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**Garden River First Nation**  
**Consolidated Financial Statements**  
For the year ended March 31, 2014

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For the year ended March 31, 2014**

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**Garden River First Nation**  
**Management's Responsibility for Financial Reporting**  
March 31, 2014

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

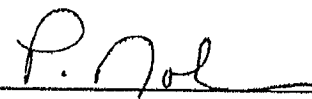
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The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board. Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

 Chief

 SMT  
Chief Executive Officer



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## Independent Auditor's Report

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### To the Members of Garden River First Nation

We have audited the accompanying consolidated financial statements of the Garden River First Nation, which comprise the statement of financial position as at March 31, 2014 and the statements of operations, changes in net financial assets (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 Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the 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.

#### *Basis for Qualified Opinion*

The First Nation has investments in a number of government business enterprises which are required under Canadian public sector accounting standards to prepare their financial statements in accordance with International Financial Reporting Standards. Although all First Nation government business enterprises have not reported their financial statements under those requirements, only Construction Equipment Co. Sault Inc. could possibly result in a material misstatement. Accordingly, we were unable to determine the adjustments necessary, if any, to investment in government business enterprises, share in earnings of government business enterprises and the accumulated surplus.

#### *Qualified Opinion*

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

*BDO Canada LLP*

Chartered Accountants, Licensed Public Accountants

Sault Ste. Marie, Ontario  
August 26, 2014

**Garden River First Nation**  
**Consolidated Statement of Financial Position**

<b>March 31</b>	<b>2014</b>	Restated (see Note 13) <b>2013</b>
<b>Financial assets</b>		
Cash and short term securities	\$ 2,036,359	\$ 2,547,732
Accounts receivable	2,741,366	2,584,614
Due from the Community Trust (Note 5)	163,121	353,263
Inventories held for sale	76,824	63,336
Investments in subsidiaries (Note 2)	1,116,353	1,338,855
Trust Funds held by Federal Government (Note 8)	3,306,085	3,077,260
	<u>9,440,108</u>	<u>9,965,060</u>
<b>Liabilities</b>		
Bank operating line of credit (Note 9)	180,000	150,000
Bank demand loan	-	2,442,734
Accounts payable	2,041,173	1,545,255
Due to Aboriginal Affairs (Note 11)	94,060	65,305
Deferred revenue (Note 3)	466,036	811,247
Post employment retirement benefits (Note 4)	319,563	318,253
Long term debt (Note 6)	13,161,046	11,880,356
	<u>16,261,878</u>	<u>17,213,150</u>
<b>Net financial assets (debt)</b>	<u>(6,821,770)</u>	<u>(7,248,090)</u>
<b>Non-financial assets</b>		
Tangible capital assets (Schedule 1)	28,619,997	29,743,354
Prepaid expenses and inventory of supplies	348,370	363,481
	<u>28,968,367</u>	<u>30,106,835</u>
<b>Accumulated surplus (Note 7)</b>	<u>\$ 22,146,597</u>	<u>\$ 22,858,745</u>

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

# Garden River First Nation Consolidated Statement of Operations

For the year ended March 31	Budget	2014	Restated (see Note 13) 2013
<b>Revenue</b>			
Aboriginal Affairs	\$ 8,983,350	\$ 9,067,790	\$ 9,144,017
Canada	1,721,013	2,417,072	2,346,051
Ontario	1,270,496	1,436,469	1,645,249
Other Aboriginal organizations	2,716,890	2,803,564	2,770,037
Garden River First Nation trusts	-	(8,609)	1,255,318
OFNLP	1,140,000	1,152,405	1,156,520
Interest and other revenue	1,088,956	1,175,201	526,267
User fees, rental income, sales, fund raising and gravel royalties	16,025,686	15,078,202	13,622,011
Transfers between segments	62,500	-	-
Amounts earned in Trust Funds (Note 8)	-	228,824	278,281
	33,008,891	33,350,918	32,743,751
Due (to) from Aboriginal Affairs	-	(63,677)	(30,383)
Due (to) from Other Funders	-	-	(68,788)
Deferred revenue, beginning of year	-	811,247	640,572
Deferred revenue, end of year	41,000	(466,036)	(811,247)
	33,049,891	33,632,452	32,473,905
<b>Expenses</b>			
Social and family services	3,591,553	3,561,871	3,261,742
Administration, lands and economic development	1,496,612	1,433,849	946,755
Education	7,176,591	7,263,962	7,199,928
Operations and maintenance	1,925,903	1,952,931	2,017,447
Housing development	1,831,648	1,307,700	1,233,180
Medical and other health services	2,471,417	2,477,926	2,548,093
Enterprises	15,326,889	14,874,615	12,972,306
Other	627,124	1,270,672	2,662,150
	34,447,737	34,143,526	32,841,601
	(1,397,846)	(511,074)	(367,696)
<b>Annual surplus (deficit) from enterprises</b>			
Garden River Development Corporation	-	(114,415)	382,418
Garden River Opportunities Program	-	(59,714)	(1,617)
Construction Equipment Co. (Sault) Inc.	-	(28,986)	-
2104298 Ontario Inc	-	2,041	-
<b>Annual surplus (deficit)</b>	(1,397,846)	(712,148)	13,105
<b>Accumulated surplus, beginning of year</b>	22,858,745	22,858,745	22,845,640
<b>Accumulated surplus, end of year</b>	\$ 21,460,899	\$ 22,146,597	\$ 22,858,745

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

**Garden River First Nation**  
**Consolidated Statement of Change in Net Financial Assets (Debt)**

<b>For the year ended March 31</b>	<b>Budget</b>	<b>2014</b>	Restated (see Note 13) <b>2013</b>
<b>Annual surplus (deficit)</b>	\$ (1,397,846)	\$ (712,148)	\$ 13,105
Acquisition of tangible capital assets	(328,822)	(486,498)	(218,975)
Amortization of tangible capital assets	1,609,855	1,609,855	1,585,402
Prepaid expenses and inventory of supplies	-	15,111	(112,993)
<b>Net change in net financial assets (debt)</b>	<del>(116,813)</del>	<b>426,320</b>	<del>1,266,539</del>
<b>Net financial debt, beginning of year</b>	<del>(7,248,090)</del>	<b>(7,248,090)</b>	<del>(8,514,629)</del>
<b>Net financial debt, end of year</b>	<b>\$ (7,364,903)</b>	<b>\$ (6,821,770)</b>	<b>\$ (7,248,090)</b>

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

# Garden River First Nation

## Consolidated Statement of Cash Flows

For the year ended March 31	2014	2013
<b>Cash flows from operating activities</b>		
Annual surplus (deficit)	\$ (712,148)	\$ 13,105
Items not involving cash		
Net income - Garden River Development Corporation	114,415	(382,418)
Net income - Garden River Opportunities Program	59,714	1,617
Net income - Construction Equipment Co. (Sault) Inc.	28,986	-
Net income - 2104298 Ontario Inc.	(2,041)	-
Amortization	1,609,855	1,585,402
	<u>1,098,781</u>	<u>1,217,706</u>
Changes in non-cash working capital balances		
Accounts-receivable	(156,752)	213,467
Due to/from Aboriginal Affairs	28,755	(45,378)
Advances to Garden River Development Corporation	21,426	(255,629)
Inventory for resale	(13,488)	5,284
Due to/from Community Trust	190,142	11,282
Accounts payable	495,916	(252,289)
Deferred revenue	(345,211)	170,675
Prepaid expenses and inventory of supplies	15,111	(112,993)
Post retirement benefits	1,310	(12,814)
Trust Funds held by Federal Government	(228,825)	1,265,571
	<u>1,107,165</u>	<u>2,204,882</u>
<b>Cash flows from capital transactions</b>		
Acquisition of tangible capital assets	(486,498)	(218,975)
<b>Cash flows from financing activities</b>		
Bank operating line of credit	30,000	(40,000)
Demand loan debt repaid	(2,442,734)	(209,110)
Long term debt issued	2,309,355	532,446
Long term debt repaid	(1,028,662)	(1,484,186)
	<u>(1,132,041)</u>	<u>(1,200,850)</u>
<b>Increase (decrease) in cash</b>	<u>(511,374)</u>	<u>785,057</u>
<b>Cash, beginning of year</b>	<u>2,547,732</u>	<u>1,762,675</u>
<b>Cash, end of year</b>	<u>\$ 2,036,358</u>	<u>\$ 2,547,732</u>

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



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**Garden River First Nation**  
**Notes to Consolidated Financial Statements**

**March 31, 2014**

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**1. Summary of significant accounting policies**

- a) Basis of Accounting** These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board.
- b) Reporting Entity** The Garden River First Nation reporting entity includes the First Nation government and all entities that are controlled by the First Nation.
- c) Principles of Consolidation** All controlled entities are fully consolidated on a line-by-line basis except for commercial enterprises which meet the definition of a government business enterprise, which are included in the consolidated financial statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.
- Under the modified equity method of accounting, only Garden River First Nation's portion of the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of the First Nation, and inter-organizational balances and transactions are not eliminated.
- Organizations accounted for on a modified equity basis include:
- Garden River Development Corporation
  - Garden River Opportunities Program
  - 2104298 Ontario Inc.
  - Construction Equipment Co. (Sault) Inc.
- d) Cash and short term securities** The First Nation's bank accounts and short term deposit receipts are maintained at two financial institutions.
- e) Inventories for Resale** Inventories of supplies and goods available for resale are recorded at the lower of cost and net realizable value.
- f) Tangible Capital Assets** Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing in the year the asset is available for productive use as follows:
- |                         |                |
|-------------------------|----------------|
| Land improvements       | 15 years       |
| Buildings               | 20 to 40 years |
| Infrastructure          | 15 to 45 years |
| Vehicles                | 7 years        |
| Machinery and equipment | 10 to 20 years |
- In the year of acquisition tangible capital assets are amortized at one-half the above rates.

# Garden River First Nation

## Notes to Consolidated Financial Statements

March 31, 2014

### 1. Summary of significant accounting policies (continued)

#### g) Pension Plan

Garden River First Nation provides a defined contribution plan for its employees. The pension costs are charged to operations as contributions are due. Contributions are a defined amount whereby the employer matches that paid by the employee.

#### h) 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.

#### i) Use of Estimates

The preparation of 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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

### 2. Investments in subsidiaries

Garden River First Nation accounts for its investments in Garden River Development Corporation, Garden River Opportunities Program, Construction Equipment Co. (Sault) Inc. and 2104298 Ontario Inc. by the modified equity method. The equity method initially records the investment at cost and then is increased or decreased by the First Nation's pro-rata share of income or loss and is reduced by distributions received. This equity method is modified only to the extent that the accounting policies of Garden River Development Corporation, Garden River Opportunities Program, Construction Equipment Co. (Sault) Inc. and 2104298 Ontario Inc. are not adjusted to conform to the Garden River First Nation accounting policies as recommended by Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

	2014	2013
Garden River Development Corporation:		
Issued common shares - 1,000	\$ 100	\$ 100
Capital contributions	2,534,715	2,626,617
Accumulated deficit	(3,207,645)	(3,093,229)
	(672,830)	(466,512)
Advances receivable, interest free	73,314	310,366
	(599,516)	(156,146)

**Garden River First Nation**  
**Notes to Consolidated Financial Statements**

**March 31, 2014**

**2. Investments in subsidiaries (continued)**

	<u>2014</u>	<u>2013</u>
Garden River Opportunities Program:		
Incorporated without share capital	-	-
Accumulated deficit	<u>(130,961)</u>	<u>(71,247)</u>
	<u>(130,961)</u>	<u>(71,247)</u>
Construction Equipment Co. (Sault) Inc.:		
Incorporated without share capital	-	-
Capital contributions	<u>1,605,177</u>	<u>1,515,316</u>
Accumulated surplus	<u>(28,986)</u>	<u>-</u>
	<u>1,576,191</u>	<u>1,515,316</u>
Advances receivable, interest free	<u>17,574</u>	<u>-</u>
	<u>1,593,765</u>	<u>1,515,316</u>
2104298 Ontario Inc.:		
Incorporated without share capital	-	-
Capital contributions	<u>52,972</u>	<u>50,932</u>
Accumulated deficit	<u>2,041</u>	<u>-</u>
	<u>55,013</u>	<u>50,932</u>
Advances receivable, interest free	<u>198,052</u>	<u>-</u>
	<u>253,065</u>	<u>50,932</u>
	<u>\$ 1,116,353</u>	<u>\$ 1,338,855</u>

All the issued shares of the Garden River Development Corporation are held by Garden River First Nation. The Garden River Opportunities Program Board of Directors are appointed by Garden River First Nation Chief and Council.

Financial information for the year ended March 31, 2014 is as follows:

	<u>Garden River Development Corporation</u>		<u>Garden River Opportunities Program</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Assets	\$ 151,534	\$ 7,114,453	\$ -	\$ 59,714
Liabilities and non-controlling interest	851,309	6,780,547	130,961	130,961
Revenue	14,400	6,155,496	-	-
Net income (loss)	(114,415)	382,418	(59,714)	(1,617)
	<u>Construction Equipment Co. (Sault) Inc</u>		<u>2104298 Ontario Inc.</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Assets	\$ 6,629,956	\$ -	\$ 846,166	\$ -
Liabilities and non-controlling interest	3,419,602	-	740,220	-
Revenue	6,348,667	-	64,473	-
Net income (loss)	(57,971)	-	4,081	-

**Garden River First Nation**  
**Notes to Consolidated Financial Statements**

**March 31, 2014**

**3. Deferred revenue and government transfers**

	Balance March 31, 2013	Funding Received 2014	Revenue Recognized 2014	Balance March 31, 2014
<b>Federal Government</b>				
Aboriginal Affairs	\$ -	\$ 9,067,790	\$ 9,062,778	\$ 5,012
Health Canada	218,683	2,417,072	2,385,089	250,666
CMHC	-	392,660	392,660	-
	<u>218,683</u>	<u>11,877,522</u>	<u>11,840,527</u>	<u>255,678</u>
Province of Ontario	308,097	1,436,469	1,690,606	53,960
North Shore Tribal Council	167,996	2,675,326	2,728,050	115,272
Union of Indians	-	123,738	123,738	-
Other	116,471	17,233,363	17,308,708	41,126
	<u>592,564</u>	<u>21,468,896</u>	<u>21,851,102</u>	<u>210,358</u>
	<u>\$ 811,247</u>	<u>\$ 33,346,418</u>	<u>\$ 33,691,629</u>	<u>\$ 466,036</u>

Deferred revenue by program is as follows:

Social and family support:	
Day Care - other activities	\$ 53,960
Education:	
MHP - Healthy Communities Fund	5,012
Health Services:	
Health transfer programs	250,666
Home health care	64,053
Health Heals	2,433
Other:	
NSTC job training	48,786
Golf Resorts:	
Golf Memberships	41,126
	<u>\$ 466,036</u>

**4. Post employment and retirement benefits**

Employees are eligible to participate in a defined contribution pension plan. Employer contributions totaled \$197,016 (2013 - \$183,186) and were fully expensed.

On February 28, 2012 Garden River First Nation approved a retirement policy in recognition of employees hired prior to 1997. The policy allows employees hired before 1997 and who have had no break in employment, may upon meeting specific retirement criteria, become entitled to two week's pay at their current rate, for every continuous year of service prior and up to 1997.

The liability for these accumulated weeks, to the extent that they have vested and could be taken in cash by an employee on retirement amounted to \$336,501 (2013 - \$318,253) at the end of the year.

**Garden River First Nation  
Notes to Consolidated Financial Statements**

**March 31, 2014**

**5. Garden River First Nation Community Trust**

The funds are advanced to the First Nation as a beneficiary of the Trust and are subject to the Trust provisions governing the disbursement of such funds.

**6. Long term debt**

	<u>2014</u>	<u>2013</u>
<b>CMHC Rental Housing Mortgages:</b>		
Royal Bank, repayable \$1,370 monthly including interest at 3.76%, secured by a Ministerial guarantee by AANDC, renewal date March 1, 2015	\$ 147,967	\$ 158,592
Canada Mortgage and Housing Mortgages, payable in blended monthly payments ranging from \$1,619 to \$5,934, including interest at various rates from 1.53% to 2.84%, renewals on various dates from 2015 to 2018, secured by Ministerial guarantees by the Aboriginal Affairs and Northern Development Canada (AANDC)	9,492,034	9,994,043
<b>Bank Loans:</b>		
Royal Bank term loan, repayable \$27,780 monthly plus interest at prime plus 1.55%, due June 19, 2014	83,260	416,620
Royal Bank term loan, repayable \$16,265 monthly including interest at 5.1%, due September 11, 2017	1,042,798	1,138,421
Royal Bank lien note, repayable \$6,606 per month including interest at 5.7%, secured by automotive equipment	45,594	120,322
Royal Bank term loan, repayable \$16,663 monthly including interest at 3.25%, due September 16, 2016	2,309,355	-
<b>Equipment Loan:</b>		
Lien note, repayable in 60 monthly payments \$1,027, interest free, secured by equipment	40,038	52,358
	<u>\$ 13,161,046</u>	<u>\$ 11,880,356</u>

Interest paid on long term debt during the year amounted to \$384,257 (2013 - \$415,998).

Assuming renewal on comparable terms, principal payments required on long term debt for the next five years and thereafter are due as follows:

Year	Amount
2015	\$ 889,054
2016	781,497
2017	803,492
2018	816,978
2019	977,001
Thereafter	<u>8,893,024</u>
	<u>\$ 13,161,046</u>

**Garden River First Nation**  
**Notes to Consolidated Financial Statements**

**March 31, 2014**

**7. Accumulated surplus**

	2014	2013
<b>Reserves set aside for specific purposes by Chief and Council:</b>		
Working capital	\$ 5,353,646	\$ 5,353,646
Anglican Church of Canada	10,380	-
Cemetery	4,007	3,273
Education - feathers fund	76,560	60,786
FHIT Utilities	(9,386)	30,125
GRFN initiatives	7,273	7,273
Community-Building-Capital	23,027	-
Community Trust - Addition AIM	12,780	-
Post secondary employment	9,712	9,712
Private school - AIM curriculum	33,277	32,681
Child care	-	4,356
Firefighter trainee	9,878	9,878
Right to play	-	9,588
Fire and ambulance	27,202	27,202
Road capital	-	64,715
Housing demonstration	136,378	95,311
Housing - non-social	217,694	217,694
ED Dev - AITC	727	5,642
Food bank	-	23,649
Fundraising committee	753	-
Fire department fundraising	3,050	1,038
Western boundary	(185,754)	(141,385)
Ojibway park	-	7,743
OFNLP	1,136,586	1,223,073
OFNLP - future generations	281,012	281,012
OFNLP - 2008 Limited partnership agreement	223,062	223,062
MTO hwy contract	38,883	150,000
Grader operations	10,000	10,000
Union Gas Brushing	43,926	-
<b>Reserve Funds:</b>		
Health Canada - moveable asset reserve	252,325	236,799
Canada Mortgage and Housing Corporation	506,215	502,600
Squirrel Island	112,372	114,761
Funds Held in Trust	1,304,215	775,735
	9,639,800	9,339,969
Equity in tangible capital assets	15,458,952	15,420,267
General surplus (deficit)	(6,784,368)	(5,846,096)
Equity in enterprises (excludes advances receivable)	827,413	1,028,488
Unfunded expenditures to be recovered in future	(464,406)	(514,406)
Community Trust Reserve	163,121	353,263
Funds held in trust by Federal Government	3,306,085	3,077,260
	<b>\$ 22,146,597</b>	<b>\$ 22,858,745</b>

**Garden River First Nation**  
**Notes to Consolidated Financial Statements**

**March 31, 2014**

**7. Accumulated surplus (continued)**

	2014	2013
<b>Allocation of annual surplus (deficit):</b>		
Reserves	\$ 299,831	\$ 250,962
Equity in tangible capital assets	38,685	(955,554)
General surplus (deficit)	(938,272)	693,746
Equity in enterprises	(201,075)	1,146,633
Unfunded expenditures to be recovered in future	50,000	100,000
Community trust reserve	(190,142)	(11,282)
Funds held in trust	228,825	(1,211,400)
	<u>\$ (712,148)</u>	<u>\$ 13,105</u>

**Unfunded liabilities to be recovered in future years are as follows:**

Public works automotive equipment	<u>\$ 464,406</u>	<u>\$ 514,406</u>
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The Public works automotive equipment amounts are to be recovered from future Public Works contracts and other revenues.

**8. Trust Funds held by Federal Government**

	March 31, 2013	Additions 2014	Withdrawals 2014	March 31, 2014
Revenue	\$ 1,542,614	\$ 228,825	\$ -	\$ 1,771,439
Capital	1,534,646	-	-	1,534,646
	<u>\$ 3,077,260</u>	<u>\$ 228,825</u>	<u>\$ -</u>	<u>\$ 3,306,085</u>

The trust funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Section 63 to 69 of the Indian Act.

**9. Credit facilities**

The First Nation has a \$500,000 operating line of credit bearing interest at prime plus 1%. As at March 31, 2014, a balance of \$NIL was outstanding on this credit facility.

The First Nation has a \$200,000 operating line of credit for Bingo Hall operations bearing interest at prime plus 1%. As at March 31, 2014, a balance of \$180,000 was outstanding on this credit facility.

The above credit facilities and the demand instalment loan are secured by Band Council Resolution, \$300,000 guaranteed investment certificate and a general security agreement constituting a first security interest in all assets of the Borrower except real property.

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**Garden River First Nation**  
**Notes to Consolidated Financial Statements**

**March 31, 2014**

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**10. Commitments**

The First Nation has entered into agreements to lease office and golf course equipment and solar panels for various periods until 2019. Minimum lease payments for each of the next five years are as follows:

2015	\$	218,464
2016		95,769
2017		87,861
2018		36,302
2019		1,862

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**11. Aboriginal Affairs and Northern Development Canada funding**

The Garden River First Nation has a contribution arrangement with Aboriginal Affairs and Northern Development Canada (AANDC). The funds are used by the First Nation to administer its operations and provide service to its members in accordance with the terms of the funding arrangement.

The following is a reconciliation of funding provided:

AANDC revenue per consolidated statement of operations	<u>\$ 9,067,790</u>
--------------------------------------------------------	---------------------

Aboriginal Affairs funding per confirmation report	<u>\$ 9,067,790</u>
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Amounts due (to) / from Aboriginal Affairs:

- Tuition - 2012/13	\$ (29,651)
- Tuition - 2013/14	(63,676)
- Homemakers (adult care) 2012/13	<u>(732)</u>
	<u>\$ (94,059)</u>

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**12. Contingencies**

*Loan guarantees*

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 \$7,000,000 for qualified members of Garden River First Nation. As of March 31, 2014 the First Nation has guaranteed loans in the amount of \$5,295,674.

The First Nation has an agreement with the Bank of Montreal under the First Nation on Reserve Loan Program providing for an aggregate credit facility in the amount of \$3,900,000 and \$250,000 under the First Nation on Reserve Renovation Loan Program for qualified members of Garden River First Nation. As of March 31, 2014 the First Nation has guaranteed loans in the amount of \$2,742,574.

The Garden River First Nation also has guaranteed housing program loans on behalf of various band members and is contingently liable the Deposit Insurance Corporation of Ontario. As at March 31, 2014 the balance of loans outstanding is \$481,973.

*Litigation*

The Garden River First Nation is defending a \$450,000 claim for wrongful dismissal, breach of contract and damages. The outcome of this matter is not presently determinable. Accordingly, the cost, if any, of settlement will be recognized as an expense in the year of resolution.



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## Garden River First Nation

### Notes to Consolidated Financial Statements

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March 31, 2014

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#### 13. Comparative figures

To comply with the presentation in the Aboriginal Affairs and Northern Development Canada Year End Reporting Handbook, the financial statement amounts that are presented for comparative purposes have been restated as follows:

Increase in 2013 Cash and short term securities	\$890,496
Increase in 2013 Due from Community Trust	\$353,263
Increase in 2013 Trust Funds held by Federal Government	\$3,077,260
Increase in 2013 accumulated surplus, beginning of year	\$5,558,859
Increase in 2013 accumulated surplus, end of year	\$4,321,019
Increase in 2013 amounts earned in Trust Funds	\$278,280
Decrease in 2013 Garden River First Nation trusts	\$273,119
Decrease in 2013 User fees, rental income, sales fundraising and gravel royalties	\$1,243,002
Decrease in 2013 annual surplus	\$1,237,841

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#### 14. Segmented information

The Garden River First Nation is a diversified government institution that provides a wide range of services to its 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 Fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

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

##### **Social and family services**

This department is responsible for administering programs focusing on improving the lives of members and families of the First Nation, including social assistance, funeral and adult care policies, and as well, providing services directed towards members including day care and employment support initiatives.

##### **Administration, lands & trusts and economic development**

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. This department also oversees economic development programs within the community.

##### **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.

##### **Operations and 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.

##### **Housing development**

This department oversees construction and renovation of housing in the community and as well, operates the CMHC projects and other band-owned homes.

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**Garden River First Nation**  
**Notes to Consolidated Financial Statements**

**March 31, 2014**

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**14. Segmented information (continued)**

**Medical and other health services**

The community wellness department provides a diverse bundle of services 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.~~

**Other services**

The First Nation provides a wide array of other services, including youth employment projects, forestry, library, spiritual, cultural and recreation activities.

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. For additional information see Schedule 2 - Consolidated Segment Disclosure.

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**15. Budget**

The budget adopted by the First Nation was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards require a full accrual basis. The budget figures anticipated use of reserves to reduce current year expenditures. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense, and expensed principal payments of debt. As a result, the budget figures presented in the statements of operations and change in net financial assets (debt) represent the budget adopted by the First Nation with adjustments as follows:

<b>Budget surplus for the year</b>	<b>\$ (699,083)</b>
<b>Add:</b>	
Capital expenditures	328,822
Principal portion of loan payments	325,824
Transfers to (from) reserves	256,446
<b>Less:</b>	
Amortization	<u>(1,609,855)</u>
<b>Budget deficit per statement of operations</b>	<b><u>\$ (1,397,846)</u></b>

**Schedule 1 - Consolidated Tangible Capital Assets**  
**Garden River First Nation**

**For the year ended March 31, 2014**

	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Infrastructure	Construction in Progress	Total
Cost, beginning of year	\$ 2,666,993	\$ 2,619,130	\$ 26,133,243	\$ 4,460,167	\$ 555,193	\$ 11,576,392	\$ -	\$ 48,011,118
Additions	-	20,830	20,375	140,686	304,607	-	-	486,498
Cost, end of year	2,666,993	2,639,960	26,153,618	4,600,853	859,800	11,576,392	-	48,497,616
Accumulated amortization, beginning of year	-	271,270	8,046,089	2,356,539	264,993	7,328,873	-	18,267,764
Amortization	-	74,624	811,696	362,880	82,166	278,489	-	1,609,855
Accumulated amortization, end of year	-	345,894	8,857,785	2,719,419	347,159	7,607,362	-	19,877,619
Net carrying amount, end of year	\$ 2,666,993	\$ 2,294,066	\$ 17,295,833	\$ 1,881,434	\$ 512,641	\$ 3,969,030	\$ -	\$ 28,619,997

The First Nation holds various works of art and historical treasures. These items are not recognized as tangible capital assets in the financial statements because a reasonable estimate of the future benefits association with such property cannot be made.

**Schedule 1 - Consolidated Tangible Capital Assets (Continued)**  
**Garden River First Nation**

For the year ended March 31, 2013 (comparative figures)

	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Infrastructure	Construction in Progress	Total
Cost, beginning of year	\$ 2,666,993	\$ 2,619,130	\$ 26,133,243	\$ 4,382,070	\$ 414,315	\$ 11,576,392	\$ -	\$ 47,792,143
Additions	-	-	-	78,097	140,878	-	-	218,975
Cost, end of year	2,666,993	2,619,130	26,133,243	4,460,167	555,193	11,576,392	-	48,011,118
Accumulated amortization, beginning of year	-	198,187	7,233,658	1,989,350	210,880	7,050,287	-	16,682,362
Amortization	-	73,083	812,431	367,189	54,113	278,586	-	1,585,402
Accumulated amortization, end of year	-	271,270	8,046,089	2,356,539	264,993	7,328,873	-	18,267,764
Net carrying amount, end of year	\$ 2,666,993	\$ 2,347,860	\$ 18,087,154	\$ 2,103,628	\$ 290,200	\$ 4,247,519	\$ -	\$ 29,743,354

The First Nation holds various works of art and historical treasures. These items are not recognized as tangible capital assets in the financial statements because a reasonable estimate of the future benefits association with such property cannot be made.

# Garden River First Nation Schedule 2 - Consolidated Schedule of Segment Disclosure

For the year ended March 31, 2014

	Social and Family Services	Administration Lands Trusts & Economic Development	Education	Operations and Maintenance	Housing Development	Medical and Other Health Services	Enterprises	Other	Consolidated Total
<b>Revenue</b>									
Aboriginal Affairs	\$ 167,837	\$ 918,039	\$ 7,014,215	\$ 785,199	\$ 157,000	\$ -	\$ -	\$ 25,500	\$ 9,067,790
Canada	-	100,668	-	-	392,660	1,915,770	-	7,974	2,417,072
Ontario	939,885	160,027	-	106,896	-	169,420	-	60,241	1,436,469
Other aboriginal organizations	2,118,723	-	-	-	-	284,675	-	400,166	2,803,564
Trust income	-	-	-	-	-	-	-	(11,020)	(8,609)
OFNLP	-	-	-	-	-	-	2,411	-	1,152,405
Interest and other revenue	1,400	613,477	30,000	49,932	69,638	147,939	1,152,405	-	1,404,025
User fees, rental income, sales and fund raising	141,265	3,748	5,250	220,199	769,845	-	13,805,395	393,492	15,078,202
Transfer between segments	-	-	239,528	330,205	-	-	(785,611)	224,590	-
	3,369,110	1,795,959	7,288,993	1,492,431	1,389,143	2,517,804	14,264,035	1,233,443	33,350,918
Due from (to) Aboriginal Affairs	-	-	(63,677)	-	-	-	-	-	(63,677)
Due from (to) Other Funders	-	-	-	-	-	-	-	-	-
Deferred revenue, beginning of year	236,726	41,328	24,306	12,780	-	257,410	147,662	91,035	811,247
Deferred revenue, end of year	(53,960)	-	(5,012)	-	-	(317,152)	(41,126)	(48,786)	(466,036)
	3,551,876	1,837,287	7,244,610	1,505,211	1,389,143	2,458,062	14,370,571	1,275,692	33,632,452
<b>Expenses</b>									
Salaries, wages and benefits	1,679,389	1,266,055	863,993	718,560	134,018	1,909,772	2,406,457	707,251	9,685,495
Materials and supplies	189,055	142,438	87,431	128,562	8,747	82,134	1,298,957	295,892	2,233,216
Contracted services	67,594	476,296	836,172	418,238	360,951	323,045	803,516	128,374	3,414,186
Rents and financial expenses	104,327	10,896	39,475	209,744	248,961	8,602	431,955	29,248	1,083,208
External transfers and other	1,406,527	-	5,350,992	-	-	-	9,352,481	69,644	16,179,644
Amortization	41,094	-	11,777	477,851	482,333	64,605	505,532	26,663	1,609,855
Transfers between segments	73,885	(461,836)	74,122	(24)	72,690	89,768	75,717	13,600	(62,078)
	3,561,871	1,433,849	7,263,962	1,952,931	1,307,700	2,477,926	14,874,615	1,270,672	34,143,526
<b>Net surplus (deficit)</b>	\$ (9,995)	\$ 403,438	\$ (19,352)	\$ (447,720)	\$ 81,443	\$ (19,864)	\$ (504,044)	\$ 5,020	\$ (511,074)

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

**Schedule 2 - Consolidated Schedule of Segment Disclosure (continued)**

**Garden River First Nation**

For the year ended March 31, 2013

	Social and Family Services	Administration Lands Trusts & Economic Development	Education	Operations and Maintenance	Housing Development	Medical and Other Health Services	Enterprises	Other	Consolidated Total
<b>Revenue</b>									
Aboriginal Affairs	\$ 154,700	\$ 926,659	\$ 7,008,475	\$ 871,310	\$ 157,000	\$ -	\$ -	\$ 25,873	\$ 9,144,017
Canada	-	10,000	-	-	389,507	1,902,573	43,971	-	2,346,051
Ontario	1,047,093	270,960	47,400	106,896	-	93,923	-	78,977	1,645,249
Other aboriginal organizations	2,070,359	25,000	-	-	-	233,432	-	441,246	2,770,037
Trust income	-	-	-	-	-	-	1,251,094	4,224	1,255,318
OFNLP	-	-	-	-	-	-	1,156,520	-	1,156,520
Interest and other revenue	858	74,328	33,875	4,000	49,654	175,193	-	466,840	804,548
User fees, rental income, sales and fund raising	140,141	3,740	250	216,456	770,002	-	12,342,313	149,109	13,622,011
Transfers between segments	42,231	-	101,971	361,424	-	-	(755,771)	250,145	-
	3,455,382	1,310,687	7,191,971	1,560,086	1,366,163	2,405,121	14,038,127	1,416,214	32,743,751
Due from (to) Aboriginal Affairs	(732)	-	(29,651)	-	-	-	-	-	(30,383)
Due from (to) Other Funders	47,348	(204,316)	36,394	131,283	-	(58,788)	-	-	(68,788)
Deferred revenue, beginning of year	(236,726)	(41,328)	(24,306)	(12,780)	-	419,093	149,694	61,076	640,572
Deferred revenue, end of year						(257,410)	(147,662)	(91,035)	(811,247)
	3,265,272	1,065,043	7,174,408	1,678,589	1,366,163	2,498,016	14,040,159	1,386,255	32,473,905
<b>Expenses</b>									
Salaries, wages and benefits	1,540,413	1,225,408	928,191	776,082	119,425	1,939,353	2,256,085	671,170	9,456,127
Materials and supplies	110,708	146,045	87,348	124,155	66,115	101,724	1,150,253	206,618	1,992,966
Contracted services	48,181	223,802	910,857	522,339	200,239	347,701	657,569	114,316	3,025,004
Rents and financial expenses	23,708	29,091	33,064	133,688	282,098	897	494,151	67,334	1,064,031
External transfers and other	1,397,211	-	5,166,284	-	-	-	9,120,227	34,350	15,718,072
Amortization	35,877	1,483	8,095	459,502	482,333	64,141	507,834	26,137	1,585,402
Transfers between segments	105,644	(439,392)	66,089	1,681	82,970	94,277	36,187	52,544	-
Transfer of Funds Held In Trust	-	(239,681)	-	-	-	-	(1,250,000)	1,489,681	-
	3,261,742	946,756	7,199,928	2,017,447	1,233,180	2,548,093	12,972,306	2,662,150	32,841,602
<b>Excess (deficiency) of revenue over expenses</b>	\$ 3,530	\$ 118,287	\$ (25,520)	\$ (338,858)	\$ 132,983	\$ (50,077)	\$ 1,067,853	\$ (1,275,895)	\$ (367,697)

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