

**EBB AND FLOW FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2014**

EBB AND FLOW FIRST NATION

MARCH 31, 2014

CONTENTS

	Page
MANAGEMENT'S RESPONSIBILITY	1
AUDITORS' REPORT	2
FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	3
Consolidated Statement of Operations	4
Consolidated Statement of Changes in Net Debt	5
Consolidated Statement of Cash Flows	6
NOTES TO THE FINANCIAL STATEMENTS	7
SCHEDULES OF CONSOLIDATED SEGMENT REVENUE AND EXPENSES AND SURPLUS (DEFICIT)	
Schedule 1 - Consolidated Schedule of Tangible Capital Assets	17
Schedule 2 - Summary Schedule of Segment Revenue and Expenses	18
Schedule 3 - Governance and Administration	19
Schedule 4 - Social	20
Schedule 5 - Health	21
Schedule 6 - Housing	22
Schedule 7 - Economic Development	23
Schedule 8 - Education	24
Schedule 9 - Operations and Maintenance	25
Schedule 10 - Ottawa Trust	26
Schedule 11 - Training and Other	27

MANAGEMENT'S RESPONSIBILITY

To the Members of Ebb and Flow First Nation:

Management is responsible for the preparation 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 judgement 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 financial statements.

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

Zaplitny and Zamrykut, Chartered Accountants, an independent firm of Chartered Accountants, is appointed by the 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 Council and management to discuss their audit findings.

December 19, 2014

<u> </u>	Chief	<u> </u>	Vice Chief
<u>Wesley J. J. J.</u>	Councillor	<u>Cliff G. G.</u>	Councillor
<u> </u>	Councillor	<u> </u>	Councillor

AUDITORS' REPORT

To the Members of Ebb and Flow First Nation:

We have audited the consolidated statement of financial position of the Ebb and Flow First Nation as at March 31, 2014 and the consolidated statements of operations, changes in net debt, cash flows, the consolidated schedule of tangible capital assets (Schedule 1) for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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' judgement, 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 entity's preparation and fair representation 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 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 financial statements.

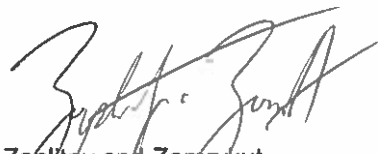
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Audit Opinion

The CICA Public Sector Accounting Handbook Section 1201.127-.133 requires the presentation of budget figures in the consolidated financial statements. In 2013-14 the Chief and Council of the Ebb and Flow First Nation failed to approve a budget and therefore no budget figures are being disclosed in the consolidated statements of operations.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of the Ebb and Flow First Nation as at March 31, 2014 and the results of its operations and accumulated surplus, changes in net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Zapolitny and Zamrykut,
Chartered Accountants

Dauphin, Manitoba
December 19, 2014

EBB AND FLOW FIRST NATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2014

	2014	2013
FINANCIAL ASSETS		
Restricted Cash - Note 3	\$ 1,134,654	\$ 1,055,730
Short Term Investments - Note 4	50,054	-
Accounts Receivable - Note 5	894,563	3,413,139
Inventory Held for Resale - Note 6	292,348	329,451
	2,371,619	4,798,320
LIABILITIES		
Bank Indebtedness	1,187,125	955,402
Accounts Payable and Accruals - Note 7	3,220,142	1,504,331
Deferred Revenue - Note 8	150,000	2,826,915
Long Term Debt - Note 9	15,022,794	13,232,712
	19,580,061	18,519,360
NET DEBT	(17,208,442)	(13,721,040)
NON-FINANCIAL ASSETS		
Tangible Capital Assets - Schedule 1	38,347,374	29,671,482
Deferred Finance Charges - Note 11	621,750	-
Prepaid Expenses	108,553	10,710
	39,077,677	29,682,192
ACCUMULATED SURPLUS - NOTE 10	\$ 21,869,235	\$ 15,961,152

Approved on Behalf of the Council

	Chief		Vice Chief
	Councillor		Councillor
	Councillor		Councillor

(The accompanying notes are an integral part of these financial statements.)

EBB AND FLOW FIRST NATION

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2014

	2014 Budget (Unaudited)	2014	2013
REVENUE			
Aboriginal Affairs and Northern Development Canada (AANDC)	\$ -	\$ 17,998,741	\$ 13,885,574
AANDC Recoveries	-	(287,797)	(57,285)
First Nation and Inuit Health (FNIH)	-	2,146,170	1,643,034
Canada Mortgage and Housing Corporation (CMHC)	-	748,076	841,150
Province of Manitoba	-	696,881	3,106,109
Manitoba Bison Co-op	-	14,427	69,587
Fuel, Confectionery, and Tobacco	-	4,497,725	4,254,215
Other	-	575,991	497,650
First People Development Inc.	-	612,030	595,447
Frontier School Division	-	953,290	1,124,578
Restaurant	-	455,515	830,418
VLT Proceeds	-	1,062,257	1,279,027
Rent	-	1,164,337	1,163,279
Interest	-	1,091	1,283
Revenue Deferred in Prior Year - Note 8	-	2,826,915	23,200
Revenue Deferred to Subsequent Year-Note 8	-	(150,000)	(2,826,915)
	-	33,315,649	26,430,351
EXPENSES			
Governance and Administration	-	2,268,655	1,571,078
Social	-	4,223,416	4,246,700
Health	-	1,929,052	1,911,616
Housing	-	1,407,791	2,289,116
Economic Development	-	229,075	189,671
Education	-	6,444,214	6,468,291
Operations and Maintenance	-	2,531,723	2,318,960
Training and Other	-	8,373,640	8,227,915
	-	27,407,566	27,223,347
ANNUAL SURPLUS (DEFICIT)	\$ -	5,908,083	(792,996)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	-	15,961,152	16,754,148
ACCUMULATED SURPLUS, END OF YEAR	-	\$ 21,869,235	\$ 15,961,152

(The accompanying notes are an integral part of these financial statements.)

EBB AND FLOW FIRST NATION

CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT FOR THE YEAR ENDED MARCH 31, 2014

	2014	2013
ANNUAL SURPLUS (DEFICIT)	\$ 5,908,083	\$ (792,996)
Prior Period Adjustment	-	204,474
Purchases of Tangible Capital Assets	(10,604,416)	(594,779)
Amortization of Tangible Capital Assets	1,928,524	2,194,374
Finance Charges Relating to New Debt	(621,750)	-
Net (Increase) Decrease of Prepaid Expenses	(97,843)	5,341
DECREASE (INCREASE) IN NET DEBT	(3,487,402)	1,016,414
NET DEBT, BEGINNING OF YEAR	(13,721,040)	(14,737,454)
NET DEBT, END OF YEAR	\$(17,208,442)	\$(13,721,040)

(The accompanying notes are an integral part of these financial statements.)

EBB AND FLOW FIRST NATION

CONSOLIDATED STATEMENT OF CASH FLOWS

MARCH 31, 2014

	2014	2013
CASH PROVIDED BY OPERATING ACTIVITIES		
Cash Receipts from Contributors	\$ 33,157,310	\$ 26,695,324
Cash Paid to Suppliers	(15,626,710)	(14,986,385)
Cash Paid to Employees	(8,429,080)	(9,044,935)
Interest on Long Term Debt	(361,061)	(553,765)
NET CASH PROVIDED BY OPERATING ACTIVITIES	8,740,459	2,110,239
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances of Long Term Debt	3,800,000	225,000
Repayment of Long Term Debt	(2,009,918)	(1,072,041)
CASH FLOWS USED IN FINANCING ACTIVITIES	1,790,082	(847,041)
CASH FROM INVESTING ACTIVITIES		
Purchase of Tangible Capital Assets	(10,604,416)	(594,779)
(Increase) Decrease in Restricted Cash	(78,924)	(179,974)
CASH USED IN INVESTING ACTIVITIES	(10,683,340)	(774,753)
NET CASH INCREASE	(152,799)	488,445
CASH (BANK INDEBTEDNESS), beginning of year	100,328	(388,117)
CASH (BANK INDEBTEDNESS), end of year	\$ (52,471)	\$ 100,328
Bank Balance (Indebtedness) consists of:	2014	2013
Cash in Bank	\$ -	\$ -
Restricted Cash	1,134,654	1,055,730
Bank Indebtedness	(1,187,125)	(955,402)
	\$ (52,471)	\$ 100,328

Supplementary Cash Flow Information:

Interest Received	\$ 1,091	\$ 1,283
Interest Paid	361,061	553,765

(The accompanying notes are an integral part of these financial statements.)

EBB AND FLOW FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

1. OPERATIONS

The Ebb and Flow First Nation (The "First Nation") is located in the province of Manitoba, and provides various services to its members. The Ebb and Flow First Nation includes the government, and all related entities that are either owned or controlled by the First 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:

Basis of presentation

Sources of financing and expenditures are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures 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.

Reporting entity

The consolidated financial statements are presented on a consolidated basis which includes the unincorporated business operations which are owned and/or controlled by the First Nation and programs for which separate financial statements are issued as listed in the significant accounting policies notes under the *segments* heading.

There are no incorporated business entities which are owned or controlled by the First Nation.

Tangible capital assets

Tangible capital assets are initially recorded at cost based on historical cost accounting records. Contributed tangible capital assets are recorded at their fair value at the date of contribution. Tangible capital assets are amortized using the straight line method at rates intended to amortize the cost of the assets over their estimated useful lives:

Buildings	40 Years
CMHC Housing	annual principal reduction
Computer Equipment	3 Years
Environmental Infrastructure	40 Years
Equipment	5 Years
Leasehold Improvements	5 Years
Motor Vehicles	5 Years
Roads and Street Lights	40 Years

EBB AND FLOW FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES - continued

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 First Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds the value of future economic benefits associated with the asset. Impairment is measured as the amount by which the assets' carrying amount exceeds the residual value of the assets' service potential to the First Nation. Any impairment is included in operations for the year.

Non-financial assets

The First 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 First Nation unless they are sold.

Measurement uncertainty

The preparation of consolidated financial statements in accordance 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 expenditures during the reporting period.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where necessary. Amortization is based on the estimated useful lives of the related tangible capital assets. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

EBB AND FLOW FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Segments

The First Nation conducts its business through 9 reportable segments as reported below. These operating segments are established by senior management to facilitate the achievement of the First 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 First Nation's segments are as follows:

Governance and administration - reports on governance and administration activities

Social - reports on social assistance programs

Health - reports on health and wellness programs funded by FNIH

Housing - reports on activities related to developing and sustaining housing including CMHC subsidized housing

Economic Development - reports on services that facilitate economic development

Education - reports on the operations of education programs

Operations and Maintenance - reports on general operations and maintenance programs in the First Nation

Ottawa Trust - reports on funding held in the Ottawa Trust

Training and Other - reports on training and other activities

Inter-segment transfers are recorded at their exchange amount. 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.

Financial Instruments

Financial instruments include cash, restricted cash, accounts receivable, bank indebtedness, accounts payable and accruals and long-term debt. Unless otherwise stated, it is management's opinion that the First Nation is not exposed to significant interest, currency or credit risk arising from the financial instruments.

Revenue recognition

Government transfer revenue 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 statement of financial position in the year of receipt, and is matched with the related department expenses in the year of their occurrence. Other revenue is recognized by the First Nation when the services are provided or goods are shipped.

EBB AND FLOW FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Employee future benefits

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

3. RESTRICTED CASH

	2014	2013
CMHC Replacement Reserve	\$ 1,111,996	\$ 1,034,162
Ottawa Trust	22,658	21,568
	<u>\$ 1,134,654</u>	<u>\$ 1,055,730</u>

CMHC Replacement Reserve

Under the terms of the operating agreements with Canada Mortgage and Housing Corporation (CMHC), the replacement reserve account is to be credited an annual amount based on the number and type of houses available for use. These funds, along with accumulated interest, 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 First Nation is currently in contravention of its major funding agreement with CMHC. At year end the specified replacement reserve bank account was underfunded by \$1,111,996 (2012/13 - \$1,034,162).

Ottawa Trust

The Ottawa Trust funds are held in trust in the consolidated revenue fund of the Government of Canada and subject to audit by the office of the Auditor General of Canada. Funds held in trust on behalf of First Nation members by the Government of Canada are reported on the statement of financial position with an offsetting amount in members' equity and consist of:

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

EBB AND FLOW FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

4. SHORT TERM INVESTMENTS

	2014	2013
RBC Money Market Fund	\$ 49,375	\$ -
RBC Money Market Fund	679	-
	\$ 50,054	\$ -

5. ACCOUNTS RECEIVABLE

	2014	2013
AANDC, per confirmation	\$ 265,181	\$ 3,082,805
Other	629,382	330,334
	\$ 894,563	\$ 3,413,139

6. INVENTORY HELD FOR RESALE

	2014	2013
Tobacco	\$ 43,305	\$ 51,824
Supplies	10,000	10,000
Bingo Cards	4,652	4,217
Fuel and Confectionery Inventory	98,291	127,310
Livestock	136,100	136,100
	\$ 292,348	\$ 329,451

Inventory or supplies and goods available for resale are recorded at the lower of cost and net realizable value.

7. ACCOUNTS PAYABLE

	2014	2013
AANDC, prior year recoveries	\$ 232,381	\$ 128,253
Other	2,987,761	1,376,078
	\$ 3,220,142	\$ 1,504,331

8. DEFERRED REVENUE

	2014	2013
AANDC - Water and Wastewater < \$1.5M	\$ 150,000	\$ -
AANDC - Flood and Erosion Control	-	439,830
AANDC - Planning Design and Construction	-	2,377,000
AANDC - Search and Recovery	-	10,085
	\$ 150,000	\$ 2,826,915

EBB AND FLOW FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

9. LONG TERM DEBT

	2014	2013
Bank of Montreal (Facility #2) loan, originated March 2014 bearing interest at prime plus 2.00% per annum, repayable in monthly installments of \$52,083 plus interest. The loan matures on March 2018 and is secured by a first charge against the First Nation's own source revenues.	\$ 2,500,000	\$ -
Bank of Montreal (Facility #3) loan, originated March 2014 bearing interest at prime plus 2.00% per annum, with monthly interest payments and no scheduled repayment of principal for 12 months. The principal will be repaid monthly during the remaining 36 months plus interest. The loan matures on March 2018 and is secured by a first charge against the First Nation's own source revenues.	1,300,000	-
Canada Mortgage and Housing Corporation loan bearing interest at 2.97% per annum, repayable in monthly blended payments of \$5,234. The loan matures on April 1, 2016 and is secured by a ministerial guarantee by the Government of Canada.	1,045,955	1,046,702
Canada Mortgage and Housing Corporation loan bearing interest at 2.56% per annum, repayable in monthly blended payments of \$4,819. The loan matures on December 1, 2015 and is secured by a ministerial guarantee by the Government of Canada.	993,129	996,883
Canada Mortgage and Housing Corporation loan bearing interest at 1.62% per annum, repayable in monthly blended payments of \$6,523. The loan matures on December 1, 2017 and is secured by a ministerial guarantee by the Government of Canada.	304,308	357,680
Canada Mortgage and Housing Corporation loan bearing interest at 1.62% per annum, repayable in monthly blended payments of \$1,155. The loan matures on March 1, 2018 and is secured by a ministerial guarantee by the Government of Canada.	122,018	126,964
Canada Mortgage and Housing Corporation loan bearing interest at 1.64% per annum, repayable in monthly blended payments of \$1,941. The loan matures on December 1, 2016 and is secured by a ministerial guarantee by the Government of Canada.	279,534	286,594

EBB AND FLOW FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

8. LONG TERM DEBT - continued

	2014	2013
Canada Mortgage and Housing Corporation loan bearing interest at 2.57% per annum, repayable in monthly blended payments of \$2,350. The loan matures on December 1, 2014 and is secured by a ministerial guarantee by the Government of Canada.	\$ 379,450	\$ 383,878
Canada Mortgage and Housing Corporation loan bearing interest at 1.64% per annum, repayable in monthly blended payments of \$6,061. The loan matures on December 1, 2016 and is secured by a ministerial guarantee by the Government of Canada.	1,156,292	1,173,750
Canada Mortgage and Housing Corporation loan bearing interest at 1.62% per annum, repayable in monthly blended payments of \$5,283. The loan matures on March 1, 2013, and is secured by a ministerial guarantee by the Government of Canada.	1,068,558	1,083,006
Canada Mortgage and Housing Corporation loan bearing interest at 1.53% per annum, repayable in monthly blended payments of \$3,449. The loan matures on December 1, 2017 and is secured by a ministerial guarantee by the Government of Canada.	692,688	702,812
Canada Mortgage and Housing Corporation loan bearing interest at 2.17% per annum, repayable in monthly blended payments of \$3,127. The loan matures on May 1, 2014 and is secured by a ministerial guarantee by the Government of Canada.	623,595	628,926
Canada Mortgage and Housing Corporation loan bearing interest at 2.14% per annum, repayable in monthly blended payments of \$7,178. The loan matures on May 1, 2014 and is secured by a ministerial guarantee by the Government of Canada.	1,444,368	1,456,745
Canada Mortgage and Housing Corporation loan bearing interest at 2.87% per annum, repayable in monthly blended payments of \$5,134. The loan matures on December 1, 2014 and is secured by a ministerial guarantee by the Government of Canada.	991,723	994,411
Canada Mortgage and Housing Corporation loan bearing interest at 2.65% per annum, repayable in monthly blended payments of \$3,369. The loan matures on February 1, 2015 and is secured by a ministerial guarantee by the Government of Canada.	669,405	672,068

EBB AND FLOW FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

8. LONG TERM DEBT - continued

	2014	2013
Canada Mortgage and Housing Corporation loan bearing interest at 3.1% per annum, repayable in monthly blended payments of \$1,484. The loan matures on January 1, 2018 and is secured by a ministerial guarantee by the Government of Canada.	\$ 68,768	\$ 79,836
Peace Hills Trust loan bearing interest at 5.7% per annum, repayable in monthly blended payments of \$2,376. The loan matures on April 1, 2019 and is secured by a ministerial guarantee by the Government of Canada.	2,442	30,058
Peace Hills Trust loan bearing interest at 5.7% per annum, repayable in monthly blended payments of \$4,969. The loan matures on April 1, 2019 and is secured by a ministerial guarantee by the Government of Canada.	5,088	62,865
Bank of Nova Scotia loan bearing interest at 5.19% per annum, repayable in monthly blended payments of \$1,507. The loan matures on April 1, 2016 and is secured by a ministerial guarantee by the Government of Canada.	99,678	106,116
Bank of Nova Scotia loan bearing interest at 5.39% per annum, repayable in monthly blended payments of \$3,000. The loan matures on September 1, 2016 and is secured by a ministerial guarantee by the Government of Canada.	206,123	218,101
Bank of Nova Scotia loan bearing interest at 5.29% per annum, repayable in monthly blended payments of \$7,391. The loan matures on August 1, 2016 and is secured by a ministerial guarantee by the Government of Canada.	285,519	313,484
Peace Hills Trust loan bearing interest at 4.84% per annum, repayable in monthly blended payments of \$5,027. The loan matures on October 1, 2019 and is secured by a ministerial guarantee by the Government of Canada.	303,955	348,731
Bank of Nova Scotia loan bearing interest at 5.29% per annum, repayable in monthly blended payments of \$3,056. The loan matures on January 1, 2017 and is secured by a ministerial guarantee by the Government of Canada.	171,801	186,249

EBB AND FLOW FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

8. LONG TERM DEBT - continued

	2014	2013
John Deere Credit loan bearing interest at 10.75% per annum, repayable in annual principal payments of \$30,557 plus interest and is secured by a 2007 JD 744 loader.	\$ -	\$ 27,591
Royal Bank of Canada open rate loan repayable in monthly blended payments of \$26,050. The loan matures on March 31, 2013 and is secured by a ministerial guarantee by a general security agreement.	-	1,605,682
Catalyst Credit Union loan bearing interest at 5.926% per annum, repayable in monthly blended payments of \$1,425 and is secured by a first charge on parcel A, B, and C, plan 28535 DLTO on NE 1/4 4-25-19W in the City of Dauphin.	135,897	141,080
First Peoples Development Inc. demand loan bearing no interest, repayable in monthly payments of \$2,500 and is secured by inventory and equipment using in the operation of the store.	172,500	202,500
	\$ 15,022,794	\$ 13,232,712

Principal repayments on long-term debt in each of the next five years are estimated as follows:

2014-15	\$ 1,333,259
2015-16	1,779,642
2016-17	1,801,010
2017-18	1,781,723
2018-19	601,590
Thereafter	7,725,570

10. ACCUMULATED SURPLUS

Accumulated surplus includes \$22,658 (2012/13 - \$21,568) relating to Ottawa Trust Funds.

11. DEFERRED FINANCE CHARGES

In March of 2014, the First Nation received approval for \$10.8 million in financing from the Bank of Montreal through the services provided by a commercial loan broker. The approved credit facilities consist of: (i) \$7.0 million non-revolving demand loan for the purpose of financing the construction of a commercial building on-reserve, (ii) \$2.5 million non-revolving demand loan to consolidate existing long term debt, and (iii) \$1.3 million non-revolving demand loan to consolidate outstanding debts owed to various trade creditors. As at March 31, 2014 the Bank of Montreal advanced the \$2.5 million and the \$1.3 million demand loans.

The cost of securing these credit facilities totalled \$621,750. This cost will be amortized of the terms of the demand loans starting when the first payment is due in April 2014.

EBB AND FLOW FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

12. EXPENSES BY OBJECT

	2014	2013
Amortization	\$ 1,928,524	\$ 2,194,374
Interest	485,436	553,765
Member Services and Support	815,569	848,836
Purchased Goods and Services	22,705,417	11,375,633
Salaries and Benefits	8,577,883	9,044,935
Social Assistance	2,657,823	2,662,134
Training	394,374	606,254
Travel	446,956	532,195
	\$ 38,011,982	\$ 27,818,126

13. CONTINGENT LIABILITIES

Potential Government Funding Recoveries

The First Nation is subject to funding recoveries according to their agreements with federal government agencies. At year end, AANDC confirmed that \$Nil, other than amounts already included in accounts payable and accruals, might be recovered by these federal government agencies.

Economic Dependence

The Ebb and Flow First Nation receives a significant portion of its revenue 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 First Nations to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

14. FEDERAL ASSISTANCE PAYMENTS

The First Nation has received federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 95 of the National Housing Act to reduce the mortgage interest expense to 2.0% to enable the First Nation to provide housing to low income individuals.

15. DEFINED CONTRIBUTION PENSION PLAN

The First Nation has a defined contribution pension plan covering all full-time employees in the Governance/Administration and Education segments. The First Nation remits monthly contributions to the administrator of the plan and remittances were current at year end.

16. BUDGET INFORMATION

The budget figures are presented as supplementary information to the financial statements and have not been audited.

EBB AND FLOW FIRST NATION

SCHEDULE 1 - CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED MARCH 31, 2014

	Land and Land Improvements	Roads	Environmental Infrastructure	Buildings and Other Housing	CMHC Housing	Vehicles	Equipment	Computer Equipment	Leasehold Improvements	2014	2013
COST											
Balance, Beginning of Year	\$ 337,846	\$ 3,279,868	\$ 5,737,251	\$ 38,445,721	\$ 19,012,480	\$ 1,411,946	\$ 2,617,178	\$ 99,524	\$ 36,341	\$ 70,978,155	\$ 70,383,376
Acquisitions	881,200	138,750	-	9,072,950	-	215,821	295,695	-	-	10,604,416	594,779
Disposals & Write Downs	-	-	-	-	-	-	-	-	-	-	-
Balance, End of Year	1,219,046	3,418,618	5,737,251	47,518,671	19,012,480	1,627,767	2,912,873	99,524	36,341	81,582,571	70,978,155
ACCUMULATED AMORTIZATION											
Balance, Beginning of Year	-	1,953,929	2,660,844	27,584,861	5,479,552	1,014,112	2,459,442	97,592	36,341	41,306,673	39,112,299
Amortization	-	83,731	143,431	1,074,554	340,441	182,446	103,205	716	-	1,928,524	2,194,374
Balance, End of Year	-	2,037,660	2,824,275	28,659,415	5,819,993	1,196,558	2,562,647	98,308	36,341	43,235,197	41,306,673
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 1,219,046	\$ 1,380,958	\$ 2,912,976	\$ 18,859,256	\$ 13,192,487	\$ 431,209	\$ 350,226	\$ 1,216	\$ -	\$ 38,347,374	\$ 29,671,482
2013 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 337,846	\$ 1,325,939	\$ 3,056,407	\$ 10,860,860	\$ 13,532,928	\$ 397,834	\$ 157,736	\$ 1,932	\$ -		

EBB AND FLOW FIRST NATION

SCHEDULE 2 - CONSOLIDATED SUMMARY SCHEDULE OF SEGMENT REVENUE AND EXPENSES FOR THE YEAR ENDED MARCH 31, 2014

	Schedule #	AANDC Revenue	Other Revenue	Deferred Revenue	Total Revenue	Total Expenses	Transfers	2014	2013
Governance and Administration	2	\$ 650,484	\$ 59,926	\$ -	\$ 710,410	\$ (2,268,655)	\$ (67,243)	\$ (1,625,488)	\$ (682,698)
Social Assistance	3	4,133,704	77,552	-	4,211,256	(4,223,416)	(16,558)	(28,718)	(44,814)
Health	4	-	2,282,134	-	2,282,134	(1,929,052)	(113,559)	239,523	(93,877)
Housing	5	-	1,854,285	-	1,854,285	(1,407,791)	(53,399)	393,095	(9,018)
Economic Development	6	128,940	14,427	-	143,367	(229,075)	-	(85,708)	(18,844)
Education	7	5,226,357	825,053	-	6,051,410	(6,444,214)	(300,704)	(693,508)	(129,965)
Operations and Maintenance	8	7,859,256	43,456	2,676,915	10,579,627	(2,531,723)	-	8,047,904	(1,199,845)
Ottawa Trust	9	-	1,091	-	1,091	-	-	1,091	1,283
Training and Other	10	-	7,482,069	-	7,482,069	(8,373,640)	551,463	(340,108)	1,384,782
		\$ 17,998,741	\$ 12,639,993	\$ 2,676,915	\$ 33,315,649	\$ (27,407,566)	\$ -	\$ 5,908,083	\$ (792,996)

EBB AND FLOW FIRST NATION

SCHEDULE 3 - GOVERNANCE AND ADMINISTRATION

CONSOLIDATED SCHEDULE OF SEGMENT REVENUE AND EXPENSES AND SURPLUS (DEFICIT)

FOR THE YEAR ENDED MARCH 31, 2014

	2014 Budget (Unaudited)	2014	2013
REVENUE			
Aboriginal Affairs and Northern Development Canada (AANDC)	\$ -	\$ 650,484	\$ 597,295
AANDC Recoveries	-	(104,128)	-
Administrative Fees	-	37,011	-
Other	-	100,065	160,313
Rent	-	26,978	23,150
	-	710,410	780,758
EXPENSES			
Advertising and Promotion	-	585	6,014
Band Member Support	-	77,575	223,610
Bank Charges and Interest	-	117,501	137,963
Chief and Council Honoraria	-	363,590	363,590
Chief and Council Travel	-	133,376	-
Food	-	2,116	7,022
Insurance	-	21,102	19,395
Office	-	32,621	49,558
Professional Fees	-	1,015,080	245,895
Repairs and Maintenance	-	10,746	64,254
Salaries and Benefits	-	323,510	160,723
Trucking and Freight	-	2,073	1,078
Telephone	-	63,552	50,332
Training	-	8,801	45,551
Travel	-	80,159	183,417
Utilities	-	16,268	12,676
	-	2,268,655	1,571,078
ANNUAL SURPLUS (DEFICIT) BEFORE TRANSFERS	-	(1,558,245)	(790,320)
TRANSFERS	-	(67,243)	107,622
ANNUAL SURPLUS (DEFICIT)	\$ -	(1,625,488)	(682,698)
ACCUMULATED DEFICIT, BEGINNING OF YEAR		(974,595)	(291,897)
ACCUMULATED DEFICIT, END OF YEAR		\$ (2,600,083)	\$ (974,595)

EBB AND FLOW FIRST NATION

SCHEDULE 4 - SOCIAL ASSISTANCE

CONSOLIDATED SCHEDULE OF SEGMENT REVENUE AND EXPENSES AND SURPLUS (DEFICIT)

FOR THE YEAR ENDED MARCH 31, 2014

	2014 Budget (Unaudited)	2014	2013
REVENUE			
Aboriginal Affairs and Northern Development Canada (AANDC)	\$ -	\$ 4,133,704	\$ 4,154,975
Province of Manitoba	-	77,552	97,700
	-	4,211,256	4,252,675
EXPENSES			
Administration Fees	-	982	11,493
Bank Charges	-	10,299	-
Basic Needs	-	2,551,643	2,626,416
Burials	-	12,059	27,448
CMHC Shelter Allowance	-	599,251	581,187
Community Activities	-	5,279	12,544
Office	-	12,717	2,181
Repairs & Maintenance	-	1,115	-
Salaries and Benefits	-	178,774	190,714
Special Needs	-	106,180	116,273
Training	-	-	1,703
Travel	-	6,195	5,973
Utilities	-	738,922	670,768
	-	4,223,416	4,246,700
ANNUAL SURPLUS (DEFICIT) BEFORE TRANSFERS	-	(12,160)	5,975
TRANSFERS	-	(16,558)	(50,789)
ANNUAL SURPLUS (DEFICIT)	\$ -	(28,718)	(44,814)
ACCUMULATED SURPLUS (DEFICIT), BEGINNING OF YEAR		(79,578)	(34,764)
ACCUMULATED SURPLUS (DEFICIT), END OF YEAR		\$ (108,296)	\$ (79,578)

EBB AND FLOW FIRST NATION

SCHEDULE 5 - HEALTH

CONSOLIDATED SCHEDULE OF SEGMENT REVENUE AND EXPENSES AND SURPLUS (DEFICIT)

FOR THE YEAR ENDED MARCH 31, 2014

	2014 Budget (Unaudited)	2014	2013
REVENUE			
First Nation and Inuit Health (FNIH)	\$ -	\$ 2,146,170	\$ 1,643,034
Administration Fees	-	119,211	149,921
Other	-	16,753	12,017
	-	2,282,134	1,804,972
EXPENSES			
Accommodations	-	16,178	25,480
Administration Fees	-	118,229	138,428
Amortization	-	27,732	60,927
Alarm	-	361	258
Auto	-	181,796	124,713
Bank Charges and Interest	-	9,304	11,063
Care Treatment And Prevention	-	-	600
Community Events	-	625	10,553
Food	-	2,941	4,543
Honorariums	-	7,976	24,340
Insurance	-	1,809	21,516
Memberships	-	1,360	2,055
Mental Health	-	58,990	92,630
Miscellaneous	-	13,006	1,479
Office	-	15,700	12,396
Repairs and Maintenance	-	17,497	7,422
Rent	-	14,400	14,400
Salaries and Benefits	-	1,118,675	1,101,116
Supplies	-	5,455	7,860
Telephone	-	19,036	19,257
Training	-	144,750	87,775
Travel	-	133,234	129,497
Utilities	-	19,998	13,308
	-	1,929,052	1,911,616
ANNUAL SURPLUS (DEFICIT) BEFORE TRANSFERS	-	353,082	(106,644)
TRANSFERS	-	(113,559)	12,767
ANNUAL SURPLUS (DEFICIT)	\$ -	239,523	(93,877)
ACCUMULATED SURPLUS (DEFICIT), BEGINNING OF YEAR		(324,783)	(230,906)
ACCUMULATED SURPLUS (DEFICIT), END OF YEAR		\$ (85,260)	\$ (324,783)

EBB AND FLOW FIRST NATION

SCHEDULE 6 - HOUSING

CONSOLIDATED SCHEDULE OF SEGMENT REVENUE AND EXPENSES AND SURPLUS (DEFICIT)

FOR THE YEAR ENDED MARCH 31, 2014

	2014 Budget (Unaudited)	2014	2013
REVENUE			
Canada Mortgage and Housing Corporation (CMHC)	\$ -	\$ 748,076	\$ 841,150
Shelter Allowance	-	1,106,209	1,106,209
	-	1,854,285	1,947,359
EXPENSES			
Administration	-	2,205	5,800
Amortization	-	340,441	671,348
Bank Charges and Interest	-	4,279	4,603
Insurance	-	317,512	266,597
Interest on Long Term Debt	-	287,353	338,104
Office	-	1,190	820
Professional Fees	-	11,320	11,500
Repairs and Maintenance	-	298,527	837,938
Salaries and Benefits	-	111,026	112,927
Travel	-	27,503	21,368
Utilities	-	6,435	18,111
	-	1,407,791	2,289,116
ANNUAL SURPLUS (DEFICIT) BEFORE TRANSFERS	-	446,494	(341,757)
TRANSFERS	-	(53,399)	332,739
ANNUAL SURPLUS (DEFICIT)	\$ -	393,095	(9,018)
ACCUMULATED SURPLUS (DEFICIT), BEGINNING OF YEAR		1,021,667	1,030,685
ACCUMULATED SURPLUS (DEFICIT), END OF YEAR		\$ 1,414,762	\$ 1,021,667

EBB AND FLOW FIRST NATION

SCHEDULE 7 - ECONOMIC DEVELOPMENT

CONSOLIDATED SCHEDULE OF SEGMENT REVENUE AND EXPENSES AND SURPLUS (DEFICIT)

FOR THE YEAR ENDED MARCH 31, 2014

	2014 Budget (Unaudited)	2014	2013
REVENUE			
Aboriginal Affairs and Northern Development Canada (AANDC)	\$ -	\$ 128,940	\$ 101,240
Manitoba Bison Association	-	14,427	69,587
	-	143,367	170,827
EXPENSES			
Bank Charges and Interest	-	14,071	9,831
Feed	-	3,000	15,875
Fuel	-	4,287	3,681
Insurance	-	-	3,127
Office	-	-	500
Professional Fees	-	67,448	70,000
Property Taxes	-	2,617	2,617
Rent	-	3,160	-
Repairs and Maintenance	-	3,692	19,896
Salaries and Benefits	-	110,203	55,628
Telephone	-	2,007	973
Training	-	944	-
Travel	-	14,941	3,472
Trucking and Freight	-	438	152
Utilities	-	2,267	3,919
	-	229,075	189,671
ANNUAL SURPLUS (DEFICIT) BEFORE TRANSFERS	-	(85,708)	(18,844)
TRANSFERS	-	-	-
ANNUAL SURPLUS (DEFICIT)	\$ -	(85,708)	(18,844)
ACCUMULATED SURPLUS (DEFICIT), BEGINNING OF YEAR		(189,409)	(170,565)
ACCUMULATED SURPLUS (DEFICIT), END OF YEAR		\$ (275,117)	\$ (189,409)

EBB AND FLOW FIRST NATION

SCHEDULE 8 - EDUCATION

CONSOLIDATED SCHEDULE OF SEGMENT REVENUE AND EXPENSES AND SURPLUS (DEFICIT)

FOR THE YEAR ENDED MARCH 31, 2014

	2014 Budget (Unaudited)	2014	2013
REVENUE			
Aboriginal Affairs and Northern Development Canada (AANDC)	\$ -	\$ 5,226,357	\$ 5,109,234
AANDC Recoveries	-	(183,669)	(57,285)
Frontier School Division	-	953,290	1,124,578
Other	-	24,282	63,594
Rent	-	31,150	33,920
	-	6,051,410	6,274,041
EXPENSES			
Advertising and Promotion	-	260	524
Amortization	-	175,048	195,851
Awards And Incentives	-	102,596	93,184
Clothing Allowance	-	-	30,000
Donations	-	7,608	-
Equipment Rental	-	47,784	44,271
Fuel	-	71,743	91,616
Insurance	-	9,205	11,179
Interest and Bank Charges	-	16,392	11,641
Office	-	6,025	22,807
Other Honoraria	-	6,500	9,820
Parent Fees	-	48,330	-
Private Home Placements	-	15,225	11,900
Professional Fees	-	74,193	4,939
Repairs and Maintenance	-	104,569	172,583
Salaries and Benefits	-	4,526,272	4,477,755
School Activities	-	59,688	19,100
Student Allowances	-	369,411	277,868
Supplies	-	219,195	253,149
Tuition	-	341,568	442,948
Telephone	-	31,713	36,161
Training	-	37,822	134,974
Travel	-	69,385	81,676
Utilities	-	103,682	44,345
	-	6,444,214	6,468,291
ANNUAL SURPLUS (DEFICIT) BEFORE TRANSFERS	-	(392,804)	(194,250)
TRANSFERS	-	(300,704)	64,285
ANNUAL SURPLUS (DEFICIT)	\$ -	(693,508)	(129,965)
ACCUMULATED SURPLUS (DEFICIT), BEGINNING OF YEAR		1,924,473	2,054,438
ACCUMULATED SURPLUS (DEFICIT), END OF YEAR	\$	1,230,965	\$ 1,924,473

EBB AND FLOW FIRST NATION

SCHEDULE 9 - OPERATIONS AND MAINTENANCE

CONSOLIDATED SCHEDULE OF SEGMENT REVENUE AND EXPENSES AND DEFICIT

FOR THE YEAR ENDED MARCH 31, 2014

	2014 Budget (Unaudited)	2014	2013
REVENUE			
Aboriginal Affairs and Northern Development Canada (AANDC)	\$ -	\$ 7,859,256	\$ 3,922,830
User Fees	-	43,456	-
Revenue Deferred in Prior Year - Note 8	-	2,826,915	23,200
Revenue Deferred to Subsequent Year-Note 8	-	(150,000)	(2,826,915)
	-	10,579,627	1,119,115
EXPENSES			
Amortization	-	1,373,936	1,261,844
Auto	-	1,296	27,449
Chief and Council Honoraria	-	13,370	25,975
Contracts	-	-	23,200
Freight & Delivery	-	687	2,272
Fuel	-	-	28,116
Insurance	-	47,345	196,425
Interest on Long Term Debt	-	3,660	-
Office	-	1,612	4,488
Other	-	-	123
Repairs and Maintenance	-	586,038	113,404
Salaries and Benefits	-	422,255	341,689
Subsidy Unit Repairs	-	-	216,148
Supplies	-	5,185	-
Telephone	-	9,390	7,723
Training	-	700	-
Travel	-	19,599	24,553
Utilities	-	46,650	45,551
	-	2,531,723	2,318,960
ANNUAL SURPLUS (DEFICIT) BEFORE TRANSFERS	-	8,047,904	(1,199,845)
TRANSFERS	-	-	-
ANNUAL SURPLUS (DEFICIT)	\$ -	8,047,904	(1,199,845)
ACCUMULATED SURPLUS (DEFICIT), BEGINNING OF YEAR		13,507,058	14,706,903
ACCUMULATED SURPLUS (DEFICIT), END OF YEAR		\$ 21,554,962	\$ 13,507,058

EBB AND FLOW FIRST NATION

SCHEDULE 10 - OTTAWA TRUST

CONSOLIDATED SCHEDULE OF SEGMENT REVENUE AND EXPENSES AND SURPLUS (DEFICIT)

FOR THE YEAR ENDED MARCH 31, 2014

	2014 Budget (Unaudited)	2014	2013
REVENUE			
Interest	\$ -	\$ 1,091	\$ 1,283
ACCUMULATED SURPLUS (DEFICIT), BEGINNING OF YEAR	-	21,568	20,285
ACCUMULATED SURPLUS (DEFICIT), END OF YEAR	\$ -	\$ 22,659	\$ 21,568

EBB AND FLOW FIRST NATION

SCHEDULE 11 - TRAINING AND OTHER

CONSOLIDATED SCHEDULE OF SEGMENT REVENUE AND EXPENSES AND SURPLUS (DEFICIT)

FOR THE YEAR ENDED MARCH 31, 2014

	2014 Budget (Unaudited)	2014	2013
REVENUE			
First People Development Inc.	\$ -	\$ 612,030	\$ 595,447
Gas And Confectionary	-	3,721,590	3,394,043
Tobacco Product Sales	-	532,506	641,549
Restaurant Sales	-	455,515	830,418
Bingo Product Sales	-	40,708	16,113
Other	-	36,416	22,262
Province of Manitoba	-	619,329	3,008,409
Fuel Tax Rebates	-	243,629	218,623
ATM Fees	-	89,044	56,335
VLT Proceeds	-	1,062,257	1,279,027
Parent Fees	-	69,045	17,095
	-	7,482,069	10,079,321
EXPENSES			
Amortization	-	11,367	4,376
Advertising and Promotion	-	12,853	6,894
Awards And Incentives	-	6,100	7,850
Band Member Support	-	682,056	1,042,392
Bad Debts	-	81,784	473
Bingo Cards	-	18,991	7,542
Community Events	-	120,614	204,994
Food	-	268,098	304,146
Fuel	-	-	4,018
Gas And Grocery Purchases	-	3,257,924	3,337,706
Honorariums	-	17,271	13,709
Insurance	-	907	10,539
Interest and Bank Charges	-	22,577	40,560
Management Contract	-	607,863	-
MLC Commissions	-	225,146	242,340
Office	-	22,928	19,779
Other	-	15,063	7,393
Overage/Shortage	-	-	11,189
Professional Fees	-	17,100	33,990
Repairs & Maintenance	-	108,218	230,219
Salaries and Benefits	-	1,787,168	1,641,927
School Activities	-	3,950	10,893
Supplies	-	18,278	24,338
Telephone	-	16,909	17,245
Tobacco Product Purchases	-	688,146	582,506
Training	-	201,357	204,523
Travel	-	95,940	82,239
Utilities	-	65,032	134,135
	-	8,373,640	8,227,915
ANNUAL SURPLUS (DEFICIT) BEFORE TRANSFERS	-	(891,571)	1,851,406
TRANSFERS	-	551,463	(466,624)
ANNUAL SURPLUS (DEFICIT)	\$ -	(340,108)	1,384,782
ACCUMULATED SURPLUS (DEFICIT), BEGINNING OF YEAR		850,277	(534,505)
ACCUMULATED SURPLUS (DEFICIT), END OF YEAR	\$	510,169	\$ 850,277