
Independent Auditor's Report

To The Members Of Moravian Of The Thames First Nation

We have audited the accompanying financial statements of Moravian of the Thames First Nation, which comprise the consolidated statement of financial position as at March 31, 2015 and the consolidated statements of operations, changes in net assets and cash flows 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our qualified audit opinion.

**Independent
Auditor's Report cont'd....**

Basis for Qualified Opinion

Under Section 3150 of the Public Sector Accounting Handbook, the Moravian Of The Thames First Nation is required to capitalize tangible capital assets and record the appropriate amortization on those assets. Tangible capital assets acquired prior to 1998 have not been capitalized, and as a result, no amortization has been recorded on these assets. Accordingly, we are unable to determine whether any adjustments might be necessary to tangible capital assets, net assets, expenses and revenue over expenditures.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion Paragraph, the financial statements present fairly, in all material respects, the financial position of Moravian of the Thames First Nation as at March 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Other Matter

Our audit was made for the purposes of forming an opinion on the financial statements taken as a whole. The supplementary information included in Schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements taken as a whole.



**Sarnia, Ontario
July 10, 2015**

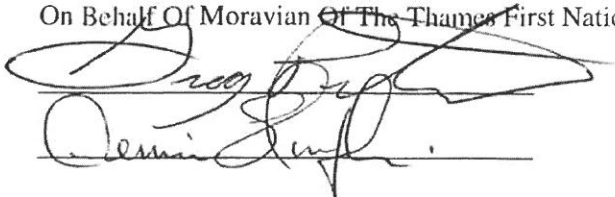
**Chartered Accountants
Licensed Public Accountants**

**Moravian Of The Thames First Nation
Consolidated Statement Of Financial Position
March 31, 2015**

	2015	2014
Financial Assets		
Cash (note 2)	\$ 2,739,426	\$ 2,617,765
Trust Funds in Ottawa (note 3)	168,345	209,662
Short-term investments (note 4)	1,171,894	1,159,077
Accounts receivable (note 5)	561,247	554,492
Investments (note 6)	3,364,381	3,332,261
Investments in government business enterprises (note 8)	1,305,455	1,359,675
Due from related company (note 7)	292,125	68,276
Loans receivable (note 9)	928,019	955,471
Less allowance for doubtful accounts (note 9)	<u>(928,019)</u>	<u>(955,471)</u>
Total Financial Assets	<u>9,602,873</u>	<u>9,301,208</u>
Liabilities		
Accounts payable and accrued liabilities (note 10)	83,295	293,900
Payable to funding source (note 11)	26,592	12,239
Due to related company (note 7)	-	2,723
Deferred revenue (note 12)	270,834	126,361
Deposits on hand	21,598	19,748
Current portion of long-term debt (note 13)	392,241	81,717
Long-term debt (note 13)	<u>1,421,609</u>	<u>1,613,895</u>
Total Liabilities	<u>2,216,169</u>	<u>2,150,583</u>
Net Financial Assets	<u>7,386,704</u>	<u>7,150,625</u>
Non-Financial Assets		
Tangible capital assets (note 14)	7,001,324	7,244,340
Prepaid expenses	<u>41,932</u>	<u>30,900</u>
Total Non-Financial Assets	<u>7,043,256</u>	<u>7,275,240</u>
Accumulated Surplus	<u>\$ 14,429,960</u>	<u>\$ 14,425,865</u>

Contingent Liability (note 18)

On Behalf Of Moravian Of The Thames First Nation



**Moravian Of The Thames First Nation
Consolidated Statement Of Operations
For The Year Ended March 31, 2015**

	2015 Budget	2015	2014
Revenue			
AANDC- Fixed	\$ 1,667,228	\$ 1,108,371	\$ 1,019,978
AANDC- Set	-	239,503	271,144
AANDC- Grant	-	324,699	324,721
Health Canada	952,965	953,553	955,016
OFNLP	715,000	736,717	722,273
AIAI	272,246	272,246	215,804
Stepping Stones	864,356	954,164	645,188
Provincial	241,404	244,404	114,937
MCSS	199,200	219,394	178,010
SFNS	680,600	808,004	699,572
CMHC	111,926	123,306	103,821
Other	885,628	902,438	1,170,138
Rental	258,374	235,217	295,631
Administration	322,396	306,580	333,893
Repayable to Funding Source	-	(22,480)	(2,304)
Deferred Revenue- Beginning	117,066	113,054	327,914
Deferred Revenue- Ending	(91,301)	(226,055)	(117,066)
	<u>7,197,088</u>	<u>7,293,115</u>	<u>7,258,670</u>
Expenditures			
Administration	1,291,474	1,167,412	1,137,470
Economic development	328,160	317,320	176,244
Education	1,297,734	1,304,611	1,125,102
Childcare	448,058	415,221	389,999
Social services	508,999	610,187	602,954
Land and trust services	279,332	175,764	181,356
Health	1,192,589	1,161,425	1,116,151
Employment assistance	279,802	273,413	219,460
Community infrastructure	207,247	225,340	284,691
Community development	529,103	542,272	478,630
OFNLP	700,727	633,436	435,215
Amortization	-	403,478	420,664
	<u>7,063,225</u>	<u>7,229,879</u>	<u>6,567,936</u>
Annual Surplus	<u>133,863</u>	63,236	690,734
Loss On Investment		(51,509)	-
Prior Year Adjustments		(203)	-
CMHC Operating Deficit Deferral		(31,473)	-
Reserve Trust Fund		8,683	5,771
Replacement Reserve		<u>15,360</u>	<u>14,502</u>
Accumulated Surplus at End of Year	\$ <u>133,863</u>	\$ <u>4,094</u>	\$ <u>711,007</u>

**Moravian Of The Thames First Nation
Consolidated Statement Of Changes In Net Financial Assets
For The Year Ended March 31, 2015**

	2015	2014
Annual surplus	\$ 4,094	\$ 711,007
Tangible capital assets:		
Acquisition of tangible capital assets	(160,461)	(904,345)
Amortization of tangible capital assets	<u>403,478</u>	<u>420,664</u>
	247,111	227,326
Use of prepaid expenses	<u>(11,032)</u>	<u>(30,900)</u>
Change in net financial assets	236,079	196,426
Net financial assets at beginning of year	<u>7,150,625</u>	<u>6,954,199</u>
Net financial assets at end of year	<u>\$ 7,386,704</u>	<u>\$ 7,150,625</u>

**Moravian Of The Thames First Nation
Consolidated Statement Of Cash Flows
For The Year Ended March 31, 2015**

	2015	2014
Cash Provided By (Used For)		
Operating Activities		
Excess of revenue over expenditures	\$ 4,094	\$ 711,007
Items not requiring cash:		
Loss on investment	51,509	-
Amortization	<u>403,478</u>	<u>420,663</u>
	459,081	1,131,670
Change in non-cash working capital items affecting operations:		
Accounts receivable	(6,755)	(132,741)
Due from related company	(223,849)	(46,220)
Prepaid expenses	(11,032)	(30,900)
Accounts payable and accrued liabilities	(210,617)	142,641
Due to related company	(2,723)	(5,488)
Forgivable loan with Naahii Eatery	2,723	-
Deposits on hand	1,850	(5,961)
Deferred revenue	144,473	(223,342)
Payable to funding source	<u>14,353</u>	<u>(14,216)</u>
	<u>167,504</u>	<u>815,443</u>
Investing Activities		
Trust funds in Ottawa	41,317	(5,771)
Short-term investments	(12,817)	(12,930)
Investments	(32,120)	30,839
Purchase of tangible capital assets	<u>(160,461)</u>	<u>(904,345)</u>
	<u>(164,081)</u>	<u>(892,207)</u>
Financing Activities		
Long-term debt	<u>118,238</u>	<u>188,219</u>
Increase In Cash Position	121,661	111,455
Cash Position, Beginning	<u>2,617,765</u>	<u>2,506,310</u>
Cash Position, Ending	<u>\$ 2,739,426</u>	<u>\$ 2,617,765</u>

1. 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 Moravian of the Thames First Nation reporting entity includes the Moravian of the Thames First Nation government and all related entities that are controlled by the First Nation.

Principles of Consolidation

These consolidated financial statements have been prepared in accordance with general accepted accounting principles for local government entities, as defined in the CICA Public Sector Accounting and Auditing Handbook, as well as the Year-End Reporting Handbook for First Nations, except for the fact that the First Nation has not accounted for tangible capital assets acquired prior to 1998 or amortization thereon.

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 three months or less at acquisition which are held for the purpose of meeting short-term cash commitments.

Loans Receivable

Loans receivable are recorded at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt as assessed by management. Loans are reviewed on an annual basis by management.

Investments

Investments in guaranteed investment certificates are recorded at cost plus accrued interest.

Investments in equity instruments quoted in an active market are carried at fair value. Transaction costs associated with the acquisition of these investments are recognized in net income in the period incurred. Changes in fair value are recorded in income at each balance sheet date.

Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Amortization of tangible capital assets is calculated by the diminishing balance method using the following rates:

Computers	30%
Equipment	20%
Furniture and fixtures	20%
Land improvements	20 years
Roads	8%
Fencing	10%
Band buildings	4%
Water system	4%
Infrastructure	4%
Vehicles	30%
Internet towers	10%

Notes continued on page 8....

1. Significant Accounting Policies cont'd...

Revenue Recognition

Revenues are recognized in the period in which the transaction 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.

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.

Government Business Enterprises

The investment in Naahii Inc., and Naahii Grocery Store Inc. are accounted for using the modified equity basis which reflects Moravian of the Thames First Nation's investment in those enterprise's. Under the modified equity basis, the enterprise's accounting principles are not adjusted to conform with those of the First Nation and inter-organizational transactions and balances are not eliminated.

Financial Instruments

The First Nation initially measures its financial instruments at fair value, except for certain non-arm's length transactions that are measured at the exchange amount.

Financial instruments measured at amortized cost include cash, trust funds, accounts receivable, investments, due to/from related parties, accounts payable and accrued liabilities, deferred revenue, and long-term debt.

Financial assets measured at amortized cost are tested for impairment at the end of each year, and the amount of any write-down, if any, is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement and the amount of reversal is recognized in net income. The reversal may be recorded provided it is no greater than the amount that has previously been reported as a reduction in the asset and it does not exceed original cost.

Use Of Estimates

In preparing the consolidated financial statements for Moravian of the Thames First Nation, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Items requiring the use of significant estimates include those related to useful lives of assets, allowance for doubtful accounts, accrued accounts payable and the fair value of financial instruments. Actual results could differ from these estimates.

Moravian Of The Thames First Nation
Notes To Financial Statements
March 31, 2015

2. Cash and Cash Equivalents

2015

2014

Under the terms of an agreement with Canada Mortgage and Housing Corporation, Moravian of the Thames First Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Apartment Replacement and Subsidy Fund. Cash and cash equivalents is comprised of the following:

Externally Restricted		
Apartment Replacement Reserve	\$ 52,468	\$ 37,108
Internally Restricted		
Economic Development	21,798	5,889
Unrestricted		
Operating	<u>2,665,160</u>	<u>2,574,768</u>
Total Cash and Cash Equivalents	<u>\$ 2,739,426</u>	<u>\$ 2,617,765</u>

3. Trust Funds

	March 31, 2014	Transfer Out	Additions 2015	March 31, 2015
Revenue	\$ 99,648	\$ (50,000)	\$ 8,683	\$ 58,331
Capital	<u>110,014</u>	<u>-</u>	<u>-</u>	<u>110,014</u>
	<u>\$ 209,662</u>	<u>\$ (50,000)</u>	<u>\$ 8,683</u>	<u>\$ 168,345</u>

The trust funds 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.

4. Short-Term Investments

2015

2014

OFNLP Future Generations Investment	\$ 711,986	\$ 704,199
Regular Investment	<u>459,908</u>	<u>454,878</u>
Total Investments	<u>\$ 1,171,894</u>	<u>\$ 1,159,077</u>

OFNLP money and other First Nation funds have been invested in several interest bearing vehicles that will become due at various times within the next 12 months.

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Moravian Of The Thames First Nation
Notes To Financial Statements
March 31, 2015

5. Accounts Receivable	2015	2014
Federal Funding		
INAC Transfer Payments	\$ 40,311	\$ 229,948
Economic Development Agency	-	52,774
Aboriginal Affairs - New Relationship Fund	-	40,000
	<u>40,311</u>	<u>322,722</u>
Provincial Funding		
Homemakers	64,225	48,046
Other grants	<u>20,040</u>	<u>39,623</u>
	<u>84,265</u>	<u>87,669</u>
Other Programs		
AIAl	<u>23,189</u>	<u>3,269</u>
CMHC Receivable	<u>52,231</u>	<u>17,517</u>
Other Receivables		
SFNS employment and training	272,931	27,608
Miscellaneous	197,535	153,948
Stepping Stones	<u>22,872</u>	<u>49,847</u>
	<u>493,338</u>	<u>231,403</u>
Water Fees	<u>6,603</u>	<u>26,022</u>
	699,937	688,602
Allowance for Doubtful Accounts	<u>138,690</u>	<u>134,110</u>
	<u>\$ 561,247</u>	<u>\$ 554,492</u>

Notes continued on page 11....

Moravian Of The Thames First Nation
Notes To Financial Statements
March 31, 2015

6. Investments	2015	2014
OFNLP Future Generations Investment	\$ 3,364,381	\$ 3,217,222
Other Investments	<u>-</u>	<u>115,039</u>
Total Investments	<u>\$ 3,364,381</u>	<u>\$ 3,332,261</u>
Gaming revenue and other Band funds have been invested in several interest bearing vehicles that will become due at various times.		

7. Related Parties Transactions	2015	2014
The First Nation's advance and the amounts due from related companies are interest-free with no set terms of repayment. As of March 31, 2015, the balance owing (to)/from are as follows:		
Naahii Eatery Inc.	\$ <u>-</u>	\$ <u>(2,723)</u>
Naahii Grocery Store Inc.	\$ 2,507	\$ 3,877
Naahii Inc.	<u>289,618</u>	<u>64,399</u>
	<u>\$ 292,125</u>	<u>\$ 68,276</u>

8: Investment in Enterprises				2015	2014
	Naahii Inc.	Naahii Eatery Inc.	Naahii Grocery Store Inc.	Total	Total
Investment Account Activity					
Revenue	\$ 26,020	\$ 24,554	\$ 566,427	\$ 617,001	\$ 609,579
Expenses	<u>183,972</u>	<u>(70,085)</u>	<u>644,093</u>	<u>757,980</u>	<u>874,189</u>
Net income (loss) from operations	(157,952)	94,639	(77,666)	(140,979)	(264,610)
Loss on investment	<u>-</u>	<u>(30,944)</u>	<u>-</u>	<u>(30,944)</u>	<u>-</u>
Net increase (decrease) in investment	(157,952)	63,695	(77,666)	(171,923)	(264,610)
Investment, beginning	<u>1,106,440</u>	<u>(63,795)</u>	<u>(5,666)</u>	<u>1,036,979</u>	<u>1,301,589</u>
Investment, ending	948,488	(100)	(83,332)	865,056	1,036,979
Common shares	<u>100</u>	<u>100</u>	<u>100</u>	<u>300</u>	<u>300</u>
Balance of Investment	\$ 948,588	\$ -	\$ (83,232)	\$ 865,356	\$ 1,037,279

The initial investment with Naahii Inc, Naahii Eatery Inc. and Naahii Grocery Store Inc. is \$1,359,675. During the year Naahii Eatery Inc. closed resulting in a loss in investment. The total investmet as at March 31, 2015 is \$1,305,455.

The income (loss) from the enterprises is reported on the statement of net assets. Cash advances to or from the enterprises are recorded as an increase or decrease in the investment in the enterprises.

The three corporation's financial statements are prepared on a going concern basis. No adjustments have been made to the recorded historical costs on the financial statements for any possible impairment in the values of this enterprise.

Notes continued on page 12....

Moravian Of The Thames First Nation
Notes To Financial Statements
March 31, 2015

8. Investment in Enterprises cont'd...	2015	2014
Naahii Inc.		
Financial Position		
Assets		
Cash	\$ -	\$ 15,988
Accounts receivable	<u>43,212</u>	<u>41,046</u>
	<u>43,212</u>	<u>57,034</u>
Due from related parties- Naahii Grocery Store Inc.	374,264	302,219
Due from related parties- Naahii Eatery Inc.	-	100,070
Property, plant and equipment	<u>1,065,692</u>	<u>1,114,392</u>
	<u>\$ 1,483,168</u>	<u>\$ 1,573,715</u>
Liabilities		
Accounts payable and accrued liabilities	\$ 5,500	\$ 5,502
Bank overdraft	<u>85,940</u>	<u>-</u>
	<u>91,440</u>	<u>-</u>
Due to Moravian Band- related parties	89,399	64,399
Long-term debt	<u>361,702</u>	<u>405,235</u>
	<u>542,541</u>	<u>475,136</u>
Shareholders' Equity		
Capital Stock	100	100
Deficit	(230,899)	(72,947)
Contributed Surplus	<u>1,171,426</u>	<u>1,171,426</u>
	<u>940,627</u>	<u>1,098,579</u>
	<u>\$ 1,483,168</u>	<u>\$ 1,573,715</u>
Results of Operations		
Revenue		
Rental	\$ 26,020	\$ 26,020
Funding	<u>-</u>	<u>35,761</u>
	<u>26,020</u>	<u>61,781</u>
Expenditures		
Honorarium	7,657	25,421
Utilities	7,674	5,879
Repairs and maintenance	1,639	498
Insurance	2,100	2,450
Bad debts	100,595	-
Interest on long-term debt	8,705	16,737
Interest and bank charges	964	1,328
Professional fees	5,350	492
Office supplies	78	-
Travel	510	-
Amortization	<u>48,700</u>	<u>51,244</u>
	<u>183,972</u>	<u>104,049</u>
Deficiency Of Revenues Over Expenditures	<u>\$ (157,952)</u>	<u>\$ (42,268)</u>

Notes continued on page 13....

Moravian Of The Thames First Nation
Notes To Financial Statements
March 31, 2015

8. Investment in Enterprises cont'd...

2015

2014

Naahii Eatery Inc.

Financial Position

Assets

Cash	\$ -	\$ 5,518
Accounts Receivable	-	1,713
Due from related parties- Moravian	-	2,723
Inventory	-	9,572
Prepaid expenses	-	140
	-	19,666

Property, plant and equipment	-	126,487
	\$ -	\$ 146,153

Liabilities

Bank overdraft	\$ 722	\$ -
Accounts payable and accrued liabilities	2,383	16,054
Deferred revenue	-	-
	3,105	16,054

Long-term debt	25,471	37,262
Due to related parties- Naahii Inc	-	100,070
Due to related parties- Naahii Grocery Store Inc.	-	61,862
	28,576	215,248

Shareholders' Equity

Capital stock	100	100
Deficit	(28,676)	(123,315)
Contributed surplus	-	54,120
	(28,576)	(69,095)

\$ - \$ 146,153

Notes continued on page 14....

Moravian Of The Thames First Nation
Notes To Financial Statements
March 31, 2015

8. Investment in Enterprises cont'd...	2015	2014
Naahii Eatery Inc.		
Results of Operations		
Revenue		
Sales	\$ 15,463	\$ 87,891
Bank support funding	9,091	47,494
Other Funding	-	2,011
	<u>24,554</u>	<u>137,396</u>
Cost of goods sold		
Inventory, beginning	9,572	9,572
Purchases and freight	<u>4,461</u>	<u>39,168</u>
	14,033	48,740
Inventory, ending	-	9,572
	<u>14,033</u>	<u>39,168</u>
Gross Profit	<u>10,521</u>	<u>98,228</u>
Expenses		
Advertising	-	325
Amortization	-	27,542
Bank charges and interest	(208)	3,000
Debt Forgiveness	(245,540)	-
Wages	11,692	109,330
Interest on long-term debt	-	6,281
Loss on disposal of property, plant & equipment	126,487	-
Office	6,427	21,789
Professional fees	5,837	7,703
Rent	-	-
Repairs and maintenance	500	3,094
Supplies	163	112
Telephone	1,469	3,432
Utilities	<u>9,055</u>	<u>21,504</u>
	<u>(84,118)</u>	<u>204,112</u>
Excess (Deficiency) Of Revenues Over Expenditures	\$ <u>94,639</u>	\$ <u>(105,884)</u>

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Moravian Of The Thames First Nation
Notes To Financial Statements
March 31, 2015

8. Investment in Enterprises cont'd... **2015** **2014**

Naahii Grocery Store Inc.

Financial Position

Assets

Accounts receivable	\$ 131	\$ 62
Inventory	62,237	60,655
Prepaid expenses	<u>900</u>	<u>5,843</u>
	<u>63,268</u>	<u>66,560</u>

Due from related parties- Naahii Eatery Inc	-	61,861
Property, plant and equipment	<u>315,243</u>	<u>374,922</u>

	<u>\$ 378,511</u>	<u>\$ 503,343</u>
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Liabilities

Bank overdraft	\$ 230	\$ 101,630
Accounts payable and accrued liabilities	44,641	39,484
Deferred revenue	<u>-</u>	<u>11,858</u>
	<u>44,871</u>	<u>152,972</u>

Advances from shareholders	2,507	1,681
Due to related parties	374,264	84,988
Long-term debt	<u>40,000</u>	<u>269,167</u>
	<u>461,642</u>	<u>508,808</u>

Shareholders' Equity

Capital Stock	100	100
Deficit	(217,060)	(139,394)
Contributed surplus	<u>133,829</u>	<u>133,829</u>
	<u>(83,131)</u>	<u>(5,465)</u>

	<u>\$ 378,511</u>	<u>\$ 503,343</u>
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Moravian Of The Thames First Nation
Notes To Financial Statements
March 31, 2015

8. Investment in Enterprises cont'd...	2015	2014
Naahii Grocery Store Inc.		
Results of Operations		
Revenue		
Sales	\$ 319,779	\$ 335,648
Band support funding	240,000	-
Miscellaneous	<u>6,648</u>	<u>69,254</u>
	<u>566,427</u>	<u>404,902</u>
Cost of sales		
Inventory, beginning	60,655	-
Purchases	<u>314,501</u>	<u>313,753</u>
	<u>375,156</u>	<u>313,753</u>
Inventory, ending	<u>62,237</u>	<u>60,655</u>
	<u>312,919</u>	<u>253,098</u>
Gross profit	<u>253,508</u>	<u>151,804</u>
Expenses		
Advertising	2,147	9,817
Amortization	59,678	72,471
Bad debts	91,165	-
Bank charges and interest	10,996	5,081
Equipment rental	2,316	-
Interest on long-term debt	3,978	8,059
Honorarium	500	-
Office	2,498	6,330
Professional fees	12,713	4,642
Rent	-	48
Repairs and maintenance	2,842	3,188
Sub-contract	7,993	15,144
Telephone	2,482	3,558
Utilities	33,047	32,887
Vehicle	-	4,218
Wages	<u>98,819</u>	<u>116,379</u>
	<u>331,174</u>	<u>281,822</u>
Deficiency Of Revenues Over Expenditures	\$ <u>(77,666)</u>	\$ <u>(130,018)</u>

Moravian Of The Thames First Nation
Notes To Financial Statements
March 31, 2015

9. Loans Receivable	2015	2014
Housing loans	\$ 621,322	\$ 639,876
Sanitation loans	146,780	146,940
100% repayable	145,347	148,062
Custom and miscellaneous loans	6,863	6,890
Renovation loans	<u>7,707</u>	<u>13,703</u>
	928,019	955,471
Allowance for doubtful accounts	<u>928,019</u>	<u>955,471</u>
	\$ <u>-</u>	\$ <u>-</u>

Due to the history of poor collections and accountability, the above loans have been recognized as substantially doubtful.

During the year, \$27,452 (2014 - \$23,296) was collected or adjustments made on these loans and \$NIL (2014 - \$NIL) were new loans added. Payments were applied to the appropriate loans and an adjustment was made to reduce the allowance. This recovery to the allowance is recognized as revenue in the Housing loan repayment program.

10. Accounts Payable and Accrued Liabilities	2015	2014
Trades payable	\$ 80,416	\$ 290,759
Other accrued liabilities	<u>2,879</u>	<u>3,141</u>
	\$ <u>83,295</u>	\$ <u>293,900</u>

Moravian Of The Thames First Nation
Notes To Financial Statements
March 31, 2015

11. Payable to Funding Source	2015	2014
Federal government	\$ 19,519	\$ 6,416
Provincial government	7,073	5,725
Other	-	98
	<u>\$ 26,592</u>	<u>\$ 12,239</u>

12. Deferred Revenue	2015	2014
Administration	\$ -	\$ 1,411
Brighter futures	-	629
Childcare funding	15,215	254
Community health/CHR	4,011	-
CRF funding	5,308	12,106
Cultural Centre	15,610	4,736
Economic strategic plan	-	431
Economic development	3,496	-
EI Funding	6,055	2,344
Energy plan	850	-
Governance Capacity Development	1,349	3,294
Headstart fundraising	23,360	27,245
Health facilities	-	414
Land Consultation	6,494	13,860
Lifelong learning	91,301	-
Maternal child health	-	1,141
Recreation	869	613
Rental properties	49,370	36,565
Youth drop-in centre	6,778	12,023
CMHC	<u>40,768</u>	<u>9,295</u>
	<u>\$ 270,834</u>	<u>\$ 126,361</u>

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Moravian Of The Thames First Nation
Notes To Financial Statements
March 31, 2015

13. Long-Term Debt	2015	2014
BMO Loan payable at 2.88%, repayable in monthly instalments of \$2,412 principal and interest, due February 22, 2017.	\$ 200,219	\$ -
Mortgage payable at 1.92%, repayable in monthly instalments of \$1,099 principal and interest. The mortgage is due April 1, 2019.	254,432	261,470
Mortgage payable at 2.17%, repayable in monthly instalments of \$1,476 principal and interest. The mortgage is due November, 2015.	295,086	306,295
Mortgage payable at 2.65%, repayable in monthly instalments of \$5,170 principal and interest. The mortgage is due April, 2016.	595,394	641,084
Mortgage payable at 1.49%, repayable in monthly instalments of \$2,096 principal and interest. The mortgage is due January, 2017.	<u>468,719</u>	<u>486,763</u>
	1,813,850	1,695,612
Current portion	<u>392,241</u>	<u>81,717</u>
	<u>\$ 1,421,609</u>	<u>\$ 1,613,895</u>

The principal reduction required over the next five years are as follows:

2016	\$ 392,241
2017	1,184,093
2018	8,705
2019	8,873
2020	<u>219,938</u>
	<u>\$ 1,813,850</u>

Notes continued on page 20....

Moravian Of The Thames First Nation
Notes To Financial Statements
March 31, 2015

14. Tangible Capital Assets

Tangible Capital Assets	Cost			Accumulated Amortization		Net Book Value	
	Opening Balance	Additions	Closing Balance	Opening Balance	Closing Balance	Total 2015	Total 2014
Computers	\$ 174,948	\$ 73,472	\$ 248,420	\$ 162,347	\$ 25,822	\$ 60,251	\$ 12,601
Equipment	551,442	21,580	573,022	409,865	32,632	130,525	141,577
Furniture and fixtures	86,929	-	86,929	36,273	10,131	40,525	50,656
Land improvements	25,009	-	25,009	1,250	1,250	22,509	23,759
Roads	276,628	107,989	384,617	188,107	15,721	180,789	88,521
Fencing	19,006	-	19,006	3,612	1,539	13,855	15,394
Band buildings	5,510,634	-	5,510,634	1,476,264	161,375	3,872,995	4,034,370
Water system	4,733,615	-	4,733,615	2,230,128	100,139	2,403,348	2,503,487
Infrastructure	251,981	-	251,981	103,766	5,929	142,286	148,215
Vehicles	496,402	-	496,402	343,293	45,933	107,176	174,108
Internet towers	40,129	-	40,129	10,058	3,007	27,064	30,071
Prior to March 31, 1998	1	-	1	-	-	1	1
	<u>12,166,724</u>	<u>203,041</u>	<u>12,369,765</u>	<u>4,964,963</u>	<u>403,478</u>	<u>7,001,324</u>	<u>7,222,760</u>
Assets Under Construction							
Fitness Centre	-	-	-	-	-	-	21,580
Total	<u>\$ 12,166,724</u>	<u>\$ 203,041</u>	<u>\$ 12,369,765</u>	<u>\$ 4,964,963</u>	<u>\$ 403,478</u>	<u>\$ 7,001,324</u>	<u>\$ 7,244,340</u>

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Moravian Of The Thames First Nation
Notes To Financial Statements
March 31, 2015

15. Accumulated Surplus	2015	2014
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Accumulated surplus consists of the following individual surplus funds, reserves and reserve funds:

Surplus

Invested in tangible capital assets	\$ 7,001,325	\$ 7,244,340
Equity in Naahii Inc.	940,627	1,106,540
Equity In Naahii Grocery Store Inc	(83,131)	(63,695)
Equity In Naahii Eatery Inc.	<u>-</u>	<u>(5,566)</u>
	\$ 7,858,821	\$ 8,281,619

Reserves

Operating	\$ 6,326,327	\$ 5,897,476
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Reserves Funds

Trust	168,345	209,662
Replacement Reserve	<u>52,468</u>	<u>37,108</u>
	\$ 220,813	\$ 246,770

Accumulated Surplus	<u>\$14,405,961</u>	<u>\$14,425,865</u>
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16. Expenses By Object	2015	2014
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Administration	\$ 254,750	\$ 298,165
Amortization	403,478	420,663
Bad debt	24,000	29,693
Interest on debt	34,760	32,047
Interest and bank charges	348	778
Office and other	311,306	313,225
Operations and maintenance	544,655	445,886
Professional services	117,154	73,418
Utilities	135,050	141,036
Program delivery	2,553,495	2,415,179
Travel	99,588	100,898
Wages and benefits	2,137,296	1,861,716
Community support	633,436	435,215
Writedown of accounts receivable	<u>(19,420)</u>	<u>-</u>
	\$ 7,229,896	\$ 6,567,919

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17. Segmented Information

	Administration		Economic Development		Education		Childcare	
	2015	2014	2015	2014	2015	2014	2015	2014
REVENUES								
AANDC	\$ 708,235	782,527	138,700	63,700	526,856	499,063	27,200	27,200
Union of Ontario Indians	-	-	-	-	-	-	-	-
AIAl	34,806	-	-	-	-	-	-	-
Health Canada	-	-	-	-	-	-	-	-
Provincial	-	-	-	-	-	-	-	-
Ministry of Education	-	25,000	158,000	80,000	-	-	-	-
MCSS	-	-	-	-	-	-	-	-
Stepping Stones	-	-	-	-	-	-	-	-
CMHC	-	-	-	-	-	-	343,977	42,226
Admin Fees	305,876	-	-	-	-	-	-	-
Rental	107,910	333,893	-	-	-	-	-	-
SFNS	79,102	119,935	-	1,000	-	-	-	-
OFNLP	-	102,224	-	-	728,902	597,348	-	-
Other	128,890	354,075	2,600	4,354	169,175	34,120	75,282	322,955
	1,364,818	1,717,653	299,300	149,054	1,424,933	1,130,531	446,459	392,381
Repayable to funding source	0	0	-	-	-	-	7,073	-
Deferred revenue - beginning of year	5,135	199,682	13,860	41,050	-	-	254	6,324
Deferred revenue - end of year	(1,349)	(5,135)	10,840	13,860	91,301	-	15,215	254
Total revenues	1,368,605	1,912,200	302,320	176,245	1,333,632	1,130,531	424,425	398,451
EXPENDITURES								
Administration	12,499	28,834	13,683	9,555	25,105	43,229	37,158	37,158
Amortization	403,478	420,663	-	-	-	-	-	-
bad debt	24,000	29,693	-	-	-	-	-	-
Interest on debt	-	-	-	-	-	-	-	-
Interest and bank charges	348	778	-	-	-	-	-	-
Office, supplies and other	202,356	171,279	27,230	19,437	6,404	2,069	9,386	8,713
Operations and maintenance	244,217	80,709	4,288	-	87,783	83,503	21,263	24,119
Professional services	41,592	26,799	22,182	3,000	-	-	-	-
Social assistance payments	-	-	-	-	-	-	-	-
Utilities	19,460	39,771	1,040	1,470	9,806	11,237	6,580	7,092
Program delivery	101,123	273,943	95,142	33,278	1,019,092	864,192	183,363	148,518
Travel	46,991	36,315	7,751	22,482	11,413	2,921	165	596
Wages and benefits	474,828	449,351	146,004	87,023	145,007	117,951	157,305	163,804
Writedown of accounts receivable	-	-	-	-	-	-	-	-
Total expenses	1,570,891	1,558,133	317,320	176,245	1,304,611	1,125,102	415,221	389,999
Loss on investment	(51,509)	-	-	-	-	-	-	-
Excess surplus (deficiency) of revenue over expenses	\$ (253,795)	354,067	15,000	0	29,021	5,429	9,204	8,452

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17. Segmented Information cont..

	Social Services		Land and Trust Services		Health		Employment Assistance	
	2015	2014	2015	2014	2015	2014	2015	2014
REVENUES								
AANDC			25,470	24,318	-	-	11,400	11,400
Union of Ontario Indians	-	-	-	-	-	-	-	-
AIAI	-	-	-	-	-	-	-	-
Health Canada	-	-	-	-	237,440	215,804	-	-
Provincial	-	-	-	-	953,553	955,016	-	-
Ministry of Education	-	-	-	-	-	-	-	-
MCSS	-	-	-	-	-	-	-	-
Stepping Stones	-	-	-	-	-	-	-	-
CMHC	610,187	602,962	111,926	103,821	-	-	-	-
Admin Fees	-	-	704	-	-	-	11,380	-
Rental	-	-	121,084	132,035	-	-	-	-
SFNS	-	-	-	-	-	-	-	-
OFNLP	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
	610,187	602,962	27,424	260,174	1,190,993	3,000	231,858	210,015
Repayable to funding source	-	-	286,609	-	-	1,173,820	254,638	221,415
Deferred revenue - beginning of year	-	-	-	-	15,109	2,304	-	-
Deferred revenue - end of year	-	-	36,565	18,102	1,828	-	14,450	12,495
	-	-	49,370	36,565	-	2,184	11,363	14,450
Total revenues	610,187	602,962	273,804	241,711	1,174,056	1,169,332	257,725	219,460
EXPENDITURES								
Administration	-	-	10,447	10,348	99,769	93,261	21,685	31,209
Amortization	-	-	-	-	-	-	-	-
bad debt	-	-	-	-	-	-	-	-
Interest on debt	-	-	34,760	32,047	-	-	-	-
Interest and bank charges	-	-	-	-	-	-	-	-
Office and other	11,198	22,072	9,705	9,148	-	-	-	-
Operations and maintenance	-	-	47,430	62,110	31,542	70,620	-	-
Professional services	-	-	3,100	2,600	21,262	26,986	-	-
Social assistance payments	-	-	-	-	49,322	41,019	-	-
Utilities	-	-	20,742	20,642	-	-	-	-
Program delivery	499,150	479,302	-	-	23,808	15,810	-	-
travel	3,107	3,434	3,118	602	326,193	328,437	202,080	174,628
Wages and benefits	96,732	98,147	46,462	43,859	23,649	27,089	-	-
Writedown of accounts receivable	-	-	-	-	585,881	512,930	49,648	13,623
Total expenses	610,187	602,954	175,764	181,356	1,161,425	1,116,151	273,413	219,460
Prior year adjustment	-	-	-	-	203	-	-	-
CMHC Operating surplus reallocation	-	-	31,473	-	-	-	-	-
Excess surplus (deficiency) of revenue over expenses	\$ -	\$ 8	66,566	60,355	12,428	53,181	15,688	0

Notes continued on page 24 ...

17. Segmented Information cont..

	Community Infrastructure		Community Development		OFNLP	
	2015	2014	2015	2014	2015	2014
REVENUES						
AANDC	\$ 164,567	156,492	70,145	91,143	-	-
Union of Ontario Indians	-	-	-	-	-	-
AIAM	-	-	-	-	-	-
Health Canada	-	-	-	-	-	-
Provincial	19,482	19,482	66,922	15,455	-	-
Ministry of Education	-	-	-	-	-	-
MCS	-	-	219,394	178,010	-	-
Stepping Stones	-	-	-	-	-	-
CMHC	-	-	-	-	-	-
Admin Fees	-	-	-	-	-	-
Rental	-	-	6,223	19,365	-	-
SFNS	-	-	-	-	-	-
OFNLP	-	-	-	-	-	-
Other	18,091	17,489	165,711	123,139	736,717	722,273
	202,140	193,463	528,395	477,112	83,407	29,267
	0	-	297	-	820,124	751,540
Repayable to funding source	-	-	-	-	-	-
Deferred revenue - beginning of year	-	-	44,619	62,756	-	-
Deferred revenue - end of year	-	-	46,616	44,619	-	-
Total revenues	202,140	193,463	526,100	445,250	820,124	751,540
EXPENDITURES						
Administration	25,805	26,396	8,600	18,175	-	-
Amortization	-	-	-	-	-	-
Bad debt	-	-	-	-	-	-
Interest on debt	-	-	-	-	-	-
Interest and bank charges	-	-	-	-	-	-
Office and other	4,511	2,972	8,956	6,933	-	-
Operations and maintenance	103,821	144,537	14,591	23,923	-	-
Professional services	-	-	958	-	-	-
Social assistance payments	-	-	-	-	-	-
Utilities	25,064	18,470	28,549	26,545	-	-
Program delivery	-	-	127,352	112,880	-	-
Travel	1,605	4,911	1,790	2,549	-	-
Wages and benefits	83,953	87,404	351,476	287,625	-	-
Community support	-	-	-	-	-	-
Writedown of accounts receivable	19,420	-	-	-	633,436	435,215
Total expenses	225,340	284,691	542,272	478,630	633,436	435,215
adjustment to prior year surplus	-	-	-	-	-	-
Excess surplus of revenue over expenses	\$ - 23,200	- 91,228	- 16,172	- 33,380	186,687	316,325

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18. Contingent Liability

Moravian of the Thames 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 First Nation has guaranteed housing loans, to a third party financial institution, for members living on the reserve. Total value for this program is \$500,000. As of the end of the year, no loans were in default. Any potential amounts required to be paid under this guarantee have not been reflected in the financial statements and will be charged to operations in the year incurred.

19. Financial Instruments Risks Disclosures

The main risks of Moravian of the Thames First Nation financial instruments are exposed to are credit risk, liquidity risk, and market risk each of which is discussed below.

Credit Risk

Moravian of the Thames First Nation is exposed to credit risk in the event of non-payment by their customers for their accounts receivable. Moravian of the Thames First Nation believes there is high risk associated with these amounts due to nonpayment's to housing loans.

Liquidity Risk

Liquidity risk relates to the risk the Moravian of the Thames First Nation will encounter difficulty in meeting its obligations associated with financial liabilities. The financial liabilities on its balance sheet consist of accounts payable and accrued liabilities. Management closely monitors cash flow requirements to ensure that it has sufficient cash on demand to meet operational and financial obligations.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and other price risk.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. All of Moravian of the Thames First Nation financial instruments are in Canadian dollars and consequently is not subject to currency risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Moravian of the Thames First Nation is exposed to interest rate price risk to the extent that a portion of the long-term debt is at a fixed interest rate

19. Financial Instruments Risks Disclosures cont'd...

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk and interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Moravian of the Thames First Nation is not exposed to other price risk.

Changes in Financial Instruments Risks Disclosures

There have been no significant changes in these risk exposures from the prior year.

20. Comparative Figures

The presentation of certain accounts of the previous year has been changed to conform with the presentation adopted for the current year.

Auditor's Derivative Report for the Schedule of Salaries, Honoraria and Travel Expenditure

To The Members Of Moravian of the Thames First Nation

We have audited the consolidated financial statements of the Moravian of the Thames First Nation as at March 31, 2015 and for the year then ended and reported on July 10, 2015.

A Schedule of Remuneration and Expenses (Schedule) is required to be presented to the membership of Moravian of the Thames First Nation pursuant to the funding agreement between Indian and Northern Affairs Canada and Moravian of the Thames First Nation. The Schedule has been compiled by the management of Moravian of the Thames First Nation from their records. For the purposes of understanding our involvement with this schedule, please note that:

- We have audited and separately reported on the consolidated financial statements;
- Our audit was conducted for the purposes of forming an opinion on the consolidated financial statements taken as a whole;
- The attached schedule is presented for the purpose of forming an opinion for the Membership and the Department of Indian Affairs and does not form part of the consolidated financial statements; and
- The schedule has been subjected to the auditing procedures applied to the audit of the consolidated financial statements as a whole.

During the course of the aforementioned audit, we encountered no discrepancies on this Schedule. However, no procedures have been carried out on this Schedule in addition to those necessary to form an opinion on the consolidated financial statements.

This report has been prepared in accordance with the applicable Assurance and Related Services Guideline issued by the Canadian Institute of Chartered Accountants.



Sarnia, Ontario
July 10, 2015

**Chartered Accountants
Licensed Public Accountants**

Annex B
Schedule of Remuneration and Expenses- Chief & Council
Moravian of the Thames First Nation
For the Year Ended March 31, 2015

Name of Individual	Position	Number of Months (Note 1)	Reumeration (Note 2)	Other Reumeration	Expenses (Note 3)
Greg Peters	Chief	12	\$ 57,480.00	\$ 3,849.00	\$ 17,111.00
			57,480.00	3,849.00	17,111.00
Gord Peters	Councillor	12	4,350.00	2,080.00	1,566.00
Philip Snake	Councillor	12	10,350.00	-	2,768.00
Cam Stonefish	Councillor	12	11,475.00	2,080.00	6,862.00
Tracey Whiteye	Councillor	12	18,250.63	2,080.00	4,265.00
Denise Stonefish	Councillor	12	5,550.00	2,080.00	1,118.00
	Total Council		49,975.63	8,320.00	16,579.00
	Total Chief & Council		\$ 107,455.63	\$ 12,169.00	\$ 33,690.00

Notes:

1. The number of months during the fiscal year that the individual was a chief or councillor.

2. As per the First Nations Financial Transparency Act:

"remuneration" means any salaries, wages, commissions, bonuses, fees, honoraria and dividends and any other monetary benefits - other than the reimbursement of expenses - and non-monetary benefits.

3. As per the First Nations Financial Transparency Act:

"expenses" includes the costs of transportation, accommodation, meals, hospitality and incidental expenses.