

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

NORTH SPIRIT LAKE FIRST NATION
MARCH 31, 2014

COUNCIL

Chief
Deputy Chief
Councillors

Caroline Keesick
Margaret Kakegamic
Brian Rae
Jake Kakekagumick
Corey Rae

ADMINISTRATION

Band Manager
Economic Development Officer

Donna Campbell
Claudette Tookata

SOCIAL SERVICES

Administrator

Rosemary Kekepetum

POWER AUTHORITY

Power Board
Chair
Member
Member

Donna Campbell
Joe Kakegamic
Phillip Campbell

HEALTH AUTHORITY

Director
Health Board
Chair
Member

Tony Kakekagumick

Calvin Rae
Elizabeth Meekis
Rachel Ombash
David Campbell
Homer Meekis

EDUCATION

Education Board
Chair
Member
Member
Member

Rosaline Campbell
Joe Kakegamic
Elizabeth Meekis
Doreen Kakekagumick

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

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

MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the North Spirit Lake First Nation are the responsibility of management and have been approved by the Chief and Councillors.

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 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.

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

Carolyn Keeveic
CHIEF

B. Z.
COUNCILLOR

R. Kalap
COUNCILLOR

R. Z.
COUNCILLOR

Holukoff Chiarella

CHARTERED ACCOUNTANTS

EXHIBIT "A"

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

101 - 1180 Pembina Highway
Winnipeg, Manitoba R3T 2A4
Telephone (204) 452-6449
Fax (204) 452-3397

INDEPENDENT AUDITORS' REPORT

To the Chief, Councillors and Members of
North Spirit Lake First Nation

We have audited the accompanying financial statements of North Spirit Lake First Nation, which comprise the consolidated statements of financial position as at March 31, 2014 and 2013 and the consolidated statements of operations, accumulated surplus, revenue and expenses, change in net debt and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

/ continued

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.
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Fax (204) 452-3397

INDEPENDENT AUDITORS' REPORT

Basis for Qualified Opinion

Inventory consists of fuel, materials and gravel purchased or owned by the First Nation. We did not observe the inventory count for the gravel at the beginning or end of the year and alternative means did not provide us with the necessary assurance concerning the quantity on hand or the cost of inventory. As a result, we were unable to determine what adjustments, if any, might be necessary to assets, annual surplus (deficit) and accumulated surplus.

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 paragraph, these consolidated financial statements present fairly, in all material respects, the financial position of North Spirit Lake First Nation as at March 31, 2014 and 2013, and its financial performance and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.



WINNIPEG, MANITOBA
August 5, 2014.

CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

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

EXHIBIT "B"

	<u>2014</u>	<u>2013</u>
REVENUE		
FINANCIAL ASSETS		
Cash, Note 4	\$ 1,134,261	898,739
Restricted cash - CMHC Reserve Fund	16,413	16,433
Accounts receivable, Note 5	1,239,357	1,401,473
Ottawa Trust Funds, Note 6	<u>22,596</u>	<u>22,038</u>
	<u>2,412,627</u>	<u>2,338,683</u>
LIABILITIES		
Accounts payable and accrued liabilities, Note 7	1,779,207	1,994,174
Deferred revenue, Note 8	673,413	513,837
Long term debt, Note 9	4,322,242	3,410,489
Reserves, Note 10	<u>170,286</u>	<u>141,036</u>
	<u>6,945,148</u>	<u>6,059,536</u>
NET DEBT	<u>(4,532,521)</u>	<u>(3,720,853)</u>
NON-FINANCIAL ASSETS		
Prepaid expenses, Note 11	88,159	30,215
Inventory, Note 12	1,864,942	1,548,921
Tangible capital assets, Note 13	<u>29,528,334</u>	<u>30,258,704</u>
	<u>31,481,435</u>	<u>31,837,840</u>
ACCUMULATED SURPLUS, Exhibit "D"	\$ <u>26,948,914</u>	<u>28,116,987</u>

APPROVED ON BEHALF OF FIRST NATION COUNCIL:

Pauline Keesick
CHIEF

John Zeller
COUNCILLOR

Ron Klapton
COUNCILLOR

Ron Zeller
COUNCILLOR

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

EXHIBIT "C"

	<u>2014</u>	<u>2013</u>
REVENUE		
Federal Government		
AANDC	\$ 4,018,285	3,588,897
Health Canada	770,007	826,189
Canada Mortgage and Housing Corporation	122,442	89,728
Canada Post	39,348	20,515
Provincial Government	1,119,193	1,074,940
Ontario First Nations Limited Partnership	810,606	809,065
Other	<u>2,007,612</u>	<u>1,882,327</u>
	<u>8,887,493</u>	<u>8,291,661</u>
EXPENSES		
Band Support	610,130	801,655
Public Works	1,091,687	612,531
Housing	103,788	490,654
Health Services	935,977	907,032
Social Services	1,018,053	1,011,967
Education	1,402,709	1,112,659
Power Authority	1,232,797	1,394,061
CMHC Housing	108,429	103,259
OFNLP	1,135	809,065
E Centre	(21)	91
Other Programs	866,595	1,072,676
Capital	<u>1,294,653</u>	<u>165,506</u>
	<u>8,665,932</u>	<u>8,481,156</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER ITEMS	221,561	(189,495)
OTHER ITEMS		
Transfer to tangible capital assets	600,294	466,367
Amortization	(1,989,928)	(2,103,598)
Contributed Surplus to CMHC	_____ <u>202,938</u>	<u>202,938</u>
ANNUAL SURPLUS (DEFICIT)	\$ (1,168,073)	(1,623,788)

EXHIBIT "D"

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

	<u>2014</u>	<u>2013</u>
BALANCE AT BEGINNING OF YEAR AS PREVIOUSLY STATED	\$ 28,116,987	29,862,155
ADJUSTED FOR PRIOR YEAR, NOTE 4	_____	(121,380)
BALANCE AT BEGINNING OF YEAR AS RESTATED	28,116,987	29,740,775
ANNUAL SURPLUS (DEFICIT), EXHIBIT "C"	<u>(1,168,073)</u>	<u>(1,623,788)</u>
BALANCE AT YEAR END	<u>\$ 26,948,914</u>	<u>28,116,987</u>

EXHIBIT "E"

NORTH SPIRIT LAKE FIRST NATION
CONSOLIDATED STATEMENT OF REVENUE AND EXPENSES BEFORE OTHER ITEMS
FOR THE YEARS ENDED MARCH 31, 2014 AND 2013

	2014			2013		
	<u>AANDC</u>	<u>Other</u>	<u>Total</u>	<u>Expenses</u>	<u>Annual Surplus (Deficit)</u>	<u>Annual Surplus (Deficit)</u>
Band Support	\$ 417,875	192,564	610,439	610,130	309	(92,864)
Public Works	748,634	37,543	786,177	1,091,687	(305,510)	273,445
Housing	361,795	(67,260)	294,535	103,788	190,747	172,851
Health Services		946,715	946,715	935,977	10,738	(84,729)
Social Services	159,100	881,955	1,041,055	1,018,053	23,002	(17,746)
Education	1,648,766	(255,345)	1,393,421	1,402,709	(9,288)	107,322
Power Authority	114,139	1,396,748	1,510,887	1,232,797	278,090	(483,927)
CMHC Housing		189,702	189,702	188,301	1,401	(18,092)
OFNLP		1,135	1,135	1,135		
E-Centre		1,929	1,929	(21)	1,950	(91)
Other Programs	443,904	551,217	995,121	866,595	128,526	(16,277)
Capital	124,072	991,747	1,115,819	1,294,653	(178,834)	(82,511)
Ottawa Trust Fund		558	558	—	558	528
TOTAL	\$ 4,018,285	4,869,208	8,887,493	8,745,804	141,689	(242,091)
AANDC Funding Per Confirmation	\$ 4,018,285					

AANDC Funding Per Confirmation

NORTH SPIRIT LAKE FIRST NATION
CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT
FOR THE YEARS ENDED MARCH 31, 2014 AND 2013

EXHIBIT "F"

	<u>2014</u>	<u>2013</u>
ANNUAL SURPLUS (DEFICIT), Exhibit "D"	\$ (1,168,073)	(1,623,788)
Acquisitions of tangible capital assets	(1,379,372)	(1,196,898)
Disposition of tangible capital assets	119,814	
Amortization of tangible capital assets	1,989,928	2,103,598
Change in prepaid expenses	(57,944)	19,785
Change in inventory	<u>(316,021)</u>	<u>(155,179)</u>
INCREASE IN NET DEBT	(811,668)	(852,482)
NET DEBT AT BEGINNING OF YEAR	<u>(3,720,853)</u>	<u>(2,868,371)</u>
NET DEBT AT END OF YEAR	<u>\$ (4,532,521)</u>	<u>(3,720,853)</u>

EXHIBIT "G"

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

	<u>2014</u>	<u>2013</u>
OPERATING TRANSACTIONS		
Annual surplus (deficit)	\$ (1,168,073)	(1,623,788)
Non-cash item		
Amortization of tangible capital assets	1,989,928	2,103,598
Changes to financial assets/liabilities		
Restricted cash	20	20
Accounts receivable	162,116	(135,955)
Ottawa trust funds	(558)	(528)
Accounts payable and accrued liabilities	(214,967)	378,774
Deferred revenue	159,576	171,411
Reserves	29,250	17,003
Changes to prepaid expenses and inventory	<u>(373,965)</u>	<u>(135,394)</u>
	<u>583,327</u>	<u>775,141</u>
CAPITAL TRANSACTIONS		
Acquisitions of tangible capital assets	(1,379,372)	(1,196,898)
Disposition of capital asset	<u>119,814</u>	<u>(1,259,558)</u>
	<u>(1,259,558)</u>	<u>(1,196,898)</u>
FINANCING TRANSACTIONS		
Proceeds of long term debt	2,340,614	1,740,154
Principal repayments on long term debt	<u>(1,428,861)</u>	<u>(803,315)</u>
	<u>911,753</u>	<u>936,839</u>
NET CHANGE IN CASH POSITION	235,522	515,082
CASH POSITION AT BEGINNING OF YEAR	<u>898,739</u>	<u>383,657</u>
CASH POSITION AT END OF YEAR	\$ 1,134,261	898,739
SUPPLEMENTARY CASH FLOW INFORMATION		
Interest paid	\$ 53,622	26,901

EXHIBIT "H"

1.

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

BASIS OF PRESENTATION

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

a) **Nature and Purpose of Organization**

The purpose of the organization is the management and administration of all aspects of the North Spirit 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**

North Spirit Lake First Nation reporting entity includes the North Spirit 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 the individual statements.

Incorporated business entities, which are owned or controlled by the North Spirit 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. The North Spirit Lake First Nation does not have entities to report using the modified equity method.

2. SIGNIFICANT ACCOUNTING POLICIES

a) **Revenue Recognition**

The First Nation follows the deferral method of accounting for restricted revenue. Revenues restricted by legislation, regulation or agreement and not available for general government purposes are deferred on the consolidated statement of financial position. The revenue is recognized in the year in which it is used for the specified purpose. Unrestricted revenue is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

b) **Inventory**

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

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

EXHIBIT "H"

2. SIGNIFICANT ACCOUNTING POLICIES, continued

c) 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 First Nation does not capitalize computer software.

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

d) Amortization

Tangible capital assets recorded at cost and are amortized annually as a charge to operations. Assets are amortized over their expected useful life on a straight line basis at the following rates:

Amortization commences in the following year after acquisition.

Infrastructure	4%
Buildings - Standard construction	6.67%
- Metal clad	5%
- Log construction	25%
- CMHC	4%
Equipment - General and moveable	25%
Infrastructure - General	4%
- Roads	5%
Vehicles - General purpose	50%
- School bus	20%
- Construction vehicles	20%
Betterments	
- General/Housing	20%
- Plumbing	10%
- General	6.67%
- Equipment	33.3%
Capital Leases - Based on term of lease	
Site Development - Based on structure	

e) Financial instruments

The First Nation's financial instruments consist of cash, restricted cash, Ottawa Trust Funds, accounts receivable, accounts payable, accrued liabilities and long term debt. Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, currency or credit risk arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

f) 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 is comprised of two components, non-financial assets and accumulated surplus.

EXHIBIT "H"

2.

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

3. SIGNIFICANT ACCOUNTING POLICIES - continued

g) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles 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 expenditures during the reported period. Actual results could differ from management's best estimates as additional information becomes available in the future.

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.

4. CASH

	<u>2014</u>	<u>2013</u>
Administration		
General	\$ 363,158	67,728
AANDC deposit	118	81,155
OFNLP	17,894	78,385
Health	106,756	(1,736)
Housing		73,243
Welfare	(8,497)	67,021
Education	212,514	166,320
Power Authority	124,160	(20,433)
CMHC	72,404	37,681
CMHC construction	46,114	55,468
E-Centre		(8)
Capital	79,056	78,519
Small Business Centre	37,434	107,486
New school project	<u>83,150</u>	<u>107,910</u>
	\$ 1,134,261	898,739

5.

	<u>2014</u>	<u>2013</u>
ACCOUNTS RECEIVABLE		
ADMINISTRATION		
AANDC	\$ 19,171	26,303
MNR	23,640	
Trade	13,689	11,111
Advances and loans - Band Members	<u>72,400</u>	<u>47,421</u>
Less: Allowance for doubtful accounts	<u>(49,480)</u>	<u>(49,480)</u>
	<u>79,420</u>	<u>35,365</u>

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

EXHIBIT "H"

5. ACCOUNTS RECEIVABLE, continued

	<u>2014</u>	<u>2013</u>
HOUSING		
AANDC	\$	244,107
Advances and loans	<u>_____</u>	<u>950</u>
		<u>244,057</u>
CMHC		
Subsidy	<u>10,155</u>	<u>10,449</u>
HEALTH - TPM		
Health Canada		116,316
Allowance for doubtful accounts	(1,088)	
NAN	45,533	14,808
Advances and Ivans – Band Members	<u>5,996</u>	<u>1,087</u>
	<u>50,441</u>	<u>132,211</u>
WELFARE		
AANDC		42,184
Advances and loans - Band Members	71,271	2,905
Ontario Works	29,408	22,926
Ministry of Health		<u>5,251</u>
	<u>100,679</u>	<u>73,266</u>
EDUCATION		
Trade		4,767
AANDC	940	33,208
FNSSP	7,000	
Advances and loans - Band Members	<u>8,955</u>	<u>10,230</u>
	<u>16,895</u>	<u>48,205</u>
Less: Allowance for doubtful accounts	<u>(8,955)</u>	<u>(21,382)</u>
	<u>7,940</u>	<u>26,823</u>
POWER AUTHORITY		
AANDC	62,687	
Ministry of Transport - Airport	37,605	45,521
Residential customers - Band Members	694,628	596,222
Business accounts	<u>840,052</u>	<u>772,227</u>
	<u>1,634,972</u>	<u>1,413,970</u>
Less: Allowance for doubtful accounts	<u>(644,250)</u>	<u>(563,056)</u>
	<u>990,722</u>	<u>850,914</u>
CAPITAL		
AANDC		<u>26,934</u>
CMHC CONSTRUCTION		
CMHC		<u>1,464</u>
TOTAL ACCOUNTS RECEIVABLE	<u>\$ 1,239,357</u>	<u>1,401,473</u>

EXHIBIT "H"

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

6. OTTAWA TRUST FUNDS

The Ottawa Trust Accounts arise from monies derived from capital or revenues 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.

	<u>2014</u>	<u>2013</u>
Balance at Beginning of Year	\$ 22,038	21,510
Interest Income	<u>558</u>	<u>528</u>
Balance at End of Year	<u>\$ 22,596</u>	<u>22,038</u>

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2014</u>	<u>2013</u>
ADMINISTRATION		
Trade	<u>\$ 1,117,946</u>	<u>989,939</u>
EDUCATION AUTHORITY		
AANDC		11,000
Trade	<u>168,549</u>	<u>239,944</u>
	<u>168,549</u>	<u>250,994</u>
HOUSING		
CRA - source deductions		1,529
Trade		<u>473,725</u>
		<u>475,254</u>
HEALTH		
CRA - source deductions		286
Trade	<u>44,910</u>	<u>43,139</u>
Health Canada	<u>2,000</u>	<u>2,000</u>
	<u>46,910</u>	<u>45,425</u>
SOCIAL SERVICES		
CRA - source deductions		1,378
Trade	<u>74,167</u>	<u>66,700</u>
	<u>74,167</u>	<u>68,078</u>
POWER AUTHORITY		
Trade	<u>151,064</u>	<u>70,653</u>
CMHC CONSTRUCTION COST	<u>28,618</u>	<u>7,575</u>

EXHIBIT "H"

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

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES, continued

	<u>2014</u>	<u>2013</u>
CAPITAL		
Trade payable	<u>75,600</u>	<u>73,636</u>
CMHC		
Trade	4,035	9,336
CMHC accrued interest	<u>2,638</u>	<u>3,284</u>
	<u>6,673</u>	<u>12,620</u>
NEW SCHOOL		
Trade	<u>109,680</u>	—
TOTAL ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	\$ <u>1,779,207</u>	<u>1,994,174</u>

8. DEFERRED REVENUE

Funding received or receivable in the current period to be applied against subsequent period programs are recorded as deferred revenue in the financial statements, as follows:

	<u>2014</u>			
	<u>Opening Balance</u>	<u>Funding Received</u>	<u>Revenue Recognized</u>	<u>Closing Balance</u>
Band Administration				
Bell Canada - Fiber Optic	\$ 12,000		9,750	2,250
Capital				
Small Business Centre	248,387			248,387
Mini Hydro Dam project	119			119
New School project	107,909	124,072	231,981	
Education				
Operation and Maintenance		705,304	340,168	365,136
Planning and Design		17,972		17,972
FNSSP	43,200	29,000	72,200	
Land Use Planning	48,057		48,057	
Health Canada				
- O & M	24,447	69,334	69,334	24,447
- Mental Health	7,602	78,465	78,465	7,602
- Maternal Child Health	1,024			1,024
Land Survey	23,514	121,697	145,211	
Traditional Place Name Mapping	6,476			6,476
OFNLP	<u>3,102</u>	<u>807,504</u>	<u>810,606</u>	—
	\$ <u>513,837</u>	<u>1,965,348</u>	<u>1,805,772</u>	<u>673,413</u>

NORTH SPIRIT LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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EXHIBIT "H"

9. LONG TERM DEBT

	<u>2014</u>	<u>2013</u>
Royal Bank of Canada - Fuel loan Term loan, interest at prime plus 2.0% per annum, repayable at \$53,762 plus interest per month, due March 31, 2014. Secured by irrevocable letter of direction from AANDC	\$	628,000
Royal Bank of Canada - Fuel loan Term loan, interest at prime plus 2% per annum, repayable at \$130,167 per month plus interest, repayable in full March 31, 2015. Secured by a Band Council Resolution.	1,562,000	
Royal Bank of Canada - Diesel Generator Upgrade loan Non-revolving term loan, interest at prime plus 2% per annum, repayable in full on March 31, 2014. Secured by a guarantee supported by a Band Council Resolution		
Royal Bank of Canada – Bridge term loan, interest at prime plus 2% per annum, repayable April 15, 2014 from AANDC funding. Secured by a guarantee supported by a Band Council Resolution and an irrevocable letter of direction from AANDC.	696,000	
John Deere Credit equipment loan for 624J loader, interest at 6.75% per annum, repayable at \$2,369 per month principal and interest, due February 24, 2014, secured by equipment	24,989	
CMHC loan payable, interest at 3.16% per annum, repayable at \$2,989 per month principal and interest, due June 1, 2014, secured by Ministerial guarantee of the Minister of Aboriginal Affairs and Northern Development Canada. Restrictive provision on the loan may terminate the government assistance.	405,841	430,492
CMHC loan payable, interest at 3.16% per annum, repayable at \$3,442 per month principal and interest, due January 1, 2018, secured by Ministerial guarantee of the Minister of Aboriginal Affairs and Northern Development Canada. Restrictive provision on the loan may terminate the government assistance.	818,541	846,092
CMHC loan payable, interest at 1.49% per annum, repayable at \$3,262 per month principal and interest, due January 1, 2017, secured by Ministerial guarantee of the Minister of Aboriginal Affairs Northern Development Canada. Restrictive provision on the loan may terminate the government assistance.	757,246	784,916

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EXHIBIT "H"

9. LONG TERM DEBT, continued

	<u>2014</u>	<u>2013</u>
CMHC loan advances converted to CMHC loan payable, payable April 1, 2014.		
CMHC loan payable, interest at 1.92% per annum, repayable at \$3,272.89 per month principal and interest, due April 1, 2019. \$	<u>778,614</u>	_____
Total long term debt	4,322,242	3,410,489
Less current portion	<u>1,665,698</u>	<u>1,424,269</u>
	<u>\$ 2,656,544</u>	<u>1,986,220</u>

Estimated principal payments for the five years and thereafter is as follows:

2015	\$ 1,665,698
2016	105,772
2017	108,383
2018	110,558
2019	113,600
Thereafter	<u>2,218,231</u>
	<u>\$ 4,322,242</u>

10. RESERVES

	<u>2014</u>	<u>2013</u>
Vehicle Reserve - Health Represents allocations toward the future purchase of vehicles	\$ 50,780	50,780
Bus Reserve - Education Represents allocations toward the future purchase of School Bus	39,452	39,452
Vehicle Reserve - Power Authority Represents allocation toward the future purchase of vehicle The vehicles reserve was not separately funded.	13,229	1,229
Replacement Reserve Under the terms of the agreement with Canada Mortgage and Housing Corporation, the Replacement Reserve account is to be credited in the amount of \$4,000 per unit annually. These funds along with the accumulated interest, must be 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 and then principal. The reserve has been partially funded in a separate interest bearing account.	<u>66.825</u>	<u>49,575</u>
	<u>\$ 170,286</u>	<u>141,036</u>

EXHIBIT "H"

NORTH SPIRIT LAKE FIRST NATION
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11. PREPAID EXPENSES

	<u>2014</u>	<u>2013</u>
Administration	\$ 17,033	17,225
CMHC	40,319	736
Health TPM	1,750	7,226
Education	5,028	
Welfare	<u>29,057</u>	____
	\$ 88,159	30,215

12. INVENTORY

Inventory consists of fuel totalling \$1,452,402 to generate electricity and gravel and materials totalling \$412,540 for ongoing projects.

13. TANGIBLE CAPITAL ASSETS

	<u>2014</u>				
	<u>Cost</u> <u>Mar. 31/13</u>	<u>Additions</u> <u>(Disposals)</u>	<u>Cost</u> <u>Mar. 31/14</u>	<u>Accumulated</u> <u>Amortization</u>	<u>Net Book</u> <u>Value</u>
Buildings	\$ 14,391,832		14,391,832	12,611,078	1,780,754
Infrastructure	19,542,152		19,542,152	13,978,483	5,563,669
Vehicles	611,028	209,151	820,179	526,650	293,529
Equipment	1,299,366		1,299,366	1,242,913	56,453
Band Housing	8,624,022		8,624,022	5,985,715	2,638,307
CMHC Housing	2,642,108	464	2,642,572	404,731	2,237,841
Assets under construction	<u>15,907,838</u>	<u>1,049,943</u>	<u>16,957,781</u>		<u>16,957,781</u>
	\$ 63,018,346	1,259,558	64,277,904	34,749,570	29,528,334

	<u>2013</u>				
	<u>Cost</u> <u>Mar. 31/12</u>	<u>Additions</u> <u>(Disposals)</u>	<u>Cost</u> <u>Mar. 31/13</u>	<u>Accumulated</u> <u>Amortization</u>	<u>Net Book</u> <u>Value</u>
Buildings	\$ 14,385,832	6,000	14,391,832	12,249,652	2,142,180
Infrastructure	19,542,152		19,542,152	12,962,432	6,579,720
Vehicles	611,028		611,028	493,124	117,904
Equipment	1,299,366		1,299,366	1,204,084	95,282
Band Housing	8,266,687	357,335	8,624,022	5,551,304	3,072,718
CMHC Housing	1,587,920	1,054,188	2,642,108	299,046	2,343,062
Assets under construction	<u>16,128,463</u>	<u>(220,625)</u>	<u>15,907,838</u>		<u>15,907,838</u>
	\$ 61,821,448	1,196,898	63,018,346	32,759,642	30,258,704

EXHIBIT "H"

NORTH SPIRIT LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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14. BANK INDEBTEDNESS

Bank indebtedness involves a revolving line of credit with a maximum limit of \$100,000 and interest at prime plus 1.75%. The line of credit is secured by a guarantee supported by a Band Council Resolution.

15. FEDERAL ASSISTANCE PAYMENTS

The CMHC Four Unit Housing receives federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 95 of the National Housing Act to reduce mortgage interest to 2% to enable the project to provide housing to low-income individuals. The amount of assistance received in 2014 was \$122,442 (2013 - \$89,728).

16. ECONOMIC DEPENDENCE

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

17. COMPARATIVE FIGURES

Prior year's comparative amounts have been reclassified where necessary to conform to the current period's presentation. Certain comparative figures for the previous period have not been shown as the information is considered not to be meaningful for comparison with the current period. The budget figures are unaudited.

EXHIBIT H

NORTH SPIRIT LAKE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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18. SEGMENT DISCLOSURE

	REVENUE			EXPENSES			ANNUAL SURPLUS (DEFICIT)		
	Budget	Band Support	2014	Budget	2014	2013	Budget	2014	2013
REVENUE									
Federal government	\$ 417,875	417,875	422,013	732,986	748,634	720,720	159,100	159,100	188,000
Provincial government							698,250	886,828	851,215
Economic activities									
Net income for investments in government business enterprises	<u>222,695</u>	<u>192,564</u>	<u>286,778</u>	<u>(47,658)</u>	<u>37,543</u>	<u>165,256</u>	<u>24,157</u>	<u>(4,873)</u>	<u>(44,994)</u>
Other revenue									
TOTAL REVENUE	<u>640,570</u>	<u>610,439</u>	<u>708,791</u>	<u>685,328</u>	<u>786,177</u>	<u>885,976</u>	<u>881,507</u>	<u>1,041,055</u>	<u>994,221</u>
EXPENSES									
Honoraria									
Chief and Councillors	248,825	246,731	235,852						
Elders and Board Members	1,475	1,475	1,300						
Wages and benefits	81,200	80,983	59,508	278,223	289,954	320,897	122,200	120,319	130,603
Amortization									
Tangible Capital Assets	1,910,056	2,051,002							
Other expenses	(600,294)	(466,367)							
TOTAL EXPENSES	<u>288,547</u>	<u>280,941</u>	<u>302,057</u>	<u>414,460</u>	<u>801,733</u>	<u>291,634</u>	<u>664,872</u>	<u>897,734</u>	<u>881,364</u>
ANNUAL SURPLUS (DEFICIT)	\$ 20,523	(1,309,453)	(1,474,561)	(7,355)	(305,510)	273,445	94,435	23,002	(17,746)

NORTH SPIRIT LAKE FIRST NATION
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EXHIBIT H

18. SEGMENT DISCLOSURE

EXHIBIT H

NORTH SPIRIT LAKE FIRST NATION
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18. SEGMENT DISCLOSURE

	<u>Health</u>	<u>Community Services</u>		<u>Total</u>
	<u>Budget</u>	<u>2014</u>	<u>2013</u>	<u>Budget</u>
<u>REVENUE</u>				<u>2014</u>
Federal government	\$ 751,579	770,007	826,189	9,534,048
Provincial government			223,725	232,365
Economic activities				558
Net income for investments in government business enterprises		176,708	(3,886)	3,009,440
Other revenue			2,671,063	1,927,087
TOTAL REVENUE	877,320	946,715	822,303	12,767,213
<u>EXPENSES</u>				
Honoraria			1,500	10,250
Chief and Councillors				14,165
Elders and Board Members	5,290	3,950	10,900	248,825
Wages and benefits	526,090	531,977	476,737	14,025
Amortization			458,385	396,901
Tangible Capital Assets			395,186	2,301,544
Other expenses	401,426	400,050	419,395	2,172,091
			12,904,555	9,989,928
			2,998,473	(600,294)
			2,984,144	2,103,598
			16,294,042	(466,367)
TOTAL EXPENSES	932,806	935,977	907,032	13,362,940
ANNUAL SURPLUS (DEFICIT)	\$ (55,486)	10,738	(84,729)	(595,727)
				230,290
				(582,174)
				(1,117,892)
				(1,168,073)
				(1,623,788)