

**Consolidated Financial Statements of**

**WAGMATCOOK FIRST NATION**

**Year ended March 31, 2014**



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## INDEPENDENT AUDITORS' REPORT

To the Members of  
Wagmatcook First Nation

We have audited the accompanying consolidated financial statements of Wagmatcook First Nation which comprise the consolidated statement of financial position as at March 31, 2014 and the consolidated statements of operations, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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 the auditors' 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 auditors 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 Wagmatcook First Nation as at March 31, 2014 and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*MGM & Associates*

Chartered Accountants

Sydney, Canada

July 3, 2014

# WAGMATCOOK FIRST NATION

## Consolidated Statement of Financial Position

March 31, 2014, with comparative figures for 2013

	2014	2013
<b>FINANCIAL ASSETS</b>		
Cash (note 2)	\$ 141,369	\$ 93,136
Investments (note 3)	942,967	982,909
Accounts receivable (note 4)	768,086	752,455
Inventories for resale (note 5)	194,550	154,404
Due from federal government (note 6)	1,593,612	614,367
Due from provincial government (note 7)	127,857	113,420
Investment in government business enterprise (note 8)	61,528	106,883
Trust funds – Aboriginal Affairs and Northern Development Canada (note 9)	50,977	49,717
	3,880,946	2,867,291
<b>FINANCIAL LIABILITIES</b>		
Cheques issued in excess of funds on deposit (note 2)	1,632,834	1,419,186
Bank loans (note 10)	2,876,664	–
Accounts payable and accrued liabilities (note 11)	2,361,843	3,657,471
Deferred revenue (note 12)	488,162	317,899
Deferred revenue – obligatory reserve funds (note 13)	413,009	558,369
Long-term debt (note 14)	3,034,998	3,333,267
	10,807,510	9,286,192
<b>NET DEBT</b>	<b>(6,926,564)</b>	<b>(6,418,901)</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 15)	39,271,131	36,525,959
Inventories held for use and prepaid expenses	129,624	162,330
	39,400,755	36,688,289
<b>ACCUMULATED SURPLUS</b>	<b>\$ 32,474,191</b>	<b>\$ 30,269,388</b>

Contingencies (note 22)

See accompanying notes to consolidated financial statements.

On behalf of Wagmatcook Band Council

Cliff Morris  
Angela Peirce  
Blondie Derry  
John T. Tuck  
Edwinne Rood

Angela Peirce  
Blondie Derry

# WAGMATCOOK FIRST NATION

## Consolidated Statement of Operations

Year ended March 31, 2014, with comparative figures for 2013

		2014	2013
	Budget (unaudited)	Actual	Actual
<b>REVENUES</b>			
Federal Government			
Aboriginal Affairs and Northern Development Canada (Schedule A-18)	\$ 3,947,722	\$ 4,441,437	\$ 5,644,240
Mikmaw Kina'matnewey	2,819,891	2,938,025	8,378,681
Health Canada	1,309,388	1,140,809	1,295,913
Fisheries and Oceans Canada	269,654	605,891	509,654
Human Resources and Social Development Canada	332,339	334,789	254,183
Canada Mortgage and Housing Corporation	103,500	127,491	108,234
Enterprise Cape Breton Corporation	—	1,492,524	19,125
Aboriginal Business Canada	—	150,000	—
Environment Canada	—	23,520	—
Other governments	125,000	130,239	122,378
Economic activities	9,987,200	10,666,698	10,539,083
Interest, rent and other	573,500	200,416	492,117
	19,468,194	22,251,839	27,363,608
<b>EXPENSES</b>			
Governance	1,423,792	1,552,053	1,786,460
Economic and employment development	573,500	492,330	567,087
Operations and maintenance	620,000	1,238,943	861,712
Social development	2,167,269	2,164,241	2,760,051
Education	2,758,377	2,797,270	3,312,450
Capital	—	703	166,949
Housing	752,669	562,927	814,153
Health program	1,290,000	1,195,544	1,460,842
Fisheries – treaty	191,000	179,855	174,073
Fisheries – commercial	2,145,540	2,161,593	2,694,183
Wagmatcook Gas Bar	3,650,000	3,820,749	3,742,792
Daycare	244,000	278,977	262,524
Gaming	483,500	445,634	431,691
Enterprise, Heritage and Community Complex	1,151,000	1,468,867	1,325,991
Tobacco	1,475,407	1,687,350	1,636,724
	18,926,054	20,047,036	21,997,682
<b>ANNUAL SURPLUS</b>	<b>542,140</b>	<b>2,204,803</b>	<b>5,365,926</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>30,269,388</b>	<b>30,269,388</b>	<b>24,903,462</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 30,811,528</b>	<b>\$ 32,474,191</b>	<b>\$ 30,269,388</b>

See accompanying notes to consolidated financial statements

# WAGMATCOOK FIRST NATION

## Consolidated Statement of Change in Net Debt

Year ended March 31, 2014, with comparative figures for 2013

	2014	2013
<b>ANNUAL SURPLUS</b>	<b>\$ 2,204,803</b>	<b>\$ 5,365,926</b>
Tangible capital assets		
Net acquisition of tangible capital assets	(4,005,171)	(8,813,222)
Amortization of tangible capital assets	1,259,999	1,251,058
	<b>(2,745,172)</b>	<b>(7,562,164)</b>
Other non-financial assets		
Decrease in inventories held for use and prepaid expenses	32,706	65,257
<b>INCREASE IN NET DEBT</b>	<b>(507,663)</b>	<b>(2,130,981)</b>
<b>NET DEBT, BEGINNING OF YEAR</b>	<b>(6,418,901)</b>	<b>(4,287,920)</b>
<b>NET DEBT, END OF YEAR</b>	<b>\$ (6,926,564)</b>	<b>\$ (6,418,901)</b>

See accompanying notes to consolidated financial statements

# WAGMATCOOK FIRST NATION

## Consolidated Statement of Cash Flows

Year ended March 31, 2014, with comparative figures for 2013

	2014	2013
<b>Cash provided by (used in)</b>		
<b>OPERATING ACTIVITIES</b>		
Annual surplus	\$ 2,204,803	\$ 5,365,926
Items not involving cash		
Add amortization of tangible capital assets	1,259,999	1,251,058
Allocation to (from) equipment reserve	(145,360)	104,650
	<u>3,319,442</u>	<u>6,721,634</u>
<b>Change in non-cash items</b>		
Increase in accounts receivable	(15,631)	(69,879)
Decrease (increase) in inventories for resale	(40,146)	2,676
Decrease (increase) in due from federal government	(979,245)	759,576
Decrease (increase) in due from provincial government	(14,437)	6,061
Decrease in inventories held for use and prepaid expenses	32,706	65,257
Increase (decrease) in accounts payable and accrued liabilities	(1,295,628)	1,634,273
Increase (decrease) in deferred revenue	170,263	(1,675,953)
	<u>(2,142,118)</u>	<u>722,011</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from bank loans	2,876,684	-
Issuance of long-term debt	78,039	398,200
Principal payments on long-term debt	(376,308)	(402,375)
	<u>2,578,395</u>	<u>(4,175)</u>
<b>INVESTING ACTIVITIES</b>		
Additions to tangible capital assets	(4,005,171)	(8,813,222)
Decrease (increase) in investments	39,942	(42,269)
Increase in trust funds	(1,260)	(1,187)
Decrease in investment in government business enterprise	45,355	10,962
	<u>(3,921,134)</u>	<u>(8,845,716)</u>
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(165,415)</b>	<b>(1,406,246)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>(1,326,050)</b>	<b>80,196</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b><u>\$ (1,491,465)</u></b>	<b><u>\$ (1,326,050)</u></b>
<b>Cash and cash equivalents are comprised of the following</b>		
Cash	\$ 141,369	\$ 93,136
Cheques issued in excess of funds on deposit	(1,632,834)	(1,419,186)
	<u><b>\$ (1,491,465)</b></u>	<u><b>\$ (1,326,050)</b></u>

See accompanying notes to consolidated financial statements.

# **WAGMATCOOK FIRST NATION**

## **Notes to Consolidated Financial Statements**

**Year ended March 31, 2014**

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### **NATURE OF OPERATIONS**

Wagmatcook First Nation Council is comprised of a Chief and six councilors under the Indian Act of Canada. The Council is accountable to the local Mi'kmaq community members for the delivery of programs and services, management of all financial resources and planning to support future community-based self-government.

### **1. SIGNIFICANT ACCOUNTING POLICIES**

#### **(a) Basis of presentation**

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

#### **(b) Reporting entity**

The Wagmatcook First Nation reporting entity includes Wagmatcook First Nation government and all related entities which are accountable to the First Nation.

#### **(c) Principles of consolidation**

These consolidated financial statements consolidate the assets, liabilities and results of operations for the following entities which use accounting principles which lend themselves to consolidation:

Wagmatcook First Nation Operating and Capital Funds  
Wagmatcook First Nation Trust Funds  
Wagmatcook Enterprise, Heritage and Community Complex  
Wagmatcook Education Authority Limited

The First Nation has a sub interest in Nova Ice Production Limited and accounts for it on a modified equity basis.

#### **(d) Fund accounting**

The resources and operations of the First Nation are comprised of the operating and capital funds. Transfers between funds are recorded as adjustments to the appropriate fund balance. Supporting schedules to the consolidated financial statements are included to show the financial activities and change in the balance of each fund.

#### **(e) 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 government 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.

# WAGMATCOOK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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## 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (f) Cash and cash equivalents

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

### (g) Inventories for resale

Inventory of goods available for resale, is recorded at the lower of cost and net realizable value.

### (h) Tangible capital assets

Tangible capital assets acquired since 1987 are reported in the statement of financial position at cost net of accumulated amortization. All tangible capital assets acquired prior to 1987 have been written off. They are amortized on a straight-line basis over their estimated useful lives at the following rates.

Asset	Basis	Rate
Buildings	Straight-line	40 years
Equipment	Straight-line	5-10 years
Roads	Straight-line	50 years
Lagoons and water systems	Straight-line	40 years
Fishing vessels	Straight-line	15 years
Fishing licences	N/A	Not amortized
Wharf	Straight-line	40 years

A full year's amortization is taken in the year of acquisition

Tangible capital assets are written down when conditions indicate that they no longer contribute to Wagmatcook First Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

# WAGMATCOOK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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## 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (i) Revenue recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

### (j) Financial instruments

#### Measurement of financial instrument

The First Nation initially measures its financial assets and financial liabilities at fair value and subsequently measures its financial assets and financial liabilities as follows:

Financial instrument	Measurement basis
Cash/cheques issued in excess of funds on deposit	Fair value
Investments	Fair value
Receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Bank loans	Amortized cost
Long-term debt	Amortized cost

Transaction costs related to financial assets are expensed as incurred.

#### Impairment

Financial assets measured at cost or amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in income. A previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in income.

# WAGMATCOOK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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## 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (k) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, the disclosure of contingencies and the reported amounts of revenues and expenditures in the consolidated financial statements and accompanying notes. Items requiring the use of significant estimates include the valuation of receivables, inventories, capital assets and intangible assets. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.

## 2. CASH AND CASH EQUIVALENTS

	2014	2013
Externally restricted Replacement and subsidy	\$ 141,369	\$ 93,136
Cheques issued in excess of funds on deposit	<u>\$ 1,632,834</u>	<u>\$ 1,419,186</u>

## 3. INVESTMENTS

	2014	2013
TD - Guaranteed Investment Certificate, maturing September, 2014	\$ 16,226	\$ 16,179
TD - Guaranteed Investment Certificate, maturing December, 2014	31,013	31,013
TD - Guaranteed Investment Certificate, maturing January, 2015	113,745	113,745
TD - Guaranteed Investment Certificate, maturing January, 2015	133,715	133,715
TD - Guaranteed Investment Certificate, maturing November, 2014	322,268	322,268
TD - Guaranteed Investment Certificate, maturing December, 2014	161,396	161,396
TD - Guaranteed Investment Certificate, maturing December, 2014	161,406	161,406
TD - Guaranteed Investment Certificate, maturing September, 2014	3,198	3,187
TD - Guaranteed Investment Certificate, matured during year	-	40,000
	<u>\$ 942,967</u>	<u>\$ 982,909</u>

# WAGMATCOOK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

## 4. ACCOUNTS RECEIVABLE

	2014	2013
Employees	\$ 241,497	\$ 218,730
Members	139,108	139,108
Ultramar fuel rebate and credit	72,486	84,463
Lottery retailers	32,996	32,996
Accrued interest	1,991	2,726
Nova Scotia Community College	374,497	230,418
Other	244,229	348,654
	1,106,804	1,057,095
Allowance for doubtful accounts	(338,718)	(304,640)
	<b>\$ 768,086</b>	<b>\$ 752,455</b>

## 5. INVENTORIES FOR RESALE

	2014	2013
Gift shop	\$ 40,103	\$ 30,149
Cleanwave Restaurant	14,641	13,653
Gas bar	115,841	102,840
Tobacco shop	23,965	7,782
	<b>\$ 194,550</b>	<b>\$ 154,404</b>

## 6. DUE FROM FEDERAL GOVERNMENT

	2014	2013
Aboriginal Affairs and Northern Development Canada	\$ 679,264	\$ 151,456
Enterprise Cape Breton Corporation	249,484	19,125
Fisheries and Oceans Canada	242,389	17,100
Mi'kmaq Kina'matnewey	202,943	350,080
Aboriginal Business Canada	150,000	-
Canada Mortgage and Housing Corporation	41,125	234
Human Resources and Social Development Canada	28,407	-
Health Canada	-	76,372
	<b>\$ 1,593,612</b>	<b>\$ 614,367</b>

# WAGMATCOOK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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## 7. DUE FROM PROVINCIAL GOVERNMENT

	2014	2013
Nova Scotia Gaming Commission Province of Nova Scotia	\$ 126,091 1,766	\$ 111,434 1,986
	<u>\$ 127,857</u>	<u>\$ 113,420</u>

## 8. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES

The commercial government business enterprises that are included in the First Nation reporting entity, as described in note 1b) to these financial statements includes:

- Nova Ice Production Limited

Wagmatcook First Nation has accounted for the investment in Nova Ice Productions Limited on a modified equity basis.

## 9. TRUST FUNDS HELD BY FEDERAL GOVERNMENT

Trust fund accounts arise from moneys derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

	Balance March 31, 2013	Additions	Withdrawals	Balance March 31, 2014
Trust funds	\$ 49,717	\$ 1,260	\$ -	\$ 50,977

## 10. BANK LOANS

The bank loans with TD Canada Trust bears interest at prime plus 1 25% and are due on demand. The loans are secured by a general borrowing resolution, collateral mortgages on land owned by Wagmatcook First Nation and assignment of term deposits and credit balances registered in the name of Wagmatcook Band Council in the amount of \$942,967. The loans have no fixed terms of repayment.

# WAGMATCOOK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

## 11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2014	2013
Trade payables	\$ 1,701,655	\$ 2,553,229
Accrued salaries and employee benefits payable	205,887	188,471
Harmonized sales tax payable	177,409	400,970
Government remittances payable	146,621	388,336
Other accrued liabilities	99,332	85,334
Province of Nova Scotia	30,939	41,131
	<b>\$ 2,361,843</b>	<b>\$ 3,657,471</b>

## 12. DEFERRED REVENUE

	Balance March 31, 2013	Funding received 2014	Revenue recognized 2014	Balance March 31, 2014
Federal government				
Health Canada				
Health Services Integration Fund	\$ 155,870	\$ 320,036	\$ 236,906	\$ 239,000
Canada Mortgage and Housing Corporation				
RRAP	-	41,125	21,747	19,378
Community Infrastructure				
Wastewater – lagoon	161,903	-	-	161,903
	317,773	361,161	258,653	420,281
Mi'kmaq Kina'matnewey				
School equipment	-	37,750	-	37,750
Provincial government				
Province of Nova Scotia				
Breastfeeding	-	12,000	-	12,000
Mental health	-	12,000	-	12,000
	-	24,000	-	24,000
Other	126	6,005	-	6,131
	<b>\$ 317,899</b>	<b>\$ 428,916</b>	<b>\$ 258,653</b>	<b>\$ 488,162</b>

# WAGMATCOOK FIRST NATION

## Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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### 13. DEFERRED REVENUE – OBLIGATORY RESERVE FUNDS

#### i) CMHC

Under the terms of housing agreements with CMHC to construct new housing units pursuant to Section 95, certain housing account reserves are to be maintained

A replacement reserve account is to be funded annually for each housing project in an amount determined by CMHC and these funds along with accumulated interest must be held in a separate bank account and its use restricted to expenditures approved by CMHC. A subsidy reserve account may be funded to a specified maximum per housing unit out of excess federal subsidy assistance payments with the funds and accumulated interest to be held in a separate bank account with the use of these funds restricted to expenditures approved by CMHC.

At March 31, 2014, funds along with interest held in these housing reserve bank savings accounts are as follows:

	2014	2013
Subsidy Surplus Reserve	\$ 436	\$ 436
Housing Replacement Reserve	140,933	92,700
	<b>\$ 141,369</b>	<b>\$ 93,136</b>

#### ii) Reserves

	2014	2013
Housing Replacement Reserve	\$ 141,369	\$ 141,369
Equipment Replacement Reserve	200,000	375,000
Sewer Treatment Plant Replacement Reserve	71,640	42,000
	<b>\$ 413,009</b>	<b>\$ 558,369</b>

Wagmatcook First Nation established an Equipment Replacement Reserve for the commercial fishing operation. The funds in the Reserve will be used for retrofits to current vessels, major repairs and fund the purchase of crab quota.

# WAGMATCOOK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

## 14. LONG-TERM DEBT

	2014	2013
<b>Social Housing</b>		
Royal Bank		
Mortgage repayable in monthly instalments of \$1,110 including interest at 2.29% over a 3 year term ending August 1, 2016	\$ 21,570	\$ 33,967
TD Bank		
Mortgage repayable in monthly instalments of \$955 including interest at 4.04% over a 5 year term ending March, 2017	76,973	85,173
Mortgage repayable in monthly instalments of \$739 including interest at 4.04% over a 5 year term ending April 1, 2017	80,006	84,841
Mortgage repayable in monthly instalments of \$1,073 including interest at 3.00% over a 5 year term ending December 1, 2017	85,029	93,411
Mortgage repayable in monthly instalments of \$476 including interest at 2.99% over a 5 year term ending February 1, 2018	38,685	44,559
Mortgage repayable in monthly instalments of \$920 including interest at 2.99% over a 5 year term ending March 1, 2018	100,975	106,707
Mortgage repayable in monthly instalments of \$2,158 including interest at 2.79% over a 5 year term ending April 1, 2018	279,977	290,887
Mortgage repayable in monthly instalments of \$725 including interest at 2.79% over a 5 year term ending April 1, 2018	93,274	96,910
Mortgage repayable in monthly instalments of \$716 including interest at 2.79% over a 5 year term ending April 1, 2018	93,156	96,789
Mortgage repayable in monthly instalments of \$712 including interest at 3.95% over a 5 year term ending July 1, 2014	72,485	78,066

# WAGMATCOOK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

## 14. LONG-TERM DEBT (CONTINUED)

	2014	2013
Carry forward	\$ 942,130	\$ 1,011,310
TD Bank (continued)		
Mortgage repayable in monthly instalments of \$751 including interest at 4.34% over a 5 year term ending December 1, 2014	41,001	48,085
Mortgage repayable in monthly instalments of \$2,088 including interest at 3.75% over a 5 year term ending April 1, 2016	154,255	173,187
Mortgage repayable in monthly instalments of \$613 including interest at 3.85% over a 5 year term ending May 1, 2016	64,754	68,849
Mortgage repayable in monthly instalments of \$778 including interest at 3.75% over a 5 year term ending June 1, 2016	112,025	117,091
Mortgage repayable in monthly instalments of \$1,166 including interest at 3.60% over a 5 year term ending August 1, 2016	181,197	188,569
CMHC		
Mortgage payable in monthly instalments of \$741 including interest at 2.61% over a 5 year term ending September 1, 2014	141,320	146,478
Mortgage payable in monthly instalments of \$524 including interest at 2.97% over a 5 year term ending April 1, 2016	101,688	104,925
Mortgage payable in monthly instalments of \$461 including interest at 2.65% over a 5 year term ending April 1, 2016	92,701	95,757
Mortgage payable in monthly instalments of \$472 including interest at 1.65% over a 5 year term ending September 1, 2016	106,506	110,388
Mortgage repayable in monthly instalments of \$412 including interest at 1.65% over a 5 year term ending June 1, 2017	38,145	42,427

# WAGMATCOOK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

## 14. LONG-TERM DEBT (CONTINUED)

	2014	2013
Carry forward	\$ 1,975,722	\$ 2,107,066
CMHC (continued)		
Mortgage payable in monthly instalments of \$474 including interest at 1.69% over a 5 year term ending February 1, 2018	111,992	114,848
Mortgage payable in monthly instalments of \$693 including interest at 1.69% over a 5 year term ending February 1, 2018	163,503	167,632
Mortgage payable in monthly instalments of \$474 including interest at 1.69% over a 5 year term ending February 1, 2018	111,992	114,848
Mortgage advance on assets in progress	74,539	-
Social housing	2,437,748	2,504,394
Capital Fund		
TD Bank		
Mortgage repayable in monthly instalments of \$1,273 including interest at 4.55% over a 5 year term ending August 1, 2014	126,823	136,155
Nova Scotia Fisheries and Aquaculture Loan Board Vessel loan repayable in semi-annual principal payments of \$34,920 plus interest at 6.5% maturing 2020	448,387	518,226
Ulnooweg Development Corp. Inc. Loan repayable in monthly blended payments of \$3,043 at 8.0% maturing May, 2014	14,406	48,698
Ulnooweg Development Corp. Inc. Loan repayable in monthly blended payments of \$5,157 at 8.0% maturing May, 2014	7,634	25,794
Repaid during the year	-	100,000
Capital fund	597,250	828,873
	<b>\$ 3,034,998</b>	<b>\$ 3,333,267</b>

# WAGMATCOOK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

## 14. LONG-TERM DEBT (CONTINUED)

Principal payments required in each of the next five years are as follows

2014	\$ 232,700
2015	214,100
2016	212,100
2017	220,500
2018	228,500

## 15. TANGIBLE CAPITAL ASSETS

	Cost						Closing Balance
	Opening Balance	Additions	Disposals	Transfer of assets	—	—	
Land	\$ 15,391	\$ —	\$ —	\$ —	—	—	\$ 15,391
<b>Buildings</b>							
Heritage and Cultural Centre	3,225,178	—	—	—	—	—	3,225,178
First Nation housing	2,068,500	—	—	—	—	—	2,068,500
Wharf and buildings	1,745,633	—	—	—	—	—	1,745,633
Other buildings	101,168	—	—	—	—	—	101,168
Gas Bar	1,618,665	—	—	—	—	—	1,618,665
Health Centre	1,900,028	—	—	—	—	—	1,900,028
New school	8,814,848	—	—	—	—	—	8,814,848
<b>Equipment</b>							
Heritage and Cultural Centre	819,596	—	—	—	—	—	819,596
Fire equipment	249,543	—	—	—	—	—	249,543
Fishing vessels	2,014,072	123,150	—	—	—	—	2,137,222
Fishing equipment	60,317	—	—	—	—	—	60,317
Health Centre	54,334	—	—	—	—	—	54,334
School equipment and buses	—	210,428	—	—	—	—	210,428
<b>Other</b>							
Lagoon and water systems	10,701,180	—	—	—	—	—	10,701,180
Fishing licence	2,499,500	600,000	—	—	—	—	3,099,500
Wharf	2,754,350	—	—	—	—	—	2,764,350
Fire hydrants, roads	707,612	—	—	—	—	—	707,612
<b>Social housing</b>							
Land	145,200	—	—	—	—	—	145,200
Housing	5,838,549	—	—	—	—	—	5,838,549
Equipment	108,270	—	—	—	—	—	108,270
<b>Work in progress</b>	—	3,071,593	—	—	—	—	3,071,593
<b>Total</b>	<b>\$ 45,451,934</b>	<b>\$ 4,005,171</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 49,457,105</b>

# WAGMATCOOK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

## 15. TANGIBLE CAPITAL ASSETS (CONTINUED)

	Accumulated amortization				Net book value	
	Opening Balance	Amortization	Disposals, write-offs and other adjustments	Closing Balance	Total 2014	Total 2013
<b>Tangible assets</b>						
Land	\$ -	\$ -	\$ -	\$ 15,391	\$ 15,391	
<b>Buildings</b>						
Heritage and Cultural						
Centre	974,746	80,628	—	1,055,374	2,169,804	2,250,432
First Nation housing	973,550	51,714	—	1,025,264	1,043,236	1,094,950
Wharf and buildings	432,840	43,640	—	476,480	1,269,153	1,312,793
Other buildings	22,917	2,529	—	25,446	75,722	78,251
Gas Bar	351,850	40,465	—	392,316	1,226,349	1,266,815
Health Centre	352,437	47,499	—	399,936	1,500,092	1,547,591
New school	232,492	220,371	—	452,863	8,361,985	8,582,356
<b>Equipment</b>						
Heritage and Cultural						
Centre	663,626	38,892	—	702,618	116,978	155,970
Fire equipment	124,771	24,954	—	149,725	99,818	124,772
Fishing vessels	1,386,514	154,149	—	1,540,663	596,559	627,558
Fishing equipment	48,253	12,064	—	60,317	—	12,064
Health Centre	10,866	5,433	—	16,299	38,035	43,468
School equipment and buses	—	42,086	—	42,086	168,342	—
<b>Other</b>						
Lagoon and water systems						
	1,210,757	267,530	—	1,478,287	9,222,893	9,490,423
Fishing licence	—	—	—	—	3,099,500	2,499,500
Wharf	831,052	69,109	—	900,161	1,864,189	1,933,298
Fire hydrants, roads	95,977	14,153	—	110,130	597,482	611,635
<b>Social housing</b>						
Land	—	—	—	—	145,200	145,200
Housing	1,151,651	142,175	—	1,293,826	4,544,723	4,686,898
Equipment	61,676	2,507	—	64,183	44,087	46,594
<b>Work in progress</b>						
Total	\$ 8,925,975	\$ 1,259,999	\$ —	\$ 10,185,974	\$ 39,271,131	\$ 36,525,959

# WAGMATCOOK FIRST NATION

## Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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### 16. GOVERNMENT TRANSFERS

	2014			2013		
	Operating	Capital	Total	Operating	Capital	Total
<b>Federal government transfers</b>						
Aboriginal Affairs and Northern Development						
Canada	\$ 3,941,437	\$ 500,000	\$ 4,441,437	\$ 3,674,197	\$ 1,970,043	\$ 5,644,240
Mi'kmaq Kina'matnewey	2,858,025	80,000	2,938,025	2,714,741	5,663,940	8,378,681
Health Canada	1,140,809	—	1,140,809	1,145,339	150,574	1,295,913
Fisheries and Oceans						
Canada	300,491	305,400	605,891	249,654	260,000	509,654
Human Resources and Social Development						
Canada	334,789	—	334,789	254,183	—	254,183
Canada Mortgage and Housing Corporation						
Enterprise Cape Breton	127,491	—	127,491	108,234	—	108,234
Corporation	—	1,492,524	1,492,524	—	19,125	19,125
Aboriginal Business						
Canada	—	150,000	150,000	—	—	—
Environment Canada	23,520	—	23,520	—	—	—
Total	8,726,562	2,527,924	11,254,486	8,146,348	8,063,682	16,210,030
Provincial government transfers	130,239	—	130,239	122,378	—	122,378
	<b>\$ 8,856,801</b>	<b>\$ 2,527,924</b>	<b>\$11,384,725</b>	<b>\$ 8,268,726</b>	<b>\$ 8,063,682</b>	<b>\$16,332,408</b>

## WAGMATCOOK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

### 17. SEGMENT DISCLOSURE

	Band Government			Economic Development			Operations and Maintenance		
	Budget 2014	Actual 2014	Actual 2013	Budget 2014	Actual 2014	Actual 2013	Budget 2014	Actual 2014	Actual 2013
<b>REVENUES</b>									
Federal government operating transfers	\$ 524,899	\$ 489,679	\$ 570,399	\$ 354,462	\$ 369,943	\$ 373,845	\$ 574,223	\$ 550,152	\$ 438,867
Federal government capital transfers	-	-	-	-	-	-	-	-	-
Provincial government operating transfers	-	-	-	-	-	-	-	-	-
Mi'kmaq Kina'matnewey	-	-	-	-	-	-	-	-	-
Economic activities	-	-	-	-	-	-	-	-	-
Other revenue	218,500	308,917	476,977	25,000	-	148,500	-	-	-
	743,199	798,596	1,047,376	379,462	369,943	522,345	574,223	550,152	438,867
<b>EXPENSES</b>									
Salaries and benefits	957,336	890,449	979,720	107,500	225,102	284,030	65,000	115,142	79,306
Debt servicing	119,000	70,966	78,895	-	-	-	-	-	-
Other expenses	347,456	511,441	536,099	468,000	267,228	283,037	575,000	897,438	500,724
	1,423,792	1,472,856	1,694,514	573,500	492,330	667,037	840,000	812,578	580,030
Balance before amortization and other	(680,593)	(674,260)	(547,138)	(194,038)	(122,387)	(44,742)	(86,777)	(262,426)	(141,163)
Amortization									
Consolidation revenue entities	(180,000)	(79,197)	(181,946)	-	-	(141,500)	-	(426,385)	(281,682)
Consolidation expense entities	-	(180,000)	(311,191)	-	-	-	20,000	-	-
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ (860,593)</b>	<b>\$ (933,457)</b>	<b>\$ (1,050,275)</b>	<b>\$ (194,038)</b>	<b>\$ (40,046)</b>	<b>\$ (186,242)</b>	<b>\$ (45,777)</b>	<b>\$ (688,791)</b>	<b>\$ (422,845)</b>

## WAGMATCOOK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

### 17 SEGMENT DISCLOSURE

	Social Development		Education		Capital	
	Budget 2014	Actual 2014	Budget 2014	Actual 2014	Budget 2014	Actual 2014
<b>REVENUES</b>						
Federal government operating transfers	\$ 2,525,269	\$ 2,545,932	\$ 2,525,269	\$ -	\$ 10,840	\$ 10,800
Federal government capital transfers	-	-	-	-	1,409,434	\$ 2,342,524
Provincial government operating transfers	-	-	2,619,891	2,938,025	6,378,681	-
Mikmaq Kuna mainewey	-	-	10,000	13,941	333,050	-
Economic activities	-	-	61,000	18,826	591,028	-
Other revenue	2,525,269	2,545,932	2,525,269	2,690,891	2,981,632	10,722,993
						2,795,696
<b>EXPENSES</b>						
Salaries and benefits	100,000	96,274	94,924	1,523,052	1,747,563	1,687,213
Debt servicing	-	-	3,351	153,328	72,695	-
Other expenses	2,087,269	2,165,861	2,681,776	1,101,987	910,185	6,948,198
	2,187,269	2,262,135	2,780,051	2,778,377	2,730,443	10,635,371
Balance before amortization and other	338,000	283,797	(254,782)	112,514	251,189	87,622
Amortization	-	-	-	-	(262,457)	(220,371)
Consolidation revenue entities	-	-	-	-	(580,754)	-
Consolidation expense entities	20,000	97,894	20,090	20,000	195,630	7,543,292
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ 358,000</b>	<b>\$ 381,691</b>	<b>\$ (234,782)</b>	<b>\$ 132,514</b>	<b>\$ 184,362</b>	<b>\$ 6,829,798</b>
						\$ 362,916
					(689,977)	(7,209)

## WAGMATCOOK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

### 17 SEGMENT DISCLOSURE

	Health		Housing		Other	
	Budget 2014	Actual 2014	Budget 2014	Actual 2014	Budget 2014	Actual 2014
<b>REVENUES</b>						
Federal government operating transfers	\$ 1,254,323	\$ 1,170,809	\$ 1,145,339	\$ 322,589	\$ 108,234	\$ 301,752
Federal government capital transfers	—	—	150,574	—	219,068	105,400
Provincial government operating transfers	—	—	—	—	—	100,000
Mikmaq Kina'maineway	—	—	—	—	—	122,378
Economic activities	—	—	75,000	195,000	78,440	9,977,200
Other revenue	1,254,323	1,170,809	1,370,913	517,589	427,792	523,295
					10,829,268	10,949,181
<b>EXPENSES</b>						
Salaries and benefits	500,000	515,363	498,068	62,000	83,801	72,445
Debt servicing	—	—	—	76,000	80,778	108,320
Other expenses	790,000	647,229	928,840	634,669	418,348	446,352
	1,290,000	1,162,612	1,427,908	772,669	582,927	628,117
					9,508,447	10,082,127
Balance before amortization and other	(35,677)	8,197	(56,985)	(255,100)	(155,135)	(104,822)
Amortization	—	(52,832)	(52,934)	—	(186,038)	—
Consolidation revenue entries	—	—	(75,000)	(36,000)	—	(439,046)
Consolidation expense entries	—	20,000	20,000	20,000	—	(162,339)
					166,000	478,150
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ (35,677)</b>	<b>\$ (24,735)</b>	<b>\$ (184,929)</b>	<b>\$ (271,100)</b>	<b>\$ (213,029)</b>	<b>\$ (280,858)</b>
					<b>\$ 1,458,811</b>	<b>\$ 743,817</b>
						<b>\$ 523,152</b>

## WAGMATCOOK FIRST NATION

Notes to Consolidated Financial Statements | Page

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17 SEGMENT DESCRIPTIVE

# WAGMATCOOK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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## 18. EXPENSES BY OBJECT

The following is a summary of expenses by object.

	2014	2013
Salaries and wages	\$ 5,422,402	\$ 5,165,188
Employee benefits	453,306	407,392
Staff development	155,522	209,162
Supplies and services	1,223,299	1,176,387
Interest	265,132	244,786
Cost of sales for economic activities	6,437,268	6,552,790
Professional services	226,633	155,295
Rental expenditures	31,236	120,376
Fees and contract services	3,159,101	1,292,776
Other	1,413,138	5,422,472
Amortization	1,259,999	1,251,058
	<hr/> \$ 20,047,036	<hr/> \$ 21,997,682

## 19. RETIREMENT PLAN

Wagmatcook First Nation provides a voluntary defined contribution RPP and a group RRSP for eligible employees. As part of this plan, the Wagmatcook First Nation matches employee contributions to the specified limit. The employer's portion for the years ended March 31, 2014 and 2013 was \$100,730 and \$103,221 respectively.

## 20. ECONOMIC DEPENDENCE

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

## 21. COMPARATIVE FIGURES

Certain 2013 comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year

# **WAGMATCOOK FIRST NATION**

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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## **22. CONTINGENCIES**

The Wagmatcook First Nation has entered into contribution agreements with various federal government departments. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements.

## **23. FINANCIAL INSTRUMENTS**

The First Nation is exposed to various risks through its financial instruments and includes the following significant risks at March 31, 2014.

### **Credit risk**

The First Nation's credit risk results from trade accounts receivable and receivables from other levels of government.

The First Nation extends credit to members and also receives rebates from various sources. When required, the First Nation records an allowance for doubtful accounts for items where collection is no longer assured.

Amounts owing from other levels of government are based on funding agreements and subject to review by the applicable government body.

The First Nation is not exposed to significant concentration risk

### **Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The First Nation's interest rate risk arises from long-term borrowings at a fixed rate that creates fair value interest rate risk. Changes in market interest rates cause the fair value of long-term debt with fixed interest rates to fluctuate but do not affect the statement of operations, as the First Nation's debt is carried at amortized cost and the carrying value does not change as interest rates change.

### **Liquidity risk**

Liquidity risk is the risk that the First Nation will encounter difficulty in meeting obligations associated with financial liabilities. The First Nation manages this risk through preparing budgets and by monitoring forecasted and actual cash flows.

The First Nation's future obligations with respect to debt repayments are disclosed in note 14.

# WAGMATCOOK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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## 24. ACCUMULATED SURPLUS

	2014	2013
Operating Fund	\$ 4,446	\$ 303,963
Capital Fund	32,418,768	29,915,708
Trust Fund	50,977	49,717
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	\$ 32,474,191	\$ 30,269,388

## 25. BUDGETED FIGURES

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by Chief and Council.