

## INDEPENDENT AUDITORS' REPORT

To Council and Members of Sweetgrass First Nation:

We have audited the accompanying consolidated financial statements of Sweetgrass First Nation, which comprise the consolidated statement of financial position as at March 31, 2014 and the consolidated statements of operations, 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.

### **Auditor's 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 auditor's 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 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 Sweetgrass 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.

### **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 Aboriginal Affairs and Northern Development Canada 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.

*Swanson, McNaull & Company*  
Chartered Accountants

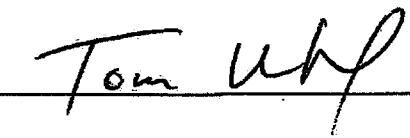
North Battleford, Saskatchewan  
July 28, 2014

SWEETGRASS FIRST NATIONConsolidated Statement of Financial Position  
March 31, 2014

	<u>2014</u>	<u>2013</u>
<b>FINANCIAL ASSETS</b>		
Cash	\$ 465,252	
Restricted CMHC reserve fund cash (Note 2)	154,388	\$ 127
Accounts receivable (Note 3)	1,004,699	941,514
Investments (Note 4)	609,311	533,232
Ottawa Trust (Note 5)	687,860	472,781
	<u>2,921,510</u>	<u>1,947,654</u>
<b>LIABILITIES</b>		
Bank indebtedness		116,040
Accounts payable and accrued liabilities	882,677	662,998
Deferred revenue (Note 6)	618,209	52,604
Long-term debt (Notes 7)	2,867,405	2,198,036
	<u>4,368,291</u>	<u>3,029,678</u>
<b>NET DEBT</b>	(1,446,781)	(1,082,024)
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 8)	<u>12,558,288</u>	<u>11,078,504</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 11,111,507</u>	<u>\$ 9,996,480</u>

Approved on behalf of the Council:


 Chief


 Councillor

The accompanying notes are an integral part of these financial statements.

SWEETGRASS FIRST NATIONConsolidated Statement of Operations  
for the year ended March 31, 2014

	Budget <u>2014</u>	2014	2013
<b>REVENUE</b>			
Federal Government:			
Aboriginal Affairs and Northern Development Canada	\$ 2,833,282	\$ 3,069,692	\$ 3,246,956
Health Canada		1,063,706	256,602
Canada Mortgage and Housing Corporation		81,414	84,089
Tribal Council:			
Battlefords Tribal Council/BTC - IHS	50,961	49,662	13,450
Battleford Agency Tribal Chiefs		31,440	
Battlefords Agency Tribal Chiefs - CDC	175,493	163,174	206,667
Other:			
First Nations Trust - Gaming	572,671	688,532	689,099
Ottawa Trust	472,781	738,605	441,711
Rental/Leases	44,400	131,448	141,392
Saskatchewan Institute of Indian Technologies	119,000	102,219	101,719
Investment income (Note 4)		70,853	89,489
Treaty Land Entitlement Trust		295,195	308,189
Other	122,364	211,319	440,195
	<hr/>	<hr/>	<hr/>
	<u>4,390,952</u>	<u>6,697,259</u>	<u>6,019,558</u>
<b>EXPENSES</b>			
Education	1,715,728	1,634,479	1,672,598
Social Development			17,752
Community Infrastructure	450,385	844,773	804,140
Band Government	570,474	722,062	658,912
Capital	372,637	444,113	399,633
Health and Welfare	55,961	59,251	(14,897)
Other	1,488,939	1,808,797	1,291,218
TLE Administration	25,040	68,757	99,454
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	<u>4,679,164</u>	<u>5,582,232</u>	<u>4,928,810</u>
<b>CURRENT SURPLUS (DEFICIT)</b>	<b>\$ (288,212)</b>	<b>1,115,027</b>	<b>1,090,748</b>
<b>ACCUMULATED SURPLUS AT BEGINNING OF YEAR</b>		<u>9,996,480</u>	<u>8,905,732</u>
<b>ACCUMULATED SURPLUS AT END OF YEAR</b>		<b>\$ 11,111,507</b>	<b>\$ 9,996,480</b>

The accompanying notes are an integral part of these financial statements.

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

	<u>2014</u>	<u>2013</u>
CURRENT SURPLUS (DEFICIT)	\$ 1,115,027	\$ 1,090,748
Amortization of tangible capital assets	380,032	409,781
Acquisition of tangible capital assets	<u>(1,859,816)</u>	<u>(597,250)</u>
CHANGE IN NET FINANCIAL ASSETS (DEBT)	(364,757)	903,279
NET ASSETS (DEBT) AT BEGINNING OF YEAR	<u>(1,082,024)</u>	<u>(1,985,303)</u>
NET DEBT AT END OF YEAR	<u>\$ (1,446,781)</u>	<u>\$ (1,082,024)</u>

The accompanying notes are an integral part of these financial statements.

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

	<u>2014</u>	<u>2013</u>
<b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Current surplus	\$ 1,115,027	\$ 1,090,748
Add (deduct) items not affecting cash		
Tangible capital asset amortization	380,032	409,781
Net change in non-cash working capital balances related to operations*	722,099	(605,109)
Adjustment for capital/investing transactions included in operations	<u>(738,604)</u>	<u>(441,711)</u>
Ottawa Trust revenue	<u>1,478,554</u>	<u>453,709</u>
<b>CASH PROVIDED BY (USED IN) CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	<u>(1,859,816)</u>	<u>(597,250)</u>
<b>CASH PROVIDED BY (USED IN) INVESTMENT ACTIVITIES</b>		
Transfer from (to) restricted CMHC reserve fund cash	(154,261)	19
Transfer from Ottawa Trust	523,525	186,985
Investment in Sweetgrass Development LP	<u>(76,079)</u>	<u>142,253</u>
	<u>293,185</u>	<u>329,257</u>
<b>CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>		
Proceeds from long-term debt	1,546,194	
Retirement of long-term debt	<u>(876,825)</u>	<u>(327,648)</u>
	<u>669,369</u>	<u>(327,648)</u>
<b>CASH PROVIDED (USED) IN THE YEAR</b>	<u>581,292</u>	<u>(141,932)</u>
<b>CASH (INDEBTEDNESS) AT BEGINNING OF YEAR</b>	<u>(116,040)</u>	<u>25,892</u>
<b>CASH (INDEBTEDNESS) AT END OF YEAR</b>	<u>\$ 465,252</u>	<u>\$ (116,040)</u>
<b>* NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS</b>		
Decrease (increase) in accounts receivable	\$ (63,185)	\$ (365,608)
Increase in accounts payable	219,679	51,698
Increase (decrease) in deferred revenue	<u>565,605</u>	<u>(291,199)</u>
	<u>\$ 722,099</u>	<u>\$ (605,109)</u>
<b>NOTE: Interest paid</b>	<u>\$ 132,729</u>	<u>\$ 137,112</u>

The accompanying notes are an integral part of these financial statements.

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

## 1. Summary of Significant Accounting Policies

## (a) Basis of Accounting

These financial statements have been prepared by management in accordance with 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 Sweetgrass 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
Sweetgrass Developments LP	Government business partnership	Modified equity method
Sweetgrass Investments Ltd. (formerly 101134795 SK. Ltd.)	Government business enterprise	Modified equity method
Twelve Nations Construction Limited Partnership	Government business partnership	Modified equity method
Nakowaciy Oil & Gas Corporation	Government business enterprise	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.

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

## (c) 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.

## (d) Cash

Cash includes cash on hand and balances with banks net of bank overdraft.

**SWEETGRASS FIRST NATION**

**Notes to the Consolidated Financial Statements**  
**March 31, 2014**

**(e) 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.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets.

Assets under construction are not amortized until the asset is available to be put into service.

Amortization is calculated on the reducing balance basis at 25% on equipment, 10% on community infrastructure and 5% on buildings, social housing and other assets.

**(f) 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.

**(g) Revenue Recognition**

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

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

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

## (h) Trust Funds (non-consolidated)

The Treaty Land Entitlement Trust was established to receive entitlement monies relating to the settlement of land claims of the Sweetgrass First Nation. The trust consists of entitlement monies which may be used to acquire the First Nation's shortfall acres. Once the shortfall acres have been achieved, trust capital may 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. The terms and conditions governing the trust transactions are contained in various trust agreements.

## (i) Measurement Uncertainty

In preparing the financial statements for the government of Sweetgrass 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 revenues and expenses during the year. The main estimates used in preparing these financial statements include the allowance for doubtful accounts and amortization of tangible capital assets. Actual results could differ significantly from these estimates.

## 2. Canada Mortgage and Housing Corporation Reserves

Under the terms of agreements with Canada Mortgage and Housing Corporation, Sweetgrass 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, Sweetgrass 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 Subsidy Surplus Reserve Fund.

As of March 31, 2014, the accounts were underfunded by \$66,177 (2013 - \$300,800).

## 3. Accounts Receivable

Included in accounts receivable is \$797,224 (2013 - \$683,509) which is due from Sweetgrass Treaty Land Entitlement Trust. Of this amount, \$353,219 (2013 - \$239,504) relates to net income of the Trust that has not yet been distributed to the First Nation. Sweetgrass First Nation has only been receiving a portion of the annual amounts due as Sweetgrass Treaty Land Entitlement Trust and Sweetgrass First Nation both wish to purchase additional land and obtain quantum acres. The other \$444,005 (2013 - \$444,005) consists of amounts advanced to Sweetgrass Treaty Land Entitlement Trust for additional land purchases. The intention is for Sweetgrass Treaty Land Entitlement Trust to repay these advances by means of transferring land to the First Nation, upon achieving reserve status.

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

## 4. Investments

	<u>2014</u>	<u>2013</u>
Sweetgrass Developments LP partnership interest - 603,517 units	\$ 599,717	\$ 523,645
Sweetgrass Investments Ltd. - 100 Class A Common shares	123	116
Twelve Nations Construction Limited Partnership - 8,335 units	8,335	8,335
Nakowaciy Oil & Gas Corporation - 100 Class A Common shares	100	100
Battlefords Agency Tribal Chiefs Inc. - 1/5th membership	1	1
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
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	<u>\$ 609,311</u>	<u>\$ 533,232</u>

Sweetgrass Investments LP was formed on April 1, 2011. Sweetgrass First Nation is a 99.99% limited partner. The 0.01% general partner is Sweetgrass Investments Ltd., a wholly owned subsidiary of Sweetgrass First Nation. The following presents the condensed financial statement of Sweetgrass Development LP.

	<u>2014</u>	<u>2013</u>
Cash	\$ 116,242	\$ 49,398
Tangible Capital Assets	<u>878,802</u>	<u>906,341</u>
Total Assets	<u>\$ 995,044</u>	<u>\$ 955,739</u>
Accounts Payable	\$ 13,000	\$ 7,000
Deferred Revenue	10,000	10,000
Mortgage	<u>372,304</u>	<u>415,078</u>
Total Liabilities	<u>395,304</u>	<u>432,078</u>
Partners' Equity	<u>599,740</u>	<u>523,661</u>
Total Liabilities and Equity	<u>\$ 995,044</u>	<u>\$ 955,739</u>
Revenues	\$ 120,224	\$ 142,576
Expenses	<u>49,371</u>	<u>53,087</u>
Net Income	<u>\$ 70,853</u>	<u>\$ 89,489</u>

The mortgage is guaranteed by Sweetgrass First Nation. The mortgage is not in default. The principal repayments due in each of the next five years are as follows:

2015	\$ 44,750
2016	46,666
2017	48,664
2018	50,748
2019	52,921

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

## 5. Ottawa Trust (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 Sections 63 to 69 of the Indian Act.

	<u>Opening Balance</u>	<u>Additions</u>	<u>Withdrawals</u>	<u>2014 Balance</u>	<u>2013 Balance</u>
Capital Revenue	\$ 115,327 357,454	\$ 738,605	\$ (523,526)	\$ 115,327 572,533	\$ 115,327 357,454
Fund Total	\$ 472,781	\$ 738,605	\$ (523,526)	\$ 687,860	\$ 472,781

## 6. Deferred Revenue

	<u>Opening Balance</u>	<u>Funding Received</u>	<u>Revenue Recognized</u>	<u>2014 Total</u>	<u>2013 Total</u>
Business Development		\$ 70,240		\$ 70,240	
Firehall Project		250,000		250,000	
School renovation	\$ 32,845		\$ 22,241	10,604	\$ 32,845
Subdivision	19,759		3,611	16,148	19,759
Total AANDC	52,604	320,240	25,852	346,992	52,604
BATC CDC	NIL	10,000		10,000	
BATC other	NIL	42,154		42,154	
Health Centre	NIL	1,283,900	1,064,837	219,063	
	\$ 52,604	\$ 1,656,294	\$ 1,090,689	\$ 618,209	\$ 52,604

## 7. Long-Term Debt

	<u>2014</u>	<u>2013</u>
Bank loan #1		\$ 350,000
Bank loan #2	\$ 423,600	518,000
Bank loan #3	114,200	
Bank loan #4	637,500	
CMHC loans (RRAP)	62,141	106,291
Royal Trust #1	6,672	8,288
Royal Trust #2	29,266	40,027
Royal Trust #3	135,256	163,389
CMHC Loan #1	326,016	339,396
CMHC Loan #2	649,507	672,645
CMHC Loan #3	483,247	
	\$ 2,867,405	\$ 2,198,036

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

## 7. Long-Term Debt (continued)

The bank loan #2 is due on demand, however, arrangements have been made to repay the loan in quarterly instalments of 23,600 plus interest. Interest is at prime plus 1.50%. The loan is guaranteed by Aboriginal Affairs and Northern Development Canada.

The bank loan #3 is a credit line with no repayments terms. Interest on monthly basis. The loan is guaranteed by Aboriginal Affairs and Northern Development Canada.

The bank loan #4 is a term loan. This loan is repayable in quarterly instalments of \$37,500 plus interest. Interest is at prime plus 2.85%. The loan is guaranteed by Aboriginal Affairs and Northern Development Canada.

The CMHC loans are issued under the Residential Rehabilitation Assistance Program (RRAP) and consist of loans to finance renovations to social housing units. There are 18 loans. During the year there are three loans payable in monthly instalments of approximately \$100, including interest. There is currently one loan to be paid at the year end. Interest on this loan is at 10.375%. The remaining 15 loans will be earned over 5 years on the condition that the First Nation continues to own the units and are occupied by band members. If the First Nation sells, transfers or ceases to operate the properties before maturity date, the unearned forgivable loans plus interest will immediately become due and payable. The loan is guaranteed by Aboriginal Affairs and Northern Development Canada.

The Royal Trust loans are secured by mortgages on buildings. The loans are repayable at \$154, \$964 and \$2,754 per month, respectively, including interest. Interest rates on the loans are 3.03%, 2.28%, and 2.61%, respectively. The loans are guaranteed by Aboriginal Affairs and Northern Development Canada.

The Canada Mortgage and Housing Corporation loan #1 is repayable in monthly instalments of \$1,630 including interest. Interest is at 1.92%. The loan is guaranteed by Aboriginal Affairs and Northern Development Canada.

The Canada Mortgage and Housing Corporation loan #2 is repayable in monthly instalments of \$2,918 including interest. Interest is at 1.8%. The loan is guaranteed by Aboriginal Affairs and Northern Development Canada.

The Canada Mortgage and Housing Corporation loan #3 has not been fully advanced. Additional proceeds of \$127,685 are anticipated during 2015. Loan payments will commence after project completion. The loan is guaranteed by Indian and Northern Affairs Canada.

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

## 7. Long-Term Debt (continued)

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

2015	\$ 438,083
2016	325,664
2017	322,936
2018	317,248
2019	134,228

## 8. Tangible Capital Assets

	<u>Beginning</u> <u>Cost</u>	<u>Additions/</u> <u>Disposals</u>	<u>End</u> <u>Cost</u>	<u>Beg</u> <u>Accum</u> <u>Amort</u>	<u>Current</u> <u>Amort</u>	<u>End</u> <u>Accum</u> <u>Amort</u>	<u>2014</u> <u>Net</u>	<u>2013</u> <u>Net</u>
Land	\$ 3,939,294		\$ 3,939,294				\$ 3,939,294	\$ 3,939,294
Community buildings	1,666,130		1,666,130	\$ 772,047	\$ 44,704	\$ 816,751	849,379	894,083
CMHC housing	2,376,517	\$ 710,291	3,086,808	418,092	97,921	516,013	2,570,795	1,958,425
Social housing	1,756,190		1,756,190	822,878	46,666	869,544	886,646	933,312
Mobile homes	416,054		416,054	221,198	9,743	230,941	185,113	194,856
RRAP renovations	291,703		291,703	178,731	5,649	184,380	107,323	112,972
Gymnasium	2,546,363		2,546,363	934,592	80,589	1,015,181	1,531,182	1,611,771
Store	74,860		74,860	51,333	1,176	52,509	22,351	23,527
Community Infrastructure	2,772,570	1,093,739	3,866,309	1,381,111	82,313	1,463,424	2,402,885	1,391,459
Equipment	280,411	55,786	336,197	261,606	11,271	272,877	63,320	18,805
	<u>\$ 16,120,092</u>	<u>\$ 1,859,816</u>	<u>\$ 17,979,908</u>	<u>\$ 5,041,588</u>	<u>\$ 380,032</u>	<u>\$ 5,421,620</u>	<u>\$ 12,558,288</u>	<u>\$ 11,078,504</u>

## 9. Economic Dependence

Sweetgrass First Nation receives a major portion of its revenue from Aboriginal Affairs and Northern Development Canada. The nature and extent of this revenue is of such significance that the First Nation is economically dependent on this source of revenue.

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

## 10. Treaty Land Entitlement Trust

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

	<u>2014</u>	<u>2013</u>
<b>Capital Fund</b>		
Balance at beginning and end of year	\$ 3,474,330	\$ 3,698,597
Transfer of land and land acquisition costs to reserve status	<u>(224,267)</u>	
<b>Balance at end of year</b>	<b>\$ 3,474,330</b>	<b>\$ 3,474,330</b>
<b>Revenue Fund</b>		
Balance at beginning of year	\$ NIL	\$ NIL
Net income for the year	295,195	309,159
Distributions to Sweetgrass First Nation	<u>(295,195)</u>	<u>(309,159)</u>
<b>Balance at end of year</b>	<b>\$ NIL</b>	<b>\$ NIL</b>

The trust was established in 1993 and has a maximum life span of 21 years, unless an extension is filed to extend the life of the trust. It may take additional time beyond fiscal 2014 to achieve reserve status on the lands in the Treaty Land Entitlement process.

## 11. 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 \$350,000 at a rate of prime plus 1.5%. The terms of the loan facility agreement are negotiated annually.

SWEETGRASS FIRST NATION

Notes to the Consolidated Financial Statements  
March 31, 2014

**12. Contingencies**

During the 2012 and 2013 fiscal years, Sweetgrass First Nation lodged a complaint with the Law Society of Alberta, regarding the amount of fees and disbursements billed by one of its member legal firms. An independent review was completed resulting in a reduction in legal fees of \$151,931. The law firm appealed to the courts and in September 2013 the Court of Appeal of Alberta reversed the Law Society ruling. In June of 2014, the ruling was appealed by Sweetgrass First Nation. As a condition of the appeal, the law firm was paid \$124,196, and the balance of \$151,931 still in dispute was paid into a trust account, pending the outcome of the appeal.

The appeal was in progress at the audit report date, and, in the opinion of legal counsel, the outcome cannot be determined. Any costs awarded in excess of the \$124,196 that has been paid as of the audit report date, will be recorded as an expense in the year of settlement.

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

## 13. 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		
	Budget	2014	2013	Budget	2014	2013
Federal Government	\$ 1,626,560	\$ 1,638,492	\$ 1,660,424	\$	\$	\$
Other		4,064	2,728			9,714
<b>Total Revenues</b>	<b>1,626,560</b>	<b>1,642,556</b>	<b>1,663,152</b>			<b>9,714</b>
Administration and training	3,000	4,001	3,028			
Assistance	585,000	548,498	537,658			977
Bank charges and interest	10,000	2,747	5,400			2,212
Capital asset purchases	1,500					
Honorarium and travel	13,884	21,285	11,739			800
Insurance	10,598	14,540	12,360			
Interest	2,000	11,667	1,918			6,532
Materials and sub-contract			12,048			
Office supplies	56,250	15,784	45,010			144
Other	22,761	10,061	1,477			(978)
Utilities, telephone and property tax	6,000	2,377	6,037			1,384
Wages, contracts and employee benefits	1,004,735	1,003,519	1,035,923			6,681
<b>Total Expenses</b>	<b>1,715,728</b>	<b>1,634,479</b>	<b>1,672,598</b>			<b>17,752</b>
<b>Annual Deficit</b>	<b>\$ (89,168)</b>	<b>\$ 8,077</b>	<b>\$ (9,446)</b>	<b>\$</b>	<b>\$</b>	<b>\$ (8,038)</b>

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

## 13. Segment Disclosure (continued)

	Community Infrastructure			Band Government		
	<u>Budget</u>	<u>2014</u>	<u>2013</u>	<u>Budget</u>	<u>2014</u>	<u>2013</u>
Federal Government	\$ 370,547	\$ 533,782	\$ 524,346	\$ 493,720	\$ 639,250	\$ 544,209
Tribal Council						19,856
Other	32,209	39,808	54,152		477	529
<b>Total Revenues</b>	<b>402,756</b>	<b>573,590</b>	<b>578,498</b>	<b>493,720</b>	<b>639,727</b>	<b>564,594</b>
Administration and training	1,704	1,339	1,554	15,100	12,578	7,538
Amortization		126,469	133,125		11,272	6,268
Assistance					35	
Bank charges and interest			220	10,000	7,450	2,310
Honorarium and travel	10,650	23,257	46,934	75,970	150,585	76,555
Insurance		135,895	141,670		13,341	
Interest	285	347	253	27,000	22,343	73,046
Materials and sub-contract	10,000	3,520	36,171	3,000		4,952
Office supplies	2,155	2,397	4,270	23,120	26,524	20,787
Other	9,236	285			(19)	
Professional fees		1,340		100,225	121,529	142,821
Repairs and maintenance	135,414	244,597	157,905	500	391	121
Utilities, telephone and property tax	82,650	89,933	60,675	11,500	12,463	8,232
Wages, contracts and employee benefits	198,291	215,394	221,363	304,059	343,570	316,282
<b>Total Expenses</b>	<b>450,385</b>	<b>844,773</b>	<b>804,140</b>	<b>570,474</b>	<b>722,062</b>	<b>658,912</b>
<b>Annual Deficit</b>	<b>\$ (47,629)</b>	<b>\$ (271,183)</b>	<b>\$ (225,642)</b>	<b>\$ (76,754)</b>	<b>\$ (82,335)</b>	<b>\$ (94,318)</b>

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

## 13. Segment Disclosure (continued)

	Capital			Health & Welfare Programs		
	Budget	2014	2013	Budget	2014	2013
Federal Government	\$ 342,455	\$ 194,557	\$ 522,242	\$ 50,961	\$ 1,063,706	\$ 256,602
Tribal Council					49,662	13,450
Other		112	10,077		1,131	60
<b>Total Revenues</b>	<b>342,455</b>	<b>194,669</b>	<b>532,319</b>	<b>50,961</b>	<b>1,114,499</b>	<b>270,112</b>
Administration and training					499	
Amortization		138,721	160,576			
Bank charges and interest		143	510			26
Capital asset purchases	10,161					
Honorarium and travel	32,500		3,000	45,661	50,654	2,143
Insurance	214,080	67,612	92,639			
Interest		12,215	8,488			
Materials and sub-contract	115,896	224,900	134,420			(168,034)
Other		522				
Professional fees						142,797
Repairs and maintenance				2,150	210	53
Utilities, telephone and property tax				4,650	4,583	4,650
Wages, contracts and employee benefits				3,500	3,305	3,468
<b>Total Expenses</b>	<b>372,637</b>	<b>444,113</b>	<b>399,633</b>	<b>55,961</b>	<b>59,251</b>	<b>(14,897)</b>
<b>Annual Deficit</b>	<b>\$ (30,182)</b>	<b>\$ (249,444)</b>	<b>\$ 132,686</b>	<b>\$ (5,000)</b>	<b>\$ 1,055,248</b>	<b>\$ 255,215</b>

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

## 13. Segment Disclosure (continued)

	Other			TLE Administration		
	Budget	2014	2013	Budget	2014	2013
Federal Government	\$ 21,000	\$ 187,864	\$ 210,175			
Tribal Council	175,493	163,174	234,867			
Other	1,256,007	1,885,420	1,647,938	\$ 22,000	\$ 295,760	\$ 308,189
<b>Total Revenues</b>	<b>1,452,500</b>	<b>2,236,458</b>	<b>2,092,980</b>	<b>22,000</b>	<b>295,760</b>	<b>308,189</b>
Administration and training	4,789	5,060	1,610			
Amortization		103,570	109,812			
Assistance	595,448	776,822	554,272			
Bank charges and interest	500	830	1,499			
Capital asset purchases		96,346	(2,000)			
Honorarium and travel	204,144	125,107	230,283	2,500	13,374	7,453
Insurance	1,000	27,681	29,645			
Interest	192,500	86,081	34,380	100	77	99
Materials and sub-contract	10,000	38,184	96,622			
Office supplies	20,600	36,606	18,333	2,515	869	1,913
Other	267,229	165,656	98,509		543	
Professional fees	69,850	33,039	35,287		680	12,593
Repairs and maintenance	30,000	109,054	8,577			
Utilities, telephone and property tax	44,879	50,778	19,988	36,127	57,101	
Wages, contracts and employee benefits	48,000	153,983	54,401	19,925	17,087	20,295
<b>Total Expenses</b>	<b>1,488,939</b>	<b>1,808,797</b>	<b>1,291,218</b>	<b>25,040</b>	<b>68,757</b>	<b>99,454</b>
<b>Annual Deficit</b>	<b>\$ (36,439)</b>	<b>\$ 427,661</b>	<b>\$ 801,762</b>	<b>\$ (3,040)</b>	<b>\$ 227,003</b>	<b>\$ 208,735</b>

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

## 14. Expenses by Type

	<u>2014</u>	<u>2013</u>
Administration and training	\$ 36,175	\$ 13,730
Amortization	380,032	409,781
Assistance	1,341,565	1,092,907
Bank charges and interest	10,741	12,177
Capital asset purchases	(1,819,720)	
Honorarium and travel	384,262	378,907
Insurance	244,529	276,314
Interest	132,729	124,716
Materials and sub-contract	2,126,713	114,179
Office supplies	81,731	90,457
Other	197,096	99,008
Professional fees	173,780	333,498
Repairs and maintenance	358,849	166,656
Utilities, telephone and property tax	196,263	158,067
Wages, contracts and employee benefits	<u>1,737,487</u>	<u>1,658,413</u>
	<u>\$ 5,582,232</u>	<u>\$ 4,928,810</u>