
ST.THERESA POINT FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014

ST. THERESA POINT FIRST NATION

INDEX TO FINANCIAL STATEMENTS

MARCH 31, 2014

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

INDEPENDENT AUDITORS' REPORT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....STATEMENT 1

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS.....STATEMENT 2

CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT.....STATEMENT 3

CONSOLIDATED STATEMENT OF CASH FLOWS.....STATEMENT 4

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of St. Theresa Point First Nation are the responsibility of management and have been approved by Chief and Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

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

Chief and Council meets 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 consolidated financial statements and the external auditors' report.

The external auditors, Collins Barrow HMA LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of St. Theresa Point First Nation and meet when required.

Chief

Councillor

Councillor

Councillor

Councillor

Councillor

M. Moniar
Councillor

Jennifer Harper

INDEPENDENT AUDITORS' REPORT

To the Chief, Council and Membership
St. Theresa Point First Nation

We have audited the accompanying consolidated financial statements of St. Theresa Point First Nation, which comprise the consolidated statement of financial position as at March 31, 2014, and the consolidated statements of operations, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the 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 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 of 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 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.

Opinion

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

Collins Barrow HMA LLP
CHARTERED ACCOUNTANTS

Winnipeg, Manitoba
November 7, 2014

ST. THERESA POINT FIRST NATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

STATEMENT 1

MARCH 31

2014

2013

FINANCIAL ASSETS

Cash	\$ 678,798	\$ 249,943
Restricted cash (Note 3)	931,903	204,352
Accounts receivable (Note 4)	3,059,042	495,067
Inventory (Note 5)	<u>2,373,824</u>	<u>2,483,565</u>
Total financial assets	<u>7,043,567</u>	<u>3,432,927</u>

LIABILITIES

Accounts payable and accrued liabilities (Note 6)	3,243,228	1,463,567
Deferred revenue (Note 7)	85,891	345,505
Long term debt (Note 8)	18,314,011	14,951,743
Mortgage advances (Note 9)	<u>1,124,606</u>	<u>-</u>
Total liabilities	<u>22,767,736</u>	<u>16,760,815</u>
Net debt	<u>(15,724,169)</u>	<u>(13,327,888)</u>

NON-FINANCIAL ASSETS

Prepaid expenses	602,482	821,189
Tangible capital assets (Note 11)	113,083,074	116,826,757
Construction in progress	<u>4,455,232</u>	<u>-</u>
Total non-financial assets	<u>118,140,788</u>	<u>117,647,946</u>
Accumulated surplus	<u>\$ 102,416,620</u>	<u>\$ 104,320,058</u>

Contingent liabilities (Note 17)

Approved on behalf of Council

Chief
Councillor
Councillor
Councillor
Councillor

Councillor
Councillor
Councillor
Councillor

ST. THERESA POINT FIRST NATION

STATEMENT 2

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2014	2013
REVENUE			
Aboriginal Affairs and Northern Development Canada	\$ 28,714,931	\$ 29,397,503	\$ 30,437,077
Health Canada	2,766,823	2,972,449	2,955,176
Human Resources and Development Canada	800,082	851,886	845,198
Canada Mortgage and Housing Corporation	453,266	489,615	482,800
Solicitor General	70,684	70,683	70,684
Federal Justice	66,912	65,209	66,912
Four Arrows Regional Health Authority		29,943	28,744
Island Lake Tribal Council		291,877	264,170
Other revenue		4,159,156	2,578,698
Province of Manitoba		926,351	1,053,361
Rental		1,106,201	928,653
Sales, net		687,335	602,820
Recovery of prior years' funding - Health Canada	-	(103,801)	(103,679)
	<u>32,872,698</u>	<u>40,944,407</u>	<u>40,210,614</u>
EXPENSES			
Band administration	2,312,931	2,719,510	2,066,809
Community and economic development	1,918,009	3,186,657	2,081,938
Community services	1,976,015	2,237,879	1,918,975
Social development	10,148,618	10,819,573	10,751,714
Employment and training	877,082	945,038	997,255
Capital	6,476,889	6,893,027	6,449,739
Community wellness	2,937,729	3,067,307	3,141,447
Day care	274,448	323,217	363,797
Housing	585,130	941,667	1,130,776
Education	<u>11,441,886</u>	<u>11,713,970</u>	<u>11,060,307</u>
	<u>38,948,737</u>	<u>42,847,845</u>	<u>39,962,757</u>
EXCESS OF REVENUE OVER EXPENDITURES	(6,076,039)	(1,903,438)	247,857
ACCUMULATED SURPLUS, <i>beginning of year</i>	<u>104,320,058</u>	<u>104,320,058</u>	<u>104,072,201</u>
ACCUMULATED SURPLUS, <i>end of year</i>	<u>\$ 98,244,019</u>	<u>\$ 102,416,620</u>	<u>\$ 104,320,058</u>

ST. THERESA POINT FIRST NATION

STATEMENT 3

CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT

YEAR ENDED MARCH 31

	2014	2013
Excess of revenue over expenditures (expenditures over revenue)	\$(1,903,438)	\$ 247,857
Acquisition of tangible capital assets	(1,736,222)	(4,397,696)
Amortization of tangible capital assets	5,479,904	5,545,404
Acquisition of construction in progress	(4,455,232)	-
	(711,550)	1,147,708
Acquisition of prepaid expenses	(602,482)	(821,189)
Use of prepaid expenses	821,189	659,118
	218,707	(162,071)
CHANGE IN NET DEBT FOR YEAR	(2,396,281)	1,233,494
NET DEBT, <i>beginning of year</i>	(13,327,888)	(14,561,382)
NET DEBT, <i>end of year</i>	\$(15,724,169)	\$(13,327,888)

ST. THERESA POINT FIRST NATION

STATEMENT 4

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2014	2013
CASH FLOW FROM		
OPERATING ACTIVITIES		
Cash received from funding agencies	\$ 34,463,831	\$ 34,917,272
Cash received from other sources	5,920,173	3,378,347
Cash paid to suppliers	(21,991,340)	(25,181,755)
Cash paid to employees	(14,903,284)	(12,040,796)
Interest paid	(628,394)	(589,294)
	<u>2,860,986</u>	<u>483,774</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(1,736,222)	(4,397,696)
Construction in progress	(4,455,232)	-
	<u>(6,191,454)</u>	<u>(4,397,696)</u>
FINANCING ACTIVITIES		
Proceeds of long term debt	9,627,586	3,264,371
Repayment of long term debt	(5,140,712)	(2,690,441)
	<u>4,486,874</u>	<u>573,930</u>
NET INCREASE (DECREASE) IN CASH DURING YEAR	1,156,406	(3,339,992)
CASH, beginning of year	<u>454,295</u>	<u>3,794,287</u>
CASH, end of year	<u>\$ 1,610,701</u>	<u>\$ 454,295</u>
CASH COMPRISED OF		
Cash	\$ 678,798	\$ 249,943
Restricted cash	<u>931,903</u>	<u>204,352</u>
	<u>\$ 1,610,701</u>	<u>\$ 454,295</u>

ST. THERESA POINT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards for government entities and include the following significant accounting policies.

BASIS OF PRESENTATION

Sources of revenue and expenses are recorded using the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods and services and the creation of the legal obligation to pay.

REPORTING ENTITY

The St. Theresa Point First Nation reporting entity includes the St. Theresa Point First Nation government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

These consolidated financial statements consolidate the financial activities of all entities and departments comprising the Nation reporting entity. Trusts administered on behalf of third parties by St. Theresa Point First Nation are excluded from the Nation reporting entity.

The First Nation has consolidated the assets, liabilities, revenue, and expenses of the following entities and departments:

- St. Theresa Point First Nation Band Administration
- St. Theresa Point First Nation Education Authority
- St. Theresa Point First Nation Health Authority
- St. Theresa Point First Nation Social Services
- St. Theresa Point First Nation In-Home Care
- St. Theresa Point First Nation Economic Development
- St. Theresa Point First Nation Capital Projects
- St. Theresa Point First Nation Employment and Training
- St. Theresa Point First Nation Healing Program
- St. Theresa Point Bulk Fuels Ltd.
- Ke-tche-wa-zang Home
- Mikahnow Construction Ltd.
- St. Theresa Point First Nation Housing Authority
- St. Theresa Point First Nation Tobacco Tax Rebate
- 4676484 Manitoba Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**MARCH 31, 2014**

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)****SEGMENTS***

St. Theresa Point First Nation conducts its operations through a number of reportable segments as identified in Note 18. These operating segments are established by senior management to facilitate the achievement of the First Nation's long term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in the Significant Accounting Policies.

RECENT ACCOUNTING PRONOUNCEMENTS**GOVERNMENT TRANSFERS**

In March 2011, the Public Sector Accounting Board replaced and revised existing section PS 3410 *Government Transfers* with a newly amended section PS 3410 newly issued PS 3410 establishes standards on how to account for and report government transfers to individuals, organizations and other governments from both a transferring government and a recipient government perspective. This section permits a recipient government to recognize government transfers as revenue when the transfer is authorized by the transferring government, unless the transfer creates a liability for the recipient. A liability is created as a result of the recipient government not yet meeting eligibility criteria or the existence of stipulations in the transfer agreement. When a government transfer results in recognition of a liability, revenue is recognized by a recipient government as the liability is settled. A transferring government recognizes an expense when the transfer is authorized and the recipient has met all eligibility criteria.

As a result of the requirement for First Nations to apply the Canadian Public Sector Accounting Standards, the First Nation must follow the requirements of this section. Newly revised and issued PS 3410 may be applied prospectively or retroactively and is effective for fiscal years beginning on April 1, 2012. PS 3410 was applied prospectively and the adoption of the newly issued section does not have a material impact on the Nation's financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**MARCH 31, 2014**

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)****REVENUE RECOGNITION***

The First Nation operates under a Aboriginal Recipient Funding Agreement ("ARFA") with Aboriginal Affairs and Northern Development Canada ("A.A.N.D.C."), a Health Services Transfer Agreement with First Nations and Inuit Health ("F.N.I.H.") and various Contribution Arrangements Agreements with A.A.N.D.C. and F.N.I.H.

(a) ARFA Agreement:

Funds for operating programs are recognized as revenue when paid in accordance with the terms of the agreement.

Funds provided for the acquisition of capital assets are recognized as revenue when capital asset is acquired. Unexpended capital funds received are recorded as deferred revenue which must be spent for capital purposes in future years.

(b) Health Services Transfer Agreement:

Funds received under this agreement are recognized as revenue when program expenditures are incurred.

(c) Rental revenue is recorded in the year it is earned. At the end of each year management evaluates whether rent is collectible and records a bad debt expense and allowance for doubtful accounts for those amounts designated as unlikely to be collected.***CASH AND CASH EQUIVALENTS***

Cash resources includes balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

FUNDS HELD IN OTTAWA TRUST

Funds held in trust on behalf of Nation members by the Government of Canada on Ottawa Trust Fund are reported as restricted cash. Trust monies consists of:

- a) Capital trust monies derived from non-renewable resource transactions on the sale of land or other Nation tangible capital assets; and
- b) Revenue trust monies generated primarily through land transactions or interest earned on deposits held in trust.

INVENTORY

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the weighted - average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated selling costs.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)**TANGIBLE CAPITAL ASSETS*

Capital assets are recorded at cost with the exception of land which is reported at the value assigned to it under the agreement with Canada Mortgage and Housing Corporation (C.M.H.C.).

C.M.H.C. sponsored housing assets are amortized at a rate equivalent to the annual principal reduction in related long term debt. All other assets are amortized over their expected useful life using the declining balance basis at the following rates:

Environmental Infrastructure	2.5% to 5%
Equipment	20% to 30%
Facilities	2.5% to 5%
Transportation Infrastructure	2.5%
Vehicles	20% to 33%

NON-FINANCIAL ASSETS

The First Nation's tangible capital assets and other non-financial assets are accounted for as assets because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the government unless they are sold.

LONG-LIVED ASSETS

Long-lived assets consists of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The First Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the asset's carrying amount. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Any impairment is included in the statement of operations for the year in which the asset becomes impaired.

NET DEBT

The First Nation's consolidated financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the First Nation is determined by its financial assets less its liabilities. Net debt combined with non-financial assets comprises a second indicator of financial position, accumulated surplus.

MEASUREMENT UNCERTAINTY

The preparation of the financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after estimates as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Inventory is stated after provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of tangible capital assets.

These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the statement of operations in the period in which they become known.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)**FINANCIAL INSTRUMENTS*

Financial instruments include cash, restricted cash, accounts receivable, accounts payable and accrued liabilities and long-term debt. Unless otherwise stated, it is management's opinion that the First Nation is not exposed to significant interest, currency or credit risk arising from the financial instruments. Unless indicated, the book value of the organization's financial instruments approximate their value.

PROVISION FOR SITE REHABILITATION

Environmental law requires appropriate closure and post-closure care of landfill sites. This would include covering and landscaping of the site an ongoing environmental monitoring, site inspection and maintenance. No liability has been recorded as of March 31, 2014 as funding from agencies will offset any cost associated with the closure of landfill sites.

EMPLOYEE FUTURE BENEFITS

The Nation's employee future benefit program consists of a defined contribution pension plan. Nation contributions to the defined contribution plan are expensed as incurred.

2. ECONOMIC DEPENDENCE

St. Theresa Point First Nation receives a majority of its revenue from Aboriginal Affairs and Northern Development Canada (AANDC) and First Nations and Inuit Health (FNIH) as a result of Treaties entered into with the Government of Canada. These treaties are administered by AANDC and FNIH under the terms and conditions of the Indian Act. The ability of the Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

3. RESTRICTED CASH

	2014	2013
Ottawa Trust Fund	\$ 8,729	\$ 10,127
SRTA - Trust Account	347,947	
SRTA - Reserve Account	425,792	
CMHC Replacement Reserve	23,842	56,722
Capital projects:		
Inineu	75,232	
PM Associates	45,809	42,969
Ingram Consulting	4,552	94,534
	<u>\$ 931,903</u>	<u>\$ 204,352</u>

ST. THERESA POINT FIRST NATION

PAGE 6

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014

4. ACCOUNTS RECEIVABLE

	2014	2013
A.A.N.D.C.	\$ 306,201	\$
CMHC		62,892
First Nation Inuit Health	67,328	30,596
Other	66,380	45,552
MKO	40,450	40,530
STP - Finance Program	2,263,186	
Trade and member receivables	<u>906,583</u>	<u>906,583</u>
Subtotal	3,650,128	1,086,153
Less: Allowance for doubtful accounts	<u>(591,086)</u>	<u>(591,086)</u>
	<u>\$ 3,059,042</u>	<u>\$ 495,067</u>

5. INVENTORY

	2014	2013
Fuel	\$ 2,361,932	\$ 2,483,565
Merchandise	<u>11,892</u>	<u>-</u>
	<u>\$ 2,373,824</u>	<u>\$ 2,483,565</u>

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2014	2013
Trade payables and accrued liabilities	\$ 980,042	\$ 1,463,567
STP Finance Program	<u>2,263,186</u>	<u>-</u>
	<u>\$ 3,243,228</u>	<u>\$ 1,463,567</u>

7. DEFERRED REVENUE

	2014	2013
A.A.N.D.C.		
Soil Remediation	\$ 34,604	\$ 59,374
Wastewater O&M - Under 1.5M		62,303
F.N.I.H.		
Nurses residence construction		94,534
Other		
MKO	<u>51,287</u>	<u>129,294</u>
	<u>\$ 85,891</u>	<u>\$ 345,505</u>

ST. THERESA POINT FIRST NATION

PAGE 7

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014

8. LONG TERM DEBT

	2014	2013
PEACE HILLS TRUST		
Commercial loan repaid in full in February 2014.	\$	\$ 1,887,029
AANDC		
Repayable in annual installments of \$80,000, due May 2015.	288,000	288,000
MERCADO CAPITAL CORPORATION		
Lease payable, repayable in monthly installments of \$4,596, maturity date April 30, 2014.	4,596	59,749
PEACE HILLS TRUST		
Mortgage payable, 5.85%, repayable in monthly installments of \$4,546 principal and interest, due May 2017.	253,646	292,566
CMHC		
Mortgage payable, 1.71%, repayable in monthly installments of \$6,505 principal and interest, due September 2017.	1,228,223	1,286,683
PEACE HILLS TRUST		
Mortgage payable, 4.05%, repayable in monthly installments of \$3,860 principal and interest, due October 2018.	228,784	267,483
PEACE HILLS TRUST		
Mortgage payable, 6.28%, repayable in monthly installments of \$6,786 principal and interest, due June 1, 2014.	943,180	965,787
CMHC		
Mortgage payable, 2.26%, repayable in monthly installments of \$5,836 principal and interest, due August 2016.	1,231,923	1,279,938
CMHC		
Mortgage payable, 1.65%, repayable in monthly installments of \$5,615 principal and interest, due June 2017.	1,300,486	1,347,960
CMHC		
Mortgage payable, 1.44%, repayable in monthly installments of \$4,658 principal and interest, due July 2017.	1,107,252	1,148,346
CHRYSLER FINANCIAL		
Loan repaid in full.		13,286
CHRYSLER FINANCIAL		
Loan repaid in full.		4,875
TORMONT CAT		
Loan payable, 6.20%, repayable in monthly installments of \$10,837 principal and interest.	6,573	125,775
4676484 MANITOBA LTD.		
Mortgage repaid in full.		2,610,863
CHRYSLER FINANCIAL		
Loan repaid in full.		18,506

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014

8. LONG TERM DEBT *(continued)*

CMHC

Mortgage payable, 1.67%, repayable in monthly installments of \$6,355 principal and interest, due June 2018.

1,250,733 1,307,055

CMHC

Mortgage payable, 2.11%, repayable in monthly installments of \$5,455 principal and interest, due January 2019.

1,053,841 1,096,036

CMHC

Mortgage payable, 2.14%, repayable in monthly installments of \$4,636 principal and interest, due March 2019.

913,794 951,806

Interim Financing (Note 10)

8,502,980 -\$ 18,314,011 \$ 14,951,743

The scheduled principal amounts payable within the next five years to meet retirement provisions is estimated to be as follows:

March 31, 2015	\$ 2,491,931
2016	656,134
2017	448,122
2018	460,421
2019	473,179

9. MORTGAGE ADVANCES - CMHC

St. Theresa Point First Nation Housing Authority was in the progress of constructing a new section of housing project during the year. The project was not completed as at March 31, 2014 and the Housing Authority received \$1,124,604 from Canada Mortgage and Housing Corporation in terms of accountable advances. Upon completion of the project, all accountable advances received from CMHC will form part of mortgage payable.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014

10. INTERIM FINANCING

A) FINANCING WITH THE FIRST NATION FINANCE AUTHORITY:

STPFN has entered into an agreement with the First Nation Finance Authority to borrow funds at an interest Rate of 2.6%. The funds received have been advanced by the FNFA in anticipation of a bond issuance by the FNFA. This interim financing will be replaced by this long term financing upon the issuance of such securities and the earlier of five years from the date of issuance of the interim financing or the completion by STPFN of the defined purpose included in the Borrowing Agreement.

The interim financing loans require monthly interest payments only and are paid from Secured Revenue sources other than AANDC or FNIHB funding. These funds are specified in the Borrowing Law adopted by STPFN and are paid directly into a Secured Revenues Trust Account (SRTA), which is governed by a Secured Revenues Trust Management Agreement between STPFN and the FNFA.

The following amounts are withdrawn from the SRTA:

- 1) Monthly interest payments directly to the FNFA under the terms of the Borrowing Agreement, and
- 2) The excess in the SRTA is paid to STPFN

B) DEBT RESERVE FUND:

- 1) Investment: 5% of any funds borrowed from the FNFA are held by the Authority in a fund as security for payments for bond payments and interim financing providers. If at any time STPFN does not have sufficient funds to meet its obligations under the terms and condition of the Borrowing Agreement, the payments will be made from the Debt Reserve Fund.

C) INTERIM FINANCING:

Funds Advanced	\$ 8,502,980
Debt Reserve Fund	<u>425,150</u>
Total Funds Owing	<u>\$ 8,077,830</u>

Total interest paid during the current fiscal year on the above was \$ 27,862.

Subsequent to the year end, STPFN agreed to have \$ 6,201,613, transferred out of this interim financing to a long term debenture financing. The debenture has a term of 10 years, with amortization period of 30 years and an interest rate of 3.79%. The balance of the funds will remain as interim financing and will be utilized on an annual basis to purchase the fuel required for the season.

ST. THERESA POINT FIRST NATION

PAGE 10

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014

11. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated Amortization			Net Book Value	
	Opening Balance	Additions	Disposals, Write-offs & Adjustments	Opening Balance	Amortization	Disposals, Write-offs & Adjustments	2014	2013
Environmental Infrastructure	\$ 14,633,833	\$	\$ 14,633,833	\$ 7,424,672	\$ 280,890	\$	\$ 6,928,271	\$ 7,209,161
Equipment	2,300,871	662,151	2,963,022	1,738,233	178,507		1,046,282	562,638
Facilities	172,939,835	927,087	173,866,922	11,784,905	4,493,880		97,588,137	101,154,930
Land	510,000		510,000				510,000	510,000
Transportation Infrastructure	8,654,759		8,654,759	3,053,881	140,022		5,460,856	5,600,878
Vehicles	5,657,994	146,983	5,804,977	3,868,844	386,605		1,549,528	1,789,150
	<u>\$ 204,697,292</u>	<u>\$ 1,736,221</u>	<u>\$ 206,433,513</u>	<u>\$ 17,870,535</u>	<u>\$ 5,479,904</u>	<u>\$</u>	<u>\$ 113,083,074</u>	<u>\$ 116,826,757</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014

12. RECONCILIATION OF ABORIGINAL AFFAIRS AND NORTHERN DEVELOPMENT CANADA

	2014	2013
Per A.A.N.D.C. confirmation March 31	\$ 29,217,227	\$ 28,593,140
Plus: Revenue deferred from previous years		
School Construction		2,183,900
Soil Remediation	59,373	16,405
Wastewater O& M - Under \$1.5M	62,303	
Less: Revenue deferred to subsequent year		
Wastewater O& M - Under \$1.5M		(62,303)
Soil Remediation	(34,604)	(59,370)
Less:		
Prior Year - recovery AANDC Basic Needs	(39,247)	
Prior year - underfunded AANDC Basic Needs		(234,695)
Plus: Revenue - set up as payable by AANDC:		
Receivable - In Home Care	12,097	
Receivable - In Home Care	<u>120,354</u>	<u>-</u>
TOTAL A.A.N.D.C. REVENUE PER FINANCIAL STATEMENTS	<u>\$ 29,397,503</u>	<u>\$ 30,437,077</u>

13. RECONCILIATION OF FNIHB FUNDING

	2014	2013
Per F.N.I.H. confirmation March 31	\$ 2,917,811	\$ 3,010,889
Plus: Revenue deferred from previous years		
Nurses residences	94,534	38,821
Less: Revenue deferred to subsequent year		
Nurses residence		(94,534)
H&CC commitment balance not released	(39,896)	<u>-</u>
	<u>\$ 2,972,449</u>	<u>\$ 2,955,176</u>

14. BUDGET INFORMATION

The disclosed budget information has been approved by the Chief and Council of St. Theresa First Nation. The budget figures have not been audited, reviewed or otherwise verified and consequently we do not express an opinion on them.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014

15 . GOVERNMENT TRANSFERS

	2014			2013		
	Operating	Capital	Total	Operating	Capital	Total
Federal Government						
AANDC	\$ 26,135,354	\$ 3,081,873	\$ 29,217,227	\$ 26,234,461	\$ 2,358,679	\$ 28,593,140
FNIH	2,758,811	159,000	2,917,811	2,816,609	194,280	3,010,889
CMHC	489,613		489,613	482,800		482,800
HRDC	<u>849,456</u>		<u>849,456</u>	<u>845,198</u>		<u>845,198</u>
	30,233,234	3,240,873	33,474,107	30,379,068	2,552,959	32,932,027
Provincial Government	<u>926,351</u>		<u>926,351</u>	<u>1,053,361</u>		<u>1,053,361</u>
	<u>\$ 31,159,585</u>	<u>\$ 3,240,873</u>	<u>\$ 34,400,458</u>	<u>\$ 31,432,429</u>	<u>\$ 2,552,959</u>	<u>\$ 33,985,388</u>

16 . CONSOLIDATED EXPENSES BY OBJECT

	2014	2013
Amortization	\$ 5,479,904	\$ 5,545,404
Bank charges and interest	628,394	589,294
Compensation	14,903,284	12,040,796
Purchased goods and services	8,624,028	7,977,384
Social assistance	10,632,609	11,429,152
Travel, accommodation, and related costs	2,093,593	1,882,871
Tuition	<u>486,033</u>	<u>497,856</u>
	<u>\$ 42,847,845</u>	<u>\$ 39,962,757</u>

17 . CONTINGENT LIABILITIES

The Nation is subject to funding recoveries according to their agreements with federal government agencies. At year-end, it was not yet determined to what extent any funding amounts related to the year ending March 31, 2014 might be recovered by these agencies.

Various lawsuits have been filed against First Nation entities for incidents which arose in the ordinary course of business. In the opinion of management and legal counsel, the outcome of the lawsuits, now pending, is not determinable. Should any loss result from the resolution of these claims, such loss will be expensed in the year paid.

18 . COMPARATIVE FIGURES

Certain prior year comparative figures have been reclassified where necessary to conform with the presentation adopted for the current year.

19. SEGMENTS

The Nation has ten reportable segments. These segments are differentiated by the major activities or services they provide. The Nation's segments are as follows:

Band Administration - includes administration and governance activities.

Social Development - activities include delivering social programs.

Education - includes the operations of education programs.

Community Services - includes activities for the maintenance of the community and its infrastructure.

Community Wellness - reports on the Nation's funding related to health and wellness.

Housing - includes activities related to the development and sustainment of on-reserve housing.

Community and Economic Development - includes activities related to the economic development of the community, including its commercial operations.

Capital - include activities related to capital projects, major renovations and construction, infrastructure

Inter-segment transfers are recorded at their exchange amount. The accounting policies of the segments are the same as those described in Note 1.

Employment and Training - includes activities related to training and employment for community members.

Daycare - includes activities related to providing care for children in the community.

ST. THERESA POINT FIRST NATION

PAGE 14

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31

20. SEGMENT DISCLOSURE

St. Theresa Point First Nation provides a range of services to its members. For management reporting purposes, operations and activities are reported by department. For each segment separately reported, the segment revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as described in the summary of Significant Accounting Policies as described in Note 1. The segment results for the year are as follows:

	Band Administration		Community and Economic Development		Community Services		Social Development	
	2014	2013	2014	2013	2014	2013	2014	2013
Revenues								
Federal Government								
AANDC	\$ 1,601,778	\$ 1,698,158	\$ 267,685	\$ 267,685	\$ 1,502,779	\$ 1,608,923	\$ 10,941,019	\$ 10,684,796
Solicitor General	<u>70,683</u>	<u>70,684</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	1,672,461	1,768,842	267,685	267,685	1,502,779	1,608,923	10,941,019	10,684,796
Other revenue	<u>322,135</u>	<u>250,791</u>	<u>4,399,812</u>	<u>3,350,313</u>	<u>313,650</u>	<u>29,023</u>	<u>-</u>	<u>-</u>
Total revenue	<u>1,994,596</u>	<u>2,019,633</u>	<u>4,667,497</u>	<u>3,617,998</u>	<u>1,816,429</u>	<u>1,637,946</u>	<u>10,941,019</u>	<u>10,684,796</u>
Expenses								
Amortization								
Debt servicing	19,945	14,077	68,402	13,196	226,184	236,610	8,405	5,247
Other	1,258,920	1,055,211	2,183,750	1,456,438	1,236,200	1,011,214	10,446,173	10,390,361
Compensation	<u>1,440,645</u>	<u>997,521</u>	<u>610,584</u>	<u>365,509</u>	<u>775,495</u>	<u>671,151</u>	<u>364,995</u>	<u>356,106</u>
Total expenses	<u>2,719,510</u>	<u>2,066,809</u>	<u>3,186,657</u>	<u>2,081,938</u>	<u>2,237,879</u>	<u>1,918,975</u>	<u>10,819,573</u>	<u>10,751,714</u>
Surplus (Deficit)	<u>\$ (724,914)</u>	<u>\$ (47,176)</u>	<u>\$ 1,480,840</u>	<u>\$ 1,536,060</u>	<u>\$ (421,450)</u>	<u>\$ (281,029)</u>	<u>\$ 121,446</u>	<u>\$ (66,918)</u>

ST. THERESA POINT FIRST NATION

PAGE 15

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31

20. SEGMENT DISCLOSURE (continued)

Revenues	Employment and Training		Capital		Community Wellness		Daycare	
	2014	2013	2014	2013	2014	2013	2014	2013
Federal Government								
AANDC	\$ 119,795	\$ 120,909	\$ 2,851,947	\$ 4,444,444	\$ 14,000	\$ 14,000	\$	\$
FNIHB					2,868,648	2,851,497		
HRSDC	851,886	845,198	-	-	-	-	-	-
Subtotal	971,681	966,107	2,851,947	4,444,444	2,882,648	2,865,497	-	-
Other revenue	55,471	32,633	1,346,887	1,067,447	29,943	28,744	307,211	319,988
Total revenue	1,027,152	998,740	4,198,834	5,511,891	2,912,591	2,894,241	307,211	319,988
Expenses								
Amortization	4,593	9,561	1,619,538	3,407,879	779,481	411,133	29,234	31,546
Debt servicing	4,341	5,857	66,634	66,158	6,135	5,578	544	3,880
Other	502,524	812,316	2,820,196	1,652,408	941,659	1,415,768	49,101	66,975
Compensation	433,580	169,521	2,386,659	1,323,294	1,340,032	1,308,968	244,338	261,396
Total expenses	945,038	997,255	6,893,027	6,449,739	3,067,307	3,141,447	323,217	363,797
Surplus (Deficit)	\$ 82,114	\$ 1,485	\$(2,694,193)	\$(937,848)	\$(154,716)	\$(247,206)	\$(16,006)	\$(43,809)

ST. THERESA POINT FIRST NATION

PAGE 16

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31

20. SEGMENT DISCLOSURE (continued)

	Housing		Education		TOTAL	
	2014	2013	2014	2013	2014	2013
Revenues						
Federal Government						
AANDC	\$	\$	\$	\$	\$	\$
FNIHB					2,868,648	2,851,497
CMHC	489,615	482,800	-	-	489,615	482,800
HRSDC					851,886	845,198
Solicitor General	-	-	-	-	70,683	70,684
Subtotal	489,615	482,800	12,098,500	11,598,162	33,678,335	34,687,256
Other revenue	490,963	444,419	-	-	7,266,072	5,523,358
Total revenue	980,578	927,219	12,098,500	11,598,162	40,944,407	40,210,614
Expenses						
Amortization	389,135	326,916	2,354,932	1,103,316	5,479,904	5,545,404
Debt servicing	205,661	243,939	1,213	3,010	628,394	589,294
Other	346,871	559,921	2,050,869	3,366,651	21,836,263	21,787,263
Compensation	-	-	7,306,956	6,587,330	14,903,284	12,040,796
Total expenses	941,667	1,130,776	11,713,970	11,060,307	42,847,845	39,962,757
Surplus (Deficit)	\$ 38,911	\$ (203,557)	\$ 384,530	\$ 537,855	\$ (1,903,438)	\$ 247,857