

**Saulteaux First Nation
Consolidated Financial Statements**
March 31, 2015

Saulteaux First Nation
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For the year ended March 31, 2015

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Management's Responsibility

To the Members of Saulteaux First Nation:

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

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Chief and Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Chief and Council fulfil these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Chief and Council is also responsible for recommending the appointment of the Nation's external auditors.

MNP LLP, an independent firm of Chartered Accountants, is appointed by the Chief and Council to audit the consolidated financial statements and report directly to the Members of Saulteaux First Nation; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Chief and Council and management to discuss their audit findings.

July 28, 2015

(signature on file) _____ Management
Shirley Thunder

Independent Auditors' Report

To the Members of Saulteaux First Nation:

We have audited the accompanying consolidated financial statements of Saulteaux First Nation, which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statements of operations and accumulated surplus, changes in net debt, cash flows, and the related schedules for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 Saulteaux First Nation as at March 31, 2015 and the results of its operations, changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Prince Albert, Saskatchewan

July 28, 2015

MNP LLP
Chartered Accountants

Saulteaux First Nation
Consolidated Statement of Financial Position
As at March 31, 2015

2015

2014

Financial assets

Current

Cash resources	354,253	273,848
Accounts receivable (Note 4)	408,581	189,326
Restricted cash (Note 5)	30,773	485,444
Subtotal of current assets	793,607	948,618
Funds held in trust (Note 6)	386,922	272,166
Restricted cash (Note 7)	174,899	180,040
Total financial assets	1,355,428	1,400,824

Liabilities

Current

Bank indebtedness (Note 8)	252,216	79,523
Accounts payable and accruals	364,201	694,945
Deferred revenue (Note 9)	24,759	316,059
Current portion of long-term debt (Note 10)	985,435	160,962
Subtotal of current liabilities	1,626,611	1,251,489
Long-term debt (Note 10)	4,157,903	4,331,371
Total financial liabilities	5,784,514	5,582,860
Net debt	(4,429,086)	(4,182,036)

Contingencies (Note 11)

Non-financial assets

Tangible capital assets (Schedule 1)	24,044,471	24,787,399
Prepaid expenses	-	75,402
Total non-financial assets	24,044,471	24,862,801
Accumulated surplus (Note 12)	19,615,385	20,680,765

Approved on behalf of Chief and Council

(signature on file)
Kenny Moccasin

Chief

(signature on file)
Velma Night

Councillor

Saulteaux First Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2015

	<i>Schedules</i>	<i>2015 Budget Note 14</i>	<i>2015 Actual</i>	<i>2014 Actual</i>
Revenues				
Aboriginal Affairs and Northern Development Canada (Note 13)		3,556,422	3,886,395	5,686,529
First Nations and Inuit Health Branch		964,450	1,215,379	1,092,150
Canada Mortgage and Housing Corporation		135,021	130,509	132,693
Forfeited FNIHB funding		-	(3,865)	(6,491)
Recovered AANDC funding		-	(30,510)	-
Forfeited AANDC funding		-	-	(215,035)
First Nations Trust		472,984	451,366	472,984
Land lease income		-	387,555	318,580
Other		173,995	272,327	180,268
Battlefords Agency Tribal Chiefs		46,142	228,097	324,755
Saskatchewan Indian Training Assessment Group (SITAG)		199,408	181,328	197,875
First Nation and Inuit Child Care (FNICC)		113,600	90,371	85,698
Rental income		93,708	35,653	-
Interest income		-	7,201	7,077
Canada Mortgage and Housing Corporation - RRAP		-	1,408	-
GST and Sales Tax rebates		12,000	-	-
		5,767,730	6,853,214	8,277,083
Program expenses				
Band Support	3	862,943	876,437	451,351
Capital	4	290,322	918,132	778,594
Community Infrastructure	5	429,226	751,183	687,664
Economic Development	6	50,000	104,131	67,089
Education	7	2,073,264	2,137,113	2,328,094
Health	8	799,928	1,046,808	1,042,331
Other Project Revenue	9	1,282,051	2,046,833	1,484,170
Social Development	11	39,855	33,498	81,319
Total expenses		5,827,589	7,914,135	6,920,612
Surplus before other items		(59,859)	(1,060,921)	1,356,471
Other income (expense)				
Loss on disposal of capital assets		-	(4,459)	(1,500)
Insurance proceeds		-	-	2,500
		-	(4,459)	1,000
Transfers between programs		162,430	-	-
Annual surplus (deficit)		102,571	(1,065,380)	1,357,471
Accumulated operating surplus, beginning of year		20,680,764	20,680,765	19,323,294
Accumulated operating surplus, end of year		20,783,335	19,615,385	20,680,765

The accompanying notes are an integral part of these financial statements

Saulteaux First Nation
Consolidated Statement of Changes in Net Debt
For the year ended March 31, 2015

	2015 Budget Note 14	2015 Actual	2014 Actual
Annual surplus (deficit)	102,571	(1,065,380)	1,357,471
Acquisition of tangible capital assets	-	(499,480)	(2,616,478)
Amortization of tangible capital assets	-	1,093,441	1,001,782
(Gain) loss on sale of tangible capital assets	-	4,459	1,500
Proceeds of disposal of tangible capital assets	-	144,508	4,002
	-	742,928	(1,609,194)
Acquisition of prepaid expenses	-	-	(75,400)
Use of prepaid expenses	-	75,402	43,813
	-	75,402	(31,587)
Decrease (increase) in net debt	102,571	(247,050)	(283,310)
Net debt, beginning of year	(4,182,036)	(4,182,036)	(3,898,726)
Net debt, end of year	(4,079,465)	(4,429,086)	(4,182,036)

Saulteaux First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2015

	2015	2014
Cash provided by (used for) the following activities		
Operating activities		
Annual surplus (deficit)	(1,065,380)	1,357,471
Non-cash items		
Amortization	1,093,441	1,001,782
Loss on disposal of capital assets	4,459	1,500
	32,520	2,360,753
Changes in working capital accounts		
Accounts receivable	(219,254)	958,781
Prepaid expenses	75,402	(31,587)
Restricted cash	454,671	757,626
Accounts payable and accruals	(330,744)	(674,784)
Deferred revenue	(291,300)	(800,208)
	(278,705)	2,570,581
Financing activities		
Advances of long-term debt	816,639	122,320
Repayment of long-term debt	(165,634)	(156,730)
Increase (decrease) in bank indebtedness	172,692	37,191
Increase in funds held in trust	(114,756)	(2,232)
Transfer to (from) restricted cash	5,141	(16,705)
	714,082	(16,156)
Capital activities		
Acquisition of tangible capital assets	(499,480)	(2,616,478)
Proceeds of disposal of tangible capital assets	144,508	4,002
	(354,972)	(2,612,476)
Increase in cash resources (deficiency)	80,405	(58,051)
Cash resources, beginning of year	273,848	331,899
Cash resources, end of year	354,253	273,848
Supplementary cash flow information		
Interest paid	88,909	103,231

Saulteaux First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

1. Operations

The Saulteaux First Nation ("the First Nation") is located in the province of Saskatchewan, and provides various services to its members. Saulteaux First Nation financial reporting entity includes all related entities that are accountable to the First Nation and are either owned or controlled by the First Nation.

2. Change in accounting policy

Effective April 1, 2014, the First Nation adopted the recommendations relating to Section PS 3260, Liability for Contaminated Sites, as set out in the Canadian public sector accounting standards. Pursuant to the recommendations, the change was applied prospectively, and prior periods have not been restated.

Previously, no accounting policy existed to account for a liability for contaminated sites. Under the new recommendations, the First Nation is required to recognize a liability for contaminated sites when economic benefits will be given up, as described in Note 3, Significant accounting policies.

There was no effect on the First Nation's financial statements of adopting the above-noted change in accounting policy.

3. Significant accounting policies

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

Reporting entity

The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity, except for First Nation business entities. Trusts administered on behalf of third parties by Saulteaux First Nation are excluded from the First Nation reporting entity.

The First Nation has consolidated the assets, liabilities, revenue and expenses of the following entities and departments:

- Saulteaux First Nation;
- Saulteaux First Nation CMHC Housing;
- Soto Land Company Limited;
- Auski Land Corporation; and,
- Cochin Convenience Centre.

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.

Other economic interests

The First Nation does not either share in the control or the profit or loss of the following entities. As a result, the financial statements of the following entities have not been consolidated or proportionately consolidated with the financial statements of Saulteaux First Nation.

- The First Nation is a member of the Battlefords Agency Tribal Chiefs (BATC). The BATC is an organization of six Nations. The BATC is mandated to enhance the services provided to the member Nations.
- The First Nation is a member of the Kanaweyimik Child and Family Services Inc. (KC&FS). KC&FS is an organization of four Nations. The mandate of KC&FS is to provide child and family protection and prevention services on reserve to the four member Nations.

Saulteaux First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

3. Significant accounting policies *(Continued from previous page)*

Basis of presentation

Sources of revenue and expenses are recorded on 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 a legal obligation to pay.

Restricted Cash

Restricted cash consists of funds held in a project bank account for specific capital projects. Long-term restricted cash consists of funds held in the CMHC replacement reserve bank account; the CMHC replacement reserve is used to pay eligible expenditures of the CMHC units.

Tangible capital assets

Tangible capital assets are initially recorded at cost. Contributed tangible assets are recorded at their fair value at the date of contribution.

Amortization

Amortization for tangible capital assets is provided using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

	Rate
Band housing	3 - 4 %
CMHC housing	4 - 5 %
Water and sewer	4 %
Roads	2 - 10 %
Land improvements	2 - 10 %
Vehicles and equipment	3 - 10 %
Computer hardware and software	7 - 20 %
	17 - 25 %

Projects under construction are not amortized until they are put into use.

Funds held in Trust

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the statement of financial position with an offsetting amount in accumulated surplus. Trust moneys consist of:

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

Revenues from trust moneys are recognized when measurable, earned and collection is reasonably assured. These moneys are reported on by the Government of Canada.

Long-lived assets

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

The First Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using prices for similar items. Any impairment is included in surplus for the year.

Saulteaux First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

3. Significant accounting policies *(Continued from previous page)*

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 normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets and prepaid expenses.

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 financial assets less its liabilities. Net debt is comprised of two components, non-financial assets and accumulated surplus.

Revenue recognition

Government transfers

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Other revenue

Rental and lease revenue is recognized over the rental/lease term. Other revenues are earned from other services provided by the First Nation and are recognized when the service has been provided

Funds held in Ottawa Trust Fund

Revenue is recognized when amounts can be reasonably estimated and collectability is known.

Use of estimates

The preparation of consolidated 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 consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets.

Liability for contaminated sites

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all cost directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2015.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

Segments

The First Nation conducts its business through 9 reportable segments: Band Support, Capital, Community Infrastructure, Economic Development, Education, Health, Other Project Revenue, Social Development and Ottawa Trust Funds. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

Saulteaux First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

3. Significant accounting policies *(Continued from previous page)*

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. Administration fees have been apportioned based on a percentage of budgeted revenue, where permitted by the funder.

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.

Recent accounting pronouncements

Financial instruments

In June 2011, the Public Sector Accounting Board (PSAB) issued PS 3450 Financial Instruments to establish standards for recognition, measurement, presentation and disclosure of financial assets, financial liabilities and non-financial derivatives. In the current year, the effective date has been deferred to fiscal years beginning on or after April 1, 2019.

4. Accounts receivable

	2015	2014
Aboriginal Affairs and Northern Development Canada (AANDC)	119,132	84,721
Insurance receivable	94,077	-
Other government agencies	81,174	45,223
Treaty Six Education Council	43,224	-
Battlefords Agency Tribal Chiefs (BATC)	36,401	39,523
First Nations and Inuit Health Branch (FNIHB)	23,834	-
Canada Mortgage and Housing Corporation (CMHC)	10,739	11,086
Membership advances	7,737	13,877
	<hr/>	<hr/>
Allowance for doubtful accounts	416,318	194,430
	(7,737)	(5,104)
	<hr/>	<hr/>
	408,581	189,326
	<hr/>	<hr/>

5. Restricted cash

	2015	2014
Capital projects - Water treatment plant	30,773	485,444

Restricted cash consists of cash managed by a capital project manager who is responsible for payment of expenses relating to capital projects funded by AANDC.

Saulteaux First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

6. Funds held in trust

Capital and revenue trust moneys are transferred to the First Nation on the authorization of the Minister of Aboriginal Affairs and Northern Development Canada, with the consent of the First Nation's Council.

	2015	2014
Capital Trust		
Balance, beginning and end of year	18,100	18,100
Revenue Trust		
Balance, beginning of year	254,066	251,834
Interest	7,201	7,077
Land leases	387,555	318,580
	648,822	577,491
Less: Transfers to Nation	280,000	323,425
	368,822	254,066
	386,922	272,166

Date and No. of BCR	Date Funds Released to First Nation	Balance Beginning of Year	Amount Received from Trust Fund	Actual Amount Spent	Balance End of Year	Purpose for Release of Funds
347-14-04-14	June 6, 2014	-	20,000	-	20,000	See Sub-Note 1
347-04-09-14	October 27, 2014	-	60,000	-	60,000	See Sub-Note 2
347-25-11-14	December 22, 2014	-	200,000	200,000	-	See Sub-Note 3
			280,000	280,000	60,000	

Sub-Note 1: For purchase of 3/4 Ton truck for water hauling.

Sub-Note 2: Equity for CMHC housing project, Phase 8

Sub-Note 3: For government, administration, and recreation.

7. Restricted cash - long-term

	2015	2014
CMHC replacement reserve	174,899	180,040

Long-term restricted cash funds held in the CMHC replacement reserve bank account are to be used to pay eligible expenditures of the CMHC housing units.

8. Bank indebtedness

Bank indebtedness represents cash on deposit less outstanding cheques.

Saulteaux First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

9. Deferred revenue

The following table represents changes in the deferred revenue balance attributable to each major category of external restrictions:

	<i>Balance, beginning of year</i>	<i>Contributions received</i>	<i>Amount recognized as revenue</i>	<i>Balance, end of year</i>
Water treatment plant -AANDC	316,059	100,000	391,300	24,759

10. Long-term debt

The following loans are secured by government guarantees, and relate to the construction of on reserve housing. The First Nation receives a subsidy from Canada Mortgage and Housing Corporation to assist with the payment of principal and interest on the following mortgages:

CMHC Phase	Monthly Payment Including Interest	Interest Rate	Renewal Date	2015	2014
I	2,073	3.14%	May 1, 2018	74,262	95,588
II	1,531	4.99%	December 1, 2018	64,765	79,770
III	208	4.79%	September 1, 2016	3,632	5,838
IV	2,274	1.82%	September 1, 2019	447,862	466,067
V	1,379	1.83%	December 1, 2019	212,763	224,681
VI	3,012	1.49%	January 1, 2017	534,521	562,494
VII	1,826	1.60%	January 1, 2018	339,573	355,930
				1,677,378	1,790,368
Peace Hills Trust - debt agreement; secured by a Direction to Pay passed by a Band Council Resolution and assignment of First Nations Trust Funds; repayable at \$108,742 annually including interest at 3.5%; matures April 2037. See sub-note 1 below.				1,649,320	1,701,965
Peace Hills Trust - oil and gas; secured by a Direction to Pay passed by a Band Council Resolution; repayment annually in May at 25% of the previous year oil and gas revenue; matures May 2037. See sub-note 2 below.				1,000,000	1,000,000
Royal Bank of Canada - debt agreement to assist with Saulteaux First Nation pursuing the 1960 Surrender Claim; secured by an insurance policy and surety bond naming the Royal Bank of Canada as a loss payee, interest is accrued quarterly at RBC prime rate plus 0.25% per annum on the drawn down portion of the credit facility. The credit facility is repayable in full at the earlier of receipt of funds pursuant to a claim settlement or January 15, 2020. See sub-note 3 below.				628,223	-
Royal Bank of Canada - debt agreement to assist with Saulteaux First Nation pursuing the Surveyor Error and Roadway Claim; secured by an insurance policy and surety bond naming the Royal Bank of Canada as a loss payee, interest is accrued quarterly at RBC prime rate plus 0.25% per annum on the drawn down portion of the credit facility. The credit facility is repayable in full at the earlier of receipt of funds pursuant to a claim settlement or January 15, 2020. See sub-note 4 below.				188,417	-
				5,143,338	4,492,333
Less: current portion				985,435	160,962
				4,157,903	4,331,371

Saulteaux First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

10. Long-term debt *(Continued from previous page)*

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed, are estimated as follows:

2016	985,435
2017	172,176
2018	175,739
2019	156,873
2020	140,853

Sub-note 1: In 2007, the First Nation negotiated a writedown of its long-term debt with Peace Hills Trust to \$3,000,000. The terms of the re-negotiated agreement refinanced the original obligation by creating two new loans, one at \$2,000,000 and one at \$1,000,000. At March 31, 2015 these loans were outstanding in the amount of \$1,649,320 and \$1,000,000 respectively. The renegotiated loan agreements remain in effect provided Saulteaux does not major default (as defined in the agreement dated April 10, 2007) on its obligations to the contract. Should major default occur, the loan would become due immediately and would be recomputed based on the original loan agreement without considering the amendment in 2007. At March 31, 2015, the terms of the original loan agreement would result in an additional obligation of \$6,369,998 for a total indebtedness to Peace Hills Trust of \$9,019,318.

Sub-note 2: Saulteaux First Nation did not receive any oil and gas revenue in the current year or the previous year.

Sub-note 3: In the current year, Saulteaux First Nation advanced two specific claims against the federal Crown (Canada). The first claim relates to an alleged unlawful surrender of Saulteaux's reserve lands in 1960. Saulteaux First Nation obtained financing with the Royal Bank of Canada up to \$1,494,080 to finance legal fees, expenses, insurance premiums, loan interest and other fees associated with the claim. As of March 31, 2015 \$628,223 was drawn against this credit facility.

Sub-note 4: The second claim relates to errors in the Crown's survey of Saulteaux reserve lands and the unlawful taking of Saulteaux reserve lands for the purposes of constructing a public highway. Saulteaux First nation obtained financing with the Royal Bank of Canada up to \$373,520 to finance legal fees, expenses, insurance premiums, loan interest and other fees associated with the claim. As of March 31, 2015, \$188,417 was drawn against this credit facility.

Both credit facilities with Royal Bank of Canada noted in sub-note 3 and 4 were facilitated through an insurance policy and surety bond program offered by AmTrust Europe Limited insurance company. The insurance company has agreed to indemnify the Royal Bank of Canada through naming the Royal Bank of Canada as a loss payee for an amount equal to the credit facility and provide a surety bond in favour of the Royal Bank of Canada in the event the First Nation does not receive a settlement sufficient to satisfy the loan or upon expiry of the five year period of insurance.

Saulteaux First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

11. Contingencies

These financial statements are subject to review by the First Nation's funding agents. It is possible that adjustments could be made based on the results of their reviews.

The First Nation has been named as a defendant in constructive dismissal and lost wages and costs incurred suits in the current year by two former employees. Damages of \$85,624 have been claimed by the plaintiffs; if the First Nation is not successful in defending against the suits and a liability arises, it will be recorded in the period it is determined.

The First Nation has been named as a defendant in a breach of contract lawsuit. This lawsuit is subject to many uncertainties and it is not possible to predict the ultimate outcome of this lawsuit or to estimate the loss, if any, which may result. If any liability should result it will be recorded in the period it is settled.

Saulteaux First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

12. Accumulated surplus

Accumulated surplus consists of the following:

	2015	2014
Equity in funds held in trust		
Balance, beginning of year	272,166	269,934
Contributions	394,756	325,657
Withdrawals	<u>(280,000)</u>	<u>(323,425)</u>
	386,922	272,166
Equity in CMHC reserves		
Balance, beginning of year	247,703	239,098
Allocation	43,703	33,055
Withdrawals	<u>-</u>	<u>(24,450)</u>
	291,406	247,703
Equity in tangible capital assets		
Balance, beginning of year	22,997,031	21,399,980
Acquisition of tangible capital assets	499,480	2,616,478
Advances of long-term debt	-	(122,320)
Repayment of long-term debt	112,989	110,178
Amortization	(1,093,441)	(1,001,782)
Proceeds on disposal of tangible capital assets	(144,508)	(4,002)
Gain (loss) on disposal	<u>(4,459)</u>	<u>(1,500)</u>
	22,367,092	22,997,032
Unrestricted deficit		
Balance, beginning of year	(2,836,136)	(2,585,718)
Transfer to equity in funds held in trust	(114,756)	(2,232)
Transfer to equity in CMHC reserves	(43,703)	(8,605)
Transfer to equity in tangible capital assets	629,940	(1,597,051)
Current surplus	<u>(1,065,380)</u>	<u>1,357,470</u>
	(3,430,035)	(2,836,136)
	19,615,385	20,680,765

The First Nation does not have a Moveable Asset Reserve.

Saulteaux First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

13. Aboriginal Affairs and Northern Development Canada reconciliation

<u>AANDC funding per confirmation</u>	<u>3,638,923</u>
Add:	
Water treatment plant upgrade 2014 deferred revenue recognized	316,059
Fire Protection O&M Funding recorded in 2014	(43,828)
Subtract:	
Deferred revenue - water treatment plant upgrade	(24,759)
<u>Total funding per consolidated financial statements</u>	<u>3,886,395</u>

14. Budget information

The disclosed budget information was approved by the Chief and Council of the Saulteaux First Nation on June 30, 2014.

The budget process followed by management only includes activities managed directly by the First Nation. Management does not prepare a budget for capital projects administered through third party project managers. As such no amounts have been included in the annual budget of the First Nation for the water treatment plant project. Included in the Capital segment is \$391,300 of revenue and \$391,300 of capital construction costs related to the water treatment plant project which is not included in management's disclosed budget figures for the Capital segment.

15. Economic dependence

Saulteaux First Nation receives a significant portion of its revenues from the Government of Canada as a result of Treaties entered into with the Crown in Right of Canada. These Treaties are administered by Aboriginal Affairs and Northern Development Canada under the terms and conditions of the Indian Act. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these Treaties.

Due to certain deficiencies in its operating fund position, the First Nation is also party to a Management Action Plan agreement with Aboriginal Affairs and Northern Development Canada that will expire when certain financial indicators are met by the First Nation. Under the terms of the agreement, funding can be suspended if the First Nation does not comply with the terms of the Management Action Plan agreement.

16. Related party transactions

Saulteaux First Nation's social development program is administered by Battlefords Agency Tribal Chiefs (BATC). The activities of the social development program are not recorded in the First Nation's consolidated financial statements because the First Nation cannot access or direct the use of these funds, and is not responsible for any program deficits. BATC reports on the activities pertaining to the delivery of these services to the membership of the First Nation. BATC will continue to administer Saulteaux's social development program under the terms of BATC's Social Aggregation Project until March 31, 2015. There has been no formal agreement to continue the administration of the Social development program subsequent to March 31, 2015, however BATC continues to administer the program to Saulteaux First Nation membership.

17. Canada Mortgage and Housing Corporation reserves

Under agreements with CMHC the First Nation has established the following:

A replacement reserve, established to ensure replacement of capital equipment and for major repairs to the housing units requires an annual cash allocation to the reserve. At March 31, 2015, \$226,730 (2014 - \$197,306) is required to be on deposit to fund this reserve. At March 31, 2015 the replacement reserve is underfunded \$51,831 (2014 - \$17,266).

An operating surplus reserve established for housing units under the Post 1997 Fixed Subsidy Program require surpluses to be retained in cash to offset future operating losses. At March 31, 2015, \$64,676 (2014 - \$50,397) is required to be on deposit to fund this reserve. At March 31, 2015 the operating surplus reserve is underfunded \$64,676 (2014 - \$50,397).

Saulteaux First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

18. Segments

The First Nation has 9 reportable segments. These segments are differentiated by the major activities or services they provide. The First Nation's segment are as follows:

Band Support - includes administration and governance activities.

Capital - reports on capital projects.

Community Infrastructure - includes activities for the maintenance of the First Nation's buildings and infrastructure.

Economic Development - reports on the First Nation's economic development activities.

Education - includes the operations of education programs.

Health - includes the administration and delivery of the health programs.

Other Project Revenue - other programs not funded by AANDC or Health Canada.

Ottawa Trust Funds - reports revenues allocated to the fund and transfers to other segments.

Social Development - includes the operations and delivery of social programs.

Details of the segment revenues and expenses are provided in the accompanying schedules. There are no revenues or expenses that have not been allocated to a segment.

19. Comparative figures

Certain comparative figures have been reclassified to conform with current year's presentation.

Saulteaux First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2015

	<i>Buildings</i>	<i>Band housing</i>	<i>CMHC housing</i>	<i>Water and sewer</i>	<i>Roads</i>	<i>Land and land improvements</i>	<i>Subtotal</i>
Cost							
Balance, beginning of year	10,496,548	6,112,399	5,217,111	8,294,156	933,007	6,400,148	37,453,369
Acquisition of tangible capital assets	-	-	-	-	-	-	-
Disposal of tangible capital assets	-	-	(256,072)	-	-	-	(256,072)
Transfer from assets under construction	-	-	-	4,410,741	-	-	4,410,741
Balance, end of year	10,496,548	6,112,399	4,961,039	12,704,897	933,007	6,400,148	41,608,038
Accumulated amortization							
Balance, beginning of year	5,334,272	4,843,301	2,440,029	4,142,323	554,724	142,598	17,457,247
Annual amortization	269,505	145,225	198,442	311,997	21,768	13,429	960,366
Accumulated amortization on disposals	-	-	(107,105)	-	-	-	(107,105)
Balance, end of year	5,603,777	4,988,526	2,531,366	4,454,320	576,492	156,027	18,310,508
Net book value of tangible capital assets	4,892,771	1,123,873	2,429,673	8,250,577	356,515	6,244,121	23,297,530
2014 Net book value of tangible capital assets	5,162,276	1,269,098	277,082	4,151,833	378,283	6,257,550	17,496,122

Saulteaux First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2015

	<i>Subtotal</i>	<i>Vehicles and equipment</i>	<i>Computer hardware and software</i>	<i>Projects under construction</i>	<i>2015</i>	<i>2014</i>
Cost						
Balance, beginning of year	37,453,369	874,877	126,869	4,342,465	42,797,580	40,208,602
Acquisition of tangible capital assets	-	86,413	21,767	391,300	499,480	2,616,478
Disposal of tangible capital assets	(256,072)	-	-	-	(256,072)	(27,500)
Transfer from assets under construction	4,410,741	-	-	(4,410,741)	-	-
Balance, end of year	41,608,038	961,290	148,636	323,024	43,040,988	42,797,580
Accumulated amortization						
Balance, beginning of year	17,457,247	457,217	95,717	-	18,010,181	17,030,399
Annual amortization	960,366	113,519	19,556	-	1,093,441	1,001,782
Accumulated amortization on disposals	(107,105)	-	-	-	(107,105)	(22,000)
Balance, end of year	18,310,508	570,736	115,273	-	18,996,517	18,010,181
Net book value of tangible capital assets	23,297,530	390,554	33,363	323,024	24,044,471	24,787,399
2014 Net book value of tangible capital assets	17,496,122	417,660	31,152	4,342,465	22,287,399	

Saulteaux First Nation
Schedule 2 - Schedule of Consolidated Expenses by Object
For the year ended March 31, 2015

	2015 Budget Note 14	2015 Actual	2014 Actual
Consolidated expenses by object			
Salaries and benefits	2,249,949	2,442,353	2,470,876
Amortization	-	1,093,441	1,001,782
Contracted services	939,259	940,878	852,464
Professional fees	132,924	619,923	211,472
Supplies	381,965	463,701	597,457
Surety bond premium	-	311,635	-
Travel	232,650	252,775	157,878
Membership assistance	183,902	245,472	280,241
Insurance	178,862	233,897	236,189
Living allowance	229,057	232,774	174,802
Utilities	214,944	231,162	175,070
Activities	159,910	170,264	72,938
Tuition	109,771	138,670	90,845
Interest on long-term debt	183,993	88,909	103,231
Repairs and maintenance	325,789	82,952	157,861
Training	104,838	73,413	74,017
Telephone	58,937	63,461	68,625
Consulting	52,000	48,000	-
Vehicle	41,558	39,594	49,897
Equipment lease	4,130	20,726	19,809
Vehicle fuel	7,000	20,053	11,444
Private mileage	17,244	19,657	28,889
Education committee	1,000	16,019	5,476
Financing charges	-	15,000	-
Honouraria	15,725	12,972	43,291
Activities - stay in school	25,000	12,460	8,316
Bank charges and interest	11,800	12,062	11,954
Career counselling	-	3,186	-
Bad debts	-	2,633	5,104
Professional development	11,013	2,363	-
Fees and registration	10,200	1,946	1,036
Advertising	2,409	1,881	3,735
Administration - inter program	(58,240)	(97)	5,913
	5,827,589	7,914,135	6,920,612

**Saulteaux First Nation
Band Support**
Schedule 3 - Consolidated Schedule of Revenue and Expenses and Surplus (Deficit)
For the year ended March 31, 2015

	2015 Budget Note 14	2015 Actual	2014 Actual
Revenue			
Aboriginal Affairs and Northern Development Canada	719,553	671,188	587,328
Recovered AANDC funding	-	(5,114)	-
Other	21,000	137,676	12,776
GST and Sales Tax rebates	12,000	-	-
Battlefords Agency Tribal Chiefs	8,400	-	-
	760,953	803,750	600,104
Expenses			
Salaries and benefits	306,153	370,196	308,869
Contracted services	392,300	301,258	186,573
Professional fees	93,000	104,745	199,469
Travel	105,149	81,429	25,921
Supplies	39,477	50,049	64,210
Telephone	13,955	13,774	11,196
Bank charges and interest	10,000	9,348	10,387
Training	20,300	5,706	3,115
Equipment lease	4,130	5,532	4,130
Repairs and maintenance	33,200	4,147	15,347
Bad debts	-	2,633	5,104
Amortization	-	1,613	512
Utilities	-	1,028	23,152
Honouraria	500	400	22,074
Consulting	2,000	-	-
Vehicle	-	-	19,746
Activities	-	-	648
Advertising	2,409	(841)	3,504
Administration - inter program	(159,630)	(74,580)	(452,606)
	862,943	876,437	451,351
Surplus (deficit) before other income	(101,990)	(72,687)	148,753
Other income			
Loss on disposal of capital assets	-	(4,459)	(1,500)
Transfers between programs	-	280,000	22,425
Surplus	(101,990)	202,854	169,678

Saulteaux First Nation

Capital

Schedule 4 - Consolidated Schedule of Revenue and Expenses and Surplus (Deficit)

For the year ended March 31, 2015

	2015 Budget Note 14	2015 Actual	2014 Actual
Revenue			
Aboriginal Affairs and Northern Development Canada	280,904	625,040	2,552,030
Expenses			
Amortization	-	580,652	337,494
Insurance	105,000	144,118	102,782
Supplies	77,661	102,170	185,373
Contracted services	77,661	73,480	152,911
Salaries and benefits	30,000	15,006	-
Travel	-	2,556	34
Telephone	-	150	-
	290,322	918,132	778,594
Surplus before transfers	(9,418)	(293,092)	1,773,436
Transfers between programs	9,418	-	303,232
Surplus	-	(293,092)	2,076,668

Saulteaux First Nation
Community Infrastructure

Schedule 5 - Consolidated Schedule of Revenue and Expenses and Deficit

For the year ended March 31, 2015

	2015 Budget Note 14	2015 Actual	2014 Actual
Revenue			
Aboriginal Affairs and Northern Development Canada	370,116	382,670	340,870
Other	47,500	-	-
	417,616	382,670	340,870
Expenses			
Amortization	-	294,163	294,163
Contracted services	189,083	203,780	113,386
Utilities	44,444	82,371	32,118
Salaries and benefits	54,272	63,202	71,202
Repairs and maintenance	54,114	30,506	10,461
Vehicle	18,958	28,694	9,701
Supplies	44,846	25,268	23,058
Travel	14,506	17,281	16,061
Telephone	2,025	3,921	2,806
Insurance	1,500	1,997	85,113
Administration - inter program	5,478	-	29,595
	429,226	751,183	687,664
Deficit	(11,610)	(368,513)	(346,794)

Saulteaux First Nation

Economic Development

Schedule 6 - Consolidated Schedule of Revenue and Expenses and Surplus

For the year ended March 31, 2015

	2015 Budget Note 14	2015 Actual	2014 Actual
Revenue			
Aboriginal Affairs and Northern Development Canada	50,000	48,000	-
Battlefords Agency Tribal Chiefs	-	50,138	54,776
Rental income	-	30,000	-
Other	-	11,460	19,000
	50,000	139,598	73,776
Expenses			
Interest on long-term debt	-	56,104	62,189
Bank charges and interest	-	27	-
Administration - inter program	-	-	900
Membership assistance	-	-	4,000
Consulting	50,000	48,000	-
	50,000	104,131	67,089
Surplus	-	35,467	6,687

Saulteaux First Nation

Education

Schedule 7 - Consolidated Schedule of Revenue and Expenses and Surplus (Deficit)

For the year ended March 31, 2015

	2015 Budget Note 14	2015 Actual	2014 Actual
Revenue			
Aboriginal Affairs and Northern Development Canada	2,135,849	2,159,497	2,206,301
Recovered AANDC funding	-	(25,396)	-
Forfeited AANDC funding	-	-	(215,035)
Other	39,853	-	22,852
	2,175,702	2,134,101	2,014,118
Expenses			
Salaries and benefits	997,617	1,112,606	1,178,087
Contracted services	189,823	265,608	251,546
Living allowance	229,057	232,774	174,802
Utilities	112,000	129,776	99,757
Tuition	89,615	128,536	66,415
Activities	108,864	71,253	56,001
Supplies	98,075	68,011	119,551
Membership assistance	20,585	17,759	16,193
Repairs and maintenance	107,879	20,137	76,049
Honouraria	3,000	2,400	3,575
Amortization	-	17,568	15,301
Equipment lease	-	12,677	12,059
Travel	9,000	7,618	5,527
Telephone	10,629	6,055	10,768
Training	46,620	4,785	8,679
Insurance	16,000	4,634	5,617
Vehicle	3,500	3,251	3,715
Administration - inter program	-	-	210,665
Fees and registration	5,000	-	-
Activities - stay in school	25,000	12,460	8,311
Education committee	1,000	16,019	5,476
Career counselling	-	3,186	-
	2,073,264	2,137,113	2,328,094
Deficit	102,438	(3,012)	(313,976)

Saulteaux First Nation

Health

Schedule 8 - Consolidated Schedule of Revenue and Expenses and Surplus

For the year ended March 31, 2015

	2015 Budget Note 14	2015 Actual	2014 Actual
Revenue			
First Nations and Inuit Health Branch	964,450	1,215,379	1,092,150
Forfeited FNIHB funding	-	(3,865)	(6,491)
Other	-	-	6,632
	964,450	1,211,514	1,092,291
Expenses			
Salaries and benefits	392,589	411,608	505,196
Supplies	84,176	116,939	95,619
Activities	35,246	82,774	-
Administration - inter program	61,617	74,580	123,328
Contracted services	20,500	63,664	78,624
Training	32,618	62,121	60,965
Travel	21,528	31,736	17,632
Membership assistance	13,974	40,067	29,401
Professional fees	15,000	26,743	-
Vehicle	15,000	6,358	12,975
Insurance	13,000	24,107	10,385
Repairs and maintenance	19,223	23,746	17,301
Utilities	14,900	17,506	16,590
Telephone	12,900	10,934	13,699
Honouraria	10,000	5,718	14,567
Equipment lease	-	2,516	3,621
Professional development	11,013	2,363	-
Bank charges and interest	1,200	1,699	828
Advertising	-	973	231
Fees and registration	1,200	946	1,036
Private mileage	17,244	19,657	28,889
Vehicle fuel	7,000	20,053	11,444
	799,928	1,046,808	1,042,331
Surplus before transfers	164,522	164,706	49,960
Transfers between programs	79,983	-	-
Surplus	244,505	164,706	49,960

Saulteaux First Nation
Other Project Revenue
Schedule 9 - Consolidated Schedule of Revenue and Expenses and (Deficit)
For the year ended March 31, 2015

	2015 Budget Note 14	2015 Actual	2014 Actual
Revenue			
Canada Mortgage and Housing Corporation	135,021	130,509	132,693
First Nations Trust	472,984	451,366	472,984
Other	65,642	123,190	119,008
Saskatchewan Indian Training Assessment Group	199,408	181,328	197,875
Battlefords Agency Tribal Chiefs	(2,508)	129,008	173,313
First Nation and Inuit Child Care (FNICC)	113,600	90,371	85,698
Rental income	93,708	5,653	-
Canada Mortgage and Housing Corporation - RRAP	-	1,408	-
	1,077,855	1,112,833	1,181,571
Expenses			
Professional fees	24,924	488,434	12,004
Salaries and benefits	429,963	436,236	360,603
Surety bond premium	-	311,635	-
Amortization	-	199,445	354,314
Membership assistance	149,343	187,646	207,493
Travel	82,467	112,156	85,583
Supplies	37,230	101,263	109,645
Insurance	43,362	59,041	32,291
Contracted services	69,892	33,088	69,424
Interest on long-term debt	183,993	32,805	41,042
Telephone	19,428	28,626	29,754
Activities	15,800	16,236	16,289
Financing charges	-	15,000	-
Tuition	20,156	10,134	24,430
Training	5,300	800	1,258
Honouraria	2,225	4,454	3,075
Repairs and maintenance	111,373	4,416	38,703
Advertising	-	1,750	-
Bank charges and interest	600	993	739
Vehicle	4,100	1,291	3,760
Fees and registration	4,000	1,000	-
Utilities	43,600	481	3,454
Administration - inter program	34,295	(97)	90,309
	1,282,051	2,046,833	1,484,170
Deficit before other items	(204,196)	(934,000)	(302,599)
Other income			
Insurance proceeds	-	-	2,500
Transfers between programs	73,029	-	-
Surplus (deficit)	(277,225)	(934,000)	(300,099)

Saulteaux First Nation
Ottawa Trust Funds
Schedule 10 - Consolidated Schedule of Revenue and Expenses and Surplus
For the year ended March 31, 2015

	2015 Budget Note 14	2015 Actual	2014 Actual
Revenue			
Land lease income	-	387,555	318,580
Interest income	-	7,201	7,077
	-	394,756	325,657
Surplus before transfers			
Transfers between programs		-	325,657
Transfers between programs		-	(280,000)
Surplus	-	114,756	-

Saulteaux First Nation
Social Development
Schedule 11 - Consolidated Schedule of Revenue and Expenses and Surplus
For the year ended March 31, 2015

	<i>2015 Budget Note 14</i>	<i>2015 Actual</i>	<i>2014 Actual</i>
Revenue			
Battlefords Agency Tribal Chiefs	40,250	48,951	96,666
Expenses			
Salaries and benefits	39,355	33,498	46,919
Membership assistance	-	-	23,155
Travel	-	-	7,120
Administration - inter program	-	-	3,722
Telephone	-	-	403
Supplies	500	-	-
	39,855	33,498	81,319
Surplus (deficit)	395	15,453	15,347