

**Swan Lake First Nation -  
Consolidated**

**Financial Statements  
For the year ended March 31, 2015**

# **Swan Lake First Nation - Consolidated**

## **Financial Statements**

For the year ended March 31, 2015

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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, 2015, 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, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Chartered Accountants

Brandon, Manitoba  
July 29, 2015

# Swan Lake First Nation - Consolidated Statement of Financial Position

<u>March 31</u>	<u>2015</u>	<u>2014</u>
		(Restated - Note 11)

## **Financial Assets**

Cash and short term investments (Note 2)	\$ 5,879,141	\$ 4,692,923
Trust funds - A.A.N.D.C. (Note 3)	31,615	26,958
Accounts receivable (Note 4)	737,663	1,653,164
Replacement reserve assets	363,406	281,034
	<u>7,011,825</u>	<u>6,654,079</u>

## **Liabilities**

Bank indebtedness (Note 7)	201,814	384,898
Accounts payable (Note 8)	426,028	338,318
Deferred revenue (Note 10)	664,907	190,187
Long-term debt (Note 9)	<u>14,332,831</u>	<u>8,128,909</u>
	<u>15,625,580</u>	<u>9,042,312</u>

## **Net Debt**

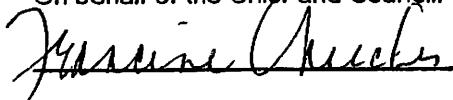
	<u>(8,613,755)</u>	<u>(2,388,233)</u>
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## **Non-Financial Assets**

Tangible capital assets (Note 6)	24,774,123	17,403,616
Inventories	394,164	413,934
	<u>25,168,287</u>	<u>17,817,550</u>

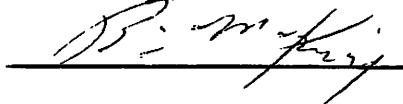
<b>Accumulated Surplus (Note 11)</b>	<b>\$ 16,554,532</b>	<b>\$ 15,429,317</b>
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On behalf of the Chief and Council:

 Chief

 Councillor

 Councillor

 Councillor

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

<b>For the year ended March 31</b>	<b>2015</b>	<b>2014</b>
	(Restated - Note 11)	
<b>Annual Surplus</b>	<b>\$ 1,125,215</b>	\$ 4,064,034
Acquisition of tangible capital assets	(9,278,375)	(3,283,453)
Amortization of tangible capital assets	<u>1,907,870</u>	<u>1,719,552</u>
	<u>(6,245,290)</u>	<u>2,500,133</u>
Use of prepaid expenses	-	-
Use of inventories	<u>19,768</u>	<u>(91,373)</u>
<b>Decrease in net debt</b>	<b>(6,225,522)</b>	2,408,760
<b>Net debt, beginning of year</b>	<b><u>(2,388,233)</u></b>	<b><u>(4,796,993)</u></b>
<b>Net debt, end of year</b>	<b><u>\$ (8,613,755)</u></b>	<b><u>\$ (2,388,233)</u></b>

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

**For the year ended March 31**

**2015**

(Restated  
- Note 11)

**Revenue**

A.A.N.D.C.	\$ 7,191,004	\$ 5,042,443
Other revenue	21,682,659	23,546,854
Trust funds held by federal government (Note 3)	4,657	358
	<b>28,878,320</b>	<b>28,589,655</b>

**Expenditures**

Band support/administration	292,281	1,018,000
Social	1,042,935	1,068,864
Education	2,222,008	2,228,769
Health	1,057,766	994,051
Housing	809,489	875,118
Operations and maintenance	3,626,786	3,657,036
Enterprises	18,701,840	14,683,783
	<b>27,753,105</b>	<b>24,525,621</b>

**Surplus for year**

**\$ 1,125,215**   **\$ 4,064,034**

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

<b>For the year ended March 31</b>	<b>2015</b>	<b>2014</b>
	(Restated - Note 11)	
<b>Cash Flows from Operating Activities</b>		
Surplus for the year	\$ 1,125,215	\$ 4,064,034
Adjustments for		
Amortization of tangible capital assets	<u>1,907,870</u>	<u>1,719,552</u>
	<u><u>3,033,085</u></u>	<u><u>5,783,586</u></u>
Changes in non-cash working capital balances		
Accounts receivable	915,501	(668,543)
Inventories	19,770	(91,371)
Accounts payable	87,710	(559,368)
Deferred revenue	474,720	(35,515)
Replacement reserve	<u>(82,372)</u>	<u>(100,607)</u>
	<u><u>1,415,329</u></u>	<u><u>(1,455,404)</u></u>
	<u><u>4,448,414</u></u>	<u><u>4,328,182</u></u>
<b>Cash Flows from Capital Activities</b>		
Purchase of tangible capital assets	<u>(9,278,375)</u>	<u>(3,283,452)</u>
<b>Cash Flows from Financing Activities</b>		
Repayment of long-term debt	(352,581)	(662,863)
Proceeds of long-term debt	<u>6,556,501</u>	<u>1,804,018</u>
	<u><u>6,203,920</u></u>	<u><u>1,141,155</u></u>
<b>Increase in cash and cash equivalents during the year</b>	<b>1,373,959</b>	<b>2,185,885</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>4,334,983</b>	<b>2,149,098</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 5,708,942</b>	<b>\$ 4,334,983</b>
<b>Represented by</b>		
Cash and short-term investments	\$ 5,879,141	\$ 4,692,923
Trust funds - A.A.N.D.C.	31,615	26,958
Bank indebtedness	<u>(201,814)</u>	<u>(384,898)</u>
	<u><u>\$ 5,708,942</u></u>	<u><u>\$ 4,334,983</u></u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

# Swan Lake First Nation - Consolidated Notes to Financial Statements

March 31, 2015

## 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, 2015**

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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:  <ul style="list-style-type: none"><li>- The useful life of capital assets</li><li>- The collectability of accounts receivable</li></ul>
<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, 2015**

## **2. Cash and Short Term Investments**

	<b>2015</b>	<b>2014</b>
Swan Lake First Nation	\$ 100,548	\$ 58,854
Swan Lake First Nation - Social	108,484	(15,814)
Swan Lake First Nation Housing Authority	80,284	51,596
Gaming Commission	714	360
Swan Lake First Nation Farm	18,272	1,618
SLFN Enterprises	2,298,465	1,307,315
SLFN Enterprises - ATM/VLT cash on hand	279,680	167,405
SLFN Enterprises - term deposits	2,795,372	2,748,057
Four Corners Gas Bar	9,921	(1,610)
SLFN Instaloans	17,202	17,202
 Cash and short-term investments	 <b>\$ 5,708,942</b>	 <b>\$ 4,334,983</b>
 Represented by:		
Cash and short-term investments	\$ 5,879,141	\$ 4,692,923
Trust funds - A.A.N.D.C.	31,615	26,958
Bank indebtedness	(201,814)	(384,898)
 <b>\$ 5,708,942</b>	 <b>\$ 4,334,983</b>	

## **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	2015 Total	2014 Total
Revenue Capital	\$26,917 41	\$4,657 -	\$- -	\$31,574 41	\$26,917 41
<b>Fund Total</b>	<b>\$26,958</b>	<b>\$4,657</b>	<b>\$- \$</b>	<b>31,615</b>	<b>\$ 26,958</b>

# Swan Lake First Nation - Consolidated Notes to Financial Statements

**March 31, 2015**

## 4. Accounts Receivable

	2015	2014
SLFN Enterprises	\$ 362,495	\$ 1,067,989
A.A.N.D.C. - Water Treatment Plant	-	321,711
F.N.I.H.B. program funding	-	27,837
GST	27,002	15,052
Band member advances	10,104	5,124
CMHC	96,000	64,000
CEDO loans	40,664	42,184
Occupant receivables	10,140	10,257
Other	221,435	124,147
Trust	5,700	4,232
Allowance for doubtful accounts	<u>(35,877)</u>	<u>(29,369)</u>
	<b>\$ 737,663</b>	<b>\$ 1,653,164</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

	2015			2014		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Water treatment plant	\$ 2,990,438	\$ 920,176	\$ 2,070,262	\$ 2,990,438	\$ 811,215	\$ 2,179,223
Buildings	12,060,216	2,104,168	9,956,048	5,971,783	1,534,869	4,436,914
Irrigation dam	286,783	-	286,783	286,783	-	286,783
Medical vans	235,460	220,499	14,961	235,460	184,931	50,529
CMHC housing	5,598,848	1,833,892	3,782,956	5,299,728	1,825,999	3,473,729
Roads	853,154	467,920	385,234	510,390	446,591	63,799
Potato chip plant	2,383,634	1,963,634	420,000	2,383,634	1,486,907	896,727
Band buildings	7,815,499	2,199,677	5,615,822	5,658,985	1,979,011	3,679,974
VLT lounge	423,058	346,857	76,201	423,058	299,723	123,335
Equipment	5,704,934	3,855,748	1,849,188	5,311,390	3,474,155	1,837,235
Wind Farm	134,008	31,340	102,668	134,008	24,640	109,368
Water Lines	800,000	566,000	234,000	800,000	534,000	266,000
	<b>\$ 39,284,032</b>	<b>\$ 14,509,909</b>	<b>\$ 24,774,123</b>	<b>\$ 30,005,657</b>	<b>\$ 12,602,041</b>	<b>\$ 17,403,616</b>

## 7. Bank Indebtedness

The SLFN Enterprises Ltd. bank account carries an overdraft limit of \$250,000 and has unused credit facility of \$250,000. The Swan Lake First Nation regular bank and Social bank accounts do not carry an overdraft limit. Therefore, at March 31, 2015, the Swan Lake First Nation and Social are over their operating limit by \$311,465 and \$1,668 due to outstanding cheque's that have not been cashed at March 31, 2015.

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

**March 31, 2015**

**8. Accounts Payable**

	<b>2015</b>	<b>2014</b>
Trade accounts payable	\$ 332,919	\$ 261,514
School division payables	24,423	24,423
Accrued liabilities	68,004	51,699
A.A.N.D.C. payable	682	682
	<b>\$ 426,028</b>	<b>\$ 338,318</b>

**9. Long-term Debt**

	<b>2015</b>	<b>2014</b>
TD Canada Trust loan (Case Grader and Skid-Steer) repaid during year.	\$ -	\$ 15,980
TD Canada Trust loan (Case Loader) repaid during year.	-	7,486
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.	237,124	255,308
Canada Mortgage and Housing Authority mortgage repayable monthly at \$1,475 including interest at 1.71% secured by a ministerial guarantee, matures July 1, 2027.	196,807	211,026
Canada Mortgage and Housing Authority mortgage repayable monthly at \$2,176 including interest at 1.62% secured by a ministerial guarantee, matures March 1, 2028.	306,019	327,005
Canada Mortgage and Housing Authority mortgage repayable monthly at \$1,696 including interest at 1.92% secured by a ministerial guarantee, matures January 1, 2029.	247,210	262,685
Canada Mortgage and Housing Authority mortgage repayable monthly at \$1,206 including interest at 1.92% secured by a ministerial guarantee, matures April 1, 2029.	178,592	189,546

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

**March 31, 2015**

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

Canada Mortgage and Housing Authority mortgage repayable monthly at \$1,540 including interest at 1.05% secured by a ministerial guarantee, matures March 1, 2030.	256,279	269,812
Canada Mortgage and Housing Authority mortgage repayable monthly at \$3,675 including interest at 1.71% secured by a ministerial guarantee, matures July 1, 2032.	661,397	693,924
Canada Mortgage and Housing Authority mortgage repayable monthly at \$1,316 including interest at 2.56% secured by a ministerial guarantee, matures December 1, 2030.	204,828	215,268
Canada Mortgage and Housing Authority mortgage repayable at \$1,269 including interest at 1.62%, secured by ministerial guarantee, matures February 1, 2033.	236,715	248,017
Canada Mortgage and Housing Authority mortgage repayable at \$1,381 including interest at 2.75%, secured by ministerial guarantee, matures May 1, 2036	265,829	274,999
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.	268,163	278,349
Canada Mortgage and Housing Authority mortgage repayable monthly at \$2,338 including interest at 1.44%, secured by ministerial guarantee, matured July 1, 2037	535,755	555,960
Canada Mortgage and Housing Authority mortgage, repayable monthly at \$589 including interest of 1.77%, secured by ministerial guarantee, matures November 1, 2039.	128,960	39,018
Canada Mortgage and Housing Authority mortgage. Construction in progress, not in repayment status as at March 31, 2015.	108,867	-
TD Canada Trust mortgage (DOCFS building) repayable monthly at \$7,902 including interest at 4.99%, matures February 1, 2026.	604,056	659,389
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.	184,686	202,700
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.	845,589	897,440

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

**March 31, 2015**

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

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.	43,262	59,997
TD Canada Trust loan (RV Park/Log Cabins), repayable monthly at \$5,189 principle and interest, interest payable at a rate of 2.35%, matures September 2017.	814,811	-
RBC loan (water treatment plant), repayable monthly at \$51,352 principle and interest, interest payable at 3.9%, matures March 2016.	7,007,882	1,765,000
FP Economic Growth Fund 0% interest loan. Not in repayment status as at March 31, 2015.	<u>300,000</u>	-
	14,332,831	8,128,909
Less amounts due within one year included in current liabilities	<u>7,455,682</u>	1,230,881
	<u><u>\$ 6,877,149</u></u>	<u><u>\$ 6,898,028</u></u>

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

2016	\$ 7,455,682
2017	473,349
2018	485,410
2019	486,847
2020	491,213
Thereafter	<u>4,940,330</u>
	<u><u>\$ 14,332,831</u></u>

**10. Deferred Revenue**

	<b>2015</b>	<b>2014</b>
Opening	-	225,702
Add: Amounts deferred		
Bipole III program funding	21,177	-
A.A.N.D.C. program funding - Education - ISS	47,500	-
A.A.N.D.C. program funding - Land Management	121,592	-
A.A.N.D.C. program funding - Phase 1 Office Complex	372,352	-
A.A.N.D.C. program funding - Education	60,000	-
A.A.N.D.C. program funding - Post Secondary Education	40,000	-
Other program funding	2,286	190,187
Less: Amounts recognized in the year	<u>(190,187)</u>	<u>(225,702)</u>
	<u><u>\$ 474,720</u></u>	<u><u>\$ -</u></u>

# Swan Lake First Nation - Consolidated Notes to Financial Statements

**March 31, 2015**

## **11. Correction of an Error - Undisclosed Housing Unit Sales and Undisclosed Loan**

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 capital asset additions for the water treatment plant and a corresponding loan with RBC that was not disclosed.

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	\$ 4,684,369	\$ 8,554	\$ 4,692,923
Opening and ending capital assets increased by	28,259,391	1,746,266	30,005,657
Opening and ending accumulated amortization increased by	12,532,191	69,851	12,602,042
Ending accounts receivable increased by	754,677	898,187	1,652,864
Opening and ending long-term debt increased by	6,363,909	1,765,000	8,128,909
Enterprise expenses	14,313,869	369,914	14,683,783
Housing and other sales increased by	22,358,483	1,188,371	23,546,854

As a result of these changes, the annual surplus for 2014 increased by \$818,457.

	2015	2014
Opening surplus prior to restatements	\$ 14,610,860	\$ 11,365,285
Adjustment through opening surplus	<u>818,457</u>	<u>-</u>
Revised opening surplus	15,429,317	11,365,283
Surplus for the year	<u>1,125,215</u>	<u>4,064,034</u>
	<b>\$ 16,554,532</b>	<b>\$ 15,429,317</b>

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# Swan Lake First Nation - Consolidated Notes to Financial Statements

**March 31, 2015**

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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, 2015**

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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, 2015 is \$-. \$- 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, 2015 (2014 - \$-).

### **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	\$ 1,640,744
<b>Employee's contributions:</b>	
Canada Pension Plan	14,667
EI	33,644
Income tax	100,114
<b>Employer's contributions:</b>	
Private pension plan	92,897
Canada Pension Plan	14,667
EI	55,066
Group Insurance	73,165

All unremitted amounts were remitted in April, 2015.

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# Swan Lake First Nation - Consolidated Notes to Financial Statements

March 31, 2015

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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

Marlene Cheeke