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NORTHLANDS DENESULINE FIRST NATION  
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

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# **NORTHLANDS DENESULINE 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 Northlands Denesuline First Nation and all the information in this annual report are the responsibility of management and have been approved by the Chief and Council.

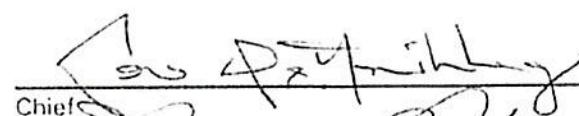
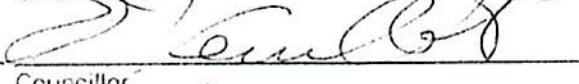
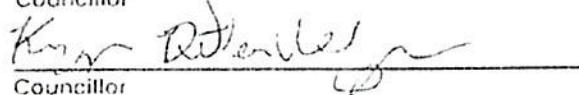
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

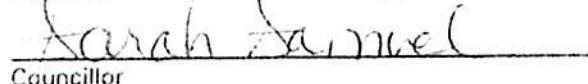
The management maintains system of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the organization's assets are appropriately accounted for and adequately safeguarded.

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

Chief and Council meet 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 Northlands Denesuline First Nation and meet when required.

  
Joe Daniels  
Chief  
  
Sarah Daniel  
Councillor  
  
Karen Daniels  
Councillor

  
Michelle Assopay  
Councillor  
  
Sarah Daniel  
Councillor  

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## INDEPENDENT AUDITORS' REPORT

To the Chief, Council and Membership  
Northlands Denesuline First Nation

We have audited the accompanying consolidated financial statements of Northlands Denesuline First Nation, which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statements of operations, change 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 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 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 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 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

#### Opening Balances

We were not able to verify the opening balances as reported in the consolidated statement of financial position as at April 1, 2014. Since these opening balances enter into the determination of the results of operations, changes in net debt and cash flows, we were unable to determine whether adjustments to revenue, expenditures, annual surplus, change in net debt, or cash provided from/to operations might be necessary.

#### Inventory

We have been unable to satisfy ourselves with the completeness, existence, and valuation of inventory of the fuel, for there was no inventory count sheet provided for fuel and other miscellaneous items, nor were we able to observe the inventory as at year end. As a result, we were not able to assess whether potentially material adjustments were required to the inventory and cost of goods sold.

### Accounts Payable and Accrued Liabilities

We have been unable to satisfy ourselves with the existence and completeness of the recorded payables, due to the invoices not being entered or retained, and the sub-ledgers not being properly maintained. As a result, we were not able to assess whether potentially material adjustments were required to accounts payable, due to Aboriginal Affairs and Northern Development Canada, and accrued liabilities and expenses.

### Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion Paragraphs, the financial statements present fairly, in all material respects, the financial position of the Northlands Denesuline 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.

Winnipeg, Manitoba  
November 30, 2015

*Collins Barrow HMA LLP*

CHARTERED ACCOUNTANTS

**NORTHLANDS DENESULINE FIRST NATION**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

STATEMENT 1

MARCH 31

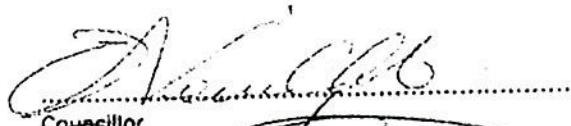
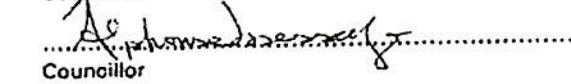
	2015	2014
<b>FINANCIAL ASSETS</b>		
Cash	\$ 215,778	\$
Restricted cash (Note 3)	85,275	425,720
Accounts receivable (Note 4)	523,676	486,655
Other receivable	-	<u>435,888</u>
	<u>\$ 824,729</u>	<u>\$ 1,348,263</u>
<b>LIABILITIES</b>		
Bank indebtedness		1,022,834
Accounts payable and accrued liabilities (Note 5)	3,255,301	1,998,015
Deferred revenue (Note 6)	20,694	516,762
Long term debt (Note 7)	<u>2,758,856</u>	<u>1,813,017</u>
Total liabilities	<u>6,034,851</u>	<u>5,350,628</u>
Net debt	<u>(5,210,122)</u>	<u>(4,002,365)</u>
<b>NON-FINANCIAL ASSETS</b>		
Property, plant and equipment (Note 16)	10,957,127	11,864,635
Inventory	<u>100,418</u>	-
Total non-financial assets	<u>11,057,545</u>	<u>11,864,635</u>
Accumulated surplus	<u>\$ 5,847,423</u>	<u>\$ 7,862,270</u>
Contingent liabilities (Note 8)		

Approved on behalf of Council

Chief

Councillor

Councillor

  
Councillor  
  
Councillor  
  
Councillor

# NORTHLANDS DENESULINE FIRST NATION

STATEMENT 2

## CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31

	2 0 1 5	2 0 1 4
<b>REVENUE</b>		
Aboriginal Affairs and Northern Development Canada <i>(Note 9)</i>	\$ 9,305,658	\$ 9,214,124
Government of Canada - Native Claims Program	480,324	455,476
First Nation and Inuit Health Branch (FNIH)	2,205,725	2,093,913
Canada Mortgage and Housing Corporation	118,129	118,129
Province of Manitoba	283,534	131,574
Winter Roads	750,570	
Treaty Land Entitlement	34,155	34,155
Other	366,630	296,336
Keewatin Tribal Council	91,953	87,495
Solicitor General		23,624
User Fees	14,621	19,219
Rent	<u>87,453</u>	<u>56,252</u>
	<u>13,738,752</u>	<u>12,530,297</u>
<b>EXPENSES</b>		
Governance and administration	928,742	1,755,217
Social assistance and economic development	3,062,794	3,595,587
Health	1,641,218	1,548,606
Housing	496,350	186,504
Education	4,626,382	4,088,728
Operations and Maintenance	3,282,625	1,440,815
Land Claims	491,734	455,476
Training and Other	<u>537,363</u>	<u>136,794</u>
	<u>15,067,208</u>	<u>13,207,727</u>
<b>EXCESS OF EXPENDITURES OVER REVENUE</b>	<b>( 1,328,456)</b>	<b>( 677,430)</b>
<b>ACCUMULATED SURPLUS, <i>beginning of year</i></b>	<b>7,862,270</b>	<b>9,325,918</b>
Prior Period Adjustment <i>(Note 12)</i>	<u>( 686,391)</u>	<u>( 786,218)</u>
<b>ACCUMULATED SURPLUS, <i>end of year</i></b>	<b>\$ 5,847,423</b>	<b>\$ 7,862,270</b>

# **NORTHLANDS DENESULINE FIRST NATION**

**STATEMENT 3**

## CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT

YEAR ENDED MARCH 31

	2015	2014
Excess of expenditures over revenue	<u><u>\$1,328,456</u></u>	<u><u>\$1,677,430</u></u>
Amortization of capital assets	1,552,963	1,552,963
Acquisition of construction in progress	( 645,455)	( 604,901)
Decrease (increase) in prepaid expenses		342,006
Decrease (increase) in fuel inventory	( 100,418)	<u><u>1,246,517</u></u>
	<u><u>807,090</u></u>	<u><u>2,536,585</u></u>
CHANGE IN NET DEBT FOR YEAR	( 521,366)	1,859,155
NET DEBT, <i>beginning of year</i>	(4,002,365)	(5,075,302)
Prior Period Adjustment <i>(Note 12)</i>	( 686,391)	( 786,218)
AS RESTATED	<u><u>(4,688,756)</u></u>	<u><u>(5,861,520)</u></u>
NET DEBT, <i>end of year</i>	<u><u>\$15,210,122</u></u>	<u><u>\$14,002,365</u></u>

# NORTHLANDS DENESULINE FIRST NATION

STATEMENT 4

## CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

2015 2014

### CASH FLOW FROM

#### *OPERATING ACTIVITIES*

Cash received from contributors	\$ 13,641,551	\$ 12,530,297
Cash paid to suppliers	( 8,206,172)	( 6,540,145)
Cash paid to employees	( 3,981,444)	( 3,992,366)
Interest on long-term debt	( 169,761)	( 205,534)
	<u>1,284,174</u>	<u>1,792,252</u>

#### *INVESTING ACTIVITIES*

Acquisition of construction in progress	( 645,455)	( 604,901)
Decrease (increase) in restricted cash	<u>340,445</u>	<u>( 21,174)</u>
	<u>( 305,010)</u>	<u>( 626,075)</u>

#### *FINANCING ACTIVITIES*

Proceeds from long term debt	1,500,000	
Repayment of long term debt	( 554,161)	( 507,603)
	<u>945,839</u>	<u>( 507,603)</u>

#### NET INCREASE IN CASH DURING YEAR

	1,925,003	658,574
CASH, <i>beginning of year</i>	( 1,022,834)	( 895,190)
Prior period adjustment ( <i>Note 12</i> )	<u>( 686,391)</u>	<u>( 786,218)</u>
CASH (deficiency) - <i>end of year</i>	<u>\$ 215,778</u>	<u>\$ ( 1,022,834)</u>

#### CASH COMPRISED OF

Cash	\$ 215,778	\$
Bank indebtedness	<u>-</u>	<u>( 1,022,834)</u>
	<u>\$ 215,778</u>	<u>\$ ( 1,022,834)</u>

# NORTHLANDS DENESULINE FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

### 1. OPERATIONS

The Northlands Denesuline First Nation (the Nation) is a non-profit, non-taxable entity located in the Province of Manitoba, and is engaged in the social, cultural and economic development of its members. The Northlands Denesuline First Nation financial reporting entity includes all related entities which are accountable to the Nation and are either owned or controlled by the Nation.

### 2. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies.

#### *BASIS OF PRESENTATION*

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

#### *REPORTING ENTITY*

The consolidated financial statements consolidate the financial activities of all entities and departments comprising the Nation reporting entity.

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

- Northlands Denesuline First Nation North of 60 Program
- Northlands Denesuline First Nation Health Services
- Northlands Denesuline First Nation Housing

There are no incorporated business entities which are owned or controlled by the Nation.

All inter-entity balances have been eliminated on consolidation. However, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

#### *CASH AND CASH EQUIVALENTS*

Cash resources include 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

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MARCH 31, 2015

### 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### *TANGIBLE CAPITAL ASSETS*

Tangible capital assets are initially recorded at cost based on historical cost accounting records. Contributed tangible capital assets are recorded at their fair value at the date of contribution.

Tangible capital assets are amortized annually using the straight line method at rates intended to amortize the cost of the assets over their estimated useful lives:

Buildings	5%
Equipment	10%
Vehicles	33.33%
First Nation housing	4%
CMHC housing	4%
Roads	2.5%
Water and sewer infrastructure	4 - 6.67%

CMHC housing amortization method: amortization of the buildings purchased using mortgaged funds provided by CMHC is not calculated based on the estimated useful lives of the assets, but rather at a rate equal to the annual principal reduction of the mortgage.

#### *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.

#### *REVENUErecognition*

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfer revenue is recognized in the statement of operations as the stipulations are settled.

Other revenue is recognized by the Nation when services are provided or goods are shipped.

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

#### *NET DEBT*

The Nation's consolidated financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the 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.

### 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### *LONG-LIVED ASSETS*

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

The 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.

#### *NON-FINANCIAL ASSETS*

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

#### *FINANCIAL INSTRUMENTS*

The entity's financial instruments consist of cash, restricted cash, accounts receivable, other receivables, bank indebtedness, accounts payable, accrued liabilities and long term debt. Unless otherwise noted, it is management's opinion that the entity is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

#### *MEASUREMENT UNCERTAINTY*

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

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

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

### 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### *SEGMENTS*

The Nation conducts its business through the following nine reportable segments.

**Governance and Administration** - includes administration and governance activities.

**Social Assistance** - activities include delivering social programs.

**Health** - includes activities related to health and wellness programs funded by FNIH.

**Capital and Housing** - includes activities related to the development and sustainment of on-reserve housing, including CMHC subsidized housing.

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

**Education** - includes the operations of education programs.

**Operations and Maintenance** - includes general operations and maintenance program activities.

**Ottawa Trust** - reports on funding held in the Ottawa Trust.

**Training and Development** - includes training and other activities.

These operating segments are established by senior management to facilitate the achievement of the Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

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

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

#### *EMPLOYEE FUTURE BENEFITS*

The Nation employee future benefit programs consist of a defined contribution pension plan. The Nation contributions to the defined contribution plan are expensed as incurred.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**MARCH 31, 2015**

### 3. RESTRICTED CASH

#### *CMHC Replacement Reserve*

Under the terms of the operating agreements with Canada Mortgage and Housing Corporation (CMHC), the replacement reserve must either be held in a separate bank account or invested in accounts or instruments secured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. At year-end the specified replacement bank account was underfunded by \$167,928 (2014 - \$128,328).

#### *Claims Office*

Claims office cash is restricted for the negotiation on the Samuel Thorassie land claim. The funds are held in trust by legal representatives. As at March 31, 2015, the balance of funds held by legal representatives was \$75,128 (2014 - \$398,683).

#### *Ottawa Trust*

The Ottawa Trust Fund arises 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. Revenue from the Ottawa Trust Fund is recognized in the year in which it is earned when it is measurable and collection is reasonably assured. Capital and revenue trust monies are transferred to the First Nation on the authorization of the Minister of Aboriginal Affairs and Northern Development Canada, with the consent of the Nation's Council. Trust monies consists of:

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

	2 0 1 5	2 0 1 4
Claims office	\$ 622	\$ 482
Land claims funding in trust	75,128	398,683
PM Associates	478	3,205
Ottawa trust	<u>9,047</u>	<u>23,350</u>
	<u><u>\$ 85,275</u></u>	<u><u>\$ 425,720</u></u>

# NORTHLANDS DENESULINE FIRST NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

### 4. ACCOUNTS RECEIVABLE

	2 0 1 5	2 0 1 4
Aboriginal Affairs and Northern Development Canada	\$ 24,553	\$ 274,661
CMHC subsidy	108,285	
Other	<u>390,838</u>	<u>211,994</u>
	<u>523,676</u>	<u>486,655</u>
Less: Allowance for doubtful accounts	-	-
	<u>\$ 523,676</u>	<u>\$ 486,655</u>

### 5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2 0 1 5	2 0 1 4
AANDC recovery for basic needs and band operated school 2012-13	\$ 72,507	\$ 72,507
AANDC recovery for 2011-12	95,334	95,334
AANDC recovery for basic needs 2013-14	189,827	
AANDC recovery for special needs 2013-14	4,194	
AANDC recovery for band operated school 2013-14	16,914	
AANDC recovery for 2012-13 on final IAC review	178,566	
AANDC recovery for basic needs 2014-15	167,708	
AANDC recovery for in-home care 2014-15	1,409	
AANDC liability under debt management # 185 for 2008-09	161,293	161,293
AANDC liability under debt management # 187 for 2008-09	412,931	412,931
First Nation Inuit Health	13,024	40,103
Trade and other payables	1,938,489	1,512,577
Accrued interest on CMHC mortgages	<u>3,105</u>	<u>6,309</u>
	<u>\$ 3,255,301</u>	<u>\$ 1,998,015</u>

### 6. DEFERRED REVENUE

	2 0 1 5	2 0 1 4
Aboriginal Affairs and Northern Development Canada	\$ 20,694	\$ 501,018
Soil remediation	15,744	
Government of Canada - Native claims program	<u>20,694</u>	<u>516,762</u>
	<u>\$ 20,694</u>	<u>\$ 516,762</u>

# NORTHLANDS DENESULINE FIRST NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**MARCH 31, 2015**

### 7. LONG TERM DEBT

	2 0 1 5	2 0 1 4
First Nation Bank, with payments of \$30,604 per month plus interest at prime plus 3.5%, matured in June 2014.	\$	\$ 72,843
First Nation Bank, with payments of \$1,083 per month plus interest at prime plus 3.5%, maturing April 2019.	51,999	60,320
CMHC mortgage, with payments of \$4,900 per month including interest at 2.69%, maturing August 2035, with a scheduled renewal date of August 2015, secured by a ministerial guarantee.	952,882	956,915
CMHC mortgage, with payments of \$4,918 per month including interest at 2.84%, maturing December 2021, with a scheduled renewal date of October 2015, secured by a ministerial guarantee.	391,962	410,305
Manitoba Hydro - On May 6, 2012, the Nation entered into an agreement with Manitoba Hydro whereby outstanding balance of \$417,284 would be repaid over a 41 month term with payments of \$10,200 per month. Interest would accumulate independently on the outstanding balance but would be written off by Manitoba Hydro if the Nation does not default on the agreement.	121,013	312,634
Demand loan payable to Royal Bank of Canada in 60 instalments, with payments of \$22,000 per month plus interest at 3.25%, and a balloon payment of \$83,000 in November each year, secured by first ranking security interest in all property and band council resolutions for above payments.	<u>1,241,000</u>	-
	<u>\$ 2,758,856</u>	<u>\$ 1,813,017</u>

The aggregate of payments required in each of the next five years to meet retirement provisions is estimated to be as follows:

March 31, 2016	\$ 502,027
2017	331,910
2018	342,022
2019	352,455
2020	350,222

**8. CONTINGENT LIABILITIES****Government Loans**

The Northlands Denesuline First Nation, through the claims office, has obtained loans from the Government of Canada totalling \$15.15 million (2014 - \$15.15 million) which are to be repaid upon final settlement of the Samuel Thorassie claim. The agreement with the Government of Canada specifies that the Government of Canada, upon reaching a final settlement, will provide sufficient funding to pay out the total amount of the outstanding loans as of the date of the settlement. Due to the nature of these negotiations it is not possible, at this time, to determine the outcome of the negotiations and, therefore, these consolidated financial statements have recognized the loans as revenues in the year received. Future repayments will be recorded as an expense in the year of repayment together with any settlement proceeds, as applicable.

**Asset Retirement Obligation**

Included in tangible capital assets, under the category of land improvements, is a landfill site. Environmental law requires appropriate closure and post-closure care of landfill sites. This would include final covering and landscaping of the site and ongoing environmental monitoring, site inspection and maintenance. The related future costs associated with this required environmental care can not be reasonably estimated and, therefore, no liability has been recorded in these consolidated financial statements.

**Government Funding**

The Northlands Denesuline First Nation receives funding from various government agencies based on specified program needs and budgets and allocates certain expenses to the various programs. In many cases the funding agent has the right to review the accounting records to ensure compliance with the terms and conditions of their agreements. At this time no estimate of the requirements, if any, to reimburse the agencies can be made.

For accounting purposes any amounts assessed or claims paid will be accounted for in the year of determination.

**9. RECONCILIATION OF AANDC FUNDING**

	2 0 1 5	2 0 1 4
AANDC funding per funding confirmation	\$ 9,450,223	\$ 9,214,124
Add: Receivable for Regulatory Improvement Initiative	8,363	
Add: Receivable for Energy Systems	16,189	
Less: Recovery in Basic Needs and In-Home Care	<u>( 169,117 )</u>	-
 AANDC funding per financial statements	 <u>\$ 9,305,658</u>	 <u>\$ 9,214,124</u>

**10. CONSOLIDATED EXPENSES BY OBJECT**

	2 0 1 5	2 0 1 4
Amortization	\$ 1,552,963	\$ 1,552,963
Bank charges and interest	169,761	205,534
Professional fees	605,298	959,889
Purchased goods and services	5,411,672	4,271,244
Salaries and benefits	3,981,444	3,992,366
Social assistance	2,840,096	1,873,340
Training	92,981	57,667
Travel	<u>412,993</u>	<u>294,724</u>
	<u><u>\$15,067,208</u></u>	<u><u>\$ 13,207,727</u></u>

**11. FEDERAL ASSISTANCE PAYMENTS**

The Nation has received federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 95 of the National Housing Act to reduce the mortgage interest expense to 2% to enable the Nation to provide housing to low income individuals.

**12. PRIOR PERIOD ADJUSTMENT**

The prior period adjustment relates to reflect the recoveries from AANDC and FNIH records as at March 31, 2015, and to clear out prior year's receivables and payables. The cumulative effect of the adjustments has been reflected in the accumulated surplus.

**13. ECONOMIC DEPENDENCE**

Northlands Denesuline First Nation receives the 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.

**14. BUDGET INFORMATION**

The First Nation has not completed a budget for the March 31, 2015 fiscal year. Accordingly budget figures are not presented in the financial statements.

**15. COMPARATIVE FIGURES**

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

**NORTHLANDS DENESULINE FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**MARCH 31, 2015**

**16. PROPERTY, PLANT AND EQUIPMENT**

	Cost		Accumulated Amortization			Closing Balance	Total	Net Book Value
	Opening Balance	Additions	Opening Balance	Amortization	Total			
Buildings	\$ 5,384,982	\$ 5,384,982	\$ 4,399,681	\$ 251,861	\$ 4,651,542	\$ 733,440	\$ 985,301	
Vehicles and equipment	624,274	624,274	459,539	77,786	537,325	86,949	164,735	
Roads	1,311,901	1,311,901	215,896	32,798	248,694	1,063,207	1,096,005	
Water and sewer	21,276,047	21,276,047	15,118,174	870,075	15,988,249	5,287,798	6,157,873	
Band housing	5,467,286	5,467,286	4,051,687	218,691	4,270,378	1,196,908	1,415,599	
CMHC housing	2,543,792	2,543,792	1,103,571	101,752	1,205,323	1,338,469	1,440,221	
Construction in progress	<u>604,901</u>	<u>645,455</u>	<u>1,250,356</u>	<u>-</u>	<u>-</u>	<u>1,250,356</u>	<u>604,901</u>	
	<u>\$ 37,213,183</u>	<u>\$ 645,455</u>	<u>\$ 37,858,638</u>	<u>\$ 25,348,548</u>	<u>\$ 1,552,963</u>	<u>\$ 26,901,511</u>	<u>\$ 10,957,127</u>	<u>\$ 11,864,635</u>

**NORTHLANDS DENESULINE FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**MARCH 31, 2015**

**17. SEGMENT DISCLOSURE**

	GOVERNANCE AND ADMINISTRATION <u>2015</u> <u>2014</u>		SOCIAL ASSISTANCE <u>2015</u> <u>2014</u>		EDUCATION <u>2015</u> <u>2014</u>		OPERATIONS AND MAINTENANCE <u>2015</u> <u>2014</u>		CAPITAL AND HOUSING <u>2015</u> <u>2014</u>	
Revenues										
Federal Government	\$ 612,701	\$ 665,300	\$ 2,786,450	\$ 2,955,567	\$ 4,197,005	\$ 4,065,281	\$ 1,620,513	\$ 1,423,843	\$ 118,129	\$ 118,129
AANDC	645,455	604,900								
FNIIH										
CMHC										
Native claims program	—	—	—	—	—	—	—	—	—	—
Subtotal	1,258,156	1,270,200	2,786,450	2,955,567	4,197,005	4,065,281	1,620,513	1,423,843	118,129	118,129
Other revenue	130,180	418,211	14,621	—	87,453	24,675	750,570	15,744	68,375	68,375
Total revenue	1,388,336	1,688,411	2,801,071	2,955,567	4,284,458	4,089,956	2,371,083	1,439,587	186,504	186,504
Expenses										
Amortization	9,380	81,597	3,891	123,480	1,064,089	1,064,089	320,443	320,443		
Debt servicing	73,231	1,549,346	2,848,091	3,387,768	2,195,569	1,374,363	303	303	36,518	36,518
Other	683,280	124,274	125,714	114,939	2,307,333	2,714,365	1,885,930	1,299,785	139,389	119,980
Salaries and benefits	162,851	—	—	—	—	—	332,303	141,030	—	53,723
Total expenses	928,742	1,755,217	2,973,805	3,506,598	4,626,382	4,088,728	3,282,625	1,440,815	496,350	12,801
Surplus (Deficit)	\$ 459,594	\$ (66,806)	\$ (172,734)	\$ (551,031)	\$ (341,924)	\$ 1,228	\$ (911,542)	\$ (1,228)	\$ (309,846)	\$ (309,846)

# NORTHLANDS DENESULINE FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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## 17. SEGMENT DISCLOSURE (*continued*)

	OTTAWA TRUST		HEALTH		TRAINING AND DEVELOPMENT		COMMUNITY DEVELOPMENT		TOTAL	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Revenues										
Federal Government	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
AANDC										
FNIIH										
CMHC										
Native claims program	480,324	455,476	-	-	-	-	-	-	-	-
Subtotal	480,324	455,476	1,560,270	1,489,013	-	-	15,144	88,989	88,989	11,881,642
Other revenue	-	-	22,342	-	555,375	121,650	-	-	1,628,916	648,655
Total revenue	480,324	455,476	1,582,612	1,489,013	555,375	136,794	88,989	88,989	13,738,752	12,530,297
Expenses										
Amortization										
Debt servicing	127	66	35,571	54,872	54,872	11,597	88,989	88,989	1,552,963	169,761
Other	346,207	335,016	813,457	909,240	362,128	125,197	-	-	9,363,040	9,009,827
Salaries and benefits	145,400	120,394	787,480	639,366	120,363	136,794	88,989	88,989	3,981,444	3,992,366
Total expenses	491,734	455,476	1,641,218	1,548,606	537,363	-	-	-	15,067,208	13,207,727
Surplus (Deficit)	(\$ 11,410)	\$ -	\$ (58,606)	\$ (59,593)	\$ 18,012	\$ -	\$ -	\$ -	\$( 1,328,456)	\$( 677,430)