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Eabametoong First Nation
Consolidated Financial Statements
For the year ended March 31, 2014

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Eabametoong First Nation Management's Responsibility for the Consolidated Financial Statements

March 31, 2014

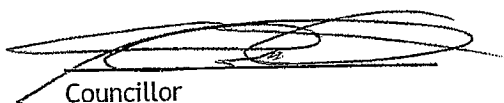
The accompanying consolidated financial statements of Eabametoong First Nation are the responsibility of management and have been approved by the Chief and Council.

These consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board. Management is responsible 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.


The Chief and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

The external auditors, BDO Canada LLP, conduct an audit, in accordance with Canadian generally accepted auditing standards, and express their opinion on the consolidated financial statements. BDO Canada LLP have access to financial management of Eabametoong First Nation and meet when required.

On behalf of Eabametoong First Nation:



Councillor



Councillor

Independent Auditor's Report

To the Members of Eabametoong First Nation

We have audited the accompanying consolidated financial statements of Eabametoong First Nation, which comprise the consolidated statement of financial position as at March 31, 2014, and the consolidated statements of operations and accumulated surplus, changes 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 presentation 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 consolidated 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 presentation of the consolidated financial statements.

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

Independent Auditor's Report (cont'd)

Basis for Qualified Opinion

The Significant Accounting Policies describe the tangible capital asset policy with respect to the First Nation's tangible capital assets. For fiscal years commencing on or after January 1, 2009, Section 3150, Tangible Capital Assets, of the Public Sector Accounting Board Handbook requires that capital assets be capitalized and amortized over their estimated useful lives. The First Nation has not fully adopted these recommendations. Although the First Nation has recognized certain tangible capital assets and amortization as of the date of financial statement preparation, the First Nation has not gathered the necessary information to be in a position to recognize and disclose a complete inventory of any of its major classes of tangible capital assets as disclosed in Note 11. As a result, we have been unable to determine whether any adjustments to the amounts recorded are necessary for the years ended March 31, 2014 and 2013. Our audit opinion on the financial statements for the year ended March 31, 2013 was modified accordingly because of the possible effects of this limitation in scope.

Opinion

In our opinion, except for the possible effect of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of Eabametoong First Nation as at March 31, 2014 and the results of its operations, changes in net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

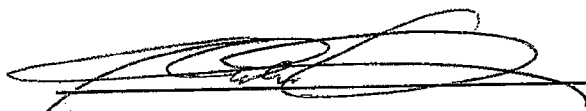
Chartered Accountants, Licensed Public Accountants

Thunder Bay, Ontario
June 25, 2014

Eabametoong First Nation Consolidated Statement of Financial Position

March 31	2014	2013
Financial assets		
Cash (Note 2)	\$ 4,712,142	\$ 5,971,632
Investments (Note 3)	1,304,196	1,290,609
Accounts receivable (Note 4)	838,828	920,369
Due from government and other government organizations (Note 5)	2,847,267	1,237,325
Trust funds held by federal government (Note 6)	106,234	104,845
	<u>9,808,667</u>	<u>9,524,780</u>
Liabilities		
Accounts payable and accrued liabilities (Note 7)	2,786,918	1,616,817
Due to government and other government organizations (Note 8)	1,416,286	1,138,700
Deferred revenue (Note 9)	1,128,488	1,312,318
Long term debt (Note 10)	12,121,437	12,926,826
	<u>17,453,129</u>	<u>16,994,661</u>
Net debt	<u>(7,644,462)</u>	<u>(7,469,881)</u>
Non-financial assets		
Prepaid expenses	46,137	70,919
Tangible capital assets (Note 11)	43,998,187	42,936,007
	<u>44,044,324</u>	<u>43,006,926</u>
Accumulated surplus (Note 14)	<u>\$ 36,399,862</u>	<u>\$ 35,537,045</u>

On behalf of the Band:

 Councillor

 Councillor

The accompanying notes are an integral part of these consolidated financial statements.

Eabametoong First Nation Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31	Budget (Note 20)	2014	2013
Revenue			
Deferred revenue, beginning of year	\$ -	\$ 1,312,318	\$ 450,945
Federal government transfers (Note 19)	12,760,792	15,298,024	13,801,638
Provincial government transfers (Note 19)	3,469,837	3,958,040	4,049,904
Casino	1,200,000	1,375,286	1,383,060
	-	-	-
Other	5,771,453	5,781,543	5,759,416
Trust fund interest revenue	-	1,389	1,315
Replacement reserve	-	55,590	55,590
Deferred revenue, end of year	-	(1,128,488)	(1,312,318)
	<u>23,202,082</u>	<u>26,653,702</u>	<u>24,189,550</u>
Expenses			
Administration	2,546,213	2,868,798	2,804,108
Community Infrastructure	3,681,702	4,550,027	3,657,992
Economic and Employment	1,748,680	2,453,775	2,176,842
Integrated Health Services	2,821,025	2,877,841	2,724,548
Community Services	85,000	397,237	145,998
Housing	1,823,895	1,881,000	2,108,018
Projects	359,000	385,692	908,873
Social Services	4,116,567	4,200,187	3,962,458
Education	6,020,000	6,176,328	5,834,776
	<u>23,202,082</u>	<u>25,790,885</u>	<u>24,323,613</u>
Annual surplus (deficit)	<u>-</u>	<u>862,817</u>	<u>(134,063)</u>
Accumulated surplus, beginning of year	<u>35,537,045</u>	<u>35,537,045</u>	<u>35,671,108</u>
Accumulated surplus, end of year	<u>\$ 35,537,045</u>	<u>\$ 36,399,862</u>	<u>\$ 35,537,045</u>

The accompanying notes are an integral part of these consolidated financial statements.

Eabametoong First Nation Consolidated Statement of Changes in Net Debt

For the year ended March 31	Budget (Note 20)	2014	2013
Annual surplus (deficit)	\$ -	\$ 862,817	\$ (134,063)
Acquisition of tangible capital assets	-	(3,368,729)	(2,663,246)
Amortization of tangible capital assets	2,209,583	2,306,549	2,141,896
Prepaid expenses	-	24,782	(35,604)
Net change in net financial debt	2,209,583	(174,581)	(691,017)
Net debt, beginning of year	(7,469,881)	(7,469,881)	(6,778,864)
Net debt, end of year	\$ (5,260,298)	\$ (7,644,462)	\$ (7,469,881)

The accompanying notes are an integral part of these consolidated financial statements.

Eabametoong First Nation Consolidated Statement of Cash Flows

For the year ended March 31	2014	2013
Cash flows from operating activities		
Annual surplus (deficit)	\$ 862,817	\$ (134,063)
Item not involving cash:		
Amortization	2,306,549	2,141,896
	<u>3,169,366</u>	<u>2,007,833</u>
Increase (decrease) in non-cash working capital items:		
Accounts receivable	81,541	(230,642)
Due from government and other government organizations	(1,609,942)	707,845
Prepaid expenses	24,782	(35,604)
Accounts payable and accrued liabilities	1,170,101	113,124
Due to government and other government organizations	277,586	652,690
Deferred revenue	(183,830)	861,723
	<u>2,929,604</u>	<u>4,076,969</u>
Cash provided by (used in) financing activities		
Repayment of long term debt	(1,349,389)	(1,896,895)
Advances of long term debt	544,000	1,121,270
	<u>(805,389)</u>	<u>(775,625)</u>
Cash provided by (used in) investment activities		
Purchase of capital assets	(3,368,729)	(2,663,246)
Increase in trust assets	(1,389)	(1,315)
	<u>(3,370,118)</u>	<u>(2,664,561)</u>
Net cash increase (decrease) in cash during the year	<u>(1,245,903)</u>	<u>636,783</u>
Cash and cash equivalents, beginning of year	<u>7,262,241</u>	<u>6,625,458</u>
Cash and cash equivalents, end of year	<u>\$ 6,016,338</u>	<u>\$ 7,262,241</u>
Represented by		
Cash	\$ 4,712,142	\$ 5,971,632
Investments	1,304,196	1,290,609
	<u>\$ 6,016,338</u>	<u>\$ 7,262,241</u>
Supplementary cash flow information		
Interest received in year	\$ 28,690	\$ 25,706
Interest paid in year	\$ 353,526	\$ 467,832

The accompanying notes are an integral part of these consolidated financial statements.

Eabametoong First Nation Notes to Consolidated Financial Statements

March 31, 2014

1. Significant Accounting Policies

- | | |
|--------------------------------|--|
| a) Basis of Accounting | These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board. |
| b) Reporting Entity | The Eabametoong First Nation reporting entity includes the Eabametoong First Nation government and all related entities that are controlled by the First Nation |
| c) Principles of Consolidation | <p>All controlled entities are fully consolidated on a line-by-line basis except for commercial enterprises which meet the definition of a government business enterprise, which are included in the consolidated financial statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.</p> <p>Under the modified equity method of accounting, only Eabametoong First Nation's investment in the government business enterprise and the First Nation's portion of the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of Eabametoong First Nation and inter-organizational balances and transactions are not eliminated.</p> <p>Organizations consolidated in Eabametoong First Nation's financial statements include:</p> <ul style="list-style-type: none"> • Eabametoong First Nation Housing Authority Inc. • Eabametoong Communications Inc. |
| d) Cash and Cash Equivalents | Cash and cash equivalents consist of cash on hand, bank balances and term deposits having a maturity of three months or less, and bank overdrafts. |

Eabametoong First Nation Notes to Consolidated Financial Statements

March 31, 2014

1. Significant Accounting Policies (cont'd)

- e) **Tangible Capital Assets** Tangible capital assets are recorded at cost less accumulated amortization. Cost includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Amortization is provided for on a declining balance basis as follows:

General housing	-	4%
Buildings and improvements	-	4%
Infrastructure	-	4%
Office and general equipment	-	20%
Automotive and heavy equipment	-	30%

Tangible capital assets are written down when conditions indicate that they no longer contribute to Eabametoong First Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets.

Assets under construction are not amortized until the asset is available to be put into service.

f) **Leased Assets**

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as the acquisition of a tangible capital asset and the incurrence of an obligation. The asset is amortized in a manner consistent with tangible capital assets owned by the First Nation, and the obligation, including interest thereon, is repaid over the term of the lease. All other leases are accounted for as operating leases, and the rental costs are expensed as incurred.

Eabametoong First Nation Notes to Consolidated Financial Statements

March 31, 2014

1. Significant Accounting Policies (cont'd)

g) Revenue Recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions, other than government transfers, are deferred when restrictions are placed on their use by the external contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

h) Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. The principal estimates used in the preparation of these financial statements are the useful lives of tangible capital assets and the accounts payable and accrued liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future.

Eabametoong First Nation Notes to Consolidated Financial Statements

March 31, 2014

2. Cash

	2014	2013
Royal Bank of Canada - Thunder Bay		
Administration - Bank	\$ 711,381	\$ 2,058,355
Eabametoong Communications Inc.	14,090	11,779
Eabamet Lake Construction Ltd.	2,396	2,396
Education Authority	27,816	239,020
Heavy Equipment	(67,300)	12,289
H.O.P.E. Committee	6,053	(1,315)
Housing Authority Inc.	97,403	36,096
CMHC Housing	456,268	282,775
Integrated Health Services	247,346	225,840
Social Assistance - General Welfare	(188,904)	(114,149)
Breakfast Program	13,002	28,356
Hotel	15,378	23,556
Public Utilities	592,793	182,789
	1,927,722	2,987,787
Canadian Imperial Bank of Commerce - Thunder Bay:		
Administration	2,784,420	2,983,845
	\$ 4,712,142	\$ 5,971,632

The First Nation has available an operating line of credit of \$150,000 with the Royal Bank of Canada, incurring interest at the bank's prime lending rate plus 1% (4% per annum at March 31, 2014). At March 31, 2014, the First Nation had utilized \$NIL (2013 - \$NIL) on these lines of credit. The overdraft line of credit is supported by a resolution of the First Nation Council.

The First Nation has available overdraft lines of credit of \$5,000, \$300,000 and \$50,000 with the Royal Bank of Canada incurring interest at the bank's prime lending rate plus 5%, 1% and 1% (8%, 4% and 4% per annum at March 31, 2014). Interest only payments are made monthly. At March 31, 2014, the First Nation had utilized \$125,968 (2013 - \$82,336) on these lines of credit. The overdraft lines of credit are supported by a resolution of the First Nation Council and a general security agreement covering all assets other than real property.

Eabametoong First Nation

Notes to Consolidated Financial Statements

March 31, 2014

2. Cash (cont'd)

Included in the total cash balance are externally restricted and unrestricted balances as follows:

Externally restricted		
CMHC replacement reserve (Note 18)	\$ 344,922	\$ 289,332
Unrestricted	4,367,220	5,682,300
	<u>\$ 4,712,142</u>	<u>\$ 5,971,632</u>

3. Investments

Included in investments are the following:

Royal Bank of Canada - Thunder Bay

	2014	2013
Administration - GIC, prime-linked interest rate, maturing November 13, 2013	\$ 1,019,607	\$ 1,009,512
CMHC Housing - GIC, interest at 0.80%, maturing March 5, 2014	30,789	30,545
Education Authority - GIC, interest at 1.3%, maturing January 29, 2015	253,800	250,552
	<u>\$ 1,304,196</u>	<u>\$ 1,290,609</u>

Eabametoong First Nation Notes to Consolidated Financial Statements

March 31, 2014

4. Accounts Receivables

	2014	2013
Trade and other receivables (by program):		
Public Utilities:		
General receivables	\$ 504,787	\$ 489,859
Loans	5,370	9,259
	<u>510,157</u>	<u>499,118</u>
Less allowance for doubtful accounts	(262,110)	(293,795)
	<u>248,047</u>	<u>205,323</u>
Administration:		
First Nation members	141,632	150,863
General receivables	851,306	780,943
	<u>992,938</u>	<u>931,806</u>
Less allowance for doubtful accounts	(795,113)	(460,940)
	<u>197,825</u>	<u>470,866</u>
Housing Authority Inc.:		
First Nation members	1,968,522	1,727,452
Less allowance for doubtful accounts	(1,941,431)	(1,703,037)
	<u>27,091</u>	<u>24,415</u>
Heavy Equipment:		
First Nation members	150	150
General receivables	372,477	270,477
Less allowance for doubtful accounts	(237,110)	(166,373)
	<u>135,517</u>	<u>104,254</u>
Balance forward	<u>\$ 608,480</u>	<u>\$ 804,858</u>

Eabametoong First Nation Notes to Consolidated Financial Statements

March 31, 2014

4. Accounts Receivables (cont'd)

	2014	2013
Balance Forward	\$ 608,480	\$ 804,858
CMHC:		
First Nation members	394,208	325,663
Less allowance for doubtful accounts	(387,825)	(316,826)
	6,383	8,837
Education Authority:		
First Nation members	15,817	19,106
General receivables	(6,628)	878
Less allowance for doubtful accounts	(12,724)	(19,014)
	(3,535)	970
H.O.P.E. Committee:		
First Nation members	36,264	35,695
Less allowance for doubtful accounts	(14,315)	(14,315)
	21,949	21,380
Integrated Health Services:		
First Nation members	39,368	38,536
General receivables	138,567	10,326
Less allowance for doubtful accounts	(29,926)	(46,079)
	148,009	2,783
Other:		
Eabametoong Communications Inc. / Hotel	57,542	81,541
	\$ 838,828	\$ 920,369

Eabametoong First Nation

Notes to Consolidated Financial Statements

March 31, 2014

5. Due from Government and Other Government Organizations

	2014	2013
Federal government		
AANDC	\$ 1,225,906	\$ 504,826
Health Canada	-	98,737
Canada Mortgage and Housing Corporation	49,365	53,707
Public Safety Canada	1,080,000	-
Ministry of Community and Social Services	82,778	16,735
Nishnawbe Aski Nation	12,902	61,757
Matawa	-	153,421
Ministry of Natural Resources	-	96,260
Ministry of Northern Development and Mines	383,884	237,818
Ministry of Health and Long-Term Care	12,432	14,064
	<u>\$ 2,847,267</u>	<u>\$ 1,237,325</u>

6. Trust Funds Held by Federal Government

	March 31, 2013	Additions 2014	Withdrawals 2014	March 31, 2014
Revenue	\$ 99,062	\$ 1,389	\$ -	\$ 100,451
Capital	5,783	-	-	5,783
	<u>\$ 104,845</u>	<u>\$ 1,389</u>	<u>\$ -</u>	<u>\$ 106,234</u>

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*.

Administration originally borrowed \$10,000 from the Trust and loaned this amount to the Fort Hope Indian Band Co-operative. The loan to the Co-operative was subsequently forgiven by administration. As at year end the First Nation had not returned these funds to the Trust. During 1996, \$40,000 was borrowed from the Trust by Eabametoong Communications Inc. The amount will be repaid to the First Nation from future profits of the company, who will in turn return it to the Trust.

Eabametoong First Nation Notes to Consolidated Financial Statements

March 31, 2014

7. Accounts Payable

	2014	2013
Trade payables by program:		
Administration	\$ 1,440,346	\$ 960,851
CMHC Housing	9,581	10,670
Hotel	8,878	345
Eabametoong Communications Inc.	9,720	5,406
Education Authority	161,624	300,543
Heavy Equipment	3,149	1,238
H.O.P.E. Committee	17,178	17,005
Housing Authority Inc.	143,588	23,908
Integrated Health Services	224,590	223,627
Public Utilities	629,171	73,224
Social Assistance - General Welfare	139,093	-
	<u>\$ 2,786,918</u>	<u>\$ 1,616,817</u>

8. Due to Government and Other Government Organizations

	2014	2013
Federal government		
AANDC	\$ 700,274	\$ 455,070
Provincial government	666,012	633,630
Due to Trust account (Note 6)	50,000	50,000
	<u>\$ 1,416,286</u>	<u>\$ 1,138,700</u>

9. Deferred Revenue

	2014	2013
Capital Projects - Minor Capital - AANDC	\$ 241,560	\$ 562,306
Eabametoong Communications Inc.	-	6,377
Integrated Health Services - Headstart Program	-	44,500
Other First Nation Activities - SPL - Industry Contributions	287,883	229,433
Other First Nation Activities - CCLO - MNDM	-	59,280
Social Assistance- Administration - AANDC	128,113	122,398
Education O&M - AANDC - Building, Teacherage	-	28,384
Education Programs - Instructional, Ancillary, Accommodation, Financial Assistance, Guidance, Post Secondary, Planning and Design - AANDC	219,829	259,640
Community Infrastructure - Public Utilities - AANDC	251,103	-
	<u>\$ 1,128,488</u>	<u>\$ 1,312,318</u>

Eabametoong First Nation Notes to Consolidated Financial Statements

March 31, 2014

10. Long Term Debt

	2014	2013
Royal Bank of Canada		
Term construction loan #3	\$ 3,979,450	\$ 4,690,650
Principal payment due in May of each year starting in May 2009 with interest at 4%. The balance on loan is due and payable May 1, 2018. Principal to be repaid from specific assignment of minor capital (\$700,000) per annum plus housing rent proceeds of \$193,833 per annum. Collateral security consists of a First Nation resolution confirming borrowings to a maximum of \$8,064,300 for the construction of new homes and renovations and is supported by an irrevocable letter of direction in the amount of \$700,000 per annum acknowledged by AANDC and an assignment of not less than \$193,833 annually from housing rent proceeds.		
Consolidation loan for Tikinagan building and housing units repayable in monthly installments of \$10,976 including interest at 4% per annum. Collateral security consists of a Band Council Resolution confirming borrowings. The balance of the loan is due and payable January 2016.	917,881	-
Term loan for Education repayable in monthly installments of \$10,000 including interest at the bank's prime lending rate plus 1.5% (4.5% at year end). Collateral security consists of a Band Council Resolution confirming borrowings up to \$438,000 and a guarantee and postponement of claim by the First Nation. The balance of the loan is due and payable October 2014.	395,848	-
Equipment loan payable in monthly installments of \$4,636 including interest at 5.13% maturing January 2016.	97,370	-
Term loan for Tikinagan Office Building	-	1,010,955
Balance forward	\$ 5,390,549	\$ 5,701,605

Eabametoong First Nation Notes to Consolidated Financial Statements

March 31, 2014

10. Long Term Debt (cont'd)

	2014	2013
Balance forward	\$ 5,390,549	\$ 5,701,605
Term loan payable in monthly installments of \$2,580 including interest at 4.75% per annum. Collateral security consists of a Band Council Resolution confirming borrowings. The balance of the loan is due and payable July 2016	189,655	211,047
Equipment loan	-	53,117
Demand loan payable in monthly installments of \$9,635 plus interest at Royal Bank Prime plus 1.25% (4.25% at year end) and maturing October 2014. Collateral security consists of a Band Council Resolution confirming borrowings.	697,420	781,537
Equipment loan payable in monthly installments of \$2,855 including interest at 6.22% maturing January 2016	62,811	89,049
Equipment loan payable in monthly installments of \$2,774 including interest at 6.38% maturing February 2016	61,038	86,348
Equipment loan payable in monthly installments of \$1,227 including interest at 6.59% maturing February 2016	26,993	38,074
Equipment loan payable in monthly installments of \$569 including interest at 7.50% maturing March 2016	13,092	17,900
Equipment loan payable in monthly installments of \$2,493 including interest at 5.60% maturing March 2017	87,271	105,013
Equipment loan payable in monthly installments of \$1,173 including interest at 5.10% maturing February 2018	53,957	60,184
Balance forward	\$ 6,582,786	\$ 7,143,874

Eabametoong First Nation Notes to Consolidated Financial Statements

March 31, 2014

10. Long Term Debt (cont'd)

	2014	2013
Balance forward	\$ 6,582,786	\$ 7,143,874
Canada Mortgage and Housing Corporation		
Mortgage payable in monthly installments of \$6,145 including interest at 1.92%, maturing April 2019	970,113	1,025,233
Mortgage payable in monthly installments of \$3,186 including interest at 1.65% maturing June 2017	602,413	630,488
Mortgage payable in monthly installments of \$3,803 including interest at 1.62% maturing March 2018	743,465	776,803
Mortgage payable in monthly installments of \$6,496 including interest at 2.11% maturing January 2019	1,259,145	1,307,018
Mortgage payable in monthly installments of \$7,110 including interest at 2.65% maturing April 2016	1,427,139	1,474,165
Mortgage payable in monthly installments of \$2,300 including interest at 1.49% maturing January 2017	534,038	553,543
Other Financial Institutions		
Vehicle loan payable in monthly installments of \$490 including interest at 8.49% maturing May 2014	969	6,509
Vehicle loan payable in monthly installments of \$692 including interest at 8.49% maturing May 2014	1,369	9,193
	<u>\$ 12,121,437</u>	<u>\$ 12,926,826</u>

Anticipated annual principal payments due in the next five years are as follows:

Year	Amount
2015	\$ 2,357,500
2016	2,018,100
2017	2,984,200
2018	2,111,600
2019	2,650,037
	<u>\$ 12,121,437</u>

Eabametoong First Nation
Notes to Consolidated Financial Statements

For the year ended March 31, 2014

11. Tangible Capital Assets

	Cost			Accumulated Amortization			2014 Net Book Value	2013 Net Book Value
	Opening Balance	Additions	Closing Balance	Opening Balance	Amortization	Closing Balance		
Administration								
Equipment	\$ 145,173	\$ 68,497	\$ 213,670	\$ 97,454	\$ 16,393	\$ 113,847	\$ 99,823	\$ 47,719
Fire equipment	70,865	-	70,865	69,563	261	69,824	1,041	1,302
Landfill site	111,433	-	111,433	27,697	3,350	31,047	80,386	83,736
Vehicles	103,256	-	103,256	47,948	16,593	64,541	38,715	55,308
Eabametoong Communications Inc.								
Equipment	484,557	-	484,557	438,507	9,211	447,718	36,839	46,050
Vehicles	-	18,499	18,499	-	2,775	2,775	15,724	-
Capital projects								
Housing construction and renovation	9,283,914	-	9,283,914	4,109,730	206,968	4,316,698	4,967,216	5,174,184
Hydro upgrade	2,587,481	-	2,587,481	1,199,730	55,510	1,255,240	1,332,241	1,387,751
Sewage remedial work	378,310	-	378,310	157,225	8,843	166,068	212,242	221,085
Gravel road	60,430	-	60,430	25,596	1,394	26,990	33,440	34,834
Firehall	310,610	-	310,610	131,563	7,162	138,725	171,885	179,047
Treatment centre	547,561	-	547,561	211,626	13,437	225,063	322,498	335,935
Arena	2,965,931	-	2,965,931	1,071,772	75,767	1,147,539	1,818,392	1,894,159
Tiknagan office	1,319,252	-	1,319,252	342,983	39,051	382,034	937,218	976,269
Police residence	371,488	-	371,488	154,706	8,671	163,377	208,111	216,782
Police station	24,119	-	24,119	8,163	638	8,801	15,318	15,956
Nurse's residence I	611,690	-	611,690	252,281	14,377	266,658	345,032	359,409
Nurse's residence II	363,011	-	363,011	103,898	10,365	114,263	248,748	259,113
Nursing station residences	379,930	-	379,930	116,816	10,524	127,340	252,590	263,114
Bridges	24,738	241,752	266,490	9,267	5,454	14,721	251,769	15,471
Community hall renovations	91,896	-	91,896	31,243	2,426	33,669	58,227	60,653
Construction office	50,000	-	50,000	21,178	1,153	22,331	27,669	28,822
Admin building	20,500	-	20,500	8,683	473	9,156	11,344	11,817
Admin building renovation project	152,192	-	152,192	56,999	3,808	60,807	91,385	95,193
Ditching, roads and drainage	237,448	-	237,448	89,926	5,900	95,826	141,622	147,522
20 unit servicing project	3,501,938	-	3,501,938	1,150,616	94,053	1,244,669	2,257,269	2,351,322
15 unit CMHC housing project	2,272,108	-	2,272,108	698,872	62,929	761,801	1,510,307	1,573,236
Tiknagan residences	306,162	-	306,162	94,134	8,481	102,615	203,547	212,028
20 unit housing project	3,809,288	-	3,809,288	1,061,309	109,919	1,171,228	2,638,060	2,747,979
4 unit housing project	777,570	-	777,570	165,569	24,480	190,049	587,521	612,001
5 unit housing project	1,465,902	-	1,465,902	311,997	46,157	358,154	1,107,748	1,153,905
Power generation upgrade	702,435	-	702,435	136,971	22,619	159,590	542,845	565,464
8 unit project	1,137,882	-	1,137,882	210,084	37,112	247,196	890,686	927,798
12 unit project	1,013,752	-	1,013,752	187,167	33,063	220,230	793,522	826,585
Bunkhouse	291,456	-	291,456	38,588	10,115	48,703	242,753	252,868
9 unit housing project	1,844,393	-	1,844,393	178,596	66,632	245,228	1,599,165	1,665,797
3 unit housing project	818,992	-	818,992	48,485	30,820	79,305	739,687	770,507
Community Hall	673,348	-	673,348	39,862	25,340	65,202	608,146	633,486
New Nursing Station	10,585,154	-	10,585,154	616,784	398,734	1,015,518	9,569,636	9,968,370
Balance forward	\$ 49,896,165	\$ 328,748	\$ 50,224,913	\$ 13,723,588	\$ 1,490,958	\$ 15,214,546	\$ 35,010,367	\$ 36,172,577

Eabametoong First Nation
Notes to Consolidated Financial Statements

For the year ended March 31, 2014

11. Tangible Capital Assets (cont'd)

	Cost			Accumulated Amortization			2014 Net Book Value	2013 Net Book Value
	Opening Balance	Additions	Closing Balance	Opening Balance	Amortization	Closing Balance		
Balance forward	\$ 49,896,165	\$ 328,748	\$ 50,224,913	\$ 13,723,588	\$ 1,490,958	\$ 15,214,546	\$ 35,010,367	\$ 36,172,577
New band office	3,148,407	-	3,148,407	62,968	123,418	186,386	2,962,021	3,085,439
NAPS temporary building	117,994	-	117,994	2,360	4,625	6,985	111,009	115,634
Fuel tanks	620,187	-	620,187	93,028	158,148	251,176	369,011	527,159
Warehouse	226,650	-	226,650	4,533	8,885	13,418	213,232	222,117
Streetlights	-	73,689	73,689	-	1,474	1,474	72,215	-
Education Authority								
Teacherage buildings	444,560	-	444,560	193,850	10,029	203,879	240,681	250,710
Education admin building	631,752	-	631,752	157,023	18,989	176,012	455,740	474,729
Office and school equipment	589,914	12,150	602,064	493,170	20,564	513,734	88,330	96,744
Vehicles	198,898	-	198,898	124,340	22,367	146,707	52,191	74,558
Classrooms	1,289,900	373,380	1,663,280	396,187	43,216	439,403	1,223,877	893,713
Eabamet Lake Construction Ltd								
Equipment	159,726	-	159,726	151,592	1,627	153,219	6,507	8,134
Eabamet Forest Development Corporation								
Equipment	615,793	-	615,793	606,328	2,840	609,168	6,625	9,465
Building	56,627	-	56,627	32,032	983	33,015	23,612	24,595
Vehicles	94,715	-	94,715	93,190	458	93,648	1,067	1,525
Heavy Equipment								
Equipment	818,721	23,269	841,990	772,943	17,224	790,167	51,823	45,778
Caterpillar	789,496	106,000	895,496	428,152	124,303	552,455	343,041	361,344
Vehicles	62,270	-	62,270	9,341	15,878	25,219	37,051	52,929
Eabametoong Communications Inc.								
Office equipment	29,874	-	29,874	28,084	357	28,441	1,433	1,790
Eabametoong Power Authority								
Office equipment	19,686	-	19,686	14,576	1,022	15,598	4,088	5,110
Trucks	58,500	-	58,500	40,259	5,472	45,731	12,769	18,241
Groomer and fuel pump	158,229	-	158,229	108,821	14,822	123,643	34,586	49,408
New fuel tanks	267,362	-	267,362	159,640	32,316	191,956	75,406	107,722
Polaris Quads	14,885	-	14,885	7,591	2,188	9,779	5,106	7,294
Engine overhaul	252,466	595,152	847,618	37,870	153,651	191,521	656,097	214,596
Housing Authority								
Truck	20,955	-	20,955	20,798	47	20,845	110	157
Office equipment	10,227	-	10,227	9,278	190	9,468	759	949
Social Assistance								
Office equipment	15,000	-	15,000	13,838	232	14,070	930	1,162
Integrated Health Services								
Office equipment	41,382	-	41,382	23,394	3,598	26,992	14,390	17,988
Vehicles	186,691	-	186,691	98,648	26,413	125,061	61,630	88,043
Detox Building	6,800	-	6,800	403	255	658	6,142	6,397
Construction in progress	-	1,856,341	1,856,341	-	-	-	1,856,341	-
NAPS detachment								
Warehouse	-	-	-	-	-	-	-	-
	\$ 60,843,832	\$ 3,368,729	\$ 64,212,561	\$ 17,907,825	\$ 2,306,549	\$ 20,214,374	\$ 43,998,187	\$ 42,936,007

Eabametoong First Nation Notes to Consolidated Financial Statements

March 31, 2014

12. Comparative Figures

Certain of the comparative figures presented in the accompanying consolidated financial statements have been reclassified to conform with the current year's presentation.

13. Contingencies

Retention or repayment of individual program excesses will be determined and negotiated with the appropriate funding agencies upon receipt of these financial statements. It is not possible at this time to determine the amount, if any, of retention or repayment of excesses.

14. Accumulated Surplus

The Band segregates its accumulated surplus in the following categories:

	2014	2013
Fund balances		
Unrestricted		
Fund balance - General	\$ 1,164,679	\$ 1,581,462
Internally restricted		
Capital (Note 15)	31,163,464	30,101,284
Casino (Note 16)	3,722,315	3,561,874
Trust (Note 17)	106,234	104,845
Externally restricted		
Replacement reserve - CMHC	243,170	187,580
Accumulated surplus	<u>\$ 36,399,862</u>	<u>\$ 35,537,045</u>

15. Capital Fund

	2014	2013
Fund balance, beginning of year	\$ 30,101,284	\$ 29,579,934
Increased by:		
Additions to capital assets	3,368,729	2,663,246
Decreased by:		
Amortization of capital assets	(2,306,549)	(2,141,896)
Fund balance, end of year	<u>\$ 31,163,464</u>	<u>\$ 30,101,284</u>

Eabametoong First Nation Notes to Consolidated Financial Statements

March 31, 2014

16. Casino Fund

	2014	2013
Fund balance, beginning of year	\$ 3,561,874	\$ 4,286,681
Increased by:		
OFNLP distributions	1,375,286	1,383,060
Interest	27,301	24,391
Decreased by:		
Expenses	(1,242,146)	(2,132,258)
Fund balance, end of year	<u>\$ 3,722,315</u>	<u>\$ 3,561,874</u>

17. Trust Fund

	2014	2013
Fund balance, beginning of year	\$ 104,845	\$ 103,530
Additions:		
Interest	1,389	1,315
Fund balance, end of year	<u>\$ 106,234</u>	<u>\$ 104,845</u>
Trust fund consists of:		
Cash	\$ 56,234	\$ 54,845
Due from operating fund	50,000	50,000
	<u>\$ 106,234</u>	<u>\$ 104,845</u>

18. Replacement Reserve

Under the terms of agreements with Canada Mortgage and Housing Corporation, the Rental Housing Replacement Reserve account is to be credited in the amounts of \$15,000, \$4,000, \$12,000, \$8,000, \$11,790 and \$4,800 annually until it accumulates to the maximum stated in the agreements plus interest. These funds, along with accumulated interest, must be held in separate bank accounts and may only be used as approved by Canada Mortgage and Housing Corporation. As at March 31, 2014 included in restricted cash and deposits is a separate bank account for the replacement reserve of \$344,998 (2013 - \$289,332)

Eabametoong First Nation Notes to Consolidated Financial Statements

March 31, 2014

19. Government Transfers

	Operating	Capital	2014 Total	Operating	Capital	2013 Total
Federal						
AANDC	\$ 11,262,460	\$ -	\$ 11,262,460	\$ 11,154,561	\$ -	\$ 11,154,561
CMHC	377,505	-	377,505	371,550	-	371,550
Health Canada	1,792,561	45,498	1,838,059	2,035,004	240,523	2,275,527
Public Safety Canada	-	1,820,000	1,820,000	-	-	-
	13,432,526	1,865,498	15,298,024	13,561,115	240,523	13,801,638
Provincial						
MAA	129,850	-	129,850	306,551	-	306,551
MCSS	2,853,182	-	2,853,182	2,603,866	-	2,603,866
MOHLTC	203,374	-	203,374	248,832	-	248,832
MNDM	771,634	-	771,634	573,582	-	573,582
NOHFC	-	-	-	317,073	-	317,073
	\$ 3,958,040	\$ -	\$ 3,958,040	\$ 4,049,904	\$ -	\$ 4,049,904

20. Budgeted Figures

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by Chief and Council.

21. Segmented Information

Eabametoong First Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by Program. Programs were created for the purpose of recording specific activities to attain certain objectives in accordance with specific regulations, restrictions or limitations. The services are provided by several entities of Eabametoong First Nation. The activities can also be categorized into segments. The following segments have been identified and as such are separately disclosed.

Administration

Administration contains activities that are needed to run the Eabametoong First Nation organization.

Community Infrastructure

Community Infrastructure contains activities that provide infrastructure to the community such as road maintenance, sewer and water, community buildings and public utilities.

Eabametoong First Nation Notes to Consolidated Financial Statements

March 31, 2014

21. Segmented Information (cont'd)

Economic and Employment

Economic and Employment contains all the activities that provide economic and employment support for the community.

Integrated Health Services

Integrated Health Services contains activities that provide medical services to band members.

Community Services

Community Services contains activities that provide a benefit to the community.

Housing

Housing contains activities that provide housing and repairs and maintenance to band members.

Projects

Projects contains capital and renovation activities for which a specific project has been set up and separately monitored.

Social Services

Social Services contains activities that provide financial support or support by other means to band members that are aimed at developing both the individual as well as the community.

Education

Education Services contains activities that provide education to band members for primary, secondary schooling and sponsorship to attend post secondary institutions.

For each segment separately reported, the segment revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as described in the summary of significant accounting policies as described in Note 1. The segment results for the period are as follows:

Eabametoong First Nation
Notes to Consolidated Financial Statements

March 31, 2014

21. Segmented Information (cont'd)

For the year ended March 31, 2014

	Administration	Community Infrastructure	Economic and Employment	Integrated Health Services	Community Services	Housing	Projects	Social Services	Education	2014 Total
Revenue										
Deferred revenue, beginning of year	\$ -	\$ -	\$ 295,090	\$ 44,500	\$ -	\$ -	\$ 562,306	\$ 122,398	\$ 288,024	\$ 1,312,318
Federal	727,601	2,190,414	266,167	1,792,561	-	1,057,635	2,262,330	1,229,000	5,772,316	15,298,024
Provincial	-	129,600	771,884	141,904	-	-	-	2,914,652	-	3,958,040
Casino	133,140	282,839	-	333,074	282,000	220,233	-	5,000	119,000	1,375,286
Other	346,784	2,532,962	1,347,111	389,505	48,454	769,595	-	57,529	289,603	5,781,543
Deferred revenue, end of year	-	(251,103)	(287,883)	-	-	-	(241,560)	(128,113)	(219,829)	(1,128,488)
	1,207,525	4,884,712	2,392,369	2,701,544	330,454	2,047,463	2,583,076	4,200,466	6,249,114	26,596,723
Expenses										
Administration fees	-	-	52,493	203,740	-	20,454	2,331	42,601	4,017	325,636
Amortization	1,594,179	-	-	-	-	712,370	-	-	-	2,306,549
Bad debt expense (recovery)	14,621	(31,685)	44,864	(16,153)	-	309,394	-	-	(6,289)	314,782
Bank charges and interest	10,185	72,463	2,534	5,945	162	-	-	6,030	8,923	106,242
Current and prior year funding recoveries	-	-	512,703	10,096	-	-	5,989	20,314	177,390	726,492
Donations	9,346	5,028	19,655	-	300,029	-	-	-	1,901	335,959
Honorarium	116,650	250	81,350	14,675	-	-	-	5,000	54,166	272,091
Insurance	-	111,383	7,367	2,499	-	318,033	-	-	-	439,282
Interest on long term debt	-	-	49,116	-	-	286,174	-	-	18,236	353,526
Lease Interest	-	-	-	-	-	-	-	-	-	-
Materials and supplies	76,518	3,181,925	513,280	517,749	93,933	150,189	105,739	593,194	573,955	5,806,482
Professional fees	229,161	62,536	197,030	117,251	3,113	15,500	127,707	-	55,123	807,421
Rent	-	4,970	5,345	36,029	-	-	14,100	120,900	14,975	196,319
Replacement reserve	-	-	-	-	-	55,590	-	-	-	55,590
Training	7,798	1,694	7,022	13,903	-	-	-	218,885	86,420	335,722
Travel	95,685	14,897	109,321	94,083	-	-	-	31,392	477,635	823,013
External transfers	-	-	-	-	-	-	-	2,587,177	803,838	3,391,015
Utilities, hydro, telephone	50,286	438,249	139,030	72,538	-	-	2,545	6,090	664,759	1,373,497
Wages and benefits	664,369	688,317	712,665	1,805,486	-	13,296	127,281	568,604	3,241,279	7,821,297
	2,868,798	4,550,027	2,453,775	2,877,841	397,237	1,881,000	385,692	4,200,187	6,176,328	25,790,885
Surplus (Deficit)	\$ (1,661,273)	\$ 334,685	\$ (61,406)	\$ (176,297)	\$ (66,783)	\$ 166,463	\$ 2,197,384	\$ 279	\$ 72,786	\$ 808,838

Eabametoong First Nation
Notes to Consolidated Financial Statements

March 31, 2014

21. Segmented Information (cont'd)

For the year ended March 31, 2013

	Administration	Community Infrastructure	Economic and Employment	Integrated Health Services	Community Services	Housing	Projects	Social Services	Education	2013 Total
Revenue										
Deferred revenue, beginning of year	\$ -	\$ -	\$ 171,858	\$ 44,850	\$ -	\$ -	\$ -	\$ 234,237	\$ -	\$ 450,945
Federal	674,630	1,186,780	216,667	1,797,372	-	1,071,550	1,791,632	1,300,800	5,762,207	13,801,638
Provincial	97,041	129,600	653,492	248,832	-	-	317,073	2,603,866	-	4,049,904
Cashio	(734,198)	-	-	378,563	110,000	-	1,449,695	-	179,000	1,383,060
Other	452,352	2,450,373	1,231,817	417,923	119,360	770,323	995	25,907	290,366	5,759,416
Deferred revenue, end of year	-	-	(295,090)	(44,500)	-	-	(562,306)	(122,398)	(288,024)	(1,312,318)
	<u>489,825</u>	<u>3,766,753</u>	<u>1,978,744</u>	<u>2,843,040</u>	<u>229,360</u>	<u>1,841,873</u>	<u>2,997,089</u>	<u>4,042,412</u>	<u>5,943,549</u>	<u>24,132,645</u>
Expenses										
Administration fees	-	-	85,252	174,211	-	19,569	-	42,599	14,924	336,555
Amortization	1,399,786	-	-	-	-	742,110	-	-	-	2,141,896
Bad debt expense (recovery)	140,138	(76,427)	61,317	24,398	-	435,387	-	-	9,613	594,426
Bank charges and interest	6,090	81,437	2,399	4,722	61	(144)	-	5,998	8,453	109,016
Current and prior year funding recoveries	6,000	-	322,108	135,304	-	-	2,687	376,094	200,200	1,042,393
Donations	7,308	6,435	3,081	-	70,007	-	-	-	4,803	91,634
Honorarium	157,391	-	14,225	2,850	-	-	-	-	49,187	223,653
Insurance	-	97,200	6,625	1,819	-	262,687	-	-	2,754	371,085
Interest on long term debt	-	-	32,396	-	-	422,513	-	-	12,923	467,832
Lease Interest	-	-	-	-	-	-	-	-	-	-
Materials and supplies	13,477	2,633,033	368,184	471,581	64,523	143,930	301,629	448,930	555,557	5,000,844
Professional fees	424,663	15,708	276,544	80,419	3,000	18,000	1,150	-	55,190	874,674
Rent	-	-	7,250	17,138	-	-	61,917	88,417	18,161	192,883
Replacement reserve	-	-	-	-	-	55,590	-	-	-	55,590
Training	7,669	250	9,049	16,916	-	-	-	57,302	97,911	189,097
Travel	107,935	5,571	107,765	52,621	-	-	-	18,142	387,185	679,219
External transfers	-	-	-	37,433	-	-	-	2,403,937	896,763	3,338,133
Utilities, hydro, telephone	53,066	430,921	120,094	62,672	-	-	-	7,716	519,399	1,193,868
Wages and benefits	480,585	463,864	760,553	1,642,464	8,407	8,376	541,490	513,323	3,001,753	7,420,818
	<u>2,804,108</u>	<u>3,697,992</u>	<u>2,176,842</u>	<u>2,724,548</u>	<u>145,998</u>	<u>2,108,018</u>	<u>908,873</u>	<u>3,962,458</u>	<u>5,834,776</u>	<u>24,323,613</u>
Surplus (Deficit)	\$ (2,314,283)	\$ 108,761	\$ (198,098)	\$ 118,492	\$ 83,362	\$ (266,145)	\$ 2,088,216	\$ 79,954	\$ 108,773	\$ (190,968)

Eabametoong First Nation

Notes to Consolidated Financial Statements

March 31, 2014

21. Segmented Information (cont'd)

Reconciliation of Segmented Information to Consolidated Statement of Operations and Accumulated Surplus:

	2014	2013
Surplus per segmented information	\$ 805,838	\$ (190,968)
Trust Fund interest revenue	1,389	1,315
Replacement reserve revenue	55,590	55,590
Surplus per Consolidated Statement of Operations and Accumulated Surplus	\$ 862,817	\$ (134,063)