

SLATE FALLS NATION
Consolidated Financial Statements
Year Ended March 31, 2015

SLATE FALLS NATION
Index to Consolidated Financial Statements
Year Ended March 31, 2015

	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 Revenues and Expenditures and Changes in Net Assets	4
Consolidated Statement of Change in Net Financial Assets	5
Consolidated Statement of Cash Flows	6
Notes to Consolidated Financial Statements	7 - 21
Consolidated Segmented Information (<i>Schedule 1</i>)	22 - 23
Consolidated Segmented Comparative Information (<i>Schedule 2</i>)	24 - 25
Consolidated Statement of Expenditure by Object (<i>Schedule 3</i>)	26

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 25, 2015

INDEPENDENT AUDITOR'S REPORT

To the Members 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, 2015 and the consolidated statements of revenues and expenditures and changes in net assets, 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, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Winnipeg, Manitoba
September 25, 2015


Licensed Public Accountants in the Province of Ontario
Chartered Accountants

SLATE FALLS NATION**Consolidated Statement of Financial Position****March 31, 2015**

	2015	2014
Financial Assets		
Cash (Note 3)	\$ 197,873	\$ 28,652
Restricted cash- Slate Falls Nation Trust (Note 4)	137,071	75,753
Short term investments	142,719	71,061
Deposits from Settlement in trust with lawyer (Note 4)	2,266,806	2,544,170
Deposits in trust with lawyer	-	10,952
Band Trust Funds (Note 5)	7,331	7,129
CMHC Replacement Reserve Investment	50,136	44,108
CMHC Operating Reserve Investment	5,914	3,769
Accounts receivable, net of allowance for doubtful accounts \$35,420 (2014 - \$46,130) (Note 6)	554,962	830,881
Interest receivable	8,440	-
CMHC Subsidy receivable	3,890	3,890
Investment in subsidiaries (Note 7)	6,273,081	6,473,439
Due from related parties (Note 12)	868,511	852,340
	10,516,734	10,946,144
Liabilities and Net Assets		
Accounts payable	870,339	600,715
Slate Falls Nation Trust payable to members (Note 4)	438,620	589,000
Employee deductions payable	10,452	15,839
Deferred income (Note 10)	984	206,061
Incomplete Projects (Note 11)	59,672	44,730
Capital asset reserves (Note 13)	160,830	154,802
Mortgage payable (Note 14)	1,214,274	532,867
Due to related parties (Note 12)	2,126,705	1,958,165
Note Payable (Note 15)	2,234,375	2,234,375
	7,116,251	6,336,554
Net financial assets	3,400,483	4,609,590
Non-financial assets		
Tangible capital assets (Note 8)	8,248,787	6,235,503
	\$ 11,649,270	\$ 10,845,093

APPROVED BY:


CHIEF



COUNCILLOR



COUNCILLOR

See notes to financial statements

SLATE FALLS NATION
**Consolidated Statement of Revenues and Expenditures and Changes in Net Assets
For the Year Ended March 31, 2015**

	Budget (unaudited)	2015	2014
Revenue			
Aboriginal Affairs and Northern Development			
Canada (AANDC)	\$ -	\$ 1,445,128	\$ 1,350,185
AANDC Set Contribution Funding	-	262,661	879,339
AANDC Flexible Contribution Funding	-	405,000	-
Total AANDC	-	2,112,789	2,229,524
Health Canada	-	1,472,405	1,295,782
Other program funding and revenue	-	2,269,475	1,956,383
Transfer from (to) Incomplete	-	(14,943)	71,815
Transfer from (to) deferred revenue	-	205,076	64,934
	-	3,932,013	3,388,914
Income (loss) of subsidiary corporations	-	(200,851)	(161,356)
Ontario First Nations Limited Partnership	-	735,611	718,733
Proceeds on settlement	-	-	5,850,000
Interest on trust account	-	29,337	18,958
	-	6,608,899	12,044,773
Expenses			
Public Works & Housing	-	3,372,610	2,607,745
Social Development	-	775,564	735,751
Finance & Administration	-	485,872	516,382
Health	-	1,640,590	1,487,010
Education	-	828,366	845,317
Land Use Planning	-	-	66,295
Disbursement of settlement proceeds	-	4,574	4,550,260
	-	7,107,576	10,808,760
Ontario First Nations Limited Partnership income allocated	-	735,611	718,733
Amortization	-	419,276	414,364
Interest on note payable	-	-	43,617
	-	8,262,463	11,985,474
Excess (deficiency) of revenue over expenses	-	(1,653,564)	59,299
Transfer to Tangible Capital	-	2,457,741	1,372,287
Net excess of revenue over expenses	-	804,177	1,431,586
Accumulated surplus, beginning of year	-	10,012,854	9,379,501
Prior period adjustments (Note 20)	-	832,239	34,006
	-	10,845,093	9,413,507
Net assets - end of year	\$ -	\$ 11,649,270	\$ 10,845,093

See notes to financial statements

SLATE FALLS NATION**Consolidated Statement of Change in Net Financial Assets****Year Ended March 31, 2015**

	Budget (unaudited)	2015	2014
Surplus (deficiency) of revenues over expenditures for the year	\$ -	\$ 804,177	\$ 1,431,586
Acquisition of tangible capital assets	-	(2,457,741)	(1,372,287)
Amortization of tangible capital assets	-	444,457	438,891
Change in net financial assets	-	(1,209,107)	498,190
Net financial assets, beginning of year	-	4,609,590	4,111,400
Net financial assets, end of year	\$ -	\$ 3,400,483	\$ 4,609,590

See notes to financial statements

SLATE FALLS NATION
Consolidated Statement of Cash Flows
Year Ended March 31, 2015

	2015	2014
Operating activities		
Excess of revenue over expenses	\$ 804,177	\$ 1,431,586
Items not affecting cash:		
Amortization of tangible capital assets	419,276	414,364
Amortization of CMHC financed property	25,181	24,527
Income (loss) of subsidiary corporations	200,851	161,356
	1,449,485	2,031,833
Changes in non-cash working capital:		
Accounts receivable	275,919	(438,361)
Interest receivable	(8,440)	-
CMHC reserve investments	(8,173)	(12,002)
Accounts payable	264,237	237,787
Deferred income	(205,077)	(64,933)
Harmonized sales tax payable	(71,658)	(1,038)
Loans receivable	-	500,000
Slate Falls Nation Trust payable to members	(150,380)	589,000
Incomplete Projects	14,943	(71,815)
	111,371	738,638
Cash flow from operating activities	1,560,856	2,770,471
Capital activities		
Purchase of tangible capital assets	(2,457,741)	(1,372,287)
Cash flow used by capital activities	(2,457,741)	(1,372,287)
Investing activities		
Band Trust Funds	(202)	(176)
Chicken Chef - Initial Investment	(494)	(457,139)
	(696)	(457,315)
Financing activities		
Advances from related parties	152,369	627,498
Capital asset reserves	6,028	8,233
Deposits from Settlement in trust with lawyer	277,364	(1,617,905)
Deposits in trust with lawyer	10,952	50,833
Note Payable	-	43,617
Proceeds from long term financing	706,588	-
Repayment of long term debt	(25,181)	(24,527)
Cash flow from financing activities	1,128,120	(912,251)
Increase in cash flow	230,539	28,618
Cash - beginning of year	104,405	75,787
Cash - end of year (Note 3)	\$ 334,944	\$ 104,405

See notes to financial statements

SLATE FALLS NATION

Notes to Consolidated Financial Statements

Year Ended March 31, 2015

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 consolidated financial statements 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.

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:

	Percentage Ownership
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)

2. Significant accounting policies (*continued*)

Revenue recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

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.

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SLATE FALLS NATION

Notes to Consolidated Financial Statements

Year Ended March 31, 2015

2. Significant accounting policies *(continued)*

Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and Slate Falls First Nation's incremental cost of borrowing.

Amortization of tangible capital assets

Tangible capital assets is amortized over its estimated useful life at the following rates and methods:

Buildings	5%	straight-line method
Heavy Equipment	15%	straight-line method
Automotive Equipment	30%	straight-line method
Fuel Tanks	10%	straight-line method
Small Equipment	30%	straight-line method
Office Equipment	30%	straight-line method

Tangible capital assets are written down when conditions indicate that they no longer contribute to Slate Falls Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

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

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SLATE FALLS NATION

Notes to Consolidated Financial Statements

Year Ended March 31, 2015

2. Significant accounting policies (*continued*)

Recent accounting pronouncements

Liability for contaminated sites

Liabilities for remediation of a contaminated site are recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. At each financial reporting date, the First Nation reviews the carrying amount of any liability. Effective April 1, 2014, the First Nation adopted the recommendation relating to PS 3260, Liability for Contaminated Sites, as set out in the Canadian public sector accounting standards. Pursuant to the recommendations, the change was applied prospectively and prior periods have not been restated.

Upon adoption of the new recommendations, the First Nation is required to recognize a liability for contaminated sites when economic benefits will be given up. There was no effect on the consolidated financial statements as a result of adopting this accounting policy.

Budget

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

3. Cash

	2015	2014
Slate Falls Nation operating accounts	\$ 197,873	\$ 28,652
Slate Falls Nation Trust- restricted cash	137,071	75,753
	\$ 334,944	\$ 104,405

The First Nation holds an operating line of credit with CIBC with interest payable monthly at prime plus 2%.

SLATE FALLS NATION

Notes to Consolidated Financial Statements

Year Ended March 31, 2015

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 term 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, 2014 and therefore the First Nation has adjusted the financial statement categories for the income of the period from January 1, 2015 to March 31, 2015.

At March 31, 2015, the Slate Falls Nation Trust had the following assets and liabilities under management.

	2015	2014
Restricted cash- Slate Falls Nation Trust	\$ 137,071	\$ 75,753
Settlement funds in trust with lawyer	2,266,806	2,544,170
	2,403,877	2,619,923
Less: Slate Falls Nation Trust payable to members	(438,620)	(589,000)
Legal fees payable	-	(96,262)
	\$ 1,965,257	\$ 1,934,661

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	2015	2014
Balance, beginning of year	\$ 1,056	\$ 6,073	\$ 7,129	\$ 6,953
Add: Government of Canada Interest	-	202	202	176
Balance, end of year	\$ 1,056	\$ 6,275	\$ 7,331	\$ 7,129

SLATE FALLS NATION**Notes to Consolidated Financial Statements****Year Ended March 31, 2015****6. Accounts receivable**

	2015	2014
AANDC Receivable	\$ 28,242	\$ 5,315
Health Canada	433,611	405,944
Northern Ontario Heritage Fund	-	250,000
Other receivables	128,529	215,752
Subtotal	590,382	877,011
Allowance for Doubtful Accounts	(35,420)	(46,130)
	\$ 554,962	\$ 830,881

7. Investment in subsidiaries

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

	2015	2014
Bamaji Lake Economic Development Corporation	\$ 3,980,807	\$ 3,931,041
Knobby's Fly-In Camps Limited	2,835,809	2,969,571
Bamaji Air Ltd.	(591,658)	(559,289)
2159256 Ontario Ltd.	(372,505)	(325,023)
1902070 Ontario Inc.	420,628	457,139
	\$ 6,273,081	\$ 6,473,439

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SLATE FALLS NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2015

7. Investment in subsidiaries (continued)

Bamaji Lake Economic Development Corporation
March 31, 2015

	2015	2014
Financial Assets	\$ 4,313,213	\$ 4,119,018
Liabilities	509,754	423,608
Net financial assets	3,803,459	3,695,410
Non-financial assets	177,348	235,631
	\$ 3,980,807	\$ 3,931,041
Investment Comprised of:		
Acquisition costs:	\$ -	\$ -
Cumulative income (loss):	3,980,807	3,931,041
	\$ 3,980,807	\$ 3,931,041

Knobby's Fly-In Camps Limited
October 31, 2014

	2014	2013
Assets	\$ 4,060,469	\$ 4,038,026
Liabilities	\$ 1,197,569	\$ 1,158,987
Surplus	2,862,900	2,879,039
	\$ 4,060,469	\$ 4,038,026
Revenue	\$ 682,184	\$ 586,908
Expense	698,323	666,643
Current Surplus	\$ (16,139)	\$ (79,735)
Investment Comprised of:		
Acquisition costs:	\$ 1,865,000	\$ 1,865,000
Cumulative income (loss)	970,809	1,104,571
	\$ 2,835,809	\$ 2,969,571

(continues)

SLATE FALLS NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2015

7. Investment in subsidiaries (continued)

2159256 Ontario Ltd.
October 31, 2014

	2014	2013
Assets	\$ 331,925	\$ 344,053
Liabilities	846,816	849,952
Surplus	(514,891)	(505,899)
	\$ 331,925	\$ 344,053
Revenue	\$ 209,827	\$ 232,450
Expense	218,819	265,430
	\$ (8,992)	\$ (32,980)
	2014	2013
Investment Comprised of:		
Acquisition costs:	\$ 142,486	\$ 142,486
Cumulative income (loss):	(514,991)	(467,509)
	\$ (372,505)	\$ (325,023)

1902070 Ontario Inc.
January 31, 2015

	2015	2014
Assets	\$ 1,250,366	\$ -
Liabilities	1,302,333	-
Surplus (deficit)	(51,967)	-
	\$ 1,250,366	\$ -
Revenue	\$ 76,208	\$ -
Expenses	113,213	-
	\$ (37,005)	\$ -
Investment Comprised of:		
Acquisition costs:	\$ 457,633	\$ 457,139
Cumulative income (loss)	(37,005)	-
	\$ 420,628	\$ 457,139

(continues)

SLATE FALLS NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2015

7. Investment in subsidiaries (continued)

Bamaji Air Ltd.
October 31, 2014

	2014	2013
Assets	\$ 1,570,402	\$ 1,700,966
Liabilities	1,912,325	\$ 1,760,380
Surplus	(341,923)	(59,414)
	1,570,402	\$ 1,700,966
Revenue	1,185,938	\$ 1,123,459
Expenses	1,468,447	1,283,379
Current Surplus (deficit)	(282,509)	\$ (159,920)
Slate Falls Nation share of current surplus (deficit)	\$ (211,882)	\$ (119,940)
Investment Comprised of:		
Acquisition costs:	\$ 2,101,624	\$ 2,101,624
Cumulative income (loss):	(2,693,282)	(2,660,913)
	\$ (591,658)	\$ (559,289)

SLATE FALLS NATION

Notes to Consolidated Financial Statements

Year Ended March 31, 2015

8. Tangible capital assets

	Cost	Accumulated amortization	2015 Net book value
Land	\$ 126,200	\$ -	\$ 126,200
Buildings	9,194,089	5,607,078	3,587,011
Equipment	423,466	422,816	650
Automotive	486,580	444,100	42,480
CMHC Buildings	869,622	182,642	686,980
Fuel Tanks	547,922	27,396	520,526
	11,647,886	6,684,032	4,963,847
Construction in progress	3,284,940	-	3,284,940
	\$ 14,932,819	\$ 6,684,032	\$ 8,248,787

	Cost	Accumulated amortization	2014 Net book value
Land	\$ 126,200	\$ -	\$ 126,200
Buildings	9,194,089	5,239,315	3,954,774
Equipment	423,466	422,556	910
Automotive	455,408	420,243	35,165
CMHC Buildings	869,622	157,461	712,161
	11,068,785	6,239,575	4,829,210
Construction in progress	1,406,293	-	1,406,293
	\$ 12,475,078	\$ 6,239,575	\$ 6,235,503

9. Construction in progress

	2015	2014
Community Centre	\$ 2,730,924	\$ 937,054
Fuel tank replacement project	-	469,239
Water plant	554,016	-
	\$ 3,284,940	\$ 1,406,293

Tangible capital projects which are not complete at March 31 are included as Construction in progress.

SLATE FALLS NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2015

10. Deferred income

	2015	2014
Water Plant	\$ 984	\$ 150,000
Fuel Tank Replacement Project	-	56,061
	\$ 984	\$ 206,061

Revenues received relating to capital projects that are unspent as at March 31 are deferred until the fiscal year the funds are disbursed.

11. 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.

	2015	2014
Deferred revenue, beginning of year	\$ 194,730	\$ 387,540
Add: AANDC current deferral	40,562	30,499
Other program current deferral	19,110	14,231
Less: Deferred revenue recognized	(194,730)	(387,540)
	59,672	44,730

The balance of deferred revenue consists of the following:

	2015	2014
Aboriginal Affairs and Northern Development Canada		
Electrical Systems	\$ 13,429	\$ 7,259
Governance Capacity Development	-	23,240
Education Management & Government Capacity	4,833	-
Parental & Community Engagement	12,300	-
School Effectiveness	10,000	-
	40,562	30,499
Other deferred program funding		
School Data Management Administrator	1,250	14,231
Student council	17,860	-
	19,110	14,231
	\$ 59,672	\$ 44,730

SLATE FALLS NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2015

12. Due to (from) related parties

	2015	2014
<u>Related party transactions</u>		
Bamaji Lake Economic Development Corporation (Wholly owned subsidiary)		
Services Provided	\$ 846,202	\$ 1,269,490
Transfer of Casino Rama funding	735,611	718,733
	\$ 1,581,813	\$ 1,988,223
 Bamaji Air Inc. Flying services	 \$ 38,945	 \$ 90,508

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:

	2015	2014
<u>Due from related parties:</u>		
Bamaji Air Inc.	\$ 466,125	\$ 449,954
2159256 Ontario Ltd.	402,386	402,386
	\$ 868,511	\$ 852,340
 <u>Due to related parties:</u>		
Bamaji Lake Economic Development Corporation	\$ 1,986,705	\$ 1,818,165
Knobby's Fly-In Camps Limited	140,000	140,000
	\$ 2,126,705	\$ 1,958,165

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

13. Capital Asset Reserves

The capital asset reserves are comprised of the following:

	2015	2014
Administration capital replacement reserve	\$ 27,230	\$ 27,230
Education capital replacement reserve	83,464	83,464
CMHC capital replacement reserve	50,136	44,108
	\$ 160,830	\$ 154,802

SLATE FALLS NATION

Notes to Consolidated Financial Statements

Year Ended March 31, 2015

14. Mortgage payable

	2015	2014
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.	\$ 507,686	\$ 532,867
CIBC loan bearing interest at prime plus 2% per annum. Repayable in interest only payments until the completion of the project. Upon completion of the Centre the loan is repayable in monthly principal payments of \$8,334 plus interest. The loan matures 10 years following completion of the Centre and is secured by a first charge on all property, assignment of property insurance, and direction of Ontario First Nations Limited Partnership revenues to CIBC.	706,588	-
	\$ 1,214,274	\$ 532,867

Principal repayment terms are approximately:

2016	\$ 76,004
2017	126,508
2018	127,008
2019	127,508
2020	128,008
Thereafter	629,238
	\$ 1,214,274

15. Note Payable

The note payable is to Bamaji Lake Economic Development Corporation, and bears interest at 2% per annum. Interest expense of \$nil (2014 - \$43,617) was recorded in the year, and this amount was added to the balance outstanding.

	2015	2014
Note payable	\$ 1,765,000	\$ 1,765,000
Accrued interest	469,375	469,375
	\$ 2,234,375	\$ 2,234,375

16. Economic dependence

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

SLATE FALLS NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2015

17. 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.

18. 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, 2015 \$2,718,998 of expenditures were incurred and funding of \$1,091,964 had been received or was receivable.

Water Supply and Distribution System

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

19. 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.

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.

(continues)

SLATE FALLS NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2015

19. Segmented Information (*continued*)

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.

20. Prior period adjustment

The prior year comparative figures have been restated to reflect the following:

1. The prior year comparative figures have been restated to account for additional payments identified as payable to members from the settlement funds received for the flooding of Lake St Joseph and surrounding areas. As a result, at March 31, 2014, Accounts Payable to members increased by \$62,000, and the surplus decreased by \$62,000.
2. The prior year comparative figures have been restated to recognize funding relating to construction in progress when the funding has been disbursed and there is no additional obligations relating to the funding. The result of this adjustment is deferred revenue decreased by \$368,939, incomplete projects decreased by \$56,061, construction in progress increased by \$469,239 and the surplus increased by \$894,239.

21. 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, 2015

(Schedule 1)

	Public Works & Housing	Social Development	Finance & Administration	Health	Education	Land Use Planning	Casnorama	Flooding Claim Settlement	2015 Current Year
Revenue									
AANDC Funding	\$ 688,561	\$ 232,838	\$ 11,203	\$ -	\$ 512,526	\$ -	\$ -	\$ -	\$ 1,445,128
AANDC Set Contribution Funding	35,622	-	49,200	-	177,839	-	-	-	262,661
AANDC Flexible Contribution Funding	405,000	-	-	-	-	-	-	-	405,000
	1,129,183	232,838	60,403	-	690,365	-	-	-	2,112,789
Health Canada	-	-	-	1,472,405	-	-	-	-	1,472,405
Other program funding and revenue	946,491	521,554	450,430	147,102	203,898	-	-	-	2,269,475
Ontario First Nations Limited Partnership	-	-	-	-	-	-	735,611	-	735,611
Interest on trust account	-	202	-	-	-	-	-	29,135	29,337
Income (loss) of subsidiary corporations	-	-	(200,851)	-	-	-	-	-	(200,851)
Transfer from (to) Incomplete	(6,170)	23,240	-	-	(32,012)	-	-	-	(14,943)
Transfer from (to) deferred revenue	205,076	-	-	-	-	-	-	-	205,076
	2,274,580	777,834	309,982	1,619,507	862,251	-	735,611	29,135	6,608,899
Expenses									
Advertising and promotion	-	-	-	1,450	-	-	-	-	1,450
Administration	15,000	-	-	55,423	-	-	-	-	70,423
Bad debts	29,485	-	18,425	-	-	-	-	-	47,910
Insurance	18,834	-	13,166	9,081	20,735	-	-	-	61,816
Interest and bank charges	3,524	10	21,033	160	546	-	-	198	25,471
Interest on long term debt	13,687	-	-	-	-	-	-	-	13,687
Office	-	877	4,670	4,035	181	-	-	1,332	11,095
Professional fees	2,900	-	64,271	1,730	2,608	-	-	-	71,509
Professional services	1,035,957	22,103	2,141	704,813	56,047	-	-	-	1,821,061
Program Operations	14,015	67,552	48,434	164,962	42,506	-	-	-	337,469
Rent	-	3,642	10,010	6,000	3,600	-	-	-	23,252

(continues)

See notes to financial statements

SLATE FALLS NATION
Consolidated Segmented Information *(continued)*
(Schedule 1)
Year Ended March 31, 2015

	Public Works & Housing	Social Development	Finance & Administration	Health	Education	Land Use Planning	Casnorama	Flooding Claim Settlement	2015 Current Year
Equipment and Rentals	356,282	257	21,000	41,712	20,427	-	-	-	439,678
Repairs and maintenance	266	-	3,122	1,805	35,248	-	-	-	40,441
Salaries and benefits	294,159	611,467	67,927	465,669	187,971	-	-	-	1,627,193
Freight	2,667	891	3,916	5,781	6,110	-	-	-	19,365
Training and Workshops	1,000	-	-	-	-	-	-	-	1,000
Materials and Supplies	1,446,676	15,093	5,567	10,876	32,450	-	-	-	1,510,662
Travel	18,047	51,581	49,439	122,781	9,630	-	-	1,304	252,782
Gas/Oil	31,185	2,091	2,729	22,131	15,976	-	-	-	74,112
Utilities and telephone	58,870	-	30,027	22,181	49,547	-	-	-	160,625
Insurance Plan	-	-	48,052	-	-	-	-	-	48,052
Registered Pension Plan	-	-	71,443	-	-	-	-	-	71,443
Plan Fees	-	-	500	-	-	-	-	-	500
Wages - WEA Administered Services	-	-	-	-	344,784	-	-	-	344,784
CMHC Loan Payment	25,181	-	-	-	-	-	-	-	25,181
Replacement Reserve	4,875	-	-	-	-	-	-	-	4,875
Payments to members	-	-	-	-	-	-	-	1,740	1,740
	3,372,610	775,564	485,872	1,640,590	828,366	-	-	4,574	7,107,576
Amortization	-	-	419,276	-	-	-	-	-	419,276
Ontario First Nations Limited Partnership income allocated	-	-	-	-	-	-	735,611	-	735,611
	-	-	419,276	-	-	-	735,611	-	1,154,887
Transfer to Tangible Capital	(2,426,569)	-	-	(31,172)	-	-	-	-	(2,457,741)
	946,041	775,564	905,148	1,609,418	828,366	-	735,611	4,574	5,804,722
Surplus (deficit) for the year	\$ 1,328,539	\$ 2,270	\$ (595,166)	\$ 10,089	\$ 33,885	\$ -	\$ -	\$ 24,561	\$ 804,177

See notes to financial statements

SLATE FALLS NATION
Consolidated Segmented Comparative Information
Year Ended March 31, 2014

(Schedule 2)

	Public Works & Housing	Social Development	Finance & Administration	Health	Education	Land Use Planning	Casnorama	Flooding Claim Settlement	2014 Prior Year
Revenue									
AANDC Revenue	\$ 584,017	\$ 256,937	\$ 11,200	\$ -	\$ 498,031	\$ -	\$ -	\$ -	\$ 1,350,185
AANDC Set Contribution Funding	645,300	-	38,500	-	195,539	-	-	-	879,339
	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	449,045	553,458	134,069	127,244	66,295	-	-	1,956,383
Ontario First Nations Limited Partnership	-	-	-	-	-	-	718,733	-	718,733
Proceeds on settlement	-	-	-	-	-	-	-	5,850,000	5,850,000
Interest on trust account	-	176	127	-	-	-	-	18,655	18,958
Income (loss) of subsidiary corporations	-	-	(161,356)	-	-	-	-	-	(161,356)
Transfer from (to) Incomplete	59,883	(23,240)	-	-	35,172	-	-	-	71,815
Transfer from (to) deferred revenue	64,934	-	-	-	-	-	-	-	64,934
	1,980,406	682,918	441,929	1,429,851	855,986	66,295	718,733	5,868,655	12,044,773
Expenses									
Advertising and promotion	-	-	1,104	100	-	-	-	-	1,204
Administration	15,000	600	-	54,958	1,608	-	-	-	72,166
Bad debts	-	-	33,586	-	-	-	-	-	33,586
Insurance	12,234	-	12,892	7,677	20,577	-	-	-	53,380
Interest and bank charges	195	10	10,023	30	302	-	-	781	11,341
Interest on long term debt	14,343	-	-	-	-	-	-	-	14,343
Office	355	-	7,686	3,633	2,126	-	-	-	13,799
Negotiation fees on settlement	-	-	-	-	-	-	-	1,472,950	1,472,950
Professional fees	2,925	-	(14,540)	-	19,823	-	-	1,188	9,396
Professional services	626,067	7,776	21,418	660,182	96,598	-	-	52,403	1,464,444
Program Operations	17,908	89,159	100,543	88,973	28,455	66,295	-	-	391,334
Rent	-	2,700	1,444	5,200	-	-	-	-	9,344
Equipment and Rentals	474,291	9,978	15,473	20,258	18,180	-	-	938	539,118

(continues)

See notes to financial statements

SLATE FALLS NATION
Consolidated Segmented Comparative Information *(continued)*
(Schedule 2)
Year Ended March 31, 2014

	Public Works & Housing	Social Development	Finance & Administration	Health	Education	Land Use Planning	Casinorama	Flooding Claim Settlement	2014 Prior Year
Repairs and maintenance	23,083	-	3,399	3,421	34,097	-	-	-	64,000
Salaries and benefits	418,730	570,354	70,426	471,170	194,172	-	-	-	1,724,852
Freight	6,133	1,448	12,535	8,548	8,912	-	-	-	37,576
Training and Workshops	5,000	15,360	225	-	-	-	-	-	20,585
Materials and Supplies	863,446	-	8,881	18,012	63,792	-	-	-	954,131
Travel	14,805	37,582	72,792	109,898	13,071	-	-	-	248,149
Gas/Oil	14,168	784	3,479	16,645	14,111	-	-	-	49,186
Utilities and telephone	70,035	-	36,721	18,305	42,334	-	-	-	167,395
Insurance Plan	-	-	55,230	-	-	-	-	-	55,230
Registered Pension Plan	-	-	62,485	-	-	-	-	-	62,485
Plan Fees	-	-	580	-	-	-	-	-	580
Wages - WEA Administered Services	-	-	-	-	287,159	-	-	-	287,159
CMHC Loan Payment	24,527	-	-	-	-	-	-	-	24,527
Replacement Reserve	4,500	-	-	-	-	-	-	-	4,500
Payments to members	-	-	-	-	-	-	-	3,022,000	3,022,000
	2,607,745	735,751	516,382	1,487,010	845,317	66,295	-	4,550,260	10,808,760
Amortization	-	-	414,364	-	-	-	-	-	414,364
Ontario First Nations Limited Partnership income allocated	-	-	-	-	-	-	718,733	-	718,733
Interest on note payable	-	-	43,617	-	-	-	-	-	43,617
	-	-	457,981	-	-	-	718,733	-	1,176,714
Transfer to Tangible Capital	(1,372,287)	-	-	-	-	-	-	-	(1,372,287)
	1,235,458	735,751	974,363	1,487,010	845,317	66,295	718,733	4,550,260	10,613,187
Surplus (deficit) for the year	\$ 744,948	\$ (52,833)	\$ (532,434)	\$ (57,159)	\$ 10,669	\$ -	\$ -	\$ 1,318,395	\$ 1,431,586

See notes to financial statements

SLATE FALLS NATION**Consolidated Statement of Expenditure by Object****(Schedule 3)****Year Ended March 31, 2015**

	2015	2014
Expenses		
Advertising and promotion	\$ 1,450	\$ 1,204
Administration	70,423	72,166
Bad debts	47,910	33,586
Amortization	419,276	414,364
Insurance	61,816	53,380
Interest and bank charges	25,471	11,341
Interest on long term debt	13,687	14,343
Interest on note payable	-	43,617
Office	11,095	13,799
Negotiation fees on settlement	-	1,472,950
Professional fees	71,509	9,396
Professional services	1,821,060	1,464,444
Program Operations	337,466	391,333
Rent	23,252	9,344
Equipment and Rentals	439,679	539,118
Repairs and maintenance	40,441	64,000
Salaries and benefits	1,627,194	1,724,852
Freight	19,366	37,576
Training and Workshops	1,000	20,585
Materials and Supplies	1,510,663	954,131
Travel	252,782	248,149
Gas/Oil	74,112	49,186
Utilities and telephone	160,625	167,395
Ontario First Nations Limited Partnership income allocated	735,611	718,733
Insurance Plan	48,052	55,230
Registered Pension Plan	71,443	62,485
Plan Fees	500	580
Wages - WEA Administered Services	344,784	287,159
CMHC Loan Payment	25,181	24,527
Replacement Reserve	4,875	4,500
Payments to members	1,740	3,022,000
Transfer to Tangible Capital	(2,457,741)	(1,372,287)
	\$ 5,804,722	\$ 10,613,186

See notes to financial statements