

KEESECKOOWENIN FIRST NATION
Consolidated Financial Statements
Year Ended March 31, 2015

KEESECKOOWENIN FIRST NATION
Index to Consolidated Financial Statements
Year Ended March 31, 2015

| | Page |
|---|---------|
| MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING | 1 |
| INDEPENDENT AUDITOR'S REPORT | 2 - 3 |
| CONSOLIDATED FINANCIAL STATEMENTS | |
| Consolidated Statement of Financial Position | 4 |
| Consolidated Statement of Changes in Net Debt | 5 |
| Consolidated Statement of Revenues and Expenses | 6 |
| Consolidated Expenses | 7 |
| Consolidated Statement of Accumulated Surplus | 8 |
| Consolidated Statement of Cash Flow | 9 |
| Notes to Consolidated Financial Statements | 10 - 19 |

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 is 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 approves 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.



Elphinstone, MB

INDEPENDENT AUDITOR'S REPORT

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, 2015 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, 2015 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, 2015

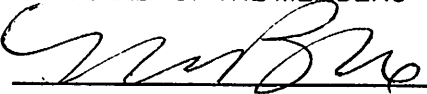
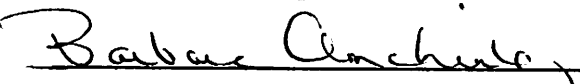
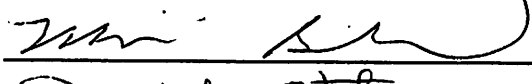
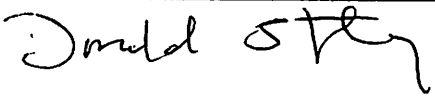
CHARTERED ACCOUNTANTS

KEESECKOOWENIN FIRST NATION
Consolidated Statement of Financial Position
March 31, 2015

| | 2015 | 2014 |
|---|---------------------|---------------------|
| FINANCIAL ASSETS | | |
| Accounts receivable (Note 4) | \$ 795,401 | \$ 390,514 |
| Loans receivable (Note 5) | 204,318 | 204,318 |
| Long term investments (Note 6) | 1,281,069 | 1,276,069 |
| Ottawa trust funds (Note 7) | 12,564 | 12,090 |
| Restricted cash (Note 11) | 950,119 | 911,601 |
| Restricted funds - moveable asset reserve (Note 12) | 42,182 | 40,690 |
| Total Financial Assets | 3,285,653 | 2,835,282 |
| LIABILITIES | | |
| Bank indebtedness (Note 8) | 275,989 | 565,681 |
| Accounts payable and accrued liabilities (Note 9) | 1,202,853 | 930,061 |
| Long-term debt (Note 10) | 3,338,988 | 3,743,047 |
| Deferred revenue | - | 19,000 |
| Reserves (Note 11) | 950,119 | 911,601 |
| Moveable asset reserve (Note 12) | 42,182 | 40,690 |
| Due to Keeseekoowenin First Nation Trust | 204,318 | 204,318 |
| Total Liabilities | 6,014,449 | 6,414,397 |
| NET DEBT | (2,728,796) | (3,579,115) |
| NON-FINANCIAL ASSETS | | |
| Capital assets (Note 13) | 10,915,152 | 11,540,816 |
| Prepaid expenses | 18,084 | - |
| Total Non-Financial Assets | 10,933,236 | 11,540,816 |
| Accumulated Surplus | \$ 8,204,440 | \$ 7,961,700 |

ECONOMIC DEPENDENCE (Note 15)

ON BEHALF OF THE MEMBERS


 _____ Chief

 _____ Councillor

 _____ Councillor


KEESECKOOWENIN FIRST NATION
Consolidated Statement of Changes In Net Debt
March 31, 2015

| | 2015 | 2014 |
|--|-----------------------|-----------------------|
| Excess (deficiency) of revenues over expenses | \$ 183,851 | \$ (812,637) |
| Amortization of capital assets | 625,664 | 668,212 |
| Acquisition of capital assets | - | (211,089) |
| Gain on disposal of capital assets | - | (20,200) |
| Proceeds on disposal of capital assets | - | 20,200 |
| Allocation to reserves | 58,889 | 99,017 |
| Decrease (increase) in prepaid expenses | (18,084) | - |
| | 850,319 | (256,498) |
| Decrease (increase) in net debt | 850,319 | (256,498) |
| Net debt - beginning of year | \$ (3,579,115) | \$ (3,322,617) |
| Net debt - end of year | \$ (2,728,796) | \$ (3,579,115) |

KEESECKOOWENIN FIRST NATION
Consolidated Statement of Revenues and Expenses
Year Ended March 31, 2015

| | Budget (Unaudited) 2015 | 2015 | 2014 |
|--|-------------------------------|--------------|--------------|
| REVENUES | | | |
| Aboriginal Affairs and Northern Development Canada | \$ 4,727,786 | \$ 5,493,813 | \$ 4,885,397 |
| Aboriginal Capacity Development | - | 7,800 | 38,248 |
| Canada Mortgage and Housing Corporation | 288,000 | 281,605 | 317,638 |
| First Peoples Development Inc. | 369,748 | 333,962 | 336,627 |
| Health Canada | 1,003,089 | 1,243,139 | 1,180,271 |
| Manitoba Education First Nation Resource Centre | - | 30,000 | 30,224 |
| Manitoba Hydro | - | - | 66,135 |
| Parks Canada | 196,000 | 197,206 | 239,744 |
| Province of Manitoba | 123,200 | 64,189 | 245,433 |
| Solicitor General | 33,626 | 33,626 | 33,626 |
| Administration fees | 125,905 | 52,773 | 149,454 |
| Building rental | 37,728 | 159,187 | 73,668 |
| Daycare fees | 7,200 | 678 | 6,418 |
| First Nation Trust Funds | - | 75,253 | - |
| Income tested rent (Note 14) | - | 86,511 | 166,189 |
| Non-tested rent (Note 14) | 228,000 | 167,236 | 170,830 |
| Other | 32,700 | 207,251 | 270,858 |
| Rebates | - | 9,449 | 11,090 |
| Unconditional grant | - | - | 17,847 |
| User fees | 43,450 | 12,797 | 54,149 |
| Video lottery terminals | 1,595,000 | 1,662,041 | 1,844,590 |
| Work opportunity program | - | 15,148 | 37,993 |
| Deferred from prior year | - | 19,000 | 104,000 |
| Deferred to subsequent year | - | - | (19,000) |
| Decommissioned funding and recoveries | - | (19,000) | (15,331) |
| | 8,811,432 | 10,133,664 | 10,246,098 |
| EXPENSES | 8,588,771 | 9,324,149 | 10,581,412 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE TRANSFERS | 222,661 | 809,515 | (335,314) |
| TRANSFERS | | | |
| Transfer to capital assets | - | - | 190,889 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE AMORTIZATION | 222,661 | 809,515 | (144,425) |
| AMORTIZATION | 309,384 | 625,664 | 668,212 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES | \$ (86,723) | \$ 183,851 | \$ (812,637) |

KEESECKOOWENIN FIRST NATION
Consolidated Expenses
Year Ended March 31, 2015

| | Budget (Unaudited) 2015 | 2015 | 2014 |
|---|-------------------------------|--------------|---------------|
| Administration | \$ 159,747 | \$ 158,673 | \$ 175,651 |
| Advertising and promotion | 7,885 | 6,683 | 11,193 |
| Allocation to operating reserve | - | - | 40,128 |
| Allocation to replacement reserve | 22,800 | 58,889 | 58,889 |
| Allowances | 332,821 | 387,857 | 393,001 |
| Band projects | 86,724 | 76,066 | 46,660 |
| Donations | 46,698 | 60,658 | 70,403 |
| Employee benefits | 1,500 | 10,853 | 26,965 |
| Equipment rentals | - | - | 5,146 |
| Flood emergency services | - | 8,529 | - |
| Fuel | 93,735 | 149,675 | 178,188 |
| Funeral | 6,000 | 17,310 | 30,084 |
| Graduation | 32,550 | 20,215 | 17,349 |
| Homemakers | 87,360 | 64,352 | 113,813 |
| Honoraria | 195,992 | 198,946 | 277,383 |
| Housing programs | 12,000 | 116,908 | 92,034 |
| Income support - employable (Note 14) | 581,460 | 559,345 | 505,664 |
| Income support - unemployable (Note 14) | 581,468 | 596,432 | 570,256 |
| Insurance | 251,846 | 98,929 | 302,981 |
| Interest and bank charges | 40,200 | 71,760 | 91,557 |
| Interest on long term debt | 18,000 | 87,293 | 110,013 |
| Manitoba Lotteries Commission share | 36,000 | 69,311 | 75,283 |
| Meetings | 16,500 | 11,393 | 223 |
| Memberships | 1,500 | 3,549 | 14,465 |
| Moveable asset reserve allocation | - | 1,492 | 1,492 |
| Non-treaty assistance | 115,200 | 61,901 | 81,083 |
| Office and miscellaneous | 76,908 | 64,296 | 74,840 |
| Pension | - | 29,848 | 52,886 |
| Professional and consulting fees | 233,433 | 109,722 | 337,115 |
| Program support | 38,837 | 31,540 | 41,798 |
| Property taxes | 4,170 | 7,500 | 7,203 |
| Rent | 42,553 | 154,030 | 193,913 |
| Repairs and maintenance | 278,380 | 214,339 | 244,624 |
| Special activities and events | 77,190 | 62,647 | 97,816 |
| Special needs | 31,118 | 35,437 | 34,525 |
| Student expenses | 28,262 | 19,351 | 22,941 |
| Sub-contracts | 217,660 | 625,890 | 485,220 |
| Supplies | 272,359 | 371,785 | 423,223 |
| Telephone | 66,480 | 66,913 | 61,572 |
| Training | 228,427 | 71,224 | 160,767 |
| Transportation | - | 58,943 | 51,640 |
| Travel | 217,868 | 202,204 | 263,374 |
| Tuition | 632,959 | 727,840 | 695,554 |
| Utilities | 103,250 | 89,600 | 169,646 |
| Video lottery terminal payouts | 1,228,150 | 1,288,195 | 1,408,979 |
| Wages and employee benefits | 2,082,781 | 2,165,028 | 2,395,406 |
| Work opportunity program | - | 30,798 | 68,466 |
| | \$ 8,588,771 | \$ 9,324,149 | \$ 10,581,412 |

KEESECKOOWENIN FIRST NATION
Consolidated Statement of Accumulated Surplus
Year Ended March 31, 2015

| | 2015 | 2014 |
|--|---------------------|---------------------|
| ACCUMULATED SURPLUS - BEGINNING OF YEAR | \$ 7,961,700 | \$ 8,675,320 |
| Allocation to operating reserve | - | 40,128 |
| Allocation to replacement reserve | 58,889 | 58,889 |
| Excess (deficiency) of revenues over expenses | 183,851 | (812,637) |
| ACCUMULATED SURPLUS - END OF YEAR | \$ 8,204,440 | \$ 7,961,700 |

KEESECKOOWENIN FIRST NATION

Consolidated Statement of Cash Flow

Year Ended March 31, 2015

| | 2015 | 2014 |
|---|---------------------|---------------------|
| OPERATING ACTIVITIES | | |
| Excess (deficiency) of revenues over expenses | \$ 183,851 | \$ (812,637) |
| Items not affecting cash: | | |
| Amortization | 625,664 | 668,212 |
| Gain on disposal of capital assets | - | (20,200) |
| Allocation to reserves | 58,889 | 99,017 |
| | 868,404 | (65,608) |
| Changes in non-cash working capital: | | |
| Accounts receivable | (411,704) | 172,246 |
| Accounts payable and accrued liabilities | 272,793 | 228,940 |
| Prepaid expenses | (18,084) | - |
| GST payable (receivable) | 6,817 | (6,027) |
| Deferred revenue | (19,000) | (85,000) |
| Moveable asset reserve | 1,492 | 1,492 |
| Due to replacement reserve | 38,518 | 93,436 |
| | (129,168) | 405,087 |
| Cash flow from operating activities | 739,236 | 339,479 |
| INVESTING ACTIVITIES | | |
| Purchase of capital assets | - | (211,089) |
| Proceeds on disposal of capital assets | - | 20,200 |
| Increase in restricted cash | (38,518) | (93,436) |
| Decrease (increase) in long term investments | (5,000) | 6,253 |
| Increase in restricted - moveable asset reserve | (1,492) | (1,492) |
| Increase in Ottawa Trust Funds | (474) | (161) |
| Cash flow used by investing activities | (45,484) | (279,725) |
| FINANCING ACTIVITIES | | |
| Proceeds from long term financing | 27,357 | - |
| Repayment of long term debt | (431,417) | (386,080) |
| Cash flow used by financing activities | (404,060) | (386,080) |
| INCREASE (DECREASE) IN CASH | 289,692 | (326,326) |
| Deficiency - beginning of year | (565,681) | (239,355) |
| DEFICIENCY - END OF YEAR | \$ (275,989) | \$ (565,681) |

KEESECKOOWENIN FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2015

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.

(continues)

KEESECKOOWENIN FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2015

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.

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, 2015.

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 and others. 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, 2015

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, bank indebtedness, long-term debt, due to Keeseekoowenin First Nation Trust, 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

| | 2015 | 2014 |
|---|-------------------|-------------------|
| AANDC - Recovery | \$ 31,494 | \$ - |
| AANDC - Recovery - PAYE | 55,840 | - |
| AANDC - Low Cost Special Education - PAYE | 17,556 | 1,964 |
| AANDC - Tuition Agreement - PAYE | 365,209 | 97,289 |
| AANDC - Prov Schools - Direct Services - PAYE | 23,972 | 15,512 |
| AANDC - Community Planning | - | 19,000 |
| Canada Mortgage and Housing Corporation | 20,419 | 36,719 |
| Health Canada | - | 6,011 |
| Goods and services tax | 39,306 | 46,123 |
| Other government agencies | 147,834 | 113,778 |
| Members | 42,580 | 32,104 |
| Other | 62,359 | 33,182 |
| | 806,569 | 401,682 |
| Allowance for doubtful accounts | (11,168) | (11,168) |
| | \$ 795,401 | \$ 390,514 |

KEESECKOOWENIN FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2015

5. LOANS RECEIVABLE

| | 2015 | 2014 |
|--|-------------------|-------------------|
| 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 |
| | \$ 204,318 | \$ 204,318 |

6. LONG TERM INVESTMENTS

| | 2015 | 2014 |
|------------------------------|---------------------|---------------------|
| KRW Limited Partnership | \$ 1,263,996 | \$ 1,263,996 |
| Keeseekoowenin Gaming Centre | (2,061) | (2,061) |
| Paintings | 14,134 | 14,134 |
| Treaty 2 Development Inc. | 5,000 | - |
| | \$ 1,281,069 | \$ 1,276,069 |

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 Funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada 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 trust funds consisted of the following balances:

| | 2015 | 2014 |
|-----------------|------------------|------------------|
| Capital account | \$ 10,587 | \$ 10,587 |
| Revenue account | 1,977 | 1,503 |
| | \$ 12,564 | \$ 12,090 |

KEESECKOOWENIN FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2015

8. BANK INDEBTEDNESS

The organization has a line of credit on its operating account 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. An interest rate of 24% is charged on balances in excess of the maximum line of credit and on overdrafts on all other bank accounts. As at March 31, 2015, \$16,802 (2014 - \$Nil) of this line of credit remained unused.

The excess of bank indebtedness over the maximum operating loan is a result of outstanding cheques issued at March 31, 2015.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | 2015 | 2014 |
|--|---------------------|-------------------|
| Aboriginal Affairs and Northern Development Canada | \$ 57,630 | \$ 57,630 |
| Trade and other | 1,069,275 | 771,067 |
| Source deductions | 6,137 | 5,430 |
| Wages and benefits | 69,811 | 95,934 |
| | \$ 1,202,853 | \$ 930,061 |

10. LONG TERM DEBT

| | 2015 | 2014 |
|--|-----------|------------|
| 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 a Ministerial Guarantee. | \$ 88,953 | \$ 126,009 |
| Canada Mortgage and Housing Corporation loan bearing interest at 2.04% per annum, repayable in monthly blended payments of \$3,154. The loan matures on March 1, 2019 and is secured by a Ministerial Guarantee. | 145,278 | 179,789 |
| 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 October 1, 2018 and is secured by a Ministerial Guarantee. | 132,072 | 166,741 |
| 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 December 1, 2019 and is secured by a Ministerial Guarantee. | 95,043 | 114,152 |
| Canada Mortgage and Housing Corporation loan bearing interest at 1.82% per annum, repayable in monthly blended payments of \$3,289. The loan matures on August 1, 2024 and is secured by a Ministerial Guarantee. | 341,442 | 373,738 |
| 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, 2026 and is secured by a Ministerial Guarantee. | 161,654 | 174,114 |
| Canada Mortgage and Housing Corporation loan bearing interest at 1.39% per annum, repayable in monthly blended payments of \$1,337. The loan matures on May 1, 2030 and is secured by a Ministerial Guarantee. | 219,008 | 230,580 |
| 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, 2032 and is secured by a Ministerial Guarantee. | 408,132 | 428,024 |
| Canada Mortgage and Housing Corporation loan bearing interest at 1.83% per annum, repayable in monthly blended payments of \$3,496. The loan matures on November 1, 2034 and is secured by a Ministerial Guarantee. | 690,833 | 719,513 |
| Canada Mortgage and Housing Corporation loan bearing interest at 1.83% per annum, repayable in monthly blended payments of \$1,876. The loan matures on November 1, 2034 and is secured by a Ministerial Guarantee. | 371,777 | 386,137 |

(continues)

KEESECKOOWENIN FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2015

10. LONG TERM DEBT (continued)

| | 2015 | 2014 |
|--|---------------------|---------------------|
| 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 November 1, 2035 and is secured by a Ministerial Guarantee. | 351,303 | 364,722 |
| Sunrise Credit Union loan bearing interest at 5.5% per annum, repayable in monthly blended payments of \$1,984. The loan matures on September 1, 2015 and is secured by general security agreement on Band Council Resolution. | 10,118 | 32,659 |
| Sunrise Credit Union loan bearing interest at 5.25% per annum, repayable in monthly blended payments of \$12,034. The loan matures on August 1, 2017 and is secured by general security agreement on Band Council Resolution. | 323,375 | 446,869 |
| | \$ 3,338,988 | \$ 3,743,047 |

Principal repayment terms are approximately:

| | |
|------------|---------------------|
| 2016 | \$ 406,559 |
| 2017 | 408,137 |
| 2018 | 304,736 |
| 2019 | 228,448 |
| 2020 | 164,105 |
| Thereafter | 1,827,003 |
| | \$ 3,338,988 |

Canada Mortgage and Housing Corporation (CMHC) mortgages have maturity dates of 25 years and call for renewal every 5 years. Since CMHC will in all likelihood renew each mortgage at the renewal date, the repayment schedule reflects repayment over the entire period of the mortgage

11. 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 (2014 - \$58,889) 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 \$39,641 (2014 - \$86,507) and was underfunded by \$734,480 (2014 - \$649,096).

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 | 2015 | 2014 |
|----------------------------|------------|-------------------------|--------------------------|------------|------------|
| Balance, beginning of year | \$ 237,612 | \$ 324,444 | \$ 349,545 | \$ 911,601 | \$ 818,165 |
| Annual allocation | - | 13,980 | 44,909 | 58,889 | 99,017 |
| Expenses | - | (20,371) | - | (20,371) | (5,581) |
| | 237,612 | 318,053 | 394,454 | 950,119 | 911,601 |
| | \$ 237,612 | \$ 318,053 | \$ 394,454 | \$ 950,119 | \$ 911,601 |

12. 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.

| | 2015 | 2014 |
|-----------------------------|-----------|-----------|
| Balance - beginning of year | \$ 40,690 | \$ 39,198 |
| Current year allocation | 1,492 | 1,492 |
| Balance - end of year | \$ 42,182 | \$ 40,690 |

13. CAPITAL ASSETS

| | 2015 | | 2014 | |
|----------------|----------------------|--------------------------|----------------------|--------------------------|
| | Cost | Accumulated amortization | Cost | Accumulated amortization |
| Land | \$ 170,000 | \$ - | \$ 170,000 | \$ - |
| Buildings | 6,342,748 | 3,604,359 | 6,342,748 | 3,490,259 |
| CMHC Housing | 8,494,743 | 3,338,875 | 8,494,743 | 2,999,085 |
| Equipment | 690,289 | 604,684 | 690,289 | 583,283 |
| Lagoon | 2,888,682 | 515,902 | 2,888,682 | 442,517 |
| Motor vehicles | 1,126,283 | 963,200 | 1,126,283 | 893,307 |
| Roads | 2,129,877 | 1,900,450 | 2,129,877 | 1,893,355 |
| | \$ 21,842,622 | \$ 10,927,470 | \$ 21,842,622 | \$ 10,301,806 |
| Net book value | \$ 10,915,152 | | \$ 11,540,816 | |

14. 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. Keeseekoowenin First Nation has agreed to cover any deficit incurred by Keeseekoowenin First Nation CMHC Housing.

15. ECONOMIC DEPENDENCE

The organization receives substantially all of its revenues from government sources.

16. RECONCILIATION OF ABORIGINAL AFFAIRS
AND NORTHERN DEVELOPMENT CANADA (AANDC) REVENUES

| | 2015 | 2014 |
|---|--------------|--------------|
| AANDC revenues per financial statements | \$ 5,493,813 | \$ 4,885,397 |
| AANDC revenues per confirmation | \$ 5,493,813 | \$ 4,885,397 |

17. COMPARATIVE FIGURES

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

18. 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 | |
|---|-------------------|--------------------|------------------|--------------------|--------------------------|---------------------|---------------------|---------------------|------------------|--------------------|----------------------|-------------|-------------------|---------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Revenues | | | | | | | | | | | | | | |
| Federal Government | \$ 2,405,923 | \$ 2,277,702 | \$ 1,243,139 | \$ 1,194,271 | \$ 1,147,313 | \$ 1,170,689 | \$ 1,439,607 | \$ 1,049,905 | \$ 1,347,369 | \$ 1,288,814 | \$ - | \$ - | \$ 7,583,351 | \$ 6,981,381 |
| Provincial Government | 30,000 | 30,224 | 6,000 | 4,600 | - | - | - | 150,000 | 58,189 | 90,833 | - | - | 94,189 | 275,657 |
| Economic Activities | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Net income from investments in government businesses | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other revenue | 826 | 8,546 | 35,959 | 88,632 | 347,276 | 430,529 | 2,033,816 | 2,429,888 | 38,247 | 25,224 | - | - | 2,456,124 | 2,982,819 |
| Total Revenue | 2,436,749 | 2,316,472 | 1,285,098 | 1,287,503 | 1,494,589 | 1,601,218 | 3,473,423 | 3,629,793 | 1,443,805 | 1,404,871 | - | - | 10,133,664 | 10,239,857 |
| Expenses | | | | | | | | | | | | | | |
| Wages and benefits | 644,387 | 693,785 | 732,561 | 777,666 | 245,536 | 225,485 | 534,703 | 656,085 | 48,542 | 42,385 | - | - | 2,205,729 | 2,395,406 |
| Amortization | 74,471 | 80,913 | 15,522 | 22,174 | 339,790 | 339,790 | 195,881 | 225,330 | - | - | - | - | 625,664 | 668,207 |
| Debt servicing | 6,554 | 7,340 | 3,009 | 5,375 | 70,177 | 80,692 | 71,081 | 106,496 | 8,232 | 1,664 | - | - | 159,053 | 201,567 |
| Other expenses | 1,585,618 | 1,566,269 | 503,451 | 573,242 | 652,463 | 1,063,262 | 2,845,860 | 3,174,015 | 1,371,975 | 1,410,526 | - | - | 6,959,367 | 7,787,314 |
| Total Expenses | 2,311,030 | 2,348,307 | 1,254,543 | 1,378,457 | 1,307,966 | 1,709,229 | 3,647,525 | 4,161,926 | 1,428,749 | 1,454,575 | - | - | 9,949,813 | 11,052,494 |
| Annual Surplus (Deficit) | \$ 125,719 | \$ (31,835) | \$ 30,555 | \$ (90,954) | \$ 186,623 | \$ (108,011) | \$ (174,102) | \$ (532,133) | \$ 15,056 | \$ (49,704) | \$ - | \$ - | \$ 183,851 | \$ (812,637) |