

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

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Index to Consolidated Financial Statements
Year Ended March 31, 2015

	Page
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	1
INDEPENDENT AUDITOR'S REPORT	2 - 3
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	4
Consolidated Statement of Changes in Net Debt	5
Consolidated Statement of Revenues and Expenses	6
Consolidated Expenses	7
Consolidated Statement of Accumulated Deficit	8
Consolidated Statement of Cash Flow	9
Notes to Consolidated Financial Statements	10 - 17

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.

Lauri Leforve

Binscarth, MB
July 29, 2015

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

Jaser Grant LLP

Winnipeg, MB
July 29, 2015

CHARTERED ACCOUNTANTS

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

	2015	2014
FINANCIAL ASSETS		
Accounts receivable (Note 4)	\$ 228,173	\$ 234,312
Restricted cash (Note 9)	37,339	27,790
Ottawa trust funds (Note 5)	174	168
Total Financial Assets	265,686	262,270
LIABILITIES		
Bank indebtedness (Note 6)	61,470	163,059
Accounts payable and accrued liabilities (Note 7)	326,020	217,439
Deferred revenue	-	473
Long-term debt (Note 8)	853,853	902,360
Reserves (Note 9)	211,893	210,298
Due to settlement fund (Note 10)	137,468	142,050
Total Liabilities	1,590,704	1,635,679
NET DEBT	(1,325,018)	(1,373,409)
NON-FINANCIAL ASSETS		
Capital assets (Note 11)	1,028,163	1,110,846
Prepaid expenses	102,655	88,411
Total Non-Financial Assets	1,130,818	1,199,257
Accumulated Deficit	\$ (194,200)	\$ (174,152)

ECONOMIC DEPENDENCE (Note 14)

ON BEHALF OF THE MEMBERS

Chief *Chief*

Councillor *Councillor*

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

	2015	2014
Deficiency of revenues over expenses	\$ (20,048)	\$ (287,788)
Amortization of capital assets	87,683	128,773
Acquisition of capital assets	(5,000)	(42,437)
Unexpended funds prior year	-	200,613
Increase in prepaid expenses	(14,244)	(16,476)
	48,391	(17,315)
(Increase) decrease in net debt	48,391	(17,315)
Net debt - beginning of year	(1,373,409)	(1,356,094)
Net debt - end of year	\$ (1,325,018)	\$ (1,373,409)

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

	2015	2014
REVENUES		
Aboriginal Affairs and Northern Development Canada	\$ 1,246,793	\$ 1,208,565
First Nations & Inuit Health	303,073	288,961
Canada Mortgage and Housing Corporation	71,243	61,813
Canada Mortgage and Housing Corporation - RRAP	27,550	-
Human Resources Development Canada	27,243	27,243
Administration fee	22,734	22,895
Land lease	8,510	8,430
Other	87,394	47,752
Rent	76,954	75,540
Tobacco tax (net of payouts)	8,844	6,000
User fees	15,856	4,598
Interest	376	291
AANDC - prior years' recoveries	(4,098)	(3,891)
	1,892,472	1,748,197
EXPENSES	1,829,837	1,749,036
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE TRANSFERS	62,635	(839)
TRANSFERS		
Transfer to capital assets	5,000	42,437
Prior year unexpended funds transferred to net debt	-	(200,613)
	5,000	(158,176)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE AMORTIZATION	67,635	(159,015)
AMORTIZATION	87,683	128,773
DEFICIENCY OF REVENUES OVER EXPENSES	\$ (20,048)	\$ (287,788)

GAMBLER FIRST NATION

Consolidated Expenses

Year Ended March 31, 2015

	2015	2014
Administration fee	\$ 51,897	\$ 36,692
Advertising and promotion	981	(695)
Allowances	28,110	44,884
Bad debts	-	17,864
Basic needs	141,331	149,548
Books and supplies	9,742	7,183
Bus reserve allocation	-	10,000
Casual and contract labour	99,464	85,261
Fuel	25,201	19,007
Funeral	-	12,201
Insurance	44,939	41,872
Interest and bank charges	9,036	10,808
Interest on long term debt	16,935	18,557
Office	21,046	33,086
Post-secondary	942	11,371
Professional fees	286,892	232,432
Rent	8,000	4,498
Repairs and maintenance	226,068	220,153
Replacement reserve allocation	14,890	14,890
Special needs	4,489	4,942
Telephone	16,533	17,984
Training and development	4,496	28,262
Travel	82,118	75,256
Tuition	276,789	212,252
User fees	4,328	4,598
Utilities	93,492	86,047
Wages and employee benefits	310,433	295,252
Workshops and materials	51,685	54,831
	\$ 1,829,837	\$ 1,749,036

GAMBLER FIRST NATION
Consolidated Statement of Accumulated Deficit
Year Ended March 31, 2015

	2015	2014
ACCUMULATED DEFICIT - BEGINNING OF YEAR	\$ (174,152)	\$ (86,977)
Deficiency of revenues over expenses	(20,048)	(287,788)
Unexpended funds prior year	-	200,613
ACCUMULATED DEFICIT - END OF YEAR	\$ (194,200)	\$ (174,152)

GAMBLER FIRST NATION
Consolidated Statement of Cash Flow
Year Ended March 31, 2015

	2015	2014
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	\$ (20,048)	\$ (287,788)
Items not affecting cash:		
Amortization	87,683	128,773
CMHC reserves	1,595	(5,793)
Bus reserves	-	10,000
Prior year unexpended funds transferred to net debt	-	200,613
	69,230	45,805
Changes in non-cash working capital:		
Accounts receivable	6,139	(42,108)
Accounts payable and accrued liabilities	108,581	(22,900)
Deferred revenue	(473)	473
Prepaid expenses	(14,244)	(16,476)
Restricted cash	(9,549)	5,793
	90,454	(75,218)
Cash flow from (used by) operating activities	159,684	(29,413)
INVESTING ACTIVITIES		
Purchase of capital assets	(5,000)	(42,437)
Increase in Ottawa Trust Funds	(6)	(2)
Cash flow used by investing activities	(5,006)	(42,439)
FINANCING ACTIVITIES		
Increase (decrease) in due to settlement fund	(4,582)	42,050
Repayment of long term debt	(48,507)	(47,239)
Cash flow used by financing activities	(53,089)	(5,189)
INCREASE (DECREASE) IN CASH	101,589	(77,041)
Deficiency - beginning of year	(163,059)	(86,018)
DEFICIENCY - END OF YEAR	\$ (61,470)	\$ (163,059)

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

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

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

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

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

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

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

3. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of March 31, 2015.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from members. 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.

4. ACCOUNTS RECEIVABLE

	2015	2014
Aboriginal Affairs and		
Northern Development Canada - PAYE	\$ 8,800	\$ -
Canada Mortgage and Housing Corporation	19,130	1,218
Health Canada	11,374	43,158
Province of Manitoba	9,746	-
Band members	171,110	194,004
Rent	37,115	31,511
Trade and other	13,739	7,262
 Subtotal	 271,014	 277,153
Allowance for doubtful accounts	(42,841)	(42,841)
 \$ 228,173	 \$ 234,312	

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.

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

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:

	2015	2014
Capital account	\$ 1	\$ 1
Revenue account	<u>173</u>	<u>167</u>
	\$ 174	\$ 168

6. BANK INDEBTEDNESS

The organization 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, 2015 \$149,720 of this line of credit remained unused (2014 - \$36,941).

Bank indebtedness is a result of cheques issued in excess of the bank balance.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2015	2014
Aboriginal Affairs and Northern Development Canada	\$ 9,706	\$ 13,318
Trade payables	<u>269,599</u>	<u>178,766</u>
Accrued liabilities	<u>45,808</u>	<u>24,181</u>
Canada Revenue Agency	<u>907</u>	<u>1,174</u>
	\$ 326,020	\$ 217,439

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

8. LONG TERM DEBT

	2015	2014
Canada Mortgage and Housing Corporation Phase I loan bearing interest at 1.82% per annum, repayable in monthly blended payments of \$1,536. The loan matures on August 1, 2024 and is secured by a Ministerial Loan Guarantee for CMHC On-Reserve Non-Profit Housing Program Project.	\$ 159,447	\$ 174,516
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 July 1, 2030 and is secured by a Ministerial Loan Guarantee for CMHC On-Reserve Non-Profit Housing Program Project.	57,779	60,787
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, 2032 and is secured by a Ministerial Loan Guarantee for CMHC On-Reserve Non-Profit Housing Program Project.	316,287	332,390
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, 2033 and is secured by a Ministerial Loan Guarantee for CMHC On-Reserve Non-Profit Housing Program Project.	238,028	249,332
Canada Mortgage and Housing Corporation Phase V loan bearing interest at 1.05% per annum, repayable in monthly blended payments of \$379. The loan matures on April 1, 2035 and is secured by a Ministerial Loan Guarantee for CMHC On-Reserve Non-Profit Housing Program Project.	82,312	85,335
	<u>853,853</u>	902,360
<u>Amounts payable within one year</u>	<u>(50,273)</u>	(207,898)
	<u>\$ 803,580</u>	<u>\$ 694,462</u>

Principal repayment terms are approximately:

2016	\$ 50,273
2017	51,142
2018	52,025
2019	52,924
2020	53,839
Thereafter	<u>593,650</u>
	<u>\$ 853,853</u>

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

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

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 (2014 - \$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, 2015, the Replacement Reserve Fund bank account had a balance of \$37,339 (2014 - \$27,790) and was underfunded by \$71,740 (2014 - \$79,694).

A reserve for the purchase of a new school bus has been established. As at March 31, 2015, the School Bus Reserve bank account had a balance of \$10,012 (2014 - \$Nil) and was underfunded by \$92,802 (2014 - \$102,814).

	2015	2014
Replacement reserve (CMHC)	\$ 109,079	\$ 107,484
School bus reserve	102,814	102,814
	\$ 211,893	\$ 210,298

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 in that amount. Loans are to be recovered from the band members and repaid to the land claim settlement account. \$4,583 was recovered from band members in 2015 (2014 - Nil).

11. CAPITAL ASSETS

	2015		2014	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Band houses	\$ 1,284,722	\$ 1,284,722	\$ 1,284,722	\$ 1,267,277
Buildings	769,313	726,090	756,950	711,438
Canada Mortgage and Housing Corporation houses	1,224,713	370,859	1,224,713	322,352
Equipment	478,463	448,150	485,826	444,892
Roads	114,135	31,398	114,135	28,862
Water and sewer	51,407	33,371	51,407	32,086
	\$ 3,922,753	\$ 2,894,590	\$ 3,917,753	\$ 2,806,907
Net book value	\$ 1,028,163		\$ 1,110,846	

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

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

	2015	2014
Aboriginal Affairs and Northern Development Canada per financial statements	\$ 1,246,793	\$ 1,208,565
Aboriginal Affairs and Northern Development Canada per confirmation	1,250,154	(1,208,565)
In Home Care - PAYE not expected to be received	3,361	-
 Difference	 \$ -	 \$ -

13. CONTINGENT LIABILITY

The organization 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 the these statements for these loans.

14. ECONOMIC DEPENDENCE

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

15. COMPARATIVE FIGURES

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

16. SEGMENT DISCLOSURE

The presentation by segment is based on the same accounting policies as described in the Summary of Significant Accounting Policies as described in Note 2.

The following table presents the expenses incurred and the revenue generated by main object of expense and by major revenue type.

The segment results for the period are as follows:

	Education		Health		Housing & Infrastructure		Band Government		Social Services		Business Enterprises		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Revenues														
Federal Government	\$ 524,623	\$ 475,888	\$ 303,073	\$ 288,961	\$ 272,908	\$ 235,768	\$ 340,684	\$ 330,903	\$ 234,714	\$ 255,063	\$ -	\$ -	\$ 1,675,902	\$ 1,586,582
Provincial Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic Activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net income from investments in government businesses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue	5,152	-	29,532	27,726	78,152	83,961	95,186	50,533	8,546	(605)	-	-	216,569	161,615
Total Revenue	529,776	475,888	332,605	316,687	351,060	319,729	435,771	381,434	243,260	254,458	-	-	1,892,471	1,748,197
Expenses														
Wages and benefits	58,772	52,020	103,180	123,188	32,655	44,578	79,536	115,357	36,290	45,370	-	-	310,433	380,513
Amortization	-	-	-	-	48,507	47,238	39,177	81,535	-	-	-	-	87,683	128,773
Debt servicing	-	1	445	466	17,110	18,666	8,416	10,218	-	16	-	-	25,971	29,365
Other expenses	432,143	595,903	226,538	167,073	266,909	244,075	356,241	285,740	206,600	204,543	-	-	1,488,431	1,497,334
Total Expenses	490,915	647,924	330,164	290,727	365,181	354,557	483,369	492,847	242,890	249,929	-	-	1,912,519	2,035,985
Annual Surplus (Deficit)	\$ 38,861	\$ (172,036)	\$ 2,442	\$ 25,960	\$ (14,121)	\$ (34,828)	\$ (47,599)	\$ (111,413)	\$ 370	\$ 4,529	\$ -	\$ -	\$ (20,048)	\$ (287,788)