

MATHIAS COLOMB CREE NATION
Consolidated Financial Statements
Year Ended March 31, 2014

MATHIAS COLOMB CREE NATION
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Year Ended March 31, 2014

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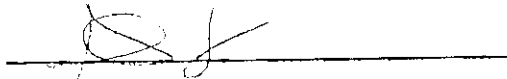
Management's Responsibility for Financial Reporting

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

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

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

A handwritten signature in dark ink, appearing to be 'D. J.', is written over a horizontal line.

Pukatawagan, MB

INDEPENDENT AUDITOR'S REPORT

To the Members of Mathias Colomb Cree Nation

We have audited the accompanying consolidated financial statements of Mathias Colomb Cree 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 audit opinion.

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Independent Auditor's Report to the Members of Mathias Colomb Cree Nation *(continued)*

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Mathias Colomb Cree 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.

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

Winnipeg, MB
July 28, 2014

CHARTERED ACCOUNTANTS

MATHIAS COLOMB CREE NATION
Consolidated Statement of Financial Position
March 31, 2014

	2014	2013
FINANCIAL ASSETS		
Short term investments	\$ 154,139	\$ 152,764
Accounts receivable (Note 4)	1,352,663	1,790,698
Long term investments (Note 5)	4,889,301	4,551,604
Ottawa trust funds (Note 6)	23,439	23,127
Treaty land entitlement trust (Note 7)	377,426	375,044
Funds held in trust (Note 8)	15,892,397	15,674,703
Total Financial Assets	22,689,365	22,567,940
LIABILITIES		
Bank indebtedness (Note 9)	1,873,548	1,384,058
Accounts payable and accrued liabilities (Note 10)	3,315,096	3,132,518
Loans and advances payable (Note 11)	8,937,464	6,505,543
Deferred revenue (Note 12)	83,378	-
Long-term debt (Note 13)	7,127,759	8,500,961
Obligations under capital lease (Note 14)	640,217	845,345
Moveable asset reserve (Note 15)	190,128	144,183
Replacement reserve (Note 16)	1,953,810	1,861,620
Share capital	50	50
Total Liabilities	24,121,450	22,374,278
NET FINANCIAL ASSETS (DEBT)	(1,432,085)	193,662
NON-FINANCIAL ASSETS		
Inventory (Note 17)	183,203	704,709
Capital assets (Note 18)	33,862,511	35,817,994
Construction in progress (Note 19)	657,472	-
Prepaid expenses	37,092	29,415
Total Non-Financial Assets	34,740,278	36,552,118
Accumulated Surplus	\$ 33,308,193	\$ 36,745,780

ECONOMIC DEPENDENCE (Note 20)

ON BEHALF OF THE MEMBERS

_____ Chief	
_____ Councillor	_____ Councillor
_____ Councillor	_____ Councillor
_____ Councillor	_____ Councillor

MATHIAS COLOMB CREE NATION
Consolidated Statement of Changes In Net Debt
March 31, 2014

	2014	2013
Deficiency of revenues over expenses	\$ (3,437,587)	\$ (6,582,138)
Amortization of capital assets	2,390,511	2,611,073
Acquisition of capital assets	(475,000)	(2,399,580)
Acquisition of capital assets under capital lease	-	(812,137)
Proceeds on disposal of capital assets	30,800	299,784
Contruction in progress	(657,472)	-
Loss on disposal of capital assets	9,174	36,224
Decrease (increase) in inventory	521,506	(599,509)
Decrease (increase) in prepaid expenses	(7,677)	7,780
	(1,625,747)	(7,438,503)
 Decrease in net financial assets	 (1,625,747)	 (7,438,503)
 Net financial assets - beginning of year	 \$ 193,662	 \$ 7,632,165
 Net financial assets (debt) - end of year	 \$ (1,432,085)	 \$ 193,662

MATHIAS COLOMB CREE NATION

Consolidated Statement of Revenues and Expenses

Year Ended March 31, 2014

	2014	2013
REVENUES		
Aboriginal Affairs and Northern Development Canada	\$ 17,601,875	\$ 19,190,736
Aboriginal Human Resource Development Strategy	367,861	367,861
Aboriginal Skills & Employment Training Strategy	690,274	690,274
Canada Mortgage and Housing Corporation	591,370	634,894
Cree Nation Child & Family Caring Agency	384,913	-
ELCC program	34,227	34,227
Health Canada	3,178,076	3,478,553
Province of Manitoba	101,479	20,278
Solicitor General	76,497	108,650
Mississippi Construction Co. Ltd.	2,034,539	2,852,102
Pukatawagan Development Corporation	28,056	239,773
Administration fees recovered	90,616	94,629
Interest income	217,894	201,645
Other	765,385	766,029
Rental	962,451	883,125
Tobacco tax rebates	703,908	353,213
Deferred from prior years	-	1,087,107
Deferred to subsequent year	(83,378)	-
AANDC recoveries	-	(63,848)
Health Canada recoveries	(5,918)	(6,968)
	27,740,125	30,932,280
EXPENSES	29,587,077	33,545,347
DEFICIENCY OF REVENUES OVER EXPENSES BEFORE TRANSFERS	(1,846,952)	(2,613,067)
TRANSFERS		
Transfer to capital assets	446,467	1,839,832
DEFICIENCY OF REVENUES OVER EXPENSES BEFORE AMORTIZATION AND OTHER EXPENSES (INCOME)	(1,400,485)	(773,235)
AMORTIZATION AND OTHER EXPENSES (INCOME)		
Amortization	2,390,511	2,611,073
Loss on disposal of capital assets	9,174	36,224
Share of (income) loss from investments	(362,583)	3,161,606
	2,037,102	5,808,903
DEFICIENCY OF REVENUES OVER EXPENSES	\$ (3,437,587)	\$ (6,582,138)

MATHIAS COLOMB CREE NATION

Consolidated Expenses

Year Ended March 31, 2014

	2014	2013
Administration	\$ 208,913	\$ 237,146
Advertising and promotion	23,653	64,166
Bad debts	6,155	22,317
Basic needs	5,785,331	5,131,162
Bereavement and funerals	217,198	211,170
Books and supplies	74,575	68,490
Capital equipment	25,000	1,339,818
Community events	97,866	256,001
Consulting fees	158,192	237,091
Dog control	4,008	6,950
Donations	70,369	122,855
ELCC program	27,050	14,394
Emergency relief	28,730	28,336
Equipment rentals	47,232	201,430
Extra curricular activities	9,492	28,182
Freight charges	117,038	169,301
Fuel and oil	295,098	277,643
Graduation	51,715	74,785
HS Room and board	32,780	14,595
Honorarium	145,094	132,655
Instructional supplies	156,440	80,116
Insurance	654,983	418,335
Interest and bank charges	275,791	215,431
Interest on long term debt	282,376	340,552
Interest on obligations under capital lease	43,922	30,909
Landfill upgrade	-	1,277,221
Living allowance	1,397,317	919,294
Local contracts	587,358	443,963
Materials and supplies	1,485,635	1,049,280
Moveable asset reserve allocation	45,945	45,945
Office and miscellaneous	160,651	195,255
Professional development	36,096	52,487
Professional fees	278,859	320,179
Programs	535,859	448,851
Rent	7,831	126,279
Repairs and maintenance	1,203,923	1,826,643
Replacement reserve	92,190	107,932
Sewer upgrades and repairs	-	1,087,107
Soil remediation	101,948	1,304,975
Special needs	192,607	179,896
Telephone and internet	117,579	106,628
Training	116,736	264,202
Travel	1,297,262	1,086,319
Tuition fees	308,064	334,866
User fees	258,663	205,269
Utilities	1,080,853	993,431
Vehicle	333,638	222,722
Wages and employee benefits	11,043,299	11,141,569
Workshops	65,763	81,204
	\$ 29,587,077	\$ 33,545,347

MATHIAS COLOMB CREE NATION
Consolidated Statement of Accumulated Surplus
Year Ended March 31, 2014

	2014	2013
ACCUMULATED SURPLUS - BEGINNING OF YEAR	\$ 36,745,780	\$ 43,327,918
Deficiency of revenues over expenses	(3,437,587)	(6,582,138)
ACCUMULATED SURPLUS - END OF YEAR	\$ 33,308,193	\$ 36,745,780

MATHIAS COLOMB CREE NATION
Consolidated Statement of Cash Flow
Year Ended March 31, 2014

	2014	2013
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	\$ (3,437,587)	\$ (6,582,138)
Items not affecting cash:		
Amortization	2,390,511	2,611,073
Loss on disposal of capital assets	9,174	36,224
Share of (income) loss from investments	(362,583)	3,161,606
Replacement reserve	92,190	107,932
	(1,308,295)	(665,303)
Changes in non-cash working capital:		
Accounts receivable	438,035	1,567,547
Inventory	521,506	(599,509)
Accounts payable and accrued liabilities	182,576	310,833
Deferred revenue	83,378	(1,087,107)
Prepaid expenses	(7,677)	7,779
Construction in progress	(657,472)	-
	560,346	199,543
Cash flow used by operating activities	(747,949)	(465,760)
INVESTING ACTIVITIES		
Purchase of capital assets	(475,000)	(2,399,580)
Proceeds on disposal of capital assets	30,800	299,784
Increase in short term investments	(1,375)	(1,062)
Decrease in long term investments	24,886	13,985
Increase in Ottawa trust funds	(312)	(2,574)
Increase in Treaty Land Entitlement Trust	(2,382)	(2,567)
Increase in funds held in trust	(217,694)	(200,539)
Cash flow used by investing activities	(641,077)	(2,292,553)
FINANCING ACTIVITIES		
Increase in loans and advances	2,431,921	2,719,751
Moveable asset reserve	45,945	45,945
Proceeds from long term financing	26,991	1,668,079
Repayment of long term debt	(1,400,195)	(1,315,911)
Repayment of obligations under capital lease	(205,126)	(35,546)
Cash flow from financing activities	899,536	3,082,318
INCREASE (DECREASE) IN CASH	(489,490)	324,005
Deficiency - beginning of year	(1,384,058)	(1,708,063)
DEFICIENCY - END OF YEAR	\$ (1,873,548)	\$ (1,384,058)

MATHIAS COLOMB CREE NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2014

1. DESCRIPTION OF THE ORGANIZATION

Mathias Colomb Cree Nation is a non-profit Indian Band as defined by The Indian Act (Canada). The objective of the First Nation is to operate as the governing entity in providing services on the reserve in all areas.

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 Mississippi Management Ltd. and Keewatin Railway Company Ltd. 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.

Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

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MATHIAS COLOMB CREE NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2014

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

Capital assets

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Buildings	25-50 years	straight-line method
Computer equipment	5 years	straight-line method
Equipment	10-20 years	straight-line method
Furniture and fixtures	15 years	straight-line method
Motor vehicles	10-20 years	straight-line method

The organization regularly reviews its capital assets to eliminate obsolete items. Government grants are treated as a reduction of capital assets cost.

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 for assets owned by Mississippi Construction Co. Ltd.

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.

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

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

Revenue derived from the sale of services contracts is initially recorded as deferred service revenue on the balance sheet. The amount is recognized as income on a straight-line basis over the term of the contract.

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.

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3. FINANCIAL INSTRUMENTS *(continued)*

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, customers and other related sources, long-term debt, obligations under capital leases, loans and advances payable 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. ACCOUNTS RECEIVABLE

	2014	2013
Trade accounts receivable	\$ 642,201	\$ 1,157,656
AANDC - Business development	-	137,856
AANDC - Remediation	51,368	-
AANDC - Monitoring upon completed remediation	50,580	-
AANDC - Environmental operations (LEAF)	25,000	-
AANDC - Community economic development program	131,148	65,572
AANDC - Recreation	-	99,583
AANDC - Solid waste management	-	321,301
AANDC - Tuition agreements	40,000	8,730
AANDC - Social basic needs	412,366	-
	\$ 1,352,663	\$ 1,790,698

5. LONG TERM INVESTMENTS

The First Nation owns 100% of the issued capital of Missinippi Management Ltd. (the general partner) and the members are the beneficiaries of Beaver Air Services Trust (the limited partner). These entities own Beaver Air Services Limited Partnership which operates as Missinippi Airways. The First Nation also owns 44% of Keewatin Railway Company Ltd.

The year end of all four entities is December 31st and have been consolidated and reported on at that date in these financial statements using the modified equity method.

6. 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:

	2014	2013
Balance, beginning of year	\$ 23,127	\$ 20,553
Interest and income earned	312	2,574
Balance, end of year	\$ 23,439	\$ 23,127

7. TREATY LAND ENTITLEMENT TRUST

Under the terms of a trust agreement, any income derived from the trust property is to be distributed to the Mathias Colomb Cree Nation as of the last day of the fiscal year.

8. FUNDS HELD IN TRUST

As a result of a settlement with the Government of Canada, funds have been invested with the Bank of Nova Scotia. At the discretion of Chief and Council loans were made to related parties. At March 31, 2014 the funds consisted of:

	2014	2013
Cash	\$ 2,150,433	\$ 5,258,417
Peace Hills Trust - term deposit	500,000	-
Beaver Air Services Limited Partnership, interest at 5% per annum, unsecured, no specific terms of repayment	4,609,117	4,036,242
Mississippi Construction Ltd., interest at 5% per annum, unsecured, no specific terms of repayment	950,000	800,000
Mathias Colomb Cree Nation, unsecured, no specific terms of repayment	7,289,206	5,399,000
Funds held by Booth Dennehy	73,712	73,712
Accrued interest	319,929	107,332
	\$ 15,892,397	\$ 15,674,703

9. BANK INDEBTEDNESS

The organization has a line of credit with First Nations Bank in the amount of \$750,000 which is repayable on demand, bears interest at prime rate plus 1.75%, and is secured by a general security agreement and Band Council Resolution. As at March 31, 2014 \$750,000 of the credit was in use (2013 - \$750,000).

The organization received a temporary increase in their line of credit to an amount of \$1,150,000 which expires April 1, 2014.

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

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2014	2013
Administration	\$ 1,859,545	\$ 1,175,283
Crisis Centre	56,350	32,817
Day Care Centre	33,933	17,138
Education Authority	279,882	323,465
Employment and Training	7,500	5,000
Health Authority	103,273	128,867
Mississippi Construction	925,479	1,400,814
Pukatawagan Development Corp	49,134	49,134
	\$ 3,315,096	\$ 3,132,518

11. LOANS AND ADVANCES PAYABLE

	2014	2013
Mathias Colomb Cree Nation Trust	\$ 8,239,206	\$ 6,199,000
Northern Financial Services payable	698,258	306,543
	\$ 8,937,464	\$ 6,505,543

Advances from the Mathias Colomb Cree Nation Trust are unsecured and have no specified interest or repayment terms.

Northern Financial Services (The North West Company) payable under a band bridge plan bearing interest at 24%, unsecured, and due on demand.

12. DEFERRED REVENUE

Deferred revenue consists of unexpended funds for projects not completed during the fiscal year.

	2014	2013
Soil remediation - monitoring	\$ 50,580	\$ -
Swampy Cree Projects	32,798	-
	\$ 83,378	\$ -

MATHIAS COLOMB CREE NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2014

13. LONG TERM DEBT

	2014	2013
First Nations Bank of Canada loan bearing interest at 3.55% per annum, repayable in monthly blended payments of \$11,695. The loan matures on February 1, 2014 and is secured by Ministerial Guarantee and assignment of fire insurance.	\$ -	\$ 126,385
First Nations Bank of Canada loan bearing interest at 3.95% per annum, repayable in monthly blended payments of \$11,954. The loan matures on December 1, 2016 and is secured by Ministerial Guarantee and assignment of fire insurance.	373,338	499,386
First Nations Bank of Canada loan bearing interest at 4.95% per annum, repayable in monthly blended payments of \$18,883. The loan matures on December 1, 2015 and is secured by Ministerial Guarantee and assignment of fire insurance.	379,213	581,703
First Nations Bank of Canada loan bearing interest at 6.23% per annum, repayable in monthly blended payments of \$6,804. The loan matures on April 1, 2013 and is secured by Ministerial Guarantee and assignment of fire insurance.	260,039	325,294
First Nations Bank of Canada loan bearing interest at 6.23% per annum, repayable in monthly blended payments of \$12,912. The loan matures on May 1, 2013 and is secured by Ministerial Guarantee and assignment of fire insurance.	-	25,678
First Nations Bank of Canada loan bearing interest at 4.34% per annum, repayable in monthly blended payments of \$20,066. The loan matures on January 1, 2015 and is secured by Ministerial Guarantee and assignment of fire insurance.	177,228	404,987
First Nations Bank of Canada loan bearing interest at 4.34% per annum, repayable in monthly blended payments of \$8,405. The loan matures on January 1, 2014 and is secured by Ministerial Guarantee and assignment of fire insurance.	519,363	595,980
Canada Mortgage and Housing Corporation loan bearing interest at 3.13% per annum, repayable in monthly blended payments of \$12,413. The loan matures on June 1, 2015 and is secured by Ministerial Guarantee and assignment of fire insurance.	2,305,442	2,381,400
Canada Mortgage and Housing Corporation loan bearing interest at 1.61% per annum, repayable in monthly blended payments of \$4,456. The loan matures on November 1, 2017 and is secured by Ministerial Guarantee and assignment of fire insurance.	1,051,017	1,060,497

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MATHIAS COLOMB CREE NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2014

13. LONG TERM DEBT *(continued)*

	2014	2013
First Nations Bank of Canada loan bearing interest at 4.34% per annum, repayable in monthly blended payments of \$7,578. The loan matures on December 1, 2014 and is secured by Ministerial Guarantee, assignment of fire insurance and an undertaking by CMHC to insure.	1,246,618	1,282,827
First Nations Bank of Canada loan bearing interest at 2% per annum, repayable in annual principal payments of \$120,000 plus interest. The loan matures on May 31, 2017 and is secured by a Band Council Resolution.	480,000	600,000
Cambrian Excavators loan, non-interest bearing, unsecured and no specific terms of repayment.	113,988	113,988
First Nations Bank of Canada loan bearing interest at 2.8% per annum, repayable in monthly blended payments of \$5,661. The loan matures on May 1, 2015 and is secured by a Band Council Resolution.	73,588	141,515
First Nation Bank of Canada loan bearing interest at 3% per annum, repayable in monthly interest only payments of \$5,283. The loan has no specific terms of repayment and is unsecured.	147,925	211,321
Mississippi Airways loan repaid during the year.	-	150,000
	7,127,759	8,500,961
Amounts payable within one year	(2,721,187)	(2,013,886)
	\$ 4,406,572	\$ 6,487,075

Principal repayment terms are approximately:

2015	\$ 2,721,187
2016	2,829,971
2017	358,996
2018	1,103,617
2019	113,988
	<u>\$ 7,127,759</u>

MATHIAS COLOMB CREE NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2014

14. OBLIGATIONS UNDER CAPITAL LEASE

	2014	2013
Wells Fargo lease bearing interest at 5.719% per annum, repayable in monthly blended payments of \$15,644. The lease matures on August 1, 2017 and is secured by the related assets.	\$ 626,028	\$ 791,126
John Deere lease bearing interest at 13.78% per annum, repayable in semi-annual blended payments of \$45,000. The lease matured on July 12, 2012 and is secured by the related asset, a backhoe. As at March 31, 2014 the lease is in arrears.	14,189	50,000
Concentra Financial lease paid off during the year.	-	4,219
	640,217	845,345
Amounts payable within one year	(177,977)	(200,500)
	\$ 462,240	\$ 644,845

Future minimum capital lease payments are approximately:

2015	\$ 177,977
2016	165,135
2017	174,831
2018	122,274
Total minimum lease payments	<u>\$ 640,217</u>

15. MOVEABLE ASSET RESERVE

Under the terms of the Health Services Transfer Agreement the initial lump sum, interest, and annual amounts are to be placed in a reserve for the replacement of Health Centre assets. Expenses for the replacement are to be charged to the reserve during the year. In the current year no expenses were charged to the reserve.

	2014	2013
Balance, beginning of year	\$ 144,183	\$ 98,238
Current year funding	45,945	45,945
Balance, end of year	\$ 190,128	\$ 144,183

16. REPLACEMENT RESERVE FUND

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 \$92,190 (2013 - \$107,932) 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.

	Buntap Centre	Pre - 1997 Replacement	Post - 1996 Replacement	2014	2013
Balance, beginning of year	\$ 47,741	\$ 1,740,932	\$ 72,947	\$ 1,861,620	\$ 1,753,688
Annual allocation	-	53,950	38,240	92,190	107,932
	47,741	1,794,882	111,187	1,953,810	1,861,620
	\$ 47,741	\$ 1,794,882	\$ 111,187	\$ 1,953,810	\$ 1,861,620

17. INVENTORY

	2014	2013
Fuel	\$ 18,000	\$ 30,000
Gravel	50,000	559,506
Supplies	115,203	115,203
	\$ 183,203	\$ 704,709

Included in expenses are a decrease in inventory of \$521,506 (2013 - increase of \$599,509)

18. CAPITAL ASSETS

	2014		2013	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Buildings	\$ 61,019,701	\$ 30,112,158	\$ 60,866,541	\$ 28,169,814
Computer equipment	189,743	170,370	169,028	167,326
Equipment	2,762,316	2,007,757	2,751,857	1,835,239
Furniture and fixtures	1,026,210	839,722	991,669	817,083
Land	9,000	-	9,000	-
Motor vehicles	6,923,615	4,938,067	6,707,463	4,688,102
	\$ 71,930,585	\$ 38,068,074	\$ 71,495,558	\$ 35,677,564
Net book value	\$ 33,862,511		\$ 35,817,994	

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19. CONSTRUCTION IN PROGRESS

Expenses related to the construction of housing projects have been classified as construction in progress. Construction in progress costs are transferred to capital assets when the respective asset is placed into service.

20. ECONOMIC DEPENDENCE

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

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

	2014
AANDC revenue per financial statements	\$ 17,601,875
Social Services receivable	(412,366)
Per AANDC confirmation	\$ 17,189,509

22. 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.

Mississippi Construction Ltd. does not use an outsourced payroll company and had a liability to Canada Revenue Agency for source deductions of \$137,805.

23. COMPARATIVE FIGURES

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

MATHIAS COLOMB CREE NATION
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24 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	2013
Revenues													
Federal Government	\$ 5,801,382	\$ 5,896,370	\$ 3,178,076	\$ 3,478,553	\$ 2,814,825	\$ 5,061,307	\$ 3,020,452	\$ 3,229,209	\$ 7,691,218	\$ 6,805,529	\$ -	\$ -	\$ 22,505,953
Provincial Government	-	-	-	-	-	-	101,479	20,278	-	-	-	-	\$ 24,470,968
Economic Activities	-	-	-	-	-	-	-	-	-	-	-	-	20,278
Net income from investments in government businesses													
Other revenue	144,945	73,988	130,622	46,813	939,999	2,052,305	1,849,370	1,127,784	5,162	2,324	2,062,595	-	3,051,875
Total Revenue	5,946,327	5,970,358	3,308,698	3,525,366	3,754,824	7,113,612	4,971,301	4,377,271	7,696,380	6,807,853	2,062,595	3,091,875	30,886,335
Expenses													
Wages and benefits	4,783,555	4,482,081	1,902,363	1,716,862	701,162	889,745	2,266,246	1,647,252	330,797	293,801	1,059,446	2,073,689	11,103,430
Amortization	-	-	-	-	1,179,275	1,315,654	1,089,910	1,175,215	-	-	121,326	120,204	2,611,073
Debt servicing	22,060	1,944	17,141	-	227,131	28,965	167,799	74,841	-	-	167,958	-	602,089
Other expenses	1,830,051	1,757,595	1,436,953	1,213,636	1,821,221	5,832,042	3,321,651	3,523,342	7,739,143	6,543,291	992,524	4,778,314	23,648,219
Total Expenses	6,635,666	6,241,620	3,356,457	2,930,498	3,928,789	8,066,406	6,845,606	6,420,650	8,069,940	6,837,092	2,341,254	6,972,207	37,468,473
Annual Surplus (Deficit)	\$ (689,339)	\$ (271,262)	\$ (47,759)	\$ 594,868	\$ (173,965)	\$ (952,794)	\$ (1,874,305)	\$ (2,043,379)	\$ (373,560)	\$ (29,239)	\$ (278,659)	\$ (3,860,332)	\$ (3,437,587)
													\$ (6,582,138)