

WAR LAKE FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

WAR LAKE FIRST NATION
MARCH 31, 2015

COUNCIL

Chief
Councillor
Councillor

Betsy Kennedy
Phillip Morris
Thomas Nepitabo

FIRST NATION ADMINISTRATION

First Nation Administrator

Kathleen Wavey

Social Service Administrator

Jennifer Bloomfield

WAR LAKE FIRST NATION
INDEX
FOR THE YEAR ENDED MARCH 31, 2015

MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS	<u>EXHIBIT</u>
INDEPENDENT AUDITORS' REPORT	"A"
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	"B"
CONSOLIDATED STATEMENT OF ACCUMULATED SURPLUS	"C"
CONSOLIDATED STATEMENT OF OPERATIONS	"D"
CONSOLIDATED STATEMENT OF REVENUE AND EXPENSES	"E"
CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT	"F"
CONSOLIDATED STATEMENT OF CASH FLOWS	"G"
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	"H"
AUDITORS' COMMENTS ON SUPPLEMENTARY FINANCIAL INFORMATION	"I"

WAR LAKE FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015

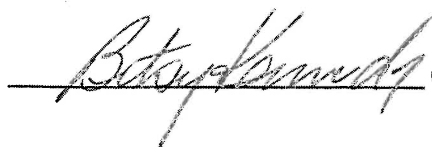
MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

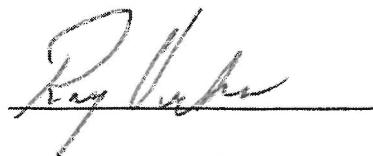
The consolidated financial statements of the War Lake First Nation are the responsibility of management and have been approved by the Chief and Council.

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

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.)

101 - 1180 Pembina Highway
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Telephone (204) 452-6449
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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 statement of financial position as at March 31, 2015 and the consolidated statements of accumulated surplus, operations, revenue and expenses, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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

EXHIBIT "A"

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INDEPENDENT AUDITORS' REPORT

Basis for Qualified Opinion

Inventory consists of merchandise and fuel 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, 2015, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.




WINNIPEG, MANITOBA
August 24, 2015.

CHARTERED ACCOUNTANTS

WAR LAKE FIRST NATION
 CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2015

	<u>2015</u>	<u>2014</u>
FINANCIAL ASSETS		
Cash, Note 3	\$ 548,468	
Restricted cash and trust funds, Note 4	169,726	78,104
Accounts receivable, Note 5	382,005	501,522
Investments, Note 6	204,716	174
Due from related party, Note 7	<u>19,070</u>	<u>335,924</u>
	<u>1,323,985</u>	<u>915,724</u>
LIABILITIES		
Bank indebtedness, Note 3		38,353
Accounts payable and accrued liabilities, Note 8	932,839	349,714
Advances, Note 9	150,000	150,000
Deferred revenue, Note 10	223,326	229,757
Long term debt, Note 11	1,403,274	1,896,279
Reserve Funds, Note 12	<u>116,637</u>	<u>138,515</u>
	<u>2,826,076</u>	<u>2,802,618</u>
NET DEBT, Exhibit "F"	<u>(1,502,091)</u>	<u>(1,886,894)</u>
NON-FINANCIAL ASSETS		
Prepaid expenses, Note 13	21,921	14,517
Inventory, Note 14	83,009	105,546
Tangible capital assets, Note 15	<u>10,132,827</u>	<u>10,253,386</u>
	<u>10,237,757</u>	<u>10,373,449</u>
ACCUMULATED SURPLUS, Exhibit "C"	\$ <u>8,735,666</u>	<u>8,486,555</u>
CONTINGENT LIABILITY, Note 19		

APPROVED ON BEHALF OF FIRST NATION COUNCIL

 CHIEF

 COUNCILLOR

WAR LAKE FIRST NATION
CONSOLIDATED STATEMENT OF ACCUMULATED SURPLUS
FOR THE YEAR ENDED MARCH 31, 2015

	<u>2015</u>	<u>2014</u>
BALANCE AT BEGINNING OF YEAR	\$ 8,486,555	8,258,032
ANNUAL SURPLUS (DEFICIT), Exhibit "D"	<u>249,111</u>	<u>228,523</u>
BALANCE AT END OF YEAR	\$ <u>8,735,666</u>	<u>8,486,555</u>

WAR LAKE FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2015

	<u>2015</u>		<u>2014</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
REVENUE			
Federal Government			
AANDC	\$ 1,255,832	1,167,732	1,358,028
Health Canada	336,000	336,000	323,850
Canada Mortgage and Housing Corporation	179,468	99,968	107,848
Public Service	47,486	23,639	31,842
Provincial government	184,009	177,081	534,426
Other	<u>1,959,377</u>	<u>2,671,172</u>	<u>1,515,544</u>
	<u>3,962,172</u>	<u>4,475,592</u>	<u>3,871,538</u>
EXPENSES			
First Nation Management	487,422	426,301	438,095
Social Services	300,347	326,689	261,076
Economic Development	30,917	30,917	30,917
War Lake Convenience Store Ltd.		159,102	219,495
Hydro Development	6,960	6,960	7,500
Health Services	331,313	342,036	323,980
Operating Programs	1,882,168	1,519,702	1,140,280
Public Works	189,144	231,310	576,114
Capital	257,982	283,626	97,666
CMHC Housing Operations	250,738	246,009	272,703
Trust Funds		<u>661,986</u>	<u>219,584</u>
	<u>3,736,991</u>	<u>4,234,638</u>	<u>3,587,410</u>
ANNUAL SURPLUS (DEFICIT)			
BEFORE OTHER ITEMS	\$ <u>225,181</u>	240,954	284,128
OTHER ITEMS			
Transfer to tangible capital assets		506,484	402,811
Amortization		(620,804)	(586,001)
CMHC Amortization reversal		<u>122,477</u>	<u>127,585</u>
ANNUAL SURPLUS (DEFICIT)		\$ <u>249,111</u>	<u>228,523</u>

WAR LAKE FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2015

	<u>2015</u>		<u>2014</u>
	<u>Revenue</u>	<u>Expenses</u>	<u>Annual Surplus (Deficit)</u>
Operating Fund, Exhibit "E"	\$ 3,565,732	3,326,643	239,089
CMHC Housing	247,871	246,009	1,862
Trust Fund, Exhibit "E"	<u>661,989</u>	<u>661,986</u>	<u>3</u>
	\$ <u>4,475,592</u>	<u>4,234,638</u>	240,954
OTHER ITEMS			
Transfer to tangible capital assets, Schedule 13			506,484
Amortization			(620,804)
CMHC Amortization reversal, Schedule 10			<u>122,477</u>
ANNUAL SURPLUS (DEFICIT)		\$	<u>249,111</u>
			<u>228,523</u>

WAR LAKE FIRST NATION
CONSOLIDATED STATEMENT OF REVENUE AND EXPENSES
FOR THE YEAR ENDED MARCH 31, 2015

OPERATIONS	Schedule	2015				Expenses	Annual Surplus (Deficit)	2014 Annual Surplus (Deficit)
		Revenue						
		AANDC	Other	Transfers	Total			
First Nations Management	1	\$ 198,804	353,052	(63,000)	488,856	426,301	62,555	76,460
Social Services	2	274,505	48,900		323,405	326,689	(3,284)	(10,605)
Economic Development	3	30,917			30,917	30,917		
War Lake Convenience Store Ltd.	4		271,074		271,074	159,102	111,972	92,415
Hydro Development - Keeyask Project	5		2,938		2,938	6,960	(4,022)	(7,500)
Health Services	6		336,000		336,000	342,036	(6,036)	(130)
Operating Programs	7	410,580	1,259,798	(56,221)	1,614,157	1,519,702	94,455	49,097
Public Works	8	109,226	122,084		231,310	231,310		43,156
Capital	9	143,700	68,375	55,000	267,075	283,626	(16,551)	46,034
		1,167,732	2,462,221	(64,221)	3,565,732	3,326,643	239,089	288,927
<u>CMHC HOUSING OPERATING</u>								
CMHC Housing	10		183,650	64,221	247,871	246,009	1,862	(4,800)
<u>TRUST FUND</u>								
Robert F. Roddick Trust Funds	11		661,986		661,986	661,986		
Ottawa Trust Fund	12		3		3		3	1
			661,989		661,989	661,986	3	1
TOTAL		\$ 1,167,732	3,307,860		4,475,592	4,234,638	240,954	284,128

WAR LAKE FIRST NATION
CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT
FOR THE YEAR ENDED MARCH 31, 2015

	<u>2015</u>	<u>2014</u>
ANNUAL SURPLUS, Exhibit "D"	\$ 249,111	228,523
Acquisition of tangible capital assets	(506,484)	(402,811)
Net book value of disposition of tangible capital asset	6,239	
Amortization of tangible capital assets	620,804	586,001
Change in prepaid expenses	(7,404)	(13,834)
Change in inventory	<u>22,537</u>	<u>(25,512)</u>
DECREASE IN NET DEBT	384,803	372,367
NET DEBT AT BEGINNING OF YEAR	<u>(1,886,894)</u>	<u>(2,259,261)</u>
NET DEBT AT END OF YEAR	\$ <u>(1,502,091)</u>	<u>(1,886,894)</u>

WAR LAKE FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2015

	<u>2015</u>	<u>2014</u>
OPERATING TRANSACTIONS		
Annual surplus, Exhibit "D"	\$ 249,111	228,523
Add non-cash items		
Amortization	620,804	586,001
Replacement reserve	(21,878)	17,236
Gain on sale of tangible capital assets	(1,761)	
Net change in financial assets/liabilities, prepaid expenses and inventory		
Restricted cash and trust funds	(91,622)	102,589
Accounts receivable	119,517	(96,138)
Inventory	22,537	(25,512)
Prepaid expenses	(7,404)	(13,834)
Accounts payable	583,125	(344,271)
Due from related party	316,854	(335,924)
Deferred revenue	<u>(6,431)</u>	<u>142,351</u>
	<u>1,782,852</u>	<u>261,021</u>
CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets	(121,380)	(402,811)
Change in capital assets under construction	(385,104)	
Disposition of tangible capital asset	<u>8,000</u>	
	<u>(498,484)</u>	<u>(402,811)</u>
FINANCING TRANSACTIONS		
Proceeds from long term debt		300,135
Principal repayments on long term debt	<u>(493,005)</u>	<u>(388,364)</u>
	<u>(493,005)</u>	<u>(88,229)</u>
INVESTING TRANSACTIONS		
Increase in long term investments	<u>(204,542)</u>	_____
NET CHANGE IN CASH POSITION	586,821	(230,019)
CASH POSITION (BANK INDEBTEDNESS) AT BEGINNING OF YEAR	<u>(38,353)</u>	<u>191,666</u>
CASH POSITION (BANK INDEBTEDNESS) AT END OF YEAR	\$ <u>548,468</u>	<u>(38,353)</u>

WAR LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

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.

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
Cree Nation Partners Limited Partnership	150 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
FOR THE YEAR ENDED MARCH 31, 2015

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.

WAR LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES, continued

f) Financial Instruments

Initial and subsequent measurement

The First Nation initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The First Nation subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in the fair value of these financial instruments are recognized in net income in the period incurred.

Financial assets measured at amortized cost on a straight-line basis include cash and accounts receivable.

Financial liabilities measured at amortized cost on a straight-line basis include accounts payable and accrued liabilities.

Financial assets measured at fair value include quoted shares.

Transaction costs

Transactions costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in net income over the life of the instrument using the straight-line method.

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.

WAR LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

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>2015</u>	<u>2014</u>
CASH AT BANK		
Administration - Operations	\$ 527,899	(83,843)
Social Services	(3,852)	3,897
Water and Sewer Project		7,107
War Lake Convenience Store	7,209	18,653
Hockey Rink	6,240	5,007
Robert F. Roddick Professional Corporation ITF		
War Lake First Nation	<u>13,377</u>	<u>78,037</u>
	550,873	28,858
GUARANTEED INVESTMENT CERTIFICATE		
Administration	10,972	10,826
CMHC Replacement Reserve	<u>156,279</u>	
	718,124	39,684
LESS: Amount allocated to restricted cash, Note 4	<u>(169,656)</u>	<u>(78,037)</u>
CASH AND CASH EQUIVALENTS (BANK INDEBTEDNESS)	\$ <u>548,468</u>	<u>(38,353)</u>

4. RESTRICTED CASH AND TRUST FUNDS

	<u>2015</u>	<u>2014</u>
Restricted cash		
CMHC replacement reserve fund, Note 12	\$ 156,279	
Robert F. Roddick Professional Corporation	<u>13,377</u>	<u>78,037</u>
	169,656	78,037
Trust Fund - Ottawa Trust Accounts	<u>70</u>	<u>67</u>
	\$ <u>169,726</u>	<u>78,104</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.

WAR LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

4. RESTRICTED CASH AND TRUST FUNDS, continued

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	\$ 65	2	67
Amounts placed on deposit during the year	<u>3</u>	<u>—</u>	<u>3</u>
Balance at end of year	\$ <u>68</u>	<u>2</u>	<u>70</u>

5. ACCOUNTS RECEIVABLE

	<u>2015</u>	<u>2014</u>
Administration		
Health Canada	\$	1,033
Government of Canada	8,254	9,154
Manitoba Hydro		33,132
Province of Manitoba	36,154	48,377
Trade receivables	221,543	172,783
Band members (8)	<u>17,584</u>	<u>13,615</u>
	283,535	278,094
Allowance for doubtful accounts	<u>(4,300)</u>	<u>(1,106)</u>
	<u>279,235</u>	<u>276,988</u>
CMHC - Subsidy	<u>6,251</u>	<u>8,975</u>
Robert F. Roddick Professional Corporation		
ITF War Lake First Nation - Manitoba Hydro	<u>75,738</u>	<u>141,407</u>
War Lake Convenience Store Ltd.		
CRA - GST	4,868	4,164
Province of Manitoba	15,374	5,293
Manitoba Hydro		33,700
Trade receivables	<u>20,634</u>	<u>35,366</u>
	40,876	78,523
Allowance for doubtful accounts	<u>(20,095)</u>	<u>(5,599)</u>
	<u>20,781</u>	<u>72,924</u>
Hockey Rink		
Trade receivables	<u>—</u>	<u>1,228</u>
TOTAL ACCOUNTS RECEIVABLE	\$ <u>382,005</u>	<u>501,522</u>

WAR LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

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 (CNPLP) #2.

5925640 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 entering into a joint venture agreement with Sigfusson Northern Ltd. effective November 9, 2009 to form an entity known as Amish Construction. The agreement calls for CNPLP #2 to participate in a 51% share of net gains and profits and/or share in the losses and liabilities of the joint venture.

	<u>2015</u>	<u>2014</u>
Long term investment, at cost		
Investment in CNPLP #2		
- Units	\$ 8	8
- Contributed capital	<u>49,406</u>	
	\$ <u>49,414</u>	<u>8</u>

- ii) The First Nation has entered into a limited partnership agreement with Tataskweyak Cree Nation as limited partners in Cree Nation Partners Limited Partnership (CNPLP) #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 CNPLP #3 was formed for the purpose of entering into joint venture with:

- Criti Care Inc., effective March 29, 2012 to enter into negotiations with Manitoba Hydro to provide first aid services during construction of the Keeyask Generating Station
- Newton Mechanical Inc. on April 13, 2012 to provide camp maintenance services during construction of the Keeyask Generating Station.

Long term investment, at cost		
Investment in CNPLP #3		
- Units	\$ 8	8
- Partners' current account	54,383	
- Shares in general partner	<u>8</u>	<u>8</u>
	\$ <u>54,399</u>	<u>16</u>

WAR LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

6. INVESTMENTS, continued

- iii) The First Nation has entered into a limited partnership agreement with Tataskweyak Cree Nation as limited partners in Cree Nation Partners Limited Partnership (CNPLP).

5872006 Manitoba Ltd., a corporation incorporated under the Corporations Act of Manitoba, is a 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 CNPLP was established to hold its investment in Keeyask Hydro Power Limited Partnership (KHLP). The KHLP was established to own, construct and operate the Keeyask Hydro Generating Project with the objective of producing profits by generating and selling electrical energy.

	<u>2015</u>	<u>2014</u>
Long term investment, at cost		
Investment in CNPLP		
- Units	\$ 150	150
- Partners' contribution	101,171	
- Partners' share of loss	<u>(418)</u>	
	\$ <u>100,903</u>	<u>150</u>
 TOTAL INVESTMENTS	 \$ <u>204,716</u>	 <u>174</u>

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>2015</u>	<u>2014</u>
Administration		
Trade payables	\$ 733,424	228,512
AANDC recovery	<u>4,254</u>	<u>4,254</u>
	<u>737,678</u>	<u>232,766</u>
CMHC		
Trade payables	<u>10,800</u>	<u>10,800</u>
Robert F. Roddick Professional Corp. ITF War Lake First Nation		
Trade payables	<u>23,518</u>	<u>17,161</u>
Social Services		
AANDC recovery	<u>122,373</u>	<u>10,189</u>

WAR LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES, continued

War Lake Convenience Store Ltd.		
CRA - Source deductions	\$	228
Manitoba Hydro		626
Province of Manitoba - PST	1,704	
Trade payables	<u>36,766</u>	<u>77,944</u>
	<u>38,470</u>	<u>78,798</u>

TOTAL ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	\$	<u>932,839</u>	<u>349,714</u>
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9. ADVANCES FROM MANITOBA HYDRO 2015 2014

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

10. DEFERRED REVENUE

	<u>Schedule</u>	<u>Opening Balance</u>	<u>Funding Received</u>	<u>Revenue Recognized</u>	<u>Closing Balance</u>
Keeyask Adverse Effects	7-9	\$	495,717	306,186	189,531
War Lake Convenience Store Ltd.	9-2	27,227	57,726	84,180	773
Hockey Rink	9-2	14,235	109,140	123,375	
Robert Roddick Trust/Keeyask Programs	12-1	<u>188,295</u>	<u>506,713</u>	<u>661,986</u>	<u>33,022</u>
		<u>\$ 229,757</u>	<u>1,169,296</u>	<u>1,175,727</u>	<u>223,326</u>

11. LONG TERM DEBT AND ACCRUED INTEREST 2015 2014

Royal Bank of Canada Loan	\$	2,753
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.		
Royal Bank of Canada Loan	135,797	207,933
Variable rate term loan with interest at prime plus 2.50%, repayable at \$6,810.33 per month principal and interest, maturing December 23, 2015, secured by equipment.		

WAR LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

11. LONG TERM DEBT AND ACCRUED INTEREST, continued	<u>2015</u>	<u>2014</u>
Royal Bank of Canada Loan	\$ 14,284	36,608
Variable rate term loan with interest at prime plus 2.50%, repayable at \$1,981.31 per month principal and interest, maturing December 23, 2015, secured by equipment.		
First Peoples' Economic Growth Fund Inc.		108,035
Demand loan with no interest, repayable at \$2,679 per month principal.		
Royal Bank of Canada Loan		45,169
Fixed revolving term loan with interest at 5.38%, repayable in annual instalments of \$62,611, maturing January 1, 2015.		
Royal Bank of Canada Loan	76,754	153,512
Variable rate term loan with interest at prime plus 2%, repayable in annual instalments of \$76,754, maturing November 1, 2015.		
John Deere Credit Equipment Loan	29,854	73,206
Interest at 3.90% per annum repayable at \$3,786.44 per month principal and interest, maturing November 17, 2015, secured by equipment.		
The First Nation obtained financing to build houses through Section 95 CMHC housing loans. Through this program the Housing Authority receives government assistance of \$6,250.99 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.		
CMHC Loan payable		44,985
Interest at 1.3% per annum repayable at \$4,521.81 per month principal and interest, maturing January 1, 2015.		
CMHC Loan payable	164,704	204,819
Interest at 1.92% per annum repayable at \$3,634.40 per month principal and interest, maturing April 1, 2017.		
CMHC Loan payable	332,515	345,753
Interest at 1.12% per annum repayable at \$1,556.93 per month principal and interest, maturing February 1, 2020.		

WAR LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

11. LONG TERM DEBT AND ACCRUED INTEREST, continued	<u>2015</u>	<u>2014</u>
CMHC Loan payable Interest at 1.12% per annum repayable at \$1,250.43 per month principal and interest, maturing February 1, 2020.	\$ 268,014	278,629
CMHC Loan payable Interest at 1.69% per annum repayable at \$1,670.27 per month principal and interest, maturing February 1, 2018.	381,352	394,877
	<u>1,403,274</u>	<u>1,896,279</u>
Current portion	<u>334,611</u>	<u>1,274,477</u>
	\$ <u>1,068,663</u>	<u>621,802</u>

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

2016	\$ 334,611
2017	79,569
2018	81,251
2019	79,590
2020	517,947
Thereafter	<u>310,306</u>
	\$ <u>1,403,274</u>

12. RESERVE FUNDS

i) Replacement Reserve - Social Housing

Agreements with Canada Mortgage and Housing Corporation provide for the accumulation of a replacement reserve.

Under the terms of the Section 95 operating agreements with CMHC, the replacement reserve is to be credited with an annual allocation as follows:

	<u>2015</u>	<u>2014</u>
Pre 1997 Section 95 Program		
Ten Units	\$ 4,125	5,500
Eight Units	<u>4,000</u>	<u>4,000</u>
	<u>8,125</u>	<u>9,500</u>
Post 1996 Section 95 Program		
Two Units, IAD January 1/10	2,800	2,800
Two Units, IAD February 1/10	2,800	2,800
Two Units, IAD February 1/13	<u>2,400</u>	<u>2,400</u>
	<u>8,000</u>	<u>8,000</u>
	\$ <u>16,125</u>	<u>17,500</u>
Cumulative Reserve funds allocation (net of expenditures)	\$ <u>116,637</u>	<u>138,515</u>

The reserve is fully funded as at March 31, 2015.

WAR LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

12. RESERVE FUNDS	<u>2015</u>	<u>2014</u>
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ii) 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, 2015.

	<u>\$ 116,637</u>	<u>138,515</u>
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13. PREPAID EXPENSES	<u>2015</u>	<u>2014</u>
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Administration

Insurance - MPI	\$ 17,303	11,106
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Social Services

April 2014 Welfare subsidy	<u>4,618</u>	<u>3,411</u>
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	\$ <u>21,921</u>	<u>14,517</u>
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14. INVENTORY

Inventory consists of merchandise and fuel purchased for resale by War Lake Convenience Store. Inventory on hand at March 31, 2015 was \$83,009 (2014 - \$105,546).

WAR LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

15. TANGIBLE CAPITAL ASSETS

		2015			
		Cost	Additions	Cost	Accumulated
		Mar. 31/14	(Disposals)	Mar. 31/15	Amortization
					Net Book Value
Land	\$	33,000		33,000	33,000
Buildings		2,110,489		2,110,489	835,399
Infrastructure		6,692,604		6,692,604	679,808
Vehicles		336,868	(7,518)	329,350	196,188
Equipment		1,234,485	97,699	1,332,184	576,137
CMHC Housing		3,307,945		3,307,945	1,770,317
Assets Under Construction			385,104	385,104	
	\$	13,715,391	475,285	14,190,676	4,057,849
					10,132,827

		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

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 2015 was \$99,968 (2014 - \$107,848).

WAR LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

19. CONTINGENT LIABILITY

The First Nation is contingently liable to AANDC in the amount of \$171,698 consisting of the following:

Social Services - 2003/2004	\$ 35,845
In-Home Care - 1996 to 2000	<u>135,853</u>
	\$ <u>171,698</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.

WAR LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

21. SEGMENT DISCLOSURE

	Band Government		Social Services		Economic Development	
	Budget	2015	Budget	2015	Budget	2015
REVENUE						
Federal government	\$	198,904	198,804	197,791	294,196	294,176
Provincial government						
Economic activities						
Net income (loss) from investments in government business enterprises						
Tangible capital asset addition		506,484	506,484	402,811		
Contributed capital - CMHC 2 units project						
Other revenue		<u>476,960</u>	<u>353,052</u>	<u>309,764</u>	<u>(43,705)</u>	
TOTAL REVENUE		<u>1,182,348</u>	<u>1,058,340</u>	<u>910,366</u>	<u>294,196</u>	<u>250,471</u>
EXPENSES						
Honoraria		123,500	122,887	122,887		
Wages and benefits		59,877	57,823	65,352		
Amortization		445,184	445,184	458,416	32,448	37,261
Debt servicing/Interest long term		10,200	7,903	11,740		
Other expenses		<u>293,845</u>	<u>237,688</u>	<u>238,116</u>	<u>267,899</u>	<u>223,815</u>
TOTAL EXPENSES		<u>932,606</u>	<u>871,485</u>	<u>896,511</u>	<u>300,347</u>	<u>261,076</u>
SURPLUS (DEFICIT) BEFORE TRANSFERS		249,742	186,855	13,855	(6,151)	(10,605)
TRANSFERS		<u>(63,000)</u>	<u>(63,000)</u>			
ANNUAL SURPLUS (DEFICIT)	\$	<u>186,742</u>	<u>123,855</u>	<u>13,855</u>	<u>(6,151)</u>	<u>(10,605)</u>

WAR LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

21. SEGMENT DISCLOSURE

	Education		Public Works		Capital Projects	
	Budget	2015	2014	Budget	2015	2014
REVENUE						
Federal government	\$ 437,099	370,101	422,035	109,226	109,226	231,051
Provincial government					143,700	143,700
Economic activities					49,140	49,140
Net income from investments in government business enterprises						
Tangible capital asset addition						
Contributed capital - CMHC 2 units project						
Other revenue	44,144	49,867	41,367	74,400	122,084	395,219
TOTAL REVENUE	481,243	419,968	463,402	183,626	231,310	626,270
EXPENSES						
Honoraria					12,877	19,235
Wages and benefits	27,820	27,798	22,933	47,413	17,148	43,776
Amortization						
Debt servicing/Interest long term					2,460	4,558
Other expenses	444,959	374,372	435,413	141,731	244,722	279,068
TOTAL EXPENSES	472,779	402,170	458,346	189,144	257,982	283,626
SURPLUS (DEFICIT) BEFORE TRANSFERS	8,464	17,798	5,056	(5,518)	(52,265)	(71,551)
TRANSFERS					55,000	55,000
ANNUAL SURPLUS (DEFICIT)	\$ 8,464	17,798	5,056	(5,518)	2,735	(16,551)
						46,034

WAR LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

21. SEGMENT DISCLOSURE

	Housing		Health	
	Budget	2015	Budget	2014
REVENUE				
Federal government	\$ 115,248	99,968	336,000	323,850
Provincial government				
Economic activities				
Net income from investments in government business enterprises				
Tangible capital asset addition				
Contributed capital - CMHC 2 units project				
Other revenue	74,400	83,682		
TOTAL REVENUE	189,648	183,650	336,000	323,850
EXPENSES				
Honoraria				
Wages and benefits			168,388	150,212
Amortization	130,217	122,477		
Debt servicing/Interest long term	26,671	24,926		
Other expenses	93,850	98,606	162,925	173,768
TOTAL EXPENSES	250,738	246,009	331,313	323,980
SURPLUS (DEFICIT) BEFORE TRANSFERS	(61,090)	(62,359)	4,687	(130)
TRANSFERS	64,220	64,221		
ANNUAL SURPLUS (DEFICIT)	\$ 3,130	1,862	4,687	(130)

WAR LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

22. SEGMENT DISCLOSURE

	Community Development		Total	
	Budget	2015	2014	Budget
REVENUE				
Federal government	\$ 71,033	64,118	70,200	1,736,323
Provincial government	134,869	127,941	534,426	1,627,339
Economic activities				184,009
Net income from investments in government business enterprises				177,081
Tangible capital asset addition				534,426
Contributed capital - CMHC 2 units project				
Other revenue				506,484
				402,811
TOTAL REVENUE	1,359,059	1,938,128	838,411	2,041,840
	1,564,961	2,130,187	1,443,037	2,566,048
				1,701,111
EXPENSES				
Honoraria	12,040	12,040	12,040	135,540
Wages and benefits	363,648	456,022	341,737	738,215
Amortization	53,143	53,143		773,312
Debt servicing/Interest long term				628,544
Other expenses				620,804
	39,331	37,387		586,001
	51,207			
TOTAL EXPENSES	1,040,661	1,421,294	960,303	39,331
	2,693,688	3,061,411	2,774,982	37,387
				51,207
	1,469,492	1,942,499	1,314,080	2,693,688
				3,061,411
				2,774,982
SURPLUS (DEFICIT) BEFORE TRANSFERS	95,469	187,688	128,957	4,235,318
				4,627,841
				4,231,393
TRANSFERS	(56,220)	(56,221)		
ANNUAL SURPLUS (DEFICIT)	\$ 39,249	131,467	128,957	233,338
				249,111
				228,523