

ATTAWAPISKAT FIRST NATION
NON-CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2009 & 2008

ATTAWAPISKAT FIRST NATION

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YEARS ENDED MARCH 31, 2009 & 2008

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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, 2009 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 LLP

Timmins, Ontario
October 28, 2009

Ross, Pope & Company LLP
Chartered Accountants
Licensed Public Accountants

ATTAWAPISKAT FIRST NATION

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31

(UNAUDITED - SEE NOTICE TO READER)

	2009	2008
ASSETS		
CURRENT ASSETS		
Cash	\$ 3,312,059	\$ 5,244,645
Accounts receivable (Notes 1 & 17)	3,039,130	3,409,732
INAC funding receivable	770,925	153,073
Inventories (Note 2)	896,853	1,244,420
	8,018,967	10,051,870
Cash restricted for CMHC reserve fund (Note 12)	333,059	306,559
Funds held in trust - INAC (Note 3)	162,107	155,766
Due from related parties (Notes 5 & 16)	1,799,254	2,320,571
Capital assets (Note 4)	40,466,781	37,497,146
	\$ 50,780,168	\$ 50,331,912
LIABILITIES		
CURRENT LIABILITIES		
Demand loans due in one year (Note 11)	\$ 1,863,907	\$ 2,371,597
Accounts payable and accrued liabilities	7,703,589	7,273,143
Due to Attawpiskat Trust	260,000	-
Current portion of long-term debt (Note 9)	301,947	226,639
	10,129,443	9,871,379
Demand loans due thereafter (Note 11)	-	-
	10,129,443	9,871,379
Deferred revenue (Note 7)	111,833	306,506
Capital receipts overexpended (Notes 8 & 17)	2,377,348	2,799,717
Due to INAC - long-term portion (Note 10)	2,400,000	2,400,000
Due to related parties (Notes 5 & 16)	4,462,542	2,594,255
Long-term debt (Note 9)	5,051,857	2,113,121
	24,533,023	20,084,978
CONTINGENT LIABILITIES (Note 13)		
MEMBERS' EQUITY		
Deficit in operating fund (Schedule A, Note 17)	(8,578,009)	(6,751,884)
Equity in capital fund (Schedule B)	33,795,977	33,401,386
Equity in INAC trust fund (Schedule C, Note 3)	162,106	155,766
Equity in Casino Rama fund (Schedule D, Note 15)	534,012	3,135,107
Equity in CMHC replacement reserve funds (Schedule E, Note 12)	333,059	306,559
	26,247,145	30,246,934
	\$ 50,780,168	\$ 50,331,912

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)

	2009	2008
REVENUE		
Indian and Northern Affairs Canada (Note 14)	\$ 15,987,920	\$ 16,265,934
Health and Welfare Canada	941,622	1,079,238
Casino Rama	1,453,488	3,236,624
Province of Ontario	4,341,079	3,537,371
Contracting and user fees	2,733,143	2,615,779
Mushkegowuk Council	62,340	55,213
IBA trust distributions	1,402,549	863,591
Canada Mortgage and Housing Corporation	229,496	223,242
Other federal funding	-	57,484
Other	980,984	1,033,416
	28,132,621	28,967,892
EXPENDITURE		
Administration	2,441,816	1,957,621
Amortization	3,291,956	3,554,677
Debt service	204,348	159,826
Program delivery	9,898,906	8,868,532
Sub-contracted service delivery (Note 16)	9,631,024	10,293,419
Wages and employee benefits	6,315,961	4,560,966
Write down of accounts receivable	348,400	696,000
	32,132,411	30,091,041
DEFICIENCY OF REVENUE OVER EXPENDITURES	(3,999,790)	(1,123,149)
MEMBERS' EQUITY, beginning of year	30,246,934	31,370,083
MEMBERS' EQUITY, end of year	\$ 26,247,144	\$ 30,246,934

See accompanying notes.

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

	2009	2008
OPERATING ACTIVITIES		
DEFICIENCY OF REVENUE OVER EXPENDITURES	\$ (3,999,790)	\$ (1,123,149)
ITEMS NOT AFFECTING CASH:		
Amortization	3,291,956	3,554,677
DECREASE (INCREASE) IN:		
Accounts receivable	370,603	(700,261)
INAC funding receivable	(617,852)	1,787,233
Inventories	347,567	(17,318)
Funds held in trust - INAC	(6,340)	(9,523)
INCREASE (DECREASE) IN:		
Accounts payable and accrued liabilities	430,444	3,122,150
Due to Attawapiskat Trust	260,000	-
Deferred revenue	(194,673)	(1,127,143)
Capital receipts overexpended	(422,369)	-
Cash restricted for CMHC reserve funds	(26,500)	(18,500)
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(566,954)	5,468,166
FINANCING ACTIVITIES		
Repayment of long-term debt	(260,706)	(82,764)
Proceeds of long-term debt	3,274,750	732,986
Proceeds (repayment) of demand loans - net	(507,690)	176,597
Advances from related parties	2,389,605	160,416
CASH PROVIDED BY FINANCING ACTIVITIES	4,895,959	987,235
INVESTING ACTIVITIES		
Capital expenditures financed by debt	(3,274,750)	(732,986)
Capital expenditures expensed in operations	(2,986,841)	(1,895,191)
CASH USED IN INVESTING ACTIVITIES	(6,261,591)	(2,628,177)
CHANGE IN CASH	(1,932,586)	3,827,224
CASH, beginning of year	5,244,645	1,417,421
CASH, end of year	\$ 3,312,059	\$ 5,244,645
SUPPLEMENTARY INFORMATION:		
Interest paid	\$ 204,348	\$ 159,826

See accompanying notes.

ATTAWAPISKAT FIRST NATION

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2009 & 2008

(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 \$142 (2008 - \$461) representing advances, net of allowances for doubtful accounts of \$159,000 (2008 - \$148,500), to and on behalf of employees and officers of the First Nation. Management has collection procedures in place and expects the balances to be repaid.

2. INVENTORIES

Inventories are comprised primarily of coarse aggregate stockpiles for resale and use in operations and fuel stock, are recorded at cost on a first in first out basis. Management expects inventory to be utilized in the 2010 fiscal year.

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 2009	NET 2008
Buildings	\$ 22,975,966	\$ 8,779,981	\$ 14,195,985	\$ 10,169,952
Infrastructure	46,910,764	21,214,336	25,696,428	26,978,099
Equipment	3,745,651	3,171,283	574,368	349,095
	\$ 73,632,381	\$ 33,165,600	\$ 40,466,781	\$ 37,497,146

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	\$ -	\$ 13,159
Attawapiskat First Nation Education Authority	-	4,449,383
Attawapiskat First Nation Maytawaywin Authority	638,787	-
Attawapiskat Health Services Board	590,467	-
Attawapiskat Power Corporation	570,000	-
Attawapiskat Resources Inc.	-	-
	\$ 1,799,254	\$ 4,462,542

ATTAWAPISKAT FIRST NATION

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

YEARS ENDED MARCH 31, 2009 & 2008

(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 2010 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 2010 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 2010 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 2010 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. FUTURE CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The Canadian Institute of Chartered Accountants (CICA) has issued a number of standards that are not yet effective. The First Nation expects no impact of these future standards on the financial statements.

7. 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:

	2009	2008
IBA Elder Recognition	\$ 111,833	\$ 77,781
MCSS - Home Makers	-	228,725
	\$ 111,833	\$ 306,506

8. 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, 2009 & 2008

(UNAUDITED - SEE NOTICE TO READER)

9. LONG-TERM DEBT

	2009	2008
BMO mortgage payable bearing interest at 4.76%, repayable at \$12,591 per month principal and interest, secured by real property, maturing July 2010.	\$ 195,728	\$ 334,617
Great West Life mortgage payable bearing interest at 9.47%, repayable at \$4,424 per month principal and interest, secured by real property, maturing August 2019.	357,879	377,154
CMHC mortgage payable bearing interest at 3.98%, repayable at \$7,521 per month principal and interest, secured by real property, maturing February 2033.	1,399,489	1,420,998
BMO bank loan relating to Peacekeepers facilities, bearing interest at 8.42%, repayable at \$1,534 per month principal and interest, secured by Band Council resolution and property lease assignment, maturing October 2011.	42,589	56,779
Wells Fargo capital lease relating to waste collection vehicle, bearing interest at 10.45%, payable at \$3,306 per month principal and interest, maturing February 2013.	125,048	150,212
TD Canada Trust bank loan relating to fire protection equipment, bearing interest at bank prime plus 1%, repayable at \$3,555 per month principal and interest, secured by Band Council resolution, maturing May 2013.	156,776	-
CMHC mortgage payable to a maximum of \$1,356,000, bearing interest at 2.61%, repayable commencing approximately October 2009 upon completion of related housing project, secured by real property, maturing approximately October 2034.	1,022,546	-
CMHC mortgage payable to a maximum of \$750,072, bearing interest at 2.61%, repayable commencing approximately October 2009 upon completion of related housing project, secured by real property, maturing approximately October 2034.	565,181	-
CMHC mortgage payable bearing interest at 2.86%, repayable at \$2,580 per month principal and interest, secured by real property, maturing July 2034. Approximately \$130,000 remains to be advanced in the 2010 fiscal year.	417,388	-
CMHC mortgage payable bearing interest at 2.86%, repayable at \$6,626 per month principal and interest, secured by real property, maturing July 2034. Approximately \$334,000 remains to be advanced in the 2010 fiscal year.	1,071,180	-
	5,353,804	2,339,760
Less: Current portion	301,947	226,639
	\$ 5,051,857	\$ 2,113,121

ATTAWAPISKAT FIRST NATION

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

YEARS ENDED MARCH 31, 2009 & 2008

(UNAUDITED - SEE NOTICE TO READER)

9. LONG-TERM DEBT (CONT'D)

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:

2010	\$	301,947
2011		283,311
2012		238,742
2013		234,507
2014		175,714
Thereafter		4,119,583
		<hr/>
		\$ 5,353,804

10. DUE TO INAC

The balance due to INAC is repayable at \$300,000 annually by way of a partial holdback of minor capital funding.

11. TERM DEMAND LOANS

Term demand loans obtained to finance a 62 lot subdivision, heating fuel and general operations, bear interest at various rates between 0.5% and 2.5% above the bank prime rate.

12. 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.

13. CONTINGENCIES

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.

14. ECONOMIC DEPENDENCE

The First Nation receives 50.4% (2008 - 51.4%) of its revenues pursuant to funding arrangements with Indian and Northern Affairs Canada and 13.8% (2008 - 10.8%) of its revenues pursuant to funding arrangements with the Province of Ontario. The continuation of the First Nation is dependent on this funding.

15. 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.

ATTAWAPISKAT FIRST NATION

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

YEARS ENDED MARCH 31, 2009 & 2008

(UNAUDITED - SEE NOTICE TO READER)

16. SUB-CONTRACTED SERVICE DELIVERY

Sub-contracted service delivery consists of the following:

	2009	2008
Indian and Northern Affairs Canada funding redirected to:		
Attawapiskat First Nation Education Authority	\$ 9,480,624	\$ 10,035,729
Attawapiskat Development Corporation	150,400	150,400
Health and Welfare Canada funding redirected to:		
Attawapiskat First Nation Education Authority	-	107,290
	\$ 9,631,024	\$ 10,293,419

17. FINANCIAL INSTRUMENTS

(a) 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 customers. In order to reduce its credit risk, the First Nation reviews a new customer's history before extending credit and conducts regular reviews of its existing 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 customers which minimizes concentration of credit risk.

(b) Fair Value

The financial instruments consist of bank indebtedness, accounts payable and accrued liabilities and due to related parties. Except for due to related parties, fair value approximates carrying value due to the immediate or short term maturity of these instruments. The fair value of the amounts due to related parties are less than carrying value, as the amounts are non-interest bearing. As the amounts have no terms of repayment, the fair value cannot be calculated with any degree of certainty.

18. CAPITAL MANAGEMENT

The First Nation objectives when managing capital are to continue as a going concern to protect its ability to meet its ongoing liabilities.

19. 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)

	2009	2008
REVENUE		
Indian and Northern Affairs Canada	\$ 15,987,920	\$ 16,265,934
Health and Welfare Canada	941,622	1,079,238
Casino Rama	1,453,488	3,236,624
Province of Ontario	4,341,079	3,537,371
Contracting and user fees	2,733,143	2,615,779
Mushkegowuk Council	62,340	55,213
IBA Trust distributions	1,402,549	863,591
Canada Mortgage and Housing Corporation	229,496	223,242
Other federal funding	-	57,484
Other	974,644	1,023,894
	28,126,281	28,958,370
EXPENDITURES		
Administration	2,292,371	1,957,621
Capital expenditures	2,986,841	1,738,366
Debt service	1,053,499	681,590
Program delivery	9,898,906	9,025,357
Sub-contracted service delivery (Note 16)	9,631,024	10,293,419
Wages and employee benefits	6,315,961	4,560,966
Write down of accounts receivable	348,400	696,000
	32,527,002	28,953,319
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(4,400,721)	5,051
DEFICIENCY IN OPERATING FUND, beginning of year	(6,751,884)	(4,365,730)
APPROPRIATION TO CMHC REPLACEMENT RESERVE FUNDS	(26,500)	(18,500)
APPROPRIATION FROM (TO) CASINO RAMA FUND	2,601,095	(2,372,705)
DEFICIENCY IN OPERATING FUND, end of year	\$ (8,578,010)	\$ (6,751,884)

ATTAWAPISKAT FIRST NATION

NON-CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES - CAPITAL FUND

YEARS ENDED MARCH 31

(UNAUDITED - SEE NOTICE TO READER)

	2009	2008
REVENUE		
Principal portion of debt service expensed in other funds	\$ 699,706	\$ 521,765
Capital expenditures expensed in other funds	2,986,841	1,895,191
	3,686,547	2,416,956
EXPENDITURES		
Amortization	3,291,956	3,554,677
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	394,591	(1,137,721)
EQUITY IN CAPITAL FUND, beginning of year	33,401,386	34,539,107
EQUITY IN CAPITAL FUND, end of year	\$ 33,795,977	\$ 33,401,386

ATTAWAPISKAT FIRST NATION

NON-CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES - INAC TRUST FUND

YEARS ENDED MARCH 31

(UNAUDITED - SEE NOTICE TO READER)

	2009	2008
REVENUE		
Interest	\$ 6,340	\$ 9,522
EQUITY IN INAC TRUST FUND, beginning of year	155,766	146,244
EQUITY IN INAC TRUST FUND, end of year	\$ 162,106	\$ 155,766

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

	2009	2008
EQUITY IN CASINO RAMA FUND, beginning of year	\$ 3,135,107	\$ 762,402
APPROPRIATION TO (FROM) OPERATING FUND	(2,601,095)	2,372,705
EQUITY IN CASINO RAMA FUND, end of year	\$ 534,012	\$ 3,135,107

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

	2009	2008
EQUITY IN CMHC REPLACEMENT RESERVE FUNDS, beginning of year	\$ 306,559	\$ 288,059
APPROPRIATION FROM OPERATING FUND	26,500	18,500
EQUITY IN CMHC REPLACEMENT RESERVE FUNDS, end of year	\$ 333,059	\$ 306,559