

**Poplar River First Nation
Consolidated Financial Statements**
March 31, 2014

Poplar River First Nation Contents

For the year ended March 31, 2014

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Management's Responsibility

To the Members of Poplar River First Nation:

The accompanying consolidated financial statements of Poplar River First Nation (the "Nation") are the responsibility of management and have been approved by the Chief and Council.

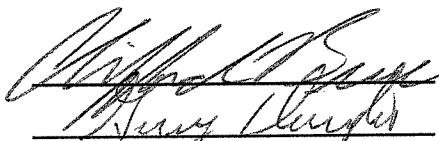
Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Poplar River First Nation Chief and Council are responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Chief and Council fulfil these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Chief and Council are also responsible for recommending the appointment of the Nation's external auditors.

MNP LLP, an independent firm of Chartered Accountants, is appointed by the Chief and Council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Chief and Council and management to discuss their audit findings.

November 3, 2014


Mervin Pliny
Councillor

Chief
Councillor
Councillor


Langford McNamee
Councillor
Councillor
Councillor

Independent Auditors' Report

To the Members of Poplar River First Nation:

We have audited the accompanying consolidated financial statements of Poplar River First Nation, which comprise the consolidated statement of financial position as at March 31, 2014, and the consolidated statements of operations and accumulated surplus, change 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 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.

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 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 auditors' 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 Poplar River First Nation as at March 31, 2014 and the results of its operations, change in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Winnipeg, Manitoba

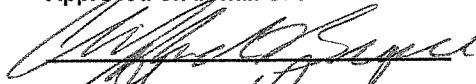
November 3, 2014

MNP LLP
Chartered Accountants

Poplar River First Nation
Consolidated Statement of Financial Position
As at March 31, 2014

	2014	2013
Financial assets		
Cash	-	320,289
Accounts receivable (Note 3)	1,619,062	1,273,143
Inventory held for sale	97,333	217,022
Restricted cash (Note 4)	185,959	319,113
Investments (Note 5)	33,439	31,846
	1,935,793	2,161,413
Liabilities		
Bank indebtedness (Note 6)	1,012,852	685,801
Accounts payable and accruals (Note 7)	1,808,919	1,921,581
Deferred revenue (Note 8)	322,957	70,683
Demand Loan (Note 9)	499,744	-
Long-term debt (Note 10)	5,953,541	6,790,005
	9,598,013	9,468,070
Net debt	(7,662,220)	(7,306,657)
Contingent liabilities (Note 11)		
Non-financial assets		
Tangible capital assets (Schedule 1)	23,353,514	23,576,068
Prepaid expenses	2,436	57,428
	23,355,950	23,633,496
Accumulated surplus (Note 12)	15,693,730	16,326,839

Approved on behalf of the Chief and Council:





Chief

Councillor

Councillor



Councillor

Councillor

Councillor

Poplar River First Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2014

	<i>Schedules</i>	<i>2014 Budget</i>	<i>2014</i>	<i>2013</i>
Revenue				
Aboriginal Affairs and Northern Development Canada (Note 14)		7,853,848	8,744,255	9,111,444
Repayments to Aboriginal Affairs and Northern Development Canada		-	(113,557)	(650,094)
First Nations and Inuit Health (Note 14)		1,319,191	1,552,061	1,618,703
Repayment to First Nation and Inuit Health		-	-	(21,676)
Canada Mortgage and Housing Corporation		-	297,295	232,218
		9,173,039	10,480,054	10,290,595
Other revenue		354,812	1,009,975	998,918
Southeast Child and Family Services		600,760	878,386	777,473
Casino revenue		637,000	658,839	660,183
Fuel farm revenue		-	339,387	242,800
Arena revenue		-	311,698	-
East Side Road Authority revenue		-	286,055	119,380
Tobacco tax rebates		143,000	272,461	204,312
Rental income		32,811	122,990	113,313
Norwin Construction		186,832	99,722	151,750
Interest income		-	2,399	1,516
Province of Manitoba		-	-	111,204
Revenue deferred in prior year (Note 8)		80,000	70,683	4,071,235
Revenue deferred to subsequent year (Note 8)		-	(322,957)	(70,683)
		11,208,254	14,209,692	17,671,996
Segment expenses				
Band Governance	4	1,168,281	1,775,803	1,566,199
Social Assistance	5	2,404,670	2,365,903	2,401,252
Land Management	6	94,850	28,282	114,374
Housing	7	504,252	1,049,682	1,124,883
Community Infrastructure	8	870,040	2,580,858	2,778,654
Education	9	3,784,125	3,995,073	3,958,423
Community Wellness	10	1,412,383	1,357,986	1,445,833
Economic Development	11	840,320	1,407,273	927,995
Training and Development	12	-	281,941	46,332
Total segment expenses (Note 15)		11,078,921	14,842,801	14,363,945
Annual surplus (deficit)		129,333	(633,109)	3,308,051
Accumulated surplus, beginning of year		16,326,839	16,326,839	13,018,788
Accumulated surplus, end of year		16,456,172	15,693,730	16,326,839

The accompanying notes are an integral part of these financial statements

Poplar River First Nation
Consolidated Statement of Change in Net Debt
For the year ended March 31, 2014

	2014 Budget	2014	2013
Annual surplus (deficit)	129,333	(633,109)	3,308,051
Purchases of tangible capital assets	-	(1,364,362)	(765,008)
Amortization of tangible capital assets	-	1,586,916	1,661,588
	-	222,554	896,580
Acquisition of prepaid expenses	-	-	(57,428)
Consumption of inventories held for use	-	-	55,148
Use of prepaid expenses	-	54,992	-
	-	54,992	(2,280)
Decrease (increase) in net debt	129,333	(355,563)	4,202,351
Net debt, beginning of year	(7,306,657)	(7,306,657)	(11,509,008)
Net debt, end of year	(7,177,324)	(7,662,220)	(7,306,657)

The accompanying notes are an integral part of these financial statements

Poplar River First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2014

	2014	2013
Cash provided by (used for) the following activities		
Operating activities		
Cash receipts from contributors	13,972,849	15,413,332
Cash paid to suppliers	(7,763,504)	(8,138,052)
Cash paid to employees	(5,082,955)	(4,798,837)
Interest on long-term debt	(204,211)	(202,116)
	922,179	2,274,327
Financing activities		
Advances of long-term debt	537,792	30,000
Repayment of long-term debt	(874,512)	(1,216,848)
Increase (decrease) in bank indebtedness	327,051	(377,831)
	(9,669)	(1,564,679)
Capital activities		
Purchases of tangible capital assets	(1,364,362)	(765,008)
Investing activities		
Purchase of investments	(1,592)	(16,948)
Proceeds on disposal of investments	-	15,407
Decrease (increase) in restricted cash	133,155	(198,120)
	131,563	(199,661)
Decrease in cash resources	(320,289)	(255,021)
Cash resources, beginning of year	320,289	575,310
Cash resources, end of year	-	320,289

The accompanying notes are an integral part of these financial statements

Poplar River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

1. Operations

The Poplar River First Nation (the "Nation") is located in the province of Manitoba, and provides various services to its members. Poplar River First Nation includes the Nation's members, government and all related entities that 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 include the following significant accounting policies:

Reporting entity

The financial statements consolidate the financial statements of all enterprises comprising the Nation reporting entity, except for Nation business enterprises.

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

- Poplar River First Nation Housing Authority
- Asatiwisipe Construction Inc.
- Poplar River Development Corporation

All inter-entity balances have been eliminated on consolidation.

Poplar River First Nation business enterprises that are owned or controlled by the Nation's Chief and Council and that are not dependent on the Nation for their continuing operations, are included in the consolidated financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to extent that the business entity accounting principles are not adjusted to conform to those of the Nation. Thus, the Nation's investment in these enterprises is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. Enterprises accounted for by the modified equity basis include:

- Negginan Fish Station Limited

Basis of presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become 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 a legal obligation to pay.

Cash

Cash includes 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 in the Ottawa Trust Fund are reported on the consolidated statement of financial position with an offsetting amount in accumulated surplus. Trust moneys consist of:

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

Inventory held for sale

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

Poplar River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

2. Significant accounting policies *(Continued from previous page)*

Investments

Investments in enterprises that are not owned, controlled, or influenced by the Nation reporting entity are accounted for using the cost method. They are recorded at cost, less any provision for other than temporary impairment.

Net debt

The Nation's consolidated financial statements are presented so as to highlight net debt as the measurement of 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 financial position, accumulated surplus.

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.

Tangible capital assets

Tangible capital assets are initially recorded at cost based on historical cost accounting records. Contributed tangible assets are recorded at their fair value at the date of contribution.

Amortization

Tangible capital assets are amortized annually using the straight-line method at rates intended to amortize the cost of the assets over their estimated useful lives. Construction in progress is not amortized until the assets are available for use.

Community Buildings	25 years
Housing	25 years
Infrastructure	25-40 years
Office equipment	5 years
Vehicles	5-10 years

Long-lived assets

Long-lived assets consist 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 value 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 value exceeds its fair value. Any impairment is included in the consolidated statement of operations for the year.

Poplar River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

2. Significant accounting policies *(Continued from previous page)*

Revenue recognition

Government transfer revenue which includes grants from Aboriginal Affairs and Northern Development Canada, First Nations and Inuit Health, Canada Mortgage and Housing Corporation and Province of Manitoba is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period is reflected as deferred revenue on the consolidated statement of financial position in the year of receipt, and is matched with the related department expenses in the year of their occurrence. Funding that is restricted for particular purposes is deferred and recognized when the eligible expenses have been incurred.

Rental income is recorded in the year it is earned. At the end of each year, management evaluates the extent of the collectibility of its rent revenue and records a bad debt expense and an allowance for doubtful accounts for amounts designated as unlikely to be collected.

Investment and interest revenue is recognized on an accrual basis in the period that it is earned.

All other types of revenue are recognized by the Nation when services are provided or the goods are shipped and collection is reasonably assured.

Employee future benefits

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

Financial instruments

Financial instruments include cash, accounts receivable, restricted cash, investments, bank indebtedness, accounts payable and accruals and long-term debt. Unless otherwise stated, it is management's opinion that the Nation is not exposed to significant interest, currency or credit risk arising from the financial instruments. Unless otherwise stated, the book value of the Nation's financial instruments approximates their fair value due to the short-term maturities of the instruments. The fair value of the Nation's long-term debt is approximated by its carrying value as the terms and conditions of similar instruments are not materially different from those associated with the Nation's current long-term debt. It is not practicable within the constraints of timeliness or cost to determine the fair value of the investments as they are not traded in an active market.

Measurement uncertainty

The preparation of consolidated 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 consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectibility and an allowance for doubtful accounts is provided where considered necessary. Inventory is stated after provisions are made for slow-moving or 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 consolidated statement of operations in the period in which they become known.

Poplar River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

2. Significant accounting policies *(Continued from previous page)*

Segments

The Nation conducts its business through ten reportable segments. These operating segments are established by senior management to facilitate the achievement of the Nation'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 consolidated financial statements as disclosed in the Significant Accounting Policies.

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

Ottawa Trust Fund - reports revenue allocated to the fund and transfers to other segments.

Band Governance - reports on administration and governance activities.

Social Assistance - reports on social assistance programs.

Land Management - reports on the development of the Nation's land.

Housing - reports on developing and sustaining on-reserve housing.

Community Infrastructure - reports on the maintenance of the community and its infrastructure.

Education - reports on the operations of education programs.

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

Economic Development - reports on other band programs not funded by AANDC or FNIH, including its commercial operations.

Training and Development - reports on the training and development of community members.

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 of the new section in its 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 has not yet determined the effect of these new standards on its consolidated financial statements.

Poplar River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

3. Accounts receivable

	2014	2013
Aboriginal Affairs and Northern Development Canada (AANDC)	778,298	987,332
First Nations and Inuit Health	260	-
Community church	28,416	28,416
Advances to members	639,031	568,682
Trade receivables	672,815	102,230
Goods and Services Tax	9,948	9,948
Economic development loans	79,687	79,687
Negginan Fishing Station	143,196	86,241
Allowance for doubtful accounts	(732,589)	(589,393)
	1,619,062	1,273,143

AANDC accounts receivable consist of:

Year-end PAYE confirmation	607,071
Cheques issued by AANDC prior to year end, received after March 31, 2014	160,578
Prior year accounts receivable	10,649
	778,298

Poplar River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

4. Restricted cash

	2014	2013
CMHC Replacement Reserve	120,589	256,142
Ottawa Trust Fund	65,370	62,971
	185,959	319,113

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 of 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. The Nation is currently in violation of its major funding agreement with CMHC. The specified replacement reserve bank account was underfunded by \$64,524 as at March 31, 2014 (2013 - \$0). Under the terms of the agreements with CMHC, excess federal assistance payments received must be retained in a subsidy surplus reserve. The reserve is to be comprised of monies deposited 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 this account may only be used to meet future subsidy requirements of income-tested occupants. As at March 31, 2014, a separate bank account has not been maintained for this reserve. The specified subsidy surplus reserve bank account was underfunded by \$12,238 as at March 31, 2014 (2013 - \$0).

Ottawa Trust Fund

The Ottawa Trust fund accounts 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 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 Nation on authorization of the Minister of Aboriginal Affairs and Northern Development Canada, with the consent of the Nation's Council.

Capital Trust

	2014	2013
Balance, beginning of year	400	400
Balance, end of year	400	400

Revenue Trust

Balance, beginning of year	62,571	61,055
Interest	1,599	716
Land Leases	800	800
Balance, end of year	64,970	62,571
	65,370	62,971

Poplar River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

5. Investments

	2014	2013
Shawano-Wapunong Building Inc.	33,438	31,845
Brokenhead River Casino Resort Limited Partnership	1	1
	33,439	31,846

Poplar River First Nation holds a minority interest (11.1%) in Shawano-Wapunong Building Inc. ("SWB"), a property development company.

Funds held by SWB are on deposit only, gaining interest at a rate of 5% per annum. SWB is owned by the eight Southeast First Nations in Manitoba and invests funds mostly in commercial real estate in Winnipeg, Manitoba.

The investment in Brokenhead River Casino Resort Limited Partnership represents one seventh ownership, in the form of a Limited Partner, of the 100 units issued by the Partnership Corporation, which was formed to operate the Aboriginal casino on the Brokenhead Ojibway Nation land at Scanterbury, Manitoba.

6. Bank indebtedness

	2014	2013
General operating line of credit	1,005,867	627,343
Social services	6,985	58,458
	1,012,852	685,801

The general operating loan is authorized to a maximum of \$650,000 (2013 - \$400,000), bearing interest at prime plus 2.65% (2013 - prime plus 2.65%), due monthly. The balance of the general operating loan includes outstanding cheques in excess of outstanding deposits of \$364,407 (2013 - \$240,103). The operating loan is secured by a General Security Agreement and a Band Council Resolution authorizing the debt and a letter of direction to pay, acknowledged by Aboriginal Affairs and Northern Development Canada. The Social services account consists of outstanding cheques in excess of outstanding deposits of \$6,985 (2013 - \$58,458).

7. Accounts payable and accruals

	2014	2013
Capital project payables	189,530	245,406
Trade payables	1,337,962	1,546,001
Due to First Nations and Inuit Health	-	21,676
Road construction payables	148,900	25,000
Payroll accrual	79,698	67,844
Pension and employee benefits payable	4,488	15,654
Due to AANDC	48,341	-
	1,808,919	1,921,581

Poplar River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

8. Deferred revenue

	2014	2013
Province of Manitoba - Land management (Schedule 6)	-	27,355
Residential Rehabilitation Assistance Program (Schedule 7)	188,762	43,328
First Nations and Inuit Health (Schedule 10)	134,195	-
	322,957	70,683

9. Demand Loan

First Nation Bank loan, bearing interest at 5.65%, due on demand, secured by a General Security Agreement.

10. Long-term debt

	2014	2013
First Nations Bank term loan, payable in monthly instalments of \$575 plus interest at 4.75%, due November 2014, secured by a General Security Agreement.	4,031	9,213
First Nations Bank demand loan, payable in monthly instalments of \$6,095 including interest at 4%, next renewal date January 2015, due January 2030, secured by a General Security Agreement.	897,661	937,208
CMHC mortgage, payable in monthly instalments of \$3,914 including interest at 2.56%, next renewal date December 1, 2015, due November 1, 2025, amortized over 25 years, secured by a ministerial guarantee and assignment of fire insurance.	473,577	508,005
CMHC mortgage, payable in monthly instalments of \$4,564 including interest at 1.62%, next renewal date March 1, 2018, due March 1, 2033, amortized over 20 years, secured by a ministerial guarantee and assignment of fire insurance.	895,627	935,582
CMHC mortgage, payable in monthly instalments of \$1,621 including interest at 1.98%, next renewal date May 1, 2019, due May 1, 2029, amortized over 25 years, secured by a ministerial guarantee and assignment of fire insurance.	253,791	268,302
First Nations Bank loan, payable in monthly instalments of \$25,000 plus interest at prime plus 3.0% (2014 - 6.0%), due May 2015, secured by a General Security Agreement.	130,000	430,000
First Nations Bank mortgage, payable in monthly instalments of \$2,169 including interest at 4.69%, due February 1, 2035, secured by a General Security Agreement.	345,161	354,728
CMHC mortgage, payable in monthly instalments of \$2,526 including interest at 2.87%, next renewal date December 1, 2014, due November 1, 2034, amortized over 25 years, secured by a ministerial guarantee and assignment of fire insurance.	471,642	488,238
First Nations Bank term loan, payable in monthly instalments of \$718 including interest at 5.0%, due December 2018, secured by a General Security Agreement.	36,351	-
General Motors Acceptance Corporation term loan payable in monthly instalments of \$783 including interest at 6.49%, due January 2015, secured by vehicle with a net book value of \$6,896 (2013 - \$13,793).	6,644	15,306

Poplar River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

10. Long-term debt *(Continued from previous page)*

	2014	2013
CMHC mortgage, payable in monthly instalments of \$2,387 including interest at 2.75%, next renewal date February 1, 2016, due February 2036, amortized over 25 years, secured by a ministerial guarantee and assignment of fire insurance.	471,258	486,777
First Nations Bank term loan, payable in monthly instalments of \$7,195 plus interest at 5.0%, renewal November 2016; due November 1, 2031, secured by a General Security Agreement.	1,103,232	1,140,872
First Nations Bank term loan, payable in annual instalments of \$328,300 including interest at prime plus 2.75% (2014 - 5.75%), secured by a General Security Agreement, due May 1, 2016.	857,422	1,183,276
General Motors Acceptance Corporation term loan payable in monthly instalments of \$807 including interest at 1.90%, due January 2015, secured by vehicle with a net book value of \$7,743 (2013 - \$15,487).	7,144	16,595
General Motors Acceptance Corporation term loan repaid during the year.	-	15,903
	5,953,541	6,790,005

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed, are estimated as follows:

2015	696,000
2016	556,000
2017	436,000
2018	243,000
2019	249,000
	<hr/>
	2,180,000
	<hr/>

11. Contingent liabilities

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 relating to the year ending March 31, 2014 might be recovered.

AANDC has confirmed that \$56,440 and \$17,710 from fiscal year 2008-09 might be recovered. No repayment terms have been determined at this time.

Poplar River First Nation has guaranteed two loans for Negginan Fishing Station Ltd. As at March 31, 2014 an amount totaling \$48,418 (2013 - \$48,418) was still outstanding on these loans. No liability has been recorded for these guarantees.

The Nation is required to post its consolidated financial statements on a website and submit the consolidated financial statements to AANDC by July 29, 2014. As the audit report date is dated after this date, the Nation has not complied with this requirement. The possible effect of this non-compliance has not yet been determined.

Poplar River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

12. Accumulated surplus

	2014	2013
Equity in Ottawa Trust Funds	65,370	62,971
CMHC replacement reserve	185,113	205,234
CMHC subsidy surplus reserve	12,238	50,908
Invested in tangible capital assets	17,070,612	17,225,154
Unrestricted deficit	(1,639,603)	(1,217,428)
	15,693,730	16,326,839

13. Investments in Nation business entities

The Nation has investments in the following entities:

	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Cumulative share of earnings (loss)</i>	2014	Total investment
First Nation Business Partnerships – Modified Equity:					
Negginan Fishing Station Limited	1	-	(1)	-	-

Summary financial information for each Nation business entity, accounted for using the modified equity method, for their respective year-end is as follows:

<i>Negginan Fishing Station Limited As at December 31, 2013</i>	
Accounts receivable	106,963
Inventory	1,259
Property, plant and equipment	190,053
Total assets	298,275
Liabilities and Equity	
Accounts payable and accruals	163,385
Cheques issued in excess of cash on hand	11,894
Short-term debt	24,209
Long-term debt	159,983
Contributed Capital	126,708
Share Capital	1
Deficit	(187,905)
Total liabilities and equity	298,275
 Total revenue	
Total expenses	1,199,923
Net income	1,221,353
Deficit, beginning of year	(21,430)
Deficit, end of year	(166,475)
	(187,905)

Poplar River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

13. Investments in Nation business entities *(Continued from previous page)*

The Nation has guaranteed the following debt on behalf of its Nation business enterprise:

- Negginan Fishing Station Limited has a long-term debt due to First Nations' Bank in the amount of \$48,418, payable in monthly instalments averaging \$2,400 including principal and interest, with an interest rate of 5.45%. The Nation has guaranteed \$48,418 of this long-term debt.

14. AANDC and FNIH revenue reconciliation

	2014
AANDC revenue per funding agreement	8,737,800
Add: Recovery of AANDC accounts receivable previously written off	6,455
AANDC revenue per consolidated financial statement	<u>(8,744,255)</u>
	-
FNIH revenue per funding agreement	1,552,061
FNIH revenue per consolidated financial statement	<u>(1,552,061)</u>
	-

15. Consolidated schedule of segment expenses by object

	2014	2013
Amortization	1,586,916	1,661,588
Bank charges and interest	325,763	341,953
Compensation and training	5,166,590	5,000,069
Purchased goods and services	4,254,484	3,796,258
Social assistance	2,260,966	2,303,981
Support to community and members	381,196	316,483
Travel, accommodation and related costs	315,409	345,771
Tuition	551,477	597,842
	14,842,801	14,363,945

16. Economic dependence

Poplar River First Nation receives 71% (2013 - 61%) of its revenues from Aboriginal Affairs and Northern Development Canada ("AANDC") and First Nations and Inuit Health ("FNIH") as a result of Treaties entered into with the Government of Canada. These treaties are administered by AANDC and FNIH 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.

17. Pension liabilities

The First Nation remits its pension liabilities on a monthly basis and remittances were current at year end. Pension liabilities are not maintained in a separate bank account.

Poplar River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

18. Provision for site rehabilitation

The Manitoba Environmental Protection Act sets out the regulatory requirements to properly close and maintain active and inactive lagoon and landfill sites. Under environmental law, there is a requirement for closure and post closure care of solid waste lagoon and landfill sites including covering and landscaping and ongoing environmental monitoring, site inspection and maintenance.

As directed by PS 3270, a liability must be recognized beginning when the landfill first accepts waste to the date the landfill stops accepting waste. The liability for closure and post-closure care is recognized as the site capacity is used to the extent of the proportion of site capacity used compared to the estimated total expenditure required for closure and post-closure care.

The estimated total expenditure represents the sum of discounted future cash flows associated with closure and post-closure care considering current technology, the length of the post-closure care period and current environmental regulations. Expenditures that relate to an existing condition caused by past operations, and which do not contribute to future asset service potential, are expensed in the current year.

At year-end, the extent to which the Nation is bound by environmental laws of the Manitoba Environmental Protection Act was not determinable, and therefore, no liability has been recorded in these consolidated financial statements.

19. Budget information

The disclosed budget information has been approved by the Chief and Council of the Poplar River First Nation.

20. Comparative figures

Certain comparative figures have been reclassified to conform to current year's presentation.

Poplar River First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2014

	<i>Community Buildings</i>	<i>Housing</i>	<i>Infrastructure</i>	<i>Office Equipment</i>	<i>Vehicles</i>	<i>Subtotal</i>
Cost						
Balance, beginning of year	10,409,166	19,043,666	12,614,073	191,341	1,361,358	43,619,604
Acquisition of tangible capital assets	458,429	-	-	-	-	458,429
Balance, end of year	10,867,595	19,043,666	12,614,073	191,341	1,361,358	44,078,033
Accumulated amortization						
Balance, beginning of year	4,710,811	10,104,990	4,980,778	127,610	611,018	20,535,207
Annual amortization	403,995	678,695	334,500	29,468	140,258	1,586,916
Balance, end of year	5,114,806	10,783,685	5,315,278	157,078	751,276	22,122,123
Net book value of tangible capital assets	5,752,789	8,259,981	7,298,795	34,263	610,082	21,955,910
2013 Net book value of tangible capital assets	5,698,355	8,938,676	7,633,295	63,731	750,340	23,084,397

Poplar River First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2014

	<i>Subtotal</i>	<i>Construction in progress</i>	<i>2014</i>	<i>2013</i>
Cost				
Balance, beginning of year	43,619,604	491,671	44,111,275	43,346,267
Acquisition of tangible capital assets	458,429	905,933	1,364,362	765,008
Balance, end of year	44,078,033	1,397,604	45,475,637	44,111,275
Accumulated amortization				
Balance, beginning of year	20,535,207	-	20,535,207	18,873,619
Annual amortization	1,586,916	-	1,586,916	1,661,588
Balance, end of year	22,122,123	-	22,122,123	20,535,207
Net book value of tangible capital assets	21,955,910	1,397,604	23,353,514	23,576,068
2013 Net book value of tangible capital assets	23,084,397	491,671	23,576,068	

Poplar River First Nation
Schedule 2 - Summary of Schedules of Consolidated Segment Revenue and Expenses
For the year ended March 31, 2014

	Schedule #	AANDC Revenue	Other Revenue	Deferred Revenue	Total Revenue	Total Expenses	Transfers	2014 Surplus (Deficit)	2013 Surplus (Deficit)
Ottawa Trust Fund	3		2,399	-	2,399	-	-	2,399	1,516
Band Governance	4	869,041	507,840	-	1,376,881	1,775,803	424,411	25,489	69,961
Social Assistance	5	2,352,706	10,657		2,363,363	2,365,903		(2,540)	(30,788)
Land Management	6	-	47,250	27,355	74,605	28,282	(12,000)	34,323	172,101
Housing	7	596,507	1,037,862	(145,434)	1,488,935	1,049,682	(25,687)	413,566	995,349
Community Infrastructure	8	1,032,233	263,341	-	1,295,574	2,580,858		(1,285,284)	1,737,935
Education	9	3,893,768	78,392		3,972,160	3,995,073	(256,464)	(279,377)	(322,812)
Community Wellness	10		1,871,159	(134,195)	1,736,964	1,357,986	(130,260)	248,718	25,831
Economic Development	11	-	1,705,809	-	1,705,809	1,407,273	-	298,536	656,651
Training and Development	12		193,002	-	193,002	281,941	-	(88,939)	2,307
		8,744,255	5,717,711	(252,274)	14,209,692	14,842,801	-	(633,109)	3,308,051

Poplar River First Nation
Ottawa Trust Fund

Schedule 3 - Consolidated Schedule of Revenue and Expenses and Accumulated Surplus

For the year ended March 31, 2014

	2014	2013
Revenue		
Interest income	2,399	1,516
Surplus		
Accumulated surplus, beginning of year	2,399	1,516
	62,971	61,455
Accumulated surplus, end of year	65,370	62,971

Poplar River First Nation

Band Governance

Schedule 4 - Consolidated Schedule of Revenue and Expenses and Accumulated Surplus

For the year ended March 31, 2014

	2014	2013
Revenue		
Aboriginal Affairs and Northern Development Canada	869,041	870,313
Other revenue	285,236	112,356
Southeast Child and Family Services	222,604	241,992
	1,376,881	1,224,661
Expenses		
Amortization	169,726	165,850
Automotive	5,767	12,406
Bad debts	143,196	-
Bank charges and interest	69,980	71,373
Insurance	10,612	56,636
Office	128,513	73,312
Other expenses	-	4,487
Professional fees	231,249	133,543
Program expense	13,985	22,548
Salaries and benefits	833,551	716,376
Training	9,752	85,234
Travel	120,296	149,890
Utilities	39,176	74,544
	1,775,803	1,566,199
Deficit before transfers	(398,922)	(341,538)
Transfers between programs	424,411	411,499
Surplus	25,489	69,961
Accumulated surplus, beginning of year	1,949,934	1,879,973
Accumulated surplus, end of year	1,975,423	1,949,934

Poplar River First Nation

Social Assistance

Schedule 5 - Consolidated Schedule of Revenue and Expenses and Accumulated Surplus

For the year ended March 31, 2014

	2014	2013
Revenue		
Aboriginal Affairs and Northern Development Canada	2,352,706	2,370,464
Repayments to Aboriginal Affairs and Northern Development Canada	(61,096)	-
Other revenue	71,753	-
	2,363,363	2,370,464
Expenses		
Bank charges and interest	6,567	6,843
Office	3,663	4,124
Salaries and benefits	67,285	67,302
Social assistance - employable	1,876,228	1,848,756
Social assistance - special needs	75,189	70,598
Social assistance - unemployable	309,550	384,627
Travel	27,421	19,002
	2,365,903	2,401,252
Deficit	(2,540)	(30,788)
Accumulated surplus, beginning of year	48,546	79,334
Accumulated surplus, end of year	46,006	48,546

**Poplar River First Nation
Land Management**

Schedule 6 - Consolidated Schedule of Revenue and Expenses and Accumulated Surplus

For the year ended March 31, 2014

	2014	2013
Revenue		
Aboriginal Affairs and Northern Development Canada	-	49,660
Other revenue	47,250	46,966
Province of Manitoba	-	111,204
Revenue deferred in prior year	27,355	118,000
Revenue deferred to subsequent year	-	(27,355)
	74,605	298,475
Expenses		
Program expense	21,653	67,382
Salaries and benefits	4,198	39,345
Travel	2,431	7,647
	28,282	114,374
Surplus before transfers	46,323	184,101
Transfers between programs	(12,000)	(12,000)
Surplus	34,323	172,101
Accumulated surplus (deficit), beginning of year	171,553	(548)
Accumulated surplus, end of year	205,876	171,553

Poplar River First Nation

Housing

Schedule 7 - Consolidated Schedule of Revenue and Expenses and Accumulated Surplus

For the year ended March 31, 2014

	2014	2013
Revenue		
Aboriginal Affairs and Northern Development Canada	596,507	1,348,117
Canada Mortgage and Housing Corporation	297,295	232,217
Southeast Child and Family Services	600,057	486,564
Rental income	122,990	113,313
Other revenue	17,520	3,500
Revenue deferred in prior year	43,328	-
Revenue deferred to subsequent year	(188,762)	(43,328)
	1,488,935	2,140,383
Expenses		
Amortization	173,854	173,854
Automotive	19,432	32,707
Bank charges and interest	44,324	62,326
Contracted services	-	8,875
Elder Home program expenses	28,830	31,607
Furniture and equipment	1,071	4,108
Group Home program expenses	60,187	46,673
Insurance	107,922	83,248
Interest on long-term debt	115,186	140,660
Office	15,481	18,754
Professional fees	7,886	8,383
Program expense	1,512	-
Repairs and maintenance	35,919	40,814
Salaries and benefits	403,148	428,468
Telephone	10,788	-
Training	-	12,131
Travel	11,103	15,866
Utilities	13,039	16,409
	1,049,682	1,124,883
Surplus before transfers	439,253	1,015,500
Transfers between programs	(25,687)	(20,151)
Surplus	413,566	995,349
Accumulated surplus, beginning of year	9,607,994	8,612,645
Accumulated surplus, end of year	10,021,560	9,607,994

Poplar River First Nation
Community Infrastructure

Schedule 8 - Consolidated Schedule of Revenue and Expenses and Accumulated Surplus

For the year ended March 31, 2014

	2014	2013
Revenue		
Aboriginal Affairs and Northern Development Canada	1,032,233	640,275
Repayments to Aboriginal Affairs and Northern Development Canada	-	(639,235)
First Nations and Inuit Health	16,500	15,303
Other revenue	203,495	304,211
Fuel farm revenue	43,346	242,800
Revenue deferred in prior year	-	3,953,235
	1,295,574	4,516,589
Expenses		
Amortization	1,243,336	1,314,809
Automotive	62,982	234,174
Community building operations	56,289	241,123
Contracted services	-	280,698
Insurance	269,719	12,056
Interest on long-term debt	89,024	60,654
Office	-	215
Program expense	117,390	64,879
Repairs and maintenance	353,500	207,736
Salaries and benefits	309,141	344,875
Travel	27,862	13,812
Utilities	51,615	3,623
	2,580,858	2,778,654
Surplus (deficit)	(1,285,284)	1,737,935
Accumulated surplus, beginning of year	2,405,884	667,949
Accumulated surplus, end of year	1,120,600	2,405,884

Poplar River First Nation

Education

Schedule 9 - Consolidated Schedule of Revenue and Expenses and Accumulated Surplus

For the year ended March 31, 2014

	2014	2013
Revenue		
Aboriginal Affairs and Northern Development Canada	3,893,768	3,832,616
Repayments to Aboriginal Affairs and Northern Development Canada	(52,461)	(10,859)
Other revenue	130,853	62,943
	3,972,160	3,884,700
Expenses		
Automotive	99,083	76,056
Graduation expenses	26,705	20,056
Insurance	111,641	60,119
Interest on long-term debt	-	802
Office supplies	37,738	61,366
Other expenses	220	485
Other student expenses	38,598	36,846
Program expense	13,333	500
Program supplies	156,989	109,218
Rent	12,630	-
Repairs and maintenance	21,407	127,990
Salaries and benefits	1,983,665	2,004,746
Student accommodations and relocation	376,903	349,514
Student allowances	225,187	191,170
Student travel	128,386	87,226
Teacher recruitment and relocation	45,186	39,152
Training	39,894	75,392
Travel	59,018	53,530
Tuition	551,477	597,842
Utilities	67,013	66,413
	3,995,073	3,958,423
Deficit before transfers	(22,913)	(73,723)
Transfers between programs	(256,464)	(249,089)
Deficit	(279,377)	(322,812)
Accumulated surplus, beginning of year	515,699	838,511
Accumulated surplus, end of year	236,322	515,699

Poplar River First Nation
Community Wellness

Schedule 10 - Consolidated Schedule of Revenue and Expenses and Accumulated Deficit

For the year ended March 31, 2014

	2014	2013
Revenue		
Government funding		
First Nations and Inuit Health	1,535,561	1,603,400
Recovery from (repayments to) First Nations and Inuit Health	-	(21,676)
Other revenue	23,900	20,200
Arena revenue	311,698	-
Revenue deferred to subsequent year	(134,195)	-
	1,736,964	1,601,924
Expenses		
Amortization	-	7,077
Automotive	37,901	42,922
Insurance	18,067	36,906
Office	18,801	26,184
Program expense	116,275	221,597
Repairs and maintenance	82,853	67,058
Salaries and benefits	922,528	877,757
Telephone	-	805
Training	33,990	28,474
Travel	59,238	79,799
Utilities	68,048	57,254
Other expenses	285	-
	1,357,986	1,445,833
Surplus before transfers	378,978	156,091
Transfers between programs	(130,260)	(130,260)
Surplus	248,718	25,831
Accumulated deficit, beginning of year	(321,745)	(347,576)
Accumulated deficit, end of year	(73,027)	(321,745)

Poplar River First Nation
Economic Development
Schedule 11 - Consolidated Schedule of Revenue and Expenses and Accumulated
Surplus

For the year ended March 31, 2014

	2014	2013
Revenue		
Casino revenue	658,839	660,183
Fuel farm revenue	296,042	-
East Side Road Authority revenue	286,055	119,380
Tobacco tax rebates	272,461	204,312
Norwin Construction	99,722	151,750
Southeast Child and Family Services	55,725	48,917
Other revenue	36,965	400,103
	1,705,809	1,584,645
Expenses		
Automotive	7,512	13,895
Band Member payouts	111,069	95,189
Band member support	270,127	221,294
Bank charges and interest	682	-
Economic development loans	-	8,475
Materials	314,636	-
Office	14,320	11,422
Other expenses	13,437	9,918
Repairs and maintenance	133,667	138,977
Road clearing	250,343	145,486
Salaries and benefits	283,441	275,996
Travel	8,039	6,225
Utilities	-	1,118
	1,407,273	927,995
Surplus	298,536	656,650
Accumulated surplus, beginning of year	1,973,186	1,316,536
Accumulated surplus, end of year	2,271,722	1,973,186

Poplar River First Nation
Training and Development

Schedule 12 - Consolidated Schedule of Revenue and Expenses and Accumulated Deficit

For the year ended March 31, 2014

	2014	2013
Revenue		
Other revenue	193,002	48,639
Expenses		
Program expense	3,425	2,359
Salaries and benefits	276,000	43,973
Telephone	2,516	-
	281,941	46,332
Surplus (deficit)	(88,939)	2,307
Accumulated deficit, beginning of year	(87,187)	(89,494)
Accumulated deficit, end of year	(176,126)	(87,187)