

## **Management's Responsibility for the Financial Statements**

To the Members of Makwa Sahgaiehcane First Nation:

The accompanying financial statements of Makwa Sahgaiehcane 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 Makwa Sahgaiehcane First Nation and meet when required.

On behalf of Makwa Sahgaiehcane First Nation:

Two handwritten signatures are present, each written over a horizontal line. The top signature is a large, stylized cursive script. The bottom signature is also in cursive but appears more compact and is written below the first signature.

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**INDEPENDENT AUDITOR'S REPORT**

To the Chief and Council and Members  
**MAKWA SAHGAIEHCAN FIRST NATION**

I have audited the accompanying financial statements of Makwa Sahgaiechan First Nation which comprise of the statement of financial position as of March 31, 2014 and the statements of operations, changes in net financial assets, change in surplus balances 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 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 non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

*Independent 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 financial statements are free from material misstatement.

The audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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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 Makwa Sahgaiehcan 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 15, 2014

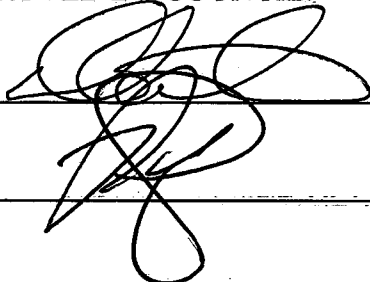


Chartered Accountant.

**MAKWA SAHGAIEHCAN FIRST NATION****STATEMENT OF FINANCIAL POSITION  
as at March 31, 2014**

	<u>2014</u>	<u>2013</u>
<b><u>FINANCIAL ASSETS</u></b>		
Bank – restricted use (Note 6 & 8)	\$ 1,254,935	\$ 1,132,043
Accounts receivable (Note 2)	312,830	233,666
Member advances	32,708	30,249
Trust funds (Note 3)	143,607	128,665
Investments (Note 4)	286,880	221,329
Store enterprise (Note 5)	512,338	428,826
Limited partnership interests (Note 6)	<u>4,789,660</u>	<u>4,658,561</u>
	<u>7,332,958</u>	<u>6,833,339</u>
<b><u>FINANCIAL LIABILITIES</u></b>		
Bank indebtedness	170,196	37,284
Accounts payable (Note 7)	576,489	735,063
Unexpended revenue (Note 8)	517,854	375,608
Funded reserves (Note 9)	700,244	683,687
Term debt (Note 10 & 11)	<u>6,258,339</u>	<u>5,333,673</u>
	<u>8,223,122</u>	<u>7,165,315</u>
<b>NET FINANCIAL ASSETS</b>	( 890,164)	( 331,976)
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 12)	<u>17,216,247</u>	<u>17,008,777</u>
<b>SURPLUS</b>	<u>\$ 16,326,083</u>	<u>\$ 16,676,801</u>

APPROVED BY COUNCIL:



SEE ACCOMPANYING NOTES SUBJECT TO  
INDEPENDENT AUDITOR'S REPORT DATED JULY 15, 2014

**MAKWA SAHGAIEHCAN 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	\$ 291,759	\$ 347,240
Loss on disposal	26,500	-
Receipt of deferred capital	33,229	-
Proceeds of sale of tangible capital assets	50,000	-
Purchase of tangible capital assets	( 1,144,054)	( 1,167,223)
Amortization of tangible capital assets	184,391	132,604
Prior period adjustment	( 13)	( 5,445)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	( 558,188)	( 692,824)
BALANCE, beginning of the year	( 331,976)	360,848
BALANCE, end of the year	\$ ( 890,164)	\$ ( 331,976)

SEE ACCOMPANYING NOTES SUBJECT TO  
INDEPENDENT AUDITOR'S REPORT DATED JULY 15, 2014

# MAKWA SAHGAIEHCAN FIRST NATION

## STATEMENT OF OPERATIONS for the year ended March 31, 2014

	Budget 2014	2014	2013
REVENUE:			
Grants and Contributions:			
- AANDC - Flexible transfer	\$ 1,000,000	\$ 1,000,000	\$ 150,490
- Block Contribution	8,380,471	8,380,471	8,428,827
- Fixed and Set Contributions	750,362	833,969	1,243,301
- Revenue Trust (Note 3)	15,000	14,492	20,420
- Health Canada	35,000	66,424	47,640
- Meadow Lake Tribal Council	1,836,614	1,862,207	1,787,456
- Government of Saskatchewan	21,000	21,000	46,279
- Solicitor General	4,690	4,690	14,196
- Canada Mortgage and Housing	100,000	143,842	138,190
- Northern Lights Community Development	191,520	191,520	63,592
First Nations Trust - Gaming	500,000	549,391	531,907
Sales tax refunds	-	23,502	13,751
Saskatchewan Lotteries	9,709	9,709	-
Expense recoveries and other income	171,713	286,328	243,781
Tuition service fees	-	-	57,000
Capital and earnings distributions	100,000	95,941	132,777
Interest	-	39	5
Store sales	3,600,000	3,692,798	3,461,108
Housing rental and subsidy	476,064	476,064	391,142
	<u>17,192,143</u>	<u>17,652,387</u>	<u>16,771,862</u>
Unexpended revenue - prior year	375,608	375,608	201,779
- current year	-	( 517,854)	( 375,608)
	<u>17,567,751</u>	<u>17,510,141</u>	<u>16,598,033</u>
EXPENSES	<u>17,192,610</u>	<u>17,515,033</u>	<u>16,675,518</u>
SURPLUS (DEFICIT) BEFORE THE UNDERNOTED	375,141	( 4,892)	( 77,485)
Limited partnership earnings (loss)	100,000	231,099	428,717
Equity change in investments	<u>50,000</u>	<u>65,552</u>	<u>( 3,992)</u>
SURPLUS (DEFICIT) FOR THE YEAR	<u>\$ 525,141</u>	<u>\$ 291,759</u>	<u>\$ 347,240</u>

SEE ACCOMPANYING NOTES SUBJECT TO  
INDEPENDENT AUDITOR'S REPORT DATED JULY 15, 2014

**MAKWA SAHGAIEHCAN FIRST NATION**

**STATEMENT OF CHANGES IN SURPLUS BALANCES**  
**for the year ended March 31, 2014**

	<u>2014</u>	<u>2013</u>
<b><u>DEFERRED CAPITAL TRANSFERS</u></b>		
BALANCE, beginning of the year	\$ 11,608,208	\$ 12,255,240
PLUS: Capital transfers received	33,229	-
LESS: Amortization recorded	( 675,693)	( 647,032)
BALANCE, end of the year	\$ 10,965,744	\$ 11,608,208
	<u>                    </u>	<u>                    </u>
<b><u>EQUITY IN INVESTMENTS</u></b>		
BALANCE, beginning of the year	\$ 221,328	\$ 225,320
Makwa Lake Development Company		
- Earnings (loss) for the year	161,420	128,710
- Capital redemption	( 63,376)	( 132,777)
- Earnings distribution	( 32,551)	-
Meadow Lake Corporation		
- Allocation of equity	<u>59</u>	<u>75</u>
BALANCE, end of the year	\$ 286,880	\$ 221,328
	<u>                    </u>	<u>                    </u>

**MAKWA SAHGAIEHCAN FIRST NATION**

**STATEMENT OF CHANGES IN SURPLUS BALANCES**  
**for the year ended March 31, 2014**

	<u>2014</u>	<u>2013</u>
<b><u>SURPLUS, APPROPRIATED FOR HOUSING AUTHORITY</u></b>		
BALANCE, beginning of the year	\$ 3,445	\$ 8,890
PLUS adjustment by funding agency	( 13) 3,432	( 5,445) 3,445
SURPLUS (DEFICIT) FOR THE YEAR	<u>-</u>	<u>-</u>
BALANCE, end of the year	\$ 3,432	\$ 3,445
	<u><u>          </u></u>	<u><u>          </u></u>
 <b><u>SURPLUS, UNAPPROPRIATED</u></b>		
BALANCE, beginning of the year	\$ 4,843,820	\$ 4,492,588
SURPLUS (DEFICIT) FOR THE YEAR	<u>291,759</u> 5,135,579	<u>347,240</u> 4,839,828
ALLOCATION OF CURRENT SURPLUS (DEFICIT):		
- Investments	( 65,552)	<u>3,992</u>
BALANCE, end of the year	\$ 5,070,027	\$ 4,843,820
	<u><u>          </u></u>	<u><u>          </u></u>



# MAKWA SAHGAIEHCAN 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	\$ 291,759	\$ 347,240
Amortization	184,391	132,604
Loss on disposal	26,500	-
Prior period adjustment	( 13)	-
	<u>502,637</u>	<u>479,844</u>
Changes in non-cash Working Capital items:		
Accounts receivable	( 79,164)	158,875
Member advances	( 2,459)	15,637
Accounts payable	( 158,572)	( 10,659)
Unexpended revenue	<u>142,246</u>	<u>173,829</u>
	<u>404,686</u>	<u>817,526</u>
INVESTING ACTIVITIES:		
Investment changes	( 395,104)	( 231,315)
Receipt of distributions	100,000	-
Sale of capital assets	50,000	-
Purchase of capital assets	( 1,144,054)	( 1,167,223)
	<u>( 1,389,158)</u>	<u>( 1,398,538)</u>
FINANCING ACTIVITIES:		
Receipt of deferred contributed	33,229	-
Proceeds of term debt	1,979,597	1,832,649
Repayment of term debt	( 1,054,931)	( 977,743)
	<u>957,895</u>	<u>854,906</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	( 26,577)	273,894
CASH AND CASH EQUIVALENTS, beginning of the year	<u>411,072</u>	<u>137,178</u>
CASH AND CASH EQUIVALENTS, end of the year	<u>\$ 384,495</u>	<u>\$ 411,072</u>
CASH AND CASH EQUIVALENTS ARE REPRESENTED BY:		
Restricted deposits	\$ 1,254,935	\$ 448,356
Bank (indebtedness)	( 170,196)	( 37,284)
Funded reserves	( 700,244)	( 683,687)
	<u>\$ 384,495</u>	<u>\$ 411,072</u>

SEE ACCOMPANYING NOTES SUBJECT TO  
INDEPENDENT AUDITOR'S REPORT DATED JULY 15, 2014

# MAKWA SAHGAIEHCAN FIRST NATION

## SUMMARY 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>
<b>RESERVES &amp; TRUSTS:</b>					
Land Management	1	\$ 61,611	\$ 73,922	\$	\$ ( 12,311)
Registry	1	<u>11,007</u>	<u>11,474</u>	<u>          </u>	<u>( 467)</u>
		<u>72,618</u>	<u>85,396</u>	<u>          </u>	<u>( 12,778)</u>
<b>EDUCATION:</b>					
General	2	2,895,993	3,181,462		( 285,469)
Post Secondary	3	589,680	446,040		143,640
Band Operated	3	<u>438,631</u>	<u>438,631</u>	<u>          </u>	<u>-</u>
		<u>3,924,304</u>	<u>4,066,133</u>	<u>-</u>	<u>( 141,829)</u>
<b>SOCIAL SERVICES:</b>					
Assistance	4	2,365,911	2,116,525	-	249,386
Adult Care	4	227,082	172,392	( 54,690)	-
Home Care	5	192,060	197,650	-	( 5,590)
National Child	6	378,894	378,957	-	( 63)
Early Child	6	<u>40,590</u>	<u>43,151</u>	<u>-</u>	<u>( 2,561)</u>
		<u>3,204,537</u>	<u>2,908,675</u>	<u>( 54,690)</u>	<u>241,172</u>
<b>INFRASTRUCTURE:</b>					
Services	7	<u>941,450</u>	<u>931,965</u>	<u>-</u>	<u>9,485</u>
<b>BAND SUPPORT:</b>					
Administration	8	1,017,371	1,185,243	-	( 167,872)
Service Delivery	9	<u>64,071</u>	<u>64,071</u>	<u>-</u>	<u>-</u>
		<u>1,081,442</u>	<u>1,249,314</u>	<u>          </u>	<u>( 167,872)</u>

**MAKWA SAHGAIEHCAN FIRST NATION**

**SUMMARY 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>
<b>CAPITAL:</b>					
Renovations	10	\$ 734,212	\$ 755,551	\$ -	\$ ( 21,339)
Health Clinic	11	7	203	196	-
Water	11	<u>1,000,032</u>	<u>893,502</u>	<u>( 106,530)</u>	<u>-</u>
		<u>1,734,251</u>	<u>1,649,256</u>	<u>( 106,334)</u>	<u>( 21,339)</u>
 <b>HEALTH:</b>					
Clinic	12	32,117	47,019	-	( 14,902)
Management Support	13	158,467	157,206	-	1,261
Nursing	14	247,255	212,361	-	34,894
Addictions	15	99,374	72,538	-	26,836
Active Measures	15	79,142	79,142	-	-
Community Health	16	45,383	49,630	-	( 4,247)
Medical Travel	16	31,424	33,875	-	( 2,451)
Community Wellness	17	81,173	84,238	-	( 3,065)
Pre Natal	17	17,161	15,042	-	2,119
Community Based	18	58,766	56,517	-	2,249
Prevention	19	48,225	48,561	-	( 336)
Daycare	20	109,380	109,380	-	-
Child & Family	21	200,534	180,380	-	( 20,162)
Water Safety	21	14,891	15,189	-	( 298)
Loon Liaison	22	36,924	36,924	-	-
Headstart	23	71,307	90,228	18,778	( 143)
Maternal Child	24	34,496	34,497	-	( 1)
Program Activity	24	<u>15,933</u>	<u>15,933</u>	<u>-</u>	<u>-</u>
		<u>1,381,952</u>	<u>1,338,652</u>	<u>18,778</u>	<u>62,078</u>

SEE ACCOMPANYING NOTES SUBJECT TO  
 INDEPENDENT AUDITOR'S REPORT DATED JULY 15, 2014

**MAKWA SAHGAIEHCAN FIRST NATION**

**SUMMARY 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>
<b>BAND PROGRAMS:</b>					
Student Success	25	\$ 358,057	\$ 358,057	\$ -	\$ -
Economic	26	67,419	62,352	-	5,067
Fire Suppression	26	56,167	62,817	-	( 6,650)
Justice	27	40,771	51,061	-	( 10,290)
Self Government	27	15,300	15,681	-	( 381)
Skills Link	28	31,500	36,138	-	( 4,638)
Summer Student	28	19,866	21,086	-	( 1,220)
Capacity	29	10,000	10,000	-	-
Land and Resource	29	22,000	23,053	-	( 1,053)
FSIN Gaming	30	35,357	35,357	-	-
Recreation	31	211,941	211,941	-	-
First Nation Funds	32	154,068	220,709	-	( 66,641)
Police Management Board	33	25,690	25,755	-	( 65)
RCMP Houses	33	26,000	18,644	-	7,356
Community Literary	34	23,883	23,883	-	-
Land Rentals	35	10,000	3,748	-	6,252
Northern Lights	36	20,000	20,000	-	-
Ottawa Trust	36	14,942	-	-	14,942
		<u>1,142,961</u>	<u>1,200,282</u>	<u>-</u>	<u>( 57,321)</u>
<b>OTHER PROGRAMS:</b>					
CMHC Housing	37	476,064	476,064	-	-
Store Enterprise	38	3,692,798	3,609,286	-	83,512
		<u>4,168,862</u>	<u>4,085,350</u>	<u>-</u>	<u>83,512</u>
		\$ 17,652,377	\$ 17,515,023	\$ ( 142,246)	\$ ( 4,892)
		<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

**MAKWA SAHGAIEHCAN FIRST NATION****NOTES TO THE FINANCIAL STATEMENTS  
for the year ended March 31, 2014****1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES:****Basis of Accounting**

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board.

**Common Government Reporting Model**

Makwa Sahgaiehcan 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.

**Investments**

Incorporated business entities, which are owned or controlled by the Makwa Sahgaiehcan First Nation for their continuing operations, are included in the financial statements using the modified equity method. These include:

Makwa Lake Development Co.

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

**Cash and cash equivalents**

Cash and cash equivalents include cash on hand, balances with banks, and term deposits having a maturity of three months or less at acquisition which are held for the purposes of meeting short term cash commitments.

# MAKWA SAHGAIEHCAN FIRST NATION

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

### 1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES: (Continued)

#### Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes amounts that are directly related for the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Amortization is provided for on a straight-line basis over the estimated lives as follows:

Roads	25
Buildings	50
Housing	40
Equipment	20
Vehicles and machinery	4
Infrastructure	20 to 80

Tangible capital assets are written down when conditions indicate that they no longer contribute to Makwa Sahgaiehcan First Nation's ability to provide goods and service, or when the value or future economic benefits associated with the tangible capital assets are less than their net book value. The net write downs are accounted for as expenses in the consolidated financial statements.

Contributed tangible capital assets are recorded into revenues at their fair values on the date of donation, except in the circumstances where fair value cannot be reasonably determined, in which case, they are recognized at nominal value.

Assets under construction are not amortized until the asset is available to be put into service.

#### Leased assets

Leased assets that transfer substantially all the benefits and risks of ownership are recorded as the acquisition of a tangible capital asset and the incurrence of an obligation. The asset is amortized in a manner consistent with tangible capital assets owned by the First Nation, and the obligation, including interest thereon, is repaid over the term of the lease. All other leases are accounted for as operating leases, and the rental costs are expensed as incurred.

# MAKWA SAHGAIEHCAN FIRST NATION

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

### 1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES: (Continued)

#### Pension Plan

Makwa Sahgaiehcan First Nation provides a defined contribution pension plan for its employees. The pension costs are charged to operations as contributions are due. Contributions are a defined amount whereby the employer matches that paid by the employee.

#### Revenue Recognition

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under the funding arrangements, which relates to a subsequent fiscal period is reflected as unexpended revenue in the year of receipt.

#### Comparative Figures

Prior year's comparative amounts have been reclassified where necessary to conform to the current year's presentation.

### 2. ACCOUNTS RECEIVABLE:

The First Nation's accounts receivable includes:

	<u>2014</u>	<u>2013</u>
Aboriginal Affairs and Northern Dev.	\$ 36,025	\$ 6,767
MLTC Program Services Inc.	127,873	102,651
MLTC Child and Family Services Inc.	-	17,491
MLTC Health and Social Development	9,953	48,518
Health Canada	30,000	8,992
Northern Lights Development	37,753	23,124
CMHC – RRAP	24,804	-
National Aboriginal	9,043	-
Sales tax refund	11,839	7,865
Other expense recoveries	1,649	2,500
Housing Subsidy	<u>23,891</u>	<u>15,759</u>
	<u>\$ 312,830</u>	<u>\$ 233,666</u>

**MAKWA SAHGAIEHCAN FIRST NATION**

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

**2. ACCOUNTS RECEIVABLE: (Continued)**

The First Nation has billed for tuition recoveries to MLTC Child & Family Services Inc. for students that were placed on the First Nation in foster homes. The First Nation was billed for the tuition costs by the local school division (see Note 7) because they were resident on the First Nation's reserve. MLTC Child & Family Services Inc. has not acknowledged the liability and the billing of \$218,694 has not been recorded as revenue in the 2013/2014 fiscal year.

**3. TRUST FUNDS:**

The First Nation has the following trust funds held by AANDC:

	<u>Capital</u>	<u>Revenue</u>	<u>Total</u>
Balance, March 31, 2013	\$ 59,789	\$ 68,875	\$ 128,664
Plus: Income recorded	<u>-</u>	<u>14,943</u>	<u>14,943</u>
	59,789	83,818	143,607
Less: Disbursements	<u>-</u>	<u>-</u>	<u>-</u>
Balance, March 31, 2014	\$ 59,789	\$ 83,818	\$ 143,607

The trust funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.



**MAKWA SAHGAIEHCAN FIRST NATION**

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

**4. INVESTMENTS:**

The First Nation holds the following investments:

	<u>2014</u>	<u>2013</u>
Makwa Lake Development Co. (Note 11)		
- Contributed capital	\$ 5	\$ 63,381
- Retained Earnings	<u>279,823</u>	<u>150,954</u>
	279,828	214,335
MLTC Resource Development Inc.		
- 1 Class A common share (11% ownership)	1	1
MLDC Management Co. Ltd.		
- 1 Class A common share (11% ownership)	1	1
MLDC Investment Co. Ltd.		
- 1 Class A common share (11% ownership)	1	1
First Nations Bank		
- 537 common shares	940	940
Meadow Lake Co-operative Ltd.		
- current equity	<u>6,109</u>	<u>6,051</u>
	<u>\$ 286,880</u>	<u>\$ 221,329</u>

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

	<u>2014</u>	<u>2013</u>
Makwa Lake Development Corp.		
- Earnings distribution	\$ 32,551	\$ -
Meadow Lake Co-Op		
	<u>77</u>	<u>-</u>
	<u>\$ 32,628</u>	<u>\$ -</u>

The First Nation entered into shareholder agreements with eight other First Nations to explore business opportunities with Meadow Lake Tribal Council (MLTC).

**MAKWA SAHGAIEHCAN FIRST NATION**

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

**5. STORE ENTERPRISE:**

The First Nation operates a store, which has net assets of:

	<u>2014</u>	<u>2013</u>
Bank	\$ 136,515	\$ 98,013
Accounts receivable	183,993	138,260
Inventory	107,967	88,173
Prepaid expenses	3,041	2,963
Fixed	114,522	132,679
Accounts payable	<u>( 33,700)</u>	<u>( 31,262)</u>
	<u>\$ 512,338</u>	<u>\$ 428,826</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 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	<u>( 100,000)</u>	<u>-</u>
Balance, end of the year	<u>\$ 4,789,660</u>	<u>\$ 4,658,561</u>

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

Accounts payable includes:

	<u>2014</u>	<u>2013</u>
Employee deduction liabilities	\$ -	\$ 51,022
Supplier accounts	164,662	526,475
Tuition billings	331,662	109,323
Accrued mortgage interest	7,226	4,907
Housing reserve liabilities (Note 9)	<u>72,979</u>	<u>43,336</u>
	<u>\$ 576,489</u>	<u>\$ 735,063</u>

**8. UNEXPENDED REVENUE:**

The First Nation has the following programs, which had funding that was unexpended (overexpended):

	<u>Sch</u>	<u>2014</u>	<u>2013</u>
Adult Care	4	\$ 7,108	\$ ( 47,582)
Capital Clinic	11	17,652	17,848
Capital Water Treatment	11	493,094	386,564
Headstart	23	<u>-</u>	<u>18,778</u>
		<u>\$ 517,854</u>	<u>\$ 375,608</u>

Capital project accounts have separate bank accounts with funds on deposits only available for the respective capital projects.

**MAKWA SAHGAIEHCAN FIRST NATION****NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended March 31, 2014****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 of the fiscal year end the reserve obligation is:

Total obligation	\$	773,223
Funded amount on deposit		<u>700,244</u>
Outstanding obligation (see Note 7)	\$	<u>72,979</u>

**10. TERM DEBT:**

The First Nation has the following loans/finance contracts:

	<u>2014</u>	<u>2013</u>
1) Finance contract with Case New Holand repayable at \$1,788 per month including interest at 7.046%.	\$ 71,909	\$ -
2) Finance contract	-	24,844
3) Bank loan with First Nations Bank repayable at \$55,000 every three months plus interest at 4.25%.	1,050,000	825,000
4) Bank loan with First Nations Bank repayable at \$5,000 per month including interest at 5.05%.	240,673	258,838
5) Bank loan with First Nations Bank repayable at \$5,000 per month including interest at 4.95%.	351,087	358,536

**MAKWA SAHGAIEHCAN FIRST NATION****NOTES TO THE FINANCIAL STATEMENTS  
for the year ended March 31, 2014****10. TERM DEBT: (Continued)**

	<u>2014</u>	<u>2013</u>
6) Finance contract with Ford Credit repayable at \$1,242 per month including interest at 5.69%.	\$ 29,961	\$ 39,750
	<u>\$ 1,743,631</u>	<u>\$ 1,506,968</u>

Assuming renewal on comparable terms, principal payments required on long term debt for the next five years and thereafter are as follows:

2015	\$ 274,595
2016	276,232
2017	276,223
2018	266,620
2019	250,700
Subsequent years	<u>400,261</u>
	<u>\$ 1,743,631</u>

**MAKWA SAHGAIEHCAN FIRST NATION****NOTES TO THE FINANCIAL STATEMENTS  
for the year ended March 31, 2014****11. MORTGAGES:**

The Fund has the following mortgages outstanding:

	<u>2014</u>	<u>2013</u>
1) CMHC, repayable at \$1,084 per month including interest at 2.61%, secured by a loan guarantee from AANDC. The mortgage term expires on September 1, 2014.	\$ 118,568	\$ 128,356
2) CMHC, repayable at \$1,915 per month including interest at 2.69%, secured by a loan guarantee from AANDC. The mortgage term expires on August 1, 2015.	206,526	222,188
3) CMHC, repayable at \$1,610 per month including interest at 1.62%, secured by a loan guarantee from AANDC. The mortgage term expires on March 1, 2018.	239,394	254,715
4) CMHC, repayable at \$2,501 per month including interest at 2.84%, secured by a loan guarantee from AANDC. The mortgage term expires on April 1, 2015.	263,258	283,383
5) CMHC, repayable at \$5,057 per month including interest at 1.71%, secured by a loan guarantee from AANDC. The mortgage term expires on September 1, 2017.	958,490	1,002,428
6) CMHC, repayable at \$1,982 per month including interest at 2.04%, secured by a loan guarantee from AANDC. The mortgage term expires on March 1, 2019.	304,410	321,662
7) CMHC, repayable at \$2,287 per month including interest at 2.69%, secured by a loan guarantee from AANDC. The mortgage term expires on August 1, 2015.	446,552	461,831

**MAKWA SAHGAIEHCAN FIRST NATION****NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended March 31, 2014****11. MORTGAGES: (Continued)**

	<u>2014</u>	<u>2013</u>
8) Canada Mortgage and Housing Corp., repayable at \$5,096 per month including interest at 1.67%. The mortgage term expires on June 1, 2018.	\$ 1,219,166	\$ 1,045,804
9) Canada Mortgage and Housing Corp., repayable at \$2,996 per month including interest at 2.18%. The mortgage term expires on January 1, 2019.	432,206	106,338
10) Canada Mortgage and Housing Corp., mortgage advances towards a total mortgage of \$820,000.	326,139	-
	<u>4,514,709</u>	<u>3,826,705</u>
Less current portion	<u>181,000</u>	<u>129,000</u>
	<u>\$ 4,333,709</u>	<u>\$ 3,697,705</u>

The principal payments on the mortgages during subsequent years is estimated at:

Year ended 2015	\$ 181,000
2016	189,000
2017	198,000
2018	208,000
2019	219,000
Subsequent years	<u>3,519,709</u>
	<u>\$ 4,514,709</u>

**MAKWA SAHGAIEHCAN FIRST NATION****NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended March 31, 2014****12. CAPITAL ASSETS:**

The First Nation's capital assets include:

	<u>2014</u>	<u>2013</u>
<u>Cost</u>		
Land	\$ 11,186	\$ 11,186
Infrastructure	2,732,368	2,732,368
Roads	472,639	472,639
Buildings	11,615,298	11,615,298
Houses	11,420,156	11,420,156
Vehicles	266,837	223,188
Equipment	1,277,661	1,230,291
Rental homes	<u>6,293,022</u>	<u>5,341,987</u>
	<u>34,089,167</u>	<u>33,047,113</u>

Accumulated Amortization

Land	\$ -	\$ -
Infrastructure	1,509,681	1,455,723
Roads	478,742	464,205
Buildings	3,749,750	3,365,659
Houses	8,956,409	8,761,704
Vehicles	183,048	169,668
Equipment	1,112,317	1,105,581
Rental homes	<u>882,973</u>	<u>715,796</u>
	<u>16,872,920</u>	<u>16,038,336</u>

Net Book Value	\$ 17,216,247	\$ 17,008,777
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MAKWA SAHGAIEHCAN FIRST NATIONNOTES TO THE FINANCIAL STATEMENTS  
for the year ended March 31, 2014

## 13. SUMMARIZED FINANCIAL INFORMATION FOR MAKWA LAKE DEVELOPMENT CO.:

Summarized financial information as at December 31, 2013 as follows:

	<u>ASSETS</u>	
	<u>2013</u>	<u>2012</u>
BANK	\$ 64,042	\$ 2,502
ACCOUNTS RECEIVABLE	52,618	102,570
FIXED	<u>166,349</u>	<u>119,068</u>
	\$ 283,009	\$ 224,140
	<u><u>          </u></u>	<u><u>          </u></u>

LIABILITIES/SHAREHOLDERS' EQUITY

ACCOUNTS PAYABLE	\$ 3,181	\$ 9,805
CONTRIBUTED CAPITAL	5	63,381
RETAINED EARNINGS	<u>279,823</u>	<u>150,954</u>
	\$ 283,009	\$ 224,140
	<u><u>          </u></u>	<u><u>          </u></u>

**MAKWA SAHGAIEHCAN FIRST NATION**

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

**13. SUMMARIZED FINANCIAL INFORMATION FOR MAKWA LAKE DEVELOPMENT CO.: (Continued)**

Summarized financial information as at December 31, 2013 as follows:

**STATEMENT OF OPERATIONS**

	<u>2013</u>	<u>2012</u>
<b>REVENUE:</b>		
Rentals	\$ 11,933	\$ 6,750
Land leases	275,117	249,951
Contributions	<u>33,000</u>	<u>-</u>
	<u>320,000</u>	<u>256,701</u>
<b>EXPENSES:</b>		
Operating costs	145,471	65,896
Depreciation	3,919	46,795
Bad debts	<u>9,240</u>	<u>15,300</u>
	<u>158,630</u>	<u>127,991</u>
<b>NET EARNINGS (LOSS) FOR THE YEAR</b>	<b>\$ 161,420</b>	<b>\$ 128,710</b>

**14. SEGMENTED INFORMATION:**

The Makwa Sahgaiehcan First Nation is a diversified government institution that provides a wide range of services to its members, including education, infrastructure maintenance, medical and other health services, administration, capital, enterprises, and other services. For management reporting purposes, the Dene Nation's operations and activities are organized and reported by Fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

**Social and family services**

This department is responsible for administering programs focussing on improving the lives of

## **MAKWA SAHGAIEHCAN FIRST NATION**

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

#### **14. SEGMENTED INFORMATION: (Continued)**

members and families of the First Nation, including: better living, education and funeral policies; promoting awareness of cultural ties by gathering together youth and elders; youth employment projects; and distribution of trust settlement proceeds to members.

##### **Education**

The education department provides services to elementary and secondary students primarily by entering into service contracts with provincially funded area school boards, as well as native language study. In addition, the department reimburses tuition costs and provides living and other allowances to students who are attending post-secondary institutions.

##### **Operations and maintenance**

The infrastructure department provides public services that contribute to community development and sustainability through the provision of operating services such as water and sanitation, fire protection, electrical and community buildings.

##### **Medical and other health services**

The community wellness department provides a diverse bundle of services directed towards the well-being of members including such activities as medical transportation, pre-natal and early childhood care, nursing, health representation, traditional healing, family violence prevention, and many other smaller programs designed to enhance the health of members.

##### **Administration**

The administration department oversees the delivery of all governmental services. The department is responsible for ensuring that there are adequate policies and procedures in place to safeguard assets and to properly report financial activities. In addition, this department includes the governance activities of Chief and Council.

##### **Housing and community development**

This department oversees construction and renovation of housing in the community and as well, operates the CMHC project and other band-owned homes. In addition, this department undertakes planning activities to ensure the long-term improvement of the community.

##### **Enterprises and economic development**

Band operated enterprises are activities conducted by the First Nation with the objective of promoting economic self-sufficiency. These activities could include income generated from renting out band-owned equipment, lease income, and other projects from time to time. This department also oversees economic development programs within the community.

**MAKWA SAHGAIEHCAN FIRST NATION****NOTES TO THE FINANCIAL STATEMENTS  
for the year ended March 31, 2014****14. SEGMENTED INFORMATION: (Continued)****Other services**

The First Nation provides a wide array of other services, including volunteer fire department, library, and land purchases, as well as administering Rama funding.

For each reported segment, revenues and expenses include amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

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

**15. ABORIGINAL AFFAIRS AND NORTHERN CANADA DEVELOPMENT FUNDING:**

The First Nation has entered into funding arrangements with Aboriginal Affairs and Northern Development Canada. The funds are used by the First Nation to administer its operations and provide service to its members in accordance with the terms of the funding arrangement.

**16. FINANCIAL INSTRUMENTS:**

For bank, accounts receivable, advances, trust funds, investments, enterprise and partnership interest, accounts payable, unexpended revenue, funded reserves, and term debt, the carrying amounts of these financial instruments approximate their fair value due to their short-term maturity or capacity for prompt liquidation.

The company does not believe it is subject to any significant concentration of credit risk. Bank, trust funds, and investments are in place with major financial institutions.

**17. COMPARATIVE NUMBERS:**

Prior year's comparative numbers have been reclassified to conform to the current year's presentation.