

**Shoal Lake Cree Nation
Consolidated Financial Statements**
March 31, 2015

Shoal Lake Cree Nation
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For the year ended March 31, 2015

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Management's Responsibility

To the Members of Shoal Lake Cree Nation:

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

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

December 23, 2015

(signature on file)

Bernelda Young, Band Manager

Independent Auditors' Report

To the Members of Shoal Lake Cree Nation:

We have audited the accompanying consolidated financial statements of Shoal Lake Cree 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 Shoal Lake Cree 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.

Other Matter

The consolidated statements of Shoal Lake Cree Nation for the year ended March 31, 2014 (prior to the restatement described in Note 20 to the consolidated financial statements) were reported on by another auditor who expressed an unmodified opinion on those consolidated financial statements on October 10, 2014.

Prince Albert, Saskatchewan

December 23, 2015

MNP LLP

Chartered Professional Accountants

Shoal Lake Cree Nation
Consolidated Statement of Financial Position
As at March 31, 2015

	2015	2014
	(Restated - Note)	
Financial assets		
Current		
Cash and cash equivalents	274,888	378,531
Accounts receivable (Note 4)	523,312	103,081
Restricted cash (Note 5)	708,510	264,074
	1,506,710	745,686
CMHC restricted cash (Note 6)	305,335	486,243
Portfolio investments (Note 7)	59,600	59,600
Funds held in trust (Note 8)	33,541	32,752
Total financial assets	1,905,186	1,324,281
Liabilities		
Current		
Bank indebtedness (Note 9)	305,614	54,735
Accounts payable and accruals	1,252,778	515,552
Deferred revenue (Note 10)	57,959	279,188
Current portion of long-term debt (Note 11)	722,153	462,620
	2,338,504	1,312,095
Long-term debt (Note 11)	3,465,400	3,476,959
Total financial liabilities	5,803,904	4,789,054
Net debt	(3,898,718)	(3,464,773)
Contingent liabilities (Note 19)		
Non-financial assets		
Tangible capital assets (Note 12) (Schedule 1)	17,137,809	14,098,237
Prepaid expenses	13,948	10,631
Total non-financial assets	17,151,757	14,108,868
Accumulated surplus (Note 13)	13,253,039	10,644,095

Approved on behalf of the Council

(signature on file)

Carlton Bear,
Chief

(signature on file)

Eldon Whitecap,
Councillor

Shoal Lake Cree Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2015

	<i>Schedules</i>	<i>2015 Budget (Note 16)</i>	<i>2015 Actual</i>	<i>2014 Actual (Restated - Note 20)</i>
Revenue				
Aboriginal Affairs and Northern Development Canada (Note 14)		4,468,119	7,736,081	5,749,831
First Nations and Inuit Health Branch		533,012	537,940	536,440
Canada Mortgage and Housing Corporation		-	261,107	267,805
Prince Albert Grand Council		965,004	959,362	1,021,683
First Nations Trust		270,400	337,213	350,156
Rental income		35,900	305,867	305,244
Northern Lights Community Development Corporation		-	136,034	96,631
Other revenue		71,718	69,509	85,277
Income from portfolio investments		50,000	50,000	420,000
Interest income		-	4,688	6,404
FNIHB forfeited funding		(19,496)	(654)	-
AANDC forfeited funding (Note 15)		-	(284,498)	-
		6,374,657	10,112,649	8,839,471
Program expenses				
Band Administration	3	252,744	365,813	148,993
Capital	4	315,029	958,167	891,432
Economic Development	5	3,100	18,282	12,988
Education	6	2,399,655	2,336,537	2,350,478
Health	7	993,597	1,049,218	1,132,390
Social Assistance	8	1,671,830	1,565,505	1,745,566
Other Programs	9	393,792	1,208,698	1,333,521
		6,029,747	7,502,220	7,615,368
Surplus before other items		344,910	2,610,429	1,224,103
Other expense				
Loss on disposal of capital assets		-	(1,485)	-
Surplus		344,910	2,608,944	1,224,103
Accumulated surplus, beginning of year		10,644,096	10,644,095	9,419,992
Accumulated surplus, end of year (Note 13)		10,989,006	13,253,039	10,644,095

Shoal Lake Cree Nation
Consolidated Statement of Change in Net Debt
For the year ended March 31, 2015

	2015 Budget (Note 16)	2015 Actual	2014 Actual (Restated - Note 20)
Annual surplus	344,910	2,608,944	1,224,103
Purchases of tangible capital assets	-	(3,917,470)	(1,200,700)
Amortization of tangible capital assets	-	814,455	816,593
(Gain) loss on sale of tangible capital assets	-	1,485	-
Proceeds of disposal of tangible capital assets	-	61,958	-
	-	(3,039,572)	(384,107)
Acquisition of prepaid expenses	-	(3,317)	(10,631)
(Increase) decrease in net debt	344,910	(433,945)	829,365
Net debt, beginning of year	-	(3,464,773)	(4,294,138)
Net debt, end of year	344,910	(3,898,718)	(3,464,773)

Shoal Lake Cree Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2015

	2015	2014
	(Restated - Note 20)	
Cash provided by (used for) the following activities		
Operating activities		
Surplus	2,608,944	1,224,103
Non-cash items		
Amortization	814,455	816,593
Loss on disposal of capital assets	1,485	-
	3,424,884	2,040,696
Changes in working capital accounts		
Accounts receivable	(420,231)	135,306
Prepaid expenses	(3,317)	(10,631)
Restricted cash	(444,436)	479,818
Accounts payable and accruals	737,226	(154,836)
Deferred revenue	(221,229)	(509,235)
	3,072,897	1,981,118
Financing activities		
Advances of current portion of long-term debt	906,343	-
Repayment of current portion of long-term debt	(658,369)	(439,104)
Increase (decrease) in bank indebtedness	250,879	(89,222)
	498,853	(528,326)
Investing activities		
Purchases of tangible capital assets	(3,917,470)	(1,200,700)
Proceeds of disposal of tangible capital assets	61,958	-
Increase in funds held in trust	(789)	(906)
(Increase) decrease in CMHC restricted cash	180,908	(72,206)
	(3,675,393)	(1,273,812)
Increase (decrease) in cash resources	(103,643)	178,980
Cash resources, beginning of year	378,531	199,551
Cash resources, end of year	274,888	378,531
Supplementary cash flow information		
Interest paid	132,244	147,910

Shoal Lake Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

1. Operations

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

2. Change in accounting policy

Effective April 1, 2014, the 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 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 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 consolidated

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

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

- Shoal Lake Cree Nation Section 95 Social Housing Operation.

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 interest

The 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 has not been consolidated or proportionately consolidated with the financial statements of Shoal Lake Cree Nation.

- The Nation is a member of the Prince Albert Grand Council (PADC 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 Nation is a member of the Nechapanuk Centre Child and Family Services Inc. The organization ensures the care and well being of children and families living within and connected to the Eastern Sector region.

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.

Cash and cash equivalents

Cash and cash equivalent include 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.

Shoal Lake Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

3. Significant accounting policies (Continued from previous page)

Restricted cash

Restricted cash consists of funds managed by a project manager. The project manager is responsible for the completion of the capital projects.

CMHC restricted cash consists of funds held in the CMHC replacement reserve bank. The CMHC reserve is used to pay eligible expenditures of the CMHC housing units. CMHC restricted cash is subject to restrictions that prevent its use for current purposes.

Portfolio investments

Long-term investments in entities that are not owned, 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 Nation members by the Government of Canada in the Ottawa Trust Fund consist of:

- Capital trust moneys derived from non-renewable resource transactions on the sale of land or other 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.

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. 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
Furniture and equipment	declining balance	30 %
Automotive	declining balance	30 %
Commercial buildings	declining balance	10 %
Roads	declining balance	5 %
Water and sanitation systems	declining balance	5 %
Land improvements	declining balance	5 %
Housing	declining balance	4 %

Long-lived assets

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

The Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of 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 assets' carrying amount exceeds its fair value. Fair value is measured using prices for similar items. Any impairment is included in surplus for the year.

Shoal Lake Cree 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 financial debt

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

Revenue recognition

Government transfers

The 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 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 in either the Band Capital or Band Revenue account.

Other revenue

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

Non-government funding is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period are reflected as deferred revenue on the statement of financial position in the year of receipt.

Segments

The Nation conducts its business through seven (7) reportable segments. These operating segments are established by senior management to facilitate the achievement of the Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance. The Nation's segments are as follows:

Band Administration - includes the administration and governance of the Nation.

Capital - reports on capital projects and includes activities for the maintenance of the community and its infrastructure.

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

Education - includes the operations of the education programs.

Health - Includes activities pertaining to the health and well being of its members.

Social Assistance - activities include delivering social programs.

Other Programs - other programs not funded by government agencies.

Inter-segment transfers are recorded at their exchange amount. 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.

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.

Shoal Lake Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

3. Significant accounting policies (Continued from previous page)

Measurement uncertainty

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. These estimates/assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the records in the periods in which they become known.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Member advances are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Investment impairments are based on the net recoverable value of the investment. Amortization is based on the estimated useful lives of tangible capital assets. Liabilities for contaminated sites are estimated based on the best information available regarding potentially contaminated sites for which the Nation is responsible.

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 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, 2015.

At each financial reporting date, the 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 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.

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
Due from members	475,555	427,194
Rent receivable from members	305,504	301,881
Trade and other receivables	212,362	84,028
Prince Albert Grand Council	139,105	31,605
First Nations and Inuit Health Branch	111,750	-
Aboriginal Affairs and Northern Development Canada	81,903	46,296
CMHC subsidy assistance receivable	21,746	21,728
	<hr/>	<hr/>
	1,347,925	912,732
Less: allowance for doubtful accounts	824,613	809,651
	<hr/>	<hr/>
	523,312	103,081

Shoal Lake Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

5. 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.

	2015	2014
Capital projects	688,773	226,004
Daycare project	19,737	38,070
	708,510	264,074

6. CMHC restricted cash

Shoal Lake Cree Nation is required under agreement with CMHC to set aside funds to finance future qualifying housing expenditures. The Nation has \$305,335 (2014 - \$486,243) 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, 2015, the reserves are underfunded by \$435,938 (2014 - \$165,459). The CMHC reserve cash consists of funds on deposit with financial institutions for the purpose of funding the CMHC Housing Replacement Reserve.

7. Portfolio investments

	2015	2014
	(Restated - Note 20)	
Nipawin Biomass Ethanol New Generation Co-operative Ltd. shares	20,000	20,000
Prince Albert Developemnt Corporation (8.33%)	39,600	39,600
Prince Albert First Nations Business Development Limited Partnership (8.33%)	-	-
Eastern Sector Community Development Corporation (33.33%)	-	-
Eastern Sector Community Development Limited Partnership (33.33%)	-	-
	59,600	59,600

Summarized financial information as at March 31, 2015 for non-publicaly traded portfolio investments is presented below:

	<i>Assets</i>	<i>Liabilities</i>	<i>Revenue</i>	<i>Expenses</i>	<i>Net income (loss)</i>
PADC	302,175	11,225	25,762	4,669	15,130
PAFNBDLP	23,122,361	100,022	2,879,404	275,419	2,576,398
ESCDC	80,045	213,610	-	1,200	(1,200)
ESCDLP	876	1,500	-	875	(875)

The investment in Nipawin Biomass Ethonal New Generation Co-operative Ltd. consist of 40 Class C shares. There is no active trading market for these shares.

Shoal Lake Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

8. Funds held in trust

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

	2015	2014
Capital Trust		
Balance, beginning and end of year	-	-
Revenue Trust		
Balance, beginning of year	32,752	31,846
Interest	789	906
Balance, end of year	33,541	32,752

9. Bank indebtedness

Unauthorized overdraft interest is charged at a rate of 30%.

Bank indebtedness represents cash on deposit less outstanding cheques.

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 expended in current year</i>	<i>Balance, end of year</i>
AANDC - WTP upgrade	150,093	3,100,000	3,250,093	-
AANDC - school mechanical	81,040	-	71,136	9,904
NLCDC - daycare project	38,055	-	-	38,055
NLCDC - beach and boat dock project	10,000	-	-	10,000
	279,188	3,100,000	3,321,229	57,959

Shoal Lake Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

11. Long-term debt

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

<i>CMHC Phase</i>	<i>Monthly Payment Including Interest</i>	<i>Interest Rate</i>	<i>Maturity Date</i>	<i>2015</i>	<i>2014</i>
III	1,255	5.19%	01-Mar-2017	28,489	41,690
IV	1,352	5.19%	01-Feb-2016	43,851	57,439
V	803	1.82%	01-Jun-2024	81,946	89,845
VI	1,594	2.56%	01-Oct-2025	177,295	191,710
VII	1,364	2.11%	01-Nov-2028	194,235	206,378
VIII	4,146	1.92%	01-Feb-2029	607,441	645,207
IX	2,207	2.40%	01-Oct-2025	247,439	267,749
X	4,283	2.63%	01-May-2026	497,165	535,010
XI	3,714	2.11%	01-Dec-2028	531,824	564,841
XII	2,609	1.92%	01-Apr-2029	386,206	409,898
XIII	-	0.80%	-	508,065	-
				3,303,956	3,009,767
Diamond North Credit Union consolidation loan repayable in monthly instalments of \$25,500 including interest at 6.99%; secured by a general security agreement; matures November 1, 2017.				681,019	929,812
Diamond North Credit Union commercial loan due April 1, 2015 including interest at 6.99%; secured by a general security agreement.				202,578	-
				4,187,553	3,939,579
Less: less: current portion				722,153	462,620
				3,465,400	3,476,959

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	722,153
2017	496,032
2018	327,912
2019	204,298
2020	208,860

12. Tangible capital assets

The tangible capital assets reconciliation is included in Schedule 1.

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

Shoal Lake Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

13. Accumulated surplus

Accumulated surplus consists of the following:

	2015	2014
		<i>(Restated - Note 20)</i>
Equity in Ottawa Trust Funds		
Balance, beginning of year	32,752	31,846
Interest revenue	789	906
	<hr/>	<hr/>
	33,541	32,752
Equity in CMHC reserves		
Balance, beginning of year	651,702	662,930
Reserve allocation	74,748	74,748
Interest	2,522	3,525
Withdrawals	(7,965)	(36,215)
Transfer of surplus capital	20,266	(17,816)
Adjustment for matured units	-	(35,470)
	<hr/>	<hr/>
	741,273	651,702
Equity in tangible capital assets		
Balance, beginning of year	11,088,470	10,497,307
Acquisition of tangible capital assets	3,917,470	1,200,700
Amortization	(814,455)	(816,593)
Loss on disposal of tangible capital assets	(1,485)	-
Proceeds on disposal of tangible capital assets	(61,958)	-
Advances of long-term debt	(508,065)	-
Repayment of long-term debt	213,876	207,056
	<hr/>	<hr/>
	13,833,853	11,088,470
Equity in portfolio investment		
Balance, beginning and end of year	59,600	59,600
Unrestricted surplus		
Balance, beginning of year	(1,188,429)	(3,014,017)
Transfer from (to) equity in Ottawa Trust Funds	(789)	(906)
Transfer to equity in CMHC reserves	(89,571)	11,228
Transfer from (to) equity in tangible capital assets	(2,745,383)	591,163
Annual surplus (deficit)	2,608,944	1,224,103
	<hr/>	<hr/>
	(1,415,228)	(1,188,429)
	<hr/>	<hr/>
	13,253,039	10,644,095

Shoal Lake Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

14. Aboriginal Affairs and Northern Development Canada reconciliation

Funding per confirmation	9,484,421
Water treatment plant deferred funding recognized in 2014/15	150,093
School mechanical deferred funding recognized in 2014/15	71,137
Band employee benefits 2014 reconciliation	(36,206)
Water treatment plant 2015 funding received April 15, 2015	(1,933,364)
	<hr/>
	7,736,081

15. Forfeited funding - AANDC reconciliation

2014	
Water O&M	2,672
National child benefit reinvestment	18,585
Band employee benefits	10,809
Basic needs	92,301
2015	
Basic needs	57,819
Special needs	51,202
Band employee benefits (statutory)	47,336
Band employee benefits (non-statutory)	3,774
	<hr/>
	284,498

16. Budget information

The budget process followed by management only includes activities managed directly by the 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 Nation for the water treatment plant project, school mechanical project or daycare project.

The disclosed budget information has been approved in association with a remedial management plan enacted by the Chief and Council on November 1, 2011. The budget is effective April 1, 2011 until March 31, 2016.

17. Economic dependence

Shoal Lake Cree 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 Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

Shoal Lake Cree Nation also receives a significant portion of its funding from Prince Albert Grand Council and First Nations and Inuit Health Branch.

18. Comparative figures

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

19. Contingent liabilities

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

Shoal Lake Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

20. Correction of an error

During the year, it was determined that the investment in Prince Albert Development Corporation, Prince Albert First Nations Business Development Limited Partnership, Eastern Sector Community Development Corporation, and Eastern Sector Community Development Limited Partnership should be recorded as portfolio investments rather than as government business enterprises. The investments are therefore being recorded at cost rather than the modified equity method.

As a result, the 2014 consolidated financial statements have been adjusted as follows:

	<i>As previously reported</i>	<i>Change</i>	<i>As restated</i>
Consolidated Statement of Financial Position			
Investments in government business enterprises	1,683,421	(1,683,421)	-
Portfolio investments	20,000	39,600	59,600
Income from investment in government business enterprises	196,357	(196,357)	-
Income from portfolio investments	-	420,000	420,000
Annual surplus (deficit)	1,000,461	223,643	1,224,104
Accumulated surplus, beginning of year	11,287,455	(1,867,463)	9,419,992
Accumulated surplus, end of year	12,287,916	(1,643,820)	10,644,096

21. Compliance with authorities

The 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, 2015. The Nation did not submit its consolidated financial statements by this date. The possible effect of this breach has not yet been determined.

Shoal Lake Cree Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2015

	<i>Commercial buildings</i>	<i>Housing</i>	<i>Furniture and equipment</i>	<i>Roads</i>	<i>Water and sanitation systems</i>	<i>Automotive</i>	<i>Subtotal</i>
Cost							
Balance, beginning of year	14,118,042	9,916,188	513,887	264,475	3,886,494	705,620	29,404,706
Acquisition of tangible capital assets	-	-	-	-	-	27,000	27,000
Disposal of tangible capital assets	-	(80,847)	-	-	-	-	(80,847)
Transfer of assets under construction	670,097	-	-	-	995,398	-	1,665,495
Balance, end of year	14,788,139	9,835,341	513,887	264,475	4,881,892	732,620	31,016,354
Accumulated amortization							
Balance, beginning of year	10,594,697	5,392,238	436,653	167,389	2,478,616	650,580	19,720,173
Annual amortization	385,840	177,070	15,447	4,854	95,279	18,414	696,904
Accumulated amortization on disposals	-	(17,404)	-	-	-	-	(17,404)
Balance, end of year	10,980,537	5,551,904	452,100	172,243	2,573,895	668,994	20,399,673
Net book value of tangible capital assets							
2014 Net book value of tangible capital assets	3,523,345	4,523,950	77,234	97,086	1,407,878	55,040	9,684,533

Shoal Lake Cree Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2015

	<i>Subtotal</i>	<i>Land</i>	<i>Assets under construction</i>	<i>2015</i>	<i>2014</i>
Cost					
Balance, beginning of year	29,404,706	4,406,464	2,062,676	35,873,846	34,673,146
Acquisition of tangible capital assets	27,000	-	3,890,470	3,917,470	1,200,700
Disposal of tangible capital assets	(80,847)	-	-	(80,847)	-
Transfer of assets under construction	1,665,495	-	(1,665,495)	-	-
 Balance, end of year	31,016,354	4,406,464	4,287,651	39,710,469	35,873,846
 Accumulated amortization					
Balance, beginning of year	19,720,173	2,055,436	-	21,775,609	20,959,016
Annual amortization	696,904	117,551	-	814,455	816,593
Accumulated amortization on disposals	(17,404)	-	-	(17,404)	-
 Balance, end of year	20,399,673	2,172,987	-	22,572,660	21,775,609
 Net book value of tangible capital assets					
 2014 Net book value of tangible capital assets	9,684,533	2,351,028	2,062,676	14,098,237	

Shoal Lake Cree Nation
Schedule 2 - Schedule of Consolidated Expenses by Object
For the year ended March 31, 2015

	2015 Budget (Note 16)	2015 Actual	2014 Actual
Salaries and benefits	2,487,797	2,664,949	2,401,094
Basic needs	1,122,972	1,283,487	1,369,748
Amortization	-	814,455	816,593
Transportation	420,000	404,470	418,169
Member assistance	194,282	314,835	431,194
Travel	120,612	301,141	234,427
Office supplies and expenses	178,928	236,930	181,862
Student expenses	291,094	231,774	226,351
Repairs and maintenance	216,799	177,073	286,096
Telephone and utilities	171,656	159,995	256,591
Activities	86,576	157,958	162,605
Insurance	60,497	155,390	147,785
Interest on long-term debt	62,274	132,244	147,910
Rent	-	114,013	33,196
Program expense	347,668	112,312	237,339
Contracted services	36,160	88,472	61,435
Special needs	143,136	68,778	98,157
Professional fees	44,000	38,283	60,559
Supplies	-	20,584	-
Bad debts	-	15,112	-
Bank charges and interest	11,439	12,070	5,991
Professional development	29,797	-	38,266
Miscellaneous	9,000	-	-
Administration	(4,940)	(2,105)	-
	6,029,747	7,502,220	7,615,368

**Shoal Lake Cree Nation
Band Administration**

Schedule 3 - Consolidated Schedule of Revenue and Expenses and Surplus (Deficit)

For the year ended March 31, 2015

	2015 Budget (Note 16)	2015 Actual	2014 Actual
Revenue			
Aboriginal Affairs and Northern Development Canada	428,380	487,604	469,083
Other revenue	40,000	43,298	42,145
Rental income	9,600	2,800	11,200
Interest income	-	2,166	2,879
Prince Albert Grand Council	-	-	4,552
AANDC forfeited funding	-	(61,919)	-
	477,980	473,949	529,859
Expenses			
Salaries and benefits	294,904	318,577	313,765
Travel	37,000	131,154	91,625
Interest on long-term debt	62,274	66,084	10,965
Office supplies and expenses	22,710	38,742	11,515
Contracted services	10,500	34,941	5,092
Professional fees	40,000	30,590	45,309
Insurance	10,300	27,757	18,053
Member assistance	3,000	16,218	2,768
Bad debts	-	15,112	-
Telephone and utilities	22,500	14,744	20,919
Bank charges and interest	11,438	12,354	5,928
Administration	(261,882)	(336,976)	(376,946)
	252,744	369,297	148,993
Surplus	225,236	104,652	380,866

Shoal Lake Cree Nation
Capital
Schedule 4 - Consolidated Schedule of Revenue and Expenses and Surplus (Deficit)
For the year ended March 31, 2015

	2015 <i>Budget</i> <i>(Note 16)</i>	2015 <i>Actual</i>	2014 <i>Actual</i>
Revenue			
Aboriginal Affairs and Northern Development Canada	360,639	3,712,950	1,555,362
Canada Mortgage and Housing Corporation	-	261,107	267,805
Rental income	-	278,280	272,588
Other revenue	21,718	18,571	16,192
Prince Albert Grand Council	10,500	10,500	10,500
Interest income	-	2,522	3,525
Northern Lights Community Development Corporation	-	-	49,444
AANDC forfeited funding	-	(2,672)	-
	392,857	4,281,258	2,175,416
Expenses			
Amortization	-	131,378	142,309
Repairs and maintenance	128,996	129,589	224,750
Insurance	41,463	127,634	122,093
Salaries and benefits	43,200	117,054	65,607
Rent	-	114,013	33,196
Administration	6,000	81,017	71,667
Interest on long-term debt	-	66,160	86,958
Telephone and utilities	39,336	52,454	48,745
Contracted services	21,600	50,331	52,559
Office supplies and expenses	20,480	34,185	17,317
Travel	4,954	26,362	14,918
Supplies	-	20,584	-
Professional fees	-	7,693	11,250
Miscellaneous	9,000	-	-
Bank charges and interest	-	(287)	63
	315,029	958,167	891,432
Surplus before other items	77,828	3,323,091	1,283,984
Other expense			
Loss on disposal of capital assets	-	(1,485)	-
Surplus	77,828	3,321,606	1,283,984

Shoal Lake Cree Nation
Economic Development
Schedule 5 - Consolidated Schedule of Revenue and Expenses and Surplus (Deficit)
For the year ended March 31, 2015

	2015 Budget (Note 16)	2015 Actual	2014 Actual
Revenue			
Prince Albert Grand Council	3,100	18,100	29,860
Expenses			
Travel	-	12,130	1,206
Activities	-	3,542	-
Office supplies and expenses	3,100	2,310	11,445
Repairs and maintenance	-	300	-
Interest on long-term debt	-	-	337
	3,100	18,282	12,988
Surplus (deficit)	-	(182)	16,872

**Shoal Lake Cree Nation
Education**

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

For the year ended March 31, 2015

	2015 Budget (Note 16)	2015 Actual	2014 Actual
Revenue			
Aboriginal Affairs and Northern Development Canada	2,027,054	2,014,821	2,027,054
Prince Albert Grand Council	396,739	403,429	438,086
Rental income	26,300	24,787	21,456
Other revenue	-	695	-
Northern Lights Community Development Corporation	-	-	2,586
	2,450,093	2,443,732	2,489,182
Expenses			
Salaries and benefits	1,625,134	1,709,257	1,496,636
Student expenses	289,344	230,024	224,301
Administration	161,100	161,600	216,937
Office supplies and expenses	79,953	76,603	79,013
Telephone and utilities	81,300	61,444	140,155
Travel	25,691	35,244	52,781
Repairs and maintenance	74,624	33,631	30,603
Activities	20,333	15,934	11,066
Program expense	34,296	7,936	42,234
Contracted services	780	1,380	1,693
Interest on long-term debt	-	-	48,053
Insurance	7,100	-	7,006
	2,399,655	2,333,053	2,350,478
Surplus	50,438	110,679	138,704

Shoal Lake Cree Nation
Health
Schedule 7 - Consolidated Schedule of Revenue and Expenses and Surplus (Deficit)
For the year ended March 31, 2015

	2015 Budget (Note 16)	2015 Actual	2014 Actual
Revenue			
Aboriginal Affairs and Northern Development Canada	-	-	51,275
First Nations and Inuit Health Branch	533,012	537,940	536,440
Prince Albert Grand Council	470,082	439,435	462,558
Other revenue	10,000	3,946	10,740
FNIHB forfeited funding	(19,496)	(654)	-
	993,598	980,667	1,061,013
Expenses			
Transportation	420,000	404,470	418,169
Salaries and benefits	312,171	325,867	311,135
Activities	66,243	111,492	135,943
Office supplies and expenses	45,200	76,786	57,691
Travel	47,979	58,500	66,554
Telephone and utilities	28,520	31,353	46,772
Administration	27,392	28,804	25,892
Repairs and maintenance	9,631	8,376	27,195
Contracted services	3,280	1,820	2,090
Student expenses	1,750	1,750	2,050
Professional development	29,797	-	38,266
Insurance	1,634	-	633
	993,597	1,049,218	1,132,390
Deficit	1	(68,551)	(71,377)

**Shoal Lake Cree Nation
Social Assistance**

Schedule 8 - Consolidated Schedule of Revenue and Expenses and Surplus (Deficit)

For the year ended March 31, 2015

	2015 Budget (Note 16)	2015 Actual	2014 Actual
Revenue			
Aboriginal Affairs and Northern Development Canada	1,652,046	1,520,706	1,647,057
Prince Albert Grand Council	19,784	23,345	22,665
AANDC forfeited funding	-	(219,907)	-
	1,671,830	1,324,144	1,669,722
Expenses			
Basic needs	1,122,972	1,283,487	1,369,748
Salaries and benefits	116,544	109,818	118,107
Special needs	143,136	68,778	98,157
Program expense	262,504	46,166	133,128
Travel	4,988	37,752	7,344
Administration	10,200	11,200	10,200
Office supplies and expenses	7,486	8,304	4,882
Professional fees	4,000	-	4,000
	1,671,830	1,565,505	1,745,566
Deficit	-	(241,361)	(75,844)

Shoal Lake Cree Nation
Other Programs

Schedule 9 - Consolidated Schedule of Revenue and Expenses and Surplus (Deficit)

For the year ended March 31, 2015

	2015 Budget (Note 16)	2015 Actual	2014 Actual
Revenue			
First Nations Trust	270,400	337,213	350,156
Northern Lights Community Development Corporation	-	136,034	44,600
Prince Albert Grand Council	64,800	64,554	53,462
Income from portfolio investments	50,000	50,000	420,000
Other revenue	-	3,000	16,200
	385,200	590,801	884,418
Expenses			
Amortization	-	683,077	674,284
Member assistance	191,282	298,617	428,425
Salaries and benefits	95,844	84,377	95,844
Program expense	50,868	58,210	61,977
Administration	52,250	52,250	52,250
Activities	-	26,990	15,596
Repairs and maintenance	3,548	5,177	3,548
Interest on long-term debt	-	-	1,597
	393,792	1,208,698	1,333,521
Deficit	(8,592)	(617,897)	(449,103)