

MOOSOMIN FIRST NATION

Cochin, Saskatchewan

March 31, 2014

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Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of Moosomin First Nation are the responsibility of management and have been approved by Chief and 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 judgments 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.

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

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 consolidated financial statements and the external auditors' report.

The external auditors, Swanson Gryba & Company, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Moosomin First Nation and meet when required.

On behalf of Moosomin First Nation:



Bradley Swiftwolfe
Chief

Swanson Gryba & Company

CHARTERED ACCOUNTANTS



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INDEPENDENT AUDITORS' REPORT

To Council and Members of Moosomin First Nation:

Report on the Financial Statements

We were engaged to audit the accompanying consolidated financial statements of Moosomin First Nation, which comprise the consolidated statement of financial position as at March 31, 2014, the consolidated statements of operations and changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Moosomin First Nation as at March 31, 2014 and its financial performance and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Emphasis of Matter

We draw attention to Note 18 to the financial statements which describes that as of December 1, 2010 AANDC funding was administered by a regulatory imposed third party management firm who reported directly to AANDC. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

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

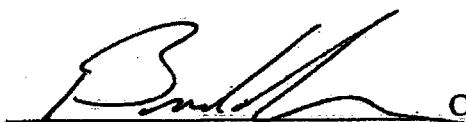
North Battleford, Saskatchewan
October 22, 2014

Swanson Gryba & Company
Chartered Accountants

MOOSOMIN FIRST NATIONConsolidated Statement of Financial Position
March 31, 2014

| | <u>2014</u> | <u>2013</u> (Note 12) |
|--|----------------------|--------------------------|
| FINANCIAL ASSETS | | |
| Cash (Note 2) | \$ 897,112 | \$ 384,417 |
| Accounts receivable (Note 3) | 397,304 | 192,481 |
| Due from government and government organizations (Note 4) | 31,121 | 248,807 |
| Ottawa Trust (Note 5) | 722,104 | 475,527 |
| Portfolio investments (Note 6) | 99,147 | 1 |
| Investment in government business enterprise and partnerships (Note 7) | 9,370 | 9,370 |
| | <u>2,156,158</u> | <u>1,310,603</u> |
| LIABILITIES | | |
| Accounts payable and accrued liabilities (Note 8) | 1,948,445 | 1,377,646 |
| Deferred revenue (Note 9) | 870,284 | 1,185,989 |
| Long-term debt (Note 10) | 2,820,480 | 3,095,555 |
| | <u>5,639,209</u> | <u>5,659,190</u> |
| NET DEBT | (3,483,051) | (4,348,587) |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets (Note 11) | <u>27,012,816</u> | <u>25,523,302</u> |
| ACCUMULATED SURPLUS | <u>\$ 23,529,765</u> | <u>\$ 21,174,715</u> |

Approved on behalf of the Council:



Chief



Councillor

The accompanying notes are an integral part of these financial statements

MOOSOMIN FIRST NATION
Consolidated Statement of Operations
for the year ended March 31, 2014

| | <u>Budget</u> <u>2014</u> | <u>2014</u> | <u>2013</u> (Note 12) |
|---|------------------------------|----------------------|--------------------------|
| REVENUE | | | |
| Federal Government: | | | |
| Aboriginal Affairs and | | | |
| Northern Development Canada | \$ 4,137,007 | \$ 6,437,938 | \$ 4,583,687 |
| Health Canada | | 124,254 | 106,609 |
| CMHC Subsidy/Rent | | 357,266 | 357,266 |
| Tribal Council: | | | |
| Battlefords Agency Tribal Chiefs | | 286,374 | 155,487 |
| Battlefords Tribal Council | | 183,555 | 154,995 |
| Other: | | | |
| Treaty Land Entitlement Trust | | | 1,968,157 |
| Land leases (Note 14) | | 98,009 | 96,507 |
| Saskatchewan Indian Training Group | | 99,654 | 143,822 |
| Specific Land Claims Trust | | 972,026 | 1,297,632 |
| Government of Canada / Saskatchewan | | 22,000 | |
| Ottawa Trust | | 246,577 | 542,311 |
| First Nations Trust | | 646,486 | 629,087 |
| Other | 58,000 | 430,696 | 334,042 |
| Oil and gas | | | 12,667 |
| Administration Revenue | | 25,076 | |
| | <u>4,195,007</u> | <u>9,929,911</u> | <u>10,382,269</u> |
| EXPENSES | | | |
| Education | 2,671,324 | 2,636,604 | 2,548,276 |
| Community Infrastructure | 519,104 | 638,699 | 532,439 |
| Band Government | 580,900 | 704,942 | 740,117 |
| Capital | 441,200 | 1,031,636 | 915,331 |
| Other | | 1,513,292 | 1,146,826 |
| Treaty Land Entitlement | | 14,668 | 80,000 |
| Specific Land Claims | | 1,035,020 | 1,639,775 |
| | <u>4,212,528</u> | <u>7,574,861</u> | <u>7,602,764</u> |
| CURRENT SURPLUS | \$ (17,521) | 2,355,050 | 2,779,505 |
| ACCUMULATED SURPLUS AT BEGINNING OF YEAR | | 21,174,715 | 18,395,210 |
| ACCUMULATED SURPLUS AT END OF YEAR | | \$ 23,529,765 | \$ 21,174,715 |

The accompanying notes are an integral part of these financial statements

MOOSOMIN FIRST NATIONConsolidated Statement of Changes in Net Debt
for the year ended March 31, 2014

| | <u>2014</u> | <u>2013</u> (Note 12) |
|---|-----------------------|--------------------------|
| CURRENT SURPLUS (DEFICIT) | \$ 2,355,050 | \$ 2,779,505 |
| Acquisition of tangible capital assets | (2,388,160) | (2,386,970) |
| Amortization of tangible capital assets | 898,646 | 860,929 |
| CHANGE IN NET DEBT | 865,536 | 1,253,464 |
| NET DEBT AT BEGINNING OF YEAR | (4,348,587) | (5,602,051) |
| NET DEBT AT END OF YEAR | \$ (3,483,051) | \$ (4,348,587) |

The accompanying notes are an integral part of these financial statements

MOOSOMIN FIRST NATIONConsolidated Statement of Cash Flows
for the year ended March 31, 2014

| | <u>2014</u> | <u>2013</u> (Note 12) |
|--|--------------------|--------------------------|
| CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | | |
| Current surplus (deficit) | \$ 2,355,050 | \$ 2,779,505 |
| Add (deduct) items not affecting cash | | |
| Tangible capital asset amortization | 898,646 | 860,929 |
| Net change in non-cash working capital balances related to operations* | 267,957 | 60,005 |
| Adjustment for capital/investing transactions in operations | <u>(246,577)</u> | <u>(542,311)</u> |
| Ottawa Trust revenue | <u>3,275,076</u> | <u>3,158,128</u> |
| CASH PROVIDED BY (USED IN) CAPITAL ACTIVITIES | | |
| Purchase of tangible capital assets | <u>(2,388,160)</u> | <u>(2,386,970)</u> |
| CASH PROVIDED BY (USED IN) INVESTMENT ACTIVITIES | | |
| Transfer from Ottawa Trust fund | 262,918 | |
| Purchase of investments | <u>(99,146)</u> | <u>262,918</u> |
| CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES | | |
| Proceeds from long-term debt | 139,549 | 180,000 |
| Retirement of long-term debt | <u>(414,624)</u> | <u>(706,730)</u> |
| | <u>(275,075)</u> | <u>(526,730)</u> |
| CASH PROVIDED (USED) IN THE YEAR | 512,695 | 507,346 |
| CASH (BANK INDEBTEDNESS) AT BEGINNING OF YEAR | <u>384,417</u> | <u>(122,929)</u> |
| CASH AT END OF YEAR | <u>\$ 897,112</u> | <u>\$ 384,417</u> |
| * NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS | | |
| Decrease (increase) in accounts receivable | \$ (204,823) | \$ 73,351 |
| Decrease (increase) in due from government and government organization | 217,686 | |
| Increase (decrease) in accounts payable | 570,799 | (208,243) |
| Increase (decrease) in deferred revenue | <u>(315,705)</u> | <u>194,897</u> |
| | <u>\$ 267,957</u> | <u>\$ 60,005</u> |

The accompanying notes are an integral part of these financial statements

MOOSOMIN FIRST NATIONNotes to the Consolidated Financial Statements
March 31, 2014

1. Summary of Significant Accounting Policies

(a) Basis of Accounting

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

(b) First Nation reporting entity

The Moosomin First Nation reporting entity includes all related entities that are either owned or controlled by the First Nation. The following entities are included in the reporting entity:

| ENTITY | CLASSIFICATION | METHOD OF REPORTING |
|---|---------------------------------|------------------------|
| Twelve Nations Construction Limited Partnership | Government business partnership | Modified equity method |
| Battlefords Agency Tribal Chiefs Inc. | Portfolio investment | Cost |
| BATC Investments Limited Partnership | Government business partnership | Modified equity method |
| BATC Investments Ltd. | Government business enterprise | Modified equity method |
| BATC Land Holdings Ltd. | Government business enterprise | Modified equity method |

Portfolio investments are valued at the lower of cost, less any provisions for other than temporary impairment and market value.

(c) Principles of Consolidation

All controlled entities are fully consolidated on a line-by-line basis except for government business enterprises and government business partnerships, which are included in the consolidated financial statements on a modified equity basis. Inter-organizational transactions are eliminated upon consolidation.

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

(d) Asset Classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets.

MOOSOMIN FIRST NATIONNotes to the Consolidated Financial Statements
March 31, 2014

(e) 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.

(f) Tangible Capital Assets

Tangible capital assets include acquired, built, developed and improved tangible capital assets, whose useful life extends beyond one year and which are intended to be used on an ongoing basis for producing goods or delivering services. Tangible capital assets are reported at net book value.

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 Moosomin First Nation's incremental cost of borrowing.

Certain assets 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.

Amortization is calculated on the reducing balance basis at 25% on equipment and 5% on buildings, community infrastructure and social housing.

Tangible capital assets are written down when conditions indicate that they no longer contribute to Moosomin 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 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 a 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.

(g) Net Debt

The First Nation's financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the First Nation is determined by its liabilities less its financial assets. Net debt is comprised of two components, non-financial assets and accumulated surplus.

(h) Revenue Recognition

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

MOOSOMIN FIRST NATIONNotes to the Consolidated Financial Statements
March 31, 2014

(h) Revenue Recognition (continued)

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 the 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) Expense Recognition

Expenses are recognized in the period the goods and services are acquired and a liability is incurred. They also include grants and contributions made where no direct goods and services were received directly in return.

Expenses represent the amount of resources acquired in the period that need to be financed either from current or future revenues. Expenses include amounts for interest on debt outstanding but do not include principal debt repayments or transfer to other funds.

Expenses represent the amount of resources acquired in the period that need to be financed either from current or future revenues. Expenses include amounts for interest on debt outstanding but do not include principle debt repayments or transfers to other funds.

(j) Trust Funds - non-consolidated

The Treaty Land Entitlement Trust was established to receive entitlement monies relating to the settlement of land claims of the Moosomin First Nation. The trust consists of entitlement monies which may be used to acquire the first nation's shortfall acres. Shortfall acres were achieved on August 23, 2000. Trust capital may now be used for first nation development purposes and recognized as revenue upon transfer. Income earned on the trust capital is transferred to the first nation and recorded as income when received or receivable. Revenue earned on Entitlement Land, which has not yet been transferred to reserve status, is considered to be revenue of the first nation when received or receivable. The terms and conditions governing the trust transactions are contained in various trust agreements.

The Specific Land Claims Trust was established to receive settlement monies relating to the settlement of first nation's 1909 surrender claim. The trust consists of settlement monies which may be used for certain first nation's development purposes. Income realized on trust capital is transferred to the first nation. The terms and conditions governing the trust transactions are contained in various trust agreements.

MOOSOMIN FIRST NATION**Notes to the Consolidated Financial Statements**
March 31, 2014**(k) Measurement Uncertainty**

In preparing the financial statements for the government of Moosomin First Nation, management is required to make estimates and assumptions that affect reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the year. The main estimates used in preparing these financial statements include allowance for doubtful accounts in amount of \$348,624 (2013 - \$340,227) and amortization of tangible capital assets in amount of \$898,647 (2013 - \$860,929). Actual results could differ significantly from these estimates.

2. Cash and Cash Equivalents

| | <u>2014</u> | <u>2013</u> |
|---|-------------------|-------------------|
| Externally restricted (Canada Mortgage and Housing Corporation) | \$ 441 | \$ 461 |
| Internally restricted | 654,933 | 477,534 |
| Unrestricted | 241,738 | (93,578) |
| | <hr/> | <hr/> |
| | <u>\$ 897,112</u> | <u>\$ 384,417</u> |

3. Accounts Receivable

| | <u>2014</u> | <u>2013</u> |
|--|-------------------|-------------------|
| Band members | \$ 202,459 | \$ 192,677 |
| Moosomin Specific Land Claims Trust | 141,797 | 56,811 |
| Land Leases | 151,185 | 147,200 |
| Battlefords Agency Tribal Chiefs | 98,332 | 88,053 |
| Battle River Treaty 6 Health Centre Inc | 89,741 | 15,272 |
| Saskatchewan Indian Training Assessment Group Inc. | 35,575 | |
| Moosomin Daycare | 22,393 | 22,393 |
| Other | 4,446 | 10,302 |
| Less allowance for doubtful accounts | <u>(348,624)</u> | <u>(340,227)</u> |
| | <hr/> | <hr/> |
| | <u>\$ 397,304</u> | <u>\$ 192,481</u> |

Accounts receivable includes advances to Chief and Council in the amount of \$13,061 (2013 - \$6,654).

4. Due from Government and Government Organizations

| | <u>2014</u> | <u>2013</u> |
|---|------------------|-------------------|
| AANDC | \$ 61,909 | |
| Canada Mortgage and Housing Corporation | 16,867 | 186,898 |
| Health Canada | 14,254 | |
| | <hr/> | <hr/> |
| | <u>\$ 31,121</u> | <u>\$ 248,807</u> |

MOOSOMIN FIRST NATIONNotes to the Consolidated Financial Statements
March 31, 2014

5. Ottawa Trust Fund (Capital and Revenue)

The Ottawa Trust accounts arise from moneys derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in the Consolidated Revenue Fund of the Government of Canada. The amounts on deposit with the Government of Canada are not audited by the Auditor General of Canada. The management of these funds is primarily governed by Section 63 to 69 of the Indian Act.

| | Opening | | | 2014 | | 2013 | |
|------------|-------------------|------------|-------------|-------------------|------------|---------|---------|
| | Balance | Additions | Withdrawals | Balance | Balance | Balance | Balance |
| Capital | \$ 275,776 | | | \$ 275,776 | \$ 275,776 | | |
| Revenue | <u>199,751</u> | \$ 246,577 | | <u>446,328</u> | \$ 199,751 | | |
| Fund Total | <u>\$ 475,527</u> | \$ 246,577 | \$ NIL | <u>\$ 722,104</u> | \$ 475,527 | | |

6. Portfolio Investments

| | | 2014 | 2013 |
|--|------------------|------|------|
| Battlefords Agency Tribal Chiefs Inc. - 1/5th membership | \$ 1 | \$ 1 | |
| Western Alliance Tubulars Ltd. - advances | <u>99,146</u> | | |
| | <u>\$ 99,147</u> | \$ 1 | |

The first nation advanced funds during the year to Western Alliance Tubulars Ltd. as part of its commitment to a business arrangement. The advances are non-interest bearing and unsecured, with no set repayment terms. The first nation has no equity ownership or voting rights in Western Alliance Tubulars Ltd. or its affiliated companies.

7. Investments in Government Business Enterprise and Partnerships

| | 2014 | 2013 |
|---|-----------------|-----------------|
| Twelve Nations Construction Limited Partnership - 8,335 units | \$ 8,335 | \$ 8,335 |
| BATC Investments Limited Partnership - 1,000 units | 1,000 | 1,000 |
| BATC Investments Ltd. - 10 Class A Common shares | 10 | 10 |
| BATC Land Holdings Ltd. - 25 Class A Common shares | 25 | 25 |
| | <u>\$ 9,370</u> | <u>\$ 9,370</u> |

MOOSOMIN FIRST NATIONNotes to the Consolidated Financial Statements
March 31, 2014

8. Accounts Payable and Accrued Liabilities

| | <u>2014</u> | <u>2013</u> |
|--|--------------------|--------------------|
| Trade payables | \$ 824,087 | \$ 464,787 |
| Accrued salaries and benefits payable | 1,747 | 52,195 |
| Moosomin Specific Land Claims Trust | 682,643 | 600,588 |
| Moosomin Treaty Land Entitlement Trust | 195,910 | |
| Other accrued liabilities | 244,058 | 260,076 |
| | <u>\$1,948,445</u> | <u>\$1,377,646</u> |

9. Deferred Revenue

| | <u>Opening Balance</u> | <u>Funding Received</u> | <u>Revenue Recognized</u> | <u>2014 Total</u> | <u>2013 Total</u> |
|----------------------|------------------------|-------------------------|---------------------------|-------------------|--------------------|
| AANDC: | | | | | |
| Major Renovations | \$ 23,400 | | \$ 23,400 | | \$ 23,400 |
| Advances on Furnaces | 32,000 | | 32,000 | | 32,000 |
| Lagoon | 195 | | | \$ 195 | 195 |
| WTP feasibility | 29,334 | | 29,334 | | 29,334 |
| School roof repairs | 62,605 | | 62,605 | | 62,605 |
| WTP Upgrade | 268,621 | \$2,308,500 | 2,161,632 | 415,489 | 268,621 |
| OTHER: | | | | | |
| Specific land claims | 483,490 | | 47,040 | 436,450 | 483,490 |
| Ottawa Trust | 116,763 | | 116,763 | | 116,763 |
| BATC CDC | 86,089 | 128,000 | 202,344 | 11,745 | 86,089 |
| Hall Insurance | 83,492 | | 83,492 | | 83,492 |
| Land Lease | | 6,405 | | 6,405 | |
| | <u>\$1,185,989</u> | <u>\$2,442,905</u> | <u>\$2,758,610</u> | <u>\$ 870,284</u> | <u>\$1,185,989</u> |

10. Long-Term Debt

| | <u>2014</u> | <u>2013</u> |
|--------------------------------------|--------------------|--------------------|
| FNH Development Corporation advances | \$ 180,000 | \$ 180,000 |
| Bank loan #1 | | 204,074 |
| Bank loan #2 | | 22,671 |
| Caterpillar Finance Lease | 53,382 | |
| CMHC RRAP | 23,993 | |
| CMHC #1 | 242,898 | 260,279 |
| CMHC #2 | 231,371 | 244,839 |
| CMHC #3 | 546,003 | 584,172 |
| CMHC #4 | 432,295 | 455,836 |
| CMHC #5 | 1,110,538 | 1,143,684 |
| | <u>\$2,820,480</u> | <u>\$3,095,555</u> |

MOOSOMIN FIRST NATIONNotes to the Consolidated Financial Statements
March 31, 2014

10. Long-Term Debt (continued)

FNH Development Corporation is owned by Battlefords Tribal Council and its affiliates, through NTC Executive Council Inc.. The debt is secured by a mortgage on Treaty Land Entitlement land that has not yet achieved reserve status. (Note 16)

Caterpillar Finance Lease contract is secured by an assignment of a backhoe. The contract is repaid in monthly instalments of \$1,201.94 including interest. Interest on the contract is at 6.55 %.

CMHC RRAP loans 125 and 133 are forgivable over the next five and four years at a rate of \$248.05 and \$224.50 per month.

CMHC loan #1 is secured by a mortgage on rental houses. The loan is repayable at \$2,005 per month including interest. Interest on the loan is at 2.65%. The loan is guaranteed by Aboriginal Affairs and Northern Development Canada.

CMHC loan #2 is secured by a mortgage on rental houses. The loan is repayable at \$1,494 per month including interest. Interest on the loan is at 1.92%. The loan is guaranteed by Aboriginal Affairs and Northern Development Canada.

CMHC loan #3 is secured by a mortgage on rental houses. The loan is repayable at \$3,956 per month including interest. Interest on the loan is at 1.64%. The loan is guaranteed by Aboriginal Affairs and Northern Affairs Canada.

CMHC loan #4 is secured by a mortgage on rental houses. The loan is repayable at \$2,788 per month including interest. Interest on the loan is at 2.23%. The loan is guaranteed by Aboriginal Affairs and Northern Affairs Canada.

CMHC loan #5 is secured by a mortgage on rental houses. The loan is repayable at \$6,767 per month including interest. Interest on the loan is at 2.75%. The loan is guaranteed by Aboriginal Affairs and Northern Affairs Canada.

The total principal repayment due on long-term debt in each of the next five years is as follows:

| | |
|------|---------|
| 2015 | 162,604 |
| 2016 | 166,750 |
| 2017 | 170,997 |
| 2018 | 171,121 |
| 2019 | 161,603 |

MOOSOMIN FIRST NATIONNotes to the Consolidated Financial Statements
March 31, 2014

11. Tangible Capital Assets

| | | Beginning <u>Cost</u> | Additions/ <u>Disposals</u> | End <u>Cost</u> | Beg Accum <u>Amort</u> | Current Amort/ <u>Disposals</u> | End Accum <u>Amort</u> | 2014 <u>Net</u> | 2013 <u>Net</u> |
|-----------------------------|--|--------------------------|--------------------------------|----------------------|------------------------------|---------------------------------------|------------------------------|----------------------|----------------------|
| Arena | | \$ 2,655,571 | | \$ 2,655,571 | \$ 1,572,981 | \$ 54,129 | \$ 1,627,110 | \$ 1,028,461 | \$ 1,082,590 |
| Equipment | | 1,751,579 | \$ 103,525 | 1,855,104 | 1,580,989 | 33,088 | 1,614,077 | 241,027 | 170,590 |
| Housing -CMHC | | 4,399,844 | | 4,399,844 | 1,043,457 | 167,819 | 1,211,276 | 3,188,568 | 3,356,387 |
| -Other | | 5,391,355 | | 5,391,355 | 2,367,281 | 151,204 | 2,518,485 | 2,872,870 | 3,024,074 |
| Land | | 9,768,870 | | 9,768,870 | | | | 9,768,870 | 9,768,870 |
| Community Infrastructure | | 13,287,519 | 2,254,635 | 15,542,154 | 5,166,728 | 462,406 | 5,629,134 | 9,913,020 | 8,120,791 |
| | | <u>\$ 37,254,738</u> | <u>\$ 2,358,160</u> | <u>\$ 39,612,898</u> | <u>\$ 11,731,436</u> | <u>\$ 868,646</u> | <u>\$ 12,600,082</u> | <u>\$ 27,012,816</u> | <u>\$ 25,523,302</u> |

12. Prior Period Error Corrections

A compliance audit was conducted by AANDC during the year, resulting in a number of adjustments to the 2013 fiscal year. As a result of the changes, the opening (April 1, 2013) balance of accumulated surplus has increased by \$57,153, with an offsetting decrease of \$56,953 in accounts payable and accrued liabilities and an increase of \$200 in accounts receivable. The 2013 comparative income and expense figures have been restated accordingly.

The December 31, 2012 audited financial statements for the Moosomin Specific Land Claims Trust were received during the year. During the process of reconciling balances with those for the first nation, an error was noted relating to the 2012 trust income. As a result of the changes, the opening (April 1, 2013) balance of accumulated surplus has decreased by \$514,584, with an offsetting decrease of \$466,131 in accounts receivable and increase of \$48,453 in accounts payable. The 2013 comparative income figure has been restated accordingly.

13. Canada Mortgage and Housing Corporation Reserves

Under the terms of agreements with Canada Mortgage and housing Corporation, Moosomin First Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Replacement Reserve Fund.

Under the terms of agreements with Canada Mortgage and Housing Corporation, Moosomin First Nation must set aside operating surpluses. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Operating Surplus Fund.

As of March 31, 2014, the accounts were underfunded by \$642,559 (2013 - \$544,285).

MOOSOMIN FIRST NATIONNotes to the Consolidated Financial Statements
March 31, 2014

14. Related Party Transactions

As detailed in Note 1(j), Entitlement Land owned by the Moosomin Treaty Land Entitlement Trust has always been considered to be under the control of Chief and Council and the related revenue has been recorded in the consolidated audit. The majority of the land is covered by annual lease agreements. Approximately 3,720 acres of land, however, are being utilized on a no charge basis by various members of Council and unelected senior officials.

15. Moosomin Specific Land Claims Trust

The year end of the trust is December 31 and is summarized as follows:

| | <u>2013</u> (unaudited) | <u>2012</u> (unaudited) |
|--|----------------------------|----------------------------|
| General Fund | | |
| Balance at beginning of year | \$ 22,169,448 | \$ 22,169,448 |
| Surplus for the year | 778,389 | |
| Annual distributions to Moosomin First Nation | (696,625) | |
| Land contributed to Moosomin Treaty Land Entitlement Trust | (175,270) | |
| Balance at end of year | \$ 22,075,942 | \$ 22,169,448 |
| Advancement of Education Fund | | |
| Balance at beginning and end of year | \$ 8,164,516 | \$ 8,164,516 |
| Surplus for the year | 49,532 | |
| Annual distributions to Moosomin First Nation | (228,361) | |
| Balance at end of year | \$ 7,985,687 | \$ 8,164,516 |
| Revenue Fund | | |
| Balance at beginning of year | \$ NIL | \$ NIL |
| Net income for the year | | 1,764,675 |
| Realized capital gains (losses) for the year | (97,065) | |
| Distributions to Moosomin First Nation | | (1,764,675) |
| Balance at end of year | \$ (97,065) | \$ NIL |

Moosomin Specific Land Claims Trust is audited by another firm of Chartered Accountants, and the December 31, 2013 audit was awaiting final management approval at the time of finalizing this consolidated audit.

MOOSOMIN FIRST NATIONNotes to the Consolidated Financial Statements
March 31, 2014

16. Treaty Land Entitlement Trust

The year end of the trust is March 31 and is summarized as follows:

| | <u>2014</u> | <u>2013</u> |
|--------------------------------------|---------------------|---------------------|
| | <u>(unaudited)</u> | <u>(unaudited)</u> |
| Capital Fund | | |
| Balance at beginning of year | \$ 6,863,045 | \$ 6,863,045 |
| Gain on sale of land | 128,285 | NIL |
| Balance at end of year | \$ 6,991,330 | \$ 6,863,045 |
| Revenue Fund | | |
| Balance at beginning of year | \$ NIL | \$ NIL |
| Interest revenue earned for the year | NIL | NIL |
| Balance at end of year | \$ NIL | \$ NIL |

The Capital Fund balance includes \$6,990,323 in Entitlement Land and Acquisition Costs, less \$113,672 in property taxes owing on the land. Mortgages are also placed on titles, as security for a loan of \$180,000 from FNH Development Corporation (Note 10).

Before the land can be turned to reserve status, property taxes must be paid and titles cleared of all third party interests, unless prior written approval of such interests has been obtained from the Government of Canada.

17. Contingent Liabilities

Moosomin First Nation has entered into contribution agreements with various federal government departments. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements.

In addition, in the normal course of its operations, Moosomin First Nation becomes involved in legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded on Moosomin First Nation's financial statements.

MOOSOMIN FIRST NATION

Notes to the Consolidated Financial Statements
March 31, 2014

18. Economic Dependence

Moosomin First Nation receives a major portion of its revenue from Aboriginal Affairs and Northern Development Canada ("AANDC"). The nature and extent of this revenue is of such significance that the First Nation is economically dependent on this source of revenue. Since December 1, 2010, AANDC funding has been administered by a regulatory imposed third party management firm who reports directly to AANDC. Effective April 1, 2014, AANDC began flowing its funding directly to Moosomin First Nation, based on their commitment to working with an approved Band Manager.

19. Financial Instruments

The carrying value of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and deferred revenue approximates fair value due to the relatively short-term maturities of these instruments.

Credit Risk

The First Nation in the normal course of operations derives revenues from the rental of farmland and certain residential housing. It is exposed to credit risk from its tenants.

Line of Credit

The First Nation has an authorized line of credit with the Royal Bank of \$450,000 at a rate of prime plus 2%. The terms of the loan facility agreement are negotiated annually.

MOOSOMIN FIRST NATIONNotes to the Consolidated Financial Statements
March 31, 2014

20. Expenses by Type

| | <u>2014</u> | <u>2013</u> |
|--|--------------|--------------|
| Administration fees | \$ 42,800 | \$ 22,140 |
| Amortization | 898,646 | 860,929 |
| Bad debts | 35,149 | 46,261 |
| Band member assistance | 454,806 | 634,319 |
| Capital asset purchases | 4,903 | |
| Honorarium and travel | 275,547 | 283,003 |
| Insurance | 133,788 | 110,349 |
| Interest and bank charges | 54,652 | 90,831 |
| Interest on long-term debt | 63,549 | 64,916 |
| Materials, labour and sub-trades | 436,575 | 260,096 |
| Meetings | 140,868 | |
| Office supplies | 133,176 | 102,944 |
| Professional fees | 459,825 | 466,552 |
| Repairs and maintenance | 245,194 | 183,799 |
| Transfer to tangible capital assets | (30,035) | |
| Telephone | 47,109 | 56,169 |
| Training | 69,975 | 24,614 |
| Tuition, student and living allowances | 497,215 | 469,687 |
| Utilities | 113,337 | 109,873 |
| Wages and employee benefits | 3,531,303 | 3,379,822 |
| Other | 112,250 | 290,689 |
| | <hr/> | <hr/> |
| | \$ 7,574,861 | \$ 7,602,764 |
| | <hr/> | <hr/> |

21. Budgeted Figures

Unaudited budget figures have been provided for comparison purposes and are for the AANDC funded programs only, as administered by the Third Party Manager.

MOOSOMIN FIRST NATIONNotes to the Consolidated Financial Statements
March 31, 2014

22. Segment Disclosure

The presentation by segment is based on the same accounting policies as described in the summary of Significant Accounting Policies as described in Note 1. The following table presents the expenses incurred and the revenue generated by main object of expense and by major revenue type. The segment results for the period are as follows:

| | Education | | | Social Development | | | Community Infrastructure | | |
|--------------------------------------|--------------|--------------|--------------|--------------------|--------|--------|--------------------------|-------------|-------------|
| | Budget | 2014 | 2013 | Budget | 2014 | 2013 | Budget | 2014 | 2013 |
| Federal Government | \$ 2,601,953 | \$ 2,599,432 | \$ 2,620,614 | \$ | \$ | \$ | \$ 447,074 | \$ 512,844 | \$ 450,544 |
| Tribal Council | | | | | | | | | |
| Other | 28,000 | 28,445 | | | | | 30,000 | 36,819 | 27,946 |
| Total Revenues | 2,629,953 | 2,627,877 | 2,620,614 | NIL | NIL | NIL | 477,074 | 549,663 | 478,490 |
| Administration | 4,270 | 49,770 | 50,740 | | | | | | |
| Amortization | | 13,408 | 13,389 | | | | | 49,680 | 37,402 |
| Bad debts | | | | | | | | | |
| Band member assistance | 10,400 | 10,523 | 9,406 | | | | | | |
| Basic/special needs | | | | | | | | | |
| Capital asset purchases | | | | | | | | | |
| Honorarium & travel | 9,042 | 6,372 | 18,162 | | | | | | |
| Insurance | | | | | | | | | |
| Interest & bank charges | | | | | | | 2,507 | | |
| Material/labour & sub-trades | | | | | | | | 1,856 | |
| Meetings | | | | | | | | | |
| Office supplies | 71,001 | 69,756 | 60,261 | | | | 32,400 | 38,226 | 23,648 |
| Professional fees | | 100 | 1,910 | | | | | | |
| Repairs & maintenance | | | | | | | 65,422 | 142,915 | 44,586 |
| Transfer to tangible capital assets | | (8,498) | | | | | | | |
| Telephone | 7,200 | 7,727 | 9,070 | | | | 1,320 | 1,309 | 1,316 |
| Training | | 410 | | | | | 332 | 332 | 2,627 |
| Tuition, student & living allowances | 492,298 | 469,772 | 430,785 | | | | | | |
| Utilities | | | | | | | 115,812 | 103,695 | 102,995 |
| Wages & employee benefits | 2,077,113 | 2,017,264 | 1,949,571 | | | | 295,818 | 288,559 | 318,009 |
| Other | | | 4,982 | | | | 8,000 | 11,475 | |
| Total Expenses | 2,671,324 | 2,636,604 | 2,548,276 | NIL | NIL | NIL | 519,104 | 638,698 | 532,439 |
| Annual Surplus (Deficit) | \$ (41,371) | \$ (8,727) | \$ 72,338 | \$ NIL | \$ NIL | \$ NIL | \$ (42,030) | \$ (89,035) | \$ (53,949) |

MOOSOMIN FIRST NATIONNotes to the Consolidated Financial Statements
March 31, 2014

22. Segment Disclosure (continued)

| | Band Governance | | | Capital | | | National Child Benefit | | |
|------------------------------|------------------|------------------|---------------------|--------------------|---------------------|---------------------|------------------------|---------------|---------------|
| | Budget | 2014 | 2013 | Budget | 2014 | 2013 | Budget | 2014 | 2013 |
| Federal Government | \$ 678,780 | \$ 678,780 | \$ 695,384 | \$ 385,200 | \$ 2,640,557 | \$ 737,145 | \$ | \$ | \$ |
| Tribal Council: | | | | | | | | | |
| Other | | 102,556 | 2,123,803 | 24,000 | 1,067 | 903 | | | |
| Total Revenues | <u>678,780</u> | <u>781,336</u> | <u>2,819,187</u> | <u>409,200</u> | <u>2,641,624</u> | <u>738,048</u> | <u>NIL</u> | <u>NIL</u> | <u>NIL</u> |
| Administration | 6,004 | (49,170) | (48,000) | | 17,000 | | | | |
| Amortization | | | | | 613,609 | 576,508 | | | |
| Capital asset purchases | | (4,537) | | | | | | | |
| Honorarium & travel | 32,757 | 43,252 | 44,074 | | | | | | |
| Insurance | | | 32,735 | 76,117 | 78,502 | 61,440 | | | |
| Interest & bank charges | 4,013 | 4,573 | 5,084 | | | | | | |
| Material/labour & sub-trades | | 46,749 | | 325,083 | 282,525 | 237,383 | | | |
| Meetings | | | 225 | | | | | | |
| Office supplies | 18,153 | 20,217 | 14,914 | | | | | | |
| Professional fees | 42,490 | 44,204 | 57,722 | | | | | | |
| Repairs & maintenance | | 25,540 | 61,032 | | | | | | |
| Telephone | 11,628 | 9,485 | 13,589 | | | | | | |
| Wages & employee benefits | 465,855 | 555,898 | 506,684 | 40,000 | 40,000 | 40,000 | | | |
| Other | | 8,731 | 52,058 | | | | | | |
| Total Expenses | <u>580,900</u> | <u>704,942</u> | <u>740,117</u> | <u>441,200</u> | <u>1,031,636</u> | <u>915,331</u> | <u>NIL</u> | <u>NIL</u> | <u>NIL</u> |
| Annual Surplus (Deficit) | <u>\$ 97,880</u> | <u>\$ 76,394</u> | <u>\$ 2,079,070</u> | <u>\$ (32,000)</u> | <u>\$ 1,609,988</u> | <u>\$ (177,283)</u> | <u>\$ NIL</u> | <u>\$ NIL</u> | <u>\$ NIL</u> |

MOOSOMIN FIRST NATIONNotes to the Consolidated Financial Statements
March 31, 2014

22. Segment Disclosure (continued)

| | Other | | Treaty Land Entitlement | | | Specific Land Claims | | | |
|--------------------------------------|---------------|-------------------|-------------------------|---------------|-------------------|----------------------|---------------|--------------------|---------------------|
| | Budget | 2014 | 2013 | Budget | 2014 | 2013 | Budget | 2014 | 2013 |
| Federal Government | \$ | \$ 348,660 | \$ 309,016 | \$ | \$ 6,325 | \$ 80,000 | \$ | \$ | \$ |
| Tribal Council | | 469,929 | 290,482 | | | | | | |
| Other | | 1,500,577 | 1,720,185 | | | | | 1,003,921 | 1,326,247 |
| Total Revenues | NIL | 2,319,166 | 2,319,683 | NIL | 6,325 | 80,000 | NIL | 1,003,921 | 1,326,247 |
| Administration | | 25,200 | 19,400 | | | | | | |
| Amortization | | 221,949 | 233,630 | | | | | | |
| Bad debts | | 8,398 | 47,743 | | | | | 26,751 | (1,482) |
| Band member assistance | | 384,031 | 256,191 | | | | | 86,712 | 380,120 |
| Capital asset purchases | | | 4,903 | | | | | | |
| Honorarium & travel | | 103,059 | 59,090 | | 12,330 | | | 110,534 | 161,674 |
| Insurance | | 19,742 | 14,974 | | | | | 35,544 | 1,200 |
| Interest & bank charges | | 10,700 | 32,337 | | 146 | | | 39,233 | 53,412 |
| Interest on long-term debt | | 61,043 | 64,916 | | | | | | |
| Material,labour & sub-trades | | 90,301 | 20,858 | | | | | | |
| Meetings | | | 66,687 | | | | | | 73,956 |
| Office supplies | | | | 292 | | | | 4,685 | 4,122 |
| Professional fees | | 187,283 | 74,850 | | | 80,000 | | 228,238 | 252,070 |
| Repairs & maintenance | | 44,321 | 6,503 | | | | | 32,418 | 71,678 |
| Telephone | | | | | | | | 28,588 | 32,193 |
| Training | | 68,079 | 13,148 | | | | | 1,154 | 8,839 |
| Tuition, student & living allowances | | | | | | | | 27,443 | 38,902 |
| Utilities | | 9,029 | 5,253 | | | | | 613 | 1,627 |
| Wages & employee benefits | | 251,148 | 195,388 | | 1,900 | | | 376,533 | 370,170 |
| Other | | 29,009 | 30,955 | | | | | 36,574 | 191,294 |
| Total Expenses | NIL | 1,513,292 | 1,146,826 | NIL | 14,668 | 80,000 | NIL | 1,035,020 | 1,639,775 |
| Annual Surplus (Deficit) | \$ NIL | \$ 805,874 | \$ 1,172,857 | \$ NIL | \$ (8,343) | \$ NIL | \$ NIL | \$ (31,099) | \$ (313,528) |