

**Swan Lake First Nation -  
Consolidated**

**Financial Statements**  
For the year ended March 31, 2014

# Swan Lake First Nation - Consolidated

## Financial Statements

For the year ended March 31, 2014

## Contents

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<b>Independent Auditor's Report</b>	<b>2</b>
Statement of Financial Position	3
Statement of Net Debt	4
Statement of Operations	5
Statement of Cash Flows	6
Summary of Significant Accounting Policies	7
Notes to Financial Statements	6
<b>Auditors' Comments on Supplementary Financial Information</b>	<b>18</b>
Schedule of Segmented Information / Statement by Object	19
Statement of Operations - Combined	20
Statement of Operations - Band Administration	23
Statement of Operations - Social Development	24
Statement of Operations - Medical Services	25
Schedule of Expenses - Medical Services	26
Statement of Operations - Economic Development	31
Statement of Operations - Public Works	32
Statement of Operations - Human Resources	33
Statement of Operations - Education	34
Statement of Operations - School Maintenance	35
Statement of Operations - Swan Lake First Nation Advisor	36
Statement of Operations - Cultural Education	37
Statement of Operations - Employment Development	38
Statement of Operations - Family Violence - Contribution Funding	39
Statement of Operations - Band Membership	40
Statement of Operations - Post Secondary Education	41
Statement of Operations - Daycare Initiative	42
Statement of Operations - Community Planning Governance	43
Statement of Operations - Business Development	44
Statement of Operations - Housing	44
Statement of Operations - Capital Projects	45
Statement of Operations - C.M.H.C. Projects	46
Statement of Operations - Youth Camp	47
Statement of Operations - Four Corners Gas Bar	48
Statement of Operations - Work Opportunity Program	49
Statement of Operations - Gaming Commission	50
Statement of Operations - Swan Lake First Nation Farm	51

# Swan Lake First Nation - Consolidated

## Financial Statements

For the year ended March 31, 2014

### Contents (continued)

Statement of Operations - SLFN Enterprises	52
Statement of Operations - Professional and Institutional Development Program	53
Statement of Operations - Education - Teacher Recruitment - Contribution Funding	54
Statement of Operations - Education - Enhanced Teacher Salaries - Contribution Funding	55
Statement of Operations - Education - Band Operated Schools Special Education - Contribution Funding	56
Statement of Operations - Education - Provincial Operated Schools Special Education - Contribution Funding	57
Statement of Operations - Education - Improving School Effectiveness - Contribution Funding	58
Statement of Operations - Environmental Site Assessment - Contribution Funding	59
Statement of Operations - Land Management - Contribution Funding	60
Statement of Operations - Parental and Community Engagement - Contribution Funding	61
Statement of Operations - Case Management Capacity - Contribution Funding	62
Statement of Operations - First Nation and Inuit Student Work Experience - Contribution Funding	63
Statement of Operations - First Nation and Inuit Skills Link Information & Communication Technology Work Placements - Contribution Funding	64
Statement of Operations - First Nation and Inuit Skills Link Program - Contribution Funding	65
Statement of Operations - Water and Waste Water	66
Statement of Operations - Water System Protocol Upgrade - Contribution Funding	67
Statement of Operations - Water System Protocol Upgrade - Contribution Funding	68
Statement of Operations - Client Supports Active Measures - Contribution Funding	69
Statement of Operations - Land Lease	70
Statement of Operations - Water O&M - Contribution Funding	71
Statement of Operations - Tobacco Tax	72
Statement of Operations - Service Delivery Infrastructure - Contribution Funding	73
Statement of Operations - Special Projects	74
Statement of Operations - Water - Cistern Tank Cleaning - Contribution Funding	75
Statement of Operations - HIIIFIY Program	76
Statement of Operations - Eco Action Program	77
Statement of Operations - Bipole III	78
<b>Review Engagement Report on Supplementary Financial Information</b>	79
Schedule of Federal Government Funding	80
Schedule of Honoraria and Travel Expenses - Elected Officials	81
Schedule of Honoraria and Travel Expenses - Unlected Senior Officials	82
<b>Management's Responsibility for Financial Reporting</b>	83

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## Independent Auditor's Report

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### **To the Members of Swan Lake First Nation**

We have audited the accompanying financial statements of Swan Lake First Nation, which comprise the consolidated statement of financial position as at March 31, 2014, consolidated statements of changes in net debt, operations 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 financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

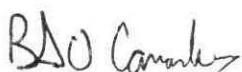
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Swan Lake First Nation as at March 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards. Our report is intended solely for the Directors of Swan Lake First Nation and A.A.N.D.C. and should not be used by parties other than the Members of Swan Lake First Nation or A.A.N.D.C.



Chartered Accountants

Brandon, Manitoba  
July 29, 2014

## Swan Lake First Nation - Consolidated Statement of Financial Position

March 31,

2014

2013

(Restated  
- Note 11)

### Financial Assets

Cash and short term investments (Note 2)	\$ 4,684,369	\$ 2,574,776
Trust funds - A.A.N.D.C. (Note 3)	26,958	26,600
Accounts receivable (Note 4)	754,677	984,621
Replacement reserve assets	281,034	180,427
	<hr/> <u>5,747,038</u>	<hr/> <u>3,766,424</u>

### Liabilities

Bank indebtedness (Note 7)	384,898	452,278
Accounts payable (Note 8)	338,318	897,686
Deferred revenue (Note 10)	190,187	225,702
Long-term debt (Note 9)	6,363,909	6,987,751
	<hr/> <u>7,277,312</u>	<hr/> <u>8,563,417</u>

### Net Debt

(1,530,274) (4,796,993)

### Non-Financial Assets

Tangible capital assets (Note 6)	15,727,200	15,839,715
Inventories	413,934	322,563
	<hr/> <u>16,141,134</u>	<hr/> <u>16,162,278</u>

### Accumulated Surplus (Note 11)

\$ 14,610,860 \$ 11,365,285

On behalf of the Chief and Council:

Jessie Hecke Chief

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Councillor

Alan Daniel Councillor

B. M. K. Councillor

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## Swan Lake First Nation - Consolidated Statement of Net Debt

<u>For the year ended March 31</u>	<u>2014</u>	<u>2013</u>
	(Restated - Note 11)	
<b>Annual Surplus</b>	<b>\$ 3,245,577</b>	\$ 989,669
Acquisition of tangible capital assets	(1,537,187)	(1,720,947)
Amortization of tangible capital assets	<u>1,649,702</u>	<u>1,413,926</u>
	<u>3,358,092</u>	<u>682,648</u>
Use of prepaid expenses	-	50,000
Use of inventories	<u>(91,373)</u>	<u>6,828</u>
<b>Decrease in net debt</b>	<b>3,266,719</b>	739,476
<b>Net debt</b> , beginning of year	<b>(4,796,993)</b>	(4,836,469)
Prior period restatement of potato chip plant (Note 11)	-	<u>(700,000)</u>
<b>Net debt</b> , end of year	<b><u>\$ (1,530,274)</u></b>	<b><u>\$ (4,796,993)</u></b>

# **Swan Lake First Nation - Consolidated Statement of Operations**

**For the year ended March 31**

2014

2013

(Restated  
- Note 12)

### Revenue

A.A.N.D.C.	\$ 5,042,443	\$ 5,271,629
Other revenue	22,358,483	17,873,979
Sale of housing units (Note 11)	-	648,931
Trust funds held by federal government (Note 3)	358	4,162
	<b>27,401,284</b>	<b>23,798,701</b>

## Expenditures

Band support/administration	<b>1,018,000</b>	1,145,692
Social	<b>1,068,864</b>	970,454
Education	<b>2,228,769</b>	2,344,554
Health	<b>994,051</b>	950,445
Housing	<b>875,118</b>	858,434
Operations and maintenance	<b>3,657,036</b>	3,219,687
Enterprises	<b>14,313,869</b>	13,319,766
	<b>24,155,707</b>	22,809,032

### **Surplus for year**

\$ 3,245.577 \$ 989 669

**Swan Lake First Nation - Consolidated  
Statement of Cash Flows  
March 31**

<u>For the year ended March 31</u>	<u>2014</u>	<u>2013</u>
	(Restated - Note 11)	
<b>Cash Flows from Operating Activities</b>		
Surplus for the year	\$ 3,245,577	\$ 989,669
Adjustments for		
Amortization of tangible capital assets	<u>1,649,702</u>	1,365,270
	<u>4,895,279</u>	2,354,939
Changes in non-cash working capital balances		
Accounts receivable	229,944	551,569
Inventories	(91,371)	6,827
Prepaid expenses	-	50,000
Accounts payable	(559,368)	(5,585)
Deferred revenue	(35,515)	169,377
Replacement reserve	<u>(100,607)</u>	48,507
	<u>(556,917)</u>	820,695
	<u>4,338,362</u>	3,175,634
<b>Cash Flows from Capital Activities</b>		
Purchase of tangible capital assets	<u>(1,537,186)</u>	(1,720,947)
<b>Cash Flows from Financing Activities</b>		
Repayment of long-term debt	(662,863)	(557,526)
Proceeds of long-term debt	<u>39,018</u>	351,970
	<u>(623,845)</u>	(205,556)
<b>Increase in cash and cash equivalents during the year</b>	<b>2,177,331</b>	1,249,131
<b>Cash and cash equivalents, beginning of year</b>	<b>2,149,098</b>	899,967
<b>Cash and cash equivalents, end of year</b>	<b>\$ 4,326,429</b>	\$ 2,149,098
<b>Represented by</b>		
Cash and short-term investments	\$ 4,684,369	\$ 2,574,776
Trust funds - A.A.N.D.C.	26,958	26,600
Bank indebtedness	<u>(384,898)</u>	(452,278)
	<u>\$ 4,326,429</u>	\$ 2,149,098

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## Swan Lake First Nation - Consolidated Notes to Financial Statements

**March 31, 2014**

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### 1. Nature of Operations and Summary of Significant Accounting Policies

#### Nature of Operations

Swan Lake First Nation is a First Nation government that provides a wide range of services to the members of its community. By its nature, the entity is non-taxable. The entity is governed by a board of elected Chief and Council.

#### Basis of Presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local government entities, as defined in the Canadian Institute of Chartered Accountants Public Sector accounting and Auditing Handbook, and include all organizations, operations and activities that are:

- 1) accountable for the administration of their financial affairs and resources directly to the First Nation; and
- 2) owned or controlled by the First Nation.

#### Reporting Entity

These financial statements consolidate the operations of all band administered departments plus the following band controlled entities:

- SLFN Enterprises
- Swan Lake First Nation Housing Authority
- Swan Lake First Nation Gaming Commission
- Swan Lake First Nation Farm

The TLE First Nation Trust is not consolidated with the Swan Lake First Nation financial statements. This entity has its own separate board of directors and is not under the control of the Chief and Council of Swan Lake First Nation.

#### Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. The First Nation does not capitalize interest charges as part of the cost of its tangible capital assets.

Certain assets which have historical or cultural value including works of art, historical documents as well as historical and cultural artifacts are not recognized as tangible capital assets because a reasonable estimate of the future benefits associated with such property cannot be made. Intangibles, Crown lands that have not been purchased by the First Nation, forests, water, and other natural resources are not recognized as tangible capital assets.

#### Amortization

Assets are amortized over their expected useful life at the following rates:

Water Treatment Plant	5%	Declining Balance
Buildings	5%	Declining Balance
CMHC Buildings	4%	Straight Line
Medical Vans	30%	Declining Balance
Roads	3%	Straight Line
Band Buildings	5%	Declining Balance
VLT Lounge	4%	Declining Balance
Equipment	20%	Declining Balance
Wind Farm	5%	Declining Balance
Water Lines	4%	Straight Line

No amortization is recorded on the irrigation dam - non depreciable.

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## Swan Lake First Nation - Consolidated Notes to Financial Statements

**March 31, 2014**

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### **1. Nature of Operations and Summary of Significant Accounting Policies (continued)**

<b>Revenue Recognition</b>	Funding received under the terms of agreements are recognized as revenue when collection has been reasonably assured and the stipulations to earn the funding have been met. Other revenue is recognized when services are provided and collectability is reasonably assured.  The amounts recognized as deferred program revenue have been externally restricted to be used on program delivery as specified by the appropriate funding authority.
<b>Due from/to Related Parties</b>	The Swan Lake First Nation Farm has a year end of November 30. The amount Due from / to Related Parties represents the transactions for the farm that have flowed through the band since November 30. As transactions for the farm are minimal during the period December 1 - March 31, the preceding treatment is deemed appropriate.
<b>Use of Estimates</b>	The preparation of financial statements in accordance with Canadian generally accepted accounting principals requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Estimates by management have been made in the following areas:  - The useful life of capital assets - The collectability of accounts receivable
<b>Financial Instruments</b>	The organization's financial instruments consist of cash, accounts receivable, accounts payable and long-term debt. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.
<b>Trust Funds</b>	Trust funds represent the Indian Monies Trust funds held by the Federal Government. These funds are administered by the Federal Government. There were no expenditures in the current fiscal year.

## Swan Lake First Nation - Consolidated Notes to Financial Statements

**March 31, 2014**

### 2. Cash and Short Term Investments

	2014	2013
Swan Lake First Nation	\$ 58,854	\$ 41,849
Swan Lake First Nation - Social	(15,814)	42,112
Swan Lake First Nation Housing Authority	51,596	1,678
Gaming Commission	360	766
Swan Lake First Nation Farm	1,618	2,074
SLFN Enterprises	1,298,761	1,210,938
SLFN Enterprises - ATM/VLT cash on hand	167,405	114,221
SLFN Enterprises - term deposits	2,748,057	717,460
Four Corners Gas Bar	(1,610)	798
SLFN Instaloans	17,202	17,202
 Cash and short-term investments	 <u>\$ 4,326,429</u>	 <u>\$ 2,149,098</u>
 Represented by:		
Cash and short-term investments	\$ 4,684,369	\$ 2,574,776
Trust funds - A.A.N.D.C.	26,958	26,600
Bank indebtedness	(384,898)	(452,278)
 <u>\$ 4,326,429</u>	 <u>\$ 2,149,098</u>	

### 3. Trust Funds Held by Federal Government

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. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

	Opening Balance	Additions	Withdrawals	2014 Total	2013 Total
Revenue	\$26,559	\$358	\$-	\$26,917	\$26,559
Capital	41	-	-	41	41
 <b>Fund Total</b>	 <b>\$26,600</b>	<b>\$358</b>	<b>\$-</b>	<b>\$26,958</b>	<b>\$26,600</b>

## Swan Lake First Nation - Consolidated Notes to Financial Statements

**March 31, 2014**

### 4. Accounts Receivable

	2014	2013
GST	\$ 15,052	\$ 43,073
A.A.N.D.C. - Active Measures	-	16,000
A.A.N.D.C. - Case Management	-	14,558
A.A.N.D.C. - Environmental Site Assessment	-	34,500
A.A.N.D.C. - Business Development	-	86,400
A.A.N.D.C. - Business Development	-	89,000
A.A.N.D.C. - Business Development	-	89,000
A.A.N.D.C. - Water Treatment Plant	321,711	321,711
A.A.N.D.C. - Water Project under \$1.5 million	-	46,260
A.A.N.D.C. - Land and Resources Development	-	52,704
A.A.N.D.C. - Service Delivery Infrastructure	-	13,300
A.A.N.D.C. - Band Operated School - Direct Services	-	7,926
Band member advances	5,124	4,107
H.R.D.C.	-	18,008
CMHC	64,000	8,500
SLFN Enterprises	169,502	-
CEDO loans	42,184	40,725
Occupant receivables	10,257	-
Other	124,147	126,718
F.N.I.H.B. program funding	27,837	-
Trust	4,232	-
Allowance for doubtful accounts	(29,369)	(27,869)
	<b>\$ 754,677</b>	<b>\$ 984,621</b>

### 5. Related Party Transactions

Swan Lake First Nation is related to the Swan Lake First Nation Trust - Treaty Land Entitlement as the First Nation is a beneficiary of the trust. The Trust has its own board of directors and is not controlled by the First Nation, therefore it has not been consolidated into the accounts of the First Nation. There were no transactions in the year with the trust.

### 6. Tangible Capital Assets

	2014			2013		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Water treatment plant	\$ 2,990,438	\$ 811,215	\$ 2,179,223	\$ 2,990,438	\$ 696,519	\$ 2,293,919
Buildings	4,225,517	1,465,019	2,760,498	4,141,057	1,213,185	2,927,872
Irrigation dam	286,783	-	286,783	286,783	-	286,783
Medical vans	235,460	184,931	50,529	174,858	170,731	4,127
CMHC housing	5,299,728	1,825,999	3,473,729	5,227,040	1,617,017	3,610,023
Roads	510,390	446,591	63,799	510,390	433,832	76,558
Potato chip plant	2,383,634	1,486,907	896,727	2,383,634	1,010,180	1,373,454
Band buildings	5,658,985	1,979,011	3,679,974	5,519,585	1,860,232	3,659,353
VLT lounge	423,058	299,723	123,335	267,283	251,288	15,995
Equipment	5,311,390	3,474,155	1,837,235	4,310,567	3,133,004	1,177,563
Wind Farm	134,008	24,640	109,368	134,008	17,940	116,068
Water Lines	800,000	534,000	266,000	800,000	502,000	298,000
	<b>\$ 28,259,391</b>	<b>\$ 12,532,191</b>	<b>\$ 15,727,200</b>	<b>\$ 26,745,643</b>	<b>\$ 10,905,928</b>	<b>\$ 15,839,715</b>

## Swan Lake First Nation - Consolidated Notes to Financial Statements

**March 31, 2014**

### 7. Bank Indebtedness

The SLFN Enterprises Ltd. bank account carries an overdraft limit of \$250,000 and has unused credit facility of \$43,894. The SLFN regular bank and Social bank accounts do not carry an overdraft limit. Therefore, at March 31, 2014, the First Nation and Social are over their operating limit by \$159,671 and \$15,814 due to outstanding cheques that have not been cashed at March 31, 2014.

### 8. Accounts Payable

	2014	2013
Trade accounts payable	\$ 261,514	\$ 761,741
School division payables	24,423	39,561
Accrued liabilities	51,699	95,701
A.A.N.D.C. payable	682	682
	<hr/> <b>\$ 338,318</b>	<hr/> <b>\$ 897,685</b>

### 9. Long-term Debt

	2014	2013
TD Canada Trust loan (Case Grader and Skid-Steer) repayable monthly at \$3,995 plus interest at 3.70% secured by a general security agreement, matures July 1, 2014.	\$ 15,980	\$ 63,920
TD Canada Trust loan (Case Loader) repayable monthly at \$933 plus interest at 5.0% secured by a general security agreement, matures October 1, 2014	7,486	20,320
Canada Mortgage and Housing Authority mortgage repayable monthly at \$2,058 including interest at 2.65% secured by a ministerial guarantee, matures April 1, 2026	255,308	273,018
Canada Mortgage and Housing Authority mortgage repayable monthly at \$1,798 including interest at 4.63% secured by a ministerial guarantee, matures July 1, 2027	211,026	225,006
Canada Mortgage and Housing Authority mortgage repayable monthly at \$2,549 including interest at 3.90% secured by a ministerial guarantee, matures March 1, 2028	327,005	347,655
Canada Mortgage and Housing Authority mortgage repayable monthly at \$1,683 including interest at 1.81% secured by a ministerial guarantee, matures January 1, 2029	262,685	277,994
Canada Mortgage and Housing Authority mortgage repayable monthly at \$1,197 including interest at 1.81% secured by a ministerial guarantee, matures April 1, 2029	189,546	200,384

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## Swan Lake First Nation - Consolidated Notes to Financial Statements

**March 31, 2014**

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**9. Long-term Debt (continued)**

Canada Mortgage and Housing Authority mortgage repayable monthly at \$1,748 including interest at 2.84% secured by a ministerial guarantee, matures March 1, 2030	269,812	282,969
Canada Mortgage and Housing Authority mortgage repayable monthly at \$4,876 including interest at 4.91% secured by a ministerial guarantee, matures July 1, 2032	693,924	725,902
Canada Mortgage and Housing Authority mortgage repayable monthly at \$1,317 including interest at 2.56% secured by a ministerial guarantee, matures December 1, 2030	215,268	225,446
Canada Mortgage and Housing Authority mortgage repayable at \$1,572 including interest at 3.98%, secured by ministerial guarantee, matures February 1, 2033	248,017	259,138
Canada Mortgage and Housing Authority mortgage repayable at \$1,381 including interest at 2.75%, secured by ministerial guarantee, matures May 1, 2036	274,999	283,921
Canada Mortgage and Housing Authority mortgage repayable monthly at \$1,222 including interest at 1.64% secured by a ministerial guarantee, matures December 1, 2036	278,349	288,370
Canada Mortgage and Housing Authority mortgage repayable monthly at \$2,338 including interest at 1.44%, secured by ministerial guarantee, matured July 1, 2037	555,960	575,877
Loan repaid during year.	-	160,000
TD Canada Trust mortgage (DOCFS building) repayable monthly at \$7,902 including interest at 4.99%, matures February 1, 2026	659,389	714,722
Dakota Ojibway Child and Family Services (DOCFS) loan repayable annually in the amount of the surplus between loan payments for DOCFS building and the rental revenue received for the fiscal year from DOCFS. Loan is non-interest bearing and non-secured.	202,700	218,060
Peace Hills Trust loan (potato chip plant), repayable monthly, interest-only payments at prime plus .50%. Secured by GIC held with Peace Hills Trust. Matures Nov 2014.	700,000	700,000
TD Canada Trust Loan (administration building), repayable monthly at \$7,190 principle and interest, interest payable at 3.95%, matures September 2027.	897,440	946,991

## Swan Lake First Nation - Consolidated Notes to Financial Statements

March 31, 2014

**9. Long-term Debt (continued)**

Loan repaid during year.	-	121,994
TD Canada Trust loan (geothermal system), repayable monthly at \$1,567 principle and interest, interest payable at a rate of 3.95%, matures September 2017.	59,997	76,064
Canada Mortgage and Housing Authority mortgage. Construction in progress, not in repayment status as at March 31, 2014, secured by ministerial guarantee.	39,018	-
	6,363,909	6,987,751
Less amounts due within one year included in current liabilities	<u>1,230,881</u>	<u>588,597</u>
	<u><u>\$ 5,133,028</u></u>	<u><u>\$ 6,399,154</u></u>

Principal repayments for the next five years and thereafter are as follows:

2015	\$ 1,230,881
2016	357,336
2017	367,615
2018	367,226
2018	371,538
Thereafter	<u>3,669,313</u>
	<u><u>\$ 6,363,909</u></u>

**10. Deferred Revenue**

	2014	2013
Opening	225,702	56,325
Add: Amounts deferred	190,187	225,702
Less: Amounts recognized in the year	<u>(225,702)</u>	<u>(56,325)</u>
	<u><u>\$ 190,187</u></u>	<u><u>\$ 225,702</u></u>

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## Swan Lake First Nation - Consolidated Notes to Financial Statements

**March 31, 2014**

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### 11. Correction of an Error - CMHC Housing Units Accumulated Amortization Error and Undisclosed Housing Unit Sales and Undisclosed Loan

CMHC housing units are recorded according to CMHC standards, in which the accumulated amortization is equal to the principal loan repayments for the year. A prior period adjustment was made upon consolidation in order to adjust the accumulated amortization of the CMHC housing units to be in accordance with PSAB standards.

A prior period adjustment was made to record the sale of housing units that were not recorded in the books, that were transferred to Swan Lake First Nation from Dakota Ojibway Tribal Council Inc.

A prior period adjustment was made to record a loan to Peace Hills Trust that was previously not recorded on the books.

As a result of these errors, the following adjustments were made to the prior year's figures:

The prior year balances have been restated as follows:

	As previously reported	Adjustment	Restated
Cash and short-term investments	\$1,830,087	\$648,931	\$2,479,018
Opening and ending capital assets increased by	24,324,696	700,000	25,024,696
Opening accumulated amortization increased by	(8,818,003)	(674,000)	(9,492,003)
Ending accumulated amortization increased by	(10,183,276)	(722,652)	(10,905,928)
Opening and ending long-term debt increased by	(6,096,667)	(700,000)	(6,796,667)
Amortization expense increased by	1,365,270	48,655	1,413,925
Housing and other sales increased by	-	648,931	648,931

As a result of these changes, the annual surplus for 2013 increased by \$600,276.

	2014	2013
Opening surplus prior to restatements	\$ 11,439,006	\$ 11,049,614
Adjustment through opening surplus	<u>(73,723)</u>	<u>(674,000)</u>
Revised opening surplus	11,365,283	10,375,614
Surplus for the year	<u>3,245,577</u>	<u>989,669</u>
	<b><u>\$ 14,610,860</u></b>	<b><u>\$ 11,365,285</u></b>

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## Swan Lake First Nation - Consolidated Notes to Financial Statements

March 31, 2014

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### 12. Financial Risk Management

There have been no substantive changes in the entity's exposure to financial instrument risks. The board monitors the financial statements including its financial instruments on a monthly basis to determine if there are any increases or changes in its risk.

The principal financial instruments used by the entity, from which financial risk arises, are as follows: cash, receivables and payables, and long-term debt.

#### **Market Risk**

Market risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign exchange risk and other price risk.

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The long term debt is affected by interest rate risk.

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The entity is not exposed to foreign exchange risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk. The entity is not exposed to other price risk.

#### **Liquidity Risk**

Liquidity risk is the risk that the entity will encounter difficulty in having available sufficient funds to meet its commitments. It is the entity's policy to ensure that it will have sufficient cash and short term investments to allow it to meet its liabilities when they come due.

#### **Credit Risk**

Credit risk arises principally from receivables. The majority of the entity's receivables are the result of GST that is refundable and amounts due from government entities. The credit risk is minimal.

### 13. Capital

The organization considers its capital to be its net assets. The organization's objectives when managing its capital are to safeguard its ability as a going concern so it can continue to provide services to its members. Annual budgets are developed and monitored to ensure the organization's capital is maintained at an appropriate level.

### 14. Internal Charges

To properly reflect expenditures by program, certain internal charges have been included in one program's expenditure and another program's revenue. \$1,469,422 of internal transfers have been included in the departmental schedules but removed from both revenue and expenditures on the statement of operations - combined.

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## Swan Lake First Nation - Consolidated Notes to Financial Statements

March 31, 2014

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### 15. Replacement Reserve

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the replacement reserve accounts for each phase are to accumulate with annual appropriations until they reach the final accumulation amounts plus interest.

These funds, along with the 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 Canada Mortgage and Housing Corporation and withdrawals are credited first to interest, then to principal.

The amount of replacement reserve at March 31, 2014 is \$168,349. \$281,034 is funded and set aside in a separate bank account. The annual replacement reserve allocation is \$54,000.

### 16. Commitments and Contingencies

There are no commitments or contingent liabilities owing at March 31, 2014 (2013 - \$-).

### 17. Payroll Remittances

Swan Lake First Nation entered into an agreement with Aboriginal Affairs and Northern Development Canada for funding contributions for employees registered pension plans and the Canada Pension Plan for Aboriginal Affairs and Northern Development Canada funded employees. The following amounts relate to the agreement as well as source deductions remitted to Canada Revenue Agency and group insurance payments submitted to Rice Financial and Great West Life.

Total eligible salaries	\$ 2,538,691
 Employee's contributions:	
Private pension plan	22,931
Canada Pension Plan	52,780
EI	137,000
Income tax	-
Group insurance	-
 Employer's contributions:	
Private pension plan	116,816
Canada Pension Plan	22,931
EI	90,556
Group Insurance	100,630

All unremitted amounts were remitted in April, 2014.

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## Swan Lake First Nation - Consolidated Notes to Financial Statements

**March 31, 2014**

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### **18. Segmented Information**

Swan Lake First Nation - Consolidated is a First Nation government that provides a wide range of services to the members of its community. For management reporting purposes the First Nations' operations and activities are organized and reported by Program. Programs were created for the purpose of recording specific activities in accordance with specific regulations, restrictions or limitations. These activities can also be categorized into segments. The following significant segments have been identified and as such are separately disclosed:

Education

Education contains activities that provide education to band members for primary, secondary schooling and sponsorship to attend post secondary institutions.

Social

Social contains activities that provide financial support or support by other means to band members that is aimed at developing both the individual as well as the community.

Band Support/Administration

Band support/administration contains activities that are necessary for the management and governance of the First Nation organization.

Operations and Maintenance

Operations and maintenance contains all activities that relate to the maintenance of land, buildings and infrastructure of the First Nation.

Health Services

Health Services contains activities that provide medical services to band members.

Rental Housing

Rental Housing contains activities that provide housing and repairs and maintenance to band members' housing.

Enterprises

Enterprises contain business activities operated by the first nation.

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## Management's Responsibility for Financial Reporting

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The accompanying financial statements of the Swan Lake First Nation and all the information in this annual report are the responsibility of management and have been approved by the Chief on behalf of the Chief and Council.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances in order to ensure that the financial statements are presented fairly in all material respects.

The Corporation maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Corporation's assets are appropriately accounted for and adequately safeguarded.

The Chief and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the statements.

The Chief and Council reviews and approves the Corporation's financial statements. The Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities and to review the annual report, the financial statements and the external auditor's report. The Chief and Council also consider the engagement of the external auditors.

The financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. BDO Canada LLP have full and free access to the Chief and Council.

Chief

