

**Frog Lake First Nation**  
**Consolidated Financial Statements**  
**March 31, 2015**

---

**Frog Lake First Nation****Consolidated Financial Statements**

---

**March 31, 2015****Page**

---

<b>Management's Responsibility for Financial Reporting</b>	<b>3</b>
<b>Independent Auditors' Report</b>	<b>4</b>
<b>Financial Statements</b>	
Consolidated Statement of Financial Position	5
Consolidated Statement of Operations and Accumulated Surplus	6
Consolidated Statement of Change in Net Financial Assets	7
Consolidated Statement of Cash Flow	8
Notes to Consolidated Financial Statements	9 - 24

---

## Frog Lake First Nation

### Management's Responsibility for Financial Reporting

---

March 31, 2015

---

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

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

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

The Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditor's report.

The external auditors, Crowe MacKay LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Frog Lake First Nation and meet when required.

On behalf of Frog Lake First Nation:

  
Chief

  
Chief Financial Officer

JULY 28, 2015  
Date

JULY 28, 2015  
Date

## **Independent Auditors' Report**

### **To the Members of Frog Lake First Nation**

We have audited the accompanying consolidated financial statements of Frog Lake First Nation, which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows 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 auditors consider internal control relevant to the First Nation'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 First Nation'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 Frog Lake First Nation as at March 31, 2015, and the results of its operations, the changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

**Edmonton, Canada  
July 28, 2015**

***Crowe MacKay LLP***  
**Chartered Accountants**

**Frog Lake First Nation****Consolidated Statement of Financial Position****March 31****2015****2014****Financial Assets**

Cash (Note 2)	\$ 371,909	\$ 2,258,867
Accounts receivable (Note 3)	1,239,924	1,449,648
Loans receivable (Note 4)	6,000,000	6,000,000
Long-term Investments (Note 5) (Note 13)	33,261,307	42,861,023
Trust Funds (Note 6)	96,442,458	100,828,310
	<b>137,315,598</b>	<b>153,395,848</b>

**Liabilities**

Accounts payable (Note 7)	6,677,581	2,339,260
Deferred revenue (Note 8)	2,590,117	3,877,585
Long-term debt (Note 9)	14,838,296	7,369,281
	<b>24,105,994</b>	<b>13,586,126</b>

**Net financial assets****113,209,604**      **139,809,722****Non-financial Assets**

Capital assets (Note 12)	77,078,081	66,015,985
Prepaid expenses	358,539	428,389
	<b>77,436,620</b>	<b>66,444,374</b>

**Accumulated Surplus (Note 10)****\$190,646,224**      **\$206,254,096****Contingent liabilities (Note 16)****Approved on behalf of the Council** **Chief** **Chief Financial Officer**

# Frog Lake First Nation

## Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31

	2015 Budget	2015 Actual	2014 Actual
<b>Revenue</b>			
Federal Government:			
Aboriginal Affairs and Northern Development Canada	\$ 9,706,887	\$ 10,519,240	\$ 10,082,406
Resource revenue, interest and land leases	37,732,548	31,456,219	38,649,453
Interest and land leases	2,245,138	2,282,497	2,119,652
HRDC	634,485	603,185	603,185
CMHC	183,511	183,511	187,702
Investment income (loss)	-	(276,490)	284,060
Frog Lake Energy Resources Corp. Net income (loss)	6,015,250	(553,835)	6,976,722
Other revenue	734,965	2,029,771	1,782,603
First Nation Development Fund	-	787,668	854,459
	<b>57,252,784</b>	<b>47,031,766</b>	<b>61,540,242</b>
<b>Expenses (Note 18)</b>			
Band Government	2,825,199	3,083,817	2,859,364
Community Services	12,169,423	14,158,811	12,805,779
Economic Development	3,107,158	3,148,744	2,589,949
Education	5,910,833	7,890,028	6,847,571
Health	2,562,315	2,728,270	2,418,393
Housing	18,092,268	14,592,224	4,558,706
Investments	-	769,390	1,160,482
Public Works	9,342,573	7,239,300	6,440,142
Social Services	3,154,198	3,751,147	3,107,183
Other	88,817	272,029	312,155
Amortization	-	5,005,878	4,113,472
	<b>57,252,784</b>	<b>62,639,638</b>	<b>47,213,196</b>
<b>Excess (deficiency) of revenue over expenses</b>	-	(15,607,872)	14,327,048
<b>Accumulated surplus, beginning of year</b>	-	<b>206,254,096</b>	<b>191,927,048</b>
<b>Accumulated surplus, end of year</b>	<b>\$ -</b>	<b>\$190,646,224</b>	<b>\$206,254,096</b>

---

**Frog Lake First Nation****Consolidated Statement of Change in Net Financial Assets**

---

**For the year ended March 31**

	<b>2015 Budget</b>	<b>2015 Actual</b>	<b>2014 Actual</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ -</b>	<b>\$ (15,607,872)</b>	<b>\$ 14,327,048</b>
<b>Acquisition of capital assets</b>	<b>(30,669,968)</b>	<b>(16,067,974)</b>	<b>(20,874,557)</b>
<b>Amortization of capital assets</b>	<b>4,000,000</b>	<b>5,005,878</b>	<b>4,113,473</b>
	<b>(26,669,968)</b>	<b>(11,062,096)</b>	<b>(16,761,084)</b>
<b>Acquisition of prepaid asset</b>	<b>69,850</b>	<b>69,850</b>	<b>(368,833)</b>
<b>Decrease in net financial assets</b>	<b>(26,600,118)</b>	<b>(26,600,118)</b>	<b>(2,802,869)</b>
<b>Net financial assets, beginning of year</b>	<b>139,809,722</b>	<b>139,809,722</b>	<b>142,612,591</b>
<b>Net financial assets, end of year</b>	<b>\$113,209,604</b>	<b>\$113,209,604</b>	<b>\$139,809,722</b>

---

**Frog Lake First Nation****Consolidated Statement of Cash Flow****For the year ended March 31, 2015**

	2015	2014
<b>Cash flows from</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenses	\$ (15,607,872)	\$ 14,327,048
Items not affecting cash		
Amortization	5,005,878	4,113,473
	(10,601,994)	18,440,521
Change in non-cash operating working capital		
Accounts receivable	209,724	(617,277)
Loans receivable	-	(6,000,000)
Prepaid expenses	69,850	(368,833)
Accounts payable	4,338,320	(1,633,212)
Deferred revenue	(1,287,468)	2,225,368
	(7,271,568)	12,046,567
<b>Capital activities</b>		
Purchase of capital assets	(16,067,974)	(20,874,558)
<b>Financing activities</b>		
Long term debt repayments	(693,730)	(623,854)
Loan proceeds	8,162,746	350,000
Issue of long term debt	-	112,245
	7,469,016	(161,609)
<b>Investing activities</b>		
(Increase) decrease in trust funds	4,385,852	1,758,272
(Increase) decrease in long term investments	9,599,716	7,206,750
	13,985,568	8,965,022
<b>Decrease in cash and cash equivalents</b>	(1,884,958)	(24,578)
<b>Cash and cash equivalents, beginning of year</b>	2,256,867	2,281,445
<b>Cash and cash equivalents, end of year</b>	\$ 371,909	\$ 2,256,867



---

# **Frog Lake First Nation**

## **Notes to Consolidated Financial Statements**

---

**March 31, 2015**

---

### **1. Basis of Presentation and Significant Accounting Policies**

These financial statements are 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) Reporting entity principles of financial reporting**

The Frog Lake First Nation reporting entity includes the Frog Lake First Nation government and all related entities that are accountable to the First Nation and are either owned or controlled by the Frog Lake First Nation.

First Nation business enterprises, that are owned or controlled by the Frog Lake First Nation and that are not dependent on the First Nation for their continuing operations, are included in the financial statements using the modified equity method, in accordance with the Public Sector Accounting Recommendations.

The modified equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform with those of the First Nation. Thus, the First Nation's investment in these enterprises is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses. Enterprises accounted for by the modified equity basis include:

1. Frog Lake Energy Resources Corp.
2. Frog Lake Energy Resources Limited Partnership
3. Frog Lake Oilfield Services Limited Partnership
4. Frog Lake Oilfield Services GP Ltd.
5. Frog Lake Off Reserve Housing Corporation
6. Frog Lake Off Reserve Housing Limited Partnership
7. Moosachee Ranches GP Ltd.
8. Moosachee Ranches Limited Partnership

Trust funds owned by the Frog Lake First Nation are recorded at cost.

#### **(b) Revenue recognition**

- (i) Government funding is recognized as revenue when it becomes available under the terms of the applicable funding agreements. Funding received under the funding agreements relating to a subsequent period is reflected as deferred revenue in the year of receipt.
- (ii) Income from investments is recorded on the accrual basis.

#### **(c) Cash**

Cash and cash equivalents include cash on hand and short-term investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

# Frog Lake First Nation

## Notes to Consolidated Financial Statements

March 31, 2015

### 1. Basis of Presentation and Significant Accounting Policies (continued)

#### (d) Capital assets

Tangible capital assets are recorded at cost except for reserve lands, natural resources and cultural resources which are not recorded.

Amortization is provided on the straight-line basis over the estimated useful life of the asset as follows:

Buildings	20 years straight line
Automotive and other equipment	5 years straight line
Infrastructure	20 years straight line
Housing	20 years straight line

#### (e) Investments

Investments are carried at cost.

#### (f) Financial Instruments

All significant financial assets, financial liabilities and equity instruments of the entity are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk.

#### (g) 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### (h) Budget

The budget reported in the financial statements was provided by management and is unaudited.

### 2. Cash

	2015	2014
Externally restricted		
Province of Alberta	\$ 416,534	\$ 348,053
Internally restricted		
Legal and Housing	30,794	723,549
Unrestricted		
General accounts	(75,419)	1,185,265
	\$ 371,909	\$ 2,256,867

# Frog Lake First Nation

## Notes to Consolidated Financial Statements

March 31, 2015

### 3. Accounts receivable

	2015	2014
Accounts receivable - trade		
AANDC	\$ 520,455	\$ 178,556
Payroll advances	340,552	913,733
GST rebates	68,351	71,131
Alberta Government	98,947	78,349
	211,619	207,879
	<u>\$ 1,239,924</u>	<u>\$ 1,449,648</u>

### 4. Loan receivable

During the year Frog Lake Energy Resources Corp. (FLERC) paid a dividend of \$6,000,000 to Frog Lake First Nation. The loan receivable of \$6,000,000 due from FLERC was assigned to Frog Lake Energy Resources Limited Partnership. The loan receivable is non-interest bearing, due on demand, and is secured by a Promissory Note from Frog Lake Energy Resources Limited Partnership.

### 5. Long-term investments

	2015	2014
Frog Lake First Nation controlled entities - modified equity basis (Note 13)		
Long-term investments - cost basis	<u>\$ 31,533,767</u>	<u>\$ 41,133,483</u>
IMI Brokerage Limited Partnership	100,000	100,000
Seven Lakes Oilfield Services Limited Partnership	100	100
Pimee Well Servicing Limited Partnership	100	100
Wellness Nations Limited Partnersip	1,627,341	1,627,341
	<u>1,727,541</u>	<u>1,727,541</u>
	<u>\$ 33,261,308</u>	<u>\$ 42,861,024</u>

# Frog Lake First Nation

## Notes to Consolidated Financial Statements

March 31, 2015

### 6. Trust Funds

Funds held by the Government of Canada (Aboriginal Affairs and Northern Development Canada) in trust for the use and benefit of the Frog Lake First Nation are as follows

	March 31, 2014	Income	Withdrawals	March 31, 2015
Ottawa funds held in trust - Capital	\$ 99,676,895	\$ 25,978,065	\$ (29,871,905)	\$ 95,783,055
Ottawa funds held in trust - Revenue	1,151,415	4,137,235	(4,629,247)	659,403
	<u>\$100,828,310</u>	<u>\$ 30,115,300</u>	<u>\$ (34,501,152)</u>	<u>\$ 96,442,458</u>

The trust funds accounts held in Ottawa arise from monies derived from capital and revenue sources which the Crown considers are described in Section 62 of the Indian Act. These funds are held in trust by the Government of Canada and the Crown treats these funds as primarily governed by sections 64 and 69 of the Indian Act.

These funds are treated by Canada as held in trust in the Consolidated Revenue fund of the Government of Canada. The funds attract interest pursuant to Section 61(2) of the Indian Act.

### 7. Accounts payable

	2015	2014
Accounts payable - trade	\$ 5,761,973	\$ 1,906,226
Payroll accrual	366,118	227,758
Accrued liabilities	549,488	205,278
	<u>\$ 6,677,579</u>	<u>\$ 2,339,262</u>

### 8. Deferred revenue

	2015	2014
Capital Band Fund - New Housing	\$ -	\$ 1,604,298
First Nations Development Fund	622,653	550,432
Capital Band Fund - Per Capita Distribution	-	117,524
Capital Band Fund - Community program Race Track	-	127,852
Capital Band Fund - Economic Development	-	254,231
Capital Band Fund - Public Works	1,930,576	992,591
Revenue Band Fund - Community Youth - Hockey	-	175,000
Health Canada Funding- Morning Sky	36,888	55,657
	<u>\$ 2,590,117</u>	<u>\$ 3,877,585</u>

# Frog Lake First Nation

## Notes to Consolidated Financial Statements

March 31, 2015

### 9. Long-term debt

	2015	2014
Royal Bank of Canada fixed rate term loan repayable at \$54,699 per month, interest at 5.66% per annum due July 2015, secured by the Capital Trust.	\$ 3,038,670	\$ 3,507,906
Vehicle loans with total monthly payments of \$4,050 including interest at rates from 0% to 7.99% secured by specific motor vehicles maturing in 2016 thru 2017.	67,202	115,803
Peace Hills Trust mortgage and loans repayable in monthly installments of \$708 including interest at 6.25%. Due July 2015.	59,997	64,679
Royal Bank of Canada demand loan, interest at Prime plus 1.00% per annum, secured by credit facility agreement.	500,000	-
CMHC mortgage repayable in monthly installments of \$2,124 including interest at 2.63% per annum due June 2016, secured by Ministerial guarantee.	246,583	265,353
CMHC mortgage repayable in monthly installments of \$2,241 including interest at 2.11% per annum due January 2019, secured by Ministerial guarantee.	414,938	432,907
CMHC mortgage repayable in monthly installments of \$2,343 including interest at 2.11% per annum due January 2019, secured by Ministerial guarantee.	333,699	354,562
CMHC mortgage repayable in monthly installments of \$1,135 including interest at 1.52% per annum due May 2018, secured by Ministerial guarantee.	160,622	171,717
CMHC mortgage repayable in monthly installments of \$2,658 including interest at 2.40% per annum due October 2015, secured by Ministerial guarantee.	489,668	509,610
CMHC mortgage repayable in monthly installments of \$8,994 including interest at 2.40% per annum due October 2015, secured by Ministerial guarantee.	1,282,451	1,358,756
Royal Bank of Canada fixed rate term loan, fixed interest at 5.00% per annum due June, 2019.	231,720	237,988
Royal Bank of Canada term loan, interest at prime plus 2.25% per annum, secured by the Capital Trust.	8,012,746	350,000
	<b>\$ 14,838,296</b>	<b>\$ 7,369,281</b>

---

**Frog Lake First Nation****Notes to Consolidated Financial Statements**

---

**March 31, 2015**

---

**9. Long-term debt, continued**

Principal portion of long-term debt due within the next five years:

2016	
2017	\$ 696,716
2018	732,178
2019	769,570
2020 and thereafter	809,000
	11,830,832

---

**\$ 14,838,296**

---

**10. Accumulated surplus**

	2015	2014
Operating Program		
Trust Funds	\$ (1,797,326)	\$ 3,568,057
Investments	96,442,458	100,828,310
Capital Assets	33,261,307	42,861,023
	62,739,785	58,996,704
	<hr/> <b>\$190,646,224</b>	<hr/> <b>\$206,254,094</b>

**11. CMHC Replacement Reserve**

Under the terms of an agreement with Canada Mortgage and Housing Corporation, the Nation is required to provide a replacement reserve. This reserve is to ensure replacement of buildings financed by Canada Mortgage and Housing Corporation. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by Canada Deposit Insurance Corporation, or as may otherwise be approved by Canada Mortgage and Housing Corporation. Cash has not been set aside to fund the reserve of \$323,508 (2014 - 230,040), which results in a unfunded amount of \$323,508.

# Frog Lake First Nation

## Notes to Consolidated Financial Statements

March 31, 2015

### 12. Capital Assets

	Cost			Accumulated amortization		
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization on disposals
Buildings	\$ 25,197,178	\$ 57,355	-	\$ 25,254,533	\$ 10,389,680	\$ 1,262,727
Automotive and other equipment	5,779,684	205,515	-	5,985,199	4,408,541	377,539
Infrastructure	8,991,452	11,374,698	-	20,366,150	2,216,069	210,218
Housing	58,227,449	4,430,404	-	62,657,853	15,211,448	3,132,893
Computer Equipment	135,436	-	-	135,436	118,754	16,682
Furniture	223,145	-	-	223,145	193,865	5,820
	\$ 98,554,344	\$ 16,067,972	-	\$ 114,622,316	\$ 32,538,357	\$ 5,005,879
					\$ 37,544,236	\$ 77,078,080

	Cost			Accumulated amortization		
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization on disposals
Buildings	\$ 25,082,640	\$ 114,538	-	\$ 25,197,178	\$ 9,129,822	\$ 1,259,858
Automotive and other equipment	5,260,816	518,868	-	5,779,684	3,949,523	459,018
Infrastructure	4,151,316	4,840,136	-	8,991,452	2,005,852	210,217
Housing	43,123,355	15,334,844	(230,750)	58,227,449	13,286,031	2,158,167
Computer Equipment	98,364	37,072	-	135,436	98,364	20,390
Furniture	194,045	29,100	-	223,145	186,045	7,820
	\$ 77,910,536	\$ 20,874,558	\$ (230,750)	\$ 98,554,344	\$ 28,655,637	\$ 4,113,470
					\$ 32,538,357	\$ 66,015,987

# Frog Lake First Nation

## Notes to Consolidated Financial Statements

March 31, 2015

### 13. Investments in and advances to Frog Lake First Nation entities

	Other Entities	Frog Lake Energy Resources (Note A)	Frog Lake Oilfields Services LP	2015	2014
Cash	\$ 43,140	\$ 18,723,769	\$ 141,728	\$ 18,908,637	\$ 24,854,107
Inventory	16,122	-	-	16,122	12,123
Accounts receivable	-	328,261	-	1,541,489	3,800,279
Prepaid Expenses	-	76,725	-	76,725	185,331
Investments	1	-	-	-	-
Property, plant and equipment	1,171,519	28,373,679	1,416,433	1,416,434	1,307,916
Loans and notes receivable	-	-	1,303,736	30,848,934	34,785,313
Long-term investments	-	-	-	-	76,925
Due from related parties and shareholders	99	410,881	-	410,881	410,881
		2,439,293	-	2,439,392	2,905,081
<b>Total assets</b>	<b>\$ 1,230,881</b>	<b>\$ 50,352,608</b>	<b>\$ 4,075,125</b>	<b>\$ 55,658,614</b>	<b>\$ 68,337,956</b>

Accounts payable	\$ -	\$ 4,672,420	\$ 674,172	\$ 5,346,592	\$ 8,916,154
Current portion of long-term debt	-	-	276,661	276,661	212,893
Due to related parties and shareholder	750,000	726,306	1,467,457	2,943,763	2,113,857
Bank indebtedness	-	-	-	-	181
Demand promissory note payable	-	6,000,000	-	6,000,000	6,000,000
Equity in limited partnership	-	(369)	-	(369)	378
Long-term debt	-	-	-	-	200,223
Asset retirement obligation	-	9,873,129	-	9,873,129	8,772,277
<b>Total liabilities</b>	<b>750,000</b>	<b>21,271,486</b>	<b>2,418,290</b>	<b>24,439,776</b>	<b>26,215,963</b>
<b>Equity</b>	<b>480,881</b>	<b>29,081,122</b>	<b>1,656,835</b>	<b>31,218,838</b>	<b>42,121,993</b>
<b>Total liabilities and equity</b>	<b>\$ 1,230,881</b>	<b>\$ 50,352,608</b>	<b>\$ 4,075,125</b>	<b>\$ 55,658,614</b>	<b>\$ 68,337,956</b>



## Frog Lake First Nation

### Notes to Consolidated Financial Statements

March 31, 2015

#### 13. Investments in and advances to Frog Lake First Nation entities, continued

	Other Entities	Frog Lake Energy Resources (Note A)	Frog Lake Oilfields Services LP	2015	2014
Revenue	\$ 22,965	\$ 33,776,904	\$ 1,527,545	\$ 35,327,414	\$ 64,669,053
Expenses	57,351	34,484,143	1,738,815	36,280,309	57,592,110
Net income	\$ (34,386)	\$ (707,239)	\$ (211,270)	\$ (952,895)	\$ 7,076,943

Note A: The balances shown are the consolidated balances of Frog Lake Energy Resources Corp. and Frog Lake Energy Resources Limited Partnership.

---

**Frog Lake First Nation****Notes to Consolidated Financial Statements**

---

**March 31, 2015**

---

**13. Investments in and advances to Frog Lake First Nation entities, continued**

	2015	2014
Advances to (from) other entities	\$ 574,250	\$ 574,250
Accumulated earnings	507,480	518,909
<u>Investment in and advances to other entities</u>	<u>\$ 1,081,710</u>	<u>\$ 1,093,159</u>
	2015	2014
Advances to (from) Frog Lake Energy Resources	\$ (1,269,390)	\$ (2,460,482)
Accumulated earnings	29,080,753	39,748,843
<u>Investment in and advances to Frog Lake Energy Resources (Note A)</u>	<u>\$ 27,811,363</u>	<u>\$ 37,288,361</u>
	2015	2014
Advances to (from) Frog Lake Oilfields Services LP	\$ 983,859	\$ 883,858
Accumulated earnings	1,656,835	1,868,105
<u>Investment in and advances to Frog Lake Oilfields Services LP</u>	<u>2,640,694</u>	<u>2,751,963</u>
<u>Total Investment</u>	<u>\$ 31,533,767</u>	<u>\$ 41,133,483</u>

# Frog Lake First Nation

## Notes to Consolidated Financial Statements

March 31, 2015

### 14. Segmented Information

	Band Government			Community Services			Economic Development		
	2015 Budget	2015 Actual	2014 Actual	2015 Budget	2015 Actual	2014 Actual	2015 Budget	2015 Actual	2014 Actual
<b>Revenues</b>									
Aboriginal Affairs and Northern Development Canada	-	679,397	601,076	22,354	22,354	21,831	211,968	211,968	389,691
Capital Band Trust Funds - withdrawal	2,807,199	2,832,399	2,789,171	3,557,586	3,557,586	7,694,322	560,300	560,300	703,900
Revenue Band Trust Funds - withdrawal	-	-	10,000	3,711,857	3,726,757	4,100,776	-	-	-
Other revenue	18,000	51,237	28,698	4,877,626	5,219,270	6,882,243	2,334,890	2,247,218	871,199
<b>Total revenue</b>	<b>2,825,199</b>	<b>3,563,033</b>	<b>3,428,945</b>	<b>12,169,423</b>	<b>12,525,967</b>	<b>18,699,172</b>	<b>3,107,158</b>	<b>3,019,486</b>	<b>1,964,790</b>
<b>Expenses</b>									
Materials and supplies	-	-	-	82,700	101,095	98,589	-	360	549
Meeting and travel expenses	650,200	947,913	747,855	178,540	384,476	372,063	180,000	215,411	115,043
Professional development	161,000	348,755	336,322	47,000	36,971	9,055	221,800	180,441	77,282
Repairs and maintenance	25,000	7,808	-	442,000	454,233	564,393	-	-	-
Program costs	-	-	-	633,544	662,341	1,800	15,030	61,734	-
Community services	-	-	-	1,400,000	1,376,034	1,374,617	-	-	-
Utilities and telephone	82,000	60,715	52,168	438,000	590,786	929,155	19,200	9,300	15,468
Wages and benefits	1,445,999	1,393,651	1,283,267	1,496,443	1,636,823	1,224,212	680,344	700,043	551,863
Other expenses	461,000	324,975	439,752	7,451,196	8,916,052	8,231,895	1,980,784	1,981,455	1,829,744
<b>Total expenses</b>	<b>2,825,199</b>	<b>3,083,817</b>	<b>2,859,364</b>	<b>12,169,423</b>	<b>14,158,811</b>	<b>12,805,779</b>	<b>3,107,158</b>	<b>3,148,744</b>	<b>2,589,949</b>
<b>Annual surplus (deficit)</b>	<b>-</b>	<b>479,216</b>	<b>569,581</b>	<b>-</b>	<b>(1,632,844)</b>	<b>5,893,393</b>	<b>-</b>	<b>(129,258)</b>	<b>(625,159)</b>

# Frog Lake First Nation

## Notes to Consolidated Financial Statements

March 31, 2015

### 14. Segmented information, continued

	Education		Health		2015		2014		Housing	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>Revenues</b>										
Aboriginal Affairs and Northern Development Canada	4,471,711	4,494,551	-	-	-	-	441,237	441,237	441,237	441,237
Capital Band Trust Funds - withdrawal	576,632	576,632	-	-	-	-	15,663,222	15,663,222	15,663,222	15,663,222
Revenue Band Trust Funds - withdrawal	862,490	862,490	20,000	40,000	40,000	27,346	-	-	-	-
Other revenue	-	161,676	871,896	2,728,319	2,522,315	2,548,202	1,987,809	2,034,870	2,034,870	(578,844)
<b>Total revenue</b>	<b>5,910,833</b>	<b>6,095,349</b>	<b>5,956,036</b>	<b>2,768,319</b>	<b>2,562,315</b>	<b>2,575,548</b>	<b>18,092,268</b>	<b>18,139,329</b>	<b>18,139,329</b>	<b>18,784,905</b>
<b>Expenses</b>										
Materials and supplies	150,400	162,762	124,239	7,213	-	9,302	16,061,905	12,919,222	12,919,222	902,700
Meeting and travel expenses	-	13,974	28,714	2,156	-	2,360	66,000	88,908	88,908	69,891
Professional development	90,000	102,352	165,426	2,152	-	4,338	40,000	20,920	20,920	8,302
Repairs and maintenance	214,160	147,922	283,748	3,454	-	1,083	1,000,000	816,943	816,943	2,960,927
Program costs	152,000	123,067	39,547	32,215	19,150	28,602	-	-	-	-
Community services	-	700	20,535	-	-	-	-	-	-	-
Utilities and telephone	211,977	176,751	196,756	-	-	-	30,000	26,000	26,000	22,750
Wages and benefits	3,510,362	4,389,048	4,111,394	350,109	244,427	317,040	561,120	605,029	605,029	446,628
Other expenses	1,561,934	2,793,452	1,877,212	2,330,971	2,298,738	2,055,668	333,243	114,202	114,202	147,508
<b>Total expenses</b>	<b>5,910,833</b>	<b>7,890,028</b>	<b>6,847,571</b>	<b>2,728,270</b>	<b>2,562,315</b>	<b>2,418,393</b>	<b>18,092,268</b>	<b>14,592,224</b>	<b>14,592,224</b>	<b>4,558,708</b>
<b>Annual surplus (deficit)</b>	<b>-</b>	<b>(1,794,679)</b>	<b>(891,535)</b>	<b>40,049</b>	<b>-</b>	<b>157,155</b>	<b>-</b>	<b>3,547,105</b>	<b>-</b>	<b>14,226,199</b>

# Frog Lake First Nation

## Notes to Consolidated Financial Statements

March 31, 2015

### 14. Segmented information, continued

	Investments		Public Works		Social Services	
	2015 Budget	2015 Actual	2015 Budget	2015 Actual	2015 Budget	2015 Actual
<b>Revenues</b>						
Aboriginal Affairs and Northern Development Canada	-	-	1,543,216	1,543,216	3,016,401	3,128,517
Capital Band Trust Funds - withdrawal	-	-	6,681,766	6,681,766	-	-
Revenue Band Trust Funds - withdrawal	-	-	-	-	-	-
Other revenue	-	(6,830,325)	1,117,591	(814,616)	137,797	727,144
<b>Total revenue</b>	-	(6,830,325)	9,342,573	7,410,366	3,154,198	3,853,661
<b>Expenses</b>						
Materials and supplies	-	-	2,143,000	293,573	-	4,400
Meeting and travel expenses	-	-	123,000	73,651	30,200	46,296
Professional development	-	-	60,000	16,240	82,000	18,524
Repairs and maintenance	-	-	1,500,000	1,549,144	18,000	23,862
Program costs	-	-	80,000	17,600	-	164,533
Community services	-	769,390	-	-	-	2,384
Utilities and telephone	-	-	454,000	290,793	10,000	1,441
Wages and benefits	-	-	2,929,380	2,911,778	485,614	679,661
Other expenses	-	-	2,053,193	2,086,521	2,528,384	2,810,146
<b>Total expenses</b>	-	769,390	9,342,573	7,239,300	3,154,198	3,751,147
<b>Annual surplus (deficit)</b>	-	(7,599,715)	(1,399,700)	171,066	-	102,514
						31,233

# Frog Lake First Nation

## Notes to Consolidated Financial Statements

March 31, 2015

### 14. Segmented Information, continued

Revenues	2015 Budget	Other 2015 Actual	2014 Actual	2015 Budget	Amortization 2015 Actual	2014 Actual	2015 Budget	Consolidated totals	
								2015 Actual	2014 Actual
Aboriginal Affairs and Northern Development Canada	-	-	-	-	-	-	9,706,887	10,519,240	10,082,406
Capital Band Trust Funds - withdrawal	-	(29,871,905)	(38,153,031)	-	-	-	-	-	-
Revenue Band Trust Funds - withdrawal	-	(4,629,247)	(4,457,456)	-	-	-	-	-	2
Resource revenue, interest and land leases	-	30,115,299	40,852,216	-	-	-	-	-	-
Other revenue	88,817	872,434	988,285	-	-	-	13,084,845	30,115,299	40,852,216
Total revenue	88,817	(3,513,419)	(789,986)	-	-	-	57,252,784	47,031,766	61,540,242
Expenses									
Materials and supplies	-	-	-	-	-	-	18,438,005	13,488,625	1,580,550
Meeting and travel expenses	-	-	-	-	-	-	1,227,940	1,773,785	1,428,215
Professional development	6,000	7,925	16,272	-	-	-	707,800	734,280	665,171
Repairs and maintenance	-	-	-	-	-	-	3,199,160	3,003,366	4,877,743
Program costs	-	-	-	-	-	-	899,724	1,061,490	69,949
Community services	-	-	-	-	-	-	1,400,000	2,148,508	2,556,720
Utilities and telephone	-	-	-	-	-	-	1,245,177	1,155,786	1,441,559
Wages and benefits	-	-	-	-	-	-	11,363,689	12,646,042	11,385,997
Other expenses	82,817	264,104	295,883	-	5,005,878	5,005,878	18,771,289	26,627,766	23,207,292
Total expenses	88,817	272,029	312,155	-	5,005,878	5,005,878	57,252,784	62,639,638	47,213,196
Annual surplus (deficit)	-	(3,785,448)	(1,102,141)	-	5,005,878	5,005,878	-	(15,607,872)	14,327,046

---

# **Frog Lake First Nation**

## **Notes to Consolidated Financial Statements**

---

**March 31, 2015**

---

### **15. Economic Dependence**

Frog Lake First Nation receives a significant portion of its revenue pursuant to a funding agreement with Aboriginal Affairs and Northern Development Canada.

### **16. Contingent Liabilities**

Frog Lake First Nation has been named as defendant in certain legal proceedings. The Band is actively defending all lawsuits. Since the amount of loss, if any, cannot be reasonably estimated, no provision has been recorded in these financial statements. Should a loss be incurred, it will be expensed in the year the liability is determined.

Government contributions related to the projects of the Nation are subject to conditions regarding the expenditure of funds. The Nation's accounting records are subject to audit by the various funding agencies. Should any instances be identified in which the amounts charged to projects are not in accordance with the agreed terms and conditions, amounts would be refundable to the respective funding agencies. Adjustments to the financial statements as a result of these audits will be recorded in the period in which they become known.

### **17. Financial Instruments**

The Nation's financial instruments consist of cash, accounts receivable, loans receivable, long-term investments, trust funds, accounts payable and long term debt. Unless otherwise noted, the carrying value of its financial instruments approximates fair value.

It is management's opinion that the Nation is not exposed to significant currency risks from its financial instruments. The Nation is subject to credit risk with respect to other income. Credit risk arises from the possibility that the entities may experience financial difficulty and be unable to fulfill their obligations. The large amount of annual funding is received from the Government of Canada which minimizes credit risk. The Nation minimizes interest rate risk by borrowing at fixed rates.

# Frog Lake First Nation

## Notes to Consolidated Financial Statements

March 31, 2015

### 18. Expenditures by Object

For the year ended March 31

	2015 Budget	2015 Actual	2014 Actual
<b>Expenses</b>			
Advertising	\$ 15,000	\$ 12,397	\$ 16,063
Amortization	-	5,005,878	4,113,472
Community services	1,400,000	2,161,992	2,556,720
Human Resources Development	321,508	366,273	284,661
Insurance	384,000	357,109	367,495
Interest and bank charges	66,000	52,516	38,580
Materials and supplies	18,438,005	13,488,625	1,580,551
Meeting and travel expenses	1,449,940	1,902,909	1,497,495
Office expenses	189,412	271,445	294,832
Payments on loans	253,243	263,070	303,837
Per capita distribution	2,813,724	2,695,000	2,436,814
Professional development	707,800	734,279	666,670
Professional fees	460,817	360,700	630,134
Program costs	11,634,680	14,728,769	11,629,132
Repairs and maintenance	3,199,160	3,003,366	4,877,744
Social Assistance	2,491,384	2,757,368	2,368,900
Summer Student Career Placement	97,800	79,161	74,361
Utilities and telephone	1,318,622	1,210,518	1,473,401
Vehicle	468,000	338,879	392,904
Wages and benefits	11,543,689	12,849,384	11,609,430
	\$ 57,252,784	\$ 62,639,638	\$ 47,213,196

### 19. Comparative Amounts

Certain of the comparative amounts have been reclassified to conform with the presentation adopted in the current year.