

# **Ahtahkakoop Cree Nation**

Financial Statements  
**March 31, 2014**



August 11, 2014

## **Independent Auditor's Report**

### **To the Members of Ahtahkakoop Cree Nation**

We have audited the accompanying financial statements of Ahtahkakoop Cree Nation, which comprise the statement of financial position as at March 31, 2014 and the statements of operations, changes in net debt and cash flows for the year then ended, and the related notes, which comprise 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ahtahkakoop Cree Nation as at March 31, 2014 and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*PricewaterhouseCoopers LLP*

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**Chartered Accountants**

**Ahtahkakoop Cree Nation**  
**Statement of Financial Position**  
**As at March 31, 2014**

	2014 \$	2013 \$
<b>Financial assets</b>		
Accounts receivable (note 3)	606,935	619,602
Restricted assets (note 4)	1,526,122	1,181,354
Trust funds held by Federal Government (note 5)	70,505	53,907
Investment in government business enterprise (note 6)	1,119,973	980,406
Other investment (note 7)	50,000	50,000
	<u>3,373,535</u>	<u>2,885,269</u>
<b>Liabilities</b>		
Bank indebtedness (note 8)	2,538,698	1,057,054
Accounts payable and accrued liabilities (note 9)	484,966	454,903
Long-term debt (note 10)	10,547,488	10,179,800
Deferred revenue (note 11)	20,259	1,079
	<u>13,591,411</u>	<u>11,692,836</u>
<b>Net debt</b>	<u>(10,217,876)</u>	<u>(8,807,567)</u>
<b>Non-financial assets</b>		
Inventory	7,105	2,257
Prepaid expenses	80,977	78,847
Tangible capital assets (note 12)	28,170,950	28,031,204
	<u>28,259,032</u>	<u>28,112,308</u>
<b>Accumulated surplus</b>	<u>18,041,156</u>	<u>19,304,741</u>
Contingencies (note 14)		

Approved by the Chief and Council

S. Ahenakew

Chief

Elijah Sasteward Council

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

# Ahtahkakoop Cree Nation

## Statement of Operations

For the year ended March 31, 2014

	Budget \$ (note 15)	2014 \$	2013 \$
<b>Revenues</b>			
Aboriginal Affairs and Northern Development Canada (AANDC) (note 13)			
<i>Set contributions</i>	4,471,244	4,504,466	4,809,644
<i>Fixed contributions</i>	5,659,928	6,354,615	5,778,288
<i>Grant funding</i>	632,654	632,654	632,654
<i>Flexible contributions</i>	-	-	211,000
<i>Retroactive funding adjustments (recoveries)</i>	-	(32,869)	-
Recognition of prior year deferred revenue	-	-	560,362
B.T.C Funding	89,357	91,604	67,018
Net income (loss) from investment in government business enterprise (note 6)	-	139,567	(7,356)
Health Canada (note 13)	1,872,450	2,553,776	2,100,290
First Nations Trust	1,128,300	1,239,774	1,219,524
Other revenue	2,789,534	493,652	558,778
Canada Mortgage and Housing Corporation (CMHC) (note 13)	530,613	497,635	520,970
Bingo	-	666,522	515,336
CMHC Rental	654,334	480,762	509,876
Battlefords Agency Tribal Chiefs Inc. (BATC)	163,912	175,134	200,710
Saskatchewan Indian Institute of Technology (SIIT)/SITAG	383,960	357,693	407,890
BATC Community Development Corporation	251,000	306,032	335,559
Gain (loss) on disposal tangible capital assets	-	(14,689)	178,390
Government of Saskatchewan (note 13)	105,946	112,934	70,391
CMHC RRAP (note 13)	138,091	216,053	190,010
Government of Canada (note 13)	160,277	133,431	142,368
User fees	53,000	53,745	53,412
GST	38,995	43,277	28,455
Saskatchewan Lotteries	14,400	16,198	14,330
	19,137,995	19,021,966	19,097,899
<b>Expenses</b>			
Salaries, contracts and benefits	7,831,401	7,103,739	6,597,155
Amortization	-	1,963,371	1,939,247
Basic needs	1,835,616	1,814,852	1,878,975
Designated projects	2,333,846	1,698,858	1,469,007
Utilities	737,265	920,110	818,563
Travel and honorarium	839,196	893,418	942,890
Post-secondary	914,568	892,580	884,918
Supplies	1,128,323	860,769	805,968
Repairs and maintenance	336,653	541,954	374,490
Rent	187,770	502,535	550,674
Bingo	-	432,597	390,788
Emergency assistance	150,000	296,148	179,515
Bank charges and interest	42,894	293,459	378,294
Other	231,502	289,047	188,692
Professional development	125,312	225,148	113,058
Professional fees	256,127	216,079	241,153
Insurance	331,189	210,985	183,597
Consolidated revenue fund (CRF)	160,000	210,413	130,502
Programming and extra-curricular	33,648	163,086	104,433
Nutrition program	152,711	146,532	113,424
HEO training	115,000	116,140	119,739
Bad debt	-	104,075	53,703
Funeral	83,545	95,454	56,139
Leases	82,500	91,445	88,268
Elders	63,100	57,868	88,054

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

# Ahtahkakoop Cree Nation

## Statement of Operations ...continued

For the year ended March 31, 2014

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	Budget \$ (note 15)	2014 \$	2013 \$
User fees	24,428	41,461	43,864
Receiver General	40,311	40,809	24,874
Donations	29,750	33,833	33,508
Prevention and promotion	10,000	27,105	54,450
Advertising	2,600	1,681	4,962
Minor capital – furniture	113,544	-	162,166
Non-reimbursables	-	-	4,189
	<hr/>	<hr/>	<hr/>
	18,192,799	20,285,551	19,019,259
<b>Annual surplus (deficit) (note 17)</b>	<hr/>	<hr/>	<hr/>
	945,196	(1,263,585)	78,640
<b>Accumulated surplus – Beginning of year, as previously presented</b>		-	6,172,879
<b>Change in accounting policy (note 2)</b>		-	13,053,222
<b>Accumulated surplus – Beginning of year</b>	<hr/>	<hr/>	<hr/>
	19,304,741	19,226,101	
<b>Accumulated surplus – End of year</b>	<hr/>	<hr/>	<hr/>
	18,041,156	19,304,741	
Segment disclosure (note 18)			

# Ahtahkakoop Cree Nation

## Statement of Changes in Net Debt

For the year ended March 31, 2014

	Budget \$ (note 15)	2014 \$	2013 \$
<b>Annual surplus (deficit)</b>	(3,109,469)	(1,263,585)	78,640
Proceeds on sale of tangible capital assets	-	-	224,152
Acquisition of tangible capital assets	(1,750,000)	(2,117,806)	(1,752,031)
Amortization of tangible capital assets	1,900,000	1,963,371	1,939,247
Loss (gain) on disposal of tangible capital assets	-	14,689	(178,390)
	<u>(2,959,469)</u>	<u>(1,403,331)</u>	<u>311,618</u>
Consumption (acquisition) of inventories held for use	-	(4,848)	(360)
Decrease (increase) in prepaid expenses	-	(2,130)	(17,067)
	<u>-</u>	<u>(6,978)</u>	<u>(17,427)</u>
<b>Change in net debt</b>	(2,959,469)	(1,410,309)	294,191
<b>Net debt – Beginning of year</b>	<u>(8,807,567)</u>	<u>(8,807,567)</u>	<u>(9,101,758)</u>
<b>Net debt – End of year</b>	<u>(11,767,036)</u>	<u>(10,217,876)</u>	<u>(8,807,567)</u>

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

# Ahtahkakoop Cree Nation

## Statement of Cash Flows

For the year ended March 31, 2014

	2014 \$	2013 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Annual surplus (deficit)	(1,263,585)	78,640
Items not affecting cash		
Amortization of tangible capital assets	1,963,371	1,939,247
Loss (gain) on disposal of tangible capital assets	14,689	(178,390)
Loss (income) from investment in government business enterprise	<u>(139,567)</u>	<u>7,356</u>
	574,908	1,846,853
Net change in non-cash working capital items (note 15)	<u>54,932</u>	<u>(164,535)</u>
	629,840	1,682,318
<b>Financing activities</b>		
Proceeds from long-term debt	1,305,720	831,166
Repayment of long-term debt	<u>(938,032)</u>	<u>(830,544)</u>
	367,688	622
<b>Capital activities</b>		
Purchase of tangible capital assets	(2,117,806)	(1,752,031)
Proceeds on disposal of tangible capital assets	-	224,152
	<u>(2,117,806)</u>	<u>(1,527,879)</u>
<b>Investing activities</b>		
Increase in restricted assets	(344,768)	(169,898)
Decrease (increase) in trust funds held by Federal Government	<u>(16,598)</u>	<u>18,988</u>
	(361,366)	(150,910)
<b>Net change in bank indebtedness</b>	(1,481,644)	4,151
<b>Bank indebtedness – Beginning of year</b>	<u>(1,057,054)</u>	<u>(1,061,205)</u>
<b>Bank indebtedness – End of year</b>	<u>(2,538,698)</u>	<u>(1,057,054)</u>
<b>Supplementary cash flow information</b>		
Interest received in year	2,900	4,987
Interest paid in year	293,459	322,043

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

# **Ahtahkakoop Cree Nation**

## Notes to Financial Statements

**March 31, 2014**

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### **1 Summary of significant accounting policies**

#### **a) Basis of accounting**

These financial statements have been prepared 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.

#### **b) Reporting entity**

The Ahtahkakoop Cree Nation reporting entity includes the Ahtahkakoop Cree Nation Government and all related entities that are controlled by the Ahtahkakoop Cree Nation (the Cree Nation).

#### **c) Principles of consolidation**

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of a government business enterprise or government business partnership, which are included in the consolidated financial statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation. There are no organizations that have been accounted for on a consolidation basis.

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

Organizations accounted for on a modified equity basis include:

- Ahtahkakoop Cree Developments Limited Partnership (ACDLP)

#### **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) Tangible capital assets**

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

# Ahtahkakoop Cree Nation

## Notes to Financial Statements

March 31, 2014

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

Roads	40 years
Buildings	30 years
Infrastructure and housing	20 years
Equipment	5 years

Tangible capital assets are written down when conditions indicate that they no longer contribute to the 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 statement of operations.

f) Inventories held for use

Inventories of supplies held for consumption are recorded at the lower of cost and replacement cost.

g) Revenue recognition

Revenues are recognized in the period 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.

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

h) Measurement uncertainty

The preparation of the financial statements in conformity with Canadian Public Sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the year. Items requiring the use of significant estimates include the recoverability of accounts receivable and the useful lives of tangible capital assets. Actual results could differ from these estimates.

# Ahtahkakoop Cree Nation

## Notes to Financial Statements

March 31, 2014

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### 2 Change in accounting policy

The Cree Nation has determined that deferred capital contributions of \$6,919,038 as at March 31, 2013 should have been recognized as revenue during the year ended March 31 2012, in accordance with the funding agreement and therefore would have increased the accumulated surplus as at March 31, 2012 and the surplus for the year ended March 31, 2012 by \$6,919,038. Due to retroactive adjustments, the beginning surplus for the year ended March 31, 2012 has been increased from \$5,947,258, the amount previously reported, to \$12,081,442. The change comes as a result of deferred revenue decreasing by \$6,134,184 at March 31, 2011.

As a result, on the statement of financial position, deferred capital contributions have decreased by \$13,053,222 from \$13,614,663 at March 31, 2012, as previously reported, to \$561,441. The accumulated surplus at March 31, 2012 has increased from \$6,172,879, the amount previously reported, to \$19,226,101. On the statement of operations, revenues for the year ended March 31, 2012 have increased from \$18,427,248, the amount previously reported, to \$25,346,286 and the surplus for the year ended March 31, 2012 has increased from a deficit for the year of \$225,621, as previously reported, to a surplus for the year of \$7,144,659.

On the statement of changes in net debt, the restatement outlined above for the year ended March 31, 2012 resulted in net debt as of March 31, 2012 decreasing from \$22,154,980, as previously reported, to \$9,101,758. On the statement of cash flows, cash flows from operating activities increased by \$5,931,276 and cash flows used in capital activities increased by a corresponding amount.

### 3 Accounts receivable

	2014	2013
	\$	\$
Aboriginal Affairs and Northern Development Canada (AANDC)	178,267	124,743
First Nations and Inuit Health Branch Canada (FNIHB)	39,750	137,116
Canada Mortgage and Housing Corporation (CMHC)	41,240	41,546
CMHC RRAP	56,449	8,170
Government of Canada	9,545	3,930
Government of Saskatchewan	26,730	-
Battlefords Agency Tribal Chiefs Inc. (BATC)	45,292	75,204
Saskatchewan Indian Institute of Technology (SIIT) / SITAG	102,539	48,900
Social Housing rent	75,324	74,440
Ahtahkakoop Cree Developments LP (ACDLP)	-	70,000
Other	8,899	13,963
HUB International	-	21,590
Battle River	22,900	-
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	606,935	619,602

# Ahtahkakoop Cree Nation

## Notes to Financial Statements

March 31, 2014

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### 4 Restricted assets

The Cree Nation has received federal assistance through Canada Mortgage and Housing Corporation ("CMHC"), pursuant to Section 95 of the National Housing Act, to reduce mortgage interest and enable the Cree Nation to provide housing to members. The continuation of this interest rate reduction is contingent upon the Cree Nation being in compliance with the terms of the agreement, which requires that a monthly amount be set aside to provide for major renovations to Nation housing in future years.

The Cree Nation has established a replacement reserve to ensure replacement of buildings financed by CMHC, as well as a reserve related to surpluses generated in the post-1997 program, which are to be set aside and used to meet future subsidy requirements of income test occupants over and above the maximum federal assistance.

The CMHC reserve funds must be held or invested only in accounts or instruments guaranteed by the Canada Deposit Insurance Corporation, or as otherwise approved by CMHC. Reserve withdrawals are credited first to interest and then to principal.

Restricted assets are comprised of the following:

	2014	2013
	\$	\$
First Nations Infrastructure Fund (FNIF)		
Solid waste project – cash	-	26,319
School addition project – cash	-	184,603
Health centre project – cash	204,276	-
CMHC replacement reserve		
Cash	296,846	170,432
Guaranteed investment certificates	<u>1,025,000</u>	<u>800,000</u>
	<u>1,526,122</u>	<u>1,181,354</u>

# Ahtahkakoop Cree Nation

## Notes to Financial Statements

**March 31, 2014**

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The guaranteed investment certificates consist of the following:

	2014 \$	2013 \$
Guaranteed investment certificate earning interest at 1.3%, issue date of January 6, 2014, and maturity date of January 6, 2015	150,000	150,000
Guaranteed investment certificate earning interest at 1.6%, issue date of January 4, 2013, and maturity date of July 7, 2014	300,000	300,000
Guaranteed investment certificate earning interest at 1.8%, issue date of January 4, 2013, and maturity date of January 4, 2016	350,000	350,000
Guaranteed investment certificate earning interest at 1.4%, issue date of October 11, 2013, and maturity date of October 12, 2015	225,000	-
	<u>1,025,000</u>	<u>800,000</u>

## 5 Trust funds held by Federal Government

	March 31, 2013 \$	Additions \$	Withdrawals \$	March 31, 2014 \$
Revenue	44,403	106,454	(89,856)	61,001
Capital	9,504	-	-	9,504
	<u>53,907</u>	<u>106,454</u>	<u>(89,856)</u>	<u>70,505</u>

	March 31, 2012 \$	Additions \$	Withdrawals \$	March 31, 2013 \$
Revenue	63,391	78,934	(97,922)	44,403
Capital	9,504	-	-	9,504
	<u>72,895</u>	<u>78,934</u>	<u>(97,922)</u>	<u>53,907</u>

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

The additions for the trust funds are comprised of \$1,891 (2013 – \$857) of government interest and \$104,563 (2013 – \$78,077) of other income.

# Ahtahkakoop Cree Nation

## Notes to Financial Statements

March 31, 2014

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### 6 Investment in government business enterprise

The Cree Nation holds a 99.99% ownership interest in Ahtahkakoop Cree Developments LP ("ACDLP"). ACDLP was established on April 1, 2010. The operations of ACDLP include two convenience stores, a cafe, a tire shop and a canteen. The investment in ACDLP has been accounted for in accordance with the modified equity method.

The following table presents condensed financial information for ACDLP:

	2014	2013
	\$	\$
Cash and cash equivalents	158,120	125,996
Accounts receivable	121,306	76,260
Inventory	226,166	222,791
Tangible capital assets	990,091	1,003,869
Prepaid expenses	11,350	500
Investments	95,929	-
	<hr/> <u>1,602,962</u>	<hr/> <u>1,429,416</u>

Accounts payable and accrued liabilities	291,434	90,515
Long-term debt	<hr/> <u>191,540</u>	<hr/> <u>358,495</u>
	482,974	449,010
Equity	<hr/> <u>1,119,988</u>	<hr/> <u>980,406</u>
	<hr/> <u>1,602,962</u>	<hr/> <u>1,429,416</u>

	2014	2013
	\$	\$
Revenue	5,596,648	4,940,239
Expenses	<hr/> <u>5,495,888</u>	<hr/> <u>4,947,595</u>
Net income (loss)	<hr/> <u>100,760</u>	<hr/> <u>(7,356)</u>

The Cree Nation has guaranteed the repayment of the long-term debt balance by ACDLP.

ACDLP is liable for the environmental obligations related to the future decommissioning of the two gas stations that it owns. No provision has been made for the environmental remediation liabilities associated with the gas stations. Although it is probable that a liability has been incurred as of March 31, 2014, the amount of the obligation cannot be reliably established.

# Ahtahkakoop Cree Nation

## Notes to Financial Statements

March 31, 2014

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All transactions between the Cree Nation and ACDLP are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

ACDLP made \$397,736 (2013 - \$323,410) of sales to the Cree Nation.

ACDLP paid administration fees of \$178,800 (2013 - \$155,400) to the Cree Nation.

### 7 Other investment

	2014	2013
	\$	\$
Corman Park Development	50,000	50,000

The Cree Nation holds a 33% interest in the development of a gas bar through Corman Park Development. This investment is carried at cost based upon the amount that was initially contributed to Corman Park Development.

### 8 Bank indebtedness

The Cree Nation has a revolving line of credit by way of overdraft with RBC which is secured by direction of funding and a general security agreement. The interest rate is at the bank's prime lending rate plus 1.25 percent on a limit of \$900,000 with additional overdraft charges as applicable.

### 9 Accounts payable and accrued liabilities

	2014	2013
	\$	\$
Trade payables	378,472	288,140
Accrued interest	13,924	19,096
Capital project holdbacks	92,570	147,667
	<hr/>	<hr/>
	484,966	454,903

# Ahtahkakoop Cree Nation

## Notes to Financial Statements

March 31, 2014

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### 10 Long-term debt

	2014 \$	2013 \$
CMHC Phase 1 – Demand loan bearing interest at 2.95%, repayable in monthly blended principal and interest instalments of \$4,134, due date January 1, 2019; Band Council Resolution pledged as security	223,155	262,805
CMHC Phase 2 – Mortgage bearing interest at 2.84%, repayable in monthly blended principal and interest instalments of \$1,844, due for renewal April 1, 2015, maturity date of February 1, 2025; government guarantee pledged as security	207,717	223,738
CMHC Phase 3 – Mortgage bearing interest at 2.65%, repayable in monthly blended principal and interest instalments of \$2,970, due for renewal April 1, 2016, maturity date of February 1, 2026; government guarantee pledged as security	364,131	389,804
CMHC Phase 4 – Mortgage bearing interest at 1.71%, repayable in monthly blended principal and interest instalments of \$2,223, due for renewal September 1, 2017, maturity date of July 1, 2027; government guarantee pledged as security	317,880	338,938
CMHC Phase 5 – Mortgage bearing interest at 1.62%, repayable in monthly blended principal and interest instalments of \$1,338, due for renewal March 1, 2018, maturity date of February 1, 2028; government guarantee pledged as security	200,066	212,785
CMHC Phase 6 – Mortgage bearing interest at 1.92%, repayable in monthly blended principal and interest instalments of \$1,823, due for renewal April 1, 2019, maturity date of March 1, 2029; government guarantee pledged as security	285,072	301,475
CMHC Phase 7 – Mortgage bearing interest at 2.76%, repayable in monthly blended principal and interest instalments of \$2,608, due for renewal June 1, 2015, maturity date of May 1, 2025; government guarantee pledged as security	300,651	323,351
CMHC Phase 8 – Mortgage bearing interest at 2.26%, repayable in monthly blended principal and interest instalments of \$7,120, due for renewal August 1, 2016, maturity date of July 1, 2031; government guarantee pledged as security	1,225,370	1,282,541
CMHC Phase 9 – Mortgage bearing interest at 1.67%, repayable in monthly blended principal and interest instalments of \$2,303, due for renewal April 1, 2017, maturity date of March 1, 2027; government guarantee pledged as security	322,816	344,876
CMHC Phase 10 – Mortgage bearing interest at 1.62%, repayable in monthly blended principal and interest instalments of \$6,191, due for renewal March 1, 2018, maturity date of February 1, 2033; government guarantee pledged as security	1,210,332	1,264,604
CMHC Phase 11 – Mortgage bearing interest at 2.23%, repayable in monthly blended principal and interest instalments of \$3,912, due for renewal August 1, 2014, maturity date of June 1, 2034; government guarantee pledged as security	762,348	792,006

# Ahtahkakoop Cree Nation

## Notes to Financial Statements

March 31, 2014

	2014 \$	2013 \$
CMHC Phase 12 – Mortgage bearing interest at 3.13%, repayable in monthly blended principal and interest instalments of \$2,621, due for renewal June 1, 2015, maturity date of May 1, 2030; government guarantee pledged as security	396,128	414,944
CMHC Phase 13 – Mortgage bearing interest at 2.56%, repayable in monthly blended principal and interest instalments of \$2,435, due for renewal December 1, 2015, maturity date of December 1, 2035; government guarantee pledged as security	485,582	502,207
CMHC Phase 14 – Mortgage bearing interest at 2.26%, repayable in monthly blended principal and interest instalments of \$3,261, due for renewal August 1, 2016, maturity date of August 1, 2036; government guarantee pledged as security	686,919	710,313
CMHC Phase 15 – Mortgage bearing interest at 1.92%, repayable in monthly blended principal and interest instalments of \$5,645, due for renewal April 1, 2019, maturity date of April 1, 2034; government guarantee pledged	1,086,170	-
Street lights – Term loan bearing interest at prime plus 1.8%, repayable in quarterly principal instalments of \$7,000, due July 1, 2014; Band Council Resolution pledged as security	7,191	35,191
Housing – Term loan bearing interest at 4.9%, repayable in annual blended principal and interest instalments of \$184,000, due July 1, 2015; Band Council Resolution pledged as security	354,539	511,485
Band hall – Term loan bearing interest at 4.6%, repayable in monthly principal instalments of \$11,711, due February 3, 2015	443,668	560,899
Operating loan – Term loan bearing interest at prime plus 1.00%, repayable in quarterly blended principal and interest instalments of \$63,155, due February 15, 2015; Band Council Resolution pledged as security	710,947	929,502
Vehicle – Finance contract bearing interest at 7.49%, repayable in monthly blended principal and interest instalments of \$813, due June 8, 2015; Band Council Resolution pledged as security	11,609	20,146
Vehicle – Finance contract bearing interest at 7.69%, repayable in monthly principal and interest instalments of \$713, due April 30, 2016; Band Council Resolution pledged as security	16,383	23,385
Vehicle – Finance contract bearing interest at 5.68%, repayable in monthly principal and interest instalments of \$589, due April 3, 2016; Band Council Resolution pledged as security	13,866	19,962
Grader – Finance contract bearing interest at prime plus 1.75%, repayable in quarterly blended principal and interest instalments of \$8,949; due July 18, 2017; Band Council Resolution pledged as security	125,284	144,729
Treaty Land Entitlement – Non-interest bearing loan, repayable in instalments of \$57,450 due March 15, 2015; \$47,526 due March 15, 2016 and \$465,138 due March 31, 2017; Band Council Resolution pledged as security	570,114	570,114
Water & sewer - Term loan bearing interest at prime plus 2.55%, repayable in monthly principal instalments of \$2,917, due September 20, 2014	112,323	-
Health vehicles – Term loan bearing interest at prime plus 2.5%, repayable in monthly blended principal and interest instalments of \$1,480, due January 10, 2015	57,408	-
Education van – Term loan bearing interest at prime plus 2.5%, repayable in monthly blended principal and interest instalments of \$815, due January 10, 2015	30,452	-

# Ahtahkakoop Cree Nation

## Notes to Financial Statements

March 31, 2014

	2014 \$	2013 \$
Vehicle – Demand loan bearing interest at 6.99%, repayable in monthly blended principal and interest instalments of \$583, due April 8, 2017	19,367	-
Less: Current portion	10,547,488 1,102,439	10,179,800 942,981
	<u>9,445,049</u>	<u>9,236,819</u>

Principal repayments over the next five years and thereafter are estimated to be as follows:

	\$
2015	1,102,439
2016	1,146,233
2017	1,402,395
2018	611,157
2019	473,817
Thereafter	5,811,447
	2014 \$
Interest expense for the year on long-term debt	272,067
	2013 \$
	344,039

## 11 Deferred revenue

	Balance at March 31, 2013 \$	Funding received \$	Revenue recognized \$	Balance at March 31, 2014 \$
Aboriginal Affairs and Northern Development				
Canada				
School addition project	1,079	-	-	1,079
Health Canada				
Health centre project	-	478,309	(459,129)	19,180
	<u>1,079</u>	<u>478,309</u>	<u>(459,129)</u>	<u>20,259</u>

# Ahtahkakoop Cree Nation

## Notes to Financial Statements

March 31, 2014

	Balance at March 31, 2012 \$	Funding received \$	Revenue recognized \$	Balance at March 31, 2013 \$
Aboriginal Affairs and Northern Development Canada				
School addition project	398,535	211,000	(608,456)	1,079
FNIF solid waste project	162,906	-	(162,906)	-
	<u>561,441</u>	<u>211,000</u>	<u>(771,362)</u>	<u>1,079</u>

## 12 Tangible capital assets

	2014	2013					
	Infrastructure \$	Roads \$	Buildings \$	Housing \$	Equipment \$	Total \$	Total \$
<b>Cost</b>							
Opening costs	2,084,102	6,855,702	11,532,914	23,065,342	2,914,355	46,452,415	45,213,846
Additions	-	-	459,129	1,300,753	357,924	2,117,806	1,752,031
Disposals	-	-		(293,780)	-	(293,780)	(513,462)
Closing costs	<u>2,084,102</u>	<u>6,855,702</u>	<u>11,992,043</u>	<u>24,072,315</u>	<u>3,272,279</u>	<u>48,276,441</u>	<u>46,452,415</u>
<b>Accumulated amortization</b>							
Opening accumulated amortization	727,706	2,354,669	741,408	12,461,861	2,135,567	18,421,211	16,949,664
Disposals	-	-	-	(279,091)	-	(279,091)	(467,700)
Amortization expense	74,332	171,402	384,430	1,001,650	331,557	1,963,371	1,939,247
Closing accumulated amortization	<u>802,038</u>	<u>2,526,071</u>	<u>1,125,838</u>	<u>13,184,420</u>	<u>2,467,124</u>	<u>20,105,491</u>	<u>18,421,211</u>
<b>Net book value</b>	<b>1,282,064</b>	<b>4,329,631</b>	<b>10,866,205</b>	<b>10,887,895</b>	<b>805,155</b>	<b>28,170,950</b>	<b>28,031,204</b>
<b>Opening balance</b>	<b>1,356,396</b>	<b>4,501,033</b>	<b>10,791,506</b>	<b>10,603,481</b>	<b>778,788</b>	<b>28,031,204</b>	<b>28,264,104</b>
<b>Closing balance</b>	<b>1,282,064</b>	<b>4,329,631</b>	<b>10,866,205</b>	<b>10,887,895</b>	<b>805,155</b>	<b>28,170,950</b>	<b>28,031,204</b>
<b>Increase (decrease) in net value</b>	<b>(74,332)</b>	<b>(171,402)</b>	<b>74,699</b>	<b>284,414</b>	<b>26,367</b>	<b>139,746</b>	<b>(232,900)</b>

# Ahtahkakoop Cree Nation

## Notes to Financial Statements

March 31, 2014

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Housing additions include \$1,041,210 of construction costs related to the social housing phase 15 project. The \$459,129 of buildings additions relates to the health centre capital project. No amortization was taken on either of these projects given that construction was in progress as of March 31, 2014 and none of the underlying assets were brought into use during the year then ended.

### 13 Government transfers

	2014 \$	2013 \$
<b>Federal government transfers</b>		
Aboriginal Affairs and Northern Development Canada (AANDC)	11,491,735	11,456,756
AANDC overpayment recoveries	(32,869)	(25,170)
Health Canada	2,094,645	2,100,290
Health Canada – health centre capital project	478,309	-
Deferred portion of capital funding – health centre	(19,180)	-
Canada Mortgage and Housing Corporation (CMHC)	497,635	520,970
CMHC RRAP	216,053	190,010
Government of Canada	26,977	63,434
	<hr/> 14,753,305	<hr/> 14,306,290
<b>Provincial government transfers</b>	<hr/> 112,934	<hr/> 70,391

### 14 Contingencies

The Environmental Protection Act sets out the regulatory requirements to properly close and maintain active and inactive landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. The Cree Nation is reviewing the applicability of the legislation on its lands and the environmental objectives and liabilities, if any, for its activities and potential site reclamation and restoration obligations. The Cree Nation has yet to determine the applicability of the legislation, or the amounts, if any, of such obligations.

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

# Ahtahkakoop Cree Nation

## Notes to Financial Statements

March 31, 2014

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### 15 Net change in non-cash working capital items

	2014 \$	2013 \$
Accounts receivable	12,667	309,778
Inventory	(4,848)	(360)
Prepaid expenses	(2,130)	(17,067)
Accounts payable and accrued liabilities	30,063	103,476
Deferred revenue	19,180	(560,362)
	<hr/>	<hr/>
	54,932	(164,535)

### 16 Budgeted figures

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

### 17 Annual surplus (deficit) net of capital related activities

	2014 \$	2013 \$
Annual surplus (deficit)	<hr/>	<hr/>
	(1,263,585)	78,640
Purchase of tangible capital assets (net of proceeds of disposal)	(2,117,806)	(1,527,879)
Proceeds from long-term debt	1,305,720	831,166
Losses (gains) on disposal of tangible capital assets	14,689	(178,390)
Amortization of tangible capital assets	1,963,371	1,939,247
	<hr/>	<hr/>
	1,165,974	1,064,144
	<hr/>	<hr/>
	(97,611)	1,142,784

# Ahtahkakoop Cree Nation

## Notes to Financial Statements

March 31, 2014

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### 18 Segment disclosure

The Cree Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by department. The segments of the Cree Nation and the services provided by each are as follows:

- Education – provides a variety of services for students from nursery school to grade 12 that meets all provincial criteria with a cultural influence that reflects the First Nation's identity. The department includes a nutrition program, student counselling services, a resource centre, a Cree language and culture program, and a community school program.
- Justice – handles the major justice activities, including the police management board, tribal police, the alternative measures program, and the court worker program.
- Health – offers twenty-six community based programs aimed towards the well-being and health of the Cree Nation's residents. The Cree Nation operates a health centre with both health and dental services, as well as a home care program, counselling for drug and alcohol addictions, community health representatives, daycare and headstart.
- Social development – various social initiatives such as special needs, basic needs, service delivery and NCB reinvestment that require government funding.
- Community infrastructure – responsible for the capital projects, such as waste systems, roads and schools, etc. The projects are non-recurring and require both capital funding and band funding.
- Band governance – handles the finances and administration of the Cree Nation including support to Chief and Council and all other departments. The department provides internal support and central services to ensure the efficient and effective operations of the Cree Nation.
- Economic dependence – represents a variety of band owned activities and economic development initiatives, including the Bingo, CEDO programs and other programs.
- Capital – this department is responsible for larger maintenance projects that are non-recurring in nature and require both capital funding and Band funding. Capital projects include housing renovations and new housing.
- Other programs – a variety of different programs that includes recreation and Treaty land entitlement.

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 described in the Summary of Significant Accounting Policies. Segment results are as follows:

## Ahtahkakoop Cree Nation

Note 18

March 31, 2014

	Education		Justice		Health	
	2014	2013	2014	2013	2014	2013
<b>Revenue</b>						
Federal government transfers	\$ 4,626,342	\$ 4,231,782	\$ 26,977	\$ 63,434	\$ 2,179,909	\$ 2,185,552
Provincial government transfers			112,934	70,391	-	-
Deferred revenue recognized	-	-	-	-	-	-
Income from investments in government business enterprises	-	-	-	-	-	-
First Nations Trust	-	-	-	-	-	-
Bingo	-	-	-	-	-	-
Rental	-	-	-	-	-	25,264
Battleford Agency Tribal Chiefs Inc. (BATC)	357,693	356,690	-	-	-	-
Saskatchewan Indian Institute of Technology / SITAG	-	-	-	-	-	-
BATC Community Development Corporation	-	-	-	-	-	-
FSIN	-	-	-	-	-	-
Other	32,283	152,391	19,332	7,235	78,883	97,086
	<b>5,016,318</b>	<b>4,740,863</b>	<b>159,243</b>	<b>141,060</b>	<b>2,258,792</b>	<b>2,307,902</b>
<b>Expenses</b>						
Salaries, contracts and benefits	\$ 3,085,918	\$ 3,102,332	\$ 152,557	\$ 156,701	\$ 931,094	\$ 1,279,393
Basic needs	-	-	-	-	-	6,753
Amortization	17,635	113,440	-	12,195	144,476	220,039
Designated projects	875,530	869,418	-	-	-	-
Post secondary	141,996	125,469	26,767	28,325	207,510	267,130
Travel and honorarium	19,517	23,322	2,126	1,616	11,880	13,973
Utilities	211,164	93,233	2,625	1,288	99,630	215,621
Supplies	-	-	-	-	-	-
Bingo	49,061	21,340	644	2,974	21,514	37,726
Repairs and maintenance	31,018	1,591	-	-	4,178	4,219
Bank charges and interest	-	-	-	-	24,748	13,278
Rent	297,380	321,512	18,521	8,603	1,177,551	269,762
Other	<b>4,729,219</b>	<b>4,671,657</b>	<b>203,240</b>	<b>211,702</b>	<b>2,622,581</b>	<b>2,327,894</b>
	<b>287,099</b>	<b>69,206</b>	<b>(43,997)</b>	<b>(70,642)</b>	<b>(363,789)</b>	<b>(19,992)</b>

**Surplus (deficit) for the year**

## Ahtahkakoop Cree Nation

Note 18

March 31, 2014

	Social Development			Community Infrastructure			Band Governance		
	2014	2013	\$	2014	2013	\$	2014	2013	\$
<b>Revenue</b>									
Federal government transfers	3,889,239	3,936,666		1,206,101	1,568,299		962,459	1,111,358	
Provincial government transfers	-	-		-	-		-	-	
Deferred revenue recognized	-	-		-	560,362		-	-	
Income from investments in government business enterprises	-	-		-	-		139,567	(7,356)	
First Nations Trust	-	-		-	-		1,239,774	1,219,524	
Bingo	-	-		-	-		-	-	
Rental	-	-		66,907	61,441		-	-	
Battleford Agency Tribal Chiefs Inc. (BATC)	-	-		-	51,200		-	-	
Saskatchewan Indian Institute of Technology / SITAG	-	-		-	-		-	-	
BATC Community Development Corporation	-	-		-	-		306,032	335,559	
FSIN	9,244	14,218		103,387	87,943		269,949	178,246	
Other	3,898,483	3,950,884		1,376,395	2,329,245		2,917,781	2,837,331	
<b>Expenses</b>									
Salaries, contracts and benefits	224,154	230,649		801,001	695,782		1,314,785	631,038	
Basic needs	1,814,852	1,872,222		-	-		-	-	
Amortization	-	-		-	-		-	-	
Designated projects	290,419	263,255		396,470	151,931		410,731	228,016	
Post secondary	-	-		-	-		17,050	15,500	
Travel and honorarium	53,261	85,381		32,832	31,696		326,678	283,243	
Utilities	567,491	534,905		243,517	191,641		65,476	45,275	
Supplies	8,451	16,328		394,236	403,477		52,842	29,511	
Bingo	-	-		-	-		-	-	
Repairs and maintenance	-	-		104,417	50,242		10,462	7,745	
Bank charges and interest	-	-		26,582	10,464		83,541	91,757	
Rent	423,585	401,932		-	-		52,969	130,182	
Other	583,524	575,130		103,056	78,650		110,218	470,658	
	3,965,737	3,979,802		2,102,111	1,613,883		2,444,752	1,932,925	
<b>Surplus (deficit) for the year</b>	<b>(67,254)</b>	<b>(28,918)</b>		<b>(725,716)</b>	<b>715,362</b>		<b>473,029</b>	<b>904,406</b>	

Ahtahkakoon Cree Nation

Note 18

March 2014

	<b>Totals</b>	
	<b>2014</b>	<b>2013</b>
	\$	\$
<b>Revenue</b>		
Federal government transfers	14,753,305	14,306,290
Provincial government transfers	112,934	70,391
Deferred revenue recognized	-	560,362
Income from investments in government business enterprises	139,567	(7,356)
First Nations Trust	1,239,774	1,219,524
Bingo	666,522	515,336
Rental	480,762	509,876
Battleford Agency Tribal Chiefs Inc. (BATC)	175,134	200,710
Saskatchewan Indian Institute of Technology / SITAG	357,693	407,890
BATC Community Development Corporation	306,032	335,559
FSIN	-	-
Other	790,243	979,317
	<u>19,021,966</u>	<u>19,097,899</u>
<b>Expenses</b>		
Salaries, contracts and benefits	7,103,739	6,597,155
Basic needs	1,814,852	1,878,975
Amortization	1,963,371	1,939,247
Designated projects	1,698,858	1,469,007
Post secondary	892,580	884,918
Travel and honorarium	893,418	942,890
Utilities	920,110	818,563
Supplies	860,769	805,968
Bingo	432,597	390,788
Repairs and maintenance	541,954	374,490
Bank charges and interest	293,459	378,294
Rent	502,535	550,674
Other	2,367,309	1,988,290
	<u>20,285,551</u>	<u>19,019,259</u>
<b>Surplus (deficit) for the year</b>	<b>(1,263,585)</b>	<b>78,640</b>

## AHTAHKAKOOP CREE NATION

August 11, 2014

PricewaterhouseCoopers LLP  
600 – 128 4<sup>th</sup> Avenue South  
Saskatoon, Saskatchewan  
S7K 1M8

We are providing this letter in connection with your audit of the financial statements of Ahtahkakoop Cree Nation – (the Cree Nation) as at March 31, 2014 and for the year then ended (the financial statements) for the purpose of expressing an opinion as to whether such financial statements present fairly, in all material respects, the financial position, results of operations, changes in net debt and cash flows in accordance with Canadian public sector accounting standards.

### **Management's responsibilities**

We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated May 5, 2014. In particular, we confirm to you that:

- We are responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards;
- We are responsible for designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In this regard, we are responsible for establishing policies and procedures that pertain to the maintenance of accounting systems and records, the authorization of receipts and disbursements, the safeguarding of assets and for reporting financial information in accordance with Canadian public sector accounting standards;
- We have provided you with all relevant information and access, as agreed in the terms of the audit engagement; and
- All transactions have been recorded in the accounting records and are reflected in the financial statements.

We confirm the following representations:

### **Preparation of financial statements**

The financial statements include all disclosures necessary for fair presentation in accordance with Canadian public sector accounting standards and disclosures otherwise required to be included therein by the laws and regulations to which we are subject.

We have appropriately reconciled our books and records (e.g. general ledger accounts) underlying the financial statements to their related supporting information (e.g. subledger or third party data). All related reconciling items considered to be material were identified and included on the reconciliations and were appropriately adjusted in the financial statements. There were no material unreconciled differences or material general ledger suspense account items that should have been adjusted or reclassified to another account balance. There were no material general ledger suspense account items written off to a statement of financial position account, which should have been written off to an operations account and vice versa. All inter-governmental unit accounts have been eliminated or appropriately measured and considered for disclosure in the financial statements.

### **Accounting policies**

We confirm that we have reviewed our accounting policies and, having regard to the possible alternative policies, our selection and application of accounting policies and estimation techniques used for the preparation and presentation of the financial statements is appropriate in our particular circumstances to present fairly in all material respects its financial position, results of operations, and cash flows in accordance with Canadian public sector accounting standards.

### **Internal controls over financial reporting**

We have designed disclosure controls and procedures to provide reasonable assurance that material information relating to us, is made known to us by others.

We have designed internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian public sector accounting standards.

We have not identified any deficiency in the design or operation of disclosure controls and procedures and internal control over financial reporting identified as part of our assessment as at March 31, 2014.

### **Disclosure of information**

We have provided you with:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters including:
  - contracts and related data;
  - information regarding significant transactions and arrangements that are outside of the normal course of business;
  - minutes of the meetings of management and Chief & Council;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

### **Completeness of transactions**

All contractual arrangements entered into by us with third parties have been properly reflected in the accounting records or/and, where material (or potentially material) to the financial statements, have been disclosed to you. We have complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance.

### **Fraud**

We have disclosed to you:

- the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- all information in relation to fraud or suspected fraud of which we are aware affecting us involving management, employees who have significant roles in internal control or others where the fraud could have a material effect on the financial statements; and
- all information in relation to any allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators or others.

**Compliance with laws and regulations**

We have disclosed to you all aspects of laws, regulations and contractual agreements that may affect the financial statements, including actual or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

We are not aware of any illegal or possibly illegal acts committed by our directors, officers or employees acting on our behalf.

**Accounting estimates and fair value measurements**

Significant assumptions used by us in making accounting estimates, including fair value accounting estimates, are reasonable.

For recorded or disclosed amounts in the financial statements that incorporate fair value measurements, we confirm that:

- The measurement methods are appropriate and consistently applied;
- The significant assumptions used in determining fair value measurements represent our best estimates, are reasonable and have been consistently applied;
- No subsequent event requires adjustment to the accounting estimates and disclosures included in the financial statements; and
- The significant assumptions used in determining fair value measurements are consistent with our planned courses of action. We have no plans or intentions that have not been disclosed to you, which may materially affect the recorded or disclosed fair values of assets or liabilities.

Significant estimates and measurement uncertainties known to management that are required to be disclosed in accordance with CPA Canada Public Sector Accounting Handbook Section PS 2130, Measurement Uncertainty, have been appropriately disclosed.

**Related party transactions**

We confirm the completeness of information provided to you regarding the identification of related parties as defined by Canadian Auditing Standard 550, Related Parties, which include, but are not limited to directors, officers, senior members of management, or immediate family members of such individuals, or entities over which these individuals are able to exert significant influence.

We also confirm the completeness of information provided to you regarding the nature of our relationships with and transactions involving those entities.

The identity and relationship of and balances and transactions with related parties have been properly recorded and adequately disclosed in the financial statements, as required by Canadian public sector accounting standards.

We confirm that we have identified to you all members of key management, as defined by Canadian Auditing Standard 550, Related Parties, and included their remuneration in the disclosures of key management compensation in the financial statements.

**Going concern**

We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements (e.g. to dispose of the business or to cease operations).

**Assets and liabilities**

We have satisfactory title or control over all assets. All liens or encumbrances on our assets and assets pledged as collateral, to the extent material, have been disclosed in notes to the financial statements.

Trade receivables and loan receivables recorded in the financial statements represent bona fide claims against debtors for sales or other charges arising on or before the statement of financial position date and are not subject to discount except for normal cash discounts. All receivables have been appropriately reduced to their estimated net realizable value.

We have recorded or disclosed, as appropriate, all liabilities, in accordance with Canadian public sector accounting standards. All liabilities and contingencies, including those associated with guarantees, whether written or oral, under which we are contingently liable in accordance with the CPA Canada Public Sector Accounting Handbook Section PS 3300, Contingent Liabilities, have been disclosed to you and are appropriately reflected in the financial statements.

**Cash and banks**

The books and records properly reflect and record all transactions affecting cash funds, bank accounts and bank indebtedness of the Cree Nation.

All cash balances are under the control of the Cree Nation, free from assignment or other charges, and unrestricted as to use, except as disclosed to you.

The amount shown for cash on hand or in bank accounts excludes trust or other amounts, which are not the property of the Cree Nation.

Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, line of credit or similar arrangements have been properly disclosed.

All cash and bank accounts and all other properties and assets of the Cree Nation of which we are aware are included in the financial statements at March 31, 2014.

**Restricted assets and revenues**

All assets and revenues subject to restrictions are disclosed in the financial statements.

All externally restricted inflows have been recognized as revenue in the year ended March 31, 2014 in which the resources were used for the purpose(s) specified. All externally restricted inflows received before this criterion has been met have been reported as liabilities until the resources are used for the purpose specified.

Condensed supplementary financial information relative to internally restricted entities has been disclosed in the financial statements, by entity and as a whole.

**Accounts receivable**

All amounts receivable by the Cree Nation were recorded in the books and records.

Amounts receivables are considered to be fully collectible.

Amounts receivable are not subject to discount except for normal cash discounts which are appropriately provided for.

All receivables were free from hypothecation or assignment as security for advances to the Cree Nation, except as hereunder stated.

**Financial assets**

All securities which were owned by the Cree Nation were recorded in the accounts.

All income earned on the financial assets has been recorded in the accounts, and any interest income has been accrued using the effective interest rate method.

We are not aware of any objective evidence of impairment that would result in the recognition of an impairment loss on any financial asset.

You have been informed of the acquisition of or the formation of all government units, business enterprises, partnerships, joint ventures or other participations during the period.

All transactions with governmental units, business enterprises, partnerships or joint ventures have been recorded in the accounts presented to you. All investments in and advances to governmental units, business enterprises, partnerships, joint ventures or other participations are appropriately recorded, and there is no evidence of impairment in value below the resulting balances shown in the financial statements.

There has been no activity in any dormant or inactive government units, business enterprises, partnerships, joint ventures or other participations, except as disclosed to you.

The modified equity method is used to account for the Cree Nation's investment in the following government business enterprise: Ahtahkakoope Cree Developments Limited Partnership.

**Tangible capital assets**

All charges to tangible capital asset accounts represented the actual cost of additions to tangible capital assets.

All contributed tangible capital assets have been recorded at fair value at the date of the contribution.

No significant tangible capital asset additions were charged to repairs and maintenance or other expense accounts.

Book values of tangible capital assets sold, destroyed, abandoned or otherwise disposed of have been eliminated from the accounts.

Tangible capital assets owned by the Cree Nation are being depreciated on a systematic basis over their estimated useful lives, and the provision for depreciation was calculated on a basis consistent with that of the previous date.

All lease agreements covering assets leased by or from the Cree Nation have been disclosed to you and classified as leased tangible capital assets or operating leases.

Leased tangible capital assets are being amortized on a systematic basis over the period of expected use.

There have been no events, conditions or changes in circumstances that indicate that a tangible capital asset no longer contributes to the Cree Nation's ability to provide goods and services, or that the value of future economic benefits associated with the tangible capital asset is less than its net book value. We

believe that the carrying amount of the Cree Nation's long-lived tangible capital assets is fully recoverable in accordance with CPA Canada Public Sector Accounting Handbook PS 3150.

All income earned on the financial assets has been recorded in the accounts, and any interest income has been accrued using the effective interest rate method.

#### **Long-term debt**

All borrowings and financial obligations of the Cree Nation of which we are aware are included in the financial statements as at March 31, 2014 as appropriate. We have fully disclosed to you all borrowing arrangements of which we are aware.

#### **Deferred revenue**

All material amounts of deferred revenue meet the definition of a liability and were appropriately recorded in the books and records.

#### **Statements of operations, changes in net debt, and cash flows**

All transactions entered into by the Cree Nation have been recorded in the books and records presented to you.

All amounts have been appropriately classified within the statements of operations, changes in net debt, and cash flows.

The accounting principles and policies followed throughout the year were consistent with prior period practices (except as disclosed in the financial statements).

#### **Segment disclosures**

Pursuant to CPA Canada Public Sector Accounting Handbook PS 2700, Segment Disclosures, in identifying segments, management has considered the definition of a segment and other factors, including:

- the objectives of disclosing financial information by segment;
- the expectations of members of the community and their elected or appointed representatives regarding the key activities and accountabilities of the government;
- the qualitative characteristics of financial reporting as set out in CPA Canada Public Sector Accounting Handbook PS 1000, Financial Statement Concepts;
- the homogeneous nature of the activities, service delivery, or recipients of the services;
- whether the activities relate to the achievement of common outcomes or services as reflected in government performance reports and plans;
- whether discrete financial information is reported or available; and
- the nature of the relationship between the government and its organizations (within the reporting entity).

Management has identified following operating segments: Education, Justice, Health, Social Development, Community Infrastructure, Band Governance, Economic Dependence, Capital, and Other Programs.

The financial statements disclose all the relevant factors used to identify the Cree Nation's reportable segments.

Changes in accounting policies related specifically to segment reporting that have a material effect on segment information have been disclosed.

**Government transfers**

Transfers without eligibility criteria or stipulations have been recognized as revenue once the transfer has been authorized.

Transfers with eligibility criteria but without stipulations have been recognized as revenue once the transfer has been authorized and all eligibility criteria have been met.

Transfers with or without eligibility criteria but with stipulations have been recognized as revenue in the year ended March 31, 2014 when the transfer has been authorized and all eligibility criteria have been met, except when, and to the extent that, the transfer gives rise to an obligation that meets the definition of a liability for the recipient government in accordance with CPA Canada Public Sector Accounting Handbook PS 3200, Liabilities.

The major kinds of transfers recognized have all been disclosed in the financial statements as well as the nature and terms of liabilities arising from government transfers received.

**Minutes**

All matters requiring disclosure to or approval of the Chief and Council or the members have been brought before them at appropriate meetings and are reflected in the minutes.

**Budgetary data**

We have included budgetary data in our financial statements, which is relevant to the users of financial statements. Planned results were presented for the same scope of activities and on a basis consistent with that used for actual results.

**Litigation and claims**

All known actual or possible litigation and claims, which existed at the statement of financial position date or exist now, have been disclosed to you and accounted for and disclosed in accordance with Canadian public sector accounting standards, whether or not they have been discussed with legal counsel.

**Misstatements detected during the audit**

Certain representations in this letter are described as being limited to those matters that are material. Items are also considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement.

We confirm that the financial statements are free of material misstatements, including omissions.

The adjusted misstatements identified during your audit have been approved by us and adjusted in the financial statements.

**Events after statement of financial position date**

We have identified all events that occurred between the statement of financial position date and the date of this letter that may require adjustment of, or disclosure in, the financial statements, and have effected such adjustment or disclosure.

Yours truly,

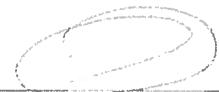
AHTAHKAKOOP CREE NATION

By:



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Austin Ahenakew, Band Administrator



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Dean Albert, Director of Finance