

**KEESECKOOWENIN FIRST NATION**  
**Consolidated Financial Statements**  
**Year Ended March 31, 2014**

**KEESECKOOWENIN FIRST NATION**  
**Index to Consolidated Financial Statements**  
**Year Ended March 31, 2014**

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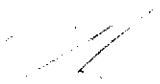
## **Management's Responsibility for Financial Reporting**

The Consolidated financial statements of Keeseekoowenin First Nation have been prepared in accordance with Canadian public sector accounting standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of Keeseekoowenin First Nation's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

Chief and Council are responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. Chief and Council meet periodically with management and the First Nation's auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, Chief and Council approve the financial statements. Chief and Council also approve the engagement or re-appointment of the external auditors.

The Consolidated financial statements have been audited on behalf of the members by Lazer Grant LLP, in accordance with Canadian public sector accounting standards.

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Elphinstone, MB

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Keeseekoowenin First Nation

We have audited the accompanying consolidated financial statements of Keeseekoowenin First Nation, which comprise the consolidated statement of financial position as at March 31, 2014 and the consolidated statements of changes in net debt, revenues and expenses, accumulated surplus and cash flow 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free 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 auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

(continues)

Independent Auditor's Report to the Members of Keeseekoowenin First Nation *(continued)*

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Keeseekoowenin First Nation as at March 31, 2014 and the results of its operations and its cash flow for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink that reads "Lazer Grant LLP". The signature is written in a cursive, flowing style.

Winnipeg, MB  
July 27, 2014

CHARTERED ACCOUNTANTS

**KEESECKOOWENIN FIRST NATION**  
**Consolidated Statement of Financial Position**  
**March 31, 2014**

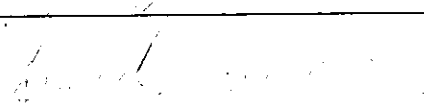
	2014	2013 (Restated)
<b>FINANCIAL ASSETS</b>		
Accounts receivable (Note 4)	\$ 390,514	\$ 556,733
Loans receivable (Note 5)	204,318	204,318
Long term investments (Note 6)	1,276,069	1,282,322
Restricted cash (Note 12)	911,601	818,165
Restricted funds - moveable asset reserve (Note 13)	40,690	39,198
Ottawa trust funds (Note 7)	12,090	11,929
<b>Total Financial Assets</b>	<b>2,835,282</b>	<b>2,912,665</b>
<b>LIABILITIES</b>		
Bank indebtedness (Note 8)	565,681	239,355
Accounts payable and accrued liabilities (Note 9)	930,060	701,119
Long-term debt (Note 10)	3,743,048	4,129,127
Deferred revenue (Note 11)	19,000	104,000
Reserves (Note 12)	911,601	818,165
Moveable asset reserve (Note 13)	40,690	39,198
Due to Keeseekoowenin First Nation Trust	204,318	204,318
<b>Total Liabilities</b>	<b>6,414,397</b>	<b>6,235,282</b>
<b>NET DEBT</b>	<b>(3,579,115)</b>	<b>(3,322,617)</b>
<b>NON-FINANCIAL ASSETS</b>		
Capital assets (Note 14)	11,540,816	11,997,939
<b>Total Non-Financial Assets</b>	<b>11,540,816</b>	<b>11,997,939</b>
<b>Accumulated Surplus</b>	<b>\$ 7,961,700</b>	<b>\$ 8,675,320</b>

ECONOMIC DEPENDENCE (Note 16)

ON BEHALF OF THE MEMBERS

\_\_\_\_\_  
 CHIEF

\_\_\_\_\_  
 COUNCILLOR



**KEESECKOOWENIN FIRST NATION**  
**Consolidated Statement of Changes In Net Debt**  
**March 31, 2014**

	2014	2013
<b>Deficiency of revenues over expenses</b>	<b>\$ (812,637)</b>	<b>\$ (663,765)</b>
Amortization of capital assets	668,212	660,979
Acquisition of capital assets	(211,089)	(113,622)
Gain on disposal of capital assets	(20,200)	
Proceeds on disposal of capital assets	20,200	10,000
Allocation to reserves	99,017	100,067
	<b>(256,498)</b>	<b>(6,341)</b>
 <b>Increase in net debt</b>	 <b>(256,498)</b>	 <b>(6,341)</b>
 <b>Net debt - beginning of year</b>	 <b>\$ (3,322,617)</b>	 <b>\$ (3,316,276)</b>
 <b>Net debt - end of year</b>	 <b>\$ (3,579,115)</b>	 <b>\$ (3,322,617)</b>

**KEESECKOOWENIN FIRST NATION**  
**Consolidated Statement of Revenues and Expenses**  
**Year Ended March 31, 2014**

	Budget (Unaudited) 2014	2014	2013
<b>REVENUES</b>			
Aboriginal Affairs and Northern Development Canada	\$ 4,188,660	\$ 4,885,397	\$ 5,070,091
Canada Mortgage and Housing Corporation	323,000	317,638	429,158
First Peoples Development Inc.	372,707	336,627	356,976
Health Canada	1,153,404	1,218,519	1,341,228
Manitoba Education First Nation Resource Centre	-	30,224	30,089
Manitoba Hydro	-	66,135	7,287
Parks Canada	177,000	239,744	144,645
Province of Manitoba	115,200	245,433	84,917
Solicitor General	33,626	33,626	33,626
Administration fees	-	149,454	191,160
Daycare fees	7,200	6,418	4,205
Donations	-	3,000	6,500
Fine options	-	1,766	744
Income tested rent	-	166,189	166,191
Non-tested rent	228,000	170,830	172,308
Building rental	23,328	73,668	85,342
Interest	-	410	651
Other	53,342	259,441	161,403
Rebates	-	11,090	19,564
Unconditional grant	-	17,847	17,901
User fees	-	54,149	32,008
Video lottery terminals	1,595,000	1,844,590	1,572,132
Work opportunity program	-	37,993	2,999
Deferred from prior year	-	104,000	354,026
Deferred to subsequent year	-	(19,000)	(104,000)
Prior year recoveries	-	(15,331)	(70,000)
	8,270,467	10,239,857	10,111,151
<b>EXPENSES</b>	8,777,130	10,575,171	10,217,559
<b>DEFICIENCY OF REVENUES OVER EXPENSES BEFORE TRANSFERS</b>	(506,663)	(335,314)	(106,408)
<b>TRANSFERS</b>			
Transfer to capital assets	-	190,889	103,622
<b>DEFICIENCY OF REVENUES OVER EXPENSES BEFORE AMORTIZATION</b>	(506,663)	(144,425)	(2,786)
<b>AMORTIZATION</b>	309,384	668,212	660,979
<b>DEFICIENCY OF REVENUES OVER EXPENSES</b>	\$ (816,047)	\$ (812,637)	\$ (663,765)



## KEESECKOOWENIN FIRST NATION

## Consolidated Expenses

Year Ended March 31, 2014

	Budget (Unaudited) 2014	2014	2013
Administration	\$ 147,946	\$ 175,651	\$ 201,970
Advertising and promotion	6,447	11,193	9,241
Allocation to operating reserve	21,031	40,128	40,128
Allocation to replacement reserve	58,889	58,889	59,939
Allowances	332,002	393,001	448,250
Band projects	86,724	46,660	97,872
Donations	46,698	70,403	55,451
Employee benefits	42,679	26,965	63,425
Equipment rentals	-	5,146	-
Fuel	111,445	178,188	168,110
Funeral	-	30,084	24,976
Graduation	33,550	17,349	17,300
Homemakers	87,360	113,813	102,433
Honoraria	208,850	277,383	223,099
Housing programs	53,000	124,332	355,410
Income support - employable	604,020	505,664	593,624
Income support - unemployable	581,468	570,256	607,259
Insurance	223,811	302,981	83,482
Interest and bank charges	64,612	91,557	58,910
Interest on long term debt	13,956	110,013	117,377
Manitoba Lotteries Commission share	36,000	75,283	42,846
Memberships	6,500	14,465	5,948
Moveable asset reserve allocation	-	1,492	1,491
Non-treaty assistance	115,200	81,083	85,131
Office and miscellaneous	101,711	75,066	77,194
Pension	34,674	52,886	34,061
Professional fees	188,479	330,870	276,031
Program support	19,520	41,798	44,692
Property taxes	4,706	7,203	4,706
Rent	82,863	193,913	252,162
Repairs and maintenance	316,529	244,621	564,366
Special activities and events	73,787	90,160	164,739
Special events and holidays	1,050	7,656	2,265
Special needs	31,118	34,525	34,474
Student expenses	24,892	22,941	28,313
Sub-contracts	208,612	485,220	257,989
Supplies	257,197	423,223	341,904
Telephone	48,198	61,576	62,586
Training	244,004	128,469	114,062
Transportation	46,051	51,640	71,809
Travel	185,275	263,374	248,191
Tuition	520,780	695,554	537,942
Utilities	144,392	169,646	168,799
VLT payouts	1,228,150	1,408,979	1,175,932
Wages and employee benefits	2,132,954	2,395,406	2,281,650
Work opportunity program	-	68,466	10,020
	\$ 8,777,130	\$ 10,575,171	\$ 10,217,559

**KEESECKOOWENIN FIRST NATION**  
**Consolidated Statement of Accumulated Surplus**  
**Year Ended March 31, 2014**

	2014	2013
<b>ACCUMULATED SURPLUS - BEGINNING OF YEAR</b>	<b>\$ 8,675,320</b>	<b>\$ 9,239,018</b>
Allocation to operating reserve	<b>40,128</b>	40,128
Allocation to replacement reserve	<b>58,889</b>	59,939
Deficiency of revenues over expenses	<b>(812,637)</b>	(663,765)
<b>ACCUMULATED SURPLUS - END OF YEAR</b>	<b>\$ 7,961,700</b>	<b>\$ 8,675,320</b>

**KEESECKOOWENIN FIRST NATION**  
**Consolidated Statement of Cash Flow**  
**Year Ended March 31, 2014**

	2014	2013
<b>OPERATING ACTIVITIES</b>		
Deficiency of revenues over expenses	\$ (812,637)	\$ (663,765)
Items not affecting cash:		
Amortization	668,212	660,979
Gain on disposal of capital assets	(20,200)	-
Allocation to reserves	99,017	100,067
	<b>(65,608)</b>	97,281
Changes in non-cash working capital:		
Accounts receivable	172,246	(110,383)
Accounts payable and accrued liabilities	228,940	(246,687)
GST payable (receivable)	(6,027)	(7,776)
Deferred revenue	(85,000)	(250,026)
Moveable asset reserve	1,492	1,491
Due to replacement reserve	93,436	100,067
	<b>405,087</b>	(513,314)
Cash flow from (used by) operating activities	<b>339,479</b>	(416,033)
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	(211,089)	(113,622)
Proceeds on disposal of capital assets	20,200	10,000
Increase in restricted cash	(93,436)	(100,067)
Decrease in long term investments	6,253	5,171
Increase in restricted - moveable asset reserve	(1,492)	(1,491)
Decrease (increase) in Ottawa Trust Funds	(161)	41,563
Cash flow used by investing activities	<b>(279,725)</b>	(158,446)
<b>FINANCING ACTIVITIES</b>		
Proceeds from long term financing	-	748,670
Repayment of long term debt	(386,080)	(473,888)
Cash flow from (used by) financing activities	<b>(386,080)</b>	274,782
<b>DECREASE IN CASH</b>	<b>(326,326)</b>	(299,697)
Cash (deficiency) - beginning of year	<b>(239,355)</b>	60,342
<b>DEFICIENCY - END OF YEAR</b>	<b>\$ (565,681)</b>	<b>\$ (239,355)</b>

**KEESECKOOWENIN FIRST NATION**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2014**

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1. DESCRIPTION OF THE ORGANIZATION

The Keeseekoowenin First Nation is a non-profit Indian Band as defined by The Indian Act (Canada). The objective of the First Nation is to operate as the governing entity in providing services in all areas of the community.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements were prepared in accordance with Canadian public sector accounting standards.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

The long term investments in the Keeseekoowenin Gaming Centre and in KRW Limited Partnership are recorded on a modified equity basis

Long term investments in entities not owned, controlled, or influenced by the organization are recorded at cost less any provision for other than temporary impairment.

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**KEESECKOOWENIN FIRST NATION**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2014**

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Buildings	4%	declining balance method
CMHC Housing		annual principle reduction
Equipment	20%	declining balance method
Lagoon	3%	declining balance method
Motor vehicles	30%	declining balance method
Roads	3%	declining balance method

The organization regularly reviews its capital assets to eliminate obsolete items.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Capital assets acquired under Canada Mortgage and Housing Corporation sponsored housing projects are amortized at a rate equivalent to the annual principal reduction in related long term debt, as required for CMHC reporting purposes.

Revenue recognition

Revenue from government agencies is recognized as it becomes receivable under the terms of applicable funding agreements.

Canada Mortgage and Housing Corporation subsidy revenue is recognized at the start of each month based on the Section 95 agreements for each housing phase.

Rent revenue is recognized when the tenants' rent is invoiced at the start of each month based on the details of each signed lease agreement.

Other revenues are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

3. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of March 31, 2014.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from members. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The organization has a significant number of members which minimizes concentration of credit risk.

*(continues)*

**KEESECKOOWENIN FIRST NATION**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2014**

3. FINANCIAL INSTRUMENTS *(continued)*

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from its funders and other related sources, long-term debt, and accounts payable and accrued liabilities.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

4. ACCOUNTS RECEIVABLE

	2014	2013
Aboriginal Affairs and Northern Development Canada	\$ 133,765	\$ 234,274
Canada Mortgage and Housing Corporation	36,719	-
Health Canada	6,011	6,011
Goods and services tax	46,123	40,096
Other government agencies	113,778	169,922
Members	32,104	111,979
Other	33,182	10,412
	401,682	572,694
Allowance for doubtful accounts	(11,168)	(15,961)
	\$ 390,514	\$ 556,733

**KEESECKOOWENIN FIRST NATION**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2014**

**5. LOANS RECEIVABLE**

	<b>2014</b>	<b>2013</b>
Keeseekoowenin First Nation Trust loan, non-interest bearing and unsecured. The loan matures on December 31, 2019.	\$ 35,133	\$ 35,133
Keeseekoowenin First Nation Trust loan, non-interest bearing and unsecured. The loan matures on December 31, 2020.	45,061	45,061
Keeseekoowenin First Nation Trust loan, non-interest bearing and unsecured. The loan matures on December 31, 2021.	61,681	61,681
Keeseekoowenin First Nation Trust loan, non-interest bearing and unsecured. The loan matures on December 31, 2022.	24,817	24,817
Keeseekoowenin First Nation Trust loan, non-interest bearing and unsecured. The loan matures on December 31, 2023.	37,626	37,626
	<b>\$ 204,318</b>	<b>\$ 204,318</b>

**6. LONG TERM INVESTMENTS**

	<b>2014</b>	<b>2013</b>
KRW Limited Partnership	\$ 1,263,996	\$ 1,270,249
Keeseekoowenin Gaming Centre	(2,061)	(2,061)
Paintings	14,134	14,134
	<b>\$ 1,276,069</b>	<b>\$ 1,282,322</b>

The organization's investment in KRW Limited Partnership was established to develop, lease, manage, and operate real property for the purposes of pursuing economic development opportunities on lands acquired at 1-11-19WPM (the "Brandon Lands"). The organization shares interest in the partnership along with Rolling River First Nation and Waywayseecappo First Nation. The partnership had no development activity during the current year.

**7. OTTAWA TRUST FUNDS**

The Ottawa Trust 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.

As at the end of the year, the funds in the Reserve consisted of the following balances:

	<b>2014</b>	<b>2013</b>
Capital account	\$ 10,587	\$ 10,587
Revenue account	1,503	1,342
	<b>\$ 12,090</b>	<b>\$ 11,929</b>

**KEESECKOOWENIN FIRST NATION**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2014**

**8. BANK INDEBTEDNESS**

The organization has a line of credit in the amount of \$200,000 which is repayable on demand, bears interest at 7.0%, and is secured by a general security agreement and band council resolution. As at March 31, 2014, the bank exceeded this line of credit by \$171,490 (2013 - \$182,892). An interest rate of 24% is charged on balances in excess of the maximum line of credit.

**9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>2014</b>	<b>2013</b>
Aboriginal Affairs and Northern Development Canada	\$ 57,630	\$ 57,630
Health Canada	-	316
MAR	21,826	20,334
Trade and other	748,515	570,648
Source deductions	5,430	6,886
User fees	725	18,481
Wages and benefits	95,934	26,824
	<b>\$ 930,060</b>	<b>\$ 701,119</b>

**10. LONG TERM DEBT**

	<b>2014</b>	<b>2013</b>
Sandy Lake Credit Union loan bearing interest at 5.75% per annum, repayable in monthly blended payments of \$1,984. The loan matures on January 1, 2016 and is secured by general security agreement.	\$ 32,659	\$ 53,914
Sandy Lake Credit Union loan bearing interest at 5.5% per annum, repayable in monthly blended payments of \$12,034. The loan matures on August 17, 2017 and is secured by general security agreement.	446,869	563,174
Canada Mortgage and Housing Corporation loan bearing interest at 1.71% per annum, repayable in monthly blended payments of \$3,243. The loan matures on July 1, 2017 and is secured by Ministerial guarantee.	126,009	162,440
Canada Mortgage and Housing Corporation loan bearing interest at 2.14% per annum, repayable in monthly blended payments of \$3,161. The loan matures on March 1, 2014 and is secured by Ministerial guarantee.	179,789	213,502
Canada Mortgage and Housing Corporation loan bearing interest at 1.64% per annum, repayable in monthly blended payments of \$3,095. The loan matures on December 1, 2016 and is secured by Ministerial guarantee.	166,741	200,848

(continues)



**KEESECKOOWENIN FIRST NATION**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2014**

10. LONG TERM DEBT *(continued)*

	2014	2013
Canada Mortgage and Housing Corporation loan bearing interest at 1.68% per annum, repayable in monthly blended payments of \$1,736. The loan matures on April 1, 2018 and is secured by Ministerial guarantee.	114,152	132,769
Canada Mortgage and Housing Corporation loan bearing interest at 2.61% per annum, repayable in monthly blended payments of \$3,420. The loan matures on September 1, 2014 and is secured by Ministerial guarantee.	373,738	404,641
Canada Mortgage and Housing Corporation loan bearing interest at 1.64% per annum, repayable in monthly blended payments of \$1,262. The loan matures on December 1, 2016 and is secured by Ministerial guarantee.	174,114	186,298
Canada Mortgage and Housing Corporation loan bearing interest at 2.76% per annum, repayable in monthly blended payments of \$1,473. The loan matures on June 1, 2015 and is secured by Ministerial guarantee.	230,580	241,760
Canada Mortgage and Housing Corporation loan bearing interest at 1.71% per annum, repayable in monthly blended payments of \$2,249. The loan matures on September 1, 2017 and is secured by Ministerial guarantee.	428,024	447,541
Canada Mortgage and Housing Corporation loan bearing interest at 2.87% per annum, repayable in monthly blended payments of \$3,846. The loan matures on December 1, 2014 and is secured by Ministerial guarantee.	719,513	744,741
Canada Mortgage and Housing Corporation loan bearing interest at 2.87% per annum, repayable in monthly blended payments of \$2,064. The loan matures on December 1, 2014 and is secured by Ministerial guarantee.	386,137	399,681
Canada Mortgage and Housing Corporation loan bearing interest at 2.17% per annum, repayable in monthly blended payments of \$1,761. The loan matures on December 1, 2015 and is secured by Ministerial guarantee.	364,723	377,818
	<b>3,743,048</b>	4,129,127
Amounts payable within one year	<b>(1,808,145)</b>	(565,673)
	<b>\$ 1,934,903</b>	\$ 3,563,454

*(continues)*

**KEESECKOOWENIN FIRST NATION**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2014**

10. LONG TERM DEBT *(continued)*

Principal repayment terms are approximately:

2015	\$ 1,808,145
2016	871,423
2017	498,098
2018	491,991
2019	73,391
	<u>\$ 3,743,048</u>

11. DEFERRED REVENUE

Deferred revenue consists of unexpended funds for projects not completed during the fiscal year.

	2014	2013
Comprehensive Community Plan	\$ 19,000	\$ 104,000

12. RESERVES

Under the terms of the agreement with Canada Mortgage and Housing Corporation (CMHC), the replacement reserve account is to be credited with an amount of \$58,889 (2013 - \$58,689) annually. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC. Withdrawals are credited to interest first and then principal.

As at March 31, 2014, the Replacement Reserve Fund bank account had a balance of \$86,507 (2013 - \$66,125) and was underfunded by \$649,096 (2013 - \$695,196).

Surplus revenue from Post 1996 projects is to be retained by the organization within an operating reserve fund and interest earned must accrue to and be maintained in the operating reserve fund. Funds may be withdrawn to cover current operating deficits.

	Operating	Pre - 1997 Replacement	Post - 1996 Replacement	2014	2013
Balance, beginning of year	\$ 197,484	\$ 316,045	\$ 304,636	\$ 818,165	\$ 718,099
Annual allocation	40,128	13,980	44,909	99,017	100,066
Expenditure	-	(5,581)	-	(5,581)	-
	\$ 237,612	\$ 324,444	\$ 349,545	\$ 911,601	\$ 818,165

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**13. MOVEABLE ASSET RESERVE**

Under the terms of the Health Services Transfer Agreement the initial lump sum, interest, and annual amounts are to be placed in a reserve for the replacement of Health and Wellness Centre assets. Expenses for the replacement are to be charged to the reserve during the year. In the current year no expenses were charged to the reserve.

	2014	2013
Balance - beginning of year	\$ 39,198	\$ 37,707
Current year allocation	1,492	1,491
Balance - end of year	\$ 40,690	\$ 39,198

**14. CAPITAL ASSETS**

	2014		2013	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Land	\$ 170,000	\$ -	\$ 170,000	\$ -
Buildings	6,342,748	3,490,259	6,275,694	3,371,406
CMHC Housing	8,494,743	2,999,085	8,494,743	2,659,295
Equipment	690,289	583,283	690,289	556,531
Lagoon	2,888,682	442,517	2,888,682	366,863
Motor vehicles	1,126,283	893,307	1,082,248	893,459
Roads	2,129,877	1,893,355	2,129,877	1,886,040
	\$ 21,842,622	\$ 10,301,806	\$ 21,731,533	\$ 9,733,594
Net book value	\$ 11,540,816		\$ 11,997,939	

**15. RENTAL REVENUE**

Rental revenues for wage earning tenants were not collected for the year. Since November 1987, all wage earning tenants were to pay their own repair and utility expenses in lieu of rent. Rental revenues for social assistance tenants however, were collected for the entire year and recorded as non-income tested rent. The Social Services department paid all utility costs for social assistance tenants. While a formal rental regime has not been implemented, the First Nation collects a nominal rent from employed band members living in band owned homes on reserve. Kesseekoowenin First Nation has agreed to cover any deficit incurred by Kesseekoowenin First Nation CMHC Housing.

**16. ECONOMIC DEPENDENCE**

The organization receives substantially all of its revenues from the Government of Canada. In the event this funding is no longer available the organization would have to find an alternative source of revenue or cease operations.

**KEESECKOOWENIN FIRST NATION**  
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17. RECONCILIATION OF ABORIGINAL AFFAIRS  
AND NORTHERN DEVELOPMENT CANADA (AANDC) REVENUES

	2014	2013
AANDC revenues per financial statements	\$ 4,885,397	\$ 5,070,091
AANDC revenues per confirmation	\$ 4,885,397	\$ 5,070,091

18. COMPARATIVE FIGURES

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

19. SEGMENT DISCLOSURE

The presentation by segment is based on the same accounting policies as described in the Summary of Significant Accounting Policies as described in Note 2. The following table presents the expenses incurred and the revenue generated by main object of expense and by major revenue type. The segment results for the period are as follows:

	Education		Health		Housing & Infrastructure		Band Government		Social Services		Business Enterprises		Consolidated
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2013
<b>Revenues</b>													
Federal Government	\$ 2,277,702	\$ 2,093,143	\$ 1,194,271	\$ 1,341,228	\$ 1,170,689	\$ 1,275,164	\$ 1,049,905	\$ 1,306,156	\$ 1,288,814	\$ 1,360,033	\$ -	\$ -	\$ 6,981,381
Provincial Government	30,224	-	4,600	-	-	7,287	150,000	-	90,833	84,917	-	-	275,657
Other revenue	8,546	251,224	88,632	135,272	430,529	385,915	2,429,888	1,868,813	25,224	1,999	-	-	2,982,819
<b>Total Revenue</b>	<b>2,316,472</b>	<b>2,344,367</b>	<b>1,287,503</b>	<b>1,476,500</b>	<b>1,601,218</b>	<b>1,668,366</b>	<b>3,629,793</b>	<b>3,174,969</b>	<b>1,404,871</b>	<b>1,446,949</b>	<b>-</b>	<b>-</b>	<b>10,239,857</b>
<b>Expenses</b>													
Wages and benefits	693,785	729,858	777,666	695,832	225,485	218,564	656,085	1,884,379	42,385	146,108	-	-	2,395,406
Amortization	80,913	89,004	22,174	16,439	339,790	339,790	225,335	215,746	-	-	-	-	668,212
Debt servicing	7,340	8,715	5,375	2,734	80,692	102,508	106,496	56,207	1,664	6,123	-	-	201,567
Other expenses	1,566,269	1,452,835	573,242	810,946	1,063,262	1,102,494	3,174,010	1,557,979	1,410,526	1,338,655	-	-	7,787,309
<b>Total Expenses</b>	<b>2,348,307</b>	<b>2,280,412</b>	<b>1,378,457</b>	<b>1,525,951</b>	<b>1,709,229</b>	<b>1,763,356</b>	<b>4,161,926</b>	<b>3,714,311</b>	<b>1,454,575</b>	<b>1,490,886</b>	<b>-</b>	<b>-</b>	<b>11,052,494</b>
<b>Annual Surplus (Deficit)</b>	<b>\$ (31,835)</b>	<b>\$ 63,955</b>	<b>\$ (90,954)</b>	<b>\$ (49,451)</b>	<b>\$ (108,011)</b>	<b>\$ (94,990)</b>	<b>\$ (532,133)</b>	<b>\$ (539,342)</b>	<b>\$ (49,704)</b>	<b>\$ (43,937)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (812,637)</b>
													<b>\$ (863,765)</b>