

WUSKWI SIPIHK FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014
Audited



R.M. ELLINGSON

Certified Management Accountant Corp.

1710 Main St. East Box 356
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Reg Ellingson, CMA

Shannon Bresky, Bus. Admin. Diploma

AUDITOR'S REPORT

TO THE CHIEF AND COUNCIL OF WUSKWI SIPIHK FIRST NATION

I have audited the accompanying consolidated financial statements of Wuskwi Sipiik first Nation which comprise the statement of financial position as at March 31, 2014 and the statements of surplus and operations 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

The Band's 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted accounting standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in these financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of these 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 these 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 these financial statements.

Opinion

I was unable to obtain sufficient documentation to support certain revenue sources, payroll components, and numerous expenditures that may have been incurred by the First Nation at the end of the year. In addition, no formal budgets were approved, and controls were not consistently followed in all areas of the accounting system. As a result, I was unable to determine the existence, completeness, and accuracy of financial reporting of certain program components. I was not able to determine whether certain adjustments may be necessary to program revenues, expenditures, surpluses, and net assets.

In my opinion, due to the above stated circumstances, I am unable to comment on whether these financial statements present fairly the financial position of Wuskwi Sipiik First Nation as at March 31, 2014 and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Certified Management Accountant

Swan River, MB
February 16, 2015

WUSKWI SIPIHK FIRST NATION

March 31, 2014

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of Wuskwi SipiHK First Nation and all the information in this annual audit are the responsibility of management and have been approved by the Chief and the Band Administrator on behalf of Council.

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. 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 First Nation maintains systems 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 First Nation's assets are appropriately accounted for and adequately safeguarded.

Chief and Council are responsible for ensuring that management fulfills its responsibility for financial reporting and are ultimately responsible for reviewing and approving the financial statements.

Chief and Council, composed of elected Band Members, review the First Nation's financial statements and recommends their approval. They also meet periodically with management, as well as the external auditor to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each part is properly discharging their responsibilities, and to review the annual report, the financial statements and the external auditor's report.

The financial statements have been audited by R.M. Ellingson, CMA Corp., in accordance with Canadian generally accepted auditing standards on behalf of the members. R.M. Ellingson, CMA Corp. has full and free access to the Finance Department and Chief and Council.



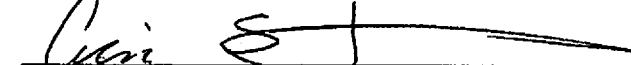
Chief



Councillor



Councillor



Councillor


WUSKWI SIPIHK FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at March 31, 2014

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	<u>2014</u>	<u>2013</u>
FINANCIAL ASSETS		
Cash and Temporary Investments (note 2)	\$ 848,743	\$ 666,909
Amounts Receivable (note 3 - 4)	802,052	724,363
Long-term Investments (note 5)	346,281	338,550
Inventories for Resale	1,312	44,813
	<u>\$ 1,998,388</u>	<u>\$ 1,774,635</u>
LIABILITIES		
Accounts Payable (note 7 - 8)	\$ 2,394,002	\$ 1,945,247
Deferred Revenue (note 9)	196,770	196,770
Due to Treaty Land Entitlement	326,965	315,829
Long Term Debt (note 10)	3,675,494	3,946,728
Reserves (note 12)	362,462	280,069
	<u>6,955,693</u>	<u>6,684,643</u>
NET DEBT	<u>\$ (4,957,305)</u>	<u>\$ (4,910,008)</u>
NON-FINANCIAL ASSETS		
Tangible Capital Assets (note 13)	9,106,911	9,284,931
Work-In-Progress	-	293,534
Prepaid Expenses	9,615	1,629
	<u>9,116,526</u>	<u>9,580,094</u>
ACCUMULATED SURPLUS (DEFICIT)	<u>\$ 4,159,221</u>	<u>\$ 4,670,086</u>

Economic Dependence (note 25)

Approved on Behalf of Chief and Council:


 Chief


 Councillor


 Councillor


 Councillor

WUSKWI SIPIHK FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS
Year Ended March 31, 2014

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	2014	2013
REVENUE		
Federal Government Transfer - AANDC	\$ 2,586,658	\$ 3,036,704
Provincial Government Transfer - Finance	7,453	4,898
Federal Government Transfer - Canada Gov't	901,672	763,899
Interest, Rentals, and Other	189,241	71,250
Swampy Cree Tribal Council	46,296	46,394
Cree Nation Tribal Health Centre Inc.	-	107,054
Investment Income	183,170	205,000
Gas Bar	1,256,860	2,028,243
User Fees and House Rental - Social	-	7,231
Gaming	109,962	184,622
TLEC - 3rd Party	76,691	19,952
MB Hydro - Bipole	9,027	35,983
CMHC - Subsidy	202,233	200,095
CMHC - Insurance Proceed	47,444	56,770
Housing Rent	178,080	169,338
Less: Allocation to Reserves-Ottawa Trust	(5,328)	-
Less: Allocation to Reserves	(40,870)	(37,531)
TOTAL REVENUE	5,748,589	6,899,902
EXPENDITURES, see attached	5,786,776	7,678,721
SURPLUS ON OPERATIONS	\$ (38,187)	\$ (778,819)
Amortization	(472,678)	(429,147)
Other - Equity injection to Housing Authority	-	676,434
ANNUAL SURPLUS (DEFICIT)	(510,865)	(531,532)
ACCUMULATED SURPLUS (DEFICIT), BEGINNING OF THE YEAR	4,670,086	5,201,618
ACCUMULATED SURPLUS (DEFICIT), END OF YEAR	\$ 4,159,221	\$ 4,670,086

WUSKWI SIPIHK FIRST NATION**CONSOLIDATED STATEMENT OF DIVISIONAL EXPENDITURES****Year Ended March 31, 2014**

	<u>2014</u>	<u>2013</u>
EXPENDITURES:		
Band Government/Community Operations	\$ 1,891,838	\$ 2,170,681
Education Authority	1,014,789	1,002,212
Medical Services	148,462	179,538
Social Services	472,263	557,621
Capital Facilities	16,486	733,868
Economic Development Fund	46,296	46,394
Health Authority	439,941	493,571
Housing Authority	198,715	264,844
Gaming	75,169	136,194
Development Corporation o/a Gas Bar	<u>1,482,817</u>	<u>2,093,798</u>
TOTAL EXPENDITURES	<u>\$ 5,786,776</u>	<u>\$ 7,678,721</u>

WUSKWI SIPIHK FIRST NATION
CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT
Year Ended March 31, 2014

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	2014 Actual	2013 Actual
ANNUAL SURPLUS (DEFICIT)	\$ (510,865)	\$ (531,532)
Acquisition of Tangible Capital Assets	(298,939)	(800,169)
Amortization of Tangible Capital Assets	476,959	429,147
Decrease (Increase) in Work-In-Progress	293,534	552,757
Decrease (Increase) in Prepaid Expenses	(7,986)	19,065
Change in Net Financial Assets	(47,297)	(330,732)
NET DEBT, BEGINNING OF YEAR	(4,910,008)	(4,579,276)
NET DEBT, END OF YEAR	\$ (4,957,305)	\$ (4,910,008)

WUSKWI SIPIHK FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOW
Year Ended March 31, 2014

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	<u>2014</u>	<u>2013</u>
OPERATING TRANSACTIONS		
Cash Receipts from Government Funding and Other	\$ 5,644,706	\$ 6,097,762
Cash Paid to Suppliers and Employees	(4,823,491)	(6,149,182)
Interest Paid	(143,870)	(282,847)
	<u>677,345</u>	<u>(334,267)</u>
CAPITAL TRANSACTIONS		
Acquisition of Fixed Assets (net)	<u>(298,939)</u>	<u>(800,169)</u>
INVESTING TRANSACTIONS		
Decrease in Investments	<u>(7,731)</u>	<u>(844)</u>
FINANCING TRANSACTIONS		
Proceeds of Long Term Debt	-	587,338
Repayment of Long Term Debt	(271,234)	(220,397)
Increase in Social Housing Fund Members' Equity	77,066	713,964
Redistribution of (Increase in) Ottawa Trust Funds	5,327	173
	<u>(188,841)</u>	<u>1,081,078</u>
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	181,834	(54,202)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>666,909</u>	<u>721,111</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 848,743</u></u>	<u><u>\$ 666,909</u></u>

WUSKWI SIPIHK FIRST NATION
NOTES TO THE FINANCIAL STATEMENT
As At March 31, 2014

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1. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

b) Reporting Entity

The Wuskwi Sipiik First Nation reporting entity includes the Wuskwi Sipiik First Nation government and all related entities that are controlled by the first nation.

The First Nation has been established primarily for the purposes of providing the delivery of essential services of the health, education, employment, social housing, economic development and service delivery for the members of the First Nation.

c) Principles of Consolidation

All controlled entities are fully consolidated on a line-by-line basis except for any commercial enterprises which meet the definition of government business enterprise, which are included in the Consolidated Financial Statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Organizations consolidated in Wuskwi Sipiik First Nation's financial statements include:

- Band Government/Community
- Community Services
- Employment and Job Creation
- Education Authority
- Medical Services
- Social Services
- Capital Facilities
- Economic Development Fund
- Development Corporation o/a Gas Bar
- Health Authority
- Gaming
- Land Holding Corporation
- Housing Authority
- Indian/Trust Monies

d) Cash and Temporary Investments

Cash and temporary investments include cash on hand, balances with banks net of bank overdrafts and term deposits having a maturity of three months or less from the date of acquisition which are held for the purpose of meeting short-term cash commitments.

e) Inventories for Resale

Inventories of supplies and goods available for resale are recorded at the lower of cost and net realizable value.

f) Loans Receivable

Loans receivable are recorded at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt as assessed by management. Loans are reviewed on an annual basis by Chief and Council. Interest income is accrued on loans receivable to the extent it is deemed collectable.

WUSKWI SIPIHK FIRST NATION
NOTES TO THE FINANCIAL STATEMENT
As At March 31, 2014

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g) Portfolio Investments

Portfolio investments are recorded at cost. Portfolio investments are written down where there has been a loss in value that is other than a temporary decline.

h) Non-Financial Assets

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

Entities with No Consolidation Requirement

The following entity's transactions are reported individually within the body of these financial statements. References to these entities are for information purposes only, however, they are not controlled in any way by the Wuskwi Sipiik First Nation. Therefore, there is no need for consolidation of the following entities:

Swampy Cree Tribal Council Inc.
Swampy Cree Holdings Ltd.
Cree Nation Tribal Health Centre Inc.
Wuskwi Sipiik First Nation Treaty Land Entitlement Trust (see Note 13)

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

i) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset. Donated assets are recorded at their estimated fair value upon acquisition. Certain tangible capital assets for which historical cost information is not available, have been recorded at current fair market values discounted by a relevant inflation factor.

The rates below are guidelines that will be applied upon completion of the listing. The amortization rate for housing is applying the principle pay down as amortized by Canada Mortgage and Housing Corporation. Only the Housing and Development Corporation have applied amortization within these financial statements.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and Wuski Sipiik First Nation's incremental cost of borrowing.

Amortization is provided for on the guidelines listed below.

General Tangible Capital Assets

Land	Indefinite
Land Improvements	10 to 30 years
Buildings and leasehold improvements	
Buildings	25 to 40 years
Leasehold improvements	Life of lease
Vehicles and Equipment	
Vehicles	5 to 10 years
Machinery, equipment and furniture	5 to 20 years
Maintenance and road equipment	20 years
Computer Hardware and Software	4 years
Housing (as per mortgage amortization)	25 to 40 years

WUSKWI SIPIHK FIRST NATION
NOTES TO THE FINANCIAL STATEMENT
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Infrastructure Assets

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Transportation	
Land	Indefinite
Road surface	20 years
Road grade	20 to 40 years
Bridges	30 to 45 years

Water and Sewer	
Land	Indefinite
Buildings	25 to 40 years
Underground networks	30 years
Machinery and equipment	20 years

Tangible capital assets are written down when conditions indicate that they no longer contribute to Wuskwi Sipiik First Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

Certain assets which have historical or cultural value including works of art, historical documents as well as historical and cultural artifacts are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service. Intangibles, Crown lands that have not been purchased by the Community, forests, water, and other natural resources are not recognized as tangible capital assets.

j) Leases

Leases are classified as capital or operation leases. Leases which transfer substantially all of the benefits and risks incidental to the ownership or property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

k) Inventories Held for Use

Inventories held for consumption are recorded at the lower cost and replacement cost.

l) Revenue Recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

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. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

m) Foreign Currency Translation

Foreign currency transactions are translated at the exchange rate prevailing at the date of the transactions. The First Nation has minimal foreign currency exposure.

WUSKWI SIPIHK FIRST NATION
NOTES TO THE FINANCIAL STATEMENT
As At March 31, 2014

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n) Measurement Uncertainty

Estimates are used to accrue revenues and expenses in circumstances where the actual accrued revenues are unknown at the time the financial statements are prepared. Uncertainty in the determination of the amount at which an item is recognized in the financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonable possible amount, as there is whenever estimates are used.

2. Cash and Cash Equivalents

	2014	2013
Externally Restricted		
Housing - Replacement	\$ 293,665	\$ 252,785
Internally Restricted		
Education - Bus Fund	11	134
Unrestricted		
Band Government	96,919	9,885
Education	(35,961)	(69,782)
Medical Transportation	-	(34)
Gaming	2,259	35,390
Health Authority	(2,228)	(36,309)
Gas Bar	(6,080)	17,835
Social Services	(43,819)	(77,014)
Housing	543,977	534,019
	<u>\$ 848,743</u>	<u>\$ 666,909</u>

The First Nation designated \$293,665 (2013- \$25,785) to reserves for capital housing replacement and Indian Trust Money's for future purposes.

3. AMOUNTS RECEIVABLE

	2014	2013
Due from Members:		
Advances	\$ 280,027	\$ 280,043
Due from Others:		
GST Rebate	26,350	28,471
Gas Bar Customers	192,637	183,146
Others	158,643	52,100
	<u>377,630</u>	<u>263,717</u>
	657,657	543,760
Less: Allowance for Doubtful Accounts	<u>(89,484)</u>	<u>(87,705)</u>
Total Amounts Receivable	<u>\$ 568,173</u>	<u>\$ 456,055</u>

** See detailed list of Amounts Receivable - Schedule B-1 to B-13

4. DUE FROM GOVERNMENT and OTHER GOVERNMENT ORGANIZATIONS

	2014	2013
Federal Government		
Aboriginal Affairs and Northern Development Canada	\$ 117,693	\$ 186,015
Health Canada	43,735	16,256
Solicitor General	15,132	-
Provincial Government	38,203	52,690
Other Government Organizations	19,116	13,347
Total Amounts Receivable	<u>\$ 233,879</u>	<u>\$ 268,308</u>

** See detailed list of Amounts Receivable - Schedule B-1 to B-13

R.M. ELLINGSON, Certified Management Accountant Corp.

WUSKWI SIPIHK FIRST NATION
NOTES TO THE FINANCIAL STATEMENT
As At March 31, 2014

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5. LONG TERM INVESTMENTS

	2014	2013
Swan Valley Consumers Co-Op		
Patronage Equity Accounts:		
- Band Operations	\$ 468	\$ 24
- Education	719	383
- Medical Services	96	10
- Health Authority	715	445
- Social	1,268	-
Aseneskak Casino Limited Partnership - One Unit		
(14.29% ownership interest), at cost:	<u>330,101</u>	<u>330,101</u>
	<u>333,367</u>	<u>330,963</u>
Cash in Ottawa Trust see Note 6.		
	<u>12,914</u>	<u>7,587</u>
	<u>\$ 346,281</u>	<u>\$ 338,550</u>

6. TRUST FUNDS HELD BY FEDERAL GOVERNMENT

	March 31 2013	Additions 2014	Withdrawals 2014	March 31 2014
Revenue	\$ 6,665	\$ 5,327	\$ -	\$ 11,992
Capital	922	-	-	922
	<u>\$ 7,587</u>	<u>\$ 5,327</u>	<u>\$ -</u>	<u>\$ 12,914</u>

7. ACCOUNTS PAYABLE and ACCRUED LIABILITIES

	2014	2013
Trade Payables	\$ 2,058,671	\$ 1,745,140
Accrued Salaries and Benefits Payable	7,347	32,609
Other Accrued Liabilities	<u>247,953</u>	<u>93,232</u>
	<u>\$ 2,313,971</u>	<u>\$ 1,870,981</u>

** See detailed list of Accounts Payable - Schedule B-14 to B-19

8. DUE TO GOVERNMENT and OTHER GOVERNMENT ORGANIZATIONS

	2014	2013
Federal Government	\$ 59,107	\$ 30,292
Provincial Government	20,924	33,873
Other Government Organizations	<u>-</u>	<u>10,101</u>
	<u>\$ 80,031</u>	<u>\$ 74,266</u>

** See detailed list of Amounts Receivable - Schedule B-14 to B-19

WUSKWI SIPIHK FIRST NATION
NOTES TO THE FINANCIAL STATEMENT
As At March 31, 2014

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9. DEFERRED REVENUE

	Balance March 31 2013	Funding Received 2014	Revenue Recognized 2014	Transfer to Payables 2014	Balance March 31 2014
Federal Government - Capital Projects	\$ -	\$ -	\$ -	\$ -	\$ -
Other - Insurance Proceeds	196,770	-	-	-	196,770
Total	<u>\$ 196,770</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 196,770</u>

10. LONG TERM DEBT

	2014	2013
Wuskwi Sipiik First Nation Treaty Land Entitlement - loan repayable over 5 year term, estimated at \$58,000 per year, plus interest at 6.00% per annum.	\$ 290,000	\$ 290,000
First Peoples Fund Loan - repayable in monthly installments of \$1,134.00 per month at no interest.	73,813	85,090
Manitoba Lotteries - loan repayable in weekly installments of \$288.34 per week including interest at 4.50%.	39,531	52,448
First Nations Bank Loan - repayable in monthly installments of \$5,886.87 per month including interest at 5.25%.	76,529	135,397
Canada Mortgage and Housing Corporation - mortgage repayable in monthly installments of \$2,512 including interest at 2.40%, secured by Registered Mortgage on housing units (secured by Ministerial guarantee equal to balance outstanding).	298,985	321,688
Canada Mortgage and Housing Corporation - mortgage repayable in monthly installments of \$4,092 including interest at 1.62%, secured by Registered Mortgage on housing units (secured by Ministerial guarantee equal to balance outstanding).	802,972	838,794
Canada Mortgage and Housing Corporation - mortgage repayable in monthly installments of \$5,533 including interest at 4.00%, secured by Registered Mortgage on housing units (secured by Ministerial guarantee equal to balance outstanding).	845,727	924,894
Canada Mortgage and Housing Corporation - mortgage repayable in monthly installments of \$4,534 including interest at 2.610%, secured by Registered Mortgage on housing units (secured by Ministerial guarantee equal to balance outstanding).	684,468	720,592

WUSKWI SIPIHK FIRST NATION
NOTES TO THE FINANCIAL STATEMENT
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Canada Mortgage and Housing Corporation - mortgage repayable in monthly installments of \$2,406 including interest at 1.710%, secured by Registered Mortgage on housing units (secured by Ministerial guarantee equal to balance outstanding).

	<u>563,469</u>	<u>577,825</u>
	3,675,494	3,946,728
Less Current Portion	<u>244,037</u>	<u>235,725</u>
	<u>\$ 3,431,457</u>	<u>\$ 3,711,003</u>

Principle payments due within each of the next five years are as follows:

2015	\$ 244,037
2016	165,967
2017	180,269
2018	172,336
2019	<u>162,795</u>
	<u>\$ 925,404</u>

11. LEASE COMMITMENT

The First Nation entered into a lease agreement with Zerox for office equipment. The terms are \$2,061.11 per quarter expiring September 30, 2016.

12. RESERVES

	2014	2013
Funds on deposit with Indian and Northern Affairs Canada are held in a separate interest bearing bank account:	\$ 12,914	\$ 7,587
Social Housing Authority	<u>349,548</u>	<u>272,482</u>
	<u>\$ 362,462</u>	<u>\$ 280,069</u>

WUSKWI SIPIHK FIRST NATION
NOTES TO THE FINANCIAL STATEMENT
As At March 31, 2014

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13. TANGIBLE CAPITAL ASSETS

Tangible Capital Assets	Cost			Accumulated Amortization						Net Book Value Total 2014	Net Book Value Total 2013
	Opening	Additions	Disposals	Transfers and Assets	Closing Balance	Opening Balance	Amort	Disposals, Write-offs Other Adj.	Closing Balance		
Land	\$ 849,567	\$ -	\$ -	\$ -	\$ 849,567	\$ -	\$ -	\$ -	\$ -	\$ 849,567	\$ 849,567
Buildings	8,415,847	-	-	73,385	8,489,232	2,013,638	283,585	-	2,297,223	6,192,009	6,402,209
Roads and Bridges	794,980	-	-	-	794,980	390,807	35,847	-	426,454	368,526	404,373
Water & Sewer	2,474,201	1,155	-	-	2,475,356	1,071,295	52,211	-	1,123,506	1,351,850	1,402,906
Automotive Equipment	265,115	223,335	(21,400)	-	467,050	237,257	23,012	(17,119)	243,150	223,900	27,858
Equipment & Computers	808,857	1,064	-	-	809,921	663,887	38,475	-	702,362	107,559	144,970
Land Improvements	32,598	-	-	-	32,598	18,348	750	-	19,098	13,500	14,250
VLT Software	186,099	-	-	-	186,099	147,301	38,798	-	186,099	-	38,798
Total	13,827,264	225,554	(21,400)	73,385	14,104,803	4,542,333	472,678	(17,119)	4,997,892	9,106,911	9,284,931
Assets Under Construction											
Residential Buildings	293,534	-	(56,568)	(73,385)	163,581	-	-	(163,581)	(163,581)	-	293,534
Closing accum'd amortization	293,534	-	(56,568)	(73,385)	163,581	-	-	(163,581)	(163,581)	-	293,534
Net Book Value of Tangible Capital Assets	\$13,533,730	\$ 225,554	\$ 35,168	\$ 146,770	\$ 13,941,222	\$ 4,542,333	\$ 472,678	\$ 146,462	\$ 5,161,473	\$ 9,106,911	\$ 8,991,397

14. CONSOLIDATION OF TREATY LAND ENTITLEMENT TRUST

The Treaty land Entitlement Trust has not been consolidated within these financial statements. The position has been taken that the Board of the TLE is independent of the Chief and Council of the First Nation. In addition, full disclosure of these statements has been approved by Chief and Council only. Accounts payable with the TLE have been disclosed for informational purposes. Funds held in trust by the TLE as at December 31, 2011 (audited-for informational purposes only):

Land Acquisition	\$ 72,784
Land Acquisition - Fixed Income Security	<u>2,059,638</u>
	<u>\$ 2,132,422</u>

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15. AANDC FUNDING RECONCILIATION

	2014	2013
Total Funding per AANDC*	\$ 2,548,882	\$ 2,554,202
Add:		
Capital - Deferred from prior year	-	509,987
Adjustment to 2011/12 - Provincial Schools	-	424
Adjustment to 2011/12 - Tuition	-	6,115
Adjustment to 2012/13 - Tuition	8,610	-
TPM - Requested Funds	29,526	-
Less:		
Education Overpayment - Low Cost	(96)	-
Education Overpayment - Transportation	(264)	-
Recoveries - Water Systems	-	(3,153)
- Instructional Services Formula	-	(579)
- Education	-	-
- Basic Needs	-	(4,378)
- Special Needs	-	(9,177)
- In-Home Care	-	(16,737)
	<u>\$ 2,586,658</u>	<u>\$ 3,036,704</u>

16 BASIS OF OPERATIONS OF LAND HOLDING CORPORATION

Land acquiring by the Wuskwi Sipihk First Nation Treaty Land Entitlement and transferred to the Wuskwi Sipihk First Nation Land Holding Corporation:

	2014	2013
Section 30-41-24	\$ 86,285	\$ 86,285
NW 5-41-24	19,709	19,709
NW 8-41-24	88,228	88,228
NW 1-41-25, etc.	66,926	66,926
SW 32-38-23, etc.	49,803	49,803
NE 36-40-25, etc.	146,037	146,037
NE 25-40-25	55,000	55,000
NE 6-39-26	91,000	91,000
McKay Lots 22 and 25	5,500	5,500
NW 6-39-26	141,079	141,079
Lots 14-16 Block 29 Plan 426	100,000	100,000
	<u>\$ 849,567</u>	<u>\$ 849,567</u>

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17 PENSION BENEFITS

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits or are entitled to these benefits within the next budgetary year.

The majority of the employees of the First Nation are members of the London Life Private Pension Plan, which is a single-employer defined contribution pension plan. The costs of the retirement plan are allocated to the individual entities within the First Nation.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by London Life by placing plan assets in trust and through their investment policy. The pension expense is based on the contribution rate.

	2014	2013
Vacation and overtime	\$ -	\$ 32,614
Employee Benefits - Insurance	10,837	-
Pension Plan	24,061	-
	<u>\$ 34,898</u>	<u>\$ 32,614</u>

18 FINANCIAL INSTRUMENTS

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Community is exposed to credit risk from customers. In order to reduce its credit risk, the Community reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Community has a significant number of customers which minimizes concentration of credit risk.

19 FAIR VALUE

The First Nation's carrying value of cash and cash equivalents, accounts receivable and accounts payable approximates its fair value due to the immediate or short term maturity of these instruments.

20 INTEREST RATE

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

21 BASIS OF PRESENTATION

The Statements of Revenue and Expenditures have been presented consistent with the Band's entity structure as per prior years. All grant, fixed, and set contribution funded revenue and expenditures have been presented on schedules B-25 to B-43 as per Department of Indian Affairs reporting requirements.

WUSKWI SIPIHK FIRST NATION
NOTES TO THE FINANCIAL STATEMENT
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22 SEGMENT DISCLOSURE

No budgets were passed in 2013 and therefore are not presented.

	EDUCATION		HEALTH		ECONOMIC DEVELOPMENT		HOUSING	
	2014	2013	2014	2013	2014	2013	2014	2013
Revenues								
Federal Government	\$ 1,246,480	\$ 1,127,528	\$ 726,805	\$ 577,269	\$ 46,296	\$ 46,394	\$ 202,233	\$ 200,095
Provincial Government	-	-	-	110,003	-	-	-	-
Economic Activities	-	-	-	-	1,549,994	2,212,925	-	-
Other Revenues	6,307	5,513	9,073	5,714	-	276	184,654	226,108
Total Revenue	1,252,787	1,133,041	735,878	692,986	1,596,290	2,259,595	386,887	426,203
Expenses								
Salaries and benefits	376,766	459,155	379,797	373,004	252,861	338,819	-	-
Amortization	22,040	21,471	35,596	39,043	66,598	83,797	188,172	123,828
Debt Servicing	4,614	-	5,132	2,296	21,206	9,580	69,623	108,401
Other Expenses	416,479	543,057	203,474	297,909	1,330,216	1,928,047	129,092	193,974
Total Expense	819,899	1,023,683	623,999	712,252	1,670,881	2,360,243	386,887	426,203
Annual Surplus Deficit	\$ 432,888	\$ 109,358	\$ 111,879	\$ (19,266)	\$ (74,591)	\$ (100,648)	\$ -	\$ -
	COMMUNITY SERVICES		BAND CAPITAL		BAND GOVERNMENT		SOCIAL SERVICES	
	2014	2013	2014	2013	2014	2013	2014	2013
Revenues								
Federal Government	\$ 740,967	\$ 620,948	\$ 47,490	\$ 576,659	\$ 190,515	\$ 404,110	\$ 536,073	\$ 494,089
Provincial Government	7,453	-	-	-	-	1,949	-	-
Economic Activities	-	-	-	-	-	-	-	-
Other Revenues	267,812	66,835	212	-	122	260,690	889	387
Total Revenue	1,016,232	687,783	47,702	576,659	190,637	666,749	536,962	494,476
Expenses								
Salaries and benefits	35,597	388,754	-	-	400,693	433,292	5,648	-
Amortization	-	-	-	-	160,272	160,908	-	-
Debt Servicing	-	-	-	-	14,108	161,364	2,077	1,040
Other Expenses	1,520,350	372,662	16,486	733,868	160,272	814,609	457,071	556,581
Total Expense	1,555,947	761,416	16,486	733,868	735,345	1,570,173	464,796	557,621
Annual Surplus Deficit	\$ (539,715)	\$ (73,633)	\$ 31,216	\$ (157,209)	\$ (544,708)	\$ (903,424)	\$ 72,166	\$ (63,145)

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WUSKWI SIPIHK FIRST NATION
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	OTHER		INTER-SEGMENT ELIMINATION		CONSOLIDATED TOTALS	
	2014	2013	2014	2013	2014	2013
Revenues						
Federal Government	\$ 46,296	\$ 46,394	\$ (46,296)	\$ (46,394)	\$ 3,736,859	\$ 4,047,092
Provincial Government	-	-	-	-	7,453	111,952
Economic Activities	-	-	-	-	1,549,994	2,212,925
Other Revenues	-	676,608	-	(173)	469,069	1,241,958
Total Revenue	46,296	723,002	(46,296)	(46,567)	5,763,375	7,613,927
Expenses						
Salaries and benefits	-	-	-	-	1,451,362	1,993,024
Amortization	-	-	-	-	472,678	429,047
Debt Servicing	-	-	-	-	116,760	282,681
Other Expenses	-	-	-	-	4,233,440	5,440,707
Total Expense	-	-	-	-	6,274,240	8,145,459
Annual Surplus (Deficit)	\$ 46,296	\$ 723,002	\$ (46,296)	\$ (46,567)	\$ (510,865)	\$ (531,532)

23 EXPENSES BY OBJECT

The following is a summary of expenses by object.

	2014	2013
Salaries and wages	\$ 1,522,090	\$ 1,845,582 }
Benefits expense	180,715	139,435 }
Bad Debts	2,063	583,628
Building Maintenance	31,046	67,073
Staff development	8,596	20,583
Chief & Council - Salary & Honoraia	165,613	201,980
Chief & Council - Travel	2,116	30,629
Travel - Staff	60,617	28,528
Interest	149,335	276,301
Insurance	130,432	106,906
Professional services	121,203	71,211
Rental expenditures	31,217	22,885
Office	28,597	43,082
Tution & student services	574,504	418,324
Supplies and operations	321,777	76,452
Social assistance	455,512	557,621
Capital expenditures	298,939	790,638
Health services	72,892	94,559
Inventory for resale	1,194,661	1,591,257
Other	748,576	674,516
Amortization	472,678	429,147
	\$ 6,573,179	\$ 8,070,337

24 PRIOR YEAR ADJUSTMENTS

No prior year adjustments were made in the March 31, 2014 fiscal year, as no adjustments were deemed necessary as a result of accounting error. Any adjustments as a result of estimates or other adjustments deemed necessary have been included in current year operations.

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NOTES TO THE FINANCIAL STATEMENT
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25 ECONOMIC DEPENDENCE

Wuskwi Sipiik First Nation receives a major portion of its revenue pursuant to a funding agreement with Aboriginal Affairs and Northern Development Canada.

26 BUDGET INFORMATION

Budget information is not disclosed. The Band did not prepare a budget in the fiscal year and therefore no disclosure of the budget information was available for these statements.

27 COMPARATIVE FIGURES

The prior year comparative figures have been restated to conform with current year presentation. Due to a lack of reporting controls some detail may not be correctly reported. See audit report.

28 CONTINGENT LIABILITIES

Wuskwi Sipiik First Nation, as a limited partner in the Aseneskak Casino Limited Partnership, has guaranteed the obligation of the Limited Partnership to a maximum of \$1.05 million dollars.

Wuskwi Sipiik First Nation has filed two legal claims as at the date of these financial statements. One is filed against Sakastew Inc., for investments uncollected. The second is primarily in respect to the housing construction contracts. In addition, a forensic audit investigation is under review pertaining to housing and operating controls. The potential materiality effect on costs can only be measurable and reported after the cases are resolved, which should occur within the next fiscal year.

Wuskwi Sipiik First Nation has one claim filed against the First Nation. This claim has been filed by a former employee for wrongful dismissal. The potential materiality effect can only be measured and reported after the case is resolved which should occur within the next fiscal year.