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LAKE MANITOBA TREATY 2 FIRST NATION  
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

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# LAKE MANITOBA TREATY 2 FIRST NATION

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MARCH 31, 2015

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Lake Manitoba Treaty 2 First Nation are the responsibility of management and have been approved by the Chief and Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. The consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the non-consolidated financial statements are presented fairly, in all material respects.


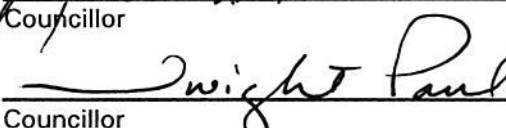
The First Nation maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the First Nation's assets are appropriately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

The First Nation's Chief and Council is responsible for ensuring that management fulfils its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

Management reviews the First Nation's consolidated financial statements with Chief and Council and recommends their approval. 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 annual report, the consolidated financial statements and the external auditors' report.

The consolidated financial statements have been audited by Collins Barrow HMA LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. Collins Barrow HMA LLP have full and free access to the Management and Chief and Council.

  
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Chief  
  
\_\_\_\_\_  
Councillor

  
\_\_\_\_\_  
Councillor  
  
\_\_\_\_\_  
Councillor

Collins Barrow HMA LLP  
Suite 701 - 330 Portage Avenue  
Winnipeg, Manitoba  
R3C 0C4 Canada

T. 204.989.2229  
F. 204.944.9923  
TF. 1.866.730.4777

[www.collinsbarrow.com](http://www.collinsbarrow.com)

## INDEPENDENT AUDITORS' REPORT

To the Chief, Council and Membership  
Lake Manitoba Treaty 2 First Nation

We have audited the accompanying consolidated financial statements of Lake Manitoba Treaty 2 First Nation, which comprise the consolidated statement of financial position as at March 31, 2015, consolidated statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the 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 the 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 of 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 Lake Manitoba Treaty 2 First Nation as at March 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Winnipeg, Manitoba  
June 15, 2015

*Collins Barrow HMA LLP*  
CHARTERED ACCOUNTANTS



# LAKE MANITOBA TREATY 2 FIRST NATION

STATEMENT 1

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31

2015

2014

### FINANCIAL ASSETS

Restricted cash (Note 8)	\$ 331,711	\$ 399,912
Accounts receivable (Note 3)	1,837,296	2,647,238
Inventory (Note 9)	<u>71,418</u>	<u>71,418</u>
	<u>2,240,425</u>	<u>3,118,568</u>



### LIABILITIES


Bank indebtedness (Note 5)	337,549	2,541,399
Accounts payable and accrued liabilities (Note 6)	2,924,408	1,760,930
CMHC advances payable (Note 14)	365,328	
Deferred revenue (Note 7)	632,405	632,405
Long-term debt (Note 10)	<u>7,825,213</u>	<u>8,286,891</u>
	<u>12,084,903</u>	<u>13,221,625</u>
NET DEBT	<u>( 9,844,478)</u>	<u>( 10,103,057)</u>

### NON-FINANCIAL ASSETS

PREPAID EXPENSES	20,186	14,344
TANGIBLE CAPITAL ASSETS (Note 21)	30,393,493	31,030,825
CONSTRUCTION IN PROGRESS (Note 11)	<u>834,852</u>	<u>321,526</u>
	<u>31,248,531</u>	<u>31,366,695</u>
ACCUMULATED SURPLUS	\$ <u>21,404,053</u>	\$ <u>21,263,638</u>
CONTINGENCIES (Note 18)		

Approved by Chief and Council

  
 Chief  
  
 Councillor

  
 Councillor  
  
 Councillor

# LAKE MANITOBA TREATY 2 FIRST NATION

STATEMENT 2

## CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

YEAR ENDED MARCH 31

	BUDGET (Unaudited)	2 0 1 5	2 0 1 4
<b>REVENUE</b>			
Aboriginal Affairs and Northern Development Canada	\$ 13,004,885	\$ 13,869,191	\$ 9,836,302
Health Canada	1,593,438	1,586,313	1,604,165
Province of Manitoba		563,691	686,956
Canada Mortgage and Housing Corporation	484,711	484,711	473,589
First People Development Inc.	404,022	406,118	406,118
Sales - Gas Bar and Convenience Store		3,456,187	3,294,905
VLT revenue		795,149	807,102
Rental revenue - CMHC	318,702	318,702	268,243
Other revenue	850,000	1,221,139	910,491
Deferred revenue from prior year		632,405	632,405
Deferred revenue to next year	-	(632,405)	(632,405)
	<u>16,655,758</u>	<u>22,701,201</u>	<u>18,287,871</u>
<b>EXPENDITURES</b>			
Administration	888,832	878,782	869,525
Capital projects	5,886,277	6,520,510	2,675,993
Community wellness	1,690,264	1,631,986	1,622,186
Community and economic development	493,842	5,408,902	5,783,208
Community services	420,292	311,745	353,629
Education	3,598,681	3,734,030	3,648,395
Housing	969,251	1,002,747	998,522
Social Services	<u>3,067,917</u>	<u>3,072,084</u>	<u>2,757,941</u>
	<u>17,015,356</u>	<u>22,560,786</u>	<u>18,709,399</u>
ANNUAL SURPLUS ( DEFICIT)	( 359,598)	140,415	( 421,528)
ACCUMULATED SURPLUS, <i>beginning of year</i>	<u>20,520,361</u>	<u>21,263,638</u>	<u>21,685,166</u>
ACCUMULATED SURPLUS, <i>end of year</i>	\$ <u>20,160,763</u>	\$ <u>21,404,053</u>	\$ <u>21,263,638</u>

# LAKE MANITOBA TREATY 2 FIRST NATION

STATEMENT 3

## CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT

YEAR ENDED MARCH 31

	2015	2014
ANNUAL SURPLUS (DEFICIT)	\$ <u>140,415</u>	\$( <u>421,528</u> )
Purchase of tangible capital assets	( <u>5,017,417</u> )	( <u>2,769,678</u> )
Amortization of tangible capital assets	<u>5,654,749</u>	<u>2,810,901</u>
	<u>637,332</u>	<u>41,223</u>
Acquisition of prepaid expenses	( <u>20,187</u> )	( <u>14,345</u> )
Use of prepaid expenses	<u>14,345</u>	<u>126,595</u>
	( <u>5,842</u> )	<u>112,250</u>
Acquisition of construction in progress	( <u>834,853</u> )	( <u>321,527</u> )
Use of construction in progress	<u>321,527</u>	<u>321,453</u>
	( <u>513,326</u> )	( <u>74</u> )
CHANGE IN NET DEBT FOR THE YEAR	258,579	( 268,129)
NET DEBT, <i>beginning of year</i>	( <u>10,103,057</u> )	( <u>9,834,928</u> )
NET DEBT, <i>end of year</i>	\$( <u>9,844,478</u> )	\$( <u>10,103,057</u> )

# LAKE MANITOBA TREATY 2 FIRST NATION

STATEMENT 4

## CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2015	2014
CASH FLOW FROM		
<i>OPERATING ACTIVITIES</i>		
Cash receipts from funding agencies and other sources	\$ 23,511,606	\$ 19,664,421
Cash paid to suppliers	(10,652,451)	(10,032,844)
Cash paid to employees	(4,193,760)	(4,290,654)
Interest paid	(220,580)	(206,579)
Distributions to the community	(774,714)	(859,173)
	<u>7,670,101</u>	<u>4,275,171</u>
<i>CAPITAL TRANSACTIONS</i>		
Purchase of tangible capital assets	(5,017,417)	(2,769,676)
Construction in progress	(420,685)	-
	<u>(5,438,102)</u>	<u>(2,769,676)</u>
<i>FINANCING ACTIVITIES</i>		
Proceeds from long-term debt	365,328	374,563
Repayment of long-term debt	(461,678)	(436,554)
	<u>(96,350)</u>	<u>(61,991)</u>
NET INCREASE IN CASH DURING YEAR	2,135,649	1,443,504
CASH, <i>beginning of year</i>	(2,141,487)	(3,584,991)
CASH, <i>end of year</i>	<u>\$(5,838)</u>	<u>\$(2,141,487)</u>
CASH COMPRISED OF		
Bank indebtedness	\$(337,549)	\$(2,541,399)
Restricted cash	<u>331,711</u>	<u>399,912</u>
	<u>\$(5,838)</u>	<u>\$(2,141,487)</u>



# LAKE MANITOBA TREATY 2 FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2015

### 1. OPERATIONS

The Lake Manitoba Treaty 2 First Nation (the Nation) is located in the province of Manitoba, and provides various services to its members. The Lake Manitoba Treaty 2 First Nation financial reporting entity includes all related entities which are accountable to the Nation and are either owned or controlled by the Nation.

### 2. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and including significant accounting policies.

#### *REPORTING ENTITY*

The consolidated financial statements consolidate the financial activities of all entities and departments comprising the Nation reporting entity. Trusts administered on behalf of third parties by Lake Manitoba Treaty 2 First Nation are excluded from the Nation reporting entity.

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

- Lake Manitoba Treaty 2 First Nation Administration
- Lake Manitoba Waste and Water - PM Associates
- Lake Manitoba Treaty 2 First Nation Video Lottery Terminal (VLT) Program
- Lake Manitoba Treaty 2 First Nation Health Services
- Lake Manitoba Treaty 2 First Nation Convenience Store and Gas Bar
- Lake Manitoba Treaty 2 First Nation Housing Authority

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

#### *BASIS OF PRESENTATION*

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

#### *CASH AND CASH EQUIVALENTS*

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

#### *FUNDS HELD IN OTTAWA TRUST FUND*

Funds held in trust on behalf of Nation members by the Government of Canada on Ottawa Trust Fund are reported as restricted cash. Trust monies consists of:

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)**INVENTORY*

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

*FINANCIAL INSTRUMENTS*

Financial instruments include cash, accounts receivable, accounts payable and accrued liabilities. Unless otherwise stated, it is management's opinion that Lake Manitoba Treaty 2 First Nation is not exposed to significant interest, currency, or credit risks arising from these financial instruments. Unless otherwise stated, the carrying value of the financial assets and liabilities approximates their fair value.

*SEGMENTS*

Lake Manitoba Treaty 2 First Nation conducts its business through eight reportable segments as identified in the further notes. These operating segments are established by senior management to facilitate the achievement of the entity's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

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

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

*TANGIBLE CAPITAL ASSETS*

Tangible capital assets are initially recorded at cost based on historical cost accounting records.

Tangible capital assets are amortized annually using the declining balance method at the rates intended to amortize the cost of the assets over the estimated useful lives:

	Rate
Buildings	5-8%
Equipment	10-30%
Computer equipment	20-50%
Vehicles	20-30%
Furniture and fixtures	20%
Flood equipment	20-40%
Leasehold improvements	5-20%
Computer hardware	55%
Band housing	8%
Infrastructure	10-20%



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)**LONG-LIVED ASSETS*

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

The Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the asset's carrying amount. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Any impairment is included in the statement of operations for the year in which the asset becomes impaired.

*NON-FINANCIAL ASSETS*

The Nation's tangible capital assets and other non-financial assets are accounted for as assets because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the government unless they are sold.

*NET DEBT*

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

*REVENUE RECOGNITION*

Government transfer revenue is recognized as it becomes receivable under the terms of applicable agreements. Funding received under funding arrangements that relate to a subsequent fiscal period is reflected as deferred revenue on the statement of financial position in the year of receipt, and is matched with the related department expenses in the year of their occurrence.

Other revenue is recognized by the Nation when services are provided or goods are shipped.

The Nation recognizes gaming revenues on a net win basis (the difference between gaming wins and losses), including table games and slot machines, on a daily basis. Gaming revenues are net of commissions paid to Manitoba Lotteries Corporation, and net of accruals for anticipated payouts of progressive slot machine jackpots and certain progressive table game payouts. Management believes that it is appropriate to present these commissions net of gaming revenues as these amounts are fixed as per their agreement with Manitoba Lotteries Corporation.

Rental revenue is recorded in the year it is earned. At the end of each year management evaluates whether rent revenue is collectible and records a bad debt expense and allowance for doubtful accounts for those amounts designated as unlikely to be collected.

*EMPLOYEE FUTURE BENEFITS*

The Nation's employee future benefit program consists of a defined contribution pension plan. The Nation's contributions to the defined contribution plan are expensed as incurred.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)**PROVISION FOR SITE REHABILITATION*

Environmental law requires appropriate closure and post-closure care of landfill sites. This would include covering and landscaping of the site and ongoing environmental monitoring, site inspection and maintenance. No liability has been recorded as of March 31, 2015 as funding from agencies will offset any cost associated with the closure of landfill sites.

*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 Nation has not yet determined the effect (if any) of the new section in its non-consolidated financial statements.

*Financial instruments*

In June 2011, the Public Sector Accounting Board (PSAB) issued PS 3450 Financial Instruments to establish standards for recognition, measurement, presentation and disclosure of financial assets, financial liabilities and non-financial derivatives. As a result of issuance of PS 3450, there have been numerous consequential amendments made to other Sections. PS 3450 is effective for fiscal years beginning on or after April 1, 2016. Earlier adoption is permitted.

PS 3450 is applied prospectively in the fiscal year of initial adoption; therefore, financial statements of prior periods, including comparative information, are not restated. The Nation does not expect the adoption of these new standards to have a material impact on its non-consolidated financial statements.

*MEASUREMENT UNCERTAINTY*

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

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

These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the statement of operations in the period in which they become known.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2015

## 3. ACCOUNTS RECEIVABLE

	2 0 1 5	2 0 1 4
Aboriginal Affairs and Northern Development Canada (Note 4)	\$ 1,777,459	\$ 2,537,771
First Nations and Inuit Health		10,950
Receiver General - GST	20,127	22,314
Manitoba Finance - Tobacco tax rates	39,710	39,910
Other	-	36,293
	<u>\$ 1,837,296</u>	<u>\$ 2,647,238</u>

## 4. AANDC

	2 0 1 5	2 0 1 4
Flood response, erosion and control	\$ 938,607	\$ 2,163,293
Tuition agreement	786,889	253,113
School effectiveness		65,017
Skills link		10,854
Skills link - information technology		18,508
Provincial schools - direct services	18,440	11,688
Student transportation	33,523	
Youth work experience	-	15,298
	<u>\$ 1,777,459</u>	<u>\$ 2,537,771</u>

## 5. BANK INDEBTEDNESS

Bank indebtedness includes cheques issued in excess of funds on deposit in the Nation's operating account and a line of credit of \$200,000 (2014 - \$200,000). The line of credit has an interest rate of prime plus 4.50 % (7.50%) (2014 - 7.50%), and the following collateral:

- all inventory of whatever kind and wherever situated now owned or hereafter acquired or re-acquired by the Nation;
- all machinery, equipment and other tangible personal property now owned or hereafter acquired or re-acquired by the Nation;
- all debts, accounts, claims, and monies in action now owned or hereafter acquired or re-acquired by the Nation;
- all tangible property now owned or hereafter acquired or re-acquired by the Nation;
- all property and all accessories installed in or affixed or attached to that property;
- all personal property in any form or fixtures derived directly or indirectly from any dealing with the collateral and the proceeds therefrom.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2015

## 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2 0 1 5	2 0 1 4
Trade payables	\$ 2,877,981	\$ 1,605,240
Payroll liabilities	30,821	138,425
Accrued interest	<u>15,606</u>	<u>17,265</u>
	<u>\$ 2,924,408</u>	<u>\$ 1,760,930</u>

## 7. DEFERRED REVENUE

	2 0 1 5	2 0 1 4
Waste and Water - PM Associates	\$ <u>632,405</u>	\$ <u>632,405</u>

The Nation has received funding of \$632,405 from AANDC, which has been recorded as deferred revenue as the construction of a lagoon was not completed as at March 31, 2015. The estimated total cost of the project and date of completion is unknown at this time. As at March 31, 2015, \$476,058 has been invested into this project (2014 - \$321,526) and is recorded as construction in progress.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2015

## 8. RESTRICTED CASH

	2 0 1 5	2 0 1 4
Ottawa Trust Fund	\$ 4,274	\$ 3,820
CMHC Replacement Reserve	78,449	85,213
Waste and Water - PM Associates	<u>248,988</u>	<u>310,879</u>
	<u>\$ 331,711</u>	<u>\$ 399,912</u>

*Ottawa Trust*

The Ottawa Trust Fund arises from monies derived from capital or revenue 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. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act. Revenue from the Ottawa Trust Fund is recognized in the year in which it is earned when it is measurable and collection is reasonably assured. Capital and revenue trust monies are transferred to the First Nation on the authorization of the Minister of Aboriginal Affairs and Northern Development Canada, with the consent of the Nation's Council. Trust monies consists of:

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

*CMHC Replacement Reserve*

As required as part of the Nation's Canada Mortgage and Housing Corporation (CMHC) Housing program, a separate bank account has been established for replacement of capital equipment and for major repairs to the houses. Under the terms of the agreements with CMHC, the replacement reserve must either be held in a separate bank account or invested in accounts or instruments secured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time.

*Waste and Water - PM Associates*

Funds held by PM Associates are restricted for use on the Lagoon project.

## 9. INVENTORY

	2 0 1 5	2 0 1 4
Groceries and cigarettes	\$ 36,849	\$ 36,849
Fuel and diesel	<u>34,569</u>	<u>34,569</u>
	<u>\$ 71,418</u>	<u>\$ 71,418</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2015

## 10. LONG TERM DEBT

	2015	2014
CIBC - repayable at \$2,798 monthly, including interest at 3.45%, maturing October 2016.	\$ 59,311	\$ 89,914
CIBC - repayable at \$6,567 monthly, including interest at 5.24%, maturing October 2017.	315,698	376,421
CIBC - repayable at \$4,919 monthly, including interest at 5.44% maturing May 2017.	333,496	374,408
CIBC - repayable at \$6,297 monthly, including interest 5.14%, maturing May 2018.	347,515	403,840
CMHC - repayable at \$540 monthly, including interest 1.62%, maturing March 2018.	100,435	105,256
CMHC - repayable at \$640 monthly, including interest at 1.62%, maturing March 2018.	119,016	124,729
CMHC - repayable at \$3,253 monthly, including interest at 1.62%, maturing March 2018.	604,505	633,523
CMHC - repayable at \$5,150 monthly, including interest at 2.08%, maturing February 2019.	966,381	1,007,696
CMHC - repayable at \$9,144 monthly, including interest at 2.08%, maturing February 2019.	1,715,994	1,789,357
CMHC - repayable at \$2,415 monthly, including interest at 1.83%, maturing December 2019.	478,594	497,025
CMHC - repayable at \$3,868 monthly, including interest at 2.56%, maturing December 2015.	747,541	774,549
CMHC - repayable at \$2,925 monthly, including interest at 1.49%, maturing January 2017.	654,095	679,280
CMHC - repayable at \$4,448 monthly, including interest at 1.60%, maturing January 2018.	1,020,755	1,057,537
CMHC - repayable at \$1,622 monthly, including interest at 2.18%, maturing January 2019.	<u>361,877</u>	<u>373,356</u>
	<u>7,825,213</u>	<u>8,286,891</u>

Principal repayment terms are approximately:

2016	\$ 474,069
2017	484,232
2018	471,794
2019	487,481
2020	<u>464,553</u>
	<u>\$ 2,382,129</u>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2015

## 11. CONSTRUCTION IN PROGRESS

*Waste and Water - PM Associates*

During the year, the Nation was involved in the construction of the Lagoon project managed by PM Associates. The estimated total cost and completion of the project is not known at this time. As at March 31, 2015 \$476,058 (2014 - \$321,526) was invested into this project.

*Section 95 Housing Project*

During the year, Lake Manitoba Treaty 2 First Nation Housing Authority was involved in the construction of a Two Unit Section 95 Housing Project. Total costs of \$358,794 incurred as at March 31, 2015 are deferred until the subsequent year, when the project will be completed. Upon completion all related costs will form part of the tangible capital assets.

## 12. RECONCILIATION OF AANDC FUNDING

	2 0 1 5	2 0 1 4
AANDC funding per financial statements	\$ 13,869,191	\$ 9,836,302
Less: prior year deferred revenue - Waste and Water (PM Associates)	( 632,405)	( 632,405)
Add: current year deferred revenue - Waste and Water (PM Associates)	<u>632,405</u>	<u>632,405</u>
	<u>\$ 13,869,191</u>	<u>\$ 9,836,302</u>

## 13. RECONCILIATION OF FNIH FUNDING

	2 0 1 5	2 0 1 4
FNIH funding per financial statements	\$ 1,586,313	\$ 1,604,165
Less: prior year deferred revenue	-	-
Add: current year deferred revenue	<u>-</u>	<u>-</u>
	<u>\$ 1,586,313</u>	<u>\$ 1,604,165</u>

## 14. CMHC ADVANCES PAYABLE

As of March 31, 2015 Canada Mortgage and Housing Corporation advanced \$365,328 of the total mortgage proceeds of \$398,529 towards the construction of the Two Unit Section 95 Project which was not completed and reported as construction in progress as of March 31, 2015.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2015

## 15. SEGMENTS

The Nation has eight reportable segments. These segments are differentiated by the major activities or services they provide. The Nation's segments are as follows:

**Band Administration** - includes administration and governance activities.

**Social Assistance** - activities include delivering social programs.

**Community Services** - includes activities for the maintenance of the community and its infrastructure.

**Capital Projects** - includes activities related to the development and sustainment of on-reserve housing, mitigation and repairs of flood damage.

**Community and Economic Development** - reports on the Nation's funding related to development of the community.

**Education** - includes the operations of the education programs.

**Community Wellness** - reports on the Nation's funding related to health and wellness.

**Housing** - includes activities related to the development and sustainment of on-reserve housing.

## 16. CONSOLIDATED EXPENSES BY OBJECT

	2015	2014
Amortization	\$ 5,654,749	\$ 2,810,901
Bank charges and interest	231,989	211,221
Compensation and training	4,274,361	4,232,157
Purchased goods and services	6,595,147	6,138,109
Social assistance	3,001,663	2,692,580
Support to community and members	876,793	994,024
Travel, accomodation, and related costs	750,094	725,912
Tuition	<u>1,175,990</u>	<u>904,495</u>
	<u>\$ 22,560,786</u>	<u>\$ 18,709,399</u>

## 17. ECONOMIC DEPENDENCE

The Lake Manitoba Treaty 2 First Nation receives its revenues from Aboriginal Affairs and Northern Development Canada (AANDC) as a result of Treaties entered into with the Government of Canada. These treaties are administered by AANDC under the terms and conditions of the Indian Act. The ability of the Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

## 18. CONTINGENT FUNDING RECOVERIES

The Nation is subject to funding recoveries according to their agreements with federal government agencies. At year-end, it was not yet determined to what extent any funding amounts related to the year ending March 31, 2015 might be recovered by these agencies.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2015

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### 19. BUDGET INFORMATION

The disclosed budget information has been approved by the Chief and Council of Lake Manitoba Treaty 2 First Nation. The budget figures have not been audited, reviewed or otherwise verified and consequently we do not express an opinion on them.

### 20. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

# LAKE MANITOBA TREATY 2 FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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YEAR ENDED MARCH 31, 2015

### 21. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated Amortization			Net Book Value	
	Opening Balance	Additions	Closing Balance	Opening Balance	Amortization	Closing Balance	Total 2015	Total 2014
Land	\$ 220,500	\$ -	\$ 220,500	\$ -	\$ -	\$ -	\$ 220,500	\$ 220,500
Band buildings	4,787,119		4,787,119	3,306,920	125,256	3,432,176	1,354,943	1,480,199
CMHC buildings	11,984,232		11,984,232	2,695,247	461,678	3,156,925	8,827,307	9,288,985
Infrastructure	25,364,334	4,855,835	30,220,169	6,097,957	4,796,125	10,894,082	19,326,087	19,266,377
Heavy equipment	591,042	99,389	690,431	266,175	147,973	414,148	276,283	324,867
Vehicles	1,815,903	62,193	1,878,096	1,640,744	61,876	1,702,620	175,476	175,159
Furniture and fixtures	268,209		268,209	196,874	20,682	217,556	50,653	71,335
Equipment	732,990		732,990	543,360	37,998	581,358	151,632	189,630
Computers	148,457		148,457	139,843	2,903	142,746	5,711	8,614
Leaseholds	8,187	-	8,187	3,028	258	3,286	4,901	5,159
	<u>\$ 45,920,973</u>	<u>\$ 5,017,417</u>	<u>\$ 50,938,390</u>	<u>\$ 14,890,148</u>	<u>\$ 5,654,749</u>	<u>\$ 20,544,897</u>	<u>\$ 30,393,493</u>	<u>\$ 31,030,825</u>



**LAKE MANITOBA TREATY 2 FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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YEAR ENDED MARCH 31, 2015

**22. GOVERNMENT TRANSFERS**

	2015		2014	
	Operating	Capital	Operating	Capital
				Total
Federal Government Transfers				
AAANDC	\$ 7,542,838	\$ 6,326,353	\$ 7,182,378	\$ 2,653,924
FNIH	1,586,313		1,604,165	
CMHC	484,711		473,589	
HRDC	406,118		406,118	
	<u>10,019,980</u>	<u>6,326,353</u>	<u>9,666,250</u>	<u>2,653,924</u>
				<u>12,320,174</u>
Provincial Government Transfers				
	<u>563,692</u>	<u>-</u>	<u>686,956</u>	<u>-</u>
	<u>\$ 10,583,672</u>	<u>\$ 6,326,353</u>	<u>\$ 10,353,206</u>	<u>\$ 2,653,924</u>
				<u>\$ 13,007,130</u>

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Revenues		ADMINISTRATION		SOCIAL SERVICES		COMMUNITY SERVICES		CAPITAL PROJECTS		COMMUNITY AND ECONOMIC DEVELOPMENT	
Federal Government											
AANDC	\$ 563,107	\$ 517,198	\$ 2,970,375	\$ 2,667,509	\$ 226,810	\$ 225,336	\$ 6,326,353	\$ 2,855,924	\$ 95,204	\$ 95,204	
FNIHB	-	-	-	-	-	-	-	-	-	-	
CMHC											
HRSDC											
Subtotal	563,107	517,198	2,970,375	2,667,509	226,810	225,336	6,326,353	2,855,924	501,322	501,322	
Provincial Government											
Manitoba Finance - Taxation											
Other	1,086,936	863,164	-	-	-	-	-	-	4,285,525	4,102,007	
Total revenue	1,650,043	1,380,362	2,970,375	2,667,509	226,810	225,336	6,326,353	2,855,924	5,350,539	5,290,285	
Expenses											
Salaries and benefits	290,041	267,651	70,422	65,361	131,004	93,812	53,511	41,797	1,157,264	1,171,212	
Debt servicing (interest)	14,824								20,603		
Amortization											
Other	573,917	601,874	3,001,663	2,692,580	180,741	259,817	5,123,240	2,297,066	30,926	36,082	
Total expenses	878,782	869,525	3,072,085	2,757,941	311,745	353,629	6,520,510	2,675,993	4,200,109	4,575,914	
Surplus (Deficit)	\$ 771,261	\$ 510,837	\$ (101,710)	\$ (90,432)	\$ (84,935)	\$ (128,293)	\$ (194,157)	\$ 179,931	\$ (58,363)	\$ (492,923)	

# LAKE MANITOBA TREATY 2 FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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YEAR ENDED MARCH 31, 2015

### 23. SEGMENTED DISCLOSURE

	EDUCATION	COMMUNITY WELLNESS	HOUSING	TOTAL
<b>Revenues</b>				
Federal Government				
AANDC	\$ 3,687,342	\$ 3,475,131	\$	\$ 13,869,191
FNIHB		1,586,313		\$ 1,586,313
CMHC		1,604,165	484,711	473,589
HRSDC				406,118
Subtotal	<u>3,687,342</u>	<u>3,475,131</u>	<u>484,711</u>	<u>16,346,333</u>
Provincial Government Manitoba Finance - Taxation				
Other	<u>38,480</u>	<u>47,327</u>	<u>318,702</u>	<u>563,692</u>
Total revenue	<u>3,725,822</u>	<u>3,522,458</u>	<u>803,413</u>	<u>22,701,201</u>
<b>Expenditures</b>				
Salaries and benefits	1,641,020	1,701,054		4,274,361
Debt servicing			196,562	201,839
Amortization			461,678	5,654,749
Other	<u>2,093,010</u>	<u>1,947,341</u>	<u>344,506</u>	<u>12,399,687</u>
Total expenses	<u>3,734,030</u>	<u>3,648,395</u>	<u>1,002,746</u>	<u>22,560,786</u>
Surplus (Deficit)	<u>\$ ( 8,208 )</u>	<u>\$ ( 125,937 )</u>	<u>\$ ( 199,333 )</u>	<u>\$ ( 421,528 )</u>