

KINGSCLEAR FIRST NATION

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

KINGSCLEAR FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015

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**LENEHAN MCCAIN & ASSOCIATES
CHARTERED PROFESSIONAL ACCOUNTANTS**

389 Connell Street, Suite 200
Woodstock, New Brunswick
E7M 5G5

Telephone (506) 325-2101
Fax (506) 325-9675

Independent Auditor's Report

To the Members of
Kingsclear First Nation

We have audited the accompanying consolidated financial statements of Kingsclear First Nation, which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statements of operations, 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 presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the First Nation's preparation and fair presentation of the consolidated 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 First Nation'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 consolidated 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 Kingsclear First Nation as at March 31, 2015, and the results of its operations, the changes in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

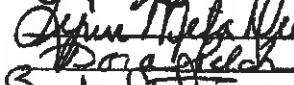
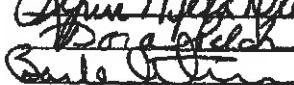
*Leanne McCain & Associates
Chartered Professional Accountants*

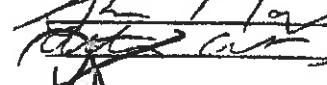
Woodstock, New Brunswick
September 30, 2015

KINGSCLEAR FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
MARCH 31, 2015

	2015	2014
Financial Assets		
Cash (Note 3)	\$ 433,123	\$ 145,241
Restricted cash (Note 3)	575,007	533,829
Accounts receivable (Note 4)	1,127,841	2,295,900
Funds held in trust (Note 5)	-	2,945
Funds held in trust by Federal Government (Note 17)	8,381	8,065
Inventory (Note 11)	128,753	157,543
	<u>2,273,105</u>	<u>3,143,523</u>
Liabilities		
Accounts payable and accrued liabilities (Note 9)	889,656	1,750,374
Accounts payable - AANDC (Note 10)	1,599,828	1,791,605
Deferred revenue (Note 6)	181,817	195,438
Long-term debt (Note 7)	4,645,891	5,006,147
	<u>7,317,192</u>	<u>8,743,564</u>
Net debt	<u>(5,044,087)</u>	<u>(5,600,041)</u>
Non-financial Assets		
Tangible capital assets (Note 8)	13,390,311	14,053,635
Prepaid expenses (Note 15)	94,717	38,705
	<u>13,485,028</u>	<u>14,092,140</u>
Accumulated Surplus	<u>\$ 8,440,941</u>	<u>\$ 8,492,299</u>

Approved on behalf of the Kingsclear First Nation

 , Chief
 , Councillor
 , Councillor
 , Councillor
 , Councillor

 , Councillor
 , Councillor
 , Councillor
 , Councillor

KINGSCLEAR FIRST NATION
CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT
FOR THE YEAR ENDED MARCH 31, 2015

	2015 Budget	2015 Actual	2014 Actual
Surplus	\$ 281,242	(351,358)	\$ 1,042,748
Acquisition of tangible capital assets	-	(203,573)	(1,240,025)
Amortization of tangible capital assets	-	866,897	912,144
	-	663,324	(327,881)
Acquisition of prepaid asset	-	(94,717)	(38,703)
Use of prepaid asset	-	38,705	16,466
	-	(56,012)	(22,239)
Increase in net financial assets	281,242	555,954	692,628
Net debt at beginning of year	(5,600,041)	(5,600,041)	(6,292,669)
Net debt at end of year	\$ (5,318,799)	\$ (5,044,087)	\$ (5,600,041)

The accompanying notes are an integral part of the financial statements

KINGSCLEAR FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2015

	2015 Budget	2015 Actual	2014 Actual
Revenues			
Aboriginal Affairs and Northern Development Canada	\$ 6,584,201	\$ 6,965,127	\$ 7,720,432
Convenience Store	8,700,000	8,685,033	8,745,728
Health Canada	815,676	1,009,073	1,051,799
Other	1,355,960	1,580,203	1,776,211
Rental income	374,832	662,700	604,516
Canada Mortgage and Housing Corporation	235,284	268,487	250,084
SJRVTC Inc.	255,000	317,284	328,717
Fisheries and Oceans Canada	255,000	255,000	255,000
Public Safety Canada	106,740	106,979	106,979
	18,682,693	19,849,886	20,839,466
Expenditures			
Administration Program	1,033,416	1,239,362	1,232,924
Policing Program	106,740	117,525	113,302
Education Program	2,425,324	2,398,289	2,563,625
Welfare Program	2,047,434	2,153,610	2,047,430
Social Housing Program	690,000	325,537	448,218
Health Program	813,082	869,398	864,367
Fisheries Program	274,700	318,916	332,106
Job Creation Program	305,000	411,108	380,699
Forestry Program	309,000	306,538	254,525
Convenience Store	8,341,000	8,548,631	8,394,931
Capital Program	192,001	200,166	302,938
Adult Care Program	421,926	433,938	438,336
Child Maintenance Program	480,000	744,880	580,367
Child and Family Program	608,141	439,681	561,647
Operations and Maintenance Program	353,687	526,768	369,158
	18,401,451	19,034,347	18,884,573
Surplus before other expense	281,242	815,539	1,954,893
Other expense			
Amortization	-	(866,897)	(912,144)
Surplus (deficit)	281,242	(51,358)	1,042,748
Accumulated surplus at beginning of year	8,492,299	8,492,299	7,449,551
Accumulated surplus at end of year	\$ 8,773,541	\$ 8,440,941	\$ 8,492,299

The accompanying notes are an integral part of the financial statements

KINGSCLEAR FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2015

	2015	2014
Cash flows from		
Operating activities		
Surplus (deficit)	\$ (51,358)	\$ 1,042,748
Items not affecting cash		
Amortization expense	866,897	912,144
	815,539	1,954,892
Change in non-cash operating working capital		
Accounts receivable	1,168,059	(890,896)
Inventory	28,790	(8,196)
Prepaid expenses	(56,012)	(22,239)
Funds held in trust (Note 5)	2,945	76,197
Funds held in trust by Federal Government (Note 17)	(316)	(199)
Accounts payable and accrued liabilities	(860,712)	(358,007)
Accounts payable - AANDC	(191,777)	(221,206)
Deferred revenue	(13,621)	(286,969)
	892,895	243,377
Capital activities		
Acquisition of tangible capital assets	(203,573)	(1,240,026)
Financing activities		
Repayment of loans and mortgages	(360,262)	(391,775)
Increase (decrease) in cash and cash equivalents	329,060	(1,388,424)
Cash and cash equivalents, beginning of year	679,070	2,067,494
Cash and cash equivalents, end of year	\$ 1,008,130	\$ 679,070
Represented by		
Cash	\$ 433,123	\$ 145,241
Restricted cash	575,007	533,829
	\$ 1,008,130	\$ 679,070

The accompanying notes are an integral part of the financial statements

KINGSCLEAR FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015

1. Basis of Presentation and Significant Accounting Policies

These financial statements are prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

(a) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and term deposits having a maturity of one year or less at acquisition which are held for the purpose of meeting short-term cash commitments.

(b) Principles of Consolidation

All controlled entities are fully consolidated on a line-by-line basis.

Consolidation Method

This method combines the accounts of distinct organizations. It requires uniform accounting policies for the organizations. Inter-organizational balances and transactions are eliminated under this method. This method reports the organizations as if they were one organization.

(c) 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 is comprised of two components, non-financial assets and accumulated surplus.

(d) Inventory

Inventory is recorded at the lower of cost and net realizable value. Cost is determined on the FIFO basis.

KINGSCLEAR FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015

I. Basis of Presentation and Significant Accounting Policies (continued)

(c) Tangible Capital Assets

Tangible capital assets (TCAs) are items that can be physically touched, are used to provide First Nation services, are used for First Nation administration purposes or are used for the construction and/or maintenance of other TCAs owned by the First Nation, will be useful for a period greater than one year and will be used by the First Nation on a regular basis.

There are some assets that have been owned for a significant number of years, therefore some assumptions and amortization calculations were required to determine age and historical cost.

TCAs are recorded at cost, which includes all amounts directly attributable to acquisition, construction, development or betterment of the asset, and are amortized on the straight-line basis over their estimated useful lives. The First Nation has determined a capitalization threshold of \$5,000. Any item purchased below this threshold will be recorded as an expense in the year the item is acquired. Amortization begins in the year the asset has been put to use. Assets under construction are not amortized until they are put into use.

Tangible capital assets recorded at a nominal amount of \$1 (because specific cost information could not be determined) include some roads, some of the water/sewer infrastructure, a few smaller buildings and approximately 5 hectares of land.

Buildings	10-40yrs Straight line
Parking areas	25yrs Straight line
Fire truck	10yrs Straight line
Other vehicles	5yrs Straight line
Boats	10yrs Straight line
Equipment	5yrs Straight line
Gas tanks	15yrs Straight line
Roads	15yrs Straight line
Water and sewer facilities	30yrs Straight line

KINGSCLEAR FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015

1. Basis of Presentation and Significant Accounting Policies (continued)

(f) Revenue Recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers (both operating and capital) are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

(g) Expense recognition

Expenses are recorded on the accrual basis as they are incurred and measurable based on receipt of goods or services and obligation to pay.

(h) Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

(i) 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 are 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.

(j) Fishing licences

Fishing licences are considered intangible assets and are not recorded as assets in these financial statements.

KINGSCLEAR FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

1. Basis of Presentation and Significant Accounting Policies (continued)

(k) Segment Disclosure

The financial statements of Kingsclear First Nation provide supporting schedules which are established by program based on government funding provided. The various programs have been amalgamated for the purpose of presentation in the consolidated financial statements. Details of the operations of each program are set out in the supplementary schedules for management information purposes.

(l) Financial Instruments

The First Nation's financial instruments consist of cash, accounts receivable, bank indebtedness, accounts payable, deferred revenue and long-term debt. 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 approximates their carrying values, unless otherwise noted.

2. Additional Information - Restricted Amounts

Movable Assets Reserve (MAR)

Under the terms of the Health Services Transfer Agreement with Health Canada, an amount is to be maintained in a reserve for the replacement of qualifying tangible capital assets. Expenditures for replacement of qualifying tangible capital assets are charged to this reserve when incurred.

A separate bank account for this reserve is maintained by the First Nation, and is included with cash on the consolidated statement of financial position.

The moveable assets reserve is included with the accumulated surplus on the consolidated statement of financial position.

Replacement Reserve (RR)

Under the terms of the agreements with Canada Mortgage and Housing Corporation, an amount is to be maintained in a reserve for qualifying capital and maintenance expenditures related to the corresponding housing projects/units of the First Nation. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. Withdrawals are credited to interest first and then principal.

Separate bank accounts for this reserve are maintained by the First Nation, and are included with restricted cash on the consolidated statement of financial position.

The replacement reserve is included with accumulated surplus on the consolidated statement of financial position.

KINGSCLEAR FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015

3. Cash

	2015	2014
Unrestricted accounts	\$ 433,123	\$ 145,241
Restricted accounts:		
CMHC replacement reserve post '96 projects	471,267	459,462
CMHC replacement reserve pre '97 projects	103,740	74,367
	<hr/> \$ 1,008,130	<hr/> \$ 679,070

4. Accounts Receivable

	2015	2014
Aboriginal Affairs and Northern Development Canada	\$ 142,105	\$ 988,849
Health Canada	6,296	5,629
Fisheries and Oceans Canada	25,500	72,604
First Nation HRDC	-	15,984
St. John River Valley Tribal Council Inc.	-	121,895
Province of New Brunswick - HST rebates	394,610	558,822
Province of New Brunswick - other	40,144	24,982
North Shore Micmac District Council	-	7,200
Canada Revenue Agency	-	12,156
Convenience Store excise tax rebates	364,277	454,003
Convenience Store trade receivables	21,483	21,329
Other	4,000	-
Individuals	475,671	339,240
Public Safety Canada	5,226	5,226
	<hr/> 1,479,312	<hr/> 2,627,919
Allowance for doubtful accounts	(351,471)	(332,019)
	<hr/> \$ 1,127,841	<hr/> \$ 2,295,900

5. Funds held in trust

	2015	2014
Health Canada funds held in trust	\$ -	\$ 2,945

The funds held in trust at March 31, 2014 were disbursed to the First Nation during the 2014/2015 fiscal year.

KINGSCLEAR FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015

6. Deferred revenue

	2015	2014
AANDC - Child Maintenance Program	\$ 144,720	\$ 144,720
First Nation Land Management	37,097	37,097
AANDC - Capital program (Water over \$1.5M)	-	13,621
	\$ 181,817	\$ 195,438

These amounts represent unexpended funds under contribution agreements and therefore may be subject to repayment to the funding source.

7. Long-term debt

	2015	2014
Canada Mortgage and Housing Corporation		
Various mortgages at interest rates from 1.53% to 2.75%, repayable in blended monthly installments ranging from \$335 to \$2,486, guaranteed by the Minister of Aboriginal Affairs and Northern Development Canada. These loans are related to CMHC housing projects and have varying repayment terms and maturity dates.	\$ 3,349,506	\$ 3,518,689
Canadian Imperial Bank of Commerce		
Various mortgages at interest rates from 2.99% to 5.09%, repayable in blended monthly installments ranging from \$355 to \$3,027, guaranteed by the Minister of Aboriginal Affairs and Northern Development Canada. These loans are related to CMHC housing projects and have varying repayment terms and maturity dates.	1,296,385	1,467,458
Current portion	4,645,891	5,006,147
	345,000	363,484
	\$ 4,300,891	\$ 4,642,663

KINGSCLEAR FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015

7. Long-term debt, continued

Principal portion of long-term debt due within the next five years:

2016	\$ 345,000
2017	356,000
2018	360,000
2019	316,000
2020	<u>\$ 319,000</u>

KINGSCLEAR FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015

8. Tangible Capital Assets

	Cost	Additions	Disposals	Accumulated amortization	2015 Net book value
Land	\$ 25,001	\$ -	\$ -	\$ -	\$ 25,001
Buildings	19,556,813	50,993	-	9,400,800	10,299,096
Fire truck and other vehicles	459,541	44,157	-	336,812	166,886
Gas tanks and equipment	1,709,136	-	-	1,557,371	59,676
Water and sewer	3,431,428	108,423	-	868,836	2,671,015
Boats	136,286	-	-	124,536	11,750
Parking areas	28,000	-	-	13,025	14,975
Roads	1,217,638	-	-	1,075,726	141,912
	\$ 26,563,843	\$ 203,573	\$ -	\$ 13,377,106	\$ 13,390,311

	Cost	Additions	Disposals	Accumulated amortization	2014 Net book value
Land	\$ 25,001	\$ -	\$ -	\$ -	\$ 25,001
Buildings	19,482,961	73,853	47,450	8,810,127	10,746,686
Fire truck and other vehicles	459,541	-	-	292,665	166,876
Gas tanks and equipment	1,701,110	8,027	7,765	1,525,585	183,552
Water and sewer	2,273,283	1,158,146	-	750,841	2,680,587
Boats	136,286	-	578,898	124,536	11,750
Parking areas	28,000	-	-	11,905	16,095
Roads	1,217,638	-	-	994,550	223,088
	\$ 25,323,820	\$ 1,240,026	\$ 634,113	\$ 12,510,209	\$ 14,053,635

KINGSCLEAR FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015

9. Accounts payable and accrued liabilities

	2015	2014
Province of New Brunswick - tuition	\$ 505,939	\$ 1,179,891
Canada Revenue Agency - HST	44,148	123,938
Child and Family Services program	75,735	75,735
Canada Revenue Agency - Payroll deductions	33,657	42,361
Trade payables	215,763	244,170
Health Canada	14,414	84,278
	\$ 889,656	\$ 1,750,373

10. Accounts payable - Aboriginal Affairs and Northern Development Canada

	2015	2014
2002-03 and 2003-04 Child maintenance	\$ 116,223	\$ 148,000
2003-04 Water and sewer projects		120,692
2008-09 Maintenance (CF)	165,896	205,204
2008-09 Preventative (CF)	186,577	186,577
2009-10 Basic needs	211,252	211,252
2010-11 Basic Needs	121,218	121,218
2010-11 Special Needs	36,585	36,585
2010-11 Preventative (CF)	24,205	24,205
2010-11 In-Home Care	131,130	131,130
2012-13 Tuition agreement	373,024	373,024
2013-14 Post Secondary Student Support	163,526	163,526
2013-14 Tuition agreement	70,192	70,192
	\$ 1,599,828	\$ 1,791,605

11. Inventory

Inventory on hand for resale purposes relates to the convenience store, and is comprised of the following.

	2015	2014
Tobacco products	\$ 72,450	\$ 82,804
Gasoline and diesel	20,141	30,604
Grocery	36,162	44,135
	\$ 128,753	\$ 157,543

KINGSCLEAR FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015

12. Financial Instruments Risks and Uncertainties

The First Nation is exposed to the following risks in respect of certain of the financial instruments held:

Credit risk

The financial instruments that potentially subject the First Nation to a significant concentration of credit risk consist primarily of cash and accounts receivable.

The First Nation maintains cash balances with Canadian chartered banks which is insured by the Canada Deposit Insurance Corporation up to CDN \$100,000. From time to time, these balances exceed the federally insured limits and expose the First Nation to credit risk from concentration of cash. The First Nation limits this risk by transacting with reputable financial institutions.

The First Nation does have credit risk in accounts receivable \$1,127,841 (2014 - \$2,295,900). Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The First Nation reduces its exposure to credit risk by performing valuations on a regular basis and creating an allowance for bad debts when applicable. The First Nation derives substantially all of its revenues and therefore, accounts receivable, from government sources. In the opinion of management, the credit risk exposure to the First Nation is low and is not material.

Liquidity risk

The First Nation does have a liquidity risk in the accounts payable and accrued liabilities of \$2,489,484 (2014 - \$3,541,979). Liquidity risk is the risk that the First Nation cannot repay its obligations when they become due to its creditors. The First Nation reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due and maintains a responsible cash position. In the opinion of management, the liquidity risk exposure to the First Nation is low and is not material.

Interest rate risk

The First Nation is exposed to interest rate risk related to mortgages with floating interest rates. This exposure may have an effect on its interest expenses in future periods. The First Nation reduces its exposure to interest rate risk by regularly monitoring published bank prime interest rates which have been relatively stable over the period presented. There are some loans payable that are at fixed term rates and therefore, do not affect interest rate risk. The First Nation does not use derivative instruments to reduce its exposure to interest rate risk. In the opinion of management the interest rate risk exposure to the First Nation is low and is not material.

KINGSCLEAR FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015

13. Economic Dependence

Kingsclear First Nation receives a significant portion of its revenue pursuant to a funding agreement with Aboriginal Affairs and Northern Development Canada.

Due to certain deficiencies in its financial position, the First Nation is also party to a Remedial Management Plan agreement (RMP) with Aboriginal Affairs and Northern Development Canada. Under the terms of the RMP, funding from Aboriginal Affairs and Northern Development Canada can be suspended if terms of the RMP are not complied with.

In September 2011, Aboriginal Affairs and Northern Development Canada determined that the First Nation was not meeting terms of the RMP on its own and exercised its right to appoint a co-manager to assist in implementing and monitoring the RMP. In addition to monitoring the RMP, the co-manager's responsibilities include having joint authority with the First Nation for authorizing and approving expenditures and payments for programs. The requirement for the co-management arrangement is still in place as of the date of these financial statements. Removal of the co-manager requires the approval of Aboriginal Affairs and Northern Development Canada and Kingsclear First Nation.

14. Contingent liabilities

Kingsclear First Nation has entered into contribution agreements with various federal 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. The likelihood of compliance reviews and any potential findings are not determinable as at the date on the auditor's report.

The First Nation is indebted to the Province of New Brunswick (Department of Education) in the amount of \$505,939, excluding interest, for tuition as at March 31, 2015. Additionally, the Province has billed \$271,420 of interest as at the same date. However, the interest amount has not been included in the accounts payable as the Province has confirmed that the interest will be forgiven once the principal amount has been paid.

15. Prepaid expenses

	2015	2014
Social assistance	\$ 8,782	\$ 22,847
Post secondary	22,119	15,858
Convenience store purchases	63,816	
	<hr/>	<hr/>
	\$ 94,717	\$ 38,705

KINGSCLEAR FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015

16. Expenses by object

	2015	2014
Wages and benefits	\$ 3,792,052	\$ 4,213,571
Cost of goods sold	7,506,402	7,423,947
Interest	127,668	153,217
Professional services	242,939	213,236
Amortization	866,897	912,144
Insurance	208,455	142,307
Other	7,156,831	6,808,780
	\$ 19,901,244	\$ 19,867,202

17. Trust funds held by Federal Government

	March 31, 2014	Additions (interest)	Withdrawals	March 31, 2015
Revenue	\$ 2,797	\$ 316	\$ -	\$ 3,113
Capital	5,268	-	-	5,268
	\$ 8,065	\$ 316	\$ -	\$ 8,381

18. Comparative amounts

Certain comparative amounts have been reclassified to conform with the presentation adopted in the current period. There is no impact to the accumulated surplus balance.

19. Annual surplus net of capital related revenues and amortization

	2015	2014
Annual surplus (deficit)	\$ (51,358)	\$ 1,042,748
Deduct: Federal government transfers for capital	-	(1,249,578)
Add: Amortization expense included in annual surplus	866,897	912,144
Annual surplus net of capital related revenues and amortization	\$ 815,539	\$ 705,314