

KINGFISHER LAKE FIRST NATION  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED MARCH 31, 2014 AND 2013

KINGFISHER LAKE FIRST NATION  
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FOR THE YEARS ENDED MARCH 31, 2014 AND 2013

MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

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KINGFISHER LAKE FIRST NATION  
CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2014 AND 2013

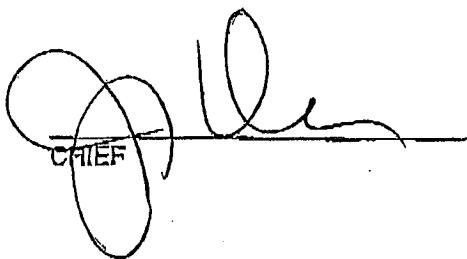
**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS**

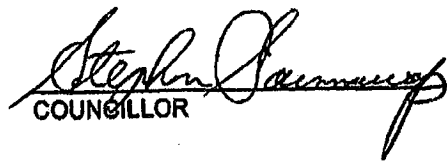
The consolidated financial statements of Kingfisher Lake First Nation are the responsibility of management and have been approved by Chief and Council.

Management is responsible for the integrity and objectivity of the consolidated financial statements. Estimates are necessary in the preparation of these consolidated financial statements and, based on careful judgments, have been properly reflected. Management has established systems of internal control, which are designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use and to produce reliable accounting records for the preparation of financial information.

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

The consolidated financial statements have been audited by Holukoff Chiarella in accordance with Canadian generally accepted auditing standards on behalf of the members. Holukoff Chiarella have full and free access to the Chief and Council.

  
CHIEF

  
COUNCILLOR

# **Holukoff Chiarella**

CHARTERED ACCOUNTANTS

EXHIBIT "A"

Kevin Masse, B.Comm. (Hons), C.A.  
(Practising as Kevin Masse Chartered Accountant Ltd.)  
Ralph Orr, B.Comm. (Hons), C.A.  
(Practising as Ralph Orr Chartered Accountant Ltd.)  
Wayne H. Chiarella, B.A., C.A. (Retired 2011)  
Sam Holukoff, C.A. (Retired 2005)

101 - 1180 Pembina Highway  
Winnipeg, Manitoba R3T 2A4  
Telephone (204) 452-6449  
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## **INDEPENDENT AUDITORS' REPORT**

To the Chief, Council and Members of  
Kingfisher Lake First Nation

We have audited the accompanying financial statements of Kingfisher Lake First Nation, which comprise the consolidated statements of financial position as at March 31, 2014 and 2013 and the consolidated statements of accumulated surplus, consolidated statements of operations, consolidated statements of change in net financial assets and consolidated statements of cash flows for the years 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 financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

# Holukoff Chiarella

CHARTERED ACCOUNTANTS

EXHIBIT "A"

Kevin Masse, B.Comm. (Hons), C.A.  
(Practising as Kevin Masse Chartered Accountant Ltd.)  
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## INDEPENDENT AUDITORS' REPORT, continued

### **Basis for Qualified Opinion**

Inventory and prepaid expenses consist of band garage parts, uninstalled fuel tanks and building material. We did not observe the inventory counts and prepaid supplies on hand at the beginning or end of the year and alternative means did not provide us with necessary assurance concerning the cost of inventory. As a result, we were unable to determine what adjustments, if any, might be necessary to assets, annual surplus and accumulated surplus.

The financial statements include investments in Wasaya Partnership, Wasaya Group Inc. and Landmark Inn. The financial information for Wasaya Partnership, Wasaya Group Inc. and Landmark Inn has not been audited. As a result, we were not able to determine if adjustments might have been found necessary in respect of the long-term investments and the elements marking up the consolidated statements of accumulated surplus, consolidated statements of operations, consolidated statements of financial position, consolidated statements of accumulated surplus, consolidated statements of operations, consolidated statements of change in net debt and consolidated statements of cash flows.

### **Qualified Opinion**

In our opinion, except for the effect of adjustments, if any, which might have been determined to be necessary as a result of the matters in the preceding paragraphs, these consolidated financial statements present fairly, in all material respects, the financial position of Kingfisher Lake First Nation as at March 31, 2014 and 2013, and its financial performance and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.



WINNIPEG, MANITOBA  
July 28, 2014

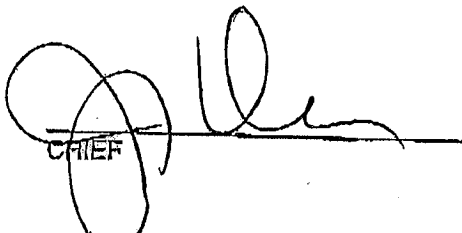
CHARTERED ACCOUNTANTS  
LICENSED PUBLIC ACCOUNTANTS

KINGFISHER LAKE FIRST NATION  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2014 AND 2013

EXHIBIT "B"

	<u>2014</u>	<u>2013</u>
<b>FINANCIAL ASSETS</b>		
Cash in bank, Note 2	\$ 724,576	1,136,295
Accounts receivable, Note 3	719,546	441,363
Investments, Note 4	3,761,226	2,897,425
Ottawa Trust Funds, Note 5	46,676	45,523
Investment in First Nation Controlled Entities, Note 6	<u>3,038,699</u>	<u>2,570,659</u>
	<u>8,290,723</u>	<u>7,091,265</u>
<b>LIABILITIES</b>		
Bank loan, Note 7		5,000
Accounts payable, Note 8	741,697	252,179
Deferred revenue, Note 9	929,360	815,994
Long term debt, Note 10	2,754,512	2,149,501
Moveable asset reserve, Note 11	258,434	248,824
Replacement reserves, Note 12	<u>206,039</u>	<u>194,639</u>
	<u>4,890,042</u>	<u>3,666,137</u>
<b>NET FINANCIAL ASSETS</b>	<u>3,400,681</u>	<u>3,425,128</u>
<b>NON FINANCIAL ASSETS</b>		
Prepaid expenses, Note 15	695,105	491,553
Inventory of supplies	75,000	115,000
Tangible capital assets, Note 13	14,522,509	13,615,459
Capital Assets under construction, Note 14	<u>15,292,614</u>	<u>1,047,137</u>
	<u>15,292,614</u>	<u>15,269,149</u>
<b>ACCUMULATED SURPLUS, Note 16</b>	<b>\$ <u>18,693,295</u></b>	<b><u>18,694,277</u></b>

APPROVED BY:

  
 CHIEF

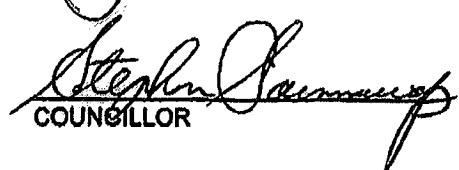
  
 COUNCILLOR

EXHIBIT "C"

KINGFISHER LAKE FIRST NATION  
CONSOLIDATED STATEMENT OF ACCUMULATED SURPLUS  
FOR THE YEARS ENDED MARCH 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
BALANCE AT BEGINNING OF YEAR	\$ 18,694,277	18,774,635
ANNUAL SURPLUS (DEFICIT), Exhibit "D"	<u>(982)</u>	<u>(80,358)</u>
BALANCE AT END OF YEAR	\$ <u>18,693,295</u>	<u>18,694,277</u>

**KINGFISHER LAKE FIRST NATION**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**FOR THE YEARS ENDED MARCH 31, 2014 AND 2013**

**EXHIBIT "D"**

	<u>2014</u>		<u>2013</u>
	<u>Revenue</u>	<u>Expenses</u>	<u>Annual Surplus (Deficit)</u>
Operating Fund	\$ 10,705,113	10,576,904	128,209
Revenue Enterprises Fund	794,601	299,041	495,560
Senior Citizens Complex	107,061	105,178	1,883
Housing Authority	<u>139,155</u>	<u>113,237</u>	<u>25,918</u>
	<b>\$ 11,745,930</b>	<b>11,094,360</b>	651,570
			1,076,680
<b>OTHER ITEMS</b>			
Tangible capital assets expensed in operations			835,015
Amortization not expensed in operations			677,453
Business enterprise income (loss), Note 6			(1,263,306)
Income (loss) from investments			(289,215)
Interest, Ottawa Trust Fund, Note 5			63,801
Gain on disposal of capital assets			(89,609)
Loss on write down of investments			1,092
			50,000
			<u>(140,000)</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>		<b>\$</b>	<b><u>(982)</u></b>
			<b><u>(80,358)</u></b>



EXHIBIT "E"

KINGFISHER LAKE FIRST NATION  
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS  
FOR THE YEARS ENDED MARCH 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
ANNUAL SURPLUS (DEFICIT), Exhibit "D"	\$ (982)	(80,358)
Acquisition of tangible capital assets	(2,260,778)	(874,018)
Amortization of tangible capital assets	1,353,728	1,439,610
Change in prepaid expenses	(203,552)	(351,053)
Change in inventory of supplies	40,000	(15,000)
Change in capital assets under construction	<u>1,047,137</u>	<u>152,215</u>
INCREASE IN NET FINANCIAL ASSETS	(24,447)	271,396
NET FINANCIAL ASSETS AT BEGINNING OF YEAR	<u>3,425,128</u>	<u>3,153,732</u>
NET FINANCIAL ASSETS AT END OF YEAR	\$ <u><b>3,400,681</b></u>	<u><b>3,425,128</b></u>

## EXHIBIT "F"

**KINGFISHER LAKE FIRST NATION**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED MARCH 31, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
<b>OPERATING TRANSACTIONS</b>		
Annual surplus (deficit), Exhibit "D"	\$ (982)	(80,358)
Add non-cash items		
Amortization	1,353,728	1,439,610
Replacement reserve	11,400	10,101
Moveable asset reserve	9,610	11,184
Business enterprise income	319,637	304,689
Investment income	(63,801)	89,609
Loss on write down of investments		140,000
Net change in financial assets/liabilities and prepaid expenses		
Accounts receivable	(278,183)	568,950
Inventory of supplies	40,000	(15,000)
Prepaid expenses	(203,552)	(351,053)
Ottawa Trust funds	(1,153)	(1,092)
Accounts payable	489,518	(566,472)
Due from First Nation entities	(787,677)	(176,685)
Deferred revenue	<u>113,366</u>	<u>(42,795)</u>
	<u>1,001,911</u>	<u>1,330,688</u>
<b>CAPITAL TRANSACTIONS</b>		
Acquisition of tangible capital assets	(2,260,778)	(874,018)
Change in capital assets under construction	<u>1,047,137</u>	<u>152,215</u>
	<u>(1,213,641)</u>	<u>(721,803)</u>
<b>FINANCING TRANSACTIONS</b>		
Proceeds from bank loan		5,000
Repayment of bank loan	(5,000)	(199,409)
Proceeds from long term debt	2,024,437	450,000
Principal repayments on long term debt	<u>(1,419,426)</u>	<u>(166,025)</u>
	<u>600,011</u>	<u>89,566</u>
<b>INVESTING TRANSACTIONS</b>		
Investment distribution		5,883
Increase in long term investments	<u>(800,000)</u>	<u>5,883</u>
	<u>(800,000)</u>	<u>5,883</u>
<b>NET CHANGE IN CASH POSITION</b>	(411,719)	704,334
<b>CASH POSITION AT BEGINNING OF YEAR</b>	<u>1,136,295</u>	<u>431,961</u>
<b>CASH POSITION AT END OF YEAR</b>	\$ <u>724,576</u>	<u>1,136,295</u>

KINGFISHER LAKE FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2014

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local government entities, as defined in the Public Sector Accounting and Auditing handbook of the Canadian Institute of Chartered Accountants.

a) Reporting Entity and Principles of Financial Reporting

Kingfisher Lake First Nation reporting entity includes the Kingfisher Lake First Nation government and all related unincorporated non-business entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

These financial statements summarize on a combined basis the assets, liabilities and results of operations for the following entities. The readers of these summarized financial statements have access to the detailed information of each entity's financial statement.

Kingfisher Lake Revenue Enterprises Fund  
 Kingfisher Lake Senior Citizens Complex  
 Kingfisher Lake Housing Authority

All inter-entity balances have been eliminated on summarization, but in order to present the results of operations for each specific entity, transactions amongst entities have not necessarily been eliminated.

Incorporated business entities, which are owned or controlled by Kingfisher Lake First Nation Council and which are not dependent on the First Nation for their continuing operations, are included in the consolidated financial statements using the modified equity method and include:

Kingfisher Lake Socio Economic Development Corporation  
 Omahamo Holdings Inc.  
 1103462 Ontario Inc.  
 Okeskemanese Construction Ltd.

Investments in non-controlled entities are recorded at the lower of cost and net realizable value.

b) Amortization

Assets are amortized over their expected useful life using the straight line method at the following rates:

Commercial/public buildings	10 and 15 years
Band housing	15 years
Infrastructure	10 and 15 years
General equipment	3 years
Vehicles	3 years
Heavy equipment	5 years

Amortization is recorded in the year after acquisition or put in use.

Social Housing assets acquired under CMHC sponsored housing programs are amortized at a rate equivalent to the annual principal reduction in related long term debt, which approximates its economic life.

KINGFISHER LAKE FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2014

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

c) Revenue Recognition

The organization follows the deferral method of accounting for revenue. Revenue is recognized as it becomes receivable under the terms of applicable funding agreements and can reasonably estimated and collection is reasonably assured. Funding received under the funding arrangements which relates to a subsequent fiscal period is reflected as deferred revenue in the year of receipt and classified as such on the statement of financial position.

d) Tangible Capital Assets

Tangible capital assets include acquired, built, developed and improved tangible capital assets, whose useful life extends beyond one year and which are intended to be used on an ongoing basis for producing goods and delivering services. The organization does not capitalize computer software or capital asset acquisitions under \$5,000.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artefacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

e) Net Debt/Net Financial Assets

The organization's financial statements are presented so as to highlight the net debt/net financial assets as a measurement of financial position. The net debt/net financial assets of the organization are determined by its financial assets less its liabilities.

f) Deferred Revenue

Deferred revenue represents funding received or receivable under the terms of their respective funding arrangements for specified purposes and for which the related expenses have not been incurred. Unspent funding or expenses made which are not in accordance with the terms of the funding arrangements may constitute a debt to the funding authority upon review of the funding arrangement expenses. Schedule 8 contains a summary of deferred revenue by project.

g) Financial Instruments

The organization's financial instruments consist of cash in bank, accounts receivable, investments, Ottawa Trust Funds, amounts due from other First Nation entities, accounts payable and long term debt. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, currency or credit risk arising from these financial instruments. The fair market value of these financial instruments approximate their carrying charges.

h) Use of Estimates

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

KINGFISHER LAKE FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2014

EXHIBIT "G"

2. CASH IN BANK

	<u>2014</u>	<u>2013</u>
Administration	\$ 49,877	295,306
Social Services	(30,934)	(20,765)
Equity Fund	229,903	308,625
Revenue Fund	574	14,406
Credit Fund	32,450	31,615
Musselwhite Revenue Sharing	126,199	136,811
Senior Citizens Complex	101,110	67,918
CMHC Housing Authority	9,073	25,965
Casino Rama	<u>206,324</u>	<u>276,414</u>
	<b>\$ <u>724,576</u></b>	<b><u>1,136,295</u></b>

3. ACCOUNTS RECEIVABLE

	<u>2014</u>	<u>2013</u>
Administration		
AANDC	\$ 79,362	53,802
Kingfisher Lake SED Corporation, Note 1(a)	186,512	53,675
Shibogama First Nations Council	32,342	28,100
Members loans and advances	23,678	63,455
Other trade receivables	594,511	625,512
Less allowance for doubtful accounts	(317,152)	(483,635)
Social Services – Province of Ontario M.C.S.S.	31,146	8,561
Revenue Fund – Members loans and advances	87,480	99,830
Less allowance for doubtful accounts	(74,149)	(90,694)
Credit Fund – Members loans and advances	57,102	58,102
Less allowance for doubtful accounts	(57,102)	(58,102)
Musselwhite Revenue Sharing – Members loans and advances	13,232	13,232
Less allowance for doubtful accounts	(13,232)	(13,232)
Senior Citizens Complex – Rents receivable from members	60,601	60,546
Less allowance for doubtful accounts	(53,021)	(53,161)
CMHC Housing Authority – Rents receivable from members	42,343	41,315
Less allowance for doubtful accounts	(36,688)	(28,525)
Casino Rama – Due from 1103462 Ontario Inc., Note 1(a)	<u>62,581</u>	<u>62,581</u>
	<b>\$ <u>719,546</u></b>	<b><u>441,363</u></b>

**KINGFISHER LAKE FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2014**

**EXHIBIT "G"**

**4. INVESTMENTS**

	<u>2014</u>	<u>2013</u>
The First Nation has the following investments:		
Wasaya Partnership	\$ 1,415,865	1,415,865
Wasaya Group Inc.	1,176,601	1,176,601
Landmark Inn - Equity investment	286,916	246,359
Cable TV operations	53,721	53,721
Myguard Security Group LP - Equity investment	28,123	4,879
Loan receivable, Happy Time LP without interest on demand	<u>800,000</u>	<u>          </u>
	<b>\$ <u>3,761,226</u></b>	<b><u>2,897,425</u></b>

**5. OTTAWA TRUST FUNDS**

The Ottawa Trust Accounts 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

	<u>2014</u>	<u>2013</u>
Unexpended funds beginning of year	\$ 45,523	44,431
Interest earned	<u>1,153</u>	<u>1,092</u>
Unexpended funds end of year	<b><u>46,676</u></b>	<b><u>45,523</u></b>

**6. INVESTMENT IN FIRST NATION CONTROLLED ENTITIES**

	<u>2014</u>	<u>2013</u>
Kingfisher Lake Socio Economic Development Corporation		
- share	\$ 1	1
- advances due from (to)	13,319	17,514
- accumulated surplus	<u>1,758,491</u>	<u>1,943,868</u>
	<u>1,771,811</u>	<u>1,961,383</u>
Omahamo Holdings Inc.		
- share	1	1
- advances due from (to)	13,040	
- accumulated deficit	<u>(5,507)</u>	<u>(3,008)</u>
	<u>7,534</u>	<u>(3,007)</u>
1103462 Ontario Inc.		
- share	1	1
- advances due from (to)	614,808	(158,645)
- accumulated surplus	<u>205,469</u>	<u>204,568</u>
	<u>820,278</u>	<u>45,924</u>

KINGFISHER LAKE FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2014

EXHIBIT "G"

6. INVESTMENT IN FIRST NATION CONTROLLED ENTITIES, continued

Okeskemanese Construction Ltd.		
- share	1	1
- advances due from	631,810	656,853
- accumulated deficit	<u>(192,735)</u>	<u>(90,495)</u>
	<u>439,076</u>	<u>566,359</u>
Total investment in First Nation Controlled Entities	\$ <u>3,038,699</u>	<u>2,570,659</u>

Financial information for the First Nation controlled entities is as follows:

	<u>July 31, 2013</u>		<u>March 31, 2014</u>
	Kingfisher Lake Socio-Economic Development Corporation	Omahamo Holdings Inc.	1103462 Ontario Inc.
			Okeskemanese Construction Ltd.
Cash	\$ 154,277	101,908	54,604
Accounts receivable	426,890	56,486	225,815
Inventory	751,684		35,150
Due from (to) other entities	241,615	(187,143)	53,693
Tangible capital assets	797,455	26,776	44,728
Other assets	<u>148,500</u>	<u>667</u>	<u>571</u>
Total Assets	<u>2,520,421</u>	<u>(1,306)</u>	<u>413,990</u>
Bank indebtedness			
Accounts payable	623,210	4,200	208,520
Long term debt			249,862
Other liabilities	<u>138,719</u>		<u>53,404</u>
Total Liabilities	<u>761,929</u>	<u>4,200</u>	<u>208,520</u>
Equity	<u>1,758,492</u>	<u>(5,506)</u>	<u>205,470</u>
Total Liabilities and Equity	<u>2,520,421</u>	<u>(1,306)</u>	<u>413,990</u>
Revenues	5,874,242	63,579	1,583,740
Expenses	<u>6,059,619</u>	<u>66,078</u>	<u>1,582,839</u>
Net Income (Loss)	\$ <u>(185,377)</u>	<u>(2,499)</u>	<u>901</u>
			<u>(102,240)</u>

7. BANK LOAN

The First Nation has set up a line of credit with the Royal Bank of Canada with interest at prime plus 1.25%. The maximum credit limit on this line of credit is \$300,000.

**KINGFISHER LAKE FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2014**

**EXHIBIT "G"**

**8. ACCOUNTS PAYABLE**

	<u>2014</u>	<u>2013</u>
Administration		
Employee deductions payable	\$ 37,602	30,157
103462 Ontario Inc. (Fuel)	132,239	-
Other trade payables	<u>444,039</u>	<u>127,472</u>
	613,970	157,629
 Social Services – Trade payables	 81,278	 47,397
 Musselwhite Revenue Sharing Project – Bonus payable	 -	 3,000
 Revenue Fund – Trade payables	 38,146	 35,610
 Credit Fund – Unearned Interest	 <u>8,393</u>	 <u>8,543</u>
	 <b>\$ <u>741,787</u></b>	 <b><u>252,179</u></b>

**9. DEFERRED REVENUE**

	Opening Balance March 31 <u>2013</u>	Revenue <u>Received</u>	Revenue <u>Recognized</u>	Closing Balance March 31 <u>2014</u>
Casino Rama	\$ 230,296	824,705	817,096	237,905
Equity Fund	471,478	113,947	5,670	579,755
Economic Development	697	51,000	51,697	
Awareness Walk	67,124			67,124
Diesel Generation Study		20,000		20,000
School Trips		37,815	25,812	12,003
Northern Ontario School of Medicine	4,000	8,300	12,300	
After School Program	17,399	34,279	51,678	
FNSSD Implementation		14,840	2,267	12,573
Hydro One Plant	<u>25,000</u>	<u>          </u>	<u>25,000</u>	<u>          </u>
	<b>\$ <u>815,994</u></b>	<b><u>1,104,886</u></b>	<b><u>991,520</u></b>	<b><u>929,360</u></b>



KINGFISHER LAKE FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2014

EXHIBIT "G"

10. LONG TERM DEBT

	<u>2014</u>	<u>2013</u>
Royal Bank of Canada		
Fixed rate term loan, interest at 4.0%, maturing March 2, 2015. Payments of \$11,300, including principal and interest, payable monthly.	\$ 704,535	
Fixed rate term loan, interest at 4.8%, maturing June 20, 2017. Payments of \$8,300, including principal and interest, payable monthly.	697,661	
Fixed rate term loan, interest at 4.0%, maturing March 2, 2015. Payments of \$8,037, including principal and interest, payable monthly commencing July 2, 2014 Interest only until June 2, 2014.	428,437	
Fixed rate term loan, interest at 3.5%, maturing February 2, 2015. Interest only payable monthly.	48,000	
Bank of Montreal		
Fixed rate term loan		755,700
Fixed rate term loan		427,500
Senior Citizens Complex		
CIBC mortgage payable, interest at 5.89%, repayable at \$4,196 per month principal and interest, maturing July 5, 2015, secured by the building and an assignment of insurance proceeds.	155,677	195,699
Housing Authority		
CMHC Mortgage Payable, interest at 1.64%, repayable at \$5,211 per month principal and interest, maturing December 31, 2026, secured by the building and an assignment of insurance proceeds. Renewal date is February 1, 2017.	<u>720,202</u>	<u>770,602</u>
	<b>\$ <u>2,754,512</u></b>	<b><u>2,149,501</u></b>

KINGFISHER LAKE FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2014

## 10. LONG TERM DEBT, continued

Principal payments due within the next five years are as follows:

2015	\$ 1,342,046
2016	167,764
2017	174,781
2018	559,404
2019	54,624
Thereafter	<u>455,893</u>
	\$ <u>2,754,512</u>

## Royal Bank

The First Nation has negotiated a number of credit facilities. Interest rates vary by loan. Loans are secured by a general security agreement, assignment to forward \$360,000 per year from Ontario First Nation Limited Partnership, \$360,000 from Musselwhite Revenue Sharing, and \$256,800 from Hydro One Remote Fuel Revenue.

Facility #1 Revolving Demand facility available to \$300,000

- #2 Non-revolving Loan for \$778,700 to be used to repay Bank of Montreal Loan for the Small Business Centre.
- #3 Variable rate term loan in the amount of \$550,000 to be used to repay Bank of Montreal loan for the fuel tanks.
- #4 Non-revolving term loan in the amount of \$250,000 to be used for purchase of fuel.
- #5 Non-revolving term loan in the amount of \$800,000 to be used for an investment in a group of companies.

## 11. MOVABLE ASSET RESERVE

Under the terms of the Health Services Transfer Agreement the initial lump sum, interest and an annual amount of \$16,667 are to be placed in a reserve for the replacement of assets. As at March 31, 2014, the moveable asset reserve is unfunded.

**KINGFISHER LAKE FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2014**

**12. REPLACEMENT RESERVES**

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the Replacement Reserve accounts are to be credited in the amount of \$16,800 annually. These Funds along with accumulated interest are to be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. Withdrawals are credited to interest first then principal. As at March 31, 2014, the replacement reserves are unfunded.

**13. TANGIBLE CAPITAL ASSETS**

	2014				
	Cost Mar. 31/13	Additions (Disposals)	Cost Mar. 31/14	Accumulated Amortization	Net Book Value
Infrastructure	\$ 15,073,455	196,621	15,270,076	10,637,648	4,632,428
Band Housing	13,447,918	1,808,316	15,256,234	9,171,548	6,084,686
CMHC Housing	2,574,208		2,574,208	2,574,208	
Public Buildings	7,629,337	18,714	7,648,051	4,226,074	3,421,977
Equipment	224,939	95,122	320,061	227,754	92,307
Vehicles	201,462	34,505	235,967	112,990	122,977
Heavy Equipment	682,606	107,500	790,106	621,972	168,134
	<b>\$ 39,833,925</b>	<b>2,260,778</b>	<b>42,094,703</b>	<b>27,572,194</b>	<b>14,522,509</b>

	2013				
	Cost Mar. 31/12	Additions (Disposals)	Cost Mar. 31/13	Accumulated Amortization	Net Book Value
Infrastructure	\$ 15,073,455		15,073,455	10,145,457	4,927,998
Band Housing	12,662,566	785,352	13,447,918	8,760,735	4,687,183
CMHC Housing	2,574,208		2,574,208	2,468,520	105,688
Public Buildings	7,629,337		7,629,337	3,940,671	3,688,666
Equipment	224,939		224,939	224,939	
Vehicles	112,796	88,666	201,462	86,488	114,974
Heavy Equipment	682,606		682,606	591,656	90,950
	<b>\$ 38,959,907</b>	<b>874,018</b>	<b>39,833,925</b>	<b>26,218,466</b>	<b>13,615,459</b>

**14. CAPITAL ASSETS UNDER CONSTRUCTION**

Capital assets under construction are capitalized as expenditures are made. No amortization is taken until the projects are complete.

KINGFISHER LAKE FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2014

## 15. PREPAID EXPENSES

Prepaid expenses at March 31, 2014 are comprised of uninstalled fuel tanks on hand, as well as building material delivered to the First Nation for the next year's housing projects, as follows:

	<u>2014</u>	<u>2013</u>
Fuel tanks on hand	\$ 294,932	491,553
Building material	<u>400,173</u>	<u>          </u>
	<b>\$ <u>695,105</u></b>	<b><u>491,553</u></b>

## 16. ACCUMULATED SURPLUS

A portion of this balance includes surpluses and/or deficits from funds contributed by government agencies. Such surpluses/deficits may be subject to repayment or recovery by the contributing agencies, depending on the terms and conditions of the relevant contribution arrangements. Any repayment or recovery of previous surpluses is recorded in the period of repayment or recovery as an adjustment to revenue.

## 17. FEDERAL ASSISTANCE PAYMENTS

The following projects receive federal assistance through Canada Mortgage and Housing Corporation, pursuant to Section 56.1 of the National Housing Act, to reduce mortgage interest expense to 2% to enable the projects to provide shelter to low income individuals. The amount of the assistance received for the years ended March 31, 2014 and 2013 was as follows:

Seniors Complex	\$ 44,061
Housing Authority	<u>57,255</u>
	<b>\$ <u>101,316</u></b>

## 18. ECONOMIC DEPENDENCE

Kingfisher Lake First Nation receives a major portion of its revenues pursuant to funding arrangements with Aboriginal Affairs Northern Development Canada and Health Canada.

KINGFISHER LAKE FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2014

## 19. SEGMENT DISCLOSURE

	Band Support		Economic Development		Education	
	Budget	2014	2013	Budget	2014	2013
REVENUE						
Federal government	\$ 474,808	473,868	513,329	51,000	51,697	61,134
Provincial government		45,000	45,000			
Economic activities		(224,261)	(405,060)			
Net income for investments in government business enterprises						
Other revenue	260,826	533,385	497,833		12,211	55,911
TOTAL REVENUE	735,634	827,992	651,102	51,000	51,697	61,134
EXPENSES						
Honoraria - Chief and Councillors		241,702	232,497			
Wages and benefits		258,025	191,610	36,320	43,335	51,281
Amortization		1,263,306	1,351,285			
Tangible capital assets		(835,015)	(677,453)			
Interest		55,441	54,533	9,904	8,362	9,853
Other expenses		238,272	225,964			
TOTAL EXPENSES		1,221,731	1,378,436	46,224	51,697	61,134
ANNUAL SURPLUS (DEFICIT)	\$ 735,634	(393,739)	(727,334)	4,776	(30,004)	(6,250)
						125,834

KINGFISHER LAKE FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2014

## 19. SEGMENT DISCLOSURE, continued

	Social Services		Municipal Services		Capital Projects	
	Budget	2014	Budget	2014	Budget	2013
REVENUE						
Federal government	\$ 93,142	85,600	1,256,097	1,917,232	479,490	439,687
Provincial government	400,000	550,230	245,130	53,087		
Economic activities						
Net income for investments in government business enterprises						
Other revenue			337,808	77,523	351,690	383,678
TOTAL REVENUE	493,142	635,830	1,256,097	2,500,170	479,490	823,365
EXPENSES						
Honoraria, Chief and Councillors						
Wages and benefits	39,330	35,751	399,102	738,342	200,000	398,217
Amortization						
Tangible capital assets						
Interest	456,699	631,569	744,380	1,846,282	279,490	428,333
Other expenses						
TOTAL EXPENSES	496,029	667,320	1,143,482	2,584,624	479,490	826,550
ANNUAL SURPLUS (DEFICIT)	\$ (2,887)	(31,490)	112,615	(84,454)		(3,185)

KINGFISHER LAKE FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2014

## 19. SEGMENT DISCLOSURE, continued

	Health		Housing	
	<u>Budget</u>	<u>2014</u>	<u>Budget</u>	<u>2014</u>
REVENUE				
Federal government	\$ 1,845,330	2,002,957	101,316	101,316
Provincial government				
Economic activities				
Net income for investments in government business enterprises				
Other revenue	<u>28,775</u>	<u>70,090</u>	<u>144,900</u>	<u>140,040</u>
TOTAL REVENUE	<u>1,874,105</u>	<u>2,073,047</u>	<u>246,216</u>	<u>241,356</u>
EXPENSES				
Honoraria, Chief and Councillors				
Wages and benefits	1,253,121	1,221,752	218,415	210,138
Amortization				
Tangible capital assets				
Interest	<u>628,402</u>	<u>855,981</u>		<u>210,138</u>
Other expenses				
TOTAL EXPENSES	<u>1,881,523</u>	<u>2,077,733</u>	<u>218,415</u>	<u>210,138</u>
ANNUAL SURPLUS (DEFICIT)	\$ <u>(7,418)</u>	<u>(4,686)</u>	<u>27,801</u>	<u>31,218</u>

KINGFISHER LAKE FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2014

## 19. SEGMENT DISCLOSURE, continued

	Community Services		Total	
	<u>Budget</u>	<u>2014</u>	<u>2013</u>	
REVENUE				
Federal government	\$ 36,692	72,492	249,918	6,233,831
Provincial government	28,057	145,284	142,711	704,771
Economic activities				(224,261)
Net income for investments in government business enterprises				(405,060)
Other revenue	896,820	2,957,785	3,825,096	5,240,279
TOTAL REVENUE	961,569	3,175,561	4,217,725	11,773,821
EXPENSES				
Honoraria, Chief and Councillors				232,497
Wages and benefits	476,498	696,297	685,683	3,897,724
Amortization				1,351,285
Tangible capital assets				(677,453)
Interest				54,533
Other expenses	579,856	1,987,428	2,942,805	6,995,593
TOTAL EXPENSES	1,056,354	2,683,725	3,628,488	11,854,179
ANNUAL SURPLUS (DEFICIT)	\$ (94,785)	491,836	589,237	(80,358)



# Holukoff Chiarella

CHARTERED ACCOUNTANTS

ANNEX 3

Kevin Masse, B.Comm. (Hons), C.A.  
(Practising as Kevin Masse Chartered Accountant Ltd.)  
Ralph Orr, B.Comm. (Hons), C.A.  
(Practising as Ralph Orr Chartered Accountant Ltd.)  
Wayne H. Chiarella, B.A., C.A. (Retired 2011)  
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## REVIEW ENGAGEMENT REPORT FOR THE SCHEDULE OF FEDERAL GOVERNMENT FUNDING

To Membership of  
Kingfisher Lake First Nation

We have reviewed the Schedule of Federal Government Funding, Annex E for the organization for the year ended March 31, 2014 pursuant to the requirements of the Aboriginal Affairs and Northern Development Canada Year End Reporting Handbook for funding agreements covering 2013/14. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the organization.

A review does not constitute an audit and consequently we do not express an audit opinion on this Schedule of Federal Government Funding.

Based on our review, nothing has come to our attention that causes us to believe that this Schedule of Federal Government Funding is not, in all material respects, in accordance with the requirements of the Aboriginal Affairs and Northern Development Canada Year End Reporting Handbook for funding agreements covering 2013/14.



WINNIPEG, MANITOBA  
July 28, 2014

CHARTERED ACCOUNTANTS  
LICENSED PUBLIC ACCOUNTANTS

KINGFISHER LAKE FIRST NATION  
SCHEDULE OF FEDERAL GOVERNMENT FUNDING  
FOR THE YEAR ENDED MARCH 31, 2014

	Special Purpose Report Schedule	Federal Funding Received	Unexpended Beginning of Year	Adjustments Transfers	Federal Funding Available	Federal Funding Expended	Unexpended Federal Funding End of Year
<u>AANDC</u>							
<u>Indian Government Support</u>							
Band Support Funding	1-1	\$ 469,268	—	—	469,268	469,268	—
<u>Indian Registry</u>							
Indian Registry	1-1	3,800	—	—	3,800	3,800	—
Registry Events	1-1	800	—	—	800	800	—
		<u>4,600</u>	—	—	<u>4,600</u>	<u>4,600</u>	—
<u>Economic Development</u>							
Community Economic Development Program	1-2	51,000	697	—	51,697	51,697	—
<u>Education</u>							
Student Transportation	1-3	36,726	—	—	36,726	36,726	—
Enhanced Teacher Salaries	1-3	46,900	—	—	46,900	46,900	—
Instructional Services Formula	1-3	736,400	—	—	736,400	736,400	—
Low Cost Special Education	1-3	36,900	—	—	36,900	36,900	—
High Cost Special Education	1-3	219,566	—	—	219,566	219,566	—
New Paths	1-3	64,240	—	—	64,240	64,240	—
		<u>1,140,732</u>	—	—	<u>1,140,732</u>	<u>1,140,732</u>	—
<u>Other</u>							
Governance Capacity Development	1-1	—	6,300	—	6,300	6,300	—
Summer Work Experience Program	1-14	12,800	—	—	12,800	12,800	—
Skills Link Program	1-14	27,000	—	—	27,000	27,000	—
		<u>39,800</u>	<u>6,300</u>	—	<u>46,100</u>	<u>46,100</u>	—

KINGFISHER LAKE FIRST NATION  
SCHEDULE OF FEDERAL GOVERNMENT FUNDING  
FOR THE YEAR ENDED MARCH 31, 2014

<u>AANDC</u>	<u>Special Purpose Report Schedule</u>	<u>Federal Funding Received</u>	<u>Unexpended Beginning of Year</u>	<u>Adjustments Transfers</u>	<u>Federal Funding Available</u>	<u>Federal Funding Expended</u>	<u>Unexpended Federal Funding End of Year</u>
<u>Community Development</u>							
Schools O & M	1-5	399,359	20,130		419,489	419,489	
Teacherages O & M	1-5	98,912			98,912	98,912	
Waste Water Systems	1-5	126,325	44,545		170,870	170,870	
Water Systems	1-5	286,014			286,014	286,014	
Community Buildings	1-5	128,988			128,988	128,988	
Fire Protection	1-5	94,454	5,583		100,037	100,037	
Roads and Bridges	1-5	92,709			92,709	92,709	
Solid Waste	1-5	5,595			5,595	5,595	
Training - Fire Protection	1-5	17,565	16,685		34,250	8,350	25,900
Water O & M	1-5	48,190			48,190	48,190	
Waste Water O & M	1-5	95,952			95,952	95,952	
Planning Design and Construction - Education	1-5	23,963			23,963	23,963	
Electrical Systems	1-5	7,582			7,582	7,582	
Diesel Generation Study	1-5	20,000					20,000
Roads and Bridges	1-5	448,701			448,701	448,701	
Minor Capital	1-7	409,490			409,490	409,490	
Fuel for Diesel Generator	1-5	42,923			42,923	42,923	
Labour and Other Costs	1-7	70,000			70,000	70,000	
		<u>2,416,722</u>	<u>86,943</u>		<u>2,503,665</u>	<u>2,457,765</u>	<u>45,900</u>
<u>Social Development</u>							
Basic Needs	1-4	50,400			50,400	50,400	
Service Delivery	1-4	24,000			24,000	24,000	
Special Needs	1-4	600			600	600	
In Home Care	1-4	10,600			10,600	10,600	
National Child Benefit Reinvestment (NCB)	1-14	32,692			32,692	32,692	
		<u>118,292</u>			<u>118,292</u>	<u>118,292</u>	
TOTAL AANDC FUNDING		\$ 4,240,414	93,940		4,334,354	4,288,454	45,900

KINGFISHER LAKE FIRST NATION  
SCHEDULE OF FEDERAL GOVERNMENT FUNDING  
FOR THE YEAR ENDED MARCH 31, 2014

	Special Purpose Report Schedule	Federal Funding Received	Unexpended Beginning of Year	Adjustments Transfers	Federal Funding Available	Federal Funding Expended	Unexpended Federal Funding End of Year
<u>HEALTH CANADA</u>							
<u>FIXED FUNDING</u>							
Children and Youth	1-6A	\$ 91,379			91,379	91,379	
Mental Health and Addictions	1-6A	382,890			382,890	382,890	
Primary Care	1-6A	667,164			667,164	667,164	
Health Governance and Infrastructure Support	1-6A	572,875			572,875	572,875	
<u>SET FUNDING</u>							
Primary Care - Home and Community	1-6G	106,798			106,798	106,798	
Primary Care - Children's Oral Health	1-6F	4,004			4,004	4,004	
Chronic Disease and Injury Prevention	1-6E	46,772			46,772	46,772	
Non-Insured Health Benefits	1-6E	65,081			65,081	65,081	
Health Governance and Infrastructure Support	1-6E	63,994			63,994	63,994	
Pandemic	1-6G	2,000			2,000	2,000	
<b>TOTAL HEALTH CANADA FUNDING</b>		<b>\$ 2,002,957</b>			<b>2,002,957</b>	<b>2,002,957</b>	
<u>CANADA MORTGAGE AND HOUSING CORPORATION</u>							
Non Profit Reserve Housing	3	\$ 44,061			44,061	44,061	
Non Profit Reserve Housing	4	57,255			57,255	57,255	
<b>TOTAL CMHC FUNDING</b>		<b>\$ 101,316</b>			<b>101,316</b>	<b>101,316</b>	
<b>TOTAL FEDERAL GOVERNMENT FUNDING</b>		<b>\$ 6,344,687</b>	<b>93,940</b>		<b>6,438,627</b>	<b>6,392,727</b>	<b>45,900</b>