

**BIG ISLAND LAKE CREE NATION**

**Pierceland, Saskatchewan**

**March 31, 2014**

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# Swanson Gryba & Company

CHARTERED ACCOUNTANTS

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Partners

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## Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of Big Island Lake Cree Nation are the responsibility of management and have been approved by Chief and 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 judgments 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.

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

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 auditors' report.

The external auditors, Swanson Gryba & Company, 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 financial management of Big Island Lake Cree Nation and meet when required.

On behalf of Big Island Lake Cree Nation:



David Sandfly  
Chief

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## INDEPENDENT AUDITORS' REPORT

To Council and Members of Big Island Lake Cree Nation:

We have audited the accompanying consolidated financial statements of Big Island Lake Cree Nation, which comprise the consolidated statement of financial position as at March 31, 2014 and the consolidated statements of operations, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for 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 financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the 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 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 consolidated financial statements.

### **Basis for Qualified Opinion**

Basic and special needs expenses are governed by the Aboriginal Affairs and Northern Development Canada (AANDC) social development policies and procedures manual. Expenses are submitted during the year for reimbursement, subject to a compliance review by AANDC and possible repayment of funding. We noted instances where some of the required documents were not in files and could not be located for our review. Based on a projection of our sample of transactions, we estimate the possible unsupported payments could amount to \$240,000.

### **Qualified Opinion**

In our opinion, except for the possible effects of the matter referred to in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of Big Island Lake Cree Nation as at March 31, 2014, and its financial performance and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### **Report on Other Legal and Regulatory Requirements**

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 our audit of the consolidated financial statements to the extent necessary to allow us to render an opinion thereon.

BIG ISLAND LAKE CREE NATIONConsolidated Statement of Financial Position  
March 31, 2014

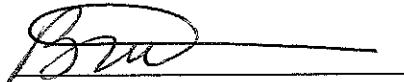
	<u>2014</u>	<u>2013</u>
		(Note 15)
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 2)	\$ 267,339	\$ 844,360
Accounts receivable (Note 3)	195,658	250,574
Due from government and government organizations (Note 4)	494,689	196,095
Inventories for resale		52,205
Ottawa Trust (Note 5)	2,270,817	2,063,808
Portfolio Investments (Note 6)	364,079	364,079
Investment in government business enterprise (Note 7)	257,259	257,259
	<hr/>	<hr/>
	3,849,841	4,028,380
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 8)	762,745	671,925
Due to government and government organizations (Note 8)	620,360	
Deferred revenue (Note 9)	189,419	705,349
Long-term debt and obligations under capital leases (Notes 10)	2,851,140	3,406,384
	<hr/>	<hr/>
	4,423,664	4,783,658
<b>NET DEBT</b>		
	(573,823)	(755,278)
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 11)	<hr/>	<hr/>
	21,845,354	22,446,003
<b>ACCUMULATED SURPLUS</b>		
	<hr/>	<hr/>
	\$ 21,271,531	\$ 21,690,725

Contingent liabilities (Note 13)  
Contractual obligations (Note 14)

Approved on behalf of the Council:



Chief



Councillor

The accompanying notes are an integral part of these consolidated financial statements.

BIG ISLAND LAKE CREE NATIONConsolidated Statement of Operations  
for the year ended March 31, 2014

	Budget <u>2014</u> (Note 16)	<u>2014</u>	<u>2013</u> (Note 15)
<b>REVENUE</b>			
Federal Government:			
Aboriginal Affairs and Northern Development Canada	\$ 7,214,893	\$ 7,409,962	\$ 9,091,156
Health Canada	458,087	502,357	515,243
Canada Mortgage and Housing Corporation	168,000	164,174	167,985
Provincial Government	206,000	206,528	
Other:			
First Nations Trust - Gaming	425,000	407,634	418,466
Gas Bar		1,090,003	1,059,863
Ottawa Trust		327,010	169,581
Rental/Leases	286,550	274,104	286,570
Oil and Gas	41,500	39,305	
Federation of Saskatchewan Indian Nations	114,500	124,000	114,500
Saskatchewan Institute of Indian Technologies	123,500	143,053	123,367
Grants and Donations	257,000	276,204	93,553
Insurance proceeds	323,698	323,698	
Investment income	100	3,667	18,940
Treaty Land Entitlement Trust			74,345
Other	313,549	308,002	186,444
	<u>9,932,377</u>	<u>11,599,701</u>	<u>12,320,013</u>
<b>EXPENSES</b>			
Education	4,319,146	4,670,403	4,426,329
Social Development	2,546,379	1,801,975	2,590,358
Community Infrastructure	639,633	1,279,852	1,199,298
Band Government	732,856	1,695,526	907,500
Capital		213,062	28,664
Lands, Revenues and Trust	150,000	153,835	318,515
Other	810,941	2,204,242	1,815,748
	<u>9,198,955</u>	<u>12,018,895</u>	<u>11,286,412</u>
<b>CURRENT SURPLUS (DEFICIT)</b>	<b>\$ 733,422</b>	<b>(419,194)</b>	<b>1,033,601</b>
<b>ACCUMULATED SURPLUS AT BEGINNING OF YEAR</b>		<u>21,690,725</u>	<u>20,657,124</u>
<b>ACCUMULATED SURPLUS AT END OF YEAR</b>		<b>\$ 21,271,531</b>	<b>\$ 21,690,725</b>

Segment disclosure (Note 17)

The accompanying notes are an integral part of these consolidated financial statements.

BIG ISLAND LAKE CREE NATIONConsolidated Statement of Changes in Net Debt  
for the year ended March 31, 2014

	<u>2014</u>	<u>2013</u>
		(Note 15)
CURRENT SURPLUS (DEFICIT)	\$ (419,194)	\$ 1,033,601
Amortization of tangible capital assets	981,481	1,066,453
Acquisition of tangible capital assets	<u>(380,832)</u>	<u>(2,406,542)</u>
CHANGE IN NET FINANCIAL ASSETS (DEBT)	181,455	(306,488)
NET ASSETS (DEBT) AT BEGINNING OF YEAR	<u>(755,278)</u>	<u>(448,790)</u>
NET ASSETS (DEBT) AT END OF YEAR	<u>\$ (573,823)</u>	<u>\$ (755,278)</u>

The accompanying notes are an integral part of these consolidated financial statements.

BIG ISLAND LAKE CREE NATIONConsolidated Statement of Cash Flows  
for the year ended March 31, 2014

		<u>2014</u>	<u>2013</u>
			(Note 15)
<b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>			
Current surplus		\$ (419,194)	\$ 1,033,601
Add (deduct) items not affecting cash			
Tangible capital asset amortization		981,481	1,066,453
Net change in non-cash working capital balances related to operations*		3,778	1,026,561
Adjustment for capital/investing transactions included in operations		(327,010)	(241,442)
Ottawa Trust revenue		<u>239,055</u>	<u>2,885,173</u>
<b>CASH PROVIDED BY (USED IN) CAPITAL ACTIVITIES</b>			
Purchase of tangible capital assets		<u>(380,832)</u>	<u>(2,406,542)</u>
<b>CASH PROVIDED BY (USED IN) INVESTMENT ACTIVITIES</b>			
Transfer from Ottawa Trust		<u>120,000</u>	<u>1,061,459</u>
<b>CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>			
Proceeds from long-term debt		28,379	
Retirement of long-term debt		<u>(555,244)</u>	<u>(542,218)</u>
		<u>(555,244)</u>	<u>(513,839)</u>
<b>CASH PROVIDED (USED) IN THE YEAR</b>		<u>(577,021)</u>	<u>1,026,251</u>
<b>CASH (INDEBTEDNESS) AT BEGINNING OF YEAR</b>		<u>844,360</u>	<u>(181,891)</u>
<b>CASH (INDEBTEDNESS) AT END OF YEAR</b>		<u>\$ 267,339</u>	<u>\$ 844,360</u>
<b>* NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS</b>			
Decrease (increase) in accounts receivable		\$ (243,677)	\$ 661,292
Decrease (increase) in inventories		52,205	(30,105)
Increase in accounts payable		711,180	235,246
Increase (decrease) in deferred revenue		<u>(515,930)</u>	<u>160,128</u>
		<u>\$ 3,778</u>	<u>\$ 1,026,561</u>
<b>NOTE: Interest paid</b>		<u>\$ 123,198</u>	<u>\$ 123,000</u>

The accompanying notes are an integral part of these consolidated financial statements.

BIG ISLAND LAKE CREE NATIONNotes to the Consolidated Financial Statements  
March 31, 2014

## 1. Summary of Significant Accounting Policies

## (a) Basis of Accounting

These financial statements have been prepared by management in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

## (b) First Nation reporting entity

Big Island Lake Cree Nation reporting entity includes all related entities that are either owned or controlled by the First Nation.

Big Island Lake Cree Nation owns 305,000 units (shares) of Algaenius, LLC. This investment is classified as a portfolio investment and is recorded at cost and as a result the related income is recorded in the accounts when received.

Big Island Lake Cree Nation wholly owns Pee-Wey Holdings Ltd. This investment is classified as a government business enterprises and as a result accounted for under the modified equity method. Inter-organizational transactions are eliminated upon consolidation.

## (c) Principles of consolidation

All controlled entities are fully consolidated on a line by line basis except for the government business enterprise, which are included in the consolidated financial statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Under the modified equity method of accounting, only Big Island Lake Cree Nation's investment in the government business enterprise and the enterprise's net income and other changes to equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of Big Island Lake Cree Nation.

## (d) Cash and cash equivalents

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

## (e) Asset Classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets.

BIG ISLAND LAKE CREE NATIONNotes to the Consolidated Financial Statements  
March 31, 2014

## 1. Summary of Significant Accounting Policies (continued)

## (f) Tangible Capital Assets

Tangible capital assets include acquired, built, developed and improved tangible capital assets, whose useful life extends beyond one year and which are intended to be used on an ongoing basis for producing goods or delivering services. Tangible capital assets are reported at net book value.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and Big Island Lake Cree Nation's incremental cost of borrowing.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets.

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

Amortization is calculated on the reducing balance basis at 25% on equipment, 10% on community infrastructure and 5% on buildings, social housing and other assets.

Tangible capital assets are written down when conditions indicate that they no longer contribute to Big Island Lake Cree Nation's ability to provide goods and services, or when the value of 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 statement of operations.

Contributed capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where a fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

## (g) Net Debt

The First Nation's financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the First Nation is determined by its liabilities less its financial assets. Net debt is comprised of two components, non-financial assets and accumulated surplus.

## (h) Revenue Recognition

Revenues are recognized in the year in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

BIG ISLAND LAKE CREE NATIONNotes to the Consolidated Financial Statements  
March 31, 2014

## 1. Summary of Significant Accounting Policies (continued)

## (h) Revenue Recognition (continued)

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

## (i) Measurement Uncertainty

In preparing the financial statements for the government of Big Island Lake Cree Nation, management is required to make estimates and assumptions that affect reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the year. The main estimates used in preparing these financial statements include the allowance for doubtful accounts in amount of \$NIL (2013 - \$12,082) and amortization of tangible capital assets in amount of \$981,481 (2013 - \$751,052). Actual results could differ significantly from these estimates.

## 2. Cash and Cash Equivalents

	<u>2014</u>	<u>2013</u>
Externally restricted (Canada Mortgage and Housing Corporation)	\$ 69,146	\$ 52,095
Internally restricted (Education and Major Capital)	359,756	806,471
Unrestricted (Bank overdraft)	<u>(161,563)</u>	<u>(14,206)</u>
	<u><u>\$ 267,339</u></u>	<u><u>\$ 844,360</u></u>

Under the terms of agreements with Canada Mortgage and Housing Corporation, Big Island Lake Cree Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Replacement Reserve Fund.

Under the terms of agreements with Canada Mortgage and Housing Corporation, Big Island Lake Cree Nation must set aside operating surpluses. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Subsidy Surplus Reserve Fund.

As of March 31, 2014, the accounts were underfunded by \$543,202 (2013 - \$552,001).

BIG ISLAND LAKE CREE NATIONNotes to the Consolidated Financial Statements  
March 31, 2014

## 3. Accounts Receivable

	<u>2014</u>	<u>2013</u>
Band members	\$ 44,706	\$ 42,365
Deposit on housing purchase	89,900	
Non members	61,052	208,712
Less allowance for doubtful accounts	NIL	(12,082)
	<u>      </u>	<u>      </u>
	<u>\$ 195,658</u>	<u>\$ 238,995</u>

Accounts receivable includes advances to chief and council in the amount of \$33,807 (2013 - \$16,616).

## 4. Due from Government and Government Organizations

	<u>2014</u>	<u>2013</u>
AANDC	\$ 47,045	\$ 35,175
Canada Mortgage and Housing Corporation	308,221	143,770
Health Canada	8,747	
Government of Canada		1,400
Government of Saskatchewan	96,676	
Federation of Saskatchewan Indian Nations	34,000	15,750
	<u>      </u>	<u>      </u>
	<u>\$ 494,689</u>	<u>\$ 196,095</u>

## 5. Ottawa Trust (Capital and Revenue)

The Ottawa Trust accounts arise from moneys derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held 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.

	<u>Opening Balance</u>	<u>Additions</u>	<u>Withdrawals</u>	<u>2014 Balance</u>	<u>2013 Balance</u>
Capital	\$ 2,015,002	\$ 203,361		\$ 2,218,363	\$ 2,015,002
Revenue	48,806	123,649	\$ 120,000	52,454	48,806
Fund Total	<u>\$ 2,063,808</u>	<u>\$ 327,010</u>	<u>\$ 120,000</u>	<u>\$ 2,270,817</u>	<u>\$ 2,063,808</u>

## 6. Portfolio Investments

	<u>2014</u>	<u>2013</u>
Algaenius	<u>\$ 364,079</u>	<u>\$ 364,079</u>

BIG ISLAND LAKE CREE NATIONNotes to the Consolidated Financial Statements  
March 31, 2014

## 7. Investments in Government Business Enterprise

	<u>2014</u>	<u>2013</u>
Pee-Wey Holding Inc.	\$ <u>257,259</u>	\$ <u>257,259</u>

Pee-Wey Holdings Inc. is an investment that Big Island Lake Cree Nation has made to obtain parcels of land that can be utilized by band members. Big Island Lake Cree Nation owns and pays property tax on the parcels of land. There is no current loan outstanding for the parcels of land it is fully owned by the First Nation.

## 8. Accounts Payable and Accrued Liabilities / Due to government and government organizations

	<u>2014</u>	<u>2013</u>
Accounts Payable and Accrued Liabilities		
Trade payables	\$ 467,553	\$ 437,605
Accrued salaries and benefits payable	153,600	230,262
Other accrued liabilities	<u>141,592</u>	<u>4,058</u>
	<u>\$ 762,745</u>	<u>\$ 671,925</u>
Due to government and government organizations		
AANDC	541,455	
Health Canada	<u>78,905</u>	
	<u>\$ 620,360</u>	<u>\$ NIL</u>

During the 2014 fiscal year, AANDC completed a compliance audit on the Big Island Lake Cree Nation social assistance program for the period February 2013 to January 2014, resulting in an amount payable of \$470,060, which will be implemented over 12 months, commencing September 1, 2014, at the amount of \$39,172 per month.

There is \$54,408 payable to AANDC due to funding in the basic and special needs programs not expended as per submitted stats reports. As well, \$16,987 is payable to AANDC due to funding not expended as per the funding confirmation report for statutory band employee benefits program.

During the 2014 fiscal year, Health Canada prepared an audit to Big Island Lake Cree Nations for the period April 1, 2011 to March 31, 2012, resulting in an account payable of \$78,905.

BIG ISLAND LAKE CREE NATIONNotes to the Consolidated Financial Statements  
March 31, 2014

## 9. Deferred Revenue

	<u>Opening Balance</u>	<u>Funding Received</u>	<u>Revenue Recognized</u>	<u>2014 Total</u>	<u>2013 Total</u>
<b>AANDC:</b>					
Capital Projects	\$ 590,114	\$ NIL	\$ 493,599	\$ 96,515	\$ 590,114
Other	115,235		22,331	92,904	115,235
	<u>\$ 705,349</u>	<u>\$ NIL</u>	<u>\$ 515,930</u>	<u>\$ 189,419</u>	<u>\$ 705,349</u>

## 10. Long-Term Debt and Obligations Under Capital Leases

		<u>2014</u>	<u>2013</u>
CMHC Loan - Phase 1		\$ 48,722	\$ 64,846
CMHC Loan - Phase 3		155,109	165,867
CMHC Loan - Phase 4		80,793	86,013
CMHC Loan - Phase 5		216,261	227,637
CMHC Loan - Phase 6		142,704	153,886
CMHC Loan - Phase 7		1,103,770	1,168,701
First Nations Bank of Canada loan - Phase 2		168,322	195,947
First Nations Bank of Canada # 1		285,151	427,727
First Nations Bank of Canada loan #2		300,000	450,000
First Nations Bank of Canada loan #3		325,000	362,500
Beaver River Community Development Fund		2,117	14,656
Capital lease			28,381
Ford Finance		<u>23,191</u>	<u>60,223</u>
		<u>\$ 2,851,140</u>	<u>\$ 3,406,384</u>

The CMHC loans are guaranteed by Affairs and Northern Development Canada. The loans are repayable in monthly instalments of \$1,559, \$1,100, \$538, \$1,394, \$1,251 and \$6,972 including interest. Interest on the loans are at 1.85%, 1.67%, 1.62%, 2.65%, 2.84% and 1.81% respectively.

The First Nations Bank loan - Phase 2 is guaranteed by Affairs and Northern Development Canada. The loan is repayable in monthly instalment of \$3,185 including interest. Interest on the loan is at 5.79%.

The First Nations bank of Canada loans are secured by an assignment of subsequent years funding. The loans are repayable in quarterly instalments of \$47,525, \$50,000 and \$12,500 plus interest. Interest on the loans are at 6.15%, 6.15% and 5.50% respectively.

Beaver River Community Development Fund loan is secured by an assignment of property. The loan was repaid subsequent to year end on June 30, 2014.

The Ford Finance contracts are secured by an assignment of four vans. The contracts are repaid in monthly instalments of \$694, \$873, \$913 and \$938 including interest. Interest on the contracts are at 11.29%, 8.59%, 8.59% and 8.59% respectively.

BIG ISLAND LAKE CREE NATIONNotes to the Consolidated Financial Statements  
March 31, 2014

The capital lease relates to the lease of two busses and was paid in full during the fiscal year.

The total principal repayments due on long-term debt in each of the next five years are as follows:

2015	\$ 615,086
2016	398,862
2017	201,839
2018	193,534
2019	197,794

## 11. Tangible Capital Assets

	Beginning <u>Cost</u>	Additions/ <u>Disposals</u>	End <u>Cost</u>	Beg <u>Accum Amort</u>	Current <u>Amort</u>	End <u>Accum Amort</u>	2014 <u>Net</u>	2013 <u>Net</u>
Buildings	\$ 9,755,622	\$ 14,039	\$ 9,769,661	\$ 5,060,475	\$ 235,108	\$ 5,295,583	\$ 4,474,078	\$ 4,695,147
Automotive	1,683,598		1,683,598	1,510,137	52,039	1,562,176	121,422	173,461
Equipment	1,170,190	52,995	1,223,185	589,188	117,167	706,355	516,830	581,002
Roads	2,976,771	486,072	3,462,843	522,362	67,436	589,798	2,873,045	2,454,409
Community Infrastructure	10,819,776	7,526	10,827,302	2,301,060	213,062	2,514,122	8,313,180	8,518,716
Social housing-CMHC	<u>9,800,793</u>	<u>(179,800)</u>	<u>9,620,993</u>	<u>3,777,525</u>	<u>296,669</u>	<u>4,074,194</u>	<u>5,546,799</u>	<u>6,023,268</u>
	<u>\$ 36,206,750</u>	<u>\$ 380,832</u>	<u>\$ 36,587,582</u>	<u>\$ 13,760,747</u>	<u>\$ 981,481</u>	<u>\$ 14,742,228</u>	<u>\$ 21,845,354</u>	<u>\$ 22,446,003</u>

## 12. Financial Instruments

The carrying value of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and deferred revenue approximates fair value due to the relatively short-term maturities of these instruments.

## Credit Risk

The First Nation in the normal course of operations derives revenues from the rental of farmland and certain residential housing. It is exposed to credit risk from its tenants.

## Line of Credit

The First Nation general band operating line of credit and the Pierceland Credit Union education account have an authorized line of credit of \$175,000 and \$90,000, at prime interest rates plus 2.25% and 8.5% respectively.

BIG ISLAND LAKE CREE NATIONNotes to the Consolidated Financial Statements  
March 31, 2014

## 13. Contingent Liabilities

Big Island Lake Cree Nation has entered into contribution agreements with various federal government departments. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements.

In addition, in the normal course of its operations, Big Island Lake Cree Nation becomes involved in legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded on Big Island Cree Nation's financial statements.

During 2014 fiscal year there was a Forensic Review of Specific Issues and Allegations report prepared for the period April 1, 2009 to March 31, 2012, relating to the social development basic/special needs program. The report identified \$983,914 in funding that was allegedly not used for its intended purpose. The First Nation is disputing the entire amount and has provided information to AANDC.

## 14. Contractual Obligations

The nature of Big Island Lake Cree Nation's activities can result in some multi-year contracts whereby it will be obligated to make future payments when the goods or services are received. Significant contractual obligations that can be reasonably estimated are summarized as follows:

	<u>2015</u>
Housing	\$ 89,900
Capital projects	<u>96,515</u>
	<u><u>\$ 186,415</u></u>

## 15. Comparative Figures

The prior year's figures were audited by another accounting firm and certain of the comparative figures have been restated to conform with the current year's presentation

## 16. Budgeted Figures

Unaudited budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by Chief and Council.

BIG ISLAND LAKE CREE NATIONNotes to the Consolidated Financial Statements  
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## 17. Segment Disclosure

The presentation by segment is based on the same accounting policies as described in the summary of Significant Accounting Policies as described in Note 1. The following table presents the expenses incurred and the revenue generated by main object of expense and by major revenue type. The segment results for the period are as follows:

	Education			Social Development		
	Budget	2014	2013	Budget	2014	2013
Federal Government	\$ 3,902,049	\$ 3,884,654	\$ 3,940,988	\$ 2,496,378	\$ 2,133,383	\$ 2,574,639
Other	513,123	606,663	495,327		(230)	15,485
<b>Total Revenues</b>	<b>4,415,172</b>	<b>4,491,317</b>	<b>4,436,315</b>	<b>2,496,378</b>	<b>2,133,153</b>	<b>2,590,124</b>
Administration and training	403,748	367,756	486,165	112,114	88,763	111,363
Amortization		52,034	45,330			
Assistance	291,133	406,735	231,370	60,200	73,653	48,816
Bank charges and interest	1,000	(1,020)	9,669	10,000	13,160	1,358
Basic/special needs				2,015,192	1,651,347	2,093,686
Capital asset purchases	20,000	14,048	33,289			1,000
Honorarium and travel	24,000	33,719	37,047	15,263	15,118	28,683
Insurance	32,064	30,680	31,922			
Office supplies	3,000					
Other	196,047	151,655	133,864	60,406	90,233	48,201
Professional fees	500	323	293			1,000
Repairs and maintenance	104,064	109,396	104,879	9,100	17,564	6,758
Utilities, telephone and property tax	114,084	122,566	113,178			
Wages, contracts and employee benefits	3,129,506	2,956,826	3,199,323	264,104	277,821	249,493
<b>Total Expenses</b>	<b>4,319,146</b>	<b>4,244,718</b>	<b>4,426,329</b>	<b>2,546,379</b>	<b>2,227,659</b>	<b>2,590,358</b>
Annual Surplus (Deficit)	\$ 96,026	\$ 246,599	\$ 9,986	\$ (50,001)	\$ (94,506)	\$ (234)

BIG ISLAND LAKE CREE NATIONNotes to the Consolidated Financial Statements  
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## 17. Segment Disclosure (continued)

	Community Infrastructure			Band Government		
	Budget	2014	2013	Budget	2014	2013
Federal Government	\$ 457,233	\$ 475,738	\$ 500,318	\$ 414,780	\$ 474,309	\$ 455,243
212,000	204,835	197,789	1,035,874	1,022,953		448,581
Other						
Total Revenues	669,233	680,573	698,107	1,450,654	1,497,262	903,824
Administration and training	58,925	58,583	63,254	(452,964)	(460,317)	(555,698)
Amortization		716,385	623,688			82,034
Assistance				247,500	987,567	252,923
Bad debts	52,000	46,686	52,696	81,000	90,287	135,249
Bank charges and interest	12,443	2,121	16,575	57,500	79,072	49,809
Honorarium and travel						
Insurance	60,000	61,110	58,467	140,000	123,199	117,206
Materials and sub-contract		8,670				
Office supplies	1,000	633	401			
Other	81,987	54,663	33,938	74,370	132,892	183,338
Professional fees	9,400	9,365	5,000	25,000	25,630	24,191
Repairs and maintenance	43,442	48,724	42,704	5,000	4,398	37,367
Utilities, telephone and property tax	54,843	45,844	63,482	20,500	23,468	57,001
Wages, contracts and employee benefits	265,593	227,068	239,093	534,950	552,210	524,080
Total Expenses	639,633	1,279,852	1,199,298	732,856	1,695,526	907,500
Annual Surplus (Deficit)	\$ 29,600	\$ (599,279)	\$ (501,191)	\$ 717,798	\$ (198,264)	\$ (3,676)

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## 17. Segment Disclosure (continued)

	Capital			Lands, Revenue and Trusts		
	Budget	2014	2013	Budget	2014	2013
Federal Government		\$ 493,599	\$ 1,700,000	\$ 50,000	\$ 327,010	\$ 169,581
Other		3,177	(88,887)			74,345
Total Revenues	\$ NIL	496,776	1,611,113	50,000	327,010	243,926
Administration and training						
Amortization						
Assistance						
Bank charges and interest						
Honorarium and travel						
Other						
Professional fees						
Utilities, telephone and property tax						
Wages, contracts and employee benefits						
Total Expenses	\$ NIL	213,062	28,664	150,000	153,835	318,515
Annual Surplus (Deficit)	\$ NIL	\$ 283,714	\$ 1,582,449	\$ (100,000)	\$ 173,175	\$ (74,589)

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## 17. Segment Disclosure (continued)

	Other		
	<u>Budget</u>	<u>2014</u>	<u>2013</u>
Federal Government	\$ 570,540	\$ 614,810	\$ 603,196
Provincial Government	206,000	206,528	
Other	74,400	1,152,271	1,233,408
<b>Total Revenues</b>	<b>850,940</b>	<b>1,973,609</b>	<b>1,836,604</b>
Administration and training	70,450	74,802	86,654
Assistance	7,000	62,806	20,601
Bank charges and interest		6,524	7,230
Capital asset purchases	2,000		
Honorarium and travel	43,000	85,954	3,607
Insurance	2,000	2,390	90,792
Office supplies		5,449	1,707
Other	23,610	1,071,345	972,036
Professional fees	4,700	4,683	4,000
Repairs and maintenance		26,381	23,292
Utilities, telephone and property tax	16,480	35,824	28,244
Wages, contracts and employee benefits	641,701	828,084	577,585
<b>Total Expenses</b>	<b>810,941</b>	<b>2,204,242</b>	<b>1,815,748</b>
Annual Surplus (Deficit)	\$ 39,999	\$ (230,633)	\$ 20,856

BIG ISLAND LAKE CREE NATIONNotes to the Consolidated Financial Statements  
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## 18. Expenses by Object

	<u>2014</u>	<u>2013</u>
Administration and training	\$ 129,587	\$ 200,643
Amortization	981,481	751,052
AANDC funding recovery	86,010	
Assistance	1,649,846	800,735
Bad debt	127,729	35,071
Bank charges and interest	155,637	208,186
Basic/special needs	1,651,347	2,093,686
Capital asset purchases		30,896
Cost of goods sold (store)	925,577	919,439
Honorarium and travel	215,983	231,500
Insurance	217,380	209,302
Materials and sub-contract	8,670	
Office supplies	6,082	401
Other	134,465	50,911
Professional fees	87,884	96,631
Property tax	2,446	3,011
Rental	134,402	113,288
Repairs and maintenance	206,464	215,000
Supplies	229,723	252,728
Utilities and telephone	226,171	284,358
Wages, contracts and employee benefits	4,842,011	4,789,574
	<hr/>	<hr/>
	<u>\$ 12,018,895</u>	<u>\$ 11,286,412</u>