

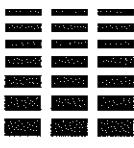
**CONSTANCE LAKE FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015**

CONSTANCE LAKE FIRST NATION

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YEAR ENDED MARCH 31, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Members of Constance Lake First Nation:

We have audited the accompanying consolidated financial statements of Constance Lake First Nation which comprise the consolidated statement of financial position as at March 31, 2015 and the consolidated statements of operations, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair representation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2015 and the results of its operations, changes in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matters

Our audit was made for the purposes of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included in the Schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements taken as a whole.

Timmins, Ontario
August 7, 2015

Ross Pope LLP
Chartered Professional Accountants
Licensed Public Accountants

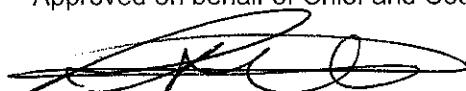
CONSTANCE LAKE FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31

	2015	2014*
FINANCIAL ASSETS		
Cash (Note 2)	\$ 5,021,046	\$ 2,812,603
Cash and deposits - externally restricted		
CMHC reserve fund	533,613	533,193
Funds held in trust (Note 3)	1,410,539	1,592,046
Portfolio investments	66,000	-
Accounts receivable (Note 4)	1,808,083	1,800,345
Housing loans receivable (Note 5)	182,392	3,469
Long-term investment (Note 6)	56,500	56,500
Investment in government business enterprises (Note 7)	217,859	129,335
	9,296,032	6,927,491
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities (Note 8)	2,377,250	2,346,657
Deferred revenue (Note 9)	2,250,365	707,736
Long-term debt (Note 10)	12,087,191	11,719,201
	16,714,806	14,773,594
NET DEBT	(7,418,774)	(7,846,103)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 1, Schedule A)	33,073,186	33,678,267
Prepaid expenses	91,907	60,663
	33,165,093	33,738,930
ACCUMULATED SURPLUS (Note 17)	\$ 25,746,319	\$ 25,892,827

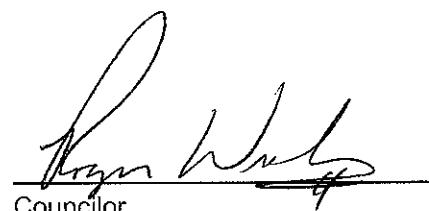
* Note 16

CONTINGENCIES AND COMMITMENTS (Note 11)

Approved on behalf of Chief and Council:



Chief



Councilor

CONSTANCE LAKE FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS
YEARS ENDED MARCH 31

	2015	2014*
REVENUE		
Aboriginal Affairs and Northern Development Canada	\$ 5,327,270	\$ 4,789,827
Ontario First Nations Limited Partnership	854,931	838,168
Canada Mortgage and Housing Corporation	832,690	715,069
Health Canada	1,106,830	1,128,065
Province of Ontario	3,069,729	2,116,744
Rental Income	750,434	840,181
Weekoban Inc. hauling revenues	1,717,170	1,466,382
Other	2,931,383	2,567,607
Deferred revenue - opening (Note 9)	707,736	953,424
Deferred revenue - closing (Note 9)	(2,250,365)	(707,736)
	15,047,808	14,707,731
EXPENDITURES (Note 19)		
Administration	734,149	965,485
Community property	1,194,808	822,872
Education	4,257,240	4,489,477
Employment and economic development	1,602,837	2,057,536
Interest on long term debt	178,675	215,773
Health services	1,476,703	1,310,642
Public works and facilities	1,442,599	1,906,718
Social assistance	1,866,271	1,659,085
Social housing	1,027,894	1,834,634
Weekoban Inc. hauling expenses	1,501,664	1,578,841
	15,282,840	16,841,063
Deficiency of revenue over expenditures before undernoted	(235,032)	(2,133,332)
Equity in income (loss) of government business enterprises and partnerships (Note 7)	88,524	331,363
ANNUAL DEFICIT	(146,508)	(1,801,969)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	25,892,827	27,694,796
ACCUMULATED SURPLUS, END OF YEAR (Note 17)	\$ 25,746,319	\$ 25,892,827

* Note 16

See accompanying notes.

STATEMENT 3**CONSTANCE LAKE FIRST NATION**
CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT
YEARS ENDED MARCH 31

	2015	2014*
ANNUAL DEFICIT	\$ (146,508)	\$ (1,801,969)
Acquisition of tangible capital assets	(1,298,525)	(2,133,733)
Disposal of tangible capital assets	41,300	-
Amortization of tangible capital assets	1,862,306	1,782,393
Increase in prepaid expenses	(31,244)	(3,516)
	573,837	(354,856)
CHANGE IN NET DEBT	427,329	(2,156,825)
NET DEBT, BEGINNING OF YEAR	(7,846,103)	(5,689,278)
NET DEBT, END OF YEAR	\$ (7,418,774)	\$ (7,846,103)

* Note 16

See accompanying notes.

CONSTANCE LAKE FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOWS
YEARS ENDED MARCH 31

	2015	2014*
OPERATING ACTIVITIES		
ANNUAL DEFICIT	\$ (146,508)	\$ (1,801,969)
ITEMS NOT AFFECTING CASH:		
Amortization	1,862,306	1,782,393
DECREASE (INCREASE) IN:		
Accounts receivable	(7,737)	(267,163)
Housing loans receivable	(178,923)	1,316,852
Prepaid expenses	(31,243)	(3,516)
Investment in government business enterprises	(88,524)	(331,363)
Restricted cash - CMHC reserve funds	(421)	(97,190)
Funds held in trust	181,507	(73,957)
INCREASE (DECREASE) IN:		
Accounts payable and accrued liabilities	30,591	209,047
Deferred revenue	1,542,630	(245,689)
CASH PROVIDED BY OPERATING ACTIVITIES	3,163,678	487,445
FINANCING ACTIVITIES		
Repayment of long-term debt	(672,221)	(848,570)
Proceeds from long-term debt	1,040,211	1,552,564
CASH PROVIDED BY FINANCING ACTIVITIES	367,990	703,994
INVESTING ACTIVITIES		
Acquisition and construction of tangible capital assets	(1,298,525)	(2,133,733)
Proceeds on disposal of tangible capital assets	41,300	-
<u>Acquisition of portfolio investments (net)</u>	<u>(66,000)</u>	<u>-</u>
CASH USED IN INVESTING ACTIVITIES	(1,323,225)	(2,133,733)
CHANGE IN CASH	2,208,443	(942,294)
<u>CASH, beginning of year</u>	<u>2,812,603</u>	<u>3,754,897</u>
CASH, end of year	\$ 5,021,046	\$ 2,812,603

* Note 16

See accompanying notes.

CONSTANCE LAKE FIRST NATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2015

NATURE OF ORGANIZATION

Constance Lake First Nation, an Indian Band located in Northern Ontario, administers programs and provides services on behalf of its members.

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are the representation of management and have been prepared in accordance with generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants. Further, the financial statements are prepared on the going concern assumption that the First Nation will be able to realize its assets and discharge its liabilities in the normal course of operations. Significant accounting policies are as follows:

(a) REPORTING ENTITY

The reporting entity includes the Constance Lake First Nation government and all related entities controlled by the First Nation.

(b) PRINCIPLES OF CONSOLIDATION

All controlled entities are fully consolidated on a line-by-line basis except for commercial enterprises which meet the definition of government business enterprises, which are included in the consolidated financial statements on a modified equity basis whereby the First Nation's investment is adjusted for its proportionate share of earnings (losses) of the government business enterprise. In the event accumulated losses exceed the cost of investment, the balance is written down to a nominal amount and not increased until losses are recouped by proportionate share of income sufficient to bring the investment balance to a positive amount.

Organizations consolidated in Constance Lake First Nation's financial statements are as follows:

Constance Lake First Nation Band
Constance Lake Development Corporation Limited Partnership
Constance Lake Education Authority
Weekoban Inc.

Organizations accounted for on a modified equity basis are as follows:

Amik Logging Limited Partnership
Mahiihkanuk Construction Limited Partnership

The most current financial information available for these entities is summarized in the notes to these consolidated financial statements.

(c) 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. Non-financial assets acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets, prepaid expenses and inventories of supplies.

(d) LONG-TERM INVESTMENTS

Long-term investments are recorded at cost when not traded in an active market.

CONSTANCE LAKE FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED MARCH 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) PORTFOLIO INVESTMENTS

Portfolio investments, comprised of shares in publicly traded entities, are recorded at their market value. Any changes in market value are reported as remeasurement gains and losses until realized.

(f) 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, of the tangible capital assets are amortized on the straight line and declining balance basis as follows:

Buildings	40 years
Education facilities	20 years
Landfill	20 years
Land improvements	40 years
Housing	40 years
Water and waste water infrastructure	40 years
Water and waste water equipment	30 years
Roads and related infrastructure	50 years
Furniture, fixtures and equipment	20 years, 20% and 45%
Computer hardware	3 years
Computer software	3 years
Vehicles - heavy	25 years
Vehicles - trailers	10 years and 30%
Vehicles - light	5 years
Street lights	40 years

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until available for productive use.

(g) INVENTORIES HELD FOR USE

Inventories of supplies held for consumption are recorded at the lower of cost and replacement cost.

(h) NET DEBT

The First Nation's financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the First Nation is determined by its financial assets less its financial liabilities.

CONSTANCE LAKE FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED MARCH 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) REVENUErecognition AND GOVERNMENT TRANSFERS

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenditures are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon, when restricted by agreement or legislation, are accounted for as deferred revenue until used for the purpose specified. Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenditures are incurred, services performed or the tangible capital assets are acquired.

Government transfers are transfers from senior levels of government that are not the result of an exchange transaction and are not expected to be repaid in the future. Government transfers without eligibility criteria or stipulations are recognized as revenue when the transfer is authorized. A transfer with eligibility criteria is recognized as revenue when the transfer is authorized and all eligibility criteria have been met. A transfer with or without eligibility criteria but with stipulations is recognized as revenue in the period the transfer is authorized and all eligibility criteria have been met, except where and to the extent that the transfer gives rise to an obligation that meets the definition of a liability for the organization. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

Other revenues are recognized in the year that the events giving rise to the revenues occur and the revenues are earned. Amounts received which relate to revenues that will be earned in a subsequent year, are deferred and reported as liabilities.

(j) MEASUREMENT UNCERTAINTY

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenditures during the period. The main estimates used in preparing these financial statements include an allowance for doubtful accounts, amortization and contingencies. Actual results could differ from these estimates.

(k) PRIOR YEAR FUNDING ADJUSTMENTS

The First Nation has entered into accountable contribution arrangements with several government funding agencies. All such programs are subject to audit by the various governments, with audit adjustments potentially repayable to the government in a subsequent period. These adjustments, if any, are charged to operations in the year they become known.

CONSTANCE LAKE FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED MARCH 31, 2015

2. CASH

Under the terms of an agreement with Canada Mortgage and Housing Corporation, Constance Lake First Nation must set aside funds annually for the repair, maintenance and replacement of 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 Canada Mortgage and Housing Corporation, with any interest earned to be credited as revenue to the Apartment Replacement and Subsidy Fund.

Cash is comprised of the following:

	2015	2014
Externally restricted		
CMHC Housing Replacement and Subsidy	\$ 533,613	\$ 533,193
Internally restricted		
CMHC replacement reserve excess funds	\$ 194,433	\$ -
Education	104,395	(29,457)
Housing	162,830	37,179
OFNLP Fund	2,700,904	1,912,384
	<u>3,162,562</u>	<u>1,920,106</u>
Unrestricted		
Operating	1,858,484	892,497
	<u>\$ 5,021,046</u>	<u>\$ 2,812,603</u>

3. FUNDS HELD IN TRUST

	Opening Balance	Additions	Withdrawals	2015	2014
Trust funds held by Federal Government:					
Revenue	\$ 392,305	\$ 11,491	\$ 215,000	\$ 188,796	\$ 392,305
Capital	32,025	-	-	32,025	32,025
	<u>424,330</u>	<u>11,491</u>	<u>215,000</u>	<u>220,821</u>	<u>424,330</u>
Other funds held in trust	<u>1,167,716</u>	<u>22,002</u>	<u>-</u>	<u>1,189,718</u>	<u>1,167,716</u>
	<u>\$ 1,592,046</u>	<u>\$ 33,493</u>	<u>\$ 215,000</u>	<u>\$ 1,410,539</u>	<u>\$ 1,592,046</u>

Trust fund accounts arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

Other funds held in trust relate to monies held by the Ontario Ministry of the Attorney General, as Accountant of the Superior Court of Justice, in relation to litigation presently underway (Note 11).

CONSTANCE LAKE FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED MARCH 31, 2015

4. ACCOUNTS RECEIVABLE

	2015	2014
Due from governments and government organizations:		
Aboriginal Affairs and Northern Development Canada	\$ 42,276	\$ 390,336
Canadian Mortgage and Housing Corporation	67,403	62,980
Health Canada	-	38,875
Province of Ontario	527,558	211,486
	<u>637,237</u>	<u>703,677</u>
Due from members:		
Housing rentals	1,500,996	1,388,925
Teacherages	7,335	7,335
User fees	47,720	39,010
Water and sewer charges	629,544	606,538
	<u>2,185,595</u>	<u>2,041,808</u>
Due from others:		
Matawa First Nation	80,437	47,931
Nishnawbe Aski Nation	63,229	53,585
Weekoban Inc. trade accounts receivable	195,488	113,564
Other	1,057,470	926,333
	<u>1,396,624</u>	<u>1,141,413</u>
	<u>4,219,456</u>	<u>3,886,898</u>
Less: allowance for doubtful accounts	(2,411,374)	(2,086,553)
	\$ 1,808,082	\$ 1,800,345

5. HOUSING LOANS RECEIVABLE

Housing loans receivable are due from First Nation members, bear interest at nominal rates, are amortized over 35 years, and are repayable with blended monthly payments. The loans are secured by specific housing units.

	2015	2014
Housing Loans Receivable	\$ 1,545,369	\$ 1,605,799
Less: allowance for doubtful accounts	(1,362,977)	(1,602,330)
	<u>\$ 182,392</u>	<u>\$ 3,469</u>

CONSTANCE LAKE FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED MARCH 31, 2015

6. LONG-TERM INVESTMENT

The investment in Landmark Inn Limited Partnership, consisting of 1 unit of a total of 26 units issued and outstanding, is accounted for at cost.

7. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES

Amik Logging Limited Partnership ("Amik") is a partnership of which the First Nation is the sole owner of the limited partnership units. The First Nation does not control Amik but is entitled to 99.99% of the net income. Mahiikanuk Construction Limited Partnership ("Mahiikanuk") is a partnership of which the First Nation is the sole owner of the limited partnership units. The First Nation does not control Mahiikanuk but is entitled to 99.99% of the net income. As these investments are business enterprises of the First Nation, they are accounted for on the modified equity basis in these financial statements.

(a) The following table provides condensed supplementary financial information for the years ended as indicated, which were the most recent available at the date of these financial statements:

	May 2014 Amik	March 2014 Mahiikanuk	2015 Totals	2014 Totals
Financial Position				
Current assets	\$ 85,741	\$ 94,889	\$ 180,630	\$ 547,860
Capital assets	213,945	266,803	480,748	532,316
Total Assets	299,686	361,692	661,378	1,080,176
Current liabilities	629,515	93,929	723,444	757,646
Long-term liabilities	391,858	49,905	441,763	546,582
Total liabilities	1,021,373	143,834	1,165,207	1,304,228
Net Assets	\$ (721,687)	\$ 217,858	\$ (503,829)	\$ (224,052)
 Results of operations:				
Revenue	\$ 2,894,835	\$ 342,507	\$ 3,237,342	\$ 4,698,222
Expenses	3,263,136	253,983	3,517,119	4,720,246
Net Income (Loss)	\$ (368,301)	\$ 88,524	\$ (279,777)	\$ (22,024)

(b) The investment as reported on the consolidated statement of financial position consists of:

	May 2014 Amik	March 2014 Mahiikanuk	2015 Totals	2014 Totals
Balance, beginning of year	\$ 1	\$ 129,334	\$ 129,335	\$ (202,028)
First Nation's share of earnings (loss) for the year	-	88,524	88,524	331,363
Balance, end of year	\$ 1	\$ 217,858	\$ 217,859	\$ 129,335

CONSTANCE LAKE FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED MARCH 31, 2015

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2015	2014
Due to government and government organizations		
Federal government	\$ 18,896	\$ 18,263
Provincial government	736	13,106
Other		
Trade accounts payable	2,294,075	2,191,618
Other accrued liabilities	63,543	123,670
	\$ 2,377,250	\$ 2,346,657

9. DEFERRED REVENUE

Details of the deferred revenue balance are as follows:

	Opening Balance	Funding Received	Revenue Recognized	Closing balance
Federal Government				
AANDC:				
Water Systems (> \$1.5M) WTP	\$ -	\$ 512,758	\$ -	\$ 512,758
Other	701,410	1,374,222	701,408	1,374,224
Education	6,326	363,383	6,326	363,383
	\$ 707,736	\$ 2,250,363	\$ 707,734	\$ 2,250,365

10. LONG-TERM DEBT

	2015	2014
RBC term loan bearing interest at 4.98%, repayable at \$1,422 per month principal and interest, secured by general security agreement, maturing February 2018.	\$ 112,845	\$ 124,236
RBC term loan bearing interest at 4.60%, repayable at \$636 per month principal and interest, secured by general security agreement, maturing January 2017.	29,901	36,003
Related party loan, non-interest bearing with no fixed terms of repayment.	50,000	50,000
Caisse Populaire de Hearst loan bearing interest at 6.5%, repayable at \$3,696 per month principal and interest, guaranteed by general security agreement, maturing in 2016.	14,276	56,203
1141553 Ontario Limited loan bearing interest at 18%, repayable at \$2,654 per month principal and interest, secured by specific equipment, due in 2017.	63,790	82,326
CMHC mortgage payable bearing interest at 1.67%, repayable at \$3,722 per month principal and interest, renewable April 2017, maturing March 2027.	485,487	521,738
CMHC mortgage payable bearing interest at 1.67%, repayable at \$5,330 per month principal and interest, renewable April 2017, maturing March 2027.	695,297	747,215

10. LONG-TERM DEBT (CONT'D)	2015	2014
CMHC mortgage payable bearing interest at 2.61%, repayable at \$6,120 per month principal and interest, renewable September 2014, maturing September 2029.	885,007	936,242
CMHC mortgage payable bearing interest at 2.65%, repayable at \$2,265 per month principal and interest, renewable April 2016, maturing March 2031.	354,556	372,142
CMHC mortgage payable bearing interest at 1.80%, repayable at \$10,777 per month principal and interest, renewable October 2016, maturing September 2021.	792,871	906,861
CMHC mortgage payable bearing interest at 1.64%, repayable at \$6,396 per month principal and interest, renewable February 2017, maturing January 2032.	1,128,675	1,186,462
CMHC mortgage payable bearing interest at 1.65%, repayable at \$2,848 per month principal and interest, renewable June 2017, maturing June 2032.	512,990	538,503
CMHC mortgage payable bearing interest at 1.71%, repayable at \$2,150 per month principal and interest, renewable September 2017, maturing September 2032.	390,164	409,141
CMHC mortgage payable bearing interest at 1.67%, repayable at \$4,583 per month principal and interest, renewable June 2018, maturing May 2033.	861,581	901,867
CMHC mortgage payable bearing interest at 2.23%, repayable at \$4,440 per month principal and interest, renewable August 2014, maturing June 2034.	833,005	868,138
CMHC mortgage payable bearing interest at 2.51%, repayable at \$2,238 per month principal and interest, renewable March 2015, maturing March 2035.	422,430	438,521
CMHC mortgage payable bearing interest at 3.13%, repayable at \$3,658 per month principal and interest, renewable June 2015, maturing May 2030.	530,180	557,130
CMHC mortgage payable bearing interest at 1.68%, repayable at \$5,551 per month principal and interest, renewable April 2018, maturing April 2038.	1,274,465	1,319,331
CMHC mortgage payable bearing interest at 2.04%, repayable at \$3,573 per month principal and interest, renewable March 2019, maturing March 2039.	813,948	833,357
CMHC mortgage payable, bearing interest at 1.98%, repayable at \$5,408 per month principal and interest, renewable May 2019, maturing May 2039.	1,246,701	833,785
CMHC mortgage payable, interest rate and terms of repayment to be determined once fully drawn, with a maximum amount drawable of \$686,000.	579,022	-
CMHC mortgage payable, interest rate and terms of repayment to be determined once fully drawn.	10,000	-
	\$ 12,087,191	\$ 11,719,201

CONSTANCE LAKE FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED MARCH 31, 2015

10. LONG-TERM DEBT (CONT'D)

All of the above CMHC debt facilities are secured by Band Council Resolution, Ministerial Guarantee from Aboriginal Affairs and Northern Development Canada, and specific housing units.

Principal portion of the credit facilities due in the next five years and thereafter is approximately as follows:

2016	\$ 687,959
2017	690,482
2018	687,939
2019	671,834
2020	679,989
<u>Thereafter</u>	<u>8,668,988</u>
	<u>\$ 12,087,191</u>

11. CONTINGENCIES AND COMMITMENTS

(a) The First Nation has entered into contribution agreements with various federal and provincial government departments. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements.

(b) A statement of claim has been filed against the First Nation and Constance Lake First Nation Education Authority (CLEA), joint and severally, for damages for breach of contract and other relief in the amount totalling \$1,461,836 by a contractor related to construction of a school building. Also, additional damages for breach of mediated settlement of \$170,000, or, in the alternative, damages for delay in the amount of \$411,388 have been claimed. The First Nation and CLEA have submitted a set-off claim in the approximate amount of \$5,300,000 for breach of contract and delay.

Related to this matter, the First Nation and CLEA have claimed against their former legal counsel for negligence and breach of contract in the amount of \$5,300,000.

An amount of \$1,167,717 has been accrued in the accounts of CLEA, and funds totalling \$1,189,718 including accrued interest, are being held in trust by the Ontario Ministry of the Attorney General, as Accountant of the Superior Court of Justice, pending resolution of the above matters. As the outcome of these matters cannot be determined, any additional settlements or awards will be recorded in the period in which they occur.

(c) The First Nation is a joint applicant, along with other First Nations, on several ongoing Judicial Reviews against the governments of Ontario and Canada. Legal costs may be awarded for or against the applicants depending on the outcomes. As the outcomes of these matters cannot be determined at the date of the financial statements, any settlements or awards will be recorded in the period in which they occur.

(d) The First Nation has potential claims from and against other parties which arose in the normal course of business. As the outcome of these matters cannot be determined at the date of the financial statements, any settlements or awards will be recorded in the period in which they occur.

(e) The First Nation entered into a contract in January 2015 to construct a new water treatment plant in the amount of \$6,599,000 commencing in the 2015-2016 fiscal year. The First Nation has also agreed to assume full responsibility for the existing water treatment plant in regards to future decommissioning of the facilities and restoration of the site to its original condition.

12. ECONOMIC DEPENDENCE

The First Nation receives a major portion of its revenues from Aboriginal Affairs and Northern Development Canada, Health Canada, and the Province of Ontario. The nature and extent of this revenue is of such significance that the First Nation is economically dependent on these sources of revenue. The ability of the First Nation to continue program delivery to its members is dependent on this funding.

CONSTANCE LAKE FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED MARCH 31, 2015

13. DISTRIBUTIONS FROM ONTARIO FIRST NATIONS LIMITED PARTNERSHIP

The First Nation is entitled to a percentage of net revenues earned at certain gaming facilities located in the Province of Ontario. Net revenues are distributed in accordance with a formula agreed to by the participating First Nation Bands and the Province of Ontario.

14. FINANCIAL INSTRUMENTS

The First Nation is exposed to various risks through its financial instruments. The following analysis provides information about the First Nation's risk exposure and concentration as of March 31, 2015.

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The First Nation is exposed to credit risk from members and customers. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The First Nation has a significant number of members/customers which minimizes concentration of credit risk.

Interest Rate Risk

The First Nation has fixed rate interest bearing credit facilities which are renewable before maturity, and accordingly, is subject to prevailing interest rate fluctuations at the time of renewal. The First Nation does not use derivative instruments to reduce its exposure to interest rate risk.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The First Nation is exposed to this risk mainly in respect of its receipt of funds from its funders and other related sources, long-term debt, and accounts payable.

15. BUDGET FIGURES

Budget figures have not been presented as the information was not available from the management of certain entities.

16. PRIOR PERIOD ADJUSTMENT AND COMPARATIVE FIGURES

The prior period comparative figures have been restated to account for a change in accounting policy relating to the recording of losses on investments. The change resulted in a decrease in deficiency of revenue over expenses of \$353,387 for the year ended March 31, 2014, a decrease in net debt and an increase in accumulated surplus as at March 31, 2014.

CONSTANCE LAKE FIRST NATION**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)****YEAR ENDED MARCH 31, 2015****17. ACCUMULATED SURPLUS**

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	2015	2014
Unrestricted:		
Invested in tangible capital assets	\$ 11,929,634	\$ 12,316,929
Operating	261,812	198,470
Education	8,203,898	8,828,511
OFNLP - Equity	2,700,904	1,912,384
Investment in government business enterprises	129,336	(224,051)
Amounts repayable to funders	(48,826)	(48,826)
	23,176,758	22,983,417
Restricted:		
AANDC - Trust Fund	220,821	424,329
Housing other	1,814,127	1,814,127
CMHC replacement reserve	534,613	670,954
	2,569,561	2,909,410
	\$ 25,746,319	\$ 25,892,827

CONSTANCE LAKE FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED MARCH 31, 2015

18. SEGMENTED INFORMATION

Constance Lake First Nation is a diversified local government that provides a wide range of services to its members, including water, fire protection, roadworks, technical services, recreation, social services, health services, education, social housing and economic development among others. For management reporting purposes, the First Nation's operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with specific regulations, requirements or limitations.

The First Nation's services are provided by departments and their activities are recorded in these funds. Certain departments that have been disclosed in the segmented information, along with the services they provide, are as follows:

ADMINISTRATION

-Manages the administrative operations of the First Nation, undertakes governance initiatives through the activities of Chief and Council and engages in other activities relating to reserve lands, membership matters and other governance initiatives. Those costs that relate directly to the administration of the various segments have been allocated to the appropriate segment.

ECONOMIC DEVELOPMENT

-Manages the development of economic opportunities for First Nation entities and provides support to member entities.

EDUCATION

-Provides elementary and secondary education instructional services and provides financial support to post-secondary students.

HEALTH SERVICES

-Provides a variety of health care programs and support to First Nation members.

SOCIAL HOUSING

-Provides housing to members under CMHC programs and reports on the respective revenue and expenditures.

COMMUNITY PROPERTY

-Manages First Nation infrastructure programs including facilities operations and maintenance, capital projects, water and waste water plant operations and other related activities.

SOCIAL ASSISTANCE

-Administers the provision of social assistance to qualifying members.

PUBLIC WORKS AND FACILITIES

-Provides contract management services, heavy equipment operations, general labour services and other related activities.

For each reported segment, revenues and expenditures represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

CONSTANCE LAKE FIRST NATION**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)****YEAR ENDED MARCH 31, 2015**

19. EXPENDITURES BY OBJECT

	2015	2014
Administration	\$ 357,645	\$ 434,201
Amortization	1,854,603	1,782,392
Utilities	284,665	315,739
Social assistance	1,043,835	756,760
Insurance	200,285	315,320
Other	412,742	226,617
Supplies	714,629	499,817
Operations and maintenance	1,520,400	1,733,539
Travel	508,530	474,946
Weekoban Inc. hauling expenses	1,501,664	1,578,841
Professional fees and services	806,208	869,424
Interest on long term debt	178,676	215,774
Program delivery	635,865	614,757
Subcontracts	1,159,441	2,222,039
Wages and employee benefits	5,062,256	5,299,840
Bad debts	93,326	1,634,402
Investment in tangible capital assets	(1,051,930)	(2,133,345)
	\$ 15,282,840	\$ 16,841,063

SCHEDULE A

CONSTANCE LAKE FIRST NATION

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

YEAR ENDED MARCH 31, 2015

General Capital Assets

	Land Improvements	Building under construction	Buildings	Landfill	Housing	Furniture and Fixtures	Computer Hardware	Computer Software	Vehicles Heavy	Vehicles Trailers
Cost										
Opening cost	\$ 211,085	\$ -	\$ 2,750,257	\$ 906,436	\$ 19,237,139	\$ 48,879	\$ 242,191	\$ 11,141	\$ 189,406	\$ 19,153
Additions during the year	-	838,528	-	-	338,686	-	29,216	14,096	-	-
Closing cost	211,085	838,528	2,750,257	906,436	19,575,825	48,879	271,407	25,237	189,406	19,153
Accumulated Amortization										
Opening accum'd amortization	15,225	-	1,306,449	323,453	4,639,728	44,308	242,190	7,028	136,582	9,703
Amortization	5,075	-	72,503	45,322	661,228	3,290	4,382	6,618	12,281	1,350
Closing accum'd amortization	20,300	-	1,378,952	368,775	5,300,956	47,598	246,572	13,646	148,863	11,053
Net Book Value of Tangible Capital Assets										
	\$ 190,785	\$ 838,528	\$ 1,371,305	\$ 537,661	\$ 14,274,869	\$ 1,281	\$ 24,835	\$ 11,591	\$ 40,543	\$ 8,100

CONSTANCE LAKE FIRST NATION

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS (CONT'D)

YEAR ENDED MARCH 31, 2015

	General Capital Assets				Infrastructure		Totals	
	Vehicles	Street Lights	Educational Facilities	Equipment and other	Roads, Bridges and Infrastructure	Water and Sewer	2015	2014
Cost								
Opening cost	\$ 787,054	\$ 59,119	\$ 14,625,693	\$ 865,424	\$ 2,905,188	\$ 9,815,891	\$ 52,674,056	\$ 50,471,484
Additions during the year	-	-	4,798	42,275	-	30,926	1,298,525	2,354,829
Disposals and write downs	(28,040)	-	-	(13,260)	-	-	(41,300)	(152,257)
Closing cost	759,014	59,119	14,630,491	894,439	2,905,188	9,846,817	53,931,281	52,674,056
Accumulated Amortization								
Opening accum'd amortization	611,123	30,302	5,177,557	722,220	1,460,956	4,268,963	18,995,787	17,159,241
Amortization	15,306	1,478	726,447	13,958	58,103	234,967	1,862,308	1,836,548
Closing accum'd amortization	626,429	31,780	5,904,004	736,178	1,519,059	4,503,930	20,858,095	18,995,789
Net Book Value of Tangible Capital Assets								
	\$ 132,585	\$ 27,339	\$ 8,726,487	\$ 158,261	\$ 1,386,129	\$ 5,342,887	\$ 33,073,186	\$ 33,678,267

CONSTANCE LAKE FIRST NATION

SCHEDULE B

CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE

YEARS ENDED MARCH 31

	Administration		Health Services		Education	
	2015	2014	2015	2014	2015	2014
REVENUES						
Aboriginal Affairs and Northern Development Canada	\$ 559,596	\$ 566,959	\$ -	\$ -	\$ 2,877,544	\$ 2,740,990
Canada Mortgage and Housing Corporation	-	-	-	-	-	-
Weekoban Inc. hauling revenues	-	-	-	-	-	-
Health Canada	-	-	1,100,312	1,120,565	-	-
Ontario First Nations Limited Partnership	-	-	-	-	170,505	-
Rental Income	28	67	150	-	6,135	32,358
Province of Ontario	-	-	-	-	339,686	416,966
Equity in income (loss) of business enterprises	-	-	-	-	-	-
Other Income	407,573	337,321	263,086	172,059	511,997	464,205
	967,197	904,347	1,363,548	1,292,624	3,905,867	3,654,519
Deferred revenue - beginning of year	-	-	2,000	-	6,327	216,672
Deferred revenue - end of year	-	-	-	(2,000)	(363,383)	(6,327)
Total Revenues	967,197	904,347	1,363,548	1,290,624	3,548,811	3,864,864
EXPENDITURES						
Administration	(249,383)	(200,322)	77,251	84,501	203,268	260,633
Utilities	8,873	7,299	15,165	13,716	-	-
Social assistance	-	-	-	-	-	-
Insurance	8,806	1,481	13,526	25,644	51,756	48,936
Other	93,771	55,694	57,031	21,971	-	-
Supplies	2,089	17,370	188,970	148,536	46,735	40,728
Operations and maintenance	31,242	10,035	66,838	71,059	543,128	488,962
Travel	70,134	78,631	47,039	61,207	120,141	125,575
Weekoban Inc. hauling expenses	-	-	-	-	-	-
Professional fees and services	238,518	140,712	10,811	11,315	155,232	343,372
Interest on long term debt	-	-	-	-	-	-
Program delivery	-	-	-	-	635,865	614,757
Subcontracts	115,971	48,409	60,913	36,706	-	-
Wages and employee benefits	700,008	731,096	893,421	794,209	1,832,239	1,828,091
Bad debts	-	289,353	13,258	-	7,859	17,334
	1,020,029	1,179,758	1,444,223	1,268,864	3,596,223	3,768,388
Capital adjustments:						
Amortization	4,117	10,727	32,477	41,778	751,401	740,855
Investment in tangible capital assets	-	-	-	-	(90,384)	(19,766)
Total expenditures (recoveries)	1,024,146	1,190,485	1,476,700	1,310,642	4,257,240	4,489,477
Surplus (deficit) before transfers	(56,949)	(286,138)	(111,152)	(20,018)	(708,429)	(624,613)
Transfers between programs	(290,000)	(225,000)	-	-	-	-
Surplus (deficit)	\$ 233,051	\$ (61,138)	\$ (111,152)	\$ (20,018)	\$ (708,429)	\$ (624,613)

CONSTANCE LAKE FIRST NATION
SCHEDULE B
CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE
YEARS ENDED MARCH 31

	Social Assistance		Public Works and Facilities		Employment and Economic Development	
	2015	2014	2015	2014	2015	2014
REVENUES						
Aboriginal Affairs and Northern Development Canada	\$ 279,874	\$ 390,961	\$ 675,565	\$ 735,353	\$ 164,975	\$ 120,963
Canada Mortgage and Housing Corporation	-	-	23,500	-	-	-
Weekoban Inc. hauling revenues	-	-	-	-	1,717,170	1,466,382
Health Canada	-	-	6,518	7,500	-	-
Ontario First Nations Limited Partnership	-	-	-	-	-	-
Rental Income	-	-	112,735	106,242	420	115,874
Province of Ontario	1,397,682	1,213,355	641,602	110,398	690,761	297,455
Equity in income (loss) of business enterprises	-	-	-	-	88,524	(22,024)
Other Income	84	5,615	69,654	52,775	1,678,988	1,614,002
	1,677,640	1,609,931	1,529,574	1,012,268	4,340,838	3,592,652
Deferred revenue - beginning of year	-	-	74,364	497,937	625,045	238,816
Deferred revenue - end of year	-	-	(458,613)	(74,364)	(915,611)	(625,045)
Total Revenues	1,677,640	1,609,931	1,145,325	1,435,841	4,050,272	3,206,423
EXPENDITURES						
Administration	89,605	101,352	36,802	33,953	121,917	64,356
Utilities	-	-	130,847	133,416	90,403	122,404
Social assistance	1,043,835	756,760	-	-	-	-
Insurance	-	-	23,826	44,040	21,362	20,194
Other	36,573	96,424	29,357	23,097	196,010	28,856
Supplies	70,439	50,606	159,232	98,915	175,176	76,976
Operations and maintenance	46,469	40,756	392,311	759,536	68,160	110,146
Travel	63,066	57,235	24,416	12,567	183,634	139,594
Weekoban Inc. hauling expenses	-	-	-	-	1,501,664	1,578,841
Professional fees and services	22,755	41,254	28,236	93,942	353,015	223,560
Interest on long term debt	-	-	-	-	-	-
Program delivery	-	-	-	-	-	-
Subcontracts	100	4,075	31,073	155,706	66,676	114,981
Wages and employee benefits	493,428	510,625	329,098	297,846	801,538	1,124,119
Bad debts	-	-	(21,033)	532,284	127,939	88,443
	1,866,270	1,659,087	1,164,165	2,185,302	3,707,494	3,692,470
Capital adjustments:						
Amortization	-	-	359,365	360,252	12,282	14,907
Investment in tangible capital assets	-	-	(30,926)	(438,835)	(1)	-
Total expenditures (recoveries)	1,866,270	1,659,087	1,492,604	2,106,719	3,719,775	3,707,377
Surplus (deficit) before transfers	(188,630)	(49,156)	(347,279)	(670,878)	330,497	(500,954)
Transfers between programs	-	-	(50,000)	(200,000)	(615,274)	(71,000)
Surplus (deficit)	\$ (188,630)	\$ (49,156)	\$ (297,279)	\$ (470,878)	\$ 945,771	\$ (429,954)

CONSTANCE LAKE FIRST NATION

SCHEDULE B

CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE

YEARS ENDED MARCH 31

	Social Housing - Operating		Community Property		Total	
	2015	2014	2015	2014	2015	2014
REVENUES						
Aboriginal Affairs and Northern Development Canada	\$ -	\$ -	\$ 769,716	\$ 234,601	\$ 5,327,270	\$ 4,789,827
Canada Mortgage and Housing Corporation	809,190	715,069	-	-	832,690	715,069
Weekoban Inc. hauling revenues	-	-	-	-	1,717,170	1,466,382
Health Canada	-	-	-	-	1,106,830	1,128,065
Ontario First Nations Limited Partnership	-	-	684,426	838,168	854,931	838,168
Rental Income	630,965	585,639	-	-	750,433	840,180
Province of Ontario	-	-	-	-	3,069,731	2,038,174
Equity in income (loss) of business enterprises	-	-	-	-	88,524	(22,024)
Other Income	-	-	-	200	2,931,382	2,646,177
	1,440,155	1,300,708	1,454,142	1,072,969	16,678,961	14,440,018
Deferred revenue - beginning of year	-	-	-	-	707,736	953,425
Deferred revenue - end of year	-	-	(512,758)	-	(2,250,365)	(707,736)
Total Revenues	1,440,155	1,300,708	941,384	1,072,969	15,136,332	14,685,707
EXPENDITURES						
Administration	78,185	74,113	-	15,615	357,645	434,201
Utilities	39,377	38,904	-	-	284,665	315,739
Social assistance	-	-	-	-	1,043,835	756,760
Insurance	76,599	175,025	4,410	-	200,285	315,320
Other	-	575	-	-	412,742	226,617
Supplies	22,323	17,985	49,665	48,701	714,629	499,817
Operations and maintenance	342,937	227,741	29,315	25,304	1,520,400	1,733,539
Travel	100	-	-	137	508,530	474,946
Weekoban Inc. hauling expenses	-	-	-	-	1,501,664	1,578,841
Professional fees and services	-	-	(2,359)	15,269	806,208	869,424
Interest on long term debt	178,676	215,774	-	-	178,676	215,774
Program delivery	-	-	-	-	635,865	614,757
Subcontracts	8,830	1,293	875,878	1,860,869	1,159,441	2,222,039
Wages and employee benefits	12,524	13,854	-	-	5,062,256	5,299,840
Bad debts	(34,697)	706,988	-	-	93,326	1,634,402
	724,854	1,472,252	956,909	1,965,895	14,480,167	17,192,016
Capital adjustments:						
Amortization	659,240	578,152	35,721	35,721	1,854,603	1,782,392
Investment in tangible capital assets	(177,522)	-	(753,097)	(1,674,744)	(1,051,930)	(2,133,345)
Total expenditures (recoveries)	1,206,572	2,050,404	239,533	326,872	15,282,840	16,841,063
Surplus (deficit) before transfers	233,583	(749,696)	701,851	746,097	(146,508)	(2,155,356)
Transfers between programs	-	-	955,274	496,000	-	-
Surplus (deficit)	\$ 233,583	\$ (749,696)	\$ (253,423)	\$ 250,097	\$ (146,508)	\$ (2,155,356)