

**Enoch Cree Nation**

**Consolidated Financial Statements**

**March 31, 2014**

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**Enoch Cree Nation****Consolidated Financial Statements**

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# Enoch Cree Nation

## Management's Responsibility for Financial Reporting

March 31, 2014

The accompanying consolidated financial statements of Enoch Cree Nation are the responsibility of management and have been approved by 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.

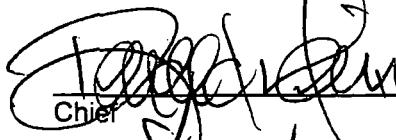
Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

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 auditor's report.

The external auditors, Crowe MacKay LLP, 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 Enoch Cree Nation and meet when required.

On behalf of Enoch Cree Nation:

  
\_\_\_\_\_  
Chief  
\_\_\_\_\_  
  
\_\_\_\_\_  
Finance Committee

August 27, 2014  
Date  
August 24, 2014  
Date



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## **Independent Auditors' Report**

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

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

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditors' 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 auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the First Nation's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

#### ***Opinion***

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

**Edmonton, Canada**  
**August 27, 2014**

*Crowe MacKay LLP*  
**Chartered Accountants**

# Enoch Cree Nation

## Consolidated Statement of Financial Position

March 31	2014	2013
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### Financial Assets

Cash	\$ 3,449,053	\$ 5,469,273
Accounts receivable (Note 2)	5,592,909	5,948,908
Restricted Cash - Ottawa Trust Funds (Note 3)	872,598	919,857
Restricted Investments - Settlement Trust Funds (Note 4)	9,127,145	4,730,535
Investments (Note 5)	13,164	3,111,245
<u>Investment in Business Enterprises (Note 6)</u>	<u>30,918,515</u>	<u>23,684,522</u>
	<b>49,973,384</b>	<b>43,864,340</b>

### Liabilities

Accounts payable (Note 8)	6,040,524	10,726,690
Deferred revenue (Note 9)	2,236,052	1,020,620
<u>Long-term debt (Note 10)</u>	<u>26,766,472</u>	<u>27,813,040</u>
	<b>35,043,048</b>	<b>39,560,350</b>

**Net financial assets** **14,930,336** **4,303,990**

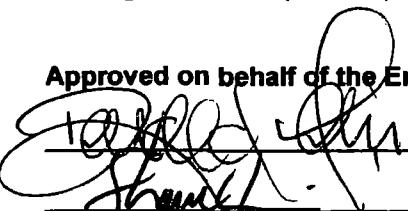
### Non-financial Assets

Tangible capital assets (Note 11)	63,910,091	63,132,528
Prepaid expenses	257,701	188,254
<u>Inventory</u>	<u>163,057</u>	<u>218,424</u>
	<b>64,330,849</b>	<b>63,539,206</b>

**Accumulated Surplus (Note 12)** **\$ 79,261,185** **\$ 67,843,196**

Contingent liabilities (Note 13)

Approved on behalf of the Enoch Cree Nation

 , Chief

 , Councillor

# Enoch Cree Nation

## Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31	2014 Budget	2014 Actual	2013 Actual
<b>Revenue</b>			
Federal Government:			
Aboriginal Affairs and Northern Development Canada	\$ 8,384,847	\$ 8,643,440	\$ 9,340,477
First Nation and Inuit Health	1,371,984	1,853,697	1,722,544
Human Resource Development Canada	345,763	268,358	330,042
Canada Mortgage and Housing Corporation subsidies	511,437	538,828	526,216
Government of Alberta	386,520	461,532	377,384
First Nations Development Fund	-	27,328,123	38,468,190
First Nations Development Fund	-	9,747,036	2,778,397
Mechet Charities Limited	30,859,715	33,216,825	31,410,194
Business enterprises	-	15,304,917	14,501,566
Resource and investment income	4,610,299	6,138,824	5,567,602
Equity income - Business Enterprises	-	(11,587,829)	(16,812,653)
Gain on sale of investment	-	3,610,228	-
Other revenue	5,071,390	2,604,226	7,924,350
	<b>51,541,955</b>	<b>98,128,205</b>	<b>96,134,309</b>
<b>Expenses (Note 14)</b>			
Administration	6,809,245	11,625,084	8,401,397
Amortization	-	2,530,726	2,439,006
Community service	4,840,090	4,661,181	4,594,703
Economic development	237,013	151,646	151,166
Education	6,449,170	8,425,920	8,478,921
Employment programs	345,763	289,627	411,990
Health	4,913,416	5,351,819	4,549,014
Housing	12,157,858	8,719,469	8,178,810
Land claims	381,784	515,168	303,240
Public works	5,609,610	5,344,763	4,907,425
Social services	3,452,497	3,289,808	4,610,067
Other	2,950,854	35,805,005	27,764,603
	<b>48,147,300</b>	<b>86,710,216</b>	<b>74,790,342</b>
<b>Excess of revenue over expenses</b>	<b>3,394,655</b>	<b>11,417,989</b>	<b>21,343,967</b>
<b>Accumulated surplus, beginning of year</b>	<b>67,843,196</b>	<b>67,843,196</b>	<b>46,499,229</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 71,237,851</b>	<b>\$ 79,261,185</b>	<b>\$ 67,843,196</b>

## Enoch Cree Nation

### Consolidated Statement of Change in Net Financial Assets

For the year ended March 31	2014 Budget	2014 Actual	2013 Actual
<b>Excess of revenue over expenses</b>	<b>\$ 3,394,655</b>	<b>\$ 11,417,989</b>	<b>\$ 21,343,967</b>
Acquisition of tangible capital assets	-	(5,421,679)	(4,034,103)
Amortization of tangible capital assets	-	2,530,726	2,439,006
Writedown of tangible capital assets	-	2,113,390	-
	-	(777,563)	(1,595,097)
Acquisition of prepaid asset	(69,447)	(69,447)	(133,683)
Acquisition of inventory	55,367	55,367	1,667
<b>Increase in net financial assets</b>	<b>3,380,575</b>	<b>10,626,346</b>	<b>19,616,854</b>
<b>Net financial assets (net debt), beginning of year</b>	<b>4,303,990</b>	<b>4,303,990</b>	<b>(15,312,864)</b>
<b>Net financial assets, end of year</b>	<b>\$ 7,684,565</b>	<b>\$ 14,930,336</b>	<b>\$ 4,303,990</b>

**Enoch Cree Nation**

**Consolidated Statement of Cash Flow**

<b>For the year ended March 31, 2014</b>	<b>2014</b>	<b>2013</b>
<b>Cash flows from Operating activities</b>		
Excess of revenue over expenses	\$ 11,417,989	\$ 21,343,967
Items not affecting cash		
Amortization	2,530,726	2,439,006
Writedown of tangible capital assets	2,113,390	-
Gain on sale of investment	(3,610,228)	-
	<b>12,451,877</b>	<b>23,782,973</b>
Change in non-cash operating working capital		
Accounts receivable	355,999	(1,779,183)
Inventory	55,367	1,667
Prepaid expenses	(69,447)	(133,683)
Accounts payable	(4,686,159)	2,661,569
Deferred revenue	1,215,432	445,681
	<b>9,323,069</b>	<b>24,979,024</b>
<b>Capital activities</b>		
Purchase of tangible capital assets	<b>(5,421,679)</b>	<b>(4,034,103)</b>
<b>Financing activities</b>		
Due to Business Enterprises	-	(1,977)
Proceeds of long term debt	1,190,792	788,068
Repayment of long term debt	(2,237,360)	(2,010,202)
	<b>(1,046,568)</b>	<b>(1,224,111)</b>
<b>Investing activities</b>		
Net change Restricted Cash - Ottawa Trust Fund	47,259	1,437,077
Net change in Restricted Investments	(4,396,610)	465,848
Net change in Business Enterprises Investment	(7,233,993)	(21,655,538)
Proceeds on disposal of investments	6,708,302	-
	<b>(4,875,042)</b>	<b>(19,752,613)</b>
<b>Decrease in cash and cash equivalents</b>	<b>(2,020,220)</b>	<b>(31,803)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>5,469,273</b>	<b>5,501,076</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 3,449,053</b>	<b>\$ 5,469,273</b>

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## **Enoch Cree Nation**

### **Notes to Consolidated Financial Statements**

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**March 31, 2014**

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#### **1. Basis of Presentation and Significant Accounting Policies**

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

##### **(a) Reporting entity principles of financial reporting**

The Enoch Cree Nation reporting entity includes the Enoch Cree Nation government and all related entities which are accountable to the First Nation and are either owned or controlled by the Enoch Cree Nation.

The Consolidated Financial Statements include the assets, liabilities and results of operations for the following entities:

1. Enoch Cree Nation
2. Kitaskinaw Education Authority Inc.
3. Enoch Cree Nation Social Housing
4. Enoch Human Resource Development
5. Enoch Human Resources Foundation
6. River Cree Development Corporation
7. River Cree Utilities
8. Enoch Youth Development Foundation (December 31, 2013)
9. Enoch Training & Development Foundation (December 31, 2013)
10. Enoch Cree Nation Ottawa Trust Funds
11. Enoch Cree Investment Trust (December 31, 2013)
12. Enoch Cree Nation Settlement Trust Funds
13. Mechet Charities Limited
14. Mechet Waskahikanuk Association
15. Enoch Development Holdings Ltd.
16. Indian Lakes Golf Ltd.
17. North on 60 Gas Bar and Convenience Store Ltd
18. Oskaya Gas Bar and Convenience Store Ltd.
19. Oskaya Energy Ltd.
20. Enoch Lands Development Ltd.
21. Enoch Construction Ltd.
22. 317107 Alberta Ltd.
23. Enoch Farm Enterprise Ltd.

The year ends of the entities are March 31, 2014, except for the entities noted above, which indicate December 31, 2013 year ends.

# **Enoch Cree Nation**

## **Notes to Consolidated Financial Statements**

**March 31, 2014**

### **1. Basis of Presentation and Significant Accounting Policies (continued)**

#### **(a) Reporting entity principles of financial reporting (continued)**

The following entities are recorded on the modified equity basis:

1. River Cree Resort Limited Partnership (December 31, 2013)  
(formerly Enoch Paragon Limited Partnership)
2. Enoch Casino Limited Partnership (December 31, 2013)
3. Enoch Business Trust (December 31, 2013)
4. 1023576 Alberta LTD. (Trustee for the Enoch Business Trust) (December 31, 2013)
5. Enoch Community Development Corporation (December 31, 2013)
6. Enoch Casino Corporation (December 31, 2013)
7. Enoch First Nations Development Fund Corporation (December 31, 2013)
8. River Cree Enterprises GP Ltd. (December 31, 2013)
9. River Cree Resort GP Ltd. (December 31, 2013)
10. River Cree Enterprises Limited Partnership (December 31, 2013)
11. River Cree Sports Inc. (December 31, 2013)
12. River Cree Sports Limited Partnership (December 31, 2013)

Long-term investments in non-controlled entities are recorded at the lower of cost or net realizable value.

#### **(b) 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 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.

Income from investments is recorded on the accrual basis.

#### **(c) Cash and cash equivalents**

Cash and cash equivalents include cash on hand and short-term investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

# **Enoch Cree Nation**

## **Notes to Consolidated Financial Statements**

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**March 31, 2014**

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### **1. Basis of Presentation and Significant Accounting Policies (continued)**

#### **(d) Investments**

Portfolio investments in the Enoch Cree Nation Settlement Trust Funds are carried at market. Other investments are carried at the lower of cost and net realizable value. Investments are written down where there has been a loss in value that is other than a temporary decline.

#### **(e) Inventory**

Inventory is valued at the lower of cost or net realizable value. Cost is determined using the first-in first-out method.

#### **(f) 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.

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 Enoch Cree Nation's incremental cost of borrowing.

Amortization is provided on the straight-line basis over the estimated useful life of the asset as follows:

Buildings	5% straight line
Equipment	20-30% straight line

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

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.

#### **(g) Financial instruments**

All significant financial assets, financial liabilities and equity instruments of the entity are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk.

# Enoch Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2014

### 1. Basis of Presentation and Significant Accounting Policies (continued)

#### (h) Use of estimates

The preparation of 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Oil and gas royalties and surface rights payments related to oil and gas exploration and development activities are administered directly by the Government of Canada ("Canada") under the provisions of the Indian Oil and Gas Act. The Nation records receipts based on currently available information supplied by Canada. Royalty payments from oil and gas producers are subject to periodic revision. Adjustments are recorded by the Nation in the period that the information becomes available.

### 2. Accounts receivable

Accounts receivable include amounts due from the following:

	2014	2013
Government agencies	\$ 2,002,952	\$ 986,770
Other receivables	2,058,417	3,754,617
First Nation - member and employee advances	8,986,240	8,312,356
First Nation - member and employee advances - allowance for doubtful accounts	(7,454,700)	(7,104,835)
	<hr/> <b>\$ 5,592,909</b>	<hr/> <b>\$ 5,948,908</b>

### 3. Restricted Cash - Ottawa Trust Funds

	2014	2013
Capital funds	\$ 282,594	\$ 450,622
Revenue funds	588,153	467,385
Highway Settlement Receivable	1,851	1,851
	<hr/> <b>\$ 872,598</b>	<hr/> <b>\$ 919,858</b>

The trust fund accounts held in Ottawa arise from monies derived from capital and revenue sources which the Crown considers are described in Section 62 of the Indian Act. These funds are held in trust by the Government of Canada and the Crown treats these funds as primarily governed by sections 64 and 69 of the Indian Act.

These funds are treated by Canada as held in trust in the Consolidated Revenue fund of the Government of Canada. The funds attract interest pursuant to Section 61(2) of the Indian Act.

# Enoch Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2014

### 4. Restricted Investments - Enoch Cree Nation Settlement Trust Funds

The Enoch Cree Nation Settlement Trust Funds are restricted investments and are recorded at market values.

The Chief and Council of the Enoch Cree Nation approved the Trust's investment policy on September 27, 2004, creating two portfolios for investments, as follows:

a) The Trust's short-term portfolios are invested in highly secure money market instruments with a minimum credit rating of "R-1 low". No single investment, other than federal or provincial issued instruments can exceed 5% of the portfolio. The primary objectives of the short-term portfolios are liquidity and security of capital. The funds are expected to be drawn down through spending within two to five years, since the purpose of these accounts is that the capital be put to work and invested within the community in long-term or permanent capital projects.

b) The Trust's long-term portfolios include the long-term portions of the Elders, Youth Development and Human Resources accounts. The primary objective of these portfolios are to achieve a long-term rate of return superior to those achieved solely from money market instruments and to do so at an acceptable level of risk. The fixed-income category of the portfolios shall be a minimum of 40% and a maximum of 65%. The equity category of the portfolios shall be a minimum of 35% and a maximum of 60% of the total portfolios. Investments rated "BBB" may be held within a pooled fund to a maximum of 20% of the pooled fund. All Trust equity instruments shall trade on a recognized Global stock exchange or market and preferred stocks will have an acceptable investment grade quality of P2. No single investment, other than federal or provincial instruments, can exceed 5% of the portfolio. No single equity holding can exceed 10% of the amount the Trust can hold in equity instruments.

The balance of the Enoch Cree Nation Settlement Trust Funds at March 31, 2014 is \$21,662,042 (2013 - \$24,104,273), which includes cash and marketable securities of \$5,527,135 (2013 - \$4,730,525) and loans receivable from Enoch entities of \$16,078,185 (2013 - \$18,903,173). The loans receivable from the Enoch related entities and the loans payable to the Enoch Cree Nation Settlement Trust as recorded by the Enoch related entities have been eliminated in these consolidated financial statements.

In addition, the accumulated deficit recorded in the Enoch Cree Nation Investment Trust of \$315,493 (2013 - \$3,422,129) has been eliminated against the accumulated surplus of \$20,533,774 (2013 - \$21,337,649) in the Enoch Cree Nation Settlement Trust Funds resulting in a net accumulated surplus of \$20,218,281 (2013 - \$19,741,328).

### 5. Investments

	2014	2013
United Grain Growers Ltd.	13,164	13,164
Tamarack Fund (2003) Limited Partnership (3,000 units)	-	3,098,081
	<b>13,164</b>	<b>3,111,245</b>

During the year the Nation sold 3,000 units in the Tamarack Fund (2003) Limited Partnership. The Nation no longer holds an interest in the fund.

# Enoch Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2014

### 6. Investment in Business Enterprises

As described in note 1(a), the investment in the River Cree Resort business enterprises are recorded on the modified equity basis. The summary of financial statements are as follows:

	2014	2013
<b>Assets</b>		
Cash	\$ 15,901,160	\$ 20,041,654
Restricted Cash	204,432,876	1,994,615
Funds held in trust	-	7,534,640
Accounts receivable	11,938,582	10,928,062
Prepaid expenses	392,303	754,275
Inventory	554,158	477,077
Investments	3	466,501
Due from related parties	4,327,857	3,859,464
Capital assets	95,044,101	100,262,060
Deferred financing costs	1,097,490	-
<b>Total assets</b>	<b>\$333,688,530</b>	<b>\$146,318,348</b>
<b>Liabilities</b>		
Accounts payable	\$ 19,631,779	\$ 11,551,588
Accrued interest payable	847,376	15,184
Notes payable	189,499,224	-
Deferred income	1,104,277	1,383,394
Capital lease	63,787	117,633
Long term debt	86,389,356	112,974,483
<b>Total liabilities</b>	<b>297,535,799</b>	<b>126,042,282</b>
<b>Equity</b>	<b>36,152,731</b>	<b>20,276,066</b>
<b>Total liabilities and equity</b>	<b>\$333,688,530</b>	<b>\$146,318,348</b>
	2014	2013
Revenue	\$ 82,988,364	\$ 79,427,294
Expenses	(84,825,230)	(85,127,713)
<b>Net income, December 31, 2013, 2012</b>	<b>(1,836,866)</b>	<b>(5,700,419)</b>
Assumption of previous partner's accumulated losses	(9,750,963)	-
Recognition of share of River Cree Business Enterprises accumulated losses	-	(11,112,230)
<b>Total expenses</b>	<b>(9,750,963)</b>	<b>(11,112,230)</b>
<b>Adjusted net loss</b>	<b>\$ (11,587,829)</b>	<b>\$ (16,812,649)</b>

# Enoch Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2014

### 6. Investment in Business Enterprises (continued)

	2014	2013
Equity per above	\$ 36,152,731	\$ 20,276,066
Net contribution (distribution) January - March 2014	(5,234,216)	-
Deficits not recognized	-	3,408,456
 Investment in Business Enterprises	 \$ 30,918,515	 \$ 23,684,522

During the year, Enoch Cree Nation acquired, through the Enoch Cree Nation Business Trust, the remaining ownership interest in River Cree Resort Limited Partnership (formerly Enoch Paragon Limited Partnership), which operates the River Cree Resort and Casino. The Nation now owns a 100% interest in the Resort.

The Enoch Cree Nation as the Host First Nation of the River Cree Resort and Casino receives 30% of the slot revenue earned at the Casino, pursuant to the "Alberta First Nations Development Fund Grant Agreement".

The Host First Nation Development Funds ("FNDF") are allocated to the Enoch Cree Business Trust. The FNDF received by the Trust are contributed to the River Cree Resort Limited Partnership (formerly Enoch Paragon Limited Partnership) as a capital contribution for the Enoch Cree Nation.

During the year ended December 31, 2013, the Enoch Cree Nation Business Trust received First Nation Development Funds of \$27,328,123 (December 31, 2012 - \$38,468,190) which was contributed to the River Cree Resort Limited Partnership (formerly Enoch Paragon Limited Partnership), as a capital contribution.

### 7. Bank line of credit

The Nation has an operating line of credit to a maximum of \$3,100,000, which bears interest at prime plus 1.0%, and is secured by an assignment of Federal funding. The balance outstanding at March 31, 2014 is \$2,290,468 (2013 - \$3,109,957)

### 8. Accounts payable

	2014	2013
Trade accounts payable	\$ 5,155,464	\$ 8,077,725
Tuitions payable	824,628	2,594,811
Government remittances payable	60,302	54,156
 \$ 6,040,394	 \$ 10,726,692	

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**Enoch Cree Nation****Notes to Consolidated Financial Statements**

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**March 31, 2014**

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**9. Deferred revenue**

Deferred revenue represents funding received during the year that has not been expended as at March 31, 2014.

	<b>2014</b>	<b>2013</b>
Aboriginal Affairs and Northern Development Canada (AANDC)	\$ 338,639	\$ 207,815
Human Resource Development	62,730	38,389
First Nations Development Funds	1,633,490	79,884
Other	201,193	694,532
	<hr/> <b>\$ 2,236,052</b>	<hr/> <b>\$ 1,020,620</b>

## **Enoch Cree Nation**

### **Notes to Consolidated Financial Statements**

**March 31, 2014**

#### **10. Long-term debt**

	<b>2014</b>	<b>2013</b>
<b>Enoch Cree Nation</b>		
Loan payable to First Nations Bank of Canada, payable in blended monthly instalments of \$85,000 plus interest at prime plus 1.00%, due on demand and is secured by a general security agreement covering the assets of the Enoch Cree Nation.	\$ 2,720,000	\$ 3,740,000
<b>Enoch Cree Nation</b>		
Various equipment loans bearing interest at rates ranging from 9.15% to 11.65%, maturing on various dates from April 2012 to April 2015	133,017	313,248
<b>Enoch Cree Nation</b>		
Loan payable to Century McMynn Leasing, repayable in blended monthly instalments of \$7,900 including interest at 10.71%, secured by bus being financed, maturing January 31, 2021.	485,492	-
<b>Kitaskinaw Education Authority Inc.</b>		
CIT Financial bus loans repayable in monthly instalments of \$1,705 (except for July and August of each year where the monthly payment is reduced to \$200 per month), including interest at 4.6% per annum, due May 2015. The loans are secured by vehicles.	3,516	19,691
<b>Kitaskinaw Education Authority Inc.</b>		
AIIC loan repayable in blended monthly instalments of \$3,855, including interest at 9.25% per annum, due March 2018. The loans are secured by vehicles.	154,168	-
<b>Enoch Cree Nation Social Housing Authority</b>		
CMHC mortgages bearing interest ranging from 1.14% to 2.84% repayable in total monthly installments of \$26,738, maturing from March 2026 to February 2039.	9,061,971	8,950,289
<b>Enoch Cree Nation Social Housing Authority</b>		
Mortgage payable to Peace Hills Trust, bearing interest at 3.95% repayable in monthly installments of \$2,697, secured by a general security agreement, maturing March 2018.	108,501	136,145

# Enoch Cree Nation

## Notes to Consolidated Financial Statements

**March 31, 2014**

### 10. Long-term debt, continued

	2014	2013
<b>Enoch Cree Nation Social Housing Authority</b>		
Bank of Montreal demand loan, bearing interest at 3.75% repayable in monthly installments of \$62,538, secured by a general security agreement, maturing on May 2033.	10,215,078	10,596,630
<b>Mechet Waskahikanuk Association</b>		
First Nations Bank of Canada mortgage, payable in blended monthly instalments of \$31,345 including interest at a fixed rate of 5.13% maturing December 2018, secured by a general security agreement, a guarantee by Mechet Charities Limited as well as land and buildings being financed with a net book value of \$5,699,984 (2013 - \$5,845,221).	3,884,729	4,057,037
	<b>\$ 26,766,472</b>	<b>\$ 27,813,040</b>

Principal portion of long-term debt due within the next five years:

2015	\$ 2,120,301
2016	2,076,128
2017	1,783,623
2018	1,159,367
2019 and thereafter	19,627,053
	<b>\$ 26,766,472</b>

## Enoch Cree Nation

### Notes to Consolidated Financial Statements

March 31, 2014

#### 11. Tangible Capital Assets

##### Accumulated amortization

	Cost	Balance, beginning of year	Balance, beginning of year	Amortization on disposals	Accumulated amortization	Balance, end of year	2014 net book value
		Additions	Disposals				
Land	\$ 1,046,938	\$ -	\$ 1,046,938	\$ -	\$ -	\$ -	\$ 1,046,938
Buildings	62,585,861	3,354,024	(2,385,885)	63,544,220	21,569,212	1,984,881	(533,152) 23,000,941 40,543,279
Equipment	28,440,338	1,468,176	(1,927,905)	27,980,309	7,371,397	585,845	(1,877,028) 6,280,214 21,720,395
Land under development	-	598,479	-	599,479	-	-	599,479
	\$ 92,073,137	\$ 5,421,879	\$ (4,323,570)	\$ 93,171,246	\$ 28,940,609	\$ 2,530,726	\$ (2,210,160) \$ 29,281,155 \$ 63,910,091

##### Accumulated amortization

	Cost	Balance, beginning of year	Balance, beginning of year	Amortization on disposals	Accumulated amortization	Balance, end of year	2013 Net book value
		Additions	Disposals				
Land	\$ 1,046,938	\$ -	\$ 1,046,938	\$ -	\$ -	\$ -	\$ 1,046,938
Buildings	58,894,860	3,891,201	-	62,585,861	19,718,557	1,862,656	- 21,569,212 41,016,848
Equipment	28,097,436	342,902	-	28,440,338	6,785,046	586,351	- 7,371,397 21,088,941
	\$ 88,039,034	\$ 4,034,103	\$ -	\$ 92,073,137	\$ 26,501,603	\$ 2,439,008	\$ - \$ 28,940,609 \$ 63,132,528

# Enoch Cree Nation

## Notes to Consolidated Financial Statements

**March 31, 2014**

### 12. Accumulated Surplus

	2014	2013
Unrestricted operating deficit	\$ (12,667,140)	\$ (15,449,198)
Equity in Tangible Capital Assets	39,896,619	39,059,488
Equity in Enoch Cree Nation Settlement Trust Funds	20,218,281	19,741,328
Equity in Ottawa Trust Funds	497,598	509,577
Equity in CMHC Replacement Reserve	397,312	297,479
Equity in Business Enterprises	30,918,515	23,684,522
	<b>\$ 79,261,185</b>	<b>\$ 67,843,196</b>

### 13. Contingent Liabilities

#### a) Legal proceedings

Enoch Cree Nation has been named as defendant in certain legal proceedings. The Nation is actively defending all lawsuits. Since the amount of loss, if any, cannot be reasonably estimated, no provision has been recorded in these financial statements. Should a loss be incurred, it will be expensed in the year the liability is determined.

#### b) Government contributions

Government contributions related to projects of the Enoch Cree Nation are subject to conditions regarding the expenditure of funds. The Nation's accounting records, as well as those of agencies delegated to execute the projects, are subject to audit by the various funding agencies. Should any instances be identified in which the amounts charged to the projects are not in accordance with the agreed terms and conditions, amounts would be refundable to the respective funding agencies.

Adjustments to the financial statements as a result of these audits will be recorded in the year in which they become known.

# Enoch Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2014

### 14. Expenditures by object

For the year ended March 31	2014 Budget	2014 Actual	2013 Actual
<b>Expenses by object</b>			
Amortization - capital assets	\$ -	\$ 2,530,726	\$ 2,439,007
Impairment of tangible capital assets	-	2,103,123	-
Insurance	491,592	913,672	845,912
Interest and bank charges	1,935,518	1,648,003	1,846,557
Materials and supplies	467,666	11,781,267	11,833,790
Office supplies	341,973	774,094	587,745
Professional fees	525,564	2,019,244	1,717,288
Program costs	14,764,062	21,762,865	19,019,897
Rent	174,491	524,227	676,873
Repairs and maintenance	3,081,299	2,250,462	2,188,762
Staff development	443,660	516,839	556,627
Travel	1,123,696	1,745,918	1,823,950
Utilities	1,078,323	1,983,845	1,491,659
Vehicle	315,671	567,322	536,007
Wages and benefits	23,403,785	35,588,609	29,226,268
	<b>\$ 48,147,300</b>	<b>\$ 86,710,216</b>	<b>\$ 74,790,342</b>

### 15. CMHC Replacement Reserve

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the replacement reserve account is to be credited annually with the agreed amount. These funds, along with accumulated interest, must be held in a separate bank account, and invested in accounts or instruments insured by the Canada Deposit Insurance Corporation, or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. Withdrawals are credited to interest first and then principal. At the year end, the reserve was underfunded by \$397,312 (\$2013 - \$297,749).

### 16. Enoch Minors' Trust Funds

The Enoch Minors' Trust Account of \$2,349,270 (2013 - \$2,115,675) arose from the per capita distribution of the Enoch Cree Nation - 1908 Settlement Trust Funds. The funds held in the trust account represents unpaid amounts to Enoch members who have not reached the age of eighteen. On the members' eighteenth birthday, they will receive the full entitlement of the per capita distribution plus interest earned to that date.

The investment consists of amounts held in trust by Peace Hills Trust which bear interest at 4.25% per annum. Amounts expected to be paid out to members who will reach the age of eighteen over the next fiscal year are kept in short term investments to ensure availability of funds for distribution. The remaining funds are invested in term deposits.

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## **Enoch Cree Nation**

### **Notes to Consolidated Financial Statements**

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**March 31, 2014**

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#### **17. Financial Instruments**

The Nation's financial instruments consist of cash, accounts receivable, loans receivable, long-term investments, trust funds, accounts payable and long term debt. Unless otherwise noted, the carrying value of its financial instruments approximates fair value.

It is management's opinion that the Nation is not exposed to significant currency risks from its financial instruments. The Nation is subject to credit risk with respect to other income. Credit risk arises from the possibility that the entities may experience financial difficulty and be unable to fulfill their obligations. The large amount of annual funding is received from the Government of Canada which minimizes credit risk.

The Nation minimizes interest rate risk by borrowing at fixed rates and is exposed to market risk with respect to certain of its Trust Funds invested in securities.

#### **18. Budget Information**

The budget information for the year ended March 31, 2014 are prepared by management, approved by Chief and Council and are unaudited.

#### **19. Comparative Amounts**

Certain of the comparative amounts have been reclassified to conform with the presentation adopted in the current year.

## Enoch Cree Nation

### Notes to Consolidated Financial Statements

March 31, 2014

#### 20. Segmented Information

The Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by function. The segment revenues and expenses represent 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 Accounts Policies as described in Note 1. The segment results for the year are as follows:

	Administration						Amortization			Community service			
	2014		2013		2014		2013		2014		2013		
	Budget	Actual	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Actual	
<b>Revenues</b>													
Aboriginal Affairs and Northern Development Canada	854,294	851,270	835,547	-	-	-	-	-	129,600	129,600	129,600	129,600	
Resource and investment income	3,140,904	3,145,374	4,370,618	-	-	-	-	-	4,454,109	4,011,157	3,948,518	3,948,518	
Machet Charities Limited	1,170,565	1,105,548	909,075	-	-	-	-	-	-	20,001	-	-	
Government of Alberta	35,000	35,000	-	-	-	-	-	-	256,381	347,912	354,233	354,233	
Other revenue	1,516,482	316,961	3,927,761	-	-	-	-	-	-	-	-	-	
<b>Total revenue</b>	<b>6,717,245</b>	<b>5,454,153</b>	<b>10,043,001</b>	-	-	-	-	-	<b>4,840,080</b>	<b>4,508,670</b>	<b>4,432,351</b>	<b>4,432,351</b>	
<b>Expenses</b>													
Wages and benefits	3,519,654	5,945,208	5,036,767	-	-	-	-	-	3,162,527	3,180,627	2,462,041	2,462,041	
Travel	961,586	1,378,833	1,394,508	-	-	-	-	-	8,784	24,096	21,981	21,981	
Repairs and maintenance	202,219	90,741	27,179	-	-	-	-	-	256,378	141,947	484,523	484,523	
Amortization - capital assets	-	-	-	-	-	-	-	-	-	-	-	-	
Utilities	211,700	483,339	334,884	-	-	-	-	-	34,602	23,039	77,062	77,062	
Materials and supplies	227,400	257,697	287,092	-	-	-	-	-	83,567	146,846	128,597	128,597	
Professional fees	180,852	692,811	242,630	-	-	-	-	-	-	18,698	17,848	17,848	
Other expenses	1,505,834	2,776,455	1,078,337	-	-	-	-	-	1,294,232	1,125,878	1,402,651	1,402,651	
<b>Total expenses</b>	<b>6,809,245</b>	<b>11,625,084</b>	<b>8,401,397</b>	-	-	-	-	-	<b>2,530,728</b>	<b>2,439,006</b>	<b>4,840,090</b>	<b>4,661,181</b>	<b>4,594,703</b>
<b>Annual surplus (deficit)</b>	<b>(92,000)</b>	<b>(6,170,931)</b>	<b>1,641,604</b>	-	-	-	-	-	<b>(2,530,728)</b>	<b>(2,439,006)</b>	<b>-</b>	<b>(152,511)</b>	<b>(162,352)</b>

## Enoch Cree Nation

### Notes to Consolidated Financial Statements

March 31, 2014

#### 20. Segmented Information, continued

		FNDF - Contribution to River Cree Resort LP			Economic development			Education		
		2014 Budget	2014 Actual	2013 Budget	2014 Actual	2013 Actual	2014 Budget	2014 Actual	2013 Actual	2013 Actual
Revenues										
Aboriginal Affairs and Northern Development Canada										
First Nations Development Fund -		27,328,123	38,468,190		151,062	151,062	4,698,563	4,749,734	5,293,532	
Resort Mechet Charities Limited										
First Nations Development Fund										
Other revenue										
Total revenue		27,328,123	38,468,190	151,062	151,062	151,062	6,392,509	8,355,744	8,267,009	
Expenses										
Wages and benefits					203,196	142,097	3,100,020	4,792,759	4,153,948	
Travel					15,717	3,600	6,717	40,228	68,407	31,939
Repairs and maintenance										
Utilities										
Materials and supplies										
Professional fees										
Other expenses										
Total expenses					10,900	10,900	1,950	2,904,500	3,078,010	3,779,535
Annual surplus (deficit)					237,013	151,646	151,166	6,449,170	8,425,920	8,478,921
		27,328,123	38,468,190	(85,951)	(584)	(104)	(56,661)	(70,176)	(21,912)	

## Enoch Cree Nation

### Notes to Consolidated Financial Statements

March 31, 2014

#### 20. Segmented Information, continued

	Employment programs						Health			Housing		
	2014		2013		2014		2013		2014		2013	
	Budget	Actual	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	
Revenues												
Aboriginal Affairs and Northern Development Canada	-	-	-	-	-	-	-	259,600	625,632	309,100		
Resource and investment income	-	-	-	3,241,304	3,495,661	2,458,592	371,218	8,621,035	8,018,535	548,000	9,529,644	
Mechet Charities Limited	-	201,253	-	-	-	-	-	-	2,628,021	-	-	-
First Nations Development Fund	345,763	268,358	330,042	1,371,984	1,853,697	1,722,544	511,437	538,828	526,216	-	-	-
Other government funding	-	-	-	-	21,747	26,442	2,394,568	1,283,999	1,140,908	1,140,908		
Other revenue	-	-	-	-	-	-	-	-	-	-	-	-
Total revenue	345,763	469,611	330,042	4,613,288	5,371,105	4,207,578	12,157,858	13,108,414	12,053,868			
Expenses												
Wages and benefits	139,111	132,629	129,174	2,946,758	2,102,652	1,491,255	5,286,869	5,284,501	4,851,618			
Travel	11,500	3,108	6,924	10,281	2,007	2,954	32,400	31,957	45,266			
Repairs and maintenance	-	-	-	37,712	188,798	126,062	1,566,407	707,684	712,499			
Utilities	5,000	4,815	5,194	51,574	27,794	36,372	90,495	111,008	103,703			
Materials and supplies	7,000	28,101	2,090	20,397	51,363	47,394	103,676	89,921	115,286			
Professional fees	-	-	3,975	-	-	-	92,750	172,140	131,517			
Other expenses	183,152	120,974	264,633	1,846,694	2,979,205	2,844,977	4,985,261	2,322,278	2,218,921			
Total expenses	345,763	289,627	411,980	4,913,416	5,351,819	4,549,014	12,157,858	8,719,469	8,1178,810			
Annual surplus (deficit)	-	179,884	(81,948)	(300,128)	19,286	(34,1,436)	-	4,388,945	3,875,058			

## Enoch Cree Nation

### Notes to Consolidated Financial Statements

March 31, 2014

#### 20. Segmented information, continued

	Land claims			Public works			Social services		
	2014 Budget	2014 Actual	2013 Actual	2014 Budget	2014 Actual	2013 Actual	2014 Budget	2014 Actual	2013 Actual
<b>Revenues</b>									
Aboriginal Affairs and Northern Development Canada	47,067	68,128	24,902	692,228	1,353,855	862,555	1,552,433	714,159	1,734,179
Resource and investment income	553,081	470,682	295,784	281,096	281,096	676,436	61,000	66,086	128,314
Mechet Charities Limited	-	-	-	4,221,846	3,592,047	3,398,510	1,455,579	1,310,331	1,553,819
Government of Alberta	-	-	-	(30,302)	415,340	53,312	361,520	299,396	270,249
Other revenue	-	-	-	-	-	50,669	201,200	419,159	660,069
<b>Total revenue</b>	<b>600,148</b>	<b>538,810</b>	<b>290,384</b>	<b>5,610,510</b>	<b>5,280,310</b>	<b>4,988,170</b>	<b>3,621,732</b>	<b>2,809,131</b>	<b>4,346,630</b>
<b>Expenses</b>									
Wages and benefits	182,589	309,594	230,234	3,203,548	3,227,459	3,224,836	1,413,201	1,406,529	1,683,421
Travel	3,600	6,757	3,813	11,100	5,907	22,135	21,900	13,928	16,263
Repairs and maintenance	-	-	-	998,583	1,006,514	659,858	10,000	5,240	1,013
Utilities	2,400	2,200	2,200	295,002	443,263	154,247	7,800	17,105	18,952
Materials and supplies	2,400	5,256	3,385	63,177	73,326	61,413	37,000	26,958	14,765
Professional fees	-	8,991	5,980	204,962	286,932	250,835	5,000	2,033	11,285
Other expenses	190,795	182,370	57,728	833,238	301,362	534,101	1,957,596	1,818,015	2,864,368
<b>Total expenses</b>	<b>381,784</b>	<b>515,168</b>	<b>303,240</b>	<b>5,609,610</b>	<b>5,344,763</b>	<b>4,907,425</b>	<b>3,452,497</b>	<b>3,289,808</b>	<b>4,610,067</b>
<b>Annual surplus (deficit)</b>	<b>218,364</b>	<b>23,642</b>	<b>(12,856)</b>	<b>900</b>	<b>(64,453)</b>	<b>80,745</b>	<b>169,235</b>	<b>(480,677)</b>	<b>(263,437)</b>

## Enoch Cree Nation

### Notes to Consolidated Financial Statements

March 31, 2014

#### 20. Segmented Information, continued

	2014 Budget	Other	2013 Actual	2013 Budget	2014 Budget	2014 Actual	Consolidated totals		2013 Actual
							2014 Actual	2014 Budget	
<b>Revenues</b>									
Aboriginal Affairs and Northern Development Canada	-	15,304,917	14,501,566	-	8,384,847	8,643,440	9,340,477	9,340,477	
Business enterprises	-	-	-	-	-	15,304,917	14,501,566	15,304,917	14,501,566
First Nations Development Fund - Resort	-	2,161,287	(451,550)	-	4,610,299	6,138,824	5,567,602	5,567,602	27,328,123
Resource and investment income	203,000	8,602,312	6,843,104	30,859,715	33,216,825	31,410,194	31,410,194	31,410,194	38,468,190
Mechta Charities Limited	6,155,750	6,426,845	2,778,397	-	9,747,036	2,778,397	2,778,397	2,778,397	
First Nations Development Fund	-	107,135	107,135	-	386,520	461,532	377,384	377,384	
Government of Alberta	-	-	-	-	2,229,184	2,660,883	2,578,802	2,578,802	
Other government funding	-	133,000	(7,849,424)	(15,222,628)	5,071,390	(5,373,375)	(8,888,303)	(8,888,303)	
<b>Total revenue</b>	<b>6,491,750</b>	<b>24,753,072</b>	<b>8,556,024</b>	<b>51,541,955</b>	<b>98,128,205</b>	<b>96,134,309</b>			
<b>Expenses</b>									
Wages and benefits	246,312	9,064,553	5,820,853	23,403,785	35,588,608	29,226,268			
Travel	6,600	209,318	265,450	1,123,696	1,745,918	1,823,950			
Repairs and maintenance	-	101,306	134,391	3,081,299	2,250,462	2,188,767			
Amortization - capital assets	-	-	-	-	2,530,726	2,439,006			
Utilities	202,400	707,912	613,495	1,078,323	1,983,845	1,491,659			
Materials and supplies	70,750	11,606,469	11,524,787	809,639	12,555,381	12,421,535			
Professional fees	12,000	783,942	970,959	525,564	2,019,244	1,717,288			
Other expenses	2,412,792	13,331,505	8,434,668	18,124,994	28,036,052	23,481,869			
<b>Total expenses</b>	<b>2,950,854</b>	<b>35,805,005</b>	<b>27,764,603</b>	<b>48,147,300</b>	<b>86,710,216</b>	<b>74,790,342</b>			
<b>Annual surplus (deficit)</b>	<b>3,540,896</b>	<b>(11,051,933)</b>	<b>(19,208,579)</b>	<b>3,394,655</b>	<b>11,417,989</b>	<b>21,343,967</b>			