
RED PHEASANT CREE NATION
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014

RED PHEASANT CREE NATION

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MARCH 31, 2014

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Red Pheasant Cree Nation

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING



The accompanying consolidated financial statements of Red Pheasant Cree 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.

Chief and 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.

Chief and 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, Collins Barrow HMA LLP, 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 Red Pheasant Cree Nation and meet when required.

Chief

Clint Watt

Councillor

SA

Councillor

Councillor

John

Councillor

JL

Councillor

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INDEPENDENT AUDITORS' REPORT

To the Chief, Council and Membership
Red Pheasant Cree Nation

We have audited the accompanying consolidated financial statements of Red Pheasant Cree Nation, which comprise the consolidated statement of financial position as at March 31, 2014, and the consolidated statements of operations, change 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 financial statements in accordance with public sector accounting standards prescribed for government entities 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 consolidated financial statements are free of 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 consolidated 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 Red Pheasant Cree Nation as at March 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards prescribed for government entities.

Collins Barrow HMA LLP

CHARTERED ACCOUNTANTS

Winnipeg, Manitoba
September 9, 2014

RED PHEASANT CREE NATION

STATEMENT 1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31

2014

2013

FINANCIAL ASSETS

Cash	\$	\$	33,668
Restricted cash (Note 7)		682,705	870,944
Accounts receivable (Note 3)		657,701	1,362,909
Investments		<u>13,435</u>	<u>13,435</u>

LIABILITIES

Bank indebtedness	53,959	
Accounts payable and accrued liabilities (Note 5)	1,986,000	2,565,970
Deferred revenue (Note 6)	1,180,770	1,195,003
Long term debt (Note 9)	3,100,394	2,373,150
	6,321,123	6,134,123
NET DEBT	(4,967,282)	(3,853,167)

NON-FINANCIAL ASSETS

TANGIBLE CAPITAL ASSETS (Note 17)	11,262,373	11,989,517
PREPAID EXPENSES	57,218	92,873
CONSTRUCTION IN PROGRESS (Note 10)	<u>1,013,307</u>	<u>804,148</u>
	<u>12,332,898</u>	<u>12,886,538</u>
ACCUMULATED SURPLUS (Note 8)	\$ 7,365,616	\$ 9,033,371
CONTINGENT LIABILITIES (Note 12)		

Approved by Chief and Council

Chief

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County Councils

COUNCILS

Councillor

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RED PHEASANT CREE NATION

STATEMENT 2

CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2014	2013
REVENUE			
AANDC	\$ 1,189,291	\$ 3,737,094	\$ 5,242,337
Ottawa Trust	350,000	393,000	474,738
Battleford Tribal Council	276,848	390,851	453,742
Canada Mortgage and Housing Corporation		112,182	111,724
Health Canada	110,418	132,500	132,500
First Nations Trust	868,359	726,822	1,010,983
Saskatchewan Indian Institute of Technologies		114,692	228,489
Rental revenue		49,108	106,708
Other revenue	196,429	368,534	511,963
Deferred from prior year		1,195,003	803,705
Deferred to next year		(1,180,770)	(1,195,003)
Recovered - AANDC	-	(45,905)	(291,837)
	<u>2,991,345</u>	<u>5,993,111</u>	<u>7,590,049</u>
EXPENDITURES			
Administration	438,500	493,681	527,366
Reserves	87,500	124,367	112,813
Community wellness	154,600	162,059	197,984
Infrastructure	448,500	697,183	671,260
First Nation programs	1,202,000	2,573,977	2,181,083
Capital projects	505,000	592,481	622,008
Community and economic development		354,086	389,767
Education		2,798,523	3,460,883
Housing	-	192,685	185,909
	<u>2,836,100</u>	<u>7,989,042</u>	<u>8,349,073</u>
ANNUAL DEFICIT	\$ 155,245	\$(1,995,931)	\$(759,024)

RED PHEASANT CREE NATION

STATEMENT 3

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

YEAR ENDED MARCH 31

	2 0 1 4	2 0 1 3
Annual deficit	<u>\$ (1,995,931)</u>	<u>\$ (759,024)</u>
Acquisition of tangible capital assets		(259,050)
Amortization of tangible capital assets	<u>727,145</u>	738,978
Acquisition of construction in progress	<u>(209,158)</u>	<u>(234,312)</u>
	<u>517,987</u>	<u>245,616</u>
Ottawa trust revenue recorded	<u>328,175</u>	722,994
Ottawa trust disbursements received	<u>-</u>	<u>(603,738)</u>
	<u>328,175</u>	<u>119,256</u>
Acquisition of prepaid expenses	<u>(57,220)</u>	<u>(92,874)</u>
Use of prepaid expenses	<u>92,874</u>	<u>40,188</u>
	<u>35,654</u>	<u>(52,686)</u>
CHANGE IN NET DEBT FOR YEAR	<u>(1,114,115)</u>	<u>(446,838)</u>
NET DEBT, <i>beginning of year</i>	<u>(3,853,167)</u>	<u>(3,406,329)</u>
NET DEBT, <i>end of year</i>	<u>\$ (4,967,282)</u>	<u>\$ (3,853,167)</u>

RED PHEASANT CREE NATION

STATEMENT 4

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2014	2013
OPERATING ACTIVITIES		
Cash received from funding agencies	\$ 6,110,194	\$ 7,374,286
Cash received from other sources	882,667	847,735
Cash paid to suppliers and other	(5,721,126)	(4,717,611)
Cash paid to employees	(1,926,916)	(2,133,103)
Interest paid	(124,294)	(121,890)
Net cash received from (paid for) financing activities	<u>(779,475)</u>	<u>1,249,417</u>
INVESTING ACTIVITIES		
Construction in progress	(209,158)	(234,312)
Purchase of tangible capital assets	<u>-</u>	<u>(259,050)</u>
Net cash received from (paid for) investing activities	<u>(209,158)</u>	<u>(493,362)</u>
FINANCING ACTIVITIES		
Proceeds from long-term debt	1,662,564	141,594
Repayment of long-term debt	<u>(949,797)</u>	<u>(363,412)</u>
Net cash received from (paid for) financing activities	<u>712,767</u>	<u>(221,818)</u>
NET INCREASE (DECREASE) IN CASH DURING YEAR	<u>(275,866)</u>	534,237
CASH, <i>beginning of year</i>	<u>904,612</u>	370,375
CASH, <i>end of year</i>	<u>\$ 628,746</u>	<u>\$ 904,612</u>
CASH COMPRISED OF		
Cash	\$ 33,668	\$ 33,668
Restricted funds	682,705	870,944
Bank indebtedness	<u>(53,959)</u>	<u>-</u>
	<u>\$ 628,746</u>	<u>\$ 904,612</u>

RED PHEASANT CREE NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014

1. OPERATIONS

The Red Pheasant Cree Nation ("the Nation") is located in the province of Saskatchewan, and provides various services to its members. The Nation's financial reporting includes all related entities which are accountable to the Nation and are either owned or controlled by the Nation.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and including significant accounting policies.

REPORTING ENTITY

These consolidated financial statements consolidate the assets, liabilities and results of operations for the following entities which use accounting principles which lend themselves to consolidation;

- Red Pheasant Cree Nation Administration
- Red Pheasant Cree Nation Housing Authority
- Red Pheasant Cree Nation Education Authority Inc.
- Red Pheasant Cree Nation Eagle Hills Daycare Centre Inc.

All inter-entity balances have been eliminated on consolidation. However, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

BASIS OF PRESENTATION

Sources of revenue and expenses are recorded using the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of the legal obligation to pay.

CASH AND CASH EQUIVALENTS

Cash sources include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevents its use for current purposes is included in restricted cash.

FUNDS HELD IN OTTAWA TRUST

Funds held in the Ottawa Trust Fund on behalf of Nation members by the Government of Canada are reported as restricted cash. Trust monies consists of:

- a) Capital trust monies derived from non-renewable resource transactions on the sale of land or other Nation tangible capital assets; and
- b) Revenue trust monies generated primarily through land transactions or interest earned on deposits held in trust.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

TANGIBLE CAPITAL ASSETS

Tangible capital assets are initially recorded at cost based on historical cost accounting records.

Tangible capital assets are amortized annually using the declining balance method (except where noted) at rates intended to amortize the cost of the assets over their estimated useful lives:

Buildings	40 years	straight-line
Equipment	20%	declining balance
Computer equipment	50%	declining balance
Vehicles	25%	declining balance
Furniture and fixtures	20%	declining balance
Mobile homes	18 years	straight line
Building improvements	40 years	straight line
Social housing	25 years	straight line
Infrastructure	25 years	straight line

In the year of acquisition, amortization is taken at one-half of the above rates.

CMHC housing amortization method: amortization of the buildings purchased using mortgaged funds provided by CMHC is not calculated based on the estimated useful lives of the assets, but rather at a rate equal to the annual principal reduction of the mortgage.

LONG-LIVED ASSETS

Long-lived assets consists of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of the asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the asset's carrying amount. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Any impairment is included in the statement of operations for the year in which the asset becomes impaired.

NON-FINANCIAL ASSETS

The Nation's tangible capital assets and other non-financial assets are accounted for as assets because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the government unless they are sold.

NET DEBT

The Nation's consolidated financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the Nation is determined by its financial assets less its liabilities. Net debt combined with non-financial assets comprises a second indicator of financial position, accumulated surplus.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

REVENUE RECOGNITION

Government transfer revenue is recognized as it becomes receivable under the terms of applicable agreements. Funding received under funding arrangements that relate to subsequent fiscal period is reflected as deferred revenue on the statement of financial position in the year of receipt, and is matched with the related department expenses in the year of their occurrence.

Other revenue is recognized by the Nation when services are provided or goods are shipped.

Rental revenue is recorded in the year it is earned. At the end of each year management evaluates whether rent revenue is collectible and records a bad debt expense and allowance for doubtful accounts for those amounts designated as unlikely to be collected.

EMPLOYEE FUTURE BENEFITS

The Nation's employee future benefit program consists of a defined contribution pension plan. Nation contributions to the defined contribution plan are expensed as incurred.

PROVISION FOR SITE REHABILITATION

Environmental law requires appropriate closure and post-closure care of landfill sites. This would include covering and landscaping of the site, ongoing environmental monitoring, site inspection and maintenance. No liability has been recorded as of March 31, 2014 as funding from agencies will offset any cost associated with the closure of landfill sites.

SEGMENTS

The Nation conducts its business through ten reportable segments as identified in Note 14. These operating segments are established by senior management to facilitate the achievement of the Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in the Significant Accounting Policies.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

RECENT ACCOUNTING PRONOUNCEMENTS

Government Transfers

In March 2011, the Public Sector Accounting Board replaced and revised existing section PS 3410 *Government Transfers* with a newly amended section PS 3410. Newly issued PS 3410 establishes standards on how to account for and report government transfers to individuals, organizations and other governments from both a transferring government and a recipient government perspective. This section permits a recipient government to recognize government transfers as revenue when the transfer is authorized by the transferring government, unless the transfer creates a liability for the recipient. A liability is created as a result of the recipient government not yet meeting eligibility criteria or the existence of stipulations in the transfer agreement. When a government transfer results in recognition of a liability, revenue is recognized by a recipient government as the liability is settled. A transferring government recognizes an expense when the transfer is authorized and the recipient has met all eligibility criteria.

As a result of the Department of Aboriginal Affairs and Northern Development Canada require First Nations to apply the Canadian Public Sector Accounting Standards, the Nation must follow the requirements of this section. Newly revised and issued PS 3410 may be applied prospectively or retroactively and is effective for fiscal years beginning on April 1, 2012. PS 3410 was applied prospectively and the adoption of the newly issued section does not have a material impact on the Nation's financial statements.

MEASUREMENT UNCERTAINTY

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 and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after estimates as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Inventory is stated after provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of tangible capital assets.

These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the statement of operations in the period in which they become known.

3. ACCOUNTS RECEIVABLE

	2 0 1 4	2 0 1 3
AANDC <i>(Note 4)</i>	\$ 73,171	\$ 1,050,680
First Nations Trust		142,623
Ottawa Trust	393,000	
Nu Vista Resources Ltd.	67,185	80,884
Saskatchewan Indian Institute of Technologies		62,741
Canada Mortgage and Housing Corporation	65,440	13,056
Other	<u>58,905</u>	<u>12,925</u>
	<hr/>	<hr/>
	\$ 657,701	\$ 1,362,909

RED PHEASANT CREE NATION

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014

4. AANDC

	2 0 1 4	2 0 1 3
Preparedness	\$ 53,580	\$ 53,580
Tuition Agreements	984,950	984,950
Water O&M	12,150	12,150
Planning, design and construction	69,263	69,263
Environmental operations - LEAF	<u>3,908</u>	-
	<u>73,171</u>	<u>1,050,680</u>

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2 0 1 4	2 0 1 3
Trade payables and accrued liabilities	\$ 1,576,297	\$ 1,778,562
Riverbend Properties	239,528	308,475
AANDC	45,905	347,709
Accrued wages and benefits	79,444	83,732
Other	<u>44,826</u>	<u>47,492</u>
	<u>1,986,000</u>	<u>2,565,970</u>

6. DEFERRED REVENUE

	2 0 1 4	2 0 1 3
AANDC - Major Capital		
School Heating System	\$ 350,000	\$ 350,000
Water and Waste	745,000	745,000
Sewage Maintenance	43,923	46,422
AANDC - Preparedness		53,581
AANDC - Instructional Services	<u>41,847</u>	-
	<u>1,180,770</u>	<u>1,195,003</u>

7. RESTRICTED CASH

	2 0 1 4	2 0 1 3
Ottawa Trust	\$ 600,289	\$ 272,114
Funds in trust - McKercher LLP	75,618	75,618
Capital projects - Mahon Management Ltd.	109	338,482
Funded reserves - CMHC	<u>6,689</u>	<u>184,730</u>
	<u>682,705</u>	<u>870,944</u>

RED PHEASANT CREE NATION

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014

8. ACCUMULATED SURPLUS

	2 0 1 4	2 0 1 3
Unrestricted	\$ 6,765,327	\$ 8,761,258
Restricted- Ottawa Trust	<u>600,289</u>	<u>272,113</u>
	<u><u>\$ 7,365,616</u></u>	<u><u>\$ 9,033,371</u></u>

UNRESTRICTED

	2 0 1 4	2 0 1 3
Opening balance	\$ 8,761,258	\$ 9,520,282
Annual deficit	<u>(1,995,931)</u>	<u>(759,024)</u>
	<u><u>\$ 6,765,327</u></u>	<u><u>\$ 8,761,258</u></u>

RESTRICTED - OTTAWA TRUST

	2 0 1 4	2 0 1 3
Opening balance	\$ 272,114	\$ 152,858
Income- net of disbursements	<u>328,175</u>	<u>119,256</u>
	<u><u>\$ 600,289</u></u>	<u><u>\$ 272,114</u></u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014

9. LONG TERM DEBT

	2 0 1 4	2 0 1 3
Royal Bank - repayable in quarterly instalments of \$50,283. Interest at 5.51% compounded monthly. Secured by the General Security Agreement and band council resolution redirecting First Nation Trust revenue.	\$	\$ 376,716
Royal Bank - repayable in quarterly instalments of \$33,000. Interest at prime (3.00%) plus 2.65% compounded monthly. Secured by the General Security Agreement and band council resolution redirecting First Nation Trust revenue.	366,854	
Royal Bank - repayable in quarterly instalments of \$14,629. Interest at 6.69% compounded monthly. Secured by the General Security Agreement and band council resolution redirecting First Nation Trust revenue.	57,579	54,781
Royal Bank - demand loan. Interest at prime (3.00%) plus 2.65% compounded monthly. Repaid in full April 2013. Secured by the General Security Agreement and band council resolution redirecting First Nation Trust revenue.	100,024	
Innovation Credit Union - repayable in monthly instalments of \$2,963. Interest at 4.24% compounded monthly. Secured by a loan guarantee from Aboriginal Affairs and Northern Development Canada.	128,423	157,857
CMHC - repayable in monthly instalments of \$2,300. Interest at 2.57% compounded monthly. Secured by a loan guarantee from Aboriginal Affairs and Northern Development Canada.	106,900	131,425
CMHC - repayable in monthly instalments of \$6,023. Interest at 1.49% compounded monthly. Secured by a loan guarantee from Aboriginal Affairs and Northern Development Canada.	1,130,450	1,185,493
Peace Hills Trust - Repayable in quarterly installments of \$95,533. Interest at 5.50% compounded quarterly. Secured by the General Security Agreement, band council resolution outlining the repayment, sources of repayment and terms and conditions, band council resolution assigning First Nation Trust revenues and promissory note.	1,677,042	-
	<u>3,100,394</u>	<u>2,373,150</u>

The estimated annual principal payments required in each of the next five years to meet retirement provisions is estimated to be as follows:

March 31, 2015	\$ 475,195
2016	428,413
2017	448,942
2018	467,943
2019	<u>422,562</u>
	<u><u>\$ 2,243,055</u></u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014

10. CONSTRUCTION IN PROGRESS

During the year the Nation was involved in the capital projects managed by Mohan Management Ltd., which were not completed as of March 31, 2014. The costs incurred as of March 31, 2014 amounted to \$1,013,307 (\$804,148 as of March 31, 2013). Upon completion of the projects all related revenues will be recognized on the statement of operations and costs incurred capitalized and amortized in accordance with the Nation's tangible capital assets policy.

11. BUDGET INFORMATION

The disclosed budget information has been approved by the Chief and Council of Red Pheasant Cree Nation. The budget figures have not been audited, reviewed or otherwise verified and consequently we do not express an opinion on them.

12. CONTINGENT LIABILITIES

The Nation is subject to funding recoveries according to their agreements with federal government agencies. At year-end, it was not yet determined to what extent any funding amounts related to the year ending March 31, 2014 might be recovered by these agencies.

In addition, a claim has been filed with the Court of Queen's Bench and the outcome was not certain as of March 31, 2014.

i) Red Pheasant Cree Nation vs Downer Holdings Inc. and D.C. Gravel Inc.: The Plaintiffs have commenced an action against the Nation for the sum of \$285,000. Following a Trial in the Court of Queen's Bench in September 2012, a portion of the claim was found to be unenforceable. A portion of the claim remains unresolved totaling sums in excess of \$50,000. The First Nation has counter-claimed against the Plaintiffs in the sum of \$4,281,500. The action is currently dormant.

13. ECONOMIC DEPENDENCE

The Nation receives a majority of its revenue from Aboriginal Affairs and Northern Development Canada as a result of treaties entered into with the Government of Canada. These treaties are administered by AANDC under the terms and conditions of the Indian Act. The ability of the Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014

14. SEGMENTS

The Nation has ten reportable segments. These segments are differentiated by the major activities or services they provide. The Nation's segments are as follows:

Administration - includes administration and governance activities.

Education - includes the operations of education programs.

Infrastructure - includes improving and maintenance of the Community and its infrastructure.

Capital Projects - includes activities related to major improvements and renovations in the Community.

Community Wellness - reports on the Nation's funding related to health and wellness.

Community and Economic Development - includes activities related to the economic development of the community, including its commercial operations.

Housing - includes activities related to the development and sustainment of on-reserve housing.

Social Services - activities include delivering social programs.

First Nation programs - activities include delivering recreational activities.

Reserves - includes resources that are to be used in the case of emergency.

15. RECONCILIATION OF AANDC FUNDING

	2 0 1 4	2 0 1 3
AANDC funding per financial statements	\$ 3,751,327	\$ 4,851,039
Less: prior year deferred revenue		
Capital projects - Mahon Management Ltd.	(1,195,003)	(803,705)
Add: current year deferred revenue	(163,505)	
Capital projects - Mahon Management Ltd.	1,180,770	1,141,423
Preparedness program	-	53,580
AANDC funding per funding confirmation	<u>\$ 3,573,589</u>	<u>\$ 5,242,337</u>

16. CONSOLIDATED EXPENDITURES BY OBJECT

	2 0 1 4	2 0 1 3
Amortization	\$ 727,143	\$ 738,978
Bank charges and interest	124,294	121,890
Compensation	1,926,916	2,133,103
Purchased goods and services	3,303,172	2,551,779
Social assistance		338,358
Travel and accomodation	795,776	795,416
Tuition	<u>1,111,741</u>	<u>1,669,549</u>
	<u>\$ 7,989,042</u>	<u>\$ 8,349,073</u>

RED PHEASANT CREE NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014

17. TANGIBLE CAPITAL ASSETS

	Cost		Accumulated Amortization			Net Book Value
	Opening Balance	Additions	Closing Balance	Amortization	Closing Balance	
						Total
Buildings	\$ 3,427,403	\$ 3,427,403	\$ 3,427,403	\$ 1,494,840	\$ 85,685	\$ 1,580,525
CMHC Housing	3,908,401	3,908,401	963,329	109,002	1,072,331	2,836,070
Infrastructure	3,819,139	3,819,139	1,797,953	152,766	1,950,719	1,868,420
Equipment	889,604	889,604	644,644	48,991	693,635	195,969
Band Hall	1,373,405	1,373,405	169,959	34,335	204,294	244,960
Arena	1,673,928	1,673,928	1,139,825	41,848	1,181,673	492,255
Social Housing	5,298,828	5,298,828	2,618,354	211,953	2,830,307	534,103
Mobile Homes	366,105	366,105	28,293	20,339	48,632	2,468,521
Vehicles	118,791	118,791	29,889	22,226	52,115	317,473
Land	1,000	-	1,000	-	-	88,901
	<u>\$ 20,876,604</u>	<u>\$ -</u>	<u>\$ 20,876,604</u>	<u>\$ 8,887,086</u>	<u>\$ 727,145</u>	<u>\$ 9,614,231</u>
						<u>\$ 11,262,373</u>
						<u>\$ 11,989,517</u>

18. COMPARATIVE FIGURES

Certain prior year's comparative amounts have been reclassified where necessary to conform to the presentation adopted for the current year.

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19. GOVERNMENT TRANSFERS

	2014			2013		
	Operating	Capital	Total	Operating	Capital	Total
Federal Government Transfers	\$ 3,339,720	\$ 233,869	\$ 3,573,589	\$ 4,658,468	\$ 583,869	\$ 5,242,337
AANDC	132,500		132,500	132,500		132,500
FNIIH	<u>112,182</u>	<u>-</u>	<u>112,182</u>	<u>111,724</u>	<u>-</u>	<u>111,724</u>
CMHC						
	<u>\$ 3,584,402</u>	<u>\$ 233,869</u>	<u>\$ 3,818,271</u>	<u>\$ 4,902,692</u>	<u>\$ 583,869</u>	<u>\$ 5,486,561</u>

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20. SEGMENTED DISCLOSURE

	Administration		Reserves		Community Wellness		Infrastructure	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues								
Federal Government	\$ 395,478	\$ 407,315	\$ 112,650	\$ 106,090	\$ 132,500	\$ 132,500	\$ 467,885	\$ 472,057
AANDC								
FNH								
CMHC								
Deferred (to) from next year								
AANDC recovery	395,478	407,315	112,650	106,090	132,500	132,500	521,465	472,057
Subtotal								
Other revenue		35,171	-	-	10,200	54,558	-	-
Total revenue	<u>395,478</u>	<u>442,486</u>	<u>112,650</u>	<u>106,090</u>	<u>142,700</u>	<u>187,058</u>	<u>521,465</u>	<u>472,057</u>
Expenditures								
Amortization	9,093	8,953					61,814	62,947
Debt servicing	233,912	306,610	53,321	40,638	108,266	122,956	545,684	486,405
Other	<u>250,676</u>	<u>211,800</u>	<u>71,046</u>	<u>72,175</u>	<u>53,793</u>	<u>75,028</u>	<u>89,685</u>	<u>121,908</u>
Salaries and benefits								
Total expenses	<u>493,681</u>	<u>527,363</u>	<u>124,367</u>	<u>112,813</u>	<u>162,059</u>	<u>197,984</u>	<u>697,183</u>	<u>671,260</u>
Surplus (Deficit)	<u>\$ (98,203)</u>	<u>\$ (84,877)</u>	<u>\$ (11,717)</u>	<u>\$ (6,723)</u>	<u>\$ (19,359)</u>	<u>\$ (10,926)</u>	<u>\$ (175,718)</u>	<u>\$ (199,203)</u>

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	First Nation Programs		Capital Projects		Community and Economic Development		Education	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues								
Federal Government								
AANDC	\$ 56,030	\$ 233,869	\$ 583,869	\$ 32,775	\$ 212,976	\$ 2,494,437	\$ 3,404,000	
FNIH								
CMHC								
Deferred (to) from next year			2,500	(350,000)	(32,775)		(41,847)	
AANDC recovery								(13,130)
Subtotal	56,030	236,369	233,869			212,976	2,439,460	3,112,163
Other revenue	<u>1,703,326</u>	<u>2,165,856</u>	<u>-</u>	<u>263,611</u>	<u>215,307</u>	<u>92,658</u>	<u>65,066</u>	<u>59,449</u>
Total revenue	<u>1,703,326</u>	<u>2,221,886</u>	<u>236,369</u>	<u>497,480</u>	<u>215,307</u>	<u>305,634</u>	<u>2,504,526</u>	<u>3,171,612</u>
Expenses								
Amortization	556,327	566,519		90	166	300	2,801	2,130
Debt servicing	85,793	84,474		621,918	262,892	318,429	1,784,282	2,261,294
Other	1,572,609	1,146,395	592,481		91,028	71,038	1,011,440	1,197,459
Salaries and benefits	<u>359,248</u>	<u>383,695</u>	<u>-</u>	<u>-</u>	<u>354,086</u>	<u>389,767</u>	<u>2,798,523</u>	<u>3,460,883</u>
Total expenses	<u>2,573,977</u>	<u>2,181,083</u>	<u>592,481</u>	<u>622,008</u>				
Surplus (Deficit)	<u>\$ (870,651)</u>	<u>\$ 40,803</u>	<u>\$ (356,112)</u>	<u>\$ (124,528)</u>	<u>\$ (138,779)</u>	<u>\$ (84,133)</u>	<u>\$ (293,997)</u>	<u>\$ (289,271)</u>

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	Housing		Social Services		TOTAL	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues						
Federal Government						
AANDC	\$	\$		\$	\$	\$
FNIH					3,737,094	5,242,337
CMHC					132,500	132,500
Deferred (to) from next year					112,182	111,724
AANDC recovery					(18,542)	(350,000)
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(13,130)</u>	<u>(291,837)</u>
Subtotal	112,182	111,724			3,950,104	4,844,724
Other revenue	<u>49,108</u>	<u>74,019</u>	<u>—</u>	<u>—</u>	<u>2,043,007</u>	<u>2,745,322</u>
Total revenue	<u>161,290</u>	<u>185,743</u>	<u>—</u>	<u>—</u>	<u>5,993,111</u>	<u>7,590,046</u>
Expenses						
Amortization	109,002	109,512			727,143	738,978
Debt servicing	26,441	25,943			124,294	121,890
Other	57,242	50,454			5,210,689	5,355,099
Salaries and benefits	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,926,916</u>	<u>2,133,103</u>
	<u>192,685</u>	<u>185,909</u>	<u>—</u>	<u>—</u>	<u>7,989,042</u>	<u>8,349,070</u>
Total expenses	<u>\$ (31,395)</u>	<u>\$ (166)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (1,995,931)</u>	<u>\$ (759,024)</u>
Surplus (Deficit)						