
ST.THERESA POINT FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

ST. THERESA POINT FIRST NATION

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MARCH 31, 2015

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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.

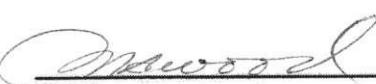
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants and as such include amounts that are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

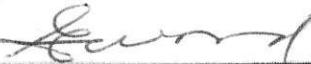
Chief and Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

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.



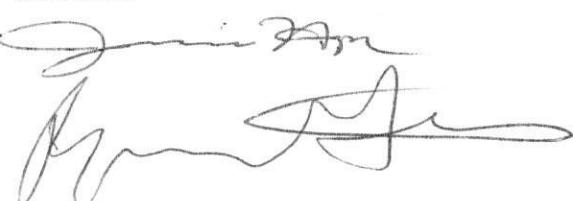
Chief



Councillor



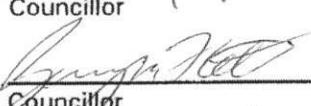
Councillor



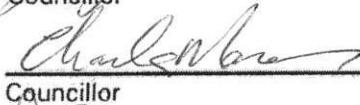
Councillor



Councillor



Councillor



Councillor



Councillor

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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, 2015, and the consolidated statements of operations and accumulated surplus, 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.

Auditors' 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 auditors' 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, 2015, 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 Professional Accountants

Winnipeg, Manitoba
March 15, 2016

ST. THERESA POINT FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

STATEMENT 1

MARCH 31

2015

2014

FINANCIAL ASSETS

| | | |
|------------------------------|-----------|-----------|
| Cash | \$ | \$ |
| Restricted cash (Note 3) | 734,542 | 678,798 |
| Accounts receivable (Note 4) | 1,496,817 | 931,903 |
| Inventory (Note 5) | 1,786,459 | 3,059,042 |
| | <hr/> | <hr/> |
| Total financial assets | 4,017,818 | 7,043,567 |

LIABILITIES

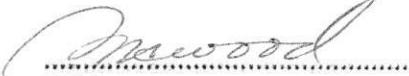
| | | |
|---|---------------|---------------|
| Bank indebtedness | 108,146 | |
| Accounts payable and accrued liabilities (Note 6) | 1,981,313 | 3,243,228 |
| Deferred revenue (Note 7) | 802,572 | 85,891 |
| Long term debt (Note 8, 9) | 20,688,787 | 18,314,011 |
| Mortgage advances (Note 10) | 1,120,548 | 1,124,606 |
| | <hr/> | <hr/> |
| Total liabilities | 24,701,366 | 22,767,736 |
| | <hr/> | <hr/> |
| Net debt | (20,683,548) | (15,724,169) |

NON-FINANCIAL ASSETS

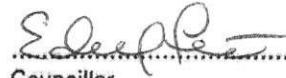
| | | |
|------------------------------------|---------------|----------------|
| Prepaid expenses | | 602,482 |
| Tangible capital assets (Note 11) | 112,917,942 | 113,083,074 |
| Construction in progress (Note 12) | 4,438,592 | 4,455,233 |
| | <hr/> | <hr/> |
| Total non-financial assets | 117,356,534 | 118,140,789 |
| | <hr/> | <hr/> |
| Accumulated surplus | \$ 96,672,986 | \$ 102,416,620 |

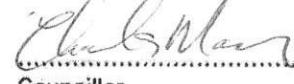
Contingent liabilities (Note 16)

Approved on behalf of Chief and Council


 Chief

Councillor


 Councillor


 Councillor

Councillor

ST. THERESA POINT FIRST NATION

STATEMENT 2

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

YEAR ENDED MARCH 31

| | BUDGET (UNAUDITED) | 2015 | 2014 |
|--|-----------------------|----------------------|-----------------------|
| REVENUE | | | |
| Aboriginal Affairs and Northern Development Canada | \$ 30,996,150 | \$ 30,323,389 | \$ 29,397,503 |
| First Nation and Inuit Health | 3,022,747 | 2,919,747 | 2,868,648 |
| Employment and Social Development Canada | 809,005 | 775,674 | 851,886 |
| Canada Mortgage and Housing Corporation | 624,779 | 825,000 | 489,615 |
| Solicitor General | 38,876 | 38,876 | 70,683 |
| Federal Justice | 66,912 | 66,912 | 65,209 |
| Other revenue | | 4,039,895 | 4,159,156 |
| Sales | | 2,059,161 | 687,335 |
| Province of Manitoba | | 1,197,276 | 926,351 |
| Rental | | 1,034,245 | 1,106,201 |
| Island Lake Tribal Council | | 317,050 | 291,877 |
| Four Arrows Regional Health Authority | | - | 29,943 |
| | <u>35,558,469</u> | <u>43,597,225</u> | <u>40,944,407</u> |
| EXPENSES | | | |
| Band administration | 1,625,411 | 2,043,615 | 2,719,510 |
| Community and economic development | 6,068,237 | 6,694,243 | 3,186,657 |
| Community services | 1,113,665 | 2,061,436 | 2,237,879 |
| Social development | 11,154,627 | 11,429,838 | 10,819,573 |
| Employment and training | 926,697 | 919,342 | 945,038 |
| Capital | 3,480,765 | 7,328,009 | 6,893,027 |
| Community wellness | 2,819,108 | 3,707,302 | 3,067,307 |
| Daycare | 500,000 | 382,608 | 323,217 |
| Housing | 2,819,108 | 1,029,547 | 941,667 |
| Education | <u>12,627,699</u> | <u>13,744,919</u> | <u>11,713,970</u> |
| | <u>43,135,317</u> | <u>49,340,859</u> | <u>42,847,845</u> |
| ANNUAL DEFICIT | (7,576,848) | (5,743,634) | (1,903,438) |
| ACCUMULATED SURPLUS, <i>beginning of year</i> | <u>102,416,620</u> | <u>102,416,620</u> | <u>104,320,058</u> |
| ACCUMULATED SURPLUS, <i>end of year</i> | \$ <u>94,839,772</u> | \$ <u>96,672,986</u> | \$ <u>102,416,620</u> |

ST. THERESA POINT FIRST NATION

STATEMENT 3

CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT

YEAR ENDED MARCH 31

| | 2 0 1 5 | 2 0 1 4 |
|---|------------------------|------------------------|
| Annual Deficit | \$(5,743,634) | \$(1,903,438) |
| Acquisition of tangible capital assets and construction in progress | (5,093,207) | (6,191,454) |
| Amortization of tangible capital assets | <u>5,274,980</u> | <u>5,479,904</u> |
| | <u>181,773</u> | <u>(711,550)</u> |
| Acquisition of prepaid expenses | | (602,482) |
| Use of prepaid expenses | <u>602,482</u> | <u>821,189</u> |
| | <u>602,482</u> | <u>218,707</u> |
| CHANGE IN NET DEBT FOR YEAR | (4,959,379) | (2,396,281) |
| NET DEBT, <i>beginning of year</i> | <u>(15,724,169)</u> | <u>(13,327,888)</u> |
| NET DEBT, <i>end of year</i> | <u>\$(20,683,548)</u> | <u>\$(15,724,169)</u> |

ST. THERESA POINT FIRST NATION

STATEMENT 4

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

| | 2 0 1 5 | 2 0 1 4 |
|---|--------------------------|----------------------------|
| CASH FLOW FROM | | |
| <i>OPERATING ACTIVITIES</i> | | |
| | | |
| Cash received from funding agencies and other sources | \$ 45,876,131 | \$ 40,384,004 |
| Cash paid to suppliers and employees | (44,945,835) | (36,894,624) |
| Interest paid | <u>807,888</u> | <u>628,394</u> |
| | <u><u>1,738,184</u></u> | <u><u>2,860,986</u></u> |
| <i>CAPITAL ACTIVITIES</i> | | |
| Acquisition of tangible capital assets and construction in progress | (5,093,207) | (6,191,454) |
| <i>FINANCING ACTIVITIES</i> | | |
| Proceeds of long term debt | 2,620,548 | 9,627,586 |
| Repayment of long term debt | (249,830) | (5,140,712) |
| | <u><u>2,370,718</u></u> | <u><u>4,486,874</u></u> |
| NET INCREASE (DECREASE) IN CASH DURING YEAR | (984,305) | 1,156,406 |
| CASH, <i>beginning of year</i> | <u><u>1,610,701</u></u> | <u><u>454,295</u></u> |
| CASH, <i>end of year</i> | <u><u>\$ 626,396</u></u> | <u><u>\$ 1,610,701</u></u> |
| CASH COMPRISED OF | | |
| Cash | \$ 678,798 | |
| Restricted cash | 734,542 | 931,903 |
| Bank indebtedness | (108,146) | - |
| | <u><u>\$ 626,396</u></u> | <u><u>\$ 1,610,701</u></u> |

ST. THERESA POINT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

REPORTING ENTITY

The St. Theresa Point First Nation (the "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 First Nation reporting entity. Trusts administered on behalf of third parties by St. Theresa Point First Nation are excluded from the First 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 Retail and Barge
- 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.

ASSET CLASSIFICATION

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets, construction in progress and prepaid expenses.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

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

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.

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% |

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.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**MARCH 31, 2015****1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)******REVENUErecognition***

All revenue is recorded on the accrual basis whereby amounts received or recorded as receivable but not earned by the end of the fiscal year are recorded as deferred revenue.

Funding received under the terms of contribution agreements with the federal government is recognized as revenue once eligibility criteria have been met. Funding is recorded as deferred revenue if it has been restricted by the federal government for a stated purpose, such as a specific program or the purchase of tangible capital assets. Deferred revenue is recognized in revenue over time as the recognition criteria are met.

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.

USE OF ESTIMATES

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.

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.

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 and ongoing environmental monitoring, site inspection and maintenance. No liability has been recorded as of March 31, 2015 as funding from agencies will offset any cost associated with the closure of landfill sites.

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

ST. THERESA POINT FIRST NATION

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

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

| | 2 0 1 5 | 2 0 1 4 |
|--|-------------------|-------------------|
| Ottawa Trust Fund | \$ 9,941 | \$ 8,729 |
| Secured Revenues Trust Account - Trust Account | | 347,947 |
| Secured Revenues Trust Account - Reserve Account | 555,376 | 425,792 |
| CMHC Replacement Reserve | 64,832 | 23,842 |
| Capital projects: | | |
| Ininew | 62,366 | 75,232 |
| PM Associates | 37,540 | 45,809 |
| Ingram Consulting | 4,487 | 4,552 |
| | <u>\$ 734,542</u> | <u>\$ 931,903</u> |

4. ACCOUNTS RECEIVABLE

| | 2 0 1 5 | 2 0 1 4 |
|---------------------------------------|---------------------|---------------------|
| A.A.N.D.C. | \$ | \$ |
| Economic Development Opportunities | 6,601 | |
| Planning and design | 50,352 | 173,750 |
| Social Services | | 132,451 |
| Soil Remediation | 171,630 | |
| Tuition Agreements | 8,703 | |
| CMHC | 19,600 | |
| First Nation Inuit Health | | 67,328 |
| Island Lake Tribal Council | 29,687 | |
| MKO | 152,370 | 40,450 |
| Other | 48,757 | 66,380 |
| Province of Manitoba | 686,907 | |
| Trade, member, and other receivables | <u>1,020,221</u> | <u>3,169,769</u> |
| Subtotal | 2,194,828 | 3,650,128 |
| Less: Allowance for doubtful accounts | (698,011) | (591,086) |
| | <u>\$ 1,496,817</u> | <u>\$ 3,059,042</u> |

ST. THERESA POINT FIRST NATION

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

5. INVENTORY

| | 2 0 1 5 | 2 0 1 4 |
|-------------|----------------------------|----------------------------|
| Fuel | \$ 1,768,499 | \$ 2,361,932 |
| Merchandise | <u>17,960</u> | <u>11,892</u> |
| | <u><u>\$ 1,786,459</u></u> | <u><u>\$ 2,373,824</u></u> |

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | 2 0 1 5 | 2 0 1 4 |
|--|----------------------------|----------------------------|
| Trade payables and accrued liabilities | \$ 1,966,844 | \$ 3,229,882 |
| CMHC | <u>14,469</u> | <u>13,346</u> |
| | <u><u>\$ 1,981,313</u></u> | <u><u>\$ 3,243,228</u></u> |

7. DEFERRED REVENUE

| | 2 0 1 5 | 2 0 1 4 |
|----------------------|--------------------------|-------------------------|
| A.A.N.D.C. | | |
| Band Operated School | \$ 590,472 | \$ |
| Soil Remediation | <u>48,344</u> | 34,604 |
| Other | | |
| MKO | <u>163,756</u> | <u>51,287</u> |
| | <u><u>\$ 802,572</u></u> | <u><u>\$ 85,891</u></u> |

8. LONG TERM FINANCING - FIRST NATION FINANCING AUTHORITY

A) GENERAL TERM & CONDITIONS:

The First Nation has entered into an agreement with the First Nation Finance Authority (FNFA) 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 long term financing upon the issuance of such securities based on the earlier of five years from the date of issuance of the interim financing or the completion by the First Nation 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 FNIH funding. These funds are specified in the Borrowing Law adopted by the First Nation and are paid directly into a Secured Revenues Trust Account (SRTA), which is governed by a Secured Revenues Trust Management Agreement between the First Nation and the FNFA.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**MARCH 31, 2015****8. LONG TERM FINANCING - FIRST NATION FINANCING AUTHORITY *(continued)***

The following amounts are withdrawn directly from the SRTA, which is governed by a trust agreement:

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

DEBT RESERVE FUND:

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 the First Nation does not have sufficient funds to meet its obligations under the terms and conditions of the Borrowing Agreement, the payments will be made from the Debt Reserve Fund.

B) CURRENT INTERIM FINANCING:

| | |
|-------------------|---------------------|
| Funds Outstanding | \$ 3,610,368 |
| Debt Reserve Fund | <u>190,019</u> |
| Total Funds Owing | <u>\$ 3,800,387</u> |

Total interest paid during the current fiscal year on the above was \$ 60,344.

C) DEBENTURE

During the fiscal year, the First Nation 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 an amortization period of 30 years and an interest rate of 3.79%.

| | |
|---------------------------------|---------------------|
| Balance owing at March 31, 2015 | \$ 6,119,668 |
| Less: Current portion | <u>110,593</u> |
| Long term portion | <u>\$ 6,009,075</u> |

Principle repayment over the next five years:

| | |
|------|------------|
| 2016 | \$ 110,593 |
| 2017 | 110,593 |
| 2018 | 110,593 |
| 2019 | 110,593 |
| 2020 | 110,593 |

During the current fiscal year, interest of \$ 176,309 was paid on the debenture financing.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

| 9. LONG TERM DEBT | 2015 | 2014 |
|--|------------|------------|
| A.A.N.D.C Repayable in annual installments of \$80,000, due May 2015. | \$ 292,549 | \$ 288,000 |
| MERCADO CAPITAL CORPORATION Lease payable, repayable in monthly installments of \$4,596, maturity date April 30, 2014. | | 4,596 |
| PEACE HILLS TRUST Mortgage payable, 5.85%, repayable in monthly installments of \$4,546 principal and interest, due May 2017. | 210,784 | 253,646 |
| CMHC Mortgage payable, 1.71%, repayable in monthly installments of \$6,505 principal and interest, due September 2017. | 1,170,650 | 1,228,223 |
| PEACE HILLS TRUST Mortgage payable, 4.05%, repayable in monthly installments of \$3,860 principal and interest, due October 2018. | 194,113 | 228,784 |
| PEACE HILLS TRUST Mortgage payable, 3.49%, repayable in monthly installments of \$5,391 principal and interest, due June 1, 2019. | 910,701 | 943,180 |
| CMHC Mortgage payable, 2.26%, repayable in monthly installments of \$5,836 principal and interest, due August 2016. | 1,189,172 | 1,231,923 |
| CMHC Mortgage payable, 1.65%, repayable in monthly installments of \$5,615 principal and interest, due June 2017. | 1,254,135 | 1,300,486 |
| CMHC Mortgage payable, 1.44%, repayable in monthly installments of \$4,658 principal and interest, due July 2017. | 1,066,984 | 1,107,252 |
| TORMONT CAT Loan payable, 6.20%, repayable in monthly installments of \$10,837 principal and interest. | | 6,573 |
| CMHC Mortgage payable, 1.67%, repayable in monthly installments of \$6,355 principal and interest, due June 2018. | 1,194,863 | 1,250,733 |
| CMHC Mortgage payable, 2.11%, repayable in monthly installments of \$5,455 principal and interest, due January 2019. | 1,010,098 | 1,053,841 |
| CMHC Mortgage payable, 2.04%, repayable in monthly installments of \$4,636 principal and interest, due March 2019. | 876,377 | 913,794 |

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

9. LONG TERM DEBT *(continued)*

| | 2 0 1 5 | 2 0 1 4 |
|---|----------------------|----------------------|
| Interim Financing <i>(Note 8)</i> | 3,800,387 | 8,502,980 |
| Debenture Financing <i>(Note 8)</i> | 6,119,668 | |
| Tormont Industries Ltd, 5.950%, repayable in monthly installments of \$8,390 principal and interest, due August 2018. | 276,025 | |
| CMHC Mortgage payable, 1.92%, repayable in monthly installments of \$4,849 principal and interest, due April 2019. | <u>1,122,281</u> | - |
| | <u>\$ 20,688,787</u> | <u>\$ 18,314,011</u> |

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

| | |
|----------------|-----------|
| March 31, 2016 | \$568,943 |
| 2017 | 586,430 |
| 2018 | 604,635 |
| 2019 | 520,110 |
| 2020 | 481,168 |

10. MORTGAGE ADVANCES - CMHC

St. Theresa Point First Nation Housing Authority was in the progress of constructing two new housing projects during the year. The project were not completed as at March 31, 2015 and the Housing Authority received \$506,866 and \$613,682 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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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MARCH 31, 2015

11. TANGIBLE CAPITAL ASSETS

| | Cost | | | Accumulated Amortization | | | Net Book Value |
|-------------------------------|-----------------------|---------------------|-----------------------|--------------------------|---------------------|----------------------|-----------------------|
| | Opening Balance | Additions | Closing Balance | Opening Balance | Amortization | Closing Balance | |
| Environmental Infrastructure | \$ 14,633,833 | \$ 14,633,833 | \$ 14,633,833 | \$ 7,705,562 | \$ 267,095 | \$ 7,972,657 | \$ 6,661,176 |
| Equipment | 2,963,022 | 965,435 | 3,928,457 | 1,916,740 | 335,552 | 2,252,292 | 1,676,165 |
| Facilities | 173,866,922 | 3,715,222 | 177,582,144 | 76,278,785 | 4,184,068 | 80,462,853 | 97,119,291 |
| Land | 510,000 | | 510,000 | | | | 510,000 |
| Transportation Infrastructure | 8,654,759 | | 8,654,759 | 3,193,903 | 136,522 | 3,330,425 | 5,324,334 |
| Vehicles | <u>5,804,977</u> | <u>429,187</u> | <u>6,234,164</u> | <u>4,255,449</u> | <u>351,739</u> | <u>4,607,188</u> | <u>1,626,976</u> |
| | <u>\$ 206,433,513</u> | <u>\$ 5,109,844</u> | <u>\$ 211,543,357</u> | <u>\$ 93,350,439</u> | <u>\$ 5,274,976</u> | <u>\$ 98,625,415</u> | <u>\$ 112,917,942</u> |
| | | | | | | | <u>\$ 113,083,074</u> |

12. CONSTRUCTION IN PROGRESS

| | 2015 | 2014 |
|---|---------------------|---------------------|
| Arena | \$ 1,298,899 | \$ 1,280,012 |
| Buildings - (Capital Special Project RTM) | \$ 310,530 | \$ 159,000 |
| CMHC 9 Units | | 1,243,064 |
| CMHC 5 Units | | |
| CMHC 8 Units | | |
| Complex | | |
| Communication Tower / Transmitter | 261,141 | 59,169 |
| Digital Video | 364,030 | |
| Fish Plant | 71,573 | 69,086 |
| Garage | 70,000 | 87,487 |
| Housing | | 1,211,380 |
| North/South Road | <u>643,771</u> | <u>346,035</u> |
| | | |
| | <u>\$ 4,438,592</u> | <u>\$ 4,455,233</u> |

The costs for the above projects are recorded as tangible capital assets and amortized accordingly upon their respective completion.

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MARCH 31, 2015

13. RECONCILIATION OF ABORIGINAL AFFAIRS AND NORTHERN DEVELOPMENT CANADA

| | 2 0 1 5 | 2 0 1 4 |
|--|----------------------|----------------------|
| Per A.A.N.D.C. confirmation March 31 | \$ 30,996,150 | \$ 29,217,227 |
| Plus: Revenue deferred from previous years | | |
| Soil Remediation | 34,604 | 59,373 |
| Wastewater O& M - Under \$1.5M | | 62,303 |
| Less: Revenue deferred to subsequent year | | |
| Band Operated School | (590,472) | |
| Soil Remediation | (48,344) | (34,604) |
| Less: | | |
| Prior Year - recovery A.A.N.D.C Basic Needs | (68,549) | (39,247) |
| Plus: | | |
| Receivable - In Home Care | | 12,097 |
| Receivable - In Home Care | - | 120,354 |
| TOTAL A.A.N.D.C. REVENUE PER FINANCIAL STATEMENTS | \$ 30,323,389 | \$ 29,397,503 |

14. RECONCILIATION OF FNIH FUNDING

| | 2 0 1 5 | 2 0 1 4 |
|--|---------------------|--------------|
| Per F.N.I.H. confirmation March 31 | \$ 2,871,217 | \$ 2,917,811 |
| Plus: Revenue deferred from previous years | | |
| Nurses residences | | 94,534 |
| Less: Revenue deferred to subsequent year | | |
| Prior Year - recovery | (103,000) | (103,801) |
| H&CC commitment balance not released | | (39,896) |
| Special Projects - RTM committed for 2014/2015 | <u>151,530</u> | - |
| \$ 2,919,747 | \$ 2,868,648 | |

14 . BUDGET INFORMATION

The disclosed budget information has been approved by the Chief and Council of St. Theresa Point 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, 2015****15 . CONSOLIDATED EXPENSES BY OBJECT**

| | 2 0 1 5 | 2 0 1 4 |
|--------------------------------|-----------------------------|-----------------------------|
| Amortization | \$ 5,274,977 | \$ 5,479,904 |
| Community events and donations | 156,216 | 159,843 |
| Insurance | 419,552 | 465,202 |
| Interest | 807,888 | 628,394 |
| Other | 5,835,159 | 2,814,473 |
| Professional fees | 704,546 | 785,516 |
| Program contribution | 592,060 | 1,007,740 |
| Rent | 24,195 | 24,567 |
| Repairs and maintenance | 1,322,866 | 881,293 |
| Salaries and benefits | 16,325,514 | 14,903,284 |
| Social assistance | 11,510,607 | 10,024,250 |
| Student support | 1,532,223 | 1,414,930 |
| Supplies | 1,112,427 | 841,762 |
| Telephone | 179,683 | 201,319 |
| Training | 147,553 | 168,711 |
| Travel | 2,896,076 | 2,363,986 |
| Utilities | <u>499,317</u> | <u>682,671</u> |
| | <u><u>\$ 49,340,859</u></u> | <u><u>\$ 42,847,845</u></u> |

16 . CONTINGENT LIABILITIES

The First 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, 2015 might be recovered by these agencies.

Various lawsuits have been filed against the 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.

17 . COMPARATIVE FIGURES

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

18. SEGMENTS

The First Nation has ten reportable segments. These segments are differentiated by the major activities or services they provide. The First Nation 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 - includes activities related to capital projects, major renovations and construction, infrastructure

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.

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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19. 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 | |
|--------------------|-----------------------|-----------------------|------------------------------------|---------------------|-----------------------|-----------------------|-----------------------|-------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Revenues | | | | | | | | |
| Federal Government | \$ 1,405,365 | \$ 1,601,778 | \$ 267,685 | \$ 267,685 | \$ 1,760,941 | \$ 1,502,779 | \$ 11,006,953 | \$ 10,941,019 |
| AANDC | <u>38,876</u> | <u>70,683</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Solicitor General | | | | | | | | |
| Subtotal | 1,444,241 | 1,672,461 | 267,685 | 267,685 | 1,760,941 | 1,502,779 | 11,006,953 | 10,941,019 |
| Other revenue | <u>160,347</u> | <u>322,135</u> | <u>6,100,757</u> | <u>4,399,812</u> | <u>-</u> | <u>313,650</u> | <u>-</u> | <u>-</u> |
| Total revenue | <u>1,604,588</u> | <u>1,994,596</u> | <u>6,368,442</u> | <u>4,667,497</u> | <u>1,760,941</u> | <u>1,816,429</u> | <u>11,006,953</u> | <u>10,941,019</u> |
| Expenses | | | | | | | | |
| Amortization | 33,426 | 19,945 | 68,402 | 210,093 | 226,184 | 6,984 | 8,405 | |
| Debt servicing | <u>673,194</u> | <u>1,258,920</u> | <u>323,921</u> | <u>2,183,750</u> | <u>1,234,624</u> | <u>1,236,200</u> | <u>11,050,417</u> | <u>10,446,173</u> |
| Other | <u>1,336,995</u> | <u>1,440,645</u> | <u>1,560,381</u> | <u>610,584</u> | <u>616,719</u> | <u>775,495</u> | <u>372,437</u> | <u>364,995</u> |
| Compensation | | | | | | | | |
| Total expenses | <u>2,043,615</u> | <u>2,719,510</u> | <u>6,576,546</u> | <u>3,186,657</u> | <u>2,061,436</u> | <u>2,237,879</u> | <u>11,429,838</u> | <u>10,819,573</u> |
| Surplus (Deficit) | <u>\$ (439,027)</u> | <u>\$ (724,914)</u> | <u>\$ (208,104)</u> | <u>\$ 1,480,840</u> | <u>\$ (300,495)</u> | <u>\$ (421,450)</u> | <u>\$ (422,885)</u> | <u>\$ 121,446</u> |

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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19. SEGMENT DISCLOSURE (continued)

| | 2015 | 6 | 2014 | 2015 | Capital | 2014 | Community | Wellness | 2015 | Daycare | 2015 | 2014 |
|--------------------------|--------------------|------------------|----------------------|----------------------|---------------------|---------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Revenues | | | | | | | | | | | | |
| Federal Government | \$ 117,697 | \$ 119,795 | \$ 3,236,318 | \$ 2,851,947 | \$ 14,000 | \$ 14,000 | | | | | | |
| AANDC | | | | | 2,919,747 | 2,868,648 | | | | | | |
| FNIIH | | | | | | | | | | | | |
| CMHC | | | | | | | | | | | | |
| HRSDC | | | | | | | | | | | | |
| Subtotal | 775,674 | 851,886 | 108,200 | - | - | - | - | - | - | - | - | - |
| 893,371 | 971,681 | 3,344,518 | 2,851,947 | 2,933,747 | 2,882,648 | - | - | - | - | - | - | - |
| Other revenue | 117,697 | 55,471 | 1,101,981 | 1,346,887 | 453,837 | 29,943 | 354,372 | 307,211 | 307,211 | 307,211 | 307,211 | 307,211 |
| Total revenue | 1,011,068 | 1,027,152 | 4,446,499 | 4,198,834 | 3,387,584 | 2,912,591 | 354,372 | 307,211 | 307,211 | 307,211 | 307,211 | 307,211 |
| Expenses | | | | | | | | | | | | |
| Amortization | 4,047 | 4,593 | 3,042,555 | 1,619,538 | 708,731 | 779,481 | 27,184 | 29,234 | | | | |
| Debt servicing | 6,787 | 4,341 | 25,707 | 66,634 | 5,090 | 6,135 | 586 | 544 | | | | |
| Other | 512,088 | 502,524 | 1,839,287 | 2,820,196 | 1,435,640 | 941,659 | 110,612 | 49,101 | | | | |
| Compensation | 514,117 | 433,580 | 2,420,460 | 2,386,659 | 1,557,841 | 1,340,032 | 244,226 | 244,338 | | | | |
| Total expenses | 1,037,039 | 945,038 | 7,328,009 | 6,893,027 | 3,707,302 | 3,067,307 | 382,608 | 323,217 | 323,217 | 323,217 | 323,217 | 323,217 |
| Surplus (Deficit) | \$(25,971) | \$ 82,114 | \$(2,881,510) | \$(2,694,193) | \$(319,718) | \$(154,716) | \$(28,236) | \$(16,006) |

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19. SEGMENT DISCLOSURE (*continued*)

| | 2015 | Housing | 2014 | 2015 | Education | 2014 | 2015 | TOTAL | 2014 |
|--------------------|------------|-----------|-----------------|---------------|-----------------|-----------------|---------------|--------|--------|
| Revenues | | | | | | | | | |
| Federal Government | | | | \$ 12,514,430 | \$ 12,098,500 | \$ 30,323,389 | \$ 29,397,503 | | |
| AANDC | 716,800 | 489,615 | | - | - | 2,919,747 | 2,868,648 | | |
| FNIH | | | | | | 825,000 | 489,615 | | |
| CMHC | | | | | | 775,674 | 851,886 | | |
| HRSDC | | | | | | | | 38,876 | 70,683 |
| Solicitor General | | | | | | | | | |
| Subtotal | 716,800 | 489,615 | 12,514,430 | 12,098,500 | 34,882,686 | 33,678,335 | | | |
| Other revenue | 425,548 | 490,963 | | | | 8,714,539 | 7,266,072 | | |
| Total revenue | 1,142,348 | 980,578 | 12,514,430 | 12,098,500 | 43,597,225 | 40,944,407 | | | |
| Expenses | | | | | | | | | |
| Amortization | 403,829 | 389,135 | 611,633 | 2,354,932 | 5,274,980 | 5,479,904 | | | |
| Debt servicing | 188,258 | 205,661 | 15,503 | 1,213 | 807,888 | 628,394 | | | |
| Other | 430,960 | 346,871 | 5,421,945 | 2,050,869 | 26,932,477 | 21,836,263 | | | |
| Compensation | 6,500 | | 7,695,838 | 7,306,956 | 16,325,514 | 14,903,284 | | | |
| Total expenses | 1,029,547 | 941,667 | 13,744,919 | 11,713,970 | 49,340,859 | 42,847,845 | | | |
| Surplus (Deficit) | \$ 112,801 | \$ 38,911 | \$ (1,230,489) | \$ 384,530 | \$ (5,743,634) | \$ (1,903,438) | | | |