

**PINAYMOOTANG FIRST NATION  
INDEPENDENT AUDITOR'S REPORT  
CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2015**

NOV 23 2015 4:10:12

**PINAYMOOTANG FIRST NATION**

**MARCH 31, 2015**

**INDEX**

	<b>Page</b>
<b>MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING</b>	1
<b>INDEPENDENT AUDITOR'S REPORT</b>	2 - 3
<b>CONSOLIDATED FINANCIAL STATEMENTS</b>	
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations	5
Consolidated Statement of Change in Net Debt	6
Consolidated Statement of Cash Flow	7
Notes to Consolidated Financial Statements	8 - 22

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

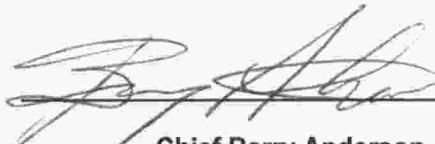
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of Chartered Professional Accountants of Canada and as such include certain amounts based on estimates or judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the 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 is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Chief and Council review the First Nation's consolidated financial statements and recommends their approval to the membership. Chief and Council meet 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, to review the consolidated financial statements and the external auditors' report. The Chief and Council also consider and submit for approval by the Members, the engagement of the external auditors.

The consolidated financial statements have been audited by PKBW GROUP Chartered Accountants & Business Advisors Inc. in accordance with Canadian generally accepted auditing standards on behalf of the members. PKBW GROUP Chartered Accountants & Business Advisors Inc. have full and free access to Chief and Council.

  
Chief Barry Anderson



G R O U P

CHARTERED ACCOUNTANTS  
& BUSINESS ADVISORS INC.

## INDEPENDENT AUDITORS' REPORT

To The Members of Pinaymootang First Nation and Chief and Council:

We have audited the accompanying consolidated financial statements of Pinaymootang First Nation, which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statements of operations, changes in net debt and cash flow 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 the 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 financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

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

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

Except as described in the basis for qualified opinion paragraph, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### **Basis for Qualified Opinion**

During the course of our audit for the current year, we observed deficiencies in the accounting and reporting of gas, store and restaurant revenues and related cost of sales of Powder Horn Creek Restaurant & Gas and the Grocery Store and Gas Bar. Specifically, these deficiencies arose from improper account coding of transactions posted in the accounting records. As a result of these deficiencies, we were unable to obtain satisfactory evidence to determine the reasonability and accuracy of the gross profit and gross profit margin. Consequently, we were unable to determine whether any adjustments, if any, might be required to adjust revenues and cost of sales of Powder Horn Creek Restaurant & Gas and the Grocery Store and Gas Bar.

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### Qualified Opinion

In our opinion, except for the effect of adjustments described in the preceding paragraph, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of Pinaymootang First Nation as at March 31, 2015 and the consolidated statements of operations, changes in net debt, and cash flow for the year then ended in accordance with Canadian public sector accounting standards.

*PKBw Group*

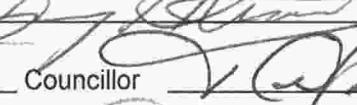
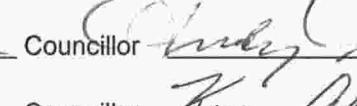
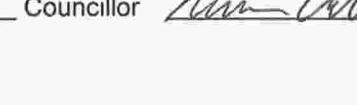
Winnipeg, Manitoba  
November 20, 2015

CHARTERED ACCOUNTANTS  
& BUSINESS ADVISORS INC.

**PINAYMOOTANG FIRST NATION**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**MARCH 31, 2015**

	<b>2015</b>	<b>2014</b>
<b>FINANCIAL ASSETS</b>		
Cash (Note 3)	\$ -	437,058
Cash in Ottawa Trusts (Note 4)	10,494	9,910
Accounts receivable (Note 5)	119,958	84,192
Due from government and other government organizations (Note 6)	595,060	709,317
Inventories for resale (Note 7)	<u>91,443</u>	<u>101,194</u>
	<u>816,955</u>	<u>1,341,671</u>
<b>LIABILITIES</b>		
Bank indebtedness (Note 3)	192,083	-
Accounts payable and accrued liabilities (Note 8)	2,475,297	2,723,043
Due to government and other governmental organizations (Note 9)	316,476	267,975
Deferred revenue (Note 10)	582,319	1,019,695
Long-term debt (Note 11)	6,548,013	6,392,674
CMHC forgivable loans (Note 12)	<u>145,565</u>	<u>108,868</u>
	<u>10,259,753</u>	<u>10,512,255</u>
<b>NET DEBT</b>	<u>(9,442,798)</u>	<u>(9,170,584)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 14)	48,770,150	48,781,606
Prepaid expenses and deferred charges	<u>186,499</u>	<u>91,371</u>
	<u>48,956,649</u>	<u>48,872,977</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 39,513,851</u>	<u>39,702,393</u>

**APPROVED BY THE FIRST NATION:**

 Chief  
 Councillor  Councillor  
 Councillor  Councillor  
 Councillor  Councillor

**PINAYMOOTANG FIRST NATION**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**YEAR ENDED MARCH 31, 2015**

	<b>2015</b>		<b>2014</b>
	<u><b>Budget</b></u> (Note 18)	<u><b>Actual</b></u>	<u><b>Actual</b></u>
<b>REVENUE</b>			
Federal government transfers for operating	\$ 6,573,209	10,233,862	10,531,278
Federal government transfers for capital	795,250	1,945,744	5,663,149
Provincial government transfers for operating	-	404,674	315,054
Economic activities	7,047,000	8,320,224	8,181,024
Other revenue	<u>42,000</u>	<u>257,850</u>	<u>114,593</u>
	<u><u>14,457,459</u></u>	<u><u>21,162,354</u></u>	<u><u>24,805,098</u></u>
<b>EXPENSES</b>			
Health	1,779,646	1,856,739	1,883,775
Education	2,800,059	2,879,854	3,093,908
Social services	-	2,991,310	3,179,835
Economic Development	474,770	605,405	759,623
Public works	523,207	561,468	684,820
Housing	-	197,937	275,420
Band government	1,370,621	1,938,250	2,373,263
Private enterprises	7,702,000	8,575,877	8,656,267
Elimination adjustments	-	(353,532)	(313,329)
Interest	-	115,551	146,529
Amortization of tangible capital assets	<u>-</u>	<u>1,982,037</u>	<u>1,968,812</u>
	<u><u>14,650,303</u></u>	<u><u>21,350,896</u></u>	<u><u>22,708,923</u></u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b><u>\$ (192,844)</u></b>	<b><u>(188,542)</u></b>	<b><u>2,096,175</u></b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR,</b>	<b><u>\$ 39,702,393</u></b>	<b><u>39,702,393</u></b>	<b><u>37,606,218</u></b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b><u>(192,844)</u></b>	<b><u>(188,542)</u></b>	<b><u>2,096,175</u></b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b><u>\$ 39,509,549</u></b>	<b><u>39,513,851</u></b>	<b><u>39,702,393</u></b>

**PINAYMOOTANG FIRST NATION**  
**CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT**  
**YEAR ENDED MARCH 31, 2015**

	<u>Budget</u>	<u>2015 Actual</u>	<u>2014 Actual</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ (192,844)</b>	<b>(188,542)</b>	<b>2,096,175</b>
Tangible capital assets			
Acquisition of tangible capital assets	- (8,197,839)	(6,784,138)	
Amortization of tangible capital assets	- 1,982,037	1,968,812	
Assets under construction completed	- 6,227,214	592,239	
Loss on disposal of tangible capital assets	- 44	130,999	
	- 11,456	(4,092,088)	
Other non-financial assets			
Consumption (acquisition) of prepaid expenses	- (95,128)	1,568,103	
<b>DECREASE (INCREASE) IN NET DEBT</b>	<b>(192,844)</b>	<b>(272,214)</b>	<b>(427,810)</b>
<b>NET DEBT, BEGINNING OF YEAR</b>	<b>(9,170,584)</b>	<b>(9,170,584)</b>	<b>(8,742,774)</b>
<b>NET DEBT, END OF YEAR</b>	<b>\$ (9,363,428)</b>	<b>(9,442,798)</b>	<b>(9,170,584)</b>

**PINAYMOOTANG FIRST NATION**  
**CONSOLIDATED STATEMENT OF CASH FLOW**  
**YEAR ENDED MARCH 31, 2015**

	<b>2015</b>	<b>2014</b>
<b>CASH PROVIDED BY (USED IN):</b>		
<b>OPERATING ACTIVITIES</b>		
Annual surplus (deficit)	\$ (188,542)	2,096,175
Add back non-cash item(s):		
Amortization of tangible capital assets	<u>1,982,037</u>	<u>1,968,812</u>
	1,793,495	4,064,987
Change in non-cash working capital:		
Accounts receivable	(35,766)	94,085
Due from government and other government organizations	114,257	(204,595)
Inventories for resale	9,751	1,549
Accounts payable and accrued liabilities	(247,746)	153,639
Due to government and other governmental organizations	48,501	215,053
Deferred revenue	(437,376)	(697,839)
CMHC forgivable loans	36,697	(69,822)
Prepaid expenses and deferred charges	<u>(95,128)</u>	<u>1,568,103</u>
	1,186,685	5,125,160
<b>CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	(8,197,839)	(6,784,138)
Assets under construction completed	6,227,214	592,239
Loss on disposal of tangible capital assets	44	130,999
	<u>(1,970,581)</u>	<u>(6,060,900)</u>
<b>FINANCING ACTIVITIES</b>		
Long-term debt advances	584,991	1,378,375
Long-term debt repayments	<u>(429,652)</u>	<u>(530,580)</u>
	155,339	847,795
<b>DECREASE IN CASH</b>	(628,557)	(87,945)
<b>CASH, BEGINNING OF YEAR</b>	<u>446,968</u>	<u>534,913</u>
<b>CASH (BANK INDEBTEDNESS), END OF YEAR</b>	<b>\$ (181,589)</b>	<b>446,968</b>
<b>CASH (BANK INDEBTEDNESS) IS REPRESENTED BY:</b>		
Cash	\$ (192,083)	437,058
Cash in Ottawa Trusts	<u>10,494</u>	<u>9,910</u>
	<b>\$ (181,589)</b>	<b>446,968</b>

**PINAYMOOTANG FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2015**

**1. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Accounting**

The First Nation follows the AANDC accounting guidelines as set out in the "Year End Reporting Handbook for funding agreements covering fiscal year 2014-2015" which requires that the consolidated financial statements be prepared in accordance with Canadian generally accepted accounting principles for governments, as defined in the Chartered Professional Accountants of Canada Public Sector Accounting Handbook.

**(b) Reporting Entity**

Pinaymootang First Nation is a non-profit Indian Band as defined by Aboriginal Affairs and Northern Development Canada (AANDC). The objective of the First Nation is to operate as the governing entity in providing services on the reserve in all areas. Pinaymootang First Nation reporting entity includes all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

**(c) Basis of Consolidation**

All controlled entities are fully consolidated on a line-by-line basis. This method combines the accounts of distinct organizations. It requires uniform accounting policies for the organizations. Inter-organizational balances and transactions are eliminated under this method. This method reports the organizations as if they were one organization. These financial statements include the financial assets, liabilities, net debt, non-financial assets, accumulated surplus, revenue and expenses for the following entities controlled or owned by the First Nation:

Pinaymootang First Nation

Pinaymootang First Nation Arena and Lottery

Pinaymootang First Nation CMHC Housing Authority

Pinaymootang First Nation Grocery Store and Gas Bar

Pinaymootang First Nation Health Authority

Pinaymootang First Nation Human Resource Development Strategy

Powder Horn Creek Restaurant & Gas

Wabung Abinoochi'ak Day Care Centre

**(d) Asset Classification**

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets, construction in progress, prepaid expenses and inventories of supplies.

**(e) Inventory**

Inventories for resale are stated at the lower of cost and net realizable value with cost being determined using the first-in, first-out method.

**PINAYMOOTANG FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2015**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) 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 gross cost. 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.

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.

Amortization of tangible capital assets is recognized as an expense in the Statement of Operations.

Amortization is provided for on a straight-line basis at the rates in the table that follows. One-half of the annual amortization is charged in the year of acquisition and in the year of disposal.

Buildings	25 - 50 years
Equipment and signage	3 - 10 years
Vehicles	5 - 10 years
Computers	5 years
Infrastructure	20 - 50 years
Roads	40 years
Housing	40 years

**(g) Deferred Revenue**

Deferred revenue represents unspent Government transfers for programs where eligibility criteria have not been met at year end. The unspent revenue is carried forward to be recognized as eligibility criteria is met or until the funder deems the surplus to be repayable at which time an amount payable is recognized.

**(h) Revenue Recognition**

*Government transfers*

Transfers from the Government of Canada are recognized as revenue in the year the entitlement has been authorized, when any eligibility criteria have been met and when the amount can be reasonably estimated.

*Other revenue*

Restricted other revenue is recognized as revenue in the year in which the related expenses are incurred and when the amount can be reasonably estimated and collection is reasonably assured.

Unrestricted other revenue is recognized when:

- services have been performed, or
- goods have been delivered, or
- the amount has been received or is receivable, and when the amount can be reasonably estimated and collection is reasonably assured.

**PINAYMOOTANG FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2015**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(i) Net Debt**

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

**(j) Segmented Information**

The First Nation discloses segmented results of operations for the year in note 21 to the consolidated financial statements. The First Nation has segregated its activities into the following segments based on distinguishable groups of activities;

*Health*

Pinaymootang Health Authority

*Education*

Pinaymootang Education

*Social*

Social services

*Economic Development*

Economic development program

Human Resource Development Strategy

*Public Works*

Community services

Operations and maintenance

Policing, security and protection

*Housing*

CMHC housing

Capital housing projects

*Band Government*

Band administration

Capital projects

Legal Settlements

*Private Enterprises*

Pinaymootang Arena and VLT

Pinaymootang Grocery Store and Gas Bar

Powderhorn Creek Restaurant & Gas

Wabung Abinoochi'ak Day Care Centre

**(k) Use of Estimates**

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting periods presented. Actual results could differ from these estimates.

**PINAYMOOTANG FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2015**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(I) Financial Instruments**

Financial instruments held by the First Nation include cash, bank indebtedness, accounts receivable, accounts payable and accrued liabilities, amounts due to/from government and other government organizations and long term debt. The First Nation initially measures its financial instruments at fair value when the asset or liability is first recognized. The First Nation subsequently measures its financial instruments at cost or amortized cost. Amortized cost is the amount at which the financial instrument is measured at initial recognition less principal repayments, plus or minus the cumulative of any difference between that initial amount and the maturity amount, and minus any reduction for impairment.

**2. RISK MANAGEMENT**

**(a) Credit Risk**

Credit risk is the risk that a counterparty will default on its financial liabilities. Financial assets which potentially subject the First Nation to credit risk and concentrations of credit risk consist principally of cash and accounts receivable. Management manages credit risk associated with accounts receivable by pursuing collections when they are due.

**(b) Interest Rate Price Risk**

It is management's opinion that the First Nation is exposed to interest rate price risk due to long-term debt being at being at a fixed rate.

**(c) Liquidity Risk**

Liquidity risk is the risk that the First Nation will not be able to meet its financial obligations related to financial liabilities as they come due. Financial liabilities consist of accounts payable and accrued liabilities and long-term debt. Accounts payable and accrued liabilities are paid in the normal course of operations and except under certain exceptions, no later than three months. See Note 11 for the repayment schedule of long-term debt. The First Nation has insufficient financial assets to meet or settle its current liabilities.

The First Nation's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet liabilities when due. At March 31, 2015, the First Nation has a band indebtedness balance of \$(192,083) and a net debt position of \$9,442,798. Management of the First Nation are working to reduce the debt through careful management of expenditures. Additionally, \$6,548,013 of the debt relates to long-term debt, which is primarily comprised of loans on CMHC housing project. The assets are recorded under non-financial assets on the consolidated statement of financial position.

**3. CASH AND BANK INDEBTEDNESS**

	<b>2015</b>	<b>2014</b>
Unrestricted - operating	\$ (241,232)	287,692
Externally restricted - CMHC	<u>49,149</u>	<u>149,366</u>
	<u><u>\$ (192,083)</u></u>	<u><u>437,058</u></u>

The First Nation has a demand line of credit for \$270,000 (2014 - \$150,000) available from First Nations Bank of Canada, of which \$210,118 (2014 - \$87,704) was utilized at the year-end. This line of credit bears interest at prime plus 1.85% and is secured by future funding of Aboriginal and Northern Development Canada.

**PINAYMOOTANG FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2015**

**3. CASH AND BANK INDEBTEDNESS (Continued)**

*Restrictions on cash*

The First Nation is subject to restrictions placed on its cash due to an agreement with CMHC as disclosed in note 15 to these consolidated financial statements. As at March 31, 2015, \$49,149 (2014 - \$149,366) was restricted for expenditures to be approved by CMHC.

**4. TRUST FUNDS HELD BY THE FEDERAL GOVERNMENT**

	<u>March 31, 2014</u>	<u>Additions 2015</u>	<u>Withdrawals 2015</u>	<u>March 31, 2015</u>
Revenue	\$ 9,768	584	-	10,352
Capital	<u>142</u>	<u>-</u>	<u>-</u>	<u>142</u>
	<u>\$ 9,910</u>	<u>584</u>	<u>-</u>	<u>10,494</u>

The trust funds arise 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. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

**5. ACCOUNTS RECEIVABLE**

	<u>2015</u>	<u>2014</u>
Due from members	\$ 12,471	-
Other	<u>107,487</u>	<u>84,192</u>
	<u>\$ 119,958</u>	<u>84,192</u>

**6. DUE FROM GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS**

	<u>2015</u>	<u>2014</u>
Federal government		
AANDC	\$ 433,551	429,849
CMHC	49,376	110,593
Health Canada	-	13,113
Total Federal government	<u>482,927</u>	<u>553,555</u>
Provincial government	<u>112,133</u>	<u>155,762</u>
	<u>\$ 595,060</u>	<u>709,317</u>

**7. INVENTORIES FOR RESALE**

	<u>2015</u>	<u>2014</u>
Pinaymootang First Nation Grocery Store and Gas Bar	\$ 48,730	33,254
Powderhorn Creek	<u>42,713</u>	<u>67,940</u>
	<u>\$ 91,443</u>	<u>101,194</u>

**PINAYMOOTANG FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2015**

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	<u>2015</u>	<u>2014</u>		
Trade payables	\$ 619,122	888,516		
Accrued salaries and benefits	156,616	154,540		
Accrued legal settlements	1,200,000	1,200,000		
Accrued hydro	184,733	273,457		
Accrued professional fees	204,076	156,576		
Other accrued liabilities	<u>110,750</u>	<u>49,954</u>		
	<u>\$ 2,475,297</u>	<u>2,723,043</u>		
9. DUE TO GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS	<u>2015</u>	<u>2014</u>		
AANDC	<u>\$ 316,476</u>	<u>267,975</u>		
10. DEFERRED REVENUE	Balance March 31,	Funding Received	Revenue Recognized/ Repaid <u>2015</u>	Balance March 31,
	<u>2014</u>	<u>2015</u>	<u>2015</u>	<u>2015</u>
<b>Federal Government</b>				
Health Canada	\$ 1,969	-	122	1,847
AANDC				
Water O&M - under \$1.5M (08580 Contribution)	15,181	-	15,181	-
Planning, Design and Construction (08681 Contribution)	1,002,545	-	868,369	134,176
Recovery (NTR3)	-	349,357	-	349,357
Contributions - equipment (NTME)	-	74,600	-	74,600
Capital Planning (NTKB-003)	-	2,799	-	2,799
<b>Province of Manitoba</b>				
Road Repairs	<u>19,540</u>	<u>-</u>	<u>19,540</u>	<u>19,540</u>
	<u>\$ 1,019,695</u>	<u>19,540</u>	<u>883,672</u>	<u>582,319</u>

**PINAYMOOTANG FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2015**

11. LONG-TERM DEBT	<u>2015</u>	<u>2014</u>
Peace Hills Trust Mortgage payable, interest at 5.40%, repayable in blended monthly installments of \$5,731, due September 1, 2015, secured by a Ministerial Guarantee, CMHC undertaking to insure and assignment of fire insurance.	\$ 276,014	328,801
CMHC mortgage payable, interest at 3.90%, repayable in blended monthly installments of \$6,436, due March 1, 2018, secured by a Ministerial Guarantee, CMHC undertaking to insure and assignment of fire insurance.	980,529	1,027,095
CMHC mortgage payable, interest at 3.90%, repayable in blended monthly installments of \$9,371, due March 1, 2018, secured by a Ministerial Guarantee, CMHC undertaking to insure and assignment of fire insurance.	1,427,671	1,495,472
CMHC mortgage payable, interest at 1.12%, repayable in blended monthly installments of \$2,325, due February 1, 2020, secured by a Ministerial Guarantee, CMHC undertaking to insure and assignment of fire insurance.	496,037	515,054
CMHC mortgage payable, interest at 2.75%, repayable in blended monthly installments of \$4,676, due February 1, 2016, secured by a Ministerial Guarantee and assignment of fire insurance.	892,883	924,116
CMHC mortgage payable, interest at 1.67%, repayable in blended monthly installments of \$2,924, due April 1, 2017, secured by a Ministerial Guarantee and assignment of fire insurance.	645,601	669,720
CMHC mortgage payable, interest at 2.02%, repayable in blended monthly installments of \$2,540, due August 1, 2018, secured by a Ministerial Guarantee and assignment of fire insurance.	568,455	587,293
Loan payable, Tribal Wi-Chi-Way-Win Capital Corporation, interest at 11%, repayable in blended monthly installments of \$2,754, due August 1, 2016, secured by a promissory note signed by the Band, a general security agreement, assignment of insurance and a Band Council Resolution.	66,640	79,714
Loan payable, Tribal Wi-Chi-Way-Win Capital Corporation, interest at 9%, repayable in blended monthly installments of \$7,326, due September 1, 2014, secured by a promissory note signed by the Band, a general security agreement, assignment of insurance and a Band Council Resolution.	16,203	65,078
Loan payable, Manitoba Lotteries Corporation, interest at 2.35%, repayable in blended weekly installments of \$836, due June 19, 2020, secured by 15 video lottery terminals.	213,900	251,883
Loan payable, Manitoba Lotteries Corporation, interest at 2.35%, repayable in blended weekly installments of \$1,488, due June 10, 2020, secured by 20 video lottery terminals.	380,823	448,448

**PINAYMOOTANG FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2015**

**11. LONG-TERM DEBT (Continued)**

CMHC mortgage payable, interest at 1.12%, repayable in blended monthly installments of \$2,236, due February 1, 2020, secured by a Ministerial Guarantee and assignment of fire insurance.

583,257

\$ 6,548,013

\_\_\_\_\_

6,392,674

The principal portion of long-term debt is repayable for the years ended as follows:

March 31,	2016	\$ 443,858
	2017	439,128
	2018	425,433
	2019	428,409
	2020	406,138
	Thereafter	<u>4,405,047</u>
		\$ <u>6,548,013</u>

**12. CMHC FORGIVABLE LOANS**

The First Nation has received forgivable Residential Rehabilitation Assistance Program (RRAP) housing loans from CMHC. These loans will be forgiven over a period of 2-5 years as long as the First Nation continues to inhabit the housing. Should the First Nation default on the terms of the loans, the unearned principal of the forgivable loans plus interest at rates between 5.0% and 7.5% will become due and payable. During the year, new RRAP loans of \$96,100 were received (2014 - \$nil) and \$59,403 of RRAP loans were forgiven.

**13. CONTINGENT LIABILITY**

The First Nation is contingently liable to repay AANDC \$1,484,331 of social development funding received several years ago for which reports concerning the use of these funds were either not submitted or were rejected. AANDC has agreed to treat this amount as a contingent liability pending their decision whether or not to pursue collection.

The First Nation is contingently liable to repay AANDC \$155,012 regarding a defaulted CMHC loan and related accrued interest. AANDC has agreed to treat this amount as a contingent liability pending their investigation into the accuracy of the amount.

A number of claims have been brought forward against the First Nation. This includes a judgment against the band (E. Anthony Ross vs. client) on August 10, 2005 in the amount of \$2,150,000, of which \$950,000 has been paid and \$1,200,000 is setup as payable. The plaintiff is also attempting to claim an additional \$1,296,621 in damages. It is management's opinion that the First Nation is not liable for any other amounts in this lawsuits.

A claim (Frontier School Division vs. client) was filed March 28, 2007 for \$477,462. A claim for breach of privacy (Harriet Sumner Pruden vs. client) was filed in the amount of \$50,000. It is management's opinion that the First Nation is not liable for any amounts in these lawsuits.

During the 2015 fiscal year a claim (First Canadian Fuels vs. client) was filed in the amount of \$238,270. It is management's opinion that the First Nation is not liable for the amount in this lawsuit except to the extent that liabilitites to First Canadian Fuels have already been accrued.

Pinaymootang First Nation, Government of Canada and the Province of Manitoba are negotiating a Comprehensive Settlement Agreement (CSA) which will include all parties dropping all legal action taken against each other as a result of flooding on the First Nation. The CSA has been agreed to in principle in December of 2014 and will be signed once the document is complete.

**PINAYMOOTANG FIRST NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2015**

**14. TANGIBLE CAPITAL ASSETS**

	COST				ACCUMULATED AMORTIZATION				NET BOOK VALUE	
	Opening Balance	Additions	Transfers / Disposals	Closing Balance	Opening Balance	Amortization	Disposals and write offs	Closing Balance	Total 2015	Total 2014
<b>Tangible Capital Assets</b>										
Land	\$ 233,146	-	-	233,146	-	-	-	-	233,146	233,146
Buildings	20,256,175	-	-	20,256,175	9,851,654	489,209	44	10,340,907	9,915,268	10,404,521
Housing	32,808,919	3,897,112	-	36,706,031	12,756,843	758,117	-	13,514,960	23,191,071	20,052,076
Infrastructure	9,763,909	710,710	-	10,474,619	899,492	231,211	-	1,130,703	9,343,916	8,864,417
Equipment	2,829,040	30,344	-	2,859,384	1,758,177	220,004	-	1,978,181	881,203	1,070,863
Vehicles	2,377,181	200,095	-	2,577,276	1,617,172	164,338	-	1,781,510	795,766	760,009
Computers	270,421	4,921	-	275,342	184,401	28,884	-	213,285	62,057	86,020
Roads	3,444,691	2,198,667	-	5,643,358	1,205,361	90,274	-	1,295,635	4,347,723	2,239,330
	<u>71,983,482</u>	<u>7,041,849</u>	<u>-</u>	<u>79,025,331</u>	<u>28,273,100</u>	<u>1,982,037</u>	<u>44</u>	<u>30,255,181</u>	<u>48,770,150</u>	<u>43,710,382</u>
<b>Assets Under Construction</b>										
Housing	2,935,204	382,633	(3,317,837)	-	-	-	-	-	-	2,935,204
Infrastructure	710,710	-	(710,710)	-	-	-	-	-	-	710,710
Roads	1,425,310	773,357	(2,198,667)	-	-	-	-	-	-	1,425,310
	<u>5,071,224</u>	<u>1,155,990</u>	<u>(6,227,214)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,071,224</u>
<b>TOTAL</b>	<b>\$77,054,706</b>	<b>8,197,839</b>	<b>(6,227,214)</b>	<b>79,025,331</b>	<b>28,273,100</b>	<b>1,982,037</b>	<b>44</b>	<b>30,255,181</b>	<b>48,770,150</b>	<b>48,781,606</b>

**PINAYMOOTANG FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2015**

**15. CMHC HOUSING AUTHORITY REPLACEMENT RESERVE**

Under the terms of the agreement with CMHC, the replacement reserve account is to be credited with an amount of \$61,625 annually. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. Withdrawals are credited to interest first and then principal. At March 31, 2015, the replacement reserve was underfunded by \$396,352 (2014 - \$234,118) due to the fact that the replacement reserve assets total \$2,132 (2014 - \$102,241) while the replacement reserve liability is \$398,484 (2014 - \$336,359).

**16. GOVERNMENT TRANSFERS**

	<u>Operating</u>	<u>Capital</u>	<u>Total 2015</u>
Aboriginal Affairs and Northern Development			
Canada	\$ 7,310,588	1,883,841	9,194,429
Province of Manitoba	404,674	-	404,674
Canada Mortgage and Housing Corporation	343,555	61,903	405,458
Public Safety Canada	34,374	-	34,374
First Peoples Development	694,612	-	694,612
Health Canada - operating	1,826,502	-	1,826,502
Manitoba First Nation Education Resource Centre	<u>24,231</u>	<u>-</u>	<u>24,231</u>
	<u>\$ 10,638,536</u>	<u>1,945,744</u>	<u>12,584,280</u>

	<u>Operating</u>	<u>Capital</u>	<u>Total 2014</u>
Aboriginal Affairs and Northern Development			
Canada	\$ 7,412,602	5,563,826	12,976,428
Province of Manitoba	315,054	-	315,054
Canada Mortgage and Housing Corporation	307,292	99,323	406,615
Public Safety Canada	34,374	-	34,374
First Peoples Development	694,612	-	694,612
Health Canada - operating	2,062,129	-	2,062,129
Manitoba First Nation Education Resource Centre	<u>20,269</u>	<u>-</u>	<u>20,269</u>
	<u>\$ 10,846,332</u>	<u>5,663,149</u>	<u>16,509,481</u>

**17. COMPARATIVE FIGURES**

Certain of the comparative figures have been reclassified to reflect the financial statement presentation adopted for the current year.

**18. BUDGET INFORMATION**

The unaudited budget figures have been provided for comparison purposes and have been derived from the estimates approved by Chief and Council.

**PINAYMOOTANG FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2015**

#### 19. EXPENSES BY OBJECT

	<u>2015</u>	<u>2014</u>
Administration and office	\$ 533,505	856,484
Amortization	1,982,037	1,968,812
Bad debts	3,426	
Bank support	251,250	299,413
Bank charges and interest	54,363	52,319
Business development	43,232	48,815
Capital and equipment	50,636	205,989
Contract fees and services	116,404	223,125
Fuel	2,514,752	2,655,292
Interest on long-term debt	130,400	161,259
Insurance	252,480	305,680
Operations and maintenance	712,460	559,798
Other expenses	304,176	215,416
Professional fees	184,746	398,554
Recoveries	(10,629)	237,818
Rental expenditures	600	1,082
Social assistance	2,516,005	2,717,837
Supplies and materials	1,433,498	1,429,281
Telephone and communications	97,597	86,328
Training	490,840	571,191
Travel	508,376	513,334
Utilities	141,319	235,444
VLT dollars out	3,546,615	3,236,200
Wages and benefits	5,492,808	5,613,738
Loss on disposal of tangible capital assets	-	115,714
	<hr/>	<hr/>
	\$ 21,350,896	22,708,923

## 20 SUBSEQUENT EVENTS

Subsequent to the year-end the Band Hall was destroyed in a fire. An insurance claim has been filed as a result of this event. The net loss from this event is not readily determinable at this time.

Subsequent to the year-end one Housing Trailer was destroyed in a fire. An insurance claim has been filed as a result of this event. The net loss from this event is not readily determinable at this time.

Subsequent to the year-end, in August 2015, the First Nation received a term loan in the amount of \$350,000 from the First Nations Bank of Canada. The loan has an interest rate of prime + 2.05% and is repayable in monthly principal payments of \$9,722.33 plus interest. The loan is secured by a band council resolution authorizing the borrowing of up to \$350,000 and the understanding that the proceeds of any settlement of legal action against the Province of Manitoba will be used for the repayment of the loan principal.

Subsequent to the year-end, on June 10 2015, the First Nation signed an agreement to have a 20 unit motel and VLT facility be constructed on the First Nation for a fixed price of \$4,900,000. In conjunction with this agreement the First Nation has been approved for demand loans from the Bank of Montreal in the amounts of \$2,600,000 and \$2,300,000. These loans are secured by Band Council Resolution and irrevocable letter of direction directing sufficient cash flows to meet loan servicing. For the first 12 months following the date of initial advance only interest payments are required on both loans. Interest is set as Bank of Montreal Prime Rate + 1.25%. The loans are repayable over 15 and 5 year terms, respectively, from the date of first Principal payment.

**PINAYMOOTANG FIRST NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2015**

**21. SEGMENTED INFORMATION**

	HEALTH			EDUCATION			SOCIAL		
	Budget 2015	2015	2014	Budget 2015	2015	2014	Budget 2015	2015	2014
<b>REVENUES</b>									
Federal Government									
Operating Transfers	\$ 1,786,310	1,826,502	2,062,129	\$ 2,839,337	2,895,154	2,969,977	-	2,833,574	3,013,574
Capital Transfers	-	-	-	-	-	-	-	-	-
Provincial Government									
Operating Transfers	-	-	-	-	-	-	-	-	-
Economic Activities	-	-	-	-	-	-	-	-	-
Other	-	37,576	6,158	10,000	10,022	10,039	-	-	-
	<u>1,786,310</u>	<u>1,864,078</u>	<u>2,068,287</u>	<u>2,849,337</u>	<u>2,905,176</u>	<u>2,980,016</u>	-	<u>2,833,574</u>	<u>3,013,574</u>
<b>EXPENSES</b>									
Salaries and benefits	875,200	1,018,264	1,077,902	2,096,456	2,302,872	2,227,381	-	148,623	163,925
Debt servicing	-	-	-	-	-	-	-	-	-
Amortization	-	96,391	86,805	-	235,062	289,405	-	-	-
Other	<u>904,446</u>	<u>838,475</u>	<u>805,873</u>	<u>703,603</u>	<u>576,982</u>	<u>866,527</u>	-	<u>2,842,687</u>	<u>3,015,910</u>
	<u>1,779,646</u>	<u>1,953,130</u>	<u>1,970,580</u>	<u>2,800,059</u>	<u>3,114,916</u>	<u>3,383,313</u>	-	<u>2,991,310</u>	<u>3,179,835</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ 6,664</b>	<b>(89,052)</b>	<b>97,707</b>	<b>\$ 49,278</b>	<b>(209,740)</b>	<b>(403,297)</b>	-	<b>(157,736)</b>	<b>(166,261)</b>
<b>ADJUSTMENTS</b>									

(i) The imputed value of Band supported housing provided to band members totaling \$281,232 (2014 - \$278,362) is included as an expense in the Basic Needs program and as rental income in the CMHC Housing Authority program.

(ii) Of the total current year Band other revenue, the following amounts have been recorded as expenses in the sub entities and as an other revenue in the Band; \$72,300 (2014 - \$34,967) in Band Government.

**PINAYMOOTANG FIRST NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2015**

**21. SEGMENTED INFORMATION**

	ECONOMIC DEVELOPMENT			PUBLIC WORKS			HOUSING		
	Budget 2015	2015	2014	Budget 2015	2015	2014	Budget 2015	2015	2014
<b>REVENUES</b>									
Federal Government									
Operating Transfers	593,474	617,825	617,825	459,507	640,953	653,994	-	333,430	307,292
Capital Transfers	-	-	-	-	-	213,609	-	2,500	-
Provincial Government									
Operating Transfers	-	-	-	-	-	-	-	-	-
Economic Activities	-	-	-	-	-	-	-	-	-
Other	-	2,058	4,342	-	-	-	-	281,232	278,362
	<b>593,474</b>	<b>619,883</b>	<b>622,167</b>	<b>459,507</b>	<b>640,953</b>	<b>867,603</b>	<b>-</b>	<b>617,162</b>	<b>585,654</b>
<b>EXPENSES</b>									
Salaries and benefits	75,500	92,251	104,183	292,291	282,705	323,440	-	13,871	31,536
Debt servicing	-	-	-	-	-	-	-	91,690	94,167
Amortization	-	11,181	7,290	-	91,246	76,235	-	392,192	370,145
Other	<b>399,270</b>	<b>513,154</b>	<b>655,440</b>	<b>230,916</b>	<b>278,763</b>	<b>361,380</b>	<b>-</b>	<b>184,066</b>	<b>243,884</b>
	<b>474,770</b>	<b>616,586</b>	<b>766,913</b>	<b>523,207</b>	<b>652,714</b>	<b>761,055</b>	<b>-</b>	<b>681,819</b>	<b>739,732</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>118,704</b>	<b>3,297</b>	<b>(144,746)</b>	<b>(63,700)</b>	<b>(11,761)</b>	<b>106,548</b>	<b>-</b>	<b>(64,657)</b>	<b>(154,078)</b>

**PINAYMOOTANG FIRST NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2015**

**21. SEGMENTED INFORMATION**

	BAND GOVERNMENT			PRIVATE ENTERPRISE			ADJUSTMENTS		
	Budget 2015	2015	2014	Budget 2015	2015	2014	Budget 2015	2015	2014
<b>REVENUES</b>									
Federal Government									
Operating Transfers	697,379	878,843	698,906	197,202	207,581	207,581	-	-	-
Capital Transfers	795,250	1,943,244	5,449,540	-	-	-	-	-	-
Provincial Government									
Operating Transfers	-	404,674	315,054	-	-	-	-	-	-
Economic Activities	-	-	-	7,047,000	8,320,224	8,181,024	-	-	-
Other	-	174,716	72,063	32,000	105,778	56,958	-	(353,532)	(313,329)
	<u>1,492,629</u>	<u>3,401,477</u>	<u>6,535,563</u>	<u>7,276,202</u>	<u>8,633,583</u>	<u>8,445,563</u>	<u>-</u>	<u>(353,532)</u>	<u>(313,329)</u>
<b>EXPENSES</b>									
Salaries and benefits	342,569	668,002	580,215	1,038,100	966,220	1,105,156	-	-	-
Debt servicing	-	-	22,765	-	23,861	29,597	-	-	-
Amortization	-	881,573	863,366	-	274,392	275,566	-	-	-
Other	<u>1,028,052</u>	<u>1,270,248</u>	<u>1,793,048</u>	<u>6,663,900</u>	<u>7,609,657</u>	<u>7,551,111</u>	<u>-</u>	<u>(353,532)</u>	<u>(313,329)</u>
	<u>1,370,621</u>	<u>2,819,823</u>	<u>3,259,394</u>	<u>7,702,000</u>	<u>8,874,130</u>	<u>8,961,430</u>	<u>-</u>	<u>(353,532)</u>	<u>(313,329)</u>
ANNUAL SURPLUS (DEFICIT)	<u>122,008</u>	<u>581,654</u>	<u>3,276,169</u>	<u>(425,798)</u>	<u>(240,547)</u>	<u>(515,867)</u>	<u>-</u>	<u>-</u>	<u>-</u>

**PINAYMOOTANG FIRST NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2015**

**21. SEGMENTED INFORMATION**

	<b>CONSOLIDATED TOTAL</b>		
	<b>Budget</b>	<b>2015</b>	<b>2014</b>
<b>REVENUES</b>			
Federal Government			
Operating Transfers	6,573,209	10,233,862	10,531,278
Capital Transfers	795,250	1,945,744	5,663,149
Provincial Government			
Operating Transfers	-	404,674	315,054
Economic Activities	7,047,000	8,320,224	8,181,024
Other	42,000	257,850	114,593
	<b>14,457,459</b>	<b>21,162,354</b>	<b>24,805,098</b>
<b>EXPENSES</b>			
Salaries and benefits	4,720,116	5,492,808	5,613,738
Debt servicing	-	115,551	146,529
Amortization	-	1,982,037	1,968,812
Other	9,930,187	13,760,500	14,979,844
	<b>14,650,303</b>	<b>21,350,896</b>	<b>22,708,923</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>(192,844)</b>	<b>(188,542)</b>	<b>2,096,175</b>