

**OROMOCTO FIRST NATION  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2015**

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**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2015**

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OROMOCTO FIRST NATION

MARCH 31, 2015

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Oromocto First Nation are the responsibility of management and have been approved by Chief and Council.

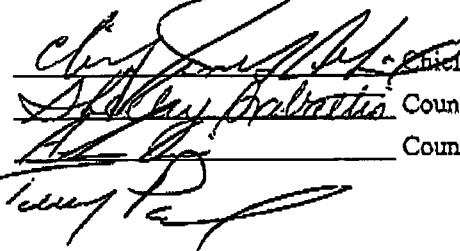
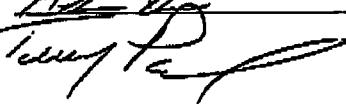
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants Canada and as such include amounts that are the best estimates and judgements of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Council meets periodically with management, as well as external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditor's report.

The external auditors, Teed Saunders Doyle & Co., conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The auditor's have full and free access to financial management of Oromocto First Nation and meet when required.

  
\_\_\_\_\_  
Shirley Balotis Councilor  
\_\_\_\_\_  
  
\_\_\_\_\_  
Lucy P. Councilor

  
\_\_\_\_\_  
Date

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**TEED  
 SAUNDERS  
 DOYLE & CO.**

**Chartered Professional Accountants**

An Independent Member of  
 DFK Canada Inc. and DFK International

**INDEPENDENT AUDITORS' REPORT**

To the Chief and Band Councilors of Oromocto First Nation

We have audited the accompanying consolidated financial statements of Oromocto First Nation, which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statements of operations, changes in net debt and cash flows, and schedules for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the 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 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 entity'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 entity'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 Oromocto First Nation as at March 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Teed Saunders Doyle & Co.*

Fredericton, New Brunswick  
 July 27, 2015

**CHARTERED PROFESSIONAL ACCOUNTANTS**

Fredericton Partners  
 John H. Landry Jeffrey E. Saunders  
 T.J. Smith Kenneth H. Kyle



Saint John Partners  
 Andrew P. Logan Peter L. Logan  
 Jean-Marc Poirier

**OROMOCTO FIRST NATION**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2015**

	<u>2015</u>	<u>2014</u>
<b>FINANCIAL ASSETS</b>		
Cash (note 3)	\$ 873,785	\$ 303,708
Accounts receivable (note 6)	94,311	165,706
Due from government and government organizations (note 7)	2,496,146	2,830,045
Investment in government business enterprises (note 8)	939,033	939,033
Inventory (note 10)	201,882	70,986
Restricted cash - Funds held in trust (note 9)	<u>8,777</u>	<u>8,446</u>
	<u>4,613,934</u>	<u>4,317,924</u>
<b>LIABILITIES</b>		
Operating loan	-	\$10,000
Accounts payable (note 11)	550,876	269,056
Due to government and government organizations (note 12)	6,114,643	5,671,022
Land claim (note 19)	19,521	19,521
Funding repayable to Aboriginal Affairs and Northern Development Canada (note 5)	149,404	242,230
Long-term payable (note 13)	-	3,666,550
Long-term debt (note 18)	<u>1,535,953</u>	<u>1,777,567</u>
	<u>8,370,397</u>	<u>12,155,946</u>
<b>NET DEBT</b>	<b><u>\$(3,756,463)</u></b>	<b><u>\$(7,838,022)</u></b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 17)	\$ 6,207,044	\$ 6,240,676
Prepaid expenses (note 4)	<u>308,320</u>	<u>241,500</u>
	<u>\$ 6,515,364</u>	<u>\$ 6,482,176</u>
<b>ACCUMULATED SURPLUS (DEFICIT)</b>	<b><u>\$ 2,758,901</u></b>	<b><u>\$(1,355,846)</u></b>

On Behalf Of The Band:

\_\_\_\_\_  
Chief

**OROMOCTO FIRST NATION**  
**CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT**  
**AS AT MARCH 31, 2015**

	<u>2014</u> <u>Budget</u>	<u>2015</u> <u>Actual</u>	<u>2014</u> <u>Actual</u>
Excess (Deficiency) Of Revenue Over Expenditures	<u>\$ 371,000</u>	<u>\$ 4,114,747</u>	<u>\$ 27,570</u>
Acquisition of tangible capital assets	-	(428,816)	(336,959)
Amortization of tangible capital assets	-	462,448	423,712
Decrease (increase) in prepaids	<u>—</u>	<u>(66,820)</u>	<u>(176,110)</u>
	<u>—</u>	<u>(33,188)</u>	<u>(89,357)</u>
Decrease (Increase) In Net Debt	371,000	4,081,559	(61,787)
Net Debt - Beginning Of Year	<u>(7,838,022)</u>	<u>(7,838,022)</u>	<u>(7,776,235)</u>
Net Debt - End Of Year	<u><u>\$ (7,467,022)</u></u>	<u><u>\$ (3,756,463)</u></u>	<u><u>\$ (7,838,022)</u></u>

## OROMOCTO FIRST NATION

## CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2015

	2015 <u>Budget</u>	2015 <u>Actual</u>	2014 <u>Actual</u>
<b>Revenue</b>			
Aboriginal Affairs and Northern Development Canada (note 20)	\$ 3,100,000	\$ 4,182,434	\$ 3,087,127
Department of Fisheries and Oceans Canada	327,000	394,559	339,869
Health Canada	461,000	577,467	552,705
Retail Sales (Economic Development)	11,000,000	8,998,149	10,108,994
Province of New Brunswick	15,000	-	393,613
Net income - Band owned enterprises	10,000	-	31,192
Prior year AANDC Funding	-	-	347,519
Other	<u>1,008,000</u>	<u>1,523,934</u>	<u>929,784</u>
	<u>15,921,000</u>	<u>15,676,543</u>	<u>15,790,803</u>
<b>Expenditures</b>			
General Administration	2,500,000	2,910,805	3,543,520
Education	1,000,000	1,374,213	1,120,741
Social Development	1,100,000	1,148,770	926,915
Social Housing	400,000	378,340	343,184
Health	500,000	721,037	702,844
Fisheries	300,000	503,051	340,781
Capital	150,000	195,767	144,731
Child and Family Services	1,200,000	1,401,703	985,793
Forestry	400,000	63,281	88,468
Economic Development	<u>8,000,000</u>	<u>6,535,091</u>	<u>7,566,256</u>
	<u>15,550,000</u>	<u>15,232,058</u>	<u>15,763,233</u>
	371,000	444,485	27,570
<b>Other revenue</b>			
Debt forgiveness - PNB (note 13)	<u>-</u>	<u>3,670,262</u>	<u>-</u>
<b>Excess (Deficiency) of Revenue Over Expenditures For The Year</b>	371,000	4,114,747	27,570
Accumulated Surplus (Deficit) - Beginning of Year	<u>(1,355,846)</u>	<u>(1,355,846)</u>	<u>(1,383,416)</u>
Accumulated Surplus (Deficit) - End of Year	<u>\$ (984,846)</u>	<u>\$ 2,758,901</u>	<u>\$ (1,355,846)</u>

## OROMOCTO FIRST NATION

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2015

	<u>2015 Budget</u>	<u>2015 Actual</u>	<u>2014 Actual</u>
<b>Cash Provided By (Required For):</b>			
<b>Operating Activities</b>			
Excess (deficiency) of revenue over expenditures for the year	\$ 371,000	\$ 4,114,747	\$ 27,570
Item not affecting cash			
Amortization	<u>375,000</u>	<u>462,448</u>	<u>423,712</u>
	<u>746,000</u>	<u>4,577,195</u>	<u>451,282</u>
Change in non-cash operating working capital (note 21)	<u>-</u>	<u>933,021</u>	<u>(458,921)</u>
	<u>746,000</u>	<u>5,510,216</u>	<u>(7,639)</u>
<b>Investing Activities</b>			
Acquisition of tangible capital assets	(500,000)	(428,816)	(336,959)
Investment in band owned enterprises	<u>-</u>	<u>-</u>	<u>(62,919)</u>
	<u>(500,000)</u>	<u>(428,816)</u>	<u>(399,878)</u>
<b>Financing Activities</b>			
Funding repayable to Aboriginal Affairs and Northern Development Canada	<u>-</u>	<u>(92,826)</u>	<u>(55,874)</u>
Proceeds (repayment) of operating loan	<u>-</u>	<u>(510,000)</u>	<u>510,000</u>
Repayment of long-term debt	(300,000)	(241,616)	(245,279)
Long-term payable	<u>-</u>	<u>(3,666,550)</u>	<u>194,397</u>
	<u>(300,000)</u>	<u>(4,510,992)</u>	<u>403,244</u>
<b>Increase (Decrease) In Cash During The Year</b>	<b>(54,000)</b>	<b>570,408</b>	<b>(4,273)</b>
<b>Cash Position At Beginning Of Year</b>	<b><u>312,154</u></b>	<b><u>312,154</u></b>	<b><u>316,427</u></b>
<b>Cash Position At End Of Year</b>	<b><u>\$ 258,154</u></b>	<b><u>\$ 882,562</u></b>	<b><u>\$ 312,154</u></b>
<b>Cash consists of:</b>			
Cash	\$ 873,785	\$ 303,708	
Restricted cash - Funds held in trust	<u>8,777</u>	<u>8,446</u>	
	<u>\$ 882,562</u>	<u>\$ 312,154</u>	

**OROMOCTO FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2015**

**1. Description Of Entity**

The Oromocto First Nation operates a First Nation's Band in Oromocto, New Brunswick for the benefit of its members.

**2. Significant Accounting Policies**

Basis of Accounting

These financial statements have been 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 Professional Accountants.

Reporting Entity

The Oromocto First Nation reporting entity includes the Oromocto First Nation government and all related entities that are controlled by the First Nation.

Principles of Consolidation

All entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of government business enterprise, which are included in the Consolidated Financial Statements on modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Commercial enterprises accounted for on a modified equity basis include:

OFN Days Inn Inc.

The consolidated financial statements include the accounts of the following programs:

General Administration, Education, Social Development, Social Housing, Health, Fisheries, Capital, Child & Family Services, Forestry and Economic Development

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 and prepaid expenses.

Cash

Cash includes cash on hand and balances with banks net of bank overdraft.

## OROMOCTO FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2015

## 2. Significant Accounting Policies (Continued)

Accounts Receivable

Accounts receivable consists of trade receivables, loans and advances, and federal and provincial government funding. An allowance for bad debts has been calculated, through discussions with management, assessment of the other circumstances influencing the collectability of amounts, and using historical loss experience. Amounts deemed uncollectable are written off and deducted from the carrying value of the receivable. Amounts subsequently recovered from accounts previously written off are credited to the allowance account in the period of recovery.

Inventory

Inventories are stated at the lower of cost and net realizable value. Cost includes the costs to purchase, and other costs directly attributable to the inventories. Cost is determined using the first in, first out method. Net realizable value represents the amount that may be realized from the sale of an inventory item under normal business conditions. When inventories are sold, the carrying amount of those inventories are recognized as an expense in the period in which the related revenue is recognized. The amount of any writedown of inventories to net realizable value and all losses of inventories shall be recognized as an expense in the period the loss or writedown occurs. The amount of reversal of any writedowns, arising from an increase in net realizable value, shall be recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

Tangible Capital Assets

Tangible capital assets include acquired, built, developed and improved tangible capital assets, whose useful life extends beyond one year and which are intended to be used on an ongoing basis for producing goods or delivering services.

Tangible capital assets are reported at net book value. Contributions received to assist in the acquisition of tangible capital assets are reported as deferred revenue and amortized to income at the same rate as the related asset.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

Amortization is provided annually, at rates calculated to write-off the assets over their estimated useful lives on a straight line basis as follows:

Buildings and improvements	25 years
Equipment, fishing vessels, docks and signs	5 years
Vehicles, computer equipment and dive gear	3 years
Gas bar, paving and other	10 years

In the year of acquisition, 50% of the normal amortization is recorded. Amortization of projects in progress does not commence until completion of the projects.

**OROMOCTO FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2015**

**2. Significant Accounting Policies (Continued)**

Employee Future Benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, sick leave, annual vacation leave, and defined contributions to employee benefit plans when it is probable that settlement will be required and they are capable of being measured reliably.

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 of the First Nation is determined by its liabilities less its financial assets. Net debt is comprised of two components, non-financial assets and accumulated surplus.

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 impractical.

Government transfers are recognized as revenues when the transfer is authorized and eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of 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 a 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.

Income Taxes

The First Nation is an Indian Band and is not subject to income tax. Accordingly, no provision has been made for income taxes.

Replacement Reserve

The Canada Mortgage and Housing Corporation (CMHC) replacement reserve is funded by an annual charge against earnings as opposed to an appropriation of equity in the Social Housing Program.

Interest earned on the CMHC replacement reserve and subsidy surplus bank accounts is recorded directly to the reserve as opposed to revenue.

**OROMOCTO FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2015**

**2. Significant Accounting Policies (Continued)**

**Measurement Uncertainty**

In preparing the financial statements for the government of Oromocto First Nation, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

Significant estimates pertaining to these financial statements include the following:

- determination of amortization rates and residual values of tangible capital assets

**Financial Instruments**

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

**3. Cash**

**Cash is comprised of the following:**

	<u>2015</u>	<u>2014</u>
<b>Externally restricted</b>		
Trust funds held by federal government	\$ 8,777	\$ 8,446
<b>Unrestricted</b>		
Operating	<u>873,785</u>	<u>303,708</u>
<b>Total Cash</b>	<u>\$ 882,562</u>	<u>\$ 312,154</u>

**4. Prepaid Expenses**

	<u>2015</u>	<u>2014</u>
Other prepaid expenses	<u>\$ 308,320</u>	<u>\$ 241,500</u>

**OROMOCTO FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2015**

**5. Contribution Funding Repayable**

	<b>2015</b>	<b>2014</b>
MLG Loan	\$ 149,404	\$ 221,369
02371 - Maintenance - Foster Homes	-	12,688
02320 - Special Needs	-	8,173
<b>Total contribution funding repayable</b>	<b>\$ 149,404</b>	<b>\$ 242,230</b>

**6. Accounts Receivable**

	<b>2015</b>	<b>2014</b>
Saint John River Valley Tribal Council	\$ -	\$ 52,329
Other	94,311	113,377
	<b>\$ 94,311</b>	<b>\$ 165,706</b>

**7. Due From Government and Government Organizations**

	<b>2015</b>	<b>2014</b>
Aboriginal Affairs and Northern Development Canada - 2014-2015	414,082	-
Aboriginal Affairs and Northern Development Canada - 2013-2014	-	448,381
Aboriginal Affairs and Northern Development Canada (2012-2013 Basic needs - 02305)	-	464,186
Aboriginal Affairs and Northern Development Canada (2013 Tuition - 2125)	-	45,919
Health Canada	35,564	-
Province of New Brunswick*	1,819,000	1,582,344
Department of Fisheries and Oceans	227,500	289,215
	<b>\$ 2,496,146</b>	<b>\$ 2,830,045</b>

\*Accounts receivable from the Province of New Brunswick includes HST rebates of \$1,425,594 (2014 - \$1,194,196) which is only recoverable once the HST balance payable to Canada Revenue Agency as described in Note 12 has been paid.

## OROMOCTO FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2015

**8. Investment in Government Business Enterprises**

The commercial government business enterprises that are included in the First Nation reporting entity, as described in note 2 - Principles of Consolidation to these financial statements includes:

- OFN Days Inn Inc.

The following table presents condensed financial information of OFN Days Inn Inc.:

	2015 <u>Total</u>	2014 <u>Total</u>
Cash	\$ 37,309	\$ 37,225
Accounts receivable	5,398	5,398
Other assets	<u>1,000,000</u>	<u>1,000,000</u>
<b>Total Assets</b>	<b>\$ 1,042,707</b>	<b>\$ 1,042,623</b>
Accounts payable	\$ 100,559	\$ 100,559
Other liabilities	<u>939,033</u>	<u>939,033</u>
<b>Total liabilities</b>	<b>1,039,592</b>	<b>1,039,592</b>
Equity (Deficit)	<u>3,115</u>	<u>3,031</u>
<b>Total Liabilities and Equity</b>	<b>\$ 1,042,707</b>	<b>\$ 1,042,623</b>
<b>Revenue</b>	<b>\$ 84</b>	<b>\$ 1,029</b>
<b>Expenses</b>	<u>-</u>	<u>72</u>
<b>Net Income (Loss)</b>	<b>\$ 84</b>	<b>\$ 957</b>

## OROMOCTO FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2015

## 9. Restricted Cash - Trust Funds Held by Federal Government

Trust fund accounts arise from moneys derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

	<u>Opening Balance</u>	<u>Additions</u>	<u>Withdrawals</u>	<u>Closing Balance</u>	<u>2014 Total</u>	<u>2013 Total</u>
Revenue	\$ 6,815	\$ 331	\$ -	\$ 7,146	\$ 7,146	\$ 6,815
Capital	\$ 1,631	\$ -	\$ -	\$ 1,631	\$ 1,631	\$ 1,631
<b>Fund Total</b>				<b>\$ 8,777</b>	<b>\$ 8,446</b>	

## 10. Inventory

	<u>2015</u>	<u>2014</u>
OFN Fuels	\$ 201,882	\$ 70,986

## 11. Accounts Payable and Accrued Liabilities

	<u>2015</u>	<u>2014</u>
Trade payables	\$ 75,079	\$ 175,172
Other accrued liabilities	<u>475,797</u>	<u>93,884</u>
<b>Total accounts payable</b>	<b>\$ 550,876</b>	<b>\$ 269,056</b>

## 12. Due to Government and Government Organizations

	<u>2015</u>	<u>2014</u>
Canada Revenue Agency - Payroll remittances	\$ 2,300,425	\$ 2,159,778
Canada Revenue Agency - Harmonized sales tax payable	3,504,767	3,197,083
Province of New Brunswick - Tuition	<u>309,451</u>	<u>314,161</u>
<b>Total</b>	<b>\$ 6,114,643</b>	<b>\$ 5,671,022</b>

## 13. Long-Term Payable and Debt Forgiven

At March 31, 2015 a principal amount of \$309,451 (2014 - \$3,980,712) is owing to the Province of New Brunswick regarding tuition payments. Of the total amount, \$nil (2014 - \$3,666,550) is classified as long term. A settlement was reached during the 2015 fiscal year in which the liability for arrears tuition of \$3,670,262 has been forgiven in full by the Province of New Brunswick. The primary basis of the settlement is that the Oromocto First Nation provided eligible educational resources above and beyond educational funding provided by Aboriginal Affairs and Northern Development Canada.

**OROMOCTO FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2015**

**14. Financial Instruments**

The company is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the company's risk exposure and concentration as of March 31, 2015.

**Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company is exposed to this risk mainly in respect of its payment of funds for long-term debt, accounts payable, and government remittances payable.

**Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the company manages exposure through its normal operating and financing activities. The company is exposed to interest rate risk primarily through its long-term debt and liabilities to government (Canada Revenue Agency).

**15. Contingencies**

Oromocto 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.

**16. Economic Dependence**

The government of Oromocto First Nation receives a major portion of its revenue from Aboriginal Affairs and Northern Development Canada and Health Canada. The nature and extent of this revenue is of such significance that the First Nation is economically dependent on this source of revenue.

**OROMOCTO FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2015**

**17. Tangible Capital Assets**

	Cost						Accumulated Amortization				Net Book Value
	Opening Balance	Additions	Disposals	Transfers of Assets	Closing Balance	Opening Balance	Amortization	Disposals Write-offs	& Other adj	Closing Balance	
<b>Tangible Capital Assets</b>											
Commercial land	\$ 45,000			\$ 51,816	\$ -	\$ 45,000	\$ 968,110	\$ 106,907	\$ -	\$ 1,075,017	\$ 45,000
Commercial Buildings	2,988,798	197,346	-			3,033,614	2,422,643	214,914	-	2,628,557	3,565,283
Residential Buildings	5,988,926					6,186,292	1,273,287	29,078	-	1,302,165	141,520
Fishing Vessels	1,371,619	72,286	-			1,443,845	735,308	653,756	-	675,862	98,332
Vehicles	691,331	43,977	-			735,308	405,992	85,372	-	63,236	37,575
Furniture and fixtures	397,182	8,910	-			98,275	48,605	8,196	-	188,628	311,810
Computer equipment	48,605	49,670	-			49,206	318,263	17,984	-	56,801	41,474
Other	487,251	4,815	-			492,066			-	316,257	155,808
<b>Total</b>	<b>\$ 12,011,712</b>	<b>\$ 428,819</b>	<b>\$ -</b>	<b>\$ 12,440,531</b>		<b>\$ 5,771,016</b>	<b>\$ 462,451</b>	<b>\$ -</b>	<b>\$ 3,623,487</b>	<b>\$ 6,207,044</b>	<b>\$ 6,240,656</b>

## OROMOCTO FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2015

## 18. Long-Term Debt

	<u>2015</u>	<u>2014</u>
Mortgage payable to CMHC in monthly installments of \$1,107 including interest at 1.63%, due June 2017.	\$ 29,379	\$ 42,038
Mortgage payable to CMHC in monthly installments of \$1,146 including interest at 1.47%, due December 2015.	10,263	23,745
Mortgage payable to CIBC in monthly installments of \$2,260 including interest at 3.04%, due April 2016.	50,454	75,623
Mortgage payable to Toronto Dominion Bank in monthly installments of \$697 including interest at 3.09%, due August 2019.	32,035	40,355
Mortgage payable to CMHC in monthly installments of \$581 including interest at 1.53%, due December 2017.	37,928	44,230
Mortgage payable to Royal Bank of Canada in monthly installments of \$1,325 including interest at 2.790%, due January 2020.	136,541	147,054
Mortgage payable to Peace Hills Trust in monthly installments of \$1,770 including interest at 3.95%, due May 2018.	178,452	192,470
Mortgage payable to Peace Hills Trust in monthly installments of \$626 including interest at 4.15%, due June 2019.	79,881	84,931
Mortgage payable to Peace Hills Trust in monthly installments of \$871 including interest at 4.15%, due May 2019.	99,452	104,598
Loan payable to CMHC in monthly installments of \$964 including interest at 1.53%, due December 2017.	172,711	181,358
Loan payable to CMHC in monthly installments of \$508 including interest at 1.53%, due December 2017.	90,991	95,546
Loan payable to CMHC in monthly installments of \$752 including		
Loan payable to CMHC in monthly installments of \$741 including interest at 1.52%, due February 2016.	8,095	16,778
Loan payable to CMHC in monthly installments of \$1,225 including interest at 1.53%, due December 2017.	<u>223,256</u>	<u>234,182</u>
Carried forward	\$ 1,149,438	\$ 1,282,908

**OROMOCTO FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2015**

**17. Long-Term Debt (Continued)**

	<u>2015</u>	<u>2014</u>
Carried forward	\$ 1,149,438	\$ 1,282,908
Loan payable to Royal Bank of Canada in monthly installments of \$8,042 plus interest at prime plus 2.45%, secured by general security agreement, due November 2015.	64,333	160,833
Mortgage payable to CMHC in monthly installments of \$1,633 including interest at 1.82%, due September 2019.	<u>322,182</u>	<u>333,826</u>
	<u>1,535,953</u>	<u>1,777,567</u>

All of the mortgages listed above have been guaranteed by Aboriginal Affairs and Northern Development Canada.

Annual principal repayments due over the next five years are as follows:

2016	\$ 209,639
2017	129,581
2018	525,488
2019	629,010
2020	380,738

**19. Land Claim Liability**

The amount consists of balances owing to eight former residents of the Oromocto First Nation, representing their pro-rata portion of the proceeds of distribution of a land claim settlement in 1989. To date, the First Nation has been unable to locate or contact them.

**20. Reconciliation Of Aboriginal Affairs and Northern Development Canada (AANDC) Funding**

General Administration	\$ 603,502
Education	1,159,487
Social Development	1,143,205
Capital	186,769
Child and Family Services	<u>1,089,471</u>
Total AANDC Funding per consolidated financial statements	<u>\$ 4,182,434</u>
Funding per AANDC confirmation	<u>\$ 4,182,434</u>

## OROMOCTO FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2015

## 21. Changes In Non-Cash Operating Working Capital

	<u>2015</u>	<u>2014</u>
Accounts receivable	\$ 71,395	\$ (192,587)
Due from government and government organizations	333,899	-
Inventory	(130,898)	25,255
Prepaid expenses	(66,820)	(176,110)
Accounts payable and accrued liabilities	281,820	(115,479)
Due to government and government organizations	<u>443,625</u>	-
	<u>\$ 933,021</u>	<u>\$ (458,921)</u>

## 22. Repayment To AANDC

This represents amounts that have either been repaid to AANDC or have been set up as payable to AANDC. These amounts have been recovered mainly as the result of compliance reviews done by AANDC on various programs.

## 23. Expenses by Object

The following is a summary of expenses by object.

	<u>2015</u>	<u>2014</u>
Salaries and wages	\$ 2,220,408	\$ 2,012,246
Tuition	974,189	814,661
Professional services	189,275	243,637
Supplies and services	240,103	299,537
Interest and bank charges	314,345	329,444
Travel and training	1,247,580	1,477,300
Insurance, pension & health	162,702	274,240
Telephone and utilities	195,772	197,607
Repairs and maintenance	170,097	179,994
Social assistance and assisted living	1,108,211	889,946
Gas bar	6,087,516	7,436,296
Other	1,855,861	1,184,612
Amortization	<u>465,999</u>	<u>423,712</u>
	<u>\$15,232,058</u>	<u>\$15,763,232</u>

**OROMOCTO FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2015**

**24. Government Transfers**

	<u>Operating</u>	<u>Capital</u>	<u>2015 Total</u>
<b>Federal government transfers:</b>			
Aboriginal Affairs and Northern Development Canada	\$ 4,182,434	\$ -	\$ 4,182,434
Health Canada	577,467	-	577,467
Canada Mortgage and Housing Corporation	155,758	-	155,758
Department of Fisheries	<u>394,559</u>	<u>-</u>	<u>394,559</u>
Total	5,310,218	-	5,310,218
<b>Provincial government transfers</b>			
	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 5,310,218</u>	<u>\$ -</u>	<u>\$ 5,310,218</u>

	<u>Operating</u>	<u>Capital</u>	<u>2014 Total</u>
<b>Federal government transfers:</b>			
Aboriginal Affairs and Northern Development Canada	\$ 3,434,646	\$ -	\$ 3,434,646
Health Canada	552,705	-	552,705
Canada Mortgage and Housing Corporation	67,564	-	67,564
Department of Fisheries	<u>339,869</u>	<u>-</u>	<u>339,869</u>
Total	4,394,784	-	4,394,784
<b>Provincial government transfers</b>			
	<u>393,613</u>	<u>-</u>	<u>393,613</u>
	<u>\$ 4,788,397</u>	<u>\$ -</u>	<u>\$ 4,788,397</u>

**25. Budgeted Figures**

Budgeted figures have been provided on the consolidated statement of operations for comparison purposes and have been derived from estimates approved by Chief and Council.

**OROMOCTO FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2015**

**26. Segment Disclosure**

Oromocto First Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized by departments. For each department the segment revenue and expenses includes both directly attributable amounts and overheads that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as described in the summary of Significant Accounting Policies as described in Note 2. The segment results for the period are as follows:

	Education		Health		Economic Development		Housing	
	2015	2014	2015	2014	2015	2014	2015	2014
<b>Revenues</b>								
Federal Government	\$ 1,159,487	\$ 980,984	\$ 577,467	\$ 552,705	\$ -	\$ -	\$ 342,527	\$ 146,709
Provincial Government	-	394,113	-	-	-	-	-	-
Economic Activities	-	-	-	-	-	-	-	-
Saint John River Valley	-	-	-	-	-	-	-	-
Tribal Council - RHDC funding	-	-	-	-	-	-	-	-
Other Revenue	3,700,999	41,702	5,502	4,511	9,056,430	10,108,994	275,075	153,749
<b>Total Revenues</b>	<b>4,860,486</b>	<b>1,416,799</b>	<b>582,969</b>	<b>557,216</b>	<b>9,056,430</b>	<b>10,140,186</b>	<b>617,602</b>	<b>309,458</b>
<b>Expenses</b>								
Salaries and benefits	332,768	279,943	306,747	234,317	324,735	307,527	113,997	37,149
Authorization	-	-	67,409	67,409	18,895	10,660	277,276	273,228
Other Expenses	1,041,445	840,798	346,880	401,118	6,191,461	7,248,068	182,834	177,538
<b>Total Expenses</b>	<b>1,374,213</b>	<b>1,120,741</b>	<b>721,036</b>	<b>702,844</b>	<b>6,535,091</b>	<b>7,566,255</b>	<b>574,107</b>	<b>487,915</b>
<b>Annual Surplus (Deficit)</b>	<b>\$ 3,486,273</b>	<b>\$ 296,058</b>	<b>\$ (138,067)</b>	<b>\$ (145,628)</b>	<b>\$ 2,521,339</b>	<b>\$ 2,573,931</b>	<b>\$ 43,495</b>	<b>\$ (187,457)</b>

**OROMOCTO FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**26. Segment Disclosure (continued)**

	<b>Social Services</b>		<b>Band Government</b>		<b>Other</b>		<b>Consolidated Totals</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
<b>Revenues</b>								
Federal Government	\$ 2,232,676	\$ 1,951,925	\$ 603,502	\$ 422,591	\$ 394,560	\$ 339,869	\$ 5,310,219	\$ 4,394,783
Provincial Government	-	-	-	-	168,910	74,370	168,910	468,883
Economic Activities	-	-	-	-	-	-	-	-
Saint John River Valley	-	-	255,096	95,181	-	-	-	31,192
Tribal Council - HRDC funding	-	-	-	-	-	-	-	95,181
Other Revenue	60,676	58,729	159,102	30,169	354,799	403,119	13,612,583	10,801,164
<b>Total Revenues</b>	<b>2,293,352</b>	<b>2,010,654</b>	<b>1,017,700</b>	<b>547,932</b>	<b>918,269</b>	<b>817,558</b>	<b>19,346,808</b>	<b>15,790,803</b>
<b>Expenses</b>								
Salaries and benefits	574,259	288,817	708,921	938,296	159,193	32,422	2,570,620	2,118,471
Amortization	-	-	19,893	14,521	82,526	57,794	465,999	422,712
Other Expenses	1,976,215	1,623,890	2,181,990	2,590,503	324,616	339,035	12,245,441	13,221,050
<b>Total Expenses</b>	<b>2,550,474</b>	<b>1,912,707</b>	<b>2,910,804</b>	<b>3,543,520</b>	<b>566,335</b>	<b>429,251</b>	<b>15,232,060</b>	<b>15,763,233</b>
<b>Annual Surplus (Deficit)</b>	<b>\$ (257,122)</b>	<b>\$ 97,947</b>	<b>\$ (1,893,104)</b>	<b>\$ (2,995,588)</b>	<b>\$ 351,934</b>	<b>\$ 388,307</b>	<b>\$ 4,114,748</b>	<b>\$ 27,570</b>