

Beaver First Nation
Consolidated Financial Statements
March 31, 2014

Beaver First Nation

Contents

For the year ended March 31, 2014

Page

Management's Responsibility

Independent Auditors' Report

Consolidated Financial Statements

Consolidated Statement of Financial Position.....	1
Consolidated Statement of Operations.....	2
Consolidated Statement of Accumulated Surplus.....	3
Consolidated Statement of Change in Net Financial Assets (Net Debt).....	4
Consolidated Statement of Cash Flows.....	5

Notes to the Consolidated Financial Statements.....	6
---	---

Schedules

Schedule 1 - Consolidated Schedule of Tangible Capital Assets.....	15
Schedule 2 - Consolidated Schedule of Expenses by Object.....	17
Schedule 3 - Administration Schedule of Revenue and Expenses.....	18
Schedule 4 - Education Schedule of Revenue and Expenses.....	19
Schedule 5 - Economic Development Schedule of Revenue and Expenses.....	20
Schedule 6 - Community Infrastructure Schedule of Revenue and Expenses.....	21
Schedule 7 - Community Services Schedule of Revenue and Expenses.....	22
Schedule 8 - Other Capital Schedule of Revenue and Expenses.....	24
Schedule 9 - Band Enterprises and Other Schedule of Revenue and Expenses.....	25

Management's Responsibility

To the Members of Beaver First Nation:

The accompanying consolidated financial statements of Beaver First Nation are the responsibility of management and have been approved by the Chief and Council.

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Beaver First Nation Chief and Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. Chief and Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. Chief and Council is also responsible for recommending the appointment of the Nation's external auditors.

MNP LLP, an independent firm of Chartered Accountants, is appointed by Chief and Council on behalf of the Members to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both Chief and Council and management to discuss their audit findings.

August 7, 2014

Original Signed By: _____ Co-Manager

Independent Auditors' Report

To the Members of Beaver First Nation:

We have audited the accompanying consolidated financial statements of Beaver First Nation, which comprise the consolidated statement of financial position as at March 31, 2014, and the consolidated statements of operations, accumulated surplus, changes in net financial assets (net debt), cash flows and the related schedules 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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Basis for Qualified Opinion

The financial information for all Nation-owned companies were not audited, and accordingly we are unable to verify the balances or transactions with these companies, nor were we able to assess the valuation of amounts due from these companies. As a result, the investment in First Nation business enterprises and accumulated surplus may be understated or overstated.

The budgets prepared by the First Nation and included in these consolidated financial statements were not approved by Council, which is not in compliance with Canadian public sector accounting standards.

Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraphs, the consolidated financial statements present fairly, in all material respects, the financial position of Beaver First Nation as at March 31, 2014 and the results of its operations, changes in net financial assets (net debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Emphasis of Matter

Subsequent to the initial release of the consolidated financial statements on August 7, 2014, additional invoices totaling \$70,000 were identified by the Nation. The consolidated financial statements have been amended to reflect these additional invoices. The impact on the consolidated financial statement is detailed in Note 14.

Other Matter

The financial statements as at and for the year ended March 31, 2013 were audited by other auditors, who expressed an unqualified opinion on these statements in their report dated July 29, 2013.

Leduc, Alberta

August 7, 2014, except as to Note 14,
which is as of August 27, 2014

MNP LLP

Chartered Accountants

MNP

Beaver First Nation
Consolidated Statement of Financial Position
As at March 31, 2014

	2014	2013 <i>(Restated)</i>
Financial assets		
Cash and cash equivalents	-	403,443
Accounts receivable		
Aboriginal Affairs and Northern Development Canada	590,183	376,527
Trade receivables	42,665	174,994
Goods and Service Tax	35,324	35,061
First Nations Development Fund	179,958	368,763
North Peace Tribal Council	17,160	311,438
Advances to members	18,605	29,659
Term deposits	-	84,958
Investments in First Nation business entities <i>(Note 3)</i>	371,252	344,427
Funds held in trust <i>(Note 4)</i>	368,745	359,638
Investment in UFA Cooperative Ltd.	37,042	37,042
Total financial assets	1,660,934	2,525,950
Liabilities		
Bank indebtedness <i>(Note 5)</i>	1,509	-
Accounts payable and accruals	1,601,023	1,791,155
Deferred revenue <i>(Note 6)</i>	314,693	523,965
Total liabilities	1,917,225	2,315,120
Net financial assets (net debt)	(256,291)	210,830
Contingencies <i>(Note 11)</i>		
Non-financial assets		
Tangible capital assets <i>(Note 8) (Schedule 1)</i>	17,189,504	18,410,771
Accumulated surplus <i>(Note 9)</i>	16,933,213	18,621,601
Approved on behalf of the Council		
<i>Original Signed by:</i> _____	Chief	

Beaver First Nation
Consolidated Statement of Operations
For the year ended March 31, 2014

	<i>Schedules</i>	<i>2014 Budget</i>	<i>2014</i>	<i>2013 (Restated)</i>
Revenue				
Aboriginal Affairs and Northern Development Canada		1,872,272	2,558,778	3,034,164
Health Canada		-	559,095	628,846
First Nations Development Fund		540,000	525,595	522,944
Service Canada		-	300,634	271,824
North Peace Tribal Council		-	1,261,245	1,099,205
Treaty Land Entitlement Research and Negotiation		-	148,843	171,022
Government of Alberta		197,134	117,135	241,395
Other revenue		22,500	112,744	98,107
Transfer from deferred revenue		-	523,965	671,121
Transfer to deferred revenue		-	(314,693)	(523,965)
		2,631,906	5,793,341	6,214,663
Expenses				
Administration	3	366,573	2,310,422	2,229,963
Education	4	184,137	1,412,745	1,315,265
Economic Development	5	812,350	910,344	1,098,859
Community Infrastructure	6	676,675	965,993	984,109
Community Services	7	454,223	1,918,154	1,748,996
Other Capital	8	117,700	-	-
Total expenses		2,611,658	7,517,658	7,377,192
Surplus (deficit) before other items		20,248	(1,724,317)	(1,162,529)
Other income (expense)				
Change in trust funds during the year		-	9,107	9,979
Results of corporate operations for the year		-	26,822	(19,679)
		-	35,929	(9,700)
Surplus (deficit)		20,248	(1,688,388)	(1,172,229)

Beaver First Nation
Consolidated Statement of Accumulated Surplus
For the year ended March 31, 2014

	2014	2013 <i>(Restated)</i>
Accumulated surplus, beginning of year, as previously stated	18,615,503	19,666,287
Prior period adjustments <i>(Note 12)</i>	6,098	127,543
Accumulated surplus, beginning of year, as restated	18,621,601	19,793,830
Deficit	(1,688,388)	(1,172,229)
Accumulated surplus, end of year	16,933,213	18,621,601

Beaver First Nation
Consolidated Statement of Change in Net Financial Assets (Net Debt)
For the year ended March 31, 2014

	2014 Budget	2014	2013 (Restated)
Surplus (deficit)	20,248	(1,688,388)	(1,172,229)
Purchases of tangible capital assets	-	(415,810)	(373,548)
Amortization of tangible capital assets	-	1,637,077	1,471,842
Change in prepaids	-	-	30,055
Decrease (increase) in net debt	20,248	(467,121)	(43,880)
Net financial assets, beginning of year, as restated	-	210,830	254,710
Net financial assets (net debt), end of year	20,248	(256,291)	210,830

Beaver First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2014

	2014	2013 <i>(Restated)</i>
Cash provided by (used for) the following activities		
Operating activities		
Cash receipts from contributors	5,905,806	5,209,536
Cash paid to suppliers	(4,149,798)	(3,346,055)
Cash paid to employees	(1,122,195)	(1,132,750)
Interest paid	(8,664)	(40,104)
Social assistance paid	(689,887)	(594,298)
	(64,738)	96,329
	-	-
Capital activities		
Purchases of tangible capital assets	(436,226)	(57,900)
Investing activities		
Proceeds from redemption of investments	84,958	-
Investments purchased	-	(1,049)
Decrease in advances to members	11,054	-
Decrease in advances to First Nation business entities	-	25,020
	96,012	23,971
Increase (decrease) in cash resources	(404,952)	62,400
Cash resources, beginning of year	403,443	341,043
Cash resources (deficiency), end of year	(1,509)	403,443

Beaver First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

1. Operations

Beaver First Nation (the "First Nation") is located in the province of Alberta, and provides various services to its members. Beaver First Nation includes the First Nation's members, government and all related entities that are accountable to the First Nation and are either owned or controlled by the First Nation.

2. Significant accounting policies

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants and are consistent with the accounting policies set out by the Department of Aboriginal Affairs and Northern Development Canada. Significant aspects of the accounting policies adopted by the First Nation are as follows:

Reporting entity

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

Beaver First Nation business entities, owned or controlled by the First Nation's Council but not dependent on the First Nation for their continuing operations, are included in the consolidated financial statements using the modified equity method, as outlined in Note 3. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the First Nation. Thus, the First Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received.

Basis of presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Asset classification

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

Tangible capital assets

Tangible capital assets are initially recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the assets. The First Nation hold works of art and historical treasures of a cultural value, which have not been included in tangible capital assets due to the inability of estimating future benefits associated with such property. Contributed tangible assets are recorded at their fair value at the date of contribution.

Amortization

Amortization is the spreading of a tangible capital assets cost over the assets useful life. Tangible capital assets are amortized over their expected useful life using the following methods and rates:

	<i>Method</i>	<i>Rate</i>
Buildings and improvements	straight-line	25 years
Housing and rental units	straight-line	40 years
Vehicles and equipment	straight-line	5 years
Capital infrastructure	straight-line	40 years
Computer hardware	straight-line	4 years

2. Significant accounting policies *(Continued from previous page)*

Long-lived assets

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The First Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using prices for similar items. Any impairment is included in surplus for the year.

Net financial assets (net debt)

The First Nation's consolidated financial statements are presented so as to highlight net financial assets (net debt) as the measurement of financial position. The net financial assets (net debt) of the First Nation is determined by its financial assets less its liabilities. Net financial assets (net debt) combined with non-financial assets comprise a second indicator of financial position, accumulated surplus.

Revenue recognition

Government transfers

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Capital funding

Capital funding is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period is reflected as deferred revenue on the consolidated statement of financial position in the year of receipt. Capital costs are capitalized on the consolidated statement of financial position and amortized over their useful lives.

Other revenue

Other revenue is recognized when services have been provided, all significant contractual obligations have been satisfied and collectibility is reasonably assured.

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 disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Member advances receivable are based on estimates of the reasonable collection of balances from both existing and prior employees. Amortization is based on the estimated useful lives of tangible capital assets. Accounts payable to employees for annual vacation allotments are based upon estimates of the unused balance at the year-end. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in income in the periods in which they become known.

Cash and cash equivalents

Cash and cash equivalent include bank balances.

Segments

The First Nation conducts its business through seven reportable segments: Administration, Education, Economic Development, Community Infrastructure, Community Services, Other Capital, and Band Enterprise and other. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

2. Significant accounting policies *(Continued from previous page)*

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. Administration fees have been apportioned based on a percentage of budgeted revenue, where permitted by the funder.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 2.

Recent accounting pronouncements

Financial instruments

In June 2011, the Public Sector Accounting Board (PSAB) issued PS 3450 *Financial Instruments* to establish standards for recognition, measurement, presentation and disclosure of financial assets, financial liabilities and non-financial derivatives. As a result of issuance of PS 3450, there have been numerous consequential amendments made to other Sections. PS 3450 is effective for fiscal years beginning on or after April 1, 2015. Earlier adoption is permitted.

PS 3450 is applied prospectively in the fiscal year of initial adoption; therefore, financial statements of prior periods, including comparative information, are not restated. The First Nation has not yet determined the effect of these new standards on its consolidated financial statements.

Beaver First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

3. Investments in First Nation business entities

As indicated in Note 2, the First Nation records its investments in government business enterprises using the modified equity method. The First Nation has investments in the following government business enterprises:

					2014
	<i>Investment cost</i>	<i>Advances to (from)</i>	<i>Accumulated earnings (loss) in equity</i>	<i>Current earnings (loss) in equity</i>	<i>Total investment</i>
Wholly-owned businesses:					
Cha Services Inc.	200	663,536	(366,116)	(18,005)	279,615
North Country Construction Inc.	100	188,940	(159,869)	-	29,171
Black Arch Resources Inc.	100	96,285	(96,423)	(140)	(178)
Black Spur Energy inc.	100	(1,441)	19,018	44,967	62,644
	500	947,320	(603,390)	26,822	371,252

					2013 (Restated)
	<i>Investment cost</i>	<i>Advances to (from)</i>	<i>Accumulated earnings (loss) in equity</i>	<i>Current earnings (loss) in equity</i>	<i>Total investment</i>
Wholly-owned businesses:					
Cha Services Inc.	200	663,536	(346,506)	(19,610)	297,620
North Country Construction Inc.	100	188,940	(159,869)	-	29,171
Black Arch Resources Inc.	100	96,282	(96,363)	(60)	(41)
Black Spur Energy Inc.	100	(1,441)	19,027	(9)	17,677
	500	947,317	(583,711)	(19,679)	344,427

Continued on next page

Beaver First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

3. Investments in First Nation business entities *(Continued from previous page)*

Summary financial information for each First Nation business entity, accounted for using the modified equity method, as at March 31, 2014, is as follows:

	<i>Cha Services Inc.</i>	<i>North Country Construction Inc.</i>	<i>Black Arch Resources Inc.</i>	<i>Black Spur Energy inc.</i>
Assets				
Cash	-	4,216	4,132	62,644
Accounts receivable	3,897	-	372	-
Inventory	5,000	-	-	-
Due from Beaver First Nation	-	-	-	1,441
Other assets	2,625	-	-	-
Property and equipment	313,822	31,890	-	-
Total assets	325,344	36,106	4,504	64,085
Liabilities				
Accounts payable and accruals	45,729	6,935	4,682	-
Due to Beaver First Nation	663,536	188,940	96,285	-
Total liabilities	709,265	195,875	100,967	-
	(383,921)	(159,769)	(96,463)	64,085
Total revenue	-	-	-	128,718
Total expenses	18,005	-	140	83,751
	(18,005)	-	(140)	44,967
	(18,005)	-	(140)	44,967

Beaver First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

4. Funds held in trust

Funds held in trust on behalf of the First Nation members by the Government of Canada are reported on the consolidated statement of financial position with an offsetting amount in accumulated surplus. Funds held in trust consist of capital trust moneys derived from non-renewable resource transactions on the sale of land of other First Nation tangible capital assets, revenue trust moneys generated primarily through land leasing transaction or interest earned on deposits held in trust.

Capital and revenue trust monies are transferred to the First Nation on the authorization of the Minister of Aboriginal Affairs and Northern Development Canada, with the consent of the First Nation's Council.

	2014	2013
Capital Trust		
Balance, beginning and end of year	214,806	214,806
Revenue Trust		
Balance, beginning of year	144,832	134,853
Interest	9,107	9,979
Balance, end of year	153,939	144,832
	368,745	359,638

5. Bank indebtedness

At March 31, 2014, the First Nation had a bank indebtedness balance of \$1,509 (2013 - \$0) due to outstanding cheques issued in excess of bank balances.

6. Deferred revenue

Deferred revenue consists of revenue that has not yet been allocated to projects, revenue that has been allocated to projects to be carried out in future years, and the unexpended portion of revenue on projects in progress at March 31, 2014.

The following table represents changes in the deferred revenue balance attributable to each major category of external restrictions:

	<i>Balance, beginning of year (Restated)</i>	<i>Revenue received</i>	<i>Transferred to revenue</i>	<i>Balance, end of year</i>
AANDC Public Works - Water Treatment Plant	20,000	-	20,000	-
AANDC Treaty Land Entitlement - Specific Claims	13,210	-	13,210	-
Alberta Capacity Development	71,932	-	58,460	13,472
First Nations Development Fund	400,773	525,596	653,160	273,209
Mending Hearts	18,050	-	18,050	-
Treaty Land Entitlement Research and Negotiation	-	148,843	120,831	28,012
	523,965	674,439	883,711	314,693

Deferred revenue represents the liability that the First Nation has to either perform additional work on a particular project or repay the revenue to the funding body.

Beaver First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

7. Economic dependence

Beaver First Nation receives substantially all of its revenue from Aboriginal Affairs and Northern Development Canada ("AANDC") as a result of Treaties entered into with the Government of Canada. These treaties are administered by AANDC under the terms and conditions of the Indian Act. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

8. Tangible capital assets

The tangible capital assets reconciliation is included in Schedule 1.

Construction in progress includes the Beaver Water Treatment Plant design with a carrying value of \$658,788 (2013 - \$345,248). Construction in progress in the prior year that remains in progress at the end of the current year totaled \$345,248 (2013 - \$0). No amortization on these assets has been recorded during the year because they are under construction.

Costs related to the acquisition of construction in progress of \$295,232 (2013 - \$315,648) are included in accounts payable at March 31, 2014, and are therefore not included in the consolidated statement of cash flows.

9. Accumulated surplus

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	2014	<i>2013 (Restated)</i>
Unrestricted surplus (deficit)	(51,844)	454,582
Restricted surplus - trusts	368,745	359,638
Restricted surplus (deficit) - enterprise	(576,568)	(603,390)
Equity in tangible capital assets	17,189,504	18,410,771
Internally restricted surplus - Education	410	-
Internally restricted surplus - Economic Development	2,966	-
	16,933,213	18,621,601

Under the funding agreement with Aboriginal Affairs and Northern Development Canada, surpluses in programs which receive fixed funding must be tracked. The First Nation has internally restricted the surpluses in each program under the same proportion as the fixed funding compared to the total revenue.

10. Financial instruments

The First Nation as part of its operations carries a number of financial instruments. It is management's opinion that the First Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Accounts receivable from the federal government and the government of Alberta represents 88% of total accounts receivable as at March 31, 2014 (2013 - 59%). The First Nation believes that there is minimal risk associated with the collection of these amounts.

Beaver First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

11. Contingencies

In the normal conduct of operations, there are pending claims by and against the First Nation. Litigation is subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. In the opinion of management, based on the advice and information of legal counsel, final determination of these other litigations will not materially affect the First Nation's financial position or results of operations.

During the year, the First Nation received \$148,843 (2013 - \$171,022) in revenue from AANDC related to the preparation of a treaty land entitlement claim. These funds are subject to repayment to AANDC when the First Nation's treaty land claim is successful.

These consolidated financial statements are subject to review by the First Nation's funding agents. It is possible that adjustments could be made based on the results of their reviews.

12. Prior period adjustments

During the year, the First Nation determined that the First Nation's equity allocation for their account at the La Crete UFA Cooperative Ltd. was not recorded. For 2013 the impact of this adjustment has resulted in an increase to the investment in the UFA Cooperative Ltd. of \$37,042 and increase in the accumulated surplus of \$37,042.

During the year, the First Nation determined that the social assistance cheques issued in March 2013 were recorded as prepaid expenses but should have been expensed in the year. For 2013 the impact of this adjustment has resulted in a decrease of prepaid expenses of \$26,836 and an increase in basic needs expenses of \$26,836.

During the year, the First Nation determined that expenditures incurred for FNDF projects were reported in the wrong department in the 2012 and prior years. As a result, in 2012 and 2013 the deferred revenue was overstated by \$112,799 and First Nations Development Fund revenue was understated by \$112,799.

During the year, the First Nation determined that FNDF project revenue was incorrectly recognized in 2013. As a result, in 2013 the deferred revenue was understated by \$75,000 and the First Nations Development Fund revenue was overstated by \$75,000.

During the year, the First Nation determined that the net losses in Cha Services Inc., a wholly-owned business of the First Nation, were not recorded in 2012 or 2013. For 2012 the impact of this adjustment has resulted in a decrease in investments in Nation business entities of \$22,298 and an increase in losses from corporate operations of \$22,298. For 2013 the impact of this adjustment has resulted in a decrease in investments in Nation business entities of \$19,610 and an increase in losses from corporate operations of \$19,610.

The net effect of the above adjustments results in an increase to 2014 opening accumulated surplus of \$6,098 and a decrease to 2013 opening accumulated surplus of \$127,543.

13. Comparative figures

Certain comparative figures have been reclassified to conform with current year's presentation.

14. Subsequent event

Subsequent to the initial release of the audited financial statements on August 7, 2014, two invoices, totaling \$70,000, from the Fort Vermilion School Division #52 that related to the National Child Benefit Reinvestment program were identified by the Nation as not having been recorded. The changes to the consolidated financial statements issued August 7, 2014 are as follows:

In the Community Services segment, NCB program expenses have increased by \$168,564, program expense decreased by \$98,564, basic needs revenue decreased by \$105,000, fixed transfer payments revenue increased by \$75,000, in-home care revenue increased by \$30,000, current year funding repayable to AANDC increased by \$91,422 and prior year funding repayable to AANDC decreased by \$21,422, accounts payable and accruals have increased by \$70,000, and accounts receivable from AANDC increased by \$70,000. This adjustment has no impact on the closing accumulated surplus as at March 31, 2014.

15. Non-compliance with laws and regulations

The First Nation is required to post its consolidated financial statements on a website and submit the consolidated financial statements to AANDC by July 29, 2014. As the audit report is dated after this date, the First Nation is in violation of this requirement. The possible effect of this violation has not yet been determined.