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**Lac des Mille Lacs First Nation
Consolidated Financial Statements**

March 31, 2014

Lac des Mille Lacs First Nation

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For the year ended March 31, 2014

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Management's Responsibility

To the Chief and Council of Lac des Mille Lacs First Nation:

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

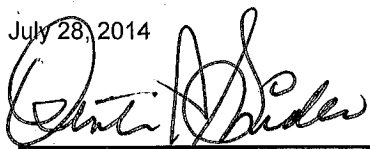
Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Lac des Mille Lacs First Nation Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management, and external auditors. The Council is also responsible for recommending the appointment of the Nation's external auditors.

MNP LLP is appointed by the Chief and Council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

July 28, 2014



Band Administrator

Independent Auditors' Report



To the Members and Chief and Council of Lac des Mille Lacs First Nation:

We have audited the accompanying consolidated financial statements of Lac des Mille Lacs First Nation, which comprise the statement of financial position as at March 31, 2014, and the consolidated 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 the 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 statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Lac des Mille Lacs First Nation as at March 31, 2014, and the results of its operations, change in net debt and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Kenora, Ontario

July 28, 2014

Chartered Professional Accountants

Licensed Public Accountants



ACCOUNTING > CONSULTING > TAX

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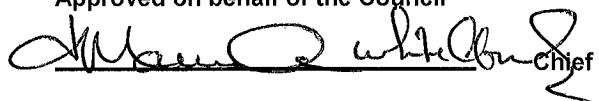
Lac des Mille Lacs First Nation

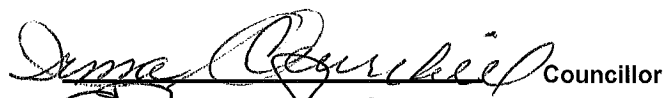
Consolidated Statement of Financial Position


As at March 31, 2014

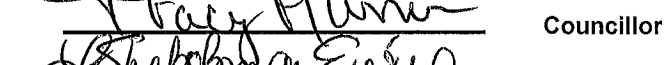
	2014	2013
Financial assets		
Current		
Cash	21,005	709,277
Temporary investments (Note 3)	427,272	424,074
Accounts receivable (Note 4)	141,172	302,366
Inventory (Note 5)	6,897	9,217
Income taxes receivable	2,557	2,557
	598,903	1,447,491
Long-term investments (Note 7)	208,014	179,403
Funds held in trust (Note 8)	20,576	18,719
Loan to Dallan Forestry LP (Note 9)	146,667	-
Total financial assets	974,160	1,645,613
Liabilities		
Current		
Bank indebtedness	-	8,009
Accounts payable and accruals (Note 10)	104,613	195,981
Deferred revenue (Note 11)	686,419	1,635,809
Current portion of long-term debt (Note 12)	377,600	218,915
	1,168,632	2,058,714
Long-term debt (Note 12)	3,492,813	2,501,075
Total liabilities	4,661,445	4,559,789
Net debt	(3,687,285)	(2,914,176)
Non-financial assets		
Tangible capital assets (Schedule 1)	5,424,710	4,105,397
Prepaid expenses	20,604	13,788
Total non-financial assets	5,445,314	4,119,185
Accumulated surplus	1,758,029	1,205,009


Approved on behalf of the Council

 Chief

 Councillor

 Councillor

 Councillor

 Councillor

Lac des Mille Lacs First Nation

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2014

	Schedules	2014 Budget	2014	2013
Revenue				
Aboriginal Affairs and Northern Development Canada		912,166	705,816	870,397
Donation revenue (Note 6)		(720,000)	800,000	-
First Nations and Inuit Health		74,670	74,670	72,827
AANDC Trust Fund interest revenue		2,000	1,953	7,121
Ontario First Nations Limited Partnership		720,000	712,541	722,099
Ministry of Aboriginal Affairs		250,000	250,000	244,366
D. Coates Holding Inc.		-	224,468	245,517
Other revenue		150,155	93,306	104,160
Paawidigong First Nation's Forum		69,713	69,713	69,713
Ministry of Canadian Heritage		48,620	48,620	-
Shooniyaa Wa-Biitong		37,059	37,059	34,238
Administration fees		-	19,974	34,860
Human Resources and Skills Development Canada		17,666	17,666	-
TransCanada Pipeline		15,000	15,000	-
Grand Council Treaty #3		4,340	5,618	1,688
Bimose Tribal Council Inc.		500	2,884	1,200
OFNLP interest income		-	4,541	12,560
Osisko Resource Sharing		-	-	286,195
Repayment of funding		-	(6,843)	(11,967)
Revenue deferred from prior year (Note 11)		-	1,635,809	1,450,897
Revenue deferred to subsequent year (Note 11)		-	(686,419)	(1,635,809)
		1,581,889	4,026,376	2,510,062
Expenses				
Administration	4	1,122,411	1,107,696	1,407,477
Capital	5	272,577	391,952	116,899
Economic Development	6	390,700	222,937	222,948
Education	7	518,715	512,201	428,221
Health	8	166,663	149,684	144,763
Ontario First Nations Limited Partnership	9	392,000	371,515	366,512
D. Coates Holding Inc.	10	-	1,010,497	328,272
Total expenses (Schedule 2)		2,863,066	3,766,482	3,015,092
Operating surplus (deficit) before other items		(1,281,177)	259,894	(505,030)
Other income (expense)				
Gain (loss) on disposal of capital assets		-	(2,028)	(2,659)
Unrealized gain (loss) on investments		-	25,278	(106,803)
Recovery of (provision for) income taxes		-	-	2,557
Revaluation of assets (Note 6)		-	269,875	-
		-	293,125	(106,905)
Operating surplus (deficit) before transfers		(1,281,177)	553,019	(611,935)
Transfers		867,819	-	-
Operating surplus (deficit)		(413,358)	553,019	(611,935)
Accumulated surplus, beginning of year		-	1,205,009	1,816,944
Accumulated surplus, end of year		(413,358)	1,758,028	1,205,009

The accompanying notes are an integral part of these financial statements

Lac des Mille Lacs First Nation
Consolidated Statement of Change in Net Debt
For the year ended March 31, 2014

	2014 Budget	2014	2013
Annual Surplus (deficit)	-	553,019	(611,935)
Purchases of tangible capital assets	-	(1,236,523)	(1,523,329)
Amortization of tangible capital assets	-	185,058	121,193
(Gain) loss on sale of tangible capital assets	-	2,028	2,659
Revaluation of assets (Note 6)	-	(269,875)	-
Proceeds of disposal of tangible capital assets	-	-	3,003
	-	(1,319,312)	(1,396,474)
Acquisition of prepaid expenses	-	(20,604)	(13,788)
Use of prepaid expenses	-	13,788	40,052
	-	(6,816)	26,264
Increase in net debt	-	(773,109)	(1,982,145)
Net debt, beginning of year	-	(2,914,176)	(932,031)
Net debt, end of year	-	(3,687,285)	(2,914,176)

Lac des Mille Lacs First Nation

Consolidated Statement of Cash Flows

For the year ended March 31, 2014

	2014	2013
Cash provided by (used for) the following activities		
Operating activities		
Operating surplus (deficit)	553,019	(611,935)
Non-cash items		
Amortization	185,058	121,193
Gain (loss) on disposal of capital assets	2,028	2,659
Revaluation of assets	(269,875)	-
Unrealized loss on investment	(25,208)	106,803
Allocated administration fees	-	(34,860)
	445,022	(416,140)
Changes in working capital accounts		
Accounts receivable	161,194	(154,045)
Prepaid expenses	(6,816)	26,264
Income taxes receivable	-	(5,114)
Accounts payable and accruals	(91,427)	60,177
Deferred revenue	(949,390)	184,912
Inventory	2,320	(2,320)
	(439,097)	(306,266)
Financing activities		
Decrease in amount due to related party	(10)	10
Advances of long-term debt	1,198,621	1,486,729
Repayment of long-term debt	(48,198)	(77,977)
	1,150,413	1,408,762
Capital activities		
Purchases of tangible capital assets	(1,236,523)	(1,523,329)
Proceeds of disposal of tangible capital assets	-	3,003
	(1,236,523)	(1,520,326)
Investing activities		
Purchase of Dallan Forestry Partnership	(150,000)	-
Funds held in trust	(1,858)	(4,108)
Purchase of portfolio investments	-	(179,403)
	(151,858)	(183,511)
Decrease in cash resources	(677,065)	(601,341)
Cash resources, beginning of year	1,125,342	1,726,683
Cash resources, end of year	448,277	1,125,342
Cash resources are composed of:		
Cash resources	21,005	709,277
Temporary investments	427,272	424,074
Bank indebtedness	-	(8,009)
	448,277	1,125,342

The accompanying notes are an integral part of these financial statements

Lac des Mille Lacs First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

1. Operations

The Lac des Mille Lacs First Nation (the "First Nation") is located in the province of Ontario, and provides various services to its members. Lac des Mille Lacs First Nation includes the 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 in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

Reporting entity

The Lac des Mille Lacs First Nation reporting entity includes the First Nation government and all related enterprises that are accountable to the First Nation and are either owned or controlled by the First Nation.

The financial statements consolidate the financial statements of all enterprises comprising the First Nation reporting entity.

The First Nation has consolidated the assets, liabilities, revenue and expenses of the following enterprises:

Lac des Mille Lacs First Nation Government Administration;
D. Coates Holding Inc.;
Upper Seine Forest Corporation.

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.

Basis of presentation

Sources of financing and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Cash resources

Cash resources includes balances with banks, short-term investments with maturities of three months or less, cashable investments and investments that mature in 30 days from purchase. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Funds held in Ottawa Trust Fund

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the non-consolidated statement of financial position. Trust moneys consist of:

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

Lac des Mille Lacs First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2014

2. Significant accounting policies (Continued from previous page)

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

Inventory held for resale is classified as a financial asset when all of the following criteria are met:

- Prior to March 31, 2014, the First Nation has committed to sell the asset;
- The asset is in a condition to be sold;
- The asset is publicly seen to be for sale;
- There is an active market for the asset;
- A plan exists for selling the asset; and
- A sale to a party external to the First Nation can reasonably be expected within one year.

Tangible capital assets

Tangible capital assets are initially recorded at cost based on historical cost accounting records for equipment, computer equipment and roads. Contributed tangible assets are recorded at their fair value at the date of contribution.

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:

	Method	Rate
Automobiles	straight-line	10 years
Boats and Motors	straight-line	6 years
Buildings	straight-line	25 years
Cabins	straight-line	40 years
Computers	straight-line	4 years
Cultural Complex	straight-line	40 years
Docks	straight-line	20 years
Equipment	straight-line	10 years
Furniture and Equipment	straight-line	10 years
Landscaping and outdoor structures	straight-line	40 years
Leasehold improvements	straight-line	10 years
Parking lot	straight-line	20 years
Roads - on reserve	straight-line	40 years
Roundhouse	straight-line	40 years

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 value of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the assets' carrying amount. Impairment is measured as the amount by which the assets' carrying value exceeds its fair value. Any impairment is included in surplus for the year.

Portfolio investments

Long-term investments in entities that are not owned, controlled or influenced by the First Nation reporting entity are accounted for using the cost method. They are recorded at cost, less any provision for other than temporary impairment.

Net debt

The First Nation's consolidated 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 (deficit).

Lac des Mille Lacs First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2014

2. Significant accounting policies (Continued from previous page)

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.

Donations

The First Nation recognizes donations when they are received.

Sales revenue

Revenue is recognized when a price is agreed, goods and services are provided to customers, and collectability is reasonably assured. If collectability is not considered reasonably assured at the time of sale, the Company does not recognize revenue until collection occurs.

Use of estimates

The preparation of the 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 is 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.

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.

Deferred revenue

Deferred revenue consists of unspent, accountable contributions for programs which are not complete at year end. The unspent revenue is carried forward to be matched against expenses to be incurred in the subsequent year.

Temporary investments

Temporary investments are valued at the lower of cost and market value.

Segments

The First Nation conducts its business through seven reportable segments: Administration, Capital, Economic Development, Education, Health, Ontario First Nation Limited Partnership, and D. Coates Holding Inc. 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.

Lac des Mille Lacs First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2014

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.

Financial instruments

All significant financial assets, financial liabilities and equity instruments of the First Nation are either recognized or disclosed in the consolidated financial statements together with other information relevant for making a reasonable assessment of future cash flows and interest rate, currency or credit risk.

3. Temporary investments

	2014	2013
GIC, interest at prime minus 2.25%, cashable and interest bearing at 0.75%, maturing October 9, 2014	427,272	424,074

4. Accounts receivable

	2014	2013
Accounts receivable	129,322	284,805
PSB, GST, and HST rebates	11,850	17,561
	141,172	302,366

5. Inventory

	2014	2013
Inventory	6,897	9,217

Lac des Mille Lacs First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2014

6. Advances to related First Nation Entities

Upper Seine Forest Corporation and D. Coates Holding Inc. are wholly owned subsidiaries of the First Nation.

During the year the following related party transactions took place:

- assets with a book value of \$137,937 were transferred from D. Coates Holding Inc. to the First Nation at a fair market value of \$160,503
- the First Nation paid insurance expenses on behalf of D. Coates Holding Inc. in the amount of \$14,655 and D. Coates Holding Inc. made long-term debt payments on behalf of the First Nation in the amount of \$18,048.
- during the year, D. Coates Holding Inc. donated assets with a book value of \$552,691 to the First Nation at a fair market value of \$800,000.

The above transactions resulted in a net gain in D. Coates Holding Inc. on the transfer of assets in the amount of \$269,875 and a reduction in the amount owed to the First Nation by D. Coates Holding Inc. in the amount of \$163,896.

At March 31, 2014, the remaining balance of \$60,190 owed to the First Nation by D. Coates Holding Inc. was written off as part of a corporate restructuring.

At March 31, 2014 the balance of \$485,252 owed by Upper Seine Forest Corporation was also written off as part of a corporate restructuring.

7. Long-term investments

During the year, the First Nation entered into a limited partnership agreement with Solar Energy L.P. to form SE1 2013 GP Inc. for the purpose of generating income from construction, development, ownership and operations or sale of projects and all things necessary or advisable to give effect to the Partnership's objectives. The First Nation has subscribed for 1501 Class A units at a cost of \$10, representing 15.01% of the voting and economic interest of the limited partners.

During the year, the First Nation entered into a limited partnership agreement with A&J Leveseque Holdings Inc. and Little Otter Economic Development, L.P. to form Dallan Forestry L.P. for the purpose of carrying on business of mill yard services outside of Fort William First Nation. The First Nation has subscribed for 3,333 partnership units for \$3,333, representing 33.33% of the voting and economic interest of the limited partners. The First Nation also agreed to a \$150,000 disbursement to the Partnership, \$3,333 of which covered the cost of the partnership units.

Included in long-term investments is \$1 which represents the First Nations investment in Upper Seine Forest Corporation.

	2014	2013
Measured at cost		
Dallan Forestry L.P.	3,333	-
Upper Seine Forest Corporation	1	-
	3,334	-
Measured at fair value		
OSISKO Mining Corporation, 29,750 common shares at an average cost base of \$9.62 per share.	204,680	179,403
	208,014	179,403

Lac des Mille Lacs First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

8. Funds Held in Trust

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

	2014	2013
AANDC Capital Trust		
Balance, beginning of year	7,629	132,629
Less: Transfers to Nation	-	125,000
Balance, end of year	7,629	7,629
AANDC Revenue Trust		
Balance, beginning of year	7,504	38,305
Interest	1,953	4,199
	9,457	42,504
Less: Transfers to Nation	-	35,000
Balance, end of year	9,457	7,504
Hammond Reef Trust		
Balance, beginning of year	3,586	-
Initial deposit	-	3,676
Bank charges	(96)	(90)
Balance, end of year	3,490	3,586
	20,576	18,719

9. Loan to Dallan Forestry LP

	2014	2013
Capital Loan to Dallan Forestry L.P., the receivable is non interest bearing, unsecured and has no fixed terms of repayment.	146,667	-
	146,667	-

10. Accounts payable and accruals

	2014	2013
Trade payables	26,132	142,563
Accruals	42,610	45,442
Funding repayable	24,558	-
Vacation payable	11,313	7,976
	104,613	195,981

Lac des Mille Lacs First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

11. Deferred revenue

	Balance March 31, 2013	Funding Received 2014	Other Revenue 2014	Revenue Recognized 2014	Balance March 31, 2014
Other					
Health	-	-	167,667	150,001	17,666
Ontario First Nations Limited Partnership	1,391,145	-	717,823	1,619,608	489,360
Economic Development	244,664	-	59,400	124,671	179,393
	<u>1,635,809</u>	<u>-</u>	<u>944,890</u>	<u>1,894,280</u>	<u>686,419</u>

12. Long-term debt

	2014	2013
RBC loan for the construction of the community cultural complex, bearing interest at a rate of bank prime plus 1.75% per annum (4.75% at March 31, 2014), secured by a general security agreement and assignment of OFNLP funds, repayable in 180 monthly payments of \$10,050 plus interest.	1,778,850	989,890
RBC loan repaid during the year	-	18,048
AANDC promissory note related to flood claim negotiations, non-interest bearing, unsecured, scheduled for repayment March 31, 2019	975,958	825,958
AANDC promissory note related to flood claim negotiations, non-interest bearing, unsecured, scheduled for repayment March 31, 2018	257,000	257,000
AANDC promissory note related to flood claim negotiations, non-interest bearing, unsecured, scheduled for repayment March 31, 2017	132,255	132,255
AANDC promissory note related to flood claim negotiations, non-interest bearing, unsecured, scheduled for repayment March 31, 2016	496,839	496,839
AANDC promissory note related to flood claim negotiations, non-interest bearing, unsecured, scheduled for repayment March 31, 2015	229,511	-
	3,870,413	2,719,990
Less: current portion	377,600	218,915
	3,492,813	2,501,075

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed, are estimated as follows:

	Principal
2015	377,600
2016	1,096,558
2017	617,439
2018	350,111
2019	252,855

Lac des Mille Lacs First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

13. Government transfers

Federal government transfers:	Operating	Capital	2014	2013
Aboriginal Affairs and Northern Development Canada	705,816	-	705,816	870,397
First Nations and Inuit Health	74,670	-	74,670	72,827
Human Resources and Skills Development Canada	17,666	-	17,666	-
Total Federal	798,152	-	798,152	943,224
Provincial government transfers:	-	-	-	-
Ministry of Aboriginal Affairs	250,000	-	250,000	244,366
Ministry of Canadian Heritage	48,620	-	48,620	-
Total Provincial	298,620	-	298,620	244,366
	1,096,772	-	1,096,772	1,187,590

14. Economic dependence

Lac des Mille Lacs First Nation receives 19% of its revenue from Aboriginal Affairs and Northern Development Canada (AANDC) as a result of Treaties entered into with the Government of Canada. These Treaties are administered by AANDC 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.

15. 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 according to a formula used for that purpose. The use of these funds, according to agreements, is restricted to community development, health, education, cultural development and economic development.

16. Comparative figures

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

17. Budget information

The disclosed budget information has been approved by the Chief and Council, and presented to the members of the Lac des Mille Lacs First Nation.

18. Contingent liabilities

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

The First Nation has a letter of guarantee with Royal Bank in the amount of \$8,000. This guarantee is used to satisfy the requirements the First Nation has to provide an annual lottery.

Lac des Mille Lacs First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

19. Supplemental cash flow information

The First Nation has followed the indirect method of accounting for cash flows. In addition to items reported in the consolidated statement of cash flows, the First Nation paid \$84,955 (2013 - \$12,755) in interest and paid \$0 (2013 - \$2,557) in income taxes.

Lac des Mille Lacs First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2014

	<i>Automobiles</i>	<i>Cabins</i>	<i>Computers</i>	<i>Cultural Complex</i>	<i>Equipment</i>	<i>Parking lot</i>	<i>Subtotal</i>
Cost							
Balance, beginning of year	77,109	18,500	50,422	-	200,901	5,540	352,472
Acquisition of tangible capital assets	-	5,610	1,529	2,036,765	31,669	-	2,075,573
Disposal of tangible capital assets	-	-	-	-	(4,402)	-	(4,402)
Asset write-up	(8,743)	-	(6,484)	-	(119,139)	(4,068)	(138,434)
Balance, end of year	68,366	24,110	45,467	2,036,765	109,029	1,472	2,285,209
Accumulated amortization							
Balance, beginning of year	13,311	926	30,790	-	150,857	4,372	200,256
Annual amortization	6,838	1,706	7,847	50,919	10,974	73	78,357
Accumulated amortization on disposals	-	-	-	-	(2,374)	-	(2,374)
Accumulated amortization on revalued assets	(7,182)	-	(6,538)	-	(126,826)	(4,371)	(144,917)
Balance, end of year	12,967	2,632	32,099	50,919	32,631	74	131,322
Net book value of tangible capital assets	55,399	21,478	13,368	1,985,846	76,398	1,398	2,153,887
Net book value of tangible capital assets - 2013	63,798	17,574	19,632	-	48,060	2,027	151,091

Lac des Mille Lacs First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2014

	<i>Subtotal</i>	<i>Landscaping and outdoor structures</i>	<i>Leashold improvements</i>	<i>Roads - on reserve</i>	<i>Roundhouse</i>	<i>Land</i>	<i>Subtotal</i>
Cost							
Balance, beginning of year	352,472	717,609	77,812	951,203	742,328	148,426	2,989,850
Acquisition of tangible capital assets	2,075,573	98,353	-	-	-	-	2,173,926
Disposal of tangible capital assets	(4,402)	-	-	-	-	-	(4,402)
Asset write-up	(138,434)	(664)	-	-	-	11,574	(127,524)
Balance, end of year	2,285,209	815,298	77,812	951,203	742,328	160,000	5,031,850
Accumulated amortization							
Balance, beginning of year	200,256	18,651	13,785	116,588	18,558	-	367,838
Annual amortization	78,357	20,382	7,781	23,780	18,558	-	148,858
Accumulated amortization on disposals	(2,374)	-	-	-	-	-	(2,374)
Accumulated amortization on revalued assets	(144,917)	(730)	-	-	-	-	(145,647)
Balance, end of year	131,322	38,303	21,566	140,368	37,116	-	368,675
Net book value of tangible capital assets	2,153,887	776,995	56,246	810,835	705,212	160,000	4,663,175
Net book value of tangible capital assets - 2013	151,091	698,958	64,026	834,615	1,002,466	148,424	2,899,580

Lac des Mille Lacs First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2014

	<i>Subtotal</i>	<i>Building</i>	<i>Boats and motors</i>	<i>Docks</i>	<i>Construction in progress</i>	<i>2014</i>	<i>2013</i>
Cost							
Balance, beginning of year	2,989,850	613,182	66,871	52,198	1,002,466	4,724,567	3,283,055
Acquisition of tangible capital assets	2,173,926	65,063	-	-	-	2,238,989	1,523,329
Disposal of tangible capital assets	(4,402)	-	-	-	(1,002,466)	(1,006,868)	(81,816)
Asset write-up	(127,524)	28,502	(15,022)	(13,058)	-	(127,102)	-
Balance, end of year	5,031,850	706,747	51,849	39,140	-	5,829,586	4,724,568
Accumulated amortization							
Balance, beginning of year	367,838	208,875	24,943	17,515	-	619,171	574,132
Annual amortization	148,858	25,600	8,643	1,957	-	185,058	121,193
Accumulated amortization on disposals	(2,374)	-	-	-	-	(2,374)	(76,154)
Accumulated amortization on revalued assets	(145,647)	(208,874)	(24,943)	(17,515)	-	(396,979)	-
Balance, end of year	368,675	25,601	8,643	1,957	-	404,876	619,171
Net book value of tangible capital assets	4,663,175	681,146	43,206	37,183	-	5,424,710	4,105,397
Net book value of tangible capital assets - 2013	2,899,580	1,128,037	41,928	34,684	1,168	4,105,397	

Lac des Mille Lacs First Nation
Schedule 2 - Consolidated Schedule of Expenses by Object
For the year ended March 31, 2014

	<i>2014 Budget</i>	<i>2014</i>	<i>2013</i>
Consolidated expenses by object			
Administrative expenses	46,100	38,428	603,177
Amortization of tangible capital assets	-	166,860	121,193
Bank charges and short-term interest	52,500	84,955	12,755
Cultural and community development	463,339	649,625	695,071
Education	197,147	186,506	-
Honoraria, salaries and benefits	893,657	818,679	846,681
Office and utilities	399,828	369,019	213,013
Professional fees	633,509	527,303	327,141
Training and travel	176,986	125,107	196,061
Donations	-	800,000	-
	2,863,066	3,766,482	3,015,092

Lac des Mille Lacs First Nation
Schedule 3 - Consolidated Summary of Schedules of Segment Revenue and Expenses

For the year ended March 31, 2014

	<i>AANDC Revenue</i>	<i>Other Revenue</i>	<i>Deferred Revenue</i>	<i>Total Revenue</i>	<i>Total Expenses</i>	<i>Adjustments /Transfers From (To)</i>	<i>Current Operating Surplus (Deficit)</i>
Administration							
Administration	166,380	376,701	-	543,081	1,107,696	335,021	(229,594)
Capital							
Capital	77,030	40,886	-	117,916	391,952	774,037	500,001
Economic Development							
Economic Development	42,000	17,400	65,271	124,671	222,937	98,266	-
Education							
Education	420,406	51,504	-	471,910	512,201	40,289	(2)
Health							
Health	-	167,667	(17,666)	150,001	149,684	480	797
Ontario First Nations Limited Partnership							
Ontario First Nations and Limited Partnership	-	717,823	901,785	1,619,608	371,515	(1,248,093)	-
D. Coates Holding Inc.							
D. Coates Holding Inc.	-	1,292,315	-	1,292,315	1,010,497	-	281,818
Total	705,816	2,664,296	949,390	4,319,502	3,766,482	-	553,020

Lac des Mille Lacs First Nation
Administration
Schedule 4 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2014

	<i>2014 Budget</i>	<i>2014</i>	<i>2013</i>
Revenue			
Aboriginal Affairs and Northern Development Canada	166,380	166,380	140,878
AANDC Trust Fund interest revenue	2,000	1,953	7,121
Ministry of Aboriginal Affairs	250,000	250,000	244,366
Other revenue	71,305	63,005	63,129
Shooniyaa Wa-Biitong	37,059	37,059	34,238
Administration fees	-	19,974	34,860
Grand Council Treaty #3	-	-	1,688
Bimose Tribal Council Inc.	-	-	1,000
Revenue deferred from prior year	-	-	7,230
Repayment of funding	-	(20,568)	6,561
	526,744	517,803	541,071
Expenses			
Administration	3,750	-	12,510
Advertising	8,200	7,527	1,489
Amortization	-	31,219	87,436
Audit fees	41,700	36,415	41,772
Bank charges and interest	7,500	7,752	8,648
Consulting	91,430	73,527	246,789
Contracted services	-	600	2,850
Education, tuition fees and books	33,241	33,241	34,238
Emergency assistance	1,000	1,475	4,125
Entertainment	-	-	208
Feast and food	5,890	4,908	5,217
Health	410	-	-
Honoraria - Chief and Council	218,150	215,000	200,259
Honoraria - Other	11,800	9,990	10,050
Insurance	10,500	10,467	17,786
Interest on long-term debt	-	-	2,830
Living allowance	3,818	3,818	-
Meeting	8,500	9,029	13,060
Miscellaneous	1,000	1,042	1,682
Office	8,575	10,985	11,208
Office equipment lease	1,000	1,175	1,173
Postage	3,020	2,547	3,095
Professional fees	257,262	277,844	265,589
Rent	35,500	28,517	26,713
Repairs and maintenance	10,000	11,797	6,501
Salaries and benefits	208,215	195,339	241,934
Supplies	4,000	4,735	3,620
Telephone	6,200	5,837	7,656
Tradition and culture	55,000	56,842	51,780
Training	9,500	3,720	14,062
Travel - Chief and Council	33,000	25,290	34,217
Travel - Other	43,750	36,751	48,763
Utilities	500	307	217
	1,122,411	1,107,696	1,407,477
Operating deficit before other items	(595,667)	(589,893)	(866,406)

Continued on next page

Lac des Mille Lacs First Nation
Administration
Schedule 4 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2014

	<i>2014 Budget</i>	<i>2014</i>	<i>2013</i>
Operating deficit before other items <i>(Continued from previous page)</i>	(595,667)	(589,893)	(866,406)
Other income (expense)			
Unrealized gain on investments	-	25,278	-
Operating deficit before transfers	(595,667)	(564,615)	(866,406)
Transfers	164,790	335,021	289,852
Operating deficit	(430,877)	(229,594)	(576,554)

Lac des Mille Lacs First Nation
Capital
Schedule 5 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2014

	2014 Budget	2014	2013
Revenue			
Aboriginal Affairs and Northern Development Canada	127,030	77,030	127,101
Repayment of funding	-	13,726	(18,528)
Other revenue	30,000	27,160	35,000
Revenue deferred from prior year	-	-	33,680
	157,030	117,916	177,253
Expenses			
Amortization	-	113,639	-
Consulting	36,627	1,047	17,589
Contracted services	60,000	53,460	38,620
Feast and food	1,000	770	869
Honoraria - Other	-	-	5,100
Insurance	21,000	20,933	811
Interest on long-term debt	45,000	77,203	-
Meeting	-	488	517
Miscellaneous	400	390	87
Postage	-	-	83
Professional fees	-	14,065	-
Rent	8,500	8,379	135
Repairs and maintenance	35,000	35,311	6,987
Resort salaries and benefits	1,200	1,120	-
Salaries and benefits	100	75	2,048
Supplies	5,500	5,397	1,202
Travel - Chief and Council	500	1,045	125
Travel - Other	7,750	6,857	5,687
Utilities	50,000	51,773	37,039
	272,577	391,952	116,899
Operating surplus (deficit) before transfers	(115,547)	(274,036)	60,354
Transfers	128,920	774,037	(12,883)
Operating surplus	13,373	500,001	47,471

Lac des Mille Lacs First Nation
Economic Development
Schedule 6 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2014

	<i>2014 Budget</i>	<i>2014</i>	<i>2013</i>
Revenue			
Aboriginal Affairs and Northern Development Canada	198,350	42,000	198,350
TransCanada Pipeline	15,000	15,000	-
Other revenue	47,850	2,400	5,608
Osisko Resource Sharing	-	-	286,195
Revenue deferred from prior year	-	244,664	-
Revenue deferred to subsequent year	-	(179,393)	(244,664)
	261,200	124,671	245,489
Expenses			
Administration	37,350	15,000	22,350
Consulting	81,640	60,628	23,187
Contracted services	5,000	2,200	-
Honoraria - Other	1,600	2,000	1,800
Insurance	14,500	-	-
Meeting	2,860	-	5,267
Office	2,370	-	351
Postage	2,030	-	50
Professional fees	50,850	400	19,400
Resort salaries and benefits	54,000	40,039	47,281
Salaries and benefits	96,700	96,777	75,511
Supplies	500	-	-
Tradition and culture	1,300	1,250	-
Training	-	-	2,158
Travel - Chief and Council	8,400	-	1,018
Travel - Other	31,600	4,643	24,575
	390,700	222,937	222,948
Operating surplus (deficit) before other items	(129,500)	(98,266)	22,541
Other income (expense)			
Unrealized loss on investments	-	-	(106,803)
Operating deficit before transfers	(129,500)	(98,266)	(84,262)
Transfers	129,500	98,266	84,263
Operating surplus (deficit)	-	-	1

Lac des Mille Lacs First Nation
Education
Schedule 7 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2014

	<i>2014 Budget</i>	<i>2014</i>	<i>2013</i>
Revenue			
Aboriginal Affairs and Northern Development Canada	420,406	420,406	404,068
Ministry of Canadian Heritage	48,620	48,620	-
Bimose Tribal Council Inc.	500	2,884	-
	469,526	471,910	404,068
Expenses			
Administration	5,000	4,974	-
Contracted services	2,000	2,000	-
Education, tuition fees and books	143,906	148,815	163,738
Feast and food	2,300	2,561	-
Honoraria - Other	29,560	24,714	-
Living allowance	247,600	244,156	206,704
Meeting	-	40	-
Miscellaneous	100	100	-
Office	4,590	2,327	-
Postage	-	7	-
Rent	4,000	1,581	-
Salaries and benefits	56,900	56,784	56,763
Supplies	12,423	12,105	-
Tradition and culture	-	316	-
Training	-	630	-
Travel - Other	10,336	11,091	1,016
	518,715	512,201	428,221
Operating deficit before transfers	(49,189)	(40,291)	(24,153)
Transfers	49,189	40,289	24,153
Operating surplus (deficit)	-	(2)	-

Lac des Mille Lacs First Nation
Health

Schedule 8 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2014

	<i>2014 Budget</i>	<i>2014</i>	<i>2013</i>
Revenue			
First Nations and Inuit Health	74,670	74,670	72,827
Paawidigong First Nation's Forum	69,713	69,713	69,713
Grand Council Treaty #3	4,340	5,618	-
Human Resources and Skills Development Canada	17,666	17,666	-
Revenue deferred to subsequent year	-	(17,666)	-
	166,389	150,001	142,540
Expenses			
Advertising	-	422	-
Emergency assistance	10,213	8,474	11,997
Entertainment	-	-	179
Feast and food	8,275	5,235	3,652
Health	1,200	1,496	571
Honoraria - Other	7,650	2,850	3,550
Meeting	150	-	176
Miscellaneous	150	493	291
Office	2,863	4,273	10,523
Office rent	2,500	2,515	2,515
Postage	2,650	3,246	3,573
Professional fees	2,000	-	276
Rent	2,500	2,515	-
Repairs and maintenance	-	-	1,160
Salaries and benefits	86,782	84,801	66,080
Sponsorships and donations	-	1,000	890
Supplies	10,894	8,894	8,422
Telephone	1,010	1,304	2,818
Tradition and culture	2,706	2,842	6,569
Training	16,020	13,802	11,173
Travel - Other	9,100	5,522	8,848
Wage replacement - Chief and Council	-	-	1,500
	166,663	149,684	144,763
Operating surplus (deficit) before transfers	(274)	317	(2,223)
Transfers	4,420	480	2,227
Operating surplus	4,146	797	4

Lac des Mille Lacs First Nation
Ontario First Nations and Limited Partnership
Schedule 9 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2014

	2014 Budget	2014	2013
Revenue			
Other revenue	(720,000)	-	-
Ontario First Nations Limited Partnership	720,000	712,541	722,099
OFNLP interest income	-	4,541	12,560
Other revenue	1,000	741	423
Bimose Tribal Council Inc.	-	-	200
Revenue deferred from prior year	-	1,391,145	1,409,987
Revenue deferred to subsequent year	-	(489,360)	(1,391,145)
	1,000	1,619,608	754,124
Expenses			
Accommodations	4,750	4,750	8,500
Advertising	400	-	-
Contracted services	-	400	450
Education, tuition fees and books	20,000	4,450	2,900
Election/Leadership Review	-	-	34,751
Emergency assistance	2,500	9,824	15,585
Entertainment	-	-	12,221
Equipment rental	10,000	9,813	2,700
Feast and food	45,000	47,617	78,832
Health benefits	25,000	26,739	23,945
Honoraria - Other	59,100	46,681	50,150
Meeting	200	316	905
Miscellaneous	250	-	98
Office	250	159	122
Professional fees	5,000	4,717	104
Program expense	60,000	80,000	34,747
Rent	15,500	15,226	1,500
Repairs and maintenance	1,000	1,112	-
Salaries and benefits	20,000	15,400	12,900
Small Business / Entrepreneur	20,000	10,000	-
Sponsorships and donations	7,000	6,600	5,060
Supplies	5,900	7,169	5,886
Tradition and culture	30,450	29,271	29,121
Training	1,000	-	-
Travel - Chief and Council	-	772	544
Travel - Other	58,700	50,499	45,491
	392,000	371,515	366,512
Operating surplus before transfers	(391,000)	1,248,093	387,612
Transfers	391,000	(1,248,093)	(387,613)
Operating surplus (deficit)	-	-	(1)

Lac des Mille Lacs First Nation
D. Coates Holding Inc.
Schedule 10 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2014

	2014 Budget	2014	2013
Revenue			
Donation revenue (Note 6)	-	800,000	-
D. Coates Holding Inc.	-	224,468	245,517
	-	1,024,468	245,517
Expenses			
Administration	-	-	46,233
Advertising	-	6,325	9,158
Amortization	-	40,200	33,757
Bank charges and interest	-	5,957	4,277
Contracted services	-	43,870	49,358
Equipment rental	-	-	1,116
Insurance	-	14,655	13,790
Interest on long-term debt	-	196	2,830
Living allowance	-	1,016	1,578
Marketing	-	-	33,953
Meeting	-	122	-
Miscellaneous	-	986	501
Office	-	(44)	(79)
Property tax	-	-	216
Rent	-	103	-
Repairs and maintenance	-	18,873	46,553
Sponsorships and donations	-	803,385	2,950
Supplies	-	18,430	21,147
Telephone	-	2,852	3,136
Travel - Other	-	1,402	1,473
Utilities	-	52,169	56,325
	-	1,010,497	328,272
Operating surplus (deficit) before other items	-	13,971	(82,755)
Other income (expense)			
Gain (loss) on disposal of capital assets	-	(2,028)	(2,659)
Recovery of (provision for) income taxes	-	-	2,557
Revaluation of assets (Note 6)	-	269,875	-
Operating surplus (deficit)	-	281,818	(82,857)