

Kawacatoose First Nation
Consolidated Financial Statements
March 31, 2014

Kawacatoose First Nation

Contents

For the year ended March 31, 2014

Page

Management's Responsibility

Independent Auditors' Report

Consolidated Financial Statements

Consolidated Statement of Financial Position.....	1
Consolidated Statement of Operations and Accumulated Surplus.....	2
Consolidated Statement of Changes in Net Debt.....	3
Consolidated Statement of Cash Flows.....	4

Notes to the Consolidated Financial Statements.....	5
---	---

Schedules

Schedule of Consolidated Expenses by Object.....	18
Schedule of Segment Revenues and Expenses and Surplus (Deficit) - Ottawa Trust Funds.....	19
Schedule of Segment Revenues and Expenses and Surplus (Deficit) - Investment in Business Enterprises.....	20
Schedule of Segment Revenues and Expenses and Surplus (Deficit) - Asiniw-Kisik General Store.....	21
Schedule of Segment Revenues and Expenses and Surplus (Deficit) - Band Government.....	22
Schedule of Segment Revenues and Expenses and Surplus (Deficit) - Band Project Revenue.....	24
Schedule of Segment Revenues and Expenses and Surplus (Deficit) - Capital.....	25
Schedule of Segment Revenues and Expenses and Surplus (Deficit) - CMHC Housing.....	26
Schedule of Segment Revenues and Expenses and Surplus (Deficit) - Community Based Services.....	27
Schedule of Segment Revenues and Expenses and Surplus (Deficit) - Community Infrastructure.....	28
Schedule of Segment Revenues and Expenses and Surplus (Deficit) - Education.....	29
Schedule of Segment Revenues and Expenses and Surplus (Deficit) - Lands and Membership.....	30
Schedule of Segment Revenues and Expenses and Surplus (Deficit) - Post Secondary.....	31
Schedule of Segment Revenues and Expenses and Surplus (Deficit) - Social Delivery.....	32

To the Members of Kawacatoose First Nation:

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 and ensuring that all information in the annual report is consistent with the statements. 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.

Chief and Council are responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. Chief and Council fulfil these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors.

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

Signed: Danielle Ewenin

Management

Independent Auditors' Report

To the Members of Kawacatoose First Nation:

We have audited the accompanying consolidated financial statements of Kawacatoose First Nation, which comprise the consolidated statement of financial position as at March 31, 2014, and the consolidated statements of operations and accumulated surplus, changes in net debt and 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 consolidated 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

Management has represented that a budget was prepared for the First Nation, but have not been able to locate and provide us with all components of the budget. Further, we were unable to observe sufficient evidence of the review and approval of the First Nation's budget. Therefore, the First Nation's statement of operations and accumulated surplus and statement of changes in net debt do not present a comparison of the results for the accounting period with those originally planned.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly in all material respects the financial position of Kawacatoose First Nation as at March 31, 2014 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.

Saskatoon, Saskatchewan
October 9, 2014

MNP LLP
Chartered Accountants

Kawacatoose First Nation

Consolidated Statement of Financial Position

As at March 31, 2014

	2014	2013
Financial assets		
Current		
Restricted cash	184,421	386,959
Accounts receivable (Note 3)	368,864	747,402
Inventory for resale	13,512	7,000
Due from related parties (Note 4)	21,880	21,880
Subtotal of current assets	588,677	1,163,241
Investment in Nation business entities (Note 5)	239,956	177,679
Funds held in trust (Note 6)	81,984	156,665
Total financial assets	910,617	1,497,585
Liabilities		
Current		
Bank indebtedness (Note 7)	1,055,795	548,339
Accounts payable and accruals	1,230,268	886,546
Deferred revenue (Note 8)	965,061	1,023,773
Due to related parties (Note 9)	1,722,369	974,839
Current portion of long-term debt (Note 10)	419,842	514,133
Subtotal of current liabilities	5,393,335	3,947,630
Long-term debt (Note 10)	2,460,686	2,932,183
Total financial liabilities	7,854,021	6,879,813
Net debt	(6,943,404)	(5,382,228)
Contingent liabilities (Note 11)		
Non-financial assets		
Tangible capital assets (Note 12)	29,365,797	29,347,818
Prepaid expenses	1,350	76,515
Total non-financial assets	29,367,147	29,424,333
Accumulated surplus (Note 13)	22,423,743	24,042,105

Approved on behalf of the Council

Signed: Sanford Strongarm
Clark Asoon
Delvern Poorman

Councilor

Signed: Delmont Asapace
Caroline Poorman

Councilor

Kawacatoose First Nation

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2014

	2014 <i>Actual</i>	2013 <i>Actual</i>
Revenues		
Aboriginal Affairs and Northern Development Canada (Note 18)	6,728,392	8,284,094
Retail sales	2,097,998	2,161,494
Contribution from Kawacatoose TLE	1,301,928	667,965
Health Canada	1,244,151	1,142,080
First Nations Trust	1,087,191	1,116,537
Contribution from other First Nation	881,039	501,114
Other	609,391	605,709
Touchwood Agency Tribal Council	440,417	445,396
CMHC subsidy	282,725	272,417
Dakota Dunes CDC	250,361	246,244
Rental	215,987	214,611
Lease	121,884	133,252
Earnings from investment in Nation business entities	62,277	19,474
CMHC	50,293	54,873
Insurance proceeds	23,829	237,827
Interest	3,510	3,696
Total revenues	15,401,373	16,106,783
Program expenses		
Asiniw-Kisik General Store	2,197,098	1,891,384
Band Government	3,326,923	2,380,988
Band Project Revenue	759,546	612,614
Capital	1,664,118	1,477,725
CMHC Housing	421,589	392,010
Community Based Services	1,453,361	1,150,243
Community Infrastructure	991,412	947,806
Education	2,176,963	1,988,919
Lands and Membership	1,595,069	453,836
Post Secondary	988,888	1,051,231
Social Delivery	1,444,768	1,718,322
Total program expenses	17,019,735	14,065,078
Surplus (deficit) before other item and contribution	(1,618,362)	2,041,705
Other item		
Loss on disposal of tangible capital assets	-	(107,701)
Surplus (deficit) before contribution	(1,618,362)	1,934,004
Land contributed by Kawacatoose TLE Trust	-	1,616,414
Annual surplus (deficit)	(1,618,362)	3,550,418
Accumulated surplus, beginning of year	24,042,105	20,491,687
Accumulated surplus, end of year	22,423,743	24,042,105

Kawacatoose First Nation
Consolidated Statement of Changes in Net Debt
For the year ended March 31, 2014

	2014 <i>Actual</i>	2013 <i>Actual</i>
Annual surplus (deficit)	(1,618,362)	3,550,418
Purchases of tangible capital assets	(1,327,628)	(3,603,498)
Amortization of tangible capital assets	1,309,649	1,107,621
Loss on sale of tangible capital assets	-	107,701
Proceeds on sale of tangible capital assets	-	120,400
	(17,979)	(2,267,776)
Use of prepaid expenses	75,165	11,399
Changes in net debt	(1,561,176)	1,294,041
Net debt, beginning of year	(5,382,228)	(6,676,269)
Net debt, end of year	(6,943,404)	(5,382,228)

Kawacatoose First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2014

	2014	2013
Cash provided by (used for) the following activities		
Operating activities		
Annual surplus (deficit)	(1,618,362)	3,550,418
Non-cash items		
Amortization	1,309,649	1,107,621
Loss on sale of tangible capital assets	-	107,701
Earnings from investment in Nation business entities	(62,277)	(19,474)
Recovery of bad debts	(91,208)	(153,199)
	(462,198)	4,593,067
Changes in accounts		
Accounts receivable	378,538	(256,495)
Inventory for resale	(6,512)	26,050
Prepaid expenses	75,165	11,399
Accounts payable and accruals	343,722	(423,429)
Deferred revenue	(58,712)	(1,294,694)
	270,003	2,655,898
Financing activities		
Increase in bank indebtedness	507,456	146,187
Advances of long-term debt	110,554	84,983
Repayment of long-term debt	(676,342)	(672,377)
	(58,332)	(441,207)
Capital activities		
Purchases of tangible capital assets	(1,327,628)	(3,603,498)
Proceeds on sale of tangible capital assets	-	120,400
	(1,327,628)	(3,483,098)
Investing activities		
Decrease in restricted cash	202,538	1,316,609
Due to related parties (net)	838,738	287,013
Decrease (increase) in funds held in trust (net)	74,681	(36,629)
Investment in Nation business entities	-	(298,586)
	1,115,957	1,268,407
Increase in cash resources	-	-
Cash resources, beginning of year	-	-
Cash resources, end of year	-	-

1. Operations

The Kawacatoose First Nation (the "First Nation") is located in the Province of Saskatchewan, and provides various services to its Members. Kawacatoose First Nation financial reporting entity includes the First Nation's operations and all related entities that are accountable to the First Nation and are either owned or controlled by the First Nation.

2. Significant accounting policies

These consolidated financial statements are the representations of management and are prepared in accordance with Canadian public sector accounting standards, and include 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.

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

- Kawacatoose First Nation;
- Kawacatoose First Nation CMHC Housing;
- Kawacatoose Business Development Corporation;
- Kawacatoose Enterprises (590376 Saskatchewan Ltd.);
- Asiniw Building Corporation;
- Asiniw-Kisik General Store; and
- Little Slug Securities Ltd.

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.

Business enterprises that are separate legal entities and are owned or controlled by the First Nation, but not dependent on the First Nation for their continuing operations, are included in the consolidated 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 with 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. 101159591 Saskatchewan Ltd. is accounted for by the modified equity basis.

The First Nation also owns and controls Kanosis Business Development Limited Partnership (see Note 5).

Basis of presentation

Sources of financing and expenditures are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Restricted Cash

Restricted cash consists of funds held in the CMHC replacement reserve bank account, the CMHC operating reserve bank account and separate bank accounts set up for capital projects.

Inventory

Inventory for resale is valued at the lower of cost and net realizable value. Cost is determined by the first-in, first-out method.

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

Funds held in trust

Funds held in trust on behalf of First Nation's Members by the Government of Canada consist of:

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

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

Tangible capital assets

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

Tangible capital assets disclosed at a nominal amount include the original reserve land. Land purchased is recorded at the purchase price.

Amortization

Tangible capital assets are amortized using the straight line method at rates intended to amortize the cost of the assets over their estimated useful lives:

	Rate
Buildings	25 years
Housing	25 years
Subdivision	25 years
Equipment	5 years
Water and sewer	25 years
Roads	25 years

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

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 consolidated 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 financial liabilities. Net debt combined with non-financial assets comprises a second indicator of financial position, accumulated surplus.

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

Revenue recognition

Funding

Revenue from funding agencies 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.

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.

Rental revenue is recognized over the rental term. Contributions from Kawacatoose TLE are recorded in the period the resources are used for the purpose specified by the terms of the contributions. Other revenues earned from other services provided by the First Nation are recognized when the service has been provided. Insurance proceeds are recognized when collection is reasonably assured.

Retail sales are recognized when the sale is made and the customer takes possession of the merchandise.

Use of estimates

The preparation of consolidated financial statements 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 revenues and expenditures 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 collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets.

Segments

The First Nation conducts its business through 13 reportable segments (Note 15). These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives, aid in resource allocation decisions and to assess operational performance.

For each reported segment, revenues 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.

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

Related Entities Financial Statements

Separate financial statements are prepared for the following related entities:

- Kawacatoose Business Development Corporation;
- Kawacatoose First Nation CMHC Housing;
- Kawacatoose Treaty Land Entitlement Trust;
- Kawacatoose Trust; and
- 101159591 Saskatchewan Ltd.

These entities are related by common ownership.

The financial statements of Kawacatoose Treaty Land Entitlement Trust and Kawacatoose Trust are not included in the financial statements of the Kawacatoose First Nation as these entities are administered by Trustees and are governed by Trust Agreements. These financial statements and 101159591 Saskatchewan Ltd. have a December 31 year end.

Other Economic Interests

The Kawacatoose First Nation is a member of the Touchwood Agency Specific Claim. The Touchwood Agency Specific Claim is an organization of five Nations, whose purpose is to negotiate a specific claim with regards to the Department of Aboriginal Affairs' alleged mismanagement of funds of the Touchwood Agency during the period 1920 to 1924.

The Kawacatoose First Nation is a member of Touchwood Child and Family Services Inc. Touchwood Child and Family Services Inc. is an organization of five Nations, whose purpose is to provide Child and Family services to six Nations.

The Kawacatoose First Nation is a member of the Touchwood Agency Tribal Council Inc. The Touchwood Agency Tribal Council Inc. is an organization of four Nations, whose purpose is to provide services to the member Nations.

The First Nation does not share in the significant risks and benefits of the operations of the above entities. As a result, the financial statements of Touchwood Agency Specific Claim, Touchwood Child and Family Services Inc. and Touchwood Agency Tribal Council Inc. have not been consolidated with the financial statements of Kawacatoose First Nation.

The First Nation is a member of several other entities. The First Nation does not share in the significant risks and benefits associated with the operations of these entities. As a result these entities have not been reported in these consolidated financial statements.

Recent accounting pronouncements

Liability for contaminated sites

In June 2010, the Public Sector Accounting Board (PSAB) issued PS 3260 *Liability for Contaminated Sites* to establish recognition, measurement and disclosure standards for liabilities associated with the remediation of contaminated sites. The new section defines activities included in a liability for remediation, establishes when to recognize and how to measure a liability for remediation, and provides the related financial statement presentation and disclosure requirements.

PS 3260 is effective for fiscal years beginning on or after April 1, 2014. The First Nation has not yet determined the effect of the new section on its financial statements.

Kawacatoose First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

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

Financial instruments

In June 2011, the Public Sector Accounting Board (PSAB) issued PS 3450 *Financial Instruments* to establish standards for recognition, measurement, presentation and disclosure of financial assets, financial liabilities and non-financial derivatives. As a result of issuance of PS 3450, there have been numerous consequential amendments made to other Sections. PS 3450 is effective for fiscal years beginning on or after April 1, 2016. Earlier adoption is permitted.

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.

3. Accounts receivable

	2014	2013
Dakota Dunes CDC	106,981	73,882
GST rebates	77,704	86,860
Touchwood Agency Tribal Council	76,196	116,164
CMHC	34,327	24,225
Saskatchewan Finance	27,255	336,409
Insurance proceeds	23,829	-
Other	18,383	68,729
Health Canada	3,516	-
Aboriginal Affairs and Northern Development Canada	673	41,133
	368,864	747,402

4. Due from related parties

Amounts due from related parties are non-interest bearing, unsecured and with no fixed repayment terms. These parties are related through common membership.

	2014	2013
Kisik Kanitawetotak Foundation	21,880	21,880

Kawacatoose First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

5. Investment in Nation business entities

The First Nation holds the following investment in a commercial enterprise:

				2014
	Opening	Cumulative share of earnings	Contribution	Total investment
101159591 Saskatchewan Ltd.	177,679	62,277	-	239,956

In 2012, the First Nation wrote off its investment in Kanosis Business Development Limited Partnership as it had begun liquidating its assets. In addition, the First Nation wrote off amounts loaned to the Limited Partnership in the amount of \$1,407,155. In the current year, the First Nation recovered \$91,208 (2013 - \$153,199) of the amount previously written off. The recovery has been recorded in the Lands and Membership segment as a recovery of bad debts.

Summary financial information for 101159591 Saskatchewan Ltd. is as follows:

	<i>As at December 31, 2013</i>
Assets	
Cash	90,268
Accounts receivable	10,718
Inventory	156,390
Property, plant and equipment	37,442
Total assets	294,818
Liabilities	
Accounts payable and accruals	54,862
Net assets	239,956
Total revenues	2,262,726
Total expenses	2,200,449
Net income	62,277

Kawacatoose First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

6. Funds held in trust

Funds held in trust are held on behalf of the Members of Kawacatoose First Nation by the Government of Canada and consist of a capital and revenue trust fund. Moneys are transferred from these funds to the First Nation on the authorization of the First Nation's Chief and Council, with the consent of the Minister of Aboriginal Affairs and Northern Development Canada.

	2014	2013
Capital Trust		
Balance, beginning and end of year	63,922	63,922
Revenue Trust		
Balance, beginning of year	92,743	56,112
Interest	3,435	3,379
Land leases	121,884	133,252
	218,062	192,743
Less: Transfers to Nation	200,000	100,000
Balance, end of year	18,062	92,743
Total	81,984	156,665

7. Bank indebtedness

The First Nation has a line of credit available with the Royal Bank of Canada with an authorized limit of \$300,000 secured by an assignment of AANDC funding, bearing interest at prime plus 1.50%. As at March 31, 2014 the First Nation had not exceeded its line of credit as it received a temporary increase to allow for the \$588,123 advanced. The remainder of bank indebtedness includes outstanding cheques that had not cleared the bank.

8. Deferred revenue

	2014	2013
Treaty Land Entitlement contributions	886,016	927,193
AANDC	70,547	88,081
Other	8,498	8,499
	965,061	1,023,773

9. Due to related parties

Amounts due to related parties are non-interest bearing, unsecured and with no fixed repayment terms. These parties are related through common membership.

	2014	2013
Kawacatoose Treaty Land Entitlement Trust	1,682,490	934,960
Kawacatoose Trust	39,879	39,879
	1,722,369	974,839

Kawacatoose First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

10. Long-term debt

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

Phase	Monthly Payment Including Interest	Interest Rate	Renewal Date	2014	2013
II	2,035	14.75%	1-Jul-16	48,150	64,382
IV	11,308	18.75%	1-May-17	47,076	162,369
XV	-	-	-	-	1,535
XVI	552	4.99%	1-Jan-19	28,407	33,371
XVII	1,686	2.61%	1-Sep-14	184,409	199,631
XVIII	371	2.69%	1-Aug-15	43,196	46,443
XIX	1,620	1.71%	1-Sep-17	232,961	24,8294
XX	1,874	2.69%	1-Aug-15	221,041	237,379
XXI	1,829	1.62%	1-Mar-18	358,882	356,726
				1,164,122	1,350,130
Royal Bank of Canada term loan payable in quarterly instalments of \$33,817 including interest at bank prime plus 1.50%, due December 2014, secured by an assignment of general band revenues				1,236,189	1,332,000
Royal Bank of Canada term loan payable, interest at bank prime plus 2.60%, with principal payments of \$25,000 quarterly, matures July 2014, secured by an assignment of gaming revenues				150,000	250,000
Royal Bank of Canada term loan payable, interest at bank prime plus 2.60%, with principal payments of \$29,812 quarterly, matures June 2014, secured by an assignment of gaming and general band revenues				125,438	244,686
Royal Bank of Canada term loan payable, interest at bank prime plus 1.50%, with principal payments of \$20,500 quarterly, matures December 2014, secured by an assignment of gaming revenues				112,500	215,000
Canada Mortgage and Housing Corporation advances with interest at 1.16%				92,279	-
Royal Bank of Canada term loan				-	54,500
				2,880,528	3,446,316
Less: current portion				419,842	514,133
				2,460,686	2,932,183

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to renewal is renewed with similar rates and terms, are estimated as follows:

2015	419,842
2016	215,654
2017	181,753
2018	180,118
2019	185,418

11. Contingent liabilities

Touchwood Agency Specific Claim

The Government of Canada provided Touchwood Agency Specific Claim with an interest-free loan of approximately \$2,251,000 repayable on the earlier of March 31, 2010 or the date on which the claim is settled. The loan was advanced subject to conditions contained in a Native Claims Loan Agreement. If the conditions of this agreement are not met, the Agency must repay all funds advanced by the Government of Canada. The five Nations who are members of the Touchwood Agency Specific Claim may be directly or indirectly responsible for the repayment of this loan. The amount of the liability, if any, is not determinable at this time, nor has the Government asked for repayment. If any liability results from the guarantee, it will be recorded in the period the liability is determinable.

Funding

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

Kawacatoose First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

12. Tangible capital assets

Cost	Buildings	Housing	Subdivision	Equipment	Water and Sewer	Roads	Projects Under Construction		Original Reserve	2014	2013
							Land	Land			
Balance, beginning of year	14,607,001	10,081,490	693,824	927,887	4,088,328	1,148,714	3,342,741	8,637,240	1	43,527,226	40,310,848
Acquisition of tangible capital assets	-	-	-	193,520	-	-	1,134,108	-	-	1,327,628	3,603,498
Transfer completed projects	-	-	-	-	2,508,105	-	(2,508,105)	-	-	-	-
Disposal of tangible capital assets	-	-	-	-	-	-	-	-	-	-	(387,120)
Balance, end of year	14,607,001	10,081,490	693,824	1,121,407	6,596,433	1,148,714	1,968,744	8,637,240	1	44,854,854	43,527,226

Accumulated amortization

Balance, beginning of year	6,789,905	4,660,004	449,911	783,489	1,442,895	53,204	-	-	-	14,179,408	13,230,806
Annual amortization	580,626	311,920	27,753	79,544	263,857	45,949	-	-	-	1,309,649	1,107,621
Disposal of tangible capital assets	-	-	-	-	-	-	-	-	-	-	(159,019)
Balance, end of year	7,370,531	4,971,924	477,664	863,033	1,706,752	99,153	-	-	-	15,489,057	14,179,408
Net book value	7,236,470	5,109,566	216,160	258,374	4,889,681	1,049,561	1,968,744	8,637,240	1	29,365,797	
2013 Net book value	7,817,096	5,421,486	243,913	144,398	2,645,433	1,095,510	3,342,741	8,637,240	1		29,347,818

Tangible capital assets includes the Original Reserve Land disclosed at a nominal amount.

Kawacatoose First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

13. Accumulated surplus

Accumulated surplus consists of the following:

	2014	2013
Operating fund	(4,845,646)	(2,709,020)
Capital asset fund	26,727,548	26,205,002
Commercial fund	239,956	177,579
CMHC operating reserve	8,752	13,292
CMHC replacement reserve	211,149	198,587
Trust funds	81,984	156,665
	22,423,743	24,042,105

14. Reserves

The Kawacatoose First Nation maintains the following funds and reserves as part of its operations:

- Operating Fund reports on the general activities of the First Nation's administration;
- Capital Asset Fund reports on the capital assets and projects of the First Nation, with any related funding, capital financing proceeds and costs incurred transferred from the operating fund;
- Commercial Fund reports on commercial business operations owned by the First Nation;
- CMHC Operating Reserve is required as part of the First Nations's CMHC Housing Program, which receives funds 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;
- CMHC Replacement Reserve is required as part of the First Nation's CMHC Housing Program. It has been established for replacement of capital equipment and for major repairs to the houses; and
- Trust Funds report on trust moneys owned by the First Nation and held by a third party.

15. Segments

The First Nation has 13 reportable segments. These segments are differentiated by the major activities or services they provide. The First Nation's segments are as follows:

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

Investment in Business Enterprises - reports on gains and losses of investments in business enterprises.

Asiniw-Kisik General Store - reports on the operations of the unincorporated gas and convenience store.

Band Government - reports on administration and governance activities.

Band Project Revenue - reports on band programs not funded by AANDC, Health Canada and CMHC.

Capital - reports on capital projects and major repairs to housing and community buildings.

CMHC Housing - reports on the operations of the CMHC Housing Program.

Community Based Services - reports on the operations of the community's health program.

Community Infrastructure - reports on the operations and maintenance of infrastructure.

Education - reports on the operations of the education programs.

Lands and Membership - reports on administration of lands and membership.

Post Secondary - reports on funding spent to provide post secondary opportunities to Members of the First Nation.

Social Delivery - reports on the delivery of social programs.

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

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.

16. Economic dependence

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

17. FNOGMMA and land designation

During the year, the Membership ratified the First Nation's intent to adopt the First Nations Oil and Gas Money Management Act (FNOGMMA) and land designation process. FNOGMMA allows the First Nation to manage and control its capital and revenue moneys. Land designation allows for commercial activity and resource development on Reserve lands. Revenues and expenses for FNOGMMA and land designation are reported in the Lands and Membership segment.

The costs incurred for the land designation are reported on the Schedule of Consolidated Expenses by Object and the Lands and Membership segment.

Kawacatoose First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

18. Aboriginal Affairs and Northern Development Canada

AANDC funding per confirmation	6,826,800
Add:	
Deferred revenue, beginning of year	88,081
Deduct:	
Deferred revenue, end of year	(70,547)
Forfeited funding - Income assistance recovery	(90,009)
12/13 Basic needs reconciliation	(25,933)
	<u>6,728,392</u>

19. Comparative figures

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

20. Compliance with laws

The First Nation is required to post its consolidated financial statements on a website and submit the consolidated financial statements to Aboriginal Affairs and Northern Development Canada by July 29, 2014. The First Nation is in violation of this requirement. The possible effect of this violation has not yet been determined.

Kawacatoose First Nation
Schedule of Consolidated Expenses by Object
For the year ended March 31, 2014

	2014 <i>Actual</i>	2013 <i>Actual</i>
Salaries and benefits	3,977,874	3,480,097
Retail cost of sales	1,670,693	1,580,002
Travel	1,631,502	1,116,088
Amortization	1,309,649	1,107,621
Social assistance	1,029,560	1,213,889
Contracted services	849,473	488,017
Student	842,894	808,924
Honorarium	805,953	892,779
Land designation (Note 17)	740,002	-
Repairs and maintenance	606,542	630,115
Contribution to Kawacatoose TLE	572,797	198,170
Supplies	539,736	360,696
Insurance	310,723	194,509
Child benefits	233,814	347,590
Cultural development	208,892	174,747
Training	191,901	55,705
Bank charges and interest	188,421	230,760
Utilities	174,588	203,072
Professional fees	142,948	156,229
Telephone	120,886	98,080
Rent paid on behalf of CMHC	119,490	92,121
Miscellaneous	116,427	112,950
Program expense	115,310	77,061
Transportation	93,237	86,011
Senior and youth programs	93,232	92,370
Office	87,566	79,326
Funerals	70,649	84,450
Member assistance	68,286	49,870
Rent	59,860	1,861
Advertising	30,351	6,364
Administration	23,403	56,589
Community donations	6,950	26,901
Meeting	-	82,113
Bad debts (recovery)	(13,874)	(119,999)
	17,019,735	14,065,078

Kawacatoose First Nation
Ottawa Trust Funds
Schedule of Segment Revenues and Expenses and Surplus (Deficit)
For the year ended March 31, 2014

	2014 <i>Actual</i>	2013 <i>Actual</i>
Revenues		
Lease	121,884	133,252
Interest	3,435	3,379
	125,319	136,631
Transfers between programs		
Revenue Trust Moneys	(200,000)	(100,000)
Surplus (deficit)	(74,681)	36,631

Kawacatoose First Nation
Investment in Business Enterprises
Schedule of Segment Revenues and Expenses and Surplus (Deficit)
For the year ended March 31, 2014

	2014 <i>Actual</i>	2013 <i>Actual</i>
Revenue		
Earnings from investment in Nation business entities	62,277	19,474
Transfers between programs		
Band development	-	298,586
Surplus	62,277	318,060

Kawacatoose First Nation
Asiniw-Kisik General Store
Schedule of Segment Revenues and Expenses and Surplus (Deficit)
For the year ended March 31, 2014

	2014 <i>Actual</i>	2013 <i>Actual</i>
Revenues		
Retail sales	2,097,998	2,161,494
Other	3,485	-
	2,101,483	2,161,494
Expenses		
Retail cost of sales	1,670,693	1,580,002
Salaries and benefits	268,726	232,439
Training	68,006	1,032
Travel	66,307	26,682
Advertising	30,355	6,364
Honorarium	21,754	9,900
Repairs and maintenance	16,200	5,401
Bank charges and interest	10,232	2,358
Insurance	9,786	-
Amortization	9,000	8,200
Bad debts (recovery)	5,612	-
Utilities	5,500	8,457
Telephone	5,434	4,290
Office	4,006	-
Professional fees	3,149	-
Miscellaneous	2,338	6,259
	2,197,098	1,891,384
Surplus (deficit)	(95,615)	270,110

Kawacatoose First Nation
Band Government
Schedule of Segment Revenues and Expenses and Surplus (Deficit)
For the year ended March 31, 2014

	2014 <i>Actual</i>	2013 <i>Actual</i>
Revenues		
Aboriginal Affairs and Northern Development Canada	464,596	521,743
First Nations Trust	1,087,191	1,116,537
Contribution from other First Nation	881,039	501,114
Dakota Dunes CDC	250,361	246,244
Other	213,499	181,381
CMHC	600	-
Insurance proceeds	-	8,094
Touchwood Agency Tribal Council	-	3,686
	2,897,286	2,578,799
Expenses		
Travel	927,918	547,513
Honorarium	649,442	741,319
Salaries and benefits	422,982	439,214
Contracted services	221,131	101,232
Supplies	125,908	25,991
Bank charges and interest	122,066	144,564
Rent paid on behalf of CMHC	119,490	92,121
Professional fees	116,798	136,121
Senior and youth programs	85,075	92,370
Bad debts (recovery)	71,721	33,200
Funerals	70,649	80,360
Member assistance	66,536	48,820
Cultural development	61,820	12,610
Training	54,613	13,416
Telephone	52,475	50,970
Repairs and maintenance	44,433	50,689
Program expense	40,228	15,327
Rent	38,360	1,385
Miscellaneous	37,072	23,359
Insurance	32,346	1,615
Office	28,083	37,946
Student expenses	15,472	12,100
Utilities	14,445	681
Community donations	6,950	20,186
Child benefits	673	-
Administration	(99,763)	(342,121)
	3,326,923	2,380,988
Surplus (deficit) before other item	(429,637)	197,811

Continued on next page

Kawacatoose First Nation
Band Government
Schedule of Segment Revenues and Expenses and Surplus (Deficit)
For the year ended March 31, 2014

	2014 <i>Actual</i>	2013 <i>Actual</i>
Surplus (deficit) before other item <i>(Continued from previous page)</i>	(429,637)	197,811
Other item		
Loss on disposal of capital assets	-	(107,701)
Surplus (deficit) before transfers	(429,637)	90,110
Transfers between programs		
Operating	118,992	27,244
Revenue Trust Moneys	100,000	100,000
Band development	458,746	60,000
	677,738	187,244
Surplus (deficit)	248,101	277,354

Kawacatoose First Nation
Band Project Revenue
Schedule of Segment Revenues and Expenses and Surplus (Deficit)
For the year ended March 31, 2014

	2014 <i>Actual</i>	2013 <i>Actual</i>
Revenues		
Touchwood Agency Tribal Council	264,495	252,830
Other	199,238	189,540
	463,733	442,370
Expenses		
Contracted services	189,591	37,215
Salaries and benefits	164,102	127,292
Cultural development	138,484	156,646
Honorarium	112,672	118,029
Travel	81,890	61,321
Miscellaneous	15,387	33,168
Supplies	13,304	39,576
Repairs and maintenance	13,247	2,367
Training	12,226	14,799
Professional fees	7,000	8,783
Utilities	5,161	6,795
Telephone	3,694	2,995
Insurance	1,508	1,642
Bank charges and interest	762	292
Administration	420	-
Office	98	569
Community donations	-	1,125
	759,546	612,614
Surplus (deficit) before transfers	(295,813)	(170,244)
Transfers between programs		
Operating	98,408	153,199
Revenue Trust Moneys	100,000	-
	198,408	153,199
Surplus (deficit)	(97,405)	(17,045)

Kawacatoose First Nation
Capital

Schedule of Segment Revenues and Expenses and Surplus (Deficit)
For the year ended March 31, 2014

	2014	2013
Revenues		
Aboriginal Affairs and Northern Development Canada	353,281	1,736,103
Other	97,661	214,589
CMHC	49,693	54,873
Insurance proceeds	23,829	229,733
Interest	74	317
	524,538	2,235,615
Expenses		
Amortization	1,076,526	896,402
Repairs and maintenance	185,819	252,031
Insurance	177,851	114,841
Contracted services	77,629	157,335
Salaries and benefits	62,492	36,101
Supplies	35,741	8,094
Office	13,337	-
Telephone	11,248	-
Travel	10,160	11,884
Rent	9,000	-
Utilities	4,015	1,437
Training	300	-
Miscellaneous	-	300
Honorarium	-	100
Administration	-	(800)
	1,664,118	1,477,725
Surplus (deficit) before transfers	(1,139,580)	757,890
Transfers between programs		
Operating	41,800	(147,680)
Band development	120,000	-
	161,800	(147,680)
Surplus (deficit)	(977,780)	610,210

Kawacatoose First Nation
CMHC Housing
Schedule of Segment Revenues and Expenses and Surplus (Deficit)
For the year ended March 31, 2014

	2014	2013
Revenues		
CMHC subsidy	282,725	272,417
Rental	215,987	214,611
Other	-	14,383
	498,712	501,411
Expenses		
Amortization	148,579	148,579
Repairs and maintenance	134,829	99,561
Insurance	53,377	42,394
Bank charges and interest	52,150	73,120
Administration	19,440	18,129
Professional fees	13,214	10,227
	421,589	392,010
Surplus before transfers	77,123	109,401
Transfers between programs		
Operating	-	120,436
Surplus	77,123	229,837

Kawacatoose First Nation
Community Based Services
Schedule of Segment Revenues and Expenses and Surplus (Deficit)
For the year ended March 31, 2014

	2014 <i>Actual</i>	2013 <i>Actual</i>
Revenues		
Health Canada	1,244,151	1,142,080
Other	780	2,314
	1,244,931	1,144,394
Expenses		
Salaries and benefits	764,282	651,660
Travel	174,774	104,256
Administration	103,150	94,297
Transportation	86,842	72,936
Amortization	75,544	54,440
Supplies	69,269	25,959
Repairs and maintenance	40,033	33,177
Program expense	40,081	47,981
Contracted services	23,137	2,067
Telephone	20,585	16,114
Insurance	16,669	15,356
Miscellaneous	11,290	4,621
Training	11,098	3,251
Cultural development	5,500	-
Utilities	4,622	8,402
Senior and youth programs	2,700	-
Honorarium	2,285	11,622
Member assistance	1,500	1,050
Office	-	1,236
Community donations	-	1,700
Bank charges and interest	-	118
	1,453,361	1,150,243
Surplus (deficit)	(208,430)	(5,849)

Kawacatoose First Nation
Community Infrastructure
Schedule of Segment Revenues and Expenses and Surplus (Deficit)
For the year ended March 31, 2014

	2014 <i>Actual</i>	2013 <i>Actual</i>
Revenues		
Aboriginal Affairs and Northern Development Canada	888,695	758,485
Other	26,573	5,451
	915,268	763,936
Expenses		
Salaries and benefits	301,560	268,509
Contracted services	290,482	88,422
Supplies	170,433	120,577
Utilities	90,853	172,579
Repairs and maintenance	71,990	178,866
Travel	41,957	34,095
Telephone	9,783	13,649
Rent	9,000	-
Training	2,465	443
Insurance	1,347	12,239
Student	1,126	2,855
Miscellaneous	416	597
Administration	-	50,165
Bank charges and interest	-	4,810
	991,412	947,806
Surplus (deficit) before transfers	(76,144)	(183,870)
Transfers between programs		
Band development	80,000	-
Surplus (deficit)	3,856	(183,870)

Kawacatoose First Nation
Education

Schedule of Segment Revenues and Expenses and Surplus (Deficit)
For the year ended March 31, 2014

	2014 <i>Actual</i>	2013 <i>Actual</i>
Revenues		
Aboriginal Affairs and Northern Development Canada	2,017,394	2,029,497
Touchwood Agency Tribal Council	175,922	188,880
Other	10,268	(290)
	2,203,584	2,218,087
Expenses		
Salaries and benefits	1,718,477	1,429,669
Travel	146,919	160,118
Supplies	87,863	121,675
Utilities	47,741	4,721
Office	41,898	37,230
Repairs and maintenance	40,773	6,931
Training	20,265	20,040
Insurance	16,841	6,248
Telephone	9,915	2,426
Contracted services	9,006	4,546
Honorarium	9,000	6,955
Transportation	6,395	13,075
Miscellaneous	6,001	5,446
Senior and youth programs	5,458	-
Program expense	4,935	781
Student expenses	2,477	9,663
Cultural development	1,573	5,491
Professional fees	1,149	598
Member assistance	250	-
Bank charges and interest	27	2,880
Administration	-	146,286
Community donations	-	3,890
Rent	-	250
	2,176,963	1,988,919
Surplus before transfers	26,621	229,168
Transfers between programs		
Operating	55,245	90,545
Surplus	81,866	319,713

Kawacatoose First Nation
Lands and Membership
Schedule of Segment Revenues and Expenses and Surplus (Deficit)
For the year ended March 31, 2014

	2014 <i>Actual</i>	2013 <i>Actual</i>
Revenues		
Aboriginal Affairs and Northern Development Canada	253,572	349,233
Contribution from Kawacatoose TLE	1,301,928	667,965
Other	50,889	(300)
	1,606,389	1,016,898
Expenses		
Land designation	740,002	-
Contribution to Kawacatoose TLE	572,797	198,170
Travel	117,158	110,010
Salaries and benefits	79,703	89,291
Repairs and maintenance	46,367	238
Contracted services	34,501	87,500
Miscellaneous	21,843	17,987
Training	13,937	15
Supplies	11,652	784
Honorarium	10,800	4,543
Rent	3,500	226
Professional fees	1,637	500
Cultural development	1,515	-
Telephone	800	-
Meeting	-	82,113
Program expense	30,065	12,972
Administration	-	1,630
Office	-	1,056
Bad debts (recovery)	(91,208)	(153,199)
	1,595,069	453,836
Surplus before transfers	11,320	563,062
Transfers between programs		
Operating	(91,208)	(153,199)
Land contributed by Kawacatoose TLE Trust	-	1,616,414
Band development	(658,746)	(358,586)
	(749,954)	1,104,629
Surplus (deficit)	(738,634)	1,667,691

Kawacatoose First Nation
Post Secondary
Schedule of Segment Revenues and Expenses and Surplus (Deficit)
For the year ended March 31, 2014

	2014 <i>Actual</i>	2013 <i>Actual</i>
Revenues		
Aboriginal Affairs and Northern Development Canada	1,080,859	1,080,859
Other	6,999	(1,149)
	1,087,858	1,079,710
Expenses		
Student expenses	823,819	784,306
Salaries and benefits	69,978	102,771
Travel	39,936	43,138
Miscellaneous	14,261	14,420
Supplies	13,471	16,875
Repairs and maintenance	12,466	133
Training	7,961	900
Telephone	5,282	7,145
Contracted services	1,320	-
Insurance	238	173
Administration	156	81,065
Bank charges and interest	-	305
	988,888	1,051,231
Surplus	98,970	28,479

Kawacatoose First Nation
Social Delivery
Schedule of Segment Revenues and Expenses and Surplus (Deficit)
For the year ended March 31, 2014

	2014 <i>Actual</i>	2013 <i>Actual</i>
Revenues		
Aboriginal Affairs and Northern Development Canada	1,669,995	1,808,174
Other	-	(210)
	1,669,995	1,807,964
Expenses		
Social assistance	1,029,560	1,213,889
Child benefits	233,141	347,590
Salaries and benefits	125,571	103,151
Travel	24,484	17,072
Supplies	12,095	1,166
Miscellaneous	7,819	6,795
Bank charges and interest	3,184	2,312
Contracted services	2,675	9,700
Utilities	2,251	-
Telephone	1,669	491
Training	1,030	1,808
Insurance	760	-
Repairs and maintenance	385	722
Office	144	1,285
Administration	-	7,939
Funerals	-	4,090
Honorarium	-	312
	1,444,768	1,718,322
Surplus (deficit) before transfers	225,227	89,642
Transfers between programs		
Operating	(223,237)	(90,545)
Surplus (deficit)	1,990	(903)