

AANDC PR SASK 2014 AUG 15

FLYING DUST FIRST NATION

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

for the year ended March 31, 2014

FLYING DUST FIRST NATION

INDEX TO THE FINANCIAL STATEMENT

PAGE

1	MANAGEMENT'S LETTER OF RESPONSIBILITY
2	INDEPENDENT AUDITOR'S REPORT
4	STATEMENT OF FINANCIAL POSITION
5	STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
6	STATEMENT OF OPERATIONS
8	STATEMENT OF SURPLUS / EQUITY BALANCES
11	STATEMENT OF CASH FLOWS
12	STATEMENT OF REVENUE AND EXPENSES BY ACTIVITY
15	NOTES TO THE FINANCIAL STATEMENT
27	SCHEDULE OF REVENUE AND EXPENSES BY ACTIVITY

Management's Responsibility for the Financial Statements

To the Members of Flying Dust First Nation:

The accompanying financial statements of Flying Dust First Nation are the responsibility of management and have been approved by the Council.

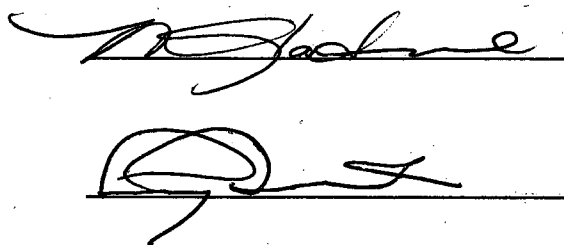
These financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board. Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Chief and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the financial statements.

The Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the financial statements and the external auditor's report.

The external auditors, Lorne Horning CA PC Inc., conduct an audit in accordance with Canadian general auditing standards, and express their opinion on the financial statements. The external auditors have access to financial management of Flying Dust First Nation and meet when required.

On behalf of Flying Dust First Nation:



The block contains two handwritten signatures, each written over a horizontal line. The top signature is a cursive name, possibly 'M. G. ...'. The bottom signature is also cursive and appears to be 'D. ...'.

2911A CLEVELAND AVENUE
SASKATOON, SASK
S7K 8A9
Phone (306) 931-2131
Fax (306) 931-2323

INDEPENDENT AUDITOR'S REPORT

To the Members of the **Flying Dust First Nation**:

I have audited the accompanying consolidated financial statements of **Flying Dust First Nation** which is comprised of the consolidated statement of financial position as of March 31, 2014 and the consolidated statements of operations, changes in net financial assets, surplus and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility of the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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.

The audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the First Nation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation'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.

2911A CLEVELAND AVENUE
SASKATOON, SASK
S7K 8A9
Phone (306) 931-2131
Fax (306) 931-2323

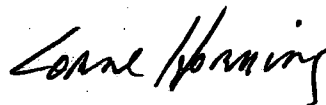
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material aspects, the financial position of **Flying Dust First Nation** as at March 31, 2014, and the results of its operation and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

The supplementary information contained in the accompanying schedules is presented for purposes of additional information to the membership and Aboriginal Affairs and Northern Development Canada and does not form part of the consolidated financial statements. The schedules have not been audited other than in the course of my audit of the financial statements to the extent necessary to allow me to render an opinion thereon.

Saskatoon, Saskatchewan
July 28, 2014

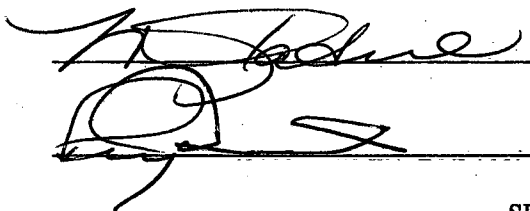


Chartered Accountant.

FLYING DUST FIRST NATION**STATEMENT OF FINANCIAL POSITION**
as at March 31, 2014

	<u>2014</u>	<u>2013</u>
<u>FINANCIAL ASSETS</u>		
Bank	\$ 525,956	\$ -
Restricted deposits	435,516	432,060
Term deposits	115,213	15,083
Accounts receivable (Note 2)	1,017,570	840,702
Advances receivable (Note 3)	489,557	132,923
Trust funds (Note 4)	1,123,105	6,847
Investments (Note 5)	2,034,184	1,952,042
Limited partnership interests (Note 6)	4,789,660	4,658,561
	<u>10,530,761</u>	<u>8,038,218</u>
<u>FINANCIAL LIABILITIES</u>		
Bank indebtedness	-	810,556
Accounts payable (Note 7)	2,848,328	1,328,365
Unexpended revenue (Note 8)	135,496	4,254
Funded reserves (Note 9)	435,516	432,060
Bank loan (Note 10)	162,021	-
Term debt (Note 11 & 12)	6,059,494	6,308,037
	<u>9,640,855</u>	<u>8,883,272</u>
NET FINANCIAL ASSETS	889,906	(845,054)
<u>NON-FINANCIAL ASSETS</u>		
Tangible capital assets (Note 13)	16,774,888	17,081,771
Prepaid expense	<u>-</u>	<u>15,500</u>
SURPLUS	\$ 17,664,794	\$ 16,252,217

APPROVED BY COUNCIL:


SEE ACCOMPANYING NOTES SUBJECT TO
INDEPENDENT AUDITOR'S REPORT DATED JULY 28, 2014

FLYING DUST FIRST NATION**STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
for the year ended March 31, 2014**

	<u>2014</u>	<u>2013</u>
SURPLUS (DEFICIT) FOR THE YEAR	\$ 1,709,642	\$ 63,702
Receipt of capital transfer	119,335	-
Sale of capital assets	249,054	-
Purchase of capital assets	(662,299)	(11,899)
Amortization of capital assets	303,728	300,669
Prepaid expenses	<u>15,500</u>	<u>(15,500)</u>
 INCREASE (DECREASE) IN NET FINANCIAL ASSETS	 1,734,960	 336,972
 BALANCE, beginning of the year	 (845,054)	 (1,182,026)
 BALANCE, end of the year	 \$ 889,906	 \$ (845,054)

FLYING DUST FIRST NATION**STATEMENT OF OPERATIONS
for the year ended March 31, 2014**

	<u>2014</u> <u>Budget</u>	<u>2014</u>	<u>2013</u>
REVENUE:			
Grants and Contributions:			
- Aboriginal Affairs	\$ 5,746,316	\$ 5,746,316	\$ 5,486,031
- Meadow Lake Tribal Council	1,442,855	1,442,855	1,436,670
- Saskatchewan Lotteries	4,845	4,845	4,168
- Canada Mortgage & Housing	-	27,011	11,030
- Government of Saskatchewan	21,000	21,000	12,268
- Solicitor General	-	-	5,850
- Health Canada	24,000	25,259	39,507
- Northern Lights Community Development	119,966	119,966	93,896
- First Nations Trust	480,000	481,213	449,440
- Western Diversification	-	-	54,000
Rentals	179,621	198,721	224,123
Fundraising	90,000	131,279	151,096
Contracting and service fees	71,000	85,508	86,930
Management fees (Note 16)	150,000	195,000	25,000
Interest	-	596	816
Revenue trust leases and interest (Note 4)	100,000	1,616,258	32,303
Railway settlement	100,000	100,000	-
Earnings distributions (Note 5)	100,000	109,178	50,000

FLYING DUST FIRST NATION**STATEMENT OF OPERATIONS
for the year ended March 31, 2014**

	<u>2014</u> <u>Budget</u>	<u>2014</u>	<u>2013</u>
REVENUE: (Continued)			
Administration fees	\$ 102,227	\$ 102,227	\$ 91,741
Expense recoveries	234,622	308,318	255,970
Sales tax rebates	1,800,000	1,841,753	1,967,181
Patronage dividend (Note 5)	3,000	3,212	3,020
Community development revenue	47,500	55,823	49,798
Housing rentals and subsidy	<u>221,082</u>	<u>221,082</u>	<u>255,914</u>
	11,038,034	12,837,420	10,786,752
Unexpended revenue - prior year	4,254	4,254	3,000
- current year	<u>-</u>	<u>(135,494)</u>	<u>(4,254)</u>
	11,042,288	12,706,180	10,785,498
EXPENSES	<u>10,734,508</u>	<u>11,309,779</u>	<u>11,007,342</u>
SURPLUS (DEFICIT) BEFORE THE UNDERNOTED	307,780	1,396,401	(221,844)
Change in investment equity (Note 5)	-	82,142	(143,171)
Limited partnership earnings (loss) (Note 6)	<u>100,000</u>	<u>231,099</u>	<u>428,717</u>
SURPLUS (DEFICIT) FOR THE YEAR	\$ <u>407,780</u>	\$ <u>1,709,642</u>	\$ <u>63,702</u>

FLYING DUST FIRST NATION**STATEMENT OF SURPLUS / EQUITY BALANCES**
for the year ended March 31, 2014

	<u>2014</u>	<u>2013</u>
<u>SURPLUS, APPROPRIATED FOR INVESTMENTS</u>		
BALANCE, beginning of the year	\$ 1,952,042	\$ 2,095,213
625706 Saskatchewan Ltd.		
- earnings (loss) for the year	(8,421)	(8,339)
FDB Farms Inc.		
- earnings (loss) for the year	(74,645)	(11,580)
609045 Saskatchewan Ltd.		
- earnings (loss) for the year	(23,198)	(177,655)
FDB Broadcasting Inc.		
- earnings (loss) for the year	(14,438)	4,075
FDB Holding Corporation		
- earning (loss) for the year	208,671	151,731
- amortization of contributed surplus	(4,028)	(4,027)
- dividend distributed	(109,178)	(50,000)
North Central Rail Inc.		
- share redemption	-	(768)
- loss on redemption	-	(232)
Meadow Lake Co-op		
- equity change	(80)	192
Flying Energy Inc.		
- earnings (loss) for the year	87,953	(46,568)
FDB Fuels Inc.		
- share capital	100	-
- earnings (loss) for the year	<u>19,406</u>	<u>-</u>
BALANCE, end of the year	<u>\$ 2,034,184</u>	<u>\$ 1,952,042</u>

FLYING DUST FIRST NATION**STATEMENT OF SURPLUS / EQUITY BALANCES
for the year ended March 31, 2014**

	<u>2014</u>	<u>2013</u>
<u>SURPLUS, APPROPRIATED FOR HOUSING RENTALS</u>		
BALANCE, beginning of the year	\$ 22,110	\$ 10,859
Adjustments by funding agency	<u>3,914</u> 26,024	<u>-</u> 10,859
SURPLUS (DEFICIT) FOR THE YEAR	(37)	11,251
TRANSFER TO UNAPPROPRIATED SURPLUS	(<u>25,987</u>)	<u>-</u>
BALANCE, end of the year	\$ <u>-</u>	\$ <u>22,110</u>

SURPLUS, DEFERRED CAPITAL TRANSFERS

BALANCE, beginning of the year	\$ 8,957,956	\$ 9,374,902
Plus: receipt of capital transfers	119,335	-
Less: amortization recorded	(<u>420,314</u>)	(<u>416,946</u>)
BALANCE, end of the year	\$ <u>8,656,977</u>	\$ <u>8,957,956</u>

FLYING DUST FIRST NATION**STATEMENT OF SURPLUS / EQUITY BALANCES
for the year ended March 31, 2014**

	<u>2014</u>	<u>2013</u>
<u>SURPLUS, UNAPPROPRIATED</u>		
BALANCE, beginning of the year	\$ 5,320,109	\$ 5,124,487
 SURPLUS (DEFICIT) FOR THE YEAR	 <u>1,709,642</u> 7,029,751	 <u>63,702</u> 5,188,189
 TRANSFER FROM APPROPRIATED SURPLUS	 25,987	 -
 ALLOCATION OF SURPLUS IN INVESTMENTS & TRUST		
- Investment equity	(82,142)	143,171
- Appropriated surplus	<u>37</u>	<u>(11,251)</u>
 BALANCE, end of the year	 \$ <u>6,973,633</u>	 \$ <u>5,320,109</u>

FLYING DUST FIRST NATION**STATEMENT OF CASH FLOWS
for the year ended March 31, 2014**

	<u>2014</u>	<u>2013</u>
OPERATIONS:		
Surplus (Deficit) for the year	\$ 1,709,642	\$ 63,702
Plus: amortization	<u>303,728</u>	<u>300,669</u>
	2,013,370	364,371
Changes in non-cash Working Capital items:		
Accounts receivable	(176,868)	(454,475)
Prepaid expenses	15,500	(15,500)
Accounts payable	1,519,963	51,027
Unexpended revenue	<u>131,242</u>	<u>1,254</u>
	<u>3,503,207</u>	<u>(53,323)</u>
INVESTING ACTIVITIES:		
Change in investment equity	(1,329,499)	(272,436)
Purchase of capital assets	(662,299)	(11,899)
Advances receivable	(356,634)	14,587
Sale of capital assets	<u>249,054</u>	<u>-</u>
	<u>(2,099,378)</u>	<u>(269,748)</u>
FINANCING ACTIVITIES:		
Receipt of capital transfers	119,335	-
Proceeds of term debt	179,751	5,260,000
Bank loan - proceeds	162,021	-
Repayment of term debt	<u>(428,294)</u>	<u>(5,158,333)</u>
	<u>32,813</u>	<u>101,667</u>
INCREASE (DECREASE) IN CASH RESOURCES	1,436,642	(221,404)
CASH RESOURCES, beginning of the year	<u>(795,473)</u>	<u>(574,069)</u>
CASH RESOURCES, end of the year	\$ 641,169	\$ (795,473)
CASH RESOURCED ARE REPRESENTED BY:		
Bank balances	\$ 525,956	\$ (810,556)
Restricted deposits	435,516	432,060
Term deposits	115,213	15,083
Funded reserves	<u>(435,516)</u>	<u>(432,060)</u>
	\$ 641,169	\$ (795,473)

SEE ACCOMPANYING NOTES SUBJECT TO
INDEPENDENT AUDITOR'S REPORT DATED JULY 28, 2014

FLYING DUST FIRST NATION

STATEMENT OF REVENUE AND EXPENSES BY ACTIVITY **for the year ended March 31, 2014**

	<u>Sch</u>	<u>Revenue</u>	<u>Expenses</u>	<u>Unexpended Revenue</u>	<u>Surplus (Deficit)</u>
LANDS:					
Land Management	1	\$ 88,527	\$ 71,317	\$ -	\$ 17,210
Land Operating	2	200,818	213,159	-	(12,341)
Site Assessment	3	68,407	68,407	-	-
		<u>357,752</u>	<u>352,883</u>	<u>-</u>	<u>4,869</u>
RESERVES:					
Registry	3	<u>8,641</u>	<u>8,063</u>	<u>-</u>	<u>578</u>
EDUCATION:					
Instruction	4	665,730	566,287	-	99,443
Ancillary Services	5	99,588	35,771	-	63,817
Tuition	5	1,218,073	1,180,583	-	37,490
Transportation	6	198,916	135,539	-	63,377
Post Secondary	7	429,923	397,669	-	32,254
Support	8	113,840	104,428	-	9,412
Behaviour Modification	9	120,851	120,851	-	-
Tuition Develop	10	32,873	37,620	-	(4,747)
First Nations Student Support	10	185,243	174,811	-	10,432
		<u>3,065,037</u>	<u>2,753,559</u>	<u>-</u>	<u>311,478</u>
SOCIAL SERVICES:					
Assistance	10	927,222	889,578	-	37,644
Institutional Care	10	19,200	-	(19,200)	-
National Child	11	168,548	174,782	-	(6,234)
Home Care	12	125,517	135,333	-	(9,816)
Early Childhood	13	18,504	3,420	(15,084)	-
		<u>1,258,991</u>	<u>1,203,113</u>	<u>(34,284)</u>	<u>21,594</u>

FLYING DUST FIRST NATION**STATEMENT OF REVENUE AND EXPENSES BY ACTIVITY
for the year ended March 31, 2014**

	<u>Sch</u>	<u>Revenue</u>	<u>Expenses</u>	<u>Unexpended Revenue</u>	<u>Surplus (Deficit)</u>
INFRASTRUCTURE:					
Water	14	\$ 25,043	\$ 25,043	\$ -	\$ -
Roads	14	4,248	4,248	-	-
Electrification	14	4,572	4,572	-	-
Infrastructure	15	370,466	510,534	-	(140,068)
Community Building	16	101,825	131,625	-	(29,800)
Municipal	17	92,094	136,899	-	(44,805)
School Maintenance	17	<u>107,702</u>	<u>113,361</u>	<u>-</u>	<u>(5,659)</u>
		<u>705,950</u>	<u>926,282</u>	<u>-</u>	<u>(220,332)</u>
BAND SUPPORT:					
Administration	18	845,640	774,756	-	70,884
Service Delivery	19	73,924	80,159	-	(6,235)
Band Employee Benefits	19	<u>146,810</u>	<u>147,506</u>	<u>-</u>	<u>(696)</u>
		<u>1,066,374</u>	<u>1,002,421</u>	<u>-</u>	<u>63,953</u>
CAPITAL:					
Subdivision	21	-	45	-	(45)
Walking Path	21	<u>-</u>	<u>45</u>	<u>-</u>	<u>(45)</u>
		<u>-</u>	<u>90</u>	<u>-</u>	<u>(90)</u>
HEALTH:					
Management	22	113,017	123,013	-	(9,996)
Programming	23	60,006	60,772	-	(766)
Addictions	24	67,307	65,973	-	1,334
Medical Transport	24	25,259	28,496	-	(3,237)
Maternal Child	25	34,496	35,824	-	(1,328)
Community Health	26	36,182	36,182	-	-
Nursing	27	144,193	139,476	-	4,717
Wellness	28	81,171	78,997	-	2,174
Child and Family	29	168,429	167,240	-	1,189
Daycare	30	132,713	135,263	-	(2,550)
Facility	30	43,039	43,039	-	-
Headstart	31	<u>77,807</u>	<u>76,022</u>	<u>-</u>	<u>1,785</u>
		<u>983,619</u>	<u>990,297</u>	<u>-</u>	<u>(6,678)</u>

FLYING DUST FIRST NATION**STATEMENT OF REVENUE AND EXPENSES BY ACTIVITY
for the year ended March 31, 2014**

	<u>Sch</u>	<u>Revenue</u>	<u>Expenses</u>	<u>Unexpended Revenue</u>	<u>Surplus (Deficit)</u>
ECONOMIC:					
Development	32	\$ 78,732	\$ 145,735	\$ -	\$ (67,003)
Summer Student	33	26,569	26,569	-	-
CEOP - Development	34	<u>160,000</u>	<u>63,044</u>	(96,956)	-
		<u>265,301</u>	<u>235,348</u>	(96,956)	(67,003)
OTHER PROGRAMS:					
Justice	35	38,430	43,206	-	(4,776)
Self Government	35	15,300	15,300	-	-
Police	36	21,000	18,470	-	2,530
Fire Suppression	37	129,342	144,618	-	(15,276)
Project Management	38	-	800	-	(800)
Alternative Measures	39	46,754	48,326	-	(1,572)
Office rentals	40	36,634	36,593	-	41
Pow Wow	40	9,330	9,330	-	-
Elders	41	94,157	94,157	-	-
Garden	42	-	-	-	-
Funeral	42	23,645	23,645	-	-
Revenue Trust	43	1,116,258	-	-	1,116,258
Energy	43	118,750	120,076	-	(1,326)
Recreation	44	106,933	103,765	-	3,168
Sales Tax	46	1,555,095	1,553,081	-	1,294
Arena	47	<u>625,528</u>	<u>543,714</u>	-	81,814
		<u>3,937,156</u>	<u>2,755,801</u>	-	<u>1,181,355</u>
UNAPPROPRIATED PROGRAMS:					
Community Develop	48	55,922	16,414	-	39,508
Community Housing	49	221,082	221,119	-	(37)
Housing Corp	50	<u>911,595</u>	<u>844,389</u>	-	67,206
		<u>1,188,599</u>	<u>1,081,922</u>	-	<u>106,677</u>
		<u>\$ 12,837,420</u>	<u>\$ 11,309,779</u>	<u>\$ (131,240)</u>	<u>\$ 1,396,401</u>

SEE ACCOMPANYING NOTES SUBJECT TO
INDEPENDENT AUDITOR'S REPORT DATED JULY 28, 2014

FLYING DUST FIRST NATION**NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2014****1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES:**

These summary financial statements have been prepared in accordance with generally accepted accounting principles for local government entities, as defined in the CICA Public Sector Accounting and Auditing Handbook and in accordance with generally accepted accounting principles, which encompasses the following principles:

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

Common Government Reporting Model

Flying Dust First Nation has adopted the common government reporting model, as defined by the CICA Public Sector Accounting Handbook and required for First Nation government bodies for fiscal years beginning on or after January 1, 2009. The changes have been applied retroactively.

Government Funding for Capital Assets

Funding received for the purchase of or construction of capital assets is accumulated as an equity account, Deferred Capital Transfers and is amortized at the same rate as the applicable capital assets are amortized.

FLYING DUST FIRST NATION**NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2014****1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES: (Continued)****Reporting Entity and Principles of Financial Reporting**

The Flying Dust First Nation reporting entity includes the Flying Dust First Nation government and all related entities, which are accountable to the First Nation and are either owned or controlled by the First Nation.

These financial statements consolidate the assets, liabilities and results of operations for the following entities, which use accounting principles, which lend themselves to consolidation:

Flying Dust First Nation – Operations
Flying Dust First Nation – CMHC Housing Fund
Flying Dust First Nation – Community Development Fund
Flying Dust Housing Corporation

All inter-entity balances have been eliminated on consolidation, but in order to present the results of operations for each specific fund, transactions amongst funds have not necessarily been eliminated on the individual schedules.

Investments

Incorporated business entities, which are owned or controlled by the Flying Dust First Nation council and which are not dependent on the First Nation for their continuing operations, are included in the financial statements using the modified equity method. These include:

FDB Broadcasting Ltd.
FDB Farms Inc.
625706 Saskatchewan Ltd.
609045 Saskatchewan Ltd.
FDB Holding Corporation
Flying Energy Inc.

Long-term investments in non-controlled entities are recorded at the lower of cost or net realizable value.

FLYING DUST FIRST NATION**NOTES TO THE FINANCIAL STATEMENTS**
for the year ended March 31, 2014**1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES: (Continued)****Capital Assets**

Property, equipment and infrastructure expenditures incurred are valued at acquisition cost, and are amortized annually over their expected useful life at the following rates using the straight line method:

Buildings and Houses	5%
Roads and Infrastructure	4%
Office Equipment and Furniture	20%
Vehicles	25%
Trailers	10%
Machinery	20%
Equipment	25%
Buses	20%

No amortization is recorded in the year of acquisition.

2. ACCOUNTS RECEIVABLE:

Aboriginal Affairs	\$	42,217
Meadow Lake Tribal Council		90,523
Northern Lights Development		36,250
Housing rental subsidy		10,547
Sales tax refund		14,788
Flying Energy Inc.		170,000
625706 Saskatchewan Ltd.		55,650
TLE Revenue Trust		152,109
Housing mortgage advances		278,211
Trade creditors		<u>167,275</u>
	\$	<u>1,017,570</u>

FLYING DUST FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2014

3. ADVANCES RECEIVABLE/PAYABLE:

The First Nation has made the following advances, which are unsecured, non-interest bearing and not subject to a fixed repayment schedule.

	<u>2014</u>	<u>2013</u>
Receivable:		
FDB Fuels Inc.	\$ 200,000	\$ -
609245 Saskatchewan Ltd. (Flying Dust Gravel)	54,499	52,099
FDB Farms Inc.	58,975	50,027
TLE Revenue Fund	62,009	22,803
Flying Dust Energy Inc.	<u>118,130</u>	<u>105,130</u>
	<u>493,613</u>	<u>230,059</u>
Payable:		
FDB Holdings Corp.	-	93,180
FD Youth & Disabled Foundation	<u>4,056</u>	<u>4,056</u>
	<u>4,056</u>	<u>97,236</u>
	\$ 489,557	\$ 132,823

4. TRUST FUNDS:

The following funds are held in trust for the First Nation by the Aboriginal Affairs and Northern Development.

	<u>Capital</u>	<u>Revenue</u>	<u>Total</u>
Balance, March 31, 2013	\$ 1,428	\$ 5,419	\$ 6,847
Plus: Land leases and interest	<u>1,533,211</u>	<u>83,047</u>	<u>1,616,258</u>
	1,534,639	88,466	1,623,105
Less: Payments to the First Nation	<u>(500,000)</u>	<u>-</u>	<u>(500,000)</u>
Balance, March 31, 2014	\$ 1,034,639	\$ 88,466	\$ 1,123,105

FLYING DUST FIRST NATION**NOTES TO THE FINANCIAL STATEMENTS**
for the year ended March 31, 2014**5. INVESTMENTS:**

The First Nation holds the following investments:

	<u>2014</u>	<u>2013</u>
Meadow Lake Co-op	\$ 3,232	\$ 3,312
FDB Farms Inc.		
- Contribution capital	449,068	449,068
- Retained earnings (deficit)	(529,365)	(454,720)
FDB Holding Corporation		
- 10 Class A Shares	10	10
- Contributed surplus	84,563	88,591
- Contributed capital	1,632,896	1,632,896
- Retained earnings	462,346	362,853
609045 Saskatchewan Ltd.		
- 100 Class A common shares	100	100
- Contributed capital	387,022	387,022
- Deficit	(486,669)	(463,471)
FDB Broadcasting Inc.		
- Contributed capital	100,000	100,000
- Deficit	(104,133)	(89,695)
625706 Saskatchewan Ltd.		
- 100 Class A common shares	100	100
- Retained earnings	15,371	23,792
Flying Energy Inc.		
- 1000 Class A shares	10	10
- Retained earnings	(816)	(88,769)
First Nations Bank		
- 537 Class A common shares	940	940
FDB Fuels Inc.		
- 100 Class A common shares	100	-
- retained earnings	19,406	-

FLYING DUST FIRST NATION**NOTES TO THE FINANCIAL STATEMENTS**
for the year ended March 31, 2014**5. INVESTMENTS:**

	<u>2014</u>	<u>2013</u>
MLDC Management Co. Ltd.		
- 1 Class A common share (11%)	\$ 1	\$ 1
MLDC Investment Co. Ltd.		
- 1 Class A common share (11%)	1	1
MLTC Resource Development Inc.		
- 1 Class A common share	<u>1</u>	<u>1</u>
	\$ 2,034,184	\$ 1,952,042
	<u> </u>	<u> </u>

During the fiscal year the First Nation received the following earnings distributions:

FDB Holding Corp	\$ 109,178	\$ 50,000
Meadow Lake Co-operative	<u>3,212</u>	<u>3,020</u>
	\$ 112,390	\$ 53,020
	<u> </u>	<u> </u>

6. LIMITED PARTNERSHIP:

The First Nation has an 11.1% interest in a limited partnership, MLTC Resource Development Limited Partnership. The First Nation's capital trust account consists of:

	<u>2014</u>	<u>2013</u>
Balance, beginning of the year	\$ 4,658,561	\$ 4,229,844
Plus : share of earnings	231,099	428,717
Less : distribution received	(100,000)	<u>-</u>
Balance, end of the year	\$ 4,789,660	\$ 4,658,561
	<u> </u>	<u> </u>

FLYING DUST FIRST NATION**NOTES TO THE FINANCIAL STATEMENTS**
for the year ended March 31, 2014**7. ACCOUNTS PAYABLE:**

Housing reserve obligation	\$	124,198
Housing fund accruals		1,547
Payroll remittances		10,666
School division tuition billings		2,096,911
Trade creditors		<u>615,006</u>
	\$	<u>2,848,328</u>

8. UNEXPENDED REVENUE:

The First Nation has the following unexpended (overexpended) revenue:

	<u>Sch</u>	<u>2014</u>	<u>2013</u>
Institutional Care	11	\$ 19,200	\$ -
Early Childhood	13	19,338	4,254
CEOP - Development	34	<u>96,956</u>	<u>-</u>
		\$ 135,494	\$ 4,254

9. FUNDED RESERVES:

Under the terms of an agreement with Canada Mortgage and Housing Corporation, the First Nation is required to fund both an asset replacement reserve and an operating surplus reserve. Use of the funded reserves is subject to the terms of the agreement. As for the fiscal year end the reserve obligation is:

Total obligation	\$	559,714
Funded amount on deposit		<u>435,516</u>
Outstanding obligation (see Note 7)	\$	<u>124,198</u>

FLYING DUST FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2014

10. BANK LOAN:

The housing corporation has short term bank financing from the Bank of Montreal to fund the home ownership program receivables. The receivable is collected from mortgage proceeds paid to individuals for their personal mortgages.

11. TERM DEBT:

The First Nation has the following term debt:

	<u>2014</u>	<u>2013</u>
1) Canadian Imperial Bank of Commerce:	\$ -	\$ 2,808
2) First Nations Bank: for the purchase of a grader and truck, repayable in monthly instalments of \$2,017 including interest at prime plus 1.5%.	13,947	35,231
3) First Nations Bank: for the construction of a new arena, repayable quarterly at \$60,625 plus interest at 5.15% payable monthly.	4,425,625	4,668,125
4) CNH Capital: a finance contract, repayable at the rate of \$2,639 semi-annually including interest at 8.99%.	6,867	-
5) Bank of Commerce: loan repayable at the rate of \$3,333 per month plus interest at prime plus 1.5%.	100,000	-
	<u>4,546,439</u>	<u>4,706,164</u>
Less current portion	<u>301,213</u>	<u>269,517</u>
	<u>\$ 4,245,226</u>	<u>\$ 4,436,647</u>

FLYING DUST FIRST NATION**NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2014****11. TERM DEBT: (Continued)**

The amount of debt repayable in subsequent periods is estimated at:

March 31, 2015	\$	301,213
2016		284,600
2017		262,500
2018		242,500
2019		242,500
Subsequent years		<u>3,213,125</u>
	\$	<u>4,546,438</u>

12. RENTAL MORTGAGES:

The Fund has the following housing mortgages outstanding:

	<u>2014</u>	<u>2013</u>
1) <u>Phase I</u> Mortgage	\$ -	\$ 77,452
2) <u>Phase II</u> Mortgage	-	21,251
3) <u>Phase III</u> Mortgage with payments of \$900 per month including interest at the rate of 2.11%	47,989	57,521
4) <u>Phase IV</u> Mortgage with payments of \$407 per month including interest at the rate of 1.92%.	23,621	28,019
5) <u>Phase V</u> Mortgage with payments of \$4,437 per month including interest at the rate of 2.02%.	224,854	258,706
6) <u>Phase VI</u> CMHC mortgage repayable at the rate of \$4,781 per month including interest at 1.53%.	711,235	757,379

FLYING DUST FIRST NATIONNOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2014

12. RENTAL MORTGAGES: (Continued)

	<u>2014</u>	<u>2013</u>
7) <u>Phase VII</u>	\$ 129,751	\$ -
CMHC Mortgage advances		
8) <u>Equity</u>	375,605	401,545
Loan from First Nations Bank repayable at \$4,134 per month including interest at prime plus 1.25%.		
	<u>1,513,055</u>	<u>1,601,873</u>
Less current portion	<u>122,400</u>	<u>135,008</u>
	<u>\$ 1,390,655</u>	<u>\$ 1,466,865</u>

The amount of debt repayable in subsequent years is estimated at:

	<u>Phase 1 - 7</u>	<u>Equity</u>	<u>Total</u>
Year ended 2015	\$ 95,400	27,000	\$ 122,400
2016	100,200	27,000	127,200
2017	105,300	27,000	132,300
2018	111,000	27,000	138,000
2019	118,000	27,000	145,000
Subsequent years	<u>607,500</u>	<u>240,605</u>	<u>848,105</u>
	<u>\$ 1,137,400</u>	<u>\$ 375,605</u>	<u>\$ 1,513,005</u>

FLYING DUST FIRST NATION**NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2014****13. CAPITAL ASSETS:**

The major categories of the Flying Dust Band capital assets are:

	<u>2014</u>	<u>2013</u>
<u>Cost</u>		
Rental housing	\$ 2,538,986	\$ 2,799,198
Buildings	11,606,106	11,486,771
Houses	10,468,280	10,228,306
Roads	627,052	627,052
Infrastructure	5,145,550	5,145,550
Office equipment and furniture	546,723	539,431
Vehicles and trailers	291,171	291,171
Machinery and equipment	810,165	797,570
Buses	<u>339,416</u>	<u>239,800</u>
	<u>32,373,449</u>	<u>32,154,849</u>
<u>Accumulated Amortization</u>		
Rental housing	\$ 522,015	\$ 608,173
Buildings	2,460,098	2,220,352
Houses	8,456,963	8,330,438
Roads	627,052	621,202
Infrastructure	1,855,351	1,773,506
Office equipment and furniture	529,207	495,636
Vehicles and trailers	274,664	263,830
Machinery and equipment	666,796	575,521
Bus	<u>206,415</u>	<u>184,420</u>
	<u>15,598,561</u>	<u>15,073,078</u>
Net Book Value	<u>\$ 16,774,888</u>	<u>\$ 17,081,771</u>

FLYING DUST FIRST NATION

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2014**

14. CONTINGENT LIABILITIES:

The First Nation is contingently liable for the following bank loans:

<u>Borrower</u>	<u>2014</u>	<u>2013</u>
625706 Saskatchewan Ltd.	\$ 3,622,828	\$ 3,916,642
FDB Holding Corporation	<u>4,609,814</u>	<u>4,918,850</u>
	\$ 8,232,642	\$ 8,835,492

The loans were in a current position at March 31, 2014 and are secured by capital assets.

15. FINANCIAL INSTRUMENTS:

The First Nation, as part of its operations, carries a number of financial instruments which include term deposit, accounts/advances receivable, trust funds, investments, bank indebtedness, accounts/advances payable, unexpended revenue, and term debt. The carrying amounts of the First Nation's financial instruments approximates their market value due to their relatively short-term maturity or capacity for prompt liquidation. It is the management's opinion that the First Nation is not exposed to significant liquidity, interest rate, or credit risk arising from these financial instruments.

16. MANAGEMENT FEES:

The First Nation has received management fees from the following sources:

	<u>2014</u>	<u>2013</u>
Flying Energy Inc. (Note 5)	\$ 170,000	\$ -
625706 Saskatchewan Ltd (Note 5)	<u>25,000</u>	<u>25,000</u>
	\$ 195,000	\$ 25,000

17. COMPARATIVE FIGURES:

Comparative figures for 2012/2013 have been restated to match current reporting practices.