



**Consolidated Financial Statements**  
**Year Ended March 31, 2014**

**YORK FACTORY FIRST NATION**  
**Index to Consolidated Financial Statements**  
**Year Ended March 31, 2014**

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING


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The consolidated financial statements of York Factory 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 York Factory 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 generally accepted auditing standards.



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Winnipeg, MB

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of York Factory First Nation

We have audited the accompanying consolidated financial statements of York Factory First Nation, which comprise the consolidated statement of financial position as at March 31, 2014 and the consolidated statements of changes in net debt, revenues and expenses, accumulated surplus 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 qualified audit opinion.

### Basis for Qualified Opinion

York Factory First Nation is a 100% partner in York Landing Construction Group Limited Partnership. There are significant control deficiencies related to the accounting records for this controlled enterprise. As a result, we were unable to obtain audit evidence to support the balance recorded as long term investment or the amount recorded as income or loss related to this investment.

(continues)

Independent Auditor's Report to the Members of York Factory First Nation *(continued)*

Qualified Opinion

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

A handwritten signature in black ink that reads "Lazer Grant LLP". The signature is written in a cursive, flowing style.

Winnipeg, MB  
January 8, 2015

CHARTERED ACCOUNTANTS

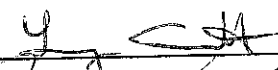
**YORK FACTORY FIRST NATION**  
**Consolidated Statement of Financial Position**  
**March 31, 2014**

	2014	2013
<b>FINANCIAL ASSETS</b>		
Cash (Note 4)	\$ 201,905	\$ 805,326
Temporary investments	14,146	10,000
Accounts receivable (Note 5)	1,798,592	1,888,416
Long term investments (Note 6)	(24,598)	33,847
Ottawa trust funds (Note 7)	31,219	30,804
<b>Total Financial Assets</b>	<b>2,021,264</b>	<b>2,768,393</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	3,019,731	3,084,299
Long term debt (Note 8)	3,067,841	3,133,498
Obligations under capital lease (Note 9)	153,236	184,450
Deferred revenue (Note 10)	1,022,193	956,764
Advance on future profits of joint venture (Note 11)	1,325,876	1,420,463
Replacement reserve (Note 12)	393,645	350,761
Due to related parties (Note 13)	-	203,727
<b>Total Liabilities</b>	<b>8,982,522</b>	<b>9,333,962</b>
<b>NET DEBT</b>	<b>(6,961,258)</b>	<b>(6,565,569)</b>
<b>NON-FINANCIAL ASSETS</b>		
Capital assets (Note 14)	20,288,503	20,250,718
Construction in progress	-	939,161
<b>Total Non-Financial Assets</b>	<b>20,288,503</b>	<b>21,189,879</b>
<b>Accumulated Surplus</b>	<b>\$ 13,327,245</b>	<b>\$ 14,624,310</b>

ECONOMIC DEPENDENCE (Note 17)

ON BEHALF OF THE MEMBERS

 CHIEF

 COUNCILLOR

 COUNCILLOR

 - COUNCILLOR

 - COUNCILLOR

**YORK FACTORY FIRST NATION**  
**Consolidated Statement of Changes In Net Debt**  
**March 31, 2014**

	2014	2013
<b>Deficiency of revenues over expenses</b>	<b>\$ (1,297,065)</b>	<b>\$ (1,651,940)</b>
Amortization of capital assets	1,287,213	1,183,535
Acquisition of capital assets	(1,324,996)	(1,591,936)
Decrease in construction in progress	939,161	380,935
Disposal of capital assets	-	179,902
	<b>(395,689)</b>	<b>(1,499,504)</b>
<b>Increase in net debt</b>	<b>(395,689)</b>	<b>(1,499,504)</b>
<b>Net debt - beginning of year</b>	<b>(6,565,569)</b>	<b>\$ (5,066,065)</b>
<b>Net debt - end of year</b>	<b>\$ (6,961,258)</b>	<b>\$ (6,565,569)</b>

**YORK FACTORY FIRST NATION**  
**Consolidated Statement of Revenues and Expenses**  
**Year Ended March 31, 2014**

	Budget (Unaudited) 2014	2014	2013
<b>REVENUES</b>			
Aboriginal Affairs and Northern Development Canada	\$ 4,049,922	\$ 4,199,054	\$ 3,510,910
Health Canada	917,618	932,778	866,308
Canada Mortgage and Housing Corporation	178,686	178,686	239,606
Solicitor General	38,465	38,465	38,465
Province of Manitoba	142,344	162,220	67,354
Manitoba Hydro	483,676	3,600,682	3,199,955
Kitche-Waskahigan Trust	-	577,011	396,422
Keewatin Tribal Council	-	223,471	268,851
Sodexo Canada Inc.	-	335,302	-
Video lottery terminals	1,000,000	1,621,797	668,282
Administration fees	-	66,382	-
Share of loss from partnership (Note 6)	-	(102,423)	(55,853)
Loss on write-down of investments (Note 6)	-	(144,079)	-
Gain on write-down of related party debt (Note 13)	-	223,054	-
Other	-	435,737	705,206
Rent and equipment rental	-	576,109	147,575
Shelter allowance	-	11,842	25,727
Insurance proceeds	-	-	81,771
Health Canada recoveries	-	-	(16,210)
Deferred from prior year (Note 10)	-	956,764	1,062,287
Deferred to subsequent year (Note 10)	-	(1,022,193)	(956,764)
	6,810,711	12,870,659	10,249,892
<b>EXPENSES</b>	6,956,450	12,880,511	10,718,297
<b>DEFICIENCY OF REVENUES OVER EXPENSES BEFORE AMORTIZATION</b>	(145,739)	(9,852)	(468,405)
<b>AMORTIZATION</b>	1,175,811	1,287,213	1,183,535
<b>DEFICIENCY OF REVENUES OVER EXPENSES</b>	\$ (1,321,550)	\$ (1,297,065)	\$ (1,651,940)



## YORK FACTORY FIRST NATION

## Consolidated Expenses

Year Ended March 31, 2014

	Budget (Unaudited) 2014	2014	2013
<b>EXPENSES</b>			
Accounting and audit	\$ 65,376	\$ 109,065	\$ 346,172
Administration fees	122,750	67,222	65,296
Advertising, promotion and donations	13,600	(468)	6,406
Bad debts	-	11,550	215,397
Band disbursements	-	165,567	46,204
Bereavement	10,000	65,365	206,050
Cash over/short	1,000	46,859	17,840
Casual and contract labour	107,042	647,223	556,488
Computer and equipment supplies	-	24,130	24,433
Delivery, freight and express	-	35,318	23,133
Emergency assistance	15,938	189,932	125,525
Equipment and equipment rentals	44,882	69,030	110,718
Fuel	45,965	144,537	148,932
Groceries	-	18,948	20,276
Honoraria	323,000	377,810	368,987
Hydro	82,500	309,599	236,710
Insurance	99,205	181,019	139,326
Interest and bank charges	20,750	255,133	144,903
Interest on long term debt	95,943	78,187	124,707
Legal fees	3,000	31,240	30,288
Manitoba Lotteries commissions	20,000	51,368	29,609
Materials	18,200	128,091	113,912
Maternal nourishment	7,535	1,214	-
Meeting costs	6,312	8,502	11,131
Miscellaneous	-	57,727	127,006
Office and equipment	77,856	165,258	113,383
Professional fees	134,813	1,758,000	1,187,668
Program aides	39,290	21,811	55,939
Recreation	-	304,971	28,642
Registration fees	-	5,550	12,325
Rent	-	21,463	3,302
Rent contribution	247,098	194,694	116,575
Repairs and maintenance	94,069	759,029	90,623
Replacement reserve (Note 12)	35,040	35,040	31,440
Resource access	-	21,454	-
Shelter allowance	30,000	11,842	25,727
Social assistance	914,100	493,846	733,383
Student allowance	-	42,880	46,086
Supplies	40,132	182,977	181,253
Telephone	67,200	153,179	141,102
Traditional and cultural activities	-	101,481	103,500
Travel	178,163	1,222,438	1,315,969
Tuition	-	45,538	32,867
Utilities	26,500	13,843	16,443
Vehicle	26,500	37,567	38,022
Video lottery payouts	800,000	1,272,037	507,166
Wages and employee benefits	3,085,818	2,941,445	2,685,780
Training and workshops	56,873	-	11,653
	\$ 6,956,450	\$ 12,880,511	\$ 10,718,297

**YORK FACTORY FIRST NATION**  
**Consolidated Statement of Accumulated Surplus**  
**Year Ended March 31, 2014**

	2014	2013
<b>ACCUMULATED SURPLUS - BEGINNING OF YEAR</b>	<b>\$ 14,624,310</b>	<b>\$ 16,276,250</b>
Deficiency of revenues over expenses	<b>(1,297,065)</b>	<b>(1,651,940)</b>
<b>ACCUMULATED SURPLUS - END OF YEAR</b>	<b>\$ 13,327,245</b>	<b>\$ 14,624,310</b>

**YORK FACTORY FIRST NATION**  
**Consolidated Statement of Cash Flow**  
**Year Ended March 31, 2014**

	2014	2013
<b>OPERATING ACTIVITIES</b>		
Deficiency of revenues over expenses	\$ (1,297,065)	\$ (1,651,940)
Items not affecting cash:		
Amortization of capital assets	1,287,213	1,183,535
Loss on disposal of capital assets	-	58,126
Share of loss from partnership	102,423	55,853
Loss on write-down of investments	144,079	-
Gain on write-down of related party debt	(223,054)	-
Sodexo Canada Inc.	(94,587)	-
Replacement reserve	35,040	31,440
Capital cost surplus	7,844	-
	<b>(38,107)</b>	<b>(322,986)</b>
Changes in non-cash working capital:		
Accounts receivable	89,824	205,859
Accounts payable and accrued liabilities	(13,213)	(19,348)
Construction in progress	939,161	380,935
Deferred revenue	65,429	(105,523)
	<b>1,081,201</b>	<b>461,923</b>
Cash flow from operating activities	<b>1,043,094</b>	<b>138,937</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	(1,324,996)	(1,591,936)
Increase in term deposits	(4,146)	-
Increase in Ottawa trust funds	(415)	(705)
Advances from (to) limited partnership	(188,057)	155,041
Cash flow used by investing activities	<b>(1,517,614)</b>	<b>(1,437,600)</b>
<b>FINANCING ACTIVITIES</b>		
Advances from (to) related parties	(32,032)	207,609
Advances from (to) joint venture	-	1,427,963
Proceeds from long term financing	576,345	464,109
Repayment of long term debt	(642,000)	(367,697)
Repayment of obligations under capital lease	(31,214)	-
Cash flow from (used by) financing activities	<b>(128,901)</b>	<b>1,731,984</b>
<b>INCREASE (DECREASE) IN CASH</b>	<b>(603,421)</b>	<b>433,321</b>
Cash - beginning of year	<b>805,326</b>	<b>372,005</b>
<b>CASH - END OF YEAR</b>	<b>\$ 201,905</b>	<b>\$ 805,326</b>

**YORK FACTORY FIRST NATION**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2014**

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1. DESCRIPTION OF THE ORGANIZATION

York Factory 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 a governing entity in providing services in all areas of the community.

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.

The long term investments in Silver Goose Lodge Ltd. and York Factory Construction Group LP are recorded on a modified equity basis.

Long term investments in entities not owned, controlled, or influenced by the organization are recorded at cost less any provision for other than temporary impairment.

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**YORK FACTORY FIRST NATION**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2014**

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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 at the following rates and methods:

Buildings and facilities	1.67% to 10%	declining balance method
CMHC housing		annual principle reduction
Computer equipment	45%	straight-line method
Motor vehicles and heavy equipment	10%	straight-line method
Gravity main	2%	straight-line method
Pressurized main	2%	straight-line method
Roads	5%	straight-line method
Water structure	2.5%	straight-line method
SS Water structure	3.33% to 5%	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 Canada Mortgage and Housing Corporation 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.

Revenue from sales of products is recognized when title passes to the customer, which generally coincides with the delivery and acceptance of goods..

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

**3. FINANCIAL INSTRUMENTS**

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

**Credit risk**

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from members and customers. 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 and customers 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, obligations under capital leases, and accounts payable and accrued liabilities.

**Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

**4. CASH**

The organization has a revolving demand facility with the Royal Bank of Canada in the amount of \$100,000 which is repayable on demand, bears interest at Royal Bank prime plus 3%, and is secured by a general security agreement and assignment of alternative funding. As at March 31, 2014, \$100,000 (2013 - \$100,000) of this line of credit remained unused.

**YORK FACTORY FIRST NATION**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2014**

**5. ACCOUNTS RECEIVABLE**

	2014	2013
AANDC - Band Support Funding - PAYE	\$ 287,655	\$ -
AANDC - Pension Plan Administration- PAYE	1,860	-
AANDC - CPP and Private Pension - PAYE	11,766	-
AANDC - Indian Registry - PAYE	4,648	-
AANDC - Economic Development - PAYE	68,788	-
AANDC - Financial Management - PAYE	9,917	-
AANDC - Special Needs	8,100	-
Canada Mortgage and Housing Corporation	-	96,451
First Nation and Inuit Health Branch	19,406	1,200
Future Development	245,157	210,669
Keewatin Tribal Council	92,076	-
Manitoba Hydro	591,256	1,457,352
Members	63,832	34,018
Province of Manitoba	169,529	-
Public Safety Canada	17,309	-
Trade and other	207,293	88,726
	<b>\$ 1,798,592</b>	<b>\$ 1,888,416</b>

**6. LONG TERM INVESTMENTS**

Investment in Silver Goose Lodge Ltd. (a corporation)

	2014	2013
Balance, beginning of year	\$ 144,080	\$ 144,080
Write-down of investment	(144,079)	-
	<b>\$ 1</b>	<b>\$ 144,080</b>

Silver Goose Lodge Ltd. is a corporation providing services to community members in the traditional resource area of the First Nation. Operations have ceased and financial statements for the year ending March 31, 2014 have not been prepared. Chief and Council have determined the carrying value of this investment should be written down to \$1. The organization holds 100% of the issued common shares in the corporation.

Investment York Landing Construction Group LP. (a partnership)

	2014	2013
Balance, beginning of year	(110,233)	100,661
Share of loss from investment in partnership	(102,423)	(55,853)
Net capital contributions (withdrawals)	188,057	(155,041)
	<b>(24,599)</b>	<b>(110,233)</b>
	<b>\$ (24,598)</b>	<b>\$ 33,847</b>

York Landing Construction Group is a partnership providing heavy equipment construction services to the First Nation. The organization holds 100% of the issued units in the partnership. The investment is reported at deficit as a result of accumulated losses in the partnership.

**YORK FACTORY FIRST NATION**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2014**

**7. 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 in the Reserve consisted of the following balances:

	<b>2014</b>	<b>2013</b>
Capital account	\$ 31,194	\$ 30,779
Revenue account	25	25
	<b>\$ 31,219</b>	<b>\$ 30,804</b>

**8. LONG TERM DEBT**

First Nation Bank loan bearing interest at 3.79% per annum, repayable in monthly blended payments of \$3,456. The loan matures on November 1, 2014 and is secured by a Ministerial Guarantee.

\$ 134,496      \$ 170,185

Canadian Imperial Bank of Commerce loan bearing interest at 5.39% per annum, repayable in monthly blended payments of \$2,929. The loan matures on March 1, 2015 and is secured by a Ministerial Guarantee.

147,220      173,749

Canada Mortgage and Housing Corporation loan bearing interest at 2.57% per annum, repayable in monthly blended payments of \$5,303. The loan matures on December 1, 2014 and is secured by a Ministerial Guarantee.

593,553      641,366

Canada Mortgage and Housing Corporation loan bearing interest at 1.71% per annum, repayable in monthly blended payments of \$1,005. The loan matures on September 1, 2017 and is secured by a Ministerial Guarantee.

143,707      153,230

Canada Mortgage and Housing Corporation loan bearing interest at 1.71% per annum, repayable in monthly blended payments of \$3,624. The loan matures on September 1, 2017 and is secured by a Ministerial Guarantee.

518,345      552,693

Canada Mortgage and Housing Corporation loan bearing interest at 1.81% per annum, repayable in monthly blended payments of \$905. The loan matures on April 1, 2019 and is secured by a Ministerial Guarantee.

143,989      152,172

*(continues)*



**YORK FACTORY FIRST NATION**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2014**

**8. LONG TERM DEBT (continued)**

	2014	2013
Canada Mortgage and Housing Corporation loan bearing interest at 1.71% per annum, repayable in monthly blended payments of \$2,293. The loan matures on September 1, 2017 and is secured by a Ministerial Guarantee.	432,866	452,820
Canada Mortgage and Housing Corporation loan bearing interest at 2.02% per annum, repayable in monthly blended payments of \$2,448. The loan matures on August 1, 2018 and is secured by a Ministerial Guarantee.	566,165	-
Caterpillar Financial Services Ltd. finance contract bearing interest at 6.9% per annum, repayable in monthly blended payments of \$6,225. The loan matures on October 27, 2014 and is secured by a Caterpillar 330CL excavator (NBV \$161,000) and a H160CS hammer (NBV \$66,500).	72,826	111,745
Caterpillar Financial Services Ltd. loan bearing interest at 6.9% per annum, repayable in monthly blended payments of \$7,822. The loan matures on September 20, 2014 and is secured by a Caterpillar 330DL excavator (NBV \$177,086) and a 966GII wheel loader (NBV \$137,900).	84,202	133,388
Caterpillar Financial Services Ltd. loan bearing interest at 6.9% per annum, repayable in monthly blended payments of \$3,342. The loan matures on November 22, 2014 and is secured by a Caterpillar 930H wheel loader (NBV \$125,538).	42,264	62,961
John Deere loan bearing interest at 1.9% per annum, repayable in monthly blended payments of \$7,998. The loan matures on March 19, 2016 and is secured by a Hitachi 350XLC-5 excavator (NBV \$305,558).	188,208	279,658
Canadian Imperial Bank of Commerce loan repaid during the year.	-	249,531
	<b>\$ 3,067,841</b>	<b>\$ 3,133,498</b>

Principal repayment terms are approximately:

2015	\$ 1,258,967
2016	187,844
2017	94,520
2018	924,989
2019	500,423
Thereafter	101,098
	<u><b>\$ 3,067,841</b></u>

**YORK FACTORY FIRST NATION**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2014**

**9. OBLIGATIONS UNDER CAPITAL LEASE**

	<b>2014</b>	2013
Mercado Capital Corporation lease bearing interest at 8.059% per annum, repayable in monthly blended payments of \$3,745. The lease matures on March 31, 2018 and is secured by a 2013 Case 1150K LGP loader (NBV \$188,100).	<b>\$ 153,236</b>	\$ 184,450

Future minimum capital lease payments are approximately:

2015	\$ 44,942
2016	44,942
2017	44,942
2018	44,943
Total minimum lease payments	179,769
Less: amount representing interest	(26,533)
	<u><b>\$ 153,236</b></u>

**10. DEFERRED REVENUE**

Deferred revenue consists of:

	<b>2014</b>	2013
Manitoba Hydro - Keeyask Adverse Effects	<b>\$ 1,004,593</b>	\$ 956,764
Northwest Company rent	<b>17,600</b>	-
	<u><b>\$ 1,022,193</b></u>	<u>\$ 956,764</u>

**11. ADVANCE ON FUTURE PROFITS OF JOINT VENTURE**

The organization has entered into a joint venture with Sodexo Canada Inc. and Fox Lake Cree Nation. York Factory First Nation received an advance on future profits from Sodexo Canada Inc. The advance is to be repaid from a portion of the organization's future profits earned by the joint venture. Repayment is estimated to be over the next 10 years and carries an interest rate of 3.5% per annum. During the year, the organization recorded \$335,302 of income from Sodexo Canada Inc. Of this amount, \$240,715 was received in cash and \$94,587 was applied against future profits advance.

**YORK FACTORY FIRST NATION**  
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**12. REPLACEMENT RESERVE**

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 \$35,040 (2013 - \$31,440) annually. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC. Withdrawals are credited to interest first and then principal.

As at March 31, 2014, the Replacement Reserve Fund was not held in a separate interest bearing account and there is no accumulated interest earned.

	Pre -1997 Replacement	Post -1996 Replacement	2014	2013
Balance, beginning of year	\$ 79,133	\$ 271,628	\$ 350,761	\$ 377,740
Annual allocation	6,600	28,440	35,040	31,440
Capital cost surplus	-	7,844	7,844	-
Expenses	-	-	-	(58,419)
	\$ 85,733	\$ 307,912	\$ 393,645	\$ 350,761

**13. DUE TO RELATED PARTIES**

	2014	2013
Due to related First Nation entities and departments		
Silver Goose Lodge Ltd.	\$ -	\$ 171,698
York Landing Store	-	32,029
	\$ -	\$ 203,727

Advances from related parties are unsecured and have no specified interest or repayment terms. Chief and Council determined the related party loan to Silver Goose Lodge Ltd. will not be repaid as operations have ceased. As a result, the loan has been written off and a \$223,054 gain recorded.

**14. CAPITAL ASSETS**

	2014		2013	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Land	\$ 220,000	\$ -	\$ 220,000	\$ -
Buildings and facilities	23,443,281	12,540,387	23,026,120	11,947,741
CMHC housing	5,735,417	1,670,187	5,158,714	1,477,970
Computer equipment	14,832	13,348	14,832	6,674
Motor vehicles and heavy equipment	3,337,725	1,048,354	3,006,592	746,018
Gravity main	688,328	317,078	688,328	303,311
Pressurized main	1,480,546	571,978	1,480,546	542,368
Roads	2,434,396	1,416,754	2,434,396	1,341,480
Water structure	785,225	654,689	785,225	644,648
SS Water structure	1,525,437	1,143,909	1,525,437	1,079,262
	\$ 39,665,187	\$ 19,376,684	\$ 38,340,190	\$ 18,089,472
Net book value	\$ 20,288,503		\$ 20,250,718	

**YORK FACTORY FIRST NATION**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2014**

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**15. STATUTORY WITHHOLDINGS**

The organization had no statutory withholdings for pension, income taxes, Canada Pension Plan, and Employment Insurance, as all withholdings are withdrawn through an outsourced payroll company as of each effective pay date.

**16. RECONCILIATION OF ABORIGINAL AFFAIRS  
AND NORTHERN DEVELOPMENT CANADA (AANDC) REVENUES**

	<b>2014</b>	<b>2013</b>
AANDC revenue per financial statements	<b>\$ 4,199,054</b>	\$ 3,510,910
AANDC revenue per confirmation	<b>\$ 4,199,054</b>	\$ 3,510,910

**17. ECONOMIC DEPENDENCE**

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

**18. COMPARATIVE FIGURES**

The prior year comparative figures were audited by another firm of chartered accountants. Some of the comparative figures have been reclassified to conform to the current year's presentation.

**YORK FACTORY FIRST NATION**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2014**

**19. SEGMENT DISCLOSURE**

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

	Education		Health		Housing & Infrastructure		Band Government		Social Services		Business Enterprises		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
<b>Revenues</b>														
Federal Government	\$ 1,015,461	\$ 1,001,935	\$ 932,778	\$ 866,308	\$ 1,674,375	\$ 1,194,461	\$ 581,488	\$ 524,804	\$ 1,144,881	\$ 1,067,781	\$ -	\$ -	\$ 5,348,983	\$ 4,655,289
Provincial Government	-	-	-	-	-	-	162,220	67,354	-	-	-	-	162,220	67,354
Economic Activities	-	-	-	-	-	-	6,022,961	4,368,510	-	-	-	-	6,022,961	4,368,510
Net income from investments in government businesses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue	-	90,000	-	(16,210)	330,969	712,052	1,005,536	372,897	-	-	-	-	1,336,495	1,158,739
<b>Total Revenue</b>	<b>1,015,461</b>	<b>1,091,935</b>	<b>932,778</b>	<b>850,098</b>	<b>2,005,334</b>	<b>1,906,513</b>	<b>7,772,205</b>	<b>5,333,565</b>	<b>1,144,881</b>	<b>1,067,781</b>	<b>-</b>	<b>-</b>	<b>12,870,659</b>	<b>10,249,892</b>
<b>Expenses</b>														
Wages and benefits	774,008	722,588	573,826	524,461	236,273	263,177	1,289,143	1,137,576	34,457	37,976	-	-	2,907,707	2,685,778
Amortization	-	-	-	-	650,061	272,486	352,948	328,381	-	-	-	-	1,003,009	600,867
Debt servicing	1,625	3,037	690	1,656	63,101	75,823	267,576	189,092	-	-	-	-	332,992	269,608
Other expenses	237,867	236,505	425,121	335,074	1,757,363	1,331,272	6,821,448	5,604,271	682,216	838,457	-	-	9,924,016	8,345,579
<b>Total Expenses</b>	<b>1,013,500</b>	<b>962,130</b>	<b>999,637</b>	<b>861,191</b>	<b>2,706,798</b>	<b>1,942,758</b>	<b>8,731,115</b>	<b>7,259,320</b>	<b>716,673</b>	<b>876,433</b>	<b>-</b>	<b>-</b>	<b>14,167,724</b>	<b>11,901,832</b>
<b>Annual Surplus (Deficit)</b>	<b>\$ 1,961</b>	<b>\$ 129,805</b>	<b>\$ (66,859)</b>	<b>\$ (11,093)</b>	<b>\$ (701,464)</b>	<b>\$ (36,245)</b>	<b>\$ (958,911)</b>	<b>\$ (1,925,755)</b>	<b>\$ 428,208</b>	<b>\$ 191,348</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,297,065)</b>	<b>\$ (1,651,940)</b>