

Gull Bay First Nation
Consolidated Financial Statements
March 31, 2015

Gull Bay First Nation

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For the year ended March 31, 2015

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Management's Responsibility

To the Chief and Council and Members of Gull Bay First Nation:

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

The 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 of the Chartered Professional Accountants of Canada and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Council is 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 Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditor's report.

The external auditors, MNP LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Gull Bay First Nation and meet when required.

Chief

Councilor

Councilor

Councilor

Councilor

Councilor

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Councilor

Councilor

Councilor

Independent Auditors' Report

To the Chief and Council and Members of Gull Bay First Nation:

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

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 auditors' 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 statement.

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 financial statements on Amik Catering Limited Partnership, which are included in these consolidated financial statements using the modified equity method, have not been audited for the year ended March 31, 2015. As we were unable to satisfy ourselves by alternative means concerning the income earned from Amik Catering Limited Partnership, we were unable to obtain sufficient appropriate audit evidence regarding the investment in Amik Catering Limited Partnership at March 31, 2015 and the income earned from Amik Catering Limited Partnership for the year ended March 31, 2015.

We were unable to obtain sufficient appropriate audit evidence relating to the amounts recorded in social assistance expenses of \$726,588 for the year ended March 31, 2015 because we were not able to access certain financial records to verify these amounts. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

We were unable to obtain band council resolutions for the year ended March 31, 2015.

The First Nation did not prepare budgets, which is not in compliance with Canadian public sector accounting standards.

Qualified Opinion

In our opinion, except for the possible effects 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 Gull Bay First Nation as at March 31, 2015 and the results of its operations, change in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

MNP LLP

Thunder Bay, Ontario

February 1, 2018

Chartered Professional Accountants

Licensed Public Accountants



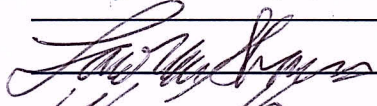
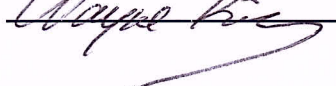
Gull Bay First Nation

Consolidated Statement of Financial Position

As at March 31, 2015

	2015	2014
Financial assets		
Cash resources (Note 3)	651,194	791,450
Restricted cash - OPG settlement	5,267,534	-
Accounts receivable (Note 4)	211,519	105,516
Due from government and other government organizations (Note 5)	1,668,549	1,315,881
Due from related parties (Note 6)	3,930	-
Investment in Amik Partnership Limited Partnership (Note 6)	119,999	-
Trust funds held by federal government (Note 7)	104,735	101,851
Total financial assets	8,027,460	2,314,698
Liabilities		
Accounts payable and accruals (Note 8)	1,077,965	1,008,271
OPG settlement payable	5,073,743	-
Deferred revenue (Note 9)	314,523	207,371
Surplus repayable (Note 10)	1,600,955	1,261,562
Due to Amik Catering Limited Partnership (Note 6)	51	-
Long-term debt (Note 11), (Note 20)	7,550,262	6,618,582
Total liabilities	15,617,499	9,095,786
Net debt	(7,590,039)	(6,781,088)
Contingent liabilities (Note 12)		
Non-financial assets		
Tangible capital assets (Schedule 1)	9,224,601	9,852,936
Prepaid expenses	12,145	74,919
Total non-financial assets	9,236,746	9,927,855
Accumulated surplus	1,646,707	3,146,767

Approved on behalf of the Council

	Chief		Councilor
	Councilor		Councilor
	Councilor		Councilor
	Councilor		Councilor
	Councilor		Councilor

The accompanying notes are an integral part of these financial statements

Gull Bay First Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2015

	2015	2014 (Restated)
Revenue		
Indigenous and Northern Affairs Canada	2,319,698	2,454,068
Health Canada	396,350	574,318
Ministry of Community and Social Services	704,984	621,236
Ministry of Health and Long Term Care	-	4,505
Ontario First Nations Limited Partnership	745,121	722,948
Administration fees	13,971	24,221
Anishinabek Employment and Training Services	134,111	53,580
Miscellaneous	361,177	431,320
Rental income	14,400	12,300
Deferred revenue - prior year (Note 9)	207,158	324,563
Deferred revenue - current year (Note 9)	(314,523)	(207,371)
Repayment of funding	(181,910)	(91,831)
OPG Settlement	11,819,287	-
Income from investment in government business partnerships	119,948	-
	16,339,772	4,923,857
Expenses		
Administration	2,272,206	2,336,759
Education	1,023,488	1,331,396
Operations & Maintenance	523,077	417,855
Social Assistance	831,458	632,438
Health	545,360	426,548
Capital	366,692	79,528
Ontario First Nations Limited Partnership	86,873	168,008
Special projects	11,933,069	94,466
Business Enterprise Projects	100,126	142,963
Total (Schedule 2)	17,682,349	5,629,961
Operating deficit	(1,342,577)	(706,104)
Accumulated operating surplus, beginning of year	3,146,767	3,916,038
Repayment of prior surpluses	(157,483)	(63,167)
Accumulated operating surplus, end of year	1,646,707	3,146,767

Gull Bay First Nation
Consolidated Statement of Change in Net Debt
For the year ended March 31, 2015

	2015	2014 <i>(Restated)</i>
Annual operating deficit	(1,342,577)	(706,104)
Purchases of tangible capital assets	(34,601)	(153,425)
Amortization of tangible capital assets	662,936	653,280
	628,335	499,855
Acquisition of prepaid expenses	-	(63,562)
Repayment of prior year surpluses	(157,483)	(63,167)
Use of prepaid expenses	62,774	-
	(94,709)	(126,729)
Decrease in net debt	(808,951)	(332,978)
Net debt, beginning of year	(6,781,088)	(6,448,110)
Net debt, end of year	(7,590,039)	(6,781,088)

Gull Bay First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2015

	2015	2014 (Restated)
Cash provided by (used for) the following activities		
Operating activities		
Operating deficit	(1,342,577)	(706,104)
Prior year surplus recoveries	(157,483)	(63,167)
Non-cash items		
Amortization	662,936	653,280
Interest accrual on long-term debt	931,680	662,830
Net income from government business partnerships	(119,948)	-
	(25,392)	546,839
Changes in working capital accounts		
Accounts receivable	(106,003)	63,882
Trust funds held by federal government	(2,884)	(2,515)
Prepaid expenses	62,774	(63,562)
Due from government and other government organizations	(352,668)	(656,955)
Accounts payable and accruals	69,694	219,841
OPG settlement payable	5,073,743	-
Deferred revenue	107,152	(117,192)
Surplus repayable	339,393	(44,741)
Due to government and other government organizations	-	(116,747)
Due to Amik Catering Limited Partnership	(3,930)	-
	5,161,879	(171,150)
Capital activities		
Purchases of tangible capital assets	(34,601)	(153,425)
Increase (decrease) in cash resources	5,127,278	(324,575)
Cash resources, beginning of year	791,450	1,116,025
Cash resources, end of year	5,918,728	791,450
Cash resources are composed of:		
Unrestricted cash	651,194	791,450
Restricted cash - OPG Settlement	5,267,534	-
	5,918,728	791,450

1. Operations

Gull Bay First Nation (the "First Nation") is located in the province of Ontario, and provides various services to its members. Gull Bay First Nation includes the First Nation's members, government and all related entities that are accountable to the First Nation and are either owned or controlled by the First Nation.

2. Significant accounting policies

These consolidated financial statements are the representations of management, prepared on a going concern basis in accordance with Canadian public sector accounting standards prescribed for governments by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and include the following significant accounting policies:

Reporting entity

The Gull Bay First Nation reporting entity includes the Gull Bay First Nation and all related entities that are controlled by the First Nation.

Principles of consolidation

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of government business enterprise, which are included in the consolidated financial statements on a modified equity basis.

Government partnerships are proportionately consolidated on a line-by-line basis except for the partnerships which meet the definition of government business partnership, which are included in the consolidated financial statements on a modified equity basis.

Under the modified equity method of accounting, only the Gull Bay First Nation's investment in the government business enterprise and 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 Gull Bay First Nation.

Organizations consolidated in Gull Bay First Nation's consolidated financial statements include:

- Kiashke Zaaging Economic Development Corporation
- 2265668 Ontario Limited
- Ma'iingan Development Inc.

Organizations proportionately consolidated in Gull Bay First Nation's consolidated financial statements include:

- Ma'iingan Development Limited Partnership

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

Organizations accounted for on a modified equity basis include:

- Amik Catering Limited Partnership
- SE4 2013 LP

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and term deposits having a maturity of three months or less at acquisition which are held for the purpose of meeting short-term cash commitments.

2. Significant accounting policies *(Continued from previous page)*

Funds held by federal government

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the statement of financial position with an offsetting amount in accumulated surplus. Trust moneys consist of:

- Capital trust moneys derived from non-renewable resource transactions on the sale of land or other First Nation tangible capital assets; and
- Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

Tangible capital assets

Tangible capital assets are recorded at cost, which 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.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and the First Nation's incremental cost of borrowing.

Tangible capital assets are written down when conditions indicate they no longer contribute to the 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 revenue 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. Transfers of capital assets from related parties are recorded at carrying 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.

Amortization

Tangible capital assets are amortized annually using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives as follows:

	Method	Rate
Buildings	declining balance	4 %
Office furniture and equipment	declining balance	20 %
Computers	declining balance	55 %
Equipment	declining balance	20 %
Automobiles and trailers	declining balance	30 %
Fencing	declining balance	10 %

Long-lived assets

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The First Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. Impairment is measured as the amount by which the assets' carrying amount exceeds its fair value. Fair value is measured using quoted market prices. Any impairment is included in surplus for the year.

2. Significant accounting policies *(Continued from previous page)*

Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets and prepaid expenses.

Net debt

The First Nation's financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the First Nation is determined by its financial assets less its liabilities. Net debt is comprised of two components, non-financial assets and accumulated surplus.

Revenue recognition

Funding

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period are reflected as deferred revenue on the statement of financial position in the year of receipt.

Government Transfers

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Funds held in Ottawa Trust Fund

Revenues related to the receipt of funds held in the Ottawa Trust Fund is recognized when it is received.

Other Revenue

Other revenue, such as user fees and administrative fees are recognized when service is provided and collectability is reasonably assured.

Measurement uncertainty

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

Amortization is based on the estimated useful lives of tangible capital assets.

Accounts payable and accruals are based on historical charges for unbilled goods and services at year end.

Surplus repayable is based on anticipated repayment requirements; however, actual repayments will be determined upon funding agencies' review of the financial statements.

Deferred revenue is estimated based on management's review of revenue received, but unspent at year-end.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the periods in which they become known.

2. Significant accounting policies *(Continued from previous page)*

Segments

The First Nation conducts its business through a number of reportable segments: Administration, Education, Operations & Maintenance, Social Assistance, Health, Capital, Casino Rama, Special Projects and Business Enterprise Projects. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

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

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

Financial instruments

The First Nation recognizes its financial instruments when the First Nation becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the First Nation may irrevocably elect to subsequently measure any financial instrument at fair value. The First Nation has made such an election during the year.

The First Nation subsequently measures investments in equity instruments quoted in an active market at fair value. Fair value is determined by published price quotations. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses. The First Nation has not presented a statement of remeasurement gains and losses as it does not have any items giving rise to remeasurement gains (losses). Interest income is recognized in the statement of operations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in operating operating deficit. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets are tested annually for impairment. Any impairment, which is not considered temporary, is recorded in the consolidated statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the statement of remeasurement gains and losses.

Administration fees

It is the First Nation's policy to allocate certain administrative costs to various programs. Such allocations are recorded as administration fees revenue on the consolidated administration program schedule of revenue and expenses.

Gull Bay First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

3. Cash resources

	2015	2014
General Account	166,516	151,989
Ontario First Nations Limited Partnership account	315,512	293,094
Social assistance account	75,581	91,835
Health account	10	-
Special Projects account	26,366	187,811
Kiashke Zaaging Economic Development Corporation	67,209	66,721
	651,194	791,450

The Ontario First Nations Limited Partnership account has an unsecured credit limit available up to \$15,000 with interest at bank prime plus 5% (Nil outstanding at March 31, 2015 and March 31, 2014).

4. Accounts receivable

	2015	2014
Crupi Consulting Business Development and Solutions	-	70,476
Other trade receivables	202,238	3,202
Members	4,804	2,500
Anishinabek Employment and Training Services	4,477	29,338
	211,519	105,516

5. Due from government and other government organizations

	2015	2014
Indigenous and Northern Affairs Canada	1,139,942	1,168,830
Health Canada	506,113	145,484
HST Recoverable	22,494	1,567
	1,668,549	1,315,881

Gull Bay First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

6. Investments in First Nation partnerships and business entities

A summary of financial information for Kiashke Zaaging Economic Development Corporation for the years ended March 31, 2015 and March 31, 2014 is shown below. Summary cash flow information has not been included as cash flow activities are readily apparent from the other financial information. Inter-company balances and transactions which were eliminated during consolidation have been included.

	As at March 31, 2015 (Unaudited)	As at March 31, 2014 (Unaudited)
Financial assets		
Cash	67,209	66,721
Due from Amik Catering Limited Partnership	3,930	-
Due from Ma'iingan Development Inc.	1,427	-
Due from Ma'iingan Development Limited Partnership	1,427	-
Total financial assets	73,993	66,721
Liabilities		
Accounts payable and accruals	9,500	11,617
Due to Gull Bay First Nation	16,519	21,613
Total liabilities	26,019	33,230
Net financial assets	47,974	33,491
Non-financial assets		
Tangible capital assets	10,126	5,591
Accumulated surplus	58,100	39,082
	Year ending March 31, 2015 (Unaudited)	Year ending March 31, 2014 (Unaudited)
Revenue		
Miscellaneous	116,290	182,046
Expenses		
Amortization	3,253	1,804
Bank charges and interest	598	341
Contractors	810	800
Fuel and oil	-	478
Insurance	1,760	1,750
Miscellaneous	122	-
Office equipment lease	450	1,214
Professional fees	10,921	7,591
Program expenses	2,661	64,695
Salaries and benefits	64,421	50,298
Supplies	2,482	5,075
Telephone	324	347
Training and programs	800	5,750
Travel	8,670	2,461
Vehicle	-	360
Total expenses	97,272	142,964
Surplus	19,018	39,082

Gull Bay First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

6. Investments in First Nation partnerships and business entities *(Continued from previous page)*

The due from Ma'iingan Development Inc. of \$1,427 (2014 - \$Nil), the due from Ma'iingan Development Limited Partnership of \$1,427 (2014 - \$Nil) and the due to Gull Bay First Nation of \$16,519 (2014 - \$21,613) was eliminated in the consolidated statement of financial position.

A summary of financial information for Ma'iingan Development Inc. for the year ended March 31, 2015 is shown below. Summary cash flow information has not been included as cash flow activities are readily apparent from the other financial information. Inter-company balances and transactions which were eliminated during consolidation have been included.

	As at March 31, 2015 (Unaudited)
Liabilities	
Due to Kiashke Zaaging Economic Development Corporation	1,427
Net debt	(1,427)
Accumulated deficit	(1,427)

	Year ending March 31, 2015 (Unaudited)
Expenses	
Professional fees	1,427
Deficit	(1,427)

The due to Kiashke Zaaging Economic Development Corporation of \$1,427 (2014 - \$Nil) was eliminated in the consolidated statement of financial position.

A summary of financial information for Ma'iingan Development Limited Partnership for the year ended March 31, 2015 is shown below. Summary cash flow information has not been included as cash flow activities are readily apparent from the other financial information. Inter-company balances and transactions which were eliminated during consolidation have been included.

	As at March 31, 2015 (Unaudited)
Financial assets	-
Liabilities	
Due to Kiashke Zaaging Economic Development Corporation	1,427
Net debt	(1,427)
Accumulated deficit	(1,427)

	Year ending March 31, 2015 (Unaudited)
Expenses	
Professional fees	1,427
Deficit	(1,427)

The due to Kiashke Zaaging Economic Development Corporation of \$1,427 (2014 - \$Nil) was eliminated in the consolidated statement of financial position.

Gull Bay First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

6. Investments in First Nation partnerships and business entities *(Continued from previous page)*

The First Nation owns 41% of the units of Amik Catering Limited Partnership and has been included in the consolidated financial statements using the modified equity method. A condensed summary of financial information for Amik Catering Limited Partnership for the year ended March 31, 2015 is shown below. Summary cash flow information has not been included as cash flow activities are readily apparent from the other financial information.

	As at March 31, 2015 (Unaudited)
Assets	
Current	
Cash and short-term deposits	236,371
Accounts receivable	682,484
Inventory	63,925
Prepaid exepsnes	3,940
	986,720
Capital assets	4,978
Total assets	991,698
Liabilities and partners' capital	
Current	
Accounts payable	121,453
Harmonized sales tax payable	331,958
Wages payable	52,612
Employee deductions payable	37,276
Due to related parties	105,590
	648,889
Partners' capital	342,809
Total liabilities and partners' capital	991,698
	Year ending March 31, 2015 (Unaudited)
Revenue	2,789,951
Cost of sales	
Purchases	1,208,683
Direct wages	986,756
Benefits for direct wages	137,637
Other direct costs	37,128
	2,370,204
Gross profit	419,747
Expenses	77,038
Net income	342,709

Gull Bay First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

7. Trust funds held by federal government

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. Capital and revenue trust moneys are transferred to the First Nation on the authorization of the Minister of Indigenous and Northern Affairs Canada, with the consent of the First Nation's Council.

	2015	2014
Capital Trust		
Balance, beginning of year	4,443	4,443
Balance, end of year	4,443	4,443
Revenue Trust		
Balance, beginning of year	97,408	94,893
Interest	2,884	2,515
Balance, end of year	100,292	97,408
	104,735	101,851

8. Accounts payable and accruals

	2015	2014
Trade payables	1,029,747	962,107
Accrued salaries and benefits payable	5,718	28,664
Other accrued liabilities	42,500	17,500
	1,077,965	1,008,271

9. Deferred revenue

The following table represents changes in the deferred revenue balance attributable to each major category of external restrictions:

	<i>Balance, beginning of year</i>	<i>Revenue received</i>	<i>Revenue recognized</i>	<i>Balance, end of year</i>
INAC - Instructional Services	-	5,200	-	5,200
INAC - Student Transportation Services	148,960	205,614	105,183	249,391
INAC - Plan Design and Construction	-	2,303	-	2,303
INAC - O & M - School	-	24,234	3,400	20,834
INAC - O & M - Water Systems	58,198	59,890	118,088	-
INAC - O & M - Community Buildings	-	48,785	11,990	36,795
Dilico - CF Operations & Maintenance	213	2,550	2,763	-
	207,371	348,576	241,424	314,523

Gull Bay First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

10. Surplus repayable

	2015	2014
Indigenous and Northern Affairs Canada (prior year recoveries)	1,105,095	897,877
Indigenous and Northern Affairs Canada (current year recoveries)	181,910	49,735
Health Canada (prior year recoveries)	254,855	212,759
Health Canada (current year recoveries)	-	42,096
Ministry of Aboriginal Affairs (prior year recoveries)	59,095	59,095
	1,600,955	1,261,562

11. Long-term debt

	2015	2014
Loan payable to Indigenous and Northern Affairs Canada	7,550,262	6,618,582

In 1994, the First Nation defaulted on certain loans totaling \$1,117,784. Indigenous and Northern Affairs Canada assumed the creditor's position under provisions of a Ministerial Loan Guarantee. This balance represents principle and accrued interest, and currently has no set terms of repayment. See Note 12 regarding the uncertainty surrounding the ultimate amount payable under this debt obligation.

Interest on long-term debt for the year ended March 31, 2015 amounted to \$931,681 (2014 - \$662,830).

Subsequent to year-end, the Government of Canada has forgiven the outstanding debt including principal and accrued interest associated with the Ministerial Loan Guarantee (see Note 20).

12. Contingent liabilities

The First Nation has been named as a defendant in a human rights complaint. The lawsuit remains at an early stage and as litigation is subject to many uncertainties, it is not possible to predict the ultimate outcome of this lawsuit or to estimate the loss, if any, may result. Any amount awarded as a result of this action will be recorded when reasonably estimable.

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

In addition, in the normal course of operations, the First Nation may become involved in legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded in the First Nation's financial statements.

As disclosed in Note 10, there is an amount owing to the Indigenous and Northern Affairs Canada. The First Nation has applied to the Treasury Board of Canada for forgiveness of the outstanding debt (including capitalized interest) which amounted to \$7,550,262 as at March 31, 2015 (see Note 20).

Gull Bay First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

13. Ontario First Nations Limited Partnership

Commencing with the 2012 fiscal year and in each fiscal year thereafter during the initial and renewal terms of the agreement between the Province of Ontario and Ontario First Nations Limited Partnership ("OFNLP"), the Province of Ontario shall pay to OFNLP 12 monthly payments equal to one-twelfth of 1.7% of the aggregate provincial gross gaming revenues. OFNLP then distributes to the First Nation its share of these revenues to community development, health, education, cultural development, and economic development.

The First Nation holds a unit in the Ontario First Nation Limited Partnership, and a share in a related company Ontario First Nations General Partner Inc. - the carrying values of which are nominal and are therefore not recorded in these consolidated financial statements.

14. Segments

The First Nation has eight reportable segments. These segments are differentiated by the major activities or services they provide. The First Nation's segments are as follows:

Administration - includes administration and governance activities.

Education - includes the operations of education programs.

Operations and Maintenance - includes band programs and maintenance.

Social Assistance - activities include delivering social programs.

Health - reports on the First Nation's Health Canada and Aboriginal Healing and Wellness funding.

Capital - includes the operations of capital programs.

Casino Rama - reports on the First Nation's Ontario First Nations Limited Partnership funding.

Special Projects - includes the operations of special projects.

Business Enterprise Projects - includes the operations of significantly influenced business enterprises for consolidation.

Inter-segment transfers are recorded at their exchange amount. The accounting policies are the same as those described in Note 2.

15. Government transfers

The First Nation receives a significant portion of its revenues pursuant to a funding agreement with Indigenous and Northern Affairs Canada (INAC) and other government organizations,

During the year, the First Nation recognized the following government transfers:

	2015	2014
Indigenous and Northern Affairs Canada	2,319,698	2,454,068
Health Canada	396,350	574,318
Ministry of Community and Social Services	704,984	621,236
Ministry of Health and Long Term Care	-	4,505
	3,421,032	3,654,127

16. Budget information

Canadian public sector accounting (PSA) standards require the disclosure of budget information for comparison to the First Nation's actual revenue and expenses. The consolidated budgeted revenue and expenses, and surplus have not been reported in these financial statements. While having no effect on reported revenue, expenses, and surplus (deficit), omission of this information is considered a departure from PSA standards.

17. Upcoming accounting pronouncements

New and Amended Standards

PS 3210 Assets (New)

In June 2015, new PS 3210 Assets was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new Section provides guidance for applying the definition of assets set out in PS 1000 Financial Statement Concepts. The main features of this standard are as follows:

- Assets are defined as economic resources controlled by a government as a result of past transactions or events and from which future economic benefits are expected to be obtained.
- Economic resources can arise from such events as agreements, contracts, other government's legislation, the government's own legislation, and voluntary contributions.
- The public is often the beneficiary of goods and services provided by a public sector entity. Such assets benefit public sector entities as they assist in achieving the entity's primary objective of providing public goods and services.
- A public sector entity's ability to regulate an economic resource does not, in and of itself, constitute control of an asset, if the interest extends only to the regulatory use of the economic resource and does not include the ability to control access to future economic benefits.
- A public sector entity acting as a trustee on behalf of beneficiaries specified in an agreement or statute is merely administering the assets, and does not control the assets, as future economic benefits flow to the beneficiaries.
- An economic resource may meet the definition of an asset, but would not be recognized if there is no appropriate basis for measurement and a reasonable estimate cannot be made, or if another Handbook Section prohibits its recognition. Information about assets not recognized should be disclosed in the notes.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

PS 3320 Contingent Assets (New)

In June 2015, new PS 3320 Contingent Assets was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new Section establishes disclosure standards on contingent assets. The main features of this Standard are as follows:

- Contingent assets are possible assets arising from existing conditions or situations involving uncertainty. That uncertainty will ultimately be resolved when one or more future events not wholly within the public sector entity's control occurs or fails to occur. Resolution of the uncertainty will confirm the existence or non-existence of an asset.
- Passing legislation that has retroactive application after the financial statement date cannot create an existing condition or situation at the financial statement date.
- Elected or public sector entity officials announcing public sector entity intentions after the financial statement date cannot create an existing condition or situation at the financial statement date.
- Disclosures should include existence, nature, and extent of contingent assets, as well as the reasons for any non-disclosure of extent, and the bases for any estimates of extent made.
- When a reasonable estimate can be made, disclosure should include a best estimate and a range of possible amounts (or a narrower range of more likely amounts), unless such a disclosure would have an adverse impact on the outcome.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

17. Upcoming accounting pronouncements *(Continued from previous page)*

PS 3380 Contractual Rights (New)

In June 2015, new PS 3380 Contractual Rights was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). This new Section establishes disclosure standards on contractual rights, and does not include contractual rights to exchange assets where revenue does not arise. The main features of this Standard are as follows:

- Contractual rights are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future.
- Until a transaction or event occurs under a contract or agreement, an entity only has a contractual right to an economic resource. Once the entity has received an asset, it no longer has a contractual right.
- Contractual rights are distinct from contingent assets as there is no uncertainty related to the existence of the contractual right.
- Disclosures should include descriptions about nature, extent, and timing.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

PS 3430 Restructuring Transactions (New)

In June 2015, new PS 3430 Restructuring Transactions was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new Section establishes disclosure standards on contingent assets. The main features of this Standard are as follows:

- A restructuring transaction is defined separately from an acquisition. The key distinction between the two is the absence of an exchange of consideration in a restructuring transaction.
- A restructuring transaction is defined as a transfer of an integrated set of assets and/or liabilities, together with related program or operating responsibilities that does not involve an exchange of consideration.
- Individual assets and liabilities transferred in a restructuring transaction are derecognized by the transferor at their carrying amount and recognized by the recipient at their carrying amount with applicable adjustments.
- The increase in net assets or net liabilities resulting from recognition and derecognition of individual assets and liabilities received from all transferors, and transferred to all recipients in a restructuring transaction, is recognized as revenue or as an expense.
- Restructuring-related costs are recognized as expenses when incurred.
- Individual assets and liabilities received in a restructuring transaction are initially classified based on the accounting policies and circumstances of the recipient at the restructuring date.
- The financial position and results of operations prior to the restructuring date are not restated.
- Disclosure of information about the transferred assets, liabilities and related operations prior to the restructuring date by the recipient is encouraged but not required.

The Section is effective for new restructuring transactions that occur in fiscal periods beginning on or after April 1, 2018. Earlier application is encouraged.

18. Related party transactions

Amik Catering Limited Partnership is a partnership controlled by Bull Bay First Nation, and therefore is related to the First Nation. At March 31, 2015, \$3,930 (2014 - \$Nil) was receivable from Amik Catering Limited Partnership.

Transactions occurring during the year between related parties were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration agreed to by the parties.

19. Financial Instruments

The First Nation as part of its operations carries a number of financial instruments. It is management's opinion that the First Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Risk Management Policy

The First Nation, as part of operations carries a number of financial instruments. It is management's opinion that the First Nation is not exposed to significant interest, currency, credit or liquidity risks arising from these financial instruments except as otherwise noted.

Fair Value of Financial Instruments

The fair value of current financial assets and current financial liabilities approximates their carrying value due to their short-term maturity.

Credit Risk

Credit risk is the risk of financial loss because a counter party to a financial instrument fails to discharge its contractual obligations.

Risk management

The First Nation manages its credit risk by providing allowances for potentially uncollectible accounts receivable.

Liquidity Risk

Liquidity risk is the risk that the First Nation will encounter difficulty in meeting obligations associated with financial liabilities. The First Nation enters into transactions to purchase goods and services on credit for which repayment is required at various maturity dates.

20. Subsequent event

Subsequent to year-end, the Government of Canada has forgiven the outstanding debt including principal and accrued interest associated with the Ministerial Loan Guarantee. In June 2017, the total loan balance was \$9,262,938 (principal of \$1,117,784 and accrued interest of \$8,145,154). The loan forgiveness will be recorded in 2017 and result in a decrease in net debt and increase in surplus of \$9,262,938.

21. Economic dependence

Gull Bay First Nation receives a significant portion of its revenue from Indigenous and Northern Affairs Canada (INAC) as a result of Treaties entered into with the Government of Canada. These treaties are administered by INAC under the terms and conditions of the Indian Act. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

22. Comparative figures

Certain comparative figures have been reclassified to conform with current year's presentation.

Gull Bay First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets

For the year ended March 31, 2015

	<i>Buildings</i>	<i>Office furniture & equipment</i>	<i>Computers</i>	<i>Equipment</i>	<i>Automobiles and trailers</i>	<i>Fencing</i>	<i>Subtotal</i>
Cost							
Balance, beginning of year	11,439,990	217,782	57,065	432,488	2,038,807	12,885	14,199,017
Acquisition of tangible capital assets	25,536	300	977	-	-	-	26,813
Balance, end of year	11,465,526	218,082	58,042	432,488	2,038,807	12,885	14,225,830
Accumulated amortization							
Balance, beginning of year	2,365,227	161,181	50,329	262,871	1,508,102	3,962	4,351,672
Annual amortization	450,333	11,350	3,973	33,923	159,212	892	659,683
Balance, end of year	2,815,560	172,531	54,302	296,794	1,667,314	4,854	5,011,355
Net book value of tangible capital assets	8,649,966	45,551	3,740	135,694	371,493	8,031	9,214,475
2014 Net book value of tangible capital assets	9,074,763	51,249	6,736	174,969	530,705	8,923	9,847,345

Gull Bay First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2015

	<i>Subtotal</i>	<i>KZA Economic Development Corporation</i>	<i>2015</i>	<i>2014</i>
Cost				
Balance, beginning of year	14,199,017	7,395	14,206,412	14,052,987
Acquisition of tangible capital assets	26,813	7,788	34,601	153,425
Balance, end of year	14,225,830	15,183	14,241,013	14,206,412
Accumulated amortization				
Balance, beginning of year	4,351,672	1,804	4,353,476	3,700,196
Annual amortization	659,683	3,253	662,936	653,280
Balance, end of year	5,011,355	5,057	5,016,412	4,353,476
Net book value of tangible capital assets	9,214,475	10,126	9,224,601	9,852,936
2014 Net book value of tangible capital assets	9,847,345	5,591	9,852,936	

Gull Bay First Nation
Schedule 2 - Schedule of Consolidated Expenses by Object
For the year ended March 31, 2015

	2015	2014
Consolidated expenses by object		
Administration	11,521	25,636
Amortization	662,936	653,280
Bank charges and interest	10,452	7,224
Carpentry wages	97,414	20,275
Cleaning expense	23,885	6,274
Community development	18,631	32,053
Consulting	20,014	113,822
Contractors	4,462	9,208
Cultural development	-	22,376
Economic development	1,500	74,720
Education	30,958	2,890
Fuel and oil	17,652	29,434
Funeral costs	9,500	3,063
Health	16,885	14,624
Honoraria	117,050	114,875
Insurance	72,084	67,350
Interest on long-term debt	931,681	662,830
Miscellaneous	26,566	31,718
Office equipment lease	450	1,467
Postage	42,120	30,300
Professional fees	337,624	405,503
Program expense	150,459	261,174
Rent	-	300
Repairs and maintenance	447,270	117,449
Salaries and benefits	932,840	983,912
Secondary student allowance	8,700	4,550
Secondary student transportation	8,745	6,758
Snow removal	3,000	3,000
Social assistance	726,588	549,148
Student expenses	-	290
Student room and board	75,150	63,875
Supplies	142,780	44,953
Telephone	19,417	16,418
Training and programs	965	8,899
Travel	125,562	104,751
Tuition	675,067	811,480
Utilities	187,150	311,622
Vehicle	-	460
Water user fees	-	12,000
	5,957,378	5,629,961
OPG Settlement costs	11,724,971	-
	17,682,349	5,629,961

Gull Bay First Nation

Schedule 3 - Consolidated Schedule of Revenue and Expenses

For the year ended March 31, 2015

	INAC Revenue	Other Revenue	Deferred Revenue	Total Revenue	Total Expenses	Adjustments/ Transfers From (To)	Current Operating Surplus (Deficit)
Administration							
Administration	278,252	127,083	-	405,335	2,229,566	647,000	(1,177,231)
Economic Development	42,000	-	-	42,000	42,640	-	(640)
	320,252	127,083	-	447,335	2,272,206	647,000	(1,177,871)
Education							
Education - Instructional Services	-	-	-	-	2,238	-	(2,238)
Education - Band Operated School	109,707	-	-	109,707	109,707	-	-
Education - Tuition Agreements	856,977	(181,910)	-	675,067	675,067	-	-
Education - Ancillary Services	5,200	-	(5,200)	-	-	-	-
Education - Student Accommodation Services	85,500	-	-	85,500	86,548	-	(1,048)
Education - Student Transportation Services	205,614	-	(100,431)	105,183	105,183	-	-
Education - Financial Assistance	8,400	-	-	8,400	8,745	-	(345)
Education - Guidance & Counselling	36,000	-	-	36,000	36,000	-	-
Education - Plan Design and Construction	2,303	-	(2,303)	-	-	-	-
	1,309,701	(181,910)	(107,934)	1,019,857	1,023,488	-	(3,631)
Operations & Maintenance							
Operations & Maintenance - Teacherage	-	-	-	-	5,980	-	(5,980)
Operations & Maintenance - School	24,234	-	(20,834)	3,400	3,400	-	-
Operations & Maintenance - Fire Protection	18,250	-	-	18,250	20,030	-	(1,780)
Operations & Maintenance - Roads & Bridges	52,603	-	-	52,603	52,603	-	-
Operations & Maintenance - Wastewater	49,604	-	-	49,604	49,604	-	-
Operations & Maintenance - Sanitation	23,901	-	-	23,901	23,901	-	-
Operations & Maintenance - Water	62,024	-	-	62,024	216,923	-	(154,899)
Operations & Maintenance - Water Systems	59,890	-	58,198	118,088	118,088	-	-
Operations & Maintenance - Community Buildings	34,385	14,400	(36,795)	11,990	21,884	-	(9,894)
Operations & Maintenance - Elders Duplex	-	-	-	-	10,664	-	(10,664)
	324,891	14,400	569	339,860	523,077	-	(183,217)
Social Assistance							
Social Assistance - Basic Needs	59,513	654,134	-	713,647	724,988	-	(11,341)
Social Assistance - Sole Support	1,600	-	-	1,600	1,600	-	-
Social Assistance - Administration	48,200	50,850	-	99,050	59,370	-	39,680
Social Assistance - Funerals & Burials	-	-	-	-	9,500	-	(9,500)
Social Assistance - National Child Benefit	31,000	-	-	31,000	31,000	-	-
Social Assistance - Homemakers	5,000	-	-	5,000	5,000	-	-
	145,313	704,984	-	850,297	831,458	-	18,839

Gull Bay First Nation
Schedule 3 - - Consolidated Schedule of Revenue and Expenses

For the year ended March 31, 2015

	AANDC Revenue	Other Revenue	Deferred Revenue	Total Revenue	Total Expenses	Adjustments/ Transfers From (To)	Current Surplus (Deficit)
Health							
Health - CF Operations & Maintenance	-	264,488	-	264,488	307,341	-	(42,853)
Health - Family Support Workers	-	102,832	-	102,832	102,961	-	(129)
Health - Security in Health Facilities	-	-	-	-	252	-	(252)
Health - NIHB	-	116,709	-	116,709	116,890	-	(181)
Health - Brighter Futures	-	17,916	-	17,916	17,916	-	-
	-	501,945	-	501,945	545,360	-	(43,415)
Capital							
Minor Capital - Resident Housing	159,265	-	-	159,265	201,087	-	(41,822)
Major Capital - Water under 1.5 Million	60,276	-	-	60,276	62,546	-	(2,270)
AETS Carpentry Program	-	134,111	-	134,111	103,059	-	31,052
	219,541	134,111	-	353,652	366,692	-	(13,040)
Ontario First Nations Limited Partnership							
Ontario First Nations Limited Partnership	-	748,893	-	748,893	86,873	(647,000)	15,020
Special Projects							
Special Projects	-	11,841,695	-	11,841,695	11,933,069	-	(91,374)
Business Enterprise Projects							
Business Enterprise Projects - KZA Economic Development Corporation	-	116,290	-	116,290	97,272	-	19,018
Business Enterprise Projects - Amik Catering Limited Partnership	-	119,948	-	119,948	-	-	119,948
Business Enterprise Projects - Ma'iingan Development Inc.	-	-	-	-	1,427	-	(1,427)
Business Enterprise Projects - Ma'iingan Development Limited Partnership	-	-	-	-	1,427	-	(1,427)
	-	236,238	-	236,238	100,126	-	136,112
Total	2,319,698	14,127,439	(107,365)	16,339,772	17,682,349	-	(1,342,577)