

# FIRST NATION COUNCIL RESOLUTION

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## THE COUNCIL OF THE CURVE LAKE FIRST NATION BAND

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District: SOUTHERN

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Province of ONTARIO

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Place: CURVE LAKE I.R. # 35

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Date: 08 AUGUST 2006

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FILE NUMBER: 479/2006-2007-19

Page: 1 of 1

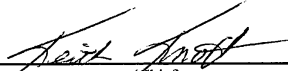
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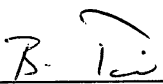
DO HEREBY RESOLVE:

**WHEREAS** disclosure of Federal funding is a requirement of the Curve Lake First Nation Year End Reporting obligations with the Department of Indian and Northern Affairs Canada.

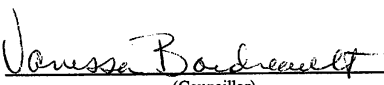
**THEREFORE BE IT RESOLVED** that Curve Lake First Nation hereby authorizes the release of its 2005-2006 audited Financial Statements, with the exception of the schedule of salaries and honoraria which is for the exclusive use of Indian and Northern Affairs Canada only.


A quorum for this First Nation  
consists of FIVE (5)  
Council Members

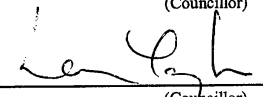
  
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(Chief)

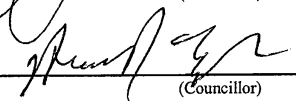
  
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(Councillor)

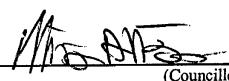
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(Councillor)


  
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(Councillor)

  
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(Councillor)

**Financial Statements of**  
**CURVE LAKE FIRST NATION**  
**March 31, 2006**

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## AUDITORS' REPORT

To the Members of  
Curve Lake First Nation

We have audited the statement of financial position of Curve Lake First Nation as at March 31, 2006 and the statements of revenue and expenditure, unrestricted members' fund balance, internally restricted members' fund balance, funds held in trust, changes in equity in capital assets and cash flows for the year then ended. These financial statements are the responsibility of the First Nation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles disclosed in note 2 to the financial statements.



Peterborough, Ontario  
June 27, 2006

**CURVE LAKE FIRST NATION**

March 31, 2006

**Management's Responsibility for Financial Reporting**

The accompanying financial statements of Curve Lake First Nation are the responsibility of management and have been approved by the Chief and General Manager on behalf of Council.


The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The First Nation maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. 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 fulfils its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The financial statements have been audited by McColl Turner LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. McColl Turner LLP have full and free access to the Council.

  
Chief

  
General Manager

**CURVE LAKE FIRST NATION**  
**STATEMENT OF FINANCIAL POSITION**  
**March 31, 2006**

	2006	2005
	\$	\$
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and short term investments	5,953,873	5,361,684
Cash held in trust	387,389	361,117
Due from Government of Canada	221,677	190,625
Due from Province of Ontario	64,870	46,456
Other accounts receivable	211,135	319,612
Inventory of homes under construction	-	128,323
Prepaid expenses	10,681	10,681
Current portion of mortgages receivable	195,851	215,784
	<u>7,045,476</u>	<u>6,634,282</u>
<b>CAPITAL ASSETS (note 3)</b>	4,589,403	4,859,329
<b>MORTGAGES DUE FROM FIRST NATION MEMBERS (note 4)</b>	3,059,992	3,130,557
<b>LONG TERM INVESTMENTS</b>	<u>107,125</u>	<u>101,733</u>
	<u>14,801,996</u>	<u>14,725,901</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	939,496	695,930
Deferred revenue	414,805	532,359
Current portion of long term debt	55,376	52,842
	<u>1,409,677</u>	<u>1,281,131</u>
<b>LONG TERM DEBT (note 5)</b>	<u>839,892</u>	<u>896,137</u>
<b>FUND BALANCES</b>		
<b>MEMBERS' FUND BALANCES</b>		
Unrestricted	2,765,086	2,809,521
Internally restricted	5,705,817	5,467,645
Funds held in trust	387,389	361,117
	<u>8,858,292</u>	<u>8,638,283</u>
<b>EQUITY IN CAPITAL ASSETS</b>	<u>3,694,135</u>	<u>3,910,350</u>
	<u>14,801,996</u>	<u>14,725,901</u>

The accompanying schedules and notes are an integral part of the financial statements

**CURVE LAKE FIRST NATION**  
**STATEMENT OF UNRESTRICTED MEMBERS' FUND BALANCE**  
Year Ended March 31, 2006

	2006	2005
	\$	\$
<b>BALANCE</b> - beginning of the year	2,809,521	3,481,172
Excess of revenue over expenditure (expenditure over revenue) for the year	14,725	(736,891)
Appropriations from (to):		
Internally restricted members' fund balance	(32,888)	84,695
Funds held in trust	(26,272)	(19,455)
<b>BALANCE</b> - end of year	2,765,086	2,809,521

**STATEMENT OF INTERNALLY RESTRICTED MEMBERS' FUND BALANCE**  
Year Ended March 31, 2006

	2006	2005
	\$	\$
<b>BALANCE</b> - beginning of the year	5,467,645	5,271,910
Add mortgages issued	205,284	280,430
	5,672,929	5,552,340
Appropriations from (to) unrestricted members' fund balance:		
Education project reserve	3,718	3,310
Capital fund (Schedule E)	29,170	(88,005)
	32,888	(84,695)
<b>BALANCE</b> - end of year	5,705,817	5,467,645

**REPRESENTED BY:**

Housing reserve	5,328,631	5,094,177
Education	150,000	150,000
Minor capital contingency	150,000	150,000
Education project reserve	77,186	73,468
	5,705,817	5,467,645

**CURVE LAKE FIRST NATION**  
**STATEMENT OF FUNDS HELD IN TRUST**  
Year Ended March 31, 2006

	2006 \$	2005 \$
<b>BALANCE</b> - beginning of the year	361,117	341,662
<u>Appropriations from unrestricted members' fund balance</u>	<u>26,272</u>	<u>19,455</u>
<b>BALANCE</b> - end of year	<b>387,389</b>	<b>361,117</b>
<b>REPRESENTED BY:</b>		
Capital	69,509	69,509
Revenue	317,880	291,608
	<u>387,389</u>	<u>361,117</u>

**STATEMENT OF CHANGES IN EQUITY IN CAPITAL ASSETS**  
Year Ended March 31, 2006

	2006 \$	2005 \$
<b>BALANCE</b> - beginning of the year	3,910,350	3,547,049
Add: Acquisition of capital asset		
Land	-	109,942
Building	30,075	598,564
Automotive equipment	8,190	-
Office equipment	-	16,517
Computer equipment	7,513	17,577
Fencing	8,293	4,710
	<u>54,071</u>	<u>747,310</u>
<u>Repayment of Mortgage</u>	<u>53,711</u>	<u>33,175</u>
	<u>107,782</u>	<u>780,485</u>
Less: Amortization of capital assets	323,997	319,480
<u>Additions to long term debt</u>	<u>-</u>	<u>97,704</u>
	<u>323,997</u>	<u>417,184</u>
<b>BALANCE</b> - end of year	<b>3,694,135</b>	<b>3,910,350</b>

The accompanying schedules and notes are an integral part of the financial statements

**CURVE LAKE FIRST NATION**  
**STATEMENT OF REVENUE AND EXPENDITURE**  
Year Ended March 31, 2006

	Budget 2006 \$	Actual 2006 \$	Actual 2005 \$
<b>REVENUE</b>			
<b>FEDERAL CONTRIBUTIONS</b>			
Indian and Northern Affairs Canada	3,727,003	3,628,024	3,598,684
Health Canada	941,099	929,363	837,932
Service Canada	86,748	85,406	74,760
Other	-	53,858	12,243
	<u>4,754,850</u>	<u>4,696,651</u>	<u>4,523,619</u>
<b>PROVINCIAL CONTRIBUTIONS</b>			
Ministry of Community and Social Services	1,141,969	1,213,732	1,075,516
Ministry of Health and Long-Term Care	225,000	209,017	225,324
Ministry of Transportation	19,482	19,864	19,100
	<u>1,386,451</u>	<u>1,442,613</u>	<u>1,319,940</u>
<b>OTHER</b>			
United Anishnaabeg Councils	100,000	116,000	12,175
Petroglyphs Provincial Park	25,500	25,301	31,844
Casino Rama net revenue distribution	-	504,541	475,333
Union of Ontario Indians	107,490	133,351	113,044
Rentals	223,500	163,488	131,521
Senior citizens - residence fees and other	117,830	101,920	106,438
Lessee user fees	85,000	84,082	88,391
Investment income - general	80,000	90,001	103,735
Investment income (loss) - Casino Rama	-	(22,307)	86,246
Mortgage interest	-	116,263	111,623
Flooding claim	-	194,961	75,049
Miscellaneous income	174,686	251,593	117,579
	<u>914,006</u>	<u>1,759,194</u>	<u>1,452,978</u>
	<u>7,055,307</u>	<u>7,898,458</u>	<u>7,296,537</u>
<b>EXPENDITURE</b>			
Education and Economic Development (Schedule A)	2,621,954	2,685,832	2,572,183
Health and Family Services (Schedule B)	2,879,571	3,130,849	3,035,484
Public Works (Schedule C)	571,325	567,289	542,683
Administration (Schedule D)	649,300	1,039,070	846,808
Capital Fund (Schedule E)	424,175	460,693	1,036,270
	<u>7,146,325</u>	<u>7,883,733</u>	<u>8,033,428</u>
<b>EXCESS OF REVENUE OVER EXPENDITURE (EXPENDITURE OVER REVENUE) FOR THE YEAR</b>			
	<u>(91,018)</u>	<u>14,725</u>	<u>(736,891)</u>

The accompanying schedules and notes are an integral part of the financial statements

**CURVE LAKE FIRST NATION**  
**STATEMENT OF CASH FLOWS**  
Year Ended March 31, 2006

	2006	2005
	\$	\$
<b>CASH PROVIDED FROM (USED FOR)</b>		
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenditure (expenditure over revenue) for the year	14,725	(736,891)
Add amortization; an item not involving cash	323,997	319,480
	<u>338,722</u>	<u>(417,411)</u>
Changes in non-cash working capital items:		
Due from Government of Canada	(31,052)	396,695
Due from Province of Ontario	(18,414)	(15,589)
Other accounts receivable	108,477	282,228
Inventory of homes under construction	128,323	(4,200)
Prepaid expenses	-	(2,470)
Accounts payable and accrued liabilities	243,566	(419,676)
Deferred revenue	(117,554)	155,987
	<u>652,068</u>	<u>(24,436)</u>
<b>FINANCING ACTIVITIES</b>		
Additions to long term debt	-	97,704
Repayment of mortgage	(53,711)	(33,176)
Decrease in mortgages due from First Nation members	90,498	6,113
Mortgages issued to First Nation members	205,284	280,430
Increase (decrease) in equity in capital assets	(216,215)	363,301
	<u>25,856</u>	<u>714,372</u>
<b>INVESTING ACTIVITIES</b>		
Acquisition of capital assets	(54,071)	(747,310)
Increase in long term investments	(5,392)	(4,671)
	<u>(59,463)</u>	<u>(751,981)</u>
<b>INCREASE (DECREASE) IN CASH DURING THE YEAR</b>	618,461	(62,045)
<b>CASH POSITION - beginning of year</b>	5,722,801	5,784,846
<b>CASH POSITION - end of year</b>	<u>6,341,262</u>	<u>5,722,801</u>
<b>REPRESENTED BY:</b>		
Cash and short term investments	5,953,873	5,361,684
Cash held in trust	387,389	361,117
	<u>6,341,262</u>	<u>5,722,801</u>

The accompanying schedules and notes are an integral part of the financial statements

**CURVE LAKE FIRST NATION**  
**SCHEDULE OF EDUCATION AND ECONOMIC DEVELOPMENT**  
Year Ended March 31, 2006

Schedule A

	Budget 2006 \$	Actual 2006 \$	Actual 2005 \$
<b>REVENUE</b>			
Indian and Northern Affairs Canada			
Curve Lake school	518,300	499,100	491,200
Elementary/secondary	884,000	884,000	882,300
Post secondary	595,100	595,100	563,500
Guidance and counselling	97,900	97,900	97,900
Economic development	145,717	145,716	99,783
Youth employment	40,000	19,800	20,400
Service Canada	86,748	90,292	74,760
Small Business Centre rentals	61,000	54,270	58,709
Miscellaneous income	55,582	41,318	36,239
	<u>2,484,347</u>	<u>2,427,496</u>	<u>2,324,791</u>
<b>EXPENDITURE</b>			
Curve Lake school	525,700	454,405	479,590
Elementary/secondary	890,600	1,097,334	1,011,417
Post secondary	554,000	560,079	560,431
Administration	275,390	350,625	319,151
Resource Centre	41,257	14,800	13,874
Employment programs	240,790	114,307	136,597
Small Business Centre	47,000	35,332	44,540
Golf course feasibility study	47,217	58,950	6,583
	<u>2,621,954</u>	<u>2,685,832</u>	<u>2,572,183</u>
<b>EXCESS OF EXPENDITURE OVER REVENUE FOR THE YEAR</b>	<u>(137,607)</u>	<u>(258,336)</u>	<u>(247,392)</u>

The accompanying schedules and notes are an integral part of the financial statements

**CURVE LAKE FIRST NATION**  
**SCHEDULE OF HEALTH AND FAMILY SERVICES**  
Year Ended March 31, 2006

Schedule B

	Budget 2006 \$	Actual 2006 \$	Actual 2005 \$
<b>REVENUE</b>			
Indian and Northern Affairs Canada			
Social assistance	80,200	80,200	60,000
Administration	40,300	40,300	40,300
Homemakers	54,500	54,500	50,700
Day care service	95,500	95,500	95,500
National Child Benefit	37,450	23,939	52,300
Health Canada	941,099	929,363	837,932
Province of Ontario			
Social assistance	353,533	458,485	353,533
Administration	46,043	38,393	39,032
Homemakers	225,000	209,017	225,324
Day care programs	554,166	559,545	554,166
Child care programs	188,227	157,309	128,785
Residence fees and other	117,830	101,920	106,438
Union of Ontario Indians	107,490	133,351	113,044
Miscellaneous income	83,604	197,814	71,059
	<b>2,924,942</b>	<b>3,079,636</b>	<b>2,728,113</b>
<b>EXPENDITURE</b>			
Social assistance	400,000	536,107	400,078
Administration	180,743	194,378	200,252
Homemakers	168,380	159,690	180,530
Day nursery	842,561	656,369	802,493
Child Care Initiative	31,959	197,734	71,028
Alcohol and drug abuse programs	42,503	73,918	113,687
Child welfare program	152,727	150,052	161,855
National Child Benefit	37,450	23,939	52,300
Brighter Futures / Building Healthy Communities	145,366	71,895	142,357
Health Centre	54,526	60,466	38,928
Other programs	150,509	149,347	119,535
Community health representative	78,922	78,333	75,033
Medical transportation	186,606	201,719	184,958
Non-insured health benefits	-	39,025	34,241
Professional services	105,479	210,530	128,740
Senior citizens' centre	301,840	327,347	329,469
	<b>2,879,571</b>	<b>3,130,849</b>	<b>3,035,484</b>
<b>EXCESS OF EXPENDITURE OVER REVENUE FOR THE YEAR</b>	<b>45,371</b>	<b>(51,213)</b>	<b>(307,371)</b>

The accompanying schedules and notes are an integral part of the financial statements

**CURVE LAKE FIRST NATION**  
**SCHEDULE OF PUBLIC WORKS**  
Year Ended March 31, 2006

Schedule C

	Budget 2006 \$	Actual 2006 \$	Actual 2005 \$
<b>REVENUE</b>			
Indian and Northern Affairs Canada			
Water and sanitation system maintenance	118,636	71,818	66,029
Roads - maintenance	49,900	52,651	49,000
Community buildings	25,800	25,800	25,300
Fire	39,100	39,100	37,900
Province of Ontario	19,482	19,864	19,100
First Nation rentals	162,500	108,317	70,912
Lessee user fees	85,000	84,082	88,391
Canada Mortgage and Housing Corporation	-	48,972	12,243
Miscellaneous income	1,500	1,950	3,495
	<u>501,918</u>	<u>452,554</u>	<u>372,370</u>
<b>EXPENDITURE</b>			
Roads - maintenance	141,500	122,136	165,418
First Nation building maintenance			
Office	70,000	61,113	68,714
Community Centre	31,000	42,552	30,011
Other	92,825	88,701	47,682
Landfill and collection	45,000	98,816	45,607
Wells and sanitation	90,000	41,965	84,569
Fire services	70,000	76,997	69,706
Street lighting	10,000	21,169	10,667
Roads - construction and equipment	2,000	-	1,758
Church expenses	19,000	13,840	18,551
	<u>571,325</u>	<u>567,289</u>	<u>542,683</u>
<b>EXCESS OF EXPENDITURE OVER REVENUE FOR THE YEAR</b>	<u>(69,407)</u>	<u>(114,735)</u>	<u>(170,313)</u>

The accompanying schedules and notes are an integral part of the financial statements

**CURVE LAKE FIRST NATION**  
**SCHEDULE OF ADMINISTRATION**  
Year Ended March 31, 2006

Schedule D

	Budget 2006 \$	Actual 2006 \$	Actual 2005 \$
<b>REVENUE</b>			
Indian and Northern Affairs Canada			
First Nation support funding	362,000	326,000	414,072
Employee benefits	84,000	84,000	84,300
Lands and trust services	85,000	119,000	91,500
United Anishnaabeg Councils	100,000	116,000	12,175
Petroglyphs Provincial Park	25,500	25,301	31,844
Casino Rama net revenue distribution	-	504,541	475,333
Investment income - general	80,000	90,001	103,735
Investment income (loss) - Casino Rama	-	(22,307)	86,247
Flooding claim (note 9)	-	194,961	75,049
Miscellaneous income	34,000	11,412	8,685
	<b>770,500</b>	<b>1,448,909</b>	<b>1,382,940</b>
<b>EXPENDITURE</b>			
Salaries and benefits and Council honararia	431,500	372,902	395,126
Office and computer costs	95,000	133,810	156,559
Professional services	35,000	39,301	33,991
Insurance	45,000	47,804	45,955
Lands and estates	12,000	68,221	43,009
United Anishnaabeg Councils	60,000	71,489	84,509
Petroglyphs Provincial Park	15,800	16,060	16,240
Recreation expenses	-	31,084	-
Casino Rama expenses	-	8,595	-
Flooding claim (note 9)	-	194,961	75,049
Miscellaneous	40,000	79,841	36,473
	<b>734,300</b>	<b>1,064,068</b>	<b>886,911</b>
Deduct administrative chargebacks	85,000	24,998	40,103
	<b>649,300</b>	<b>1,039,070</b>	<b>846,808</b>
<b>EXCESS OF REVENUE OVER EXPENDITURE FOR THE YEAR</b>	<b>121,200</b>	<b>409,839</b>	<b>536,132</b>

The accompanying schedules and notes are an integral part of the financial statements

**CURVE LAKE FIRST NATION**  
**SCHEDULE OF CAPITAL FUND**  
Year Ended March 31, 2006

Schedule E

	Budget 2006 \$	Actual 2006 \$	Actual 2005 \$
<b>REVENUE</b>			
Indian and Northern Affairs Canada	373,600	373,600	376,700
Mortgage interest	-	116,263	111,623
	<u>373,600</u>	<u>489,863</u>	<u>488,323</u>
<b>EXPENDITURE</b>			
First Nation housing			
Construction costs	392,500	267,484	280,396
Wages and benefits	14,675	14,675	14,675
Other costs	17,000	35,366	23,292
Loan forgiveness	-	35,386	35,127
	<u>424,175</u>	<u>352,911</u>	<u>353,490</u>
Other capital asset acquisitions			
Land	-	-	109,942
Building	-	30,075	598,564
Automotive equipment	-	8,190	-
Office equipment	-	-	16,517
Computer equipment	-	7,513	17,577
Fencing	-	8,293	4,710
	-	54,071	747,310
Add mortgage repayments	-	53,711	33,174
Less additions to long term debt	-	-	(97,704)
	-	<u>107,782</u>	<u>682,780</u>
	<u>424,175</u>	<u>460,693</u>	<u>1,036,270</u>
<b>INCREASE (DECREASE) IN UNEXPENDED CAPITAL FINANCING</b>	(50,575)	29,170	(547,947)
<b>TRANSFER FROM (TO) INTERNALLY RESTRICTED MEMBERS' FUND BALANCE</b>	50,575	(29,170)	88,005
<b>TRANSFER FROM UNRESTRICTED MEMBERS' FUND BALANCE</b>	-	-	459,942
<b>UNEXPENDED CAPITAL FINANCING - end of year</b>	-	-	-

The accompanying schedules and notes are an integral part of the financial statements

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**1. DESCRIPTION OF THE ORGANIZATION**

The financial statements for Curve Lake First Nation are for the Curve Lake First Nation government reporting entity which is the sole reporting entity. The financial statements have not been noted as consolidated as the First Nation has no subsidiaries.

**2. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local government entities, as defined in the CICA Public Sector Accounting and Auditing Handbook, and as required by the Year-end Reporting Handbook for First Nations, Tribal Councils, and First Nation Political Organizations, which encompasses the following principles:

(a) *Fund accounting*

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the First Nation, the accounts of the First Nation are maintained in accordance with the principles of 'fund accounting'. Under these principles, resources for various purposes are classified for accounting purposes into funds that are in accordance with particular activities or objectives specified. Separate accounts are maintained for each fund to ensure observance of the limitations and restrictions placed on the use of resources.

The various funds have been combined for the purpose of presentation in the financial statements. The First Nation maintains the following funds:

- (i) Operating and maintenance funds include all day to day operations of the First Nation.
- (ii) Housing reserve fund includes mortgages issued to First Nation members and related forgiveness and transfers to capital funds for the purposes of constructing new homes or renovating existing homes.
- (iii) Education and minor capital contingency funds represent funds appropriated to cover any shortages in government funding for education or minor capital projects.
- (iv) Education project reserve represents the surplus from the 1986 fiscal year and includes investment income and amounts designated for bursaries and awards to First Nation students.
- (v) First Nation funds held in trust by Indian and Northern Affairs Canada are part of the Consolidated Revenue Fund of the Government of Canada and can be withdrawn through the use of a Band Council Resolution.
- (vi) Capital funds include amounts designated to be spent on capital assets and major capital renovations. assured.

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

*(b) Accrual accounting*

The First Nation follows the accrual basis of accounting for revenues, expenditures and changes in fund balances; it does not encumber accounts for goods and services not received in the fiscal year.

Funding received under the terms of the Canada/First Nations Funding Agreement is recognized as revenue in the funding year for core funding and when the related expenditures are made for non core funding. Funding received but not yet expended on non core programs is reported as deferred revenue on the statement of financial position.

*(c) Capital assets acquired after March 31, 1989*

Property, equipment and infrastructure expenditures incurred after March 31, 1989 are valued at acquisition cost and recorded in the capital fund. Expenditures incurred previous to April 1, 1989 are not reflected in the capital fund.

The acquisition costs of capital assets which are not funded from capital financing sources, are charged to operations and matched with the applicable revenue source in the year of expenditure. These expenditures are also recorded as an addition to assets of the capital fund with a corresponding increase in equity in capital assets.

*(d) Amortization*

Capital assets recorded are amortized annually with a corresponding reduction in equity in capital assets. Assets are amortized over their expected useful life using the straight line method at the following rates:

Buildings	4%
Roads and fencing	4%
Wells and pumphouse	4%
Automotive equipment	20%
Office equipment	20%
Computer equipment	50%

*(e) Estimates*

Since precise determination of many assets and liabilities is dependent upon future events, the preparation of annual financial statements necessarily involves the use of estimates and approximations. These have been made using management's judgement as to the most likely course of events.

**CURVE LAKE FIRST NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2006**

**3. CAPITAL ASSETS**

Capital assets and related accumulated amortization are classified as follows:

		2006 \$		2005 \$
	Cost	Accumulated amortization	Net book value	Net book value
Land	598,672	-	598,672	598,672
Building	5,805,523	2,391,418	3,414,105	3,616,252
Roads and fencing	658,135	296,071	362,064	380,096
Wells and pumphouse	398,961	237,549	161,412	177,370
Automotive equipment	279,704	257,662	22,042	24,815
Office and computer equipment	362,325	331,217	31,108	62,124
	<b>8,103,320</b>	<b>3,513,917</b>	<b>4,589,403</b>	<b>4,859,329</b>

**4. MORTGAGES DUE FROM FIRST NATION MEMBERS**

Under the First Nation's housing policies, members apply to Council for mortgage and renovation loans. Subject to approval and completion of construction or renovations the loans are advanced. These loans require monthly repayments.

All mortgage loans are subject to a provision for forgiveness. This amount is calculated either as a percentage of the initial total mortgage balance provided that members maintain regular repayments, or as one month free each year provided the first 11 months were paid on time.

At March 31, the mortgages and loans and provision for forgiveness are as follows:

	2006 \$	2005 \$
Mortgages and loans	3,587,322	3,655,822
Provision for forgiveness	331,479	309,481
	<b>3,255,843</b>	<b>3,346,341</b>
Less principal payments due within one year, classified as current asset	195,851	215,784
	<b>3,059,992</b>	<b>3,130,557</b>

**CURVE LAKE FIRST NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2006**

**5. LONG TERM DEBT**

Long term debt consists of the following:

	2006	2005
	\$	\$
Mortgage loan payable, repayable in blended monthly payments of \$2,912, interest at 4.5%, due June 30, 2007, secured by a specific piece of land	42,390	74,629
Mortgage loan payable, repayable in blended monthly payments of \$4,739, interest at 4.23%, due December 1, 2009, secured by specific rental buildings	852,878	874,350
	895,268	948,979
<u>Less current portion of long term debt</u>	<u>55,376</u>	<u>52,842</u>
	<u>839,892</u>	<u>896,137</u>

Principal repayments on mortgage loans are due as follows:

	\$
2007	55,376
2008	31,222
2009	808,670
	<u>895,268</u>

**CURVE LAKE FIRST NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2006**

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**6. INDIAN AND NORTHERN AFFAIRS CANADA**

The following is a reconciliation of Funding received from Indian and Northern Affairs Canada to the revenue recorded in the statement of revenue and expenditure for the year ended March 31, 2006.

	\$	\$
Funding as per confirmation		3,535,319
Add 2005 deferred revenue:		
National Child Benefit	9,211	
Landfill Study	25,000	
Lands Survey	34,000	
Golf Course Study	47,217	115,428
		<u>3,650,747</u>
Deduct 2006 deferred revenue:		
National Child Benefit		22,723
		<u>3,628,024</u>
Revenue as per Statement of Revenue and Expenditure		3,628,024

**7. CASINO RAMA NET REVENUE DISTRIBUTION**

The distributions represent monies received from the Ontario First Nations Limited Partnership for Casino Rama net revenue distributions. The First Nation is investigating the possibility of turning part or all of the net distributions and interest earned thereon to a Trust to handle the disbursing of these funds.

**8. PENSION PLAN**

Some of the employees of the First Nation are eligible to be members of a contributory pension plan. Employer contributions to the plan by the First Nation during the year amounted to \$145,083 (2005 - \$142,549). These contributions which match the employee's contributions for current service, are expensed during the year in which services are rendered and represent the total pension obligation of the First Nation.

**9. COMMITMENTS AND CONTINGENCIES**

During the fiscal year 1998/99 Curve Lake First Nation, as part of the United Anishnaabeg Councils entered into a loan agreement in the amount of \$207,885 with the Federal Government for Williams Treaty Claims Negotiations. In the event that this loan is required to be repaid to the Federal Government, Curve Lake First Nation and the six other member first nations will each be liable for one seventh of the loan.

During the fiscal years 2003/04 to 2005/06 the First Nation entered into loan agreements in the amount of \$280,515 with the Federal Government for flooding claims. Expenditures to March 31, 2006 amounted to \$262,424. Total claims are expected to be equal to or greater than amounts received.

As at March 31, 2006 the First Nation has guaranteed housing loans to members from Indian and Northern Affairs Canada in the amount of \$412,411 (2005 – \$303,110).

**10. ECONOMIC DEPENDENCE**

The First Nation receives a significant portion of its revenue pursuant to a funding arrangement with Indian and Northern Affairs Canada.

**11. COMPARATIVE FIGURES**

Certain 2005 comparative figures have been reclassified to conform to financial statement presentation adopted for 2006.