

KINGFISHER LAKE FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

KINGFISHER LAKE FIRST NATION
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FOR THE YEAR ENDED MARCH 31, 2015

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KINGFISHER LAKE FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015

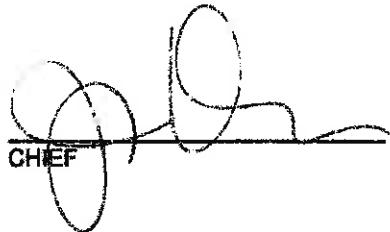
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

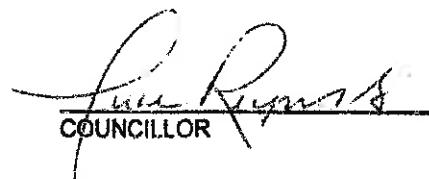
Management is responsible for the integrity and objectivity of the consolidated financial statements. Estimates are necessary in the preparation of these consolidated financial statements and, based on careful judgments, have been properly reflected. Management has established systems of internal control, 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
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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 statement of financial position as at March 31, 2015 and the consolidated statements of accumulated surplus, operations, change in net financial assets 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 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 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, 2015, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Holukoff Chiarella

WINNIPEG, MANITOBA
July 29, 2015

CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

EXHIBIT "B"

KINGFISHER LAKE FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2015

	<u>2015</u>	<u>2014</u>
FINANCIAL ASSETS		
Cash in bank, Note 2	\$ 674,917	724,576
Accounts receivable, Note 3	1,154,950	719,546
Investments, Note 4	4,084,029	3,761,226
Ottawa Trust Funds, Note 5	47,997	46,676
Investment in First Nation Controlled Entities, Note 6	<u>2,332,376</u>	<u>3,038,699</u>
	<u>8,294,269</u>	<u>8,290,723</u>
LIABILITIES		
Bank loan, Note 7	250,000	
Accounts payable, Note 8	1,383,157	741,697
Deferred revenue, Note 9	628,884	929,360
Long term debt, Note 10	2,524,813	2,754,512
Moveable asset reserve, Note 11	251,073	258,434
Replacement reserves, Note 12	<u>166,947</u>	<u>206,039</u>
	<u>5,204,874</u>	<u>4,890,042</u>
NET FINANCIAL ASSETS	<u>3,089,395</u>	<u>3,400,681</u>
NON FINANCIAL ASSETS		
Prepaid expenses, Note 14	659,146	695,105
Inventory of supplies	65,000	75,000
Tangible capital assets, Note 13	<u>12,930,605</u>	<u>14,522,509</u>
	<u>13,654,751</u>	<u>15,292,614</u>
ACCUMULATED SURPLUS, Note 15	\$ 16,744,146	<u>18,693,295</u>

APPROVED BY:


CHIEF

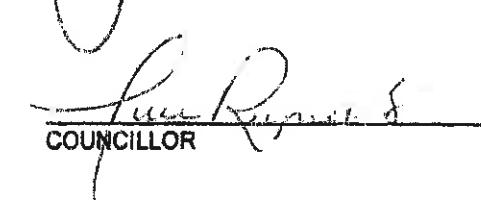

COUNCILLOR

EXHIBIT "C"

**KINGFISHER LAKE FIRST NATION
CONSOLIDATED STATEMENT OF ACCUMULATED SURPLUS
FOR THE YEAR ENDED MARCH 31, 2015**

	<u>2015</u>	<u>2014</u>
BALANCE AT BEGINNING OF YEAR	\$ 18,693,295	18,694,277
ANNUAL SURPLUS (DEFICIT), Exhibit "D"	<u>(1,349,149)</u>	<u>(982)</u>
BALANCE AT END OF YEAR	<u>\$ 16,744,146</u>	<u>18,693,295</u>

EXHIBIT "D"

KINGFISHER LAKE FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2015

	<u>2015</u>	<u>2014</u>
REVENUE		
Federal Government		
AANDC	\$ 4,203,568	4,221,111
Health Canada - Regular	2,098,786	2,003,996
Canada Mortgage and Housing Corporation	99,758	101,316
Provincial government		
Ministry of Aboriginal Affairs	90,000	80,000
Ministry of Community and Social Services	471,764	405,512
Ministry of Health	164,434	144,718
Ministry of Mines and Northern Development	263,730	245,130
Ontario First Nations Limited Partnership	993,635	815,128
Musselwhite Mine	1,258,251	1,403,900
Nishinabe Aski Nation	94,023	86,798
Shibogama First nation Council	87,003	50,450
SLAAMB	105,948	76,443
Other	<u>1,352,399</u>	<u>2,015,224</u>
	<u>11,283,299</u>	<u>11,649,726</u>
EXPENSES		
First Nation Management	667,226	793,440
Economic Development	51,000	51,697
Education Services	1,199,363	1,175,061
Social Services	708,346	667,320
Municipal Services	2,512,935	2,499,934
Health Services	2,245,251	2,077,733
Capital	1,398,512	831,180
Other Programs	1,917,430	2,384,684
Revenue Enterprises	267,934	299,041
Seniors Complex	149,199	105,179
Housing Authority	<u>107,444</u>	<u>112,887</u>
	<u>11,224,640</u>	<u>10,998,156</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER ITEMS	58,659	651,570
OTHER ITEMS		
Transfer to tangible capital assets from operations	835,015	
Amortization not included in operations	(1,769,211)	(1,263,306)
Business Enterprise loss	(301,965)	(289,215)
Investment income	62,047	63,801
Interest, Ottawa Trust Fund	<u>1,321</u>	<u>1,153</u>
ANNUAL SURPLUS (DEFICIT)	\$ (1,949,149)	(982)

EXHIBIT "D-1"

KINGFISHER LAKE FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2015

	2015			2014		
	<u>AANDC</u>	<u>Revenue</u> <u>Other</u>	<u>Total</u>	<u>Expenses</u>	<u>Transfers</u>	<u>Annual Surplus (Deficit)</u>
First Nation Management	\$ 492,532	171,373	663,905	667,226		(3,321)
Economic Development	51,000		51,000	51,000		
Education	1,166,856	38,757	1,205,613	1,199,363		(6,250)
Social Services	87,527	617,198	704,725	708,346		(3,621)
Municipal Services	1,952,315	339,115	2,291,430	2,512,935	205,314	(16,191)
Health	2,125,325	2,125,325		2,245,251	63,473	(56,453)
Capital	420,638	16,275	436,913	1,398,512	955,599	(6,000)
Other Programs	32,700	2,131,063	2,163,763	1,917,430	67,523	313,856
Revenue Enterprises	1,390,896	1,390,896		267,934	(1,322,909)	(199,947)
Seniors Complex	149,199	149,199		149,199		1,883
Housing Authority	—	100,530	100,530	107,444	31,000	24,086
						25,918
	\$ 4,203,568	7,079,731	11,283,299	11,224,640	—	58,659
OTHER ITEMS						
Tangible capital assets expensed in operations						835,015
Amortization not expensed in operations						(1,263,306)
Business enterprise loss, Note 6						(301,965)
Income from investments						62,047
Interest, Ottawa Trust Fund, Note 5						63,801
						1,321
						1,153
ANNUAL SURPLUS (DEFICIT)						\$ (1,949,149)
						(982)

EXHIBIT "E"

KINGFISHER LAKE FIRST NATION
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED MARCH 31, 2015

	<u>2015</u>	<u>2014</u>
ANNUAL SURPLUS (DEFICIT), Exhibit "D"	\$ (1,949,149)	(982)
Acquisition of tangible capital assets	(270,951)	(2,260,778)
Amortization of tangible capital assets	1,862,855	1,353,728
Change in prepaid expenses	35,959	(203,552)
Change in inventory of supplies	10,000	40,000
Change in capital assets under construction	<u>1,047,137</u>	
DECREASE IN NET FINANCIAL ASSETS	(311,286)	(24,447)
NET FINANCIAL ASSETS AT BEGINNING OF YEAR	<u>3,400,681</u>	<u>3,425,128</u>
NET FINANCIAL ASSETS AT END OF YEAR	<u>\$ 3,089,395</u>	<u>3,400,681</u>

EXHIBIT "F"

**KINGFISHER LAKE FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2015**

	<u>2015</u>	<u>2014</u>
OPERATING TRANSACTIONS		
Annual surplus (deficit), Exhibit "D"	\$ (1,949,149)	(982)
Add non-cash items		
Amortization	1,862,855	1,353,728
Replacement reserve	(39,092)	11,400
Moveable asset reserve	(7,361)	9,610
Business enterprise loss	301,965	319,637
Investment income	(62,047)	(63,801)
Net change in financial assets/liabilities and prepaid expenses		
Accounts receivable	(435,404)	(278,183)
Inventory of supplies	10,000	40,000
Prepaid expenses	35,959	(203,552)
Ottawa Trust funds	(1,321)	(1,153)
Accounts payable	641,460	489,518
Due from First Nation entities	404,358	(787,677)
Deferred revenue	<u>(300,476)</u>	<u>113,366</u>
	<u>461,747</u>	<u>1,001,911</u>
CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets	(270,951)	(2,260,778)
Change in capital assets under construction	<u>(270,951)</u>	<u>1,047,137</u>
	<u>(270,951)</u>	<u>(1,213,641)</u>
FINANCING TRANSACTIONS		
Proceeds from bank loan	250,000	
Repayment of bank loan		(5,000)
Proceeds from long term debt	867,000	2,024,437
Principal repayments on long term debt	<u>(1,096,699)</u>	<u>(1,419,426)</u>
	<u>20,301</u>	<u>600,011</u>
INVESTING TRANSACTIONS		
Increase in long term investments	<u>(260,756)</u>	<u>(800,000)</u>
NET CHANGE IN CASH POSITION	<u>(49,659)</u>	<u>(411,719)</u>
CASH POSITION AT BEGINNING OF YEAR	<u>724,576</u>	<u>1,136,295</u>
CASH POSITION AT END OF YEAR	<u>\$ 674,917</u>	<u>724,576</u>

KINGFISHER LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards 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
FOR THE YEAR ENDED MARCH 31, 2015**

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

c) Revenue Recognition

The First Nation 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 First Nation'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) 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
FOR THE YEAR ENDED MARCH 31, 2015**

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

h) Financial Instruments

Initial and subsequent measurement

The First Nation initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The First Nation subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in the fair value of these financial instruments are recognized in net income in the period incurred.

Financial assets measured at amortized cost on a straight-line basis include cash in bank, accounts receivable, investments and Ottawa Trust Funds.

Financial liabilities measured at amortized cost on a straight-line basis include bank loan, accounts payable and long term debt.

Transaction costs

Transactions costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in net income over the life of the instrument using the straight-line method.

2. CASH IN BANK

	<u>2015</u>	<u>2014</u>
Administration	\$ 191,460	49,877
Social Services	(3,697)	(30,934)
Equity Fund	304,515	229,903
Revenue Fund	16,206	574
Credit Fund	21,237	32,450
Musselewhite Revenue Sharing	659	126,199
Senior Citizens Complex	133,740	101,110
CMHC Housing Authority	7,917	9,073
Casino Rama	<u>2,880</u>	<u>206,324</u>
	 \$ 674,917	 724,576

EXHIBIT "G"

**KINGFISHER LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015**

3. ACCOUNTS RECEIVABLE

	<u>2015</u>	<u>2014</u>
Administration		
AANDC	\$ 137,679	79,362
Ashweig Winter Roads	459,251	382,294
Kingfisher Lake SED Corporation, Note 1(a)	339,378	186,512
Shibogama First Nations Council	50,703	32,342
Members loans and advances	55,552	23,678
Other trade receivables	355,264	212,214
Less allowance for doubtful accounts	(369,698)	(317,152)
Social Services - Province of Ontario M.C.S.S.	23,284	31,146
Revenue Fund - Members loans and advances	92,390	87,480
Less allowance for doubtful accounts	(81,398)	(74,149)
Credit Fund - Members loans and advances	68,121	57,102
Less allowance for doubtful accounts	(46,330)	(57,102)
Musselwhite Revenue Sharing - Members loans and advances	13,143	13,232
Less allowance for doubtful accounts	(13,143)	(13,232)
Senior Citizens Complex - Rents receivable from members	48,601	60,601
Less allowance for doubtful accounts	(43,678)	(53,021)
CMHC Housing Authority - Rents receivable from members	39,684	42,343
Less allowance for doubtful accounts	(36,434)	(36,688)
Casino Rama - Due from 1103462 Ontario Inc., Note 1(a)	<u>62,581</u>	<u>62,581</u>
	<u>\$ 1,154,950</u>	<u>719,546</u>

4. INVESTMENTS

	<u>2015</u>	<u>2014</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	316,417	286,916
Landmark Leasing Corporation	(51,709)	
2061842 Ontario Inc (B.B.H. Contracting)	9,594	
B.B.H. Limited Partnership	29,368	
Cable TV operations	53,721	53,721
Myguard Security Group LP - Equity investment	2,645	28,123
2317186 Ontario Limited (Happy Time Tours)	66,365	
2317365 Ontario Limited (Happy Time Tours)	(112,922)	
Loans receivable, Happy Time Tours		
without interest on demand	1,163,722	800,000
2317186 Ontario Limited (Happy Time Tours)	<u>14,362</u>	<u></u>
	<u>\$ 4,084,029</u>	<u>3,761,226</u>

EXHIBIT "G"

KINGFISHER LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

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>2015</u>	<u>2014</u>
Unexpended funds beginning of year	\$ 46,676	45,523
Interest earned	<u>1,321</u>	<u>1,153</u>
Unexpended funds end of year	\$ 47,997	46,676

6. INVESTMENT IN FIRST NATION CONTROLLED ENTITIES

	<u>2015</u>	<u>2014</u>
Kingfisher Lake Socio Economic Development Corporation		
- advances due from (to)	\$ 13,319	13,319
- accumulated surplus	<u>1,941,135</u>	<u>1,758,491</u>
	<u>1,954,454</u>	<u>1,771,811</u>
Omahamo Holdings Inc.		
- share	1	1
- advances due from (to)	16,272	13,040
- accumulated deficit	<u>(8,067)</u>	<u>(5,507)</u>
	<u>8,206</u>	<u>7,534</u>
1103462 Ontario Inc.		
- share	1	1
- advances due from (to)	(163,121)	614,808
- accumulated surplus	<u>208,835</u>	<u>205,469</u>
	<u>45,715</u>	<u>820,278</u>
Okeskemanesee Construction Ltd.		
- share	1	1
- advances due from	952,519	631,810
- accumulated deficit	<u>(628,519)</u>	<u>(192,735)</u>
	<u>324,001</u>	<u>439,076</u>
TOTAL INVESTMENT IN		
FIRST NATION CONTROLLED ENTITIES	<u>\$ 2,332,376</u>	<u>3,038,699</u>

EXHIBIT "G"

**KINGFISHER LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015**

6. INVESTMENT IN FIRST NATION CONTROLLED ENTITIES, continued

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

		<u>July 31, 2014</u>		<u>March 31, 2015</u>	
		Kingfisher Lake Socio-Economic Development Corporation	Omahamo Holdings Inc.	1103462 Ontario Inc.	Okeskemansee Construction Ltd.
Bank	\$ 297,396	119,554	38,598	9,253	
Accounts receivable	391,607	69,410	355,305	177,328	
Inventory	579,701		809,677		
Due from (to) other entities	829,568				
Tangible capital assets	<u>767,829</u>	<u>10,141</u>	<u>33,173</u>	<u>314,108</u>	
Total Assets	<u>2,866,101</u>	<u>199,105</u>	<u>1,236,753</u>	<u>500,689</u>	
Accounts payable	561,064	5,828	83,910		
Due to other entities	237,763	201,343	944,007	1,129,207	
Other liabilities	<u>129,139</u>				
Total Liabilities	<u>924,966</u>	<u>207,171</u>	<u>1,027,917</u>	<u>1,129,207</u>	
Equity	<u>1,941,135</u>	<u>(8,066)</u>	<u>208,836</u>	<u>(628,518)</u>	
Total Liabilities and Equity	<u>2,866,101</u>	<u>199,105</u>	<u>1,236,753</u>	<u>500,689</u>	
Revenues	4,592,937	81,773	1,901,468	224,265	
Expenses	<u>(4,459,922)</u>	<u>(81,333)</u>	<u>(1,898,102)</u>	<u>(660,050)</u>	
Net Income (Loss)	\$ <u>133,014</u>	<u>(2,560)</u>	<u>3,366</u>	<u>(435,785)</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.

EXHIBIT "G"

KINGFISHER LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

8. ACCOUNTS PAYABLE

	<u>2015</u>	<u>2014</u>
Administration		
Employee deductions payable	\$ 67,484	37,602
103462 Ontario Inc. (Fuel)	110,214	132,239
Other trade payables	<u>1,064,237</u>	<u>444,039</u>
	1,241,935	613,970
Social Services - Trade payables	27,553	81,278
Revenue Fund - Trade payables	105,310	38,146
Credit Fund - Unearned Interest	<u>8,358</u>	<u>8,393</u>
	\$ 1,383,156	741,787

9. DEFERRED REVENUE

	Opening Balance March 31 2014	Revenue Received	Revenue Recognized	Closing Balance March 31 2015
Casino Rama	\$ 237,905	844,131	994,554	87,482
Equity Fund	579,755	103,099	378,339	304,515
Education Services		750,300	747,167	3,133
Low Cost Education		37,600	21,394	16,206
Awareness Walk	67,124	2,695		69,819
Diesel Generation Study	20,000	110,240	84,700	45,540
School Trips	12,003			12,003
Northern Ontario School of Medicine		6,500		6,500
After School Program		29,700	13,371	16,329
FNSSD Implementation	12,573	82,950	28,757	66,766
Ducks Unlimited	<u>13,200</u>	<u>12,609</u>		<u>591</u>
	\$ 929,360	1,980,415	2,280,891	628,884

EXHIBIT "G"

KINGFISHER LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

10. LONG TERM DEBT

	<u>2015</u>	<u>2014</u>
Royal Bank of Canada		
Fixed rate term loan, interest at 4.0%, maturing March 2, 2020. Payments of \$15,968, including principal and interest, payable monthly.	\$ 867,000	704,535
Fixed rate term loan		
Fixed rate term loan, interest at 4.8%, maturing June 20, 2017. Payments of \$8,300, including principal and interest, payable monthly.	629,996	697,661
Fixed rate term loan, interest at prime plus 1.6%, maturing March 2, 2016. Principal payments of \$7,200, plus interest, payable monthly.	245,582	428,437
Fixed rate term loan		48,000
Bank of Montreal		
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.	113,263	155,677
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>668,972</u>	<u>720,202</u>
	<u>\$ 2,524,813</u>	<u>2,754,512</u>

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

2016	\$ 641,498
2017	293,496
2018	711,702
2019	234,777
2020	243,016
Thereafter	<u>400,324</u>
	<u>\$ 2,524,813</u>

KINGFISHER LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

10. LONG TERM DEBT, continued

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 finance the purchase of fuel tanks.
- #4 Non-revolving term loan in the amount of \$867,000 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, 2015, the moveable asset reserve is unfunded.

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, 2015, the replacement reserves are unfunded.

EXHIBIT "G"

KINGFISHER LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

13. TANGIBLE CAPITAL ASSETS

	2015				
	Cost Mar. 31/14	Additions (Disposals)	Cost Mar. 31/15	Accumulated Amortization	Net Book Value
Infrastructure	\$ 15,270,076		15,270,076	11,169,158	4,100,918
Band Housing	15,256,234		15,256,234	10,112,984	5,143,250
CMHC Housing	2,574,208		2,574,208	2,574,208	
Public Buildings	7,648,051		7,648,051	4,515,220	3,132,831
Equipment	320,061	32,571	352,632	237,385	115,247
Vehicles	235,967	74,440	310,407	152,306	158,101
Heavy Equipment	790,106	163,940	954,046	673,788	280,258
	\$ 42,094,703	270,951	42,365,654	29,435,049	12,930,605
	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

EXHIBIT "G"

**KINGFISHER LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015**

14. PREPAID EXPENSES

Prepaid expenses at March 31, 2015 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>2015</u>	<u>2014</u>
Fuel tanks on hand	\$ 98,311	294,932
Building material	<u>448,286</u>	<u>400,173</u>
	\$ 546,597	695,105

15. 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.

16. 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 year ended March 31, 2015 was as follows:

	<u>2015</u>	<u>2014</u>
Seniors Complex	\$ 42,503	44,061
Housing Authority	<u>57,255</u>	<u>57,255</u>
	\$ 99,758	101,316

17. 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
FOR THE YEAR ENDED MARCH 31, 2015

18. SEGMENT DISCLOSURE

		<u>Band Support</u>	<u>Budget</u>	<u>2015</u>	<u>2014</u>	<u>Economic Development</u>	<u>Budget</u>	<u>2015</u>	<u>2014</u>	<u>Education</u>
REVENUE										
Federal government	\$ 466,885	492,532	473,868	51,000	51,697					
Provincial government	19,000	19,000	45,000							
Economic activities		(239,918)	(224,261)							
Net income for investments in government business enterprises										
Other revenue		<u>561,576</u>	<u>533,385</u>	—	—					
TOTAL REVENUE	486,885	833,190	827,992	51,000	51,697					
EXPENSES										
Honoraria - Chief and Councillors	240,000	249,938	241,702							
Wages and benefits		319,994	258,025							
Amortization	1,769,211	1,263,306								
Tangible capital assets		(835,015)								
Interest	29,387	55,441								
Other expenses		475,789	238,272							
TOTAL EXPENSES	240,000	2,844,319	1,221,731	—	—	51,000	51,697	1,007,248	1,189,363	1,202,893
SURPLUS (DEFICIT) BEFORE TRANSFERS	245,885	(2,011,129)	393,739	51,000						
TRANSFERS		—	—	—						
ANNUAL SURPLUS (DEFICIT)	\$ 245,885	(2,011,129)	393,739	51,000						
						(14,346)	6,250	(6,250)		
						—	—	—		
						(14,346)	6,250	(6,250)		

KINGFISHER LAKE FIRST NATION
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2015

EXHIBIT "G"

18. SEGMENT DISCLOSURE, continued

	Social Services			Municipal Services			Capital Projects		
	Budget	2015	2014	Budget	2015	2014	Budget	2015	2014
REVENUE									
Federal government	\$ 74,100	87,527	85,600	1,142,162	1,952,315	1,917,232	479,490	420,638	479,490
Provincial government	419,042	617,198	550,230	39,989	263,730	245,130			
Economic activities									
Net income for investments in government business enterprises									
Other revenue				59,988	75,385	337,808			
TOTAL REVENUE	493,142	704,725	635,830	1,242,139	2,291,430	2,500,170	479,490	436,913	831,180
EXPENSES									
Honoraria, Chief and Councillors	94,330	109,988	35,751	568,346	791,193	738,342	200,000	1,398,512	323,073
Wages and benefits									
Amortization									
Tangible capital assets									
Interest	401,700	598,358	631,569	814,696	1,721,742	1,846,282	279,490		508,107
Other expenses									
TOTAL EXPENSES	496,030	708,346	667,320	1,383,042	2,512,935	2,584,624	479,490	1,398,512	831,180
SURPLUS (DEFICIT) BEFORE TRANSFERS	(2,888)	(3,621)	(31,490)	(140,903)	(221,505)	(84,454)		(961,599)	
TRANSFERS									
ANNUAL SURPLUS (DEFICIT)	\$ (2,888)	(3,621)	(31,490)	(140,903)	(16,191)	(84,454)		955,599	
								(6,000)	

KINGFISHER LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

18. SEGMENT DISCLOSURE, continued

	Health			Housing		
	Budget	2015	2014	Budget	2015	2014
REVENUE						
Federal government	\$ 1,845,330	2,098,786	2,002,957		99,758	101,316
Provincial government						
Economic activities						
Net income for investments in government business enterprises	<u>28,775</u>	<u>26,539</u>	<u>70,090</u>		<u>149,971</u>	<u>144,900</u>
Other revenue						
TOTAL REVENUE	<u>1,874,105</u>	<u>2,125,325</u>	<u>2,073,047</u>		<u>249,729</u>	<u>246,216</u>
 EXPENSES						
Honoraria, Chief and Councillors	1,253,121	1,341,328	1,221,752			
Wages and benefits						
Amortization						
Tangible capital assets						
Interest	<u>628,402</u>	<u>903,923</u>	<u>855,981</u>		<u>256,643</u>	<u>218,415</u>
Other expenses						
TOTAL EXPENSES	<u>1,881,523</u>	<u>2,245,251</u>	<u>2,077,733</u>		<u>266,643</u>	<u>218,415</u>
 SURPLUS (DEFICIT) BEFORE TRANSFERS	(7,418)	(119,926)	(4,686)		(6,914)	27,801
TRANSFERS						
ANNUAL SURPLUS (DEFICIT)	\$ (7,418)	(56,453)	(4,686)		<u>31,000</u>	—
					<u>24,086</u>	<u>27,801</u>

KINGFISHER LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

EXHIBIT "G"

19. SEGMENT DISCLOSURE, continued

	Community Services			Total		
	Budget	2015	2014	Budget	2015	2014
REVENUE						
Federal government	\$ 36,692	32,700	72,492	5,088,561	6,402,112	6,325,384
Provincial government	6,000	5,044	145,284	484,031	904,972	985,644
Economic activities				(239,918)	(224,261)	
Net income for investments in government business enterprises						
Other revenue	1,076,198	3,516,915	2,957,785	1,164,961	4,375,418	4,451,569
TOTAL REVENUE	1,118,890	3,554,659	3,175,561	6,737,553	11,442,584	11,538,336
EXPENSES						
Honoraria, Chief and Councillors	437,152	812,620	696,297	240,000	249,938	241,702
Wages and benefits				3,260,142	5,591,806	4,134,180
Amortization					1,769,211	1,263,306
Tangible capital assets						(835,015)
Interest					29,387	55,441
Other expenses	571,692	1,372,744	1,987,428	2,996,035	5,751,391	6,679,704
TOTAL EXPENSES	1,008,844	2,185,364	2,683,725	6,496,177	13,391,733	11,539,318
SURPLUS (DEFICIT) BEFORE TRANSFERS	110,046	1,369,255	491,836	241,376	(1,949,149)	(982)
TRANSFERS		(1,255,386)				
ANNUAL SURPLUS (DEFICIT)	\$ 110,046	113,909	491,836	241,376	(1,949,149)	(982)