

Consolidated financial statements of

WOLF LAKE FIRST NATION

March 31, 2015



WOLF LAKE FIRST NATION

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Management's Statement of Responsibility

The consolidated financial statements of Wolf Lake First Nation as at March 31, 2015 are the responsibility of management and have been approved by the Chief and Council.

These consolidated financial statements have been prepared in conformity with Canadian public sector accounting standards as defined by the CPA Canada Public Sector Accounting Handbook and, where appropriate, include amounts that are based on management's best estimates and judgements. Management has established internal control systems to ensure that the financial information is objective and reliable and that band assets are safeguarded.

The consolidated financial statements have been audited by the independent auditors, Deloitte LLP whose report outlines the scope of their audit and their opinion on the consolidated financial statements.

The Chief and Council carries out its responsibility for the consolidated financial statements through the Office of Chief and Council, which is comprised of a quorum of councillors. The Chief and Council meets with the auditors to review the consolidated financial statements and independent auditor's report.

The Chief and Council reviews the audited consolidated financial statements with the independent auditors before making recommendations for presentation to the band membership.



Signature and title
for Wolf Lake First Nation

Independent auditors' report on the general purpose financial statements

To Chief and Council of
WOLF LAKE FIRST NATION

We have audited the accompanying consolidated financial statements of Wolf Lake First Nation as at March 31, 2015, which comprise the Financial Position as at March 31, 2015, and the statements of Revenues and Expenses, Cumulative Operating Deficit, Net Investment in Capital Assets, Changes in Net Debt and Cash Flows, and a summary of significant accounting policies and other explanatory informations.

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.

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 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

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 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 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, the consolidated financial statements present fairly, in all material respects, the Financial Position of Wolf Lake First Nation as at March 31, 2015, and the results of its operations and its Cash Flows for the year then ended in accordance with Canadian public sector accounting standards.

Observation

Without modifying our opinion, we draw attention to Note 2 to the consolidated financial statements, which states that the band includes certain financial information that are not required by the Canadian public sector accounting standards. This information is presented in order to satisfy to Aboriginal Affairs and Northern Development Canada and presented on annexes 1 to 4.

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Deloitte LLP

July 16, 2015

¹ CPA auditor, CA, public accountancy permit No A112314

WOLF LAKE FIRST NATION
Statement of Revenues and Expenses
Year ended March 31, 2015

	2015	2014
	\$	\$
REVENUES		
AANDC	232 803	244 636
Algonquin Nation Programs & Services Secretariat	4 674	2 056
First Nations Education Council	12 635	16 017
FNQLHSSC	10 000	10 000
Health Canada	86 930	76 999
FNHRDCQ	147 730	144 733
Human Resources and Skills Development Canada	7 202	7 612
Ministry of Natural Resources	106 000	106 000
Reimbursement of expenses	3 311	474
Other revenue	446 552	335 480
Secrétariat aux affaires autochtones	325 000	115 000
Transferred revenue	-	1 430
Tembec	85 000	78 750
Transport Quebec	264 286	-
Deferred revenue from previous year	27 775	43 617
Deferred revenue to following year	(209 983)	(27 775)
Transfer to Net Investment in Capital Assets	(8 754)	(367)
	1 541 161	1 154 662
EXPENSES		
Education	61 538	71 519
Human resources development	157 697	177 841
Health	96 116	87 179
Administration	222 731	137 279
Others	9 433	11 963
Economic development	1 041 528	758 743
	1 589 043	1 244 524
DEFICIT BEFORE NET SURPLUS (DEFICIT) OF INVESTMENTS IN CONTROLLED ENTITIES	(47 882)	(89 862)
NET SURPLUS (DEFICIT) OF INVESTMENTS IN CONTROLLED ENTITIES	(28 574)	30 364
DEFICIT FOR THE YEAR	(76 456)	(59 498)

The accompanying notes are an integral part of the consolidated financial statements.

WOLF LAKE FIRST NATION
Statement of Cumulative Operating Deficit
Year ended March 31, 2015

	2015	2014
	\$	\$
BALANCE, BEGINNING OF YEAR	(421 588)	(176 036)
DEFICIT FOR THE YEAR	(76 456)	(59 498)
LOSS ON DISPOSAL OF CAPITAL ASSET	611	-
PROCEED ON DISPOSAL OF CAPITAL ASSET	800	-
TRANSFER TO NET INVESTMENT IN CAPITAL ASSETS - AMORTIZATION (AND TRANSFER TO CAPITAL ASSET SURPLUS DUE TO FIRST TIME CONSOLIDATION IN 2014)	28 275	(186 054)
BALANCE, END OF YEAR	(468 358)	(421 588)

The accompanying notes are an integral part of the consolidated financial statements.

WOLF LAKE FIRST NATION
Statement of Net Investment in Capital Assets
Year ended March 31, 2015

	2015	2014
	\$	\$
NET INVESTMENT IN CAPITAL ASSETS AT BEGINNING OF YEAR	275 840	89 419
TRANSFER TO CAPITAL ASSET SURPLUS DUE TO FIRST TIME CONSOLIDATION	-	222 229
ACQUISITION OF CAPITAL ASSETS	8 754	367
LOSS ON DISPOSAL OF CAPITAL ASSET	(611)	-
PROCEED ON DISPOSAL OF CAPITAL ASSET	(800)	-
AMORTIZATION	(28 275)	(36 175)
NET INVESTMENT IN CAPITAL ASSETS AT END OF YEAR	254 908	275 840

The accompanying notes are an integral part of the consolidated financial statements.

WOLF LAKE FIRST NATION
Statement of Financial Position
As at March 31, 2015

	2015	2014
	\$	\$
FINANCIAL ASSETS		
Cash	129 694	143 988
Restricted cash (Note 4)	11 197	10 888
Accounts receivable (Note 3)	320 295	151 541
	461 186	306 417
LIABILITIES		
Bank loan (Note 7)	25 000	-
Accounts payable and accrued liabilities	101 431	75 676
Deferred revenue	209 983	27 776
Excess of cumulated deficits on investments in controlled entities (Note 6)	32 376	3 802
Net loans - investee companies (Note 6)	684 657	765 807
	1 053 447	873 061
NET DEBT	(592 261)	(566 644)
NON-FINANCIAL ASSETS		
Capital assets (Note 5)	254 906	275 840
Deposit for building purchase	202 000	202 000
Inventories	132 472	154 114
Prepaid expenses	7 700	6 900
	597 078	638 854
EQUITY (Note 9)	4 817	72 210

The accompanying notes are an integral part of the consolidated financial statements.

APPROVED BY CHIEF AND COUNCIL


Gerald Relvisor

Sonie Young

WOLF LAKE FIRST NATION
Statement of Changes in Net Debt
Year ended March 31, 2015

	2015	2014
	\$	\$
Deficit for the year	(76 456)	(59 498)
Changes in capital assets		
Proceed from disposal of capita assets	800	
Loss on disposal of capital assets	611	
Acquisition of capital assets	(8 754)	(367)
Amortization	28 275	36 175
	20 932	35 808
Changes in other non-financial assets		
Change in deposit for building purchase	-	(202 000)
Change in inventories	21 644	(154 114)
Change in prepaid expenses	(800)	800
	20 844	(355 314)
Changes in the non-operationnal surpluses and reserves		
Net financing by capital assets surplus	8 754	367
Increase of In-Trust surplus	309	269
Transfer from operating deficit to capital asset surplus		
Adjustment due to first time consolidation	-	(222 229)
	9 063	(221 593)
CHANGES IN NET DEBT	(25 617)	(600 597)
NET FINANCIAL ASSETS (NET DEBT) AT BEGINNING OF YEAR	(566 644)	33 953
NET DEBT AT END OF YEAR	(592 261)	(566 644)

The accompanying notes are an integral part of the consolidated financial statements.

WOLF LAKE FIRST NATION
Statement of Cash Flows
Year ended March 31, 2015

	2015	2014
	\$	\$
OPERATING ACTIVITIES		
Deficit for the year	(76 456)	(59 498)
Items not affecting cash:		
Amortization	28 275	36 175
Loss on disposal of fixed asset	611	-
Net deficit (surplus) of investments in controlled entities	28 574	(30 364)
	(18 996)	(53 687)
Changes in non-cash operating working capital items (Note 8)	60 052	158 575
	41 056	104 888
INVESTING ACTIVITIES		
Increase (decrease) of investments from controlled entities	(81 150)	479 217
Acquisition of capital assets	(8 754)	(367)
Proceeds from sale of property, plant and equipment	800	-
Deposit for building purchase	-	(202 000)
	(89 104)	276 850
FINANCING ACTIVITIES		
Changes in bank loan	25 000	(25 000)
Repayment of long-term debt	-	(1 699)
Net financing by capital assets surplus	8 754	367
Adjustment due to first time consolidation	-	(222 229)
	33 754	(248 561)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(14 294)	133 177
CASH AND CASH EQUIVALENTS , BEGINNING OF YEAR	143 988	10 811
CASH AND CASH EQUIVALENTS, END OF YEAR	129 694	143 988

The accompanying notes are an integral part of the consolidated financial statements.

Cash and cash equivalents consist of cash.

Additional information (Note 8)

WOLF LAKE FIRST NATION
Notes to the financial statements
Year ended March 31, 2015

1. DESCRIPTION OF THE ORGANIZATION

The First Nation is an unincorporated legal body as defined in the Indian Act. The First Nation is considered a form of local government consisting of a Chief and two or more councillors who are chosen by election or band custom to carry out the functions of government for the First Nation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards applicable to local governments and issued by the CPA Canada Public Sector Accounting Handbook.

The principles of fund accounting have been used in the preparation of these consolidated financial statements in accordance with Canadian public sector accounting standards. Accounts are classified into funds in accordance with specified requirements, activities and objectives. The accrual method is followed for the recognition of revenues and expenses.

Principle of consolidation

The consolidated financial statements include the accounts of the First Nation and its subsidiaries, Anishnabek Outfitting inc. (100 % owned) and 2748-6794 Québec inc. (100 % owned).

Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined on the first in, first out basis. Net realizable value is the estimated selling price less the estimated costs necessary to make the sale.

Capital assets surplus

The "Capital assets surplus" is composed of all capital assets recorded at historical cost less the debt directly related to these capital assets. The method and depreciation rates for the capital assets are as follows:

	<u>%</u>	<u>Method</u>
Buildings	5	diminishing balance
Automotive equipment	30	diminishing balance
Machinery and equipment	20	diminishing balance
Computer hardware	30	diminishing balance

WOLF LAKE FIRST NATION
Notes to the financial statements
Year ended March 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Revenues recognition

Revenues are recorded in the period specified in funding agreements entered into with government agencies and other organizations. Assistance received in advance of making the related expenses is deferred. Other revenues are recognized when persuasive evidence of an arrangement exists, delivery has occurred, the price to the buyer is fixed or determinable and collection is reasonably assured.

Investments in controlled entities

Anishnabek Outfitting inc., 2748-6794 Québec inc. and Mahingan Development Corporation are wholly-owned by Wolf Lake First Nation. As at March 31, 2015, the financial information available for the operations of the wholly-owned corporations were taken from their respective year-end, March 31, 2015 and March 31, 2014. These investments in controlled entities are recorded on the modified equity basis of accounting unless the controlled entities become entirely dependant from a financing point of view from Wolf Lake First Nation. When a controlled entity becomes dependant from a financing point of view, it is consolidated into the financial statements of the First Nation. Anishnabek Outfitting inc. and 2748-6794 Québec inc. are actually dependant from Wolf Lake First Nation.

Loans

Loans with significant concessionary terms are presented at face value discounted by the amount of the grant portion.

Proceeds on the disposal of capital assets and the related deferred revenue

Proceeds on the disposal of capital assets and from assets held for sale are recorded in the Net Investment in Capital Assets.

Revenues and expenses related to the capital assets

Revenues related to the capital assets are recorded in the Net Investment in Capital Assets when the related capital expenses are recorded, provided that the First Nation meets the eligibility criteria.

Repayment of long-term debt

The repayment of long-term debt presented in the Net Investment in Capital Assets includes principal payments.

WOLF LAKE FIRST NATION
Notes to the financial statements
Year ended March 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Use of estimates

The preparation of consolidated financial statements in accordance 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Key components of the consolidated financial statements requiring management to make estimates include the provision for doubtful accounts in respect of receivables, the cost and net realizable value of inventories and the useful lives of long-lived assets. Actual results could differ from these estimates.

3. ACCOUNTS RECEIVABLE

	2015	2014
	\$	\$
AANDC	7 781	9 723
First Nations Education Council	7 094	7 105
FNHRDCQ	(2 261)	573
FNQLHSSC	1 000	1 000
Ministry of Natural Resources	26 500	26 500
Other accounts	245 617	89 514
GST, HST and PST receivable	22 450	2 379
Other advances receivable	12 114	14 747
	320 295	151 541

4. RESTRICTED CASH

	2015	2014
	\$	\$
In-Trust fund - Capital and revenue accounts (Annex 1)	11 197	10 888

WOLF LAKE FIRST NATION
Notes to the financial statements
Year ended March 31, 2015

5. CAPITAL ASSETS

	Cost \$	Accumulated Depreciation \$	Net Value	
			2015 \$	2014 \$
Land	10 110	-	10 110	10 110
Buildings	184 418	59 717	124 701	133 817
Automotive equipment	66 350	60 714	5 636	8 052
Computer hardware	5 812	2 964	2 848	4 068
Machinery and equipment	167 377	55 766	111 611	119 793
	434 067	179 161	254 906	275 840

6. INVESTMENTS IN CONTROLLED ENTITIES

	2015 \$	2014 \$
Mahingan Development Corporation		
Net loans - investee companies	(684 657)	(765 807)
Equity pick-up - investee company		
Mahingan Development Corporation	-	-
Excess of cumulated deficits on investments in controlled entities	(32 376)	(3 802)
	(717 033)	(769 609)

Mahingan Development Corporation is wholly-owned by Wolf Lake First Nation. Mahingan Development Corporation was incorporated without share capital and is a non-for-profit entity, exempt from income taxes under section 149 of the Federal Income Tax Act.

WOLF LAKE FIRST NATION
Notes to the financial statements
Year ended March 31, 2015

6. INVESTMENTS IN CONTROLLED ENTITIES (continued)

Summary financial statements of Mahingan Development Corporation are as follows:

	2015	2014
	\$	\$
Balance sheet		
Current assets	87 183	88 723
Due from Wolf Lake First Nation	876 722	900 885
Capital assets	511 615	550 857
Current liabilities	973 542	998 678
Long-term debt	112 932	127 306
Reserve for future investments	220 829	220 829
Net assets (Equity)	168 217	193 652
Revenues and Expenses		
Revenues	453 558	423 185
Expenses	478 993	391 675

7. BANK LOAN

The First Nation has an authorized line of credit of \$50,000 bearing interests at prime rate (2,85 % as at March 31, 2015) plus 2 %. The line of credit is renewable in August 2015. An amount of \$25,000 was used as at March 31, 2015.

8. STATEMENT OF CASH FLOWS

	2015	2014
	\$	\$
Interests paid	5 385	4 836

9. EQUITY

The Cumulative Operating Deficit as at March 31, 2015 does not take into consideration possible modification following the review and analysis of the present consolidated financial statements by the Aboriginal Affairs Northern Development Canada (AANDC). Any adjustments resulting of this analysis will be recorded in the current year as an adjustment to prior year as indicated by AANDC.

WOLF LAKE FIRST NATION
Notes to the financial statements
Year ended March 31, 2015

9. EQUITY (continued)

The accumulated equity of Wolf Lake First Nation is divided among several surpluses and reserves, as detailed below.

	2015	2014
	\$	\$
Capital assets surplus	254 908	275 840
Reserved surplus (In-trust fund)	11 197	10 888
Reserve for future investments	207 070	207 070
Cumulative Operating Deficit	(468 358)	(421 588)
	4 817	72 210

10. RECONCILIATION OF FUNDS FROM AANDC

	2015	2014
	\$	\$
Revenues according to the financial statements		
Fixed Contribution funding	92 735	106 836
Set Contribution	12 587	12 439
Grant	125 361	125 361
Total:	230 683	244 636
Equals revenues confirmed from AANDC:	230 683	244 636

Amounts due from AANDC are detailed in the statement of Financial Position. All transfers between projects are identified in Annexes 3.

11. FINANCIAL INSTRUMENTS

Fair value of financial assets and liabilities

The fair value of accounts receivable and accounts payable and accrued liabilities, is approximately equal to their carrying value due to their short-term maturity date.

WOLF LAKE FIRST NATION
Notes to the financial statements
Year ended March 31, 2015

12. EXPENSES BY OBJECT

	2015	2014
	\$	\$
Amortization	28 275	36 175
Pension plan	10 034	9 886
Salaries and fringe benefits	409 722	392 455
Administration fees	10 000	10 000
Advertising and promotion	10 513	7 952
Material	20 324	38 419
Capital assets and infrastructures	8 754	367
Donations	229	582
Insurances	9 073	14 820
Interests and bank charges	13 089	10 307
Maintenance	34 015	12 787
Material and supplies	164 485	114 411
Office supplies	4 053	2 553
Professional fees / Honoraria / Casual labour	361 326	350 439
Rental expenses	43 439	38 588
Students allowances	14 150	17 880
Taxes	2 646	8 359
Telecommunication	29 763	28 584
Training	6 051	4 188
Travel	108 391	85 505
Tuitions fees	22 085	33 245
Utilities	20 925	25 565
Bad debt expenses	338	-
Loss on sale of property, plant and equipment	611	-
School books	1 220	1 824
Transfer to Mahingan Development Corporation	264 286	-
Transfer to Net Investment in Capital Assets	(8 754)	(367)
	1 589 043	1 244 524

13. BUDGET

Budget figures were presented in each statement of Revenues and Expenses by project, when available.

WOLF LAKE FIRST NATION
Notes to the financial statements
Year ended March 31, 2015

14. SEGMENT DISCLOSURE

	Education		Human resources development	
	2015	2014	2015	2014
Revenues:				
Federal government operating	52 843	67 880	7 202	7 612
Other revenue	5 350	-	150 495	170 229
Total revenues	58 193	67 880	157 697	177 841
Expenses:				
Salaries and benefits	1 339	-	156 669	174 882
Other expenses	60 199	71 519	1 028	2 959
Total expenses	61 538	71 519	157 697	177 841
Annual surplus (deficit)	(3 345)	(3 639)	-	-
	Health		Administration	
	2015	2014	2015	2014
Revenues:				
Federal government operating	96 116	87 179	137 270	137 149
Other revenue	-	-	85 086	125
Total revenues	96 116	87 179	222 356	137 274
Expenses:				
Salaries and benefits	16 923	22 731	101 429	91 144
Other expenses	79 193	64 448	121 302	46 135
Total expenses	96 116	87 179	222 731	137 279
Annual surplus (deficit)	-	-	(375)	(5)
	Others		Economic development	
	2015	2014	2015	2014
Revenues:				
Federal government operating	-	-	57 290	78 930
Provincial government operating	-	-	695 286	221 000
Other revenue	-	-	254 223	384 558
Total revenues	-	-	1 006 799	684 488
Expenses:				
Salaries and benefits	-	-	133 362	96 858
Amortization	9 433	11 963	18 842	24 212
Other expenses	-	-	889 324	637 673
Total expenses	9 433	11 963	1 041 528	758 743
Annual surplus (deficit)	(9 433)	(11 963)	(34 729)	(74 255)

WOLF LAKE FIRST NATION
Notes to the financial statements
Year ended March 31, 2015

14. SEGMENT DISCLOSURE (continued)

	Total	
	2015	2014
Revenues:		
Federal government operating	350 721	378 750
Provincial government operating	695 286	221 000
Other revenue	495 154	554 912
Total revenues	1 541 161	1 154 662
 Expenses:		
Salaries and benefits	409 722	385 615
Amortization	28 275	36 175
Other expenses	1 151 046	822 734
Total expenses	1 589 043	1 244 524
Annual surplus (deficit)	(47 882)	(89 862)

15. RELATED PARTY TRANSACTIONS

Subcontractor expense includes \$264,286 (\$0 in 2014) paid during the year to Mahingan Development Corporation.

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

16. PENSION PLAN

The band supports the contributory defined benefit pension plan for substantially all of its employees. It is a multiemployer plan that is administered by the Native benefit plan. For the current fiscal year, the pension plan expense amounted to \$10,034 (\$9,886 in 2014).