

**ATTAWAPISKAT FIRST NATION
NON-CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2007 & 2006**

ATTAWAPISKAT FIRST NATION

INDEX TO NON-CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2007 & 2006

NOTICE TO READER

STATEMENTS

- 1 Non-consolidated Statement of Financial Position
- 2 Non-consolidated Statement of Financial Activities and Members' Equity
- 3 Non-consolidated Statement of Cash Flows

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULES

- A Non-consolidated Statement of Financial Activities - Operating Fund
- B Non-consolidated Statement of Financial Activities - Capital Fund
- C Non-consolidated Statement of Financial Activities - INAC Trust Fund
- D Non-consolidated Statement of Financial Activities - Casino Rama Fund
- E Non-consolidated Statement of Financial Activities - CMHC Replacement Reserve Funds
- F Non-consolidated Schedule of Salaries, Honouraria and Travel Expenditures



Ross, Pope & Company

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NOTICE TO READER

On the basis of information provided by management, we have compiled the non-consolidated statement of financial position of Attawapiskat First Nation as at March 31, 2007 and the non-consolidated statements of financial activities and members' equity and cash flows for the year then ended.

We have not performed an audit or a review engagement in respect of these non-consolidated financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these non-consolidated financial statements may not be appropriate for their purposes.

Ross, Pope & Company

Timmins, Ontario
October 10, 2007

Ross, Pope & Company
Chartered Accountants
Licensed Public Accountants

ATTAWAPISKAT FIRST NATION

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31

(UNAUDITED - SEE NOTICE TO READER)

	2007	2006
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,417,421	\$ 2,153,909
Accounts receivable (Notes 1 & 16)	2,709,471	2,479,566
INAC funding receivable	1,940,306	1,529,714
Inventories (Note 2)	1,227,103	529,097
	7,294,301	6,692,286
Cash restricted for CMHC reserve fund (Note 11)	288,059	269,559
Funds held in trust - INAC (Note 3)	146,244	143,080
Due from related parties (Notes 5 & 15)	2,384,610	2,286,292
Capital assets (Note 4)	38,423,647	36,239,649
	\$ 48,536,861	\$ 45,630,866
LIABILITIES		
CURRENT LIABILITIES		
Term demand loan due in one year (Note 9)	\$ 439,000	\$ -
Accounts payable and accrued liabilities	4,150,996	4,301,539
Due to INAC - current portion (Note 8)	-	300,000
Current portion of long-term debt (Note 10)	190,884	222,295
	4,780,880	4,823,834
Term demand loan due thereafter (Note 9)	1,756,000	-
	6,536,880	4,823,834
Deferred revenue (Note 6)	1,433,649	983,634
Capital receipts overexpended (Notes 7 & 16)	2,799,717	2,799,717
Due to INAC - long-term portion (Note 8)	2,400,000	2,100,000
Due to related parties (Notes 5 & 15)	2,497,877	1,985,140
Long-term debt (Note 10)	1,498,655	861,001
	17,166,778	13,553,326
CONTINGENT LIABILITIES (Note 12)		
MEMBERS' EQUITY		
Deficit in operating fund (Schedule A, Note 16)	(4,365,730)	(4,705,136)
Equity in capital fund (Schedule B)	34,539,108	35,156,353
Equity in INAC trust fund (Schedule C, Note 3)	146,244	143,080
Equity in Casino Rama fund (Schedule D, Note 14)	762,402	1,213,684
Equity in CMHC replacement reserve funds (Schedule E, Note 11)	288,059	269,559
	31,370,083	32,077,540
	\$ 48,536,861	\$ 45,630,866

Approved by:

 Chief

 Councillor

See accompanying notes.

ATTAWAPISKAT FIRST NATION

NON-CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES AND MEMBERS' EQUITY

YEARS ENDED MARCH 31

(UNAUDITED - SEE NOTICE TO READER)

	2007	2006
REVENUE		
Indian and Northern Affairs Canada (Note 16)	\$ 17,454,917	\$ 15,266,804
Health and Welfare Canada	941,591	904,012
Casino Rama	313,317	810,371
Province of Ontario	3,547,067	3,410,569
Contracting and user fees	4,955,894	2,245,925
IBA trust distributions	531,998	-
Other federal funding	67,050	7,750
Canada Mortgage and Housing Corporation	164,515	150,471
Other	674,831	1,245,932
	28,651,180	24,041,834
EXPENDITURE		
Administration	1,439,004	1,782,320
Amortization	3,414,890	2,849,713
Debt service	115,603	87,031
Program delivery	8,785,422	5,462,707
Sub-contracted service delivery (Note 15)	9,959,186	9,092,851
Wages and employee benefits	5,767,757	4,594,232
Write down (recovery) of accounts receivable	(123,225)	456,242
	29,358,637	24,325,096
DEFICIENCY OF REVENUE OVER EXPENDITURES	(707,457)	(283,262)
MEMBERS' EQUITY, beginning of year	32,077,540	32,360,802
MEMBERS' EQUITY, end of year	\$ 31,370,083	\$ 32,077,540

See accompanying notes.

ATTAWAPISKAT FIRST NATION
NON-CONSOLIDATED STATEMENT OF CASH FLOWS
YEARS ENDED MARCH 31
(UNAUDITED - SEE NOTICE TO READER)

	2007	2006
OPERATING ACTIVITIES		
DEFICIENCY OF REVENUE OVER EXPENDITURES	\$ (707,457)	\$ (283,262)
ITEMS NOT AFFECTING CASH:		
Amortization	3,414,890	2,849,713
DECREASE (INCREASE) IN:		
Accounts receivable	(229,906)	(1,503,615)
INAC funding receivable	(410,592)	(81,998)
Inventories	(698,005)	72,739
Funds held in trust - INAC	(3,163)	(9,158)
INCREASE (DECREASE) IN:		
Accounts payable and accrued liabilities	(150,543)	2,143,210
Deferred revenue	450,015	(1,065,471)
Cash restricted for CMHC reserve funds	(18,500)	(18,500)
CASH PROVIDED BY OPERATING ACTIVITIES	1,646,739	2,103,658
FINANCING ACTIVITIES		
Repayment of long-term debt	(148,756)	(257,557)
Proceeds of long-term debt	754,999	-
Proceeds of term demand loan	2,195,000	-
Repayment to INAC	-	(300,000)
Advances from (to) related parties	414,419	(98,555)
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	3,215,662	(656,112)
INVESTING ACTIVITIES		
Capital expenditures financed by debt	(2,949,999)	-
Capital expenditures expensed in operations	(2,648,890)	(2,736,951)
CASH USED IN INVESTING ACTIVITIES	(5,598,889)	(2,736,951)
CHANGE IN CASH	(736,488)	(1,289,405)
CASH, beginning of year	2,153,909	3,443,314
CASH, end of year	\$ 1,417,421	\$ 2,153,909
SUPPLEMENTARY INFORMATION:		
Interest paid	\$ 115,603	\$ 87,031

See accompanying notes.

ATTAWAPISKAT FIRST NATION

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2007 & 2006

(UNAUDITED - SEE NOTICE TO READER)

NATURE OF ORGANIZATION

Attawapiskat First Nation is an Indian Band located on Indian Reserve 91A in the James Bay Region of Northern Ontario.

1. ACCOUNTS RECEIVABLE

Included in accounts receivable is \$431 (2006 - \$593) representing advances, net of allowances for doubtful accounts of \$143,000 (2006 - \$110,000), to and on behalf of employees and officers of the First Nation.

2. INVENTORIES

Inventories are comprised primarily of coarse aggregate stockpiles for resale and use in operations.

3. FUNDS HELD IN TRUST - INAC

Funds held in trust - INAC represents monies in the custody of Indian and Northern Affairs Canada. Any use of the funds must be approved by the First Nation membership and authorized by Indian and Northern Affairs Canada.

4. CAPITAL ASSETS

	COST	ACCUMULATED AMORTIZATION	NET 2007	NET 2006
Buildings	\$ 16,058,024	\$ 6,741,126	\$ 9,316,898	\$ 9,281,011
Infrastructure	45,129,387	16,576,453	28,552,934	26,260,040
Equipment	3,555,202	3,001,387	553,815	698,598
	\$ 64,742,613	\$ 26,318,966	\$ 38,423,647	\$ 36,239,649

Amortization is provided on the straight-line basis as follows:

Buildings	20 years
Infrastructure	20 years
Equipment	10 years

The acquisition and construction costs of capital assets and principal payments on capital debt 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 capital assets at cost with a corresponding increase to Equity in Capital Assets.

5. RELATED PARTY TRANSACTIONS

	DUE FROM	DUE TO
Attawapiskat Development Corporation	\$ 3,578	\$ -
Attawapiskat First Nation Education Authority	-	2,497,877
Attawapiskat First Nation Maytawaywin Authority	638,787	-
Attawapiskat Health Services Board	590,467	-
Attawapiskat Power Corporation	907,978	-
Attawapiskat Resources Inc.	243,800	-
	\$ 2,384,610	\$ 2,497,877

ATTAWAPISKAT FIRST NATION

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED MARCH 31, 2007 & 2006

(UNAUDITED - SEE NOTICE TO READER)

5. RELATED PARTY TRANSACTIONS (CONT'D)

The balance due from Attawapiskat Development Corporation, a party related by virtue of significant influence, consists of Indian and Northern Affairs Canada funding to be transferred, net of payments made and charges for services performed. Management anticipates repayment in the 2008 fiscal year.

The balance due to Attawapiskat First Nation Education Authority, a party related by virtue of significant influence, arose from a loan payable in the amount of \$900,000 and Indian and Northern Affairs Canada education funding to be transferred, net of payments made and charges for services performed. Management anticipates partial repayment in the 2008 fiscal year.

The balance due from Attawapiskat First Nation Maytawaywin Authority, a party related by virtue of significant influence, arose on the assumption of long-term debt in respect of an arena/gymnasium facility constructed in 1998. The amount is non-interest bearing and unsecured. Management does not anticipate repayment in the 2008 fiscal year.

The balance due from Attawapiskat Health Services Board, a party related by virtue of significant influence, consists of Health and Welfare Canada funding to be transferred, net of payments made and charges for services performed. Administration of community health services was assumed by the Attawapiskat First Nation effective April 1, 2005. Management anticipates repayment of the balance due as part of a remedial management plan commencing in the 2008 fiscal year with an expected duration of 12 years.

The balance due from Attawapiskat Power Corporation, a party related by virtue of significant influence, arose from the assumption of Hydro One receivables of \$950,000 paid by Attawapiskat First Nation, a startup loan of \$100,000 and the payment of start-up costs of \$84,972. The amount is being repaid in equal annual instalments of \$131,994. The recourse with respect to Hydro One receivables is currently under negotiation.

6. DEFERRED REVENUE

Deferred revenue consists of funding for capital and other projects received in the current and prior years for budgeted expenditures which were not incurred in the current and prior fiscal years and will be applied against the applicable future expenditures in the fiscal year incurred.

Details of the deferred revenue balance are as follows:

	2007	2006
De Beers - Pursuits compensation	\$ 300,000	\$ 300,000
FedNor - Organizational review	-	36,000
Human Resources Development Canada	33,750	33,750
INAC - Housing (various)	648,342	414,950
INAC - Minor capital	432,540	-
INAC - Water plant upgrades	19,017	160,000
INAC - Water waste management study	-	38,934
	\$ 1,433,649	\$ 983,634

7. CAPITAL RECEIPTS OVEREXPENDED

Capital receipts overexpended relates to funds received in prior years from Indian and Northern Affairs Canada for the development and construction of a protective flood dike. The project was suspended in progress in a prior year pending the resolution of funding matters and engineering and financial issues arising from cost overruns incurred under the original designs. As the funding related to the incomplete project has been expended, additional sources of financing will be required in order to complete the project.

ATTAWAPISKAT FIRST NATION

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED MARCH 31, 2007 & 2006

(UNAUDITED - SEE NOTICE TO READER)

8. DUE TO INAC

The balance due to INAC is repayable at \$300,000 annually by way of a partial holdback of minor capital funding. Annual repayments have been postponed for the 2007 and 2008 fiscal years.

9. TERM DEMAND LOAN

The term demand loan, obtained to finance a 62 lot subdivision, bears interest at the bank prime rate plus 0.5%. Repayment is to be made over 5 years from minor capital funding. Annual payments of \$439,000 are due April 1 2008 to 2012 inclusive.

10. LONG-TERM DEBT

	2007	2006
CMHC mortgage payable bearing interest at 4.76%, repayable at \$12,591 per month principal and interest, secured by real property, maturing July 2010.	\$ 467,042	\$ 593,420
CMHC mortgage payable bearing interest at 9.47%, repayable at \$4,424 per month principal and interest, secured by real property, maturing August 2019.	396,107	407,524
Bank loan relating to Peacekeepers facilities, bearing interest at 8.95%, repayable at \$1,648 per month principal and interest, secured by Band Council resolution and property lease assignment, maturing October 2007.	71,391	82,352
CMHC mortgage payable approved to a maximum of \$1,432,800 and expected to be fully advanced in January 2008 at which time interest will be set. Thereafter the mortgage will be repayable in equal monthly blended payments for 25 years.	754,999	-
	1,689,539	1,083,296
Less: Current portion	190,884	222,295
	\$ 1,498,655	\$ 861,001

Principal portion of the credit facilities due in the next five years and thereafter including the advanced portion of the CMHC facility at an assumed interest rate of 7% are approximately as follows:

2008	\$ 190,884
2009	169,193
2010	178,561
2011	86,371
2012	39,706
Thereafter	1,024,824
	\$ 1,689,539

ATTAWAPISKAT FIRST NATION

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED MARCH 31, 2007 & 2006

(UNAUDITED - SEE NOTICE TO READER)

11. CMHC REPLACEMENT RESERVE FUNDS

Use of the CMHC reserve funds are restricted to the replacement and renovation of CMHC rental properties as directed by the Canada Mortgage and Housing Corporation.

12. CONTINGENT LIABILITIES

The First Nation is involved in claims and potential claims arising in the normal course of operations. Any settlements, awards or determination of loss will be reflected in the accounts as the matters are resolved.

The First Nation has guaranteed long-term debt of Attawapiskat Development Corporation. At March 31, 2007 the loan balance was \$130,690.

13. ECONOMIC DEPENDENCE

The First Nation receives 60.9% (2006 - 63.5%) of its revenues pursuant to funding arrangements with Indian and Northern Affairs Canada and 12.4% (2006 - 14.2%) of its revenues pursuant to funding arrangements with the Province of Ontario. The continuation of the organization is dependent on this funding.

14. DISTRIBUTION FROM CASINO RAMA

The First Nation is entitled to a percentage of net revenues earned at the Casino Rama gaming facility located near Orillia, Ontario. Net revenues are distributed in accordance with a formula agreed to by the participating First Nation Bands, which are located in the Province of Ontario. The First Nation's policy as ratified by Council is to appropriate any annual surplus in the Casino Rama Program Fund to the Casino Rama Fund.

15. SUB-CONTRACTED SERVICE DELIVERY

Sub-contracted service delivery consists of the following:

	2007	2006
Indian and Northern Affairs Canada funding redirected to:		
Attawapiskat First Nation Education Authority	\$ 9,622,076	\$ 8,462,951
Attawapiskat Development Corporation	150,400	454,800
Attawapiskat Resources Inc.	61,200	175,100
Health and Welfare Canada funding redirected to:		
Attawapiskat First Nation Education Authority	125,510	-
	\$ 9,959,186	\$ 9,092,851

16. PRIOR PERIOD ADJUSTMENT

The March 31, 2006 financial statements have been restated to reinstate \$2,799,717 of Indian and Northern Affairs Canada deferred funding related to the flood dyke project which was taken into revenue in the 2006 fiscal year pursuant to managements' opinion at that time. Discussions with Indian and Northern Affairs Canada are ongoing.

17. FINANCIAL INSTRUMENTS

The First Nations financial instruments consist of cash, accounts receivable, long term deposits, accounts payable and accrued liabilities and due to/from related parties. Unless otherwise noted, it is management's opinion that the First Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values except for balances due to related parties which are non-interest bearing and therefore exceed their fair values.

ATTAWAPISKAT FIRST NATION

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED MARCH 31, 2007 & 2006

(UNAUDITED - SEE NOTICE TO READER)

18. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform with the current year's presentation.

ATTAWAPISKAT FIRST NATION

NON-CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES - OPERATING FUND

YEARS ENDED MARCH 31

(UNAUDITED - SEE NOTICE TO READER)

	2007	2006
REVENUE		
Indian and Northern Affairs Canada	\$ 17,454,917	\$ 15,266,804
Health and Welfare Canada	941,591	904,012
Casino Rama	313,317	810,371
Province of Ontario	3,547,067	3,410,569
Contracting and user fees	4,955,894	2,245,925
Canada Mortgage and Housing Corporation	164,515	150,471
IBA Trust distributions	531,998	-
Other federal funding	67,050	7,750
Other	671,668	1,236,774
	28,648,017	24,032,676
EXPENDITURES		
Administration	1,439,004	1,782,320
Capital expenditures	2,648,890	2,736,951
Debt service	264,358	344,588
Program delivery	8,785,422	5,462,707
Sub-contracted service delivery (Note 15)	9,959,186	9,092,851
Wages and employee benefits	5,767,758	4,594,229
Write down (recovery) of accounts receivable	(123,225)	456,244
	28,741,393	24,469,890
DEFICIENCY OF REVENUE OVER EXPENDITURES	(93,376)	(437,214)
DEFICIENCY IN OPERATING FUND, beginning of year	(4,705,136)	(3,780,265)
APPROPRIATION TO CMHC REPLACEMENT RESERVE FUNDS	(18,500)	(18,500)
APPROPRIATION FROM (TO) CASINO RAMA FUND	451,282	(469,157)
DEFICIENCY IN OPERATING FUND, end of year	\$ (4,365,730)	\$ (4,705,136)

ATTAWAPISKAT FIRST NATION

NON-CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES - CAPITAL FUND

YEARS ENDED MARCH 31

(UNAUDITED - SEE NOTICE TO READER)

	2007	2006
REVENUE		
Principal portion of debt service expensed in other funds	\$ 148,756	\$ 257,557
Capital expenditures expensed in other funds	2,648,890	2,736,951
	2,797,646	2,994,508
EXPENDITURES		
Amortization	3,414,891	2,849,713
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(617,245)	144,795
EQUITY IN CAPITAL FUND, beginning of year	35,156,353	35,011,558
EQUITY IN CAPITAL FUND, end of year	\$ 34,539,108	\$ 35,156,353

ATTAWAPISKAT FIRST NATION**NON-CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES - INAC TRUST FUND****YEARS ENDED MARCH 31****(UNAUDITED - SEE NOTICE TO READER)**

	2007	2006
REVENUE		
Interest	\$ 3,164	\$ 9,158
EQUITY IN INAC TRUST FUND, beginning of year	143,080	133,922
EQUITY IN INAC TRUST FUND, end of year	\$ 146,244	\$ 143,080

ATTAWAPISKAT FIRST NATION**NON-CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES - CASINO RAMA FUND****YEARS ENDED MARCH 31****(UNAUDITED - SEE NOTICE TO READER)**

	2007	2006
EQUITY IN CASINO RAMA FUND, beginning of year	\$ 1,213,684	\$ 744,527
APPROPRIATION TO (FROM) OPERATING FUND	(451,282)	469,157
EQUITY IN CASINO RAMA FUND, end of year	\$ 762,402	\$ 1,213,684

ATTAWAPISKAT FIRST NATION**NON-CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES - CMHC REPLACEMENT RESERVE FUND****YEARS ENDED MARCH 31****(UNAUDITED - SEE NOTICE TO READER)**

	2007	2006
EQUITY IN CMHC REPLACEMENT RESERVE FUNDS, beginning of year	\$ 269,559	\$ 251,059
APPROPRIATION FROM OPERATING FUND	18,500	18,500
EQUITY IN CMHC REPLACEMENT RESERVE FUNDS, end of year	\$ 288,059	\$ 269,559

ATTAWAPISKAT FIRST NATION

NON-CONSOLIDATED SCHEDULE OF SALARIES, HONOURARIA AND TRAVEL EXPENDITURES

YEAR ENDED MARCH 31, 2007

(UNAUDITED - SEE NOTICE TO READER)

In accordance with the reporting requirements of Indian and Northern Affairs Canada, payments made to First Nation officials were as follows:

	Number of Months	Salary and Honouraria	Travel Expenses	Other Remuneration	Total
ELECTED OFFICIALS		\$	\$	\$	\$
Chief - Mike Carpenter	12	51,921	4,397	-	56,318
Deputy Chief - Miriam Wesley	12	44,550	5,500	-	50,050
Councillors					
Steve Hookimaw	12	8,370	155	-	8,525
Andrew Koostachin	12	8,580	1,035	-	9,615
George Hookimaw	12	8,580	-	-	8,580
Jackie Shisheesh	12	8,580	-	-	8,580
Michael Shisheesh	12	16,500	-	-	16,500
Remi Fireman	12	9,240	-	-	9,240
Thomas Tookate	12	7,530	-	-	7,530
Xavier Hookimaw	12	9,570	-	-	9,570
Douglas Kebokee	12	8,580	5,041	-	13,621
Christine Kataquapit	12	12,196	153	-	12,349
Daniel Bird	12	9,020	734	-	9,754
UNELECTED OFFICIALS					
Band Manager - Ignace Gull	12	54,007	15,372	-	69,379
Co-Manager - George Lanouette	12	122,000	51,001	-	173,001
Manager of Day Care - Theresa Linklater	12	39,053	4,117	-	43,170
Welfare Admin. - Valerie Wesley	6	22,661	3,969	-	26,630
Welfare Admin. - Ignace Koostachin	6	20,001	-	-	20,001
Technical Services Manager - Mike Gull	12	83,077	43,375	-	126,452

Approved by:

 Chief

 Councillor