

Consolidated Financial Statements of

# **WAGMATCOOK FIRST NATION**

Year ended March 31, 2016

# WAGMATCOOK FIRST NATION

## Consolidated Financial Statements

Year ended March 31, 2016

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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, 2016 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 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 auditors' 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the 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 Wagmatcook First Nation as at March 31, 2016 and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

Chartered Accountants  
Sydney, Canada  
June 30, 2016

# WAGMATCOOK FIRST NATION

## Consolidated Statement of Financial Position


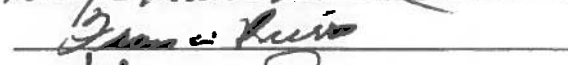


March 31, 2016, with comparative figures for 2015


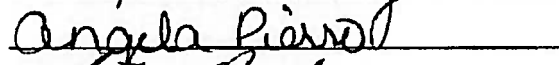
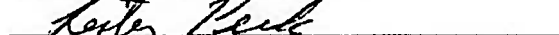
	2016	2015
<b>FINANCIAL ASSETS</b>		
Cash (note 2)	\$ 267,598	\$ 221,276
Investments (note 3)	31,527	193,864
Accounts receivable (note 4)	389,898	256,630
Inventories for resale (note 5)	154,097	191,706
Due from federal government (note 6)	812,088	745,571
Due from provincial government (note 7)	109,755	136,176
Trust funds – Indigenous and Northern Affairs Canada (note 9)	19,281	110,061
	1,784,244	1,855,284
<b>FINANCIAL LIABILITIES</b>		
Cheques issued in excess of funds on deposit (note 2)	1,697,212	1,455,500
Operating loans (note 10)	810,136	1,301,243
Accounts payable and accrued liabilities (note 11)	2,255,335	1,818,615
Deferred revenue (note 12)	642,433	602,508
Long-term debt (note 13)	3,752,879	3,773,992
	9,157,995	8,951,858
<b>NET DEBT</b>	<b>(7,373,751)</b>	<b>(7,096,574)</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 14)	40,269,316	39,514,169
Inventories held for use and prepaid expenses	161,134	167,343
	40,430,450	39,681,512
<b>ACCUMULATED SURPLUS</b>	<b>\$ 33,056,699</b>	<b>\$ 32,584,938</b>

Contingencies (note 21)

See accompanying notes to consolidated financial statements.

On behalf of Wagmatcook Band Council:

# WAGMATCOOK FIRST NATION

## Consolidated Statement of Operations

Year ended March 31, 2016, with comparative figures for 2015

	2016		2015
	Budget (unaudited)	Actual	Actual
<b>REVENUES</b>			
Federal Government			
Indigenous and Northern Affairs			
Canada	\$ 5,047,145	\$ 4,712,519	\$ 4,112,821
Mikmaw Kina'matnewey	2,944,384	3,085,901	2,836,553
Health Canada	1,306,729	1,390,088	1,401,340
Fisheries and Oceans Canada	171,000	371,000	541,000
Human Resources and Social			
Development Canada	282,013	282,013	282,013
Canada Mortgage and Housing Corporation	188,956	173,995	116,278
Heritage Canada	—	18,750	—
Environment Canada	—	3,500	—
Other governments	150,000	98,835	193,638
Economic activities	11,419,768	11,154,116	10,913,340
Interest, rent and other	334,906	396,508	314,450
	21,844,901	21,687,225	20,711,433
<b>EXPENSES</b>			
Governance	1,475,186	1,488,164	1,551,240
Economic and employment development	412,748	433,872	324,613
Operations and maintenance	800,440	1,186,297	1,226,068
Social development	2,382,964	2,389,755	2,456,594
Education	3,282,419	3,423,959	3,598,782
Capital	1,279,905	83,997	135,551
Housing	704,240	634,605	500,397
Health program	1,292,938	1,528,224	1,273,767
Fisheries – treaty	170,900	175,335	185,683
Fisheries – commercial	2,372,491	2,478,750	2,432,833
Wagmatcook Gas Bar	3,745,155	3,478,682	3,727,377
Gaming	521,716	476,989	473,293
Enterprise, Heritage and Community			
Complex	1,551,529	1,445,526	1,479,203
Tobacco	1,852,270	1,902,319	1,866,944
	21,844,901	21,126,474	21,232,345
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ —</b>	<b>\$ 560,751</b>	<b>\$ (520,912)</b>

See accompanying notes to consolidated financial statements.

# WAGMATCOOK FIRST NATION

## Consolidated Statement of Change in Fund Balances

Year ended March 31, 2016, with comparative figures for 2015

	2016					2015	
	Operating	Capital	Trust	Housing Replacement	Equipment Replacement	Sewer Equity	Total
<b>BALANCE, BEGINNING OF YEAR</b>	\$ (266,283)	\$ 32,035,494	\$ 110,061	\$ 404,386	\$ 200,000	\$ 101,280	\$ 32,584,938
Annual surplus (deficit)	73,018	658,093	-	-	(200,000)	29,640	560,751
External contribution	-	-	16,000	-	-	-	16,000
Current year allocations	(112,613)	-	-	37,613	75,000	-	-
Withdrawals	119,722	-	(107,000)	(44,722)	(75,000)	-	(107,000)
Adjustment for matured units	65,334	-	-	(65,334)	-	-	-
Interest earned	-	-	220	1,790	-	-	2,010
<b>BALANCE, END OF YEAR</b>	<b>\$ (120,822)</b>	<b>\$ 32,693,587</b>	<b>\$ 19,281</b>	<b>\$ 333,733</b>	<b>\$ -</b>	<b>\$ 130,920</b>	<b>\$ 33,056,699</b>
							<b>\$ 32,584,938</b>

# WAGMATCOOK FIRST NATION

## Consolidated Statement of Change in Net Debt

Year ended March 31, 2016, with comparative figures for 2015

	2016	2015
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ 560,751</b>	<b>\$ (520,912)</b>
Tangible capital assets		
Net acquisition of tangible capital assets	(2,158,079)	(1,625,764)
Amortization of tangible capital assets	1,393,627	1,373,177
Proceeds on disposal of assets	100,100	75,000
Gain on sale of assets	(90,795)	(65,451)
	(755,147)	(243,038)
Other non-financial assets		
Decrease (increase) in inventories held for use and prepaid expenses	6,209	(37,719)
Other		
Interest earned	2,010	9,388
External contributions to restricted funds	16,000	52,000
Withdrawals from reserves	(107,000)	--
	(88,990)	61,388
<b>INCREASE IN NET DEBT</b>	<b>(277,177)</b>	<b>(740,281)</b>
<b>NET DEBT, BEGINNING OF YEAR</b>	<b>(7,096,574)</b>	<b>(6,356,293)</b>
<b>NET DEBT, END OF YEAR</b>	<b>\$ (7,373,751)</b>	<b>\$ (7,096,574)</b>

See accompanying notes to consolidated financial statements.

# WAGMATCOOK FIRST NATION

## Consolidated Statement of Cash Flows

Year ended March 31, 2016, with comparative figures for 2015

	2016	2015
Cash provided by (used in)		
<b>OPERATING ACTIVITIES</b>		
Annual surplus (deficit)	\$ 560,751	\$ (520,912)
Items not involving cash		
Amortization of tangible capital assets	1,393,627	1,373,177
Gain on disposal of vessel	(90,795)	(65,451)
	1,863,583	786,814
Change in non-cash items		
Decrease (increase) in accounts receivable	(133,268)	511,456
Decrease in inventories for resale	37,609	2,844
Decrease (increase) in due from federal government	(66,517)	848,041
Decrease (increase) in due from provincial government	26,421	(8,319)
Decrease (increase) in inventories held for use and prepaid expenses	6,209	(37,719)
Increase (decrease) in accounts payable and accrued liabilities	436,720	(385,966)
Increase in deferred revenue	39,925	114,346
	347,099	1,044,683
<b>FINANCING ACTIVITIES</b>		
Repayments of bank loans	(491,107)	(1,575,421)
Issuance of long-term debt	366,662	992,212
Principal payments on long-term debt	(388,534)	(253,218)
Interest on mortgage advances	759	—
	(512,220)	(836,427)
<b>INVESTING ACTIVITIES</b>		
Additions to tangible capital assets	(2,158,079)	(1,625,764)
Decrease in investments	162,337	749,103
Increase in trust funds	18,010	61,388
Decrease in trust funds	(107,000)	—
Proceeds on disposal of assets	100,100	75,000
Decrease in investment in government business enterprise	—	61,528
	(1,984,632)	(678,745)
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(286,170)</b>	<b>316,325</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>(1,124,163)</b>	<b>(1,440,488)</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$(1,410,333)</b>	<b>\$(1,124,163)</b>
<b>Cash and cash equivalents are comprised of the following</b>		
Cash	\$ 267,598	\$ 221,276
Trust funds – Indigenous and Northern Affairs Canada	19,281	110,061
Cheques issued in excess of funds on deposit	(1,697,212)	(1,455,500)
	\$(1,410,333)	\$(1,124,163)

See accompanying notes to consolidated financial statements.



# WAGMATCOOK FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2016

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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, 2016

## 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, 2016

## 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, 2016

## 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

	2016	2015
Externally restricted Replacement	\$ 267,598	\$ 221,276
Cheques issued in excess of funds on deposit	\$ 1,697,212	\$ 1,455,500
Trust funds – Indigenous and Northern Affairs Canada	\$ 19,281	\$ 110,061

## 3. INVESTMENTS

	2016	2015
TD – Guaranteed Investment Certificate, maturing December, 2016	\$ 31,527	\$ 31,247
TD – Guaranteed Investment Certificate, maturing during year	–	162,617
	\$ 31,527	\$ 193,864

# WAGMATCOOK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

## 4. ACCOUNTS RECEIVABLE

	2016	2015
Employees	\$ 244,172	\$ 239,993
Members	141,597	139,408
Ultramar fuel rebate and credit	25,265	30,038
Lottery retailers	32,996	32,996
Accrued interest	905	608
Other	244,853	191,705
Nova Scotia Community College	80,757	—
	770,545	634,748
Allowance for doubtful accounts	(380,647)	(378,118)
	\$ 389,898	\$ 256,630

## 5. INVENTORIES FOR RESALE

	2016	2015
Gas bar	\$ 97,633	\$ 112,914
Gift shop	21,287	35,835
Tobacco shop	22,034	24,579
Cleanwave Restaurant	13,143	18,378
	\$ 154,097	\$ 191,706

## 6. DUE FROM FEDERAL GOVERNMENT

	2016	2015
Indigenous and Northern Affairs Canada	\$ 368,049	\$ 404,251
Human Resources and Social Development Canada	70,504	141,007
Fisheries and Oceans Canada	217,100	117,100
Canada Mortgage and Housing Corporation	25,800	49,798
Health Canada	17,694	26,165
Mi'kmaw Kina'matnewey	54,927	7,250
Other	58,014	—
	\$ 812,088	\$ 745,571

# WAGMATCOOK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

## 7. DUE FROM PROVINCIAL GOVERNMENT

	2016	2015
Nova Scotia Gaming Commission	\$ 107,000	\$ 128,432
Province of Nova Scotia	2,755	7,744
	<u>\$ 109,755</u>	<u>\$ 136,176</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 1c) 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.

## 10. OPERATING LOANS

The operating 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 \$31,527.

	2016	2015
TD Bank		
Demand loan repayable in monthly installments of \$17,959 plus interest at prime plus 1.25%	\$ 610,619	\$ 826,132
Demand loan with no fixed terms of repayment with interest charged at prime plus 1.25%	128,889	161,111
Demand loan with no fixed terms of repayment with interest charged at prime plus 1.25%	70,628	—
Repaid during the year	—	314,000
	<u>\$ 810,136</u>	<u>\$ 1,301,243</u>

# WAGMATCOOK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

## 10. OPERATING LOANS (CONTINUED)

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

2017	\$ 215,500
2018	215,500
2019	179,619

## 11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2016	2015
Trade payables	\$ 1,436,001	\$ 1,243,085
Government remittances payable	433,605	154,853
Harmonized sales tax payable	157,785	64,210
Other accrued liabilities	111,333	135,805
Accrued salaries and employee benefits payable	106,252	199,915
Province of Nova Scotia	10,359	20,747
	<b>\$ 2,255,335</b>	<b>\$ 1,818,615</b>

## 12. DEFERRED REVENUE

	Balance March 31, 2015	Funding received 2016	Revenue recognized 2016	Balance March 31, 2016
Federal government				
Health Canada				
Health Services Integration				
Fund	\$ 407,991	\$ 149,440	\$ 365,877	\$ 191,554
Indigenous and Northern Affairs				
Canada – Community Infrastructure				
Local roads and bridges	–	1,000,000	729,016	270,984
Wastewater – lagoon	161,903	–	–	161,903
	569,894	1,149,440	1,094,893	624,441
Other	32,614	–	14,622	17,992
	<b>\$ 602,508</b>	<b>\$ 1,149,440</b>	<b>\$ 1,109,515</b>	<b>\$ 642,433</b>

# WAGMATCOOK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

## 13. LONG-TERM DEBT

	2016	2015
<b>Social Housing</b>		
TD Bank		
Mortgage repayable in monthly instalments of \$955 including interest at 4.04% over a 5 year term ending March 1, 2017	\$ 59,554	\$ 68,438
Mortgage repayable in monthly instalments of \$679 including interest at 4.04% over a 5 year term ending April 1, 2017	69,735	74,973
Mortgage repayable in monthly instalments of \$921 including interest at 3.00% over a 5 year term ending December 1, 2017	67,499	76,394
Mortgage repayable in monthly instalments of \$409 including interest at 2.99% over a 5 year term ending February 1, 2018	30,959	34,880
Mortgage repayable in monthly instalments of \$735 including interest at 2.99% over a 5 year term ending March 1, 2018	88,989	95,070
Mortgage repayable in monthly instalments of \$1,597 including interest at 2.79% over a 5 year term ending April 1, 2018	256,560	268,430
Mortgage repayable in monthly instalments of \$531 including interest at 2.79% over a 5 year term ending April 1, 2018	85,473	89,428
Mortgage repayable in monthly instalments of \$532 including interest at 2.79% over a 5 year term ending April 1, 2018	85,364	89,314
Mortgage repayable in monthly instalments of \$681 including interest at 2.99% over a 5 year term ending July 1, 2019	60,219	66,494
Mortgage repayable in monthly instalments of \$729 including interest at 3.04% over a 5 year term ending April 1, 2019	25,722	33,564
	<b>830,074</b>	<b>896,985</b>



# WAGMATCOOK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

## 13. LONG-TERM DEBT (CONTINUED)

	2016	2015
Carry forward	\$ 830,074	\$ 896,985
TD Bank (continued)		
Mortgage repayable in monthly instalments of \$2,088 including interest at 3.75% over a 5 year term ending April 1, 2016	114,216	134,608
Mortgage repayable in monthly instalments of \$554 including interest at 3.85% over a 5 year term ending May 1, 2016	56,081	60,501
Mortgage repayable in monthly instalments of \$778 including interest at 3.75% over a 5 year term ending June 1, 2016	101,310	106,767
Mortgage repayable in monthly instalments of \$1,166 including interest at 3.60% over a 5 year term ending August 1, 2016	165,642	173,558
CMHC		
Mortgage payable in monthly instalments of \$689 including interest at 1.82% over a 5 year term ending September 1, 2019	129,950	135,805
Mortgage payable in monthly instalments of \$524 including interest at 2.97% over a 5 year term ending April 1, 2016	94,925	98,353
Mortgage payable in monthly instalments of \$461 including interest at 2.65% over a 5 year term ending April 1, 2016	86,347	89,563
Mortgage payable in monthly instalments of \$472 including interest at 1.65% over a 5 year term ending September 1, 2016	98,554	102,561
Mortgage repayable in monthly instalments of \$412 including interest at 1.65% over a 5 year term ending June 1, 2017	29,368	33,792
Mortgage payable in monthly instalments of \$474 including interest at 1.69% over a 5 year term ending February 1, 2018	104,259	108,156
	1,810,726	1,940,649

# WAGMATCOOK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

## 13. LONG-TERM DEBT (CONTINUED)

	2016	2015
Carry forward	\$ 1,810,726	\$ 1,940,649
CMHC (continued)		
Mortgage payable in monthly instalments of \$693 including interest at 1.69% over a 5 year term ending February 1, 2018	152,211	158,127
Mortgage payable in monthly instalments of \$474 including interest at 1.69% over a 5 year term ending February 1, 2018	104,259	108,156
Mortgage payable in monthly instalments of \$1,110 including interest at 1.67% over a 5 year term ending January 1, 2020	261,843	270,713
Mortgage payable in monthly instalments of \$473 including interest at 1.67% over a 5 year term ending January 1, 2020	111,683	115,466
Mortgage advance on assets in progress	367,421	—
Repaid during the year	—	8,727
Social housing	2,808,143	2,601,838
<b>Capital Fund</b>		
TD Bank		
Mortgage repayable in monthly instalments of \$1,184 including interest at 2.99% over a 5 year term ending August 1, 2019	105,712	116,607
Demand loan repayable in monthly installments of \$11,283 plus interest at prime plus 1.25%	530,317	677,000
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	308,707	378,547
Capital fund	944,736	1,172,154
	<b>\$ 3,752,879</b>	<b>\$ 3,773,992</b>

# WAGMATCOOK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

## 13. LONG-TERM DEBT (CONTINUED)

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

2017	\$ 1,066,400
2018	778,600
2019	877,400
2020	336,500
2021	71,700

Principal payments include the remaining principal due at date of maturity of term.

## 14. TANGIBLE CAPITAL ASSETS

	Cost				
	Opening Balance	Additions	Disposals	Transfer of assets	Closing Balance
Land	\$ 15,391	\$ 20,268	\$ —	\$ —	\$ 35,659
Buildings					
Heritage and Cultural Centre	3,225,178	51,613	—	—	3,276,791
First Nation housing	2,068,500	—	—	—	2,068,500
Wharf and buildings	1,745,633	—	—	—	1,745,633
Other buildings	101,168	200,121	—	—	301,289
Gas Bar	1,618,665	—	—	—	1,618,665
Health Centre	2,097,645	—	—	—	2,097,645
New school	8,814,848	—	—	—	8,814,848
NSCC Learning Centre	3,193,471	—	—	—	3,193,471
Equipment					
Heritage and Cultural Centre	819,596	—	—	—	819,596
Fire equipment	249,543	—	—	—	249,543
Fishing vessels	1,993,979	271,373	(139,575)	422,360	2,548,137
Fishing equipment	60,317	—	—	—	60,317
Health Centre	54,334	—	—	—	54,334
School equipment and buses	216,386	—	—	—	216,386
Other					
Lagoon and water systems	10,701,180	—	—	—	10,701,180
Fishing licence	3,099,500	300,000	—	—	3,399,500
Wharf	2,764,350	—	—	—	2,764,350
Fire hydrants, roads	707,612	—	—	—	707,612
Social housing					
Land	145,200	—	—	—	145,200
Housing	6,544,881	—	—	—	6,544,881
Equipment	108,270	—	—	—	108,270
Work in progress	593,979	1,314,704	—	(422,360)	1,486,323
Total	\$ 50,939,626	\$ 2,158,079	\$ (139,575)	\$ —	\$ 52,958,130

# WAGMATCOOK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

## 14. TANGIBLE CAPITAL ASSETS (CONTINUED)

	Accumulated amortization				Net book value	
	Opening Balance	Amortization	Disposals, write-offs and other adjustments	Closing Balance	Total 2016	Total 2015
<b>Tangible assets</b>						
Land	\$ —	\$ —	\$ —	\$ —	\$ 35,659	\$ 15,391
<b>Buildings</b>						
Heritage and Cultural Centre	1,136,002	81,918	—	1,217,920	2,058,871	2,089,176
First Nation housing	1,076,978	51,714	—	1,128,692	939,808	991,522
Wharf and buildings	520,120	43,640	—	563,760	1,181,873	1,225,513
Other buildings	27,975	7,532	—	35,507	265,782	73,193
Gas Bar	432,782	40,466	—	473,248	1,145,417	1,185,883
Health Centre	452,375	52,439	—	504,814	1,592,831	1,645,270
New school	673,234	220,371	—	893,605	7,921,243	8,141,614
NSCC Learning Centre	79,836	79,836	—	159,672	3,033,799	3,113,635
<b>Equipment</b>						
Heritage and Cultural Centre	741,610	38,992	—	780,602	38,994	77,986
Fire equipment	174,679	24,954	—	199,633	49,910	74,864
Fishing vessels	1,551,568	190,847	(130,270)	1,612,145	935,992	442,411
Fishing equipment	60,317	—	—	60,317	—	—
Health Centre	21,732	5,433	—	27,165	27,169	32,602
School equipment and buses	127,748	43,576	—	171,324	45,062	88,638
<b>Other</b>						
Lagoon and water systems	1,745,817	267,530	—	2,013,347	8,687,833	8,955,363
Fishing licence	—	—	—	—	3,399,500	3,099,500
Wharf	969,270	69,109	—	1,038,379	1,725,971	1,795,080
Fire hydrants, roads	124,283	14,153	—	138,436	569,176	583,329
<b>Social housing</b>						
Land	—	—	—	—	145,200	145,200
Housing	1,442,396	159,154	—	1,601,550	4,943,331	5,102,485
Equipment	66,735	1,963	—	68,698	39,572	41,535
Work in progress	—	—	—	—	1,486,323	593,979
<b>Total</b>	<b>\$11,425,457</b>	<b>\$ 1,393,627</b>	<b>\$(130,270)</b>	<b>\$12,688,814</b>	<b>\$ 40,269,316</b>	<b>\$ 39,514,169</b>

# WAGMATCOOK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

## 15. GOVERNMENT TRANSFERS

	2016			2015		
	Operating	Capital	Total	Operating	Capital	Total
Federal government transfers						
Indigenous and Northern Affairs Canada	\$ 3,754,716	\$ 957,803	\$ 4,712,519	\$ 3,885,916	\$ 226,905	\$ 4,112,821
Mi'kmaq Kina'matnewey	2,885,901	200,000	3,085,901	2,836,553	—	2,836,553
Health Canada	1,390,088	—	1,390,088	1,205,526	195,814	1,401,340
Fisheries and Oceans Canada	171,000	200,000	371,000	171,000	370,000	541,000
Human Resources and Social Development Canada	282,013	—	282,013	282,013	—	282,013
Canada Mortgage and Housing Corporation	173,995	—	173,995	116,278	—	116,278
Heritage Canada	18,750	—	18,750	—	—	—
Environment Canada	3,500	—	3,500	—	—	—
Total	8,679,963	1,357,803	10,037,766	8,497,286	792,719	9,290,005
Provincial government transfers	98,835	—	98,835	193,638	—	193,638
	\$ 8,778,798	\$ 1,357,803	\$10,136,601	\$ 8,690,924	\$ 792,719	\$ 9,483,643

# WAGMATCOOK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

## 16. SEGMENT DISCLOSURE

	Band Government		Economic Development		Operations and Maintenance	
	Budget 2016	Actual 2016	Budget 2016	Actual 2016	Budget 2016	Actual 2015
<b>REVENUES</b>						
Federal government operating transfers	\$ 492,646	\$ 520,446	\$ 382,014	\$ 435,742	\$ 595,440	\$ 586,004
Federal government capital transfers	—	—	—	—	—	—
Provincial government operating transfers	—	—	—	—	—	—
Mi'kmaq Kina'matnewey	—	—	—	—	—	—
Economic activities	107,000	107,000	—	65,699	—	—
Other revenue	250,000	306,009	—	4,000	—	—
	849,646	933,455	382,014	501,441	595,440	586,004
<b>EXPENSES</b>						
Salaries and benefits	1,013,686	908,643	103,735	144,283	151,098	137,219
Debt servicing	65,000	70,261	—	—	—	—
Other expenses	396,500	425,060	309,013	289,589	649,342	656,044
	1,475,186	1,403,964	412,748	433,872	800,440	793,263
Balance before amortization and other	(625,540)	(470,509)	(30,734)	67,569	(205,000)	(207,259)
Amortization	—	(84,200)	—	—	—	(432,805)
Consolidation revenue entries	(180,000)	(180,000)	—	—	—	—
Consolidation expense entries	—	—	—	—	—	—
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ (805,540)</b>	<b>\$ (734,709)</b>	<b>\$ (30,734)</b>	<b>\$ 67,569</b>	<b>\$ (205,000)</b>	<b>\$ (640,064)</b>

# WAGMATCOOK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

## 16. SEGMENT DISCLOSURE

	Social Development		Education		Capital	
	Budget 2016	Actual 2016	Budget 2016	Actual 2016	Budget 2016	Actual 2016
<b>REVENUES</b>						
Federal government operating transfers	\$ 2,569,431	\$ 2,569,431	\$ 10,840	\$ 10,840	\$ —	\$ 90,100
Federal government capital transfers	—	—	—	—	1,228,787	—
Provincial government operating transfers	—	—	—	—	—	—
Mi'kmaq Kina'matnewey	—	—	2,944,384	3,085,901	—	—
Economic activities	—	—	87,421	133,971	—	—
Other revenue	—	—	—	32,979	100,100	198,843
	2,569,431	2,569,431	3,042,645	3,263,691	1,328,887	288,943
<b>EXPENSES</b>						
Salaries and benefits	196,570	194,250	2,044,331	2,204,524	—	82,174
Debt servicing	—	—	80,000	59,260	—	—
Other expenses	2,206,394	2,215,505	1,178,088	836,392	1,279,905	442,634
	2,402,964	2,409,755	3,302,419	3,100,176	1,279,905	524,808
Balance before amortization and other	166,467	159,676	(259,774)	163,515	48,982	(235,865)
Amortization	—	—	—	(343,783)	—	—
Consolidation revenue entries	(187,209)	79,453	101,000	(385,869)	—	46,481
Consolidation expense entries	20,000	20,000	20,000	20,000	—	389,257
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ (742)	\$ 259,129	\$ (138,774)	\$ (160,268)	\$ 48,982	\$ 199,873

# WAGMATCOOK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

## 16. SEGMENT DISCLOSURE

	Health		Housing		Other	
	Budget 2016	Actual 2016	Budget 2016	Actual 2016	Budget 2016	Actual 2015
<b>REVENUES</b>						
Federal government operating transfers	\$ 1,356,729	\$ 1,440,088	\$ 188,956	\$ 142,395	\$ 171,000	\$ 171,000
Federal government capital transfers	—	—	—	228,787	—	370,000
Provincial government operating transfers	20,000	—	—	—	130,000	125,638
Mi'kmaq Kina'matnewey	—	—	—	—	—	—
Economic activities	—	62,857	—	—	11,155,247	10,670,696
Other revenue	—	—	77,894	79,453	187,012	102,219
	1,376,729	1,502,945	266,850	450,635	11,643,259	11,439,553
<b>EXPENSES</b>						
Salaries and benefits	622,256	632,434	88,268	127,267	1,720,671	1,803,756
Debt servicing	—	—	198,972	69,464	130,412	44,269
Other expenses	690,682	857,918	437,000	437,874	8,622,978	8,082,599
	1,312,938	1,490,352	724,240	634,605	10,474,061	9,930,624
Balance before amortization and other	63,791	12,593	(457,390)	(183,970)	1,169,198	1,508,929
Amortization	—	(57,872)	—	—	—	(417,434)
Consolidation revenue entries	86,209	—	—	(79,453)	(30,000)	(80,000)
Consolidation expense entries	20,000	20,000	20,000	—	260,000	182,725
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ 170,000</b>	<b>\$ (25,279)</b>	<b>\$ (437,390)</b>	<b>\$ (263,423)</b>	<b>\$ 1,399,198</b>	<b>\$ 1,194,220</b>



# WAGMATCOOK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

## 16. SEGMENT DISCLOSURE

	Total before Adjustments		Consolidation Adjustments		Consolidation Total	
	Budget 2016	Actual 2016	Budget 2016	Actual 2016	Budget 2016	Actual 2016
<b>REVENUES</b>						
Federal government operating transfers	\$ 5,767,056	\$ 5,794,062	\$ -	\$ -	\$ 5,767,056	\$ 5,794,062
Federal government capital transfers	1,228,787	1,157,803	-	-	1,228,787	1,157,803
Provincial government operating transfers	150,000	98,835	-	-	150,000	98,835
Mi'kmaq Kina'matnewey	2,944,384	3,085,901	-	-	2,944,384	3,085,901
Economic activities	11,449,768	11,184,116	(30,000)	(30,000)	11,419,768	11,154,116
Other revenue	514,906	523,045	(180,000)	(126,537)	334,906	396,508
	22,054,901	21,843,762	(210,000)	(156,537)	21,844,901	21,687,225
		20,924,952		(213,519)		20,711,433
<b>EXPENSES</b>						
Salaries and benefits	5,940,615	6,327,472	-	-	5,940,615	6,327,472
Debt servicing	474,384	229,295	-	-	474,384	229,295
Other expenses	15,769,902	14,995,803	(340,000)	(1,819,723)	15,429,902	13,176,080
	22,184,901	21,552,570	(340,000)	(1,819,723)	21,844,901	19,732,847
Balance before amortization and other	(130,000)	291,192	130,000	1,663,186	-	1,954,378
Amortization	-	(1,393,627)	-	-	-	(1,393,627)
Consolidation revenue entries	(210,000)	(156,537)	210,000	156,537	-	-
Consolidation expense entries	340,000	1,819,723	(340,000)	(1,819,723)	-	-
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ -</b>	<b>\$ 560,751</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 560,751</b>
		<b>\$ (520,912)</b>				<b>\$ (520,912)</b>

# WAGMATCOOK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

## 17. EXPENSES BY OBJECT

The following is a summary of expenses by object.

	2016	2015
Salaries and wages	\$ 6,327,472	\$ 6,161,670
Staff development	230,654	194,062
Supplies and services	1,723,097	1,238,407
Interest	229,295	251,997
Cost of sales for economic activities	6,323,047	6,645,593
Professional services	186,317	175,122
Rental expenditures	30,400	33,958
Fees and contract services	1,764,644	1,121,430
Other	2,917,921	4,036,929
Amortization	1,393,627	1,373,177
	<u>\$ 21,126,474</u>	<u>\$ 21,232,345</u>

## 18. 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, 2016 and 2015 was \$99,344 and \$103,890 respectively.

## 19. ECONOMIC DEPENDENCE

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

## 20. COMPARATIVE FIGURES

Certain 2015 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, 2016

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## 21. 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.

## 22. FINANCIAL INSTRUMENTS

The First Nation is exposed to various risks through its financial instruments and includes the following significant risks at March 31, 2016.

### **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 notes 10 and 13.

# **WAGMATCOOK FIRST NATION**

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

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## **23. BUDGETED FIGURES**

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