

LOON RIVER FIRST NATION
Financial Statements
For The Year Ended March 31, 2014

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Financial Statements
For The Year Ended March 31, 2014

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LOON RIVER FIRST NATION

MARCH 31, 2014

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING


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

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 judgment. 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



Chief Executive Officer

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
Loon River First Nation

We have audited the accompanying financial statements of Loon River First Nation, which comprise the Statement of Financial Position as at March 31, 2014 and the Change in Accumulated Surplus, Statements of Operations, Change in Net Financial Assets and the Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements based on our audit. We conducted our audit in accordance with Canadian Audit Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

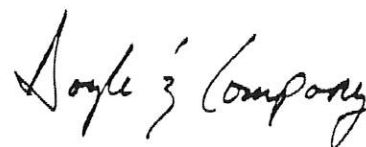
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparations and fair presentation of the 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 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 financial statements present fairly, in all material respects, the financial position of the The Nation 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.

Edmonton, Alberta
August 8, 2014

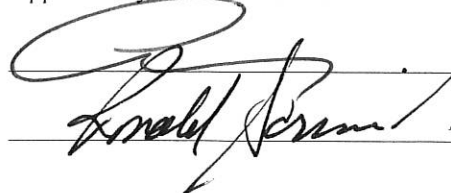



Chartered Accountants

LOON RIVER FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2014

	2014	2013
	\$	\$
FINANCIAL ASSETS		
Cash	2,443,405	472,604
Accounts receivable (Note 4)	1,770,279	1,045,863
RBC investment account (Note 5)	561,661	491,701
Economic development loans	442,406	339,144
Investment in First Nation owned companies (Note 6)	8,402,104	11,314,483
Trust account - Capital	21,835,272	24,180,383
Trust account - Revenue	3,323,474	2,159,335
	38,778,601	40,003,513
LIABILITIES		
Accounts payable (Note 9)	640,466	914,193
Deferred revenue (Note 10)	3,066,796	352,216
Long term debt (Note 11)	2,254,876	2,752,421
	5,962,138	4,018,830
NET FINANCIAL ASSETS (DEBT)	32,816,463	35,984,683
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 8)	33,515,540	28,918,231
Prepaid expenses	84,497	56,349
Deferred costs (Note 3)	111,750	180,140
Settlement capital account funds (Note 7)	27,830,224	26,629,072
Settlement revenue account funds	329	329
	61,542,340	55,784,121
ACCUMULATED SURPLUS		
ACCUMULATED SURPLUS	41,369,505	38,799,685
EQUITY IN SETTLEMENT TRUST ACCOUNTS	27,830,553	26,629,401
EQUITY IN TRUST FUNDS	25,158,745	26,339,718
	94,358,803	91,768,804

Approved by the First Nation:

 Chief
 Chief Executive Officer

LOON RIVER FIRST NATION
STATEMENT OF CHANGES IN TLE EQUITY ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2014

SETTLEMENT CAPITAL ACCOUNT NET ASSETS

	2014 Budget \$	2014 Actual \$	2013 Actual \$
REVENUE			
Investment Income	930,000	928,238	993,780
EXPENDITURES			
Trust and Management Fees	180,000	197,301	188,946
Transfer to Settlement Revenue Account	668,556	671,218	610,408
	848,556	868,519	799,354
REVENUE LESS EXPENDITURES	81,444	59,719	194,426
UNREALISED GAIN (LOSS) IN MARKET VALUE	-	1,141,433	1,153,763
(DEFICIT) SURPLUS FOR THE YEAR	-	1,201,152	1,348,189
NET ASSETS - BEGINNING OF YEAR		26,629,072	25,280,883
NET ASSETS - END OF YEAR		27,830,224	26,629,072

SETTLEMENT REVENUE ACCOUNT NET ASSETS

	2014 Budget \$	2014 Actual \$	2013 Actual \$
REVENUE			
Transfer from Settlement Capital Account	668,556	671,218	610,408
EXPENDITURES			
Transfer to the operating accounts	668,556	671,218	610,408
SURPLUS (DEFICIT) FOR THE YEAR	-	-	-
NET ASSETS - BEGINNING OF YEAR	-	329	329
NET ASSETS - END OF YEAR	-	329	329

The accompanying notes form part of these financial statements.

LOON RIVER FIRST NATION
STATEMENT OF CHANGES IN TRUST FUND ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2014

				Capital \$	Revenue \$	Total \$
BALANCES - BEGINNING OF YEAR				24,180,383	2,159,335	26,339,718
REVENUE						
			Interest Income	-	655,805	655,805
			Royalties and Rental	6,165,686	508,334	6,674,020
				30,346,069	3,323,474	33,669,543
BCR Number	Date Funds Released	Purpose of Expenditure				
12/13-019	Jul 02/13	Finance and Admin..	(A)	1,420,588	-	1,420,588
12/13-019	Jul 02/13	Public works- O&M	(B)	1,070,626	-	1,070,626
12/13-019	Jul 02/13	Community Projects	(B)	183,238	-	183,238
12/13-019	Jul 02/13	Community Projects	(H)	142,133	-	142,133
12/13-019	Jul 02/13	Housing	(C)	375,161	-	375,161
13/14-006	Sept 20/13	Bridge Repair	(E)	130,300	-	130,300
13/14-006	Sept 20/13	Community Building O&M	(F)	114,850	-	114,850
13/14-006	Sept 20/13	Community Building O&M	(G)	117,431	-	117,431
13/14-006	Sept 20/13	Community Building O&M	(I)	40,471	-	40,471
13/14-006	Sept 20/13	Housing	(C)	16,000	-	16,000
13/14-011	Oct 2/13	Industrial Park- Roads	(D)	4,900,000	-	4,900,000
				8,510,798	-	8,510,798
BALANCES - END OF YEAR				21,835,271	3,323,474	25,158,745

Location of Band Funds in Programs:

(A) - Administration	1,420,588	-	1,420,588
(B) - Public Works	1,253,864	-	1,253,864
(C) - Capital Housing and Maintenance	391,161	-	391,161
(D) - Highway 88 Project	4,900,000	-	4,900,000
(E) - Capital Projects - Bridge Deck	130,300	-	130,300
(F) - Capital Projects - Water Treatment Plant	114,850	-	114,850
(G) - Capital Projects - Capital Equipment	117,431	-	117,431
(H) - Capital Projects - Capital - Playground	142,133	-	117,431
(I) - Youth	40,471	-	40,471
	8,510,798	-	8,368,665

The accompanying notes form part of these financial statements.

LOON RIVER FIRST NATION
STATEMENT OF CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED MARCH 31, 2014

	2014				2013
	Operating Net Assets	Equity in Business Enterprises	Capital Assets	Loans	Total
	\$	\$	\$	\$	\$
BALANCE - BEGINNING OF YEAR	328,631	11,314,483	26,817,427	339,144	38,799,685
Excess of revenues over expenditure	2,569,820	-	-	-	2,569,820
Net advances to Business Enterprise	(881,584)	881,584	-	-	-
Net earnings in Business Enterprises	3,793,963	(3,793,963)	-	-	-
Loan principal repayments during the year	(115,462)	-	115,462	-	-
Capital asset acquisitions:	(6,224,915)	-	6,224,915	-	-
Increase in Economic Development Loans	(103,262)	-	-	103,262	-
Other Adjustments	269,534	-	(269,534)	-	-
Annual amortization Expense	1,627,605	-	(1,627,605)	-	-
Change in accumulated surplus	935,699	(2,912,379)	4,443,238	103,262	3,968,150
BALANCE - END OF YEAR	1,264,330	8,402,104	31,260,665	442,406	41,369,505
					38,460,541

LOON RIVER FIRST NATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2014

	2014 Budget \$	2014 Actual \$	2013 Actual \$
REVENUE			
KTC	7,981,182	8,233,840	4,851,285
Health Canada	830,678	830,678	813,522
Band trust funds	6,888,287	8,510,798	5,407,103
Transfers-Settlement Revenue Account	-	671,218	610,408
First Nation Development Fund	-	458,937	462,925
First Nation Management and Economic Development	375,000	5,166,181	6,180,020
Other	2,344,552	1,539,783	3,024,903
Contributions carried forward from prior year	-	352,216	1,380,196
Contributions carried forward to next year	-	(3,066,794)	(352,216)
	18,419,699	22,696,857	22,378,146
OPERATING EXPENSES			
Administration	2,887,051	4,320,151	5,288,955
Education	2,133,047	2,445,961	2,422,660
Economic Development	135,048	72,533	64,998
Public Works	1,780,000	3,274,098	2,108,741
Health Services and Medical Transportation	762,167	789,553	699,074
Capital Housing and Maintenance Operations	1,135,052	1,226,156	2,105,276
Social Services Programs	768,193	764,853	682,971
Social Services Administration	101,058	101,058	100,745
First Nation Management and Economic Development	-	-	1,975,932
Heavy Equipment Training	-	-	299,138
Human Resource Development	118,928	124,851	98,419
Consultation Unit	309,269	465,281	463,638
Headstart	68,511	68,511	81,882
Youth	125,000	142,044	-
Daycare	196,375	250,861	227,771
Settlement Infrastructure Account	-	-	227,575
Capital Projects	-	128,165	-
First Nation Development Fund	-	531,392	-
	10,519,699	14,705,468	16,847,775
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSE BEFORE OTHER	7,900,000	7,991,389	5,530,371
OTHER			
Net earnings (loss) in First Nation Owned Companies	-	(3,793,963)	(2,239,233)
Amortization	-	(1,627,606)	(1,570,767)
	-	(5,421,569)	(3,810,000)
SURPLUS (DEFICIT) FOR THE YEAR	-	2,569,820	1,720,371

The accompanying notes form part of these financial statements.

LOON RIVER FIRST NATION
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (DEBT)
FOR THE YEAR ENDED MARCH 31, 2014

	2014	2013
	\$	\$
EXCESS (DEFICIT) OF REVENUE OVER EXPENSES	2,569,820	1,720,371
Acquisition of tangible capital assets	(6,224,915)	(4,629,353)
Increase (decrease) in prepaid expenses and deferred costs	(40,242)	544,760
Amortization of tangible capital assets	1,627,605	1,531,955
Increases in trust and investment accounts	(1,100,487)	7,005,537
	(5,738,039)	4,452,899
INCREASE IN NET ASSETS	(3,168,219)	6,173,270
NET FINANCIAL ASSETS, BEGINNING OF YEAR	35,984,682	29,811,412
NET FINANCIAL ASSETS, END OF YEAR	32,816,463	35,984,682

The accompanying notes form part of these financial statements.

LOON RIVER FIRST NATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2014

	2014	2013
	\$	\$
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from funding agencies and operations for the year	24,687,021	21,240,543
Cash paid to suppliers and employees	(15,064,618)	(14,555,088)
Interest paid	(47,558)	(167,039)
	<u>9,574,845</u>	<u>6,518,416</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Net increase (decrease) in long-term debt	(497,545)	(272,442)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Advances from (to) First Nation Enterprises	(881,584)	(1,914,659)
Purchase of capital assets	(6,224,915)	(4,629,353)
	<u>(7,106,499)</u>	<u>(6,544,012)</u>
INCREASE (DECREASE) IN CASH DURING THE YEAR	1,970,801	(298,038)
CASH - Beginning of year	472,604	770,642
CASH - End of year	<u>2,443,405</u>	<u>472,604</u>

The accompanying notes form part of these financial statements.

LOON RIVER FIRST NATION
SCHEDULE 1- INDIVIDUAL PROGRAMS
FOR THE YEAR ENDED MARCH 31, 2014

	Tribal Council Funds	Band Trust Funds	Other Revenue	Deferred Revenue from 2012/13	Deferred Revenue to 2014/2015	Total Revenue	Operating Expenditures	Capital Expenditures	Total Expenditures	Net Transfer In/Out	Current Year's Surplus (Deficit)
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Administration	560,805	1,420,588	1,404,912	-	-	3,386,305	4,317,150	3,001	4,320,151	933,846	-
Education	2,082,327	-	157,257	-	(66,221)	2,173,363	2,445,961	-	2,445,961	-	(272,598)
Economic Development	71,235	-	-	-	-	71,235	72,533	-	72,533	-	(1,298)
First Nation Management and Economic Development	-	-	5,166,181	-	-	5,166,181	-	-	-	(2,827,598)	2,338,583
Public Works	807,324	1,253,864	69,197	-	-	2,130,385	3,274,098	-	3,274,098	1,143,713	-
Health Services and Medical Transportation	-	-	779,793	-	(16,000)	763,793	789,553	-	789,553	-	(25,760)
Capital Housing and Maintenance Operations	185,718	391,161	228,225	-	-	805,104	1,226,156	-	1,226,156	536,514	115,462
Social Development - Programs	782,918	-	-	-	-	782,918	764,853	-	764,853	-	18,065
Social Development - Administration	101,058	-	-	-	-	101,058	101,058	-	101,058	-	-
Aboriginal Skills and Employment Training Strategy (A.S.E.T.S)	118,928	-	-	-	-	118,928	124,851	-	124,851	-	(5,923)
Consultation Unit	-	-	134,269	-	-	134,269	465,281	-	465,281	213,525	(117,487)
Headstart	-	-	68,511	-	-	68,511	68,511	-	68,511	-	-
Youth and Summer Employment	17,001	40,471	84,572	-	-	142,044	142,044	-	142,044	-	-
Daycare	150,225	-	81,610	-	-	231,835	250,861	-	250,861	-	(19,026)
Capital Projects	356,301	504,714	33,333	-	(248,381)	645,967	128,165	778,345	906,510	-	(260,543)
First Nation Development Fund	-	-	458,937	352,216	(279,761)	531,392	531,392	-	531,392	-	-
Highway 88	3,000,000	4,900,000	-	-	2,456,431	5,443,569	-	5,443,569	5,443,569	-	-
	8,233,840	8,510,798	8,666,797	352,216	(3,066,794)	22,696,857	14,702,467	6,224,915	20,927,382	-	1,769,475

LOON RIVER FIRST NATION

SCHEDULE 2 - CONSOLIDATED EXPENDITURES BY OBJECT

FOR THE YEAR ENDED MARCH 31, 2014

	2014	2013
	\$	\$
Salaries, wages and benefits	4,832,137	4,485,427
Contracted and general services	3,647,924	4,409,605
Materials, goods and utilities	5,067,849	3,856,653
Bank charges and interest	47,558	167,039
CMHC loan payments	-	105,544
Infrastructure debt costs	-	227,575
Investment First Nation enterprises	-	1,975,932
Per Capita Distribution	1,110,000	1,620,000
	14,705,468	16,847,775

The accompanying notes form part of these financial statements.

LOON RIVER FIRST NATION
SCHEDULE 3 - TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED MARCH 31, 2014

	Buildings & Improvements	Vehicles & Equipment	Roads, Street & Bridges	Water & Sewer	Band & CMHC Housing Project	Highway 88 Project	2014	2013
							\$	\$
COST:								
Balance, Beginning of Year	15,624,966	1,671,175	3,120,448	6,461,132	19,850,133	-	46,727,854	42,098,501
Acquisition of tangible capital assets	123,744	117,431	361,616	-	178,555	5,443,569	6,224,915	4,629,353
Disposal of tangible capital assets	-	-	-	-	-	-	-	-
Balance, End of Year	15,748,710	1,788,606	3,482,064	6,461,132	20,028,688	5,443,569	52,952,769	46,727,854
ACCUMULATED AMORTIZATION:								
Balance, Beginning of Year	7,615,461	709,543	1,304,952	2,263,616	5,916,051	-	17,809,623	16,238,856
Current year amortization	550,106	241,580	99,180	236,022	500,718	-	1,627,606	1,570,767
Accumulated amortization on disposals	-	-	-	-	-	-	-	-
Balance, End of Year	8,165,567	951,123	1,404,132	2,499,638	6,416,769	-	19,437,229	17,809,623
NET BOOK VALUE	7,583,143	837,483	2,077,932	3,961,494	13,611,919	5,443,569	33,515,540	28,918,231

The accompanying notes form part of these financial statements.

LOON RIVER FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2014

1. SCOPE OF FINANCIAL STATEMENTS

These financial statements include the combined operations of Loon River First Nation and the Society of the Loon River Cree. Loon River Cree Contractors Ltd., Loon River Trucking Ltd., Mahgwa Resources Inc., Loon River Cree Oilfield Operators Ltd, Loon River Cree pipeline & Facilities Ltd. and Loon River Truckwash Ltd., which are owned and controlled by Loon River First Nation and are not dependent on the First Nation for their continuing operations, are included in these financial statements using the modified equity method.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Tangible capital Assets

Tangible capital assets are recorded at cost which includes all amounts that directly attributable to acquisition, construction, development and betterment of the asset.

(b) Amortization

The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	<u>Years</u>
Buildings and leasehold improvement	25-40
Vehicle and equipment	5-10
Roads, streets, and bridges	20-40
Water and sewer	10-50
Band housing	40
CMHC housing	40
Rental units	40

The Highway 88 Project is an asset under construction and will not be amortized until construction is complete.

(c) Revenue Recognition

Revenue is recorded in the period specified in the funding agreements entered into with Government Agencies and other organizations. Assistance received in advance of making the related expenditure and restricted by the funding agency is deferred.

(d) Settlement Capital Account and RBC Investment Account Investments

Settlement Capital Account and RBC Investment Account investments are recorded at market value.

LOON RIVER FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Financial Instruments

The First Nation's financial instruments consist of cash, accounts receivable, investments in affiliated companies, RBC investment account, economic development loans, capital account and revenue account funds, bank indebtedness, accounts payable and long-term debt. It is management's opinion that the First Nation is not exposed to significant interest, currency or credit risk arising from these financial instruments. Unless otherwise noted, the fair market value of these financial instruments approximates their carrying values.

(f) 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.

(g) Trust Funds

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.

A fund basis of accounting is followed. Related revenue and expenditures are grouped into funds, based upon their use.

3. DEFERRED COSTS

	2014 \$	2013 \$
Deferred costs consists of :		
Vacuum Truck costs carried forward to be covered by trust funds received in the 2013/14 fiscal year	-	117,431
Highway 88 Industrial Park project costs carried forward to be covered by funding received in 2013/14	-	60,316
Deposit on 3 new Section 95 houses to be covered by funding received in 2014/15	111,750	-
Bridge project costs carried forward to be covered by trust funds received in the 2013/14 fiscal year	-	2,393
	111,750	180,140

LOON RIVER FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2014

4. ACCOUNTS RECEIVABLE

	2014 \$	2013 \$
Accounts receivable consists of:		
Accounts receivable - KTC	1,031,309	168,853
Government of Alberta	-	13,988
First Nation Development Fund	115,644	114,088
Staff member advances	23,000	4,305
Industry	305,071	471,538
G.S.T. recoverable	146,306	85,734
Accounts receivable - Other	148,949	187,357
	1,770,279	1,045,863

5. RBC INVESTMENT ACCOUNT

The RBC Investment Account consists of funds that are managed by RBC Dominion Securities Inc. These funds are recorded at market value.

The contents of this account are as follows:

	2014		2013	
	Cost	Market Value March 31/14	Cost	Market Value March 31/13
	\$	\$	\$	\$
Cash	3,015	3,015	4,865	4,865
Common shares and mutual funds	413,703	558,646	404,907	486,836
	416,718	561,661	409,772	491,701

Shares and mutual funds are held in companies listed on stock exchanges.

The fair market value of the stock portfolio may fluctuate as a result of changes in market stock prices that may be caused by factors specific to an individual security or its issuer, or factors affecting some or all securities traded in the market.

LOON RIVER FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2014

6. INVESTMENT IN FIRST NATION OWNED COMPANIES

	March 31 2014 \$	March 31 2013 \$
(a) Loon River Cree Contractors Ltd.		
Investment in shares at cost		
100 Class A shares - 100% ownership	10	10
Advances to (from)	5,722,097	6,358,709
Accumulated net (losses) earnings	(3,234,013)	(1,345,393)
	2,488,094	5,013,326
(b) Loon River Trucking Ltd.		
Investment in shares at cost		
100 Class A shares - 100% ownership	100	100
Advances to (from)	5,037,855	3,465,815
Management fees receivable	-	-
Accumulated net (losses) earnings	772,716	2,424,512
	5,810,671	5,890,427
(c) Mahgwa Resources Inc.		
Investment in shares at cost		
100 Class A shares - 100% ownership	1	1
Advances to (from)	(222,106)	(222,106)
Accumulated net (losses) earnings	348,170	409,242
	126,065	187,137
(d) Loon River Truckwash Ltd.		
Investment in shares at cost		
100 Class A shares - 100% ownership	100	100
Advances to (from)	203,230	257,273
Accumulated net (losses) earnings	(65,422)	(33,781)
	137,908	223,592

LOON RIVER FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2014

6. INVESTMENT IN FIRST NATION OWNED COMPANIES (continued)

	March 31 2014 \$	March 31 2013 \$
(e) Loon River Cree Oilfield Operators Ltd.		
Investment in shares at cost		
100 Class A shares - 100% ownership	100	-
Accumulated net (losses) earnings	44,443	-
	44,543	-
(f) Loon River Cree Pipeline & Facilities Ltd.		
Investment in shares at cost		
100 Class A shares - 100% ownership	100	-
Accumulated net (losses) earnings	(205,277)	-
	(205,177)	-
TOTAL	8,402,104	11,314,482

LOON RIVER FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2014

6. INVESTMENT IN FIRST NATION OWNED COMPANIES (continued)

March 31, 2014 unaudited financial information for Loon River Cree Contractors Ltd. is as follows:

	March 31 2014 \$	March 31 2013 \$
Assets	4,388,228	6,304,191
Liabilities	8,722,416	8,898,138
Revenue for the period	11,590,048	10,775,869
Net earnings (loss) for the period	(640,056)	1,141,480

March 31, 2014 unaudited financial information for Loon River Trucking Ltd. is as follows:

	March 31 2014 \$	March 31 2013 \$
Assets	7,509,321	7,370,749
Liabilities	8,374,435	7,477,860
Revenue	10,919,532	14,511,778
Net earnings for the year	879,927	2,479,654

March 31, 2014 unaudited financial information for Loon River Truckwash Ltd. is as follows:

	March 31 2014 \$	March 31 2013 \$
Assets	441,104	569,343
Liabilities	506,426	603,024
Revenue	165,303	293,357
Net earnings (loss) for the year	(31,641)	66,930

March 31, 2014 unaudited financial information for Mahgwa Resources Inc. is as follows:

	March 31 2014 \$	March 31 2013 \$
Assets	467,731	514,989
Liabilities	119,560	105,745
Revenue	984,722	676,017
Net earnings (loss) for the year	(61,072)	(2,305,486)

LOON RIVER FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2014

6. INVESTMENT IN FIRST NATION OWNED COMPANIES (continued)

March 31, 2014 unaudited financial information for Loon River Cree Oilfield Operators Ltd. is as follows:

	March 31 2014	March 31 2013
	\$	\$
Assets	606,243	-
Liabilities	627,810	-
Revenue	440,735	-
Net earnings (loss) for the year	44,443	-

March 31, 2014 unaudited financial information for Loon River Cree Pipeline & Facilities Ltd. is as follows:

	March 31 2014	March 31 2013
	\$	\$
Assets	1,754,692	-
Liabilities	1,959,869	-
Revenue	1,315,792	-
Net earnings (loss) for the year	(205,277)	-

LOON RIVER FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

7. SETTLEMENT CAPITAL AND REVENUE ACCOUNT FUNDS

As a result of the Loon River Cree Treaty Settlement Agreement (TSA)(1998) with the Government of Canada, a Settlement Capital Account was established in the amount of approximately \$21,500,000. The purpose of these funds is to provide the First Nation with investments that will result in a source of income for its current and all future generations.

To manage and protect these funds on behalf of the First Nation a Banking Agreement was signed as part of the Treaty Settlement Agreement. This Banking Agreement restricts the use of the Settlement capital account to the following:

1. the purchase of authorized investments
2. a one time per capita distribution up to a maximum of \$1,200,000
3. a loan of up to \$10,000,000 to Loon River Energy Corp. for the acquisition of oil and gas interests on the Loon River Territory.

On April 1 each year 80% of the annual return on the Settlement Capital Account will be paid to a special Settlement Revenue Account. Expenditures from this Revenue Account can be made for items that are of benefit to the First Nation and approved by the membership through the budget process and approved by Band Council Resolution.

After April 1, 2004 additional expenditures can be made out of the Settlement Capital Account where a BCR is prepared, approval from 75% of the eligible voters is obtained by special referendum and the expenditure does not exceed 10% of the market value of the Settlement Capital Account.

The Settlement Capital Account funds are managed by RBC Dominion Securities Inc. The contents of this account are as follows:

	2014		2013	
	Cost	Market Value March 31/14	Cost	Market Value March 31/13
	\$	\$	\$	\$
Cash and short term notes	916,836	916,836	150,608	150,608
Fixed income bonds	14,348,582	15,449,530	15,529,425	16,991,745
Equity investments	7,770,392	11,463,858	6,715,572	9,486,719
	23,035,810	27,830,224	22,395,605	26,629,072

Fixed income bonds consist of corporate and provincial bonds that bear interest at rates from 2.70% to 7.768%. Shares are held in companies listed on stock exchanges.

The Trust is exposed to the risk that fair market values of fixed income bonds may fluctuate due to fluctuations in interest rates. The fair market value of the Trust's stock portfolio may fluctuate as a result of changes in market stock prices that may be caused by factors specific to an individual security or its issuer, or factors affecting some or all securities traded in the market.

LOON RIVER FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2014

8. TANGIBLE CAPITAL ASSETS

	2014			2013
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Buildings and leasehold	15,748,710	8,165,567	7,583,143	8,009,505
Vehicle and equipment	1,788,606	951,123	837,483	961,632
Roads, streets and bridges	3,482,064	1,404,132	2,077,932	1,815,496
Water and sewer	6,461,132	2,499,638	3,961,494	4,197,516
Band housing	15,688,988	5,341,019	10,347,969	10,561,639
CMHC housing	3,464,700	564,050	2,900,650	2,987,268
Rental Units	875,000	511,700	363,300	385,175
Highway 88 Project	5,443,569	-	5,443,569	-
	52,952,769	19,437,229	33,515,540	28,918,231

9. ACCOUNTS PAYABLE

	2014	2013
	\$	\$
Accounts Payable consist of:		
Payroll liabilities	54,756	17,962
Trade accounts payable and accruals - other	585,710	896,231
	640,466	914,193

LOON RIVER FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2014

10. DEFERRED REVENUE

	2014	2013
	\$	\$
Deferred revenue consists of:		
Health Canada		
- Operations and maintenance	16,000	-
Capital Trust Funds		
- Capital Project funding not spent as at March 31		
Bridge Repairs	46,896	-
Highway 88 Project	2,456,431	-
	2,503,327	-
Capital Projects		
- Treaty 7 - Continuing Care Elders Project	25,833	-
- KTC - Water Treatment Plant	175,654	-
	201,487	-
First Nation Development Fund		
- Project 11088 (Water treatment plant pilot project)	235,150	235,150
- Project 11492 (House Renovations)	44,611	117,066
	279,761	352,216
Other		
-School fund raising and donations to be carried forward to 2014/15	66,221	-
	3,066,796	352,216

LOON RIVER FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2014

11. LONG-TERM DEBT

	2014 \$	2013 \$
Long-term debt consists of the following:		
Prime +1.5 % Royal Bank term loan repayable at \$ 54,583 per month plus interest	-	382,083
3.16% CMHC mortgage repayable at \$2,530 per month due June 2028	384,960	408,041
3.16% CMHC mortgage repayable at \$6,958 per month due June 2028	1,058,627	1,122,098
2.63% CMHC mortgage repayable at \$1,408 per month due August 2034	266,055	275,861
2.63% CMHC mortgage repayable at \$1,391 per month due August 2034	262,575	272,256
2.68% CMHC mortgage repayable at \$1,424 per month due February 2036	282,659	292,082
	2,254,876	2,752,421
Less current portion of long-term debt	119,992	507,941
	2,134,884	2,244,480

The construction loans are secured by Ministerial Guarantees. The First Nation has entered into five year agreements with Canada Mortgage and Housing Corporation to subsidize the average interest rates to the extent required to reduce the effective net interest rate to 2%.

Interest paid on long-term debt amounted to \$59,957 during the year.

Future principal repayments on long-term debt are estimated as follows:

	\$
2015	119,992
2016	122,306
2017	124,667
2018	127,075
2019	129,532
2020 and thereafter	1,631,304
	2,254,876

LOON RIVER FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2014

12. RELATED PARTY TRANSACTIONS

During the year the First Nation contracted its subsidiary companies, Loon River Cree Contractors Ltd., Loon River Trucking Ltd. and Loon River Truckwash Ltd. to perform construction, housing, trucking and other services. The total amount billed to the First Nation for these services was \$3,691,563 (2013 - \$1,317,128).

Loon River Cree Contractors Ltd., Loon River Trucking Ltd. and Loon River Truckwash Ltd. paid management fees and operations support costs and royalties during the year to Loon River First Nation in the amount of \$3,780,687 (2013 - \$3,621,810).

During the year Mahgwa Resources Inc., a subsidiary company, paid distributions to Loon River First Nation totaling \$800,000 (2013 - \$2,741,503).

These transactions are in the normal course of business and are measured at the exchange amount, being the amount of consideration established and agreed to by the related parties.

13. CONTINGENT LIABILITIES

As at March 31, 2014 the First Nation has guaranteed a bank loans in the amount of \$846,474 for Loon River Trucking Ltd..

A statement of claim for an unspecified amount has been filed against the First Nation and Loon River Cree Contractor Ltd. for wrongful dismissal, breach of contract and other allegations. Losses, if any, as a result of this claim are unknown.