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November 13, 2008

**FA**  
**11-14-08**  
**ED**

Chief and Council  
Fishing Lake First Nation  
Box 508  
Wadena, SK S0A 4J0

Your file - Votre référence

Our file - Notre référence

30-0005.07.08  
CIDM #189629

**RE: 2007-08 AUDITED FINANCIAL STATEMENTS**

The South Budget Centre Audit Review committee has now had an opportunity to review the Fishing Lake First Nation (FLFN) audited financial statements for the 2007-2008 fiscal year.

In reviewing the 2007-08 audit, it is noted that your auditor has once again provided an unqualified audit opinion. However, the cumulative deficit has increased by (\$51,032.00) to (\$599,458.00), which represents (5.03%) National Solvency Ratio and (15.46%) Saskatchewan Solvency Ratio. The Saskatchewan Solvency Ratio excludes contribution funded programs from the calculation. Your continued attention towards reducing the deficit will be required.

Some additional items of note:

1. Bank - cash remains relatively constant, changing from \$2,390,566.00 in 2007 to \$2,189,966.00 in 2008.
2. Accounts Receivable has decreased from \$1,845,462.00 to \$1,180,279.00, with \$723,096.00 being receivables from government departments. Accounts Receivable from band members increased from \$54,723.00 to \$64,212.00, an increase of \$9,489.00 or 17.34%.
3. Accounts Payable has decreased significantly from \$1,028,708.00 to \$587,317.00, a decrease of \$441,391.00 or 42.8%. See Item 7 below respecting contingent liabilities.
4. Deferred revenue of \$42,900.00 was identified in Professional and Institutional Development. This is contribution funding and therefore it cannot be deferred. It will be recovered and returned to the Receiver General in the 2008-09 fiscal year.
5. Long Term debt decreased from \$524,635.00 to \$344,201.00, which is a decrease of \$180,434.00.
6. Negative equity in controlled business increased from (\$145,109.00) to (\$209,890.00), which is an increase of \$58,781.00. This is another area where your First Nation needs to identify the problems and address them accordingly, to ensure that no additional costs are incurred.

**Canada**

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7. Contingent liabilities, identified from the Social Assistance Reviews and Provincial Tuition, need to be addressed by the Chief and Council:

a) Respecting Social Assistance, the following actions will take place in 2008-09:

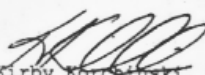
- The final \$35,000.00 of ineligible expenditures, identified in the 1993-94 review, will be recovered.
- Ineligible expenditures, found during the 2007-08 review totalling \$26,437.00, will also be recovered.

b) Respecting Provincial Tuition, the results of your discussions with the Horizon School Division may have a significant impact on both contingent liabilities and accounts payable. As a contribution, any funds advanced by INAC to FLFN that are not expended in accordance with the Comprehensive Funding Agreement terms and conditions, must be returned to the Receiver General for Canada. By copy of this letter, we are advising your auditor of this information so that he may make any audit adjustments that he deems necessary.

Based on the foregoing, [REDACTED] provided that FLFN is able to submit an acceptable Remedial Management Plan which addresses the balance of the debt and deficit the First Nation is currently carrying.

The Lands and Trust services staff will be evaluating the trust fund reporting identified in the audit and will be contacting you directly in this regard.

Should you have any questions or concerns regarding the audit review, please contact myself or Gary Sparvier, your Senior Funding Services Officer, at (306) 332-8542.

  
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