

**Lubicon Lake Band**  
**Consolidated Financial Statements**  
**March 31, 2014**

# Lubicon Lake Band

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## Lubicon Lake Band

### MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

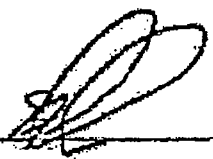
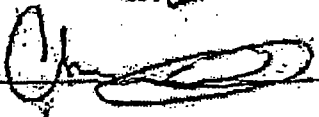

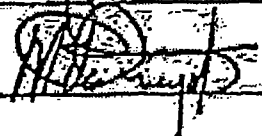
The accompanying financial statements of the Lubicon Lake Band are the responsibility of management and have been approved by the Chief and Administrator on behalf of Council.

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgement. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Lubicon Lake Band maintains systems of internal accounting and administrative controls of high quality. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Band's assets are appropriately accounted for and adequately safeguarded.

The Band Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The financial statements have been audited by Doyle & Company in accordance with Canadian auditing standards on behalf of the members. Doyle & Company have full and free access to the Council.

	Chief
	Councilor
	Councilor
	Councilor

Allan J. Grykuliak, C.A.\*  
Scott T. Mockford, C.A.\*  
\* Operates as a Professional Corporation

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## INDEPENDENT AUDITORS' REPORT

To the Chief and Council

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the **Lubicon Lake Band**, which comprise the statement of financial position as at March 31, 2014 and the statements of activities, change in net financial assets and cash flows, change in accumulated surplus, tangible capital assets, financial activities by program and expenditures by object 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 financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

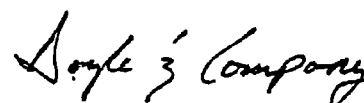
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparations 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, these consolidated financial statements present fairly, in all material respects, the financial position of the Lubicon Lake Band as at March 31, 2014 and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

October 28, 2014  
Edmonton, Alberta




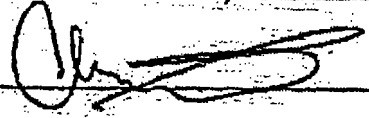
Chartered Accountants


**Lubicon Lake Band**  
**Consolidated Statement of Financial Position**  
**As at March 31, 2014**


	2014 \$	2013 \$
<b>FINANCIAL ASSETS</b>		
Cash	-	92,529
Accounts receivable (Note 3)	1,127,180	132,679
Investment in First Nation controlled entities (Note 4)	118,244	-
	<b>1,245,424</b>	<b>225,208</b>
<b>LIABILITIES</b>		
Bank indebtedness	31,964	-
Accounts payable (Note 5)	844,104	206,278
Deferred revenue (Note 6)	201,487	-
Due to related entities (Note 7)	-	18,930
	<b>1,077,555</b>	<b>225,208</b>
<b>NET FINANCIAL ASSETS</b>	<b>167,869</b>	<b>-</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 2)	3,291,820	329,103
Trust funds (Note 10)	603,600	-
Prepaid expenses	11,179	-
	<b>3,906,599</b>	<b>329,103</b>
<b>ACCUMULATED SURPLUS (Schedule 1 and Note 12)</b>	<b>4,074,468</b>	<b>329,103</b>

Approved by the First Nation:

  
 \_\_\_\_\_ Chief

  
 \_\_\_\_\_ Councilor

  
 \_\_\_\_\_ Councilor

  
 \_\_\_\_\_ Councilor

The accompanying notes form part of these financial statements.

**Lubicon Lake Band**  
**Consolidated Statement of Financial Activities**  
**For the year ended March 31, 2014**

	2014 Budget \$	2014 Actual \$	2013 Actual \$
<b>REVENUE</b>			
Aboriginal Affairs and Northern Development Canada	1,966,826	1,966,826	1,487,037
Alberta Government Grant	412,769	412,769	-
First Nations Development Fund	215,981	215,981	-
Human Resource Development Canada	79,131	79,131	-
Other revenue	109,903	388,203	30,785
Recoveries	-	-	(136,977)
Revenue deferred from previous period	-	-	105,004
Revenue deferred to subsequent period	-	(201,487)	-
	<b>2,784,610</b>	<b>2,861,423</b>	<b>1,485,849</b>
<b>EXPENDITURES</b>			
Administration and Governance	495,035	608,776	411,851
Alberta Government Programs	273,500	139,798	-
ASETS	79,131	76,549	-
Economic Development	226,637	108,724	-
Education	10,000	7,495	-
Consultation	139,269	280,547	-
First Nations Development Fund	215,981	150,778	-
Housing	140,100	155,846	294,147
P&ID Program	265,000	277,275	-
Public Works	129,427	116,813	170,356
Social Services	710,627	734,564	694,865
	<b>2,684,707</b>	<b>2,657,165</b>	<b>1,571,219</b>
<b>Excess of Revenue Over Expenditures</b>			
- Before Other Revenue (Expenses)	99,903	204,258	(85,370)
<b>Other Revenue (Expenses)</b>			
Capital funding			
Aboriginal Affairs and Northern Development Canada	2,922,292	2,922,292	-
Amortization	-	(103,029)	(28,506)
	<b>2,922,292</b>	<b>2,819,263</b>	<b>(28,506)</b>
<b>EXCESS OF REVENUE OVER EXPENDITURE</b>	<b>3,022,195</b>	<b>3,023,521</b>	<b>(113,876)</b>

The accompanying notes form part of these financial statements.

# Lubicon Lake Band

## Consolidated Statement of Change in Net Financial Assets

For the year ended March 31, 2014

	2014 \$	2013 \$
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>3,021,724</b>	<b>(113,876)</b>
Acquisition of tangible capital assets	(3,065,746)	(17,400)
Amortization of tangible capital assets	103,029	28,507
Advances to First Nation controlled entities	120,041	-
	<b>(2,842,676)</b>	<b>11,107</b>
Acquisition of prepaid assets	(11,179)	-
Use of prepaid assets	-	17,736
	<b>(11,179)</b>	<b>17,736</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>167,869</b>	<b>(85,033)</b>
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<b>-</b>	<b>85,033</b>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>167,869</b>	<b>-</b>

The accompanying notes form part of these financial statements.

**Lubicon Lake Band**  
**Consolidated Statement of Cash Flows**  
**For the year ended March 31, 2014**

	2014 \$	2013 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from funding agencies and other income	4,789,214	1,636,675
Cash paid to suppliers and employees	(1,710,787)	(1,621,908)
	3,078,427	14,767
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Decrease (increase) in investment in First Nation controlled entities	(137,174)	18,930
Tangible capital assets acquired	(3,065,746)	(17,400)
	(3,202,920)	1,530
<b>INCREASE (DECREASE) IN CASH DURING THE YEAR</b>	(124,493)	16,297
<b>CASH - Beginning of year</b>	92,529	76,232
<b>CASH - End of year</b>	(31,964)	92,529

The accompanying notes form part of these financial statements.



**Lubicon Lake Band**  
**Consolidated Statement of Changes in Accumulated Surplus - Schedule 1**  
**For the year ended March 31, 2014**

	Unrestricted Surplus	Equity in Tangible Capital Assets	Equity in Enterprise Fund	Equity in Trust Funds	2014 \$	2013 \$
<b>Balance, Beginning of Year</b>	-	329,103	-	-	329,103	442,979
Excess of revenue over expenses	3,023,521	-	(1,797)	603,600	3,625,324	(113,876)
Current years funds used for subsidiaries advances	-	-	120,041	-	120,041	-
Current years funds used for tangible capital assets	(3,065,746)	3,065,746	-	-	-	-
Annual amortization expense	103,029	(103,029)	-	-	-	-
<b>Change in accumulated surplus</b>	<b>60,804</b>	<b>2,962,717</b>	<b>118,244</b>	<b>603,600</b>	<b>3,745,365</b>	<b>(113,876)</b>
<b>Balance, End of Year</b>	<b>60,804</b>	<b>3,291,820</b>	<b>118,244</b>	<b>603,600</b>	<b>4,074,468</b>	<b>329,103</b>

The accompanying notes form part of these financial statements.

**Lubicon Lake Band**  
**Consolidated Statement of Tangible Capital Assets - Schedule 2**  
**For the year ended March 31, 2014**

	Automotive	Buildings & Infrastructure	Furniture & Equipment	2014 \$	2013 \$
<b>COST:</b>					
Balance, Beginning of Year	93,105	298,410	5,500	397,015	379,615
Acquisition of tangible capital assets	-	3,056,417	9,329	3,065,746	17,400
Balance, End of Year	93,105	3,354,827	14,829	3,462,761	397,015
<b>ACCUMULATED AMORTIZATION:</b>					
Balance, Beginning of Year	49,168	18,194	550	67,912	39,405
Annual amortization	27,932	73,064	2,033	103,029	28,507
Balance, End of Year	77,100	91,258	2,583	170,941	67,912
<b>NET BOOK VALUE</b>	<b>16,005</b>	<b>3,263,569</b>	<b>12,246</b>	<b>3,291,820</b>	<b>329,103</b>

The accompanying notes form part of these financial statements.

**Lubicon Lake Band**  
**Consolidated Statement of Financial Activities by Program - Schedule 3**  
**For the year ended March 31, 2014**

	<b>2014</b>			<b>2013</b>	
	<b>AANDC Revenue \$</b>	<b>Other Revenue \$</b>	<b>Total Revenue \$</b>	<b>Total Expenditures \$</b>	<b>Surplus (Deficit) \$</b>
Administration and Governance	495,035	138,240	633,275	608,776	24,499
Alberta Government Programs	-	139,798	139,798	139,798	-
ASETS	-	76,549	76,549	76,549	-
Consultation	-	279,329	279,329	280,547	(1,218)
Economic Development	226,637	-	226,637	108,724	117,913
Education	1,422,884	109,903	1,532,787	7,495	1,525,292
First Nation Development Fund	-	150,778	150,778	150,778	-
Housing and Renovations	1,639,508	-	1,639,508	155,846	1,483,662
P&ID	265,000	-	265,000	277,275	(12,275)
Public Works	129,427	-	129,427	116,813	12,614
Social Services	631,413	-	710,627	734,564	(23,937)
	<b>4,809,904</b>	<b>894,597</b>	<b>5,783,715</b>	<b>2,657,165</b>	<b>3,126,550</b>

The accompanying notes form part of these financial statements.

# Lubicon Lake Band

## Consolidated Statement of Expenditures by Object - Schedule 4

For the year ended March 31, 2014

	2014
	\$
<b>EXPENDITURES</b>	
Advertising	13,364
Bank charges	349
Contractors	125,396
Community/Special events	29,288
Equipment	32,808
Garbage & Water	13,506
Honorarium	3,200
Insurance and membership	6,769
Material and supplies	123,314
Meeting costs	40,000
Office	37,592
Professional fees	264,631
Propane	48,232
Program expense	821,898
Rent	10,395
Repairs & Maintenance	47,754
Training	51,594
Travel	254,636
Telephone & Utilities	76,760
Wages & benefits	651,789
Miscellaneous	3,890
<b>TOTAL EXPENDITURES</b>	<b>2,657,165</b>

The accompanying notes form part of these financial statements.

**Lubicon Lake Band**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2014**

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**BASIS OF PRESENTATION**

The Lubicon Lake Band is located in the province of Alberta and provides municipal services to its members.

**1. SIGNIFICANT ACCOUNTING POLICIES**

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards for local government entities, as defined in the CICA Public Sector Accounting and Auditing Handbook. These statements encompass the following significant accounting policies:

**(a) Fund Accounting**

The Lubicon Lake Band uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions. The various funds have been amalgamated for the purpose of presentation in the financial statements. Details of the operations of each fund are set out in the supplementary schedules. The Lubicon Lake Band maintains the following funds:

- The Operating Fund which reports the general activities of the First Nation Administration.
- The Equity in Capital Assets Fund which reports the capital assets of the First Nation, together with their related financing.
- The Trust Fund which reports on trust funds owned by the First Nation and held by third parties.

**(b) Investment in Controlled Entities**

Investments in wholly-owned incorporated subsidiaries of 1769919 Alberta Ltd. are accounted for by the equity method. The equity method initially records the investment at cost and the carrying value thereafter is adjusted for the investor's pro-rata share of post acquisition earnings or losses of the subsidiary. The companies that Montana First Nation owns are as follows:

- 1769919 Alberta Ltd.

**(c) Non-Financial Assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated change in net financial assets for the year.

**(d) Non-Financial Assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets for the year.

**Lubicon Lake Band**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2014**

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**1. SIGNIFICANT ACCOUNTING POLICIES - continued**

**Tangible Capital Assets**

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a declining balance basis over the estimated useful life as follows:

	Rate
Automotive	30%
Buildings and infrastructure	4%
Furniture and equipment	20%

Annual amortization is charged in the year of acquisition and not in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

**(e) Revenue Recognition**

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under the funding arrangements which relates to a subsequent fiscal period is reflected as deferred revenue in the year of receipt and classified as such on the statement of financial position.

**(f) Trust Funds**

The Ottawa Trust Accounts arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

First Nation trust funds are included as revenue in these statements only to the extent they have been received from the First Nation's trust funds. The amounts on deposit with the Government of Canada are audited by the Auditor General of Canada.

**(g) Financial Instruments**

The Nation's financial instruments consist of trust funds, accounts receivable, investments, prepaid expenses, bank indebtedness, accounts payable, deferred revenue and long-term obligations. Unless otherwise noted, it is management's opinion that the Nation is not exposed to significant interest or foreign currency risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

**Lubicon Lake Band**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2014**

**1. SIGNIFICANT ACCOUNTING POLICIES - continued**

**(h) Measurement Uncertainty**

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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

**2. BANK INDEBTEDNESS**

Bank indebtedness represents cheques written in excess of the bank balance.

**3. ACCOUNTS RECEIVABLE**

	2014 \$	2013 \$
Kee Tee Kee Now Tribal Council	922,675	-
Aboriginal Affairs and Northern Development Canada	-	112,861
First Nation Development Fund	112,489	-
Alberta Government grant	50,000	-
ASETS	42,016	-
Other	-	19,818
	<b>1,127,180</b>	<b>132,679</b>

**4. INVESTMENTS IN BAND CONTROLLED ENTITIES**

	2014 \$	2013 \$
<b>1769919 Alberta Ltd. (Venture) - 100% interest</b>		
Shares	100	-
Advances	119,941	-
Accumulated surplus in earnings	(1,797)	-
	<b>118,244</b>	<b>-</b>

Unaudited financial information for each of the entities for their respective March 31, 2014 years ended are as follows:

	Assets \$	Liabilities \$	Revenues \$	Net Earnings \$
1769919 Alberta Ltd.	213,996	215,693	675,896	(1,797)

# Lubicon Lake Band

## Notes to the Consolidated Financial Statements

March 31, 2014

### 5. ACCOUNTS PAYABLE

	2014	2013
	\$	\$
Trade	769,426	157,811
Kee Tee Kee Now Tribal Council	58,755	47,514
CRA source deductions	15,923	953
	844,104	206,278

### 6. DEFERRED REVENUE

	2014	2013
	\$	\$
Alberta Government grants	133,702	-
First Nation Development Funds	65,203	-
ASETS	2,582	-
	201,487	-

### 7. DUE TO RELATED PARTIES

The amounts due to related parties are unsecured, due on demand and have no fixed terms of repayment.

### 8. EQUITY IN TANGIBLE CAPITAL ASSETS

	2014	2013
	\$	\$
Tangible capital assets (Schedule 2)	3,462,761	397,015
Accumulated amortization (Schedule 2)	(170,941)	(67,912)
	3,291,820	329,103

### 9. EQUITY IN ENTERPRISE FUND

	2014	2013
	\$	\$
Balance, beginning of year	-	-
Surplus (deficit) from subsidiary companies	(1,797)	-
Advances to controlled entities	120,041	-
Balance, end of year	118,244	-



# Lubicon Lake Band

## Notes to the Consolidated Financial Statements

March 31, 2014

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### 10. EQUITY IN TRUST FUND

	Capital \$	Revenue \$	Total \$
Balance, beginning of year	29,392	559,301	588,693
Earnings	-	14,907	14,907
Balance, end of year	29,392	574,208	603,600

### 11. ACCUMULATED SURPLUS

	2014 \$	2013 \$
Unrestricted surplus	60,804	-
Equity in tangible capital assets	3,291,820	329,103
Equity in enterprise fund	118,244	-
Equity in trust funds	603,600	-
	4,074,468	329,103

### 12. COMPARATIVE FIGURES

The 2013 figures have been restated to conform with this year's presentation and have been audited by a different accounting firm.