



Grant Thornton

Consolidated Financial Statements

Acadia First Nation

March 31, 2015

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Independent Auditors' Report

To the Chief and Council of
Acadia First Nation

Grant Thornton LLP
328 Main Street, PO Box 297
Yarmouth, NS
B5A 4B2
T (902) 742-7842
F (902) 742-0224
www.GrantThornton.ca

We have audited the accompanying consolidated financial statements of Acadia First Nation, which comprise the consolidated statement of financial position as at March 31, 2015, the consolidated statements of operations, accumulated surplus, changes in net debt and changes in 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 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 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 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 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 consolidated financial position of the Acadia First Nation as at March 31, 2015, and the results of its operations, changes in net debt and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Our audit was conducted for the purposes of forming an opinion on the financial statements taken as a whole. The Schedules of revenues and expenditures on pages 24 to 32 are presented for purposes of additional information and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion, in the audit of the financial statements taken as a whole.

Grant Thornton LLP

Yarmouth, Canada
July 28, 2015

Chartered Accountants

Acadia First Nation
Consolidated Statement of Operations
Year Ended March 31

	<u>Budget</u> <u>2015</u>	<u>Actual</u> <u>2015</u>	<u>Actual</u> <u>2014</u>
Revenues			
Federal government operating transfers	\$ 3,357,463	\$ 3,870,905	\$ 3,259,514
Federal government capital transfers	237,000	109,324	111,634
Provincial government operating transfers	200,000	235,742	219,888
Provincial government capital transfers	-	-	-
Contributed assets	-	-	-
Economic activities	7,109,372	5,839,737	9,422,096
Economic activities – retail operations	22,580,000	18,898,166	-
Income from investment in GBE's (Note 21)	-	-	499,607
Other	<u>487,750</u>	<u>169,951</u>	<u>99,729</u>
	<u>33,971,585</u>	<u>29,123,824</u>	<u>13,612,468</u>
Expenses			
Band Management and Support	4,635,000	7,249,604	6,927,040
Education	633,250	646,866	607,070
Community maintenance	710,000	930,853	517,612
Social services	814,000	595,256	875,595
Community health	317,470	442,578	387,012
Housing	552,750	519,920	501,898
Fisheries	1,703,500	2,122,098	1,880,466
Training	459,000	426,596	449,263
Forestry	144,000	166,949	144,419
Retail operations	22,490,822	13,905,276	-
Other	-	-	-
	<u>32,459,792</u>	<u>27,005,998</u>	<u>12,290,375</u>
Annual surplus	<u>\$ 1,511,793</u>	<u>\$ 2,117,826</u>	<u>\$ 1,322,093</u>

See accompanying notes to the consolidated financial statements.

Acadia First Nation
Consolidated Statement of Accumulated Surplus
Year Ended March 31

				2015	2014
	Investment in Capital Assets	Unrestricted Fund	Funds on deposit with INAC	Net Assets - externally restricted	Total
Opening balance, as previously reported	\$ 8,821,260	\$ (5,886,034)	\$ 10,158	\$ 208,170	\$ 3,153,554
Surplus	-	2,117,826	-	-	2,117,826
Change in prepaid expenses	-	5,689	-	-	5,689
Current year allocations	-	(50,265)	-	49,762	(503)
Interest earned			398	105	503
Ending balance	<u>\$ 8,821,260</u>	<u>\$ (3,812,784)</u>	<u>\$ 10,556</u>	<u>\$ 258,037</u>	<u>\$ 5,277,069</u>
					<u>\$ 3,153,554</u>

See accompanying notes to the consolidated financial statements.

Acadia First Nation

Consolidated Statement of Financial Position

March 31

2015

2014

Financial assets		
Cash and cash equivalents	\$ 1,098,533	\$ -
Receivables (Note 6)	1,154,537	519,351
Investments in government business enterprises (Note 21)	7	7
Receivable from government business enterprises (Note 21)	-	199,590
Surplus in government business enterprises (Note 21)	-	8,311
Inventory held for resale	420,748	121,768
Restricted cash and deposits		
Funds on deposit at AANDC (Note 15)	10,556	10,158
CMHC reserves	<u>258,037</u>	<u>208,170</u>
	<u>2,942,418</u>	<u>1,067,355</u>
Financial liabilities		
Bank indebtedness	-	476,027
Payables and accruals (Note 9)	1,811,210	1,008,905
Deferred revenue	8,099	16,528
Assessment of sales tax, penalties and interest (Note 1)	3,355,973	3,655,973
Long-term debt (Note 8)	<u>5,016,590</u>	<u>5,033,861</u>
	<u>10,191,872</u>	<u>10,191,294</u>
Net debt	<u>(7,249,454)</u>	<u>(9,123,939)</u>
Non-financial assets		
Tangible capital assets (Note 7)	12,489,835	12,246,493
Prepaid expenses	<u>36,688</u>	<u>31,000</u>
	<u>12,526,523</u>	<u>12,277,493</u>
Accumulated surplus	<u>\$ 5,277,069</u>	<u>\$ 3,153,554</u>
Accumulated surplus (Page 4)	<u>\$ 5,277,069</u>	<u>\$ 3,153,554</u>
Contingencies (Note 17)		

On behalf of the Band

 Chief

 Band Manager

See accompanying notes to the consolidated financial statements.

Acadia First Nation
Consolidated Statement of Changes in Net Debt

March 31	Budget	2015	2014
Surplus	\$ 1,511,793	\$ 2,117,826	\$ 1,322,093
Retail capital assets transfer, net	-	(164,978)	-
Tangible capital asset additions	(1,000,000)	(1,020,017)	(1,168,272)
Amortization of tangible capital assets	<u>775,000</u>	<u>941,654</u>	<u>865,168</u>
Decrease in net debt	<u>\$ 1,286,793</u>	<u>1,874,485</u>	<u>1,018,989</u>
Net debt, beginning of year		<u>(9,123,939)</u>	<u>(10,142,928)</u>
Net debt, end of year		<u>\$ (7,249,454)</u>	<u>\$ (9,123,939)</u>

See accompanying notes to the consolidated financial statements.

Acadia First Nation
Consolidated Statement of Cash Flows

March 31

2015

2014

Decrease (increase) in cash (bank indebtedness)

Operations

Surplus	\$ 2,117,826	\$ 1,322,093
Amortization	941,654	865,168
Change in non-cash operating working capital balances (Note 11)	<u>(490,554)</u>	<u>(455,840)</u>
	<u>2,568,926</u>	<u>1,731,421</u>

Financing

Repayment of long-term debt – net of advances	(17,272)	(256,141)
Advances from government business enterprises - net	<u>199,590</u>	<u>713,785</u>
	<u>182,318</u>	<u>457,644</u>

Investing

Purchase of tangible capital assets	(1,020,017)	(1,168,272)
Retail capital assets – net	(164,978)	
Decrease in deficiency in 100% owned Government Business Enterprises	<u>8,311</u>	<u>(499,607)</u>
	<u>(1,176,684)</u>	<u>(1,667,879)</u>

Increase in cash

1,574,560

521,186

Cash (bank indebtedness)

Beginning of year

(476,027)

(997,213)

End of year

\$ 1,098,533

\$ (476,027)

See accompanying notes to the consolidated financial statements.

Acadia First Nation

Notes to the Consolidated Financial Statements

Year Ended March 31, 2015

1. Going concern

These financial statements have been prepared on the basis of a going concern which assumes Acadia First Nation will be able to realize its assets and settle its obligations in the normal course of operations. However, certain adverse conditions exist, which cast doubt on this assumption.

In prior years, a long standing matter, arising between 1997 and 2002, with respect to the payment by the Band of HST on certain of its activities was confirmed. Acadia First Nation is a self-governing authority that has implemented an aboriginal taxation system which, it proposes, has dominance over the HST on the basis of the aboriginal right of self-government. Canada Revenue Agency disputed this belief.

As a result of the dispute, taxes including penalties and interest were assessed in the amount of \$8,392,939. Of this amount, taxes total approximately \$4,565,504 and the remaining \$3,827,435 is represented by the interest and penalties.

A wholly owned subsidiary, Your Winners World – AFN, was assessed by Canada Revenue Agency under the same conditions as above. As the result, taxes including penalties and interest have been assessed in the amount of \$678,431. Of this amount, taxes total approximately \$190,852 and the remaining \$487,579 is represented by the interest and penalties.

The recording of these obligations in 2009 resulted in the creation of a deficit for the Band.

During 2010, the Band filed an appeal under the provisions of the Fairness Legislation to seek administrative relief from some or all of the penalties and interest. Canada Revenue Agency authorized relief for penalties and interest in written correspondence dated April 22, 2010 for both Your Winners World – AFN and the Acadia First Nation. Penalty and interest relief can only be granted back for 10 years, as this liability was initiated in 1999, the first year of penalties and interest will be included in the necessary repayment. As well, they have agreed to accept payments of \$25,000 per month until the original HST liability has been fulfilled.

The authorization of Canada Revenue Agency was recognized in prior years' financial statements as a Government Transfer, reversing \$3,749,161 in penalties and interest in Acadia First Nation and \$372,431 in the wholly owned subsidiary.

The HST liability in the subsidiary has been fully repaid and all required payments have been made by the Band to date. During the current year, the Band made all 12 payments as required by CRA. In order for the Band to continue as a going concern it will be necessary that they make the required payments and meet all the conditions of Canada Revenue Agency's waiver, each year.

Were the going concern assumption not appropriate for the Band's financial statements, adjustments to the carrying values of reported assets and equity would be required and these amounts could be material.

2. Summary of significant accounting policies

Reporting entity and principles of financial reporting

The consolidated financial statements of the Band are the representations of management prepared in accordance with Canadian public sector accounting standards for local governments, as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

Acadia First Nation

Notes to the Consolidated Financial Statements

Year Ended March 31, 2015

2. Summary of significant accounting policies (continued)

The focus of PSAB financial statements is on the financial position of the Band and the changes thereto. The consolidated statement of financial position includes all the assets and liabilities of the Band.

Significant aspects of the accounting policies adopted by the First Nation are as follows:

Principles of consolidation

The consolidated financial statements include the accounts of all funds and operations in which the Band has a controlling interest, after the elimination of inter-fund transactions and balances. The entities include the following Acadia First Nation Funds - Operating Fund, Capital Fund, Housing Fund, Development Fund, Fisheries Fund, Forestry Fund, Training Fund, Social Fund, Education Fund and Recreation Fund.

The band has assumed full control over the following enterprises during the year and their accounts have been consolidated (Note 21). However, in the prior year the 100% owned government business enterprises are recorded using the modified equity method. The enterprises recorded in this manner are Your Winner's World - AFN, Gold Reserves - AFN, Medway Entertainment - AFN, The Gold Nugget - AFN, Kespwick Fisheries Incorporated, AFN Entertainment Centre/Winner's Corner - AFN and Wildcat Entertainment - AFN.

Budget

The budget was approved by Chief and Council on March 18, 2014.

Revenues and expenditures – Canada Mortgage and Housing Corporation (CMHC) Housing Projects

Revenues and expenditures are recorded according to the accrual basis of accounting. Rental revenue is recorded at a flat monthly rate and not on a rent-to-income basis as set out in the agreement with CMHC.

Rental revenue is only being collected from tenants on social assistance and all uncollected rental revenue is treated as bad debts. As part of consolidation, \$315,983 (2014 - \$313,660) of rental revenue of the Housing Fund and \$115,604 (2014 - \$132,374) rental expense of the Social Services Fund and \$200,379 (2014 - \$181,286) in contributions from the General Fund were eliminated.

Operating surplus reserve

The operating surplus reserve account is funded by an appropriation of surplus, including the annual charge to the replacement reserve as opposed to an annual charge to earnings for projects entered into under the 1997 Section 95 On-Reserve Housing Program.

Replacement reserve

The replacement reserve account is funded by an annual charge against earnings as opposed to an appropriation of surplus.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, bank overdrafts, and highly liquid temporary money market instruments with original maturities of three months or less. Bank borrowings are considered to be financing activities.

Tangible capital assets

Tangible capital assets are recorded at cost, which includes all amounts directly attributable to their acquisition, construction or betterment of the asset. Interest on construction is also included in cost. Amortization, at the rates noted below, is expensed in the current year.

Acadia First Nation

Notes to the Consolidated Financial Statements

Year Ended March 31, 2015

2. Summary of significant accounting policies (continued)

Rates and bases of amortization applied to write-off the cost of property and equipment over their estimated lives are as follows:

Buildings	25 yrs straight line basis
Health centres	25 yrs straight line basis
Furniture and equipment	10 yrs straight line basis
Paving and roads	30 yrs straight line basis
Forestry equipment	10 yrs straight line basis
Playground	10 yrs straight line basis
Equipment	10 yrs straight line basis
Motor vehicles	5 yrs straight line basis
Computers	4 yrs straight line basis
Fishing equipment and vessels	10 yrs straight line basis

Donated assets are recorded at a nominal value of \$1, unless otherwise noted. In the year of acquisition amortization of capital assets is calculated at the full annual rate as stated above.

RRAP expenditures

Repairs and renovations incurred under the CMHC Residential Renovations Assistance Program (RRAP) are expensed in the Operating Fund in the year incurred.

Inventory held for resale

Inventory is valued at the lower of cost and net realizable value. The cost of inventories includes the cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Costs such as storage costs, administrative overheads that do not contribute to bringing the inventories to their present location and condition, and selling costs are specifically excluded from the cost of inventories and are expensed in the period incurred. Inventory consists of tobacco products and general retail products.

Investments

Investments, when held, are made up of treasury accounts with longer term maturities. Investments are recorded at cost which approximated market value. Share capital of the government business enterprises are recorded as long-term investments.

Interest rate risk

The Band has interest bearing loans on which general interest rate fluctuations apply. The financial risk is the risk to the Band's earnings that arises from fluctuations in interest rates and the degree of volatility of these rates. The Band does not use derivative instruments to reduce its exposure to interest and foreign currency risk.

Use of estimates

In preparing the Band's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and reported amounts of revenue and expenses. Actual amounts could differ from these estimates. Estimates include expected useful lives of assets, accrued liabilities and allowances for doubtful accounts.

Trust funds

The Trust Funds being administered by the First Nation are not consolidated with the accounts of the First Nation. At March 31, 2015, the equity in Trust Funds under its trusteeship amounted to \$489,885 (2014 - \$511,762), see page 35.

Acadia First Nation

Notes to the Consolidated Financial Statements

Year Ended March 31, 2015

2. Summary of significant accounting policies (continued)

Concentrations of credit risk

Concentrations of credit risk exist if a number of customers are engaged in similar economic activities or are located in the same geographic region, and indicate the relative sensitivity of the Band's performance to developments affecting a particular segment of borrowers or geographic region. Geographic credit risk exists for the Band due to most of the fish buyers they are dealing with are all located in South West Nova Scotia. The exposure to credit risk associated with the non-performance of these customers can be directly impacted by a decline in economic conditions which would impair the buyers' ability to satisfy their obligations to the Band.

Net debt

The Band's financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the Band is determined by its liabilities less its financial assets. Net debt is comprised of two components, non-financial assets and accumulated surplus.

Revenue

All revenue is recorded on the accrual basis whereby amounts received or recorded as receivable but not earned by the end of the fiscal year are recorded as deferred revenue. Funding received under the terms of contribution agreements with the federal government is recognized as revenue once eligibility criteria have been met. Funding is recorded as deferred revenue if it has been restricted by the federal government for a stated purpose, such as a specific program or the purchase of tangible capital assets. Deferred revenue is recognized in revenue over time as the recognition criteria are met.

Revenue from economic activities and other sources is recognized when goods or services are provided, the exchange amount is measureable and collectability of the amount is reasonably assured.

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 the Band's services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets, prepaid expenses and inventories of supplies.

3. Future accounting standards

There are no future standards expected to impact Acadia First Nation for the 2016 fiscal year.

Acadia First Nation

Notes to the Consolidated Financial Statements

Year Ended March 31, 2015

4. Replacement reserve

Under the terms of the agreement with Canada Mortgage and Housing Corporation (CMHC), the replacement reserve account is to be credited annually with an amount established by CMHC as a charge against earnings plus interest. For projects entered into under the pre 1997 Section 95 On-Reserve Housing Program (Projects 1 to 11) a combined amount of \$7,929 is charged annually, and for projects entered into under the 1997 Section 95 On-Reserve Housing Program (Projects 12+) an amount of \$1,000 per unit is charged annually unless otherwise specified by Acadia First Nation.

These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by 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 under the pre 1997 Section 95 On-Reserve Program. Under the 1997 Section 95 On-Reserve Program, funds may be withdrawn in accordance with Replacement Reserve Criteria, CMHC 3022. Withdrawals are credited to interest first and then principal.

5. Operating surplus reserve

Under the terms of the agreement with Canada Mortgage and Housing Corporation, excess revenues over expenditures, including the annual allocation to the Replacement Reserve, for projects entered into under the 1997 Sections 95 On-Reserve Program (projects 12+) are to be maintained as an operating reserve fund. The fund is to be credited annually with future surpluses of such projects plus interest. The projects operating reserve fund may only be used for the on-going operating costs of the housing projects and future years' deficits.

This 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 Canada Mortgage and Housing Corporation from time to time.

6. Receivables	<u>2015</u>	<u>2014</u>
Receivable – D. Coulton	\$ 15,036	\$ 90,701
Health Canada	41,952	2,484
Mi'kmaw Kina'matnewey	2,500	30,114
Province of Nova Scotia	210,765	217,485
Department of Fisheries and Oceans	395,120	-
Aboriginal Affairs and Northern Development Canada	136,013	15,803
Canada Revenue Agency	93,067	57,857
Mi'kmaq Employment/Training Secretariat	99,312	30,853
Other	160,772	74,054
	<u>\$ 1,154,537</u>	<u>\$ 519,351</u>

Cadia First Nation
Notes to the Consolidated Financial Statements
Year Ended March 31, 2015

Tangible capital assets

	<u>Land</u>	<u>Building</u>	<u>Bingo Hall</u>	<u>Health Centres</u>	<u>Furniture & Equipment</u>	<u>Paving & Roads</u>	<u>Forestry Equipment</u>	<u>Housing</u>	<u>Balance Forward</u>
Start									
Balance, beginning of the year	\$ 578,879	\$ 7,962,165	\$ 1,374,494	\$ 880,277	\$ 277,776	\$ 644,825	\$ 162,835	\$ 6,856,192	\$ 18,737,443
Transfers from retail operations	-	-	-	-	-	-	-	-	-
Net additions	<u>173,778</u>	<u>19,822</u>	<u>1,394,316</u>	<u>880,277</u>	<u>277,776</u>	<u>644,825</u>	<u>162,835</u>	<u>281,830</u>	<u>475,430</u>
Balance, end of the year	<u>578,879</u>	<u>8,135,943</u>	<u>1,394,316</u>	<u>880,277</u>	<u>277,776</u>	<u>644,825</u>	<u>162,835</u>	<u>7,138,022</u>	<u>19,212,873</u>
Accumulated depreciation									
Balance, beginning of the year	-	4,274,137	54,980	492,189	242,109	224,534	159,287	2,573,415	8,020,651
Transfers from retail operations	-	<u>291,852</u>	<u>55,773</u>	<u>35,211</u>	<u>7,769</u>	<u>21,494</u>	<u>2,550</u>	<u>275,193</u>	<u>689,842</u>
Depreciation during the year	<u>4,565,989</u>	<u>110,753</u>	<u>527,400</u>	<u>249,878</u>	<u>246,028</u>	<u>161,837</u>	<u>2,848,608</u>	<u>8,710,493</u>	
Balance, end of the year	<u>578,879</u>	<u>3,569,954</u>	<u>1,283,563</u>	<u>352,877</u>	<u>27,898</u>	<u>398,797</u>	<u>998</u>	<u>4,289,414</u>	<u>10,502,380</u>
Book Value									
Balance Forward									
Start									
Balance, beginning of the year	\$ 18,737,443	\$ 102,340	\$ 562,486	\$ 2,320,520	\$ 764,430	\$ 962,591	\$ 112,687	\$ 22,798,067	\$ 21,629,795
Transfers from retail operations	-	-	-	-	-	-	-	-	-
Net additions	<u>475,430</u>	<u>102,340</u>	<u>104,882</u>	<u>336,835</u>	<u>102,870</u>	<u>962,591</u>	<u>112,687</u>	<u>1,020,017</u>	<u>1,168,272</u>
Balance, end of the year	<u>19,212,873</u>	<u>102,340</u>	<u>667,368</u>	<u>2,657,355</u>	<u>867,390</u>	<u>962,591</u>	<u>112,687</u>	<u>24,582,514</u>	<u>22,798,067</u>
Accumulated depreciation									
Balance, beginning of the year	8,020,651	10,234	515,213	1,629,542	<u>599,451</u>	<u>263,951</u>	<u>111,983</u>	<u>10,551,574</u>	<u>9,686,406</u>
Transfers from retail operations	-	<u>10,234</u>	<u>24,757</u>	<u>141,186</u>	<u>42,850</u>	<u>32,086</u>	<u>699</u>	<u>599,451</u>	<u>865,168</u>
Depreciation during the year	<u>689,842</u>	<u>20,468</u>	<u>539,970</u>	<u>1,770,728</u>	<u>642,301</u>	<u>296,037</u>	<u>112,682</u>	<u>12,092,679</u>	<u>10,551,574</u>
Balance, end of the year	<u>8,710,493</u>								
Book Value	<u>10,502,380</u>	<u>81,872</u>	<u>127,398</u>	<u>886,627</u>	<u>224,999</u>	<u>666,554</u>	<u>5</u>	<u>12,489,835</u>	<u>12,246,493</u>

Acadia First Nation
Notes to the Consolidated Financial Statements
Year Ended March 31, 2015

8. Long-term debt	<u>2015</u>	<u>2014</u>
Partially disbursed mortgage funds	\$ 82,283	\$ -
Prime + 1.5% BMO boat loan, maturing October 2017, payable in monthly instalments of \$ 1,487 including principal and interest.	43,432	-
1.81% mortgage, matured during the year	-	283
1.81% mortgage, matured during the year	-	268
2.31% mortgage, matured during the year	-	9,518
1.82% mortgage, maturing September 1, 2039, payable in monthly instalments of \$995, including principal and interest.	236,178	211,267
1.45% mortgage, maturing January 1, 2017, payable in monthly instalments of \$1,268, including principal and interest.	17,585	32,428
2.56% mortgage, maturing November 1, 2017, payable in monthly instalments of \$734, including principal and interest.	17,164	25,425
1.92% mortgage, maturing April 1, 2019, payable in monthly instalments of \$447, including principal and interest.	21,067	25,981
2.75% mortgage, maturing January 1, 2021, payable in monthly instalments of \$541, including principal and interest.	32,174	37,703
2.11% mortgage, maturing October 1, 2033, payable in monthly instalments of \$654, including principal and interest.	120,657	125,911
Prime plus 1.5% BMO loan, maturing in November 2028, payable in monthly instalment of \$ 5,874, including principal and interest	570,653	648,481
1.92% mortgage, maturing April 1, 2034, payable in monthly instalments of \$1,009, including principal and interest.	<u>193,365</u>	<u>201,691</u>
Total carried forward	<u>\$1,334,558</u>	<u>\$ 1,318,956</u>

Acadia First Nation
Notes to the Consolidated Financial Statements
Year Ended March 31, 2015

8. Long-term debt (continued)	<u>2015</u>	<u>2014</u>
Balance carried forward	\$ 1,334,558	\$ 1,318,956
2.56% mortgage, maturing December 1, 2022, payable in monthly instalments of \$366, including principal and interest.	29,989	33,572
1.92% mortgage, maturing April 1, 2024, payable in monthly instalments of \$301, including principal and interest.	30,057	33,060
2.04% mortgage, maturing January 1, 2024, payable in monthly instalments of \$353, including principal and interest	33,659	37,175
2.56% mortgage, maturing August 1, 2025, payable in monthly instalments of \$324, including principal and interest.	35,490	38,428
1.64% mortgage, maturing October 1, 2026, payable in monthly instalments of \$296, including principal and interest.	37,473	40,388
1.65% mortgage, maturing May 1, 2027, payable in monthly instalments of \$300, including principal and interest.	39,668	42,589
4.55% mortgage, maturing September 1, 2026 payable in monthly payments of \$963 including principal and interest.	102,993	109,731
1.53% mortgage, maturing December 1, 2027, payable in monthly instalments of \$292, including principle and interest.	40,593	43,456
2.37% mortgage, maturing July 1, 2036, payable in monthly instalments of \$1,589, including principle and interest.	319,232	330,630
0% vehicle loan, maturing March 2019, payable in monthly instalments of \$642	30,735	-
0% vehicle loan, maturing March 2019, payable in monthly instalments of \$808	38,700	-
2.49% vehicle loan, maturing October 2019, payable in monthly instalments of \$642	32,096	-
Total carried forward	\$ 2,105,243	\$ 2,027,985

Acadia First Nation
Notes to the Consolidated Financial Statements
Year Ended March 31, 2015

8. Long-term debt (continued)	<u>2015</u>	<u>2014</u>
Balance carried forward	\$ 2,105,243	\$ 2,027,985
7.55% loan, maturing August 1, 2028, with monthly payments of \$1,992, including principal and interest.	200,463	209,063
2.35% mortgage, maturing August 1, 2028, payable in monthly instalments of \$300, including principal and interest.	41,436	44,035
1.92% mortgage, maturing January 1, 2029, payable in monthly instalments of \$297, including principal and interest.	43,352	46,066
2.26% mortgage, maturing July 1, 2031, payable in monthly instalments of \$448, including principal and interest.	73,389	77,067
4.55% mortgage, maturing in July, 2026 payable in monthly instalments of \$2,158, including principal and interest.	228,159	243,367
2.75% mortgage, maturing in February 1, 2031, payable in monthly instalments of \$1,001 including principal and interest.	154,889	162,554
2.69% mortgage, maturing July 1, 2030 payable in monthly instalments of \$652 including principal and interest.	98,305	103,423
1.65% mortgage, maturing April 1, 2032 payable in monthly instalments of \$1,337 including principal and interest.	238,783	250,792
1.64% mortgage, maturing December 1, 2031 payable in monthly instalments of \$848 including principal and interest.	113,943	119,809
1.64% mortgage, maturing February 1, 2032 payable in monthly instalments of \$2,059 including principal and interest.	364,921	383,500
1.83% mortgage, maturing November 1, 2034 payable in monthly instalments of \$2,210 including principal and interest.	406,808	422,509
8% Ulnooweg loan, maturing in March 2015 payable in monthly instalments of \$2,322 including principal and interest.	-	26,671
Prime + 1.5% BMO tuna license loan, maturing March 2017, payable in monthly instalments of \$ 3,268 including principal and interest.	75,000	-
2.76% mortgage, maturing June 1, 2035 payable in monthly instalments of \$1,111 including principal and interest.	<u>206,937</u>	<u>214,477</u>
Total carried forward	<u>\$ 4,351,628</u>	<u>\$ 4,331,318</u>

Acadia First Nation
Notes to the Consolidated Financial Statements
Year Ended March 31, 2015

8. Long-term debt (continued)	<u>2015</u>	<u>2014</u>
Balance carried forward	\$ 4,351,628	\$ 4,331,318
2.68% mortgage, maturing January 1, 2036, payable in monthly instalments of \$548, including principle and interest.	105,038	108,765
1.71% mortgage, maturing September 1, 2037, payable in monthly instalments of \$1,475, including principle and interest.	330,467	342,419
1.65% mortgage, maturing June 1, 2037, payable in monthly instalments of \$976, including principle and interest.	218,140	226,195
6.39% loan, maturing March 2016, payments \$685, including principal and interest. The vehicle for which the loan was secured, is pledged as security.	7,945	15,389
6.99% loan, maturing October 2016, payments \$574, including principal and interest. The vehicle for which the loan was secured, is pledged as security.	3,372	9,775
	<u>\$ 5,016,590</u>	<u>\$ 5,033,861</u>

The Minister of Aboriginal Affairs and Northern Development Canada has provided guarantees for all Canada Mortgage and Housing Corporation mortgages.

Principal instalments required in the next five years are as follows:

2016	\$362,557
2017	\$351,768
2018	\$305,492
2019	\$301,251
2020	\$283,991

9. Payables and accruals

	<u>2015</u>	<u>2014</u>
Vendors	\$ 473,996	\$ 259,811
Term loan, tuna license purchase	350,000	-
Severance accrual	575,000	617,500
Accruals	118,250	105,250
Harmonized sales tax	93,308	8,605
Government remittances	56,604	15,367
Other	144,052	2,372
	<u>\$ 1,811,210</u>	<u>\$ 1,008,905</u>

Acadia First Nation

Notes to the Consolidated Financial Statements

Year Ended March 31, 2015

10. Funded reserves

The Acadia First Nation operates thirty-two (32) CMHC subsidized housing projects. Replacement reserves for the first eleven projects are funded through a joint Replacement Reserve bank account and replacement reserves for Projects 12 and up are to be funded through a second joint replacement reserve bank account.

As at March 31, 2015, the Acadia First Nation has provided for funding of Reserves as follows:

At March 31, 2015, an amount of \$136,891 has been underfunded (2014 – \$152,128 underfunded). These balances have been eliminated upon consolidation.

11. Non-cash operating working capital balances

(Increase) decrease in receivables	\$ (635,186)	\$ 66,812
Increase in restricted cash and deposits	(50,265)	(370)
Increase in inventory held for resale	(298,980)	(18,853)
Increase (decrease) in payables and accruals	802,305	(190,083)
Decrease in deferred revenue	(8,428)	(13,346)
Decrease in assessment of sales tax, penalties and interest	<u>(300,000)</u>	<u>(300,000)</u>
	\$ (490,554)	\$ (455,840)

12. Economic dependence

The Band receives a portion of its revenues pursuant to a funding arrangement with Aboriginal Affairs and Northern Development Canada and other federal departments.

13. Federal assistance payments

The housing projects have received assistance through CMHC pursuant to Section 56.1 of the National Housing Act to reduce mortgage interest expense to enable the project to provide housing to low-income individuals. The amount of assistance received in the year ended March 31, 2015 was \$152,705 (2014 - \$162,260).

Acadia First Nation
Notes to the Consolidated Financial Statements
Year Ended March 31, 2015

14. Non compliance

The Band does not apply the rent-to-income scale with respect to Section 95 housing units.

15. Funds on deposit with AANDC

The Trust fund arises 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 and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Section 63 to 69 of the Indian Act.

The changes in net assets of the Funds on deposit during the year are as follows:

	<u>2015</u>	<u>2014</u>
Net assets, beginning of year	\$ 10,158	\$ 9,907
Interest earned	<u>398</u>	<u>251</u>
	<u>\$ 10,556</u>	<u>\$ 10,158</u>
Represented by		
Restricted for capital projects	\$ 4,362	\$ 4,362
Unrestricted	<u>6,194</u>	<u>5,796</u>
	<u>\$ 10,556</u>	<u>\$ 10,158</u>

16. Related party transactions

The Band had the following transactions with related parties:

Building rental charged to related companies	\$ 67,872 (2014 - \$ 67,872)
Royalties received from Government Business Enterprises	\$3,644,192 (2014 - \$3,297,877)
Acadia Commodity Taxes charged	\$ 736,101 (2014 - \$ 693,242)
Agency fee charged from Government Business Enterprises	\$ 45,000 (2014 - \$ 45,000)

The consolidation of funds and operations in which the Band has a controlling interest has resulted in the elimination of certain transactions. Administration fees, building rentals, rental charges paid by various funds, licensing fees paid by the Fisheries Fund and Acadia Commodity Tax paid by the Fisheries Fund have been eliminated in the financial statements.

The rental charges, royalties and agency fees are charged on the basis of contractual agreement. The Acadia Commodity Tax is charged on the basis of the legal authority of the Band. These fees have been eliminated on consolidation in the current year as a result of the Band assuming control.

Acadia First Nation

Notes to the Consolidated Financial Statements

Year Ended March 31, 2015

17. Contingencies

With respect to the HST liability described in Note 1, if the Band fails to make their monthly payments, the penalties and interest that were waived will become payable. Management believes that all future payments will be made on time and that no future repayment of penalties and interest will be required.

18. Comparative figures

Certain of the 2014 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2015. Certain balances within the financial statements may also be affected by rounding.

19. Ponhook land claim settlement

During 2003, the Band ratified a settlement agreement with Her Majesty The Queen in Right of Canada (Canada) in connection with compensation for the illegal alienation of reserve lands. Under the terms of the settlement, Canada agreed to pay to the Band the sum of \$1,956,450 subject to the repayment of \$105,903 previously advanced by Canada to the Band.

During the year, \$30,496 was withdrawn from the trust to reimburse the Band for expenses approved through the trust agreement.

The remaining funds (see page 35) are to be held in trust for the Band and the Band members. The trustees of the trust were originally the Chief and Council of the Band and subsequently four members of the Band and three external trustees. The funds held by the trust were invested as follows:

- i) The majority in a "fixed income account" that will distribute to the Acadia First Nation approximately one fifth of the original principal per year for five years. The funds so distributed are restricted by the terms of the trust agreement for use by Acadia First Nation in specified purposes consistent with the objectives of the Acadia First Nation; and
 - ii) Approximately \$175,000 in a "land acquisition account" to be held for up to fifteen years for the purpose of distributing to the Acadia First Nation to acquire land. Any unexpended funds in the land acquisition account after fifteen years are to be used for the same specified purposes as the funds in the fixed income account.
-

Acadia First Nation

Notes to the Consolidated Financial Statements

Year Ended March 31, 2015

20. Post employment benefits

During 2006, the Band approved a resolution initiating a retirement benefit where each of the Chief and Councillors will receive \$5,000 for each year of service that they have provided to the Acadia First Nation. During the year, \$150,000 was set aside in trust to fund the future obligation and \$42,500 was waived by two councillors. As at March 31, 2015, the total amount recorded as a liability is \$575,000 (2014 - \$617,500).

During the prior year, Chief and Council approved to cease accumulating any future amounts.

During the current year, Chief and Council signed a trust agreement whereby only \$105,000 can be withdrawn against these benefits in any year, thus, the amount above \$105,000 is a current liability and the remainder is a long term liability.

Subsequent to year end, \$120,000 was paid out to a former councillor.

21. Surplus (Deficiency) in government business enterprises

The Band assumed full control of Your Winners World – AFN, Winners Corner – AFN, Gold Reserves – AFN, The Gold Nugget – AFN, Kespwick Resources Incorporated, Wildcat Entertainment – AFN and Medway Entertainment – AFN during the year. The Band owns 1 share in each company. The accounts of these entities are now fully consolidated in the Band operations. These entities were wholly-owned and controlled government business enterprises and are accounted for using the modified equity basis of accounting in the prior year.

The related party transactions with these enterprises are summarized in Note 16. All transactions are in the normal course of operations and are recorded at the exchange value based on contractual agreements.

The Enterprises operate a combination of VLT operations, convenience stores and gas bars.

Kespwick Resources manages the Fisheries operations on behalf of the Band.

At year end, the receivable balance consists of the following:

	2015	2014
Your Winners World - AFN	\$ -	\$ (1,509,458)
Gold Reserves - AFN	-	(156,385)
AFN Entertainment Centre/Winners Corner - AFN	-	242,364
Gold Nugget - AFN	-	680,753
Medway River Entertainment - AFN	-	1,420,213
Wildcat Entertainment - AFN	-	177,788
Kespwick Resources Inc.	<hr/>	<hr/>
	\$ -	\$ (655,685)
	<hr/>	<hr/>
	\$ -	\$ 199,590

Acadia First Nation
Notes to the Consolidated Financial Statements
Year Ended March 31, 2015

21. Surplus (Deficiency) in government business enterprises (continued)

The following provides the condensed supplementary financial information for the enterprises:

Financial position:	2015	2014
Total assets		
Wildcat Entertainment – AFN	\$ -	\$ 55,805
Medway Entertainment – AFN	-	108,578
Your Winners World – AFN	-	2,066,712
Winners Corner – AFN	-	575,240
Gold Reserves – AFN	-	712,909
The Gold Nugget – AFN	-	145,299
Kespuwick Resources Incorporated	<u>-</u>	<u>5,101,996</u>
	<u>\$ -</u>	<u>\$ 8,766,539</u>
Total liabilities		
Wildcat Entertainment – AFN	\$ -	\$ 199,235
Medway Entertainment – AFN	-	1,455,646
Your Winners World – AFN	-	441,826
Winners Corner – AFN	-	754,683
Gold Reserves – AFN	-	482,846
The Gold Nugget – AFN	-	787,935
Kespuwick Resources Incorporated	<u>-</u>	<u>4,506,992</u>
	<u>\$ -</u>	<u>\$ 8,629,163</u>
Results of operations:		
Revenues		
Wildcat Entertainment – AFN	\$ -	\$ 218,810
Medway Entertainment – AFN	-	694,931
Your Winners World – AFN	-	6,538,924
Winners Corner – AFN	-	1,731,755
Gold Reserves – AFN	-	3,392,010
The Gold Nugget – AFN	-	837,849
Kespuwick Resources Incorporated	<u>-</u>	<u>45,000</u>
	<u>-</u>	<u>13,459,279</u>
Expenditures		
Wildcat Entertainment – AFN	-	322,006
Medway Entertainment – AFN	-	847,227
Your Winners World – AFN	-	6,094,360
Winners Corner – AFN	-	1,830,216
Gold Reserves – AFN	-	3,102,333
The Gold Nugget – AFN	<u>-</u>	<u>763,530</u>
	<u>-</u>	<u>12,959,672</u>
Net earnings	<u>-</u>	<u>499,607</u>
Deficiency in government business enterprises		
Beginning	<u>-</u>	<u>(491,296)</u>
Ending	<u>\$ -</u>	<u>\$ 8,311</u>

Acadia First Nation
Notes to the Consolidated Financial Statements
Year Ended March 31, 2015

22. Segmented Information

Acadia First Nation provides a wide range of services to its members, including training, education, social, health care and housing. For management reporting purposes Acadia First Nation's operations and activities are organized and reported by Fund. Funds were created for the purpose of recording activities to comply with specific regulations and requirements.

Funds that have been separately disclosed in the consolidated schedules of revenues and expenditures on the following pages are:

Band Support – all other activities not described in another fund. Mainly centralized and shared activities.

Education – providing elementary, secondary and post-secondary tuition for qualifying members along with related programs and support.

Community Maintenance – repairs and maintenance carried out during the year to Acadia First Nation's fixed assets. This includes garbage and snow removal.

Social Services – social assistance provided to qualifying members.

Community Health Representative – activity of the two Health Centres which provide a variety of health care programs and support.

Development Fund – inactive at this time.

Housing Fund – Section 95 housing and related expenditures.

Fisheries Fund -- encompasses the fisheries activities of Acadia First Nation.

Training Fund – activities related to job training and skills.

Forestry Fund – logging and mill activities of Acadia First Nation.

See financial data on Page 33.

Acadia First Nation
Schedule of Segment Disclosure
Year Ended March 31

	Band M&S		Education		Maintenance		Social		CHR	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Revenues										
Federal government operating transfers	\$ 511,760	\$ 518,379	\$ 673,589	\$ 631,630	\$ 109,884	\$ 109,265	\$ 1,033,257	\$ 1,032,969	\$ 322,940	\$ 309,418
Federal government capital transfers	-	-	-	-	109,324	111,634	-	-	-	-
Provincial government operating transfers	235,742	219,888	-	-	-	-	-	-	-	-
Provincial government capital transfers	-	-	-	-	-	-	-	-	-	-
Contributed assets	3,575,218	7,079,593	-	-	-	-	-	-	-	-
Economic activities	18,898,166	-	-	-	-	-	-	-	-	-
Income retail operations	-	-	-	-	-	-	-	-	-	-
Income from investment	-	-	-	-	-	-	-	-	-	-
In GBE's	499,607	-	-	-	-	-	-	-	-	-
Other	169,951	99,129	-	-	-	-	-	-	-	-
	<u>23,390,837</u>	<u>8,416,598</u>	<u>673,589</u>	<u>631,630</u>	<u>219,208</u>	<u>220,899</u>	<u>1,033,257</u>	<u>1,032,969</u>	<u>322,940</u>	<u>309,418</u>
Expenses										
Salaries	1,460,042	1,765,359	-	-	538,300	346,248	60,742	62,053	-	-
Amortization	666,466	606,726	-	-	-	-	-	-	-	-
Interest	123,541	109,932	-	-	-	-	-	-	-	-
Other	18,904,831	4,445,023	646,866	607,070	95,156	171,384	831,911	813,542	442,578	387,012
	<u>21,154,880</u>	<u>6,927,040</u>	<u>646,866</u>	<u>607,070</u>	<u>633,456</u>	<u>517,612</u>	<u>892,653</u>	<u>875,595</u>	<u>442,578</u>	<u>387,012</u>
Surplus (deficit) for the year	\$ 2,235,957	\$ 1,489,556	\$ 26,723	\$ 24,560	\$ (414,248)	\$ (296,713)	\$ 140,604	\$ 157,374	\$ (119,638)	\$ (77,594)
Eliminated interfund charges	<u>(125,379)</u>	<u>60,962</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>	<u>-</u>	<u>(140,604)</u>	<u>(157,374)</u>	<u>-</u>	<u>-</u>
Surplus (deficit)	<u>\$ 2,110,578</u>	<u>\$ 1,550,518</u>	<u>\$ 1,723</u>	<u>\$ (440)</u>	<u>\$ (414,248)</u>	<u>\$ (296,713)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (119,638)</u>	<u>\$ (77,594)</u>

Acadia First Nation

Schedule of Segment Disclosure

Year Ended March 31

	Housing		Fisheries		Training		Forestry		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Revenues										
Federal government										
operating transfers	\$ 152,705	\$ 162,260	\$ 645,922	\$ 102,549	\$ 420,848	\$ 393,044	\$ -	\$ -	\$ 3,870,905	\$ 3,259,514
Federal government capital transfers	-	-	-	-	-	-	-	-	109,324	111,634
Provincial government										
operating transfers	-	-	-	-	-	-	-	-	235,742	219,888
Provincial government capital transfers	-	-	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-	-
Economic activities	-	-	2,175,085	2,253,112	-	-	89,434	89,391	5,839,737	9,422,096
Income – retail operations	-	-	-	-	-	-	-	-	18,898,166	-
Income from investment	-	-	-	-	-	-	-	-	-	-
In GBE's	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	600	-	169,951	99,729
152,705	162,260	2,821,007	2,355,661	420,848	393,644	89,434	89,391	29,123,824	13,612,468	
Expenses										
Salaries										
Amortization	275,193	258,442	218,136	266,447	206,921	250,055	137,163	116,948	2,621,304	2,807,110
Interest	76,953	81,352	-	-	-	-	-	941,659	865,168	
Other	167,774	162,104	1,903,962	1,614,019	219,675	199,208	29,786	27,471	23,242,539	191,284
	519,920	501,898	2,122,098	1,880,466	426,596	449,263	166,949	144,419	27,005,998	8,426,813
urplus (deficit) for the year	(367,215)	(339,638)	698,909	475,195	(5,749)	(55,619)	(77,515)	(55,028)	2,117,826	1,322,093
eliminated interfund-charges	290,983	288,660	-	-	(167,248)	-	-	-	-	-
urplus (deficit)	\$ (76,232)	\$ (50,978)	\$ 698,909	\$ 307,947	\$ (5,749)	\$ (55,619)	\$ (77,515)	\$ (55,028)	\$ 2,117,826	\$ 1,322,093