

**MARCEL COLOMB FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS**

**March 31, 2015
Audited**

**MARCEL COLOMB FIRST NATION
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As at March 31, 2015**

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MARCEL COLOMB FIRST NATION

March 31, 2015

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Marcel Colomb 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.

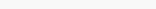
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants and as such include amounts that are the best estimates and judgements of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

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

Chief and Council meet periodically with management, as well as the external auditor, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditor's report.

The external auditor, R.M. Ellingson, CMA Corp., conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditor have full and free access to financial management of ABC First Nations and meet when required.

 Douglas H. H. Chien

~~Chief~~


Councillor

Councillor

Councillor



R.M. ELLINGSON

Certified Management Accountant Corp.
1506 Third Street North
Swan River, MB R0L 1Z0

Reg Ellingson, CMA
Shannon Bresky, Bus. Admin. Diploma

AUDITOR'S REPORT

TO THE CHIEF AND COUNCIL OF MARCEL COLOMB FIRST NATION

I have audited the accompanying consolidated financial statements of Marcel Colomb First Nation which comprise the statement of financial position as at March 31, 2015 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 consolidated 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, these financial statements present fairly, in all material respects, the consolidated financial position of Marcel Colomb First Nation as at March 31, 2015 and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Certified Management Accountant

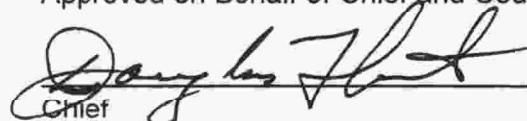
Swan River, MB
August 31, 2015

MARCEL COLOMB FIRST NATION
 CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 As at March 31, 2015

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	<u>2015</u>	<u>2014</u>
FINANCIAL ASSETS		
Cash and Temporary Investments (note 3)	\$ -	\$ 10,613
Amounts Receivable (schedule B-1)	106,038	78,970
Due from Federal Government Transfers (note 5)	<u>103,837</u>	<u>663,890</u>
	<u>209,875</u>	<u>753,473</u>
LIABILITIES		
Cash Indebtedness (note 3)	\$ 28,488	\$ -
Accounts Payable (schedule B-2)	390,743	567,672
Due to Federal Government Transfers (note 10)	39,477	28,239
Deferred Revenue (note 11)	1,265	604,337
Income Taxes	20,763	20,432
Due to Related Parties	-	4,310
Reserves (note 3)	66,623	43,374
Long Term Debt (note 12)	<u>2,847,297</u>	<u>2,946,839</u>
	<u>3,394,656</u>	<u>4,215,203</u>
NET DEBT	<u>\$ (3,184,781)</u>	<u>\$ (3,461,730)</u>
NON-FINANCIAL ASSETS		
Prepaid Expenses	-	6,848
Tangible Capital Assets (note 15)	<u>20,835,342</u>	<u>19,609,429</u>
ACCUMULATED SURPLUS (DEFICIT)	<u>\$ 17,650,561</u>	<u>\$ 16,154,547</u>

Approved on Behalf of Chief and Council:


 Chief


 Councillor

Councillor

MARCEL COLOMB FIRST NATION
 CONSOLIDATED STATEMENT OF OPERATIONS
 Year Ended March 31, 2015

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	2015 Budget	2015 Actual	2014 Actual
REVENUE			
Federal government transfers - AANDC	\$ 1,075,927	\$ 3,506,130	\$ 2,117,550
Federal government transfers - Health Canada	259,288	337,080	314,053
Federal government transfers - MKO (claim backs)	-	-	(1,365)
Provincial government transfers - Energy & Mines	-	-	11,755
Provincial government transfers - Jobs & The Economy	-	21,054	1,970
Provincial government transfers - Entrepreneurship Training	-	-	4,180
Appropriation from Reserve - Bus Replacement	-	6,715	1,890
Canada Mortgage & Housing Corporation - Subsidy	-	164,745	82,372
Investment Income - South Beach Casino	85,000	87,500	87,500
Manitoba First Nations Casino Trust	-	6,852	8,839
Northern Regional Health Authority	-	16,200	17,920
Marcel Colom Development Corp Fees	-	133,314	347,442
Muskego LP - Joint Venture	-	70,000	-
Rental Revenue - Housing	-	68,125	72,807
Convenience store sales	-	15,738	-
Administration Fee	-	9,000	30,473
Other Programs - Miscellaneous	25,397	55,215	22,571
	1,445,612	4,497,668	3,119,957
EXPENDITURES			
Administration	315,366	743,059	582,545
Community Services	142,380	525,412	592,083
Education	185,964	170,112	168,377
MKO Employment and Training	-	21,174	-
Health Authority	259,288	460,692	374,636
Social Services	385,333	465,721	464,232
Economic Development	-	46,551	30,346
Capital	106,000	19,200	54,166
Housing	-	225,314	181,244
Economic Development - MC Development Corp	-	324,416	124,539
	1,394,331	3,001,651	2,572,168
SURPLUS	51,281	1,496,017	547,789
ACCUMULATED SURPLUS, BEGINNING OF THE YEAR	-	16,154,547	15,606,758
ACCUMULATED SURPLUS, END OF YEAR	\$ 51,281	\$ 17,650,564	\$ 16,154,547

MARCEL COLOMB FIRST NATION
 CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT
 Year Ended March 31, 2015

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	2015 Budget	2015 Actual	2014 Actual
ANNUAL SURPLUS	\$ 51,281	\$ 1,496,014	\$ 547,789
Increase(Decrease) in Prepaid Expenses	-	6,848	12,609
Amortization of Tangible Capital Assets	-	252,214	160,012
Acquisition of Fixed Assets (net of disposals)	-	(1,478,127)	(3,963,861)
Change in net financial assets (net debt)	51,281	276,949	(3,243,451)
NET DEBT, BEGINNING OF YEAR	-	(3,461,730)	(218,279)
NET DEBT, END OF YEAR	\$ 51,281	\$ (3,184,781)	\$ (3,461,730)

MARCEL COLOMB FIRST NATION
 CONSOLIDATED STATEMENT OF CASH FLOW
 Year Ended March 31, 2015

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	<u>2015</u>	<u>2014</u>
OPERATING TRANSACTIONS		
Cash Receipts from Government Funding and Other Sources	\$ 4,406,385	\$ 3,173,664
Cash Paid to Suppliers and Employees	(2,866,312)	(2,369,617)
Interest Paid	(5,814)	(48,786)
	<u>1,534,259</u>	<u>755,261</u>
CAPITAL TRANSACTIONS		
Purchase of Fixed Assets (net of disposals)	<u>(1,478,127)</u>	<u>(3,963,861)</u>
FINANCING TRANSACTIONS		
Proceeds on long term debt	-	3,021,735
Repayments of long term debt in year	(99,543)	(74,895)
Due to Related Parties	4,310	(1,735)
	<u>(95,233)</u>	<u>2,945,105</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(39,101)	(263,495)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>10,613</u>	<u>274,108</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ (28,488)</u>	<u>\$ 10,613</u>

MARCEL COLOMB FIRST NATION
NOTES TO THE FINANCIAL STATEMENT
Year Ended March 31, 2015

1. STATUS OF THE ORGANIZATION

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

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

These 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 Marcel Colomb First Nation reporting entity includes the Marcel Colomb First Nation government and all related entities that are controlled by the First Nation.

c) Principles of Consolidation

All controlled entities are fully consolidated on a line-by-line basis except for the 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.

Under the modified equity method of accounting, only Marcel Colomb First Nation's investment in the government business enterprise and the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of Marcel Colomb First Nation.

Organizations consolidated in Marcel Colomb First Nation's financial statements include:

- Marcel Colomb Development Corporation

d) Cash and Cash Equivalents

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

e) 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.

f) 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 the acquisition or construction of the asset.

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 Marcel Colomb First Nation's incremental cost of borrowing.

Amortization is provided for on the guidelines listed below.

MARCEL COLOMB FIRST NATION
NOTES TO THE FINANCIAL STATEMENT
Year Ended March 31, 2015

General Tangible Capital Assets	
Land	Indefinite
Buildings and leasehold improvements	
Buildings	5% declining balance
Vehicles and Equipment	
Vehicles	30% declining balance
Machinery, equipment and furniture	20% declining balance
Computer Hardware and Software	30% declining balance
Infrastructure Assets	
Transportation	
Land	Indefinite
Road grade	40 years
Reserve Infrastructure	N/A - work still in progress

Tangible capital assets are written down when conditions indicate that they no longer contribute to Marcel Colomb 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 and 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.

g) Employee Benefit Obligations

Marcel Colomb First Nation is not part of the provincial employee benefit funding program.

h) 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.

i) 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.

j) 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.

MARCEL COLOMB FIRST NATION
NOTES TO THE FINANCIAL STATEMENT
Year Ended March 31, 2015

3. CASH AND TEMPORARY INVESTMENTS

Cash and temporary investments is comprised of the following:

	2015	2014
Externally Restricted		
Capital - Water Treatment Project	\$ 1,265	\$ 4,337
Capital - 6 Bay Car Garage	28,062	-
Housing Authority - Replacement Reserve	30,370	17,990
AANDC - Ottawa Trust Funds	5,235	4,201
	<u>64,932</u>	<u>26,528</u>
Internally Restricted		
Capital - Bus Replacement	<u>7,677</u>	<u>7,833</u>
Unrestricted		
Operating	(100,872)	(103,331)
Development Corporation	<u>(225)</u>	<u>79,583</u>
	<u>(101,097)</u>	<u>(23,748)</u>
Total cash and cash equivalents	<u><u>\$ (28,488)</u></u>	<u><u>\$ 10,613</u></u>

4. AMOUNTS RECEIVABLE

see Schedule B-1

5. DUE FROM GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

	2015	2014
Federal Government		
Aboriginal Affairs and Northern Development Canada	\$ 72,557	\$ 639,236
Health Canada	7,190	5,216
Provincial Government	7,208	7,208
Other Government Organizations	<u>16,882</u>	<u>12,230</u>
	<u><u>\$ 103,837</u></u>	<u><u>\$ 663,890</u></u>

6. TRUST FUNDS HELD BY FEDERAL GOVERNMENT

	2015	2014
Ottawa Trust	<u><u>\$ 5,235</u></u>	<u><u>\$ 4,201</u></u>

7. INVENTORIES FOR RESALE

NIL.

8. INVESTMENTS

Marcel Colomb First Nation owns 100% of Marcel Colomb Development Corporation. The Development Corporation has been fully consolidated within these financial statements. Please see Schedule A-12 for the operating details.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

see Schedule B-2

10. DUE TO GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

	2015	2014
Federal Government		
Receiver General	\$ 39,477	\$ 28,239
Provincial Government	-	-
Other Government Organizations	-	-
	<u><u>\$ 39,477</u></u>	<u><u>\$ 28,239</u></u>

MARCEL COLOMB FIRST NATION
NOTES TO THE FINANCIAL STATEMENT
Year Ended March 31, 2015

11. DEFERRED REVENUE

	<u>Balance March 31/2014</u>	<u>Funding Received 2015</u>	<u>Revenue Recognized 2015</u>	<u>Balance March 31/2015</u>
Water Treatment Project	\$ 4,337	\$ -	\$ 3,072	\$ 1,265
Water Garage	<u>600,000</u>	<u>-</u>	<u>600,000</u>	<u>-</u>
	<u><u>\$ 604,337</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 603,072</u></u>	<u><u>\$ 1,265</u></u>

12. LONG TERM DEBT

	<u>2015</u>	<u>2014</u>
Canada Mortgage and Housing corporation - mortgage repayable in monthly installments of \$12,319.56 including interest at 1.67%, secured by Registered Mortgage on housing units:	\$ 2,847,297	\$ 2,946,839
Less Current Portion	<u>101,053</u>	<u>99,380</u>
	<u><u>\$ 2,746,244</u></u>	<u><u>\$ 2,847,459</u></u>

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

2016	\$ 101,053
2017	102,754
2018	104,483
2019	106,241
2020	<u>108,029</u>
	<u><u>\$ 522,560</u></u>

13. AANDC FUNDING RECONCILIATION

	<u>2015</u>	<u>2014</u>
Total Funding per AANDC	\$ 2,903,058	\$ 2,266,117
Add: Deferred from prior year	<u>604,337</u>	<u>455,770</u>
Less: Deferred to Next Year - Reserve Infrastructure Project	<u>(1,265)</u>	<u>(604,337)</u>
	<u><u>\$ 3,506,130</u></u>	<u><u>\$ 2,117,550</u></u>

14. EMPLOYEE BENEFIT OBLIGATIONS

Not applicable for Marcel Colomb First Nation.

15. TANGIBLE CAPITAL ASSETS

see Schedule B-3

16. CONTRACTUAL OBLIGATIONS

The First Nation completed a lease agreement with McNaught Pontiac Buick for a 2012 Chevrolet Express in November 2014.

17. CONTINGENT LIABILITIES

Not applicable to Marcel Colomb First Nation

MARCEL COLOMB FIRST NATION
NOTES TO THE FINANCIAL STATEMENT
Year Ended March 31, 2015

18. Government Transfers

	2015	2014
Federal Government Transfers		
Aboriginal Affairs and Northern Development Canada	\$ 2,903,058	\$ 2,367,550
Health Canada	337,080	314,053
Provincial Government Transfers		
Manitoba Keewatinowin Okimakanak, Inc (clawback)	-	(1,365)
	<u>\$ 3,240,138</u>	<u>\$ 2,680,238</u>

19. SEGMENT DISCLOSURE

See individual segment schedules A-1 through A-9.

20. EXPENSES BY OBJECT

	2015	2014
Administration	\$ -	\$ 50,800
Amortization	252,214	160,012
Bad Debts	27,256	-
Costs to Relocate Reserve	-	11,165
Contracted Services - Community Operations	453,908	368,742
Fuel	88,829	61,015
Honoraria - Chief	25,000	52,000
Honoraria - Council	81,000	78,000
Insurance	68,076	50,000
Interest and Bank Charges	5,399	12,653
Inventory for resale	15,200	-
Management - Consulting Fees	193,870	241,959
Medical Transportation	187,931	175,200
Post Secondary Allowance	-	6,474
Professional Fees	48,703	19,491
Repairs and Maintenance	39,987	31,884
Rental Equipment	29,572	171
Salaries and Benefits	378,784	346,541
Office and Supplies	68,268	10,836
Social Services - Allowances	409,212	412,834
Telephone and Utilities	12,853	25,943
Training and Workshops	36,684	54,222
Travel - Chief	-	17,488
Travel - Council	10,100	26,044
Travel - Staff & Students	47,621	14,979
Utilities	48,522	40,863
Vehicle Lease	6,848	-
Housing - CMHC Reserve	125,773	155,179
Bus Reserve Allocation	11,964	11,964
Miscellaneous	3,544	11,170
Marcel Colomb Development Corporation	<u>324,536</u>	<u>124,539</u>
	<u>\$ 3,001,654</u>	<u>\$ 2,572,168</u>

20. Subsequent Events

Not applicable for Marcel Colomb First Nation.