

Financial Statements of

MATTAGAMI FIRST NATION

Year ended March 31, 2015

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The First Nation maintains systems of internal accounting and administrative controls. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the First Nation's assets are appropriately accounted for and adequately safeguarded.

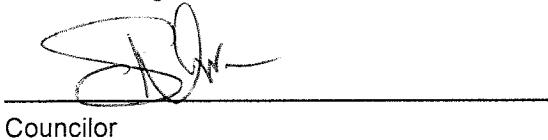
The Chief and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and are ultimately responsible for reviewing and approving the financial statements.

The Chief and Council review the First Nation's financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as the external auditors to review the annual report, the financial statements and the external auditors' report. The Chief and Council take this information into consideration when approving the financial statements for issuance to the Members. The Chief and Council also consider the engagement of the external auditors.

The financial statements have been audited by KPMG LLP in accordance with Canadian generally accepted auditing standards on behalf of the First Nation.



Chief



Councilor



Councilor



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INDEPENDENT AUDITORS' REPORT

To the Members of Mattagami First Nation

We have audited the accompanying financial statements of **Mattagami First Nation** which comprise the statement of financial position as at March 31, 2015, the statements of financial activities, changes in net financial assets and cash flows for the year then ended, and notes, comprising 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.

Auditors' 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 our 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, we consider 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 for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Mattagami First Nation as at March 31, 2015 and its results of operations and its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

July 29, 2015

Sudbury, Canada

MATTAGAMI FIRST NATION

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MATTAGAMI FIRST NATION

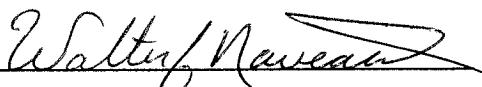
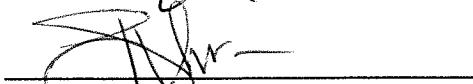
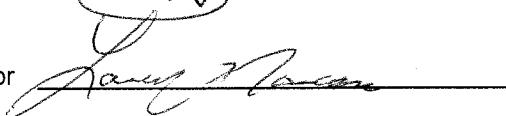
Statement of Financial Position

March 31, 2015, with comparative information for 2014

	2015	2014
Financial assets:		
Cash	\$ 161,154	\$ 321,346
Consolidated revenue trust fund	217,404	211,419
Marketable securities (note 3)	394,138	345,513
Accounts receivable (note 10)	<u>1,062,656</u>	<u>1,158,363</u>
	1,835,352	2,036,641
Financial liabilities:		
Accounts payable and accrued liabilities	338,015	275,077
Loans payable (note 5)	407,654	407,654
Long-term debt (note 6)	<u>1,076,580</u>	<u>1,216,612</u>
	1,822,249	1,899,343
Net financial assets	13,103	137,298
Non-financial assets:		
Tangible capital assets (note 7)	8,116,031	8,424,118
Prepaid expenses	<u>13,618</u>	<u>13,917</u>
	8,129,649	8,438,035
Contingent liabilities (note 9)		
Accumulated surplus (note 8)	<u>\$ 8,142,752</u>	<u>\$ 8,575,333</u>

See accompanying notes to financial statements.

On behalf of the First Nation:

Chief 
 Councilor 
 Councilor 

MATTAGAMI FIRST NATION

Statement of Financial Activities

Year ended March 31, 2015, with comparative information for 2014

	2015	2014
Revenue:		
Aboriginal Affairs and Northern Development Canada (note 10)	\$ 2,104,473	\$ 1,987,897
Wabun Tribal Council	405,131	383,984
Health Canada	82,752	91,462
Other	947,982	870,939
Ministry of Community, Family and Child Services	280,883	266,373
Ministry of Aboriginal Affairs	50,000	49,693
Mattagami First Nation Community Development Trust	241,190	86,223
Canada Mortgage and Housing Corporation	63,953	63,953
Ontario First Nations Limited Partnership	523,102	510,486
	4,699,466	4,311,010
Expenses:		
Band Support	877,727	872,374
Community Development	-	300,636
Operation and Maintenance	862,207	821,630
Education	1,420,379	1,198,886
Health	532,763	453,795
Social Assistance	351,045	379,300
Other	620,903	496,777
Capital Projects	296,481	426,206
Business Enterprises	16,449	425,633
Social Housing	154,093	140,170
	5,132,047	5,515,407
Deficiency of revenue over expenses	(432,581)	(1,204,397)
Accumulated surplus, beginning of year	8,575,333	9,779,730
Accumulated surplus, end of year	\$ 8,142,752	\$ 8,575,333

See accompanying notes to financial statements.

MATTAGAMI FIRST NATION

Statement of Changes in Net Financial Assets

Year ended March 31, 2015, with comparative information for 2014

	2015	2014
Deficiency of revenue over expenses	\$ (432,581)	\$ (1,204,397)
Acquisition of tangible capital assets	(285,070)	(328,964)
Amortization of tangible capital assets	593,157	576,272
Loss on sale of tangible capital assets	-	6,439
Proceeds on disposition of tangible capital assets	-	49,800
	<u>(124,494)</u>	<u>(900,850)</u>
Acquisition of prepaid expenses	(13,618)	(13,917)
Use of prepaid expenses	13,917	34,126
Change in net financial assets	<u>(124,195)</u>	<u>(880,641)</u>
Net financial assets, beginning of year	137,298	1,017,939
Net financial assets, end of year	\$ 13,103	\$ 137,298

See accompanying notes to financial statements.

MATTAGAMI FIRST NATION

Statement of Cash Flows

Year ended March 31, 2015, with comparative information for 2014

	2015	2014
Cash flows from operating activities:		
Deficiency of revenue over expenses	\$ (432,581)	\$ (1,204,397)
Adjustments for:		
Loss on sale of tangible capital assets	- 6,439	
Amortization of tangible capital assets	593,157 576,272	
	<u>160,576</u>	<u>(621,686)</u>
Change in non-cash working capital:		
Decrease in accounts receivable	95,707 388,345	
Decrease in investment in Limited Partnership	- 55	
Decrease in prepaid expenses	299 20,209	
Increase (decrease) in accounts payable and accrued liabilities	62,938 (55,569)	
Decrease (increase) in deferred revenue	- (52,973)	
	<u>319,520</u>	<u>(321,619)</u>
Cash flows from financing activities:		
Repayment of long-term debt	(140,032) (43,730)	
Assumption of loan payable	- 407,654	
Repayment of loans payable	- (199,148)	
	<u>(140,032)</u>	<u>164,776</u>
Cash flows from investing activities:		
Decrease (increase) in marketable securities	(48,625) 55,208	
Increase in consolidated revenue trust fund	(5,985) (5,222)	
Proceeds on disposal of tangible capital assets	- 49,800	
Purchase of tangible capital assets	(285,070) (328,964)	
	<u>(339,680)</u>	<u>(229,178)</u>
Net decrease in cash	(160,192)	(386,021)
Cash, beginning of year	321,346	707,367
Cash, end of year	\$ 161,154	\$ 321,346

See accompanying notes to financial statements.

MATTAGAMI FIRST NATION

Notes to Financial Statements

Year ended March 31, 2015

Mattagami First Nation (the "First Nation") administers funds and performs services as contracted with various funding agencies for the benefit of its members.

1. Basis of presentation and significant accounting policies:

These financial statements of the First Nation are the representation of management and have been prepared in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. The following is a summary of the significant accounting policies followed in the preparation of these financial statements:

(a) Revenue recognition:

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under the funding arrangements which relates to a subsequent fiscal period is reflected as deferred revenue in the year of receipt and classified as such on the statement of financial position.

(b) Allocation of revenue and expenses:

The allocation of revenue and expenses was determined by the Chief and Council in accordance with the specific terms of the applicable contribution agreements.

(c) Capital assets:

Capital assets are recorded at cost. The cost is amortized on a straight-line basis over the estimated useful lives of the asset as follows:

Vehicles, equipment, office equipment and furniture	5 years
Infrastructure	10 years
Buildings	40 years
CMHC Housing	40 years

For business enterprises, capital assets are valued at cost. Amortization is charged on a declining-balance basis at the following annual rates:

Assets	Rate
Fuel tanks	10%
Equipment	20%
Trailer	20%
Heavy equipment	30%
Logging vehicles	30%

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Notes to Financial Statements

Year ended March 31, 2015

1. Basis of presentation and significant accounting policies (continued):

(d) Assets under construction:

No amortization is taken on assets under construction until they are placed in use.

(e) Use of estimates:

The preparation of financial statements requires management 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 financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant items subject to such estimates and assumptions include the carrying amount of capital assets and valuation allowances for receivables. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

(f) Prior year funding adjustments:

The First Nation has entered into accountable contribution arrangements with several government funding agencies. All programs are subject to audit by the various agencies, with audit adjustments repayable to the government. Adjustments are recorded in the year during which the adjustments are determined.

(g) Investments:

Investments are recorded at cost. Temporary declines in the market value of the investments are not adjusted.

2. Minor children distribution trust funds:

On July 26, 2004, the First Nation distributed \$2,100 to every member of the First Nation. Members who had not reached their 18th birth date as of July 26, 2004 are entitled to receive their distribution along with accumulated interest on their 18th birth date. The minor children distribution trust and related liability represents the distribution outstanding along with accumulated interest for those members entitled to a distribution, but who have not attained their 18th birth date as of March 31, 2010.

The trust funds are not included in these financial statements. The balance held in trust by the First Nation was \$120,018 (2014 - \$117,524) at year end.

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Notes to Financial Statements

Year ended March 31, 2015

3. Marketable securities:

	Market value at March 31, 2015		Market value at March 31, 2014	
	Cost		Cost	
Lakeshore Gold Corp	364,388	368,225	317,888	224,475
Gowest Gold Ltd.	6,000	2,500	6,000	4,500
Kitrinor Metals Inc.	10,000	500	10,000	500
Nobel Mineral Explore	2,000	375	1,375	500
Explore Resources Inc	2,000	2,500	2,000	3,000
Melkior	6,000	4,000	6,000	8,000
Rapier Gold	2,250	2,250	2,250	9,000
Trio Resources	1,500	200	—	—
	\$ 394,138	380,550	\$ 345,513	249,975

4. Undrawn line of credit:

The First Nation has a demand line of credit available of \$150,000 which is secured by a general security agreement and bears interest at prime plus 1.75%.

5. Loans payable:

The First Nation has guaranteed a Royal Bank loan on behalf of Mattagami Group Limited Partnership ("MGLP"). On March 12, 2014, the Royal Bank demanded repayment of the MGLP loan in the amount of \$407,654 from both MGLP and Mattagami First Nation. On August 1, 2014, the Royal Bank proceeded with a bankruptcy application in respect of MGLP. As of March 31, 2015 the bankruptcy proceedings had not been finalized and consequently the exact amount payable by the First Nation to the Royal Bank has yet to be determined. Consequently the initial repayment amount remains outstanding.

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Notes to Financial Statements

Year ended March 31, 2015

6. Long-term debt:

	2015	2014
Mortgage payable in monthly installments of \$2,169 including interest at 1.8%, maturing July 1, 2026	\$ 266,777	\$ 287,818
Mortgage payable in monthly installments of \$1,830 including interest at 1.65%, maturing September 2036	397,534	412,824
Mortgage payable in monthly installments of \$976 including interest at 1.65%, maturing September 1, 2036	212,017	220,172
Loan payable, due on demand, monthly installments of \$619 plus interest at prime plus 2.375%, secured by specified asset	—	1,856
Loan payable, due on demand, monthly installments of \$8,217 including interest at prime plus 1.75%	133,685	223,658
Mortgage payable on behalf of Morris Naveau in monthly installments of \$633, including interest at 6.30%, maturing October 1, 2015, and is unsecured	66,567	70,284
	<hr/>	<hr/>
	\$ 1,076,580	\$ 1,216,612

Scheduled principal repayments over the next five years are as follows:

2016	\$ 146,076
2017	86,467
2018	50,967
2019	52,030
2020	53,126
Thereafter	687,914

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Notes to Financial Statements

Year ended March 31, 2015

7. Tangible capital assets:

Cost	Balance at March 31,			Balance at March 31, 2015
	2014	Additions	Disposals	
Land improvements	\$ 831,844	\$ -	\$ -	\$ 831,844
Buildings	6,436,289	-	-	6,436,289
Roads	1,007,708	-	-	1,007,708
Water systems	5,456,580	-	-	5,456,580
Machinery and equipment	1,084,729	256,069	-	1,340,798
Vehicles	139,967	-	-	139,967
Furniture, computers and fixtures	498,671	29,001	-	527,672
Total	\$ 15,455,788	\$ 285,070	\$ -	\$ 15,740,858

Accumulated amortization	Balance at March 31,			Balance at March 31, 2015
	2014	Disposals	Amortization expense	
Land improvements	\$ 469,575	\$ -	\$ 38,133	\$ 507,708
Buildings	3,163,998	-	232,206	3,396,204
Roads	868,985	-	12,868	881,853
Water systems	1,594,793	-	191,530	1,786,323
Machinery and equipment	661,640	(10,479)	71,415	722,576
Vehicles	102,394	(6,865)	18,100	113,629
Furniture, computers and fixtures	170,285	(4,857)	51,106	216,534
Total	\$ 7,031,670	\$ (22,201)	\$ 615,358	\$ 7,624,827

	Net book value March 31, 2014	Net book value March 31, 2015
Land improvements	\$ 362,269	\$ 324,136
Buildings	3,272,291	3,040,085
Roads	138,723	125,855
Water systems	3,861,787	3,670,257
Machinery and equipment	423,089	618,222
Vehicles	37,573	26,338
Furniture, computers and fixtures	328,386	311,138
Total	\$ 8,424,118	\$ 8,116,031

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Notes to Financial Statements

Year ended March 31, 2015

7. Tangible capital assets (continued):

Cost	Balance at March 31, 2013		Additions	Disposals	Balance at March 31, 2014	
	\$	831,844	\$	-	\$	831,844
Land improvements	\$	831,844	\$	-	\$	831,844
Buildings		6,381,289		55,000		6,436,289
Roads		992,708		15,000		1,007,708
Water systems		5,443,086		13,494		5,456,580
Machinery and equipment		1,095,833		101,377	(112,481)	1,084,729
Vehicles		102,341		37,626		139,967
Furniture, computers and fixtures		392,204		106,467		498,671
Total	\$	15,239,305	\$	328,964	\$	(112,481)
						15,455,788

Accumulated amortization	Balance at March 31, 2013		Disposals	Amortization expense	Balance at March 31, 2014	
	\$	431,442	\$	-	\$	469,575
Land improvements	\$	431,442	\$	-	\$	469,575
Buildings		2,932,892		-	231,106	3,163,998
Roads		856,417		-	12,568	868,985
Water systems		1,402,350		-	192,443	1,594,793
Machinery and equipment		667,094		(61,402)	55,948	661,640
Vehicles		91,208		(3,152)	14,338	102,394
Furniture, computers and fixtures		130,237		(3,065)	43,113	170,285
Total	\$	6,511,640	\$	(67,619)	\$	7,031,670

	Net book value March 31, 2013	Net book value March 31, 2014
Land improvements	\$ 400,402	\$ 362,269
Buildings	3,448,397	3,272,291
Roads	136,291	138,723
Water systems	4,040,736	3,861,787
Machinery and equipment	428,739	423,089
Vehicles	11,133	37,573
Furniture, computers and fixtures	261,967	328,386
Total	\$ 8,727,665	\$ 8,424,118

MATTAGAMI FIRST NATION

Notes to Financial Statements

Year ended March 31, 2015

8. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserve funds as follows:

	2015	2014
Surplus:		
Invested in tangible capital assets	\$ 7,329,775	\$ 7,492,600
Operations	1,193	254,212
Reserves and reserve funds	810,984	828,521
Accumulated surplus	\$ 8,142,752	\$ 8,575,333

9. Contingent liabilities:

The First Nation has guaranteed loans to its members under the "First Nation on Reserve Loan Program". At year end, the balance outstanding of these loans amounted to \$824,137 (2014 - \$847,169).

10. Aboriginal Affairs and Northern Development Canada:

	2015	2014
Revenue per funding confirmation	\$ 2,113,206	\$ 1,934,924
Add: deferred revenue, beginning of year	-	52,973
Add: set contribution funding payable	(8,733)	-
Revenue as reported	\$ 2,104,473	\$ 1,987,897

Included in accounts receivable are amounts due from Aboriginal Affairs and Northern Development Canada of \$175,565 (2014 - \$619,144).

MATTAGAMI FIRST NATION

Notes to Financial Statements

Year ended March 31, 2015

11. Comparative information:

Certain 2014 comparative information have been reclassified to conform with the presentation adopted in 2015.

12. Segmented information:

Mattagami First Nation is a diversified governmental institution that provides a wide range of services to its band members, including band support, health services, education, social assistance, and capital. For management reporting purposes, the First Nation's operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

Band Support

The band support department oversees the delivery of all governmental services. The department is responsible for ensuring that there are adequate policies and procedures in place to safeguard assets and to properly report financial activities. In addition, this department includes the governance activities of chief and council and management and assistance for computer and communications related projects and services.

Health Services

The health services department provides a diverse bundle of services directed toward the well-being of the members of the member First Nations including such activities as long-term care, medical transportation services, health centers, diabetes, fetal alcohol syndrome, mental health, smoke free programs, traditional healing and training designed to enhance the health of member communities.

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Notes to Financial Statements

Year ended March 31, 2015

12. Segmented information (continued):

Education

The education department provides services to elementary students through the operation of an on reserve elementary school. Service contracts with provincially funded area school boards are entered into for secondary students. In addition, the department reimburses tuition costs and provides living and other allowances to students who are attending post secondary institutions.

Social Assistance

The social assistance department provides services under the Provincial Ontario Works Program including both active measures such as employment training and financial assistance components. In addition, the department manages the national child benefit programs.

Housing

The housing department manages the operations of the various rental housing stock owned by the First Nation including both CMHC and other housing. This includes tenant identification, rent collections and maintenance management.

Capital

The capital department is responsible for all capital asset activities occurring in the First Nation during the year, including housing construction and renovations as well as major projects such as water and building construction.

Infrastructure

The infrastructure or public works department provides the First Nation with support services for the repair and maintenance of all First Nation owned assets including buildings, roads, water systems and equipment.

Economic and Community Development

This department is responsible for identifying and developing economic opportunities for the benefit of the First Nation and its Members. The department also secures and delivers employment training funding for the First Nation.

For each reported segment, revenues and expenses include amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information, including transfers that have been apportioned based on a percentage of budgeted expenses.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in the summary of significant accounting policies.

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Notes to Financial Statements

Year ended March 31, 2015

Note 12 - Segmented Information (continued)

	Band Support	Health Services	Education	Social Assistance	Housing	Capital	Infrastructure	Economic and Community Development	2015 Total
Revenue	\$ 1,275,986	421,591	1,094,309	355,579	137,454	541,256	310,760	562,531	4,699,466
Expenses:									
Salaries, wages and benefits	355,664	238,897	711,967	47,705	-	50,285	170,806	280,977	1,856,301
Materials, supplies, rentals and general	58,288	21,830	171,224	-	40,938	282,405	235,327	12,959	822,971
Capital acquisitions	(18,714)	(2,935)	(2,769)	-	-	(249,605)	(11,047)	-	(285,070)
Admin	(41,329)	35,689	-	-	-	-	-	-	(5,640)
Tuition	-	-	360,690	-	-	-	-	-	360,690
Travel	62,022	4,451	27,452	-	-	7,723	7,984	23,562	133,194
Other	454,938	224,953	127,054	303,274	53,935	43,005	145,880	303,405	1,656,444
Amortization of tangible capital assets	6,858	9,878	24,761	66	59,220	162,668	313,257	16,449	593,157
	877,727	532,763	1,420,379	351,045	154,093	296,481	862,207	637,352	5,132,047
Excess (deficiency) of revenue over expenses	\$ 398,259	(111,172)	(326,070)	4,534	(16,639)	244,775	(551,447)	(74,821)	(432,581)

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Notes to Financial Statements

Year ended March 31, 2014

Note 12 - Segmented Information (continued)

	Band Support	Health Services	Education	Social Assistance	Housing	Capital	Infrastructure	Economic and Community Development	2014 Total
Revenue	\$ 998,627	391,821	1,079,482	343,083	140,433	346,071	317,731	693,762	4,311,010
Expenses:									
Salaries, wages and benefits	387,578	237,209	663,124	46,695	-	62,552	200,248	255,508	1,852,914
Materials, supplies, rentals and general	93,596	22,791	125,966	-	60,360	66,037	476,816	212,270	1,057,836
Capital acquisitions	(11,100)	-	-	-	-	(13,494)	(304,370)	-	(328,964)
Admin	(63,774)	36,004	-	-	-	27,770	-	-	-
Tuition	-	-	291,202	-	-	-	-	-	291,202
Travel	75,890	6,063	31,406	3,808	-	5,412	6,696	28,999	158,274
Other	685,347	138,222	60,940	328,731	33,841	107,327	138,961	414,504	1,907,873
Amortization of tangible capital assets	5,473	13,506	26,248	66	58,804	157,766	303,279	11,130	576,272
	1,173,010	453,795	1,198,886	379,300	153,005	413,370	821,630	922,411	5,515,407
Deficiency of revenue over expenses	\$ (174,383)	(61,974)	(119,404)	(36,217)	(12,572)	(67,299)	(503,899)	(228,649)	(1,204,397)