

Management's Responsibility for the Financial Statements

To the Members of Makwa Sahgaiehcan First Nation:

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

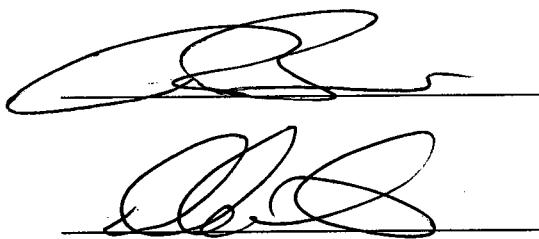
These financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board. Management is responsible for such internal control as management determines is necessary to enable 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 Sahgaiehcan First Nation and meet when required.

On behalf of Makwa Sahgaiehcan First Nation:



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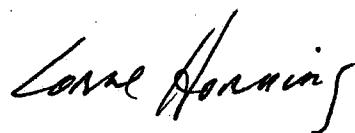
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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



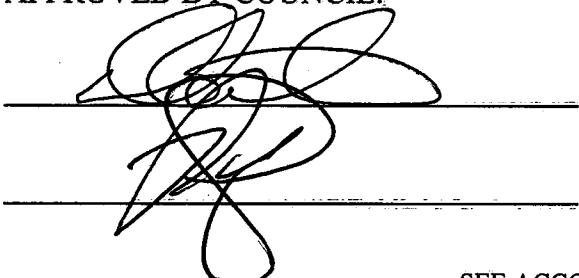
Chartered Accountant.

MAKWA SAHGAIEHCAN FIRST NATION

STATEMENT OF FINANCIAL POSITION
as at March 31, 2014

| | <u>2014</u> | <u>2013</u> |
|--|----------------------|----------------------|
| FINANCIAL ASSETS | | |
| 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> |
| FINANCIAL LIABILITIES | | |
| 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> |
| NET FINANCIAL ASSETS | (890,164) | (331,976) |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets (Note 12) | <u>17,216,247</u> | <u>17,008,777</u> |
| SURPLUS | <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) |

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 | <u>-</u> | <u>(517,854)</u> | <u>(375,608)</u> | |
| | <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 | \$ 525,141 | \$ 291,759 | \$ 347,240 | |

MAKWA SAHGAIEHCAN FIRST NATION

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

| | <u>2014</u> | <u>2013</u> |
|--|---------------|---------------|
| <u>DEFERRED CAPITAL TRANSFERS</u> | | |
| 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>EQUITY IN INVESTMENTS</u> | | |
| 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 | 59 | 75 |
| BALANCE, end of the year | \$ 286,880 | \$ 221,328 |

MAKWA SAHGAIEHCAN FIRST NATION

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

| | <u>2014</u> | <u>2013</u> |
|---|--------------|--------------|
| <u>SURPLUS, APPROPRIATED FOR HOUSING AUTHORITY</u> | | |
| BALANCE, beginning of the year | \$ 3,445 | \$ 8,890 |
| PLUS adjustment by funding agency | (13) | (5,445) |
| | 3,432 | 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>SURPLUS, UNAPPROPRIATED</u> | | |
| BALANCE, beginning of the year | \$ 4,843,820 | \$ 4,492,588 |
| SURPLUS (DEFICIT) FOR THE YEAR | 291,759 | 347,240 |
| | 5,135,579 | 4,839,828 |
| ALLOCATION OF CURRENT SURPLUS (DEFICIT): | | |
| - Investments | (65,552) | 3,992 |
| BALANCE, end of the year | \$ 5,070,027 | \$ 4,843,820 |
| | <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 | \$ 384,495 | \$ 411,072 |
| CASH AND CASH EQUIVALENTS ARE REPRESENTED BY: | | |
| Restricted deposits | \$ 1,254,935 | \$ 448,356 |
| Bank (indebtedness) | (170,196) | (37,284) |
| Funded reserves | <u>(700,244)</u> | <u>(683,687)</u> |
| | \$ 384,495 | \$ 411,072 |

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> |
|-------------------------------|------------|------------------|------------------|---------------------------|--------------------------|
| RESERVES & TRUSTS: | | | | | |
| Land Management | 1 | \$ 61,611 | \$ 73,922 | \$ | \$ (12,311) |
| Registry | 1 | <u>11,007</u> | <u>11,474</u> | | <u>(467)</u> |
| | | <u>72,618</u> | <u>85,396</u> | | <u>(12,778)</u> |
| EDUCATION: | | | | | |
| 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>3,924,304</u> | <u>4,066,133</u> | | <u>(141,829)</u> |
| SOCIAL SERVICES: | | | | | |
| 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>(2,561)</u> |
| | | <u>3,204,537</u> | <u>2,908,675</u> | <u>(54,690)</u> | <u>241,172</u> |
| INFRASTRUCTURE: | | | | | |
| Services | 7 | <u>941,450</u> | <u>931,965</u> | | <u>9,485</u> |
| BAND SUPPORT: | | | | | |
| Administration | 8 | 1,017,371 | 1,185,243 | - | (167,872) |
| Service Delivery | 9 | <u>64,071</u> | <u>64,071</u> | | <u>-</u> |
| | | <u>1,081,442</u> | <u>1,249,314</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> |
|--------------------|------------|------------------|------------------|---------------------------|--------------------------|
| CAPITAL: | | | | | |
| 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>1,734,251</u> | <u>1,649,256</u> | (<u>106,334</u>) | (<u>21,339</u>) |
| HEALTH: | | | | | |
| 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>1,381,952</u> | <u>1,338,652</u> | <u>18,778</u> | <u>62,078</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> |
|-------------------------|------------|-----------------------------|-----------------------------|-----------------------------|---------------------------|
| BAND PROGRAMS: | | | | | |
| 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 Capacity | 28 | 19,866 | 21,086 | - | (1,220) |
| Land and Resource | 29 | 10,000 | 10,000 | - | - |
| FSIN Gaming | 29 | 22,000 | 23,053 | - | (1,053) |
| Recreation | 30 | 35,357 | 35,357 | - | - |
| First Nation Funds | 31 | 211,941 | 211,941 | - | - |
| Police Management Board | 32 | 154,068 | 220,709 | - | (66,641) |
| RCMP Houses | 33 | 25,690 | 25,755 | - | (65) |
| Community Literary | 33 | 26,000 | 18,644 | - | 7,356 |
| Land Rentals | 34 | 23,883 | 23,883 | - | - |
| Northern Lights | 35 | 10,000 | 3,748 | - | 6,252 |
| Ottawa Trust | 36 | 20,000 | 20,000 | - | - |
| | | <u>14,942</u> | <u>-</u> | <u>-</u> | <u>14,942</u> |
| | | <u>1,142,961</u> | <u>1,200,282</u> | <u>-</u> | <u>(57,321)</u> |
| OTHER PROGRAMS: | | | | | |
| CMHC Housing | 37 | 476,064 | 476,064 | - | - |
| Store Enterprise | 38 | <u>3,692,798</u> | <u>3,609,286</u> | <u>-</u> | <u>83,512</u> |
| | | <u>4,168,862</u> | <u>4,085,350</u> | <u>-</u> | <u>83,512</u> |
| | | <u><u>\$ 17,652,377</u></u> | <u><u>\$ 17,515,023</u></u> | <u><u>\$ (142,246)</u></u> | <u><u>\$ (4,892)</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> |
| | <hr/> | <hr/> |
| | \$ 312,830 | \$ 233,666 |
| | <hr/> | <hr/> |

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 | - | 14,943 | 14,943 |
| | 59,789 | 83,818 | 143,607 |
| Less: Disbursements | - | - | - |
| 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> |
| | <u>279,828</u> | <u>214,335</u> |
| 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> |
| | \$ 286,880 | \$ 221,329 |

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> |
| | \$ 32,628 | \$ - |

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 | (33,700) | (31,262) |
| | <hr/> \$ 512,338 | <hr/> \$ 428,826 |
| | <hr/> | <hr/> |

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 | (100,000) | - |
| Balance, end of the year | <hr/> \$ 4,789,660 | <hr/> \$ 4,658,561 |
| | <hr/> | <hr/> |

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> |
| | <hr/> | <hr/> |
| | \$ 576,489 | \$ 735,063 |
| | <hr/> | <hr/> |

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> |
| | | <hr/> | <hr/> |
| | | \$ 517,854 | \$ 375,608 |
| | | <hr/> | <hr/> |

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> |
| | <hr/> |

10. TERM DEBT:

The First Nation has the following loans/finance contracts:

| | 2014 | 2013 |
|---|-----------|---------|
| 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 |
| | <hr/> \$ 1,743,631 | <hr/> \$ 1,506,968 |

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> |
| | <hr/> \$ 1,743,631 |

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 | |
| | <hr/> 4,514,709 | <hr/> 3,826,705 |
| Less current portion | <hr/> 181,000 | <hr/> 129,000 |
| | <hr/> \$ 4,333,709 | <hr/> \$ 3,697,705 |
| | <hr/> <hr/> | <hr/> <hr/> |

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 | <hr/> 3,519,709 |
| | | <hr/> \$ 4,514,709 |
| | | <hr/> <hr/> |

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> |
| | 34,089,167 | 33,047,113 |

Accumulated Amortization

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

Net Book Value \$ 17,216,247 \$ 17,008,777

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.:**

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 | |

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 |

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> |
|---|-------------------|-------------------|
| REVENUE: | | |
| 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> |
| EXPENSES: | | |
| 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> |
| NET EARNINGS (LOSS) FOR THE YEAR | \$ 161,420 | \$ 128,710 |

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 administrating 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 promotion 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.