

**Fort William First Nation
Consolidated Financial Statements
For the year ended March 31, 2015**

Contents

Independent Auditor's Report	2
Management's Statement of Responsibility for Financial Reporting	4
Consolidated Financial Statements	
Consolidated Statement of Financial Position	5
Consolidated Statement of Operations and Surplus	6
Consolidated Statement of Changes in Net Financial Assets	7
Consolidated Statement of Cash Flows	8
Notes to Consolidated Financial Statements	9

Independent Auditor's Report

**To the Members
Fort William First Nation**

We have audited the accompanying financial statements of Fort William First Nation, which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statements of operations and surplus, consolidated change in net financial assets and consolidated statement of 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 generally accepted accounting principles, 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 overall 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.

Basis for Qualified Opinion

The Summary of Significant Accounting Policies describes the capital asset policy with respect to the First Nation's 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 consolidated 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 a result, we have been unable to obtain sufficient audit evidence to form an opinion with respect to the possible amount of such assets.

Independent Auditor's Report (cont'd)

As more fully described in Note 14 to the consolidated financial statements, management has excluded the current year and prior years' property tax liabilities in the accompanying consolidated financial statements. Failure to include the taxes as a current liability is not in accordance with Canadian generally accepted accounting principles. Had the liabilities been recorded the consolidated deficit of revenue over expenditures for the year would have been increased by \$580,717, capital assets would have been increased by \$1,188,553, accounts payable would have been increased by \$4,385,362, disputed property taxes receivable would have been decreased by \$8,817,246 and the consolidated accumulated surplus would have been decreased by \$13,202,608.

In addition, the First Nation has not included disclosure of budget information as required by Canadian generally accepted accounting principles because consolidated budgets were not prepared.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraphs, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Fort William First Nation as at March 31, 2015 and the consolidated results of operations and surplus, consolidated change in net financial assets and consolidated statement of cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Thunder Bay, Ontario
December 2, 2015

Fort William First Nation Management's Statement of Responsibility for Financial Reporting

March 31, 2015

The accompanying consolidated financial statements of Fort William First Nation and all the information in this annual report 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 generally accepted accounting principles for governments in Canada. 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 consolidated financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. BDO Canada LLP have access to financial management of Fort William First Nation and meet when required.



Chief



Councillor

**Fort William First Nation
Consolidated Statement of Financial Position**

March 31	2015	2014
Financial assets		
Cash (Note 2)	\$ 3,286,411	\$ 4,838,985
Investments (Note 3)	95,436,523	93,098,306
Deposits	8,000	8,000
Accounts receivable (Note 4)	2,381,728	2,376,314
Rent receivable from Band members (Note 4)	49,549	35,476
Due from government and other government organizations (Note 5)	9,589,844	2,788,862
Trust funds held by federal government (Note 6)	823,899	895,182
Inventory	682,811	1,042,215
	112,258,765	105,083,340
Liabilities		
Accounts payable and accruals (Note 7)	5,539,622	5,039,548
Due to government and other government organizations (Note 8)	258,019	146,586
Tenant deposits	12,035	12,035
Deferred revenue (Note 9)	2,018,037	2,812,747
Long term debt (Note 10)	3,858,957	2,794,190
Amounts held in trust for minors (Note 11)	3,964,015	4,072,244
	15,650,685	14,877,350
Net financial assets	96,608,080	90,205,990
Non-financial assets		
Prepaid expenses	54,184	195,031
Land claim costs	2,202,485	2,122,568
Capital assets (Note 12)	29,713,125	27,738,016
Youth trust accounts (Note 11)	3,919,695	4,041,959
Investments in and advances to corporations (Note 13)	1,581,588	1,500,142
Disputed property taxes receivable (Note 14)	8,766,395	8,653,066
	46,237,472	44,250,782
Accumulated surplus (Note 15)	\$142,845,552	\$134,456,772

On behalf of the Band:



Chief



Councillor

Fort William First Nation Consolidated Statement of Operations and Surplus

For the year ended March 31	2015	2014
Revenue		
Aboriginal Affairs and Northern Development Canada (Note 16)	\$ 6,478,756	\$ 6,871,117
Aboriginal Affairs and Northern Development Canada - Specific		
Claims Settlement	7,184,431	-
Canada Mortgage and Housing Corporation Subsidy (Note 16)	56,358	74,050
Health Canada (Note 16)	431,114	421,576
Ministry of Community and Social Services (Note 16)	2,042,247	1,558,588
Ministry of Transportation (Note 16)	32,997	132,997
Other revenue	10,892,740	11,002,259
Investment income	11,117,143	10,885,581
Lottery Fund revenue	1,011,937	986,969
Replacement reserves	-	29,000
	39,247,723	31,962,137
Expenses		
Administration	1,734,189	2,306,982
Public Works	2,771,396	909,187
Education	4,337,534	4,243,757
Social Services and Health	3,402,378	2,891,966
Development and Employment	547,461	547,344
New Relationship Fund	79,082	20,983
Capital Projects	-	25,422
Region (Note 19)	7,854,526	1,080,840
Band Operations	1,531,889	3,209,240
Gaming Activities	4,586,135	5,152,601
Housing Operations	669,104	508,534
Rental Operations	729,495	270,924
Lottery Fund	1,194,493	848,917
Enterprise Fund	1,400,692	1,133,632
Specific Claim Trust Fund	20,569	20,967
	30,858,943	23,171,296
Surplus for the year	8,388,780	8,790,841
Accumulated surplus, beginning of year	134,456,772	125,665,931
Accumulated surplus, end of year	\$ 142,845,552	\$ 134,456,772

Fort William First Nation
Consolidated Statement of Change in Net Financial Assets

<u>For the year ended March 31</u>	<u>2015</u>	<u>2014</u>
Annual surplus	\$ 8,388,780	\$ 8,790,841
Acquisition of tangible capital assets	(4,819,259)	(4,620,632)
Amortization of tangible capital assets	2,841,281	2,661,560
Loss on disposal of tangible capital assets	2,869	-
	6,413,671	6,831,769
Change in disputed property tax receivable	(113,329)	(175,168)
Change in prepaid expenses	140,847	(64,759)
Change in land claim costs	(79,917)	(135,043)
Change in youth trust accounts	122,264	315,671
Change in investments in and advances to corporations	(81,446)	11,452
	(11,581)	(47,847)
Net change in net financial assets	6,402,090	6,783,922
Net financial assets, beginning of year	90,205,990	83,422,068
Net financial assets, end of year	\$ 96,608,080	\$ 90,205,990

Fort William First Nation Consolidated Statement of Cash Flows

For the year ended March 31	2015	2014
Cash flows from operating activities		
Surplus for the year	\$ 8,388,780	\$ 8,790,841
Adjustment for capital and investment transactions included in operations	2,841,281	2,661,560
Amortization	2,869	
Loss on sale of assets	(6,611,349)	(114,185)
Increase in non-cash working capital components (Note 17)		
	4,621,581	11,338,216
Cash provided by (used in) financing activities		
Advances of long-term debt	1,064,767	261,466
Repayments (advances) to related parties	(81,446)	11,452
	983,321	272,918
Cash provided by (used in) investment activities		
Purchase of capital assets (net)	(4,819,259)	(4,620,632)
Net cash increase during the year	785,643	6,990,502
Cash, beginning of year	97,937,291	90,946,789
Cash and cash equivalents, end of year	\$ 98,722,934	\$ 97,937,291
Represented by		
Cash	\$ 3,286,411	\$ 4,838,985
Investments	95,436,523	93,098,306
	\$ 98,722,934	\$ 97,937,291

The accompanying summary of significant accounting policies and notes are an integral part of these consolidated financial statements.

Fort William First Nation Notes to Consolidated Financial Statements

March 31, 2015

1. Significant Accounting Policies

Basis of Financial Statements These consolidated financial statements have been prepared in accordance with generally accepted accounting principles for local government entities, as defined in the CICA Public Sector Accounting and Auditing Handbook, and include all organizations, operations and activities that are:

- a) accountable for the administration of their financial affairs and resources directly to the First Nation, or
- b) are owned or controlled by the First Nation.

Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenses and accumulated surplus of the reporting entity. The reporting entity is comprised of all organizations which are owned or controlled by the First Nation. These financial statements include:

- Fort William First Nation Boundary Claim Trust
- Fort William First Nation Specific Claim Housing Trust
- Fort William First Nation Consulting Inc.
- Fort William First Nation Construction Corporation
- Fort William First Nation Development Corporation
- Fort William First Nation Energy Corporation
- Fort William First Nation Land Development Trust
- Anemki Mountain Business Trust
- 1453183 Ontario Ltd.
- 1401354 Ontario Ltd
- 1526045 Ontario Ltd.

Fort William First Nation Notes to Consolidated Financial Statements

March 31, 2015

1. Significant Accounting Policies (Cont'd)

Tangible Capital Assets	<p>Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a declining balance basis commencing once the asset is available for productive use as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">First Nation housing</td><td style="width: 10%; text-align: right;">-</td><td style="width: 30%; text-align: right;">3.5%</td></tr> <tr> <td>Infrastructure</td><td style="text-align: right;">-</td><td style="text-align: right;">5%</td></tr> <tr> <td>Buildings</td><td style="text-align: right;">-</td><td style="text-align: right;">5%</td></tr> <tr> <td>Automotive</td><td style="text-align: right;">-</td><td style="text-align: right;">10%</td></tr> <tr> <td>Fire and general equipment</td><td style="text-align: right;">-</td><td style="text-align: right;">10%</td></tr> <tr> <td>Other equipment</td><td style="text-align: right;">-</td><td style="text-align: right;">20%</td></tr> <tr> <td>Assets under capital lease obligation</td><td style="text-align: right;">-</td><td style="text-align: right;">10%</td></tr> </table> <p>Amortization for assets supported by long term debt is at a rate equivalent to the long term debt principal repayment.</p> <p>In the year of acquisition 50% of the normal amortization is recorded.</p>		First Nation housing	-	3.5%	Infrastructure	-	5%	Buildings	-	5%	Automotive	-	10%	Fire and general equipment	-	10%	Other equipment	-	20%	Assets under capital lease obligation	-	10%
First Nation housing	-	3.5%																					
Infrastructure	-	5%																					
Buildings	-	5%																					
Automotive	-	10%																					
Fire and general equipment	-	10%																					
Other equipment	-	20%																					
Assets under capital lease obligation	-	10%																					
Income Recognition	<p>The First Nation is the recipient of certain approved program grants which specify project, purpose and maximum allowable contributions and are for specific time periods. Unexpended funds are included in the balance sheet as accounts receivable, cash and deferred revenue until the programs are complete. Other revenues from non-grant sources including rents, interest, and third party arrangements are accounted for on the accrual basis as earned.</p>																						
Long Term Investments	<p>The First Nation records its long term investments in the following manner:</p> <p>Investments fully controlled by the First Nation are consolidated.</p> <p>Investments in Government Business Enterprises are recorded using the modified equity method.</p> <p>All other long term investments are recorded at the lower of cost and net realizable value.</p>																						

Fort William First Nation Notes to Consolidated Financial Statements

March 31, 2015

1. Significant Accounting Policies (Cont'd)

Replacement Reserves	Under the terms of agreements with Canada Mortgage and Housing Corporation, the Replacement Reserve for housing is to be credited in varying amounts annually until it accumulates to a maximum amount plus accumulated 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.
Use of Estimates	The preparation of financial statements in accordance with Canadian generally accepted accounting principles 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. Actual results could differ from management's best estimates as additional information becomes available in the future.
Fund Accounting	The First Nation records accounting transactions using the fund accounting method generally in use for non-profit organizations. A fund is determined for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The various funds have been amalgamated for the purpose of presentation in the consolidated financial statements.

Fort William First Nation
Notes to Consolidated Financial Statements

March 31, 2015

2. Cash

	2015	2014
Restricted cash	\$ 658,527	\$ 3,902,675
Unrestricted cash	<u>2,627,884</u>	<u>936,310</u>
	\$ 3,286,411	\$ 4,838,985

3. Investments

	2015	2014
a) Investments held in Account #2802196 are as follows:		
Fixed Income Securities:		
Bond Funds (1,452,900 Units)	<u>\$ 15,399,779</u>	<u>\$ 18,423,492</u>
b) Investments held in Account #2802197 are as follows:		
Cash Equivalents:		
Treasury Bills		
(2,780,000 Units, maturing between Jan 15, 2015 - Mar 26, 2015)	2,773,581	2,062,896
Fixed Income Securities:		
Bond Funds (684,557 Units)	8,393,356	7,738,156
Equity Securities:		
Foreign Preferred Stock (1,245,970 Units)	293,139	253,165
Canadian Common Stocks (321,258 Units)	9,345,188	8,763,067
Foreign Common Stocks (375,209 Units)	<u>18,964,441</u>	<u>18,140,339</u>
	39,769,705	36,957,623
	\$ 55,169,484	\$ 55,381,115

Fort William First Nation Notes to Consolidated Financial Statements

March 31, 2015

3. Investments (cont'd)

Balance Forward	\$ 55,169,484	\$ 55,381,115
c) Investments held in Account #2802198 are as follows:		
Cash Equivalents:		
Treasury Bills (3,709,000 Units, maturing March 12, 2015)	3,699,642	571,789
Fixed Income Securities:		
Canada Bonds (4,140,000 Units, 1.5% - 3.5%, Maturing between March 1, 2019 - December 1, 2045)	4,462,008	2,738,488
Corporate Bonds (4,453,000 Units, 2.35% - 6.35%, Maturing between July 12, 2018 - September 2, 2044)	4,863,548	4,597,161
Foreign Corporate Bonds (100,000 Units, 3.55%, Maturing February 12, 2021)	103,222	251,433
Equity Securities:		
Canadian Common Stocks (263,892 Units)	9,092,255	10,089,414
Foreign Common Stocks (271,488 Units)	<u>17,950,536</u>	<u>19,373,811</u>
	<u>40,171,211</u>	<u>37,622,096</u>
Other	<u>95,828</u>	<u>95,095</u>
	<u>\$ 95,436,523</u>	<u>\$ 93,098,306</u>

4. Accounts Receivables

	2015	2014
Due from members		
Rents receivable	<u>\$ 49,549</u>	<u>\$ 35,476</u>
Due from other		
Services - non members	\$ 517,782	\$ 384,699
Other receivables	2,892,708	2,780,831
Allowance for doubtful accounts	<u>(1,028,762)</u>	<u>(789,216)</u>
	<u>\$ 2,381,728</u>	<u>\$ 2,376,314</u>

Fort William First Nation Notes to Consolidated Financial Statements

March 31, 2015

5. Due from Government and Other Government Organizations

	2015	2014
Government of Canada		
Aboriginal Affairs and Northern Development Canada	\$ 7,835,025	\$ 1,619,209
Canada Mortgage Housing Corporation	1,659	30,927
Province of Ontario		
Ministry of Energy - Industry Canada	101,722	101,722
Ministry of Health	10,127	-
Ministry of Community and Social Services	29,840	55,615
Ministry of Northern Development	-	36,268
Ministry of Transportation	104,770	631,622
Other		
Union of Ontario Indians	283,358	382,494
City of Thunder Bay	1,071,187	-
Greenwich Wind Farm LP	110,216	-
Wasaya Airways	233,245	-
	9,781,149	2,857,857
Allowance for doubtful accounts	(191,305)	(68,995)
	\$ 9,589,844	\$ 2,788,862

6. Trust Funds Held by Federal Government

	March 31, 2014	Additions 2015	Withdrawals 2015	March 31, 2015
	\$	\$	\$	\$
Revenue	\$ 507,816	\$ 1,188,500	\$ (1,259,783)	\$ 436,533
Capital	387,366	-	-	387,366
	\$ 895,182	\$ 1,188,500	\$ (1,259,783)	\$ 823,899

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.

Fort William First Nation Notes to Consolidated Financial Statements

March 31, 2015

7. Accounts Payable and Accruals

	2015	2014
Trade payables	<u>\$ 5,539,622</u>	<u>\$ 5,039,548</u>

8. Due to Government and Other Government Organizations

	2015	2014
Federal government		
Receiver general	\$ 168,238	\$ 92,763
Repayable to funders	28,214	15,117
Provincial government		
Repayable to funders	61,567	38,706
	<u>\$ 258,019</u>	<u>\$ 146,586</u>

9. Deferred Revenue

	2015	2014
Aboriginal Affairs and Northern Development Canada		
Education	\$ 329,427	\$ 348,215
Anemki Land Designation	-	39,483
Planning	-	25,258
Co-generation	-	12,961
Land Claims Settlement	37,202	2,103,088
Gaming Operations	-	92,972
Dilico Ojibway Child and Family Services	33,333	33,333
Union of Ontario Indians	124,635	89,429
Canadian Heritage	6,675	8,424
Ministry of Community and Social Services	105,142	-
Ministry of Health	6,640	-
Hydro One	37,133	37,133
Other	-	22,451
Mining claim proceeds	<u>1,337,850</u>	<u>-</u>
	<u>\$ 2,018,037</u>	<u>\$ 2,812,747</u>

Fort William First Nation Notes to Consolidated Financial Statements

March 31, 2015

10. Long Term Debt

	2015	2014
Non-Profit Housing Program #1		
Canada Mortgage and Housing Corporation loan, repayable at \$3,522 per month including interest at 5.85%, secured by land and buildings and guaranteed by Aboriginal Affairs and Northern Development Canada, due June 2017	\$ 89,421	\$ 124,966
Non-Profit Housing Program - Lynx Court		
Canada Mortgage and Housing Corporation loan, repayable at \$3,818 per month including interest at 1.39%, secured by land and buildings and guaranteed by Aboriginal Affairs and Northern Development Canada, due August 2037	880,982	913,387
Land Claims		
Aboriginal Affairs and Northern Development Canada loan, due on settlement of outstanding land claims against the Government of Canada (unless otherwise stated in the claim settlement agreement)	289,074	289,074
Aboriginal Affairs and Northern Development Canada loan, due on settlement of outstanding land claims against the Government of Canada (unless otherwise stated in the claim settlement agreement)	33,332	33,332
Aboriginal Affairs and Northern Development Canada loan, due on settlement of outstanding land claims against the Government of Canada (unless otherwise stated in the claim settlement agreement), due March 2015	82,185	82,185
Aboriginal Affairs and Northern Development Canada loan, due on settlement of outstanding land claims against the Government of Canada (unless otherwise stated in the claim settlement agreement)	-	123,548
Aboriginal Affairs and Northern Development Canada loan, due on settlement of outstanding land claims against the Government of Canada (unless otherwise stated in the claim settlement agreement)	497,986	497,986
Ontario Native Affairs loan, due on settlement of outstanding land claims against the Province of Ontario (unless otherwise stated in the claim settlement agreement)	114,602	114,602
	\$ 1,987,582	\$ 2,179,080

Fort William First Nation Notes to Consolidated Financial Statements

March 31, 2015

10. Long Term Debt (cont'd)

	2015	2014
Balance Forward	\$ 1,987,582	\$ 2,179,080
Aboriginal Affairs and Northern Development Canada loan, due on settlement of outstanding land claims against the Government of Canada (unless otherwise stated in the claim settlement agreement)	36,620	-
Aboriginal Affairs and Northern Development Canada loan, due on settlement of outstanding land claims against the Government of Canada (unless otherwise stated in the claim settlement agreement)	87,119	87,119
Aboriginal Affairs and Northern Development Canada loan, due on settlement of outstanding land claims against the Government of Canada (unless otherwise stated in the claim settlement agreement)	316,516	316,516
Endowments		
RBC Royal Bank equipment lease, repayable at \$5,109 per month, secured by John Deere Loader, due December 2017	154,558	203,663
Copier lease repayable at \$139 per month including interest at 3.54%	6,457	-
RBC - 21 Lot Subdivision, repayable at \$88,375 per month including interest at 3.85%, due January 2016	996,097	-
RBC - Mission Road Project, repayable at \$81,210 per month including interest at 3.85%, due January 2016	274,008	-
Mortgages		
Weendahmagan Alcohol & Drug Abuse Treatment Centre TD Canada Trust mortgage, repayable at \$2,623 per month including interest at 4.99%, secured by land and buildings and guaranteed by Aboriginal Affairs and Northern Development Canada, due June 2009	7,812	-
	\$ 3,858,957	\$ 2,794,190

Of the remaining long term debt, principal payments due in the next five years and thereafter are as follows:

Year	Amount
2016	\$ 1,398,820
2017	134,118
2018	88,499
2019	37,142
2020	35,726
Thereafter	<u>2,164,652</u>
	\$ 3,858,957

Fort William First Nation Notes to Consolidated Financial Statements

March 31, 2015

11. Youth Trust Accounts

As part of the Specific Claim Housing Trust, Loch Lomond and Neebing agreements, all members of Fort William First Nation on the voting day for each respective claim were entitled to receive one time "per capita" payments. All members alive but under the age of 18 on the voting day for each respective claim are not entitled to receive this payment until they reach the age of 18. The Trust has established individual interest-bearing trust bank accounts with the RBC Royal Bank for each member under 18. Once members reach the age of 18, they are entitled to receive the "per capita" payments plus interest that has accrued in their trust bank accounts. During the year, as part of a distribution of the Boundary Claim income allocation, the First Nation issued a one time "per capita" payment to all members. For those members under the age of 18, this one time payment was deposited into the pre-existing individual interest bearing trust accounts with the Royal Bank of Canada.

As part of the Boundary Claim Settlement Trust there was a one time "per capita" distribution to members of \$25,000. For those members who were under the age of 18 at the date of the distribution, these monies are held by the Fort William First Nation Boundary Claim Settlement Trust until such time as the member reaches the age of 18. These monies will be distributed to the members as they achieve the age of 18 at the principal amount plus interest calculated at the bank rate plus one percent. These amounts owing to members under the age of 18 are not included in the Youth Trust Account balance above.

12. Capital Assets

	2015	2014		
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
First Nation housing	\$ 4,563,701	\$ 3,169,894	\$ 4,563,701	\$ 3,028,822
Infrastructure	15,067,332	10,979,591	15,067,332	10,300,100
Buildings	37,403,891	24,299,442	37,403,891	22,652,395
Automotive, fire and general equipment	4,786,885	2,760,655	4,531,474	2,481,777
Other equipment	505,159	456,389	489,197	378,411
Vacant land	2,377,076	-	2,377,076	-
Construction in progress - Capital projects	6,675,052	-	2,146,850	-
	\$71,379,096	\$41,665,971	\$ 66,579,521	\$ 38,841,505
Net book value	\$29,713,125		\$ 27,738,016	

Construction in progress are projects which are carried at cost until completion at which time the projects are capitalized. Cost includes all direct costs relating to these projects, as well as interest on debt and overhead costs that can be clearly identified as relating to these projects.

Fort William First Nation Notes to Consolidated Financial Statements

March 31, 2015

13. Investments in and Advances to Corporations

Advances outstanding at year end are non-interest bearing, unsecured with no specific terms of repayment unless otherwise noted.

	2015	2014
Current		
Due to FWFN Development Corp.	\$ 69,275	\$ 69,275
Due from 1453183 Ontario Ltd.	15,849	15,849
Due to FWFN Energy Corp.	(100)	(100)
	85,024	85,024
Investment losses (net) (Enterprise Fund)	-	-
Long-term		
Due from Anemki Mountain Business Trust	1,285,089	1,204,143
Due from FWFN Land Development Trust	210,475	209,975
	1,495,564	1,414,118
Shares		
Anemki Mountain Corporation - common	100	100
FWFN Construction Corp.	100	100
FWFN Consulting Inc.	100	100
FWFN Development Corp.	100	100
FWFN Energy Corp.	100	100
1453183 Ontario Ltd.	100	100
1401354 Ontario Ltd.	100	100
1526045 Ontario Ltd.	100	100
Warnnex Inc. - 70,926 common shares	100	100
Pie Island Holdings Inc.	100	100
	1,000	1,000
	1,496,564	1,415,118
Total investments in and advances to corporations	\$ 1,581,588	\$ 1,500,142

Fort William First Nation Notes to Consolidated Financial Statements

March 31, 2015

14. Contingent Liabilities

In 1999 the Corporation of the City of Thunder Bay returned approximately 1,100 acres of land that had previously been expropriated in 1905 to Fort William First Nation. Since that time, the City of Thunder Bay has been assessing municipal property taxes on the returned lands. As of March 31, 2015, property taxes owing to the Corporation of the City of Thunder Bay, including interest and penalties, amounted to \$4,385,362 (2014 - \$3,804,645). This amount continues to increase with all subsequent tax assessments, as well as, with interest and penalties accruing monthly.

The First Nation is disputing the taxes charged, as management does not believe the lands have ever left reserve status, and as such, are not subject to municipal taxation.

In 2004, the First Nation applied for an interlocutory injunction to restrain the City of Thunder Bay from collecting unpaid taxes until such time as a decision is rendered regarding the status of the lands; however the court ruled against the injunction.

Had the above mentioned liabilities been recorded, the balances in these consolidated financial statements would have changed as follows:

Consolidated statement of operations	
Excess of revenue over expenditures for the year	\$ 8,388,780
Adjustment for property taxes not recorded	<u>(580,717)</u>
Adjusted excess of revenue over expenditures for the year	<u>\$ 7,808,063</u>
Consolidated statement of financial position	
Capital assets reported	\$ 29,713,125
Addition for property taxes on vacant land	<u>1,188,553</u>
Adjusted capital asset balance	<u>\$ 30,901,678</u>
Accounts payable and accruals as reported	\$ 5,539,622
Property taxes, including penalties and interest, not recorded	<u>4,385,362</u>
Adjusted accounts payable and accruals balance	<u>\$ 9,924,984</u>
Disputed property taxes receivable as reported	\$ 8,766,395
Tenants' payments applied against payable in excess of payable recorded	<u>(8,766,395)</u>
Adjusted disputed property taxes receivable balance	<u>\$</u>

Fort William First Nation Notes to Consolidated Financial Statements

March 31, 2015

15. Accumulated Surplus

The First Nation segregates its accumulated surplus in the following categories:

	2015	2014
Fund balances		
Unrestricted		
Fund balance - General (Note 18)	\$ 139,972,602	\$ 131,280,054
Internally restricted		
Fund balance - Enterprise	(127,977)	(90,505)
- Asset Replacement Reserve	-	112,775
- Economic Development Reserve	301,023	301,023
Externally restricted		
Equity Revenue Trust	436,533	507,816
Equity Capital Trust	387,366	387,366
Equity Specific Claim Housing Trust	44,534	65,103
Replacement Reserve - CMHC	95,707	77,084
- Dilico	416,658	314,394
Fund balance - Lottery Reserve	1,315,606	1,498,162
Equity in long term investment	3,500	3,500
Accumulated Surplus	\$ 142,845,552	\$ 134,456,772

16. Government Transfers

	Operating	Capital	2015		2014	
			Total	Operating	Capital	Total
Federal						
AANDC	\$ 6,478,756	\$ -	\$ 6,478,756	\$ 6,887,822	\$ -	\$ 6,887,822
CMHC	56,358	-	56,358	74,050	-	74,050
Health Canada	431,114	-	431,114	421,576	-	421,576
	\$ 6,966,228	\$ -	\$ 6,966,228	\$ 7,383,448	\$ -	\$ 7,383,448
Provincial						
MCSS	2,042,247	-	2,042,247	1,558,588	-	1,558,588
MOT	32,997	-	32,997	132,997	-	132,997
MOH	127,486	-	127,486	74,783	-	74,783
MCSCS	74,783	-	74,783	-	-	-
	\$ 2,277,513	\$ -	\$ 2,277,513	\$ 1,691,585	\$ -	\$ 1,691,585

Fort William First Nation

Notes to Consolidated Financial Statements

March 31, 2015

17. Changes in Non-Cash Working Capital Components

	2015	2014
Inventory	\$ 359,404	\$ (308,727)
Trust funds held by federal government	71,283	1,831,121
Land claim costs	(79,917)	(135,043)
Due from government and other government organizations	(6,800,982)	(190,702)
Accounts receivable	(5,414)	(69,593)
Rent receivable - Band members	(14,073)	236,560
Disputed property taxes receivable	(113,329)	(175,168)
Youth trust accounts	122,264	315,671
Prepaid expenses	140,847	(64,759)
Accounts payable and accruals	500,074	642,039
Due to government and other government organizations	111,433	(169,821)
Specific Claim Housing Trust reserves	(108,229)	(293,354)
Deferred revenue	(794,710)	(1,732,409)
	<u>\$ (6,611,349)</u>	<u>\$ (114,185)</u>

18. General Fund Balance

A portion of this balance includes surpluses or deficits from funds contributed by government agencies. Such surpluses or deficits may be subject to recovery or repayment by the contributing agencies, depending on the terms and conditions of the relevant contribution agreements. These potential liabilities or recoveries are not recorded until they become payable or recoverable.

19. Member Distributions

Included in Region expense is per capita distributions to members as approved by Chief and Council. These distributions were as follows:

	2015	2014
Christmas distribution @ \$535 per member	\$ 836,500	\$ -
Mining claim settlement @ \$2,950 per member	4,805,550	-
Boundary Claim payment to minors who turned 18 during the year	1,029,104	999,376
Other expenses	1,183,372	81,464
	<u>\$ 7,854,526</u>	<u>\$ 1,080,840</u>

Region department information is also included in Note 23, Segmented Information.

Fort William First Nation Notes to Consolidated Financial Statements

March 31, 2015

20. Guarantees

The First Nation has guaranteed bank loans for Band members in the amount of \$2,111,439 (2014 - \$2,465,129).

The First Nation has guaranteed the bank financing for Anemki Mountain Business Trust up to a maximum of \$100,000 (2014 - \$100,000).

The First Nation has a letter of credit for the Ministry of Finance - Alcohol and Gaming up to a maximum of \$120,000 (2014 - \$120,000).

21. Economic Dependence

Fort William First Nation receives a major portion of its revenue pursuant to a funding agreement with several Federal and Provincial funding organizations.

22. 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.

23. Segmented Information

Fort William First Nation is a diversified community that provides a wide range of services to its members. For management reporting purposes the Fort William First Nation's 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 Fort William 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 the administrative activities that are needed to run the Fort William First Nation organization.

Public Works

Public works contains activities relating to the planning and maintenance of community infrastructure.

Education

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

Social Services and Health

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

Fort William First Nation Notes to Consolidated Financial Statements

March 31, 2015

23. Segmented Information (cont'd)

Development and Employment

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

New Relationship Fund

The New Relationship Fund contains the activities that provide economic development and employment support for the community.

Capital Projects

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

Region

Region contains the activities of the First nation as it relates to Reserve land management.

Band Operations

Band Operations contains the activities of the First Nation that are not captured directly in another segment.

Gaming Activities

Gaming Activities contains the Mountain Bingo Hall.

Housing Operations

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

Rental Operations

Rental Operations contains band-owned rental properties.

Lottery Fund

The Lottery Fund contains activities related to the OFNLP.

Enterprise Fund

The Enterprise Fund contains the business operations and investments in enterprises carrying on commercial activities in the First Nation.

Specific Claim Trust Fund

The Specific Claim Trust Fund contains activities related to the Boundary Claim Trust.

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:

Fort William First Nation
Notes to Consolidated Financial Statements

23. Segmented Information

For the year ended March 31, 2015	Administration	Public Works	Education	Social Services and Health	Development & Employment	New Relationship Fund	Capital Projects	Region	Band Operations	Total
Revenue										
Aboriginal Affairs and Northern Development Canada	\$ 491,564	\$ 534,759	\$ 4,354,064	\$ 346,967	\$ 228,643	\$ -	\$ -	\$ 40,245	\$ 76,312	\$ 6,072,554
Canada Mortgage and Housing Corporation	-	-	-	431,114	-	-	-	-	-	431,114
Health Canada	-	-	-	2,042,247	-	-	-	-	-	2,042,247
Ministry of Community and Social Services	-	-	32,997	-	-	-	-	-	-	32,997
Ministry of Transportation	-	1,897,645	44,046	526,290	478,495	79,082	-	5,878,210	14,849,049	23,882,415
Other revenue	129,598	-	-	-	-	-	-	-	-	-
Lottery Fund revenue	-	-	-	-	-	-	-	-	-	-
Replacement reserves	-	-	-	-	-	-	-	-	-	-
	621,162	2,465,401	4,398,110	3,346,618	707,138	79,082	-	5,918,455	14,925,361	32,461,327
Expenses										
Advertising	-	-	-	-	-	-	-	-	-	-
Amortization	109,324	875,404	32,274	1,226	-	-	-	-	1,259,135	2,277,363
Bad debt	310,765	-	-	-	-	-	-	-	-	310,765
Capital purchases	-	-	-	-	-	-	-	-	-	-
Donations	650	-	-	-	-	-	-	-	-	650
General welfare assistance	-	-	-	1,730,790	-	-	-	-	-	1,730,790
Honourarium	236,140	-	125	500	-	-	-	-	-	236,765
Insurance	-	32,952	-	-	-	-	-	-	-	32,952
Interdepartmental costs	(891,047)	(381,276)	249,944	48,768	(201,439)	67,466	-	780,997	(786,294)	(1,112,881)
Interest and bank charges	133,910	-	-	14,948	-	-	-	-	-	148,858
Interest on long term debt	969	12,207	-	-	-	-	-	-	-	13,176
Per capita distribution (Note 19)	-	-	-	-	-	-	-	6,671,154	-	6,671,154
Loss on disposal	-	14,244	-	-	-	-	-	-	-	14,244
Miscellaneous	-	5,412	-	-	-	-	-	-	-	5,412
Prizes	-	-	-	-	-	-	-	-	-	-
Student allowances	-	-	558,830	-	-	-	-	-	-	558,830
Supplies and service	522,184	1,942,233	180,628	631,973	313,212	-	-	249,560	838,858	4,678,648
Transfer cost	-	-	-	-	-	-	-	-	-	-
Travel and transportation	63,533	52,606	14,923	69,124	25,420	-	-	10,329	-	235,935
Tuition	-	-	3,063,516	-	-	-	-	-	-	3,063,516
Utilities and telephone	52,201	3,555	770	11,723	995	-	-	560	88,115	157,919
Wages and benefits	1,195,560	214,059	236,524	893,326	409,273	11,616	-	141,926	132,075	3,234,359
	1,734,189	2,771,396	4,337,534	3,402,378	547,461	79,082	-	7,854,526	1,531,889	22,258,455
	\$ (1,113,027)	\$ (305,995)	\$ 60,576	\$ (55,760)	\$ 159,677	\$ -	\$ -	\$ (1,936,071)	\$ 13,393,472	\$ 10,202,872

Fort William First Nation
Notes to Consolidated Financial Statements

23. Segmented Information (cont'd)

For the year ended March 31, 2015	Balance Forward	Gaming Activities	Housing Operations	Rental Operations	Lottery Fund	Replacement Reserves	Enterprise Fund	Specific Claim Trust Fund	Trust Fund	Total
Revenue										
Aboriginal Affairs and Northern Development Canada	\$ 6,072,554	\$ -	\$ 394,452	\$ 11,750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,478,756
Canada Mortgage and Housing Corporation Subsidy	-	-	\$ 56,358	-	-	-	-	-	-	\$ 56,358
Health Canada	431,114	-	-	-	-	-	-	-	-	431,114
Ministry of Community and Social Services	2,042,247	-	-	-	-	-	-	-	-	2,042,247
Ministry of Transportation	32,997	-	-	-	-	-	-	-	-	32,997
Other revenue	23,882,415	4,443,055	132,888	735,956	-	-	-	-	-	29,194,314
Lottery Fund revenue	-	-	-	-	1,011,937	-	-	-	-	1,011,937
	32,461,327	4,443,055	583,698	747,706	1,011,937	-	-	-	-	39,247,723
Expenses										
Advertising	-	-	-	-	-	-	-	-	-	-
Amortization	2,277,363	6,753	141,080	416,085	-	-	-	-	-	2,841,281
Bad debt	310,765	-	10,543	-	-	-	-	-	-	321,308
Capital purchases	-	-	-	-	-	-	-	-	-	-
Cash short	-	3,776	-	-	-	-	-	-	-	3,776
Donations	650	109,487	-	-	-	-	-	-	-	110,137
General welfare assistance	1,730,790	-	-	-	-	-	-	-	-	1,730,790
Honourarium	236,765	-	-	-	-	-	-	-	-	247,765
Insurance	32,952	-	17,160	38,551	-	-	-	-	-	88,663
Interdepartmental costs	(1,112,881)	107,904	6,224	(86,330)	705,318	-	-	-	-	(379,765)
Interest and bank charges	148,858	2,232	-	-	-	-	-	-	-	151,732
Interest on long term debt	13,176	-	19,921	(32)	-	-	-	-	-	33,065
Per capita distribution (Note 19)	6,671,154	-	-	-	-	-	-	-	-	6,671,154
Gain/Loss on disposal	14,244	-	-	-	-	-	-	-	-	14,244
Miscellaneous	5,412	-	-	-	-	-	-	-	-	5,412
Prize	-	2,944,127	-	-	-	-	-	-	-	2,944,127
Student allowances	558,830	-	-	-	-	-	-	-	-	558,830
Supplies and service	4,678,648	684,988	303,477	298,920	-	-	37,472	9,151	-	6,012,656
Transfer cost	-	-	-	-	489,175	-	-	-	-	489,175
Travel and transportation	235,935	83,895	6,114	-	-	-	-	-	-	325,944
Tuition	3,063,516	-	-	-	-	-	-	-	-	3,063,516
Utilities and telephone	157,919	5,956	950	62,301	-	-	-	-	-	227,126
Wages and benefits	3,234,359	637,017	163,635	-	-	-	1,362,996	-	-	5,398,007
	22,258,455	4,586,135	669,104	729,495	1,194,493	-	1,400,692	20,569	-	30,858,943
	\$ 10,202,872	\$ (143,080)	\$ (85,406)	\$ 18,211	\$ (182,556)	-	\$ (1,400,692)	\$ (20,569)	-	\$ 8,388,780

Fort William First Nation
Notes to Consolidated Financial Statements

23. Segmented Information (cont'd)

For the year ended March 31, 2014	Administration	Public Works	Education	Social Services and Health	Development & Employment	New Relationship Fund	Capital Projects	Region	Band Operations	Total
Revenue										
Aboriginal Affairs and Northern Development Canada	\$ 478,126	\$ 1,118,798	\$ 4,340,408	\$ 427,695	\$ 132,977	-	-	\$ 28,435	\$ 10,961	\$ 6,537,400
CMHC	-	-	-	421,576	-	-	-	-	-	421,576
Health Canada	-	-	-	1,558,588	-	-	-	-	-	1,558,588
Ministry of Community and Social Services	-	-	-	-	-	-	-	-	-	132,997
Ministry of Transportation	-	132,997	-	-	-	-	-	-	-	-
Other revenue	38,297	805,870	(103,230)	449,088	380,197	20,329	136,473	24,237	14,017,263	15,768,524
	516,423	2,057,665	4,237,178	2,856,947	513,174	20,329	136,473	52,672	14,028,224	24,419,085
Expenses										
Advertising	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	\$ -	\$ -	\$ -
Amortization	\$ 29,109	\$ 136,737	\$ 1,877	\$ -	\$ -	-	-	\$ 2,460,902	\$ -	\$ 2,628,625
Bad debt	532,769	-	4,926	-	-	-	-	-	-	537,695
Capital purchases	-	6,000	-	-	-	-	-	-	-	6,000
Cash short	-	-	-	-	-	-	-	-	-	-
Donations	5,333	-	-	-	-	-	-	-	-	5,333
General welfare assistance	-	-	-	1,502,579	-	-	-	-	-	1,502,579
Honourarium	254,788	-	-	-	-	-	-	-	-	254,788
Insurance	-	28,452	-	-	-	-	-	-	-	28,452
Interdepartmental costs	(422,920)	(879,983)	179,086	12,704	(115,618)	20,918	-	(15,699)	(227,075)	(1,448,587)
Interest and bank charges	(181,564)	-	-	7,815	-	-	-	-	-	(173,749)
Interest on long term debt	-	-	-	-	-	-	-	-	-	-
Per capita distribution	-	-	-	-	-	-	-	999,376	-	999,376
Loss on disposal	-	(28,250)	-	-	-	-	-	-	-	(28,250)
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Prizes	-	-	-	-	-	-	-	-	-	-
Repairs and maintenance	-	-	-	-	-	-	-	-	-	-
Student allowances	-	-	632,830	-	-	-	-	-	-	632,830
Supplies and service	923,600	1,102,860	145,178	496,062	233,313	-	24,921	20,646	825,965	3,772,545
Transfer cost	-	-	-	-	-	-	-	-	-	-
Travel and transportation	94,890	49,498	11,959	53,494	16,476	-	-	16,695	-	243,012
Tuition	-	-	3,059,087	-	-	-	-	-	-	3,059,087
Utilities and telephone	54,045	4,446	1,884	4,490	3,275	65	501	181	137,890	206,777
Wages and benefits	1,016,932	489,427	206,930	814,822	409,898	-	-	59,641	11,558	3,009,208
	2,306,982	909,187	4,243,757	2,891,966	547,344	20,983	25,422	1,080,840	3,209,240	15,235,721
	\$ (1,790,559)	\$ 1,148,478	\$ (6,579)	\$ (35,019)	\$ (34,170)	\$ (654)	\$ 111,051	\$ (1,028,168)	\$ 10,818,984	\$ 9,183,364

Fort William First Nation
Notes to Consolidated Financial Statements

23. Segmented Information (cont'd)

For the year ended March 31, 2014	Balance Forward	Gaming Activities	Housing Operations	Rental Operations	Lottery Fund	Replacement Reserves	Enterprise Fund	Specific Claim Trust Fund	Trust Fund	Total
Revenue										
Aboriginal Affairs and Northern Development Canada	\$ 6,537,400	\$ -	\$ 244,846	\$ 88,871	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,871,117
Canada Mortgage and Housing Corporation Subsidy			\$ 74,050							\$ 74,050
Health Canada	421,576									421,576
Ministry of Community and Social Services	1,558,588									1,558,588
Ministry of Transportation	132,997									132,997
Other revenue	15,768,524	4,973,932	157,719	987,665		986,969				21,887,840
Lottery Fund revenue					986,969					986,969
Replacement reserves						29,000				29,000
Enterprise revenue										
	24,419,085	4,973,932	476,615	1,076,536	986,969	29,000	-	-	-	31,962,137
Expenses										
Advertising										2,661,560
Amortization	2,628,625	8,408		24,527						
Bad debt	537,695		88,224							625,919
Capital purchases	6,000									6,000
Cash short		1,237								1,237
Donations	5,333	163,390								168,723
General welfare assistance	1,502,579									1,502,579
Honourarium	254,788							12,250		267,038
Insurance	28,452		40,416	37,339						106,207
Interdepartmental costs	(1,448,587)		4,435	(17,313)	424,494					(1,036,971)
Interest and bank charges	(173,749)	786					112	421		(172,430)
Interest on long term debt			20,078	1,089						21,167
Per capita distribution	999,376									999,376
Loss on disposal	(28,250)									(28,250)
Miscellaneous										
Prizes		3,419,507								3,419,507
Repairs and maintenance										
Student allowances	632,830									632,830
Supplies and service	3,772,545	827,489	156,344	168,411			8,296			4,933,085
Transfer cost					424,423					424,423
Travel and transportation	243,012	53,110	13,198							309,320
Tuition	3,059,087									3,059,087
Utilities and telephone	206,777	5,771	1,060	56,871						270,479
Wages and benefits	3,009,208	672,903	184,779			1,133,520				5,000,410
	15,235,721	5,152,601	508,534	270,924	848,917		1,133,632	20,967		23,171,296
	\$ 9,183,364	\$ (178,669)	\$ (31,919)	\$ 805,612	\$ 138,052	\$ 29,000	\$ (1,133,632)	\$ (20,967)	\$	\$ 8,790,841