

Lubicon Lake Band
Consolidated Financial Statements
March 31, 2015

Lubicon Lake Band

CONTENTS

	<u>Page</u>
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	1
AUDITORS' REPORT	2
Consolidated Statement of Financial Position	3
Consolidated Statement of Financial Activities	4
Consolidated Statement of Change in Net Financial Assets	5
Consolidated Statement of Cash Flows	6
Consolidated Statement of Changes in Accumulated Surplus - Schedule 1	7
Consolidated Statement of Tangible Capital Assets - Schedule 2	8
Consolidated Statement of Financial Activities by Program - Schedule 3	9
Consolidated Statement of Expenditures by Object - Schedule 4	10
Notes to the Consolidated Financial Statements	11 - 15

Lubicon Lake Band

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

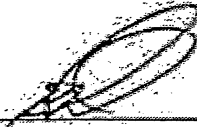
The accompanying financial statements of the Lubicon Lake Band are the responsibility of management and have been approved by the Chief and Administrator on behalf of Council.

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.

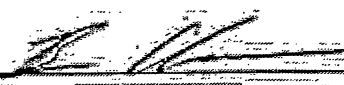
The Band Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

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


Councillor




Councillor



Councillor



Councillor



Councillor

Allan J. Grykuliak, C.A.*

Scott T. Mockford, C.A.*

* Operates as a Professional Corporation

11210 - 107 Avenue N.W. 2nd Flr

Edmonton, Alberta T5H 0Y1

Tel (780) 452-2300, Fax (780) 452-2335

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, 2015 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.

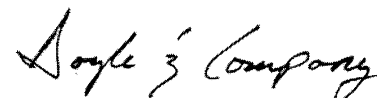
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2015 and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

August 20, 2015

Edmonton, Alberta



Chartered Accountants

Lubicon Lake Band
Consolidated Statement of Financial Position
As at March 31, 2015


	2015	2014
	\$	\$
FINANCIAL ASSETS		
Cash	595,927	-
Accounts receivable (Note 2)	471,899	1,127,180
Investment in First Nation controlled entities (Note 3)	105,066	118,244
	1,172,892	1,245,424
LIABILITIES		
Bank indebtedness	-	31,964
Accounts payable (Note 4)	252,222	844,104
Deferred revenue (Note 5)	594,095	201,487
	846,317	1,077,555
NET FINANCIAL ASSETS	326,575	167,869
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	3,629,856	3,291,820
Trust funds (Note 8)	620,690	603,600
Prepaid expenses	-	11,179
	4,250,546	3,906,599
ACCUMULATED SURPLUS (Schedule 1 and Note 9)	4,577,121	4,074,468

Approved by the First Nation:

 Chief

 Councilor

 Councilor

 Councilor

 Councilor

 Councilor

Lubicon Lake Band
Consolidated Statement of Financial Activities
For the year ended March 31, 2015

	2015 \$	2014 \$
REVENUE		
Aboriginal Affairs and Northern Development Canada	2,838,869	1,966,826
Alberta Government Grant	334,269	412,769
First Nations Development Fund	464,567	215,981
Health Canada	610,790	-
Human Resource Development Canada	76,560	79,131
Other revenue	731,877	388,203
Revenue deferred from previous period	201,487	-
Revenue deferred to subsequent period	(594,095)	(201,487)
	4,664,324	2,861,423
EXPENDITURES		
Administration and Governance	1,303,122	711,805
Alberta Government Programs	94,301	139,798
Aboriginal Skills Employment & Training	85,011	76,549
Consultation	194,358	280,547
Economic Development	155,208	108,724
Education	122,298	7,495
First Nations Development Fund	474,279	150,778
Health	462,254	-
Housing	227,517	155,846
Integrated Employment Training Program	111,537	-
Professional and Institutional Development Program	50,000	277,274
Public Works	722,872	116,813
Social Services	675,182	734,564
	4,677,939	2,760,194
Excess of Revenue Over Expenditures		
- Before Other Revenue (Expenditures)	(13,615)	101,229
Other Revenue (Expenditures)		
Capital funding		
Aboriginal Affairs and Northern Development Canada	500,000	2,922,292
EXCESS OF REVENUE OVER EXPENDITURES	486,385	3,023,521

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, 2015

	2015 \$	2014 \$
EXCESS OF REVENUE OVER EXPENDITURES	485,563	3,021,724
Acquisition of tangible capital assets	(564,864)	(3,065,746)
Amortization of tangible capital assets	226,828	103,029
Advances to First Nation controlled entities	-	120,041
	(338,036)	(2,842,676)
Acquisition of prepaid assets	-	(11,179)
Use of prepaid assets	11,179	-
	11,179	(11,179)
INCREASE IN NET ASSETS	158,706	167,869
NET FINANCIAL ASSETS, BEGINNING OF YEAR	167,869	-
NET FINANCIAL ASSETS, END OF YEAR	326,575	167,869

The accompanying notes form part of these financial statements.

Lubicon Lake Band
Consolidated Statement of Cash Flows
For the year ended March 31, 2015

	2015 \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from funding agencies and other income	5,819,605	4,789,214
Cash paid to suppliers and employees	(4,640,028)	(1,710,787)
	1,179,577	3,078,427
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) in investment in First Nation controlled entities	13,178	(137,174)
Tangible capital assets acquired	(564,864)	(3,065,746)
	(551,686)	(3,202,920)
INCREASE (DECREASE) IN CASH DURING THE YEAR	627,891	(124,493)
CASH (BANK INDEBTEDNESS), BEGINNING OF YEAR	(31,964)	92,529
CASH, END OF YEAR	595,927	(31,964)

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, 2015

	Unrestricted Surplus	Equity in Tangible Capital Assets	Equity in Enterprise Fund	Equity in Trust Funds	2015 \$	2014 \$
Balance, Beginning of Year	60,804	3,291,820	118,244	603,600	4,074,468	329,103
Excess of revenue over expenses	486,385	-	(822)	-	485,563	3,625,324
Restricted funds designated for future use	-	-	-	17,090	17,090	-
Current years funds used for subsidiaries advances	12,356	-	(12,356)	-	-	120,041
Current years funds used for tangible capital assets	(564,864)	564,864	-	-	-	-
Annual amortization expense	226,828	(226,828)	-	-	-	-
Change in accumulated surplus	160,705	338,036	(13,178)	17,090	502,653	3,745,365
Balance, End of Year	221,509	3,629,856	105,066	620,690	4,577,121	4,074,468

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, 2015

	Automotive	Buildings & Infrastructure	Furniture & Equipment	2015	2014
				\$	\$
COST:					
Balance, Beginning of Year	93,105	3,354,827	14,829	3,462,761	397,015
Acquisition of tangible capital assets	502,622	62,242	-	564,864	3,065,746
Balance, End of Year	595,727	3,417,069	14,829	4,027,625	3,462,761
ACCUMULATED AMORTIZATION:					
Balance, Beginning of Year	77,100	91,258	2,583	170,941	67,912
Annual amortization	88,424	135,438	2,966	226,828	103,029
Balance, End of Year	165,524	226,696	5,549	397,769	170,941
NET BOOK VALUE	430,203	3,190,373	9,280	3,629,856	3,291,820

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, 2015

	2015			2014	
	AANDC Revenue \$	Other Revenue \$	Total Revenue \$	Total Expenditures \$	Surplus (Deficit) \$
Administration and Governance	722,677	127,964	850,641	1,303,122	(452,481)
Alberta Government Programs	-	93,800	93,800	94,301	(501)
Aboriginal Skills Employment & Training Services	-	79,142	79,142	85,011	(5,869)
Consultation	-	566,436	566,436	194,358	372,078
Economic Development	55,434	-	55,434	155,208	(99,774)
Education	122,233	-	122,233	122,298	(65)
First Nation Development Fund	-	371,266	371,266	474,279	(103,013)
Health Services	-	450,708	450,708	462,254	(11,546)
Housing	215,100	15,597	230,697	227,517	3,180
Integrated Employment Training Program	-	197,249	197,249	111,537	85,712
Professional and Institutional Development Program	50,000	-	50,000	50,000	-
Public Works	1,482,767	(77,682)	1,405,085	722,872	682,213
Social Services	690,658	975	691,633	675,182	16,451
	3,338,869	1,825,455	5,164,324	4,677,939	486,385
					3,023,521

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, 2015

	2015	2014
	\$	\$
EXPENDITURES		
Advertising	3,142	13,361
Amortization	226,827	103,029
Bank charges	5,008	349
Contractors	65,332	125,396
Community/special events	16,165	29,288
Equipment	43,498	32,808
Garbage and water	60,441	13,506
Honorarium	-	3,200
Insurance and membership	33,555	6,769
Material and supplies	52,276	123,314
Meeting costs	80,878	40,000
Office	34,401	37,592
Professional fees	930,306	264,631
Propane	17,607	48,232
Program expense	1,026,567	825,788
Rent	13,425	10,395
Repairs and maintenance	117,937	47,754
Training	69,229	51,594
Travel	296,822	254,636
Telephone and utilities	300,001	76,760
Wages and employee benefits	1,284,522	651,788
TOTAL EXPENDITURES	4,677,939	2,760,194

The accompanying notes form part of these financial statements.

Lubicon Lake Band

Notes to the Consolidated Financial Statements

March 31, 2015

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 Lubicon Lake Band 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. Lubicon Lake Band owns the following subsidiary:

- 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, 2015

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

Credit Risk

The Band is exposed to credit risk resulting from the possibility that parties may default on their financial obligations.

Lubicon Lake Band
Notes to the Consolidated Financial Statements
March 31, 2015

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. ACCOUNTS RECEIVABLE

	2015 \$	2014 \$
Kee Tee Kee Now Tribal Council	290,920	922,675
First Nation Development Fund	114,330	112,489
Alberta Government grant	66,649	50,000
ASETS	-	42,016
	471,899	1,127,180

3. INVESTMENTS IN BAND CONTROLLED ENTITIES

	2015 \$	2014 \$
1769919 Alberta Ltd. (Venture) - 100% interest		
Shares	100	100
Advances	107,585	119,941
Accumulated surplus in earnings	(2,619)	(1,797)
	105,066	118,244

Unaudited financial information for each of the entities for their respective March 31, 2015 years ended are as follows:

	Assets \$	Liabilities \$	Revenues \$	Net Earnings (Loss) \$
1769919 Alberta Ltd.	188,062	190,581	2,366,675	(822)

Lubicon Lake Band
Notes to the Consolidated Financial Statements
March 31, 2015

4. ACCOUNTS PAYABLE

	2015	2014
	\$	\$
Trade	215,381	769,426
Kee Tee Kee Now Tribal Council	-	58,755
Canada Revenue Agency - source deductions	36,841	15,923
	252,222	844,104

5. DEFERRED REVENUE

	2015	2014
	\$	\$
Aboriginal Affairs and Northern Development Canada	77,682	-
Alberta Government grants		
Capacity building	13,913	13,913
Traditional use study	125,989	119,789
Integrated employment training program	57,924	-
First Nation Development Funds	158,505	65,203
Health Canada	160,082	-
Aboriginal Skills Employment & Training Services	-	2,582
	594,095	201,487

6. EQUITY IN TANGIBLE CAPITAL ASSETS

	2015	2014
	\$	\$
Tangible capital assets (Schedule 2)	4,027,625	3,462,761
Accumulated amortization (Schedule 2)	(397,769)	(170,941)
	3,629,856	3,291,820

7. EQUITY IN ENTERPRISE FUND

	2015	2014
	\$	\$
Balance, beginning of year	118,244	-
Surplus (deficit) from subsidiary companies	(822)	(1,797)
Advances to controlled entities	(12,356)	120,041
Balance, end of year	105,066	118,244

Lubicon Lake Band

Notes to the Consolidated Financial Statements

March 31, 2015

8. EQUITY IN TRUST FUND

	Capital \$	Revenue \$	Total \$
Balance, beginning of year	29,392	574,208	603,600
Earnings	-	17,090	17,090
Balance, end of year	29,392	591,298	620,690

9. ACCUMULATED SURPLUS

	2015 \$	2014 \$
Unrestricted surplus	221,509	60,804
Equity in tangible capital assets	3,629,856	3,291,820
Equity in enterprise fund	105,066	118,244
Equity in trust funds	620,690	603,600
	4,577,121	4,074,468