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McDowell Lake First Nation
Financial Statements
For the year ended March 31, 2015

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McDowell Lake First Nation Management's Responsibility for Financial Reporting

To the Members of McDowell Lake First Nation

The accompanying financial statements of McDowell Lake First Nation for the year ended March 31, 2015, are the responsibility of management and have been approved by the Chief and Council.


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

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

The Chief and Council review the First Nation's financial statements and recommend their approval. The Chief and Council meet periodically with management, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the financial statements and the external auditors' report. The Chief and Council take this information into consideration when approving the financial statements for issuance to the Members. The Chief and Council also consider the engagement of the external auditors.

The financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. BDO Canada LLP have full access to the First Nation.

 chief

 Councilor

Independent Auditor's Report

To the Members of McDowell Lake First Nation

We have audited the accompanying financial statements of McDowell Lake First Nation, which comprise the statement of financial position as at March 31, 2015, and the statement of operations, statement of changes in net financial assets (debt) and the statement of 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.

Auditor's 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of McDowell Lake First Nation as at March 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

Kenora, Ontario
July 23, 2015

McDowell Lake First Nation
Statement of Financial Position

March 31

2015

2014

Financial Assets

Cash (Note 1)	\$ 983,962	\$ 963,886
Short term investment (Note 2)	3,132,272	3,076,082
Accounts receivable (Note 3)	9,760	3,191

Total Financial Assets

4,125,994 4,043,159

Liabilities

Accounts payable and accruals (Note 5)	154,451	198,009
Deferred revenue (Note 6)	3,944,610	3,850,919

Total Liabilities

4,099,061 4,048,928

Net Financial Assets

26,933 (5,769)

Non-financial Assets

Prepays	11,650	9,424
Tangible capital assets (Note 4)	107,673	107,230

Accumulated Surplus

\$ 146,256 \$ 110,885

Approved on Behalf


Chief


Councilor

The accompanying summary of significant accounting policies and notes are an integral part to these financial statements.

McDowell Lake First Nation Statement of Operations

For the year ended March 31	Budget	2015	2014
Revenue (Note 9)			
Government Transfers			
Federal	\$ 117,470	\$ 117,470	\$ 101,560
Provincial	-	1,702	1,236
Other Grants	63,819	122,520	38,768
Other Revenues	68,750	337,892	339,208
	<u>250,039</u>	<u>579,584</u>	<u>480,772</u>
Expenses			
Band administration	52,470	82,926	62,974
Education	63,819	59,249	43,840
Community & Economic Development	133,750	402,038	261,516
	<u>250,039</u>	<u>544,213</u>	<u>368,330</u>
Annual surplus	\$ -	35,371	112,442
Accumulated surplus (deficit), beginning of year		110,885	(1,557)
Accumulated surplus, end of year		\$ 146,256	\$ 110,885

The accompanying summary of significant accounting policies and notes are an integral part to these financial statements.

McDowell Lake First Nation
Statement of Changes in Net Financial Assets (Debt)

For the year ended March 31	2015	2014
Annual Surplus	\$ 35,371	\$ 112,442
Addition to capital assets	(6,413)	(110,329)
Amortization of capital assets	5,970	5,489
Increase in prepaids	(2,226)	(3,970)
Net change in net debt	32,702	3,632
Net financial assets (debt) , beginning of year	(5,769)	(9,401)
Net financial assets (debt), end of year	\$ 26,933	\$ (5,769)

The accompanying summary of significant accounting policies and notes are an integral part to these financial statements.

McDowell Lake First Nation Statement of Cash Flows

For the year ended March 31

2015

2014

Operating Activities

Annual surplus	\$ 35,371	\$ 112,442
Amortization	5,970	5,489
	<u>41,341</u>	<u>117,931</u>

Changes in non-cash working capital items

Accounts receivable	(6,569)	48,430
Accounts payable	(43,558)	15,110
Deferred revenue	93,691	106,766
Prepays and supplies	(2,226)	(3,970)
	<u>82,679</u>	<u>284,267</u>

Cash flows from investing activities

Net addition to capital assets	(6,413)	(110,329)
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Increase in cash and cash equivalents during the year

76,266 173,938

Cash, beginning of year

4,039,968 3,866,030

Cash, end of year

\$ 4,116,234 \$ 4,039,968

Represented by:

Cash	\$ 983,962	\$ 963,886
Short-term investments	<u>3,132,272</u>	<u>3,076,082</u>
	<u>\$ 4,116,234</u>	<u>\$ 4,039,968</u>

The accompanying summary of significant accounting policies and notes are an integral part to these financial statements.

McDowell Lake First Nation

Summary of Significant Accounting Policies

March 31, 2015

General	McDowell Lake First Nation (the "First Nation") is a local government whose primary objective is to provide a variety of services to its members.
Continuity of Operations	These financial statements have been prepared on a going concern basis in accordance with Canadian generally accepted accounting principles. The going concern presentation assumes that the First Nation will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business.
Basis of Preparation	The financial statements of the First Nation are the representations of management. They have been prepared in accordance with generally accepted accounting principles for local governments as prescribed by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants and as recommended by Aboriginal Affairs and Northern Development Canada.
Capital Assets	<p>Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installment costs, design and engineering fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:</p>

Asset	Basis	Rate
Buildings	Straight-line	40 years
Equipment	Straight-line	5 and 25 years
Docks	Straight-line	15 years

When a capital asset no longer contributes to the Council's ability to provide services, its carrying amount is written-down to its residual value.

McDowell Lake First Nation Summary of Significant Accounting Policies

March 31, 2015

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 purposes.

Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the financial statements, and the reported amounts of certain revenues and expenses during the reported period. Actual results could differ from those estimated.

McDowell Lake First Nation

Notes to Financial Statements

March 31, 2015

1. Cash

Included in cash are two bank accounts - one held at CIBC of \$700,116 and one held at Scotia Bank of \$281,739. The cash at the CIBC is held in trust by a third party.

2. Short-Term Investment

The short-term investment is comprised of a guaranteed investment certificate held in trust by a third party with interest at 1.25%, maturing November 30, 2015.

3. Accounts Receivable

	2015	2014
Aboriginal Affairs and Northern Development Canada	\$ -	\$ 1,500
Trade and other	9,760	1,691
	<u>\$ 9,760</u>	<u>\$ 3,191</u>

4. Tangible Capital Assets

	2015			
	Buildings	Equipment	Docks	Total
Cost, Beginning of Year	\$ 85,000	\$ 38,220	\$ 15,000	\$ 138,220
Additions	6,413	-	-	6,413
Cost, End of Year	<u>91,413</u>	<u>38,220</u>	<u>15,000</u>	<u>144,633</u>
Accumulated Amortization, Beginning of Year	9,000	18,990	3,000	30,990
Amortization	2,125	2,845	1,000	5,970
Accumulated Amortization, End of Year	<u>11,125</u>	<u>21,835</u>	<u>4,000</u>	<u>36,960</u>
Net Carrying Amount, End of Year	<u>\$ 80,288</u>	<u>\$ 16,385</u>	<u>\$ 11,000</u>	<u>107,673</u>

McDowell Lake First Nation
Notes to Financial Statements

March 31, 2015

4. Tangible Capital Assets - continued

	2014			
	Buildings	Equipment	Docks	Total
Cost, Beginning of Year	\$ -	\$ 3,416	\$ -	\$ 3,416
Additions	85,000	34,804	15,000	134,804
Cost, End of Year	85,000	38,220	15,000	138,220
Accumulated Amortization, Beginning of Year	-	1,026	-	1,026
Amortization	9,000	17,964	3,000	29,964
Accumulated Amortization, End of Year	9,000	18,990	3,000	30,990
Net Carrying Amount, End of Year	\$ 76,000	\$ 19,230	\$ 12,000	\$ 107,230

5. Accounts Payable

	2015	2014
Due to Keewaytinook Okimakanak	\$ 120,779	\$ 175,147
Trade and other	8,892	12,125
Contributions repayable	24,780	10,737
	<u>\$ 154,451</u>	<u>\$ 198,009</u>

6. Deferred Revenue

Deferred contributions related to expenses of future periods represent unspent funding.

	2015	2014
Balance, beginning of year	\$ 3,850,919	\$ 3,744,153
Add: Amount received during the year including interest	433,695	481,296
Less: Amount recognized as revenue in the year	(340,004)	(374,530)
Balance, end of year	<u>\$ 3,944,610</u>	<u>\$ 3,850,919</u>

The balance at year end is made up of the following:

Ministry of Natural Resources	\$ -	\$ 24,780
Ontario First Nations Limited Partnership	3,944,610	3,826,139
	<u>\$ 3,944,610</u>	<u>\$ 3,850,919</u>

McDowell Lake First Nation

Notes to Financial Statements

March 31, 2015

6. Deferred Revenue - continued

Commencing with the 2012 fiscal year and in each fiscal year thereafter during the initial and renewal terms of the agreement between the Province of Ontario and Ontario First Nations Limited Partnership ("OFNLP"), the Province of Ontario shall pay to OFNLP 12 monthly payments equal to one-twelfth of 1.7% of the aggregate provincial gross gaming revenues. OFNLP then distributes to the Organization its share of these revenues according to a formula used for that purpose. The use of these funds, according to agreements, is restricted to community development, health, education, cultural development and economic development.

The Organization holds a unit in the Ontario First Nations Limited Partnership and a share in a related company Ontario First Nations General Partner Inc. - the carrying values of which are nominal and are therefore not recorded in these non-consolidated financial statements.

7. Segmented Information and Expenses by Object

For the year ended March 31, 2015

	Administration	Education	Community & Economic Development	Total
Revenue				
Grants	\$ 52,470	\$ 40,270	\$ 148,952	\$ 241,692
Other	22,668	17,181	298,043	337,892
	75,138	57,451	446,995	579,584
Expenses				
Administration, office and other	6,706	-	70,351	77,057
Supplies and program expenses	4,794	23,518	78,476	106,788
Rent and utilities	5,370	-	22,398	27,768
Travel and training	14,169	5,337	48,284	67,790
Salaries and benefits	45,917	30,394	182,529	258,840
Amortization	5,970	-	-	5,970
	82,926	59,249	402,038	544,213
	\$ (7,788)	\$ (1,798)	\$ 44,957	\$ 35,371

McDowell Lake First Nation
Notes to Financial Statements

March 31, 2015

7. Segmented Information and Expenses by Object - continued

For the year ended March 31, 2014

	Administration	Education	Community & Economic Development	Total
Revenue				
Grants	\$ 51,560	\$ 37,532	\$ 61,222	\$ 150,314
Other	89	5,000	325,369	330,458
	51,649	42,532	386,591	480,772
Expenses				
Administration, office and other	19,559	-	70,000	89,559
Supplies and program expenses	6,246	16,290	105,693	128,229
Rent and utilities	7,716	-	-	7,716
Travel and training	3,464	439	42,377	46,280
Salaries and benefits	20,500	27,111	148,971	196,582
Amortization	5,489	-	-	5,489
Capital asset adjustment	-	-	(105,525)	(105,525)
	62,974	43,840	261,516	368,330
	\$ (11,325)	\$ (1,308)	\$ 125,075	\$ 112,442

Administration

Administration is comprised of the administration and finance department. This department performs a management and administrative role by holding Council Meetings to administer the delivery of programs and services and to help develop a strategy for the future.

Education

Education includes the activities of the SLAAMB program and other educational activities that enhance the educational development of community members.

Community and Economic Development

Community and economic development includes governance activities, land use planning initiatives and environmental planning to improve the economic and social well-being of community members.

8. Budget

The budget approved by the Chief and Council was not prepared on a consolidated basis and does not include all of the activities of the First Nation. As a result, budget figures are only presented for programs where available.

McDowell Lake First Nation
Notes to Financial Statements

March 31, 2015

9. Revenue

	2015		
	Operating	Capital	Total
Government Transfers			
Federal government transfers			
Aboriginal Affairs and Northern Development Canada	\$ 117,470	\$ -	\$ 117,470
Provincial government transfers			
Ministry of Natural Resources	1,702	-	1,702
	119,172	-	119,172
Other revenues	460,412	-	460,412
Total revenue	\$ 579,584	\$ -	\$ 579,584

	2014		
	Operating	Capital	Total
Government Transfers			
Federal government transfers			
Aboriginal Affairs and Northern Development Canada	\$ 101,560	\$ -	\$ 101,560
Provincial government transfers			
Ministry of Natural Resources	1,236	-	1,236
	102,796	-	102,796
Other revenues	377,976	-	377,976
Total revenue	\$ 480,772	\$ -	\$ 480,772

10. Lease Agreement

Subsequent to the year end the First Nation entered into a two year lease for premises at \$1,800 a month plus HST.