

AANDC PA SASK 2014 AUG 14

**BUFFALO RIVER DENE NATION**

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

for the year ended March 31, 2014

**BUFFALO RIVER DENE NATION**  
**INDEX TO THE FINANCIAL STATEMENT**

<u>Page</u>	
1	MANAGEMENT'S RESPONSIBILITY
2-3	INDEPENDENT AUDITOR'S REPORT
4	STATEMENT OF FINANCIAL POSITION
5	STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
6	STATEMENT OF OPERATIONS
7	STATEMENT OF SURPLUS / EQUITY BALANCES
9	STATEMENT OF CASH FLOWS
11	STATEMENT OF REVENUE AND EXPENSES BY ACTIVITY
13	NOTES TO THE FINANCIAL STATEMENT
23	SCHEDULE OF REVENUE AND EXPENSES BY ACTIVITY

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

To the Members of Buffalo River Dene Nation:

The accompanying consolidated financial statements of Buffalo River Dene Nation are the responsibility of management and have been approved by the Council.

The consolidated 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 of the Canadian Institute of Chartered Accountants and as such include amounts that are the best estimates and judgements of management.

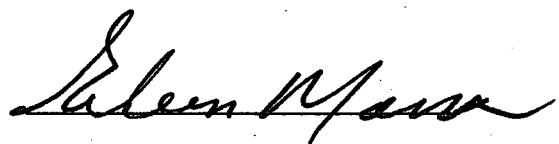
Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Council is responsible for ensuring that management fulfills its responsibility for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated 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 consolidated financial statements and the external auditor's report.

The external auditors, Lorne Horning CA PC Inc., conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to the financial management of Buffalo River Dene Nation and meet when required.

On behalf of Buffalo River Dene Nation:



## INDEPENDENT AUDITOR'S REPORT

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

To the Members of the **Buffalo River Dene Nation**:

I have audited the accompanying consolidated financial statements of **Buffalo River Dene 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.

# LORNE HORNING CHARTERED ACCOUNTANT

3

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 **Buffalo River Dene 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  
August 5, 2014

*Lorne Horning*  
Chartered Accountant.

## **BUFFALO RIVER DENE NATION**

**STATEMENT OF FINANCIAL POSITION**  
as at March 31, 2014

	2014	2013
<b><u>FINANCIAL ASSETS</u></b>		
Bank	\$ 495,847	\$ -
Restricted deposits	468,351	389,389
Accounts receivable (Note 2)	217,934	253,471
Advances receivable (Note 3)	400,000	400,640
Trust funds (Note 4)	56,054	54,504
Investments (Note 5)	858,028	830,012
Limited partnership interests (Note 6)	<u>4,989,487</u>	<u>4,862,428</u>
	<u>7,485,701</u>	<u>6,790,444</u>
<b><u>FINANCIAL LIABILITIES</u></b>		
Bank indebtedness	- 24,279	24,279
Accounts payable (Note 7)	454,844	225,465
Unexpended revenue (Note 8)	562,857	592,762
Funded reserves (Note 9)	468,351	389,389
Term debt (Notes 10 & 11)	<u>4,271,409</u>	<u>4,704,403</u>
	<u>5,757,461</u>	<u>5,936,298</u>
<b>NET FINANCIAL ASSETS</b>	<b>1,728,240</b>	<b>854,146</b>
<b><u>NON-FINANCIAL ASSETS</u></b>		
Tangible capital assets (Note 12)	<u>14,846,676</u>	<u>15,743,196</u>
<b>SURPLUS</b>	<b>\$ 16,574,916</b>	<b>\$ 16,597,342</b>

APPROVED BY COUNCIL:

APPROVED BY COUNCIL:  

Seleen Morris

**BUFFALO RIVER DENE NATION**

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

	<u>2014</u>	<u>2013</u>
<b>SURPLUS (DEFICIT) FOR THE YEAR</b>	<b>\$ 723,042</b>	<b>\$ 1,065,394</b>
Purchase of capital assets	( 111,714)	( 658,477)
Amortization of capital assets	151,052	223,507
Receipt of capital transfers	<u>111,714</u>	<u>576,084</u>
 <b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	 <b>874,094</b>	 <b>1,206,508</b>
 <b>BALANCE, beginning of the year</b>	 <b><u>854,146</u></b>	 <b>( 352,362)</b>
 <b>BALANCE, end of the year</b>	 <b>\$ 1,728,240</b>	 <b>\$ 854,146</b>

**BUFFALO RIVER DENE NATION**

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

	<b>Budget</b>		
	<b>2014</b>	<b>2014</b>	<b>2013</b>
<b>REVENUE:</b>			
Grants and Contributions:			
- AANDC	\$ 4,034,907	\$ 4,034,907	\$ 4,149,545
- Meadow Lake Tribal Council	3,873,265	3,873,265	3,746,272
- Northern Recreation Committee	44,350	44,350	43,050
- Government of Saskatchewan	21,000	21,000	27,634
- Solicitor General	14,792	14,792	30,585
- Health Canada	96,839	96,839	81,888
- First Nations Trust Gaming	400,000	492,248	469,186
- Northern Lights Community	25,011	205,011	88,145
- Canada Mortgage and Housing	-	14,000	-
Trust fund interest	1,000	1,551	1,247
Rentals	89,700	92,984	118,413
Earnings distribution and interest	315,178	431,415	497,113
Administrative fees	110,220	112,532	105,649
Contracting and service fees	172,000	183,957	170,138
Expense recoveries and other income	172,981	688,503	184,081
Sales tax rebates	15,000	9,527	24,228
Housing rentals and subsidy	<u>255,021</u>	<u>255,021</u>	<u>258,306</u>
	9,641,264	10,571,902	9,995,480
Unexpended revenue - prior year	592,762	592,762	768,499
- current year	-	( 562,857)	( 592,762)
	<u>10,234,026</u>	<u>10,601,807</u>	<u>10,171,217</u>
<b>EXPENSES</b>	<b><u>9,814,965</u></b>	<b><u>10,137,880</u></b>	<b><u>9,572,382</u></b>
<b>SURPLUS (DEFICIT) BEFORE THE UNDERNOTED</b>			
	419,061	463,927	598,835
Limited partnership earnings	100,000	231,099	428,717
Change in investment equity	<u>20,000</u>	<u>28,016</u>	<u>37,842</u>
<b>SURPLUS (DEFICIT) FOR THE YEAR</b>	<b>\$ 539,061</b>	<b>\$ 723,042</b>	<b>\$ 1,065,394</b>

**BUFFALO RIVER DENE NATION**

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

	<u>2014</u>	<u>2013</u>
<b><u>SURPLUS, DEFERRED CAPITAL TRANSFERS</u></b>		
BALANCE, beginning of the year	\$ 11,950,034	\$ 12,076,035
PLUS: Capital contributions received	111,714	576,084
LESS: Amortization recorded	( 857,182)	( 702,085)
BALANCE, end of the year	\$ 11,204,566	\$ 11,950,034
<b><u>SURPLUS, APPROPRIATED FOR INVESTMENTS</u></b>		
BALANCE, beginning of the year	\$ 830,012	\$ 792,170
Buffalo River Dene Development - earnings (loss) for the year	642	( 105,302)
Meadow Lake Co-op - equity allocation	23,909	17,270
- funds distributed	( 15,178)	( 17,261)
Buffalo River Mini Mart & Gas Bar Inc. - earnings (loss) for the year	172,719	143,135
- funds distributed	( 154,076)	-
BALANCE, end of the year	\$ 858,028	\$ 830,012

**BUFFALO RIVER DENE NATION**

**STATEMENT OF SURPLUS / EQUITY BALANCES**  
**for the year ended March 31, 2014**

	<u>2014</u>	<u>2013</u>
<b><u>SURPLUS, UNAPPROPRIATED</u></b>		
BALANCE, as previously stated	\$ 3,817,296	\$ 3,086,958
ADJUSTMENTS:		
- change in accounting policy	-	( 297,214)
BALANCE, as restated	3,817,296	2,789,744
 <b>SURPLUS (DEFICIT) FOR THE YEAR</b>	 723,042	 1,065,394
	4,540,338	3,855,138
 <b>ALLOCATION OF SURPLUS TO APPROPRIATED ACCOUNTS</b>	  ( 28,016)	  ( 37,842)
 BALANCE, end of the year	  \$ 4,512,322	  \$ 3,817,296
	  <hr/>	  <hr/>

**BUFFALO RIVER DENE NATION**

**STATEMENT OF CASH FLOWS**  
**for the year ended March 31, 2014**

	<u>2014</u>	<u>2013</u>
<b>OPERATIONS:</b>		
Surplus (Deficit) for the year	\$ 723,042	\$ 1,065,394
Plus : amortization	<u>151,052</u>	<u>223,507</u>
	<u>874,094</u>	<u>1,288,901</u>
Changes in non-cash Working Capital items:		
Accounts receivable	35,537	120,837
Accounts payable	229,379	( 522,089)
Unexpended revenue	<u>( 29,905)</u>	<u>( 175,737)</u>
	<u>1,109,105</u>	<u>711,912</u>
<b>INVESTING ACTIVITIES:</b>		
Advances receivable	640	20,305
Purchase of capital assets	<u>( 111,714)</u>	<u>( 658,477)</u>
Trust equity change	<u>( 1,550)</u>	<u>( 1,247)</u>
Investment equity change	<u>( 28,016)</u>	<u>( 37,842)</u>
Limited partnership equity change	<u>( 127,059)</u>	<u>( 543,291)</u>
	<u>( 267,699)</u>	<u>( 1,220,552)</u>
<b>FINANCING ACTIVITIES:</b>		
Receipt of capital funding	111,714	576,084
Proceeds of term debt	320,364	-
Repayment of term debt	<u>( 753,358)</u>	<u>( 636,851)</u>
	<u>( 321,280)</u>	<u>( 60,767)</u>
INCREASE (DECREASE) IN CASH RESOURCES	520,126	( 569,407)
CASH RESOURCES, beginning of the year	<u>( 24,279)</u>	<u>545,128</u>
CASH RESOURCES, end of the year	\$ 495,847	\$ ( 24,279)
<b>CASH RESOURCES:</b>		
Bank	\$ 495,847	\$ ( 24,279)
Restricted deposits	468,351	389,389
Funded reserves	<u>( 468,351)</u>	<u>( 389,389)</u>
	<u>\$ 495,847</u>	<u>\$ ( 24,279)</u>

**BUFFALO RIVER DENE 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>Revenue Adjust</u>	<u>Surplus (Deficit)</u>
<b>RESERVES:</b>					
Registry	1	\$ 9,914	9,914	-	\$ -
<b>EDUCATION:</b>					
Instruction	2	1,367,898	1,522,584	154,686	-
Transportation	3	133,782	133,806	-	( 24)
Post Secondary	3	463,007	463,101	-	( 94)
Support	4	104,951	104,951	-	-
Low Cost	4	120,421	120,421	-	-
Behaviour Modification	5	165,737	165,737	-	-
Enhanced	5	49,854	49,854	-	-
		<u>2,405,650</u>	<u>2,560,454</u>	<u>154,686</u>	<u>( 118)</u>
<b>SOCIAL SERVICES:</b>					
National Child	7	162,302	162,302	-	-
Summer Student	7	-	-	7,040	7,040
Home Care	8	<u>42,484</u>	<u>42,484</u>	<u>-</u>	<u>-</u>
		<u>204,786</u>	<u>204,786</u>	<u>7,040</u>	<u>7,040</u>
<b>INFRASTRUCTURE:</b>					
Electrification	9	23,898	23,898	-	-
Community Building	9	318,698	318,698	-	-
Roads	10	67,479	67,479	-	-
Fire Protection	10	16,092	16,570	-	( 478)
Water	11	166,121	166,121	-	-
Water Salaries	11	41,550	41,550	-	-
Sanitation	12	107,360	107,360	-	-
Facility Insurance	12	75,123	75,123	-	-
School Maintenance	13	320,149	331,063	10,863	( 51)
Teacherage	14	27,205	27,278	-	( 73)
Other Protection	14	8,113	8,113	-	-
		<u>1,171,788</u>	<u>1,183,253</u>	<u>10,863</u>	<u>( 602)</u>

**BUFFALO RIVER DENE 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>Revenue Adjust</u>	<u>Surplus (Deficit)</u>
<b>BAND SUPPORT:</b>					
Administration	15	\$ 721,137	653,353	-	\$ 67,784
Benefits	16	95,957	99,603	3,646	-
Service Delivery	16	72,150	76,279	-	( 4,129)
Benefits	17	43,174	55,428	-	( 12,254)
		<u>932,418</u>	<u>884,663</u>	<u>3,646</u>	<u>51,401</u>
<b>CAPITAL:</b>					
Housing	18	166,462	166,462	-	-
Renovations	18	281,849	281,849	-	-
Water	19	-	79,005	79,005	-
Teacherage	19	-	-	( 9,632)	( 9,632)
School	20	<u>290,000</u>	<u>52,722</u>	<u>( 237,278)</u>	<u>-</u>
		<u>738,311</u>	<u>580,038</u>	<u>( 167,905)</u>	<u>( 9,632)</u>
<b>HEALTH:</b>					
Management	20	113,627	99,697	-	13,930
Community Health	21	100,222	97,105	-	3,117
Addictions	22	58,502	53,774	-	4,728
Home Care	22	103,425	100,397	-	3,028
FASD	23	52,035	51,845	-	190
Family Life	24	106,357	102,509	-	3,848
Nursing	25	350,888	334,395	-	16,493
Transportation Clerk	26	47,004	47,135	-	( 131)
Child and Family	27	127,929	132,975	-	( 5,046)
Prevention	27	40,000	39,587	-	413
Daycare	28	156,114	156,114	-	-
Programming	29	29,177	29,086	-	91
Facility	30	53,009	56,625	-	( 3,616)
Water	30	14,457	14,465	-	( 8)
Headstart	31	90,178	90,178	-	-
Threat and Risk	32	100,130	103,424	-	( 3,294)
Youth Suicide	33	9,834	9,919	-	( 85)
Maternal Child	33	<u>34,496</u>	<u>34,496</u>	<u>-</u>	<u>-</u>
		<u>1,587,384</u>	<u>1,553,726</u>	<u>-</u>	<u>33,658</u>

**BUFFALO RIVER DENE 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>Revenue/Cost Adjust</u>	<u>Surplus (Deficit)</u>
<b>OTHER PROGRAMS:</b>					
Assistance	34	\$ 1,772,977	1,772,152	-	\$ 825
Special Needs	34	119,781	116,464	-	3,317
Student Success	35	220,635	248,918	21,575	( 6,708)
Justice	36	40,771	43,778	-	( 3,007)
Self Government	36	15,300	15,026	-	274
Police Board	37	35,792	35,582	-	210
Economic	38	55,578	48,769	-	6,809
Housing Renovation	38	14,000	14,000	-	-
Fire Suppression	39	141,960	146,150	-	( 4,190)
Grading	39	122,875	93,031	-	29,844
RCMP Rent	40	43,892	23,820	-	20,072
Housing Rent	40	40,868	35,099	-	5,769
Treaty Day	41	26,500	23,567	-	2,933
Ottawa Trust	41	1,551	-	-	1,551
Hot Meals	42	72,790	51,370	-	21,420
Active Measures	42	25,000	28,153	-	( 3,153)
Northern Recreation	43	45,410	48,389	-	( 2,979)
Northern Lights	44	54,713	25,456	-	29,257
Own Source Revenue	45	<u>416,237</u>	<u>136,301</u>	<u>-</u>	<u>279,936</u>
		<u>3,266,630</u>	<u>2,906,025</u>	<u>21,575</u>	<u>382,180</u>
<b>APPROPRIATED:</b>					
CMHC Housing	47	<u>255,021</u>	<u>255,021</u>	<u>-</u>	<u>-</u>
		<u>\$ 10,571,902</u>	<u>10,137,880</u>	<u>29,905</u>	<u>\$ 463,927</u>

## BUFFALO RIVER DENE 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 Canadian generally accepted accounting principles for local government entities, as defined in the CICA Public Sector Accounting and Auditing Handbook, which encompasses the following principles:

##### Common Government Reporting Model

Buffalo River Dene 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.

##### 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.

##### Reporting Entity and Principles of Financial Reporting

The Buffalo River Dene Nation reporting entity includes the Buffalo River Dene Nation government and all related entities, which are accountable to the Dene Nation and are either owned or controlled by the Dene 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:

- Buffalo River Dene Nation – CMHC Housing Fund

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.

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

Buffalo River Dene Nation Development Corporation  
Buffalo River Mini Mart & Gas Bar Inc.

## BUFFALO RIVER DENE 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.

Housing units of Buffalo River Dene Nation CMHC Housing Fund are amortized at the same rate as the principal repayment of the mortgages.

Amortization is provided over the estimated economic useful life of the asset on a straight-line basis on the following assets at the following rates:

Buildings	20 to 75 years
Housing units	40 years
Vehicles	4 years
Equipment and furniture	5 to 10 years
Trailers	10 years
Roads	25 years
Infrastructure	20 to 80 years

#### 2. ACCOUNTS RECEIVABLE:

Housing subsidy receivable	\$ 11,657
MLTC Program Services	100,022
Northern Lights Community Development	33,533
Saskatchewan Highways	16,000
Government of Saskatchewan	6,484
MLTC Health & Social Development	12,183
Social Assistance advances	29,035
Payroll advances	1,000
Rentals and expense recoveries	<u>8,020</u>
	 \$ 217,934

#### 3. ADVANCES RECEIVABLE:

The Dene Nation has made an advance to Buffalo River Mini Mart & Gas Bar Inc. of \$400,000 (2013 - \$400,000), which is unsecured, non-interest bearing and not subject to a fixed repayment schedule. Advances were made to purchase term deposits which are being held as security for bank operating lines of credit.

**BUFFALO RIVER DENE NATION**

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

**4. TRUST FUNDS:**

The following funds are held in trust for the Dene Nation by Aboriginal Affairs and Northern Development Canada:

	<u>Capital</u>	<u>Revenue</u>	<u>Total</u>
Balance, March 31, 2013	\$ 31,881	\$ 22,622	\$ 54,503
Plus: Interest	-	1,551	1,551
Balance, March 31, 2014	<u>\$ 31,881</u>	<u>\$ 24,173</u>	<u>\$ 56,054</u>

**5. INVESTMENTS:**

The First Nation holds the following investments:

	<u>2014</u>	<u>2013</u>
Innovation Credit Union patronage equity account	\$ 468	\$ 468
Meadow Lake Co-op patronage equity account	56,195	47,464
Buffalo River Dene Nation Development Corp.		
- Share capital	1	1
- Retained earnings (Deficit)	642	-
Buffalo River Mini Mart & Gas Bar Inc.		
- Share capital	100	100
- Contributed capital	88,252	88,252
- Retained earnings	711,427	692,784
First Nations Bank		
- 537 Class A common shares	940	940

**BUFFALO RIVER DENE NATION**

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

**5. INVESTMENTS: (Continued)**

The First Nation holds the following investments:

	<u>2014</u>	<u>2013</u>
MLDC Program Services		
- 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>
	<u><u>\$ 858,028</u></u>	<u><u>\$ 830,012</u></u>

Buffalo River Mart made an earnings distribution of \$154,076 to the First Nation.

**6. LIMITED PARTNERSHIPS AND JOINT VENTURES:**

The First Nation has the following holdings:

1) MLTC Resource Development Limited Partnerships (11.1% interest):

	<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>	-
BALANCE, end of the year	<u><u>4,789,660</u></u>	<u><u>4,658,561</u></u>

**BUFFALO RIVER DENE NATION**

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

**6. LIMITED PARTNERSHIPS AND JOINT VENTURES: (Continued)**

2) Mudjatik Enterprises Joint Venture:

	<u>2014</u>	<u>2013</u>
BALANCE, beginning of the year	\$ 203,867	\$ 89,293
PLUS: share of earnings	262,161	485,395
LESS: distribution received	( 266,201)	( 370,821)
BALANCE, end of the year	<u>199,827</u>	<u>203,867</u>
	<hr/>	<hr/>
	\$ 4,989,487	\$ 4,862,428
	<hr/>	<hr/>

**7. ACCOUNTS PAYABLE:**

Accrued mortgage interest	\$ 2,557
Employee pension contributions	17,813
Employee insurance contributions	14,637
Legal fees	63,170
Buffalo River Mini Mart	65,468
Trade creditors	206,175
Housing reserve obligations (Note 9)	<u>85,024</u>
	<hr/>
	\$ 454,844
	<hr/>

## BUFFALO RIVER DENE NATION

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

#### 8. UNEXPENDED REVENUE:

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

	<u>Sch</u>	<u>2014</u>	<u>2013</u>
Instruction	2	\$ 171,037	\$ 325,723
Summer Students	7	-	7,040
School Maintenance	13	-	10,863
Benefits	16	7,227	10,873
Capital Water and Sewer	19	147,315	226,320
Capital Teacherage	19	-	( 9,632)
Capital School Upgrade	20	237,278	-
Student Success	35	-	<u>21,575</u>
		<hr/> <u>\$ 562,857</u>	<hr/> <u>\$ 592,762</u>

#### 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 operations 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	\$ 553,375
Funds on deposit	<u>468,351</u>
Payable balance (Note 7)	<hr/> <u>\$ 85,024</u>

**BUFFALO RIVER DENE NATION**

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

**10. TERM DEBT:**

	<u>2014</u>	<u>2013</u>
<u>Bank Loans</u>		
First Nations Bank # 1- proceeds of which were used to repay existing loans, fund a contribution to a CMHC housing program and provide working capital. The loan is repayable in quarterly instalments of \$67,083 plus interest monthly at prime plus 3.0%.	\$ 2,027,383	\$ 2,295,717
First Nations Bank # 2 – proceeds of which were used to fund working capital, complete capital projects and fund reserve accounts. The loan is repayable in annual instalments of \$150,000 plus monthly instalments of \$4,808 plus interest at prime plus 3.0%.	651,923	859,615
First Nations Bank # 3 – proceeds of which were used to fund working capital. The loan is repayable in monthly instalments of \$4,167 plus interest at prime plus 3.0%.	162,500	-
First Nations Bank # 4 – proceeds of which were used to payout a finance contract. The loan is repayable monthly instalments of \$2,333 plus interest at prime plus 3.0%.	99,570	-
Finance Contract	-	126,558
	<u>\$ 2,941,376</u>	<u>\$ 3,281,890</u>

The amount of debt repayable in subsequent periods is estimated to be:

	<u>Loan # 1</u>	<u>Loan # 2</u>	<u>Loan # 3</u>	<u>Loan # 4</u>
2015	\$ 268,333	\$ 207,696	\$ 50,004	\$ 27,996
2016	268,333	207,696	50,004	27,996
2017	268,333	207,696	50,004	27,996
2018	268,333	28,835	12,488	15,582
2019	268,333	-	-	-
Subsequent years	<u>685,718</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,027,383</u>	<u>\$ 651,923</u>	<u>\$ 162,500</u>	<u>\$ 99,570</u>

**BUFFALO RIVER DENE NATION**

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

11. RENTAL MORTGAGES:

	<u>2014</u>	<u>2013</u>
<b><u>Phase 2</u></b>		
CMHC mortgage with payments of \$561 per month including interest at the rate of 2.69%. Renewal date May 1, 2015.	\$ 7,724	\$ 14,156
<b><u>Phase 3</u></b>		
CMHC mortgage with payments of \$913 per month including interest at the rate of 2.84%. Renewal date January 1, 2015.	9,017	19,560
<b><u>Phase 4</u></b>		
CMHC mortgage with payments of \$1,698 per month including interest at the rate of 2.63%. Renewal date June 1, 2016.	212,077	226,692
<b><u>Phase 5</u></b>		
CMHC mortgage with payments of \$1,524 per month including interest at the rate of 1.53%. Renewal date December 1, 2017.	234,585	250,012
<b><u>Phase 6</u></b>		
CMHC mortgage with payments of \$1,645 per month including interest at the rate of 2.84%. Renewal date April 1, 2015.	253,881	266,261
<b><u>Phase 7</u></b>		
CMHC mortgage with payments of \$4,384 per month including interest at the rate of 3.17%. Renewal date December 1, 2013.	612,749	645,832
	<hr/>	<hr/>
	\$ 1,330,033	\$ 1,422,513
	<hr/>	<hr/>

The amount of debt to be repaid in subsequent years is estimated at:

Year ended	2015	\$ 94,230
	2016	98,200
	2017	102,500
	2018	107,500
	2019	113,500
	Subsequent years	<u>814,103</u>
		<hr/>
		\$ 1,330,033
		<hr/>

## **BUFFALO RIVER DENE NATION**

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended March 31, 2014

## 12. CAPITAL ASSETS:

The major categories of capital assets are:

	<u>2014</u>	<u>2013</u>
<u>Cost</u>		
Rental housing	\$ 3,037,734	\$ 3,037,734
Buildings	9,195,578	9,195,578
Equipment	217,874	183,548
Vehicles	600,326	538,429
Machinery	461,629	461,629
Trailers	439,634	428,835
Rental residences	1,193,424	1,193,424
Infrastructure	5,871,832	5,871,832
Roads	254,483	249,791
Houses	<u>14,064,578</u>	<u>14,064,578</u>
	35,337,092	35,225,378

### Accumulated Amortization

Rental housing	719,863	627,383
Buildings	3,574,658	3,390,747
Equipment	138,274	126,955
Vehicles	502,455	484,468
Machinery	295,629	254,129
Trailers	405,615	362,793
Rental residences	504,010	454,077
Infrastructure	2,752,463	2,635,026
Roads	249,791	249,791
Houses	<u>11,347,658</u>	<u>10,896,813</u>
	20,490,416	19,482,182

**Net Book Value** \$ 14,846,676 \$ 15,743,196

## BUFFALO RIVER DENE NATION

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

#### 13. CONTINGENCIES:

Buffalo River Dene Nation has provided guarantees of \$400,000 on the bank indebtedness of Buffalo River Mini Mart & Gas Bar Inc. and Buffalo River Dene Nation Development Corporation. At March 31, 2014 the outstanding bank indebtedness of the above organizations was \$235,339. Buffalo River Mini Mart & Gas Bar Inc. and Buffalo River Dene Nation Development Corporation are wholly owned businesses of the Dene Nation. The bank indebtedness is fully secured by pledged term deposits.

#### 14. 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.

#### 15. COMPARATIVE NUMBERS:

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