

Fond du Lac Denesuline First Nation
Consolidated Financial Statements
March 31, 2014

Fond du Lac Denesuline First Nation

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For the year ended March 31, 2014

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To the Members of Fond du Lac Denesuline First Nation:

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

MNP LLP is appointed by the Members to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

October 1, 2014,

Signed Darryl McDonald

CEO

To the Members of Fond du Lac Denesuline First Nation:

We have audited the accompanying consolidated financial statements of Fond du Lac Denesuline First Nation, which comprise the consolidated statement of financial position as at March 31, 2014 and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the 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 in our audit 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 Fond du Lac Denesuline First Nation as at March 31, 2014 and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Saskatoon, Saskatchewan

October 1, 2014

MNP LLP
Chartered Accountants

Fond du Lac Denesuline First Nation

Consolidated Statement of Financial Position

As at March 31, 2014

	2014	2013
Financial assets		
Current		
Cash resources	207,585	232,755
Accounts receivable (Note 3)	658,428	687,755
Restricted cash (Note 4)	24,669	685,044
	890,682	1,605,554
CMHC restricted cash (Note 5)	24,175	24,108
Investment in First Nation business partnerships and business entities (Note 6)	20,942,581	17,249,380
Portfolio investments (Note 7)	111,268	111,268
Funds held in trust (Note 8)	200,788	148,828
Total financial assets	22,169,494	19,139,138
Liabilities		
Current		
Bank indebtedness (Note 9)	846,954	690,618
Accounts payable and accruals	578,123	890,135
Deferred revenue (Note 10)	-	278,957
Current portion of long-term debt (Note 11)	368,124	362,059
	1,793,201	2,221,769
Long-term debt (Note 11)	3,636,537	3,934,018
Total financial liabilities	5,429,738	6,155,787
Net financial assets	16,739,756	12,983,351
Guarantees (Note 6)		
Non-financial assets		
Tangible capital assets (Note 12)	48,470,114	50,742,468
Prepaid expenses	31,100	31,100
Total non-financial assets	48,501,214	50,773,568
Accumulated surplus (Note 13)	65,240,970	63,756,919
Approved on behalf of Chief and Council		

Signed Earl Lidguerre

Chief

Signed William Adam

Councillor

The accompanying notes are an integral part of these financial statements

Fond du Lac Denesuline First Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2014

	<i>Schedules</i>	<i>2014 Budget Note 17</i>	<i>2014</i>	<i>2013</i>
Revenue				
Federal government funding				
Aboriginal Affairs and Northern Development Canada (Note 14)		4,639,442	7,428,838	9,947,357
Canada Mortgage and Housing Corporation		-	209,880	211,897
First Nations and Inuit Health Branch		66,000	66,000	83,920
		4,705,442	7,704,718	10,243,174
Athabasca Health Authority		995,718	996,019	975,657
Prince Albert Grand Council		686,716	875,049	919,201
First Nations Trust		-	704,236	676,710
Portfolio investment income		-	445,000	236,533
Other revenue		127,267	367,368	225,116
Rental income		87,500	168,743	194,482
Northern Lights Community Development Corporation		-	114,657	158,118
Goods and Services Tax rebates		-	71,426	62,007
User fees		-	24,768	16,789
Grants for recreation and cultural activities		44,700	45,000	48,700
Donations		-	15,000	90,682
Interest income		-	4,990	8,471
Insurance proceeds		-	-	51,000
Earnings from investment in Nation business entities		-	4,442,520	4,644,296
Forfeited funding - FNIHB		-	-	(7,343)
Forfeited funding - Athabasca Health Authority		-	-	(13,280)
Forfeited funding - AANDC		-	(105,506)	(68,457)
		6,647,343	15,873,988	18,461,856
Program expenses				
Band Government	3	221,679	2,528,030	2,156,481
Community Infrastructure	4	234,516	3,678,324	3,680,252
Education	5	4,087,307	4,736,844	4,956,732
Health	6	1,252,183	1,407,500	1,326,102
Social Development	7	8,336	2,039,239	1,916,791
		5,804,021	14,389,937	14,036,358
Annual surplus		843,322	1,484,051	4,425,498
Accumulated surplus, beginning of year		63,756,919	63,756,919	59,331,421
Accumulated surplus, end of year (Note 13)		64,597,121	65,240,970	63,756,919

Fond du Lac Denesuline First Nation
Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2014

	2014 Budget Note 17	2014	2013
Annual surplus	843,322	1,484,051	4,425,498
Purchases of tangible capital assets	-	(522,341)	(4,647,609)
Amortization of tangible capital assets	-	2,794,695	3,027,824
	-	2,272,354	(1,619,785)
Use of prepaid expenses	-	-	46,485
Increase in net financial assets	843,322	3,756,405	2,852,198
Net financial assets, beginning of year	12,983,351	12,983,351	10,131,153
Net financial assets, end of year	13,826,673	16,739,756	12,983,351

Fond du Lac Denesuline First Nation

Consolidated Statement of Cash Flows

For the year ended March 31, 2014

	2014	2013
Cash provided by (used for) the following activities		
Operating activities		
Annual surplus	1,484,051	4,425,498
Non-cash items		
Amortization	2,794,695	3,027,824
Earnings from investment in Nation business entities	(4,442,520)	(4,644,296)
	(163,774)	2,809,026
Changes in working capital accounts		
Accounts receivable	29,327	109,534
Prepaid expenses	-	46,485
Restricted cash	660,375	2,628,489
Accounts payable and accruals	(312,009)	(626,944)
Deferred revenue	(278,957)	(2,884,332)
	(65,038)	2,082,258
Financing activities		
Advances of long-term debt	74,596	1,714,930
Repayment of long-term debt	(366,015)	(85,322)
Change in bank indebtedness	156,336	403,162
	(135,083)	2,032,770
Capital activities		
Purchases of tangible capital assets	(522,341)	(4,647,609)
Investing activities		
Advances to related Nation entities	-	(295,561)
Withdrawals from investment in First Nation business entities (net)	749,319	533,687
Increase in funds held in trust	(51,960)	(9,609)
Increase in CMHC restricted cash	(67)	16,938
	697,292	245,455
Decrease in cash resources	(25,170)	(287,126)
Cash resources, beginning of year	232,755	519,881
Cash resources, end of year	207,585	232,755
Supplementary cash flow information		
Interest paid	143,369	109,526

Fond du Lac Denesuline First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2014

1. Operations

The Fond du Lac Denesuline First Nation ("the First Nation") is located in the province of Saskatchewan, and provides various services to its members. Fond du Lac Denesuline First Nation includes the First Nation's members, government and all related entities that are accountable to the First Nation and are either owned or controlled by the First Nation.

2. 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.

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

- Fond du Lac Denesuline First Nation - Administration
- Fond du Lac Denesuline First Nation - Education
- Fond du Lac Denesuline First Nation - Health
- Fond du Lac Denesuline First Nation CMHC Rental Housing

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.

Fond du Lac Denesuline First Nation business entities, owned or controlled by the First Nation's Council but not dependent on the First Nation for their continuing operations, are included in the financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the First Nation. Thus, the First Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. Entities accounted for by the modified equity basis include:

- Fond du Lac First Nation Development Limited Partnership;
- Fond du Lac First Nation (2008) Development Corporation;
- Waterfound Development Limited Partnership; and,
- Waterfound Development Corp.

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 the Fond du Lac Denesuline First Nation.

- The First Nation is a member of the Prince Albert Grand Council (PAGC Management Co. Ltd. or "PAGC"). The PAGC is an organization of twelve Nations. The PAGC is mandated to enhance the services provided to the member Nations.
- The First Nation is a member of the Athabasca Child and Family Services Inc. ("AC&FS"). AC&FS is an organization of three Nations. The mandate of AC&FS is to provide child and family protection and prevention services on reserve to the three member Nations.
- The First Nation is a member of the Athabasca Enterprise Region Corporation ("AERC"). The AERC is an organization of three Nations and four municipalities. The AERC is mandated to maximize economic capacity and achieve business competitiveness for the region.

Fond du Lac Denesuline First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

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

Basis of presentation

Sources of financing and expenditures are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures 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.

Cash resources

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

Restricted cash

Restricted cash consists of funds held in the CMHC replacement reserve bank, as well as, funds managed by a project manager. The CMHC reserve is used to pay eligible expenditures of the CMHC housing units and the project manager is responsible for completion of the capital projects.

Portfolio investments

Long-term investments in entities that are not controlled or influenced by the Nation reporting entity are accounted for using the cost method. They are recorded at cost, less any provision for other than temporary impairment.

Funds held in Ottawa Trust Fund

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund and consist of:

- Capital trust moneys derived from non-renewable resource transactions on 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 received. These moneys are reported on by the Government of Canada.

Net financial assets

The First Nation's financial statements are presented so as to highlight net financial assets as the measurement of financial position. The net financial assets of the First Nation is determined by its financial assets less its liabilities.

Tangible capital assets

Tangible capital assets are initially recorded at cost based on historical cost accounting records. Contributed tangible assets are recorded at their fair value at the date of contribution. Land purchased is recorded at purchase price plus acquisition costs.

Amortization

Tangible capital assets are amortized annually using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

	Method	Rate
Infrastructure	straight-line	3 %
Housing	straight-line	5 %
Other buildings	straight-line	4 %
Equipment, vehicles, office & other	straight-line	20 %

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

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.

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.

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.

Funds held in Ottawa Trust Fund

Due to measurement uncertainty, revenue related to the receipt of funds held in the Ottawa Trust Fund is recognized when it is received.

Other revenue

Investment and interest income is recognized when earned. Rent and other revenue is recognized when the related services are provided.

Liability for contaminated site

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 costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2014.

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.

No liability has been recorded as of March 31, 2014 as the costs can not be reasonably estimated.

Segments

The First Nation conducts its business through five (5) reportable segments: Band Government, Community Infrastructure, Education, Health, and Social Development. 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.

Fond du Lac Denesuline First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

2. 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.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements. Inter - segment transfers are recorded at their exchange amount.

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, and amounts due from related First Nation entities and departments, 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.

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. As a result of issuance of PS 3450, there have been numerous consequential amendments made to other Sections. PS 3450 is effective for fiscal years beginning on or after April 1, 2016.

PS 3450 is applied prospectively in the fiscal year of initial adoption; therefore, financial statements of prior periods, including comparative information, are not restated. The First Nation does not expect the adoption of these new standards to have a material impact on its financial statements. In the period that a public sector entity applies PS 3450, it also applies PS 1201, PS 2601 and PS 3041. Early adoption is permitted.

Fond du Lac Denesuline First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

3. Accounts receivable

	2014	2013
Athabasca Health Authority	188,890	132,384
Prince Albert Grand Council	176,104	107,795
Aboriginal Affairs and Northern Development Canada	103,657	170,035
Employee and member loans and advances	72,811	94,376
Goods and Services Tax	72,064	65,656
Northern Lights Community Development Corporation	38,867	80,201
Other	55,507	19,853
CMHC subsidy assistance and rent receivable	11,309	17,580
First Nations and Inuit Health Branch	-	53,241
Northern Sport, Cultural, and Recreation Inc.	-	21,850
	719,209	762,971
Allowance for doubtful accounts	(60,781)	(75,216)
	658,428	687,755

4. Restricted cash

Restricted cash consists of funds managed by capital project managers who are responsible for payment of expenses relating to capital project funding by AANDC.

	2014	2013
Water	24,669	305,348
Solid Waste	-	214,228
Teacherage	-	90,330
Roads	-	64,742
Subdivision	-	10,396
	24,669	685,044

5. CMHC restricted cash

Fond du Lac Denesuline First Nation is required under agreement with CMHC to set aside funds to finance future qualifying housing expenditures. The First Nation has \$24,175 (2013- \$24,108) of cash restricted to fund CMHC reserves. In accordance with the terms of the agreements, CMHC reserve moneys must be held or invested only in accounts or instruments guaranteed by the Canada Deposit Insurance Corporation, or as otherwise approved by CMHC. Reserve withdrawals are credited first to interest and then to principal. As of March 31, 2014, the reserves are underfunded by \$55,991 (2013 - \$36,988). The CMHC reserve cash consists of funds on deposit with financial institutions for the purpose of funding the CMHC Housing Replacement Reserve.

Fond du Lac Denesuline First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2014

6. Investments in First Nation partnerships and business entities

The First Nation has investments in the following entities:

	<i>Investment, beginning of year</i>	<i>Contributions (withdrawals)</i>	<i>Cumulative share of earnings</i>	<i>2014 Investment, end of year</i>
Nation business entities:				
Fond du Lac First Nation (2008) Development Corporation - 100% ("FDLFNDC")	10,765	-	2,600	13,365
Waterfound Development Corporation - 33.33%	-	-	1,918	1,918
	10,765	-	4,518	15,283
First Nation Business Partnerships – Modified Equity:				
Fond du Lac First Nation Development Limited Partnership - 99.9% ("FDLFNDLP")	17,238,615	(749,319)	4,137,137	20,626,433
Waterfound Development Limited Partnership - 33.33%	-	-	300,865	300,865
	17,238,615	(749,319)	4,438,002	20,927,298
	17,249,380	(749,319)	4,442,520	20,942,581

The First Nation's investment in Fond du Lac First Nation Development Limited Partnership and its general partner, Fond du Lac First Nation (2008) Development Corporation was established for the purposes of managing, evaluating and building its investments and operating its for-profit enterprises. Waterfound Development Group was established to hold investments with the other two Nation partners.

Summary financial information for each First Nation partnership, accounted for using the modified equity method, for their respective year-end is as follows:

	<i>FDLFNDLP As at March 31, 2014</i>	<i>Waterfound Development Limited Partnership As at December 31, 2013</i>
Assets		
Cash	304,280	-
Accounts receivable	410,250	-
Prepays	4,454	-
Investments	18,564,193	4,539,474
Property and equipment	2,450,382	-
Total assets	21,733,559	4,539,474
Liabilities		
Accounts payable and accruals	88,934	3,400
Long-term debt	1,002,735	-
Total liabilities	1,091,669	3,400
Net assets excluding accumulated other comprehensive income	20,641,890	4,536,074
Total revenue	4,910,040	906,000
Total expenses	768,762	3,400
Net income	4,141,278	902,600
Comprehensive income	4,141,278	902,600

Fond du Lac Denesuline First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2014

6. Investments in First Nation partnerships and business entities *(Continued from previous page)*

The First Nation has guaranteed the following debt on behalf of its First Nation business enterprise:

Fond du Lac First Nation Limited partnership has the following long-term debt which the First Nation has issued a guarantee for repayment:

- Demand loans with First Nations Bank of Canada for capital purchases such as airplanes and rental buildings. Interest rates are fixed at rates between 4.65% and 5.04%. Related capital assets are held as first security and the Nation has guaranteed the First Nations Bank access to the reserve to repossess movable assets pledged as security through a Band Council Resolution. FDLFNL has demand loans due to First Nations Bank of \$1,002,735 (2013 - \$1,250,249). The First Nation has guaranteed the full amount of the debt outstanding to the First Nations Bank and repayment under this guarantee, which will remain in place indefinitely, is required in the event the repayment of loans are in default.
- No liability has been recorded associated with this guarantee.

7. Portfolio investments

	2014	2013
CanAlaska Uranium Ltd. shares	71,668	71,668
Prince Albert Development Corporation (8.33%)	39,600	39,600
Prince Albert First Nation Business Development Limited Partnership (8.25%)	-	-
Denesuline Development Corporation (33.33%)	-	-
	111,268	111,268

CanAlaska Uranium Ltd. shares have a fair market value as of March 31, 2014 of \$76,000.

Summarized financial information as at March 31, 2014 for non-publicly traded portfolio investments is presented below:

	Assets	Liabilities	Revenue	Expenses	Net Income
PADC	281,955	4,404	23,699	5,067	18,632
PAFNBDLP	24,023,651	299,671	2,812,338	441,427	2,370,911
DDC	-	-	-	3,103,613	(3,103,613)

8. 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.

	2014	2013
Capital Trust		
Balance, beginning and end of year	1,980	1,980
Revenue Trust		
Balance, beginning of year	146,848	137,239
Interest	4,760	3,389
Rental income	6,000	6,000
Other	41,200	220
Balance, end of year	198,808	146,848
	200,788	148,828

Fond du Lac Denesuline First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

9. Bank indebtedness and other credit arrangements

Bank indebtedness includes three separate operating lines authorized to \$250,000, \$100,000, and \$75,000 for the General, Social Development, and Education bank accounts respectively of the First Nation and bear interest at prime plus 1.5%. As of March 31, 2014 the First Nation has drawn on \$251,330 (2013 - \$248,860) of the operating lines (\$167,331 for General, \$nil for Social Development, and \$83,999 for Education).

The First Nation also has credit cards with credit limits totaling \$50,000. As of March 31, 2014, \$54,366 (2013 - \$17,503) was included in accounts payable for outstanding balances on the credit cards.

As at March 31, 2014, cheques issued in excess of deposits are also included in bank indebtedness.

10. 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	278,957	-	278,957	-
	278,957	-	278,957	-

Fond du Lac Denesuline First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

11. Long-term debt

	2014	2013
Canada Mortgage and Housing Corporation Phase I repayable in monthly instalments of \$4,029 including interest at 2.11%; secured by band council resolution and ministerial guarantee; matures October 1, 2028.	606,820	640,555
Canada Mortgage and Housing Corporation Phase II repayable in monthly instalments of \$3,224 including interest at 2.75%; secured by Ministerial guarantee; matures May 1, 2036.	641,586	662,412
Canada Mortgage and Housing Corporation Phase III repayable in monthly installments of \$3,386 including interest at 1.53%; secured by Ministerial guarantee; matures December 1, 2032.	660,766	617,586
First Nation Bank mortgage, for the purpose of construction of five non-CMHC housing units, repayable at \$180,000 per annum blended principal and interest at 4.65%; secured by re-direction of \$190,000 of annual AANDC band based capital funds; matures April 1, 2018.	720,000	900,000
First Nation Bank mortgage, for the purpose of construction of new on-reserve arena, bearing interest at 4.50%; secured by re-direction of dividends from Athabasca Basin Development LP; matures October 1, 2027.	1,375,489	1,475,524
	4,004,661	4,296,077
Less: current portion	368,124	362,059
	3,636,537	3,934,018

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

2015	368,124
2016	369,953
2017	371,822
2018	373,731
2019	195,682

12. Tangible capital assets

The tangible capital assets reconciliation is included in Schedule 1.

The First Nation holds culturally significant works of art and historical treasures, which have not been included in tangible capital assets due to the inability of estimating future benefits associated with such property.

Fond du Lac Denesuline First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2014

13. Accumulated surplus

The Nation designates and tracks separately the following funds and reserves in accordance with internal management policies. These funds are designated to assist with fund management and to comply with legislation:

Accumulated surplus consists of the following:

	2014	2013
Equity in funds held in trust		
Balance, beginning of year	148,828	139,219
Interest, lease, royalties and other revenue	51,960	9,609
	200,788	148,828
Equity in CMHC reserves		
Balance, beginning of year	61,096	41,034
Reserve allocation for the year	24,000	20,000
Interest	67	62
Withdrawals	(4,997)	-
	80,166	61,096
Equity in tangible capital assets		
Balance, beginning of year	46,284,135	45,987,814
Tangible capital assets acquired	522,341	4,647,609
Capital payables advanced	162,253	306,144
Loan advanced	(74,596)	(1,685,552)
Loan repaid	366,015	55,944
Amortization	(2,794,695)	(3,027,824)
	44,465,453	46,284,135
Equity in investments		
Balance, beginning of year	17,360,648	12,954,478
Income	4,442,520	4,384,715
Contributions (withdrawals)	(749,319)	21,455
	21,053,849	17,360,648
Unrestricted operating accumulated surplus (deficit)		
Balance, beginning of year	(97,788)	208,876
Transfer to equity in funds held in trust	(51,960)	(9,609)
Transfer to equity in CMHC reserves	(19,070)	(20,062)
Transfer to equity in tangible capital assets	1,818,682	(296,321)
Transfer to equity in investments	(3,693,201)	(4,406,170)
Current surplus	1,484,051	4,425,498
	(559,286)	(97,788)
	65,240,970	63,756,919

The First Nation does not have a movable capital asset reserve.

Fond du Lac Denesuline First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

14. Aboriginal Affairs and Northern Development Canada Reconciliation

AANDC revenue per confirmation	7,181,805
Add:	
Water Treatment Plant 2012 deferred revenue recognized	278,957
2014 Basic Needs budget allocation	102,821
2014 Band Employee Benefits (statutory) budget allocation	836
Less:	
2013 Basic Needs budget allocation	(135,581)
Total funding per consolidated financial statements	7,428,838

15. Economic dependence

Fond du Lac Denesuline First Nation receives a significant portion of its revenue from Aboriginal Affairs and Northern Development Canada (AANDC) 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 First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

Fond du Lac Denesuline First Nation also receives a significant portion of its funding from Athabasca Health Authority.

16. Comparative figures

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

17. Budget information

The disclosed budget information has been approved by the Chief and Council of the Fond du Lac Denesuline First Nation in March 2013.

18. Compliance with authorities

The First Nation is required to make its financial statements publicly available and submit its consolidated financial statements to Aboriginal Affairs and Northern Development Canada by July 29, 2014. As the audit report date is dated after July 29, 2014, the First Nation is in breach of this requirement. The possible effect of this breach has not yet been determined.

Fond du Lac Denesuline First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2014

	<i>Infrastructure</i>	<i>Housing</i>	<i>Other Buildings</i>	<i>Equipment, Vehicles, Office & Other</i>	<i>Assets Under Construction</i>	<i>2014</i>	<i>2013</i>
Cost							
Balance, beginning of year	45,681,844	15,333,303	23,067,279	1,704,127	312,463	86,099,016	81,451,407
Acquisition of tangible capital assets	20,250	-	112,423	116,990	272,678	522,341	431,788
Construction-in-progress	-	-	-	-	-	-	4,215,821
Balance, end of year	45,702,094	15,333,303	23,179,702	1,821,117	585,141	86,621,357	86,099,016
Accumulated amortization							
Balance, beginning of year	11,824,602	8,217,278	13,916,756	1,397,912	-	35,356,548	32,328,724
Annual amortization	1,371,062	585,411	721,903	116,319	-	2,794,695	3,027,824
Balance, end of year	13,195,664	8,802,689	14,638,659	1,514,231	-	38,151,243	35,356,548
Net book value of tangible capital assets	32,506,430	6,530,614	8,541,043	306,886	585,141	48,470,114	50,742,468
2013 Net book value of tangible capital assets	33,857,242	7,116,025	9,150,523	306,215	312,463	50,742,468	

Fond du Lac Denesuline First Nation
Schedule 2 - Schedule of Consolidated Expenses by Object
For the year ended March 31, 2014

	2014 Budget Note 17	2014	2013
Salaries and benefits	3,478,061	4,594,412	4,330,276
Amortization	-	2,794,695	3,027,824
Social assistance	-	1,711,219	1,472,857
Travel	372,458	844,408	745,580
Student expenses	750,706	804,947	894,906
Community events	-	537,436	436,803
National child benefit - projects	-	451,552	454,061
Utilities	354,166	443,065	379,056
Supplies	168,721	385,244	452,682
Subcontracts	60,587	314,740	280,800
Repairs and maintenance	48,636	297,657	220,303
Program expense	128,414	150,384	138,882
Interest on long-term debt	-	143,369	109,526
Professional fees	107,000	139,479	139,579
Insurance	25,744	125,883	131,065
Funeral	-	122,483	151,385
Training	37,502	74,372	65,173
Administration	60,500	73,116	103,081
Freight	46,232	71,274	101,096
Vehicle	51,760	67,601	74,766
Telephone	55,900	65,562	60,136
Office supplies	1,110	57,647	33,066
Bank charges and interest	10,500	37,974	39,233
Consulting	30,600	33,991	85,722
Homecare	9,000	19,638	14,088
Miscellaneous	5,000	11,588	1,766
Community donations	-	10,474	10,605
Board travel, training and honouraria	-	5,878	1,180
Automotive	-	1,152	-
Office rent	1,424	200	12,750
Bad debts (recovery)	-	(1,503)	68,111
	5,804,021	14,389,937	14,036,358

Fond du Lac Denesuline First Nation
Band Government
Schedule 3 - Schedule of Revenue and Expenses and Operating Surplus (Deficit)
For the year ended March 31, 2014

	<i>2014 Budget Note 17</i>	<i>2014</i>	<i>2013</i>
Revenue			
Aboriginal Affairs and Northern Development Canada	709,676	746,009	750,188
First Nations Trust	-	704,236	676,710
Portfolio investment income	-	445,000	236,533
Investment in Nation business entities	-	4,442,520	4,644,296
Other revenue	-	292,888	114,005
Northern Lights Community Development Corporation	-	92,907	130,978
Prince Albert Grand Council	-	89,178	96,149
Goods and Services Tax rebates	-	43,295	35,543
User fees	-	24,768	16,279
Rental income	-	16,450	38,950
Interest income	-	4,760	8,083
Donations	-	-	35,682
Forfeited funding - AANDC	-	(6,578)	(35,000)
	709,676	6,895,433	6,748,396
Expenses			
Salaries and benefits	6,669	600,407	492,895
Community events	-	534,636	434,103
Travel	78,250	525,791	338,767
Social assistance	-	286,098	179,344
Funeral	-	122,483	151,385
Professional fees	75,000	93,349	116,207
Subcontracts	-	68,892	27,943
Supplies	-	68,020	40,063
Training	-	39,438	26,918
Office supplies	260	34,923	19,328
Bank charges and interest	2,000	30,609	30,600
Telephone	21,000	23,858	23,369
Utilities	-	19,055	19,580
Administration	6,400	17,095	36,991
Student expenses	-	15,105	42,361
Freight	9,100	14,940	14,868
Consulting	18,000	13,592	51,134
Community donations	-	9,193	10,000
Vehicle	-	8,798	8,465
Repairs and maintenance	-	3,222	-
Miscellaneous	5,000	50	53
Insurance	-	4	-
Interest on long-term debt	-	-	37,905
Bad debts	-	(1,528)	54,202
	221,679	2,528,030	2,156,481
Operating surplus before transfers	487,997	4,367,403	4,591,915
Transfers between programs	-	(14,105)	-
Operating surplus	487,997	4,353,298	4,591,915

Fond du Lac Denesuline First Nation
Community Infrastructure
Schedule 4 - Schedule of Revenue and Expenses and Operating Surplus (Deficit)
For the year ended March 31, 2014

	2014 Budget Note 17	2014	2013
Revenue			
Aboriginal Affairs and Northern Development Canada			
Aboriginal Affairs and Northern Development Canada	449,538	1,094,226	1,166,349
AANDC deferred revenue - current year	-	-	(278,957)
AANDC deferred revenue - prior year	-	278,957	3,163,289
Canada Mortgage and Housing Corporation			
Non-profit on-reserve housing	-	137,773	110,921
RRAP conversions	-	72,107	100,976
Rental income	-	60,538	60,581
Prince Albert Grand Council	-	48,989	54,291
Northern Lights Community Development Corporation	-	21,750	27,140
Other revenue	-	3,531	150
Interest income	-	212	4
Insurance proceeds	-	-	51,000
Donations	-	-	45,000
Forfeited funding - AANDC	-	-	(18,900)
	449,538	1,718,083	4,481,844
Expenses			
Amortization	-	2,270,262	2,299,324
Subcontracts	60,587	243,536	245,859
Salaries and benefits	4,000	238,152	338,752
Repairs and maintenance	-	191,206	155,766
Utilities	113,166	167,909	122,771
Interest on long-term debt	-	143,369	71,621
Supplies	2,853	140,585	156,086
Insurance	-	105,804	108,940
Vehicle	41,760	49,961	53,746
Administration	-	28,936	15,053
Travel	5,450	45,737	13,592
Freight	6,000	22,832	44,655
Consulting	-	12,421	19,922
Professional fees	-	7,320	23,372
Training	-	2,951	-
Community events	-	2,800	2,700
Office supplies	-	2,422	6,353
Miscellaneous	-	1,911	1,190
Bank charges and interest	-	185	-
Bad debts	-	25	-
Telephone	700	-	360
Social assistance	-	-	190
	234,516	3,678,324	3,680,252
Operating surplus (deficit) before transfers	215,022	(1,960,241)	801,592
Transfers between programs	-	14,105	-
Operating surplus (deficit)	215,022	(1,946,136)	801,592

Fond du Lac Denesuline First Nation
Education

Schedule 5 - Schedule of Revenue and Expenses and Operating Surplus (Deficit)
For the year ended March 31, 2014

	2014 Budget Note 17	2014	2013
Revenue			
Aboriginal Affairs and Northern Development Canada	3,356,592	3,323,766	3,338,952
Prince Albert Grand Council	583,716	627,382	656,281
Rental income	87,500	79,755	88,951
Other revenue	91,444	36,484	35,144
Grants for recreation and cultural activities	44,700	45,000	48,700
Goods and Services Tax rebates	-	17,706	17,023
Donations	-	15,000	-
Forfeited funding - AANDC	-	-	(1,075)
	4,163,952	4,145,093	4,183,976
Expenses			
Salaries and benefits	2,652,959	2,743,328	2,597,389
Student expenses	750,706	789,843	852,544
Amortization	-	500,787	704,853
Utilities	217,000	228,825	214,832
Travel	182,600	125,325	198,566
Supplies	113,400	121,275	184,224
Repairs and maintenance	34,400	76,217	37,777
Program expense	25,000	35,539	39,136
Freight	27,630	28,935	34,653
Professional fees	21,000	27,810	-
Telephone	16,200	20,300	18,512
Vehicle	10,000	7,835	12,555
Training	9,262	6,424	23,255
Board travel, training and honouraria	-	5,878	1,180
Bank charges and interest	6,600	5,816	6,753
Administration	-	5,543	4,057
Insurance	11,100	2,484	8,035
Subcontracts	-	2,313	6,999
Community donations	-	1,281	605
Office supplies	850	1,086	2,601
Consulting	8,600	-	8,206
	4,087,307	4,736,844	4,956,732
Operating deficit	76,645	(591,751)	(772,756)

Fond du Lac Denesuline First Nation
Health

Schedule 6 - Schedule of Revenue and Expenses and Operating Surplus (Deficit)

For the year ended March 31, 2014

	2014 Budget Note 17	2014	2013
Revenue			
Government funding			
Aboriginal Affairs and Northern Development Canada	56,772	56,768	56,768
First Nations and Inuit Health Branch	66,000	66,000	83,920
Athabasca Health Authority	995,718	996,019	975,657
Prince Albert Grand Council	103,000	109,500	112,480
Other revenue	35,823	34,465	74,616
Rental income	-	12,000	6,000
Goods and Services Tax rebates	-	10,425	9,442
Interest income	-	19	384
Donations	-	-	10,000
Forfeited funding - Athabasca Health Authority	-	-	(13,280)
Forfeited funding - FNIHB	-	-	(7,343)
	1,257,313	1,285,196	1,308,644
Expenses			
Salaries and benefits	811,433	900,504	792,608
Travel	106,158	132,393	162,430
Program expense	103,414	114,845	99,746
Supplies	52,468	52,696	72,308
Utilities	24,000	27,275	21,872
Training	28,240	25,559	14,200
Amortization	-	23,647	23,647
Telephone	18,000	21,404	16,982
Repairs and maintenance	9,000	20,013	20,260
Homecare	9,000	19,638	14,088
Insurance	14,644	17,591	14,090
Administration	54,100	16,542	41,506
Professional fees	11,000	11,000	-
Miscellaneous	-	9,626	525
Consulting	4,000	7,978	6,461
Freight	3,402	4,072	6,840
Bank charges and interest	1,900	1,365	1,880
Automotive	-	1,152	-
Office rent	1,424	200	2,750
Bad debts	-	-	13,909
	1,252,183	1,407,500	1,326,102
Operating deficit before transfers	5,130	(122,304)	(17,458)
Transfers between programs	(3,120)	-	-
Operating deficit	2,010	(122,304)	(17,458)

Fond du Lac Denesuline First Nation
Social Development
Schedule 7 - Schedule of Revenue and Expenses and Operating Surplus (Deficit)
For the year ended March 31, 2014

	<i>2014 Budget Note 17</i>	<i>2014</i>	<i>2013</i>
Revenue			
Aboriginal Affairs and Northern Development Canada	66,864	1,929,112	1,750,768
Other revenue	-	-	1,200
User fees	-	-	510
Forfeited funding - AANDC	-	(98,928)	(13,482)
	66,864	1,830,184	1,738,996
Expenses			
Social assistance	-	1,425,121	1,293,324
National child benefit - projects	-	451,552	454,061
Salaries and benefits	3,000	112,020	108,631
Travel	-	15,161	32,224
Office supplies	-	19,216	4,785
Repairs and maintenance	5,236	6,999	6,500
Administration	-	5,000	5,473
Supplies	-	2,668	-
Vehicle	-	1,007	-
Freight	100	495	80
Training	-	-	800
Telephone	-	-	913
Office rent	-	-	10,000
	8,336	2,039,239	1,916,791
Operating deficit	58,528	(209,055)	(177,795)