

Pine Creek First Nation
Consolidated Financial Statements
March 31, 2014

Pine Creek First Nation
Contents
For the year ended March 31, 2014

Page

Management's Responsibility

Independent Auditors' Report

Consolidated Financial Statements

Consolidated Statement of Financial Position.....	1
Consolidated Statement of Operations and Accumulated Surplus.....	2
Consolidated Statement of Change in Net Debt.....	3
Consolidated Statement of Cash Flows.....	4

Notes to the Consolidated Financial Statements.....	5
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Schedules

Schedule 1 - Consolidated Schedule of Tangible Capital Assets.....	15
Schedule 2 - Consolidated Schedule of Expenses by Object.....	17
Schedule 3 - Consolidated Schedule of Segment Revenue and Expenses.....	18
Schedule 4 - Consolidated Schedule of Revenue and Expenses - Band Governance.....	19
Schedule 5 - Consolidated Schedule of Revenue and Expenses - Education.....	20
Schedule 6 - Consolidated Schedule of Revenue and Expenses - Social Services.....	21
Schedule 7 - Consolidated Schedule of Revenue and Expenses - Community Infrastructure.....	22
Schedule 8 - Consolidated Schedule of Revenue and Expenses - Economic Development.....	23
Schedule 9 - Consolidated Schedule of Revenue and Expenses - Community Wellness.....	24
Schedule 10 - Consolidated Schedule of Revenue and Expenses - Employment Training and Day Care.....	25
Schedule 11 - Consolidated Schedule of Revenue and Expenses - Housing.....	26
Schedule 12 - Consolidated Schedule of Revenue and Expenses - VLT.....	27
Schedule 13 - Consolidated Schedule of Revenue and Expenses - Non Program Items.....	28
Schedule 14 - Consolidated Schedule of Revenue and Expenses - Policing.....	29

Management's Responsibility

To the Members of Pine Creek First Nation:

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

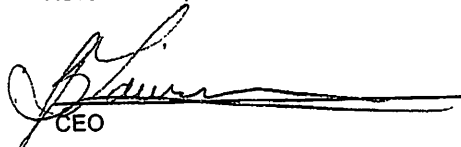
Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate 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 Chief and Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Chief and Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Chief and Council is also responsible for recommending the appointment of the First Nation's external auditors.

MNP LLP, an independent firm of Chartered Accountants, is appointed by the Chief and Council on behalf of the Members 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 26, 2014


CEO

Barbara Nepinich

Independent Auditors' Report

To the Members and Chief and Council of Pine Creek First Nation:

We have audited the accompanying consolidated financial statements of Pine Creek 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 qualified audit opinion.

Basis for Qualified Opinion

Pine Creek First Nation's consolidated statement of operations and accumulated surplus and consolidated statement of change in net debt do not present a comparison of the results for the accounting period with those originally planned which constitutes a departure from Canadian public sector accounting standards.

We were unable to obtain sufficient audit evidence over the classification of expenses by object and their allocation to the various segments. As this may have an effect on their funding agreements, we were unable to determine whether adjustments to deferred revenue, accounts payable and accruals, repayment of funding, surplus (deficit), accumulated surplus and cash provided by operating activities might be necessary.

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 Pine Creek 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.

Report on Other Legal and Regulatory Requirements

[Describe any other reporting responsibilities required]

Winnipeg, Manitoba

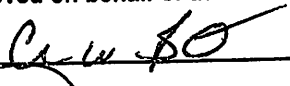
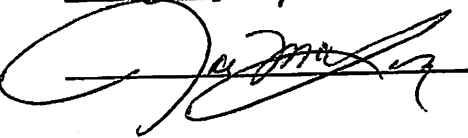
November 26, 2014

MNP LLP
Chartered Accountants

Pine Creek First Nation
Consolidated Statement of Financial Position
As at March 31, 2014

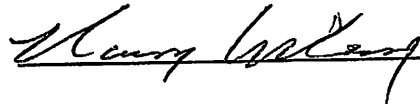
	2014	2013 (Restated)
Financial assets		
Temporary investment (Note 3)	103,760	102,024
Accounts receivable (Note 4)	2,075,353	1,591,057
Restricted cash (Note 5)	522,694	42,910
	2,701,807	1,735,991
Liabilities		
Bank indebtedness (Note 6)	158,321	202,427
Accounts payable and accruals (Note 7)	2,518,248	2,089,683
Deferred revenue (Note 8)	475,227	141,000
Long-term debt (Note 9)	3,393,004	3,871,896
	6,544,800	6,305,006
Net debt	(3,842,993)	(4,569,015)
Contingent liabilities (Note 11)		
Non-financial assets		
Tangible capital assets (Schedule 1)	20,194,907	20,635,502
Prepaid expenses	31,741	1,310
Total non-financial assets	20,226,648	20,636,812
Accumulated surplus (Note 10)	16,383,655	16,067,797

Approved on behalf of the Chief and Council

Chief

Councillor



Councillor

Councillor

The accompanying notes are an integral part of these financial statements

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

	Schedules	2014	2013 (Restated)
Revenue			
Aboriginal Affairs and Northern Development Canada (AANDC) (Note 13)		7,438,044	7,007,043
First Nations and Inuit Health (FNIH) (Note 14)		1,431,619	1,363,370
First Peoples Development Inc.		618,400	640,958
Canada Mortgage and Housing Corporation (CMHC)		303,137	273,533
Province of Manitoba		150,509	182,209
Solicitor General		34,029	33,625
Repayable to AANDC		-	(276,915)
		9,975,738	9,223,823
VLT revenue net of payouts		701,151	752,999
Rental income		541,912	568,404
Tobacco tax rebate		440,806	376,770
Other revenue		421,314	350,181
User fees		51,260	30,194
First Peoples Development Inc. 2014 funding		-	38,000
Interest income		2,330	9,027
Repayment of funding		(17,424)	-
Revenue deferred from prior year (Note 8)		141,000	-
Revenue deferred to subsequent year (Note 8)		(475,227)	(141,000)
		11,782,860	11,208,398
Segment expenses			
Band Governance	4	817,527	821,994
Education	5	3,378,265	3,393,378
Social Services	6	2,175,193	2,081,751
Community Infrastructure	7	1,241,433	1,384,284
Economic Development	8	119,793	36,343
Community Wellness	9	1,443,915	1,385,511
Employment Training and Day Care	10	672,392	689,817
Housing	11	472,571	647,181
VLT	12	786,345	817,402
Non Program Items	13	310,300	517,353
Policing	14	49,268	58,281
Total expenses (Schedule 2)		11,467,002	11,833,295
Surplus (deficit)		315,858	(624,897)
Accumulated surplus, beginning of year, as previously stated		15,726,987	16,351,884
Correction of an error (Note 16)		340,810	340,810
Accumulated surplus, beginning of year, as restated		16,067,797	16,692,694
Accumulated surplus, end of year		16,383,655	16,067,797

The accompanying notes are an integral part of these financial statements

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

	2014	2013 (Restated)
Surplus (deficit)	315,858	(624,897)
Purchases of tangible capital assets	(476,801)	(252,822)
Amortization of tangible capital assets	917,396	950,893
Acquisition of prepaid expenses	(30,431)	(1,310)
Decrease in net debt	726,022	71,864
Net debt, beginning of year	(4,569,015)	(4,640,879)
Net debt, end of year	(3,842,993)	(4,569,015)

The accompanying notes are an integral part of these financial statements

Pine Creek 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	11,630,461	10,132,658
Cash paid to suppliers	(7,381,146)	(7,560,569)
Cash paid to employees	(2,681,689)	(2,347,540)
Interest income	2,330	9,012
Interest on long-term debt	(88,637)	(133,667)
	1,481,319	99,894
Financing activities		
Advances of long-term debt	102,489	198,376
Repayment of long-term debt	(581,381)	(540,199)
	(478,892)	(341,823)
Capital activities		
Purchases of tangible capital assets	(476,801)	(252,822)
Investing activities		
Increase in temporary investment	(1,736)	(2,024)
Decrease (increase) in restricted cash	(479,784)	442,393
	(481,520)	440,369
Increase (decrease) in cash deficiency	44,106	(54,382)
Cash deficiency, beginning of year	(202,427)	(148,045)
Cash deficiency, end of year	(158,321)	(202,427)

The accompanying notes are an integral part of these financial statements

**Pine Creek First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014**

1. Operations

The Pine Creek First Nation (the "First Nation") is located in the Province of Manitoba, and provides various services to its members. Pine Creek First Nation reporting entity includes all related entities that are accountable to the First Nation and 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:

Reporting entity

The Pine Creek First Nation reporting entity includes the First Nation government and all related enterprises that are accountable to the First Nation and are either owned or controlled by the First Nation. Trusts administered on behalf of third parties by Pine Creek First Nation are excluded from the First Nation reporting entity.

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

- Pine Creek First Nation
- Pine Creek CMHC Housing
- Pine Creek Employment Training and Daycare
- Pine Creek Health Authority
- Pine Creek VLT Operation
- Minnissing Anishinabeh Ayaahwim Ltd.

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have been eliminated in order to present the results of operations for each specific department.

Basis of presentation

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

Cash resources

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

Funds held in Trust

Funds held in trust on behalf of First Nation members by the Government of Canada 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 First Nation tangible capital assets; and
- Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

Net debt

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

Pine Creek First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

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

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.

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 declining balance method at the following rates intended to amortize the cost of the assets over their estimated useful lives:

	Method	Rate
Vehicles and equipment	declining balance	20 %
Facilities	declining balance	4 %
Roads and bridges	declining balance	4 %
Infrastructure	declining balance	4 %
CMHC Housing	declining balance	5 %
Band Housing	declining balance	5 %

Amortization is not calculated on construction in progress and does not begin until the related tangible capital asset is available for use.

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 value exceeds the residual value of the assets' service potential to the First Nation. Any impairment is included in operations for the year.

Revenue recognition

Government transfer revenue, including AANDC, FNIH, CMHC, First Peoples Development Inc., Solicitor General and Provincial government funding, is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under the 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 related department expenses in the year of their occurrence.

Rent is recorded in the year it is earned. At the end of each year, management evaluates the extent of the collectability 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 in the year it is earned.

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

Pine Creek 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 First Nation conducts its business through 11 reportable segments. 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 segments are differentiated by the major activities or services they provide. The First Nation's segments are as follows:

- Band Governance - activities include the governance function relating to decisions that define expectations, grant power or verify performance consisting of decision-making and leadership processes.
- Education - activities include the construction, operations and maintenance of all school facilities as well as providing transportation services for the students.
- Social Services - activities include satisfying the economic, social, or health related needs of members of the community who require assistance.
- Community Infrastructure - activities include the development and maintenance of the community's infrastructure, buildings, roads, bridges and related equipment and the provision of other more specialized community services.
- Economic Development - provided services and support to facilitate economic development.
- Community Wellness - activities include the delivery of community-based health promotion and disease prevention programs, primary home and community care services, programs to control communicable diseases and address environmental issues and non-insured health benefits.
- Employment Training and Day Care - activities include the delivery of employment services to assist the community members to find and maintain meaningful employment. To provide child care services so that community members have the opportunity to seek meaningful employment.
- Housing - activities related to developing and sustaining housing, including CMHC housing.
- VLT - activities include providing a form of gaming entertainment for community members which generates revenue for discretionary needs of the community members.
- Non Program Items - discretionary funds that are received from tobacco tax rebates and other projects that may be entered into from year to year.
- Policing - policing services provided that meet the needs of the community by strengthening public security and personal safety and increasing responsibility and accountability.

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.

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

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 estimates as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets. Deferred revenue is recorded based on management's analysis of the extent to which eligibility requirements have been met on government transfer revenue.

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.

Employee future benefits

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

Financial Instruments

Financial instruments include temporary investments, accounts receivable, restricted cash, 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 risks arising from these financial instruments. The fair value of the First Nation's long-term debt are approximated by their carrying value as the terms and conditions of similar instruments are not materially different from those associated with the First Nation's current long-term debt.

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 (lagoons, landfills, etc). 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 First Nation has not yet determined the effect of the new section on 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 First Nation has not yet determined the effect of these new standards on its consolidated financial statements.

3. Temporary investment

The funds are invested in a non-redeemable GIC bearing interest at 2%, maturing April 30, 2014.

Pine Creek First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

4. Accounts receivable

	2014	2013
First Nations and Inuit Health (FNIH)	59,256	8,894
Canada Mortgage and Housing Corporation	23,737	25,769
AANDC - Year-end PAYE 2014	826,678	-
AANDC - Year-end PAYE 2013	258,082	556,655
AANDC - Year-end PAYE 2012	-	7,441
AANDC funding received subsequent to year-end	796,658	947,822
AANDC Income Assistance Year End Summary 2012/2013	12,331	12,331
Province of Manitoba - Social Assistance	25,663	28,298
Other	72,948	3,847
	2,075,353	1,591,057

5. Restricted cash

	2014	2013
Ottawa Trust Fund	10,075	9,500
CMHC replacement reserve	512,619	33,410
	522,694	42,910

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 First Nation on the authorization of the Minister of Aboriginal Affairs and Northern Development Canada, with the consent of the First Nation's Chief and Council.

Capital Trust	\$23 (2013 - \$23); interest revenue \$0 (2013 - \$0)
Revenue Trust	\$10,052 (2013 - \$9,477); Interest revenue \$275 (2013 - \$214); Lease revenue \$300 (2013 - \$300)

CMHC replacement reserve

Interest earned on these funds accrues directly to the Replacement Reserve and not to operations. These funds along with accrued interest must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. Purchases made from the Replacement Reserve must be approved capital items as determined by CMHC and are charged against the balance in the Replacement Reserve and not against operations. As at March 31, 2014, the Replacement Reserve bank account was underfunded by \$391,972 (2013 - underfunded by \$1,017,259).

CMHC subsidy reserve

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. These funds in this account may only be used to meet future subsidy requirements of income-tested occupants. As at March 31, 2014, the subsidy reserve bank account was underfunded by \$192,505 (2013 - underfunded by \$148,813).

Pine Creek First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

6. Bank indebtedness

Bank indebtedness includes accounts overdrawn at year end as well as cheques issued in excess of cash on hand. The temporary investment is held as security. The First Nation has available a line of credit in the amount of \$100,000 at a rate of 3.25% interest. At March 31, 2014 the line of credit was at \$100,771 (2013 - \$101,006).

7. Accounts payable and accruals

	2014	2013
AANDC - Band support funding 2004-05	402,076	402,076
AANDC - BEB 2005-06	268,530	268,530
AANDC - Band base capital 2011-12	252,438	252,438
Other trade payables and accruals	1,595,204	1,166,639
	<u>2,518,248</u>	<u>2,089,683</u>

8. Deferred revenue

	2014	2013
AANDC - Education funding (Schedule 5)	240,605	-
AANDC - Capital funding (Schedule 7)	165,656	103,000
AANDC - Economic development funding (Schedule 8)	53,966	-
FNIH (Schedule 9)	15,000	-
First Peoples Development Inc. (Schedule 10)	-	38,000
	<u>475,227</u>	<u>141,000</u>

Pine Creek First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

9. Long-term debt

	2014	2013
Mortgage repayable in monthly payments of \$3,738 including interest at 1.80%, maturing September 1, 2019, with the next scheduled renewal on October 1, 2016, secured by a Ministerial guarantee and assignment of fire insurance.	234,732	274,957
Mortgage repayable in monthly payments of \$487 including interest at 2.86%, maturing May 1, 2021, with the next scheduled renewal on August 1, 2014, secured by a Ministerial guarantee and assignment of fire insurance. (a)	37,846	42,540
Loan repaid during the year.	-	39,225
Mortgage repayable in monthly payments of \$4,245 including interest at 2.05%, maturing March 1, 2015, secured by a Ministerial guarantee and assignment of fire insurance.	54,580	103,859
Mortgage repayable in monthly payments of \$9,620 including interest at 1.57%, maturing January 1, 2016, secured by a Ministerial guarantee and assignment of fire insurance.	208,490	319,690
Mortgage repayable in monthly payments of \$8,904 including interest at 2.86%, maturing January 1, 2017, with the next scheduled renewal on August 1, 2014, secured by a Ministerial guarantee and assignment of fire insurance. (b)	290,545	387,617
Mortgage repayable in monthly payments of \$4,361 including interest at 2.86%, maturing December 1, 2017, with the next scheduled renewal on August 1, 2014, secured by a Ministerial guarantee and assignment of fire insurance. (c)	185,941	232,263
Mortgage repayable in monthly payments of \$5,033 including interest at 1.80%, maturing December 1, 2016, secured by a Ministerial guarantee and assignment of fire insurance.	161,934	218,852
Mortgage repayable in monthly payments of \$3,282 including interest at 2.86%, maturing September 1, 2018, with the next scheduled renewal on August 1, 2014, secured by a Ministerial guarantee and assignment of fire insurance. (d)	166,182	200,308
Mortgage repayable in monthly payments of \$3,990 including interest at 2.61%, maturing July 1, 2024, with the next scheduled renewal on September 1, 2014, secured by a Ministerial guarantee and assignment of fire insurance. (e)	433,437	469,547
Mortgage repayable in monthly payments of \$3,192 including interest at 2.86%, maturing October 1, 2028, with the next scheduled renewal on August 1, 2014, secured by a Ministerial guarantee and assignment of fire insurance. (f)	456,868	481,779
Mortgage repayable in monthly payments of \$4,352 including interest at 1.61%, maturing November 1, 2037, with the next scheduled renewal on November 1, 2017, secured by a Ministerial guarantee and assignment of fire insurance.	1,026,551	960,179
Mortgage repayable in monthly payments of \$1,425 including interest at 5.93%, maturing July 2025, secured by a parcel of land in the City of Dauphin.	135,898	141,080
	3,393,004	3,871,896

Pine Creek First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

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

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	555,600
2016	501,000
2017	377,400
2018	236,700
2019	182,000

Subsequent to March 31, 2014 the First Nation renewed the following CMHC mortgages:

- (a) Mortgage repayable in monthly payments of \$471 including interest at 1.85%, maturing May 1, 2021, with the next scheduled renewal on August 1, 2019, secured by a Ministerial guarantee and assignment of fire insurance.
- (b) Mortgage repayable in monthly payments of \$8,769 including interest at 1.61%, maturing January 1, 2017, secured by a Ministerial guarantee and assignment of fire insurance.
- (c) Mortgage repayable in monthly payments of \$3,855 including interest at 1.8%, maturing December 1, 2017, secured by a Ministerial guarantee and assignment of fire insurance.
- (d) Mortgage repayable in monthly payments of \$3,222 including interest at 1.94%, maturing September 1, 2018, secured by a Ministerial guarantee and assignment of fire insurance.
- (e) Mortgage repayable in monthly payments of \$3,843 including interest at 1.82%, maturing July 1, 2024, with the next scheduled renewal on September 1, 2019, secured by a Ministerial guarantee and assignment of fire insurance.
- (f) Mortgage repayable in monthly payments of \$2,985 including interest at 1.85%, maturing October 1, 2028, with the next scheduled renewal on August 1, 2019, secured by a Ministerial guarantee and assignment of fire insurance.

10. Accumulated surplus

Accumulated surplus is comprised of the following:

	2014	2013 (Restated)
Ottawa Trust Funds	10,075	9,500
Invested in tangible capital assets	16,801,902	16,660,606
CMHC replacement reserve	904,591	1,050,669
CMHC subsidy reserve	192,505	148,813
Accumulated deficit from operations	(1,525,418)	(1,801,791)
	16,383,655	16,067,797

11. Contingent liabilities

Funding recoveries

The First Nation is subject to funding recoveries according to their agreements with federal government agencies. It was not yet determined to what extent any funding amounts related to the March 31, 2014 year end might be recovered by these agencies.

AANDC has confirmed that \$222,426, in addition to the amounts already recorded in accounts payable, from fiscal year 2001 might be recovered.

The First 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 is dated after this date, the First Nation has not complied with this requirement. The possible effect of this non-compliance has not been determined.

Pine Creek First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

12. Defined contribution pension plan

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

13. Aboriginal Affairs and Northern Development Canada Funding

	2014	2013
Aboriginal Affairs and Northern Development Canada confirmation balance	7,438,044	6,994,712
Aboriginal Affairs and Northern Development Canada financial statement balance	7,438,044	7,007,043
2012-13 Year End Social Assistance AANDC review	-	(12,331)
	7,438,044	6,994,712

14. First Nations and Inuit Health Funding

	2014	2013
First Nations and Inuit Health confirmation balance	1,431,619	1,363,370
First Nations and Inuit Health financial statement balance	1,431,619	1,363,370

15. Provision for site rehabilitation

The Manitoba Environmental Protection Act sets out the regulatory requirements to properly close and maintain active and inactive landfill sites. Under this environmental law, there is a requirement for closure and post-closure care of solid waste 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 First Nation is bound by environmental laws of The Manitoba Environmental Protection Act was not determinable, and therefore, no liability has been recorded in these financial statements.

16. Correction of an error

During the year, the First Nation determined that bank indebtedness as at March 31, 2012 was understated by \$101,006. The impact of this correction has resulted in an increase in bank indebtedness and a decrease in accumulated surplus of \$101,006 as at March 31, 2012.

During the year, the First Nation determined that construction in progress as at March 31, 2012 was understated by \$441,816. The impact of this correction has resulted in an increase in construction in progress and an increase in accumulated surplus as at March 31, 2012.

Pine Creek First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

17. Economic dependence

Pine Creek First Nation received 76% (2013 - 75%) 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 under the terms and conditions of the Indian Act. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

18. Comparative figures

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