

WAR LAKE FIRST NATION

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2014 AND 2013

WAR LAKE FIRST NATION
MARCH 31, 2014

COUNCIL

Chief
Councillor
Councillor
Councillor - former

Betsy Kennedy
Phillip Morris
Thomas Nepitabo
Raymond Spence

FIRST NATION ADMINISTRATION

First Nation Administrator

Social Service Administrator

Kathleen Wavey

Jennifer Bloomfield

WAR LAKE FIRST NATION
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FOR THE YEARS ENDED MARCH 31, 2014 AND 2013

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WAR LAKE FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2014 AND 2013

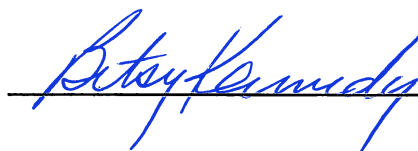
MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the War Lake First Nation are the responsibility of management and have been approved by the Chief and Council.


Management is responsible for the integrity and objectivity of the consolidated financial statements. Estimates are necessary in the preparation of these consolidated financial statements and, based on careful judgments, have been properly reflected. Management has established systems of internal control, which are designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use and to produce reliable accounting records for the preparation of financial information.

The First Nations Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The consolidated financial statements have been audited by Holukoff Chiarella in accordance with Canadian generally accepted auditing standards on behalf of the members. Holukoff Chiarella have full and free access to Council.

 CHIEF

 COUNCILLOR

 COUNCILLOR

Holukoff Chiarella

CHARTERED ACCOUNTANTS

EXHIBIT "A"

Kevin Masse, B.Comm. (Hons), C.A.
(Practising as Kevin Masse Chartered Accountant Ltd.)
Ralph Orr, B.Comm. (Hons), C.A.
(Practising as Ralph Orr Chartered Accountant Ltd.)
Wayne H. Chiarella, B.A., C.A. (Retired 2011)
Sam Holukoff, C.A. (Retired 2005)

101 - 1180 Pembina Highway
Winnipeg, Manitoba R3T 2A4
Telephone (204) 452-6449
Fax (204) 452-3397

INDEPENDENT AUDITORS' REPORT

To the Chief, Councillors and Members of
War Lake First Nation

We have audited the accompanying financial statements of War Lake First Nation, which comprise the consolidated statements of financial position as at March 31, 2014 and 2013 and the consolidated statements of accumulated surplus, consolidated statements of operations, consolidated statements of revenue and expenses, consolidated statements of changes in net debt and consolidated statements of cash flows for the years 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 generally accepted accounting principles, 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 financial statements are free from 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' judgement, 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Holukoff Chiarella

CHARTERED ACCOUNTANTS

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Kevin Masse, B.Comm. (Hons), C.A.
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INDEPENDENT AUDITORS' REPORT

Basis for Qualified Opinion

Inventory consists of merchandise purchased for resale at the War Lake Convenience Store owned by the First Nation. We did not observe the inventory count at the beginning or end of the year and alternative means did not provide us with the necessary assurance concerning the quantity on hand or the cost of inventory. As a result, we were unable to determine what adjustments, if any, might be necessary to assets, annual surplus (deficit) and accumulated surplus.

Qualified Opinion

In our opinion, except for the effect of adjustments, if any, which might have been determined to be necessary as a result of the matters in the preceding paragraph, these consolidated financial statements present fairly, in all material respects, the financial position of War Lake First Nation as at March 31, 2014 and 2013, and its financial performance and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.



WINNIPEG, MANITOBA
August 12, 2014.

CHARTERED ACCOUNTANTS

WAR LAKE FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2014

	<u>2014</u>	<u>2013</u>
FINANCIAL ASSETS		
Cash, Note 3	\$	191,666
Restricted cash and trust funds, Note 4	78,104	180,693
Accounts receivable, Note 5	501,522	405,384
Investments, Note 6	174	174
Due from related party, Note 7	<u>335,924</u>	<u>174</u>
	<u>915,724</u>	<u>777,917</u>
LIABILITIES		
Bank indebtedness, Note 3	38,353	
Accounts payable and accrued liabilities, Note 8	349,714	693,985
Advances, Note 9	150,000	150,000
Deferred revenue, Note 10	229,757	87,406
Long term debt, Note 11	1,896,279	1,984,508
Reserve Funds, Note 12	<u>138,515</u>	<u>121,279</u>
	<u>2,802,618</u>	<u>3,037,178</u>
NET DEBT, Exhibit "F"	<u>(1,886,894)</u>	<u>(2,259,261)</u>
NON-FINANCIAL ASSETS		
Prepaid expenses, Note 13	14,517	683
Inventory, Note 14	105,546	80,034
Tangible capital assets, Note 15	<u>10,253,386</u>	<u>10,436,576</u>
	<u>10,373,449</u>	<u>10,517,293</u>
ACCUMULATED SURPLUS, Exhibit "C"	\$ <u>8,486,555</u>	<u>8,258,032</u>
CONTINGENT LIABILITY, Note 19		

APPROVED ON BEHALF OF FIRST NATION COUNCIL

 CHIEF

 COUNCILLOR

 COUNCILLOR

WAR LAKE FIRST NATION
CONSOLIDATED STATEMENT OF ACCUMULATED SURPLUS
FOR THE YEARS ENDED MARCH 31, 2014 AND 2013

EXHIBIT "C"

	<u>2014</u>	<u>2013</u>
BALANCE AT BEGINNING OF YEAR	\$ 8,258,032	8,140,263
ANNUAL SURPLUS (DEFICIT), Exhibit "D"	<u>228,523</u>	<u>117,769</u>
BALANCE AT END OF YEAR	\$ <u>8,486,555</u>	<u>8,258,032</u>

**WAR LAKE FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEARS ENDED MARCH 31, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
REVENUE		
Federal Government		
AANDC	\$ 1,358,028	1,156,023
Health Canada	323,850	324,182
Canada Mortgage and Housing Corporation	107,848	92,355
Public Service	31,842	11,928
Provincial government	534,426	599,262
Other	<u>1,515,544</u>	<u>1,453,744</u>
	<u>3,871,538</u>	<u>3,637,494</u>
EXPENSES		
First Nation Management	438,095	321,663
Social Services	261,076	253,939
Economic Development	30,917	31,458
War Lake Convenience Store Ltd.	219,495	200,190
Hydro Development	7,500	2,477
Health Services	323,980	338,391
Operating Programs	1,140,280	1,064,871
Public Works	576,114	186,865
Capital	97,666	805,202
CMHC Housing Operations	272,703	236,672
Trust Funds	<u>219,584</u>	<u>181,188</u>
	<u>3,587,410</u>	<u>3,622,916</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER ITEMS	284,128	14,578
OTHER ITEMS		
Transfer to tangible capital assets	402,811	260,507
Amortization	(586,001)	(330,198)
CMHC Amortization reversal	127,585	109,894
Contributed capital - CMHC 2 Unit Project	<u> </u>	<u>62,988</u>
ANNUAL SURPLUS (DEFICIT)	\$ <u>228,523</u>	<u>117,769</u>

**WAR LAKE FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEARS ENDED MARCH 31, 2014 AND 2013**

	<u>2014</u>		<u>2013</u>
	<u>Revenue</u>	<u>Expenses</u>	<u>Annual Surplus (Deficit)</u>
Operating Fund, Exhibit "E"	\$ 3,384,050	3,095,123	288,927
CMHC Housing	267,903	272,703	(4,800)
Trust Fund, Exhibit "E"	<u>219,585</u>	<u>219,584</u>	<u>1</u>
	\$ <u>3,871,538</u>	<u>3,587,410</u>	284,128
OTHER ITEMS			
Transfer to tangible capital assets, Schedule 18			402,811
Amortization			(586,001)
CMHC Amortization reversal, Schedule 10			127,585
Contributed capital - CMHC 2 Unit Project, Schedule 9-1			<u>62,988</u>
ANNUAL SURPLUS (DEFICIT)		\$	<u>228,523</u>
			<u>117,769</u>

WAR LAKE FIRST NATION
CONSOLIDATED STATEMENT OF REVENUE AND EXPENSES
FOR THE YEARS ENDED MARCH 31, 2014 AND 2013

	Special Reports Schedule	2014				2013 Annual Surplus (Deficit)
		AANDC	Revenue		Expenses	
<u>OPERATIONS</u>			Other	Transfers	Total	
First Nations Management	1	\$ 197,791	317,764	(8,000)	507,555	47,366
Social Services	2	294,176	(43,705)		250,471	(4,644)
Economic Development	3	30,917			30,917	(541)
War Lake Convenience Store Ltd.	4		311,910		311,910	(77,520)
Hydro Development - Keeyask Project	5					(1,352)
Health Services	6		323,850		323,850	(14,209)
Operating Programs	7	460,393	785,204	(56,220)	1,189,377	158,100
Public Works	8	231,051	395,219		626,270	(88,368)
Capital	9	143,700			143,700	(97,348)
		1,358,028	2,090,242	(64,220)	3,384,050	(78,516)
<u>CMHC HOUSING OPERATING</u>						
CMHC Housing	10		203,683	64,220	267,903	92,943
<u>TRUST FUND</u>						
Treaty Land Entitlements Trust	11					149
Robert F. Roddick Trust Funds	12		219,584		219,584	
Ottawa Trust Fund	17		1		1	2
			219,585		219,585	151
TOTAL		\$ 1,358,028	2,513,510		3,871,538	14,578
AANDC FUNDING PER CONFIRMATION		\$ 1,358,028				

WAR LAKE FIRST NATION
CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT
FOR THE YEARS ENDED MARCH 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
ANNUAL SURPLUS (DEFICIT), Exhibit "D"	\$ 228,523	117,769
Acquisition of tangible capital assets	(402,811)	(732,231)
Amortization of tangible capital assets	586,001	330,198
Change in prepaid expenses	(13,834)	3,732
Change in inventory	<u>(25,512)</u>	<u>33,241</u>
(INCREASE) DECREASE IN NET DEBT	372,367	(247,291)
NET DEBT AT BEGINNING OF YEAR	<u>(2,259,261)</u>	<u>(2,011,970)</u>
NET DEBT AT END OF YEAR	\$ <u>(1,886,894)</u>	<u>(2,259,261)</u>

WAR LAKE FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
OPERATING TRANSACTIONS		
Annual surplus (deficit), Exhibit "D"	\$ 228,523	117,769
Add non-cash items		
Amortization	586,001	330,198
Replacement reserve	17,236	(50,791)
Gain on sale of tangible capital assets		(38,500)
Net change in financial assets/liabilities, prepaid expenses and inventory		
Restricted cash and trust funds	102,589	17,740
Accounts receivable	(96,138)	(73,091)
Inventory	(25,512)	33,241
Prepaid expenses	(13,834)	3,732
Accounts payable	(344,271)	355,258
Advances		(112,458)
Due from related party	(335,924)	7,341
Deferred revenue	<u>142,351</u>	<u>(67,419)</u>
	<u>261,021</u>	<u>523,020</u>
CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets	(402,811)	(732,231)
Change in capital assets under construction		<u>38,500</u>
	<u>(402,811)</u>	<u>(693,731)</u>
FINANCING TRANSACTIONS		
Proceeds from long term debt	300,135	533,251
Principal repayments on long term debt	<u>(388,364)</u>	<u>(281,740)</u>
	<u>(88,229)</u>	<u>251,511</u>
INVESTING TRANSACTIONS		
Decrease in long term investments	_____	<u>40,784</u>
NET CHANGE IN CASH POSITION	(230,019)	121,584
CASH POSITION AT BEGINNING OF YEAR	<u>191,666</u>	<u>70,082</u>
CASH POSITION (BANK INDEBTEDNESS) AT END OF YEAR	\$ <u>(38,353)</u>	<u>191,666</u>

WAR LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2014

1. BASIS OF PRESENTATION

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local government entities, as defined in the Public Sector Accounting and Auditing Handbook of the Canadian Institute of Chartered Accountants.

a) Nature and Purpose of Organization

The purpose of the organization is the management and administration of all aspects of the War Lake First Nation. The organization operates with a Chief and Council, who are ultimately responsible for the establishment and administration of all programs of the First Nation.

b) Reporting Entity and Principles of Financial Reporting

War Lake First Nation reporting entity includes the War Lake First Nation Government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

These financial statements consolidate the assets, liabilities and results of operations for these entities, which all use accounting principles which lend themselves to consolidations.

All inter-entity balances have been eliminated on consolidation, but in order to present the results of operations for each specific fund, transactions amongst funds have not necessarily been eliminated on the individual statements.

Incorporated and unincorporated business entities, which are owned or controlled by the War Lake First Nation Council have been reported using the modified equity method of consolidation for profit-oriented and government business partnerships.

The following entity's results of operations are included in these financial statements under the modified equity method:

War Lake Convenience Ltd.	100% owned
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The following long term investments in non-controlled entities are recorded at the lower of cost and net realizable value:

Cree Nation Partners Limited Partnership #2	7.5% units
Cree Nation Partners Limited Partnership #3	7.5% units

2. SIGNIFICANT ACCOUNTING POLICIES

a) Revenue Recognition

The First Nation follows the deferral method of accounting for restricted revenues. Revenues restricted by legislation, regulation or agreement and not available for general government purposes are deferred on the consolidated balance sheet. The revenue is recognized in the year in which it is used for the specified purpose. Unrestricted revenues are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

WAR LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES, continued

b) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined on the following bases:

Petroleum products	- Average cost
Confectionery and snacks	- Percentage of costs based on normal mark-up percentage

c) Tangible Capital Assets

Tangible capital assets include acquired, built, developed and improved tangible capital assets, whose useful life extends beyond one year and which are intended to be used on an ongoing basis for producing goods and delivering services. The First Nation does not capitalize computer software.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artefacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

d) Amortization

Tangible capital assets are recorded at cost and are amortized annually as a charge against operations. Assets are amortized over their expected useful life using the straight line method at the following rates:

Infrastructure	4%
Buildings	4%
Band Housing	4%
CMHC Housing	4%
Heavy equipment	10%
General equipment	20%
Vehicles	20%

Amortization commences in the following year after acquisition.

e) Reserves

The reserves accounts are funded by an annual charge against operations as opposed to an appropriation of surplus.

f) Financial Instruments

The organization's financial instruments consist of cash, restricted cash and trust funds, accounts receivable, accounts payable, accrued liabilities, advances from Manitoba Hydro and long term debt. Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, currency or credit risk arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

WAR LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES, continued

g) Net Debt/Net Financial Assets

The First Nation's financial statements are presented so as to highlight net debt/net financial assets as the measurement of financial position. The net debt/net financial assets of the First Nation are determined by its financial assets less its liabilities. Net debt is comprised of two components, non-financial assets and accumulated surplus.

h) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reported period. Actual results could differ from management's best estimates as additional information becomes available in the future.

3. CASH

Cash consist of cash on hand and balances with banks. Cash included in the cash flows statement comprise the following balance sheet amounts:

	<u>2014</u>	<u>2013</u>
CASH AT BANK		
Administration - Operations	\$ (83,843)	64,208
Social Services	3,897	(12,007)
Water and Sewer Project	7,107	50,722
CMHC - CEAP		39,319
War Lake Convenience Store	18,653	17,994
Hockey Rink	5,007	1,233
Robert F. Roddick Professional Corporation ITF		
War Lake First Nation	<u>78,037</u>	<u>59,348</u>
	28,858	220,817
GUARANTEED INVESTMENT CERTIFICATE		
Administration	10,826	30,197
CMHC Replacement Reserve		<u>121,279</u>
	39,684	372,293
LESS: Amount allocated to restricted cash, Note 4	<u>(78,037)</u>	<u>(180,627)</u>
CASH AND CASH EQUIVALENTS (BANK INDEBTEDNESS)	\$ <u>(38,353)</u>	<u>191,666</u>

WAR LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2014

4. RESTRICTED CASH AND TRUST FUNDS

	<u>2014</u>	<u>2013</u>
Restricted cash		
CMHC replacement reserve fund	\$	121,279
Robert F. Roddick Professional Corporation	<u>78,037</u>	<u>59,348</u>
	78,037	180,627
Trust Fund - Ottawa Trust Accounts	<u>67</u>	<u>66</u>
	\$ <u>78,104</u>	<u>180,693</u>

Cash is subject to the restrictions imposed upon by outside parties and can only be used for the purposes specified.

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.

The Treat Land Entitlement (TLE) Trust Agreement has been entered with Her Majesty the Queen in Right of Canada and five trustees have been appointed. These funds are to be used solely for the purposes specified in the Trust Agreement, including the acquisition of reserve land. AANDC provided an initial grant of \$174,149 on June 4, 1999, under the provisions of the Treaty Land Entitlement Framework Agreement signed May 29, 1997.

Robert F. Roddick Professional Corporation Trust Funds was established to monitor and account for the financial contributions made by Manitoba Hydro towards expenses incurred by War Lake First Nation involving negotiations and environmental issue concerns arising from the potential future Hydro Electric development at Gull Rapids.

OTTAWA TRUST FUND

	<u>Revenue</u>	<u>Capital</u>	<u>Total</u>
Balance at beginning of year	\$ 64	2	66
Amounts placed on deposit during the year	<u>1</u>	<u>—</u>	<u>1</u>
Balance at end of year	\$ <u>65</u>	<u>2</u>	<u>67</u>

WAR LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2014

5. ACCOUNTS RECEIVABLE

	<u>2014</u>	<u>2013</u>
Administration		
AANDC	\$	126,437
Health Canada	1,033	2,400
Government of Canada	9,154	
Manitoba Hydro	33,132	92,252
Province of Manitoba	48,377	73,891
Trade payables	172,783	39,248
Band members (8)	<u>13,615</u>	<u>17,156</u>
	278,094	351,384
Allowance for doubtful accounts	<u>(1,106)</u>	<u>(19,190)</u>
	<u>276,988</u>	<u>332,194</u>
CMHC - Subsidy	<u>8,975</u>	<u>8,988</u>
Robert F. Roddick Professional Corporation		
ITF War Lake First Nation - Manitoba Hydro	<u>141,407</u>	<u>25,842</u>
Social Services		
AANDC	—	<u>20,475</u>
War Lake Convenience Store Ltd.		
CRA - GST	4,164	3,406
Province of Manitoba	5,293	4,972
Manitoba Hydro	33,700	566
Trade payables	<u>35,366</u>	<u>25,386</u>
	78,523	34,330
Allowance for doubtful accounts	<u>(5,599)</u>	<u>(16,445)</u>
	<u>72,924</u>	<u>17,885</u>
Hockey Rink		
Trade payables	<u>1,228</u>	—
TOTAL ACCOUNTS RECEIVABLE	\$ <u>501,522</u>	<u>405,384</u>

WAR LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2014

6. INVESTMENTS

- i) The First Nation has entered into a limited partnership agreement with Tataskweyak Cree Nation as limited partners in Cree Nation Partners Limited Partnership #2.

5872066 Manitoba Ltd., a corporation incorporated under the Corporations Act of Manitoba, is the general partner and is solely responsible for all losses incurred by the limited partnership. The limited partnership liability is limited to the amount of capital contributed.

The Cree Nation Limited Partnership #2 was formed for the purpose of investing in Keeyask Hydro Power Limited Partnership.

	<u>2014</u>	<u>2013</u>
Long term investment, at cost		
Investment in Cree Nation Partners Limited Partnership #2		
- Units	\$ 8	8
- Contributed capital	<u>150</u>	<u>150</u>
	\$ <u>158</u>	<u>158</u>

War Lake First Nations equity in the Cree Nation Limited Partnership #2 as at December 31, 2013 was \$203,292. Revenue is recognized when received.

- ii) The First Nation has entered into a limited partnership agreement with Tataskweyak Cree Nation as limited partners in Cree Nation Partners Limited Partnership #3.

63846171 Manitoba Ltd., a corporation incorporated under the Corporations Act of Manitoba, is the general partner and is solely responsible for all losses incurred by the limited partnership. The limited partnership liability is limited to the amount of capital contributed.

The Cree Nation Limited Partnership was formed for the purpose of entering into direct negotiations with Manitoba Hydro through a joint venture with a third party, with a view to obtaining a maintenance services contract.

Long term investment, at cost		
Investment in Cree Nation Partners Limited Partnership #3		
- Units	\$ 8	8
- Shares in general partner	<u>8</u>	<u>8</u>
	\$ <u>16</u>	<u>16</u>

War Lake First Nations equity in the Cree Nation Limited Partnership #3 as at December 31, 2013 was \$11,051. Revenue is recognized when received.

TOTAL INVESTMENTS	\$ <u>174</u>	<u>174</u>
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WAR LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2014

7. DUE FROM RELATED PARTY

The amount is due from Mooseocoot Trust, a trust set up for the benefit of the War Lake First Nation members. The balance is due within the next fiscal year, is unsecured and non-interest bearing.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2014</u>	<u>2013</u>
Administration		
Trade payables	\$ 228,512	419,647
AANDC recovery		9,631
Receiver General source deductions		<u>3,408</u>
	<u>228,512</u>	<u>432,686</u>
CMHC		
Trade payables	<u>10,800</u>	<u>77,232</u>
Robert F. Roddick Professional Corp. ITF War Lake First Nation		
Trade payables	<u>17,161</u>	<u>25,868</u>
Social Services		
AANDC recovery	<u>14,443</u>	<u>38,166</u>
CMHC		
Construction costs	<u> </u>	<u>27,225</u>
Water and Sewer Project		
Trade payables	<u> </u>	<u>43,500</u>
War Lake Convenience Store Ltd.		
CRA - Source deductions	228	3,958
Manitoba Hydro	626	
Trade	<u>77,944</u>	<u>45,350</u>
	<u>78,798</u>	<u>49,308</u>
 TOTAL ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	 \$ <u>349,714</u>	 <u>693,985</u>

9. ADVANCES FROM MANITOBA HYDRO

	<u>2014</u>	<u>2013</u>
Manitoba Hydro - Past Adverse Effects	\$ <u>150,000</u>	<u>150,000</u>

The advance of \$150,000 received from Manitoba Hydro relates to negotiations for Past Adverse Effects, is non interest bearing and due on demand.

WAR LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2014

10. DEFERRED REVENUE

	<u>Schedule</u>	<u>Opening Balance</u>	<u>Funding Received</u>	<u>Revenue Recognized</u>	<u>Closing Balance</u>
War Lake Convenience Store Ltd.	9-2	\$ 27,841	79,125	79,739	27,227
Hockey Rink	9-2	9,233	5,002		14,235
Robert Roddick Trust/Keeyask Programs	12-1	<u>50,332</u>	<u>357,547</u>	<u>219,584</u>	<u>188,295</u>
		<u>\$ 87,406</u>	<u>441,674</u>	<u>299,323</u>	<u>229,757</u>

11. LONG TERM DEBT AND ACCRUED INTEREST

	<u>2014</u>	<u>2013</u>
Royal Bank of Canada Loan Variable rate term loan with interest at prime plus 2.80%, repayable at \$2,820 per month principal and interest, maturing April 15, 2014, secured by equipment.	\$ 2,753	
Royal Bank of Canada Loan Variable rate term loan with interest at prime plus 2.50%, repayable at \$6,810.33 per month principal and interest, maturing December 23, 2014, secured by equipment.	207,933	
Royal Bank of Canada Loan Variable rate term loan with interest at prime plus 2.50%, repayable at \$1,981.31 per month principal and interest, maturing December 23, 2014, secured by equipment.	36,608	
First Peoples' Economic Growth Fund Inc. Demand loan with no interest, repayable at \$2,679 per month principal.	108,035	140,178
Royal Bank of Canada Loan Fixed revolving term loan with interest at 5.38%, repayable in annual instalments of \$62,611, maturing January 1, 2015.	45,169	102,249
Royal Bank of Canada Loan Variable rate term loan with interest at prime plus 2%, repayable in annual instalments of \$76,758, maturing April 1, 2014.	153,512	230,274
John Deere Credit Equipment Loan Interest at 3.90% per annum repayable at \$3,786.44 per month principal and interest, maturing November 17, 2015, secured by equipment.	73,206	114,902

WAR LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2014

11. LONG TERM DEBT AND ACCRUED INTEREST, continued	<u>2014</u>	<u>2013</u>
<p>The First Nation obtained financing to build houses through Section 95 CMHC housing loans. Through this program the Housing Authority receives government assistance of \$9,324.16 per month to operate the houses as rental units. The CMHC loans are secured by Ministerial guarantee, CMHC undertaking to insure and assignment of insurance.</p>		
CMHC Loan payable	\$ 44,985	97,961
Interest at 1.3% per annum repayable at \$4,521.81 per month principal and interest, maturing January 1, 2015.		
CMHC Loan payable	204,819	244,175
Interest at 1.92% per annum repayable at \$3,634.40 per month principal and interest, maturing April 1, 2017.		
CMHC Loan payable	345,753	358,078
Interest at 2.67% per annum repayable at \$1,803.08 per month principal and interest, maturing February 1, 2015.		
CMHC Loan payable	278,629	288,515
Interest at 2.65% per annum repayable at \$1,449.49 per month principal and interest, maturing February 1, 2015.		
CMHC Loan payable	394,877	408,176
Interest at 1.69% per annum repayable at \$1,670.27 per month principal and interest, maturing February 1, 2018.		
	<u>1,896,279</u>	<u>1,984,508</u>
Current portion	<u>1,274,477</u>	<u>348,782</u>
	\$ <u>621,802</u>	<u>1,635,726</u>

Estimated principal payments for the next four years are as follows:

2015	\$ 1,274,477
2016	86,936
2017	523,260
2018	<u>11,606</u>
	\$ <u>1,896,279</u>

WAR LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2014

12. RESERVE FUNDS 2014 2013

Replacement Reserve - Social Housing	\$ 138,515	121,279
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Agreements with Canada Mortgage and Housing Corporation provide for the accumulation of a replacement reserve. The replacement reserve is unfunded at March 31, 2014.

Operating Reserve - Social Housing -
Post 1996 Section 95 Programs

Under the terms of the agreement with Canada Mortgage and Housing Corporation, any surplus remaining after the payment of all costs and expenses, including the allocation to the Replacement Reserve, should be retained by the First Nation in an Operating Reserve Fund. These funds, along with the 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 mutually agreed to by the First Nation and CMHC. The funds in this account may only be used for the ongoing operating costs of the project. Accordingly, future years' deficits may be recovered from this fund. Withdrawals are credited to interest first then the principal. The operating reserve was \$NIL at March 31, 2014.

	<u>138,515</u>	<u>121,279</u>
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13. PREPAID EXPENSES 2014 2013

Administration		
Insurance - MPI	\$ 11,106	

Social Services		
April 2014 Welfare subsidy	<u>3,411</u>	<u>683</u>

	\$ <u>14,517</u>	<u>683</u>
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14. INVENTORY

Inventory consists of merchandise purchased for resale by War Lake Convenience Store. Inventory on hand at March 31, 2014 was \$105,546 (2013 - \$80,034).

WAR LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2014

15. TANGIBLE CAPITAL ASSETS

		2014			
		Cost	Additions	Cost	Accumulated
		Mar. 31/13	(Disposals)	Mar. 31/14	Amortization
					Net Book Value
Land	\$	33,000		33,000	33,000
Buildings		2,110,489		2,110,489	750,979
Infrastructure		6,692,604		6,692,604	412,104
Vehicles		252,154	84,714	336,868	197,950
Equipment		916,388	318,097	1,234,485	444,105
CMHC Housing		3,307,945		3,307,945	1,656,867
	\$	13,312,580	402,811	13,715,391	3,462,005
					10,253,386

		2013			
		Cost	Additions	Cost	Accumulated
		Mar. 31/12	(Disposals)	Mar. 31/13	Amortization
					Net Book Value
Land	\$	33,000		33,000	33,000
Buildings		2,110,489		2,110,489	666,559
Infrastructure		6,638,672	53,932	6,692,604	144,400
Vehicles		222,954	29,200	252,154	185,455
Equipment		829,013	87,375	916,388	336,173
CMHC Housing		2,836,221	471,724	3,307,945	1,543,417
	\$	12,670,349	642,231	13,312,580	2,876,004
					10,436,576

16. ACCUMULATED SURPLUS

A portion of this balance includes surpluses and/or deficits from funds contributed by government agencies. Such surpluses/deficits may be subject to repayment or recovery by the contributing agencies, depending on the terms and conditions of the relevant agreements.

17. ECONOMIC DEPENDENCE

The organization is economically dependent on the Government of Canada.

18. FEDERAL ASSISTANCE PAYMENTS

The projects have received federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 95 of the National Housing Act to enable the project to provide housing to low-income individuals. The amount of assistance received in 2014 was \$107,848 (2013 - \$92,355).

WAR LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2014

19. CONTINGENT LIABILITY

The First Nation is contingently liable to AANDC in the amount of \$ 180,480 consisting of the following:

Social Services - 2011/2012	\$ 8,782
Social Services - 2008/2009	35,845
In-Home Care - 1996 to 2000	<u>135,853</u>
	\$ <u>180,480</u>

To date, the First Nation has yet to make a proposal to accept or reject these claims.

20. COMPARATIVE AND BUDGET FIGURES

Prior year's comparative amounts have been reclassified where necessary to conform to the current period's presentation. Certain comparative figures for the previous period have not been shown as the information is considered not to be meaningful for comparison with the current period. The budget figures are unaudited.

21. SUBSEQUENT EVENTS

Subsequent to year end, War Lake First Nation invested \$156,279 in a one year cashable Guaranteed Investment Certificate of which \$138,515 was for replacement reserve funds as required in accordance with the CMHC Section 95 operating agreements.

WAR LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2014

22. SEGMENT DISCLOSURE

	<u>Band Government</u>		<u>Social Services</u>		<u>Economic Development</u>	
	<u>Budget</u>	<u>2014</u>	<u>Budget</u>	<u>2014</u>	<u>Budget</u>	<u>2014</u>
		<u>2013</u>		<u>2013</u>		<u>2013</u>
REVENUE						
Federal government	\$	197,791	197,791	199,674	30,917	30,917
Provincial government				294,176	30,917	30,917
Economic activities				292,093		
Net income (loss) from investments in government business enterprises			2			
Tangible capital asset addition		402,811				
Contributed capital - CMHC 2 units project						
Other revenue		249,938	309,764	169,355		
		447,729	910,366	369,031	30,917	30,917
TOTAL REVENUE			16,347	(43,705)		
			310,523	250,471	30,917	30,917
EXPENSES						
Honoraria	123,500	122,887				
Wages and benefits	60,042	65,352	36,001	37,261	23,005	27,821
Amortization		458,416				
Debt servicing/Interest long term		11,740				
Other expenses	235,447	238,116	274,579	223,815	3,096	3,637
		418,989	310,580	261,076	26,101	31,458
TOTAL EXPENSES						
		28,740	13,855	47,318	4,816	(541)
ANNUAL SURPLUS (DEFICIT)	\$		(57)	(10,605)		

WAR LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2014

22. SEGMENT DISCLOSURE

	<u>Education</u>		<u>Public Works</u>		<u>Capital Projects</u>	
	<u>Budget</u>	<u>2014</u>	<u>Budget</u>	<u>2014</u>	<u>Budget</u>	<u>2014</u>
		<u>2013</u>		<u>2013</u>		<u>2013</u>
REVENUE						
Federal government	\$ 488,806	422,035	398,175	231,051	47,714	143,700
Provincial government						143,700
Economic activities						
Net income from investments in government business enterprises						53,932
Tangible capital asset addition						62,988
Contributed capital - CMHC 2 units project	13,500	41,367	36,577	48,176	(60,000)	762,914
Other revenue	502,306	463,402	434,752	279,227	83,700	1,023,534
TOTAL REVENUE						
EXPENSES						
Honoraria						
Wages and benefits	26,322	22,933	27,784	54,525	43,776	54,886
Amortization						3,556
Debt servicing/Interest long term						8,439
Other expenses	475,984	435,413	401,523	221,739	532,338	131,979
					89,923	87,406
TOTAL EXPENSES	502,306	458,346	429,307	276,264	89,923	97,666
						643,947
ANNUAL SURPLUS (DEFICIT)	\$	<u>5,056</u>	<u>5,445</u>	<u>2,963</u>	<u>50,156</u>	<u>46,034</u>
						<u>379,587</u>

WAR LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2014

22. SEGMENT DISCLOSURE

	Housing		Health	
	<u>Budget</u>	<u>2014</u>	<u>Budget</u>	<u>2014</u>
		<u>2013</u>		<u>2013</u>
REVENUE				
Federal government	\$ 115,255	107,848	92,355	323,850
Provincial government				324,182
Economic activities				
Net income from investments in government business enterprises				
Tangible capital asset addition				
Contributed capital - CMHC 2 units project				
Other revenue	<u>138,620</u>	<u>160,055</u>	<u>237,260</u>	
TOTAL REVENUE	<u>253,875</u>	<u>267,903</u>	<u>329,615</u>	<u>324,182</u>
EXPENSES				
Honoraria				
Wages and benefits			161,767	150,212
Amortization	100,000	127,585	109,894	145,886
Debt servicing/Interest long term	71,804	29,207	25,990	
Other expenses	<u>93,753</u>	<u>115,911</u>	<u>100,788</u>	<u>192,505</u>
TOTAL EXPENSES	<u>265,557</u>	<u>272,703</u>	<u>315,352</u>	<u>338,391</u>
ANNUAL SURPLUS (DEFICIT)	\$ <u>(11,682)</u>	<u>(4,800)</u>	<u>92,943</u>	<u>(130)</u>
			<u>8,498</u>	<u>(14,209)</u>

WAR LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2014

22. SEGMENT DISCLOSURE

	<u>Community Development</u>		<u>Total</u>	
	<u>Budget</u>	<u>2014</u>	<u>Budget</u>	<u>2014</u>
REVENUE				
Federal government	\$ 159,958	70,200	1,985,504	1,821,568
Provincial government	139,139	534,426	139,139	534,426
Economic activities				
Net income from investments in government business enterprises				(145,969)
Tangible capital asset addition				402,811
Contributed capital - CMHC 2 units project				62,988
Other revenue	<u>1,107,360</u>	<u>838,411</u>	<u>1,513,941</u>	<u>1,701,111</u>
TOTAL REVENUE	<u>1,406,457</u>	<u>1,443,037</u>	<u>3,638,584</u>	<u>3,692,348</u>
EXPENSES				
Honoraria	12,040	12,040	135,540	134,927
Wages and benefits	346,921	341,737	708,583	684,276
Amortization			100,000	586,001
Debt servicing/Interest long term			71,804	51,207
Other expenses	<u>951,583</u>	<u>960,303</u>	<u>2,499,689</u>	<u>2,774,982</u>
TOTAL EXPENSES	<u>1,310,544</u>	<u>1,314,080</u>	<u>3,515,616</u>	<u>3,574,579</u>
ANNUAL SURPLUS (DEFICIT)	\$ <u>95,913</u>	<u>128,957</u>	<u>122,968</u>	<u>117,769</u>