

ALDERVILLE FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015



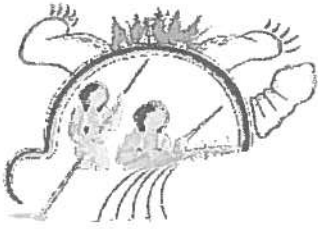
Collins Barrow

Chartered Accountants

ALDERVILLE FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015

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Chief: James R. Marsden
Councillor: Julie Bothwell
Councillor: Jody Holmes
Councillor: Pamela Crowe
Councillor: David Simpson

ALDERVILLE FIRST NATION

For The Year Ended March 31, 2015

MANAGEMENT REPORT

The accompanying consolidated financial statements of the 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.

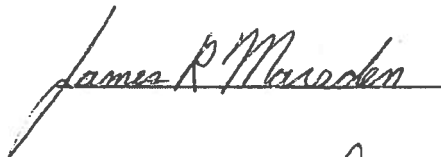
The First Nation maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the First Nation's assets are appropriately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

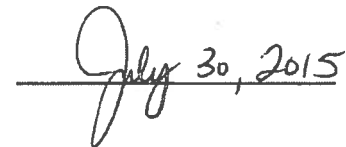
Council reviews and approves the First Nation's financial statements for issuance to the members. Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy 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.

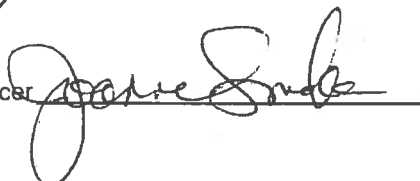
Chief



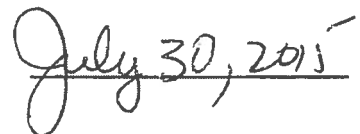
Date



Chief Administrative Officer



Date



INDEPENDENT AUDITORS' REPORT

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, 2015, the consolidated statements of operations and accumulated surplus, change in net financial assets and 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 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, 2015 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Collins Barrow Kawarthas LLP

Chartered Professional Accountants
Peterborough, Ontario
August 19, 2015

ALDERVILLE FIRST NATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At March 31, 2015

	2015	2014
	\$	\$
FINANCIAL ASSETS		
Cash (note 2)	1,201,426	1,620,832
Investments (note 3)	57,097	57,097
Due from government and other government organizations (note 4)	175,257	251,962
Other accounts receivable (note 5)	284,425	2,488,626
Mortgages due from First Nation members (note 6)	3,341,199	3,439,121
Funds held in trust by Federal Government (note 7)	84,440	79,543
Investment in government business enterprise (note 8)	11,045,207	-
TOTAL FINANCIAL ASSETS	16,189,051	7,937,181
LIABILITIES		
Due to government and other government organizations (note 10)	50,041	98,342
Accounts payable and accrued liabilities (note 11)	582,566	1,900,417
Deferred revenue (note 12)	152,226	187,644
Long term debt (note 13)	7,923,861	28,656,023
TOTAL LIABILITIES	8,708,694	30,842,426
NET FINANCIAL ASSETS/(LIABILITIES)	7,480,357	(22,905,245)
NON-FINANCIAL ASSETS		
Tangible capital assets (schedule 1)	5,807,459	36,342,357
Prepaid expenses (note 14)	27,645	65,484
TOTAL NON-FINANCIAL ASSETS	5,835,104	36,407,841
ACCUMULATED SURPLUS (note 17)	13,315,461	13,502,596

James R Mauden
CHIEF

SEPTEMBER 3, 2015
DATE

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, 2015

	Budget 2015 \$ (Unaudited)	Actual 2015 \$	Actual 2014 \$
REVENUES			
Aboriginal Affairs and Northern Development Canada (AANDC) (notes 18 and 19)	2,325,710	2,552,851	3,716,663
Other Federal grants (note 19)	1,070,878	1,036,996	1,081,308
Province of Ontario (note 19)	982,367	1,146,143	956,598
Ontario First Nations Limited Partnership	-	688,058	681,644
Other	1,096,027	1,287,975	1,081,920
Solar generation sales	-	-	693,838
Investment income	17,520	21,150	60,356
Amounts earned & held in Trust by Federal government (note 7)	-	4,897	4,466
Income from government business enterprise (GBE) (note 8)	-	141,257	-
TOTAL REVENUES	5,492,502	6,879,327	8,276,793
EXPENSES			
Administration	1,007,230	1,479,859	1,181,292
Economic development	1,118,640	1,409,490	1,648,206
Education	1,384,091	1,454,573	1,432,103
Lands and membership	98,879	99,983	105,554
Social development	772,400	925,436	826,215
Health	1,055,257	1,058,117	1,043,789
Maintenance of facilities	453,215	509,737	471,659
Community centre	153,779	129,267	199,936
TOTAL EXPENSES	6,043,491	7,066,462	6,908,754
ANNUAL SURPLUS/(DEFICIT)	(550,989)	(187,135)	1,368,039
ACCUMULATED SURPLUS - beginning of year	13,502,596	13,502,596	12,134,557
ACCUMULATED SURPLUS - end of year	12,951,607	13,315,461	13,502,596

The accompanying notes are an integral part of these financial statements

ALDERVILLE FIRST NATION

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For the Year Ended March 31, 2015

	Budget 2015 \$ (Unaudited)	Actual 2015 \$	Actual 2014 \$
ANNUAL SURPLUS/(DEFICIT)	(550,989)	(187,135)	1,368,039
Amortization of tangible capital assets	285,219	261,526	669,121
Acquisition of tangible capital assets	(30,150)	(54,916)	(23,339,015)
Non-financial assets attributed to GBE	-	30,328,288	-
(Increase)/decrease in prepaid expenses	-	37,839	(6,031)
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(295,920)	30,385,602	(21,307,886)
NET FINANCIAL LIABILITIES - beginning of year	(22,905,245)	(22,905,245)	(1,597,359)
NET FINANCIAL ASSETS (LIABILITIES) - end of year	(23,201,165)	7,480,357	(22,905,245)

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, 2015

	2015 \$	2014 \$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual surplus/(deficit)	(187,135)	1,368,039
Increase in due from government and other government organizations	(123,867)	(70,552)
(Increase)/decrease in other accounts receivable	80,576	(1,870,268)
(Increase)/decrease in prepaid expenses	16,053	(6,031)
Increase in due to government and other government organizations	13,273	86,210
Increase in accounts payable and accrued liabilities	434,168	1,224,097
Increase/(decrease) in deferred revenue	(35,418)	63,382
Non-cash charges to operations:		
Amortization of tangible capital assets	261,526	669,121
Income from government business enterprise (GBE)	(141,257)	-
Net increase in cash from operating transactions	317,919	1,463,998
CAPITAL		
Acquisition of tangible capital assets	(54,916)	(23,339,015)
INVESTING		
Decrease in mortgages due from first nation members	97,922	52,882
(Increase)/decrease in funds held in trust by Federal Government	(4,897)	(4,466)
Contributed to government business enterprise	(343,272)	-
Net increase/(decrease) in cash from investing transactions	(250,247)	48,416
FINANCING		
Long term debt issued	-	28,300,000
Debt principal repayments	(432,162)	(20,671)
Capital loan advances repayment	-	(5,325,424)
Net increase/(decrease) in cash from financing transactions	(432,162)	22,953,905
INCREASE/(DECREASE) IN CASH	(419,406)	1,127,304
CASH - beginning of year	1,620,832	493,528
CASH - end of year	1,201,426	1,620,832

Interest received during the year was \$26,047 (2014 - \$52,838). Interest paid during the year was \$376,212.24 (2014 - \$1,286,741).

The changes in the assets and liabilities that were attributed to the GBE that had no cash effects were eliminated from the above amounts.

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, 2015

1. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. 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 Community Development Corporation

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

Effective April 1, 2014, Alderville Solar Limited Partnership ("ASLP") met all the characteristics to be considered a government business enterprise. Accordingly, the investment in ASLP is accounted for on a modified equity basis, consistent with the Canadian Public Sector Accounting Standards treatment for government business enterprises. Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform to those of the First Nation, and inter-organizational transactions and balances are not eliminated. Prior to April 1, 2014, ASLP did not meet the definition of a government business enterprise and was consolidated with the operations of the First Nation.

(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

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, 2015

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.

(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, 2015

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 First Nation's significant estimates include:

- The amounts recorded for amortization and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates; and
- 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, 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.

The First Nation does have interest rate risk on the investments and long term debt. Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. This risk is generally outside the control of the First Nation but is mitigated by the First Nation's investment policies.

(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 and based upon the last twelve monthly payments 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 are reviewed on an annual basis by management.

ALDERVILLE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2015

2. CASH

Cash consists of the following:

	2015	2014
	\$	\$
Externally restricted		
Apartment replacement	120,109	104,748
Housing	30,942	30,643
Debt service reserve (note 13(c)(ii))	379,962	376,797
	531,013	512,188
Unrestricted and internally restricted		
General - unrestricted	8,894	969,293
Social assistance - internally restricted	30,092	4,193
Thurlow Settlement - internally restricted	4,436	4,393
Community Centre - internally restricted	6,259	8,688
Ontario First Nations (2008) Limited Partnership - internally restricted	620,732	122,077
	670,413	1,108,644
	1,201,426	1,620,832

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:

	2015	2014
	\$	\$
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, 2015

4. DUE FROM GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

Amounts due from government and other government organizations consist of:

	2015	2014
	\$	\$
Federal government		
Aboriginal Affairs and Northern Development Canada	57,127	13,500
Health Canada	400	1,600
Environment Canada	53,124	7,546
	110,651	22,646
HST rebate receivable	-	200,572
Province of Ontario	64,606	28,744
	175,257	251,962

5. OTHER ACCOUNTS RECEIVABLE

Other accounts receivables consist of the following:

	2015	2014
	\$	\$
Due from members:		
Education	86,453	84,389
RRAP loans	36,560	7,780
Small business loans	24,899	23,119
Daycare	23,035	16,784
Miscellaneous	46,518	51,407
	217,465	183,479
Due from others:		
Services - non members	106,972	206,709
Hydro One - OPA contract	-	325,084
Stonebridge - construction escrow	-	1,798,540
Other	2,509	18,706
	109,481	2,349,039
	326,946	2,532,518
Less: allowance for doubtful accounts	(42,521)	(43,892)
	284,425	2,488,626

ALDERVILLE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2015

6. 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:

	2015 \$	2014 \$
Mortgages due from First Nation members	3,614,982	3,723,174
Provision for forgiveness	(273,783)	(284,053)
	3,341,199	3,439,121

7. FUNDS HELD IN TRUST

The funds held by the Federal Government on behalf of the First Nation of \$84,440 (2014 - \$79,543) 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	79,543	4,897	-	84,440

ALDERVILLE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2015

8. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISE

The following provides condensed supplementary financial information for the operations of Alderville Solar Limited Partnership ("ASLP") for the year ended March 31, 2015. Alderville First Nation owns an interest of 99.99% in ASLP and Alderville Solar Inc., which is 100% consolidated, owns the remaining 0.01% interest.

The equity in Government Business Enterprise is comprised of the following:

	2015 \$
Investment in government business enterprise	11,045,207
Long term debt	(7,585,178)
	<u>3,460,029</u>

Financial Position:

	2015 \$
Current assets	1,355,758
Other assets	29,689,488
Total Assets	<u>31,045,246</u>
Current liabilities	1,044,440
Long-term liabilities	18,955,599
Total Liabilities	<u>20,000,039</u>
Partners' capital	<u>11,045,207</u>
Total Liabilities and Partners' Capital	<u>31,045,246</u>

Results of Operations:

	2015 \$
Revenues	3,229,954
Expenses	3,088,697
Net Income of Government Business Enterprise	<u>141,257</u>

ALDERVILLE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2015

9. 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, 2015 there was a balance outstanding of \$Nil (2014 - \$Nil).

10. DUE TO GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

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

	2015 \$	2014 \$
Aboriginal Affairs and Northern Development Canada	25,000	25,000
Health Canada	6,153	10,268
Province of Ontario	18,888	1,500
HST collected payable	-	61,574
	50,041	98,342

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

	2015 \$	2014 \$
Trade payables	126,886	355,538
Accrued salaries and employee benefits	75,226	65,816
Due to School Boards	121,473	117,531
Construction holdbacks	-	1,231,702
Due to GBE	98,484	-
Rent deposits	9,234	6,565
Other accrued liabilities	151,263	123,265
	582,566	1,900,417

ALDERVILLE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2015

12. DEFERRED REVENUE

Deferred revenue is comprised of the following:

	2015 \$	2014 \$
AANDC	33,933	73,214
Other Federal	-	23,655
Provincial	-	10,400
Other programs	118,293	80,375
	152,226	187,644

The continuity of deferred revenue is as follows:

	2015 \$	2014 \$
Balance - beginning of year	187,644	124,262
AANDC	-	50,000
Other Federal	104,226	58,602
Provincial	603,294	-
Other	386,764	394,961
	1,094,284	503,563
AANDC	39,281	23,189
Other Federal	127,881	42,287
Provincial	613,694	-
Other	348,846	374,705
	1,129,702	440,181
Balance - end of year	152,226	187,644

ALDERVILLE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2015

13. LONG TERM DEBT

- (a) The balance of long term debt reported on the Consolidated Statement of Financial Position is made up of the following:

	2015 \$	2014 \$
Mortgage payable to CMHC, interest at 1.64% per annum, due February 1, 2017 payable in blended monthly payments of \$1,919	338,683	356,023
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	3,757,956	3,850,000
Loan payable to Bank of Montreal, interest at prime plus 1.5% per annum, monthly principal payments of \$23,056 plus interest, due 2029	3,827,222	4,150,000
	7,923,861	28,656,023

- (b) Interest incurred on long term debt and capital loan advances amounted to \$375,804 (2014 - \$1,286,741).
- (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 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, 2015

13. 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:

	Principal \$	Interest \$	Total \$
2016	485,300	359,383	844,683
2017	495,244	336,822	832,066
2018	505,682	313,769	819,451
2019	516,636	308,044	824,680
2020	775,907	266,084	1,041,991
2021 to 2025	2,735,443	931,257	3,666,700
2026 and subsequent years	2,409,649	249,721	2,659,370
	7,923,861	2,765,080	10,688,941

14. PREPAID EXPENSES

Prepaid expenses consist of the following:

	2015 \$	2014 \$
School boards	20,100	20,700
Insurance	-	21,786
Service agreements with Township of Alnwick/Haldimand	-	13,005
Other	7,545	9,993
	27,645	65,484

15. 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 2015 were \$103,115 (2014 - \$111,884).

16. 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.

ALDERVILLE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2015

17. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2015	2014
	\$	\$
Surplus/(Deficit)		
First Nation - operating	238,220	255,561
First Nation - solar operating	(1,901,332)	130,960
Alderville Solar Limited Partnership	-	(88,987)
Alderville Solar Inc.	(6,248)	(2,649)
Alderville Community Development Corporation	8,451	(436)
Equity in GBE - note 8	3,460,029	-
	1,799,120	294,449
Invested In Capital Assets		
Tangible capital assets - net book value	5,807,459	36,342,357
Long term debt	(338,683)	(28,656,023)
Unfunded capital	-	(425,912)
	5,468,776	7,260,422
Surplus	7,267,896	7,554,871
Restricted		
Housing	3,565,558	3,500,399
Small business loans	37,500	37,500
Education	213,765	208,079
General	405,832	476,351
CMHC Section 95	99,584	87,812
Thurlow Settlement	119,298	143,187
Ontario First Nation Limited Partnership	1,521,588	1,414,854
Total Restricted	5,963,125	5,868,182
Held in Trust by the Federal Government		
Revenue	84,440	79,543
	13,315,461	13,502,596

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, 2015

17. 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 general fund is treated as a restricted fund. The fund was established to finance future operating programs.
- (e) The CMHC Section 95 fund is treated as an externally restricted fund. The fund was established to accumulate any surplus from the program.
- (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.

18. RECONCILIATION OF AANDC FUNDING TO FIRST NATION AANDC REVENUE

	\$
AANDC Funding Per Confirmation	2,513,570
Add 2014 Deferred Revenue	
Land management	32,072
Drinking water improvement initiative	41,142
	73,214
Less 2015 Deferred Revenue	
Land management	17,353
Drinking water improvement initiative	16,580
	33,933
AANDC Revenue For The Year	2,552,851

ALDERVILLE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2015

19. GOVERNMENT TRANSFERS

Government transfers consist of the following:

	2015	2014
	\$	\$
Federal government operating transfers		
Aboriginal Affairs and Northern Development Canada	2,552,851	2,440,143
Health Canada	751,333	777,967
Canada Mortgage and Housing Corporation	18,723	16,259
Other	266,940	287,082
	3,589,847	3,521,451
Federal government capital transfers		
Aboriginal Affairs and Northern Development Canada	-	1,276,520
Provincial government operating transfers	1,146,143	956,598
	4,735,990	5,754,569

20. BUDGET FIGURES

The budget, approved by the First Nation, for 2015 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.

21. 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, 2015 is \$29,700 (2014 - \$29,700).

22. 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.

ALDERVILLE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2015

22. SEGMENTED INFORMATION, continued

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 Inc. and Alderville Community Development Corporation and income from the investment in a government business enterprise.

Education

Education includes the off reserve schools and post secondary education.

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.

23. 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, 2015

	Cost			Accumulated Amortization			Net Book Value	
	Opening Balance	Additions	Disposals	Transfers	Closing Balance	Opening Balance	Amortization	Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$
Tangible Capital Assets								
Land	880,756	-	-	-	880,756	-	-	880,756
Residential buildings	1,453,818	-	-	-	1,453,818	-	-	1,055,598
Non-residential buildings	5,513,562	-	-	-	5,513,562	-	-	3,365,050
Vehicles	534,386	-	-	-	534,386	-	-	46,035
Computer equipment	160,094	23,976	-	(45,098)	138,972	-	-	76,089
Other equipment	374,055	30,940	-	45,098	450,093	-	-	12,142
Roads and traffic lights	872,804	-	-	-	872,804	-	-	193,042
Solar farm	30,712,191	-	30,712,191	-	-	383,903	-	240,514
								30,328,288
	40,501,666	54,916	30,712,191	-	9,844,391	261,526	383,903	5,807,459
								36,342,357
Total	40,501,666	54,916	30,712,191	-	9,844,391	261,526	383,903	5,807,459
								36,342,357

Disposal of the solar farm tangible capital assets relate to the classification change of Alderville Solar Limited Partnership from a consolidated entity to a Government Business Enterprise.

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE
For the Year Ended March 31, 2015

Collins Barrow
Chartered Accountants

ALDERVILLE FIRST NATION

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE, continued For the Year Ended March 31, 2015

	Lands and Membership		Social Development		Health	
	Actual 2015	Actual 2014	Actual 2015	Actual 2014	Actual 2015	Actual 2014
	\$	\$	\$	\$	\$	\$
		(Unaudited)		(Unaudited)		(Unaudited)
Revenues						
AANDC	148,783	154,668	134,921	140,097	120,723	20,748
Other Federal contributions	2,464	-	-	-	-	751,333
Province of Ontario	-	-	725,801	610,920	544,575	223,516
Other	-	-	166,085	175,391	108,670	133,152
	151,247	154,668	1,026,807	926,408	773,968	1,157,244
						1,151,521
Expenses						
Salaries and benefits	84,037	83,022	451,793	439,868	481,801	579,518
Materials	15,677	22,217	202,787	159,244	224,601	262,564
Occupancy costs	-	-	45,103	42,112	28,425	5,300
Contracted services	-	-	-	-	-	2,500
Bank charges and interest	-	94	-	-	-	-
Program costs	-	-	210,722	170,691	23,273	152,288
Amortization	269	221	15,031	14,300	14,300	41,619
	99,983	105,554	925,436	826,215	772,400	1,043,789
						1,055,257
Net surplus/(deficit)	51,264	49,114	101,371	100,193	1,568	113,455
						96,264

ALDERVILLE FIRST NATION

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE, continued For the Year Ended March 31, 2015

	Maintenance of Facilities			Community Centre			Consolidated Totals		
	Actual 2015	Actual 2014	Budget 2015	Actual 2015	Actual 2014	Budget 2015	Actual 2015	Actual 2014	Budget 2015
	\$	\$	(Unaudited)	\$	\$	(Unaudited)	\$	\$	(Unaudited)
Revenues									
AANDC	238,700	200,988	177,575	-	-	-	2,552,851	3,716,663	2,325,710
Other Federal contributions	-	-	-	23,655	1,345	23,655	1,036,996	1,081,308	1,070,878
Province of Ontario	2,174	2,538	3,837	-	-	-	1,146,143	956,598	982,367
OFNLP - Administration	-	-	-	-	-	-	688,058	681,644	-
Other	124,678	121,863	125,534	43,372	73,099	38,000	1,287,975	1,081,920	1,096,027
Solar generation sales	-	-	-	-	-	-	-	693,838	-
Other investment income	-	-	-	-	-	-	21,150	60,356	17,520
Amounts earned & held in Trust by Federal government	-	-	-	-	-	-	4,897	4,466	-
Investment in government business enterprise	-	-	-	-	-	-	141,257	-	-
	365,552	325,389	306,946	67,027	74,444	61,655	6,879,327	8,276,793	5,492,502
Expenses									
Salaries and benefits	96,517	73,375	104,060	44,548	69,864	58,945	2,743,078	2,500,706	2,928,524
Materials	172,113	158,366	118,931	35,674	52,929	40,837	1,587,117	1,419,901	1,073,139
Occupancy costs	97,426	97,516	88,255	1,920	-	1,920	181,816	188,457	169,750
Contracted services	-	-	-	-	-	-	312,878	216,351	295,483
Bank charges and interest	-	-	-	-	-	-	386,144	377,392	10,624
Program costs	2,241	933	500	14,548	44,566	19,500	1,593,903	1,536,826	1,280,752
Amortization	141,440	141,469	141,469	32,577	32,577	32,577	261,526	669,121	285,219
	509,737	471,659	453,215	129,267	199,936	153,779	7,066,462	6,908,754	6,043,491
Net surplus/(deficit)	(144,185)	(146,270)	(146,269)	(62,240)	(125,492)	(92,124)	(187,135)	1,368,039	(550,989)