

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

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

MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

EXHIBIT

INDEPENDENT AUDITORS' REPORT	"A"
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	"B"
CONSOLIDATED STATEMENT OF ACCUMULATED SURPLUS	"C"
CONSOLIDATED STATEMENT OF OPERATIONS	"D"
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS	"E"
CONSOLIDATED STATEMENT OF CASH FLOWS	"F"
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	"G"

ANNEX

REVIEW ENGAGEMENT REPORT FOR THE	1
SCHEDULE OF REMUNERATION AND EXPENSES (CHIEF AND COUNCILLORS)	B
REVIEW ENGAGEMENT REPORT FOR THE	3
SCHEDULE OF FEDERAL GOVERNMENT FUNDING	E

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

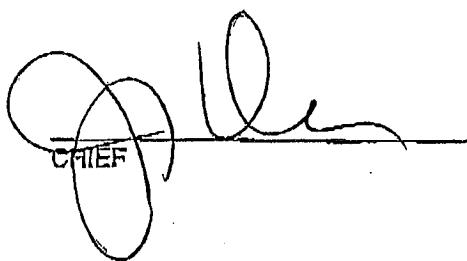
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

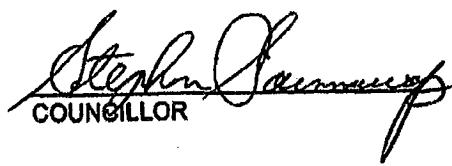
Management is responsible for the integrity and objectivity of the consolidated financial statements. Estimates are necessary in the preparation of these consolidated financial statements and, based on careful judgments, have been properly reflected. Management has established systems of internal control, 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



STEPHEN GARNETT
COUNCILLOR

Holukoff Chiarella

CHARTERED ACCOUNTANTS

EXHIBIT "A"

Kevin Massee, B.Comm. (Hons), C.A.
(Practising as Kevin Massee 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
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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 Massee, B.Comm. (Hons), C.A.
(Practising as Kevin Massee 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

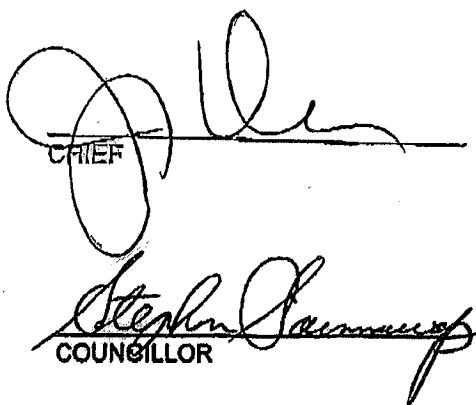
CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

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

EXHIBIT "B"

	<u>2014</u>	<u>2013</u>
FINANCIAL ASSETS		
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>
LIABILITIES		
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>
NET FINANCIAL ASSETS	<u>3,400,681</u>	<u>3,425,128</u>
NON FINANCIAL ASSETS		
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>1,047,137</u>
	<u>15,292,614</u>	<u>15,269,149</u>
ACCUMULATED SURPLUS, Note 16	\$ 18,693,295	18,694,277

APPROVED BY:



CHIEF
 Stephen Saemung
 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"	_____(982)	_____(80,358)
BALANCE AT END OF YEAR	\$ <u>18,693,295</u>	<u>18,694,277</u>

EXHIBIT "D"

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

	<u>2014</u>		<u>Annual Surplus (Deficit)</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	494,256
Revenue Enterprises Fund	794,601	299,041	495,560	551,206
Senior Citizens Complex	107,061	105,178	1,883	9,841
Housing Authority	<u>139,155</u>	<u>113,237</u>	<u>25,918</u>	<u>21,377</u>
	\$ 11,745,930	11,094,360	651,570	1,076,680
OTHER ITEMS				
Tangible capital assets expensed in operations			835,015	677,453
Amortization not expensed in operations			(1,263,306)	(1,351,285)
Business enterprise income (loss), Note 6			(289,215)	(304,689)
Income (loss) from investments			63,801	(89,609)
Interest, Ottawa Trust Fund, Note 5			1,153	1,092
Gain on disposal of capital assets				50,000
Loss on write down of investments				(140,000)
ANNUAL SURPLUS (DEFICIT)			\$ <u>(982)</u>	<u>(80,358)</u>

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>\$ 3,400,681</u>	<u>3,425,128</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>
OPERATING TRANSACTIONS		
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>
CAPITAL TRANSACTIONS		
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>
FINANCING TRANSACTIONS		
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>
INVESTING TRANSACTIONS		
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>
NET CHANGE IN CASH POSITION	(411,719)	704,334
CASH POSITION AT BEGINNING OF YEAR	<u>1,136,295</u>	<u>431,961</u>
CASH POSITION AT END OF YEAR	<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.
Okeskemanesee 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 be 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>
	<u>\$ 724,576</u>	<u>1,136,295</u>

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>
	<u>\$ 719,546</u>	<u>441,363</u>

EXHIBIT "G"

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

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>
	<u>\$ 3,761,226</u>	<u>2,897,425</u>

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	<u>46,676</u>	<u>45,523</u>

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	(5,507)
- 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>

EXHIBIT "G"

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

6. INVESTMENT IN FIRST NATION CONTROLLED ENTITIES, continued

Okeskemanesee Construction Ltd.				
- share		1	1	
- advances due from	631,810		656,853	
- accumulated deficit	(192,735)		(90,495)	
	<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:

		July 31, 2013		March 31, 2014
	Kingfisher Lake Socio-Economic Development Corporation	Kingfisher Lake Socio-Economic Development Corporation	Omahamo Holdings Inc.	1103462 Ontario Inc.
Cash	\$ 154,277	101,908	54,604	275,106
Accounts receivable	426,890	56,486	225,815	291,153
Inventory	751,684		35,150	
Due from (to) other entities	241,615	(187,143)	53,693	(631,810)
Tangible capital assets	797,455	26,776	44,728	175,512
Other assets	148,500	667		571
Total Assets	<u>2,520,421</u>	<u>(1,306)</u>	<u>413,990</u>	<u>110,532</u>
Bank indebtedness				
Accounts payable	623,210	4,200	208,520	249,862
Long term debt				53,404
Other liabilities	138,719			
Total Liabilities	<u>761,929</u>	<u>4,200</u>	<u>208,520</u>	<u>303,266</u>
Equity	<u>1,758,492</u>	<u>(5,506)</u>	<u>205,470</u>	<u>(192,734)</u>
Total Liabilities and Equity	<u>2,520,421</u>	<u>(1,306)</u>	<u>413,990</u>	<u>110,532</u>
Revenues	5,874,242	63,579	1,583,740	568,433
Expenses	6,059,619	66,078	1,582,839	670,673
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>
	\$ 741,787	252,179

9. DEFERRED REVENUE

	<u>Opening Balance March 31 2013</u>	<u>Revenue Received</u>	<u>Revenue Recognized</u>	<u>Closing Balance March 31 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>
	\$ 815,994	1,104,886	991,520	929,360

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>
	<u>\$ 2,754,512</u>	<u>2,149,501</u>

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.

EXHIBIT "G"

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
	\$ 39,833,925	2,260,778	42,094,703	27,572,194	14,522,509

	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
	\$ 38,959,907	874,018	39,833,925	26,218,466	13,615,459

14. CAPITAL ASSETS UNDER CONSTRUCTION

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

EXHIBIT "G"

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>
	\$ 695,105	491,553

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>
	\$ 101,316

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	
	<u>Budget</u> <u>2014</u>	<u>2013</u>	<u>Budget</u> <u>2014</u>	<u>2013</u>	<u>Budget</u> <u>2014</u>	<u>2013</u>
REVENUE						
Federal government	\$ 474,808	473,868	513,329	51,000	51,697	61,134 1,119,199 1,140,732 1,099,942
Provincial government		45,000	45,000			
Economic activities		(224,261)	(405,060)			
Net income for investments in government business enterprises						
Other revenue	<u>260,826</u>	<u>533,385</u>	<u>497,833</u>	<u>—</u>	<u>—</u>	<u>—</u>
TOTAL REVENUE	<u>735,634</u>	<u>827,992</u>	<u>651,102</u>	<u>51,000</u>	<u>51,697</u>	<u>61,134 1,131,410 1,196,643 1,266,597</u>
 EXPENSES						
Honoraria - Chief and Councillors	241,702	232,497				
Wages and benefits	258,025	191,610	36,320	43,335	51,281	815,800 817,605 799,197
Amortization	1,263,306	1,351,285				
Tangible capital assets	(835,015)	(677,453)				
Interest	55,441	54,533				
Other expenses	<u>238,272</u>	<u>225,964</u>	<u>9,904</u>	<u>8,362</u>	<u>9,853</u>	<u>345,614</u> 385,288 341,566
TOTAL EXPENSES	<u>1,221,731</u>	<u>1,378,436</u>	<u>46,224</u>	<u>51,697</u>	<u>61,134 1,161,414</u>	<u>1,202,893 1,140,763</u>
 ANNUAL SURPLUS (DEFICIT)	\$ <u>735,634</u>	<u>(393,739)</u>	<u>(727,334)</u>	<u>4,776</u>	<u>—</u>	<u>(30,004) (6,250) 125,834</u>

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

19. SEGMENT DISCLOSURE, continued

		Social Services		Municipal Services		Budget 2014	Budget 2014	Capital Projects 2013
		Budget 2014	Budget 2013	Budget 2014	Budget 2013			
REVENUE								
Federal government	\$ 93,142	85,600	73,400	1,256,097	1,917,232	479,490	479,490	439,687
Provincial government	400,000	550,230	463,973	245,130	53,087			
Economic activities								
Net income for investments in government business enterprises								
Other revenue								
TOTAL REVENUE	493,142	635,830	537,373	1,256,097	2,500,170	1,746,682	479,490	831,180
 EXPENSES								
Honoraria, Chief and Councillors								
Wages and benefits	39,330	35,751	24,651	399,102	738,342	591,498	200,000	323,073
Amortization								398,217
Tangible capital assets								
Interest								
Other expenses	456,699	631,569	568,258	744,380	1,846,282	1,226,921	279,490	508,107
TOTAL EXPENSES	496,029	667,320	592,909	1,143,482	2,584,624	1,818,419	479,490	831,180
 ANNUAL SURPLUS (DEFICIT)	\$ (2,887)	(31,490)	(55,536)	112,615	(84,454)	(71,737)	—	(3,185)

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

19. SEGMENT DISCLOSURE, continued

		Health		Housing	
	Budget	2014	2013	Budget	2014
					2013
REVENUE					
Federal government	\$ 1,845,330	2,002,957	2,079,033		101,316
Provincial government					101,316
Economic activities					
Net income for investments in government business enterprises	<u>28,775</u>	<u>70,090</u>	<u>149,454</u>		<u>144,900</u>
Other revenue					<u>140,040</u>
TOTAL REVENUE	1,874,105	2,073,047	2,228,487		246,216
EXPENSES					
Honoraria, Chief and Councillors					
Wages and benefits	1,253,121	1,221,752	1,155,587		
Amortization					
Tangible capital assets					
Interest					
Other expenses	<u>628,402</u>	<u>855,981</u>	<u>1,041,755</u>		<u>218,415</u>
TOTAL EXPENSES	1,881,523	2,077,733	2,197,342		218,415
ANNUAL SURPLUS (DEFICIT)	\$ (7,418)	(4,686)	31,145		27,801
					<u>31,218</u>

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

19. SEGMENT DISCLOSURE, continued

	Community Services			Total		
	Budget	2014	2013	Budget	2014	2013
REVENUE						
Federal government	\$ 36,692	72,492	249,918	5,355,758	6,325,384	6,233,831
Provincial government	28,057	145,284	142,711	428,057	985,644	704,771
Economic activities					(224,261)	(405,060)
Net income for investments in government business enterprises						
Other revenue	896,820	2,957,785	3,825,096	1,198,632	4,451,569	5,240,279
TOTAL REVENUE	961,569	3,175,561	4,217,725	6,982,447	11,538,336	11,773,821
 EXPENSES						
Honoraria, Chief and Councillors	476,498	696,297	685,683	3,220,171	4,134,180	3,897,724
Wages and benefits					1,263,306	1,351,285
Amortization					(835,015)	(677,453)
Tangible capital assets					55,441	54,533
Interest						
Other expenses	579,856	1,987,428	2,942,805	3,044,345	6,679,704	6,995,593
TOTAL EXPENSES	1,056,354	2,683,725	3,628,488	6,264,516	11,539,318	11,854,179
 ANNUAL SURPLUS (DEFICIT)	\$ (94,785)	491,836	589,237	717,931	(982)	(80,358)

Holukoff Chiarella

CHARTERED ACCOUNTANTS

ANNEX 3

Kevin Massee, B.Comm. (Hons), C.A.
(Practising as Kevin Massee 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)

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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

ANNEX E

**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>
Indian Government Support							
Band Support Funding	1-1	\$ <u>469,268</u>	—	—	<u>469,268</u>	<u>469,268</u>	—
Indian Registry							
Indian Registry	1-1	3,800	—	—	3,800	3,800	—
Registry Events	1-1	<u>800</u>	<u>4,600</u>	—	<u>800</u>	<u>800</u>	—
Economic Development							
Community Economic Development Program	1-2	<u>51,000</u>	<u>697</u>	—	<u>51,697</u>	<u>51,697</u>	—
Education							
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	<u>64,240</u>	—	—	<u>64,240</u>	<u>64,240</u>	—
		<u>1,140,732</u>	—	—	<u>1,140,732</u>	<u>1,140,732</u>	—
Other							
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	<u>27,000</u>	<u>6,300</u>	—	<u>27,000</u>	<u>27,000</u>	—
		<u>39,800</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

Special Purpose Report Schedule	Federal Funding Received	Unexpended Beginning of Year	Adjustments Transfers	Federal Funding Available	Unexpended Federal Funding Expended	
					Federal Funding Expended	End of Year
Community Development						
Schools O & M	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	
	2,416.722	86,943		2,503.665	2,457.765	45,900
Social Development						
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	
	118.292			118.292	118.292	118.292
TOTAL AANDC FUNDING		\$ 4,240,414		93,940	4,334,354	45,900

ANNEX E

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

HEALTH CANADA	Special Purpose Report Schedule	Federal Funding Received	Unexpended Beginning of Year		Federal Funding Available	Federal Funding Expended	Unexpended Federal Funding End of Year
			Adjustments	Transfers			
FIXED FUNDING							
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
SET FUNDING							
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
TOTAL HEALTH CANADA FUNDING		\$ 2,002,957			2,002,957		2,002,957
CANADA MORTGAGE AND HOUSING CORPORATION							
Non Profit Reserve Housing	3	\$ 44,061			44,061		44,061
Non Profit Reserve Housing	4	57,255			57,255		57,255
TOTAL CMHC FUNDING		\$ 101,316			101,316		101,316
TOTAL FEDERAL GOVERNMENT FUNDING		\$ 6,344,687			6,438,627		6,392,727
							45,900