

LUCKY MAN FIRST NATION

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

for the year ended March 31, 2015

LUCKY MAN FIRST NATION

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Management's Responsibility for the Financial Statements

To the Members of Lucky Man First Nation:

The accompanying financial statements of Lucky Man First Nation are the responsibility of management and have been approved by the Council.

These 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. Management is responsible 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.

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

The Council meets periodically with management, as well as the external auditors, 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 financial statements and the external auditor's report.

The external auditors, HNG Accounting Group, conduct an audit in accordance with Canadian general accepted auditing standards, and express their opinion on the financial statements. The external auditors have access to financial management of Lucky Man First Nation and meet when required.

On behalf of Lucky Man First Nation:

Richard Okemow

Lorraine Birch

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INDEPENDENT AUDITOR'S REPORT

To the Members of the **Lucky Man First Nation**

We have audited the accompanying financial statements of **Lucky Man First Nation** which comprise of the statement of financial position as of March 31, 2015 and the statements of operations, changes in net financial assets 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.

Independent 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 First Nation'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 First Nation'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.

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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 aspects, the financial position of **Lucky Man First Nation** as at March 31, 2015, and the results of its operations, changes in its net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

The supplementary information contained in the accompanying schedules is presented for purposes of additional information to the membership and Aboriginal Affairs and Northern Development Canada and does not form part of the financial statements. The schedules have not been audited other than in the course of our audit of the financial statements to the extent necessary to allow us to render an opinion thereon.

HNG Accounting Group

Saskatoon, Saskatchewan
July 28, 2015

Chartered Professional
Accountants

LUCKY MAN FIRST NATIONSTATEMENT OF FINANCIAL POSITION
as at March 31, 2015

	<u>2015</u>	<u>2014</u>
FINANCIAL ASSETS		
Bank (Note 2)	\$ 32,198	\$ 17,651
Portfolio investments (Note 3)	617,243	556,459
Accounts receivable (Note 4)	53,761	65,982
Trust funds (Note 5)	1,694,548	1,709,446
Investments (Note 6)	-	-
Member advances (Note 7)	<u>10,831</u>	<u>20,275</u>
	<u>2,408,581</u>	<u>2,369,813</u>
FINANCIAL LIABILITIES		
Accounts payable (Note 8)	25,534	21,785
Unexpended revenue (Note 9)	<u>12,411</u>	<u>21,438</u>
	<u>37,945</u>	<u>43,223</u>
NET FINANCIAL ASSETS	<u>2,370,636</u>	<u>2,326,590</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 10)	11,824	14,304
Prepaid expenses	<u>3,683</u>	<u>93</u>
	<u>15,507</u>	<u>14,397</u>
SURPLUS	<u>\$ 2,386,143</u>	<u>\$ 2,340,987</u>

APPROVED BY COUNCIL:

Richard OkimowLeanne Bird

LUCKY MAN FIRST NATION

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
for the year ended March 31, 2015

	<u>2015</u>	<u>2014</u>
SURPLUS (DEFICIT) FOR THE YEAR	\$ 47,636	\$ 148,402
Prepaid expenses	(3,590)	3,607
 INCREASE (DECREASE) IN NET FINANCIAL ASSETS	 44,046	 152,009
 BALANCE, beginning of the year	 <u>2,326,590</u>	 <u>2,174,581</u>
 BALANCE, end of the year	 \$ 2,370,636	 \$ 2,326,590

THE ACCOMPANYING NOTES ARE AN INTEGRAL
PART OF THESE FINANCIAL STATEMENTS

LUCKY MAN FIRST NATION

STATEMENT OF OPERATIONS
for the year ended March 31, 2015

	Budget 2015 (Note 13)	2015	2014
REVENUE:			
Grants and Contributions:			
- Aboriginal Affairs and Northern Development Canada (Note 11)	\$ 271,195	\$ 271,195	\$ 232,507
- Battlefords Tribal Council	16,000	16,000	28,300
- Battlefords Agency Tribal Council	2,500	2,450	28,500
Trust interest and rent	150,000	140,098	171,430
First Nations Trust Gaming	50,000	50,414	52,883
Interest and earnings distributions	70,100	70,143	15,655
Expense recoveries and other income	1,000	1,649	11,196
Outfitting	-	-	15,000
	<u>560,795</u>	<u>551,949</u>	<u>555,471</u>
Unexpended revenue - prior year	21,438	21,438	-
- current year	-	(12,411)	(21,438)
	<u>582,233</u>	<u>560,976</u>	<u>534,033</u>
 EXPENSES	 <u>512,724</u>	 <u>513,340</u>	 <u>385,631</u>
 SURPLUS (DEFICIT) BEFORE THE UNDERNOTED	 69,509	 47,636	 148,402
Change in investment equity (Note 6)	-	-	-
 SURPLUS (DEFICIT) FOR THE YEAR	 <u>\$ 69,509</u>	 <u>\$ 47,636</u>	 <u>\$ 148,402</u>

LUCKY MAN FIRST NATION

STATEMENT OF SURPLUS / EQUITY BALANCES
for the year ended March 31, 2015

	<u>2015</u>	<u>2014</u>
<u>SURPLUS, APPROPRIATED FOR EDUCATION</u>		
BALANCE, beginning of the year	\$ 556,459	\$ 506,437
TRANSFER FROM UNAPPROPRIATED SURPLUS	<u>60,784</u>	<u>50,022</u>
BALANCE, end of the year	<u>\$ 617,243</u>	<u>\$ 556,459</u>
<u>SURPLUS, APPROPRIATED FOR TANGIBLE CAPITAL ASSETS</u>		
BALANCE, beginning of the year	\$ 14,304	\$ 19,498
AMORTIZATION OF TANGIBLE CAPITAL ASSETS	<u>(2,480)</u>	<u>(5,194)</u>
BALANCE, end of the year	<u>\$ 11,824</u>	<u>\$ 14,304</u>
<u>SURPLUS, UNAPPROPRIATED</u>		
BALANCE, beginning of the year	\$ 1,770,224	\$ 1,671,844
SURPLUS (DEFICIT) FOR THE YEAR	47,636	148,402
TRANSFER TO APPROPRIATED FOR EDUCATION SURPLUS	<u>(60,784)</u>	<u>(50,022)</u>
BALANCE, end of the year	<u>\$ 1,757,076</u>	<u>\$ 1,770,224</u>

LUCKY MAN FIRST NATION**STATEMENT OF CASH FLOWS**
for the year ended March 31, 2015

	<u>2015</u>	<u>2014</u>
OPERATIONS:		
Surplus (deficit) for the year	\$ 47,636	\$ 148,402
Changes in non-cash Working Capital items:		
Accounts receivable	21,665	(11,833)
Accounts payable	3,749	(15,410)
Prepaid expenses	(3,590)	3,607
Unexpended revenue	(9,027)	21,438
	<u>60,433</u>	<u>146,204</u>
INVESTING ACTIVITIES:		
Trust fund changes	<u>14,898</u>	<u>(46,430)</u>
INCREASE (DECREASE) IN CASH RESOURCES	75,331	99,774
CASH AND CASH EQUIVALENTS, beginning of the year	<u>574,110</u>	<u>474,336</u>
CASH AND CASH EQUIVALENTS, end of the year	\$ 649,441	\$ 574,110
	<u> </u>	<u> </u>
Cash and cash equivalents are represented by:		
Bank balances	\$ 32,198	\$ 17,651
Portfolio investments	<u>617,243</u>	<u>556,459</u>
	<u> </u>	<u> </u>
	\$ 649,441	\$ 574,110
	<u> </u>	<u> </u>

LUCKY MAN FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2015

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES:

These summary financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board.

Reporting Entity and Principles of Financial Reporting

The Lucky Man First Nation reporting entity includes the Lucky Man First Nation government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

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 schedules.

Net Financial Assets

Net financial assets are the net amount of financial assets less financial liabilities outstanding. Financial assets represent items which could provide resources to the First Nation to discharge existing liability or finance future operations.

Non-Financial Assets

Tangible capital assets and other non-financial assets are accounted for as assets by the First Nation as they can be used to provide services in future periods. These assets do not provide resources to discharge the liabilities of the First Nation unless they are sold.

Cash and Cash Equivalents

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

Investments

Incorporated business entities, which are owned or controlled by the Lucky Man First Nation for their continuing operations, are included in the financial statements using the modified equity method.

Long term investments in non-controlled entities are recorded at the lower of cost or net realizable value.

LUCKY MAN FIRST NATION**NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2015****1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES: (Continued)****Tangible Capital Assets**

Tangible capital asset acquisitions are recorded at their acquisition cost and include amounts that are directly related to the acquisition, design, construction, development, improvement, or betterment of the assets. Cost include overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset. Assets under construction are not amortized until available for use.

Amortization

Tangible capital assets are written down when conditions indicate that they no longer contribute to the First Nation's ability to provide 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-down would be accounted for as expenses in the statement of operations. The cost of these tangible capital assets, less any residual value, is amortized over the asset's useful life using the straight-line method of amortization as recorded are amortized annually over their expected useful life using the straight line method at the following rates:

Buildings	25 years
General equipment	10 years
Roads	20 years
Infrastructure	20 years
Computers	4 years

LUCKY MAN FIRST NATION**NOTES TO THE FINANCIAL STATEMENTS**
for the year ended March 31, 2015**1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES: (Continued)****Revenue Recognition**

Revenue are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenue is 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 stipulation give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contribution 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. Restricted contributions that must be maintained in perpetuity are recorded as revenue when received or receivable, and are presented as non-financial assets in the statement of financial operations.

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

Pension Plan

Lucky Man Cree Nation provides a defined contribution pension plan for its employees. The pension costs are charged to operations as contributions are due. Contributions are a defined amount whereby the employer matches that paid by the employee.

LUCKY MAN FIRST NATION**NOTES TO THE FINANCIAL STATEMENTS**
for the year ended March 31, 2015**1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES: (Continued)****Financial Instruments**

Financial instruments consist of bank, portfolio investments, accounts receivable, trust funds, accounts payable and unexpended revenue. The First Nation's financial instruments are measured at cost or amortized cost. Interest attributable to financial instruments is reported in the statement of operations. All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Due to the short-term nature of all financial instruments other than long-term investments and long-term debt, the carrying values are presented in the financial statements are reasonable estimates of fair value. As is true for all estimates, actual fair value could differ from this estimate and, if so, any difference could be accounted for in the period in which it becomes known. Since long-term investments are not traded in an organized financial market, it is not practicable within constraints of timeliness or cost to determine the fair value with sufficient reliability.

Use of Estimates

The preparation of the financial statements in conformity with Canadian public sector accounting standards 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 expenditures during the year.

Accounts receivable and members advance are assessed for collectability annually and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from estimates.

2. BANK:

The First Nation has an overdraft facility of \$25,000 that is secured by a general security agreement. The facility has an interest payable monthly at bank prime plus 1.5%.

LUCKY MAN FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2015

3. PORTFOLIO INVESTMENTS:

Funds received from the First Nations Gaming Trust are deposited directly into an investment account held at a major Canadian financial institution. Funds withdrawn from this investment account are for the purpose of education for Lucky Man First Nation members.

Balance, March 31, 2014	\$ 556,459
Plus : Transfers from Gaming	48,409
: Investment revenue	<u>17,438</u>
	622,306
Less : Disbursements for investment fees	<u>5,063</u>
Balance, March 31, 2015	\$ 617,243

4. ACCOUNTS RECEIVABLE:

Accounts receivable include:

	<u>2015</u>	<u>2014</u>
First Nations Trust	\$ 11,718	\$ 9,713
Battlefords Tribal Council	2,445	28,500
Scotia Trust	39,598	20,057
Good and Services tax rebate	<u>-</u>	<u>7,712</u>
	<hr/>	<hr/>
	\$ 53,761	\$ 65,982

LUCKY MAN FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2015

5. TRUST FUNDS:

The First Nation has the following trust funds held by Aboriginal Affairs and Northern Development Canada:

	<u>Capital</u>	<u>Revenue</u>	<u>Total</u>
Balance, March 31, 2014	\$ 1,400,008	\$ 309,438	\$ 1,709,446
Plus: Land rent	-	83,062	83,062
: Interest earned	<u>-</u>	<u>40,040</u>	<u>40,040</u>
	1,400,008	432,540	1,832,548
Less: Receipts	-	(138,000)	(138,000)
Balance, March 31, 2015	\$ 1,400,008	\$ 294,540	\$ 1,694,548

The trust funds 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. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

6. INVESTMENTS:

Lucky Man First Nation is a member of the Battlefords Tribal Council. Battlefords Tribal Council, on behalf of its member First Nations, has invested in a number of companies which include holdings in property, hotels and gaming. Lucky Man First Nation does not have a controlling interest in these entities and there has been no information provided to Lucky Man to value the investments.

LUCKY MAN FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2015

7. MEMBER ADVANCES:

The First Nation has the following outstanding member advances:

	<u>2015</u>	<u>2014</u>
Albert, Crystal	\$ 13,162	\$ 23,688
Bird, Leona	682	450
Okemow, Dagney	240	240
Okemow, Fonda	2,921	3,471
Okemow, Janet	924	924
Okemow, Karen	2,902	702
Okemow, Richard	-	800
	<u>20,831</u>	<u>30,275</u>
Allowance for uncollectible amounts	(10,000)	(10,000)
	<u>\$ 10,831</u>	<u>\$ 20,275</u>

8. ACCOUNTS PAYABLE:

Accounts payable include:

	<u>2015</u>	<u>2014</u>
Trade creditors	\$ 728	\$ 4,402
Employee benefits	1,380	1,380
Accrued liabilities	15,600	14,900
Wages payable	7,826	-
Payroll remittances	-	1,103
	<u>\$ 25,534</u>	<u>\$ 21,785</u>

LUCKY MAN FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2015

9. UNEXPENDED REVENUE:

The First Nation has the following programs which had funding that was unspent at the year end:

	<u>Sch</u>	<u>2015</u>	<u>2014</u>
Post Secondary	2	\$ 12,411	\$ 19,696
Benefits	5	- <hr/>	<hr/> 1,742
		\$ 12,411 <hr/>	<hr/> 21,438

10. TANGIBLE CAPITAL ASSETS:

The First Nation's tangible capital assets include:

	<u>2015</u>	<u>2014</u>
<u>Cost</u>		
Buildings	\$ 58,600	\$ 58,600
Computers	7,917	7,917
Roads	15,995	15,995
Infrastructure	26,592	26,592
Water lines	<hr/> 1,103	<hr/> 1,103
	<hr/> 110,207	<hr/> 110,207
<u>Accumulated Amortization</u>		
Buildings	46,776	44,432
Computers	7,917	7,917
Roads	15,995	15,859
Infrastructure	26,592	26,592
Water lines	<hr/> 1,103	<hr/> 1,103
	<hr/> 98,383	<hr/> 95,903
	<hr/> \$ 11,824	<hr/> \$ 14,304

LUCKY MAN FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2015

11. ABORIGINAL AFFAIRS AND NORTHERN DEVELOPMENT CANADA:

The First Nation has entered into funding arrangements with Aboriginal Affairs and Northern Development Canada. The funds are used by the First Nation to administer its operations and provide service to its members in accordance with the terms of the funding arrangement. Funding received under these contribution agreements is subjected to repayment if the First Nation fails to comply with the terms and conditions of the agreements.

12. PENSION AGREEMENT:

The First Nation provides a defined contribution plan for eligible members of its staff. The First Nation matches employees' contributions. The amount to be received by employees will be the amount of retirement annuity that could be purchased based on the employee's share of the pension plan at the time the employee's withdrawal from the plan.

13. BUDGETED FIGURES:

Unaudited budgeted figures have been provided for comparison purposes and have been derived from the estimates supplied by management.

14. RISK MANAGEMENT

The First Nation is exposed to credit risk, liquidity risk, and other price risk from its financial instruments.

The First Nation's member advances are exposed to credit risk. The First Nation manages its exposure to credit risk by actively limiting the amount of non-funding accounts receivable outstanding.

The First Nation is exposed to liquidity risk which are limitations on the ability of the First Nation to convert financial assets to cash in order to meet financial liabilities as a result of being economically dependent on funding from AANDC. The First Nation's approach to managing its liquidity risk is to ensure that it will have sufficient cash flows to fund its operations and to meet its obligations when due, under both normal and stressed conditions.

The company is exposed to other price risk on its portfolio investments, which are subjected to market fluctuation.

LUCKY MAN FIRST NATION**SUMMARY OF SCHEDULES**
for the year ended March 31, 2015

(Unaudited)

	<u>Sch</u>	<u>Revenue</u>	<u>Expenses</u>	<u>Unexpended Revenue</u>	<u>Surplus (Deficit)</u>
RESERVES AND TRUSTS:					
Registry	1	\$ 5,000	5,000	-	\$ -
EDUCATION:					
Post Sec Administration	2	16,650	17,527	-	(877)
Post Sec Allowance	2	<u>29,927</u>	<u>37,212</u>	<u>7,285</u>	<u>-</u>
		<u>46,577</u>	<u>54,739</u>	<u>7,285</u>	<u>(877)</u>
INFRASTRUCTURE:					
Municipal	3	<u>25,943</u>	<u>31,345</u>	<u>-</u>	<u>(5,402)</u>
BAND SUPPORT:					
Administration	4	106,761	141,990	-	(35,229)
Benefits	5	1,045	10,827	-	(9,782)
Benefits	5	<u>2,882</u>	<u>4,624</u>	<u>1,742</u>	<u>-</u>
		<u>110,688</u>	<u>157,441</u>	<u>1,742</u>	<u>(45,011)</u>
HEALTH:					
Wellness	6	<u>67,364</u>	<u>64,627</u>	<u>-</u>	<u>2,737</u>
FIRST NATION PROGRAMS:					
Reserve Development	7	91,320	91,320	-	-
Pasture Development	8	31,000	31,000	-	-
Band Revenue	8	30,700	30,000	-	700
Economic Development	9	42,805	42,805	-	-
Ottawa Trust	9	(6,898)	-	-	(6,898)
Education Trust	10	107,450	5,063	-	102,387
Gaming	11	-	-	-	-
		<u>296,377</u>	<u>200,188</u>	<u>-</u>	<u>96,189</u>
		<u>\$ 551,949</u>	<u>513,340</u>	<u>9,027</u>	<u>\$ 47,636</u>