Grant Thornton

Independent auditor's report

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To the Chief and Councillors of

Paqtnkek Mi'kmaw Nation

We have audited the accompanying consolidated statement of financial position of the Paqtnkek Mi'kmaw Nation (the "First Nation") as at March 31, 2016, and the consolidated statement of operations, statement of changes in net financial liabilities, statement of fund balances, and statement of 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

The First Nation's 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 consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk

assessments, the auditor considers internal control relevant to the First Nation's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the First Nation's 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, these consolidated financial statements present fairly, in all material respects, the financial position of the Paqtnkek Mi'kmaw Nation as at March 31, 2016, and the results of its operations, changes in its net financial liabilities, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Port Hawkesbury, Canada

July XX, 2016

Grant Thornton LLP

Chartered accountants

Paqtnkek Mi'kmaw Nation
Consolidated statement of operations

Year ended March 31	Schedule	Budget	2016	2015
Revenue				
Education	B	$ 1,243,195	$ 1,259,537	$ 950,439
Social services	C	2,130,559	2,134,626	2,126,282
Capital	D	176,366	202,677	183,387
Operations and maintenance	E	210,760	210,760	217,494
Economic development and native employment	F	525,399	541,831	596,768
First Nation financial management	G	459,166	534,451	695,348
Health Canada programs	H	356,161	878,047	604,878
CMHC subsidized housing				
- 13 537 394	I	81,000	79,553	42,829
- 19 042 894	I	319,902	217,260	242,774
Non-subsidized housing projects	J	120,000	139,394	194,078
Gaming	K	89,939	74,616	95,635
Paqtnkek Tobacco Fund	L	1,750,000	1,839,060	1,784,907
Paqtnkek Fisheries	M	857,180	1,046,360	856,437
Paqtnkek Gas Bar	N	858,500	727,072	841,900
Paqtnkek VLT	O	1,696,000	1,097,449	893,860
		$ 10,874,127	$ 10,982,693	$ 10,327,016
Expenditures				
Education	B	$ 1,088,714	$ 1,131,542	$ 947,184
Social services	C	2,137,095	2,169,698	2,065,571
Capital	D	126,948	290,234	211,539
Operations and maintenance	E	196,690	128,907	162,061
Economic development and native employment	F	449,778	588,460	567,048
First Nation financial management	G	801,116	828,699	643,435
Health Canada programs	H	752,114	717,313	604,878
CMHC subsidized housing				
- 13 537 394	I	74,250	42,236	26,313
- 19 042 894	I	129,250	113,904	126,859
Non-subsidized housing projects	J	120,000	90,998	180,345
Gaming	K	50,000	-	1,036
Paqtnkek Tobacco Fund	L	1,275,400	1,678,708	1,549,834
Paqtnkek Fisheries	M	525,000	691,007	664,738
Paqtnkek Gas Bar	N	1,065,000	840,249	959,165
Paqtnkek VLT	O	571,000	573,349	504,678
Depreciation		550,000	590,136	551,144
		$ 9,912,355	$ 10,475,440	$ 9,765,828
Excess of revenue over (under) expenditure		$ 961,772	$ 507,253	$ 561,188

See accompanying notes to the consolidated financial statements.

Paqtnkek Mi'kmaw Nation

Consolidated statement of financial position

March 31	2016	2015
Financial assets		
Cash	$ 890,037	$ 544,166
Receivables (Note 2)	934,573	817,061
Restricted cash		
Replacement reserve fund (Note 3)	66,345	123
Funds held in trust (Note 4)	21,717	21,266
	1,912,672	1,382,616
Financial liabilities		
Payables and accruals (Note 6)	1,485,668	1,025,288
Deferred revenue (Note 7)	29,404	112,375
Long term debt (Note 8)	2,591,372	2,782,107
	4,106,444	3,919,770
Net financial liabilities	(2,193,772)	(2,537,154)
Non-financial assets		
Capital assets (Note 5)	8,642,806	8,793,742
Capital projects under construction	354,550	-
	8,997,356	8,793,742
Prepaids	17,352	39,436
Inventory	43,230	60,438
	9,057,938	8,893,616
Accumulated surplus	$ 6,864,166	$ 6,356,462
Net assets (Page 6)	$ 6,864,166	$ 6,356,462

Contingencies (Note 13)

On behalf of the Band Council

__________ Chief __________ Councillor

See accompanying notes to the consolidated financial statements.

Paqtnkek Mi'kmaw Nation

Consolidated statement of changes in net financial liabilities

March 31	Budget	2016	2015
Excess of revenue over (under) expenditure	$	$ 507,253	$ 561,188
Depreciation		590,136	551,144
Purchase of property and equipment	-	(793,750)	(504,000)
		303,639	608,332
Trust allocations and interest	-	451	585
Acquisition of inventory, net of usage	-	17,208	15,917
Acquisition of prepaid expenses, net of usage	-	22,084	(15,338)
	-	39,743	1,164
Change in net financial liabilities		343,382	609,496
Net financial liabilities, beginning of year		(2,537,154)	(3,146,650)
Net financial liabilities, end of year	$	$ (2,193,772)	$ (2,537,154)

See accompanying notes to the consolidated financial statements.

Paqtnkek Mi'kmaw Nation
Consolidated statement of cash flows

Year ended March 31	2016	2015
Decrease in cash and cash equivalents		
Operating		
Excess of revenue over (under) expenditure	$ 507,253	$ 561,188
Depreciation	590,136	551,144
	1,097,389	1,112,332
Change in non-cash operating working capital		
Receivables	(117,512)	(321,338)
Inventory	17,208	15,918
Prepaids	22,084	(14,000)
Payables and accruals	460,380	92,727
Deferred revenue	(82,971)	(52,163)
	1,396,578	833,476
Financing		
Trust contributions and interest	451	585
Proceeds of long term debt	-	37,384
Repayment of long term debt	(190,735)	(196,099)
	(190,284)	(158,130)
Investing		
Purchase of property and equipment	(793,750)	(504,000)
	(793,750)	(504,000)
Net decrease in cash and cash equivalents	412,544	171,345
Cash and cash equivalents, beginning of year	565,555	394,209
Cash and cash equivalents, end of year	$ 978,099	$ 565,555

Cash and cash equivalents, consists of:

	2016	2015
Cash	$ 890,037	$ 544,166
Restricted cash		
Replacement reserve fund	66,345	123
Funds in trust	21,717	21,266
	$ 978,099	$ 565,555

See accompanying notes to the consolidated financial statements.

1. Summary of significant accounting policies

Reporting entity and principles of financial reporting
These financial statements have been prepared in accordance with Canadian public sector accounting standards, which encompass the principles common with First Nations.

The consolidated financial statements of the Paqtnkek Mi'kmaw Nation are the representations of management prepared in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

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

The various funds have been amalgamated for the purpose of presentation in the consolidated financial statements. The Paqtnkek Mi'kmaw Nation maintains the following funds and unincorporated entities:

- The Operating Fund which reports the general activities of the First Nation Administration, including social services, band support, education, operations capital, operating and maintenance, economic development, community health and welfare, employment training, and miscellaneous.
- The Paqtnkek Mi'kmaw Nation Canada Mortgage and Housing Projects Fund which reports the social housing assets of the First Nation, together with related activities.
- The Paqtnkek Tobacco Fund which reports the First Nation's tobacco activities.
- The Paqtnkek Fisheries which reports the First Nation's commercial fishing operation.
- The Paqtnkek Gas Bar which reports the First Nation's commercial operations.
- The Paqtnkek VLT which reports the First Nation's gaming operations.

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

Principles of consolidation
The First Nation maintains a separate self-balancing set of accounts for the Operating Fund, the Capital Fund, and the Canada Mortgage and Housing Projects Fund. The Operating Fund includes the following statement of operations:

Social development	Education program
Band government	Economic development
Capital projects	Employment development
Operations and maintenance	Health Canada programs
Band operated school	Gaming
Miscellaneous	

Cash and cash equivalents
Cash and cash equivalents include cash on hand, balances with banks, and term deposits net of bank overdraft.

1. **Summary of significant accounting policies** (continued)

Inventory
The cost of inventories is comprised of directly attributable costs and includes the purchase price plus other costs incurred in bringing the inventories to their present location and condition, such as freight. The cost is reduced by the value of rebates and allowances received from vendors. The First Nation estimates net realizable value as the amount that inventories are expected to be sold. Inventories are written down to net realizable value when the cost of inventories is not estimated to be recoverable due to obsolescence, damage or declining selling prices. When circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in selling price, the amount of the write-down previously recorded is reversed. Costs that do not contribute to bringing inventories to their present location and condition, such as storage and administrative overheads, are specifically excluded from the cost of inventories and are expensed in the period incurred.

The cost of inventory recognized as an expense in these financial statements during fiscal 2016 was $2,033,178 (2015 - $2,062,365). There were no write downs of inventory below cost to net realizable value during the year. There were no reversals of inventories written down previously that are no longer estimated to sell below cost.

Capital assets
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. Depreciation, at rates noted below, is expensed in the current year.

Rates and methods of depreciation applied to write off the cost of capital assets over their estimated useful lives are as follows:

Buildings	2.5 - 5%, declining balance
Housing properties	25 years, straight line
Infrastructure and roads	4 - 10%, declining balance
Equipment	20%, declining balance
Motor vehicles	30%, declining balance
Vessels	15%, declining balance

In the year of acquisition, depreciation of capital assets is calculated at half the full annual rate as stated above.

1. Summary of significant accounting policies (continued)

Revenue recognition
Paqtnkek Mi'kmaw Nation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when recovered or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Gaming revenue from video lottery net of corresponding direct expenses are recognized at the time of play and are recorded net of commissions and credits paid out. Other gaming revenues are recognized as earned when received or receivable as long as collection is reasonably assured.

Use of estimates
In preparing the First Nation'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 at the date of the financial statements, and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

Income taxes
The Band Council is exempt from income taxes under Section 149(l)(c) of the *Canadian Income Tax Act.*

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

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.

2. Receivables

	2016	2015
Indigenous and Northern Affairs Canada	$ -	$ 271,616
Health Canada	-	23,324
Mi'kmaq Employment Training Secretariat	51,582	99,268
Mi'kmaw Kina'matnewey	165,301	13,489
Canada Mortgage and Housing Corporation	-	480
Members	248,898	279,531
Province of Nova Scotia	80,312	95,635
Service Canada	10,071	-
Commodity taxes	82,014	83,146
Trade receivables	433,631	129,455
	1,071,809	995,944
Less: allowance for doubtful accounts	(137,236)	(178,883)
	$ 934,573	$ 817,061

3. Replacement reserve fund

Under the terms of the agreement with the CMHC, the replacement reserve account is to be increased by annual charges to equity. The charge in the current year is $32,250 (2015 - $33,767). 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 the CMHC from time to time. The funds in the account may only be used as approved by the CMHC. Withdrawals are credited to interest first and then principal. At year end, the funds in reserve consisted of the following:

	2016	2015
Cash	$ 66,345	$ 123
Replacement reserve funds:		
13 537 394 Series		
Balance, beginning of year	$ 91,259	$ 88,975
Annual appropriation	1,350	2,284
Bank charges	(21)	-
Interest earned during the year	2	-
Balance, end of year	$ 92,590	$ 91,259
19 042 894 Series		
Balance, beginning of year	$ 156,686	$ 125,203
Annual appropriation	31,900	31,483
Bank charges	(3,030)	-
Interest earned during the year	4	-
Balance, end of year	$ 185,560	$ 156,686
	$ 278,150	$ 247,945

As of March 31, 2016, there was a shortfall of $211,805 (2015 - $247,822) in the replacement reserve accounts. Accordingly, the projects are not in compliance with the agreement.

4. Funds held in trust

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 Sections 63 to 69 of the *Indian Act*.

The changes in net assets of the Trust Fund during the year are as follows:

	2016	2015
Net assets, beginning of year	$ 21,266	$ 20,681
Interest earned	451	585
Net assets, end of year	$ 21,717	$ 21,266

5. Capital assets

	Cost	Accumulated depreciation	2016 Net book value	2015 Net book value
Land	$ 277,176	$ -	$ 277,176	$ 277,176
Buildings and housing properties	9,973,986	4,671,986	5,302,000	5,608,926
Equipment	630,855	325,976	304,879	174,941
Vehicles	632,535	478,489	154,046	217,087
Vessels	726,927	424,222	302,705	104,523
Infrastructure and roads	3,783,590	1,481,590	2,302,000	2,411,089
	$ 16,025,069	$ 7,382,263	$ 8,642,806	$ 8,793,742

6. Payables and accruals

	2016	2015
Indigenous and Northern Affairs Canada	$ 131,698	$ 22,648
Health Canada	9,751	9.751
Commodity taxes	275,968	262,354
Trade payables and accruals	1,068,251	730,535
	$ 1,485,668	$ 1,025,288

7. Deferred revenue

	2016	2015
CMHC		
Housing renovations	$ 29,404	$ 29,404
Health Canada	-	82,971
	$ 29,404	$ 112,375

8. Long term debt

	2016	2015
Canada Mortgage and Housing Corporation		
1.82% mortgage maturing in September 2019, payable in equal monthly instalments of principal and interest of $400	$ 36,393	$ 40,489
2.26% mortgage maturing in August 2016, payable in equal monthly instalments of principal and interest of $391	42,017	45,720
1.67% mortgage maturing in April 2017, payable in equal monthly instalments of principal and interest of $1,153	138,072	149,506
1.62% mortgage maturing in March 2018, payable in equal monthly instalments of principal and interest of $363	46,966	50,539
1.92% mortgage maturing in April 2019, payable in equal monthly instalments of principal and interest of $352	48,634	51,898
1.82% mortgage maturing in September 2019, payable in equal monthly instalments of principal and interest of $716	102,934	109,599
2.56% mortgage maturing in December 2015, payable in equal monthly instalments of principal and interest of $755	111,207	117,396
2.26% mortgage maturing in August 2016, payable in equal monthly instalments of principal and interest of $443	68,958	72,679

8. Long term debt	2016	2015
1.71% mortgage maturing in September 2017, payable in equal monthly instalments of principal and interest of $716	122,359	128,792
1.67% mortgage maturing in June 2018, payable in equal monthly instalments of principal and interest of $1,035	184,657	193,918
1.67% mortgage maturing in June 2018, payable in equal monthly instalments of principal and interest of $1,907	342,934	359,943
1.83% mortgage maturing in December 2019, payable in equal monthly instalments of principal and interest of $358	68,266	71,290
2.84% mortgage maturing in April 2015, payable in equal monthly instalments of principal and interest of $860	151,316	158,122
2.75% mortgage maturing in June 2016, payable in equal monthly instalments of principal and interest of $1,497	277,866	288,058
1.65% mortgage maturing in June 2017, payable in equal monthly instalments of principal and interest of $371	24,397	28,409
1.39% mortgage maturing in August 2017, payable in equal monthly instalments of principal and interest of $299	66,388	69,010
1.62% mortgage maturing in March 2018, payable in equal monthly instalments of principal and interest of $527	116,998	121,387
1.85% mortgage maturing in August 2019, payable in equal monthly instalments of principal and interest of 500	113,927	117,776
Bank of Nova Scotia		
4.39% mortgage maturing in January 2017, payable in equal monthly instalments of principal and interest of $920	68,566	76,440

8. **Long term debt** (continued)	2016	2015
4.05% mortgage maturing in June 2015, payable in equal monthly instalments of principal and interest of $497	56,405	59,945
4.05% mortgage maturing in June 2015, payable in equal monthly instalments of principal and interest of $497	56,405	59,945
4.05% mortgage maturing in June 2015, payable in equal monthly instalments of principal and interest of $497	56,405	59,945
4.19% mortgage maturing in December 2016, payable in equal monthly instalments of principal and interest of $327	38,280	40,558
4.19% mortgage maturing in December 2016, payable in equal monthly instalments of principal and interest of $327	38,280	40,558
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4.19% mortgage maturing in December 2016, payable in equal monthly instalments of principal and interest of $327	38,280	40,558

8. Long term debt (continued)

	2016	2015
Ulnooweg Development Group Inc.		
8.25% loan maturing in 2016, repayable in monthly instalments of $3,043, including interest	15,779	49,783
8.00% loan maturing in 2016, repayable in monthly instalments of $1,077, including interest	5,583	17,612
	2,591,372	2,782,107
Less: Current portion of long term debt Principal payments due within one year	181,754	193,150
	$ 2,409,618	$ 2,588,957

As security, the Band has provided a Band Council Resolution providing an irrevocable authorization to the Indigenous and Northern Affairs Canada to assign all funding until all loans are repaid to the bank and a floating charge on the assets of the Band Council.

The aggregate maturities of long term debt, assuming mortgages are renewed under the same terms and conditions currently in effect, for each of the next five years subsequent to March 31, 2016, are as follows

2017	$ 181,754
2018	$ 160,392
2019	$ 160,392
2020	$ 160,392
2021	$ 160,392

9. Operating reserve fund

After the payment of all costs and expenses, including the allocation to the Replacement Reserve, any surplus revenue will be retained by the First Nation within an Operating Reserve fund. Interest earnings must accrue to and be maintained in the Operating Reserve fund. The Project's Operating Reserve fund may only be used for the ongoing operating costs of the housing projects committed under the 1997 On-Reserve Program (19 042 894 series housing projects). Accordingly, future years' deficits may be recovered from the Operating Reserve fund. The First Nation agrees to maintain Operating Reserve funds in a separate bank account and/or invested only in accounts or instruments insured by the CDIC, or as may otherwise be mutually agreed to by the First Nation and CMHC.

10. Subsidy surplus reserve fund

Under the terms of the agreement with the CMHC, 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 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. Withdrawals are credited to interest first and then principal. When the fund has attained the maximum $500 per unit, 100% of the excess assistance during the year may be transferred to other projects owned by the borrower requiring additional assistance if they are within the same municipality or area and are assisted under the same program.

11. Capital management

Paqtnkek Mi'kmaw Nation's objectives when managing capital are: i) ensure sufficient liquidity to support its financial obligations and execute its operating and strategic plans, ii) to minimize the cost of capital while taking into consideration current and future industry, market and economic risks and conditions and iii) to maintain an optimal capital structure that provides necessary financial flexibility and returns to the Paqtnkek Mi'kmaw Nation, while also ensuring compliance with any financial covenants.

Paqtnkek Mi'kmaw Nation monitors and makes adjustments to its capital structure when necessary, in light of changes to economic conditions, the objectives of the Paqtnkek Mi'kmaw Nation and the cash requirements of the entity.

Paqtnkek Mi'kmaw Nation considers its total capitalization to include all interest-bearing debt including long term debt and the current portion thereof, equity, net of cash. The calculation is set out in the following table:

	2016	2015
Long term debt	$ 2,591,372	$ 2,782,107
Add: bank indebtedness (cash)	(978,099)	(565,555)
Net funded debt	1,613,273	2,216,552
Equity	6,864,166	6,356,462
Capital under management	$ 8,477,439	$ 8,573,014

Although Paqtnkek Mi'kmaw Nation does not include operating leases in its definition of capital, the entity does give consideration to its obligations under operating leases when assessing its total capitalization.

11. Capital management (continued)

The primary investments undertaken by Paqtnkek Mi'kmaw Nation include improvements and additions to housing properties, buildings, and infrastructure. The entity relies largely on its cash flow from operations to fund its capital investment program. The cash flow is supplemented, when necessary, through the borrowing of additional debt. No changes were made to these objectives in the current period.

For the year ended March 31, 2016, there were no externally imposed capital restrictions for the First Nation, and the Paqtnkek Mi'kmaw Nation is in compliance with the covenants relating to the revolving term credit facility.

12. Financial Instruments

Credit risk
Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The First Nation's financial instruments that are exposed to concentrations of credit risk are primarily accounts receivable in the amount of $934,573 (2015 - $817,016).

Liquidity risk
Liquidity risk is the risk that the First Nation may not have cash available to satisfy its liabilities as they come due. The First Nation actively maintains a committed credit facility to ensure that it has sufficient available funds to meet current and foreseeable future financial requirements at a reasonable cost.

The First Nation monitors capital markets and the related conditions. Market conditions allowing, the First Nation will access debt capital markets for various long-term debt maturities and as other liabilities come due or as assessed to be appropriate in order to minimize risk and optimize pricing.

The contractual maturities of the principal portion of significant financial liabilities as at March 31, 2016, is outlined in Note 8.

Fair value of financial statements
The fair value of a financial instrument is the estimated amount that the First Nation would receive or pay to settle the financial assets and financial liabilities at the reporting date.

The book value of cash and cash equivalents, receivables, and payables and accruals approximate fair values at the balance sheet date due to their short term to maturity. The fair value of the variable rate long term debt is assumed to approximate its carrying amount.

13. Contingencies

a) The Band has entered into a one year alternative funding arrangement with the Indigenous and Northern Affairs Canada, effective April 1, 2015. These funds may be repayable if any of the following conditions are not met:

1) minimum program requirements are not met;
2) capital funds are not expended for capital purposes; and
3) any mandatory capital projects are not completed.

b) The Band has entered into contribution agreements with various government departments. Funding received under these contribution agreements is subject to repayment if the Band fails to comply with the terms and conditions of the agreements.

c) There was an oil spill on a property located on the reserve which has resulted in oil contamination at the site. The First Nation is currently undergoing an environmental site assessment to determine the related costs associated with the clean up and it is uncertain whether the costs associated with the clean up will be covered by the First Nation's insurance policy.

14. Line of credit

The First Nation has a $50,000 operating line of credit with Bank of Nova Scotia at a rate of prime plus 2%. The balance of the line of credit as at March 31, 2016, was nil (2015 – nil).

15. Pension costs and obligations

The First Nation is required to match contributions to a group registered retirement savings plan for certain full time employees. Total contributions during the year amounted to $29,743 (2015 - $21,806).

16. Expenditures by object

	2016	2015
Bad debt (Recoverable) provision	$ (3,737)	$ (12,550)
Business development and promotion	127,683	346,565
Cash shortages (overage)	320	4,452
Community support	483,440	491,572
Contracted services	155,052	251,753
Depreciation	590,136	551,144
Due and fees	167,506	154,696
Education and training	741,713	624,393
Fuel, bait, and boat maintenance	301,348	260,821
Health programs	277,835	217,695
Infrastructure	374,822	316,257
Insurance	118,767	110,280
Interest	111,010	109,327
Purchases	2,256,773	2,129,918
Repairs and maintenance	287,291	183,867
Salaries, wages, and benefits	2,094,098	1,844,023
Social	1,984,639	1,880,007
Supplies	98,451	82,107
Travel	308,293	219,501
	$ 10,475,440	$ 9,765,828

17. Segment disclosure

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

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

- Social services – social assistance provided to qualifying members.
- Financial management- all associated with the administration of the Band operations
- Capital Projects – provides capital construction projects for the community.
- Operations and Maintenance – repairs and maintenance carried out during the year to the community buildings.
- Economic Development – specified development projects undertaken by the Band.
- Education – providing elementary, secondary and post-secondary tuition for qualifying members along with related programs and support.
- Health Canada – activity of the Health Centre which provides a variety of health care programs and support.
- Housing Fund – Section 95 and non-subsidized housing operations.
- Tobacco Fund – the Band's tobacco sales operation.
- Commercial Fishing – encompasses the fisheries activities of the Band.
- Gaming Commission – represents the Band's share of Casino Nova Scotia revenues.
- Gas bar – the gas bar operations of the band.
- VLT – the VLT operations of the Band.

See financial data on Pages 40 – 42.

18. Government transfers

	2016 Operating	2016 Capital	2016 Total	2015 Operating	2015 Capital	2015 Total
Aboriginal Affairs and Northern Development Canada	$ 2,906,462	$ -	$ 2,906,462	$ 2,811,647	$ -	$ 2,811,647
Health Canada	827,941	34,106	862,047	604,878	1,295	606,173
Canada Mortgage and Housing Corporation	118,588	-	118,588	88,028		88,028
Mi'kmaw Kina'matnewey	1,201,373	-	1,201,373	901,085	-	901,085
Other	234,437	-	234,437	212,316	-	212,316
Total	5,288,801	34,106	5,322,907	4,617,954	1,295	4,619,249
Province of Nova Scotia	480,997	243,717	724,714	401,392	-	401,392
	$ 5,769,798	$ 277,823	$ 6,047,621	$ 5,019,346	$ 1,295	$ 5,020,641

19. Comparative figures

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for 2016.