BATCHEWANA FIRST NATION OF OJIBWAYS
RANKIN RESERVE 15 D
GOULAIS BAY RESERVE 15 A
OBADJIWAN RESERVE 15 E
WHITEFISH ISLAND 15

Administration Office: 236 Frontenac Street
Rankin Reserve 15D
Batchewana First Nation, ON P6A 6Z1
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www.batchewana.ca

PRIVATE AND CONFIDENTIAL
Aboriginal Affairs and Northern Development Canada
40 Elm Street, Suite 290
Rainbow Centre - 2nd floor
Sudbury ON P3C 1S8

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JUL 29 2015
AANDC SUD

July 28, 2015

Dear Sir or Madam:

Batchewana First Nation

From the package submitted on July 28, 2015 to your office re: the March 31, 2015 year end, please note that the following items are part of the FNFTA requirements and are to be published by the First Nation and can be made available on the AANDC's internet site:

- Audited Financial Statements
- Schedule of Remuneration and Expenses – Chief & Council

The following other required reporting documents will not be published and are for AANDC's internal purposes only:

- Schedule of Remuneration and Expenses – Unelected Senior Officials
- Revenues and Expenses – Aboriginal Affairs and Northern Development Canada
- Revenues and Expenses – Health Canada

We trust this is satisfactory. Should you have any questions or require any additional information, please do not hesitate to contact our office.

Yours very truly

Rhonda M Lesage, A/Finance Director

Consolidated Financial Statements of

BATCHEWANA FIRST NATION

Year ended March 31, 2015

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

Batchewana maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and Batchewana's assets are appropriately accounted for and adequately safeguarded.

Batchewana is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Chief and Council reviewed Batchewana's financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the financial statements and the external auditors' report. The Chief and Council takes this information into consideration when approving the financial statements for issuance to the Members. The Chief and Council also consider the engagement of the external auditors.

The financial statements have been audited by KPMG LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. KPMG LLP has full access to the Council.

Chief

A/Finance Director

KPMG
KPMG LLP
111 Elgin Street, PO Box 578
Sault Ste. Marie ON P6A 5M6

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INDEPENDENT AUDITORS' REPORT

To the Council and Members of Batchewana First Nation

We have audited the accompanying consolidated financial statements of **Batchewana First Nation** which comprise the consolidated statement of financial position as at March 31, 2015, the consolidated statements of financial activities, changes in net financial assets and cash flows for the year then ended, and notes, comprising 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 our 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, we consider 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 opinion.

KPMG

Opinion

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

The consolidated financial statements of Batchewana First Nation for the year ended March 31, 2014, were audited by another chartered professional accountant who expressed an unmodified opinion on those consolidated financial statements dated July 30, 2014.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

July 23, 2015
Sault Ste. Marie, Canada

BATCHEWANA FIRST NATION

Index to Consolidated Financial Statements

Year ended March 31, 2015

Financial Statements

BATCHEWANA FIRST NATION

Exhibit A - Consolidated Statement of Financial Position

March 31, 2015, with comparative informationfor 2014

	2015	2014
Financial assets:		
Cash (note 2)	$ 2,320,746	$ 1,333,805
Accounts receivable (note 3)	1,926,126	6,039,103
Band members' loans (note 4)	2,046	22,247
Due from funders (note 5)	1,142,854	1,242,494
Investment in Batchewana Band Industries Limited (note 6)	1,443,976	1,487,676
Investment in Mukwaa 2 Inc. (note 7)	464,259	-
Investment in Nodin Kitagan Limited Partnerships (note 8)	24,066,672	7,691,712
Investment in Chi-Wiikwedong Holdings Limited Partnership (Note 9)	11,500,001	-
Trust funds held by federal government	387,283	370,001
	43,253,963	18,187,038
Financial liabilities:		
Bank loan (note 10)	2,196	21,942
Accounts payable	787,568	1,418,187
Deferred revenue (note 12)	154,302	1,471,046
Term demand loans (note 11)	8,607,068	8,782,593
Long-term debt (note 14)	44,204,065	12,555,523
	53,755,199	24,249,291
Net debt	(10,501,236)	(6,062,253)
Non-financial assets:		
Tangible capital assets (note 13)	26,636,627	26,634,030
Prepaid expenses and inventory of supplies	180,447	200,342
	26,817,074	26,834,372
Contingent liabilities (note 16)		
Accumulated surplus (note 15)	$ 16,315,838	$ 20,772,119

See accompanying notes to consolidated financial statements.

Approved:

Chief

A/Finance Director

BATCHEWANA FIRST NATION

Exhibit B - Consolidated Statement of Operations

Year ended March 31, 2015, with comparative information for 2014

	Budget (note 18)	2015	2014
Revenue:			
Aboriginal Affairs and Northern Development Canada (note 17)	$ 9,674,627	$ 9,341,915	$ 8,314,017
Province of Ontario	948,375	922,758	1,445,748
Government of Canada	1,631,422	1,693,888	2,130,210
Ontario First Nations Limited Partnership	1,180,000	1,179,861	1,150,915
North Shore Tribal Council	1,553,196	1,667,688	1,567,825
Band operated enterprises	8,125,320	8,939,703	8,494,843
Other	6,962,609	4,835,708	4,753,804
Government of Canada Trust Funds	-	17,281	9,639
	30,075,549	28,598,802	27,867,001
Expenses:			
Niigaanin	1,492,378	1,498,906	1,469,803
Government	675,535	775,675	672,466
Lands, Memberships and Estates	57,098	58,803	40,837
Elections	16,000	6,000	(8,000)
Licensing	16,202	6,423	29,727
Community Services	990,611	1,049,640	960,187
Education	6,540,627	6,052,348	5,623,266
Child Day Care	894,172	746,434	671,124
Cultural Education Centre	1,573	1,573	15,729
Capital Projects	613,678	194,198	365,577
Other Subsidized Programs	1,429,525	1,158,576	1,111,216
Health	1,902,121	1,900,486	1,842,198
Employment and Training	567,218	541,319	442,935
Arena Operations	-	871,272	964,633
Band Operated Activities - Buildings	554,642	499,190	418,434
Band Operated Activities - CMHC	597,221	679,565	637,637
Bingo Operations	8,041,675	8,729,799	8,468,801
Other Band Activities	947,290	847,791	579,105
Renewable Energy Development	3,730,136	1,841,760	2,057,104
Other Band Activities - Natural Resources	296,572	279,420	134,462
Band Committees	30,000	15,150	20,841
Other Band Operated Enterprises	493,845	399,144	203,136
Rankin Reserve Community Services Incorporated	351,443	306,899	350,510
Batchewana Band Industries Ltd.	-	43,700	(5,447)
Renewable Energy Partnerships	-	4,551,012	-
	30,239,562	33,055,083	27,066,281
Excess (deficiency) of revenue over expenses	(164,013)	(4,456,281)	800,720
Accumulated surplus, beginning of year	20,772,119	20,772,119	19,971,399
Accumulated surplus, end of year	$ 20,608,106	$ 16,315,838	$ 20,772,119

See accompanying notes to consolidated financial statements.

BATCHEWANA FIRST NATION

Exhibit C - Consolidated Statement of Changes in Net Debt

Year ended March 31, 2015, with comparative information for 2014

	Budget (note 18)	2015	2014
Excess (deficiency) of revenue over expenses	$ (164,013)	$ (4,456,281)	$ 800,720
Acquisition of tangible capital assets	-	(1,141,832)	(2,051,323)
Amortization of tangible capital assets	1,041,850	1,139,235	1,127,347
Change in prepaid expenses and inventory of supplies	-	19,895	60,915
Change in net financial debt	877,837	(4,438,983)	(62,341)
Net debt, beginning of year	(6,062,253)	(6,062,253)	(5,999,912)
Net debt, end of year	$ (5,184,416)	$ (10,501,236)	$ (6,062,253)

See accompanying notes to consolidated financial statements.

BATCHEWANA FIRST NATION

Exhibit D - Consolidated Statement of Cash Flows

Year ended March 31, 2015, with comparative information for 2014

	2015	2014
Operating transactions:		
Excess (deficiency) of revenue over expenses	$ (4,456,281)	$ 800,720
Adjustment for:		
Amortization of tangible capital assets	1,139,235	1,127,347
	(3,317,046)	1,928,067
Changes in non-cash working capital:		
Decrease (increase) in accounts receivable	4,112,977	(4,550,891)
Decrease in band member loans	20,201	67,478
Decrease in prepaid expenses and inventory of supplies	19,895	60,915
Decrease in accounts payable and accrued liabilities	(630,619)	(269,973)
Decrease (increase) in deferred revenue	(1,316,744)	1,123,850
Decrease (increase) in due from funder	99,640	(144,357)
Decrease in bank loan	(19,746)	(64,034)
Increase (decrease) in demand loans	(175,525)	3,590,883
	(1,206,967)	1,741,938
Capital transactions:		
Cash used to acquire tangible capital assets	(1,141,832)	(2,051,323)
Financing transactions:		
Long-term debt advanced during year	32,344,272	859,071
Principal payments on long-term debt	(695,730)	(719,241)
	31,648,542	139,830
Investing transactions:		
Increase in investment in Nodin Kitagan Limited Partnerships	(16,374,960)	(2,500,000)
Increase in Chi-Wiikwedong Holdings Limited Partnership	(11,500,001)	
Decrease (increase) in investment in Batchewana Band Industries Limited	43,700	(5,447)
Increase in investment in Mukwaa 2 Inc.	(464,259)	-
Decrease in trust funds held by federal government	(17,282)	(9,639)
	(28,312,802)	(2,515,086)
Net increase (decrease) in cash	986,941	(2,684,641)
Cash, beginning of year	1,333,805	4,018,446
Cash, end of year	$ 2,320,746	$ 1,333,805

See accompanying notes to consolidated financial statements.

The Batchewana First Nation (the "First Nation"), located in Sault Ste. Marie Ontario, administers programs and provides services to First Nation members.

1. Significant accounting policies:

These consolidated financial statements of the First Nation are the representations of management and have been prepared in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. The following is a summary of the significant accounting policies followed in the preparation of these financial statements:

(a) Basis of consolidation:

These consolidated financial statements reflect the assets, liabilities, revenues and expenses of all programs under the control of Chief and Council.

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

Under the modified equity method of accounting, only Batchewana First Nation's portion of the enterprise that are different from those of the First Nation, and inter-organizational balances and transactions are eliminated.

Organizations consolidated include:

Rankin Reserve Community Services Incorporated
Mukwaa Inc. - a bare trustee corporation
2419656 Ontario Inc. - a bare trustee corporation

Organizations accounted for on a modified equity basis include:

Batchewana Band Industries Limited
Mukwaa 2 Inc.

Batchewana First Nation has invested in limited partnerships through Mukwaa Inc. and 2419656 Ontario Inc. The First Nation accounts for its investment in these business partnerships using the modified equity method.

(b) Inventories:

Inventories are stated at lower of cost and net realizable value. Cost is generally determined on the first-in, first-out basis.

(c) Cash and cash equivalents:

Cash and cash equivalents include short-term investments with a term to maturity of 90 days or less at acquisition.

1. Significant accounting policies (continued):

(d) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land are amortized on a straight-line basis over their estimated useful lives as follows:

Assets	Useful Life - Years
Land improvements	20 years
Buildings	40 years
Infrastructure	30 years
Machinery and equipment	10 years
Furniture, computers and fixtures	4 to 10 years

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(ii) Natural resources:

Natural resources that have not been purchased are not recognized as assets in the financial statements.

(iii) Works of art and cultural and historic assets:

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

(e) Prior year funding adjustments:

The First Nation has entered into accountable contribution arrangements with several government funding agencies. All such programs are subject to audit by the various governments with audit adjustments repayable to the government. Adjustments made under funding arrangements relating to prior years are charged to operations in the year during which the adjustments are made.

1. **Significant accounting policies (continued):**

(f) Use of estimates:

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. Significant items subject to such estimates and assumptions include the carrying amount of tangible capital assets and valuation for receivables. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

In addition, the First Nation's implementation of the Public Sector Accounting Handbook PS3150 has required management to make estimates of historical cost and useful lives of tangible capital assets.

Actual results could differ from these estimates.

(g) Revenue recognition:

Revenue is recognized in the period in which the transactions or events occurred that gave rise to the revenue. All revenue is recorded on an accrual basis.

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

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

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

(h) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Consolidated revenue funds:

Funds held in trust are comprised of funds held in Ottawa Trust accounts and 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 and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

2. Cash:

Cash consists of cash on hand, bank balances and investments in money market instruments with maturities of one year or less.

The First Nation has an operating line of credit of $70,000 with Scotiabank. At March 31, 2015, there is an outstanding balance of $Nil (2014 - $Nil). The line of credit is due on demand and has an interest rate of prime plus 1%.

The First Nation has an overdraft line of credit of $50,000 with CIBC. At March 31, 2015, there is an outstanding balance of $17,603 (2014 - $15,650). The line of credit is due on demand and has an interest rate of prime plus 1.5%

The First Nation also has several operating lines of credit available with the Bank of Montreal. All are due on demand and have an interest rate of prime plus 1%.

a) An operating demand loan with a limit of $300,000 for Mukwaa 2 Inc. At March 31, 2015, there is an outstanding balance of $Nil (2014 - $Nil).

b) An operating demand loan with a limited of $1,200,000 for the Renewable Energy Department. At March 31, 2015, there is an outstanding balance of $346,303 (2014 - $698,763).

3. Accounts receivable:

	2015	2014
Aboriginal Affairs and Northern Development Canada	$ 469,363	$ 2,655,091
Province of Ontario	24,357	33,542
Government of Canada	427,432	1,270,774
North Shore Tribal Council	316,966	223,149
ALFDC	8,868	74,017
NOHFC	–	437,896
OPA-AREF	–	642,266
Due from members	77,234	80,738
Other First Nations (Education Boarding Homes)	132,963	222,925
Other	535,490	465,252
	1,992,673	6,105,650
Less: allowance for doubtful accounts	(66,547)	(66,547)
	$ 1,926,126	$ 6,039,103

4. Band members' loans:

	2015	2014
Housing:		
Revolving loan fund	$ 146,125	$ 142,946
New project	783,048	968,050
Renovations	318,809	362,046
CAEDS / MPFP	67,015	69,299
RRAP	2,426	2,426
Housing receivables	1,317,423	1,544,767
Less: allowance for doubtful accounts	(274,540)	(220,463)
Future rental payments	(1,040,837)	(1,302,057)
	$ 2,046	$ 22,247

Revenue from rent to own arrangements are not recorded as revenue until payments are received from the band member.

5. Due from (to) funders:

	2015	2014
Aboriginal Affairs and Northern Development Canada	$ 1,134,933	$ 1,255,141
Other funders	(7,921)	(12,647)
	$ 1,142,854	$ 1,242,494

6. Investment – Batchewana Band Industries Limited (BBI):

Batchewana Band Industries Limited operates an industrial park on lands owned by the First Nation. Its major assets include income producing properties and investments.

	December 31, 2015	December 31, 2014
Capital stock - one common share of no residual value was issued November 12, 1982 to the Batchewana First Nation Council acting as Trustee on behalf of all the members of the Batchewana First Nation	$ –	$ –
Retained earnings	1,428,376	1,472,076
Contributed surplus	15,600	15,600
	$ 1,443,976	$ 1,487,676

6. Investment – Batchewana Band Industries Limited (BBI) (continued):

Financial information for BBI for its non-coterminous fiscal periods reflected herein is as follows:

	December 31, 2015	December 31, 2014
Assets	$ 1,757,636	$ 1,797,314
Liabilities	309,650	309,638
Revenues	307,488	251,719
Net earnings (loss) for the year	(43,700)	5,447

Commitments:

BBI has entered into a lease agreement on certain lands known as Blue Heron Industrial Park with the First Nation and the Crown commencing May 1, 1972 and ending April 30, 2012. The agreement was extended to cover the periods May 1, 2012 to October 31, 2012, November 1, 2012 to April 30, 2013 and May 1, 2013 to April 30, 2014. The agreement as also been extended to cover the period May 1, 2015 to April 30, 2016. Semi-annual rent is payable on October 1 and is to be a percentage as may be determined by Her Majesty for each five year period of the gross receipts of the lease. Such percentage will not be lower than 10% or more than 20% of gross receipts. Annual rent, which is currently calculated at 10%, is deposited by the Crown into the Fund Held in Trust Account on behalf of the First Nation.

7. Investment – Mukwaa 2 Inc.:

Mukwaa 2 Inc. is a wholly owned corporation of Batachewana First Nation. The corporation provides employment services to external parties utilizing local resources.

	2015	2014
Share capital	$ 255,000	$ –
Retained earnings	209,259	–
	$ 464,259	$ –
Assets	$ 618,924	$ –
Liabilities	172,967	–
Revenues	966,478	–
Net earnings (loss) for the year	227,740	–

8. Investment – Nodin Kitagan Limited Partnerships:

The First Nation has invested through Mukwaa Inc., a bare trustee corporation, into Nodin Kitagan Limited Partnership ("NKLP") and Nodin Kitagan 2 Limited Partnership ("NK2LP") for the purposes of designing, developing, constructing, financing and operating a 60 megawatt wind-powered electricity generating facility known as the Bow Lake Wind Farm. Mukwaa Inc.'s share is 50% of both NKLP and NK2LP. In addition, Mukwaa Inc. has a .001% equity investment in the related general partners Shongwish Nodin Kitigan GP Corp. ("SNKGP") and Shongwish Nodin Kitigan 2 GP Corp. ("SNK2GP").

	2015	2014
Nodin Kitagan Limited Partnerships	$ 24,066,670	$ 7,691,710
Shongwish Nodin Kitigan General Partners	2	2
	$ 24,066,672	$ 7,691,712

Investments in Limited Partnerships

The investments at March 31, 2015 consist of the following:

	NKLP	NK2LP	2015	2014
Balance, beginning of year	$ 2,453,491	$ 4,738,219	$ 7,691,710	$ 5,191,710
Capital contributions	5,496,509	12,161,781	17,658,290	2,500,000
First Nation's share of earnings	(834,278)	(449,052)	(1,283,330)	–
Balance, end of year	$ 7,615,722	$ 16,450,948	$ 24,066,670	$ 7,691,710

Financial information for NKLP and NK2LP for their non-coterminous December 31 fiscal periods reflected herein is as follows:

	NKLP	NK2LP	2015	2014
Financial position				
Current assets	$ 7,194,000	$ 32,751,000	$ 39,945,000	$ 3,334,042
Non-current assets	64,926,000	67,835,000	132,761,000	12,484,731
Total assets	74,120,000	100,586,000	172,706,000	15,818,753
Current liabilities	14,294,000	7,107,000	1,401,000	440,659
Non-current liabilities	42,594,000	60,578,000	103,172,000	–
Total liabilities	$ 56,888,000	$ 67,685,000	$ 124,573,000	$ 15,378,094

8. Investment – Nodin Kitagan Limited Partnerships (continued):

	NKLP	NK2LP	2015	2014
Partner's Equity	$ 15,232,000	$ 32,901,000	$ 48,133,000	$ 15,378,094
Results of operations				
Revenue	$ 2,000	$ 42,000	$ 44,000	$ 13,071
Operating expenses	(66,000)	(95,000)	(161,000)	(18,323)
Other income	88,000	22,000	110,000	–
Net income (loss)	24,000	(31,000)	(7,000)	(5,252)
Items of other comprehensive loss	(1,693,000)	(863,000)	(2,556,000)	–
Comprehensive (loss)	$ (1,669,000)	$ (894,000)	$ (2,563,000)	$ (5,252)

Commitments:

As of December 31, 2014, NKLP has committed to spend approximately $27.96 million on certain capital expenditures between August 2014 and July 2015. The Partnership has also executed an agreement for the engineering, procurement and construction of the balance of plant for the Project (the "EPC Contract"). Under the EPC Contract, payments totaling $34.1 million are required to be made between June 2014 and January 2015.

As of December 31, 2014, NK2LP has committed to spend approximately $58.4 million on certain capital expenditures between August 2014 and July 2015. The Partnership has also executed an agreement for the engineering, procurement and construction of the balance of plant for the Project (the "EPC Contract"). Under the EPC Contract, payments totaling $45.8 million are required to be made between June 2014 and January 2015.

Future Events:

Construction is anticipated to be completed in September 2015 with commercial operation expected to commence thereafter

Investments in General Partnership

The investments at March 31, 2015 consists of the following:

	SNKGP	SNK2GP	2015	2014
Number of common shares Class A	$ 1	$ 1	$ 2	$ 2
Cost of investment	$ 1	$ 1	$ 2	$ 2

9. Investment – Chi-Wiikwedong Holdings Limited Partnership:

The First Nation has invested through 2419656 Ontario Inc., a bare trust corporation has a 49% equity share of Chi-Wiikwedong Holdings Limited Partnership for the purpose of designing, developing, constructing, financing, and operating a 25 megawatt wind-powered electricity generating facility known as the Goulais Wind Farm. In addition, 2419656 Ontario Inc. has a .001% equity interest in Chi-Wiikwedong GP Inc. ("CWGP") the related general partner.

	2015	2014
Chi-Wiikwedong Holdings Limited Partnerships	$ 11,500,000	$ –
Chi-Wiikwedong GP Inc.	1	–
	$ 11,500,001	$ –

Investment in Chi-Wiikwedong Holdings Limited Partnership

The investment at March 31, 2015 consists of the following:

Capital contributions	$ 11,500,000

Financial information for Chi-Wiikwedong Holdings Limited Partnership is for its non-coterminous December 31 fiscal years reflected herein is as follows:

Financial Position:

Current assets	$ 100
Partner's equity	$ 100

Investment in Chi-Wiiwedong GP Inc. General Partnership

The investment at March 31, 2015 consists of the following:

	2015	2014
Number of common shares Class A	$ 1	$ –
Cost of investment	$ 1	$ –

Subsequent Event

Commercial operation was achieved on May 21, 2015.

10. Bank loan:

Royal Bank demand installment loans used to finance rental homes. Advances are in increments of $30,000 for each home completed. Repayments of principal and interest at 1.0% above Royal Bank prime rate commence one month after each advance and are based on a 15-year amortization. Collateral security for the loans is Band Council Resolution and Guarantee in the original amount of $431,928. At March 31, 2015 there is an outstanding balance of $2,196.

11. Term Demand loans:

	2015	2014
Non-revolving term demand loan repayable $51,282 monthly plus interest at prime plus 1%, due December 2027	$ 7,846,214	$ 8,000,000
Non-revolving term demand loan, repayable $6,522 monthly plus interest at prime plus 2%, due August 2022	760,854	782,593
	$ 8,607,068	$ 8,782,593

Principal payments due are as follows:

2016	$ 693,648
2017	693,648
2018	693,648
2019	693,648
2020	693,648
Thereafter	5,138,828
	$ 8,607,068

12. Deferred revenue:

Deferred revenue is broken down by program as follows:

	2015	2014
Aboriginal Affairs and Northern Development Canada	$ -	$ 1,263,621
Ministry of Culture and Tourism	34,844	-
RBC Housing	119,458	3,469
Aboriginal Labour Force Development Circle	-	53,263
Employment and Social Development Canada	-	25,000
Department of Justice	-	38,289
Other	-	87,404
	$ 154,302	$ 1,471,046

13. Tangible capital assets:

Cost	Balance March 31, 2014	Additions	Disposals	Balance at March 31, 2015
Land	$ 35,001	$ -	$ -	$ 35,001
Land improvements	372,235	-	-	372,235
Buildings	17,144,577	299,445	-	17,444,022
Housing	10,561,488	217,660	-	10,779,148
Infrastructure	8,433,553	486,051	(182,126)	8,737,478
Machinery and equipment	444,041	-	-	444,041
Vehicles	187,399	28,627	-	216,026
Furniture and equipment	637,786	8,639	-	646,425
Construction in progress	718,435	101,410	-	819,845
Total	$ 38,534,515	$ 1,141,832	$ (182,126)	$ 39,494,221

Accumulated amortization	Balance March 31, 2014	Disposals	Amortization expense	Balance at March 31, 2015
Land	$ -	$ -	$ -	$ -
Land improvements	64,587	-	18,612	83,199
Buildings	4,512,050	-	436,101	4,948,151
Housing	2,278,877	-	346,399	2,625,276
Infrastructure	4,206,640	(182,126)	243,208	4,267,722
Machinery and equipment	302,255	-	22,939	325,194
Vehicles	106,107	-	17,694	123,801
Furniture and equipment	429,969	-	54,282	484,251
Construction in progress	-	-	-	-
Total	$ 11,900,485	$ (182,126)	$ 1,139,235	$ 12,857,594

	Net book value March 31, 2014	Net book value March 31, 2015
Land	$ 35,001	$ 35,001
Land improvements	307,648	289,036
Buildings	12,632,527	12,495,871
Housing	8,282,611	8,153,872
Infrastructure	4,226,913	4,469,756
Machinery and equipment	141,786	118,847
Vehicles	81,292	92,225
Furniture and equipment	207,817	162,174
Construction in progress	718,435	819,845
Total	$ 26,634,030	$ 26,636,627

13. Tangible capital assets (continued):

Cost	Balance March 31, 2013	Additions	Disposals	Balance at March 31, 2014
Land	$ 35,001	$ -	$ -	$ 35,001
Land improvements	324,180	48,055	-	372,235
Buildings	15,161,605	1,081,141	901,831	17,144,577
Housing	8,763,947	168,761	1,628,780	10,561,488
Infrastructure	7,435,263	200,462	797,828	8,433,553
Machinery and equipment	444,041	-	-	444,041
Vehicles	187,399	-	-	187,399
Furniture and equipment	600,955	12,800	24,031	637,786
Construction in progress	3,530,801	540,104	(3,352,470)	718,435
Total	$ 36,483,192	$ 2,051,323	$ -	$ 38,534,515

Accumulated amortization	Balance March 31, 2013	Disposals	Amortization expense	Balance at March 31, 2014
Land	$ -	$ -	$ -	$ -
Land improvements	45,975	-	18,612	64,587
Buildings	4,077,896	-	434,154	4,512,050
Housing	1,945,852	-	333,025	2,278,877
Infrastructure	3,978,872	-	227,768	4,206,640
Machinery and equipment	279,315	-	22,940	302,255
Vehicles	87,367	-	18,740	106,107
Furniture and equipment	357,861	-	72,108	429,969
Construction in progress	-	-	-	-
Total	$ 10,773,138	$ -	$ 1,127,347	$ 11,900,485

	Net book value March 31, 2013	Net book value March 31, 2014
Land	$ 35,001	$ 35,001
Land improvements	278,205	307,648
Buildings	11,083,709	12,632,527
Housing	6,818,095	8,282,611
Infrastructure	3,456,391	4,226,913
Machinery and equipment	164,726	141,786
Vehicles	100,032	81,292
Furniture and equipment	243,094	207,817
Construction in progress	3,530,801	718,435
Total	$ 25,710,054	$ 26,634,030

14. Long-term debt:

CMHC Project	Renewal Renewal	Monthly Payment	Interest Rate	2015	2014
08-163-909	June 1, 2014	$ 3,377	10.0%	$ -	$ 9,980
08-508-277	June 1, 2014	2,292	10.0%	-	6,752
08-509-622	July 1, 2016	4,998	5.39%	75,355	129,214
10-449-270	April 1, 2017	477	7.19%	11,167	16,358
Senior's complex	April 1, 2017	3,825	1.67%	680,259	714,531
16-135-543-002	March 1, 2019	4,039	2.04%	585,224	621,408
16-135-543-003	August 1, 2015	3,800	2.78%	570,426	599,817
16-135-543-004	August 1, 2105	5,971	2.78%	896,350	942,538
16-135-543-005	April 1, 2019	4,881	1.92%	723,896	768,131
16-135-543-006	May 1, 2017	9,526	1.80%	1,690,589	1,773,775
16-135-543-007	May 1, 2017	5,656	1.80%	1,003,688	1,053,082
16-135-543-008	May 1, 2018	3,117	1.52%	594,367	622,532
16-135-543-009	Sept. 1, 2018	6,735	2.35%	1,214976	1,250,668
16-135-543-010	Dec. 1, 2019	1,271	1.83%	197,095	-
CHMC advances				666,700	741,104
				8,910,092	9,249,890
All CMHC loans and advances are secured by Ministerial guarantees.					
Royal Bank, term loan, repayable $11,946 monthly including interest at 4.1%, maturing November 2015				1,236,333	1,327,405
Royal Bank, term loan, repayable $16,075 monthly including interest at 4.25%, maturing November 2016				1,771,117	1,886,747
Bank of Nova Scotia, term loan, repayable $2,187 monthly plus interest at 4.65% maturing November 2016				43,738	69,981
Forgivable loan, CMHC loan agreement to finance construction of the Family Crisis Centre, forgiveness earned at the rate of $17,200 per year (one fifteenth of the original principal of $258,000) as long as the project meets certain operating criteria				4,300	21,500
Capstone Power Corp, grid promissory note, bearing interest at 9%, maturing September 2034, secured by the units of Chi-Wiikwedong LP and shares of Chi-Wiikwedong GP Inc. and funds from the limited partnership distributions				12,027,425	-
Siemens Financial Ltd, Tranche A, term loan, bears interest at 8.5%, requires interest only payments until January 31, 2016 and is repayable quarterly thereafter, at specified amounts maturing January 2022				18,000,000	-
Siemens Financial Ltd, Tranche B, term loan, bears interest at 10%, requires interest only payments until the commencement of commercial operation at which time a long-term repayment schedule will be established as noted below				2,211,060	-
				$ 44,204,065	$ 12,555,523

14. Long-term debt (continued):

The Siemens Financial Ltd., Tranche B loan facility has a borrowing limit of $5,450,000.

Under terms of the Tranche B loan facility agreement Batchewana First Nation shall apply 100% of the operating income from the Bow Lake wind farm project, less the aggregate of (i) debt service during the repayment period and (ii) contributions of the debt service reserve account during the repayment period to the repayment of principal outstanding on the Tranche B Loans. On each Term Loan Payment Date following the date on which the outstanding principal amount of the Tranche B Loan is reduced to $3,500,000 or less, Batchewana First Nation shall apply 90% of the operating income from the wind farm project to the repayment of principal outstanding on the Tranche B Loans. Batchewana First Nation shall apply 100% of any Special Distributions to the repayment of principal outstanding on the Tranche B Loans.

All Siemens Financial Ltd term loans are secured by a borrower security agreements, limited recourse guarantee, Batchewana First Nation securities pledge agreement, blocked account agreement and escrow agreement. Mukwaa Inc. has established a credit facility in the aggregate amount of $23,450,000.

Principal payments due are as follows:

2016	$ 1,306,513
2017	1,721,630
2018	1,720,360
2019	1,822,896
2020	1,884,176
Thereafter	35,748,490
	$ 44,204,065

15. Accumulated surplus:

Accumulated surplus is comprised of the following:

	2015	2014
Reserves	$ 11,405,322	$ 11,710,786
Equity in tangible capital assets	13,910,193	14,078,507
Renewable Energy Partnerships deficit	(4,551,012)	-
Members' deficit	(4,835,948)	(5,387,175)
Funds held in trust	387,283	370,001
	$ 16,315,838	$ 20,772,119

Allocation of annual surplus (deficit):

	2015	2014
Reserves	$ (305,464)	$ 1,582,387
Equity in tangible capital assets	(168,314)	784,145
Operations	367,188	(1,580,898)
Renewable Energy Partnerships	(4,551,012)	-
Batchewana Band Industries Limited	(43,700)	5,447
Mukwaa 2 Inc.	227,739	-
Funds held in trust	17,282	9,639
	$ (4,456,281)	$ 800,720

16. Contingent liabilities:

The First Nation has an agreement with the Royal Bank under the First Nation on Reserve Loan Program providing for an aggregate credit facility in the amount of $2,500,000 for qualified members of the First Nation. As of March 31, 2015, the First Nation has guaranteed loans in the original amount of $2,008,190, with remaining principal balances of $1,627,980.

The First Nation has an agreement with the Bank of Montreal providing for an aggregate credit facility in the amount of $2,500,000 under the First Nation on Reserve Loan Program and $250,000 under the First Nation on Reserve Loan Program for qualified members of Batchewana First Nation. As of March 31, 2015, the First Nation has guaranteed loans in the original amount of $560,108, with remaining principal balances of $535,324.

The First Nation has provided a guarantee and postponement of claim in the amount of $940,595 in favour of the Royal Bank on behalf of Batchewana Band Industries Limited (BBI). As of March 31, 2015, BBI had not drawn on this loan with the Royal Bank.

The First Nation has been named as defendant in various legal actions. The outcome of these actions are not determinable at this time and accordingly, no amounts have been reflected in the accounts of the First Nation for this matter.

17. Aboriginal Affairs and Northern Development Canada revenue:

	2015
Revenue per confirmation	$ 8,621,074
Deferred revenue, prior year	1,263,621
Revenue repayable	(542,780)
	$ 9,341,915

18. Budget:

The operating budget approved by the First Nation for 2015 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget figures anticipated use of reserves to reduce current year expenditures. In addition, the budget did not include amortization of tangible capital assets expense, and expensed principal payments of debt.

The consolidated budget figures presented in the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Financial Assets have been restated to be comparable with the Public Sector Accounting Standards. A reconciliation of the Council approved budget and the consolidated budget presented in these financial statements is presented below:

Budgeted deficit for the year:	$	(239,135)
Adjustments to adopted budget:		
Principle portion of loan payments		1,041,850
Transfers to reserves		172,507
Amortization of tangible capital assets		(1,139,235)
Budgeted deficit per statements of operations	$	(164,013)

19. Comparative information:

The consolidated financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year excess of revenue over expenses.

20. Segmented information:

Batchewana First Nation is a diversified governmental institution that provides a wide range of services to its band members, including education, infrastructure maintenance, medical and other health services, administration, capital, enterprises and other services. For management reporting purposes the First Nation's operations and activities are organized and reported by program. Programs were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

20. Segmented information (continued):

Services are provided by functional areas and their activities are reported in these programs. Certain functional areas that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

Social assistance

The social assistance department is responsible for administering assistance payments as well as providing services directed towards members.

Government

The administration department oversees the delivery of all governmental services. The department is responsible for ensuring that there are adequate policies and procedures in place to safeguard assets and to properly report financial activities. In addition, this department includes the governance activities of chief and council.

Infrastructure maintenance

The infrastructure department provides public services that contribute to community development and sustainability through the provision of operating services such as roads, water and sanitation, fire protection, electrical and community buildings.

Education

The education department provides services to elementary and secondary students primarily by entering into service contracts with provincially funded area school boards, as well as native language study. In addition, the department reimburses tuition costs and provides living and other allowances to students who are attending post-secondary institutions.

Capital

This department is responsible for all capital asset activities occurring in the First Nation during the year, including housing construction and renovations.

Medical and other health services

The community wellness department provides a diverse bundle of service directed towards the well-being of members including such activities as long-term care, medical transportation, pre-natal and early childhood care, nursing, health representation, traditional healing, family violence prevention and many other smaller programs designed to enhance the health of members.

Enterprises

Band operated enterprises are activities conducted by the First Nation with the objective of promoting economic self-sufficiency. These activities could include income generated from renting out band-owned equipment, lease income and other projects from time to time.

20. Segmented information (continued):

Other services

The First Nation provides a wide array of other services, including youth employment projects, library, economic development, housing activities, forestry and others.

For each reported segment, revenues and expenses include 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, including transfers that have been apportioned based on a percentage of budgeted expenses.

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

BATCHEWANA FIRST NATION

Note 20 - Segmented Information (continued)

Year ended March 31, 2015

		Social Assostamce	Government	Infrastructure Maintenance	Education	Capital	Medical and Other Health Services	Enterprises	Other Services	2015 Total
Revenue	$	1,494,247	645,476	517,503	6,083,578	554,168	1,803,124	12,260,273	5,240,433	28,598,802
Expenses:										
Salaries and benefits		211,252	854,820	240,480	352,638	58,186	1,007,090	1,564,875	1,911,934	6,201,275
Materials, supplies and capital		17,520	64,326	91,645	356,772	48,793	368,005	1,778,564	631,591	3,357,216
Contracted services		-	128,811	253,309	16,258	40,771	27,098	1,484,464	91,578	2,042,289
Rents and financial expenses		20,000	18,600	80,075	-	1,701	52,375	2,657,906	235,250	3,065,907
External transfers and other		1,248,782	(293,442)	93,737	5,305,025	44,747	323,523	9,857,743	669,046	17,249,161
Amortization of tangible capital assets		1,352	2,560	290,394	21,655	-	122,395	176,646	524,233	1,139,235
		1,498,906	775,675	1,049,640	6,052,348	194,198	1,900,486	17,520,198	4,063,632	33,055,083
Excess (deficiency) of revenue over expenses	$	(4,659)	(130,199)	(532,137)	31,230	359,970	(97,362)	(5,259,925)	1,176,801	(4,456,281)

BATCHEWANA FIRST NATION

Note 20 - Segmented Information (continued)

Year ended March 31, 2014

	Social Assostamce	Government	Infrastructure Maintenance	Education	Capital	Medical and Other Health Services	Enterprises	Other Services	2014 Total
Revenue	$ 1,479,931	582,706	442,053	6,086,229	1,924,588	1,705,516	13,356,428	2,289,550	27,867,001
Expenses:									
Salaries and benefits	197,792	623,722	237,814	353,335	58,578	999,924	1,946,264	1,338,029	5,755,458
Materials, supplies and capital	82,957	123,077	71,292	402,424	39,738	490,334	2,053,529	604,879	3,868,230
Contracted services	6,568	113,274	359,247	-	74,627	75,764	1,909,517	109,607	2,648,604
Rents and financial expenses	-	18,000	-	-	3,269	57,670	636,260	15,542	730,741
External transfers and other	1,181,134	(308,167)	22,141	4,840,937	1,066,588	95,979	5,835,688	201,602	12,935,902
Amortization of tangible capital assets	1,352	2,560	269,693	26,570	-	122,527	676,182	28,462	1,127,346
	1,469,803	572,466	960,187	5,623,266	1,242,800	1,842,198	13,057,440	2,298,121	27,066,281
Excess (deficiency) of revenue over expenses	$ 10,128	10,240	(518,134)	462,963	681,788	(136,682)	298,988	(8,571)	800,720