

**SLATE FALLS NATION  
Consolidated Financial Statements  
Year Ended March 31, 2014**

**SLATE FALLS NATION**  
**Index to Consolidated Financial Statements**  
**Year Ended March 31, 2014**

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	Page
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	1
INDEPENDENT AUDITOR'S REPORT	2
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	3
Consolidated Statement of Operations	4
Consolidated Statement of Change in Net Financial Assets	5
Consolidated Statement of Cash Flows	6
Notes to Consolidated Financial Statements	7 - 19
Consolidated Segmented Information ( <i>Schedule 1</i> )	20 - 21
Consolidated Segmented Comparative Information ( <i>Schedule 2</i> )	22 - 23
Consolidated Statement of Expenditures by Object ( <i>Schedule 3</i> )	24

## **Management's Responsibility for Financial Reporting**

The accompanying consolidated financial statements of Slate Falls Nation are the responsibility of management and have been approved by Chief and Council.

The consolidated financial statements of Slate Falls Nation have been 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 and as such include amounts that are the best estimates and judgements of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Chief and Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Chief and 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 consolidated financial statements and the external auditor's report.

The external auditors, Stefanson Lee Romaniuk Chartered Accountants, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Slate Falls Nation and meet when required.



Chief

Councillor



Councillor

Slate Falls, Ontario  
September 15, 2014

## INDEPENDENT AUDITOR'S REPORT

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To the Shareholders of Slate Falls Nation

We have audited the accompanying consolidated financial statements of Slate Falls Nation, which comprise the consolidated statement of financial position as at March 31, 2014 and the consolidated statements of operations, comprehensive income 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated 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 consolidated 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 consolidated 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, the consolidated financial statements present fairly, in all material respects, the financial position of Slate Falls Nation as at March 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Licensed Public Accountants  
Chartered Accountants

Winnipeg, Manitoba  
September 15, 2014

**SLATE FALLS NATION**  
**Consolidated Statement of Financial Position**  
**March 31, 2014**

	<b>2014</b>	<b>2013</b>
<b>Financial Assets</b>		
Cash ( <i>Note 3</i> )	\$ 28,652	\$ 75,787
Restricted cash	75,753	-
Short term investments	71,061	70,023
Deposits from Settlement in trust with lawyer ( <i>Note 4</i> )	2,544,170	926,265
Deposits in trust with lawyer	10,952	61,785
Band Trust Funds ( <i>Note 5</i> )	7,129	6,953
CMHC Replacement reserve investment	44,108	35,875
CMHC Operating reserve investment	3,769	-
Accounts receivable (net of allowance for doubtful accounts of \$46,130) ( <i>Note 6</i> )	830,881	392,520
CMHC Subsidy receivable	3,890	3,890
Loan receivable ( <i>Note 7</i> )	-	500,000
Investment in subsidiaries ( <i>Note 8</i> )	6,473,439	6,177,653
Due from related parties ( <i>Note 11</i> )	852,340	799,099
	<b>\$ 10,946,144</b>	<b>\$ 9,049,850</b>
<b>Liabilities</b>		
Accounts payable	\$ 600,711	\$ 365,846
Slate Falls Nation Trust payable to members	527,000	-
Employee deductions payable	15,839	12,915
Deferred income ( <i>Note 17</i> )	425,000	175,000
Incomplete Projects ( <i>Note 10</i> )	250,791	232,540
Due to related parties ( <i>Note 11</i> )	1,958,165	1,277,426
Capital Asset Reserves ( <i>Note 12</i> )	154,802	146,569
Mortgages payable ( <i>Note 13</i> )	532,867	557,393
Note Payable ( <i>Note 14</i> )	2,234,375	2,190,758
	<b>6,699,550</b>	<b>4,958,447</b>
<b>Net financial assets</b>	<b>4,246,594</b>	<b>4,091,403</b>
<b>Non-financial assets</b>		
Construction in progress ( <i>Note 17</i> )	937,054	20,000
Tangible capital assets ( <i>Note 9</i> )	4,829,208	5,268,100
	<b>5,766,262</b>	<b>5,288,100</b>
	<b>\$ 10,012,856</b>	<b>\$ 9,379,503</b>

APPROVED BY:

 CHIEF

See notes to financial statements

**SLATE FALLS NATION**  
**Consolidated Statement of Operations**  
**Year Ended March 31, 2014**

	Budget 2014	2014	2013
<b>Revenue</b>			
Aboriginal Affairs and Northern Development			
Canada (AANDC)	\$ -	\$ 1,450,185	\$ 1,360,122
AANDC Set Contribution Funding		779,339	410,659
Total AANDC	-	2,229,524	1,770,781
Health Canada	-	1,295,782	1,021,973
Other program funding and revenue	-	1,956,559	2,020,855
Transfer from (to) Incomplete	-	(18,252)	(156,045)
Transfer to deferred revenue	-	(250,000)	(175,000)
	-	5,213,613	4,482,564
Income (loss) of subsidiary corporations	-	(161,356)	(487,543)
Ontario First Nations Limited Partnership	-	718,733	721,254
Proceeds on settlement	-	5,850,000	3,000,000
Interest on trust account	-	18,782	608
Total revenues	-	11,639,772	7,716,883
<b>Expenses</b>			
Public Works & Housing	-	1,690,692	1,149,751
Social Development	-	735,751	872,610
Finance & Administration	-	516,379	597,294
Health	-	1,487,010	1,260,977
Education	-	845,318	777,564
Land Use Planning	-	66,295	80,000
Disbursement of settlement proceeds	-	4,488,260	1,574,176
	-	9,829,705	6,312,372
Ontario First Nations Limited			
Partnership income allocated	-	718,733	721,254
Amortization	-	414,364	444,771
Interest on note payable	-	43,617	42,830
Total expenditures	-	11,006,419	7,521,227
<b>Surplus (deficiency) of revenues over expenditures</b>			
	-	633,353	195,656
Accumulated surplus, beginning of year as previously reported	-	7,953,238	9,183,847
Prior period adjustment (Note 19)	-	1,426,265	-
Accumulated surplus beginning of year, as restated	-	9,379,503	9,183,847
<b>Accumulated surplus, end of year</b>	\$ -	<b>\$ 10,012,856</b>	<b>\$ 9,379,503</b>

See notes to financial statements

**SLATE FALLS NATION****Consolidated Statement of Change in Net Financial Assets****Year Ended March 31, 2014**

	<b>2014</b>	<b>2013</b>
<b>Surplus (deficiency) of revenues over expenditures for the year</b>	<b>\$ 633,353</b>	\$ 195,656
Acquisition of tangible capital assets	-	(65,237)
Construction in progress	(917,054)	(20,000)
Amortization of tangible capital assets	438,891	468,695
Change in net financial assets	155,191	579,116
<b>Net financial assets, beginning of year</b>	<b>\$ 4,091,403</b>	\$ 3,512,287
<b>Net financial assets, end of year</b>	<b>\$ 4,246,594</b>	\$ 4,091,403

See notes to financial statements

**SLATE FALLS NATION**  
**Consolidated Statement of Cash Flows**  
**Year Ended March 31, 2014**

	<b>2014</b>	<b>2013</b>
<b>Operating activities</b>		
Net income	\$ 633,353	\$ 195,656
Items not affecting cash:		
Amortization of property, plant and equipment	414,364	444,771
Amortization of CMHC financed property	24,527	23,924
Loss of subsidiary corporations	161,356	487,543
	<b>1,233,600</b>	<b>1,151,894</b>
Changes in non-cash working capital:		
CMHC reserve investments	(12,002)	(4,510)
Short term investments	(1,038)	(1,081)
Accounts receivable	(438,361)	32,803
Loan receivable	500,000	(500,000)
Accounts payable	234,864	(62,166)
Employee deductions payable	2,924	12,915
Deferred income	250,000	175,000
Slate Falls Nation Trust payable to members	527,000	-
Incomplete Projects	18,251	156,046
	<b>1,081,638</b>	<b>(190,993)</b>
Cash flow from operating activities	<b>2,315,238</b>	<b>960,901</b>
<b>Capital Activities</b>		
Acquisition of tangible capital assets	-	(65,237)
Construction in progress	(917,054)	(20,000)
	<b>(917,054)</b>	<b>(85,237)</b>
<b>Investing activities</b>		
Bank Trust Funds	(176)	(167)
Investment in 1902070 Ontario Inc.	(457,139)	-
Cash flow used by investing activities	<b>(457,315)</b>	<b>(167)</b>
<b>Financing activities</b>		
Capital Asset Reserves	8,233	4,505
Advances from (to) related parties	627,498	(365,935)
Deposits from Settlement in trust with lawyer	(1,617,905)	(926,265)
Deposits in trust with lawyer	50,833	38,215
Note Payable	43,617	42,829
Repayment of long term debt	(24,527)	(23,924)
Cash flow used by financing activities	<b>(912,251)</b>	<b>(1,230,575)</b>
<b>Increase (decrease) in cash flow</b>	<b>28,618</b>	<b>(355,078)</b>
Cash - beginning of year	<b>75,787</b>	<b>430,865</b>
<b>Cash - end of year (Note 3)</b>	<b>\$ 104,405</b>	<b>\$ 75,787</b>

See notes to financial statements

**SLATE FALLS NATION**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2014**

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**1. Nature of entity**

Slate Falls Nation is a First Nation located in the Province of Ontario. The First Nation is a non-profit, non-taxable entity and is engaged in the social, cultural, educational and economic development of First Nation citizens of Slate Falls Nation. The First Nation provides services such as fire, health, public works, community planning, recreation, education and other general government operations.

**2. Significant accounting policies**

Basis of presentation

These financial statements were prepared using the accrual basis of accounting in accordance with Public Sector Accounting Standards. The accrual basis recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.

Principles of Consolidation

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of government business enterprise, which are included in the Consolidated Financial Statements on a modified equity basis. Fully consolidated entities have all inter-organizational balances and transactions eliminated upon consolidation. The following are fully consolidated in the financial statements of the First Nation.

- CMHC
- Land Use Planning
- Ontario First Nations Limited Partnership
- Slate Falls Nation Trust

For business enterprises and business partnerships the investment in the acquired companies is initially recorded at its cost. The results of operations of the acquired companies are included in the investment from the dates of acquisition. Under this method, government business enterprises' accounting policies, which follow Canadian generally accepted accounting principles for publicly accountable enterprises, are not adjusted to conform with Public Sector Accounting Standards and inter-entity transactions and balances are not eliminated.

The following subsidiaries' results of operations are included in these financial statements under the modified equity method:

<b>Percentage Ownership</b>	
2159256 Ontario Ltd.	100%
Bamaji Lake Economic Development Corporation	100%
Bamaji Air Inc.	75%
Knobby's Fly-In Camps Limited	100%
1902070 Ontario Inc.	100%

*(continues)*

**SLATE FALLS NATION**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2014**

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**2. Significant accounting policies *(continued)***

**Revenue recognition**

Revenue is recognized as it is received or becomes receivable under the terms of applicable contribution agreements. Certain government funding received but not expended is reported as deferred revenue on the Consolidated Statement of Financial Position, depending on the nature of the funding agreements.

All other revenue is recorded as the applicable service is provided and collection is reasonably assured.

**Measurement uncertainty**

The preparation of consolidated financial statements in conformity with Canadian public sector accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

**Financial instruments policy**

Financial instruments include cash and short term investments, accounts receivable, accounts payable, and long term debt. It is management's opinion that the First Nation is not exposed to significant interest, currency, or credit risks arising from these financial instruments, and that unless otherwise noted, the book value of the First Nation's financial assets and liabilities approximates their fair value.

**Short term investments**

Investments for which there are quoted prices in an active market are carried at fair value. Unrealized gains or losses are reported as part of net income. Investments for which there is not an active market are carried at amortized cost except when it is established that their value is impaired. Impairment losses, or reversal of previously recognized impairment losses, are reported as part of net income.

**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 or delivering services.

Tangible capital assets are reported at net book value. Contributions received to assist in the acquisition of tangible capital assets are reported as deferred revenue and amortized to income at the same rate as the related asset.

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**SLATE FALLS NATION**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2014**

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**2. Significant accounting policies (continued)**

Amortization of tangible capital assets

Tangible capital assets are amortized over their estimated useful lives at the following rates and methods:

Buildings	5%	straight-line method
Heavy Equipment	15%	straight-line method
Automotive Equipment	30%	straight-line method
Small Equipment	30%	straight-line method
Office Equipment	30%	straight-line method

Amortization of tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Incomplete Projects

Construction and other major projects, which have a definite completion time but are not completed by the fiscal year ended, are deferred to future reporting periods in order to match total funding with the total cost of each project.

Recent accounting pronouncements

*Liability for contaminated sites*

In June 2010, the Public Sector Accounting Board (PSAB) issued PS 3260 Liability for Contaminated Sites to establish recognition, measurement and disclosure standards for liabilities associated with the remediation of contaminated sites. The new section defines activities included in a liability for remediation, establishes when to recognize and how to measure a liability for remediation, and provides the related financial statement presentation and disclosure requirements.

PS 3260 is effective for fiscal years beginning on or after April 1, 2014. The First Nation has not yet determined the effect of the new section on its consolidated financial statements.

Budget

Annual budget figures are not included as they are not available.

**3. Cash**

	<b>2014</b>	<b>2013</b>
Cash	\$ 28,652	\$ 75,787
Restricted cash	75,753	-
	<b>\$ 104,405</b>	<b>\$ 75,787</b>

## SLATE FALLS NATION

### Notes to Consolidated Financial Statements

Year Ended March 31, 2014

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#### 4. Trust Funds

The First Nation, the governments of Canada and Ontario, and Ontario Power Generation entered into settlement agreements relating to flooding of Lake St. Joseph and surrounding area. The First Nation ratified the settlement agreement by vote on November 14, 2012 and established the Slate Falls Nation Trust with an effective date of December 10, 2013. Monetary compensation of \$5,400,000 was directed to the Slate Falls Nation Trust to be held as a long trust asset for the benefit of the First Nation. The Trustees shall administer the compensation on the terms and conditions set out in the Trust Agreement. The Trustee shall hold and invest the Trust property for the benefit of the First Nation, and will transfer or release Trust property as directed or authorized by the Trust Agreement.

The Trust is a reversionary trust and therefore, although it is subject to tax pursuant to section 104 of the Income Tax Act (Canada), subsection 75(2) of the Income Tax Act (Canada) applies to deem income to be that of a First Nation.

The year end of the Trust is December 31, 2013 and therefore the First Nation has adjusted the financial statement categories for the income of the period from January 1, 2014 to March 31, 2014.

At March 31, 2014, the Slate Falls Nation Trust had the following assets and liabilities under management.

	2014	2013
Restricted cash	\$ 75,753	\$ -
Settlement funds in trust with lawyer	2,544,170	926,265
Advance receivable	-	500,000
	<b>2,619,923</b>	1,426,265
Less: Slate Falls Nation Trust payable to members	(527,000)	-
Legal fees payable	(96,262)	-
	<b>\$ 1,996,661</b>	<b>\$ 1,426,265</b>

#### 5. Band Trust Funds:

The trust balance is monies held in trust for Slate Falls Nation by the Department of Aboriginal Affairs and Northern Development Canada. The change in the trust balance during the year was as follows:

	Capital	Revenue	2014	2013
Balance, beginning of year	\$ 1,056	\$ 5,897	\$ 6,953	\$ 6,786
Add: Government of Canada Interest	-	176	176	167
Balance, end of year	\$ 1,056	\$ 6,073	\$ 7,129	\$ 6,953

**SLATE FALLS NATION****Notes to Consolidated Financial Statements****Year Ended March 31, 2014****6. Accounts receivable**

	<b>2014</b>	<b>2013</b>
AANDC Receivable	\$ 5,315	\$ 149,225
Health Canada	405,944	118,006
Northern Ontario Heritage Fund	250,000	-
Other receivables	140,231	85,263
Receivable from members	75,521	52,570
 Subtotal	 877,011	405,064
Allowance for doubtful accounts	(46,130)	(12,544)
 <hr/>	 <hr/>	 <hr/>
	\$ 830,881	\$ 392,520

**7. Loan receivable**

	<b>2014</b>	<b>2013</b>
Litigation loan to Mishkeegogamang First Nation	\$ -	\$ 500,000

The litigation loan receivable was repaid to Slate Falls Nation in the 2014 fiscal year.

**8. Investment in subsidiaries**

The investment balance reported represents the modified equity (deficit) balance of the following band businesses:

	<b>2014</b>	<b>2013</b>
Bamaji Lake Economic Development Corporation	\$ 3,931,041	\$ 3,872,179
Knobby's Fly-In Camps Limited	2,969,571	2,931,682
Bamaji Air Ltd.	(559,289)	(294,657)
2159256 Ontario Ltd.	(325,023)	(331,551)
1902070 Ontario Inc.	457,139	-
 <hr/>	 <hr/>	 <hr/>
	\$ 6,473,439	\$ 6,177,653

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**SLATE FALLS NATION**

**Notes to Consolidated Financial Statements**

**Year Ended March 31, 2014**

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**8 Investment in subsidiaries (*continued*)**

**Bamaji Lake Economic Development Corporation**  
**March 31, 2014**

	<b>2014</b>	<b>2013</b>
Financial Assets	\$ 4,119,018	\$ 3,987,418
Liabilities	423,608	410,039
Net financial assets	3,695,410	3,577,379
Non-financial assets	235,631	296,564
	<b>\$ 3,931,041</b>	<b>\$ 3,873,943</b>
<b>Investment Comprised of:</b>		
Acquisition costs:	\$ -	\$ -
Cumulative income (loss):	3,931,041	3,872,179
	<b>\$ 3,931,041</b>	<b>\$ 3,872,179</b>

**Knobby's Fy-In Camps Limited**  
**October 31, 2013**

	<b>2014</b>	<b>2013</b>
Assets	\$ 4,282,775	\$ 4,064,243
Liabilities	\$ 1,286,112	\$ 1,105,469
Surplus	2,996,663	2,958,774
	<b>\$ 4,282,775</b>	<b>\$ 4,064,243</b>
Revenue	\$ 516,896	\$ 581,123
Expense	479,007	557,606
Current Surplus	\$ 37,889	\$ 23,517
<b>Investment Comprised of:</b>		
Acquisition costs:	\$ 1,865,000	\$ 1,865,000
Cumulative income (loss)	1,104,571	1,066,682
	<b>\$ 2,969,571</b>	<b>\$ 2,931,682</b>

*(continues)*

**SLATE FALLS NATION**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2014**

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**8 Investment in subsidiaries (continued)**

**2159256 Ontario Ltd.**  
**October 31, 2013**

	<b>2013</b>	<b>2012</b>
Assets	\$ 344,053	\$ 353,185
Liabilities	825,144	826,104
Surplus	(481,091)	(472,919)
	<b>\$ 344,053</b>	<b>\$ 353,185</b>
Revenue	\$ 259,169	\$ 193,250
Expense	252,641	256,640
	<b>\$ 6,528</b>	<b>\$ (63,390)</b>
	<b>2013</b>	<b>2012</b>
<b>Investment Comprised of:</b>		
Acquisition costs:	\$ 142,486	\$ 142,486
Cumulative income (loss):	(467,509)	(474,037)
	<b>\$ (325,023)</b>	<b>\$ (331,551)</b>

**1902070 Ontario Inc.**  
**March 31, 2014**

<b>Investment Comprised of:</b>		
Acquisition costs:	\$ 457,139	-

*(continues)*

**SLATE FALLS NATION**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2014**

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**8 Investment in subsidiaries (continued)**

**Bamaji Air Ltd.**  
**October 31, 2013**

	<b>2014</b>	<b>2013</b>
Assets	<b>\$ 1,621,780</b>	<b>\$ 1,747,357</b>
Liabilities	<b>1,874,121</b>	<b>\$ 1,646,851</b>
Surplus	<b>(252,341)</b>	<b>100,506</b>
	<b>1,621,780</b>	<b>\$ 1,747,357</b>
Revenue	<b>963,274</b>	<b>\$ 1,240,226</b>
Expenses	<b>1,316,121</b>	<b>1,488,371</b>
Current Surplus (deficit)	<b>(352,847)</b>	<b>\$ (248,145)</b>
Slate Falls Nation share of current surplus (deficit)	<b>\$ (264,635)</b>	<b>\$ (186,109)</b>
<b>Investment Comprised of:</b>		
Acquisition costs:	<b>\$ 2,101,624</b>	<b>\$ 2,101,624</b>
Cumulative income (loss):	<b>(2,660,913)</b>	<b>(2,396,281)</b>
	<b>\$ (559,289)</b>	<b>\$ (294,657)</b>

**SLATE FALLS NATION**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2014**

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**9. Tangible capital assets**

	Cost	Accumulated amortization	2014 Net book value
Land	\$ 126,200	\$ -	\$ 126,200
Buildings	9,194,089	5,239,317	3,954,772
Equipment	423,466	422,556	910
Automotive	455,408	420,243	35,165
CMHC Buildings	869,622	157,461	712,161
	<b>\$ 11,068,785</b>	<b>\$ 6,239,577</b>	<b>\$ 4,829,208</b>

  

	Cost	Accumulated amortization	2013 Net book value
Land	\$ 126,200	\$ -	\$ 126,200
Buildings	9,194,089	4,871,571	4,322,518
Equipment	423,466	422,296	1,170
Automotive	455,408	373,883	81,525
CMHC Buildings	869,622	132,935	736,687
	<b>\$ 11,068,785</b>	<b>\$ 5,800,685</b>	<b>\$ 5,268,100</b>

**10. Incomplete Projects**

The incomplete projects represent deferred funding from advances provided to Slate Falls Nation by the Department of Aboriginal Affairs and Northern Development Canada and the Government of Canada and other sources.

	2014	2013
Deferred revenue, beginning of year	\$ 387,540	\$ 76,494
Add: AANDC current deferral	236,560	207,638
Other program current deferral	14,231	24,902
Less: Deferred revenue recognized	(387,540)	(76,494)
	<b>250,791</b>	<b>232,540</b>

*(continues)*

**SLATE FALLS NATION****Notes to Consolidated Financial Statements****Year Ended March 31, 2014****10. Incomplete Projects (continued)**

The balance of deferred revenue consists of the following:

	<b>2014</b>	<b>2013</b>
<b>Aboriginal Affairs and Northern Development Canada</b>		
Fuel Tank Replacement	\$ 56,061	\$ 115,994
Water and Sewer	-	59,124
Water system	150,000	-
Student Transportation	-	24,502
Electrical Systems	7,259	8,018
Governance Capacity Development	23,240	-
	<b>236,560</b>	<b>207,638</b>
<b>Other deferred program funding</b>		
School Data Management Administrator	14,231	24,902
	<b>\$ 250,791</b>	<b>\$ 232,540</b>

**11. Due to (from) related parties**

	<b>2014</b>	<b>2013</b>
<u>Related party transactions</u>		
Bamaji Lake Economic Development Corporation <i>(Wholly owned subsidiary)</i>		
Services Provided	\$ 1,201,659	\$ 1,109,125
Transfer of Casino Rama funding	718,733	721,254
	<b>\$ 1,920,392</b>	<b>\$ 1,830,379</b>
Bamaji Air Inc. Flying services	\$ 90,508	\$ 57,885

These transactions are in the normal course of operations and are measured at the exchange amount, (the value of consideration established and agreed to by the related parties), which approximates the arm's length equivalent value for sales of product or provision of services.

Due to (from) related parties

The First Nation had the following balances owing to (from) related parties:

	<b>2014</b>	<b>2013</b>
<u>Due from related parties:</u>		
Bamaji Air Inc. 2159256 Ontario Ltd.	\$ 449,954	\$ 396,713
	<b>402,386</b>	<b>402,386</b>

*(continues)*

**SLATE FALLS NATION**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2014**

**11. Due to (from) related parties (continued)**

Due to related parties:			
Due to (from) BLEDC	\$ 1,818,165	\$ 1,137,426	
Knobby's Fly-In Camps Limited	140,000	140,000	
	\$ 1,958,165	\$ 1,277,426	

Advances from a related company are non-interest bearing and have no set repayment terms.

## 12. Capital Asset Reserves

The capital asset reserves are comprised of the following:

	2014	2013
Administration capital replacement reserve	\$ 27,230	\$ 27,230
Education capital replacement reserve	83,464	83,464
CMHC capital replacement reserve	44,108	35,875
	<b>\$ 154,802</b>	<b>\$ 146,569</b>

### 13. Mortgage payable

	2014	2013
Canada Mortgage and Housing Corporation (CMHC) loan bearing interest at 2.65% per annum, repayable in monthly blended payments of \$3,244. The loan matures on March 1, 2031 and is secured by a first mortgage on the property. The mortgage was renewed on April 1, 2011 with the next renewal on April 1, 2016.	\$ 532,867	\$ 557,393

Principal repayment terms are approximately:

2015	\$ 24,237
2016	25,884
2017	26,500
2018	26,500
2019	27,250
Thereafter	<u>402,496</u>
	<u>\$ 532,867</u>

**SLATE FALLS NATION**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2014**

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**14. Note Payable**

The note payable is to Bamaji Lake Economic Development Corporation, and bears interest at 2% per annum. Interest expense of \$43,617 (2013 - \$42,830) was recorded in the year, and this amount was added to the balance outstanding.

	<b>2014</b>	<b>2013</b>
Note payable	\$ 1,765,000	\$ 1,765,000
Accrued interest	469,375	425,758
	<b>\$ 2,234,375</b>	<b>\$ 2,190,758</b>

**15. Economic dependence**

Slate Falls Nation receives a significant portion of its revenues pursuant to funding agreements with the federal government.

**16. Contingent liability**

The First Nation has provided a guarantee in the amount of \$320,000 to support a loan of a subsidiary company.

In addition, the First Nation has received a forgivable loan from CMHC. This loan is forgivable over five years should the First Nation comply with the terms and conditions of the RRAP loan. The loan becomes payable with interest at 6.5% should the First Nation fail to comply.

**17. Commitments**

**Community Centre**

The First Nation has entered into agreements to construct a Community Centre with a total budgeted cost of \$2,856,000. This project will be funded with government grants of \$1,400,000, debt financing of \$1,000,000 and a contribution from the First Nation of \$456,000. As at March 31, 2014 \$937,054 of expenditures were incurred and funding of \$425,000 had been received or was receivable.

**Water Supply and Distribution System**

The First Nation has entered into an agreement with AANDC to complete a new water supply and distribution system with a total estimated cost of \$9,178,000 which will be fully funded by AANDC.

**18. Segmented Information**

Slate Falls Nations is a diversified community that provides a wide range of services to its members. For management reporting purposes Slate Falls Nation's operations and activities are organized and reported by Program. Programs were created for the purpose of recording specific activities to attain certain objectives in accordance with specific regulations, restrictions or limitations.

*(continues)*

## SLATE FALLS NATION

### Notes to Consolidated Financial Statements

Year Ended March 31, 2014

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#### 18. Segmented Information (*continued*)

These activities can be categorized into segments. The following segments have been identified and as such are separately disclosed:

##### Public Works and Housing

Public Works contains all activities that relate to the maintenance of buildings and land of the First Nation.

##### Social Development

Social Development contains activities that provide financial support or support by other means to band members that is aimed at developing both the individual as well as the community.

##### Finance & Administration

Finance & Administration contains activities that are needed to run Slate Falls Nation.

##### Health Services

Health Services contains activities that provide medical services to band members.

##### Education

Education Services contains activities that provide education to band members for primary, secondary schooling and sponsorship to attend post secondary institutions.

##### Land Use Planning

Land Use Planning contains the funds received and disbursed by Slate Falls Nation on behalf of Slate Falls Nation and Cat Lake First Nation for the Core Consultation agreement.

##### Ontario First Nations Limited Partnership

Ontario First Nations Limited Partnership (ONFLP) contains the funds received from ONFLP and the disbursement of these funds to eligible programs.

##### Flood Claim Settlement

Proceeds received and the disbursement thereof relating to the settlement of the Lake St. Joseph flood claim, including the establishment of the Slate Falls Nation Trust.

#### 19. Prior period adjustment

The prior year comparative figures have been restated to account for the settlement agreement with Ontario Power Generation which was received April 18, 2012 and held in trust. As a result, at March 31, 2013, Deposits from Settlement in trust with lawyer increased by \$926,265, Advance receivable increased by \$500,000 and the surplus was increased by \$1,426,265.

#### 20. Comparative figures

Certain prior year comparative figures have been reclassified to conform to the presentation in the current year.

**SLATE FALLS NATION**
**Consolidated Segmented Information**
**Year Ended March 31, 2014**
**(Schedule 1)**

	Public Works and Housing	Social Development	Finance and Administration	Health Services	Education	Land Use Planning	Ontario First Nations Limited Partnership	Flooding Claim Settlement	2014 Current Year
<b>Revenue</b>									
AANDC Funding	\$ 684,017	\$ 256,937	\$ 11,200	\$ -	\$ 498,031	\$ -	\$ -	\$ -	\$ 1,450,185
AANDC Set Contribution Funding	545,300	-	38,500	-	195,539	-	-	-	779,339
Total AANDC	1,229,317	256,937	49,700	-	693,570	-	-	-	2,229,524
Health Canada	-	-	-	1,295,782	-	-	-	-	1,295,782
Other program funding and revenue	626,272	449,221	553,458	134,069	127,244	66,295	-	-	1,956,559
Ontario First Nations Limited Partnership	-	-	-	-	-	-	718,733	-	718,733
Proceeds on settlement	-	-	-	-	-	-	-	5,850,000	5,850,000
Interest on trust account	-	-	127	-	-	-	-	18,655	18,782
Income (loss) of subsidiary corporations	-	-	(161,356)	-	-	-	-	-	(161,356)
Transfer from (to) Incomplete	(30,184)	(23,240)	-	-	35,172	-	-	-	(18,252)
Transfer to deferred revenue	(250,000)	-	-	-	-	-	-	-	(250,000)
	1,575,405	682,918	441,929	1,429,851	855,986	66,295	718,733	5,868,655	11,639,772
<b>Expenses</b>									
Administration	15,000	600	-	54,958	1,608	-	-	-	72,166
Advertising and promotion	-	-	1,104	100	-	-	-	-	1,204
Bad debts	-	-	33,586	-	-	-	-	-	33,586
CMHC Loan Payment	24,527	-	-	-	-	-	-	-	24,527
Equipment and Rentals	474,291	9,978	15,473	20,258	18,180	-	-	938	539,118
Freight	6,133	1,448	12,535	8,548	8,912	-	-	-	37,576
Gas/Oil	14,168	784	3,479	16,645	14,111	-	-	-	49,187
Insurance	12,234	-	12,892	7,677	20,577	-	-	-	53,380
Insurance Plan	-	-	55,230	-	-	-	-	-	55,230
Interest and bank charges	195	10	10,020	30	303	-	-	781	11,339
Interest on long term debt	14,343	-	-	-	-	-	-	-	14,343
Materials and Supplies	863,446	-	8,881	18,012	63,792	-	-	-	954,131

*(continues)*

**SLATE FALLS NATION**

**Consolidated Segmented Information (continued)**

**(Schedule 1)**

**Year Ended March 31, 2014**

	Public Works and Housing	Social Development	Finance and Administration	Health Services	Education	Land Use Planning	Ontario First Nations Limited Partnership	Flooding Claim Settlement	2014 Current Year
<b>Expenses (continued)</b>									
Office	355	-	7,686	3,633	2,126	-	-	-	13,800
Payments to members	-	-	-	-	-	-	-	2,960,000	2,960,000
Plan Fees	-	-	580	-	-	-	-	-	580
Professional fees	2,925	-	(14,540)	-	19,823	-	-	1,188	9,396
Negotiation fees on settlement	-	-	-	-	-	-	-	1,472,950	1,472,950
Professional services	626,067	7,776	21,418	660,182	92,095	-	-	52,403	1,459,941
Program Operations	17,909	89,159	100,543	88,973	32,958	66,295	-	-	395,837
Registered Pension Plan	-	-	62,485	-	-	-	-	-	62,485
Rent	-	2,700	1,444	5,200	-	-	-	-	9,344
Repairs and maintenance	23,083	-	3,399	3,421	34,097	-	-	-	64,000
Replacement Reserve	4,500	-	-	-	-	-	-	-	4,500
Salaries and benefits	418,730	570,354	70,426	471,170	194,172	-	-	-	1,724,852
Training and Workshops	5,000	15,360	225	-	-	-	-	-	20,585
Travel	14,805	37,582	72,792	109,898	13,071	-	-	-	248,148
Utilities and telephone	70,035	-	36,721	18,305	42,334	-	-	-	167,395
Transfer to Construction in Progress	(917,054)	-	-	-	-	-	-	-	(917,054)
Wages - WEA Administered Services	-	-	-	-	287,159	-	-	-	287,159
	1,690,692	735,751	516,379	1,487,010	845,318	66,295	-	4,488,260	9,829,705
Amortization	-	-	414,364	-	-	-	-	-	414,364
Ontario First Nations Limited Partnership income allocated	-	-	-	-	-	-	718,733	-	718,733
Interest on note payable	-	-	43,617	-	-	-	-	-	43,617
	1,690,692	735,751	974,360	1,487,010	845,318	66,295	718,733	4,488,260	11,006,419
<b>Surplus (deficit)</b>	<b>\$ (115,287)</b>	<b>\$ (52,833)</b>	<b>\$ (532,431)</b>	<b>\$ (57,159)</b>	<b>\$ 10,668</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,380,395</b>	<b>\$ 633,353</b>

See notes to financial statements

**SLATE FALLS NATION**
**Consolidated Segmented Comparative Information**
**(Schedule 2)**
**Year Ended March 31, 2013**

	Public Works & Housing	Social Development	Finance & Administration	Health	Education	Land Use Planning	Casinorama	Flooding Claim Settlement	2013
									Prior year
<b>Revenue</b>									
AANDC Funding	\$ 637,669	\$ 232,179	\$ 13,200	\$ -	\$ 477,074	\$ -	\$ -	\$ -	\$ 1,360,122
AANDC Set Contribution									
Funding	165,000	-	51,100	-	194,559	-	-	-	410,659
	802,669	232,179	64,300	-	671,633	-	-	-	1,770,781
Health Canada	-	-	-	1,021,973	-	-	-	-	1,021,973
Other program funding and									
revenue	666,439	576,959	459,594	126,571	111,293	80,000	-	-	2,020,855
Ontario First Nations Limited									
Partnership	-	-	-	-	-	-	721,254	-	721,254
Interest on trust account	-	-	167	-	-	-	-	441	608
Proceeds on settlement	-	-	-	-	-	-	-	3,000,000	3,000,000
Income (loss) of subsidiary									
corporations	-	-	(487,543)	-	-	-	-	-	(487,543)
Transfer from (to) Incomplete	(183,136)	-	-	-	27,091	-	-	-	(156,045)
Transfer to deferred revenue	(175,000)	-	-	-	-	-	-	-	(175,000)
	1,110,972	809,138	36,518	1,148,544	810,017	80,000	721,254	3,000,441	7,716,883
<b>Expenses</b>									
AANDC Repayment	4,171	-	-	-	30,366	-	-	-	34,537
Administration	15,000	5,695	-	52,163	2,540	-	-	-	75,399
Advertising and promotion	-	-	3,006	874	-	-	-	-	3,881
CMHC Loan Payment	23,924	-	-	-	-	-	-	-	23,924
Equipment and Rentals	369,543	10,288	35,307	20,415	16,062	-	-	-	451,616
Freight	5,005	120	5,647	5,728	7,454	-	-	-	23,955
Gas/Oil	33,776	218	4,242	11,104	14,422	-	-	-	63,761
Insurance	9,686	-	7,436	7,264	19,284	-	-	-	43,670
Insurance Plan	-	-	65,739	-	-	-	-	-	65,739
Interest and bank charges	1,078	1,531	5,986	150	2,819	-	-	-	11,560
Interest on long term debt	14,951	-	-	-	-	-	-	-	14,951
Materials and Supplies	115,900	1,466	7,237	24,058	51,936	-	-	-	200,597

*(continues)*

**SLATE FALLS NATION**

**Consolidated Segmented Comparative Information (continued)**

**(Schedule 2)**

**Year Ended March 31, 2013**

	Public Works & Housing	Social Development	Finance & Administration	Health	Education	Land Use Planning	Casinorama	Flooding Claim Settlement	2013
									Prior year
<b>Expenses (continued)</b>									
Negotiation fees on settlement	-	-	-	-	-	-	-	1,554,774	<b>1,554,774</b>
Office	-	-	7,558	4,744	8,212	-	-	-	<b>20,514</b>
Plan Fees	-	-	640	-	-	-	-	-	<b>640</b>
Professional fees	2,600	10,947	167,932	750	6,067	-	-	-	<b>188,296</b>
Professional services	109,164	35,000	62,311	364,740	26,205	-	-	19,402	<b>616,823</b>
Program Operations	8,357	84,256	16,531	140,209	42,016	80,000	-	-	<b>371,369</b>
Registered Pension Plan	-	-	80,414	-	-	-	-	-	<b>80,414</b>
Rent	-	150	-	7,225	3,600	-	-	-	<b>10,975</b>
Repairs and maintenance	21,137	-	2,639	382	28,409	-	-	-	<b>52,566</b>
Replacement Reserve	4,500	-	-	-	-	-	-	-	<b>4,500</b>
Salaries and benefits	366,766	674,368	27,064	542,270	182,325	-	-	-	<b>1,792,793</b>
Training and Workshops	141	12,800	4,200	2,338	6,000	-	-	-	<b>25,479</b>
Travel	14,352	31,043	74,978	60,175	18,782	-	-	-	<b>199,331</b>
Utilities and telephone	49,700	4,728	18,427	16,388	66,826	-	-	-	<b>156,069</b>
Transfer to Construction in Progress	(20,000)	-	-	-	-	-	-	-	<b>(20,000)</b>
Wages - WEA Administered Services	-	-	-	-	244,239	-	-	-	<b>244,239</b>
	1,149,751	872,610	597,294	1,260,977	777,564	80,000	-	1,574,176	<b>6,312,372</b>
Amortization	-	-	444,771	-	-	-	-	-	<b>444,771</b>
Ontario First Nations Limited Partnership income allocated	-	-	-	-	-	-	721,254	-	<b>721,254</b>
Interest on note payable	-	-	42,830	-	-	-	-	-	<b>42,830</b>
	1,149,751	872,610	1,084,895	1,260,977	777,564	80,000	721,254	1,574,176	<b>7,521,227</b>
<b>Surplus (deficit)</b>	<b>\$ (38,779)</b>	<b>\$ (63,472)</b>	<b>\$ (1,048,377)</b>	<b>\$ (112,433)</b>	<b>\$ 32,453</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,426,265</b>	<b>\$ 195,656</b>

See notes to financial statements

**SLATE FALLS NATION**

**Consolidated Statement of Expenditures by Object**

**(Schedule 3)**

**Year Ended March 31, 2014**

	<b>2014</b>	<b>2013</b>
<b>Expenses</b>		
Payments to members	\$ 2,960,000	\$ -
Salaries and benefits	1,724,852	1,792,793
Negotiation fees on settlement	1,472,950	1,554,774
Professional services	1,459,941	616,823
Ontario First Nations Limited Partnership income allocated	718,733	721,254
Equipment and Rentals	539,118	452,393
Amortization	414,364	444,771
Program Operations	395,837	371,369
Wages - WEA Administered Services	287,159	244,239
Materials and Supplies	954,131	200,597
Travel	248,149	199,331
Utilities and telephone	167,395	156,069
Administration	72,166	75,399
Repairs and maintenance	64,000	52,566
Registered Pension Plan	62,485	80,414
Insurance Plan	55,230	65,739
Insurance	53,380	43,670
Gas/Oil	49,186	63,761
Interest on note payable	43,617	42,051
Freight	37,576	23,955
Bad debts	33,586	-
CMHC Loan Payment	24,527	23,924
Training and Workshops	20,585	25,479
Interest on long term debt	14,343	14,951
Office	13,799	20,514
Interest and bank charges	11,340	11,562
Professional fees	9,396	188,296
Rent	9,344	10,975
Replacement Reserve	4,500	4,500
Advertising and promotion	1,204	3,881
Plan Fees	580	640
Transfer to Construction in Progress	(917,054)	(20,000)
AANDC Repayment	-	34,537
	<b>\$ 11,006,419</b>	<b>\$ 7,521,227</b>

See notes to financial statements