First Nation members	3,723,174	3,787,517
Provision for forgiveness	(284,053)	(295,514)
	3,439,121	3,492,003

ALDERVILLE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2014

6. OTHER ACCOUNTS RECEIVABLE

Other accounts receivables consist of the following:

	2014	2013
	\$	\$
Due from members:		
Education	84,389	100,694
RRAP loans	7,780	34,336
Small business loans	23,119	22,265
Daycare	16,784	16,274
Miscellaneous	51,407	42,767
	<u>183,479</u>	<u>216,336</u>
Due from others:		
Services - non members	206,709	140,154
Aboriginal Renewable Energy Fund	-	250,000
Hydro One - OPA contract	325,084	-
Stonebridge - construction escrow	1,798,540	-
Other	2,509	9,137
	<u>2,332,842</u>	<u>399,291</u>
	2,516,321	615,627
Less: allowance for doubtful accounts	<u>(43,892)</u>	<u>(13,466)</u>
	<u>2,472,429</u>	<u>602,161</u>

Subsequent to year end, \$971,201 of the construction escrow funds from Stonebridge were received and set aside into separate bank accounts for the required \$958,701 debt service reserve as described in note 14(c)(ii) and \$12,500 annual maintenance reserve contribution.

ALDERVILLE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2014

7. FUNDS HELD IN TRUST

The funds held by the Federal Government on behalf of the First Nation of \$79,543 (2013 - \$75,077) are for the use of the First Nation for specific projects. At the request of the First Nation, these funds can be obtained.

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.

The continuity of the funds held in trust by the Federal Government is as follows:

	Opening Balance \$	Additions \$	Withdrawals \$	Closing Balance \$
Revenue	75,077	4,466	-	79,543

8. CREDIT FACILITY AGREEMENT

The First Nation has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$5,346,000 via an operating loan. Any balance borrowed will accrue interest at the bank's prime lending rate plus 1.5% per annum. Council authorized the temporary borrowing limit through a Band Council Resolution. At March 31, 2014 there was a balance outstanding of \$Nil (2013 - \$5,325,424).

Borrowings issued at a variable interest rate exposes the First Nation to cash flow interest rate risk. Cash flow interest rate risk is the risk that the cash flows for a financial instrument can fluctuate because of the changes in the market interest rates.

9. DUE TO GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

Due to government and other government organizations consists of the following:

	2014 \$	2013 \$
Aboriginal Affairs and Northern Development Canada	25,000	-
Health Canada	10,268	-
Federal government - other	-	4,950
Province of Ontario	1,500	7,182
HST collected payable	61,574	-
	98,342	12,132

ALDERVILLE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2014

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

	2014	2013
	\$	\$
Trade payables	355,538	245,624
Accrued salaries and employee benefits	65,816	55,414
Due to School Boards	117,531	150,143
Construction holdbacks	1,231,702	-
Rent deposits	6,565	8,890
Curve Lake First Nation - Williams Treaty negotiations	-	144,546
Other accrued liabilities	107,068	55,506
	1,884,220	660,123

11. PREPAID EXPENSES

Prepaid expenses consist of the following:

	2014	2013
	\$	\$
School boards	20,700	59,453
Insurance	21,786	-
Service agreements with Township of Alnwick/Haldimand	13,005	-
Other	9,993	-
	65,484	59,453

12. PENSION AGREEMENTS

The First Nation makes contributions to Great West Life on behalf of its staff. The amount of retirement benefit to be received by the employees will be the amount of retirement annuity that could be purchased based on the member's share of the pension plan at the time of the member's withdrawal from the plan.

Contributions required on account of current service in 2014 were \$111,884 (2013 - \$107,296)

ALDERVILLE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2014

13. DEFERRED REVENUE

Deferred revenue is comprised of the following:

	2014 \$	2013 \$
AANDC	73,214	46,403
Other Federal	23,655	7,340
Provincial	10,400	10,400
Other programs	80,375	60,119
	<u>187,644</u>	<u>124,262</u>

The continuity of deferred revenue is as follows:

	2014 \$	2013 \$
Balance - beginning of year	124,262	164,139
Add amounts received:		
AANDC	50,000	-
Other Federal	58,602	22,560
Provincial	-	17,915
Other	394,961	189,885
	<u>503,563</u>	<u>230,360</u>
Less transfer to operations:		
AANDC	23,189	15,168
Other Federal	42,287	23,634
Provincial	-	7,869
Other	374,705	218,566
	<u>440,181</u>	<u>270,237</u>
Balance - end of year	<u>187,644</u>	<u>124,262</u>

ALDERVILLE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2014

14. LONG TERM DEBT

(a) Long term debt is comprised of the following:

	2014 \$	2013 \$
Mortgage payable to CMHC, interest at 1.64% per annum, due February 1, 2017 payable in blended monthly payments of \$1,919	356,023	376,694
Loan payable to Stonebridge, interest at 5.58%, compounded semi-annually, blended semi-annual payments due 2032	20,300,000	-
Loan payable to Bank of Montreal, interest at 4.94% per annum, blended semi-annual payments of \$188,123, secured by First Nation's OFNLP revenues, due 2029	3,850,000	-
Loan payable to Bank of Montreal, interest at 4.50% per annum, blended semi-annual payments of \$196,930, due 2029	4,150,000	-
	28,656,023	376,694

(b) Interest paid on long term debt and capital loan advances amounted to \$1,286,741 (2013 - \$241,860).

(c) The above loans have the following securities and conditions:

- (i) The above CMHC mortgage is approved by First Nation Council Resolution and guaranteed by Aboriginal Affairs and Northern Development Canada.
- (ii) The loan payable to Stonebridge has a general security agreement over the capital assets of the solar farm. As a condition of the financing, Alderville Solar Limited Partnership has to set aside \$958,701 in a Debt Service Reserve Account. This amount was held in the construction escrow receivable described in note 6 as at March 31, 2014.
- (iii) The loan payable to Bank of Montreal that is secured by the First Nation's OFNLP revenues has been guaranteed by Ontario Financing Authority for the full term of the loan. As a condition of the financing and loan guarantee, the Alderville Community Development Corporation has to set aside \$376,246 for the Debt Service Reserve Account. This amount is held in a separate bank account with the First Nation's financial institution as detailed in note 2.

ALDERVILLE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2014

14. LONG TERM DEBT, continued

- (d) The long term debt reported in (a) of this note has the following principal repayments based on the same repayment terms:

	\$
2015	1,009,217
2016	1,241,912
2017	1,288,229
2018	1,336,903
2019	1,388,057
2020 and subsequent years	22,341,705
	<u>28,606,023</u>

15. ECONOMIC DEPENDENCE

The First Nation receives a significant portion of its revenue from Aboriginal Affairs and Northern Development Canada. The nature and extent of this revenue is of such significance that the First Nation is economically dependent on this source of revenue.

16. CONTINGENT LIABILITIES

The First Nation, in the course of its operations, has been named in several lawsuits the outcome of which is indeterminable at this time. No amounts in connection with these items have been reflected in these financial statements.

Alderville First Nation, along with six other First Nations, is contingently liable for a loan. The purpose of the loan is to finance Treaty negotiations with Canada. Once the Treaty has been settled, the proceeds of the settlement will be used to repay the loan. Alderville's share of this loan at March 31, 2014 is \$29,700 (2013 - \$29,700).

17. BUDGET FIGURES

The budget, approved by the First Nation, for 2014 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Financial Assets. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

ALDERVILLE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2014

18. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2014	2013
	\$	\$
Surplus		
Operating	385,583	276,138
Alderville Solar Limited Partnership	(86,487)	-
Alderville Solar Inc.	(2,649)	-
Alderville Community Development Corporation	(1,998)	-
	<u>294,449</u>	<u>276,138</u>
Invested In Capital Assets		
Tangible capital assets - net book value	36,342,357	13,672,463
Long term debt	(28,656,023)	(376,694)
Unfunded capital	(425,912)	(1,477,581)
Capital loan advances	-	(5,325,424)
	<u>7,260,422</u>	<u>6,489,764</u>
Surplus	<u>7,554,871</u>	<u>6,768,902</u>
Restricted		
Housing	3,500,399	3,417,979
Small business loans	37,500	37,500
Education	208,079	188,024
General	476,351	349,925
CMHC Section 95	87,812	76,888
Thurlow Settlement	143,187	172,329
Ontario First Nation Limited Partnership	1,414,854	1,027,933
Total Restricted	<u>5,868,182</u>	<u>5,290,578</u>
Held in Trust by the Federal Government		
Revenue	79,543	75,077
	<u>13,502,596</u>	<u>12,124,557</u>

The restricted fund balances consist of funds set aside for specific purposes or to meet certain obligations as follows:

- (a) The Housing Program is treated as a restricted fund. The fund balance represents Federal Government contributions to the Housing Program net of grants or loans provided to First Nation members and forgiven by the First Nation under the program. The fund balance has also been reduced by the purchase of capital assets, which are used as housing rentals.

ALDERVILLE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2014

18. ACCUMULATED SURPLUS, continued

- (b) The Small Business Loans program is treated as a restricted fund. The fund balance represents transfers from the Economic Development Department. The purpose of this fund is to provide venture capital to First Nation members. The loans are required to be repaid.
- (c) The Education Fund is treated as a restricted fund. The fund was established to finance future education programs.
- (d) The CMHC Section 95 fund is treated as an externally restricted fund. The fund was established to accumulate any surplus from the program.
- (e) The general fund is treated as a restricted fund. The fund was established to finance future operating programs.
- (f) The Thurlow Settlement fund is treated as an internally restricted fund and was established with the funds received from the lands claim settlement.
- (g) The Ontario First Nation Limited Partnership fund is treated as an internally restricted fund. The fund was established with the funds received from the 35% escrow funds.

19. RECONCILIATION OF AANDC FUNDING TO FIRST NATION AANDC REVENUE

	\$
AANDC Funding Per Confirmation	3,768,474
Add 2013 Deferred Revenue	
Land management	46,403
Less 2014 Deferred Revenue	
Land management	32,072
Drinking water improvement initiative	41,142
	73,214
Less Amounts Repayable	
Risk management	25,000
AANDC Revenue For The Year	3,716,663

ALDERVILLE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2014

20. GOVERNMENT TRANSFERS

Government transfers consist of the following:

	2014	2013
	\$	\$
Federal operating government transfers		
Aboriginal Affairs and Northern Development Canada	2,440,143	2,410,682
Health Canada	777,967	753,760
Canada Mortgage and Housing Corporation	16,259	18,371
Other	287,082	95,005
	<u>3,521,451</u>	<u>3,277,818</u>
Federal capital government transfers		
Aboriginal Affairs and Northern Development Canada	1,276,520	50,446
Provincial operating government transfers	<u>956,598</u>	<u>919,794</u>
	<u>5,754,569</u>	<u>4,278,058</u>

21. SEGMENTED INFORMATION

Alderville First Nation is a territorial government that provides a range of services to its members. First Nation services are reported by function and their activities are separately disclosed in the segmented information.

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. 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 financial statements as disclosed in Note 1. For additional information see the Schedule of Segment Disclosure.

Administration

Administration consists of the activities of Council and general financial and administrative management of the First Nation and its programs and services.

Economic Development

Economic development includes the operations of the resource centre, Black Oak Savannah and small business centre rentals and the various employment oriented programs of the First Nation as well as the activities of Alderville Solar Limited Partnership, Alderville Solar Inc. and Alderville Community Development Corporation.

Education

Education includes the off reserve schools and post secondary education.

ALDERVILLE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2014

21. SEGMENTED INFORMATION, continued

Lands and Memberships

Lands and memberships includes the First Nation housing, estates, and membership functions including lot purchases.

Social Development

Social development consists of General Assistance to members and inhabitants of the First Nation, seniors complex and child care services.

Health

Health services includes operations of the health centre, medical transportation, and various other health related programs of the First Nation.

Maintenance of Facilities

Maintenance of facilities includes public works, fire agreement and buildings not included in other segments.

Community Centre

Community centre includes all operations of the community centre.

22. COMPARATIVE FIGURES

Certain comparative figures were restated, where required, to conform with the current year presentation.

ALDERVILLE FIRST NATION

SCHEDULE OF TANGIBLE CAPITAL ASSETS For the Year Ended March 31, 2014

	Cost			Accumulated Amortization			Net Book Value		
	Opening Balance \$	Additions \$	Transfers \$	Closing Balance \$	Opening Balance \$	Amortization \$	Closing Balance \$	2014 \$	2013 \$
Tangible Capital Assets									
Land	880,756	-	-	880,756	-	-	-	880,756	880,756
Residential buildings	1,453,818	-	-	1,453,818	325,530	36,345	361,875	1,091,943	1,128,288
Non-residential buildings	5,513,562	-	-	5,513,562	1,876,665	135,923	2,012,588	3,500,974	3,636,897
Vehicles	507,866	26,520	-	534,386	412,564	45,733	458,297	76,089	95,302
Computer equipment	154,997	5,097	-	160,094	127,059	20,893	147,952	12,142	27,938
Other equipment	374,055	-	-	374,055	150,631	29,034	179,665	194,390	223,424
Roads and traffic lights	872,804	-	-	872,804	597,739	17,290	615,029	257,775	275,065
Solar farm	-	-	30,712,191	30,712,191	-	383,903	383,903	30,328,288	-
Total	9,757,858	31,617	30,712,191	40,501,666	3,490,188	669,121	4,159,309	36,342,357	6,267,670
Assets Under Construction									
Solar farm	7,404,793	23,307,398	(30,712,191)	-	-	-	-	-	7,404,793
Total	7,404,793	23,307,398	(30,712,191)	-	-	-	-	-	7,404,793
Total	17,162,651	23,339,015	-	40,501,666	3,490,188	669,121	4,159,309	36,342,357	13,672,463

ALDERVILLE FIRST NATION

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended March 31, 2014

	Actual 2014	Administration Actual 2013	Budget 2014	Actual 2014	Economic Development Actual 2013	Budget 2014	Actual 2014	Education Actual 2013	Budget 2014
	\$	\$	(Unaudited)	\$	\$	(Unaudited)	\$	\$	(Unaudited)
Revenues									
AANDC	444,544	447,127	418,821	1,327,173	90,383	71,220	1,428,445	1,377,404	1,347,388
Other Federal grants	16,259	16,259	16,259	283,876	70,000	283,878	-	-	-
Province of Ontario - operating	5,000	-	-	114,624	87,869	116,785	-	-	-
Ontario First Nations Limited Partnership	681,644	681,449	-	-	-	-	-	-	-
Other	268,541	276,748	300,429	301,450	247,329	246,856	8,424	25,008	300
Solar generation sales	-	-	-	693,838	-	-	-	-	-
Income from investments	-	3,874	-	-	-	-	-	3,414	-
Other investment income	7,283	9,078	10,000	53,073	-	-	-	-	-
Amounts earned & held in Trust by Federal government	4,466	4,303	-	-	-	-	-	-	-
	1,427,737	1,438,838	745,509	2,774,034	495,581	718,739	1,436,869	1,405,826	1,347,688
Expenses									
Salaries and benefits	468,073	463,083	490,810	521,978	305,883	426,897	272,179	281,623	278,127
Materials	489,266	750,395	311,411	208,544	96,340	76,323	61,750	56,005	19,526
Occupancy costs	27,879	26,517	22,000	8,463	7,549	5,000	7,187	8,553	7,400
Contracted services	113,031	151,665	126,930	97,070	18,819	69,058	3,750	7,212	-
Bank charges and interest	63,787	7,231	8,973	310,942	-	-	2,569	2,836	1,600
Program costs	12,604	6,053	-	109,586	28,946	126,055	1,044,008	1,117,020	993,320
Amortization	6,652	13,163	-	391,623	8,398	-	40,660	40,508	-
	1,181,292	1,418,107	960,124	1,648,206	465,935	703,333	1,432,103	1,513,757	1,299,973
Net surplus/(deficit)	246,445	20,731	(214,615)	1,125,828	29,646	15,406	4,766	(107,931)	47,715

ALDERVILLE FIRST NATION

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE, continued For the Year Ended March 31, 2014

	Lands and Membership			Social Development			Health		
	Actual 2014	Actual 2013	Budget 2014	Actual 2014	Actual 2013	Budget 2014	Actual 2013	Budget 2014	
	\$	\$	(Unaudited) \$	\$	\$	(Unaudited) \$	\$	\$	(Unaudited) \$
Revenues									
AANDC	154,668	146,162	145,993	140,097	133,044	119,661	20,748	8,806	62,230
Other Federal contributions	-	2,112	1,500	-	-	-	779,828	753,765	790,097
Province of Ontario	-	-	-	610,920	642,840	468,138	223,516	217,045	232,433
Other	-	-	-	175,391	177,087	159,765	133,152	165,974	117,719
	154,668	148,274	147,493	926,408	952,971	747,564	1,157,244	1,145,590	1,202,479
Expenses									
Salaries and benefits	83,022	81,494	83,493	439,868	428,331	427,248	579,518	595,346	625,429
Materials	22,217	18,602	10,781	159,244	194,922	206,062	262,564	292,127	271,542
Occupancy costs	-	-	-	42,112	71,382	53,355	5,300	4,800	5,300
Contracted services	-	-	-	-	-	-	2,500	2,425	41,750
Bank charges and interest	94	254	250	-	-	-	-	-	-
Program costs	-	-	-	170,691	187,315	18,772	152,288	119,962	141,608
Amortization	221	145	-	14,300	14,300	-	41,619	47,297	-
	105,554	100,495	94,524	826,215	896,250	705,437	1,043,789	1,061,957	1,085,629
Net surplus/(deficit)	49,114	47,779	52,969	100,193	56,721	42,127	113,455	83,633	116,850

ALDERVILLE FIRST NATION

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE, continued For the Year Ended March 31, 2014

	Maintenance of Facilities			Community Centre		Consolidated Totals		
	Actual 2014	Actual 2013	Budget 2014	Actual 2014	Actual 2013	Actual 2014	Actual 2013	Budget 2014
	\$	\$	(Unaudited) \$	\$	\$	(Unaudited) \$	\$	(Unaudited) \$
Revenues								
AANDC	200,988	258,202	177,575	-	-	3,716,663	2,461,128	2,342,888
Other Federal contributions	-	-	-	-	-	-	-	-
Province of Ontario	2,538	2,040	2,040	1,345	25,000	1,081,308	867,136	1,091,734
OFNLP - Administration	-	-	-	-	-	956,598	949,794	819,396
Other	121,863	69,035	72,180	73,099	130,869	681,644	681,449	-
Solar generation sales	-	-	-	-	-	1,081,920	1,092,050	994,786
Income from investments	-	-	-	-	-	693,838	-	-
Other investment income	-	-	-	-	-	-	7,288	-
Amounts earned & held in Trust by	-	-	-	-	-	60,356	9,078	10,000
Federal government	-	-	-	-	-	4,466	4,303	-
	325,389	329,277	251,795	74,444	155,869	8,276,793	6,072,226	5,258,804
Expenses								
Salaries and benefits	73,375	70,660	72,068	69,864	100,786	2,507,877	2,327,206	2,492,502
Materials	158,366	184,480	104,450	52,929	63,606	1,414,880	1,656,477	1,035,095
Occupancy costs	97,516	88,030	80,077	-	1,320	188,457	208,151	173,132
Contracted services	-	-	-	-	-	216,351	180,121	237,738
Bank charges and interest	-	-	-	-	-	377,392	10,321	10,823
Program costs	933	12,748	-	44,566	52,974	1,534,676	1,525,018	1,314,255
Amortization	141,469	172,496	-	32,577	32,577	669,121	328,884	-
	471,659	528,414	256,595	199,936	251,263	6,908,754	6,236,178	5,263,545
Net surplus/(deficit)	(146,270)	(199,137)	(4,800)	(125,492)	(95,394)	(60,393)	(163,952)	(4,741)