

Swan River First Nation
Consolidated Financial Statements
March 31, 2015

Swan River First Nation

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Swan River First Nation

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

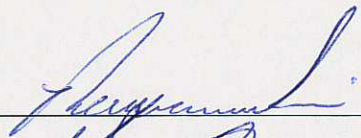
The accompanying financial statements of the Swan River First Nation are the responsibility of management and have been approved by the Chief and Administrator on behalf of Council.

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 judgments. 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 First Nation 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 First Nation's assets are appropriately accounted for and adequately safeguarded.

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

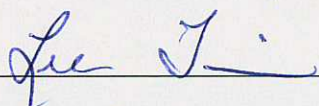
The financial statements have been audited by Doyle & Company in accordance with Canadian auditing standards on behalf of the members. Doyle & Company have full and free access to the Council.




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 **Swan River First Nation**, 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.

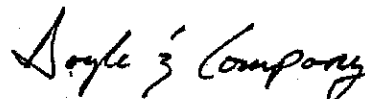
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Swan River First Nation 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.

July 20, 2015

Edmonton, Alberta

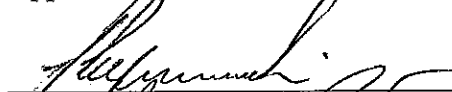


Chartered Accountants


Swan River First Nation
Consolidated Statement of Financial Position
As at March 31, 2015

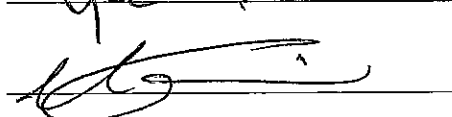
	2015 \$	2014 \$
FINANCIAL ASSETS		
Cash	177,238	62,179
Restricted cash (Note 3)	406,936	366,538
Accounts receivable (Note 4)	861,285	794,228
Investment in First Nation controlled entities (Note 5)	529,678	599,400
	1,975,137	1,822,345
LIABILITIES		
Accounts payable	639,385	69,652
Deferred revenue (Note 6)	27,622	65,000
Long-term liabilities (Note 7)	2,879,166	2,691,153
Replacement reserve	69,750	57,750
	3,615,923	2,883,555
NET FINANCIAL DEBT	(1,640,786)	(1,061,210)
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	8,439,237	8,473,427
Trust funds (Note 8)	655,646	637,594
Prepaid expenses	65,229	59,317
	9,160,112	9,170,338
ACCUMULATED SURPLUS (Schedule 1 and Note 11)	7,519,326	8,109,128

Approved by the First Nation:

 Chief

 Councilor

 Councilor

 Councilor

The accompanying notes form part of these financial statements.

Swan River First Nation
Consolidated Statement of Financial Activities
For the year ended March 31, 2015

	2015 Budget \$	2015 Actual \$	2014 Actual \$
REVENUE			
Aboriginal Affairs and Northern Development Canada	4,019,291	4,437,387	4,355,476
Lesser Slave Lake Indian Regional Council	30,000	131,112	30,000
Health Canada	1,054,507	1,206,843	1,096,096
First Nations Development Fund	-	583,488	561,268
Human Resource Development Canada	306,973	306,973	306,973
Canada Mortgage and Housing Corporation	255,780	261,571	120,281
Other revenue	1,265,251	1,788,701	2,113,440
Revenue deferred from previous period	-	65,000	840,098
Revenue deferred to subsequent period	-	(27,622)	(65,000)
	6,931,802	8,753,453	9,358,632
EXPENDITURES			
Administration	1,341,927	1,724,073	1,557,503
CMHC Housing #1	12,352	18,389	27,599
CMHC Housing #2	16,818	7,081	5,418
CMHC Multi-plex	-	57,169	55,437
Child Care Incentives	148,608	132,738	138,996
Child Welfare Committee	30,000	30,000	30,000
Child Welfare Community Service	-	101,112	-
Consultation	467,472	507,214	554,312
Economic Development	83,028	87,566	86,636
Education - Post Secondary	330,182	355,560	405,729
First Nations Development Fund	-	190,544	172,679
Health Services	1,100,750	1,314,712	1,183,788
Housing and Renovations	690,591	731,037	547,634
Human Resources Development	193,371	208,856	234,942
School	1,336,128	1,770,828	1,743,948
Social Services	809,416	919,115	971,847
Water Treatment Plant	162,568	255,628	218,945
	6,723,211	8,411,622	7,935,413
Excess of Revenue Over Expenditures			
- Before Other Expenses	208,591	341,831	1,423,219
Other Expenses			
Amortization	-	(752,964)	(618,719)
EXCESS OF REVENUE OVER EXPENDITURE	208,591	(411,133)	804,500

The accompanying notes form part of these financial statements.

Swan River First Nation

Consolidated Statement of Change in Net Financial Assets

For the year ended March 31, 2015

	2015 \$	2014 \$
EXCESS OF REVENUES OVER EXPENSES	(607,854)	552,123
Acquisition of tangible capital assets	(718,774)	(2,068,689)
Amortization of tangible capital assets	752,964	618,719
	34,190	(1,449,970)
Acquisition of prepaid assets	(65,229)	(59,317)
Use of prepaid assets	59,317	56,934
	(5,912)	(2,383)
INCREASE IN NET DEBT	(579,576)	(900,230)
NET FINANCIAL DEBT, BEGINNING OF YEAR	(1,061,210)	(160,980)
NET FINANCIAL DEBT, END OF YEAR	(1,640,786)	(1,061,210)

The accompanying notes form part of these financial statements.

Swan River First Nation
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	8,649,018	8,581,742
Cash paid to suppliers and employees	(8,032,522)	(8,389,031)
	616,496	192,711
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in long-term liabilities	188,013	1,211,065
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in investments	-	13,369
Decrease (increase) in investment in First Nation controlled entities	69,722	252,377
Tangible capital assets acquired	(718,774)	(2,068,689)
	(649,052)	(1,802,943)
INCREASE (DECREASE) IN CASH DURING THE YEAR	155,457	(399,167)
CASH - Beginning of year	428,717	827,884
CASH - End of year	584,174	428,717
Cash is Comprised of:		
Cash	177,238	62,179
Restricted cash	406,936	366,538
	584,174	428,717

The accompanying notes form part of these financial statements.

Swan River First Nation

Consolidated Statement of Changes in Accumulated Surplus - Schedule 1

For the year ended March 31, 2015

	Unrestricted Surplus	Equity in Capital Assets	Equity in Enterprise Fund	Equity in Trust Funds	2015 \$	2014 \$
Balance, Beginning of Year	1,089,860	5,782,274	599,400	637,594	8,109,128	7,541,259
Excess of revenue over expenses	(411,133)	-	(196,721)	-	(607,854)	552,123
Restricted funds designated for future use	-	-	-	18,052	18,052	15,746
Current years funds used for subsidiaries advances	(126,999)	-	126,999	-	-	-
Current years funds used for tangible capital assets	(718,774)	718,774	-	-	-	-
Annual amortization expense	752,964	(752,964)	-	-	-	-
Long-term liabilities obtained	538,839	(538,839)	-	-	-	-
Long-term liabilities repaid	(350,825)	350,825	-	-	-	-
Change in accumulated surplus	(315,928)	(222,204)	(69,722)	18,052	(589,802)	567,869
Balance, End of Year	773,932	5,560,070	529,678	655,646	7,519,326	8,109,128

The accompanying notes form part of these financial statements.

Swan River First Nation

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	685,515	13,710,153	791,284	15,186,952	13,151,833
Acquisition of tangible capital assets	46,772	618,839	53,163	718,774	2,068,689
Disposal of tangible capital assets	(13,000)	-	-	(13,000)	(33,570)
Balance, End of Year	719,287	14,328,992	844,447	15,892,726	15,186,952
ACCUMULATED AMORTIZATION:					
Balance, Beginning of Year	522,354	5,401,076	790,095	6,713,525	6,128,376
Annual amortization	90,347	656,112	6,505	752,964	618,719
Accumulated amortization on disposals	(13,000)	-	-	(13,000)	(33,570)
Balance, End of Year	599,701	6,057,188	796,600	7,453,489	6,713,525
NET BOOK VALUE	119,586	8,271,804	47,847	8,439,237	8,473,427

The accompanying notes form part of these financial statements.

Swan River First Nation

Consolidated Statement of Financial Activities by Program - Schedule 3

For the year ended March 31, 2015

	2015				2014	
	LSLIRC Revenue \$	AANDC Revenue \$	Other Revenue \$	Total Revenue \$	Total Expenditures \$	Surplus (Deficit) \$
Administration	-	1,032,104	764,590	1,796,694	1,724,073	72,621
CMHC Housing - #1	-	-	37,295	37,295	18,389	18,906
CMHC Housing - #2	-	-	32,286	32,286	7,081	25,205
CMHC Multi-plex	-	-	132,058	132,058	57,169	74,889
Child Care Incentives	-	-	132,469	132,469	132,738	(269)
Child Welfare Community	101,112	-	-	101,112	101,112	-
Child Welfare Committee	30,000	-	-	30,000	30,000	-
Consultation	-	-	774,565	774,565	507,214	267,351
Economic Development	-	86,342	-	86,342	87,566	(1,224)
Education - Post Secondary	-	333,267	3,000	336,267	355,560	(19,293)
First Nation Development Fund	-	-	648,488	648,488	190,544	457,944
Health Services	-	-	1,204,844	1,204,844	1,314,712	(109,868)
Housing and Renovations	-	454,823	154,075	608,898	731,037	(122,139)
Aboriginal Skills and Employment	-	-	193,375	193,375	208,856	(15,481)
School	-	1,658,222	33,778	1,692,000	1,770,828	(78,828)
Social Services	-	809,413	-	809,413	919,115	(109,702)
Water Treatment Plant	-	63,216	10,915	137,347	255,628	(118,281)
	131,112	4,437,387	4,121,738	8,753,453	8,411,622	341,831
						1,423,219

The accompanying notes form part of these financial statements.

Swan River First Nation

Consolidated Statement of Expenditures by Object - Schedule 4

For the year ended March 31, 2015

	2015	2014
	\$	\$
EXPENDITURES		
Administration	233,918	222,580
Advances to controlled entities	9,679	16,287
Contract labour	212,789	207,848
Donations	20,691	22,298
Equipment	370	4,054
Honorarium	86,265	85,204
Insurance	72,683	81,688
Interest and bank charges	93,728	47,672
Office	180,353	117,328
Professional fees	139,926	40,249
Program expenses	2,359,081	2,169,449
Repairs and maintenance	190,118	154,228
Supplies and materials	232,584	247,902
Training	80,961	94,097
Travel	498,125	477,422
Tuition	1,321,815	1,328,498
Utilities	188,542	254,459
Wages and employee benefits	2,489,994	2,364,150
TOTAL EXPENDITURES	8,411,622	7,935,413

The accompanying notes form part of these financial statements.

Swan River First Nation

Notes to the Consolidated Financial Statements

March 31, 2015

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

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

(a) Fund Accounting

The Swan River First Nation 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 Swan River First Nation 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 Equity in Enterprise Fund which reports the investment made in controlled entities.
- The Trust Fund which reports on trust funds owned by the First Nation and held by third parties.

(b) Reporting Entity and Principles of Financial Reporting

The Swan River First Nation reporting entity includes the Swan River First Nation's government and all related entities which are accountable to the First Nation and are either owned or controlled by the Swan River First Nation.

These financial statements consolidate the assets, liabilities and results of operations for the following entities which lend themselves to consolidation.

- Swan River First Nation Operating Fund
- Swan River First Nation Trust Funds

All inter-entity balances have been eliminated on consolidation, but in order to present the results of operations for each specific fund, transactions amongst funds have not necessarily been eliminated on the individual schedules.

Incorporated business entities, which are owned or controlled by the Swan River First Nation and which are not dependent on the First Nation for their continuing operations are included in the summary financial statements using the modified equity method. These include:

- Swan River Tribal Enterprises Ltd.
- Wapsewsepi Enterprises Ltd.
- Creeland Resources Inc.
- 18805424 Alberta Ltd.

Swan River First Nation
Notes to the Consolidated Financial Statements
March 31, 2015

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES - continued

(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.

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:

	Years
Automotive	3-10
Buildings and infrastructure	25-50
Furniture and equipment	5-20

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.

(d) 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.

(e) 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.

Swan River First Nation
Notes to the Consolidated Financial Statements
March 31, 2015

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES - continued

(f) Financial Instruments

The Nation'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 Chancery Office is exposed to credit risk resulting from the possibility that parties may default on their financial obligations.

(g) 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. ECONOMIC DEPENDENCE

The Swan River First Nation receives a major portion of its revenues pursuant to a funding arrangement with Aboriginal Affairs and Northern Development Canada.

3. RESTRICTED CASH

	2015 \$	2014 \$
First Nation Development Fund	307,676	247,785
Canada Mortgage and Housing Corporation	99,260	118,753
	<u>406,936</u>	<u>366,538</u>

Swan River First Nation
Notes to the Consolidated Financial Statements
March 31, 2015

4. ACCOUNTS RECEIVABLE

	2015	2014
	\$	\$
Trade	541,899	667,338
Goods and Service Tax	46,448	-
Aboriginal Affairs and Northern Development Canada	-	5,000
Lesser Slave Lake Indian Regional Council	76,699	21,603
First Nation Development Fund	143,597	141,683
Canada Housing and Mortgage Corporation	110,022	20,947
Members		
Rent	603,952	595,931
Water	38,152	21,226
Less: Allowance for doubtful accounts	(699,484)	(679,500)
	<u>861,285</u>	<u>794,228</u>

5. INVESTMENTS IN FIRST NATION CONTROLLED ENTITIES

	2015	2014
	\$	\$
Creeland Resources Inc.		
Shares	100	100
Advances	20,599	-
Accumulated surplus in earnings	26,475	26,760
	<u>47,174</u>	<u>26,860</u>
Wapsewsepi Enterprises Ltd.		
Shares	100	100
Advances	2,413,709	2,413,709
Accumulated deficit in earnings	(2,037,705)	(1,841,269)
	<u>376,104</u>	<u>572,540</u>
18805424 Alberta Ltd.		
Advances	106,400	-
Total investment in controlled entities	<u>529,678</u>	<u>599,400</u>

Swan River First Nation
Notes to the Consolidated Financial Statements
March 31, 2015

5. INVESTMENTS IN FIRST NATION CONTROLLED ENTITIES - continued

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

	Assets	Liabilities	Revenues	Net Earnings (Loss)
	\$	\$	\$	\$
Creeland Resources Inc. (100%)	49,742	23,167	56,560	(285)
Wapsewsepi Enterprises Ltd. (100%)	448,936	2,486,541	749,055	(202,825)
18805424 Alberta Ltd. (100%)	106,400	-	-	-

6. DEFERRED REVENUE

	2015 \$	2014 \$
First Nations Development Fund	-	65,000
Health Canada	27,622	-
	27,622	65,000

7. LONG-TERM LIABILITIES

	2015 \$	2014 \$
Peace Hills Trust loan, secured by ministerial guarantee of the Minister of Aboriginal Affairs and Northern Development Canada, is repayable in monthly instalments of \$1,625 including interest charged at 5.09%.		
- CMHC #1 loan	43,088	60,027
Peace Hills Trust loan, secured by ministerial guarantee of the Minister of Aboriginal Affairs and Northern Development Canada, is repayable in monthly instalments of \$2,042 including interest charged at 4.69%.		
- CMHC #2 loan	-	22,038
Peace Hills Trust loan, secured by ministerial guarantee of the Minister of Aboriginal Affairs and Northern Development Canada, is repayable in monthly instalments of \$2,026 including interest charged at 5.04%.		
- 7 trailers loan	19,965	42,763
Peace Hills Trust loan, secured by ministerial guarantee of the Minister of Aboriginal Affairs and Northern Development Canada, is repayable in monthly instalments of \$2,844 including interest charged at 4.84%.		
- 12 trailers loan	57,429	88,142

Swan River First Nation
Notes to the Consolidated Financial Statements
March 31, 2015

7. LONG-TERM LIABILITIES - continued

	2015 \$	2014 \$
Canada Mortgage and Housing Corporation mortgage loan, is due May, 2038 and is repayable in monthly instalments of \$6,266 including interest charged at 1.52%.		
- Multi-plex loan	1,469,579	1,522,167
Bank of Montreal Loan, is due March, 2019 and is repayable in quarterly instalments of \$102,875 including interest charged at prime plus 2%.		
- Gymnasium	1,289,105	956,016
	2,879,166	2,691,153

Future minimum principal repayments required to meet existing obligations are as follows:

	\$
2016	478,056
2017	470,834
2018	452,896
2019	225,694
2020	56,539
Thereafter	1,195,147
	2,879,166

8. EQUITY IN TRUST FUND

	Capital \$	Revenue \$	Total \$
Balance, beginning of year	334,392	303,202	637,594
Earnings	-	18,052	18,052
Balance, end of year	334,392	321,254	655,646

9. EQUITY IN TANGIBLE CAPITAL ASSETS

	2015 \$	2014 \$
Tangible capital assets (Schedule 2)	15,892,726	15,186,952
Accumulated amortization (Schedule 2)	(7,453,489)	(6,713,525)
Long-term liabilities (Note 7)	(2,879,167)	(2,691,153)
	5,560,070	5,782,274

Swan River First Nation
Notes to the Consolidated Financial Statements
March 31, 2015

10. EQUITY IN ENTERPRISE FUND

	2015	2014
	\$	\$
Balance, beginning of year	599,400	851,777
Advances to controlled entities	126,999	-
Deficit from controlled entities	(196,721)	(252,377)
Balance, end of year	529,678	599,400

11. ACCUMULATED SURPLUS

	2015	2014
	\$	\$
Unrestricted surplus	773,932	1,089,860
Equity in tangible capital assets	5,560,070	5,782,274
Equity in enterprise fund	529,678	599,400
Equity in trust funds	655,646	637,594
	7,519,326	8,109,128