

Cat Lake First Nation
Consolidated Financial Statements
March 31, 2016

Cat Lake First Nation
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For the year ended March 31, 2016

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CAT LAKE FIRST NATION

March 31, 2016

MANAGEMENT'S STATEMENT OF RESPONSIBILITY FOR FINANCIAL REPORTING


The accompanying consolidated financial statements of Cat Lake First Nation are the responsibility of management and have been approved by the Chief and Council. These financial statements have been prepared by management in accordance generally accepted accounting principals for governments established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 2 to the financial statements.

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

The First Nation Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. Council carries out this responsibility principally through its Council.


The Council, composed of Council Members, reviews the First Nation's financial statements and recommends their approval. The Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the financial statements and the external auditor's report. The Council also considers, for review and approval by the members, the engagement of external auditors.

The financial statements have been audited by Peter Stetsko Professional Corporation, independent external auditor appointed by the First Nation. The accompanying Auditor's Report outlines his responsibilities, the scope of his examination and his opinion on the First Nation's financial statements.



July 21/16
Date

Chief



July 21/16
Date

Councilor

PETER STETSKO

CHARTERED ACCOUNTANT

136 NORTH McKELLAR STREET - POST OFFICE BOX 10281
THUNDER BAY, ONTARIO
P7B 6T7

INDEPENDENT AUDITOR'S REPORT

To the Chief, Council and Members of:
Cat Lake First Nation

I have audited the accompanying consolidated financial statements of Cat Lake First Nation, which comprise the consolidated statement of financial position as at March 31, 2016, together with the consolidated statements of operations and accumulated operating surplus, changes in net debt and cash flows, for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

PETER STETSKO

CHARTERED ACCOUNTANT

136 NORTH McKELLAR STREET - POST OFFICE BOX 10281
THUNDER BAY, ONTARIO
P7B 6T7

INDEPENDENT AUDITOR'S REPORT (cont'd)

Basis for Qualified Opinion

Cat Lake First Nation reports its long-term investments in two business entities at cost as current financial information is not available. Canadian public sector accounting standards require that long-term investments in which the First Nation has significant influence, be accounted for using the equity method and adjustments be made to investment income to increase or decrease the First Nation's income to that which would have been recognized if results of the investment operations had been consolidated with the First Nation. As a result, I was unable to determine whether adjustments might have been necessary in respect of the investment in partnerships and business entities and the elements making up the consolidated statement of financial position, consolidated statement of operations and accumulated surplus and consolidated statements of changes in net debt and cash flows.

Qualified Opinion

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Cat Lake First Nation as at March 31, 2016 and the results of its consolidated operations and changes in its net debt and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matters

The supplementary information contained in Schedules 1 through 3 are presented for the purposes of additional analysis and is not a part of the basic audited consolidated financial statements. The supplementary information in these Schedules has been subjected to auditing procedures applied, only to the extent necessary to express an opinion, in the audit of the consolidated financial statements taken as a whole.



THUNDER BAY, ONTARIO
JULY 21, 2016

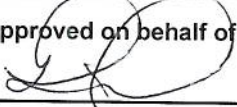
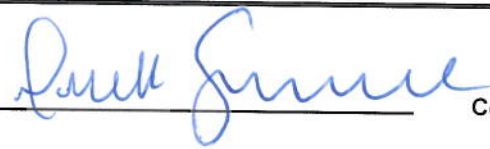
PETER STETSKO PROFESSIONAL CORPORATION

Authorized to practice public accounting by
The Institute of Chartered Accountants of Ontario

Cat Lake First Nation

Consolidated Statement of Financial Position

As at March 31, 2016

	2016	2015
Financial assets		
Cash resources (Note 3)	1,522,115	1,137,862
Accounts receivable (Note 4)	305,546	441,589
Investment in partnership and business entities (Note 5)	154	154
Funds held in Ottawa Trust Fund (Note 6)	267,156	258,373
Total financial assets	2,094,971	1,837,978
Liabilities		
Accounts payable and accruals (Note 7)	2,108,856	1,650,612
Due to government and other government organizations (Note 8)	788,672	945,143
Deferred revenue (Note 9)	2,225,130	2,244,178
Total liabilities	5,122,658	4,839,933
Net debt	(3,027,687)	(3,001,955)
Contingent liabilities (Note 10)		
Non-financial assets		
Tangible capital assets (Note 11) (Schedule 1)	26,790,597	27,962,581
Inventories held for use (Note 12)	322,318	318,317
Total non-financial assets	27,112,915	28,280,898
Accumulated surplus	24,085,228	25,278,943
Approved on behalf of the Chief and Council		
	Chief	 Councillor

The accompanying notes are an integral part of these financial statements

Cat Lake First Nation

Consolidated Statement of Operations and Accumulated Operating Surplus

For the year ended March 31, 2016

	2016 Budget	2016	2015
Indigenous and Northern Affairs Canada			
Grant	445,168	459,618	445,168
Fixed Contribution	2,334,698	2,496,978	2,704,424
Set Contribution	832,842	1,130,098	1,168,760
	3,612,708	4,086,694	4,318,352
First Nation and Inuit Health	805,936	1,369,924	997,081
HST and sales tax rebates	-	152,434	-
Interest income	-	3,208	8,856
Ministry of Health and Long-Term Care	53,400	52,602	65,120
Nishnawbe-Aski Nation	89,151	138,441	101,603
Ontario First Nations Limited Partnership	865,000	874,431	866,723
Province of Ontario	251,416	251,416	251,416
Ministry of Community and Social Services	626,400	1,138,930	921,179
Fuel and oil revenue	-	20,243	-
Musselwhite	-	1,170,091	1,091,934
Rental income	36,000	15,024	30,960
Trust Fund revenue	-	8,783	12,938
Sioux Lookout Area Aboriginal Management Board	22,871	51,840	67,583
Windigo First Nations Council	-	35,975	209,729
Other revenue	1,411,244	461,966	511,536
Administration fees	320,258	403,547	269,848
Deferred revenue, beginning of year <i>(Note 9)</i>	-	2,244,178	6,358,346
Deferred revenue, end of year <i>(Note 9)</i>	-	(2,225,130)	(2,244,178)
	8,094,384	10,254,597	13,839,026
Expenses			
Administration	3,359,158	4,657,240	4,376,114
Casino Rama	865,000	793,016	796,762
Economic Development	61,236	116,970	170,066
Education	1,714,688	2,689,245	2,736,262
Health Authority	1,281,218	1,711,691	1,589,980
Social Assistance	914,482	1,332,671	1,261,658
	8,195,782	11,300,833	10,930,842
Operating surplus (deficit) before other items	(101,398)	(1,046,236)	2,908,184
Other expenses			
Loss on disposal of tangible capital assets	-	(147,479)	-
Funding recoveries	-	-	(1,195,914)
	-	(147,479)	(1,195,914)
Operating surplus (deficit)	(101,398)	(1,193,715)	1,712,270
Accumulated surplus, beginning of year	-	25,278,943	23,566,673
Accumulated surplus, end of year	(101,398)	24,085,228	25,278,943

The accompanying notes are an integral part of these financial statements

Cat Lake First Nation
Consolidated Statement of Change in Net Debt
For the year ended March 31, 2016

	2016 Budget	2016	2015
Annual operating surplus (deficit)	-	(1,193,715)	1,712,270
Purchases of tangible capital assets	-	(376,528)	(687,005)
Amortization of tangible capital assets	-	1,401,033	1,449,897
Use of prepaid expenses	-	-	52,772
Acquisition of inventories held for use	-	(4,001)	(214,942)
Loss on sale of tangible capital assets	-	147,479	-
Increase (decrease) in net debt	-	(25,732)	2,312,992
Net debt, beginning of year	-	(3,001,955)	(5,314,947)
Net debt, end of year	-	(3,027,687)	(3,001,955)

The accompanying notes are an integral part of these financial statements

Cat Lake First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2016

	2016	2015
Cash provided by (used for) the following activities		
Operating activities		
Operating surplus (deficit)	(1,193,715)	1,712,270
Non-cash items		
Amortization	1,401,033	1,449,897
Loss on disposal of tangible capital assets	147,479	-
	354,797	3,162,167
Changes in working capital accounts		
Accounts receivable	136,043	598,270
Prepaid expenses	-	52,772
Accounts payable and accruals	458,244	(421,298)
Due to government organizations	(156,471)	945,143
Deferred revenue	(19,048)	(4,114,168)
inventories held for use	(4,001)	(214,942)
	769,564	7,944
Capital activities		
Purchases of tangible capital assets	(376,528)	(687,005)
Investing activities		
Ottawa Trust Fund revenue	(8,783)	(12,938)
Increase (decrease) in cash resources	384,253	(691,999)
Cash resources, beginning of year	1,137,862	1,829,861
Cash resources, end of year	1,522,115	1,137,862
Supplementary cash flow information		
Interest paid	27,473	28,730
Interest received	3,208	8,856

The accompanying notes are an integral part of these financial statements

1. Operations

Cat Lake First Nation (the "First Nation") is located in the province of Ontario, and provides various services to its members. Cat Lake First Nation includes the First Nation's members, government and all related entities that are accountable to the First Nation and are either owned or controlled by the First Nation.

2. Significant accounting policies

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. These include the following significant accounting policies:

Reporting entity

The consolidated financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity, except for First Nation business entities.

The First Nation has consolidated the assets, liabilities, revenue and expenses of the following entities and departments:

- Cat Lake First Nation
- Cat Lake First Nation Recipient Appointed Advisor Account
- Cat Lake First Nation Health Authority
- Cat Lake First Nation Casino Rama

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

Cat Lake First Nation business entities, owned or controlled by the First Nation's Council but not dependent on the First Nation for their continuing operations, are included in the consolidated financial statements using the cost method. Under the cost method, only the First Nation's initial investment is reported in the consolidated financial statements. Entities accounted for by the cost basis include:

- 1133407 Ontario Inc. (Operating as Pipestone Contracting)
- 1089907 Ontario Inc. (Operating as Keewatin Contracting)

Basis of presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Funds held in Ottawa Trust Fund

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the consolidated statement of financial position with an offsetting amount in accumulated operating surplus. Trust moneys consist of:

- Capital trust moneys derived from non-renewable resource transactions on the sale of land or other First Nation tangible capital assets; and
- Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

Cash resources

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

2. Significant accounting policies *(Continued from previous page)*

Tangible capital assets

Tangible capital assets are initially recorded at cost based on historical cost accounting records for buildings, community infrastructure, equipment and vehicles. Contributed tangible assets are recorded at their fair value at the date of contribution.

Amortization

Amortization for tangible capital assets is provided using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

	<i>Method</i>	<i>Rate</i>
Buildings	straight-line	25-30 years
Community infrastructure	straight-line	25 years
Equipment	straight-line	5-10 years
Fuel tanks	straight-line	10 years
Furniture and fixtures	straight-line	5-10 years
Housing	straight-line	25 years
Radio station	straight-line	5 years
Street lights	straight-line	10 years
Vehicles	straight-line	10 years

Long-lived assets

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The First Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using undiscounted future cash flows. Any impairment is included in surplus for the year.

Inventories held for use

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets, prepaid expenses and inventories held for use.

Net financial assets (net debt)

The First Nation's consolidated financial statements are presented so as to highlight net financial assets (net debt) as the measurement of financial position. The net financial assets (net debt) of the First Nation is determined by its financial assets less its liabilities. Net financial assets (net debt) combined with non-financial assets comprise a second indicator of financial position, accumulated surplus (deficit).

2. Significant accounting policies *(Continued from previous page)*

Revenue recognition

Funding

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period are reflected as deferred revenue on the consolidated statement of financial position in the year of receipt.

Rental revenue is recognized over the rental term. Other revenues are earned from other services provided by the First Nation and are recognized when the service has been provided and collectibility is reasonably assured.

Revenues from trust moneys are recognized when measurable, earned and collection is reasonably assured. These moneys are reported on by the Government of Canada

Government Transfers

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Segments

The First Nation conducts its business through 7 reportable segments: Administration, Casino Rama, Economic Development, Education, Health Authority, Social Assistance and Ottawa Trust Funds. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

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

Use of estimates

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of tangible capital assets.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary.

Amortization is based on the estimated useful lives of tangible capital assets.

Accounts payable and accruals are estimated based on historical charges for unbilled goods and services at year-end.

2. Significant accounting policies *(Continued from previous page)*

Provision for site rehabilitation

The Ontario Environmental Protection Act sets out the regulatory requirements to properly close and maintain active and inactive landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. A liability is recognized beginning when the landfill first accepts waste to the date the landfill stops accepting waste. The liability for closure and post-closure care is recognized as the site capacity is used and is equal to a proportion of the estimated total expenditure required for closure and post-closure care. The estimated total expenditure represents the sum of discounted future cash flows associated with closure and post-closure care considering current technology, the length of the post-closure care period and current environmental regulations. Expenditures that relate to an existing condition caused by past operations, and which do not contribute to future revenue generation, are expensed in the current year.

Liability for contaminated site

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2016.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made. The First Nation is in the early stages of remediating a site. Costs of remediation and benefits given up are not yet determinable.

Other economic interests

Cat Lake first Nation is a member of Tikinagan Child and Family Services. Tikinagan Child and Family Services is an organization comprised of thirty First Nations, whose purpose is to provide child and family services to the thirty member First Nations.

Cat Lake First Nation is a member of Windigo First Nations Tribal Council. Windigo First Nations Tribal Council is an organization comprised of seven First Nations. The Tribal Council enhances the technical services provided by the First Nation.

Cat Lake First Nation is a member of Windigo First Nations Education Authority. Windigo First Nations Education Authority is an organization of four First Nations. The Education Authority enhances education services provided by the First Nation.

Cat Lake First Nation is a member of the Sioux Lookout Area Aboriginal Management Board ("SLAAMB"). SLAAMB is an organization comprised of twenty-six First Nations. SLAAMB enhances the education and training services provided by the First Nations.

Cat Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

3. Cash resources

	2016	2015
Administration	(50,308)	21,378
Cash on hand	16,015	66,150
Casino Rama	4,707	102,915
Health Authority	445,938	28,953
Recipient Appointed Advisor	1,038,675	852,169
Social Assistance	67,088	55,079
Other funds held in trust	-	11,218
	1,522,115	1,137,862

4. Accounts receivable

	2016	2015
Indigenous and Northern Affairs Canada	55,962	63,151
First Nation and Inuit Health	7,450	7,450
Musselwhite	95,938	84,021
Nishnawbe-Aski Nation	57,501	69,119
Other accounts receivable	219,711	513,128
Allowance for doubtful accounts	(131,016)	(295,280)
	305,546	441,589

5. Investments in partnerships and business entities

The First Nation has investments in the following entities:

	<i>Investment cost</i>	<i>2016 Total investment</i>
Significantly influenced businesses:		
1133407 Ontario Inc. (Operating as Pipestone Contracting) - 34.3%	103	103
1089907 Ontario Inc. (Operating as Keewatin Contracting) - 51%	51	51
	154	154

	<i>Investment cost</i>	<i>2015 Total investment</i>
Significantly influenced businesses:		
1133407 Ontario Inc. (Operating as Pipestone Contracting) - 34.3%	103	103
1089907 Ontario Inc. (Operating as Keewatin Contracting) - 51%	51	51
	154	154

Cat Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

6. Funds held in Ottawa Trust Fund

Capital and revenue trust monies are transferred to the First Nation on the authorization of the Minister of Aboriginal Affairs and Northern Development Canada, with the consent of the First Nation's Council.

	2016	2015
Capital Trust		
Balance, beginning of year	4,904	4,904
Balance, end of year	4,904	4,904
Revenue Trust		
balance, beginning of year	253,469	240,531
interest	8,783	12,938
Balance, end of year	262,252	253,469
	267,156	258,373

7. Accounts payable and accruals

	2016	2015
Trade payables	1,846,712	1,343,670
Accrued salaries and benefits payable	46,333	158,553
Other accruals	180,240	139,747
Payroll remittances	35,571	8,642
	2,108,856	1,650,612

8. Due to government and other government organizations

	2016	2015
Indigenous and Northern Affairs Canada	203,202	203,202
First Nation and Inuit Health	585,470	741,941
	788,672	945,143

Amounts repayable to Indigenous and Northern Affairs Canada is made up of funds remaining from a school construction project. Amounts repayable to First Nation and Inuit Health is based on a ministerial audit recovering funds from 2008-2011 and recovery of surplus funds from 2014.

Cat Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

9. Deferred revenue

	<i>Balance, March 31, 2015</i>	<i>Funding Received, 2016</i>	<i>Revenue Recognized</i>	<i>Balance, March 31, 2016</i>
INAC - Education Programs	-	71,730	64,672	7,058
INAC - Electrical Grid	1,156	90,000	82,809	8,347
INAC - Electrical Systems	375,000	-	-	375,000
INAC - Soil Remediation	-	182,066	165,363	16,703
Ontario First Nations Limited Partnership	1,868,022	874,431	924,431	1,818,022
	2,244,178	1,218,227	1,237,275	2,225,130

Ontario First Nations Limited Partnership funding is provided as part of a settlement with the Ontario Government over gaming revenue produced on First Nation territory. The First Nation is restricted to spending the funds on eligible expenditures outlined in the partnership agreement in one of six categories (Community Development, Health, Education, Economic Development, Cultural Development, Permitted Interim Investments). Where funds have not been spent in accordance with the agreement, funding is deferred to the subsequent year.

10. Contingent liabilities

The First Nation has agreements with INAC and other government bodies for each restricted fund which states that the First Nation may be required to return any surplus which may arise. The First Nation is solely responsible for any deficits.

11. Tangible capital assets

The First Nation does not amortize tangible capital assets under construction until they are put into service. \$446,761 reported in housing, \$14,848 in equipment, \$209,021 in buildings and \$16,878 in furniture are under construction at year-end.

12. Inventories held for use

	2016	2015
Building supplies	17,533	128,221
Fuel	289,428	156,019
Road supplies	15,357	34,077
	322,318	318,317

Cat Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

13. Segments

During 2016, the First Nation had seven reportable segments: These segments are differentiated by major activities or services they provide. The First Nation's segments are as follows:

Administration - includes administration and governance activities.

Casino Rama - includes the use of the funding provided by the Ontario First Nations Limited Partnership.

Economic Development - includes activities for the growth of business activity and infrastructure on First Nation property.

Education - includes the operation of education programs.

Health Authority - includes the operations of the health programs and crisis co-ordination.

Social Assistance - includes the operations of the social assistance programs.

Ottawa Trust Fund - includes the operations of funds held in a separate trust in Ottawa.

Inter-segment transfers are recorded at their exchange amount. The accounting policies are the same as those described in Note 2.

14. Economic dependence

Cat Lake First Nation receives a significant portion of its revenue from Indigenous and Northern Affairs Canada ("INAC") as a result of Treaties entered into with the Government of Canada. These treaties are administered by INAC under the terms and conditions of the Indian Act. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these Treaties.

15. Government transfers

Cat Lake First Nation receives a significant portion of its revenues pursuant to a funding arrangement with INAC. Under the terms of the arrangement, funding can be suspended if the First Nation does not comply with the terms of the agreement.

Due to certain deficiencies in its working capital position, the First Nation is party to a Recipient Appointed Advisor Agreement with MNP Management Services Ltd., under the approval of INAC, that expires on March 31, 2016. Subsequent to year-end, the First Nation continued its agreement with MNP Management Services Ltd.

During the year, the First Nation recognized the following government transfers:

	2016	2015
Indigenous and Northern Affairs Canada	4,086,694	4,318,352
First Nation and Inuit Health	1,369,924	997,081
Province of Ontario	251,416	251,416
	5,708,034	5,566,849

16. Budget information

The disclosed budget information has been approved by the Chief and Council of the Cat Lake First Nation at a Council meeting held on June 30, 2015.

4.0

17. Recent accounting pronouncements

Assets

In June 2015, new PS 3210 Assets was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new Section provides guidance for applying the definition of assets set out in PS 1000 *Financial Statement Concepts*. The main features of this standard are as follows:

- Assets are defined as economic resources controlled by a government as a result of past transactions or events and from which future economic benefits are expected to be obtained.
- Economic resources can arise from such events as agreements, contracts, other government's legislation, the government's own legislation, and voluntary contributions.
- The public is often the beneficiary of goods and services provided by a public sector entity. Such assets benefit public sector entities as they assist in achieving the entity's primary objective of providing public goods and services.
- A public sector entity's ability to regulate an economic resource does not, in and of itself, constitute control of an asset, if the interest extends only to the regulatory use of the economic resource and does not include the ability to control access to future economic benefits.
- A public sector entity acting as a trustee on behalf of beneficiaries specified in an agreement or statute is merely administering the assets, and does not control the assets, as future economic benefits flow to the beneficiaries.
- An economic resource may meet the definition of an asset, but would not be recognized if there is no appropriate basis for measurement and a reasonable estimate cannot be made, or if another Handbook Section prohibits its recognition. Information about assets not recognized should be disclosed in the notes.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

Contingent Assets

In June 2015, new PS 3320 Contingent Assets was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new Section establishes disclosure standards on contingent assets. The main features of this Standard are as follows:

- Contingent assets are possible assets arising from existing conditions or situations involving uncertainty. That uncertainty will ultimately be resolved when one or more future events not wholly within the public sector entity's control occurs or fails to occur. Resolution of the uncertainty will confirm the existence or non-existence of an asset.
- Passing legislation that has retroactive application after the financial statement date cannot create an existing condition or situation at the financial statement date.
- Elected or public sector entity officials announcing public sector entity intentions after the financial statement date cannot create an existing condition or situation at the financial statement date.
- Disclosures should include existence, nature, and extent of contingent assets, as well as the reasons for any non-disclosure of extent, and the bases for any estimates of extent made.
- When a reasonable estimate can be made, disclosure should include a best estimate and a range of possible amounts (or a narrower range of more likely amounts), unless such a disclosure would have an adverse impact on the outcome.

17. Recent accounting pronouncements *(Continued from previous page)*

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

Contractual Rights

In June 2015, new PS 3380 Contractual Rights was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). This new Section establishes disclosure standards on contractual rights, and does not include contractual rights to exchange assets where revenue does not arise. The main features of this Standard are as follows:

- Contractual rights are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future.
- Until a transaction or event occurs under a contract or agreement, an entity only has a contractual right to an economic resource. Once the entity has received an asset, it no longer has a contractual right.
- Contractual rights are distinct from contingent assets as there is no uncertainty related to the existence of the contractual right.
- Disclosures should include descriptions about nature, extent, and timing.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

Restructuring Transactions

In June 2015, new PS 3430 Restructuring Transactions was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new Section establishes disclosure standards on contingent assets. The main features of this Standard are as follows:

- A restructuring transaction is defined separately from an acquisition. The key distinction between the two is the absence of an exchange of consideration in a restructuring transaction.
- A restructuring transaction is defined as a transfer of an integrated set of assets and/or liabilities, together with related program or operating responsibilities that does not involve an exchange of consideration.
- Individual assets and liabilities transferred in a restructuring transaction are derecognized by the transferor at their carrying amount and recognized by the recipient at their carrying amount with applicable adjustments.
- The increase in net assets or net liabilities resulting from recognition and derecognition of individual assets and liabilities received from all transferors, and transferred to all recipients in a restructuring transaction, is recognized as revenue or as an expense.
- Restructuring-related costs are recognized as expenses when incurred.
- Individual assets and liabilities received in a restructuring transaction are initially classified based on the accounting policies and circumstances of the recipient at the restructuring date.
- The financial position and results of operations prior to the restructuring date are not restated.
- Disclosure of information about the transferred assets, liabilities and related operations prior to the restructuring date by the recipient is encouraged but not required.

The Section is effective for new restructuring transactions that occur in fiscal periods beginning on or after April 1, 2018. Earlier application is encouraged.

Cat Lake First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2016

	<i>Buildings</i>	<i>Community infrastructure</i>	<i>Equipment</i>	<i>Fuel Tanks</i>	<i>Furniture and fixtures</i>	<i>Housing</i>	<i>Subtotal</i>
Cost							
Balance, beginning of year	27,963,013	740,000	1,188,231	391,672	612,358	5,545,239	36,440,513
Acquisition of tangible capital assets	5,065	-	16,177	-	16,878	-	38,120
Construction-in-progress	-	-	-	-	-	228,454	228,454
Disposal of tangible capital assets	-	-	-	-	-	(104,605)	(104,605)
Balance, end of year	27,968,078	740,000	1,204,408	391,672	629,236	5,669,088	36,602,482
Accumulated amortization							
Balance, beginning of year	4,199,714	740,000	864,487	324,177	192,474	2,586,800	8,907,652
Annual amortization	1,032,261	-	62,674	23,576	82,910	111,540	1,312,961
Accumulated amortization on disposals	-	-	-	-	-	-	-
Balance, end of year	5,231,975	740,000	927,161	347,753	275,384	2,698,340	10,220,613
Net book value of tangible capital assets	22,736,103	-	277,247	43,919	353,852	2,970,748	26,381,869
Net book value of tangible capital assets	23,763,299	-	323,744	67,495	419,884	2,958,439	27,532,861

Cat Lake First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets

For the year ended March 31, 2016

	<i>Subtotal</i>	<i>Radio Station</i>	<i>Street Lights</i>	<i>Vehicles</i>	<i>2016</i>	<i>2015</i>
Cost						
Balance, beginning of year	36,440,513	10,227	42,774	1,058,353	37,551,867	36,864,862
Acquisition of tangible capital assets	38,120	-	-	109,954	148,074	246,549
Construction-in-progress	228,454	-	-	-	228,454	440,456
Disposal of tangible capital assets	(104,605)	-	-	(162,270)	(266,875)	-
Balance, end of year	36,602,482	10,227	42,774	1,006,037	37,661,520	37,551,867
Accumulated amortization						
Balance, beginning of year	8,907,652	10,227	9,759	661,648	9,589,286	8,139,389
Annual amortization	1,312,961	-	2,139	85,933	1,401,033	1,449,897
Accumulated amortization on disposals	-	-	-	(119,396)	(119,396)	-
Balance, end of year	10,220,613	10,227	11,898	628,185	10,870,923	9,589,286
Net book value of tangible capital assets	26,381,869	-	30,876	377,852	26,790,597	27,962,581
		2015				
Net book value of tangible capital assets	27,532,861	-	33,015	396,705	27,962,581	

Cat Lake First Nation
Schedule 2 - Schedule of Consolidated Expenses by Object
For the year ended March 31, 2016

	<i>2016 Budget</i>	<i>2016</i>	<i>2015</i>
Consolidated expenses by object			
Administration	329,057	404,167	269,848
Advertising	500	-	-
Amortization	-	1,401,033	1,449,897
Audit fees	33,500	35,800	30,323
Bad debts	-	-	11,530
Bank charges and interest	-	27,475	28,730
Co-management fees	180,000	180,000	180,000
Community donations	497,000	562,652	469,703
Contracted services	655,000	705,753	974,895
Equipment rental and supplies	-	25,450	34,055
Food	378	910	8,563
Fuel	28,640	23,488	102,453
Funeral	-	13,231	23,393
Honourarium	397,000	420,447	208,350
Insurance	91,765	91,277	80,378
Materials	458	458	300
Miscellaneous	562	74,715	21,619
Office supplies	22,000	6,788	3,298
Postage	-	8,946	18,351
Professional fees	158,800	910,118	416,923
Rent	1,750	7,584	9,450
Repairs and maintenance	-	41,840	54,867
Salaries and benefits	2,543,522	3,369,387	3,345,061
Social assistance	654,000	1,151,613	1,059,744
Student expenses	-	7,336	7,659
Supplies	1,834,156	803,952	809,753
Telephone	62,000	64,639	81,421
Training	20,095	25,192	96,204
Travel	166,750	531,533	559,525
Utilities	518,849	405,049	574,549
	8,195,782	11,300,833	10,930,842

Cat Lake First Nation
Schedule 3 - Consolidated Schedule of Revenue and Expenses and Accumulated Surplus (Deficit)
For the year ended March 31, 2016

	Department of AANDC Contributions	Other Revenue	Deferred Revenue (Net)	Total Expenses for the Year	Gain (Loss) on Disposal	Transfers	Surplus (Deficit)	Prior Year's Surplus (Deficit)	End of Year Surplus (Deficit)
Administration									
Band Support	464,680	285,103	-	779,043	-	(100,000)	(129,260)	(4,943)	(134,203)
Housing and Capital	-	-	-	281,559	(104,605)	-	(386,164)	130,179	(255,985)
Operations and Maintenance	492,106	-	-	564,238	-	-	(72,132)	696,619	624,487
Post Office	-	-	-	-	-	-	-	-	-
Winter Road - MNDM	-	251,416	-	251,417	-	-	(1)	225,016	225,015
Other Administration	-	1,833,840	-	1,655,163	-	(5,868)	172,809	1,453,671	1,626,490
Canada Economic Action Plan	-	-	-	-	-	-	-	126,749	126,749
Minor Capital	463,385	-	-	463,385	-	-	-	672,542	672,542
Capital - Sewage Liftstation	-	-	-	-	-	-	-	88,750	88,750
First Nations Waste Water Action Plan	-	-	-	-	-	-	-	(402)	(402)
Summer Students - Set Contribution	12,200	-	-	12,200	-	-	-	-	-
Registry Events - Set Contribution	458	-	-	458	-	-	-	-	-
Water O&M - Set Contribution	34,572	-	-	34,572	-	-	-	-	-
Wastewater O&M - Set Contribution	85,817	-	-	85,817	-	-	-	-	-
Roads and Bridges - Set Contribution	-	-	-	-	-	-	-	(5,884)	(5,884)
Warehouse Replacement - Set Contribution	-	-	-	-	-	-	-	205,560	205,560
Winter Road - Set Contribution	240,687	-	-	246,216	-	-	(5,529)	-	(5,529)
Electrical Grid	90,000	-	(7,191)	82,809	-	-	-	-	-
Power Utility	-	-	-	-	-	-	-	-	-
Capacity Development	35,000	-	-	35,000	-	-	-	-	-
Soil Remediation	182,066	-	(16,703)	165,363	-	-	-	-	-
	2,100,971	2,370,359	(23,894)	4,657,240	(104,605)	(105,868)	(420,277)	3,587,857	3,167,580
Economic Development	61,300	-	-	116,970	-	-	(55,670)	332,583	276,913
Education									
Education Facilities	530,000	-	-	457,967	-	-	72,033	(13,076)	58,957
Education Programs	854,325	75,575	(7,058)	1,904,691	(42,874)	-	(1,024,723)	(695,970)	(1,720,693)
Enhanced Teacher Salaries	42,600	-	-	42,600	-	-	-	(48,075)	(48,075)
Special Education	-	-	-	-	-	-	-	(39,739)	(39,739)
Parental and Community Engagement Strategy	-	-	-	-	-	-	-	(14,381)	(14,381)
Minor Capital - School Facilities	-	71	-	-	-	-	71	15,609,920	15,609,991
School Servicing	-	31	-	-	-	-	31	7,015,027	7,015,058
School Fire Replacement	-	-	-	-	-	-	-	49,855	49,855
Professional and Institutional Development	-	-	-	-	-	-	-	(13,206)	(13,206)
Band Operated School - Set Contribution	188,198	-	-	188,198	-	-	-	-	-
Provincial School Accommodation - Set Contribution	-	-	-	-	-	-	-	5,500	5,500
Provincial School Transportation - Set Contribution	-	-	-	-	-	-	-	500	500
Fit Up of Education Facilities - Set Contribution	-	-	-	-	-	-	-	13,469	13,469
Tuition Agreements	90,500	-	-	95,789	-	-	(5,289)	-	(5,289)
	1,705,623	75,677	(7,058)	2,689,245	(42,874)	-	(957,877)	21,869,824	20,911,947
Health Authority									
Community Health	-	1,568,491	-	1,581,778	-	120,000	106,713	71,324	178,037
Crisis Co-ordination	-	59,301	-	58,754	-	-	547	21,019	21,566
National Child Benefit - Set Contribution	70,800	-	-	71,159	-	-	(359)	49,540	49,181
	70,800	1,627,792	-	1,711,691	-	120,000	106,901	141,883	248,784
Social Assistance									
Social Assistance	55,800	84,200	-	103,015	-	-	36,985	(242,557)	(205,572)
Basic Needs - Set Contribution	77,000	1,054,853	-	1,161,854	-	30,000	(1)	148,587	148,586
Special Needs - Set Contribution	1,000	-	-	1,000	-	-	-	191	191
Home Support - Set Contribution	14,200	52,602	-	66,802	-	-	-	(3,251)	(3,251)
	148,000	1,191,655	-	1,332,671	-	30,000	36,984	(97,030)	(60,046)
Casino Rama	-	874,589	50,000	793,016	-	(44,132)	87,441	(814,547)	(727,106)
Ottawa Trust Fund									
Revenue	-	8,783	-	-	-	-	8,783	253,469	262,252
Capital	-	-	-	-	-	-	-	4,904	4,904
	-	8,783	-	-	-	-	8,783	258,373	267,156
	4,086,694	6,148,855	19,048	11,300,833	(147,479)	-	(1,193,715)	25,278,943	24,085,228