

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

DEER LAKE FIRST NATION
MARCH 31, 2015

COUNCIL

Chief	Roy Dale Meekis Royal Meekis - Former
Deputy Chief	Cory J. Meekis Marcus Meekis - Former
Councillors	Albert Mawakeesic Garry Meekis Saulas Meekis Carolyn Meekis Leonard Mawakeesic David G. Meekis George Rae - Former Cory Meekis - Former Barry Meekis - Former

FIRST NATION ADMINISTRATION

First Nation Administrators	Lita Pemmican Mary Jeffries
Social Services Administrator	Carolyn Meekis
Health Director	Garylene Meekis

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FOR THE YEAR ENDED MARCH 31, 2015

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DEER LAKE FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015


MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

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


CHIEF


COUNCILLOR


COUNCILLOR


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)

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Winnipeg, Manitoba R3T 2A4
Telephone (204) 452-6449
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INDEPENDENT AUDITORS' REPORT

To the Chief, Councillors and Members of
Deer Lake First Nation

We have audited the accompanying financial statements of Deer 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 debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Deer 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.



WINNIPEG, MANITOBA
July 28, 2015

CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

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

	<u>2015</u>	<u>2014</u>
FINANCIAL ASSETS		
Cash, Note 3	\$ 497,557	1,345,296
Accounts receivable, Note 4	883,050	524,644
Ottawa Trust Funds, Note 6	<u>42,202</u>	<u>40,526</u>
Total Financial Assets	<u>1,422,809</u>	<u>1,910,466</u>
LIABILITIES		
Accounts payable and accrued liabilities, Note 7	1,292,325	970,288
Deferred revenue, Note 8	223,544	182,985
Long term debt, Note 9	4,711,129	5,156,856
Reserves, Note 10	<u>702,733</u>	<u>694,300</u>
Total Liabilities	<u>6,929,731</u>	<u>7,004,429</u>
NET DEBT	<u>(5,506,922)</u>	<u>(5,093,963)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets, Note 11	42,403,913	44,285,167
Inventory, Note 12	<u>826,233</u>	<u>739,977</u>
	<u>43,230,146</u>	<u>45,025,144</u>
ACCUMULATED SURPLUS (DEFICIT), Exhibit "C"	\$ <u>37,723,224</u>	<u>39,931,181</u>

APPROVED BY:

CHIEF



COUNCILLOR



COUNCILLOR



COUNCILLOR

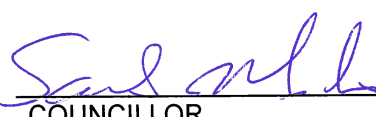


EXHIBIT "C"

DEER 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	\$ 39,931,181	42,954,415
ANNUAL SURPLUS (DEFICIT), Exhibit "D"	<u>(2,207,957)</u>	<u>(3,023,234)</u>
BALANCE AT END OF YEAR	\$ <u>37,723,224</u>	<u>39,931,181</u>

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

	<u>2015</u>		<u>2014</u>
	<u>Budget</u>	<u>Actual</u>	
REVENUE			
AANDC	\$ 8,968,223	8,968,223	8,282,015
Health Canada	1,898,025	1,898,025	1,566,384
CMHC	285,160	269,464	269,338
MCSS	1,062,100	1,469,566	1,389,608
MNR		3,429	
OFNLP	1,034,912	1,051,132	1,027,345
MNDM	265,868	265,868	252,506
Ontario Trillium Fund	55,957	55,957	46,703
Ministry of Health	168,276	149,778	165,873
Other	<u>3,394,131</u>	<u>3,147,424</u>	<u>3,856,583</u>
	<u>17,672,652</u>	<u>17,278,866</u>	<u>16,856,355</u>
EXPENSES			
First Nation Management	1,589,510	1,536,059	1,584,460
Public Works	3,959,338	3,113,987	3,293,534
Economic Development	74,000	74,000	73,954
Health Programs	1,900,034	1,866,987	1,609,777
Social Services	1,681,353	2,078,385	2,043,801
Educational Services	3,895,460	3,640,941	3,598,153
Housing and Capital Projects	3,419,388	3,191,258	2,103,515
CMHC Housing	489,827	429,724	430,484
OFNLP	1,088,029	675,189	1,030,477
Cable TV	170,110	106,456	146,488
Operating Programs	<u>268,923</u>	<u>1,072,845</u>	<u>679,342</u>
	<u>18,535,972</u>	<u>17,788,588</u>	<u>16,593,985</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER ITEMS	(863,320)	(506,722)	262,370
OTHER ITEMS			
Capital assets acquired from operations		3,515,798	1,748,745
Amortization not expensed in operations		(5,217,033)	(4,928,326)
Write-off of investments			(117,719)
Interest in Ottawa Trust Funds			<u>11,696</u>
ANNUAL SURPLUS (DEFICIT)	\$ <u>(863,320)</u>	<u>(2,207,957)</u>	<u>(3,023,234)</u>

DEER LAKE FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS BEFORE OTHER ITEMS
FOR THE YEAR ENDED MARCH 31, 2015

	<u>2015</u>			<u>2014</u>
	<u>Revenue</u>			<u>Annual</u>
	<u>AANDC</u>	<u>Other</u>	<u>Total</u>	<u>Surplus</u>
				<u>(Deficit)</u>
First Nations Management	\$ 715,662	435,285	1,150,947	130,344
Public Works	1,223,414	1,563,595	2,787,009	515,456
Economic Development	74,000		74,000	150,631
Health Programs		1,751,732	1,751,732	(176,347)
Social Services	374,444	1,659,764	2,034,208	46
Educational Services	3,734,224	162,160	3,896,384	(115,012)
Housing and Capital Projects	2,811,479	376,817	3,188,296	(44,177)
CMHC Housing		269,464	269,464	323,595
OFNLP		1,051,189	1,051,189	
Cable TV		103,061	103,061	(89,726)
Operating Programs	35,000	937,576	972,576	(363,583)
TOTAL	\$ 8,968,223	8,310,643	17,278,866	109,819
AANDC Funding Per Confirmation	\$ 8,968,223			(363,583)
				(3,395)
				(100,269)
				154,841
				262,370

EXHIBIT "E"

DEER LAKE FIRST NATION
CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT
FOR THE YEAR ENDED MARCH 31, 2015

	<u>2015</u>	<u>2014</u>
ANNUAL SURPLUS (DEFICIT), Exhibit "D"	\$ (2,207,957)	(3,023,234)
Acquisition of tangible capital assets	(3,515,798)	(1,748,745)
Amortization of tangible capital assets	5,397,052	5,102,490
Loss of tangible capital assets - Warehouse/garage fire		266,002
Change in inventory	<u>(86,256)</u>	<u>9,136</u>
DECREASE (INCREASE) IN NET DEBT	(412,959)	605,649
NET DEBT AT BEGINNING OF YEAR	<u>(5,093,963)</u>	<u>(5,699,612)</u>
NET DEBT AT END OF YEAR	\$ <u>(5,506,922)</u>	<u>(5,093,963)</u>

DEER 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)	\$ (2,207,957)	(3,023,234)
Add non-cash item		
Amortization of tangible capital assets	5,397,052	5,102,490
Loss of tangible capital asset due to fire		266,002
Changes in financial assets/liabilities		
Accounts receivable	(358,406)	401,069
Investments		117,719
Ottawa Trust Funds	(1,676)	(11,696)
Reserve Fund	8,433	34,464
Accounts payable and accrued liabilities	322,037	(512,759)
Deferred revenue	40,559	(33,149)
Inventory	<u>(86,256)</u>	<u>9,136</u>
	<u>3,113,786</u>	<u>2,350,042</u>
CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets	<u>(3,515,798)</u>	<u>(1,748,745)</u>
FINANCING TRANSACTIONS		
Repayments of long term debt	<u>(445,727)</u>	<u>(149,660)</u>
NET CHANGE IN CASH POSITION	(847,739)	451,637
CASH POSITION AT BEGINNING OF YEAR	<u>1,345,296</u>	<u>893,659</u>
CASH POSITION AT END OF YEAR	\$ <u>497,557</u>	<u>1,345,296</u>
CASH CONSISTS OF:		
Cash	\$ 427,058	1,188,990
GIC Investments	<u>70,499</u>	<u>156,306</u>
	\$ <u>497,557</u>	<u>1,345,296</u>

DEER 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) Nature and Purpose of Organization

The First Nation manages and administers all aspects of the Deer Lake First Nation. The organization operates with a Chief and Council, who are ultimately responsible for the establishment and administration of all programs of the First Nation.

b) Reporting Entity and Principles of Financial Reporting

The Deer Lake First Nation reporting entity includes the Deer Lake First Nation government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation. These financial statements consolidate the assets, liabilities and results of operations for these entities, which all use accounting principles which lend themselves to consolidations.

All inter-entity balances have been eliminated on consolidation, but in order to present the results of operations for each specific fund, transactions amongst funds have not necessarily been eliminated on individual statements.

Incorporated and unincorporated business entities, which are owned or controlled by the Deer 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. These include:

1164202 Ontario Ltd. receiver for Sabourin Lake Airways Ltd.
Hangar, Red Lake Airport

Incorporated business entities, which are not controlled by the First Nation and are not dependent on the First Nation, are recorded by the cost method. These investments are recorded by the cost method as opposed to the lower of cost or net realizable value because the net realizable value is indeterminable. These include:

Aatawehike Fire Services Limited Partnership

DEER 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 be reasonably estimated and collection is reasonably assured. Funding received under the funding arrangements which relates to a subsequent fiscal period is reflected as deferred revenue in the year of receipt and classified as such on the balance sheet.

Other income, primarily fees for services, are recognized upon transfer of title of the product or upon performance of the service and when collectability is reasonably assured.

d) Tangible Capital Assets

Tangible capital assets (TCA) 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.

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) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis.

f) Amortization

Assets under construction are not amortized until they are put into service. Amortization commences on April 1 of the fiscal year after the asset is acquired and is put into service. Amortization is recorded on a straight-line basis over the estimated useful life of the asset, as follows:

Automotive	5 years
General equipment	4 years
Housing - standard construction	15 years
Housing - betterments	5 years
Infrastructure - water/sewer	25 years
- roads	20 years
- buildings, standard construction	15 years
- buildings, metal clad	20 years
- generator upgrade	15 years
CMHC Housing	25 years

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

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

g) 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, accounts receivable, investments and Ottawa Trust Funds.

Financial liabilities measured at amortized cost on a straight-line basis include accounts payable and accrued liabilities, deferred revenue, reserves 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.

h) Net Debt/Net Financial Assets

The First Nation's financial statements are presented so as to highlight net debt/net financial assets as the measurement of financial position. The net debt/net financial assets of the First Nation are determined by its financial assets less its liabilities. Net debt/net financial assets is comprised of two components, non-financial assets and accumulated surplus.

i) Reserve Funds

The reserve funds for the medical vehicle, equipment and the water truck replacement are funded by an annual charge against earnings as opposed to an appropriation of surplus.

The replacement reserve for Deer Lake CMHC Housing is funded by an annual charge against earnings as opposed to an appropriation of surplus.

The operating reserve for Deer Lake CMHC Housing represents the surplus revenue of its operations after payment of all costs and expenses including the allocation to the replacement reserve.

j) 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.

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

2. 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 agreements.

3. CASH (BANK INDEBTEDNESS)

	<u>2015</u>	<u>2014</u>
Administration		
General	\$ (122,056)	(300,659)
GIC investment	61,956	147,831
AANDC deposit	30,300	28,184
Public works		
General	(286,593)	84,486
GIC	1,412	1,401
Social Services	(55,019)	(87,175)
Education Operating	418,560	325,570
Housing	20,283	136,100
OFNLP - General	(40,263)	255,662
OFNLP - GIC Investment	7,131	7,074
Capital	242,008	384,266
CMHC Housing		
Operations	35,889	62,952
Replacement reserve	76,006	49,153
Multi-Purpose Centre Project	132,445	262,632
Cable TV - General	<u>(24,502)</u>	<u>(12,181)</u>
	\$ <u>497,557</u>	<u>1,345,296</u>

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

4. ACCOUNTS RECEIVABLE

	<u>2015</u>	<u>2014</u>
ADMINISTRATION		
NAN	\$ 30,420	31,044
Northern Chiefs	3,750	3,500
Others	35,363	34,332
SLAAMB	<u>34,413</u>	<u>31,587</u>
	<u>103,946</u>	<u>100,463</u>
SOCIAL SERVICES		
AANDC	4,444	
Ontario Works	48,370	104,643
Ministry of Health	<u>16,081</u>	<u>25,173</u>
	<u>68,895</u>	<u>129,816</u>
EDUCATION		
WAHSA	3,678	
AANDC		2,477
FNSSP	14,820	60,300
Staff advances	108,954	108,954
Allowance for doubtful accounts	<u>(108,954)</u>	<u>(108,954)</u>
	<u>18,498</u>	<u>62,777</u>
PUBLIC WORKS		
Insurance claim - AIG	254,328	
MNDMF	31,498	
AANDC		20,000
CRA - GST		6,510
Individual Band members – fuel and advances	<u>150,997</u>	<u>123,945</u>
	436,823	150,455
Allowance for doubtful accounts	<u>(143,226)</u>	<u>(114,184)</u>
	<u>293,597</u>	<u>36,271</u>
OFNLP		
CRA - GST		8,881
Band members' advances and loans	<u>39,832</u>	<u>22,220</u>
	39,832	31,101
Allowance for doubtful accounts	<u>(22,996)</u>	<u>(1,974)</u>
	<u>16,836</u>	<u>29,127</u>
HOUSING		
Band members and others	<u>26,592</u>	<u>22,381</u>
CABLE TV		
Cable TV services band members	360,006	306,004
GST receivable	<u>265</u>	<u>265</u>
	360,271	306,269
Allowance for doubtful accounts	<u>(273,281)</u>	<u>(257,203)</u>
	<u>86,990</u>	<u>49,066</u>

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

4. ACCOUNTS RECEIVABLE, continued

	<u>2015</u>	<u>2014</u>
HOUSING		
Insurance claim - AIG	\$	64,425
GST receivable		1,176
SLAAMB		4,938
Rents	<u>21,798</u>	<u>24,204</u>
	<u>21,798</u>	<u>94,743</u>
CAPITAL		
Health Canada	182,350	
AANDC	<u>63,548</u>	
	<u>245,898</u>	
 TOTAL ACCOUNTS RECEIVABLE	 \$ <u>883,050</u>	 <u>524,644</u>

5. INVESTMENTS

In 1997, the Deer Lake First Nation converted a promissory note to a 100% equity position of \$200,000 in 1164202 Ontario Inc. The corporation subsequently acquired assets from Sabourin Lake Airways Limited. The company leased the hangar until it was sold to the First Nation in August 2002.

	<u>2015</u>
Investment, at cost	
Investment in Aatawehike Fire Services Limited Partnership	\$ <u>10,000</u>
Investment in First Nation Owned or Controlled Entities	
1164202 Ontario Ltd. (Sabourin Airways Ltd.) - 100%	<u>110,391</u>
Investment in hangar, Red Lake Airport	<u>117,719</u>
Total investments before provision	<u>238,110</u>
Provision for write down in value	<u>(238,110)</u>
 Net Total Investments	 \$ <u>NIL</u>

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

6. OTTAWA TRUST FUNDS

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 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>
Balance at Beginning of Year	\$ 40,526	28,830
Amounts Placed On Deposit	<u>1,676</u>	<u>11,696</u>
Balance at End of Year	\$ <u>42,202</u>	<u>40,526</u>

7. ACCOUNTS PAYABLE

	<u>2014</u>	<u>2013</u>
ADMINISTRATION		
Trade	\$ 279,380	246,625
Health Canada	3,286	6,816
Accrued salaries and employee benefits	<u>(18,453)</u>	<u>(10,283)</u>
	<u>264,213</u>	<u>243,158</u>
ARENA PROJECT		
Trade	<u>210,277</u>	<u>210,277</u>
CABLE TV		
Trade	<u>8,169</u>	<u>11,741</u>
CAPITAL		
Trade	<u>191,478</u>	<u>53,974</u>
PUBLIC WORKS		
Trade	<u>355,632</u>	<u>48,493</u>
EDUCATION		
Trade	235,309	339,181
Accrued salaries and employee benefits	<u>235,309</u>	<u>24,969</u>
	<u>235,309</u>	<u>364,150</u>
HOUSING		
Trade	<u>985</u>	<u>606</u>
CMHC HOUSING		
Trade	\$ <u>15,840</u>	<u>13,040</u>

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

7. ACCOUNTS PAYABLE, continued

	<u>2015</u>	<u>2014</u>
SOCIAL SERVICES		
Accrued salaries and benefits	\$ 3,531	74
Trade	<u>1,800</u>	<u>3,600</u>
	<u>5,331</u>	<u>3,674</u>
 OFNLP		
Trade	<u>5,091</u>	<u>1,961</u>
 NURSING STATION RENOVATION		
Trade	<u> </u>	<u>19,214</u>
 TOTAL ACCOUNTS PAYABLE	 \$ <u>1,292,325</u>	 <u>970,288</u>

8. DEFERRED REVENUE

Funding received or receivable in the current period to be applied against the subsequent period programs is recorded as deferred revenue in the financial statements.

	<u>2015</u>			
	<u>Opening Balance</u>	<u>Funding Received</u>	<u>Revenue Recognized</u>	<u>Closing Balance</u>
Building Healthy Communities	\$ 19,304	102,418	121,722	
NNADAP	41,600	104,345	145,945	
Management and Support	13,000	222,529	235,529	
Instructional Services				
FNSSP	16,551	148,200	39,707	125,044
School Fuel Tank Storage Upgrade	51,489	80,048	131,537	
Generating Station Upgrade		1,869,335	1,850,835	18,500
Land Use Mapping	12,710	139,874	152,584	
Arena O & M	28,331	24,998	53,329	
MNR	<u> </u>	<u>80,000</u>	<u> </u>	<u>80,000</u>
	 \$ <u>182,985</u>	 <u>2,771,747</u>	 <u>2,731,188</u>	 <u>223,544</u>

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

9. LONG TERM DEBT

	<u>2015</u>	<u>2014</u>
<u>Operating Loans</u>		
CIBC demand water and sewer truck loan for Public Works, interest at prime plus 2% per annum. Loan taken out March 21, 2014 and repaid in full April 2, 2014.	\$	290,812
CIBC demand fuel loan for Public Works, interest at prime plus 2 % per annum, repaid in full April 30, 2015, secured by Band Council Resolution and general security agreement.	524,000	
CIBC demand fuel loan for Public Works, interest at prime plus 2% per annum. Loan taken out March 31, 2014 and repaid in full April 2, 2014.		370,213
Toromont Cat loan, interest at 5.7% per annum, repayable in monthly payments of \$3,474.12, due February 9, 2019, secured by a Caterpillar 924K Wheel Loader.	146,052	178,413
CIBC non-revolving instalment loan for Arena construction, interest at CIBC prime plus 2%, repayable in 180 regular monthly payments of \$8,027 plus interest, all outstanding amounts due on September 1, 2021, secured by assignment of Shoulderblade Falls Agreement between the First Nation and Hydro One Remote, assignment of lease agreement with NWC GP Inc., as general partners of the North West Company LP.	<u>624,433</u>	<u>720,756</u>
	\$ <u>1,294,485</u>	<u>1,560,194</u>

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

9. LONG TERM DEBT, continued

	<u>2015</u>	<u>2014</u>
<u>CMHC Loans</u>		
The First Nation obtained financing to build six houses. Through this program the housing authority receives government assistance of \$4,447 per month to operate the houses as rental units.		
CMHC mortgage payable interest at 1.12% per annum, repayable at \$3,152 per month principal and interest, maturing February 1, 2020.	\$ 349,521	381,238
The First Nation obtained financing to build six houses. Through this program the housing authority receives government assistance of \$3,089 per month to operate the houses as rental units.		
CMHC mortgage payable interest at 1.67% per annum, repayable at \$3,515 per month principal and interest, maturing June 1, 2018.	496,248	529,920
The First Nation obtained financing to build eight houses. Through this program the housing authority receives government assistance of \$5,843 per month to operate the houses as rental units.		
CMHC mortgage payable interest at 1.12% per annum, repayable at \$5,375 per month principal and interest, maturing February 1, 2020.	886,578	936,127
The First Nation obtained financing to build four houses. Through this program the housing authority receives government assistance of \$2,333 per month to operate the houses as rental units.		
CMHC mortgage payable interest at 1.98% per annum, repayable at \$2,459 per month principal and interest, maturing April 1, 2019.	469,827	489,902
The First Nation obtained financing to renovate four houses. Through this program the housing authority receives government assistance of \$1,862 per month to operate the houses as rental units.		
CMHC mortgage payable Interest at 2.78% per annum, repayable at \$1,386 per month principal and interest, maturing August 1, 2015.	<u>259,111</u>	<u>268,479</u>
CMHC balance carried forward	\$ <u>2,461,285</u>	<u>2,605,666</u>

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

9. LONG TERM DEBT, continued

	<u>2015</u>	<u>2014</u>
CMHC balance brought forward	\$ 2,461,285	2,605,666
<u>CMHC Loans, continued</u>		
The First Nation obtained financing to build six houses. Through this program the housing authority receives government assistance of \$4,807 per month TO operate the houses as rental units.		
CMHC mortgage payable Interest at 1.69% per annum, repayable at \$4,332 per month, principal and interest, maturing February 1, 2018.	955,359	1,023,420
Unadvanced funds	<u>3,416,644</u>	<u>(32,424)</u> <u>3,596,662</u>
Restrictive provision on the CMHC loans may terminate the government assistance. The CMHC loans are guaranteed by the Department of Aboriginal Affairs and Northern Development Canada.		
	\$ <u>4,711,129</u>	<u>5,156,856</u>

Estimated principal payment for the next five years and thereafter are as follows:

2016	\$ 844,123
2017	325,699
2018	329,885
2019	330,899
2020	297,362
Thereafter	<u>2,583,161</u>
	\$ <u>4,711,129</u>

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

10. RESERVE FUNDS

The First Nation establishes reserves for legal, contractual or voluntary basis as follows:

	<u>2015</u>	<u>2014</u>
Replacement Reserve - Social Housing Agreements with Canada Mortgage and Housing Corporation provide for the accumulation of a replacement reserve. The replacement reserve was partially funded in the amount of \$76,006 at March 31, 2015.	\$ <u>306,346</u>	<u>270,996</u>
Operating Reserve - Social Housing - Post 1996 Section 95 Programs Under the terms of the agreement with Canada Mortgage and Housing Corporation, any surplus remaining after the payment of all costs and expenses, including the allocation to the Replacement Reserve, should be retained by the First Nation in an Operating Reserve Fund. These funds, along with the accumulated interest, must 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 mutually agreed to by the First Nation and CMHC. The funds in this account may only be used for the ongoing operating costs of the project. Accordingly, future years' deficits may be recovered from this fund. Withdrawals are credited to interest first then the principal. The operating reserve was unfunded at March 31, 2015.	<u>312,706</u>	<u>339,623</u>
Replacement Reserve - Vehicles and equipment The First Nation has voluntarily set up a replacement reserve for the following vehicles and equipment.		
Medical/Health vehicle/truck/health office - administration	30,744	30,744
Water truck - public works	22,937	22,937
Equipment - public works	<u>30,000</u>	<u>30,000</u>
	<u>83,681</u>	<u>83,681</u>
The vehicle and equipment reserve was not separately funded at March 31, 2015.		
Total Reserves	\$ <u>702,733</u>	<u>694,300</u>

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

11. TANGIBLE CAPITAL ASSETS

	2015				
	<u>Opening Cost</u>	<u>Additions</u>	<u>Transfers/ Disposals</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Automotive	\$ 1,090,512	18,500		939,106	169,906
Equipment	2,616,949			2,456,497	160,452
Housing	29,520,471	306,316		26,227,071	3,599,716
Infrastructure	79,849,142	1,340,147	5,045,016	52,695,154	33,539,151
CMHC Housing	<u>4,680,143</u>			<u>1,596,290</u>	<u>3,083,853</u>
	<u>117,757,217</u>	<u>1,664,963</u>	<u>5,045,016</u>	<u>83,914,118</u>	<u>40,553,078</u>
Assets under construction					
Fuel Tank Storage Upgrade	604,463		(604,463)		
Arena Project	4,440,553		(4,440,553)		
Generating Station Upgrade		<u>1,850,835</u>			<u>1,850,835</u>
	<u>5,045,016</u>	<u>1,850,835</u>	<u>(5,045,016)</u>		<u>1,850,835</u>
	\$ <u>122,802,233</u>	<u>3,515,798</u>		<u>83,914,118</u>	<u>42,403,913</u>

	2014				
	<u>Opening Cost</u>	<u>Additions</u>	<u>Transfers/ Disposals</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Automotive	\$ 787,700	302,812		787,700	302,812
General equipment	2,769,434	180,417	(332,902)	2,286,556	330,393
Housing	28,996,462	619,750	(95,741)	25,250,212	4,270,259
Infrastructure	80,740,162		(891,020)	48,776,327	31,072,815
CMHC Housing	<u>4,680,143</u>			<u>1,416,271</u>	<u>3,263,872</u>
	<u>117,973,901</u>	<u>1,102,979</u>	<u>(1,319,663)</u>	<u>78,517,066</u>	<u>39,240,151</u>
Assets under construction					
Fuel Tank Storage Upgrade		604,463			604,463
Arena Project	<u>4,399,250</u>	<u>41,303</u>			<u>4,440,553</u>
	<u>4,399,250</u>	<u>645,766</u>			<u>5,045,016</u>
	\$ <u>122,373,151</u>	<u>1,748,745</u>	<u>(1,319,663)</u>	<u>78,517,066</u>	<u>44,285,167</u>

12. INVENTORY

	2015	2014
Fuel, Public Works	\$ 472,075	298,834
Fuel, Education	220,000	184,000
Materials and supplies	<u>134,158</u>	<u>257,143</u>
	\$ <u>826,233</u>	<u>739,977</u>

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

13. OPERATING FACILITY

CIBC has provided a \$100,000 revolving line of credit with interest at CIBC prime plus 2% repayable on demand. Secured by a first interest in all present and future acquired personal property of the First Nation and Band Council Resolution directing all present and future AANDC funding directly to CIBC Sioux Lookout for deposit to the Band's bank account.

CIBC revolving line of credits of \$50,000 and \$ 35,000 available by way of business operating account overdraft. Interest at CIBC Prime Plus 2%, repayable on demand secured by way of all present and future acquired personal property of the First Nation.

14. FEDERAL ASSISTANCE PAYMENTS

The Projects have received federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 95 of the National Housing Act to enable the project to provide housing to low-income individuals. The amount of assistance received in 2014 was \$267,734 (2014 - \$269,338).

15. FORGIVABLE LOANS

The First Nation is acting as the agent for applicants who received forgivable RRAP loans through a CMHC program. The forgiveness is subject to specific conditions and is forgiven at various amounts per annum.

16. ECONOMIC DEPENDENCE

The Deer Lake First Nation receives a major portion of its revenues pursuant to a funding arrangement with Aboriginal Affairs and Northern Development Canada.

17. COMPARATIVE AND BUDGET FIGURES

Some of the comparative figures for the previous years have not been shown as the information is considered not to be meaningful for comparison with the current year. Certain comparative figures for the previous year have been reclassified to conform to the presentation of the current year.

Budget data were included when available. The budget figures are unaudited.

18. TRUST FUNDS

The First Nation has \$31,355.20 held in trust by Keshen Major Barristers Solicitors, relating to the Red Lake Hangar Investment. These funds and any expenses related to them have not been recorded in these financial statements as a detailed accounting for them was not provided.

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

19. SEGMENT DISCLOSURE

	First Nations Management			Public Works			Social Services		
	<u>Budget</u>	<u>2015</u>	<u>2014</u>	<u>Budget</u>	<u>2015</u>	<u>2014</u>	<u>Budget</u>	<u>2015</u>	<u>2014</u>
REVENUE									
Federal government	\$ 715,662	715,662	691,292	1,092,096	1,240,708	1,825,577	372,112	374,444	563,162
Provincial government	3,428	3,429		122,746	125,994	119,070	1,230,376	1,620,645	1,555,481
Economic activities			(117,719)						
Net income for investments in government business enterprises			11,696						
Other revenue	<u>165,789</u>	<u>431,856</u>	<u>1,163,308</u>	<u>2,319,340</u>	<u>1,420,307</u>	<u>819,054</u>	<u>18,030</u>	<u>39,119</u>	<u>(88,324)</u>
TOTAL REVENUE	<u>884,879</u>	<u>1,50,947</u>	<u>1,748,577</u>	<u>3,534,182</u>	<u>2,787,009</u>	<u>2,763,701</u>	<u>1,620,518</u>	<u>2,034,208</u>	<u>2,030,319</u>
EXPENSES									
Honoraria									
Chief and Councillors	584,706	602,492	602,407						
Elders and Board Members			16,008		69,730	69,730			
Wages and benefits	380,825	317,773	365,213	520,320	532,364	659,502	267,192	266,058	255,064
Amortization		5,217,033	4,928,326						
Tangible Capital Assets		(3,515,798)	(1,748,745)						
Interest				3,600	9,893	11,351			
Other expenses	<u>623,979</u>	<u>615,794</u>	<u>600,832</u>	<u>3,435,418</u>	<u>2,502,000</u>	<u>2,552,951</u>	<u>1,414,161</u>	<u>1,812,327</u>	<u>1,788,737</u>
TOTAL EXPENSES	<u>1,589,510</u>	<u>3,237,294</u>	<u>4,764,041</u>	<u>3,959,338</u>	<u>3,113,987</u>	<u>3,293,534</u>	<u>1,681,353</u>	<u>2,078,385</u>	<u>2,043,801</u>
SURPLUS (DEFICIT) BEFORE TRANSFERS	(704,631)	(2,086,347)	(3,015,464)	(425,156)	(326,978)	(529,833)	(60,835)	(44,177)	(13,482)
TRANSFERS	<u>540,456</u>	<u>515,456</u>		<u>218,580</u>	<u>150,631</u>				
ANNUAL SURPLUS (DEFICIT)	\$ (164,175)	(1,570,891)	(3,015,464)	(206,576)	(176,347)	(529,833)	(60,835)	(44,177)	(13,482)

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

19. SEGMENT DISCLOSURE, continued

	Economic Development		Education		Housing and Capital	
	Budget	2015	Budget	2015	Budget	2015
REVENUE						
Federal government	\$ 74,000	74,000	74,000	3,731,698	2,794,155	2,811,479
Provincial government				3,610,050		1,482,934
Economic activities						
Net income for investments in government business enterprises						
Other revenue			272,820	162,160	806,694	376,817
				311,698		730,400
TOTAL REVENUE	74,000	74,000	4,004,518	3,921,748	3,600,849	2,213,334
EXPENSES						
Honoraria						
Chief and Councillors				99,730		69,730
Elders and Board Members			54,250	54,250		
Wages and benefits	42,130	41,063	2,154,403	2,126,894	497,081	539,104
Amortization				1,826,588		289,900
Tangible Capital Assets						
Interest	31,870	32,937			34,637	38,658
Other expenses			1,686,807	1,459,797	2,887,670	2,652,154
				1,615,535		1,705,227
TOTAL EXPENSES	74,000	74,000	3,895,460	3,640,941	3,419,388	2,103,515
SURPLUS (DEFICIT) BEFORE TRANSFERS			46	109,058	181,461	(2,962)
				323,595		109,819
TRANSFERS			(89,726)	(89,726)	(284,735)	(360,621)
ANNUAL SURPLUS (DEFICIT)	\$		46	19,332	(103,274)	(363,583)
				323,595		109,819

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

19. SEGMENT DISCLOSURE, continued

	Health		Total for Community Services		Total	
	Budget	2015	Budget	2015	Budget	2015
REVENUE						
Federal government	\$ 1,556,716	1,555,871	320,160	644,888	10,656,599	11,151,276
Provincial government		1,550,384	195,830	275,831	1,552,380	2,025,899
Economic activities						(117,719)
Net income for investments in government business enterprises						11,696
Other revenue	186,427	195,861	1,694,573	1,475,571	5,463,673	4,101,691
TOTAL REVENUE	1,743,143	1,751,732	2,210,563	2,396,290	17,672,652	17,278,866
						16,750,332
EXPENSES						
Honoraria						
Chief and Councillors					584,706	602,492
Elders and Board Members	3,100	2,299	1,000	46,520	58,350	172,799
Wages and benefits	1,156,502	1,082,031	410,139	396,649	5,428,592	5,301,936
Amortization			271,995	180,019	271,995	5,397,052
Tangible Capital Assets						(3,515,798)
Interest			40,000	105,766	78,237	115,659
Other expenses	740,432	782,414	1,293,755	1,555,260	12,114,092	11,412,683
TOTAL EXPENSES	1,900,034	1,866,744	2,016,889	2,284,214	18,535,972	19,486,823
						19,773,566
SURPLUS (DEFICIT) BEFORE TRANSFERS	(156,891)	(115,012)	193,674	112,076	(863,320)	(2,207,957)
						(3,023,234)
TRANSFERS			(349,575)	(215,740)	35,000	
ANNUAL SURPLUS (DEFICIT)	\$ (156,891)	(115,012)	(155,901)	(103,664)	(828,320)	(2,207,957)
						(3,023,234)