

BIG ISLAND LAKE CREE NATION

Pierceland, Saskatchewan

March 31, 2015

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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:



Roland Ochuschayoo
Chief

Swanson Gryba & Company

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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, 2015 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 \$720,000.

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, 2015, 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.

July 24, 2015
North Battleford, Saskatchewan

Chartered Professional Accountants

BIG ISLAND LAKE CREE NATIONConsolidated Statement of Financial Position
March 31, 2015

	<u>2015</u>	<u>2014</u>
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	\$ 104,260	\$ 267,339
Accounts receivable (Note 3)	134,060	195,658
Due from government and government organizations (Note 4)	261,469	494,689
Ottawa Trust (Note 5)	2,567,390	2,270,817
Portfolio Investments (Note 6)	300,000	364,079
Investment in government business enterprise (Note 7)	257,259	257,259
	<hr/>	<hr/>
	3,624,438	3,849,841
	<hr/>	<hr/>
LIABILITIES		
Accounts payable and accrued liabilities (Note 8)	448,051	762,745
Due to government and government organizations (Note 8)	224,470	620,360
Deferred revenue (Note 9)	119,263	189,419
Long-term debt (Notes 10)	2,234,211	2,851,140
	<hr/>	<hr/>
	3,025,995	4,423,664
	<hr/>	<hr/>
NET SURPLUS / (DEBT)	598,443	(573,823)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 11)	21,157,860	21,845,354
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ACCUMULATED SURPLUS	\$ 21,756,303	\$ 21,271,531
	<hr/>	<hr/>

Contingent liabilities (Note 13)

Contractual obligations (Note 14)

Approved on behalf of the Council:

Reo Sway Chief
Marlene Sway 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, 2015

	Budget <u>2015</u> (Note 15)	<u>2015</u>	<u>2014</u>
REVENUE			
Federal Government:			
Aboriginal Affairs and Northern Development Canada	\$ 7,374,182	\$ 7,482,082	\$ 7,409,962
Health Canada	500,000	521,800	502,357
Canada Mortgage and Housing Corporation	168,000	159,514	164,174
Provincial Government			206,528
Other:			
First Nations Trust - Gaming	390,000	384,009	407,634
Gas Bar			1,090,003
Ottawa Trust	150,000	421,573	327,010
Rental/Leases	291,400	260,502	274,104
Oil and Gas	41,500	40,669	39,305
Federation of Saskatchewan Indian Nations	114,500	114,500	124,000
Saskatchewan Institute of Indian Technologies	145,000	164,307	143,053
Grants and Donations	52,000	41,778	276,204
Insurance proceeds		5,110	323,698
Other	237,493	512,527	311,669
	<u>9,464,075</u>	<u>10,108,371</u>	<u>11,599,701</u>
EXPENSES			
Education	4,726,868	4,685,786	4,670,403
Social Development	2,070,098	2,123,546	1,801,975
Community Infrastructure	895,235	1,460,744	1,279,852
Band Government	958,491	355,508	1,695,526
Capital		208,133	213,062
Lands, Revenues and Trust	150,000	124,999	153,835
Other	570,953	664,883	2,204,242
	<u>9,371,645</u>	<u>9,623,599</u>	<u>12,018,895</u>
CURRENT SURPLUS (DEFICIT)	\$ 92,430	484,772	(419,194)
ACCUMULATED SURPLUS AT BEGINNING OF YEAR		<u>21,271,531</u>	<u>21,690,725</u>
ACCUMULATED SURPLUS AT END OF YEAR		\$ 21,756,303	\$ 21,271,531

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, 2015

	Budget (Note 15)	<u>2015</u>	<u>2014</u>
CURRENT SURPLUS (DEFICIT)	\$ 92,430	\$ 484,772	\$ (419,194)
Amortization of tangible capital assets		929,666	981,481
Acquisition of tangible capital assets		(242,172)	(380,832)
CHANGE IN NET FINANCIAL ASSETS (DEBT)	92,430	1,172,266	181,455
NET ASSETS (DEBT) AT BEGINNING OF YEAR	<u>(573,823)</u>	<u>(573,823)</u>	<u>(755,278)</u>
NET ASSETS (DEBT) AT END OF YEAR	\$ <u>(481,393)</u>	\$ <u>598,443</u>	\$ <u>(573,823)</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, 2015

	<u>2015</u>	<u>2014</u>
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Current surplus (deficit)	\$ 484,772	\$ (419,194)
Add (deduct) items not affecting cash		
Tangible capital asset amortization	929,666	981,481
Write down of investments	64,079	
Net change in non-cash working capital balances related to operations*	(485,922)	3,778
Adjustment for capital/investing transactions included in operations	<u>(421,573)</u>	<u>(327,010)</u>
Ottawa Trust revenue	<u>571,022</u>	<u>239,055</u>
CASH PROVIDED BY (USED IN) CAPITAL ACTIVITIES		
Purchase of tangible capital assets	<u>(242,172)</u>	<u>(380,832)</u>
CASH PROVIDED BY (USED IN) INVESTMENT ACTIVITIES		
Transfer from Ottawa Trust	<u>125,000</u>	<u>120,000</u>
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Retirement of long-term debt	<u>(616,929)</u>	<u>(555,244)</u>
CASH PROVIDED (USED) IN THE YEAR	<u>(163,079)</u>	<u>(577,021)</u>
CASH (INDEBTEDNESS) AT BEGINNING OF YEAR	<u>267,339</u>	<u>844,360</u>
CASH (INDEBTEDNESS) AT END OF YEAR	<u>\$ 104,260</u>	<u>\$ 267,339</u>
* NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS		
Decrease (increase) in accounts receivable	\$ 294,818	\$ (243,677)
Decrease (increase) in inventories		52,205
Increase (decrease) in accounts payable	(710,584)	711,180
Increase (decrease) in deferred revenue	(70,156)	(515,930)
	<u>\$ (485,922)</u>	<u>\$ 3,778</u>
NOTE: Interest paid	<u>\$ 104,865</u>	<u>\$ 123,198</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, 2015

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 a minority interest, 300,000 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, 2015

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, 2015

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 (2014 - \$NIL) and amortization of tangible capital assets in amount of \$929,666 (2014 - \$981,481). Actual results could differ significantly from these estimates.

2. Cash and Cash Equivalents

	<u>2015</u>	<u>2014</u>
Externally restricted (Canada Mortgage and Housing Corporation)	\$ 113,423	\$ 69,146
Internally restricted (Education and Major Capital)	282,064	359,756
Unrestricted (Bank overdraft)	<u>(291,227)</u>	<u>(161,563)</u>
	<u><u>\$ 104,260</u></u>	<u><u>\$ 267,339</u></u>

Under the terms of agreements with Canada Mortgage and Housing Corporation (CMHC), 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, 2015, the accounts were underfunded by \$559,236 (2014 - \$555,572).

BIG ISLAND LAKE CREE NATIONNotes to the Consolidated Financial Statements
March 31, 2015

3. Accounts Receivable

	<u>2015</u>	<u>2014</u>
First Nation members	\$ 62,120	\$ 44,706
Deposit on housing purchase	89,900	89,900
Non members	46,770	61,052
Less allowance for doubtful accounts	<u>(64,730)</u>	<u>NIL</u>
	<u><u>\$ 134,060</u></u>	<u><u>\$ 195,658</u></u>

Allowance for doubtful accounts include advances to former chief and council in the amount of \$46,750 and \$17,980 for an estimated loss on the advance to purchase 2 housing units for the First Nation's members.

4. Due from Government and Government Organizations

	<u>2015</u>	<u>2014</u>
Aboriginal Affairs and Northern Development Canada	\$ 95,975	\$ 47,045
Canada Mortgage and Housing Corporation	118,679	308,221
Health Canada		8,747
First Nation & Inuit Health Branch	2,065	
Government of Saskatchewan		96,676
Federation of Saskatchewan Indian Nations	<u>44,750</u>	<u>34,000</u>
	<u><u>\$ 261,469</u></u>	<u><u>\$ 494,689</u></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>2015 Balance</u>	<u>2014 Balance</u>
Capital	\$ 2,218,363	\$ 316,074		\$ 2,534,437	\$ 2,218,363
Revenue	<u>52,454</u>	<u>105,499</u>	<u>\$ 125,000</u>	<u>32,953</u>	<u>52,454</u>
Fund Total	<u><u>\$ 2,270,817</u></u>	<u><u>\$ 421,573</u></u>	<u><u>\$ 125,000</u></u>	<u><u>\$ 2,567,390</u></u>	<u><u>\$ 2,270,817</u></u>

6. Portfolio Investments

	<u>2015</u>	<u>2014</u>
Algaenius	<u><u>\$ 300,000</u></u>	<u><u>\$ 364,079</u></u>

BIG ISLAND LAKE CREE NATIONNotes to the Consolidated Financial Statements
March 31, 2015

7. Investments in Government Business Enterprise

	<u>2015</u>	<u>2014</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 to produce hay for First Nation members who have horses. 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>2015</u>	<u>2014</u>
Accounts Payable and Accrued Liabilities		
Trade payables	\$ 340,772	\$ 467,553
Accrued salaries and benefits payable	105,347	153,600
Other accrued liabilities	1,932	141,592
	<u>448,051</u>	<u>762,745</u>
Due to government and government organizations		
Aboriginal Affairs and Northern Development Canada	155,428	541,455
Health Canada	69,042	78,905
	<u>224,470</u>	<u>620,360</u>

During the 2014 fiscal year, Aboriginal Affairs and Northern Development Canada (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 per AANDC confirmation. During the 2015 fiscal year, this payable was adjusted to \$51,738, which will be implemented over 11 months, commencing May 1, 2015, at the amount of \$4,703 per month.

As a result of AANDC year end program reconciliation for the 2015 fiscal year, the basic needs allocation exceeded eligible expenses in the amount of \$63,790 which will be payable.

As a result of AANDC 2013-2014 recovery of unexpended funds \$37,977 are required to be payable over an 11 month period.

During the 2015 fiscal year, \$1,918 is determined to be 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. During the 2015 fiscal year, the First Nation has made payments totaling \$9,863 bringing the balance to \$69,042.

BIG ISLAND LAKE CREE NATIONNotes to the Consolidated Financial Statements
March 31, 2015

9. Deferred Revenue

	<u>Opening Balance</u>	<u>Funding Received</u>	<u>Revenue Recognized</u>	<u>2015 Total</u>	<u>2014 Total</u>
AANDC:					
Capital Projects	\$ 96,515		\$ 70,156	\$ 26,359	\$ 96,515
Other	92,904			92,904	92,904
	<u>\$ 189,419</u>	<u>\$ NIL</u>	<u>\$ 70,156</u>	<u>\$ 119,263</u>	<u>\$ 189,419</u>

10. Long-Term Debt

		<u>2015</u>	<u>2014</u>
CMHC Loan - Phase 1		\$ 29,173	\$ 48,722
CMHC Loan - Phase 3		144,406	155,109
CMHC Loan - Phase 4		75,608	80,793
CMHC Loan - Phase 5		205,007	216,261
CMHC Loan - Phase 6		131,581	142,704
CMHC Loan - Phase 7		1,039,844	1,103,770
First Nations Bank of Canada loan - Phase 2		138,542	168,322
First Nations Bank of Canada # 1		95,050	285,151
First Nations Bank of Canada loan #2		100,000	300,000
First Nations Bank of Canada loan #3		275,000	325,000
Beaver River Community Development Fund			2,117
Ford Finance			23,191
		<u>\$ 2,234,211</u>	<u>\$ 2,851,140</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, \$1,251, \$1,147 and \$7,024 including interest. Interest on the loans are at 1.85%, 1.67%, 1.62%, 1.12%, 1.05% and 1.92% respectively.

The First Nations Bank loan - Phase 2 is guaranteed by Affairs and Northern Development Canada. The loan is repayable in monthly instalment of \$3,149 including interest. Interest on the loan is at 5.24%.

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 5.35% respectively.

BIG ISLAND LAKE CREE NATIONNotes to the Consolidated Financial Statements
March 31, 2015

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

2015	\$ 400,907
2016	201,860
2017	194,612
2018	198,340
2019	166,821

11. Tangible Capital Assets

	Beginning Cost	Additions/ Disposals	End Cost	Beg Accum Amort	Current Amort	End Accum Amort	2015 Net	2014 Net
Buildings	\$ 9,769,661	\$ 118,000	\$ 9,887,661	\$ 5,295,583	\$ 226,654	\$ 5,522,237	\$ 4,365,424	\$ 4,474,078
Automotive	1,683,598	59,617	1,743,215	1,562,176	45,370	1,607,546	135,669	121,422
Equipment	1,223,185	4,700	1,227,885	706,355	100,465	806,820	421,065	516,830
Roads	3,462,843		3,462,843	589,798	71,826	661,624	2,801,219	2,873,045
Community								
Infrastructure	10,827,302	14,539	10,841,841	2,514,122	208,011	2,722,133	8,119,708	8,313,180
Social housing-CMHC	9,620,993	45,316	9,666,309	4,074,194	277,340	4,351,534	5,314,775	5,546,799
	<u>\$ 36,587,582</u>	<u>\$ 242,172</u>	<u>\$ 36,829,754</u>	<u>\$ 14,742,228</u>	<u>\$ 929,666</u>	<u>\$ 15,671,894</u>	<u>\$ 21,157,860</u>	<u>\$ 21,845,354</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 \$200,000 and \$90,000, at interest rates of 5.1% and 8.5% respectively.

BIG ISLAND LAKE CREE NATIONNotes to the Consolidated Financial Statements
March 31, 2015

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.

During the 2013 fiscal year, Big Island Lake Cree Nation made a 50% prepayment of \$89,900 to an Alberta design and manufacturing modular structure entity to purchase 2 housing units for its First Nation members. During the 2014 and 2015 fiscal year, the First Nation did not receive these units and the Alberta entity has now ceased operations. Chief and Council estimated that the First Nation might not recover \$17,980 of the total prepayment which this has been included as an allowance for doubtful accounts. The First Nation is continuing efforts to recover the entire prepayment.

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>	<u>2014</u>
Housing		\$ 89,900
Capital projects	\$ 26,359	96,515
	<u><u>\$ 26,359</u></u>	<u><u>\$ 186,415</u></u>

15. 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
March 31, 2015

16. Segment Disclosure

The First Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by segment. The segments of the First Nation and the services they provide be each are as follows:

- Education - provides a variety of services for students from nursery school to a complete grade 12 that meets all provincial criteria with a cultural influence that reflects the First Nation's identity. Services also include access to post secondary level opportunities, nutrition program, student counselling, Cree language and cultural program and a community school program.
- Social Development - provides various initiatives such as special needs, basic needs and service delivery.
- Community Infrastructure - provides for operating and maintaining basic community facilities and services such as waste water systems, roads, fire prevention, etc. Services also include ensuring the community facilities and services meet recognized standards and are comparable to services in nearby communities.
- Band Government - handles the finances and administration of the First Nation including support to Chief and Council and all other departments to ensure the efficient and effective operations of the First Nation.
- Capital - Capital projects including new housing, infrastructure upgrades, and is responsible for larger maintenance projects that are non-recurring in nature and requires both capital funding and Band funding.
- Lands, Revenue and Trusts - includes activities for the development of the First Nation's land and revenue from its trusts.
- Other - a variety of different programs that vary based on own source revenue or specific criteria as determined by the funding agency.

For each segment separately reported, the segment revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as those described in Note 2. Inter-segment transfers are recorded at their exchange amount.

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

	Education		Social Development		Community Infrastructure	
	2015	2014	2015	2014	2015	2014
Federal Government	\$ 4,181,550	\$ 4,310,338	\$ 2,115,167	\$ 1,707,699	\$ 697,447	\$ 475,738
Other	665,156	606,663		(230)	174,515	204,835
Total Revenues	4,846,706	4,917,001	2,115,167	1,707,469	871,962	680,573
Administration and training	391,532	450,884	11,765	5,635	77,753	58,583
Amortization	43,052	52,034				716,385
Assistance	378,207	480,388	(1,020)	8,506	13,160	
Bank charges and interest	1,411		2,000,124	1,651,347	41,629	46,686
Basic/special needs						
Capital asset purchases	15,000	14,048				
Honorarium and travel	31,640	42,847	12,852	5,990	6,910	2,121
Insurance	21,861	30,680			45,409	61,110
Materials and sub-contract						8,670
Office supplies	72,724					633
Other	210,576	200,979	1,447	40,910	86,623	54,663
Professional fees	3,218	323			64,366	9,365
Repairs and maintenance	141,984	113,560	12,860	13,400	178,607	48,724
Utilities, telephone and property tax	138,757	122,566			33,502	45,844
Wages, contracts and employee benefits	3,235,818	3,163,114	75,992	71,533	247,341	227,068
Total Expenses	4,685,780	4,670,403	2,123,546	1,801,975	1,460,744	1,279,852
Annual Surplus (Deficit)	\$ 160,926	\$ 246,598	\$ (8,379)	\$ (94,506)	\$ (588,782)	\$ (599,279)

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

	Band Government		Capital		Lands, Revenue and Trusts	
	2015	2014	2015	2014	2015	2014
Federal Government	\$ 474,323	\$ 474,309	\$ 70,156	\$ 493,599	\$ 421,573	\$ 327,010
Other	599,679	1,022,953	394	3,177		
Total Revenues	1,074,002	1,497,262	70,550	496,776	421,573	327,010
Administration and training						
Amortization	(393,044)	(460,317)	208,011	213,062		
Assistance	(346,780)	987,567			75,005	119,085
Bad debts	70,775	137,120				
Bank charges and interest	71,312	90,287	122			
Basic/special needs	88,377					
Honorarium and travel	39,354	79,072				
Insurance	121,156	132,892				
Other	78,321	25,630				
Professional fees	(9,356)	4,398				
Repairs and maintenance	32,229	23,468				
Utilities, telephone and property tax						
Wages, contracts and employee benefits	603,164	552,210				
Total Expenses	355,508	1,695,526	208,133	213,062	124,999	153,835
Annual Surplus (Deficit)	\$ 718,494	\$ (198,264)	\$ (137,583)	\$ 283,714	\$ 296,574	\$ 173,175

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

	Other		Consolidated	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Federal Government	\$ 624,753	\$ 614,810	\$ 8,584,969	\$ 8,403,503
Provincial Government		206,528		206,528
Other	83,654	1,152,271	1,523,402	2,989,670
Total Revenues	708,407	1,973,609	10,108,371	11,599,701
Administration and training	21,689	74,802	109,695	129,587
Amortization	682	62,806	929,667	981,481
Assistance			107,114	1,649,846
Bad debts			70,775	127,729
Bank charges and interest	88,544	6,524	211,524	155,637
Basic/special needs			2,088,501	1,651,347
Capital asset purchases	59,392	85,954	15,000	14,048
Honorarium and travel	1,902	2,390	150,148	215,983
Insurance			69,172	217,380
Materials and sub-contract				8,670
Office supplies	44,212	1,071,345	72,724	6,082
Other	4,000	4,683	464,021	1,510,177
Professional fees	8,228	26,381	149,905	73,836
Repairs and maintenance	15,701	35,824	332,323	206,464
Utilities, telephone and property tax	420,533	828,084	220,189	228,617
Wages, contracts and employee benefits			4,632,841	4,842,011
Total Expenses	664,883	2,204,242	9,623,599	12,018,895
Annual Surplus (Deficit)	\$ 43,524	\$ (230,633)	\$ 484,772	\$ (419,194)

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

	<u>2015</u>	<u>2014</u>
Administration and training	\$ 109,695	\$ 129,587
Amortization	929,667	981,481
AANDC funding recovery	37,977	86,010
Assistance	107,114	1,649,846
Bad debt	167,043	127,729
Bank charges and interest	122,995	155,637
Basic/special needs	2,088,501	1,651,347
Cost of goods sold (store)		925,577
Honorarium and travel	150,148	215,983
Insurance	125,018	217,380
Materials and sub-contract		8,670
Office supplies		6,082
Other	152,194	136,911
Professional fees	109,059	87,884
Rental	75,467	134,402
Repairs and maintenance	332,323	206,464
Supplies	265,581	229,723
Utilities and telephone	217,976	226,171
Wages, contracts and employee benefits	<u>4,632,841</u>	<u>4,842,011</u>
	<u><u>\$ 9,623,599</u></u>	<u><u>\$ 12,018,895</u></u>