

Cowessess First Nation #73
Consolidated Financial Statements
March 31, 2015

MNP

Cowessess First Nation #73
Contents
For the year ended March 31, 2015

| | Page |
|---|----------|
| Management's Responsibility | |
| Independent Auditors' Report | |
| Consolidated Financial Statements | |
| Consolidated Statement of Financial Position..... | 1 |
| Consolidated Statement of Operations and Accumulated Surplus..... | 3 |
| Consolidated Statement of Changes in Net Debt..... | 4 |
| Consolidated Statement of Cash Flows..... | 5 |
| Notes to the Consolidated Financial Statements..... | 6 |
| Schedules | |
| Schedule 1 - Consolidated Schedule of Tangible Capital Assets..... | 22 |
| Schedule 2 - Schedule of Consolidated Expenses by Object..... | 24 |
| Schedule 3 - Schedule of Revenue and Expenses - Lands and Membership..... | 25 |
| Schedule 4 - Schedule of Revenue and Expenses - Education..... | 25 |
| Schedule 5 - Schedule of Revenue and Expenses - Social Development..... | 26 |
| Schedule 6 - Schedule of Revenue and Expenses - Community Infrastructure..... | 27 |
| Schedule 7 - Schedule of Revenue and Expenses - Band Government..... | 28 |
| Schedule 8 - Schedule of Revenue and Expenses - Capital..... | 29 |
| Schedule 9 - Schedule of Revenue and Expenses - Other Band Programs..... | 30 |

Management's Responsibility

To the Members of Cowessess First Nation #73:

The accompanying consolidated financial statements of Cowessess First Nation #73 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 financial statements.

The Cowessess First Nation #73 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, an independent firm of Chartered Professional Accountants, is appointed by the Council to audit the consolidated financial statements and report directly to the Members of Cowessess First Nation #73; their report follows. The external auditors have full and free access to, and may meet periodically and separately with, both the Council and management to discuss their audit findings.

"Original Signed By"

Glenn Saganace

Independent Auditors' Report

To the Members of Cowessess First Nation #73:

We have audited the accompanying consolidated financial statements of Cowessess First Nation #73, 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 qualified audit opinion.

Basis for Qualified Opinion

In the prior year, we were unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Since opening statement of financial position balances can enter into the determination of the results of operations, changes in net debt and cash flows, we were unable to determine whether adjustments might have been necessary in the current year in respect to the results of the operations, changes in net debt and cash flows. Our opinion on the current year's financial statements is modified because of the possible effect of this matter as well as the effect this matter has on the comparability of the current year's figures and corresponding figures.

In addition, the First Nation's statements of operations and changes in net debt do not present a comparison of the results for the accounting period with those originally planned, which constitutes a departure from Canadian public sector accounting standards.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraphs, the consolidated financial statements present fairly, in all material respects, the financial position of Cowessess First Nation #73 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.

Regina, Saskatchewan

March 30, 2016



Chartered Professional Accountants

Cowessess First Nation #73
Consolidated Statement of Financial Position
As at March 31, 2015

| | 2015 | 2014 |
|---|------------------|-------------|
| Financial assets | | |
| Current | | |
| Cash resources (Note 3) | 1,356,900 | 3,199,567 |
| Accounts receivable (Note 4) | 2,543,817 | 2,496,673 |
| Inventory for resale | 360,477 | 510,836 |
| Advances to related Nation entities (Note 5) | 448,321 | 39,092 |
| | 4,709,515 | 6,246,168 |
| Investment in business entities (Note 6) | 1,058,210 | 1,027,757 |
| Funds held in trust (Note 7) | 1,867,768 | 1,325,744 |
| Total financial assets | 7,635,493 | 8,599,669 |

Cowessess First Nation #73
Consolidated Statement of Financial Position
As at March 31, 2015

| | 2015 | 2014 |
|--|--------------------|-------------|
| Liabilities | | |
| Current | | |
| Bank indebtedness (Note 8) | 928,708 | 912,624 |
| Accounts payable and accruals | 3,261,984 | 1,488,386 |
| Deferred revenue (Note 9) | 1,573,058 | 4,409,732 |
| Advances from related Nation entities (Note 10) | 66,879 | 99,893 |
| Current portion of per capita payable (Note 17) | 214,300 | 216,300 |
| Current portion of long-term debt (Note 11) | 669,306 | 641,531 |
| Current portion of capital lease obligations (Note 12) | - | 7,927 |
| | 6,714,235 | 7,776,393 |
| Long-term debt (Note 11) | 3,520,983 | 3,915,692 |
| Capital lease obligations (Note 12) | - | 4,533 |
| Per capita payable (Note 17) | 563,000 | 600,500 |
| Total long-term liabilities | 4,083,983 | 4,520,725 |
| Total financial liabilities | 10,798,218 | 12,297,118 |
| Net debt | (3,162,725) | (3,697,449) |
| Guarantees (Note 14) | | |
| Subsequent events (Note 25) | | |
| Contingencies (Note 26) | | |
| Non-financial assets | | |
| Tangible capital assets (Note 15) (Schedule 1) | 56,296,679 | 57,670,342 |
| Prepaid expenses | 13,745 | 912,595 |
| Total non-financial assets | 56,310,424 | 58,582,937 |
| Accumulated surplus (Note 16) | 53,147,699 | 54,885,488 |

Approved on behalf of the Council

| | | | |
|--|------------------|--|------------------|
| <u>"Original Signed By"</u> Valerie Tanner | Councilor | <u>"Original Signed By"</u> Walter Pelletier | Councilor |
| <u>"Original Signed By"</u> William Tanner | Councilor | <u>"Original Signed By"</u> Terrance Lavallee | Chief |
| <u>"Original Signed By"</u> Edward Aisaican | | <u>"Original Signed By"</u> Edward Aisaican | Councilor |

The accompanying notes are an integral part of these financial statements

Cowessess First Nation #73
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2015

| | 2015 | 2014 |
|---|--------------------|-------------------|
| Revenue | | |
| Indigenous and Northern Affairs Canada (Note 21) | 7,728,227 | 19,558,262 |
| Health Canada (Note 22) | 1,066,388 | 1,198,644 |
| Canada Mortgage and Housing Corporation | 350,956 | 351,977 |
| SIIT | 341,714 | 216,880 |
| Tuition revenue | - | 4,620 |
| Additional government funding | - | 312,586 |
| First Nations Trust | 1,486,054 | 1,196,525 |
| Lease income | 498,005 | 835,648 |
| Rental income | 503,175 | 517,186 |
| Contributions | 375,668 | 2,628,129 |
| Other revenue | 372,853 | 1,702,686 |
| Community Development Corporation | 155,913 | 185,171 |
| TLE Four Trusts | 147,200 | 146,875 |
| FSIN | 114,500 | 104,500 |
| Interest income | 44,296 | 34,689 |
| Insurance proceeds | 83,680 | 13,762 |
| Deferred Insurance Proceeds - current year | - | 385,100 |
| Earnings (loss) from investment in Nation business entities | 23,111 | (172,089) |
| (Loss) gain on disposal of tangible capital assets | (7,839) | 85,865 |
| Contributions from Treaty Land Entitlement (Note 26) | 2,910,988 | 722,909 |
| Recovery of TLE Funds (Note 26) | (3,000,000) | - |
| Total revenue | 13,194,889 | 30,029,925 |
| Program expenses | | |
| Lands and Memberships | 185,124 | 12,453,188 |
| Education | 3,139,480 | 3,097,402 |
| Social Development | 1,425,353 | 1,862,637 |
| Community Infrastructure | 2,615,592 | 2,594,674 |
| Band Government | 1,462,212 | 1,944,392 |
| Capital | 725,005 | 350,632 |
| Other Band Programs | 5,379,912 | 7,244,817 |
| Total expenses | 14,932,678 | 29,547,742 |
| Annual (deficit) surplus | (1,737,789) | 482,183 |
| Accumulated surplus, beginning of year | 54,885,488 | 54,403,305 |
| Accumulated surplus, end of year | 53,147,699 | 54,885,488 |

The accompanying notes are an integral part of these financial statements

Cowessess First Nation #73
Consolidated Statement of Changes in Net Debt
For the year ended March 31, 2015

| | 2015 | 2014 |
|--|--------------------|-------------|
| Annual (deficit) surplus | (1,737,789) | 482,183 |
| Purchases of tangible capital assets | (974,030) | (805,112) |
| Amortization of tangible capital assets | 2,332,078 | 2,369,508 |
| Loss (gain) on disposal of tangible capital assets | 7,839 | (85,865) |
| Proceeds of disposal of tangible capital assets | 7,776 | 129,500 |
| | 1,373,663 | 1,608,031 |
| Acquisition of prepaid expenses | (13,745) | (912,595) |
| Use of prepaid expenses | 912,595 | 201,833 |
| | 898,850 | (710,762) |
| Decrease in net debt | 534,724 | 1,379,452 |
| Net debt, beginning of year | (3,697,449) | (5,076,901) |
| Net debt, end of year | (3,162,725) | (3,697,449) |

Cowessess First Nation #73
Consolidated Statement of Cash Flows
For the year ended March 31, 2015

| | 2015 | 2014 |
|---|--------------------|-------------|
| Cash provided by (used for) the following activities | | |
| Operating activities | | |
| Annual (deficit) surplus | (1,737,789) | 482,183 |
| Non-cash items | | |
| Amortization | 2,332,078 | 2,369,508 |
| Loss (gain) on disposal of tangible capital assets | 7,839 | (85,865) |
| Deferred revenue - current year | 1,573,058 | 4,409,732 |
| Deferred revenue - prior year | (4,409,732) | (4,551,449) |
| (Earnings) loss from investment in business entities | (23,111) | 172,090 |
| Contribution of net assets to Nation business entities | (7,342) | (390,430) |
| | (2,264,999) | 2,405,769 |
| Changes in working capital accounts | | |
| Accounts receivable | (47,144) | (1,242,398) |
| Inventory for resale | 150,359 | 1,000 |
| Prepaid expenses | 898,850 | (710,762) |
| Accounts payable and accruals | 1,773,599 | 557,079 |
| Per capita payable | (39,500) | 816,800 |
| | 471,165 | 1,827,488 |
| Financing activities | | |
| Advances of long-term debt | 443,581 | 23,739 |
| Repayment of long-term debt | (810,516) | (709,593) |
| Repayment of capital lease obligations | (12,460) | (7,159) |
| | (379,395) | (693,013) |
| Capital activities | | |
| Purchases of tangible capital assets | (974,030) | (805,112) |
| Proceeds of disposal of tangible capital assets | 7,776 | 129,500 |
| | (966,254) | (675,612) |
| Investing activities | | |
| Advances to related Nation entities | (442,243) | (38,056) |
| Increase in funds held in trust | (542,024) | (870,105) |
| | (984,267) | (908,161) |
| Decrease in cash resources | (1,858,751) | (449,298) |
| Cash resources, beginning of year | 2,286,943 | 2,736,241 |
| Cash resources, end of year | 428,192 | 2,286,943 |
| Cash resources are composed of: | | |
| Cash resources (Note 3) | 1,356,900 | 3,199,567 |
| Bank indebtedness | (928,708) | (912,624) |
| | 428,192 | 2,286,943 |

The accompanying notes are an integral part of these financial statements

Cowessess First Nation #73
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

1. Operations

The Cowessess First Nation #73 (the "Nation") is located in the province of Saskatchewan, and provides various services to its members. Cowessess First Nation #73 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. 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:

- Cowessess First Nation #73
- Cowessess First Nation #73 CMHC Housing Projects
- Last Oak Golf & Country Club
- Cowessess Mall
- Crooked Lake Homes Ltd.
- Crooked Lake Homes Limited Partnership
- Cowessess Development Account

All inter-entity balances have been eliminated on consolidation. Cowessess Mall, Last Oak Golf & Country Club, Crooked Lake Homes Ltd. and Crooked Lake Homes Limited Partnership have a year end of November 30, 2014 which are not co-terminous with the Nation's year end. Significant events for Crooked Lake Homes Limited Partnership during the intervening period were adjusted. There were no significant events for the remaining inter-entity balances which would have affected the statement of financial position and statement of operations in the intervening period to the Nation's year end date. Cowessess Development account has a December 31, 2014 year end. There were no significant events which would have affected the statement of financial position and statement of operations in the intervening period to the Nation's year end date. Cowessess Mall, Last Oak Golf & Country Club, Crooked Lake Homes Ltd., Crooked Lake Homes Limited Partnership and Cowessess Development Account do not meet the definition of a government business enterprise and as such, have been consolidated.

Cowessess First Nation #73 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:

- 4C Farms Limited Partnership (Agriculture industry)
- Little Child Holdings Limited Partnership (Retail industry)
- Awasis Nehiyawewini Energy Development Limited Partnership (Energy industry)

Separate audits are performed on the above entities' financial statements.

The financial statement of Cowessess Treaty Land Entitlement Trust, Cowessess First Nation Band Development, Culture and Recreation, Education and Agriculture Trust and Cowessess First Nation Flood Claim Trust is not included in the consolidated financial statements of Cowessess First Nation as the entity is administered and controlled by Trustees of the Trusts.

These entities are related by common membership.

Cowessess First Nation #73
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

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

Other economic interests

Cowessess First Nation #73 is a member of the Yorkton Tribal Council Child and Family Services Incorporated. The Yorkton Tribal Council Child and Family Services Incorporated is an organization of thirteen member First Nations, whose purpose is to provide Child and Family Services to the thirteen member Nations.

Basis of presentation

Sources of financing and expenditures are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes 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 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. Restricted cash is disclosed in Note 3.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the first-in-first-out method. Net realizable value is estimates by the selling price in the ordinary course of business, less estimated costs of completion and selling costs.

Funds held in Ottawa Trust Fund

Funds are held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund. Trust moneys 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 fund moneys are recognized when measurable, earned and collection is reasonable assured. These moneys are reported on by the Government of Canada.

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.

Amortization

Tangible capital assets are amortized annually using the straight-line method at the following rates intended to amortize the cost of the assets over their estimated useful lives. In the year of acquisition, amortization is taken at 1/2 of the annual amount.

| | |
|-------------------------------|---------------|
| Buildings | 25 - 40 years |
| Equipment | 5 - 25 years |
| Land and land improvements | 5 - 40 years |
| Utility systems | 20 years |
| Gasification | 25 years |
| Vehicles | 5 years |
| Housing | 25 years |
| Equipment under capital lease | 5 years |
| Roads | 15 years |
| Wind turbine | 20 years |

Cowessess First Nation #73
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

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

Long-lived assets and discontinued operations

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 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. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the asset's carrying amount. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Any impairment is included in surplus for the year. Prices for similar items are used to measure fair value of long-lived assets.

Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets and prepaid expenses.

Net debt

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

Revenue recognition

Non-government funding

Revenue 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.

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.

Externally restricted revenue

The First Nation recognizes externally restricted inflows as revenue in the period the resources are used for the purpose specified in accordance with an agreement or legislation. Until this time, the First Nation records externally restricted inflows in deferred revenue.

Other revenue

Rental revenue is recognized over the rental term. Investment income is recognized as it is earned. Other revenues are earned from services provided by the First Nation and are recognized when the services have been provided, amount is measurable and collectability is reasonably assured.

Revenue related to the receipt of funds held in the Cowessess First Nation Flood Claim Trust are recognized when it is received or when a band council resolution requesting funds has been approved by the Trustee.

Cowessess First Nation #73
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

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

Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable, and amounts due from related First Nation entities, 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. Management has estimated the value of the inventory based upon their assessment of the realizable amount less selling costs. Liabilities for contaminated sites are estimated based on the best information available regarding potentially contaminated sites that the First Nation is responsible for.

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

Liability for contaminated site

A liability for remediation of contaminated sites is recognized at the best estimate of the amount required to remediate the contaminated sites 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, 2015.

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

Segments

The First Nation conducts its business through 7 reportable segments as identified in the attached schedules. 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, to assess operational performance and as a part of its funding requirements.

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 and are apportioned based on a percentage of budgeted revenue, where permitted by funding agencies.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements.

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, 2019.

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 has not yet determined the effect of these new standards on its financial statements.

Cowessess First Nation #73
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

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

Related Party Disclosures and Inter-Entity Transactions

In March 2015, the Public Sector Accounting Board (PSAB) issued *PS 2200 Related Party Disclosures* and *PS 3420 Inter-Entity Transactions*. These new Sections define related parties and establish disclosures required for related party transactions. Disclosure is required when related party transactions have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, or could have, a material financial effect on the financial statements.

They also establish standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

This standards are effective for fiscal years beginning on or after April 1, 2017. Early adoption is permitted. The First Nation has not yet determined the effect of these new standards on its financial statements.

Assets

In June 2015, the PSAB issued *PS 3210 Assets*. The new Section provides guidance for applying the definition of assets set out in *PS 1000 Financial Statement Concepts*. Assets are defined as economic resources controlled by a government as a result of past transactions or events and from which future economic benefits are expected to be obtained.

An economic resource may meet the definition of an asset, but would not be recognized if there is no appropriate basis for measurement and a reasonable estimate cannot be made, or if another Handbook Section prohibits its recognition. Information about assets not recognized should be disclosed in the notes.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The First Nation has not yet determined the effect of these new standards on its financial statements.

Contractual Rights

In June 2015, the PSAB issued *PS 3380 Contractual Rights*. Contractual rights are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future. Until a transaction or events occurs under a contract or agreement, an entity only has a contractual right to an economic resource. Once the entity has received an asset, it no longer has a contractual right. Contractual rights are distinct from contingent assets as there is no uncertainty related to the existence of the contractual right.

Disclosures should include descriptions about nature, extent and timing. The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The First Nation has not yet determined the effect of these new standards on its financial statements.

Cowessess First Nation #73
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

2. Significant accounting policies (Continued from previous page)

Contingent Assets

In June 2015, the PSAB issued *PS 3320 Contingent Assets*. Contingent assets are possible assets arising from existing conditions or situations involving uncertainty. That uncertainty will ultimately be resolved when one or more future events not wholly within the public sector entity's control occurs or fails to occur. Resolution of the uncertainty will confirm the existence or non-existence of an asset. Disclosures should include existence, nature and extent of contingent assets, as well as the reasons for any non-disclosure of extent and the bases for any estimates of extent made.

When a reasonable estimate can be made, disclosure should include a best estimate and a range of possible amounts (or a narrower range of more likely amounts), unless such disclosure would have an adverse impact on the outcome. The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The First Nation has not yet determined the effect of these new standards on its financial statements.

3. Cash resources

Included in cash is restricted cash consisting of amounts relating to the CMHC replacement reserve of \$410,537 (2014 - \$861) and the CMHC operating reserve of \$3,904 (2014 - \$3,500).

Restricted cash also consists of cash managed by capital project managers who are responsible for payment of expenses relating to capital projects funded by INAC. At March 31, 2015 this amounted to \$23,041 (2014 - \$115,298).

4. Accounts receivable

| | 2015 | 2014 |
|--|--------------------------|--------------------------|
| Rent | 1,422,592 | 1,156,650 |
| Health and Welfare Canada | 381,102 | 327,738 |
| Other | 457,777 | 268,497 |
| Indigenous and Northern Affairs Canada | 1,716,047 | 944,702 |
| Other government agencies | 74,696 | 102,848 |
| CMHC mortgage subsidy | 73,309 | 73,309 |
| First Nations Trust | - | 913,997 |
| Allowance for doubtful accounts | 4,125,523 (1,581,706) | 3,787,741 (1,291,068) |
| | 2,543,817 | 2,496,673 |

5. Advances to related Nation entities

Advances to related Nation entities are unsecured, non-interest bearing and without fixed terms of repayment. All transactions with related parties are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The Nation is related to Cowessess Treaty Land Entitlement Trust and Cowessess Flood Claim Trust by common membership.

| | 2015 | 2014 |
|---|----------------|---------------|
| Cowessess Treaty Land Entitlement Trust | 115,788 | 39,092 |
| Cowessess Flood Claim Trust | 332,533 | - |
| | 448,321 | 39,092 |

Cowessess First Nation #73
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

6. Investments in business entities

The Nation has investments in the following industries:

| | 2014 | Contributions | Share of earnings (loss) | 2015 |
|-------------|------------------|---------------|-----------------------------|------------------|
| Agriculture | 372,071 | 7,342 | 249,339 | 628,752 |
| Retail | 619,571 | - | (226,228) | 393,343 |
| Energy | 36,115 | - | - | 36,115 |
| | 1,027,757 | 7,342 | 23,111 | 1,058,210 |

Condensed financial information for each industry is as follows:

| | <i>Agriculture</i> As at November 30, 2014 | <i>Retail</i> As at November 30, 2014 | <i>Energy</i> As at November 30, 2014 |
|--------------------------|--|---|---|
| Assets | | | |
| Current | 645,178 | 504,738 | 36,115 |
| Long-term | - | 481,754 | - |
| Total assets | 645,178 | 986,492 | 36,115 |
| Liabilities | | | |
| Current | 16,426 | 453,429 | - |
| Long-term | - | 139,720 | - |
| Total liabilities | 16,426 | 593,149 | - |
| Net Assets | 628,752 | 393,343 | 36,115 |
| Total revenue | 647,190 | 5,604,826 | - |
| Total expenses | 397,851 | 5,831,054 | - |
| Net loss | 249,339 | (226,228) | - |

During the year, the following First Nation business partnerships, accounted for using the modified equity method, had transactions and balances with other organizations of the First Nation:

| <i>Name of industry</i> | <i>Name of organization</i> | <i>Nature of transactions/balances</i> |
|-------------------------|--|--|
| Retail | Cowessess Mall | Rent paid of \$38,771 |
| Retail | Crooked Lake Homes Limited Partnership | Receivable of \$158,941 |

The Retail industry has operating lease commitments related to office and yard equipment of \$1,344 in 2015.

The First Nation's investees have a different year-end than March 31, 2015. The First Nation uses the investees' year-end financial statements to account for its investment in these investees. There were no significant events during the intervening period.

Cowessess First Nation #73
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

7. Funds held in Trust

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

| | 2015 | 2014 |
|------------------------------------|------------------|-----------|
| Capital Trust | | |
| Balance, beginning and end of year | 39,368 | 39,368 |
| Revenue Trust | | |
| Balance, beginning of year | 1,286,376 | 416,270 |
| Interest | 44,019 | 34,458 |
| Land leases | 498,005 | 835,648 |
| Balance, end of year | 1,828,400 | 1,286,376 |
| Total funds held in trust | 1,867,768 | 1,325,744 |

During the year, \$5,000 of funds transferred in previous years was expended as follows:
BCR 2009/2010 \$5,000 (Housing Support Program)

8. Bank indebtedness

At March 31, 2015, the First Nation had a \$550,000 (2014 - \$550,000) short-term bank line of credit of which \$928,708 had been drawn down including outstanding cheque's of \$440,319 (2014 - \$912,624, which includes \$618,180 of outstanding cheque's). The line of credit bears interest at bank prime rate plus 1% and is secured by a Band Council Resolution redirecting future INAC funding.

Cowessess First Nation #73
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

9. Deferred revenue

| | | 2015 | 2014 |
|--------------------------|-------------------------------------|------------------|-------------|
| Education | INAC - \$nil (2014 - \$5,687) | - | 5,687 |
| Community Infrastructure | INAC - \$nil | 341,264 | - |
| Band Government | INAC - \$nil (2014 - \$30,000) | - | 30,000 |
| Capital | INAC - \$428,392 (2014 - \$503,957) | 428,392 | 503,957 |
| Other Band programs | INAC - \$249,000 (2014 - \$311,778) | 803,402 | 3,870,088 |
| | | 1,573,058 | 4,409,732 |

The following table represents changes in the deferred revenue balances:

| | Balance, beginning of year | Funds received | Recognized as revenue (net of recoveries) | Balance, end of year |
|--|---------------------------------------|---------------------------|--|---------------------------------|
| Education - Band Operated - Indirect | 5,687 | - | 5,687 | - |
| Band Government - HR Management | 15,000 | - | 15,000 | - |
| Band Government - Financial Management | 15,000 | - | 15,000 | - |
| Community Infrastructure - Disaster Relief | - | 422,772 | 81,508 | 341,264 |
| Capital - Roads | 246,296 | - | 75,565 | 170,731 |
| Capital - Low Pressure Water | 257,661 | - | - | 257,661 |
| Other Band Programs - First Nations Trust | 601,423 | 1,439,032 | 1,486,053 | 554,402 |
| Other Band Programs - Economic Development | 249,000 | - | - | 249,000 |
| Other Band Programs - Urban Developments | 2,914,765 | - | 2,914,765 | - |
| Other Band Programs - FNOGMA | 62,779 | - | 62,779 | - |
| Other Band Programs - Other Government Organizations | 42,121 | - | 42,121 | - |
| | 4,409,732 | 1,861,804 | 4,698,478 | 1,573,058 |

10. Advances from related Nation entities

Advances from related Nation entities are unsecured, non-interest bearing and without fixed terms of repayment. All transactions with related parties are measured at the exchange amount.

| | 2015 | 2014 |
|---|----------------|-------------|
| Little Child Holdings Limited Partnership | 68,603 | 97,894 |
| 4 C Farms Limited Partnership | 999 | 999 |
| Cowessess Development Account | (2,723) | 1,000 |
| | 66,879 | 99,893 |

Cowessess First Nation #73
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 First Nation receives a subsidy from Canada Mortgage and Housing Corporation to assist with the payment of principal and interest on the following loans:

| <u>CMHC Phase</u> | <u>Monthly Payment Including Interest</u> | <u>Interest rate</u> | <u>Maturity Date</u> | 2015 | 2014 |
|---|---|----------------------|----------------------|-------------|-------------|
| VII | 2,525 | 4.17% | Apr. 1, 2018 | 87,573 | 113,662 |
| IX | 1,268 | 6.75% | Jun. 1, 2021 | 86,252 | 95,476 |
| X | 1,279 | 3.44% | Feb. 11, 2018 | 42,570 | 55,714 |
| XI | 592 | 3.99% | Mar. 1, 2017 | 13,644 | 20,072 |
| XII | 2,959 | 3.57% | Jun 1, 2019 | 140,461 | 169,657 |
| XIII | 1,584 | 2.69% | Apr. 1, 2020 | 90,246 | 106,601 |
| XIV | 820 | 2.69% | Apr. 1, 2025 | 86,069 | 93,478 |
| XV | 1,169 | 2.26% | Jun. 1, 2026 | 139,277 | 150,037 |
| XVI | 1,991 | 1.05% | Mar. 1, 2030 | 331,288 | 348,782 |
| XVII | 3,092 | 2.65% | Apr. 1, 2026 | 356,282 | 383,603 |
| XVIII | 10,574 | 1.71% | Sept. 1, 2027 | 1,427,521 | 1,529,138 |
| XIX | 3,763 | 1.92% | Apr. 1, 2037 | 653,220 | 686,934 |
| | | | | 3,454,403 | 3,753,154 |
| Affinity Credit Union term loan, interest at prime plus 1.00%, principal and interest payments of \$83,463 quarterly, secured by Band Council Resolution and redirection of INAC, SIGA and First Nations Trust funds, matures March 2016. | | | | 246,395 | 562,463 |
| De Lage Landen Financial Services loan, interest of 7.89%, principal and interest payments of \$5,777 monthly, secured by a 2013 Volvo G960B Grader with a net book value of \$228,700, matures August 2018. | | | | 201,925 | - |
| Affinity Credit Union term loan, interest of prime plus 1.00%, repayable in semi-annual installments of \$10,100 plus interest, secured by a general security agreement, specific security agreement on inventory with a net realizable value of \$360,477, matures September 2020. | | | | 111,350 | 141,575 |
| Valiant Financial Services Inc. loan, interest at 12.00%, principal and interest payments of \$2,585 monthly, secured by a 2011 Mack GU713 Truck and 2015 Neustar EDG28-2 End Dump Trailer with a net book value of \$103,151, matures November 2018. | | | | 92,685 | - |
| Valiant Financial Services Inc. loan, interest at 11.99%, principal and interest payments of \$1,367 monthly, secured by a 2008 Mack CHU 613 Tank Truck with a net book value of \$47,840, maturing February 2019. | | | | 51,100 | - |
| Ford Credit loan, interest at 6.08%, principal and interest payments at \$460 monthly, secured by a 2013 Ford Explorer with a net book value of \$24,585, matures July 2015 | | | | 16,609 | 20,973 |
| Ford Credit loan, interest at 3.48%, principal and interest payments of \$452 monthly, secured by a 2014 Ford F150 with a net book value of \$28,169, matures April 2018. | | | | 15,822 | - |

Cowessess First Nation #73
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

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

| | 2015 | 2014 |
|---------------------------------|------------------|-------------|
| Ford Credit loan | - | 7,698 |
| Affinity Credit Union term loan | - | 63,521 |
| BMO loan | - | 7,839 |
| | 4,190,289 | 4,557,223 |
| Less: current portion | 669,306 | 641,531 |
| | 3,520,983 | 3,915,692 |

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 | 669,306 |
| 2017 | 435,034 |
| 2018 | 451,185 |
| 2019 | 368,361 |
| 2020 | 280,242 |
| Thereafter | 1,986,161 |

Interest on long-term debt amounted to \$168,318 (2014 - \$147,335)

The terms of the \$246,395 Affinity Credit Union term loan and the \$111,350 Affinity Credit Union term loan require audited financial statements within 90 days of the fiscal year end . The First Nation is in breach of this covenant. The impact of this breach is not known at this time.

12. Capital lease obligations

| | 2015 | 2014 |
|--|-------------|-------------|
| Payable to On Course Capital Inc. in 6 seasonal payments of \$1,629 per year including interest at 7.59%, matured October 2014. | - | 6,629 |
| Payable to On Course Capital Inc. in 6 seasonal payments of \$1,802 per year including interest at 9%, secured by equipment with a net book value of \$nil (2014 - \$5,927), lease terminated in October 2014. | - | 5,831 |
| | - | 12,460 |
| Less: current portion | - | 7,927 |
| | - | 4,533 |

Cowessess First Nation #73
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

13. CMHC Reserves

Operating reserve

The First Nation's CMHC Housing Program receives funding pursuant to the Post 1997 - Fixed Subsidy Program. Any surpluses are externally restricted and reserved for future operating losses that relate to the operation of houses under this program.

Replacement reserve

A replacement reserve fund has been established for replacement of capital equipment and for major repairs to the houses. Pursuant to CMHC agreements, operating provisions of \$40 per unit per month are made for phases VI through XII, \$61.25 for phase XIII, \$82.30 for phase XIV, \$100 for phase XV, XVI and XVII and \$92.26 for phase XVIII and \$100 for phase XIX. Any applicable expenditures are charged against the reserve.

At March 31, 2015 the replacement reserve fund is under-funded by \$244,433 (2014 – under funded by \$612,247) and the operating reserve fund is under-funded by \$687,071 (2014 – under funded by \$628,465).

14. Guarantee

The First Nation has guaranteed a loan of Crooked Lake Homes Limited Partnership in the amount of \$111,350 (2014 - \$141,575). This amount has been accrued for in the First Nations consolidated statements at March 31, 2015 in Note 11.

15. Tangible capital assets

The tangible capital assets reconciliation is included in Schedule 1.

Land and land improvements includes Treaty entitlement land with a carrying value of \$29,924,276 (2014 - \$29,928,053). No amortization is recorded on land.

16. Accumulated surplus

Accumulated surplus consists of the following:

| | 2015 | 2014 |
|--|-------------------------|-------------------------|
| Equity in Ottawa Trust Funds | 1,867,768 | 1,325,744 |
| Equity in CMHC operating reserve | 690,975 | 631,965 |
| Equity in CMHC replacement reserve | 654,970 | 613,108 |
| Equity in tangible capital assets | 52,464,137 | 53,804,698 |
| Unrestricted deficit | (3,588,361) | (2,517,784) |
| Equity in controlled business entities | 1,058,210 | 1,027,757 |
| | <hr/> 53,147,699 | <hr/> 54,885,488 |

Cowessess First Nation #73 does not maintain a moveable asset reserve.

Cowessess First Nation #73
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

17. Flood Claim Settlement

In 2013, Cowessess First Nation #73 and the Government of Canada came to an agreement on the historic Cowessess Flood Claim originally submitted in 1986. The settlement agreement provided compensation to Cowessess First Nation in the form of a one-time cash payment of \$12,181,421, net of loan forgiveness in the amount of \$2,496,644 which was received following execution of the agreement. The settlement agreement was ratified by a Band membership vote prior to March 31, 2013 and the funds were deposited into the Cowessess First Nation Flood Claim Trust account on May 16, 2013.

During the year, \$26,680 (2014 - \$1,402,357) was received by the First Nation to pay for a per capita distribution pursuant to the trust agreement. Per capita payments are paid to the First Nation from the Trust once the members reach the age of majority. As at March 31, 2015, the First Nation has paid \$1,242,000 (2014 - \$1,211,500) to members in relation to the per capita distribution. An additional amount of \$777,300 (2014 - \$816,800) remains to be paid to the members plus interest accrued. There have been 18 (\$9,000) members that have had their per capita distribution payments expire. The remaining funds required to pay the per capita payments will be received from the Trust account by the First Nation when the members reach the age of majority and will be recorded when received.

The First Nation also received \$341,646 (2014 - \$225,830) from the Trust relating to the annual payment and \$nil (2014 - \$131,941) relating to administrative expenses for the per capita payments.

An additional amount of \$225,000 (2014 - \$850,000) was paid out of the contributions received from the Trust for community development projects pursuant to the Trust agreement.

18. Economic dependence

Cowessess First Nation #73 receives substantially all of its revenues from Indigenous and Northern Affairs Canada (INAC) as a result of Treaties entered into with the Government of Canada. These treaties are administered by INAC 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.

19. Segments

The First Nation has 7 reportable segments. These segments are differentiated by the major activities or services they provide. The First Nation's segment are as follows:

Lands and Membership - includes activities for the development of the First Nation's land and administration of membership.

Education - includes the operations of education programs.

Social Development - activities include delivering social and Health Canada programs.

Community Infrastructure - includes activities for the maintenance of the community and its infrastructure.

Band Government - includes administration and governance activities.

Capital - reports on capital projects.

Other Band Programs - other band programs which do not meet the criteria for other segments.

Inter-segment transfers are recorded at their exchange amount. The accounting policies of the segments are the same as those described in Note 2.

Cowessess First Nation #73
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

20. Change in accounting policy

Liability for contaminated sites

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

Previously, no accounting policy existed to account for a liability for contaminated sites. Under the new recommendations, the First Nation is required to recognize a liability for contaminated sites when economic benefits will be given up, as described in Note 2, *Significant Accounting Policies*.

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

21. Reconciliation of funding from Indigenous and Northern Affairs Canada

| | 2015 | 2014 |
|--|------------------|-------------|
| INAC funding per confirmation | 7,606,981 | 7,375,087 |
| <hr/> | | |
| Flood Claim settlement - one-time funding per confirmation | - | 14,678,065 |
| Flood claim settlement loan forgiveness | - | (2,496,644) |
| | <hr/> | <hr/> |
| | - | 12,181,421 |
| <hr/> | | |
| Funding recovery - Lakefront project | - | (14,640) |
| Funding recovery - Urban project | - | (12,000) |
| ECIP recovery | (2,283) | (9,132) |
| Special education recovery | (18,360) | (6,480) |
| Adult institutional care recovery | (926) | (5,974) |
| FNOGMMA implementation recovery | (15,200) | - |
| Financial capacity development recovery | (1,015) | - |
| Human resource capacity development recovery | (15,000) | - |
| | <hr/> | <hr/> |
| | (52,784) | (48,226) |
| <hr/> | | |
| Deferred revenue - prior year | 851,422 | 901,402 |
| Deferred revenue - current year | (677,392) | (851,422) |
| | <hr/> | <hr/> |
| | 174,030 | 49,980 |
| <hr/> | | |
| Funding total per financial statements | 7,728,227 | 19,558,262 |

Cowessess First Nation #73
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

22. Reconciliation of funding from Health Canada

| | 2015 | 2014 |
|--|------------------|-----------|
| Funding per Health Canada confirmation | 1,121,760 | 1,198,644 |
| Less: recoveries | | |
| Drinking water | (50) | - |
| Home and community care | (17,597) | - |
| Non-insured - administration | (9,987) | - |
| Non-insured - medical transportation | (27,738) | - |
| | (55,372) | - |
| Funding total per financial statements | 1,066,388 | 1,198,644 |

23. Comparative figures

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

24. Issuance of financial statements after July 29, 2015

The First Nation is required to post its consolidated financial statements on a website and submit the consolidated financial statements to INAC by July 29, 2015. As the audit report is dated after this date, the First Nation is in violation of this requirement. The possible effect of this violation has not yet been determined.

25. Subsequent events

Subsequent to year-end, Affinity Credit Union withdrew \$236,365 from Cowessess First Nation bank accounts to cover an alleged default on the line of credit and loan guarantee held by Cowessess First Nation on behalf of Crooked Lake Homes.

Subsequent to year-end, Cowessess First Nation has begun to seek a return of \$850,000 for a transfer in trust that was made on a multiplx facility in the prior year.

Subsequent to year-end, Cowessess Treaty Land Entitlement Trust sold land by highway number 6. Title of the land was transferred from Cowessess Treaty Land Entitlement Trust in January 2016. All proceeds from the sale of the land are transferred back to the Treaty Land Entitlement Capital Trust.

Cowessess First Nation #73
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

26. Contingencies

Labour disputes

There are legal claims relating to labour disputes. The likelihood of loss and estimated liability for these claims is not determinable at March 31, 2015. If any liability results from these claims, it will be accounted for as an expenditure in the year the amount, if any, is determinable.

Multiplex Facility

A counterclaim has been filed against the First Nation seeking lost profits in relation to the cancellation of the multiplex facility agreement. The likelihood of loss and estimated liability for these claims is not determinable at March 31, 2015. If any liability results from this claim, it will be accounted for as an expenditure in the year the amount, if any, is determinable.

Provincial Disaster Assistance Program

There are claims against the First Nation that payments made under this program are not eligible. The likelihood of loss and estimated liability for this claim is not determinable at March 31, 2015. If any liability results from this claim, it will be accounted for as an expenditure in the year the amount, if any, is determinable.

Funding

The First Nation has entered into contribution agreements with various federal government departments. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements. This amount cannot be reasonably estimated at this point in time.

TLE Repayment

There was a claim against the First Nation for \$3,000,000 in relation to the Urban Office Project that has not proceeded. There was \$2,000,000 of funds returned during the year with the remaining \$1,000,000 to be returned in the future. There is no settled timing of repayment at this time. An investigation in regards to the \$1,000,000 is currently occurring to determine where the funds were expended.

Cowessess First Nation #73
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2015

| | <i>Buildings</i> | <i>Equipment under capital lease</i> | <i>Equipment</i> | <i>Roads</i> | <i>Utility systems</i> | <i>Land and land improvements</i> | <i>Subtotal</i> |
|--|------------------|--|------------------|------------------|------------------------|---------------------------------------|-------------------|
| Cost | | | | | | | |
| Balance, beginning of year | 21,205,049 | 78,373 | 1,209,014 | 8,441,638 | 861,366 | 31,160,308 | 62,955,748 |
| Acquisition of tangible capital assets | - | - | 409,312 | - | - | - | 409,312 |
| Disposal of tangible capital assets | - | (78,373) | - | - | - | (3,777) | (82,150) |
| Balance, end of year | 21,205,049 | - | 1,618,326 | 8,441,638 | 861,366 | 31,156,531 | 63,282,910 |
| Accumulated amortization | | | | | | | |
| Balance, beginning of year | 11,699,505 | 66,534 | 811,409 | 1,125,553 | 379,392 | 190,970 | 14,273,363 |
| Annual amortization | 754,011 | - | 151,778 | 562,776 | 41,637 | 27,013 | 1,537,215 |
| Accumulated amortization on disposals | - | (66,534) | - | - | - | - | (66,534) |
| Balance, end of year | 12,453,516 | - | 963,187 | 1,688,329 | 421,029 | 217,983 | 15,744,044 |
| Net book value of tangible capital assets | 8,751,533 | - | 655,139 | 6,753,309 | 440,337 | 30,938,548 | 47,538,866 |
| 2014 Net book value of tangible capital assets | 9,505,544 | 11,839 | 397,605 | 7,316,085 | 481,974 | 30,969,338 | 48,682,385 |

Cowessess First Nation #73
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2015

| | <i>Subtotal</i> | <i>Gasification</i> | <i>Vehicles</i> | <i>Housing</i> | <i>Wind turbine</i> | | |
|--|-------------------|---------------------|-----------------|------------------|---------------------|-------------------|-------------------|
| | | | | | | <i>2015</i> | <i>2014</i> |
| Cost | | | | | | | |
| Balance, beginning of year | 62,955,748 | 1,267,808 | 1,300,840 | 18,374,186 | 3,793,835 | 87,692,417 | 87,026,212 |
| Acquisition of tangible capital assets | 409,312 | - | 133,106 | - | 431,612 | 974,030 | 805,112 |
| Disposal of tangible capital assets | (82,150) | - | (92,830) | - | - | (174,980) | (138,907) |
| Balance, end of year | 63,282,910 | 1,267,808 | 1,341,116 | 18,374,186 | 4,225,447 | 88,491,467 | 87,692,417 |
| Accumulated amortization | | | | | | | |
| Balance, beginning of year | 14,273,363 | 811,397 | 1,180,097 | 13,247,834 | 509,384 | 30,022,075 | 27,652,567 |
| Annual amortization | 1,537,215 | 50,712 | 77,475 | 390,403 | 276,272 | 2,332,077 | 2,369,508 |
| Accumulated amortization on disposals | (66,534) | - | (92,830) | - | - | (159,364) | - |
| Balance, end of year | 15,744,044 | 862,109 | 1,164,742 | 13,638,237 | 785,656 | 32,194,788 | 30,022,075 |
| Net book value of tangible capital assets | 47,538,866 | 405,699 | 176,374 | 4,735,949 | 3,439,791 | 56,296,679 | 57,670,342 |
| 2014 Net book value of tangible capital assets | 48,682,385 | 456,411 | 120,743 | 5,126,352 | 3,284,451 | 57,670,342 | |

Cowessess First Nation #73
Schedule 2 - Schedule of Consolidated Expenses by Object
For the year ended March 31, 2015

| | 2015 | 2014 |
|----------------------------|-------------------|-------------------|
| Salaries and benefits | 3,531,390 | 4,128,960 |
| Amortization | 2,332,078 | 2,369,508 |
| Contracted services | 1,662,572 | 1,637,397 |
| Program expense | 1,158,104 | 965,334 |
| Student expenses | 922,667 | 1,042,629 |
| Tuition | 821,112 | 604,164 |
| Honorarium | 725,900 | 619,970 |
| Social assistance | 724,103 | 939,470 |
| Materials | 492,227 | 484,428 |
| Repairs and maintenance | 411,626 | 353,517 |
| Professional fees | 344,021 | 362,441 |
| Utilities | 213,632 | 197,946 |
| Insurance | 288,016 | 251,384 |
| Bad debts | 265,942 | 118,840 |
| Interest on long-term debt | 168,318 | 147,335 |
| Travel | 160,651 | 227,834 |
| Telephone | 156,229 | 123,661 |
| Impairment loss | 150,359 | - |
| Community donations | 87,500 | 124,850 |
| Rent and lease | 74,724 | 98,254 |
| Special projects | 66,618 | 59,020 |
| Bank charges and interest | 57,986 | 53,862 |
| Community events | 46,576 | 10,724 |
| Contributions | 23,947 | 12,181,421 |
| Property tax | 18,172 | 4,134 |
| Photocopier | 10,429 | 35,565 |
| Bingo payouts | 6,673 | 23,833 |
| Meeting | 3,471 | - |
| Construction | 2,617 | 30,691 |
| Miscellaneous | 2,400 | 28,236 |
| Food and beverage | 1,560 | 110,843 |
| Per Capita payments | 807 | 2,028,671 |
| Election | 552 | 82,228 |
| Advertising | 312 | 18,553 |
| Elders fees (recovery) | (613) | 332 |
| Renovations | - | 41,526 |
| Office equipment lease | - | 27,527 |
| VLT | - | 14,637 |
| Business Development | - | 3,042 |
| Postage | - | 621 |
| Administration (recovery) | - | (5,646) |
| | 14,932,678 | 29,547,742 |

Cowessess First Nation #73
Lands and Memberships
Schedule 3 - Schedule of Revenue and Expenses
For the year ended March 31, 2015

| | 2015 | 2014 |
|--|-----------------|-------------|
| Revenue | | |
| Indigenous and Northern Affairs Canada | 270,095 | 12,452,791 |
| Other | 5,114 | 8,039 |
| | 275,209 | 12,460,830 |
| Expenses | | |
| Salaries and benefits | 149,970 | 153,573 |
| Rent and lease | 18,522 | 19,605 |
| Property tax | 12,258 | 4,134 |
| Travel | 6,230 | 3,375 |
| Materials | 3,974 | 17,703 |
| Utilities | 3,554 | 607 |
| Insurance | 1,291 | 7,994 |
| Telephone | 1,080 | 360 |
| Repairs and maintenance | 950 | 1,489 |
| Amortization | 592 | 592 |
| Bank charges and interest | 144 | - |
| Professional fees | - | 29,791 |
| Contributions | - | 12,181,421 |
| Contracted services (recovery) | (13,441) | 32,544 |
| | 185,124 | 12,453,188 |
| Surplus | 90,085 | 7,642 |

Cowessess First Nation #73
Education
Schedule 4 - Schedule of Revenue and Expenses
For the year ended March 31, 2015

| | 2015 | 2014 |
|--|------------------|-------------|
| Revenue | | |
| Indigenous and Northern Affairs Canada | 3,459,460 | 3,450,467 |
| Tuition revenue | - | 4,620 |
| Other | 10,508 | 615 |
| | 3,469,968 | 3,455,702 |
| Expenses | | |
| Salaries and benefits | 1,170,064 | 1,369,840 |
| Student expenses | 921,667 | 921,243 |
| Tuition | 815,807 | 604,164 |
| Materials | 63,591 | 32,556 |
| Repairs and maintenance | 49,976 | 50,742 |
| Contracted services | 39,530 | 36,636 |
| Amortization | 30,506 | 48,037 |
| Travel | 23,054 | 9,653 |
| Insurance | 8,955 | - |
| Telephone | 5,218 | 11,528 |
| Photocopier | 2,786 | 1,379 |
| Utilities | 2,764 | 300 |
| Miscellaneous | 2,600 | - |
| Bank charges and interest | 2,363 | 830 |
| Program expense | 600 | - |
| Professional fees | - | 615 |
| Interest on long-term debt | - | 326 |
| Administration | - | 1,200 |
| Honorarium | - | 591 |
| Advertising | - | 7,762 |
| | 3,139,481 | 3,097,402 |
| Surplus | 330,487 | 358,300 |

Cowessess First Nation #73
Social Development
Schedule 5 - Schedule of Revenue and Expenses
For the year ended March 31, 2015

| | 2015 | 2014 |
|--|------------------|-------------|
| Revenue | | |
| Indigenous and Northern Affairs Canada | 1,074,299 | 1,079,628 |
| Health Canada | 1,066,388 | 1,198,644 |
| FSIN | 25,000 | 15,000 |
| Community Development Corporation | - | 9,501 |
| Other | (682) | 3,759 |
| | 2,165,005 | 2,306,532 |
| Expenses | | |
| Social assistance | 724,103 | 939,470 |
| Salaries and benefits | 508,651 | 600,743 |
| Program expense | 67,023 | 146,768 |
| Travel | 29,450 | 20,145 |
| Amortization | 27,411 | 29,363 |
| Special projects | 23,305 | 17,075 |
| Contracted services | 13,796 | 71,098 |
| Telephone | 13,619 | 8,038 |
| Repairs and maintenance | 9,519 | 13,863 |
| Insurance | 3,059 | 992 |
| Bank charges and interest | 1,869 | 24 |
| Honorarium | 1,150 | 100 |
| Utilities | 722 | - |
| Interest on long-term debt | 581 | - |
| Community events | 450 | - |
| Materials | 333 | 11,373 |
| Advertising | 312 | - |
| Office equipment lease | - | 3,585 |
| | 1,425,353 | 1,862,637 |
| Surplus | 739,652 | 443,895 |

Cowessess First Nation #73
Community Infrastructure
Schedule 6 - Schedule of Revenue and Expenses
For the year ended March 31, 2015

| | 2015 | 2014 |
|---|--------------------|-------------|
| Revenue | | |
| Indigenous and Northern Affairs Canada | 1,143,595 | 1,340,892 |
| Insurance proceeds | 81,507 | - |
| Other | 8,774 | 73,039 |
| Gain on disposal of tangible capital assets | 2,000 | - |
| Rental income | - | 2,125 |
| | 1,235,876 | 1,416,056 |
| Expenses | | |
| Amortization | 1,405,964 | 1,351,507 |
| Salaries and benefits | 581,120 | 606,584 |
| Materials | 188,043 | 155,675 |
| Contracted services | 179,558 | 180,512 |
| Utilities | 166,737 | 160,877 |
| Repairs and maintenance | 74,716 | 163,890 |
| Interest on long-term debt | 39,877 | 16 |
| Travel | 16,166 | 14,744 |
| Insurance | 9,505 | 1,500 |
| Telephone | 4,596 | 5,805 |
| Bank charges and interest | 3,415 | 885 |
| Photocopier | - | 279 |
| Office equipment lease | - | 3,600 |
| Honorarium | - | 2,905 |
| Administration (recovery) | (54,105) | (54,105) |
| | 2,615,592 | 2,594,674 |
| Deficit | (1,379,716) | (1,178,618) |

Cowessess First Nation #73
Band Government
Schedule 7 - Schedule of Revenue and Expenses
For the year ended March 31, 2015

| | 2015 | 2014 |
|--|------------------|-------------|
| Revenue | | |
| Indigenous and Northern Affairs Canada | 852,863 | 818,778 |
| Other | 32,593 | 67,352 |
| | 885,456 | 886,130 |
| Expenses | | |
| Salaries and benefits | 600,849 | 488,809 |
| Professional fees | 258,382 | 254,782 |
| Telephone | 124,177 | 77,562 |
| Insurance | 120,347 | 15,271 |
| Travel | 67,798 | 17,615 |
| Contracted services | 67,092 | 144,122 |
| Materials | 45,317 | 43,658 |
| Bank charges and interest | 39,851 | 37,302 |
| Interest on long-term debt | 33,523 | 30,160 |
| Amortization | 30,517 | 17,369 |
| Contributions | 23,947 | - |
| Program expense | 16,815 | - |
| Rent and lease | 14,330 | - |
| Photocopyer | 7,643 | 33,798 |
| Repairs and maintenance | 5,497 | - |
| Honorarium | 5,425 | 614,198 |
| Election | 552 | 82,228 |
| Community donations | 150 | - |
| Bad debts | - | 92,188 |
| Administration (recovery) | - | (8,046) |
| Advertising | - | 3,145 |
| Office equipment lease | - | 231 |
| | 1,462,212 | 1,944,392 |
| Deficit before transfers | (576,756) | (1,058,262) |
| Transfers between programs | - | 485,076 |
| Deficit | (576,756) | (573,186) |

Cowessess First Nation #73
Capital
Schedule 8 - Schedule of Revenue and Expenses
For the year ended March 31, 2015

| | 2015 | 2014 |
|---|----------------|-------------|
| Revenue | | |
| Indigenous and Northern Affairs Canada | 697,796 | 258,943 |
| Canada Mortgage and Housing Corporation | - | 148 |
| Other | 17,555 | 12,545 |
| | 715,351 | 271,636 |
| Expenses | | |
| Contracted services | 420,329 | 53,464 |
| Materials | 132,427 | 152,141 |
| Repairs and maintenance | 106,519 | 11,576 |
| Amortization | 37,227 | 76,656 |
| Rent and lease | 20,658 | 36,193 |
| Utilities | 6,522 | 349 |
| Insurance | 442 | - |
| Telephone | 360 | 390 |
| Travel | 255 | 6,305 |
| Interest on long-term debt | 139 | 970 |
| Bank charges and interest | 127 | 1,585 |
| Salaries and benefits | - | 99 |
| Office equipment lease | - | 10,904 |
| | 725,005 | 350,632 |
| Deficit before transfers | (9,654) | (78,996) |
| Transfers between programs | 205,000 | - |
| Surplus (deficit) | 195,346 | (78,996) |

Cowessess First Nation #73
Other Band Programs
Schedule 9 - Schedule of Revenue and Expenses
For the year ended March 31, 2015

| | 2015 | 2014 |
|---|------------------|-------------|
| Revenue | | |
| Indigenous and Northern Affairs Canada | 230,119 | 156,763 |
| Canada Mortgage and Housing Corporation | 350,956 | 351,829 |
| SIIT | 341,714 | 216,880 |
| Additional government funding | - | 312,586 |
| Contributions from Treaty Land Entitlement (Note 26) | 2,910,988 | 722,909 |
| Recovery of TLE Funds (Note 26) | (3,000,000) | - |
| First Nations Trust | 1,486,054 | 1,196,525 |
| Lease income | 498,005 | 835,648 |
| Rental income | 503,175 | 515,061 |
| Contributions | 375,668 | 2,628,129 |
| Other | 298,991 | 1,537,337 |
| Community Development Corporation | 155,913 | 175,670 |
| TLE Four Trusts | 147,200 | 146,875 |
| FSIN | 89,500 | 89,500 |
| Interest income | 44,296 | 34,689 |
| Earnings (loss) from investment in Nation business entities | 23,111 | (172,089) |
| Insurance proceeds | 2,173 | 13,762 |
| Golf Course sales | - | 385,100 |
| (Loss) gain on disposal of tangible capital assets | (9,839) | 85,865 |
| | 4,448,024 | 9,233,039 |

Continued on next page

Cowessess First Nation #73
Other Band Programs
Schedule 9 - Schedule of Revenue and Expenses
For the year ended March 31, 2015

| | 2015 | 2014 |
|---|--------------------|------------------|
| Expenses | | |
| Program expense | 1,073,666 | 818,567 |
| Contracted services | 955,708 | 1,119,021 |
| Amortization | 799,861 | 845,983 |
| Honorarium | 719,325 | 2,176 |
| Salaries and benefits | 520,735 | 909,310 |
| Bad debts | 265,942 | 26,653 |
| Repairs and maintenance | 164,450 | 111,956 |
| Impairment loss | 150,359 | - |
| Insurance | 144,418 | 225,626 |
| Interest on long-term debt | 94,198 | 115,863 |
| Community donations | 87,350 | 124,850 |
| Professional fees | 85,639 | 77,253 |
| Materials | 58,542 | 71,322 |
| Administration | 54,105 | 55,305 |
| Community events | 46,126 | 10,724 |
| Special projects | 43,314 | 41,945 |
| Utilities | 33,333 | 35,814 |
| Rent and lease (recovery) | 21,214 | 42,456 |
| Travel | 17,698 | 155,996 |
| Bank charges and interest | 10,217 | 13,237 |
| Telephone | 7,179 | 19,978 |
| Bingo payouts | 6,673 | 23,833 |
| Property tax | 5,913 | - |
| Tuition | 5,305 | - |
| Meeting | 3,471 | - |
| Construction | 2,617 | 30,691 |
| Food and beverage | 1,560 | 110,843 |
| Student expenses | 1,000 | 121,386 |
| Per Capita payments | 807 | 2,028,671 |
| VLT | - | 14,637 |
| Office equipment lease | - | 9,208 |
| Renovations | - | 41,526 |
| Postage | - | 621 |
| Advertising | - | 7,647 |
| Business Development | - | 3,042 |
| Photocopier | - | 109 |
| Miscellaneous (recovery) | (200) | 28,236 |
| Elders fees (recovery) | (613) | 332 |
| | 5,379,912 | 7,244,817 |
| Surplus (deficit) before transfers | (931,888) | 1,988,222 |
| Transfers between programs | (205,000) | (485,076) |
| Surplus (deficit) | (1,136,888) | 1,503,146 |