

**Little Red River Cree Nation
Consolidated Financial Statements**

March 31, 2014



Little Red River Cree Nation

P.O. Box 30 John D'or Prairie, T0H 3X0 Phone: 780 759 - 3912 Facsimile: 780 759 - 3780

Management's Responsibility

To the Members of Little Red River Cree Nation:

The accompanying consolidated financial statements of Little Red River Cree 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 consolidated 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.

Chief and Council of the Little Red River Cree Nation is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. Chief and Council fulfil 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 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 the Chief and Council and management to discuss their audit findings.

July 15, 2014

Wally Yablonow _____
Administrator



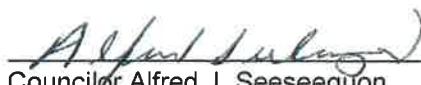
Little Red River Cree Nation

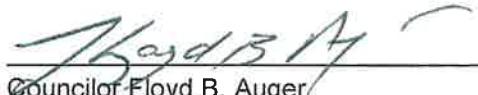
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Approved at a meeting of Chief and Council on July 15, 2014

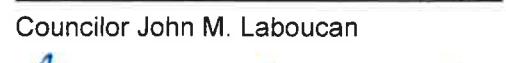

Chief Leslie Joe Laboucan

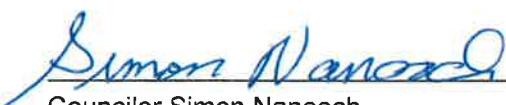

Councilor Arthur Laboucan

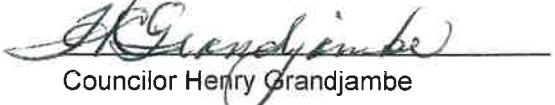

Councilor Alfred J. Seeseequon


Councilor Floyd B. Auger

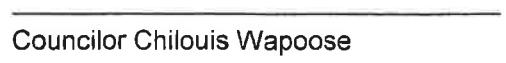

Councilor Delmer D'or

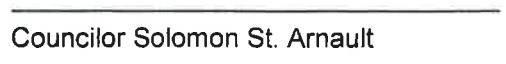

Councilor John M. Laboucan


Councilor Simon Nanooch


Councilor Henry Grandjambe


Councilor Lorne Tallcree


Councilor Chilouis Wapoose


Councilor Solomon St. Arnault

Independent Auditors' Report

To the Members of Little Red River Cree Nation:

We have audited the accompanying consolidated financial statements of Little Red River Cree 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 debt, cash flows, and 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 audit opinion.

Opinion

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

Leduc, Alberta

July 15, 2014

MNP
LLP
Chartered Accountants

Little Red River Cree Nation
Consolidated Statement of Financial Position
As at March 31, 2014

	2014	2013
		<i>(Restated)</i>
Financial assets		
Cash <i>(Note 2)</i>	559,159	1,392,897
Accounts receivable - Aboriginal Affairs and Northern Development Canada	1,948,684	3,506,812
Accounts receivable - other	1,781,643	1,571,461
Term deposits	98,990	98,950
Short term deposits - restricted <i>(Note 3)</i>	310,101	306,282
Investment in Nation business entities <i>(Note 4)</i>	5,143,652	5,218,931
Funds held in trust <i>(Note 5)</i>	1,349,593	1,308,840
Investment in UFA Cooperative Ltd.	26,183	26,183
Total financial assets	11,218,005	13,430,356
Liabilities		
Accounts payable and accruals	7,158,528	8,787,028
Deferred revenue <i>(Note 6)</i>	2,426,834	2,195,438
Advances from Nation business entities <i>(Note 7)</i>	3,954,384	3,053,256
Long-term debt <i>(Note 8)</i>	1,860,466	1,032,722
Capital lease obligations <i>(Note 9)</i>	-	27,494
Total liabilities	15,400,212	15,095,938
Net debt	(4,182,207)	(1,665,582)
Contingent liabilities and commitments <i>(Note 10)</i>		
Non-financial assets		
Tangible capital assets <i>(Note 11) (Schedule 1)</i>	44,492,173	47,265,893
Inventory for Nation use	302,088	422,002
Prepaid expenses	729,382	768,761
Total non-financial assets	45,523,643	48,456,656
Accumulated surplus <i>(Note 18)</i>	41,341,436	46,791,074

Little Red River Cree Nation
Consolidated Statement of Operations
For the year ended March 31, 2014

	2014 Budget	2014	2013 (Restated)
Revenue			
Aboriginal Affairs and Northern Development Canada	22,983,228	37,019,346	36,827,593
Health Canada	2,668,858	3,467,536	2,989,433
First Nations Development Fund	1,514,623	1,122,963	1,118,174
Service Canada	892,440	761,659	818,709
Canada Mortgage and Housing Corporation	-	37,549	40,324
North Peace Tribal Council	-	594,764	392,813
Child tax benefits	-	354,691	182,327
Alberta Remote Area Heating Allowances	141,599	333,061	216,818
User fees	238,180	284,259	238,180
Other	146,250	200,398	231,754
Treaty 8 First Nations of Alberta	64,000	180,531	162,858
Askee Development Corporation	200,000	175,000	-
Province of Alberta	134,269	149,269	146,176
Barge fees	-	100,444	259,347
Rental of teacherages	-	92,646	122,763
Sales and recoveries	-	89,694	82,035
Rental	-	74,403	136,455
Tuition fees	54,000	57,701	188,645
Farm land rent	-	28,800	28,800
Gravel revenue	-	-	206,790
Commission	-	-	18,974
Unexpended funding to be repaid to the Province of Alberta	-	-	(12,000)
Transfer from deferred revenue	414,362	2,195,438	2,151,453
Transfer to deferred revenue	-	(2,426,834)	(2,195,438)
	29,451,809	44,893,318	44,352,983
Expenses			
Administration Segment	2,516,491	4,030,527	3,387,471
Economic Development Segment	592,272	587,851	700,999
Environment Segment	194,269	229,325	248,594
Community Services Segment	6,033,349	14,447,087	12,681,877
Community Infrastructure Segment	6,140,474	15,267,546	13,651,204
Board of Education Segment	8,903,320	9,878,999	8,720,002
Child and Family Services Segment	3,246,357	5,953,724	5,003,505
Total expenses	27,626,532	50,395,059	44,393,652
Deficit before other items	1,825,277	(5,501,741)	(40,669)

Continued on next page

Little Red River Cree Nation
Consolidated Statement of Operations
For the year ended March 31, 2014

	2014 Budget	2014	2013 (Restated)
Deficit before other items <i>(Continued from previous page)</i>	1,825,277	(5,501,741)	(40,669)
Other income (expense)			
Gain (loss) on disposal of tangible capital assets	-	(22,326)	161,985
Change in trust funds during the year <i>(Note 19)</i>	-	40,753	87,582
Results of corporate operations for the year <i>(Note 19)</i>	-	(75,279)	366,087
Proceeds on disposal of tangible capital assets	-	12,529	-
Surplus (deficit) before transfers	1,825,277	(5,546,064)	574,985
Transfers between programs	129,728	96,428	164,786
Surplus (deficit)	1,955,005	(5,449,636)	739,771

Little Red River Cree 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	46,554,995	46,051,301
Corrections of errors in prior period financial statements (Note 19)	236,077	-
Accumulated surplus, beginning of year, as restated	46,791,072	46,051,301
Surplus (deficit)	(5,449,636)	739,771
Accumulated surplus, end of year	41,341,436	46,791,072

Little Red River Cree Nation
Consolidated Statement of Changes in Net Debt
For the year ended March 31, 2014

	2014 Budget	2014	2013 (Restated)
Annual surplus (deficit)	484,598	(5,449,636)	739,771
Purchase of tangible capital assets	-	(2,155,222)	(3,861,273)
Amortization of tangible capital assets	-	4,887,656	5,230,705
Gain (loss) on disposal of tangible capital assets	-	22,326	(161,985)
Use (acquisition) of prepaid expenses	-	39,379	(171,115)
Use of inventory	-	119,913	306,335
Proceeds of disposal of tangible capital assets	-	18,959	199,946
Decrease (increase) in net debt	484,598	(2,516,625)	2,282,384
Net debt, beginning of year	(1,665,582)	(1,665,582)	(3,947,966)
Net debt, end of year	(1,180,984)	(4,182,207)	(1,665,582)

Little Red River Cree 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	46,482,767	41,866,007
Cash paid to suppliers	(26,295,227)	(19,930,589)
Cash paid to employees	(17,503,079)	(17,053,675)
Interest paid	(134,943)	(161,901)
	2,549,518	4,719,842
Financing activities		
Advances of long-term debt	980,000	-
Repayment of long-term debt	(152,255)	(610,996)
Repayment of capital lease obligations	(27,494)	(80,840)
Change in bank indebtedness	-	(1,411,636)
	800,251	(2,103,472)
Capital activities		
Proceeds of disposal of tangible capital assets	18,959	199,946
Purchases of tangible capital assets	(4,202,466)	(1,423,419)
	(4,183,507)	(1,223,473)
Increase (decrease) in cash resources	(833,738)	1,392,897
Cash resources, beginning of year	1,392,897	-
Cash resources, end of year	559,159	1,392,897

Little Red River Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

1. Significant accounting policies

The consolidated financial statements of the Little Red River Cree Nation ("the Nation") are the representations of management, and are 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 accounting policies set out by the Department of Aboriginal Affairs and Northern Development Canada. Significant aspects of the accounting policies adopted by the Nation are as follows:

Reporting entity

These consolidated financial statements include the Little Red River Cree Nation, Little Red River Board of Education, Little Red River Cree Nation Mamawi Awasis Society and all related entities which are accountable to the Nation and are either owned or controlled by the Nation.

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

Little Red River Cree 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 4. 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 financing and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable under the terms of applicable funding agreements; 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.

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. Actual results may vary from current estimates.

Accounts receivable are stated after evaluation as to their collectibility. Investment in Nation business entities is stated after evaluation as to valuation and collectibility of advances. Amortization is based on the estimated useful lives of tangible capital assets. Inventory is based on the lower of cost and net realizable value.

These estimates are reviewed periodically and, as adjustments become necessary, they are reported in income in the periods in which they become known.

Provision for site rehabilitation

The Alberta Environmental Protection Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. Liabilities are recorded when environmental claims or remedial efforts are probable and the costs can be reasonably estimated. Expenses that relate to an existing condition caused by past operations, and which do not contribute to future revenue generation, are expensed. The Little Red River Cree Nation is reviewing environmental objectives and liabilities for its activities and potential site reclamation and restoration obligations. The Nation has yet to determine the amounts of such obligations.

Little Red River Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

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

Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that can 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, inventory for Nation use, and prepaid expenses.

i. 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 asset. The cost of the tangible capital assets are amortized over their expected useful lives using the following rates and methods:

	Method	Rate
Buildings	straight-line	5 %
Buildings - Child and Family Services	declining balance	4 %
Equipment	straight-line	10 %
Equipment - Board of Education	declining balance	10 %
Water and sewer services	straight-line	5 %
Teacherages	declining balance	5 %
Automotive and other equipment	straight-line	10-20 %
Automotive - CFSS and BoE	declining balance	30 %
Furniture and fixtures	declining balance	30 %
Computer equipment	declining balance	30 %
Roads	straight-line	10 years
Street lights	straight-line	30 years
Wireless infrastructure	straight-line	5 %
Equipment under capital lease	straight-line	20 %

ii. Inventory for Nation use

Inventory held for consumption consists of gravel and maintenance supplies, and is recorded at the lower of cost and replacement cost.

iii. Prepaid expenses

Prepaid expenses include propane costs incurred during March which will be expensed in the following fiscal year, and pre-payments on goods and services which will be utilized in the following fiscal year.

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 Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the asset's carrying amount. Impairment is measured as the amount by which the asset's carrying value exceeds its fair value. Any impairment is included in income for the year; impairment of tangible capital assets is reflected in equity in tangible capital assets when impairment occurs. Prices for similar items are used to measure fair value of long-lived assets.

Little Red River Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

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

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.

Funds held in Ottawa Trust Fund

Due to measurement uncertainty, revenue related to the receipt of funds held in the Ottawa Trust Fund is recognized when it is received.

Other revenue

Other sources of revenue are recorded when received or receivable.

Segments

The First Nation conducts its business through seven reportable segments: administration, economic development, environment, community services, community infrastructure, education and child and family services. 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.

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 above. Inter-segment transfers are recorded at their exchange amount.

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 debt of the First Nation is determined by its financial assets less its liabilities. Net debt combined with non-financial assets comprises a second indicator of financial position, accumulated surplus.

Recent accounting pronouncements

Liability for contaminated sites

In June 2010, the Public Sector Accounting Board (PSAB) issued PS 3260 *Liability for Contaminated Sites* to establish recognition, measurement and disclosure standards for liabilities associated with the remediation of contaminated sites. The new section defines activities included in a liability for remediation, establishes when to recognize and how to measure a liability for remediation, and provides the related financial statement presentation and disclosure requirements.

PS 3260 is effective for fiscal years beginning on or after April 1, 2014. The Nation does not expect the adoption of the new section to have a material impact on its financial statements.

Little Red River Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

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

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 Nation does not expect the adoption of these new standards to have a material impact on its financial statements.

2. Cash

Included in cash is \$160,047 (2013 - \$325,410) of unspent funding from Health Canada for the purpose of constructing a new health centre in John D'or Prairie.

Peace Hills Trust - cash management agreement allows for a revolving loan up to \$1,000,000 bearing interest at prime plus 2%. Monthly extensions in excess of \$1,000,000 are approved by Peace Hills Trust, bear interest at 24% per annum, and are secured by a redirection of funding from Aboriginal Affairs and Northern Development Canada. At March 31, 2014, the balance of the revolving loan was \$0 (2013 - \$85,538).

Included in this balance is \$366,736 (2013 - \$427,361) of remaining proceeds of advances from the First Nations Development Fund, to be used for projects which have been applied for and approved. This is restricted by the Province of Alberta for this use.

3. Term deposits

Term deposits are internally restricted in use by the Nation in accordance with the agreement regarding the trust with the Department of Aboriginal Affairs and Northern Development Canada. The deposits bear interest at rates between 0.45% and 1.70% and mature between May 2014 and February 2015.

4. Investments in Nation business entities

The Nation has investments in the following entities:

					2014
	Initial investment	Advances to (from)	Accumulated equity in earnings (losses)	Write down of investment by related entities	Total investment
Wholly-owned Businesses:					
Little Red River Forestry Limited	201	-	(4,163,191)	-	(4,162,990)
Askee Development Corporation	100	-	4,980,364	-	4,980,464
Fifth Meridian Market Ltd.	100	-	(2,172,484)	-	(2,172,384)
Little Red River Wildland Firefighters	1	-	(223,478)	-	(223,477)
849244 Alberta Ltd.	1	-	(658,426)	-	(658,425)
	403	-	(2,237,215)	-	(2,236,812)
Partnerships:					
Caribou Hills Limited Partnership	100	10,000	4,008,060	-	4,018,160
Writedown of investments	-	-	-	3,362,304	3,362,304
	503	10,000	1,770,845	3,362,304	5,143,652

Little Red River Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

4. Investments in Nation business entities (Continued from previous page)

					2013
	Initial investment	Advances to (from)	Accumulated equity in earnings (losses)	Write down of investment by related entities	Total investment
Wholly-owned Businesses:					
Little Red River Forestry Limited	201	-	(3,927,203)	-	(3,927,002)
Askee Development Corporation	100	-	4,501,782	-	4,501,882
Fifth Meridian Market Ltd.	100	-	(1,969,588)	-	(1,969,488)
Little Red River Wildland Firefighters Inc.	1	-	22,009	-	22,010
849244 Alberta Ltd.	1	-	(492,676)	-	(492,675)
	403	-	(1,865,676)	-	(1,865,273)
Partnerships:					
Caribou Hills Limited Partnership	100	10,000	3,711,800	-	3,721,900
Writedown of investments	-	-	-	3,362,304	3,362,304
	503	10,000	1,846,124	3,362,304	5,218,931

The Nation's investment in Caribou Hills Limited Partnership is held by Mikkwa Seepee Enterprises Ltd. (the general partner) and the Little Red River Cree Nation Business Trust (the limited partner).

Condensed financial information for each entity for their respective year ending March 31, 2014 (December 31, 2013 for Little Red River Wildland Firefighters Inc. and Caribou Hills Limited Partnership, and January 31, 2014 for 849244 Alberta Ltd. and Fifth Meridian Market Ltd.) are as follows:

	Net Assets			Income		
	Assets	Liabilities	(Liabilities)	Revenue	Expenses	(Loss)
Little Red River Forestry Limited	2,127,727	6,290,716	(4,162,989)	2,556,494	2,739,088	(182,594)
Askee Development Corporation	16,665,277	11,071,635	5,593,642	1,361,584	883,002	478,582
Fifth Meridian Market Ltd.	424,636	2,597,020	(2,172,384)	3,437,886	3,640,781	(202,895)
Little Red River Wildland Firefighters	819,257	1,042,734	(223,477)	1,660,809	1,948,800	(287,991)
849244 Alberta Ltd.	644,118	1,302,543	(658,425)	34,470	140,290	(105,820)
Caribou Hills Limited Partnership	4,069,100	61,042	4,008,058	1,576,655	1,542,758	33,897

849244 Alberta Ltd. ceased active operations for the past two years.

Little Red River Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

5. Funds held in trust

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

	<i>Capital trust</i>	<i>Revenue trust</i>	<i>Total</i>
Balance, beginning of year	152,042	1,156,798	1,308,840
Additions	-	40,753	40,753
Balance, end of year	152,042	1,197,551	1,349,593

6. Deferred revenue

Deferred revenue consists of funds received for specific purposes which were not completed at the end of the fiscal year. The major categories are:

	<i>Opening (restated)</i>	<i>Funding received</i>	<i>Recognized as revenue</i>	<i>Closing</i>
Loans to Native Claimants	78,120	-	-	78,120
Training strategy	115,505	-	(2,099)	113,406
First Nations Development Fund	270,089	724,168	(147,526)	846,731
Fox Lake Northern Store	1,382,813	-	(93,750)	1,289,063
Health Canada - Health centre funding	325,411	95,000	(320,897)	99,514
North Peace Tribal Council - CHIP program	23,500	-	(23,500)	-
	2,195,438	819,168	(1,150,272)	2,426,834

7. Advances from Nation business entities

	<i>2014</i>	<i>2013</i>
Caribou Hills Limited Partnership	577,286	577,286
Little Red River Forestry Limited	3,049,318	2,581,551
Little Red River Wildland Firefighters Inc.	66,995	38,599
849244 Alberta Ltd.	55,549	45,322
Fifth Meridian Market Ltd.	14,992	37,244
Mikkwa Seepée Enterprises Ltd.	383,190	-
Askee Development Corporation	(192,946)	(226,746)
	3,954,384	3,053,256

The above amounts are unsecured, have no fixed terms of repayment, and occurred in the normal course of business. They are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Little Red River Cree Nation
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8. Long-term debt

	2014	2013
Peace Hills Trust loan, repayable in monthly instalments of \$10,921 including interest at 6%, until May 2019. Security consists of a GIC a value of \$195,668, a Band Council Resolution, insurance showing first loss payee as Peace Hills Trust Company, and equipment with a net book value of \$1,044,000.	980,000	-
CMHC construction loan repayable in monthly installments of \$2,635 including interest at 1.65%, until June 2017. Security consists of a charge over two four-plexes with a book value of \$733,062 (2013 - \$789,452).	498,224	521,444
Askee Development Corporation loan (a wholly owned subsidiary of the Nation), repayable after third-party construction loans relating to the Fox Lake Northern Store are paid, with unspecified interest and repayment terms.	134,300	134,300
Peace Hills Trust operating loan, repayable in monthly installments of \$7,068 including interest at 7.25%, until November 2015. Security consists of a general security agreement, a Band Council Resolution, insurance showing first loss payee as Peace Hills Trust Company, general assignment of rents and leases, and a demand promissory note for \$465,000.	133,730	205,982
Peace Hills Trust loan, repayable in monthly installments of \$5,610 including interest at 7.25%, until January 2016. Security consists of a general security agreement, a Band Council Resolution, an assignment of AANDC funding, and equipment with net book value of \$71,060 (2013 - \$142,120).	114,212	170,996
	1,860,466	1,032,722

Principal repayments on long-term debt in each of the next five years, assuming all term debt is subject to contractual terms of repayment and long-term debt subject to refinancing is renewed, are estimated as follows:

2015	351,364
2016	210,853
2017	106,807
2018	112,296
2019	118,106

Cash interest on long-term debt amounted to \$31,500 (2013 - \$47,736).

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9. Capital lease obligations

	2014	2013
John Deere Credit capital lease obligation repayable in monthly installments of \$7,081 including interest at 5.75%. Repaid in the current year.	-	27,494
Less: current portion	-	27,494
	-	-

10. Contingent liabilities and commitments

Lawsuits

In the normal conduct of operations, there are other pending claims by and against the 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 Nation's financial position or results of operations.

Letter of Guarantee

The Nation has signed a letter of guarantee in favour of the Minister of Advanced Education and Career Development. The guarantee is in the amount of \$29,000 and expires on August 31, 2015.

Aboriginal Affairs and Northern Development Canada

The Nation has received the following advances from the Loans to Native Claimants program: 2000 - \$15,000, 2001 - \$80,850, 2008 - \$177,215, 2010 - \$226,096, and 2011 - \$74,475 for a total of \$573,636 (2013 - \$573,636). The loans are repayable on the earlier of March 31, 2015 or the date on which the claim is settled. If the claim is not settled by March 31, 2015, the repayment date will be extended by five years. As repayment will be made from future claim proceeds, the amount is a contingent liability.

Commitments

The Nation has entered into a contract for IT support that calls for monthly payments of \$36,000 until November 2015. The Nation has also entered into contracts to lease photocopiers that calls for monthly payments of \$2,155 until December 2016 and quarterly payments of \$2,162 until April 2017.

Contingencies

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

Little Red River Cree Nation
Notes to the Consolidated Financial Statements
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11. Tangible capital assets

- (a) Roads include certain roads and bridges disclosed at a nominal amount.
- (b) The Nation holds works of art from community members contributed to the Nation 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.
- (c) The Nation does not consider housing, other than teacherages and CMHC housing, to be assets of the Nation and therefore these items are included in surplus (deficit).
- (d) Tangible capital asset additions for the year ended March 31, 2014 include \$540,610 still in accounts payable at year-end (2013 - \$2,437,854). As a result, this amount is not included in the purchases of tangible capital assets on the statement of cash flows.
- (e) Included in tangible capital asset additions for the year is \$1,270,105 (2013 - \$1,019,282) of road work that is in progress at March 31 and is therefore not being amortized.

12. Economic dependence

The Nation receives substantially all of its funding through contribution arrangements with the Department of Aboriginal Affairs and Northern Development Canada as administered under the conditions of the Indian Act. The ability of the Nation to continue operations is dependent upon funding from this body.

13. Pension plan

The Nation has established a defined contribution pension plan, in which all permanent full-time employees are required to participate. Pension contributions of either 3%, 5% or 8% are matched by the Nation. No significant changes were made to the pension plan during the year. The pension expense for the year was \$500,248 (2013 - \$454,343).

14. CMHC reserves fund

Under conditions of agreements with the Canada Mortgage and Housing Corporation, the Nation is required to maintain certain reserves related to on-reserve housing projects estimated at \$112,797 (2013 - \$100,295). The Nation has not fully funded these reserves, and is therefore in violation of its agreements with CMHC. As at March 31, 2014, the Nation has funded \$37,484 (2013 - \$0) of the reserve. The possible effect of the violation has not yet been determined.

15. Comparative figures

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

16. Budget information

The disclosed budget information has been approved by Chief and Council. Budgets for departments and projects not disclosed in the various schedules were not prepared by the Nation's management.

Little Red River Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

17. Transfers between programs

Transfers between programs consist of the following:

	<i>Admin fees</i>	<i>Hot lunch</i>	<i>Other</i>	<i>Total</i>
Administration	969,933	-	-	969,933
First Nation food, nutrition and environment study	(1,598)	-	-	(1,598)
Benefits	(7,154)	-	-	(7,154)
Economic development	(8,646)	-	-	(8,646)
Health	(164,484)	-	(155,526)	(320,010)
Social development	(18,159)	-	-	(18,159)
NCBR	(6,023)	(300,000)	(508,795)	(814,818)
ASETS	(4,395)	-	(196,894)	(201,289)
Training and labour market	-	-	419,319	419,319
Housing construction training	-	-	302,195	302,195
Post secondary	(45,997)	-	(15,825)	(61,822)
Housing maintenance	(485)	-	-	(485)
Public works	(243,617)	-	155,526	(88,091)
Capital projects	(62,433)	-	-	(62,433)
Board of Education	(294,918)	300,000	-	5,082
Mamawi Awasis Society	(112,024)	-	-	(112,024)

18. Accumulated surplus

The Department of Aboriginal Affairs and Northern Development Canada has determined that accumulated surplus amounts previously reported as restricted for the purposes of child special allowance funding and AANDC prevention funding can be combined with the Nation's unrestricted deficit. Accumulated surplus consists of the following:

	<i>2014</i>	<i>2013 (Restated)</i>
Unrestricted deficit	(7,788,572)	(5,555,380)
Unexpended funding: Health	590,510	282,640
Unexpended funding: Public works	-	99,062
Unexpended funding: Instruction and Education Board	20,203	400,413
Unexpended funding: Student transportation	-	1,040
Unexpended funding: Mamawi Awasis Operations	241,488	465,968
Unexpended funding: School roof repairs	150,000	-
Unexpended funding: Mamawi Awasis Prevention	737,191	74,826
Unexpended funding: Housing	15,013	-
Unexpended funding: Social development	33,846	-
Equity in trust fund	1,349,593	1,308,840
Equity in enterprise fund	3,226,727	3,302,006
Equity in tangible capital assets	42,765,437	46,411,659
	41,341,436	46,791,074

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19. Corrections of errors in prior period financial statements

In the current year, the Nation determined that an accrual for a legal settlement was overstated. This results in an increase of \$91,805 to the prior year surplus. Also in the current year, the Nation determined that 2013 funding related to the housing construction and renovation training program had been incorrectly reported as relating to AANDC, instead of the First Nations Development Fund. As a result, 2013 deferred revenue had been overstated and 2013 FNDF revenue had been understated by \$144,272.

The cumulative effect of these adjustments was an increase of \$236,077 to 2014 opening accumulated surplus.

In the current year, the First Nation reclassified the presentation of the results in corporate operations for the year and the results of trust funds to other income. Previously, these were shown as changes in accumulated surplus. This results in an increase in the prior year surplus of \$453,669.