

**CONSTANCE LAKE FIRST NATION  
CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2014**

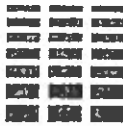
# CONSTANCE LAKE FIRST NATION

## INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND DERIVATIVE REPORT

YEAR ENDED MARCH 31, 2014

---

	Page
<b>INDEPENDENT AUDITOR'S REPORT</b>	
<b>STATEMENTS</b>	
Consolidated Statement of Financial Position	3
Consolidated Statement of Financial Activities and Accumulated Surplus	4
Consolidated Statement of Change in Net Debt	5
Consolidated Statement of Cash Flows	6
<b>NOTES TO FINANCIAL STATEMENTS</b>	7 - 17
<b>SCHEDULES</b>	
A- Consolidated Schedule of Tangible Capital Assets	18 - 19
B- Consolidated Schedule of Segmented Disclosure	20 - 22



# Ross Pope LLP

CPAs  
101 Cedar Street South  
Timmins, Ontario  
P4N 2G7



*Partners with Aboriginals*

Telephone: (705) 264-9484  
Fax: (705) 264-0788  
Inform@rosspope.com  
www.rosspope.com

## INDEPENDENT AUDITOR'S REPORT

To the Members of Constance Lake First Nation:

We have audited the accompanying consolidated financial statements of Constance Lake First Nation which comprise the consolidated statement of financial position as at March 31, 2014 and the consolidated statements of financial activities and accumulated surplus, change in net debt 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 representation of these consolidated financial statements in accordance with Canadian Public Sector Accounting Principles, 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 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 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 preparation 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, the consolidated financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Other Matters

Our audit was made for the purposes of forming an opinion on the financial statements taken as a whole. The supplementary information included in the Schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements taken as a whole.

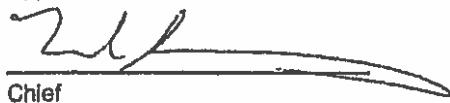
Timmins, Ontario  
August 15, 2014

Ross Pope LLP  
Chartered Professional Accountants  
Licensed Public Accountants

**CONSTANCE LAKE FIRST NATION**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31**

	2014	2013
<b>FINANCIAL ASSETS</b>		
Cash (Note 2)	\$ 2,812,003	\$ 3,754,897
Restricted cash and deposits		
CMHC reserve fund	533,193	436,002
Funds held in trust (Note 3)	1,592,046	1,518,089
Accounts receivable (Note 4)	1,800,345	1,533,178
Housing loans receivable (Note 5)	3,469	1,320,322
Long-term investment (Note 6)	56,500	56,500
	<u>6,798,156</u>	<u>8,618,988</u>
<b>FINANCIAL LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 8)	2,348,659	2,137,608
Deferred revenue (Note 9)	707,734	953,423
Obligations to government business enterprises and partnerships (Note 7)	224,052	202,028
Long-term debt (Note 10)	11,719,201	11,015,207
	<u>14,997,646</u>	<u>14,308,266</u>
<b>NET DEBT</b>	<b>(8,199,490)</b>	<b>(5,689,278)</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 1, Schedule A)	33,678,287	33,326,927
Prepaid expenses	60,663	57,147
	<u>33,738,950</u>	<u>33,384,074</u>
<b>ACCUMULATED SURPLUS (Note 16)</b>	<b>\$ 25,539,440</b>	<b>\$ 27,894,796</b>
<b>CONTINGENCIES (Note 11)</b>		

Approved on behalf of Chief and Council:

  
 Chief

  
 Councilor

See accompanying notes.

## STATEMENT 2

## CONSTANCE LAKE FIRST NATION

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES AND ACCUMULATED SURPLUS

YEARS ENDED MARCH 31

	2014	2013
<b>REVENUE</b>		
Aboriginal Affairs and Northern Development Canada	\$ 4,789,827	\$ 5,059,467
Ontario First Nations Limited Partnership	838,168	852,336
Canada Mortgage and Housing Corporation	715,089	653,203
Health Canada	1,128,065	1,123,055
Province of Ontario	2,038,174	2,613,219
Rental Income	840,181	732,702
Weekoban Inc. hauling revenues	1,466,382	1,224,895
Other	2,646,177	2,194,217
Deferred revenue - opening (Note 9)	953,424	470,787
Deferred revenue - closing (Note 9)	(707,736)	(953,424)
	<b>14,707,731</b>	<b>13,970,457</b>
<b>EXPENDITURES (Note 18)</b>		
Administration	965,485	958,057
Community property	822,872	832,008
Education	4,489,477	4,339,441
Employment and economic development	2,057,536	1,623,694
Interest on long term debt	215,773	296,159
Health services	1,310,642	1,356,919
Public works and facilities	1,906,718	1,355,809
Social assistance	1,659,085	1,662,990
Social housing	1,834,634	1,052,118
Weekoban Inc. hauling expenses	1,678,841	1,283,618
	<b>16,841,063</b>	<b>14,560,813</b>
Deficiency of revenue over expenditures before undernoted	(2,133,332)	(590,356)
Equity In Income (loss) of government business enterprises and partnerships (Note 7)	(22,024)	8,581
<b>ANNUAL DEFICIT</b>	<b>(2,155,356)</b>	<b>(581,775)</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>27,694,796</b>	<b>28,276,571</b>
<b>ACCUMULATED SURPLUS, END OF YEAR (Note 16)</b>	<b>\$ 25,539,440</b>	<b>\$ 27,694,796</b>

See accompanying notes.

## STATEMENT 3

**CONSTANCE LAKE FIRST NATION**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT**  
**YEARS ENDED MARCH 31**

	2014	2013
<b>ANNUAL DEFICIT</b>	<b>\$ (2,155,356)</b>	<b>\$ (581,775)</b>
Acquisition of tangible capital assets	(2,133,733)	(2,408,960)
Amortization of tangible capital assets	1,782,393	1,724,197
Increase in prepaid expenses	(3,516)	(7,136)
	<b>(354,856)</b>	<b>(689,899)</b>
<b>CHANGE IN NET DEBT</b>	<b>(2,510,212)</b>	<b>(1,271,674)</b>
<b>NET DEBT, BEGINNING OF YEAR</b>	<b>(5,689,278)</b>	<b>(4,417,604)</b>
<b>NET DEBT, END OF YEAR</b>	<b>\$ (8,199,490)</b>	<b>\$ (5,689,278)</b>

See accompanying notes.

**CONSTANCE LAKE FIRST NATION**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**YEARS ENDED MARCH 31**

	2014	2013
<b>OPERATING ACTIVITIES</b>		
ANNUAL DEFICIT	\$ (2,155,356)	\$ (581,775)
ITEMS NOT AFFECTING CASH:		
Amortization	1,782,393	1,724,197
DECREASE (INCREASE) IN:		
Accounts receivable	(215,346)	(111,347)
Housing loans receivable	1,265,035	318,613
Prepaid expenses	(3,516)	(7,136)
Investment in government business enterprises and partnerships	22,024	(8,581)
Restricted cash - CMHC reserve funds	(97,190)	(110,284)
Funds held in trust	(73,957)	(172,617)
INCREASE (DECREASE) IN:		
Accounts payable and accrued liabilities	209,047	(100,727)
Deferred revenue	(245,689)	482,637
Repayable to funding agencies	-	-
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>487,445</b>	<b>1,432,980</b>
<b>FINANCING ACTIVITIES</b>		
Repayment of long-term debt	(848,570)	(918,819)
Proceeds from long-term debt	1,552,564	1,795,770
<b>CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>703,994</b>	<b>876,951</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition and construction of tangible capital assets	(2,133,733)	(2,408,960)
<b>CHANGE IN CASH</b>	<b>(942,294)</b>	<b>(97,029)</b>
CASH, beginning of year	3,754,897	3,851,926
<b>CASH, end of year</b>	<b>\$ 2,812,603</b>	<b>\$ 3,754,897</b>

See accompanying notes.

**CONSTANCE LAKE FIRST NATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2014**

---

**NATURE OF ORGANIZATION**

Constance Lake First Nation, an Indian Band located in Northern Ontario, administers programs and provides services on behalf of its members.

**1. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements are the representation of management and have been prepared in accordance with generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants. Further, the financial statements are prepared on the going concern assumption that the First Nation will be able to realize its assets and discharge its liabilities in the normal course of operations. Significant accounting policies are as follows:

**(a) REPORTING ENTITY**

The reporting entity includes the Constance Lake First Nation government and all related entities controlled by the First Nation.

**(b) PRINCIPLES OF CONSOLIDATION**

All controlled entities are fully consolidated on a line-by-line basis except for commercial enterprises which meet the definition of government business enterprises, which are included in the consolidated financial statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Organizations consolidated in Constance Lake First Nation's financial statements are as follows:

Constance Lake First Nation Band  
Constance Lake Education Authority  
Weekoban Inc.

Organizations accounted for on a modified equity basis are as follows:

Amik Logging Limited Partnership  
Mahiihkanuk Construction Limited Partnership

The most current financial information available for these entities is summarized in the notes to these consolidated financial statements.

**(c) ASSET CLASSIFICATION**

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets, prepaid expenses and inventories of supplies.

**(d) INVESTMENTS**

Investments are recorded at cost.



**CONSTANCE LAKE FIRST NATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

**YEAR ENDED MARCH 31, 2014**

---

**1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(e) 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 the straight line and declining balance basis as follows:

Buildings	40 years
Education facilities	20 years
Landfill	20 years
Land improvements	40 years
Housing	40 years
Water and waste water infrastructure	40 years
Water and waste water equipment	30 years
Roads and related infrastructure	50 years
Furniture, fixtures and equipment	20 years, 20% and 45%
Computer hardware	3 years
Computer software	3 years
Vehicles - heavy	25 years
Vehicles - trailers	10 years and 30%
Vehicles - light	5 years
Street lights	40 years

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until available for productive use.

**(f) NET DEBT**

The First Nation's financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the First Nation is determined by its financial assets less its financial liabilities.

**(g) REVENUE**

All revenue is recorded on the accrual basis whereby amounts received or recorded as receivable but not earned by the end of the fiscal year are recorded as deferred revenue. Funding received under the terms of contribution agreements with federal and provincial governments is recognized as revenue once eligibility criteria have been met. Funding is recorded as deferred revenue if it has been restricted by the funding government for a stated purpose, such as a specific program or the acquisition of tangible capital assets. Deferred revenue is recognized in revenue over time as the recognition criteria are met.

**CONSTANCE LAKE FIRST NATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

**YEAR ENDED MARCH 31, 2014**

---

**1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(h) MEASUREMENT UNCERTAINTY**

In preparing the financial statements for Constance Lake First Nation, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenditures during the period. The main estimates used in preparing these financial statements include an allowance for doubtful accounts, amortization and contingencies. Actual results could differ from these estimates.

**(i) PRIOR YEAR FUNDING ADJUSTMENTS**

The First Nation has entered into accountable contribution arrangements with several government funding agencies. All such programs are subject to audit by the various governments, with audit adjustments potentially repayable to the government in a subsequent period. These adjustments, if any, are charged to operations in the year they become known.

**2. CASH**

Under the terms of an agreement with Canada Mortgage and Housing Corporation, Constance Lake First Nation must set aside funds annually for the repair, maintenance and replacement of assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation, or as otherwise approved by Canada Mortgage and Housing Corporation, with any interest earned to be credited as revenue to the Apartment Replacement and Subsidy Fund.

At the year-end date the respective monies on hand were not sufficient to meet the CMHC reserve fund requirements. The deficiency amounted to \$40,524.

Cash is comprised of the following:

	2014	2013
<b>Internally restricted</b>		
Education	(29,457)	430,513
Housing	37,179	217,132
OFNLP Fund	1,912,384	2,640,908
	<u>1,920,106</u>	<u>3,288,553</u>
<b>Unrestricted</b>		
Operating	892,497	466,344
	<u>\$ 2,812,603</u>	<u>\$ 3,754,897</u>

**CONSTANCE LAKE FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**  
**YEAR ENDED MARCH 31, 2014**

**3. FUNDS HELD IN TRUST**

	Opening Balance	Additions	Withdrawals	2014	2013
Trust funds held by Federal Government:					
Revenue	\$ 342,145	\$ 50,159	\$ -	\$ 392,304	\$ 342,145
Capital	32,025	-	-	32,025	32,025
	374,170	50,159	-	424,329	374,170
Other funds held in trust	1,143,920	23,797	-	1,167,717	1,143,919
	\$ 1,518,090	\$ 73,956	\$ -	\$ 1,592,046	\$ 1,518,089

Trust fund 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. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

Other funds held in trust relate to monies held by the Ontario Ministry of the Attorney General, as Accountant of the Superior Court of Justice, in relation to litigation presently underway (Note 11).

**4. ACCOUNTS RECEIVABLE**

	2014	2013
<b>Due from governments and government organizations:</b>		
Aboriginal Affairs and Northern Development Canada	\$ 390,336	\$ 417,274
Canadian Mortgage and Housing Corporation	62,980	54,025
Health Canada	38,875	27,358
Province of Ontario	211,486	168,263
	703,677	666,920
<b>Due from members:</b>		
Housing rentals	1,388,925	1,210,751
Teacherages	7,335	7,335
User fees	39,010	16,940
Water and sewer charges	606,538	576,019
	2,041,808	1,811,045
<b>Due from others:</b>		
Matawa First Nation	47,931	43,822
Nishnawbe Aski Nation	53,585	77,751
Weekoban Inc. trade accounts receivable	113,564	129,041
Other	926,333	588,561
	1,141,413	839,175
	3,886,898	3,317,140
<b>Less: allowance for doubtful accounts</b>	<b>(2,086,553)</b>	<b>(1,783,962)</b>
	\$ 1,800,345	\$ 1,533,178

**CONSTANCE LAKE FIRST NATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

**YEAR ENDED MARCH 31, 2014**

**5. HOUSING LOANS RECEIVABLE**

Housing loans receivable are due from First Nation members, bear interest at nominal rates, are amortized over 35 years, and are repayable with blended monthly payments. The loans are secured by specific housing units.

	2014	2013
Housing Loans Receivable	\$ 1,605,799	\$ 1,655,309
Less: allowance for doubtful accounts	(1,602,330)	(334,987)
	<b>\$ 3,469</b>	<b>\$ 1,320,322</b>

**6. LONG-TERM INVESTMENT**

The investment in Landmark Inn Limited Partnership, consisting of 1 unit of a total of 26 units issued and outstanding, is accounted for at cost.

**7. INVESTMENT IN (OBLIGATIONS TO) GOVERNMENT BUSINESS ENTERPRISES**

Amik Logging Limited Partnership ("Amik") is a partnership of which the First Nation is the sole owner of the limited partnership units. The First Nation does not control Amik but is entitled to 99.99% of the net income. Mahiihkanuk Construction Limited Partnership ("Mahiihkanuk") is a partnership of which the First Nation is the sole owner of the limited partnership units. The First Nation does not control Mahiihkanuk but is entitled to 99.99% of the net income. As these investments are business enterprises of the First Nation, they are accounted for on the modified equity basis in these financial statements.

(a) The following table provides condensed supplementary financial information for the years ended as indicated, which were the most recent available at the date of these financial statements:

	May 2013 Amik	March 2013 Mahiihkanuk	2014 Totals	2013 Totals
<b>Financial Position</b>				
Current assets	\$ 419,663	\$ 128,197	\$ 547,860	\$ 179,607
Capital assets	259,341	272,975	532,316	572,722
<b>Total Assets</b>	<b>679,004</b>	<b>401,172</b>	<b>1,080,176</b>	<b>752,329</b>
Current liabilities	634,854	122,792	757,646	325,392
Long-term liabilities	397,536	149,046	546,582	628,965
<b>Total liabilities</b>	<b>1,032,390</b>	<b>271,838</b>	<b>1,304,228</b>	<b>954,357</b>
<b>Net Assets</b>	<b>\$ (353,386)</b>	<b>\$ 129,334</b>	<b>\$ (224,052)</b>	<b>\$ (202,028)</b>
<b>Results of operations:</b>				
Revenue	\$ 4,502,563	\$ 195,659	\$ 4,698,222	\$ 294,348
Expenses	4,581,060	139,186	4,720,246	285,767
<b>Net Income (Loss)</b>	<b>\$ (78,497)</b>	<b>\$ 56,473</b>	<b>\$ (22,024)</b>	<b>\$ 8,581</b>

(b) The investment as reported on the consolidated statement of financial position consists of:

	May 2013 Amik	March 2013 Mahiihkanuk	2014 Totals	2013 Totals
Balance, beginning of year	\$ (274,889)	\$ 72,861	\$ (202,028)	\$ (210,609)
First Nation's share of earnings (loss) for the year	(78,497)	56,473	(22,024)	8,581
<b>Balance, end of year</b>	<b>\$ (353,386)</b>	<b>\$ 129,334</b>	<b>\$ (224,052)</b>	<b>\$ (202,028)</b>

**CONSTANCE LAKE FIRST NATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

**YEAR ENDED MARCH 31, 2014**

**8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	2014	2013
Due to government and government organizations		
Federal government	\$ 18,263	\$ 17,946
Provincial government	13,106	2,763
Other		
Trade accounts payable	2,191,618	2,050,986
Other accrued liabilities	123,672	65,913
	<b>\$ 2,346,659</b>	<b>\$ 2,137,608</b>

**9. DEFERRED REVENUE**

Details of the deferred revenue balance are as follows:

	Opening Balance	Funding Received	Revenue Recognized	Closing balance
Federal Government				
AANDC:				
Post Secondary (CLEA)	\$ 81,737	\$ -	\$ 81,737	\$ -
O & M (CLEA)	82,400	-	82,400	-
Other	736,751	701,408	736,751	701,408
OFNLP	50,486	-	50,486	-
Education	2,049	6,326	2,049	6,326
	<b>\$ 953,423</b>	<b>\$ 707,734</b>	<b>\$ 953,423</b>	<b>\$ 707,734</b>

**10. LONG-TERM DEBT**

	2014	2013
RBC term loan bearing interest at 4.98%, repayable at \$1,422 per month principal and interest, secured by general security agreement, maturing February 2018.	\$ 124,236	\$ 135,022
RBC term loan bearing interest at 4.60%, repayable at \$636 per month principal and interest, secured by general security agreement, maturing January 2017.	36,003	41,837
Related party loan, non-interest bearing with no fixed terms of repayment.	50,000	50,000
Caisse Populaire de Hearst loan bearing interest at 6.5%, repayable at \$3,696 per month principal and interest, guaranteed by general security agreement, maturing in 2016.	56,203	96,994
1141553 Ontario Limited loan bearing interest at 18%, repayable at \$2,654 per month principal and interest, secured by specific equipment, due in 2017.	82,326	-
RBC term loan bearing interest at 8.00%, repaid during the year.	-	363,100
CMHC mortgage payable bearing interest at 1.67%, repayable at \$3,722 per month principal and interest, renewable April 2017, maturing March 2027.	521,738	557,392
CMHC mortgage payable bearing interest at 1.67%, repayable at \$5,330 per month principal and interest, renewable April 2017, maturing March 2027.	747,215	798,277

**CONSTANCE LAKE FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**  
**YEAR ENDED MARCH 31, 2014**

10. LONG-TERM DEBT (CONT'D)	2014	2013
CMHC mortgage payable bearing interest at 2.61%, repayable at \$6,120 per month principal and interest, renewable September 2014, maturing September 2029.	936,242	984,689
CMHC mortgage payable bearing interest at 2.65%, repayable at \$2,265 per month principal and interest, renewable April 2016, maturing March 2031.	372,142	389,271
CMHC mortgage payable bearing interest at 1.80%, repayable at \$10,777 per month principal and interest, renewable October 2016, maturing September 2021.	906,861	1,018,826
CMHC mortgage payable bearing interest at 1.64%, repayable at \$6,396 per month principal and interest, renewable February 2017, maturing January 2032.	1,186,462	1,243,312
CMHC mortgage payable bearing interest at 1.65%, repayable at \$2,848 per month principal and interest, renewable June 2017, maturing June 2032.	538,503	563,600
CMHC mortgage payable bearing interest at 1.71%, repayable at \$2,150 per month principal and interest, renewable September 2017, maturing September 2032.	409,141	427,798
CMHC mortgage payable bearing interest at 1.67%, repayable at \$4,583 per month principal and interest, renewable June 2018, maturing May 2033.	901,867	939,525
CMHC mortgage payable bearing interest at 2.23%, repayable at \$4,440 per month principal and interest, renewable August 2014, maturing June 2034.	868,138	901,736
CMHC mortgage payable bearing interest at 2.51%, repayable at \$2,238 per month principal and interest, renewable March 2015, maturing March 2035.	438,521	454,216
CMHC mortgage payable bearing interest at 3.13%, repayable at \$3,658 per month principal and interest, renewable June 2015, maturing May 2030.	557,130	583,256
CMHC mortgage payable bearing interest at 1.68%, repayable at \$5,551 per month principal and interest, renewable April 2018, maturing April 2038.	1,319,331	1,323,555
CMHC mortgage payable bearing interest at 2.04%, repayable at \$3,573 per month principal and interest, renewable March 2019, maturing March 2039.	833,357	142,801
CMHC mortgage payable, interest rate and terms of repayment to be determined once fully drawn, with a maximum amount drawable of \$1,280,000.	833,785	-
	<b>\$ 11,719,201</b>	<b>\$ 11,015,207</b>

All of the above CMHC debt facilities are secured by Band Council Resolution, Ministerial Guarantee from Aboriginal Affairs and Northern Development Canada, and specific housing units.

## CONSTANCE LAKE FIRST NATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

#### YEAR ENDED MARCH 31, 2014

Principal portion of the credit facilities due in the next five years and thereafter is approximately as follows:

2015	\$	668,404
2016		647,879
2017		635,099
2018		629,118
2019		642,066
Thereafter		8,496,635
	\$	11,719,201

#### 11. CONTINGENCIES

(a) The First Nation has entered into contribution agreements with various federal and provincial government departments. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements.

(b) A statement of claim has been filed against the First Nation and Constance Lake Education Authority (CLEA), joint and severally, for damages for breach of contract and other relief, by a contractor in relation to construction of a school building in the amount of \$1,481,836. Also, additional damages for breach of mediated settlement of \$170,000, or, in the alternative, damages for delay in the amount of \$411,388 have been claimed. The First Nation and CLEA have submitted a set-off claim in the approximate amount of \$5,300,000 for breach of contract and delay.

Related to this matter, the First Nation and CLEA have claimed against their former legal counsel for negligence and breach of contract in the amount of \$5,300,000.

An amount of \$1,143,920 has been accrued in the accounts of CLEA, and funds totalling \$1,167,717 including accrued interest, are being held in trust by the Ontario Ministry of the Attorney General, as Accountant of the Superior Court of Justice, pending resolution of the above matters. As the outcome of these matters cannot be determined, any additional settlements or awards will be recorded in the period in which they occur.

(c) The First Nation is a joint applicant, along with other First Nations, on several ongoing Judicial Reviews against the governments of Ontario and Canada. Legal costs may be awarded for or against the applicants depending on the outcomes. As the outcomes of these matters cannot be determined at the date of the financial statements, any settlements or awards will be recorded in the period in which they occur.

(d) The First Nation has several potential claims from and against other parties which arose in the normal course of business. As the outcome of these matters cannot be determined at the date of the financial statements, any settlements or awards will be recorded in the period in which they occur.

#### 12. ECONOMIC DEPENDENCE

The First Nation receives a major portion of its revenues from Aboriginal Affairs and Northern Development Canada, Health Canada, and the Province of Ontario. The nature and extent of this revenue is of such significance that the First Nation is economically dependent on these sources of revenue. The ability of the First Nation to continue program delivery to its members is dependent on this funding.

#### 13. DISTRIBUTIONS FROM ONTARIO FIRST NATIONS LIMITED PARTNERSHIP

The First Nation is entitled to a percentage of net revenues earned at certain gaming facilities located in the Province of Ontario. Net revenues are distributed in accordance with a formula agreed to by the participating First Nation Bands and the Province of Ontario.

**CONSTANCE LAKE FIRST NATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

**YEAR ENDED MARCH 31, 2014**

---

**14. FINANCIAL INSTRUMENTS**

The First Nation is exposed to various risks through its financial instruments. The following analysis provides information about the First Nation's risk exposure and concentration as of March 31, 2014.

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The First Nation is exposed to credit risk from members and customers. In order to reduce its credit risk, the First Nation reviews a new member/customer's history before extending credit and conducts regular reviews of its existing member/customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The First Nation has a significant number of member/customers which minimizes concentration of credit risk.

Interest Rate Risk

The First Nation has fixed rate interest bearing credit facilities which are renewable before maturity, and accordingly, is subject to prevailing interest rate fluctuations at the time of renewal. The First Nation does not use derivative instruments to reduce its exposure to interest rate risk.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The First Nation is exposed to this risk mainly in respect of its receipt of funds from its funders and other related sources, long-term debt, and accounts payable.

**15. BUDGET FIGURES**

Budget figures have not been presented as the information was not available from the management of certain entities.

**16. ACCUMULATED SURPLUS**

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	2014	2013
<b>Unrestricted:</b>		
Invested in tangible capital assets	\$ 12,316,930	\$ 12,217,339
Operating	(57,681)	1,141,544
Education	8,828,511	9,293,355
OFNLP - Equity	1,912,384	2,640,908
Investment in government business enterprises	(224,051)	(202,028)
Amounts repayable to funders	(48,826)	(48,826)
	<b>22,727,267</b>	<b>25,042,292</b>
<b>Restricted:</b>		
AANDC - Trust Fund	424,329	374,169
Housing other	1,814,126	1,814,126
CMHC replacement reserve	573,718	464,209
	<b>2,812,173</b>	<b>2,652,504</b>
	<b>\$ 25,539,440</b>	<b>\$ 27,694,796</b>



## CONSTANCE LAKE FIRST NATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED MARCH 31, 2014

---

#### 17. SEGMENTED INFORMATION

Constance Lake First Nation is a diversified local government that provides a wide range of services to its members, including water, fire protection, roadworks, technical services, recreation, social services, health services, education, social housing and economic development among others. For management reporting purposes, the First Nation's operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with specific regulations, requirements or limitations.

The First Nation's services are provided by departments and their activities are recorded in these funds. Certain departments that have been disclosed in the segmented information, along with the services they provide, are as follows:

##### ADMINISTRATION

-Manages the administrative operations of the First Nation, undertakes governance initiatives through the activities of Chief and Council and engages in other activities, relating to reserve lands, membership matters and other governance initiatives. Those costs that relate directly to the administration of the various segments have been allocated to the appropriate segment.

##### ECONOMIC DEVELOPMENT

-Manages the development of economic opportunities for First Nation entities and provides support to member entities.

##### EDUCATION

-Provides elementary and secondary education instructional services and provides financial support to post-secondary students.

##### HEALTH SERVICES

-Provides a variety of health care programs and support to First Nation members.

##### SOCIAL HOUSING

-Provides housing to members under CMHC programs and reports on the respective revenue and expenditures.

##### COMMUNITY PROPERTY

-Manages First Nation infrastructure programs including facilities operations and maintenance, capital projects, water and waste water plant operations and other related activities.

##### SOCIAL ASSISTANCE

-Administers the provision of social assistance to qualifying members.

##### PUBLIC WORKS AND FACILITIES

-Provides contract management services, heavy equipment operations, general labour services and other related activities.

For each reported segment, revenues and expenditures represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

**CONSTANCE LAKE FIRST NATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

**YEAR ENDED MARCH 31, 2014**

---

**18. EXPENDITURES BY OBJECT**

	2014	2013
Administration	\$ 434,201	\$ 800,662
Amortization	1,782,392	1,724,199
Utilities	315,739	297,934
Social assistance	756,760	990,260
Insurance	315,320	219,432
Other	226,617	615,542
Supplies	499,817	816,231
Operations and Maintenance	1,733,639	1,570,170
Travel	474,946	448,859
Honoraria	1,578,841	-
Professional fees and services	869,424	949,155
Interest on long term debt	215,774	296,158
Program delivery	614,757	619,232
Subcontracts	2,222,039	1,882,589
Wages and employee benefits	5,299,840	5,259,249
Bad debts	1,634,402	268,074
Investment in tangible capital assets	(2,133,345)	(2,196,933)
	<b>\$ 16,841,063</b>	<b>\$ 14,560,813</b>

---

SCHEDULE A

CONSTANCE LAKE FIRST NATION  
 CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

March 31, 2014

		General Capital Assets									
		Land Improvements	Building under construction	Buildings	Landfill	Housing	Furniture and Fixtures	Computer Hardware	Computer Software	Vehicles Heavy	Vehicles Trailers
Operating cost	\$	211,085	\$ -	\$ 2,592,036	\$ 906,436	\$ 17,582,965	\$ 48,879	\$ 242,191	\$ 11,141	\$ 189,406	\$ 19,153
Additions during the year		-	1,082,694	158,221	-	571,480	-	-	-	-	-
Closing cost		211,085	1,082,694	2,750,257	906,436	18,154,445	48,879	242,191	11,141	189,406	19,153
Accumulated Amortization											
Operating accu'm'd amortization		10,150	-	1,241,648	278,131	4,059,677	41,018	218,759	3,865	124,301	8,353
Amortization		5,075	-	64,801	45,322	590,051	3,290	23,432	3,164	12,281	1,350
Closing accu'm'd amortization		15,225	-	1,306,449	323,453	4,639,728	44,308	242,191	7,029	136,582	9,703
Net Book Value of Tangible Capital Assets	\$	195,860	\$ 1,082,694	\$ 1,443,808	\$ 582,983	\$ 13,514,717	\$ 4,571	\$ -	\$ 4,112	\$ 52,824	\$ 9,450

SCHEDULE A

CONSTANCE LAKE FIRST NATION  
 CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS (CONT'D)

March 31, 2014

	General Capital Assets					Infrastructure		Totals	
	Vehicles	Street Lights	Educational Facilities	Equipment and other	Roads, Bridges and Infrastructure	Water and Sewer	2014	2013	
<b>Cost</b>									
Opening cost	\$ 939,311	\$ 59,119	\$ 14,625,693	\$ 782,393	\$ 2,905,188	\$ 9,356,488	\$ 50,471,484	\$ 48,079,211	
Additions during the year	-	-	-	83,031	-	459,403	2,354,829	2,406,960	
Disposals during the year	152,257	-	-	-	-	-	152,257	-	
Closing cost	787,054	59,119	14,625,693	865,424	2,905,188	9,815,891	52,674,056	50,486,171	
<b>Accumulated Amortization</b>									
Opening accum'd amortization	574,164	28,824	4,451,170	682,336	1,402,852	4,033,993	17,159,241	15,435,047	
Amortization	36,959	1,478	726,387	39,884	58,104	234,970	1,836,548	1,724,197	
Closing accum'd amortization	611,123	30,302	5,177,557	722,220	1,460,956	4,268,963	18,995,789	17,159,244	
<b>Net Book Value of Tangible Capital Assets</b>	\$ 175,931	\$ 28,817	\$ 9,448,136	\$ 143,204	\$ 1,444,232	\$ 5,546,928	\$ 33,678,267	\$ 33,326,927	

CONSTANCE LAKE FIRST NATION

SCHEDULE B

CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE

YEARS ENDED MARCH 31

	Administration			Health Services			Education		
	2014	2013	2014	2013	2014	2013	2014	2013	2014
<b>REVENUES</b>									
Aboriginal Affairs and Northern Development Canada	\$ 566,959	\$ 571,575	\$ -	\$ -	\$ -	\$ -	\$ 2,740,990	\$ 2,892,656	
Canada Mortgage and Housing Corporation	-	-	-	-	-	-	-	-	-
Matawa	-	-	-	-	-	21,850	-	-	-
Health Canada	-	-	1,120,565	1,123,055	-	-	-	-	-
Ontario First Nations Limited Partnership	-	-	-	-	-	-	-	-	-
Rental Income	67	75	-	-	-	-	32,358	43,643	
Province of Ontario	-	-	-	-	-	-	416,966	315,366	
Federal Subsidies	-	-	-	-	-	-	-	-	-
Other Income	337,321	322,130	172,059	202,662	464,205	839,521			
Deferred revenue - beginning of year	904,347	893,780	1,292,624	1,347,567	3,654,519	4,091,186			
Deferred revenue - end of year	-	-	(2,000)	1,500	(6,327)	(216,672)			
<b>Total Revenues</b>	<b>904,347</b>	<b>893,780</b>	<b>1,290,624</b>	<b>1,349,067</b>	<b>3,864,864</b>	<b>3,955,607</b>			
<b>EXPENDITURES</b>									
Administration	(200,322)	(223,583)	84,501	85,625	260,633	294,768			
Utilities	7,299	7,633	13,716	12,660	-	-			
Social assistance	-	-	-	-	-	-			
Insurance	1,481	300	25,644	14,932	48,936	12,316			
Other	55,694	117,932	21,971	39,702	-	47,295			
Supplies	17,370	18,482	148,536	155,964	40,728	-			
Operations and Maintenance	10,035	7,213	71,059	131,566	488,962	51,909			
Travel	78,631	92,713	61,207	45,239	125,575	92,496			
Honoraria	-	-	-	-	-	-			
Professional fees and services	140,712	132,806	11,315	18,186	343,372	274,828			
Interest on long term debt	-	506	-	-	-	81,010			
Program delivery	-	-	-	-	614,757	619,157			
Subcontracts	48,409	64,558	36,706	18,392	-	-			
Wages and employee benefits	731,096	696,275	794,209	789,484	1,828,091	1,955,808			
Bad debts	289,353	4,000	-	21,360	17,334	17,649			
<b>Capital adjustments:</b>	<b>1,179,758</b>	<b>918,835</b>	<b>1,268,864</b>	<b>1,333,110</b>	<b>3,768,388</b>	<b>3,722,946</b>			
Amortization	10,727	10,727	41,778	44,550	740,855	733,932			
Investment in tangible capital assets	-	-	-	(39,140)	(19,766)	(36,427)			
<b>Total expenditures (recoveries)</b>	<b>1,190,485</b>	<b>929,562</b>	<b>1,310,642</b>	<b>1,338,520</b>	<b>4,489,477</b>	<b>4,420,451</b>			
Surplus (deficit) before transfers	(286,138)	(35,782)	(20,018)	10,547	(624,613)	(464,844)			
Transfers between programs	(225,000)	29,000	-	14,900	-	-			
<b>Surplus (deficit)</b>	<b>\$ (51,138)</b>	<b>\$ (64,782)</b>	<b>\$ (20,018)</b>	<b>\$ (4,353)</b>	<b>\$ (624,613)</b>	<b>\$ (464,844)</b>			

CONSTANCE LAKE FIRST NATION

SCHEDULE B

CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE

YEARS ENDED MARCH 31

	Social Assistance		Public Works and Facilities		Employment and Economic Development	
	2014	2013	2014	2013	2014	2013
<b>REVENUES</b>						
Aboriginal Affairs and Northern Development Canada	\$ 390,961	\$ 470,900	\$ 735,353	\$ 578,186	\$ 120,963	\$ 117,743
Canada Mortgage and Housing Corporation	-	-	-	-	-	-
Matawa	-	-	-	-	1,466,382	107,028
Health Canada	-	-	7,500	-	-	-
Ontario First Nations Limited Partnership	-	-	-	-	-	-
Rental Income	-	-	106,242	127,353	115,874	22,880
Province of Ontario	1,213,355	1,250,846	110,398	552,208	297,455	494,799
Federal Subsidies	-	-	-	-	(22,024)	-
Other Income	5,615	1,184	52,775	52,540	1,614,002	1,879,250
	1,609,931	1,722,930	1,012,268	1,310,287	3,592,652	2,621,700
Deferred revenue - beginning of year	-	-	497,937	78,000	238,816	310,194
Deferred revenue - end of year	-	-	(74,364)	(497,937)	(625,045)	(238,816)
<b>Total Revenues</b>	<b>1,609,931</b>	<b>1,722,930</b>	<b>1,435,841</b>	<b>890,350</b>	<b>3,206,423</b>	<b>2,693,078</b>
<b>EXPENDITURES</b>						
Administration	101,352	111,166	33,952	32,678	64,356	387,480
Utilities	-	1,049	133,416	142,468	122,404	91,324
Social assistance	756,760	977,944	-	-	-	-
Insurance	-	-	44,040	31,466	20,194	17,535
Other	96,424	66,795	23,097	32,268	28,856	148,316
Supplies	50,606	49,812	98,915	76,668	76,976	395,615
Operations and Maintenance	40,756	39,926	759,536	391,695	110,146	430,852
Travel	57,235	37,295	12,567	11,896	139,594	153,116
Honoraria	-	-	-	-	1,578,841	-
Professional fees and services	41,254	13,364	93,942	14,290	223,560	212,463
Interest on long term debt	-	-	-	-	-	-
Program delivery	-	-	-	-	-	75
Subcontracts	4,075	8,010	155,706	49,255	114,981	99,172
Wages and employee benefits	510,625	431,161	297,846	307,256	1,124,119	1,004,435
Bad debts	-	-	532,284	119,094	88,443	10,928
	1,659,087	1,736,522	2,185,301	1,209,034	3,692,470	2,951,311
<b>Capital adjustments:</b>						
Amortization	-	-	360,252	365,671	14,907	14,907
Investment in tangible capital assets	-	(31,531)	(438,835)	(84,496)	-	(29,406)
<b>Total expenditures (recoveries)</b>	<b>1,659,087</b>	<b>1,704,991</b>	<b>2,106,718</b>	<b>1,490,209</b>	<b>3,707,377</b>	<b>2,936,812</b>
Surplus (deficit) before transfers	(49,156)	17,939	(670,877)	(599,859)	(500,954)	(243,734)
Transfers between programs	-	(42,000)	(200,000)	(134,400)	(71,000)	(29,500)
<b>Surplus (deficit)</b>	<b>\$ (49,156)</b>	<b>\$ 59,939</b>	<b>\$ (470,877)</b>	<b>\$ (465,459)</b>	<b>\$ (429,954)</b>	<b>\$ (214,234)</b>

SCHEDULE B

CONSTANCE LAKE FIRST NATION  
 CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE  
 YEARS ENDED MARCH 31

	Social Housing - Operating			Community Property			Total
	2014	2013	2014	2013	2014	2013	
<b>REVENUES</b>							
Aboriginal Affairs and Northern Development	\$ -	\$ -	\$ 234,601	\$ 428,407	\$ 4,789,827	\$ 5,059,467	
Canada							
Canada Mortgage and Housing Corporation	715,069	653,203	-	-	715,069	653,203	
Matawa	-	-	-	-	1,466,382	128,878	
Health Canada	-	-	-	-	1,128,065	1,123,055	
Ontario First Nations Limited Partnership	-	-	838,168	852,336	-	852,336	
Rental Income	585,639	538,753	-	-	840,180	732,704	
Province of Ontario	-	-	-	-	2,038,174	2,613,219	
Federal Subsidies	-	-	-	-	(22,024)	-	
Other Income	-	-	200	1,530	2,646,177	3,298,814	
	1,300,708	1,191,956	1,072,969	1,282,273	14,440,018	14,461,676	
Deferred revenue - beginning of year	-	-	-	-	953,425	470,787	
Deferred revenue - end of year	-	-	-	-	(707,736)	(953,425)	
<b>Total Revenues</b>	<b>1,300,708</b>	<b>1,191,956</b>	<b>1,072,969</b>	<b>1,282,273</b>	<b>14,685,707</b>	<b>13,979,038</b>	
<b>EXPENDITURES</b>							
Administration	74,116	70,424	15,615	42,107	434,201	800,662	
Utilities	38,904	42,800	-	-	315,739	297,934	
Social assistance	-	-	-	-	756,760	990,260	
Insurance	175,025	107,904	-	-	315,320	219,432	
Other	575	-	-	210,529	226,617	615,542	
Supplies	17,985	7,297	48,701	60,484	499,817	816,231	
Operations and Maintenance	227,741	191,593	25,304	101,615	1,733,539	1,570,170	
Travel	-	540	137	15,564	474,946	448,859	
Honoraria	-	-	-	-	1,578,841	-	
Professional fees and services	-	-	15,269	283,218	869,424	949,155	
Interest on long term debt	215,774	214,642	-	-	215,774	296,158	
Program delivery	-	-	-	-	614,757	619,232	
Subcontracts	1,293	4,458	1,860,869	1,638,744	2,222,039	1,882,589	
Wages and employee benefits	13,854	11,190	-	63,640	5,299,840	5,259,249	
Bad debts	706,988	95,043	-	-	1,634,402	268,074	
	1,472,255	745,891	1,965,895	2,415,901	17,192,016	15,033,547	
Capital adjustments:							
Amortization	578,152	518,872	35,721	35,540	1,782,392	1,724,199	
Investment in tangible capital assets	-	-	(1,674,744)	(1,975,933)	(2,133,345)	(2,196,933)	
<b>Total expenditures (recoveries)</b>	<b>2,050,407</b>	<b>1,264,763</b>	<b>326,872</b>	<b>475,508</b>	<b>16,841,063</b>	<b>14,560,813</b>	
Surplus (deficit) before transfers	(749,699)	(72,807)	746,097	806,765	(2,155,356)	(581,775)	
Transfers between programs	-	2,000	496,000	160,000	-	-	
<b>Surplus (deficit)</b>	<b>\$ (749,699)</b>	<b>\$ (74,807)</b>	<b>\$ 250,097</b>	<b>\$ 646,765</b>	<b>(2,155,356)</b>	<b>(581,775)</b>	