

GAMBLER FIRST NATION
Consolidated Financial Statements
Year Ended March 31, 2014

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GAMBLER FIRST NATION
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Year Ended March 31, 2014

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Management's Responsibility for Financial Reporting

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

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

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

A handwritten signature in dark ink, appearing to read "David L. Grant", is written over a horizontal line.

Binscarth, MB

INDEPENDENT AUDITOR'S REPORT

To the Members of Gambler First Nation

We have audited the accompanying consolidated financial statements of Gambler First Nation, which comprise the consolidated statement of financial position as at March 31, 2014 and the consolidated statements of changes in net debt, revenues and expenses, accumulated deficit 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 Gambler First Nation *(continued)*

Opinion

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

Lazer Grant LLP

Winnipeg, MB
June 24, 2014

CHARTERED ACCOUNTANTS

GAMBLER FIRST NATION
Consolidated Statement of Financial Position
March 31, 2014

	2014	2013
FINANCIAL ASSETS		
Accounts receivable (Note 4)	\$ 233,952	\$ 206,731
Restricted cash (Note 9)	27,790	33,583
Ottawa trust funds (Note 5)	168	166
Total Financial Assets	261,910	240,480
LIABILITIES		
Bank indebtedness (Note 6)	163,059	86,018
Accounts payable and accrued liabilities (Note 7)	217,438	254,865
Deferred revenue	473	-
Long-term debt (Note 8)	902,360	949,600
Reserves (Note 9)	210,298	206,091
Due to settlement fund (Note 10)	142,050	100,000
Total Liabilities	1,635,678	1,596,574
NET DEBT	(1,373,768)	(1,356,094)
NON-FINANCIAL ASSETS		
Capital assets (Note 11)	1,110,846	1,197,182
Prepaid expenses	88,771	71,935
Total Non-Financial Assets	1,199,617	1,269,117
Accumulated Deficit	\$ (174,151)	\$ (86,977)

ECONOMIC DEPENDENCE (Note 14)

ON BEHALF OF THE MEMBERS



CHIEF



COUNCILLOR

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

	2014	2013
Deficiency of revenues over expenses	\$ (287,789)	\$ (243,971)
Amortization of capital assets	128,773	241,391
Acquisition of capital assets	(42,437)	-
Proceeds on disposal of capital assets	-	20,000
Loss on disposal of capital assets	-	9,348
Unexpended funds prior year (Note 12)	200,613	-
Increase in Ottawa Trust fund	2	4
Increase in prepaid expenses	(16,836)	(66,519)
	(17,674)	(39,747)
Increase in net debt	(17,674)	(39,747)
Net debt - beginning of year	(1,356,094)	(1,316,347)
Net debt - end of year	\$ (1,373,768)	\$ (1,356,094)

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

	2014	2013
REVENUES		
Aboriginal Affairs and Northern Development Canada	\$ 1,208,565	\$ 1,013,115
Health Canada	288,961	231,252
Canada Mortgage & Housing Corporation	61,813	71,710
Human Resources Development Canada	27,243	27,243
Rent	75,540	68,006
Administration fee	22,895	62,133
Land lease	8,430	8,360
Tobacco tax (net of payouts)	6,000	17,758
User fees	4,598	4,460
Interest	289	849
Other	47,752	18,040
AANDC - prior years recoveries	(3,891)	(8,023)
Health Canada - prior year recoveries	-	(4,513)
	1,748,195	1,510,390
EXPENSES	1,749,035	1,512,970
DEFICIENCY OF REVENUES OVER EXPENSES BEFORE TRANSFERS	(840)	(2,580)
TRANSFERS		
Transfer to capital assets	42,437	-
Prior year unexpended funds transferred to net debt (Note 12)	(200,613)	-
	(158,176)	-
DEFICIENCY OF REVENUES OVER EXPENSES BEFORE AMORTIZATION	(159,016)	(2,580)
AMORTIZATION	128,773	241,391
DEFICIENCY OF REVENUES OVER EXPENSES	\$ (287,789)	\$ (243,971)

GAMBLER FIRST NATION
Consolidated Expenses
Year Ended March 31, 2014

	2014	2013
Administration fee	\$ 36,692	\$ 63,006
Advertising and promotion	(695)	1,609
Allowances	44,884	55,262
Bad debts	17,864	-
Basic needs	149,548	110,451
Books and supplies	7,048	5,283
Bus reserve allocation	10,000	-
Casual and contract labour	85,261	17,636
Courier and delivery	-	198
Fuel	19,007	26,588
Funeral	3,511	-
Insurance	41,872	44,204
Interest and bank charges	10,808	12,960
Interest on long term debt	18,557	25,412
Moving costs	135	-
Office	33,086	17,490
Post-secondary	11,371	3,885
Professional fees	232,432	84,037
Rent	4,498	28,629
Repairs and maintenance	220,153	158,813
Replacement reserve allocation	14,890	14,890
Special needs	4,942	3,829
Telephone	17,984	25,912
Training and development	28,262	16,259
Travel	83,945	54,053
Tuition	212,252	194,851
User fees	4,598	4,344
Utilities	86,047	81,574
Wages and employee benefits	295,252	398,267
Workshops and materials	54,831	63,528
	\$ 1,749,035	\$ 1,512,970

GAMBLER FIRST NATION
Consolidated Statement of Accumulated Deficit
Year Ended March 31, 2014

	2014	2013
ACCUMULATED SURPLUS (DEFICIT) - BEGINNING OF YEAR	\$ (86,977)	\$ 156,990
Trust fund transactions	2	4
Unexpended funds prior year (Note 12)	200,613	-
Deficiency of revenues over expenses	(287,789)	(243,971)
ACCUMULATED DEFICIT - END OF YEAR	\$ (174,151)	\$ (86,977)

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

	2014	2013
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	\$ (287,789)	\$ (243,971)
Items not affecting cash:		
Amortization	128,773	241,391
Loss on disposal of assets	-	9,348
Ottawa trust funds reserve	2	4
CMHC reserves	(5,793)	14,890
Bus reserves	10,000	-
Prior year unexpended funds transferred to net debt	200,613	-
	45,806	21,662
Changes in non-cash working capital:		
Accounts receivable	(27,221)	24,875
Accounts payable and accrued liabilities	(37,430)	161,463
Deferred revenue	473	-
Prepaid expenses	(16,836)	(66,518)
Restricted cash	5,793	(8,425)
	(75,221)	111,395
Cash flow from (used by) operating activities	(29,415)	133,057
INVESTING ACTIVITIES		
Purchase of capital assets	(42,437)	-
Proceeds on disposal of capital assets	-	20,000
Cash flow from (used by) investing activities	(42,437)	20,000
FINANCING ACTIVITIES		
Increase in due to settlement fund	42,050	-
Repayment of long term debt	(47,239)	(65,015)
Cash flow used by financing activities	(5,189)	(65,015)
INCREASE (DECREASE) IN CASH	(77,041)	88,042
Deficiency - beginning of year	(86,018)	(174,060)
DEFICIENCY - END OF YEAR	\$ (163,059)	\$ (86,018)

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

1. DESCRIPTION OF ORGANIZATION

Gamblers 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.

These financial statements include the Gamblers First Nation government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation with the exception of transactions relating to a land claim settlement received in the 2009 fiscal year.

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.

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

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

Band houses	20 years	straight-line method
Buildings	5 years	straight-line method
CMHC houses	annual principal reduction	straight-line method
Equipment	10 years	straight-line method
Roads	45 years	straight-line method
Water and sewer	40 years	straight-line 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.

One-half the normal rate of amortization is recorded in the year of acquisition.

Capital assets acquired under CMHC 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

The organization follows the deferral method of accounting for contributions. Contributions are recognized as revenue in the year in which the related expenses are incurred.

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

3. FINANCIAL INSTRUMENTS

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

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from members. In order to reduce its credit risk, the organization reviews a member's credit history before extending credit and conducts regular reviews of its existing members' credit performance. 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.

Liquidity risk

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

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

4. ACCOUNTS RECEIVABLE

	2014	2013
AANDC - PAYE	\$ -	\$ 65,259
AANDC - Community Economic Development	-	2,034
AANDC - Planning Design and Construction	-	8,155
Band Members	194,004	142,805
Canada Mortgage and Housing Corporation	1,218	5,125
Health Canada	43,158	11,667
Rent	31,511	14,527
Trade	6,902	-
Subtotal	276,793	249,572
Allowance for doubtful accounts	(42,841)	(42,841)
	\$ 233,952	\$ 206,731

The allowance for doubtful accounts relates to loans and advances made to band members. As these advances are recovered from band members, the recoveries will be recognized in the financial statements.

5. OTTAWA TRUST FUNDS

The Ottawa Trust Accounts arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

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

	2014	2013
Capital account	\$ 1	\$ 1
Revenue account	167	165
	\$ 168	\$ 166

6. BANK INDEBTEDNESS

The First Nation has a line of credit with Vanguard Credit Union in the amount of \$200,000 which is repayable on demand and bears interest at 4.75% and is secured by funds held in a land claim's settlement account. As at March 31, 2014 \$36,941 of this line of credit remained unused (2013 - \$113,981).

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

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2014	2013
Trade payables	\$ 178,765	\$ 214,758
Accrued liabilities	24,181	18,000
Canada Revenue Agency	1,174	3,182
AANDC	13,318	18,925
	\$ 217,438	\$ 254,865

8. LONG TERM DEBT

	2014	2013
Canada Mortgage and Housing Corporation Phase I loan bearing interest at 2.61% per annum, repayable in monthly blended payments of \$1,595. The loan matures on September 1, 2014 and is secured by a Ministerial Loan Guarantee for CMHC On-Reserve Non-Profit Housing Program Project.	\$ 174,516	\$ 188,922
Canada Mortgage and Housing Corporation Phase II loan bearing interest at 2.69% per annum, repayable in monthly blended payments of \$383. The loan matures on August 1, 2015 and is secured by a Ministerial Loan Guarantee for CMHC On-Reserve Non-Profit Housing Program Project.	60,787	63,717
Canada Mortgage and Housing Corporation Phase III loan bearing interest at 1.64% per annum, repayable in monthly blended payments of \$1,785. The loan matures on February 1, 2017 and is secured by a Ministerial Loan Guarantee for CMHC On-Reserve Non-Profit Housing Program Project.	332,390	348,231
Canada Mortgage and Housing Corporation Phase IV loan bearing interest at 1.62% per annum, repayable in monthly blended payments of \$1,271. The loan matures on March 1, 2018 and is secured by a Ministerial Loan Guarantee for CMHC On-Reserve Non-Profit Housing Program Project.	249,332	260,456
Canada Mortgage and Housing Corporation Phase V loan bearing interest at 2.84% per annum, repayable in monthly blended payments of \$449. The loan matures on April 1, 2015 and is secured by a Ministerial Loan Guarantee for CMHC On-Reserve Non-Profit Housing Program Project.	85,335	88,274
	902,360	949,600
Amounts payable within one year	(207,898)	(47,157)
	\$ 694,462	\$ 902,443

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

8. LONG TERM DEBT *(continued)*

Principal repayment terms are approximately:

2015	\$ 207,898
2016	167,941
2017	311,619
2018	<u>214,902</u>
	<u>\$ 902,360</u>

9. 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 \$14,890 (2013 - \$14,890) 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 \$27,790 (2013 - \$33,583) and was underfunded by \$79,694 (2013 - \$79,694).

A reserve for the purchase of a new school bus has been established. The money has not been set aside in a separate account.

	2014	2013
Replacement reserve (CMHC)	\$ 107,484	\$ 113,277
School bus reserve	<u>102,814</u>	<u>92,814</u>
	<u>\$ 210,298</u>	<u>\$ 206,091</u>

10. DUE TO SETTLEMENT FUND

In December 2011, \$100,000 was transferred from the land claim settlement account to the general account. These funds are to be used for economic development and land claim payments to band members. If no payments are made for the specified purpose, the money is to be repaid to the settlement account. In addition, the band guaranteed loans taken out by band members and held by the Vanguard Credit Union in the amount \$42,050. Payments were withdrawn from the land claim settlement account and are to be recovered from the band members and repaid to the land claim settlement account.

At March 31, 2014, no payments were made from these funds for the specified purpose.

11. CAPITAL ASSETS

	2014		2013	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Band houses	\$ 1,284,722	\$ 1,267,277	\$ 1,284,722	\$ 1,216,129
Buildings	756,950	711,438	756,950	698,022
CMHC houses	1,224,713	322,352	1,224,713	275,114
Equipment	485,826	444,892	443,389	431,743
Roads	114,135	28,862	114,135	26,325
Water and sewer	51,407	32,086	51,407	30,801
	\$ 3,917,753	\$ 2,806,907	\$ 3,875,316	\$ 2,678,134
Net book value	\$ 1,110,846		\$ 1,197,182	

12. UNEXPENDED FUNDS

For the fiscal year ending March 31, 2014, Gambler First Nation had an approved Management Action Plan with AANDC that forecasted program surpluses to decrease net debt. Unexpended AANDC funding in the current fiscal year for which future obligations did not exist, have contributed to the decrease in net debt as follows:

Unexpended funding - capital planning - infrastructure	\$ 128,815
Unexpended funding - student support services	171,798
Subtotal	300,613
Unexpended funding transferred to operations and maintenance - infrastructure	(40,000)
Unexpended funding transferred to operations and maintenance - water and wastewater	(60,000)
Unexpended funding contributed to decrease in net debt	\$ 200,613

13. CONTINGENT LIABILITY

The band is contingently liable for loans from Canada Mortgage and Housing Corporation under the RRAP program. Since each loan is forgiven (usually over a 4 or 5 year period) no liability has been recorded in these statements for these loans.

14. ECONOMIC DEPENDENCE

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

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

**15. RECONCILIATION OF ABORIGINAL AFFAIRS
AND NORTHERN DEVELOPMENT CANADA REVENUES**

	2014	2013
Aboriginal Affairs and Northern Development Canada per financial statements	\$ 1,208,565	\$ 1,013,115
Aboriginal Affairs and Northern Development Canada per confirmation	1,208,565	1,013,115
Difference	\$ -	\$ -

16. COMPARATIVE FIGURES

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

17. SEGMENT DISCLOSURE

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

	Education		Health		Housing & Infrastructure		Band Government		Social Services		Business Enterprises		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Revenues														
Federal Government	\$ 475,888	\$ 432,028	\$ 288,961	\$ 231,252	\$ 235,768	\$ 245,665	\$ 333,011	\$ 211,853	\$ 255,063	\$ 222,522	\$ -	\$ -	\$ 1,588,690	\$ 1,343,320
Provincial Government	-	-	-	-	-	-	-	17,758	-	-	-	-	-	17,758
Economic Activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net income from investments in government businesses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue	-	1,282	27,726	22,395	83,961	63,987	48,423	57,915	(605)	3,733	-	-	159,505	149,312
Total Revenue	475,888	433,310	316,687	253,647	319,729	309,652	381,434	287,526	254,458	226,255	-	-	1,748,195	1,510,390
Expenses														
Wages and benefits	52,020	55,758	123,188	118,880	44,578	20,203	102,929	160,998	45,370	39,429	-	-	368,085	395,268
Amortization	-	-	-	-	47,238	43,881	81,535	197,510	-	-	-	-	128,773	241,391
Debt servicing	1	188	466	436	18,666	28,169	10,218	9,580	16	-	-	-	29,367	38,373
Other expenses	595,903	326,480	167,073	119,493	244,075	255,939	298,165	166,783	204,543	210,635	-	-	1,509,759	1,079,329
Total Expenses	647,924	382,426	290,727	238,809	354,557	348,192	492,847	534,871	249,929	250,064	-	-	2,035,984	1,754,361
Annual Surplus (Deficit)	\$ (172,036)	\$ 50,884	\$ 25,960	\$ 14,838	\$ (34,828)	\$ (38,540)	\$ (111,413)	\$ (247,345)	\$ 4,529	\$ (23,809)	\$ -	\$ -	\$ (287,789)	\$ (243,971)