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SAUNDERS
DOYLE & CO.
Chartered Professional Accountants
An Independent Member of
DFK Canada Inc. and DFK International

REVIEW ENGAGEMENT REPORT

To the Chief, Councilors, and Community Members of the Metepenagiag Mi'kmaq Nation,

We have reviewed the accompanying schedule of remuneration and travel for unelected officials of Metepenagiag Mi'kmaq Nation for the year ended March 31, 2015. This schedule was prepared in accordance with the instructions in the Aboriginal Affairs and Northern Development Canada Year End Financial Reporting Handbook, 2014-2015. Our review is made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by management of the First Nation.

A review does not constitute an audit and, consequently, we do not express an audit opinion on this schedule.

Based on our review, nothing has come to our attention that causes us to believe that this schedule has not been prepared, in all material respects, in accordance with the instructions in the handbook described above.

This schedule, which has not been, and was not intended to be, prepared in accordance with Canadian generally accepted accounting principles, is solely for the information and use of members of Metepenagiag Mi'kmaq Nation and Aboriginal Affairs and Northern Development Canada for the purpose of complying with the Aboriginal Affairs and Northern Development Canada Year End Financial Reporting Handbook, 2014-2015. This schedule was not intended to be and should not be used by anyone other than the specified users or for any other purpose.

Teed Saunders Doyle + Co

Fredericton, New Brunswick
September 25, 2015

CHARTERED PROFESSIONAL ACCOUNTANTS

METEPENAGIAG MI'KMAQ NATION

UNAUDITED SCHEDULE OF REMUNERATION AND TRAVEL FOR UNELECTED OFFICIALS

FOR THE YEAR ENDED MARCH 31, 2015
(Unaudited)

	# of months	Position	Salary	Other	Travel Expenses	Total
Augustine, Adam	12	Director of Operations	$ 47,226	$ -	$ 10,300	$ 57,526

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Chartered Professional Accountants

METEPENAGIAG MI'KMAQ NATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2015

	2015	2014 Revised
FINANCIAL ASSETS		
Funds held in trust (note 4)	$ 89,698	$ 255,391
Accounts receivable (note 5)	686,338	840,425
Inventories for resale	24,468	9,595
	800,504	1,105,411
LIABILITIES		
Bank advances (note 7)	313,310	372,342
Bank loan (note 8)	-	5,489,452
Accounts payable and accrued liabilities (note 10)	2,182,622	1,515,059
Funds on deposit with AANDC (note 6)	15,711	17,031
Deferred revenue (note 11)	150,000	-
Land claim settlement advance (note 12)	-	400,000
Long term debt (note 13)	6,623,001	6,957,467
	9,284,644	14,751,351
NET DEBT	(8,484,140)	(13,645,940)
NON-FINANCIAL ASSETS		
Tangible capital assets (note 9)	25,084,441	25,504,717
Prepaid expenses (note 14)	15,000	432,174
Funds on deposit with AANDC (note 6)	15,711	17,031
Restricted funds:		
Operating CMHC (note 15)	72,531	105,323
Reserve CMHC (note 15)	27,178	50,969
Total non-financial assets	25,214,861	26,110,214
ACCUMULATED SURPLUS	$ 16,730,720	$ 12,464,274

Approved on behalf of the First Nation:

______ Chief	______ Councilor
______ Councilor	______ Councilor
______ Councilor	______ Councilor
______ Councilor	

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INDEPENDENT AUDITOR'S REPORT

To the Chief, Councilors and Community Members of the Metepenagiag Mi'kmaq Nation

We have audited the accompanying consolidated financial statements of Metepenagiag Mi'kmaq 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 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 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 Metepenagiag Mi'kmaq Nation as at March 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with the Aboriginal Affairs and Northern Development Canada Year End Reporting Handbook (fiscal year 2014-2015)

Teed Saunders Doyle + Co.

Fredericton, New Brunswick
September 25, 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

METEPENAGIAG MI'KMAQ NATION

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2015

	2015 Budget (Unaudited)	2015 Actual	2014 Actual Revised
Revenue			
Federal government transfers for operating/grants (note 22)	$ 6,078,617	$ 34,097,714	$ 7,318,578
Federal government transfers for capital (note 22)	193,527	194,927	192,257
Provincial government transfers for operating (note 22)	276,098	479,235	370,345
Rent	261,000	194,720	174,088
Net change in funds on deposit with AANDC (note 6)	-	(1,320)	(4,664)
Administration fees	684,114	826,751	856,021
Other	1,721,442	7,471,035	1,759,618
	9,214,798	43,263,062	10,666,243
Expenses			
Social services	1,536,191	1,463,527	1,405,741
Housing	1,221,702	1,774,153	1,530,898
Band administration	1,424,131	1,626,537	1,386,340
Economic development	387,352	336,763	385,545
Land claims	-	22,006,371	92,771
Health	868,835	944,526	953,643
Education	1,867,695	1,899,201	1,629,304
Other	1,892,745	8,945,538	2,543,684
	9,198,651	38,996,616	9,927,926
Annual Surplus	16,147	4,266,446	738,317
Accumulated Surplus - Beginning of Year	12,464,274	12,464,274	11,725,957
Accumulated Surplus - End of Year	$ 12,480,421	$ 16,730,720	$ 12,464,274

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METEPENAGIAG MI'KMAQ NATION

CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT

FOR THE YEAR ENDED MARCH 31, 2015

	2015 Actual	2014 Actual Revised
Annual Surplus	$ 4,266,446	$ 738,317
Changes In Non-Financial Assets		
Acquisition of tangible capital assets	(1,004,840)	(5,168,953)
Amortization of capital assets	1,425,117	1,025,509
Decrease (increase) in prepaid expenses	417,174	(35,151)
Use of funds on deposit with AANDC	1,320	4,664
Contribution to restricted funds - CMHC	56,583	98,834
	895,354	(4,075,097)
(Increase) Decrease In Net Debt	5,161,800	(3,336,780)
Net Debt - Beginning Of Year		
As previously reported	(13,402,410)	(10,309,160)
Prior period adjustment (note 19)	(243,530)	-
Net Debt - Beginning Of Year - As Restated	(13,645,940)	(10,309,160)
Net Debt - End Of Year	$(8,484,140)	$(13,645,940)

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METEPENAGIAG MI'KMAQ NATION

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2015

	2015	2014 *Revised*
Cash Provided By (Required For):		
Operating Activities		
Annual surplus	$ 4,266,446	$ 738,317
Amortization	1,425,117	1,025,509
	5,691,563	1,763,826
Changes in non-cash operating working capital items (note 17)	1,139,640	(24,864)
	6,831,203	1,738,962
Capital transactions		
Purchase of tangible capital assets	(1,004,840)	(5,168,953)
Financing Activities		
Bank loan	(5,489,452)	2,195,179
Long term debt (net)	(334,462)	631,604
Increase in restricted funds	56,583	98,834
	(5,767,331)	2,925,617
Increase (Decrease) in Cash	59,032	(504,374)
Cash Position at Beginning of Year	(372,342)	132,032
Cash Position at End of Year	$ (313,310)	$ (372,342)
Cash consists of:		
Bank advances	$ (313,310)	$ (372,342)

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METEPENAGIAG MI'KMAQ NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2015

1. Summary of Significant Accounting Policies

Basis Of Accounting

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

Reporting Entity

The Metepenagiag Mi'kmaq Nation reporting entity includes all operations of the Metepenagiag Mi'kmaq Nation government including the Metepenagiag Heritage Park Inc., 651738 N.B. Ltd. (Riverside Entertainment Centre) and Red Bank Adventure Lodge Ltd.

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 and are not to be consumed in the normal course of operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets and prepaid expenses.

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 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.

Measurement Uncertainty

In preparing the consolidated financial statements for the government of Metepenagiag Mi'kmaq 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 consolidated financial statements include the following:

- determination of amortization rates and residual values of tangible capital assets
- establishment of an allowance for doubtful accounts receivable balances

METEPENAGIAG MI'KMAQ NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2015

1. Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, balances with banks net of bank overdrafts and term deposits having maturity of three months or less at acquisition which are held for the purpose of meeting short term commitments

Inventories For Resale

Inventories of supplies and goods available for resale are recorded at the lower of cost and net realizable value.

Tangible Capital Assets

Tangible capital assets (TCA's) are items that can be physically touched, are used to provide Band services, are used for Band administration purposes or are used for the construction and/or maintenance of other TCA's owned by the Band, whose useful life extends beyond one year and which are intended to be used on an ongoing basis for producing goods or delivering services.

Amortization is provided annually using the straight line basis as follows:

Residential buildings	4%
Commercial buildings	4%
Roads	4-8%
Water and sanitation	4%
Vehicles	30%
Other equipment	15-20%
Other	4-7%

Amortization for Metepenagiag Heritage Park Inc. is recorded using the declining balance basis at the same rates as indicated above.

Amortization in the Section 95 Housing program is provided on buildings and equipment purchased from loans insured by CMHC at a rate equal to the annual principal reduction of the mortgage. Assets under construction are not amortized until the asset is available for use.

CMHC Section 95 Housing Projects

Housing projects funded through CMHC and eligible for federal assistance subsidies are accounted for by CMHC as pre-1997 projects and post-1977 projects. Operating surpluses can not be amalgamated between these two groups and accordingly separate sub-totals have been provided in these consolidated financial statements

Pension Plan

Some employees of the Metepenagiag Mi'kmaq Nation are members of a defined contribution plan to which the band contributes between 5.5% to 9% of the employee's gross salary.

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METEPENAGIAG MI'KMAQ NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2015

1. **Significant Accounting Policies (continued)**

Accounts Receivable

Accounts receivable arise from trade receivables, loans and advances, and federal and provincial government receivables. An allowance for bad debts has been calculated by management based on an assessment of the circumstances influencing the collectibility of the amount, and by using historical loss experience. Amounts deemed uncollectible 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.

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.

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

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.

2. **Economic Dependence**

The Metepenagiag Mi'kmaq Nation receives a major portion of its revenues pursuant to a funding agreement with Aboriginal Affairs and Northern Development Canada. The continued operation of the First Nation is dependent on the continuation of this funding arrangement

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METEPENAGIAG MI'KMAQ NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2015

3. Financial Instruments

Metepenagiag Mi'kmaq Nation 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 informationabout 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 First Nation 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 entity manages exposure through its normal operating and financing activities. The First Nation is exposed to interest rate risk primarily through floating interest rates on certain bank loans.

4. Funds Held in Trust

Cox & Palmer, deposit in trust, Entertainment Center construction	$ 89,698	$ 255,391

5. Accounts Receivable

	2015	2014
Aboriginal Affairs and Northern Development Canada	$ 272,684	$ 5,000
Band members	-	222,392
Department of Fisheries and Oceans	90,502	402,880
Parks Canada	88,279	35,422
Policing	-	1,321
Other receivables	234,873	173,490
Total Accounts Receivable	$ 686,338	$ 840,425

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METEPENAGIAG MI'KMAQ NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2015

6. Funds on Deposit with AANDC

Trust fund accounts arise from monies 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.

	2015	2014
Capital Account		
Balance, Beginning and End of Year	$ 14,759	$ 14,759
Revenue Account		
Balance, Beginning of Year	2,272	6,936
Add: Interest income	3,827	839
Big Hole fish rent	72,133	70,997
	78,232	78,772
Less: BCR 14-14001	76,000	-
BCR 14-14003	1,280	-
BCR 13-14004	-	65,900
BCR 13-14002	-	10,600
	77,280	76,500
Balance, End of Year	952	2,272
Total AANDC funds on deposit	$ 15,711	$ 17,031
Change in funds on deposit from prior year	$ (1,320)	$ (4,664)

7. Bank Advances

The First Nation has an operating line of credit of $500,000 with Canadian Imperial Bank of Commerce, bearing interest at prime plus 1% which is secured by a general security agreement. At March 31, 2015 $313,310 (2014 - $372,342) was outstanding.

8. Bank Loan

	2015	2014
CIBC demand loan at prime plus 1.5%, repayable in one principal instalment of the total amount borrowed up to but not exceeding $5,500,000 upon receipt of Land Claim Settlement proceeds.	$ -	$ 5,489,452

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METEPENAGIAG MI'KMAQ NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

9. TANGIBLE CAPITAL ASSETS

	Cost					Accumulated Amortization				Net Book Value	
	Opening Balance	Additions	Disposals	Transfer of Assets	Closing Balance	Opening Balance	Amortization	Disposals, write-offs & Other adj.	Closing Balance	Total 2015	Total 2014
Tangible Capital Assets											
Land	$ 441,255	$ 7,712	$ -	$ 70,733	$ 519,700	$ -	$ -	$ -	$ -	$ 519,700	$ 441,255
Residential Buildings	7,594,004	455,913	-	-	8,050,917	1,811,439	159,420	-	1,970,859	6,080,058	5,783,565
Commercial Buildings	10,554,918	138,254	26,670	5,425,681	16,092,183	1,225,890	310,330	-	[illegible]	14,555,963	9,329,028
Roads	3,450,695	-	-	-	3,450,695	644,325	138,128	-	782,452	2,667,743	2,806,370
Water and Sanitation	4,379,050	-	7,353	-	4,371,697	1,777,915	173,035	-	1,954,950	2,416,767	2,599,135
Computer Equipment	296,222	22,238	-	115,517	433,977	280,476	31,551	-	312,026	121,951	15,735
Vehicles	404,546	32,815	-	-	437,358	272,022	60,019	-	332,041	105,317	132,518
Other Equipment	3,766,434	285,230	-	341,543	4,393,210	3,136,785	240,885	-	3,377,669	1,015,540	627,649
Licences	1,104,385	-	-	-	1,104,385	784,398	-	-	784,398	319,987	319,987
Assets under construction	6,028,879	-	-	(6,028,879)	-				-	-	6,028,879
Total	$ 38,431,405	$ 1,039,083	$ 34,223	$ -	$ 39,436,307	$ 12,946,749	$ 1,425,117	$ -	$ 14,371,866	$ 25,064,441	$ 25,504,717

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METEPENAGIAG MI'KMAQ NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2015

10. Accounts Payable and Accrued Liabilities

	2015	2014
Trade payables	$ 989,262	$ 419,769
Government remittances payable	1,163,971	1,079,312
Accrued salaries and employee benefits payable	28,423	15,012
Other accrued liabilities	966	966
Total Accounts Payable and Accrued Liabilities	$ 2,182,622	$ 1,515,059

11. Deferred Revenue

	2015	2014
Association co-operatives des pêcheurs - shrimp revenue	$ 150,000	$ -

12. Land Claim Settlement Advance

Amount advanced by Aboriginal Affairs and Northern Development Canada, repayable upon receipt of Land Claims Settlement proceeds.

13. Long-Term Debt

	2015	2014
CMHC loan at 1.42%, repayable in monthly instalments of $764, including principal and interest, matured in May 2014.	$ -	$ 9,074
CMHC loan at 1.83%, repayable in monthly instalments of $1,329, including principal and interest, maturing in December 2019	67,605	81,953
CMHC loan at 2.63%, repayable in monthly instalments of $551, including principal and interest, maturing in June 2016.	35,711	41,305
CMHC loan at 1.67%, repayable in monthly instalments of $714, including principal and interest, maturing in April 2017	57,196	64,742
CMHC loan at 1.71%, repayable in monthly instalments of $262, including principal and interest, maturing in September 2017.	22,152	24,898
CMHC loan at 1.53%, repayable in monthly instalments of $703, including principal and interest, maturing in December 2017.	61,662	69,101
CMHC loan at 1.92%, repayable in monthly instalments of $190, including principal and interest, maturing in April 2019.	18,685	20,590
Carried forward	$ 263,011	$ 311,663

TEED SAUNDERS DOYLE & CO.

METEPENAGIAG MI'KMAQ NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2015

13. Long-Term Debt (continued)

	2015	2014
Carried forward	$ 263,011	$ 311,663
CMHC loan at 1.97%, repayable in monthly instalments of $418, including principal and interest, maturing in April 2019	41,430	45,611
CMHC loan at 2.76%, repayable in monthly instalments of $286, including principal and interest, maturing in June 2015.	30,027	32,601
CMHC loan at 2.63%, repayable in monthly instalments of $312, including principal and interest, maturing in June 2016.	36,265	39,026
CMHC loan at 1.67%, repayable in monthly instalments of $580, including principal and interest, maturing in April 2017.	76,172	81,816
CMHC loan at 1.05%, repayable in monthly instalments of $279, including principal and interest, maturing in April 2020.	46,465	48,919
CMHC loan at 1.62%, repayable in monthly instalments of $282, including principal and interest, maturing in March 2018.	39,144	41,867
CMHC loan at 2.65%, repayable in monthly instalments of $295, including principal and interest, maturing in April 2016.	46,251	48,545
Provincial tuition payable, without interest, repayable in monthly principal instalments of $3,463 maturing in July 2032.	716,958	758,514
AANDC loan at 0%, repayable in monthly principal instalments of $6,000, maturing in January 2021.	415,814	475,814
Bank of Montreal loan at prime plus 2%, repayable in monthly principal instalments of $667, plus interest, secured by a police vehicle, matured in December 2014.	-	3,835
CMHC loan at 2.75%, repayable in monthly instalments of $541, including principal and interest, maturing in February 2016.	103,298	106,912
CMHC loan at 2.75%, repayable in monthly instalments of $1,623, including principal and interest, maturing in February 2016.	309,951	320,793
Carried forward	$ 2,124,786	$ 2,315,916

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METEPENAGIAG MI'KMAQ NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2015

13. Long-Term Debt (contined)

	2015	2014
Carried forward	$ 2,124,786	$ 2,315,916
CMHC loan at 2.39%, repayable in monthly instalments of $606, including principal and interest, maturing in September 2015.	117,846	122,258
CMHC loan at 2.65%, repayable in monthly instalments of $327, including principal and interest, maturing in April 2016.	51,109	53,644
CMHC loan at 1.6%, repayable in monthly instalments of $1,853, including principal and interest, maturing in December 2015.	358,012	370,948
CMHC loan at 1.64%, repayable in monthly instalments of $1,016, including principal and interest, maturing in February 2017.	224,342	232,564
CMHC loan at 1.67%, repayable in monthly instalments of $555, including principal and interest, maturing in April 2017.	122,636	127,216
CMHC loan at 1.67%, repayable in monthly instalments of $523, including principal and interest, maturing in April 2017.	115,443	119,753
CMHC loan at 1.49%, repayable in monthly instalments of $1,002, including principal and interest, maturing in January 2017.	223,942	232,789
CMHC loan at 1.67%, repayable in monthly instalments of $511, including principal and interest, maturing in April 2017.	112,910	117,127
Bank of Montreal loan at 5.52%, repayable in monthly instalments of $3,460, including principal and interest, maturing in June 2016, guaranteed by AANDC.	523,945	536,676
Carried forward	3,974,971	4,228,891

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METEPENAGIAG MI'KMAQ NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2015

13. Long-Term Debt (continued)

	2015	2014
Carried forward	$ 3,974,971	$ 4,228,891
CIBC loan at prime plus 1.5%, repayable in monthly principal instalments of $6,550 plus interest. Security and obligations includes; first security interest in a 2013 Thomas Saf - T-Liner C2 school bus, first ranking interest in all personal property for Metepenagiag Mi'Kmaq Nation, property insurance and Band Council Resolution requesting that all funds due from Aboriginal Affairs and Northern Development Canada be forwarded to the Bank until such time as all debt due to the Bank is paid in full, maturing in September 2019	353,500	432,100
CIBC loan at prime plus 1.5%, repayable in annual principal instalments of $200,000, plus interest. Security and obligations includes; first security interest in a 2013 Thomas Saf - T-Liner C2 school bus, first ranking interest in all personal property for Metepenagiag Mi'Kmaq Nation, property insurance and Band Council Resolution requesting that all funds due from Aboriginal Affairs and Northern Development Canada be forwarded to the Bank until such time as all debt due to the Bank is paid in full, maturing in September 2016	400,000	600,000
CIBC loan at prime plus 1.5%, repayable in monthly principal instalments of $4,000 plus interest, matured in February 2015.	-	44,000
CMHC loan at 1.68%, repayable in monthly instalments of $1,113, including principal and interest, maturing in April 2018.	255,425	264,418
CMHC loan at 1.68%, repayable in monthly instalments of $565, including principal and interest, maturing in April 2018.	129,793	134,362
Carried forward	5,113,689	5,703,771

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13. Long-Term Debt (continued)

	2015	2014
Carried forward	$ 5,113,689	$ 5,703,771
CMHC loan at 2.04%, repayable in monthly instalments of $2,171, including principal and interest, maturing in March 2019	494,425	510,252
CIBC loan at prime plus 1.5%, repayable in monthly principal instalments of $1,787 plus interest. Security and obligations includes; first security interest in a 2013 Thomas Saf - T-Liner C2 school bus, first ranking interest in all personal property for Metepenagiag Mi'Kmaq Nation, property insurance and Band Council Resolution requesting that all funds due from Aboriginal Affairs and Northern Development Canada be forwarded to the Bank until such time as all debt due to the Bank is paid in full, maturing in June 2018.	69,694	91,139
CIBC loan at 5.14%, repayable in monthly instalments of $603, including principal and interest, maturing in February 2019.	99,941	102,031
CIBC loan at 5.14%, repayable in monthly instalments of $603, including principal and interest, maturing in February 2019.	99,941	102,031
CIBC loan at 5.14%, repayable in monthly instalments of $603, including principal and interest, maturing in February 2019	99,941	102,031
CIBC loan at 5.14%, repayable in monthly instalments of $603, including principal and interest, maturing in February 2019.	100,119	102,031
CIBC loan at prime plus 1.5%, repayable in monthly principal instalments of $2,083 plus interest. Security and obligations includes: first security interest in a 2013 Thomas Saf - T-Liner C2 school bus, first ranking interest in all personal property for Metepenagiag Mi'Kmaq Nation, property insurance and Band Council Resolution requesting that all funds due from Aboriginal Affairs and Northern Development Canada be forwarded to the Bank until such time as all debt due to the Bank is paid in full, maturing in July 2016.	33,333	-
Roynat equipment lease at 8.5%, payable in monthly instalments of $4,944, including principal and interest, maturing in April 2019.	204,072	244,181
CMHC loan advances at 0.86%, repayments to commence upon completion of construction	307,846	-
	$ 6,623,001	$ 6,957,467

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14. Prepaid Expenses

	2015	2014
Trust liability, prepaid law suit settlement - Land claims	$ -	$ 417,174
Other	15,000	15,000
Total Prepaid Expenses	$ 15,000	$ 432,174

15. Restricted Funds

Operating Reserve

Under the terms of the agreement with Canada Mortgage and Housing Corporation, excess surpluses in the post-1996 program may be retained in an operating surplus reserve with no maximum plus interest. The reserve is to be comprised of monies deposited in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the account may be used to offset future operating deficits.

Replacement Reserve

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the replacement reserve account is to be credited in the amount of $27,270 annually for the pre-1997 program until it accumulates to $109,080 plus interest. An amount of $28,000 can be credited annually to the post-1996 program with no limit. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC.

Subsidy Reserve

Under the terms of the agreement with Canada Mortgage and Housing Corporation, excess federal assistance payments received may be retained in a subsidy surplus reserve up to a maximum of $500 per unit plus interest. The reserve is to be comprised of monies deposited in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used to meet future subsidy requirements of income-tested occupants over and above the maximum federal assistance. When the fund has attained the maximum of $500 per unit, up to 10% of the excess assistance during the year may be transferred to other projects within the same community or area that are assisted under the same program. Otherwise the excess amount is payable to CMHC.

	2015	2014
Operating reserve	$ 72,531	$ 105,323
Replacement reserve	27,178	50,969
Subsidy reserve	-	-
	$ 99,709	$ 156,292

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16. Reconciliation of Aboriginal Affairs and Northern Development Canada (AANDC) Funding

	2015	2014
AANDC revenue per consolidated financial statements	$ 32,544,173	$ 5,766,212
Funding per AANDC revenue confirmation	$ 32,544,173	$ 5,766,212

17. Changes in Non-Cash Operating Working Capital Items

	2015	2014
Funds held in trust	$ 165,693	$ -
Accounts receivable	154,087	(89,048)
Prepaid expenses	417,174	(35,151)
Inventory	(14,873)	(9,595)
Accounts payable and accrued liabilities	667,559	108,930
Deferred revenue	150,000	-
Land claim settlement advance	(400,000)	-
	$ 1,139,640	$ (24,864)

18. Expenses by Object

The following is a summary of expenses by object.

	2015	2014
Amortization	$ 1,425,117	$ 1,025,509
Consulting	126,428	133,883
Financial administration	826,751	853,260
Insurance	237,782	192,810
Interest and bank charges	26,713	62,102
Interest on long term debt	271,683	163,175
Miscellaneous	269,587	193,814
Office supplies	48,015	28,502
Other	25,962,677	3,180,140
Professional fees	4,239,793	102,970
Reimbursement of government funding	740	25,394
Repairs and maintenance	735,863	385,011
Salaries and benefits	4,091,804	2,981,918
Supplies	100,494	90,466
Travel and staff development	212,988	226,165
Utilities	420,181	282,807
	$ 38,996,616	$ 9,927,926

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19. Prior Period Adjustment

The prior period adjustment represents proper treatment of equipment under capital lease in Riverside Entertainment Centre.

20. Comparative Figures

Certain comparative figures have been reclassified to conform with the presentation used in the current year.

21. Budget Figures

Unaudited budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the chief and councilors of Metepenagiag Mi'kmaq Nation.

22. Goverment Transfers

	Operating /Grants	Capital	2015 Total
Federal government transfers:			
Aboriginal Affairs and Northern Development Canada	$ 32,349,246	$ 194,927	$32,544,173
Health Canada	648,793	-	648,793
Canada Mortgage and Housing Corporation	120,653	-	120,653
Other	979,022	-	979,022
	34,097,714	194,927	34,292,641
Provincial government transfers:	479,235	-	479,235
	$ 34,576,949	$ 194,927	$ 34,771,876

Aboriginal Affairs and Northern Development Canada transfers in 2015 include $27,569,411 (2014 - $nil) relative to the Land Claims Settlement.

	Operating	Capital	2014 Total
Federal government transfers:			
Aboriginal Affairs and Northern Development Canada	$5,573,955	$ 192,257	$5,766,212
Health Canada	659,239	-	659,239
Canada Mortgage and Housing Corporation	106,757	-	106,757
Other	978,627	-	978,627
	7,318,578	192,257	7,510,835
Provincial government transfers:	370,345	-	370,345
	$7,688,923	$ 192,257	$7,881,180

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23. Contingencies

Metepenagiag Mi'kmaq 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

In addition, in the normal course of its operations, Metepenagiag Mi'kmaq Nation may become involved in legal actions. Some other potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded on Metepenagiag Mi'kmaq Nation's consolidated financial statements.

The Band is currently defending two legal actions, the outcome of which cannot be determined at this time. It is estimated that if the Band is unsuccessful in defending these actions they could be liable for claims in excess of $500,000.

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24. Segment Disclosure

The presentation by segment is based on the same accounting policies as described in the summary of Significant Accounting Policies as described in Note 1.
The following table presents the expenses incurred and the revenue generated by main object of expense and by major revenue type.
The segment results for the period are as follows

	Education			Health			Economic Development		
	Budget 2015	2015	2014	Budget 2015	2015	2014	Budget 2015	2015	2014
Revenues									
Federal Government Operating/Grant Transfers	$ 1,601,324	$ 1,630,481	$ 1,692,560	$ 639,961	$ 747,020	$ 756,120	$ 229,444	$ 238,427	$ 212,717
Federal Government Capital Transfers	-	-	-	-	-	-	-	-	-
Provincial Government Operating Transfers	-	1,500	-	-	-	-	-	-	-
Provincial Government Capital Transfers	-	-	-	-	-	-	-	-	-
Rent	-	-	-	-	-	-	60,000	-	-
Net Amounts Earned (Withdrawn) from Held In Trust by Federal Government	-	-	-	-	-	-	-	-	-
Administration Fees	-	-	-	-	-	-	-	-	-
Other	526,706	343,063	154,994	-	-	-	-	-	-
Total Revenues	2,128,030	1,967,044	1,847,554	639,961	747,020	756,120	289,444	238,427	212,717
Expenses									
Salaries and benefits	726,142	647,860	645,756	296,528	208,214	190,233	122,008	96,887	110,638
Debt Servicing	-	-	-	-	-	-	-	-	-
Amortization	-	32,166	16,083	-	9,458	4,725	54,000	78,657	78,657
Other Expenses	1,141,553	1,219,175	967,464	572,307	726,862	758,685	211,344	161,219	196,251
Total Expenses	1,867,695	1,899,201	1,629,303	868,835	944,526	953,643	387,352	336,763	385,546
Annual Surplus (Deficit)	$ 260,335	$ 67,843	$ 218,251	$ (228,874)	$ (197,506)	$ (197,523)	$ (97,908)	$ (98,336)	$ (172,829)

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24. Segment Disclosure (continued)

	Housing			Social Services			Band Government Budget		
	Budget 2015	2015	2014	Budget 2015	2015	2014	Budget 2015	2015	2014
Revenues									
Federal Government Operating Grant Transfers	$ 375,174	$ 678,127	$ 1,457,436	$ 1,890,997	$ 1,890,650	$ 1,890,650	$ 546,746	$ 598,003	$ 604,275
Federal Government Capital Transfers	193,527	194,937	192,257	-	-	-	-	-	-
Provincial Government Operating Transfers	-	-	-		-	-	123,000	246,262	231,304
Provincial Government Capital Transfers	-	-	-	-	-	-	-	-	-
Rent	192,000	188,320	155,238	-	-	-	9,000	6,400	13,850
Net Amounts Earned (Withdrawn) from	-	-	-	-	-	-	-	-	-
Held in Trust by Federal Government	-	-	-		-	-	-	(1,330)	(4,664)
Administration Fees	-	-	-	-	-	-	684,114	826,751	856,921
Other	-	-	31,353	-	-	-	182,000	63,575	166,567
Total Revenues	760,701	1,061,374	1,836,284	1,890,997	1,890,650	1,890,650	1,589,860	1,729,671	1,872,353
Expenses									
Salaries and benefits	239,936	220,723	160,281	91,391	89,876	88,619	500,931	331,196	512,752
Debt Servicing	48,000	68,340	60,528	-	-	-	204,000	192,287	150,765
Amortization	564,000	637,282	585,697	-	-	-	19,200	4,845	4,249
Other Expenses	369,766	847,847	724,391	1,444,800	1,373,652	1,317,121	700,000	898,213	718,574
Total Expenses	1,221,702	1,774,152	1,530,897	1,536,191	1,463,528	1,405,740	1,424,131	1,626,541	1,386,340
Annual Surplus (Deficit)	$ (461,001)	$ (712,778)	$ 305,387	$ 354,806	$ 427,122	$ 484,910	$ 165,729	$ 103,130	$ 486,013

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24. Segment Disclosure (continued)

	Land Claims			Other			Consolidated Totals		
	Budget 2015	2015	2014	Budget 2015	2015	2014	Budget 2015	2015	2014
Revenues									
Federal Government Operating/Grant Transfers	$ -	$ 27,569,411	$ -	$ 794,971	$ 765,595	$ 704,329	$ 6,078,617	$ 34,897,714	$ 7,318,378
Federal Government Capital Transfers	-	-	-	-	-	-	150,527	194,927	192,357
Provincial Government Operating Transfers	-	-	-	108,098	231,473	139,041	276,058	479,235	320,345
Provincial Government Capital Transfers	-	-	-	-	-	-	-	-	-
Rent	-	-	-	-	-	-	161,460	194,720	174,088
Net Amounts Earned (Withdrawn) from	-	-	-	-	-	-	-	-	-
Held in Trust by Federal Government	-	-	-	-	-	-	-	(1,320)	(4,664)
Administration Fees	-	-	-	-	-	-	684,114	826,751	856,021
Other	-	-	-	1,012,736	7,062,397	1,406,703	1,721,442	7,471,035	1,759,613
Total Revenues	-	27,569,411	-	1,915,805	8,059,465	2,250,364	9,214,798	43,263,062	10,666,243
Expenses									
Salaries and benefits	-	-	-	539,851	2,297,848	1,273,639	2,516,787	4,091,884	2,981,918
Debt Servicing	-	-	-	-	20,867	9,888	252,000	281,494	221,181
Amortization	-	-	-	348,400	661,756	336,098	985,600	1,445,116	1,025,509
Other Expenses	-	22,006,371	92,771	1,004,494	5,964,863	924,058	5,444,264	33,198,202	5,699,318
Total Expenses	-	22,006,371	92,771	1,892,745	8,945,534	2,543,683	9,198,651	38,996,616	9,927,926
Annual Surplus (Deficit)	$ -	$ 5,563,040	$ (92,771)	$ 23,060	$ (886,069)	$ (293,319)	16,147	4,266,446	738,317

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