

CURVE LAKE FIRST NATION
FINANCIAL STATEMENTS
MARCH 31, 2014

**CURVE LAKE FIRST NATION
FINANCIAL STATEMENTS
MARCH 31, 2014**

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GOVERNMENT SERVICES BUILDING
AND CULTURAL CENTRE



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CURVE LAKE FIRST NATION

For The Year Ended March 31, 2014

MANAGEMENT REPORT

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

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 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 independent auditor's report.

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

Chief

Date

INDEPENDENT AUDITORS' REPORT

To Council and the Members of Curve Lake First Nation

Report on the Financial Statements

We have audited the accompanying financial statements of Curve Lake First Nation, which comprise the statement of financial position as at March 31, 2014, the 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 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 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 financial statements present fairly, in all material respects, the financial position of Curve Lake 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 Kawarthas LLP

Chartered Professional Accountants
Peterborough, Ontario
July 28, 2014

CURVE LAKE FIRST NATION

STATEMENT OF FINANCIAL POSITION

At March 31, 2014

	2014	2013
	\$	\$
FINANCIAL ASSETS		
Cash (note 2)	495,005	2,471,554
Investments (note 3)	28,542,377	25,828,178
Due from Government and other Government organizations (note 4)	305,941	210,008
Other accounts receivable (note 5)	225,085	130,849
Mortgages due from First Nation members (note 6)	3,419,818	3,351,237
Funds held in trust by the Federal Government (note 7)	518,423	504,056
TOTAL FINANCIAL ASSETS	33,506,649	32,495,882
LIABILITIES		
Accounts payable and accrued liabilities (note 9)	744,260	530,598
Islands in the Trent payable (note 8)	1,160,000	-
Due to Government and other Government organizations (note 10)	152,626	106,328
Deferred revenue (note 12)	804,722	1,243,523
Long term debt (note 13)	633,908	666,116
TOTAL LIABILITIES	3,495,516	2,546,565
NET FINANCIAL ASSETS	30,011,133	29,949,317
NON-FINANCIAL ASSETS		
Tangible capital assets (schedule 1)	9,448,383	9,332,979
Prepaid expenses (note 11)	16,829	34,773
Inventory of land held for resale	47,074	77,074
TOTAL NON-FINANCIAL ASSETS	9,512,286	9,444,826
ACCUMULATED SURPLUS (note 14)	39,523,419	39,394,143

The accompanying notes are an integral part of these financial statements

CURVE LAKE FIRST NATION

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 15 and 16)	4,660,840	4,797,946	43,480,258
Federal Government other (note 16)	1,271,749	1,288,062	1,199,878
Province of Ontario (note 16)	1,873,413	2,076,424	1,685,710
Other First Nations	2,738,142	2,228,396	2,307,649
Other	1,349,530	2,947,929	3,080,776
TOTAL REVENUES	11,893,674	13,338,757	51,754,271
EXPENSES			
Administration	830,142	1,064,345	869,054
Community operations	1,099,204	1,154,348	917,438
Economic development	532,339	561,859	444,831
Cultural	48,995	30,091	114,645
Education	3,644,059	3,998,578	3,751,806
Land management	2,996,030	2,909,226	26,145,976
Social development	1,203,327	1,334,952	1,139,881
Health	1,583,974	1,615,213	1,554,770
Gaming revenue	100,000	540,869	823,173
TOTAL EXPENSES	12,038,070	13,209,481	35,761,574
ANNUAL SURPLUS	(144,396)	129,276	15,992,697
ACCUMULATED SURPLUS - beginning of year	39,394,143	39,394,143	23,401,446
ACCUMULATED SURPLUS - end of year	39,249,747	39,523,419	39,394,143

The accompanying notes are an integral part of these financial statements

CURVE LAKE FIRST NATION

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For the Year Ended March 31, 2014

	Budget 2014 \$ (Unaudited)	Actual 2014 \$	Actual 2013 \$
ANNUAL SURPLUS	(144,396)	129,276	15,992,697
Amortization of tangible capital assets	402,999	460,136	402,999
Acquisition of tangible capital assets	(69,500)	(575,540)	(1,302,091)
(Increase)/decrease in prepaid expenses	-	17,944	(8,896)
(Increase)/decrease in inventory of land held for resale	-	30,000	(42,074)
INCREASE IN NET FINANCIAL ASSETS	189,103	61,816	15,042,635
NET FINANCIAL ASSETS - beginning of year	29,949,317	29,949,317	14,906,682
NET FINANCIAL ASSETS - end of year	30,138,420	30,011,133	29,949,317

The accompanying notes are an integral part of these financial statements

CURVE LAKE FIRST NATION

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	129,276	15,992,697
(Increase)/decrease in due from Government and other Government organizations	(95,933)	166,482
(Increase)/decrease in other accounts receivable	(94,236)	79,917
(Increase)/decrease in prepaid expenses	17,944	(8,896)
(Increase)/decrease in inventory of land held for resale	30,000	(42,074)
Increase/(decrease) in accounts payable and accrued liabilities	213,662	(425,298)
Increase in Islands in the Trent payable	1,160,000	-
Increase in due to Government and other Government organizations	46,298	31,018
Increase/(decrease) in deferred revenue	(438,801)	292,847
Non-cash charges to operations:		
Amortization of tangible capital assets	460,136	402,999
Net increase in cash from operating transactions	1,428,346	16,489,692
CAPITAL		
Acquisition of tangible capital assets	(575,540)	(1,302,091)
INVESTING		
Increase in investments	(2,714,199)	(13,304,795)
(Increase)/decrease in mortgages due from First Nation members	(68,581)	27,441
Increase in funds held in trust by the Federal Government	(14,367)	(13,649)
Net decrease in cash from investing transactions	(2,797,147)	(13,291,003)
FINANCING		
Debt principal repayments	(32,208)	(31,501)
INCREASE/(DECREASE) IN CASH	(1,976,549)	1,865,097
CASH - beginning of year	2,471,554	606,457
CASH - end of year	495,005	2,471,554

Interest received during the year was \$572,145 (2013- \$870,610). Interest paid during the year was \$16,619 (2013- \$17,392).

The accompanying notes are an integral part of these financial statements

CURVE LAKE FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES

These 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 financial statements reflect the assets, liabilities, revenues and expenses and accumulated surplus of the Curve Lake First Nation.

The reporting entity includes the Curve Lake First Nation government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation. There are no non-consolidated entities.

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

(b) Trust Funds

Trust funds and their related operations administered by the First Nation are not included in these financial statements but are reported on separately on the Trust Funds Statement of Continuity and Statement of Financial Position.

(c) Inventory

Inventory, which consists of land available for resale, is recorded at the lower of cost and market.

(d) 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:

Land improvements	10-50 years
Buildings	25-40 years
Machinery and equipment	10-50 years
Vehicles	3-5 years
Furniture and fixtures	10 years
Computer hardware and software	4 years
Roads and bridges	20-50 years
Water and sewer	30-100 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

CURVE LAKE FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(e) 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.

(f) Asset Classification

Assets are classified as either financial or non-financial. Financial assets are assets that could 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.

(g) 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.

(h) Deferred Revenue

Deferred revenue represents grants, user charges and fees 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.

(i) 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.

CURVE LAKE FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(j) 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. 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.

(k) 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 the Federal Government, accounts payable and accrued liabilities, Islands in the Trent payable, due to Government and other Government organizations 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 interest, currency or credit risk.

2. CASH

Cash consists of the following:

	2014	2013
	\$	\$
Externally restricted		
Ontario First Nation Limited Partnership	354,389	476,376
Apartment replacement	32,730	32,510
	387,119	508,886
Unrestricted		
General	(26,470)	148,961
Islands of the Trent	60,560	1,765,260
Social assistance	43,558	48,447
Library	30,238	-
	107,886	1,962,668
	495,005	2,471,554

The overdraft in the General bank account is a result of outstanding cheques at March 31, 2014.

CURVE LAKE FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2014

3. INVESTMENTS

Investments are comprised of the following:

	2014	2013
	\$	\$
Fixed income bonds with interest rates between 1.7% and 4.9%, maturity dates between June 2, 2014 and April 11, 2022 held at CIBC Asset Management.	28,413,673	25,702,121
5 year GIC bearing interest at 2.1% maturing August 4, 2014	128,704	126,057
	28,542,377	25,828,178

The First Nation is exposed to interest rate risk as the market value of the investments will generally rise if interest rates fall and conversely fall if interest rates rise.

4. DUE FROM GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

Due from Government and other Government organizations consists of the following:

	2014	2013
	\$	\$
Federal Government		
Health Canada	89,622	41,342
Canada Mortgage and Housing Corporation	64,405	43,542
Aboriginal Affairs and Northern Development Canada	70,508	68,413
	224,535	153,297
Province of Ontario	81,406	56,711
	305,941	210,008

5. OTHER ACCOUNTS RECEIVABLE

Other accounts receivable consist of the following:

	2014	2013
	\$	\$
Service charges	104,559	97,819
Aboriginal Labour Force	-	12,827
Union of Ontario Indians	3,610	14,260
Due from members	27,547	5,145
Other receivables	89,369	798
	225,085	130,849

CURVE LAKE FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2014

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 loans. The unexpended portion of approved loans is not recorded until an actual expenditure has been incurred. The First Nation members have a legal obligation to repay the full amount of the approved loans. Interest is charged on these loans at rates between 0% and 6.25%. The provision for forgiveness is calculated as a percentage of the initial mortgage balance and is provided for, if the First Nation members' loan balance is current.

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

	2014	2013
	\$	\$
Mortgages due from First Nation members	3,711,337	3,730,438
Provision for forgiveness	(291,519)	(379,201)
	3,419,818	3,351,237

7. FUNDS HELD IN TRUST

The funds held by the Federal Government on behalf of the First Nation of \$518,423 (2013 - \$504,056) are for the use of the First Nation for specific projects. At the request of the First Nation, these funds can be obtained.

	Opening Balance \$	Additions \$	Withdrawals \$	Closing Balance \$
Capital	69,509	-	-	69,509
Revenue	434,547	14,367	-	448,914
	504,056	14,367	-	518,423

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.

8. ISLANDS IN THE TRENT PAYABLE

Islands in the Trent payable consists of amounts owing to members who are eligible for the per-capita distribution but have not yet picked up their cheque.

CURVE LAKE FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2014

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

	2014	2013
	\$	\$
Trade payables	285,390	196,197
Accrued salaries and employee benefits	174,299	91,373
Due to School Boards	203,318	187,677
Other accrued liabilities	81,253	55,351
	<u>744,260</u>	<u>530,598</u>

10. DUE TO GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

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

	2014	2013
	\$	\$
Federal Government		
Health Canada	61,703	30,098
Aboriginal Affairs and Northern Development Canada	5,918	4,900
Receiver General	18,632	-
	<u>86,253</u>	<u>34,998</u>
Province of Ontario	66,373	71,330
	<u>152,626</u>	<u>106,328</u>

11. PREPAID EXPENSES

Prepaid expenses consist of the following:

	2014	2013
	\$	\$
Insurance	9,819	12,363
Employee benefits	7,010	7,010
Deposit for training seminar	-	15,400
	<u>16,829</u>	<u>34,773</u>

CURVE LAKE FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2014

12. DEFERRED REVENUE

Included in deferred revenue are the following amounts:

	Balance March 31, 2013 \$	Funding Received/ (recovered) 2014 \$	Revenue Recognized 2014 \$	Balance March 31, 2014 \$
AANDC				
Flooding claim	4,000	-	-	4,000
Lot servicing	1,394	-	-	1,394
Land survey	16	-	-	16
RLEMP - Training	11,970	-	-	11,970
	17,380	-	-	17,380
AANDC - Curve Lake Flood Claim	93,715	-	30,380	63,335
Other	1,132,428	2,103,083	2,511,504	724,007
	1,243,523	2,103,083	2,541,884	804,722

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:

	2014 \$	2013 \$
Mortgage payable to CMHC, repayable in blended monthly payments of \$4,069, interest at 2.57%, due December 1, 2014, secured by specific rental buildings and by Aboriginal Affairs and Northern Development Canada	633,908	666,116

(b) Interest expense on long term debt amounted to \$16,549 (2013 - \$17,328)

(c) The long term debt reported in (a) of this note is repayable as follows:

	Principal \$	Interest \$	Total \$
2015	633,908	10,625	644,533

CURVE LAKE FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2014

14. ACCUMULATED SURPLUS

(a) Accumulated surplus consists of the following:

	2014	2013
	\$	\$
Surplus/(Deficit)		
Operating	16,819,804	17,240,620
Library	3,170	-
	16,822,974	17,240,620
Invested In Capital Assets		
Tangible capital assets - net book value	9,448,383	9,332,979
Long term debt	(633,908)	(666,116)
	8,814,475	8,666,863
Surplus	25,637,449	25,907,483
Restricted		
Apartment replacement	21,266	15,266
Ontario First Nation Limited Partnership	10,471,333	10,094,283
Education	150,000	150,000
Minor capital	150,000	150,000
Education project reserve	92,648	90,755
Capital housing program (b)	1,372,228	2,482,300
Housing project reserve (b)	1,110,072	-
Total Restricted	13,367,547	12,982,604
Held in Trust by the Federal Government		
Capital	69,509	69,509
Revenue	448,914	434,547
Total Held in Trust by the Federal Government	518,423	504,056
	39,523,419	39,394,143

(b) For the year ended March 31, 2014, the capital housing program reserve has been split into a housing project reserve of \$1,110,072 and a capital housing program reserve of \$1,372,228. The amount of the housing project reserve was segregated based on a review of the cash surplus in the housing program over the past 7 years. The intention of segregating the funds into the housing project reserve was to identify the amount of cash available to be used for future housing projects.

CURVE LAKE FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2014

15. RECONCILIATION OF AANDC FUNDING TO FIRST NATION AANDC REVENUE

	\$
AANDC Funding Per Confirmation	4,798,964
Add 2013 Deferred Revenue	
Flooding claim	4,000
Lot servicing	1,394
Land surveys	16
RLEMP - Training	11,970
	17,380
Less 2014 Deferred Revenue	
Flooding claim	4,000
Lot servicing	1,394
Land surveys	16
RLEMP - Training	11,970
	17,380
Less Amounts Repayable/ Repaid	
New paths	1,018
AANDC Revenue For The Year	4,797,946

CURVE LAKE FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2014

16. GOVERNMENT TRANSFERS

Government transfers consists of the following:

	2014 \$	2013 \$
Aboriginal Affairs and Northern Development Canada		
Operating	4,402,305	4,264,458
Capital	395,641	373,193
Settlement	-	38,842,607
	4,797,946	43,480,258
Health Canada - operating	1,115,356	1,063,346
Canada Mortgage and Housing Corporation - operating	40,928	40,928
Human Resources Development Canada - operating	131,778	95,604
	1,288,062	1,199,878
Province of Ontario - operating	2,076,424	1,685,710
	8,162,432	46,365,846

17. PENSION AGREEMENTS

Some of the employees of the First Nation are eligible to be members of a contributory pension plan. Employer contributions to the plan by the First Nation during the year amounted to \$134,606 (2013 - \$142,604). These contributions which match the employee's contributions for current service, are expensed during the year in which services are rendered and represent the total pension obligation of the First Nation.

18. TRUST FUNDS

Trust funds administered by the First Nation amounting to \$6,054,272 (2013 - \$6,632,212) have not been included in the Statement of Financial Position nor have their operations been included in the Statement of Operations and Accumulated Surplus. As such balances are held in trust by the First Nation for the benefit of others, they are not presented as part of the First Nation financial position or operations.

19. 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.

CURVE LAKE FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2014

20. BUDGET FIGURES

The budget, approved by the First Nation, for 2014 is reflected on the Statement of Operations and Accumulated Surplus and the 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.

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

During the fiscal years 2003/04 to 2013/14 the First Nation entered into loan agreements in the amount of \$1,045,775 with the Federal Government for flooding claims. Expenditures to March 31, 2014 amounted to \$982,440. Total claims are expected to be equal to or greater than amounts received.

22. SEGMENTED INFORMATION

Curve Lake 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.

Community Operations

Community Operations include police, fire, public works and operation of waste management, water systems and buildings not included under other segments.

Economic Development

Economic development includes the operations of the resource centre, cottage and small business centre rentals and the various employment oriented programs of the First Nation.

CURVE LAKE FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2014

22. SEGMENTED INFORMATION, continued

Education

Education includes the Curve Lake School, schools off the First Nation and post secondary education.

Land Management

Lands includes the First Nation lands management function including lot purchases, flooding claims and Williams Treaty negotiations.

Social Development

Social development consists of General Assistance to members and inhabitants of the First Nation, homes for the aged 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.

Gaming Revenue

Gaming revenue consists of funds received from the Ontario First Nation Limited Partnership and related expenditures.

23. COMPARATIVE FIGURES

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

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

Collins Barrow
Chartered Accountants

CURVE LAKE FIRST NATION

SCHEDULE 2: SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended March 31, 2014

	Administration			Community Operations			Economic Development			Cultural	
	Actual 2014 \$	Actual 2013 \$	Budget 2014 \$ (Unaudited)	Actual 2014 \$	Actual 2013 \$	Budget 2014 \$ (Unaudited)	Actual 2014 \$	Actual 2013 \$	Budget 2014 \$ (Unaudited)	Actual 2013 \$	Budget 2014 \$ (Unaudited)
Revenues											
AANDC	548,961	556,635	548,961	631,936	603,663	623,716	121,211	114,358	124,595	-	-
Federal Government other	36,859	-	-	68,428	48,428	48,428	94,919	95,604	129,709	-	-
Province of Ontario	-	-	-	19,482	19,482	19,483	130,000	74,489	80,000	14,531	-
Other	239,433	341,218	327,318	371,007	324,276	343,425	280,851	105,393	183,708	32,868	47,125
	825,253	897,853	876,279	1,090,853	995,849	1,035,052	626,981	389,844	518,012	47,399	47,125
Expenses											
Salaries and benefits	667,617	500,343	538,293	191,015	161,289	160,454	250,540	221,961	243,293	69,519	66,310
Materials	358,756	255,660	168,500	201,842	160,795	166,161	13,807	29,263	5,350	-	-
Occupancy costs	843	1,061	2,000	205,272	167,068	131,685	32,281	22,492	24,000	-	-
Contracted services	111,547	140,368	118,000	96,645	85,124	96,500	-	-	-	-	-
Bank charges and interest	5,818	4,488	2,000	16,619	17,328	49,828	-	-	-	-	-
Program costs	33,824	18,546	103,000	253,275	150,658	319,400	208,617	115,553	204,352	80,572	82,685
Amortization	48,259	35,178	35,178	188,680	174,176	174,176	45,314	44,044	44,044	-	-
Interdepartmental charges	(33,954)	-	-	-	-	-	-	-	-	(120,000)	(100,000)
Allocated administration	(128,365)	(86,590)	(136,829)	1,000	1,000	1,000	11,300	11,518	11,300	-	-
	1,064,345	869,054	830,142	1,154,348	917,438	1,099,204	561,859	444,831	532,339	30,091	48,995
Net deficit	(239,092)	28,799	46,137	(63,495)	78,411	(64,152)	65,122	(54,987)	(14,327)	38	(1,870)

CURVE LAKE FIRST NATION

SCHEDULE 2: SCHEDULE OF SEGMENT DISCLOSURE, continued For the Year Ended March 31, 2014

	Actual 2014 \$	Education Actual 2013 \$	Budget 2014 \$ (Unaudited)	Actual 2014 \$	Land Management Actual 2013 \$	Budget 2014 \$ (Unaudited)	Actual 2014 \$	Social Development Actual 2013 \$	Budget 2014 \$ (Unaudited)
Revenues									
AANDC	3,112,466	2,974,084	2,954,476	189,348	39,021,212	205,348	194,024	210,306	203,744
Federal Government other	-	-	-	-	-	-	-	-	-
Province of Ontario	723,743	672,404	674,437	157,202	-	-	977,497	842,531	1,037,220
Other First Nations	-	-	-	2,228,396	2,307,649	2,738,142	-	-	-
Other	316,227	268,750	162,695	280,204	268,809	-	30,747	16,769	7,187
	4,152,436	3,915,238	3,791,608	2,855,150	41,597,670	2,943,490	1,202,268	1,069,606	1,248,151
Expenses									
Salaries and benefits	1,514,926	1,408,249	1,377,568	52,455	85,480	61,137	416,998	382,087	402,627
Materials	57,769	60,832	58,000	62,941	64,110	196,000	879	580	1,000
Occupancy costs	114,539	96,999	85,500	-	-	-	-	-	-
Contracted services	142,663	126,706	165,000	2,056,535	2,691,059	2,722,142	-	-	-
Bank charges and interest	-	-	-	302	126	-	-	-	-
Program costs	2,095,800	2,022,217	1,889,731	736,242	23,304,450	16,000	791,025	639,305	678,791
Amortization	27,300	26,695	26,695	751	751	751	87,130	65,109	65,109
Interdepartmental charges	-	-	-	-	-	-	6,400	10,800	10,800
Allocated administration	45,581	10,108	41,565	-	-	-	32,520	42,000	45,000
	3,998,578	3,751,806	3,644,059	2,909,226	26,145,976	2,996,030	1,334,952	1,139,881	1,203,327
Net deficit	153,858	163,432	147,549	(54,076)	15,451,694	(52,540)	(132,684)	(70,275)	44,824

CURVE LAKE FIRST NATION

SCHEDULE 2: SCHEDULE OF SEGMENT DISCLOSURE, continued For the Year Ended March 31, 2014

	Actual 2014 \$	Health Actual 2013 \$	Budget 2014 \$ (Unaudited)	Actual 2014 \$	Gaming Revenue Actual 2013 \$	Budget 2014 \$ (Unaudited)	Actual 2014 \$	Consolidated Totals Actual 2013 \$	Budget 2014 \$ (Unaudited)
Revenues									
AANDC	-	-	-	-	-	-	4,797,946	43,480,258	4,660,840
Federal Government other	1,087,856	1,055,846	1,093,612	-	-	-	1,288,062	1,199,878	1,271,749
Province of Ontario	68,500	62,273	62,273	-	-	-	2,076,424	1,685,710	1,873,413
Other First Nations	-	-	-	-	-	-	2,228,396	2,307,649	2,738,142
Other	266,312	292,699	278,072	1,133,019	1,429,994	-	2,947,929	3,080,776	1,349,530
	1,422,668	1,410,818	1,433,957	1,133,019	1,429,994	-	13,338,757	51,754,271	11,893,674
Expenses									
Salaries and benefits	740,341	793,251	846,526	27,312	17,471	-	3,930,723	3,637,329	3,696,208
Materials	82,575	72,137	64,800	-	-	-	778,569	643,377	659,811
Occupancy costs	35,683	30,405	25,500	-	-	-	388,618	318,025	268,685
Contracted services	4,551	8,415	8,000	-	-	-	2,411,941	3,051,672	3,109,642
Bank charges and interest	-	-	-	-	-	-	22,739	21,942	51,828
Program costs	657,797	582,352	554,938	359,603	805,702	-	5,216,755	27,686,230	3,848,897
Amortization	62,702	57,046	57,046	-	-	-	460,136	402,999	402,999
Interdepartmental charges	(6,400)	(10,800)	(10,800)	153,954	-	100,000	-	-	-
Allocated administration	37,964	21,964	37,964	-	-	-	-	-	-
	1,615,213	1,554,770	1,583,974	540,869	823,173	100,000	13,209,481	35,761,574	12,038,070
Net surplus/(deficit)	(192,545)	(143,952)	(150,017)	592,150	606,821	(100,000)	129,276	15,992,697	(144,396)

CURVE LAKE FIRST NATION

SCHEDULE 3: SCHEDULE OF SALARIES, HONORARIA, TRAVEL EXPENSES AND OTHER REMUNERATION ELECTED OR APPOINTED OFFICIALS For the Year Ended March 31, 2014

Name of Individual	No. of Months	Salary and Honoraria \$	Other Remuneration \$	Total \$	Travel Expenses \$
Chief					
Phyllis Williams	12	50,000	-	50,000	17,461
Councillors					
Ted Coppaway	12	11,650	-	11,650	2,480
Jeff Jacobs	12	12,525	-	12,525	1,735
Lorenzo Whetung	12	11,950	-	11,950	8,948
Vanessa Taylor	12	10,825	-	10,825	1,317
Keith Knott	12	11,875	-	11,875	8,571
Arnold Taylor	12	12,195	-	12,195	9,174
Shane Taylor	12	11,530	-	11,530	6,962
Jonas Knott	12	11,425	-	11,425	923

The Chief's honorarium does not reflect amounts received by the Chief and returned to the First Nation.

SCHEDULE 4: SCHEDULE OF SALARIES, HONORARIA, TRAVEL EXPENSES AND OTHER REMUNERATION UNELECTED SENIOR OFFICIALS For the Year Ended March 31, 2014

Position Title	No. of Months	Salary and Honoraria \$	Other Remuneration \$	Total \$	Travel Expenses \$
General Manager	12	72,806	-	72,806	2,584

INDEPENDENT AUDITORS' REPORT

www.collinsbarrowkawarthas.com

To Council and the Members of Curve Lake First Nation

Report on the Financial Statements

We have audited the accompanying financial statements of the Trust Fund of Curve Lake First Nation, which comprise the statement of financial position as at March 31, 2014, the statement of continuity 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 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 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 financial statements present fairly, in all material respects, the financial position of the Trust Fund of the First Nation as at March 31, 2014 and the continuity of the Trust Fund for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Collins Barrow Kawarthas LLP

Chartered Professional Accountants
Peterborough, Ontario
July 28, 2014

CURVE LAKE FIRST NATION

TRUST FUND STATEMENT OF FINANCIAL POSITION At March 31, 2014

	2014 Youth Allocation Fund \$	2013 Youth Allocation Fund \$
FINANCIAL ASSETS		
Investments (note 2)	6,040,558	6,620,465
Accrued interest receivable	13,714	11,747
	6,054,272	6,632,212
FUND BALANCES	6,054,272	6,632,212

TRUST FUND STATEMENT OF CONTINUITY For the Year Ended March 31, 2014

	2014 Youth Allocation Fund \$	2013 Youth Allocation Fund \$
BALANCE - beginning of year	6,632,212	-
RECEIPTS		
Allocation from Islands of the Trent Settlement	-	6,800,000
Investment income	103,416	39,077
	103,416	6,839,077
EXPENSES		
Per-capita distributions	647,723	200,026
Investment management fees	33,633	6,839
	681,356	206,865
BALANCE - end of year	6,054,272	6,632,212

The accompanying notes are an integral part of these financial statements

CURVE LAKE FIRST NATION
TRUST FUND
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Accounting

Revenue and expenses are reported on the accrual basis of accounting which recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Financial Instruments

The Trust Fund financial instruments consist of investments and accrued interest receivable. It is management's opinion that the fair value of financial instruments are not materially different from their carrying value. Unless otherwise noted, the Trust Fund does not have any significant concentration of credit, currency or interest rate risk.

(c) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period and are based on the First Nation's best information and judgment. Actual results could differ from these estimates.

2. INVESTMENTS

Included in investments are the following investments recorded at the lower of cost and market value:

	2014	2013
	\$	\$
Cash account	21,044	27,044
Money Market Fund	10	850,390
Government bonds	3,983,874	3,967,631
Corporate bonds	2,035,630	1,775,400
	6,040,558	6,620,465
Market Value	6,040,558	6,645,062

The Government and corporate bonds have interest rates between 2.36% and 3.10% and mature from September 15, 2014 and December 15, 2022. The Trust Fund is exposed to interest rate risk as the market value of the fund will generally rise if interest rates fall and conversely fall if interest rates rise.

CURVE LAKE FIRST NATION
TRUST FUND
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2014

3. YOUTH ALLOCATION FUND

The Youth Allocation Fund was created to hold the per-capita distribution for minor members. As each member reaches the age of eighteen, a cheque for \$10,000 plus accumulated interest will be issued to them.