



Consolidated Financial Statements

We'koqma'q First Nation

March 31, 2016

Independent Auditor's Report

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To the Chief and Councillors of the

We'koqma'q First Nation

We have audited the accompanying consolidated financial statements of the We'koqma'q First Nation (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2016, and the consolidated statements of operations, changes in net debt, and cash flows the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

The First Nation's management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the First Nation's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the First Nation's management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the We'koqma'q First Nation as at March 31, 2016, and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Emphasis of matter

We draw attention to Note 2 to the financial statements which describe the restatement of a prior period.

Other matters

Without modifying our opinion, we note that the comparative balances of We'koqma'q First Nation at March 31, 2015, and for the year then ended were audited by another auditor, who expressed an unqualified opinion on those consolidated financial statements dated August 31, 2015.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The schedules included on Pages 23 to 39 are presented for purposes of additional information and are not a required part of the consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion, on the audit of the consolidated financial statements taken as a whole

Sydney, Canada

August 24, 2016

Grant Thornton LLP
Chartered Professional Accountants

We'koqma'q First Nation

Consolidated statement of operations

Year ended March 31 Schedule Budget **2016** 2015
(Restated
Note 2)

Revenues				
Indigenous and Northern Affairs Canada	B	\$ 4,311,333	\$ 5,131,082	\$ 4,653,725
Grants – other	D/F/G/H/J/P	-	731,737	801,656
Mi'kmaw Kina'matnewey	E/P	4,778,297	4,883,287	4,708,242
Province of Nova Scotia - Education	E	-	88,371	39,275
Grant – education	E	6,000	28,188	39,168
Department of Fisheries and Oceans	H	278,600	345,483	528,041
Commercial fishing	H	4,357,602	2,609,534	2,271,858
Mi'kmaq Employment Training Secretariat	I	349,010	347,532	349,005
Grants – special	I	-	9,000	11,200
Canada Mortgage and Housing Corporation	J	-	-	32,000
Health Canada Programs	K	1,035,506	1,243,508	1,070,661
Health funding - other	K	95,000	-	81,884
Nova Scotia Health Authority	K	70,000	127,372	60,903
Miscellaneous	L	40,764	368,215	77,301
Housing	M	620,000	655,093	660,757
Province of Nova Scotia - Gaming	N	124,540	124,540	147,233
Commercial enterprises	O	12,528,791	12,996,742	12,518,169
Memberships	Q	26,000	21,656	30,995
Security revenue	R	568,400	821,296	307,347
		29,189,843	30,532,636	28,389,420
Expenses				
Social development	C	2,592,798	3,683,398	3,737,586
Band government	D	2,484,703	1,216,380	1,382,365
Education	E	4,581,133	6,147,236	5,571,611
Operations and maintenance	F	766,330	787,948	959,807
Economic development	G	75,000	148,669	216,215
Fishery	H	2,816,478	2,079,569	2,154,072
Employment development	I	537,442	558,749	723,105
Capital	J	545,000	620,886	640,300
Health Canada programs	K	1,223,506	1,438,194	1,380,166
Miscellaneous	L	7,800	-	-
Housing	M	204,539	711,691	749,606
Commercial enterprises	O	11,441,890	11,201,456	11,233,989
Summer games	P	-	69,238	126,489
Recreation	Q	76,400	97,984	98,912
Security	R	437,150	938,312	451,327
		27,790,169	29,699,711	29,425,550
Excess (deficiency) of revenues over expenses		\$ 1,399,674	\$ 832,925	\$ (1,036,130)
Accumulated surplus, beginning of year, as previously stated			14,580,139	15,616,269
Prior period adjustment (Note 2)			(1,451,754)	(1,451,754)
Accumulated surplus, beginning of year, as restated			13,128,385	14,164,515
Accumulated surplus, ending balance (Note 15)			\$ 13,961,310	\$ 13,128,385

See accompanying notes to the consolidated financial statements.

We'koqma'q First Nation

Consolidated statement of financial position

March 31

2016

2015
(Restated
Note 2)

Financial assets

Receivables (Note 3)	\$ 1,311,283	\$ 1,634,728
Restricted cash (Note 4)	<u>33,974</u>	<u>33,281</u>
	<u>1,345,257</u>	<u>1,668,009</u>

Financial liabilities

Bank indebtedness (Note 5)	677,226	795,326
Payables and accruals (Note 6)	2,832,551	2,964,654
HST payable (Note 7)	1,605,212	1,777,961
Deferred revenue (Note 8)	573,073	912,017
Long-term debt (Note 9)	<u>15,359,511</u>	<u>14,844,875</u>
	<u>21,047,573</u>	<u>21,294,833</u>

Net debt (Page 6) (19,702,316) (19,626,824)

Non-financial assets

Inventory (Note 10)	445,113	146,116
Prepays	69,588	188,534
Property and equipment (Note 11)	<u>33,148,925</u>	<u>32,420,559</u>
	<u>33,663,626</u>	<u>32,755,209</u>

Accumulated surplus (Page 4) \$ 13,961,310 \$ 13,128,385

Contingencies (Note 13)

Commitments (Note 14)

On behalf of the Band Council

 Chief  Councillor

See accompanying notes to the consolidated financial statements.

We'koqma'q First Nation

Consolidated statement of changes in net debt

Year ended March 31	Budget	2016	2015
Excess (deficiency) of revenues over expenses	\$ 1,399,674	\$ 832,925	\$ (1,036,130)
Amortization	-	1,757,794	1,751,835
Capital assets acquired	-	(2,486,160)	(1,312,432)
	<u>1,399,674</u>	<u>104,559</u>	<u>(596,727)</u>
Usage of prepaid expenses	-	118,946	(134,843)
Acquisition of inventory, net of usage	-	(298,997)	(62,203)
	<u>-</u>	<u>(180,051)</u>	<u>(197,046)</u>
Change in net debt	1,399,674	(75,492)	(793,773)
Net debt, beginning of year	<u>(19,626,824)</u>	<u>(19,626,824)</u>	<u>(18,833,051)</u>
Net debt, end of year	<u>\$ (18,227,150)</u>	<u>\$ (19,702,316)</u>	<u>\$ (19,626,824)</u>

See accompanying notes to the consolidated financial statements.

We'koqma'q First Nation

Consolidated statement of cash flows

Year ended March 31

2016

2015

Increase in cash

Operating		
Excess (deficiency) of revenues over expenses	\$ 832,925	\$ (1,036,130)
Amortization	1,757,794	1,751,835
Change in non-cash operating working capital		
Receivables	323,445	(504,126)
Prepays	118,946	(134,843)
Inventory	(298,997)	(62,203)
Payables and accruals	(132,103)	800,680
HST payable	(172,749)	(98,991)
Deferred revenue	(338,944)	603,981
	<u>2,090,317</u>	<u>1,320,203</u>
Financing		
Issue of long-term debt	1,556,460	2,081,447
Repayment of long-term debt	(1,041,824)	(1,640,461)
	<u>514,636</u>	<u>440,986</u>
Investing		
Increase in restricted cash	<u>(693)</u>	<u>(1,344)</u>
Capital		
Capital assets acquired	<u>(2,486,160)</u>	<u>(1,312,432)</u>
Net increase in cash	118,100	447,413
Cash, beginning of year	<u>(795,326)</u>	<u>(1,242,739)</u>
Cash, end of year	<u>\$ (677,226)</u>	<u>\$ (795,326)</u>

See accompanying notes to the consolidated financial statements.

We'koqma'q First Nation

Notes to the consolidated financial statements

March 31, 2016

1. Summary of significant accounting policies

Reporting entity and principles of financial reporting

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards.

The consolidated financial statements of the We'koqma'q First Nation are the representations of management prepared in accordance with Canadian generally accepted accounting principles for public sector entities, as required by the Public Sector Accounting Board (PSAB).

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

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

Principles of consolidation

The consolidated financial statements include the entities over which the First Nation has a controlling interest, after the elimination of inter-fund transactions and balances. The entities consolidated in these financial statements include Rod's One Stop, Waycobah Housing Projects, Commercial Fishing Operations, and Waycobah Contracting.

Government transfers

Government transfers received are recognized in the financial statements as revenue when the transfers are authorized and all eligibility criteria have been met except when there is a stipulation that gives rise to an obligation that meets the definition of a liability. In that case, the transfer is recorded as a liability and recognized as revenue as the stipulations are met.

Government transfers to individuals and other entities are recognized as an expense when the transfers are authorized and all eligibility criteria have been met.

Revenue recognition

All non-government contributions or grant revenues that are externally restricted such that they must be used for a specified purpose are recognized as revenue in the period in which the resources are used for the purpose or purposes specified. Any externally restricted inflow received before the criterion has been met is reported as a liability until the resources are used for the purpose or purposes specified.

Unrestricted revenue is recognized when received or receivable if the amount to be received can be reasonably estimated and ultimate collection is reasonably assured.

Rental revenue is recognized when received or receivable and collection is reasonably assured.

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

We'koqma'q First Nation

Notes to the consolidated financial statements

March 31, 2016

1. Summary of significant accounting policies (continued)

Revenue recognition (continued)

Interest revenue is recognized as accrued unless it is externally restricted. Any externally restricted inflow received before the criterion has been met is reported as a liability until the resources are used for the purpose or purposes specified.

Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization and impairment.

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

Buildings	4%, declining balance
Housing properties	4%, declining balance
Fishing vessels	4%, declining balance
Equipment	20%, declining balance
Vehicles	30%, declining balance
Community housing	4%, declining balance
Subdivision	4%, declining balance
Infrastructure	20%, declining balance
Project haven	4%, declining balance
Rod's One Stop	5-10 years, straight line

When conditions indicate that a tangible capital asset no longer contributes to the First Nation's ability to provide goods and services, or that the value of future economic benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible capital asset is reduced to reflect the decline in the asset's value. The net write-downs of tangible capital assets are accounted for as expenses in the statement of operations and such write-downs are not reversed.

Use of estimates

In preparing the First Nation's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

Inventory

Inventory is valued at the lower of cost and net realizable value less normal profit margins using the retail inventory method.

Income taxes

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

We'koqma'q First Nation

Notes to the consolidated financial statements

March 31, 2016

2. Prior period adjustment

During the year, the First Nation determined that goodwill included in the March 31, 2015 consolidated financial statements as a non-financial asset was recorded in error. Canadian Public Sector Accounting Standards do not allow recognition of intangible assets. As a result, the consolidated financial statements have been retroactively restated. The prior period adjustment had the following impact on the consolidated financial statements:

Statement of financial position as at March 31, 2015:

Decrease in non-financial assets and accumulated surplus, beginning and end of year of \$1,451,754.

Statement of operations for the year ended March 31, 2015:

Decrease in accumulated surplus, beginning and end of year of \$1,451,754.

3. Receivables

	<u>2016</u>	<u>2015</u>
Indigenous and Northern Affairs Canada	\$ 31,799	\$ 347,699
Department of Fisheries and Oceans	259,972	226,600
Health Canada	-	229,945
Province of Nova Scotia Gaming Agreement	134,379	150,654
Land claims	17,210	17,210
Core advances	28,516	28,516
Trade and sundry	<u>900,959</u>	<u>695,656</u>
	1,372,835	1,696,280
Less: allowance for doubtful accounts	<u>61,552</u>	<u>61,552</u>
	<u>\$ 1,311,283</u>	<u>\$ 1,634,728</u>

We'koqma'q First Nation

Notes to the consolidated financial statements

March 31, 2016

4. Restricted cash	<u>2016</u>	<u>2015</u>
Funds on deposit with Indigenous and Northern Affairs Canada (INAC)	\$ 33,365	\$ 32,672
Replacement reserve	<u>609</u>	<u>609</u>
	<u>\$ 33,974</u>	<u>\$ 33,281</u>

Funds on deposit with Indigenous and Northern Affairs Canada refers to monies that were derived from capital revenue sources as outlined in Section 32 of the Indian act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act and restricted for specific purposes.

Under the terms of the agreement with the Canada Mortgage and Housing Corporation (CMHC), replacement reserve funds are required to be set aside for housing repairs or replacements. The funds may only be used as approved by the CMHC. These allocated amounts have not been fully set aside as at March 31, 2016, with a total deficiency of \$226,818. Agreements have been made with the CMHC to eliminate this deficiency with a requirement for the First Nation to set aside \$25,000 per fiscal year towards this shortfall.

5. Bank indebtedness

The First Nation has an established line of credit from Peace Hills Trust. The line of credit is in the amount of \$500,000 and which bears interest at 4.75%. The line of credit is fully advanced at year end. Amounts advanced in excess of the authorized limit bear interest at 24.00% per annum. Amounts are secured by the assignment of funding from Indigenous and Northern Affairs Canada and Mi'kmaw Kina'matnewey.

6. Payables and accruals	<u>2016</u>	<u>2015</u>
Trade accounts payable	\$ 2,667,342	\$ 2,823,245
Accrued liabilities	<u>165,209</u>	<u>141,409</u>
	<u>\$ 2,832,551</u>	<u>\$ 2,964,654</u>

7. HST payable

During the fiscal year ended March 31, 2011, the First Nation was able to reach an agreement with Canada Revenue Agency (CRA) for repayment of the HST liability stemming from selling practices in the 2004 and 2005 fiscal years. The agreement with CRA states that the First Nation is required to provide the Agency with monthly installments of \$8,000 beginning April 1, 2011, to be applied against the principal owing. All interest and penalties stemming from this liability have been forgiven on the condition that returns and payments are received on time.

We'koqma'q First Nation

Notes to the consolidated financial statements

March 31, 2016

8. Deferred revenue	<u>2016</u>	<u>2015</u>
Health Canada	\$ 229,945	\$ 229,945
Indigenous and Northern Affairs Canada		
NT92 Capitalization	-	260,576
08502 Community response	39,726	39,726
Water system upgrades	278,402	-
Deferred – Other government	<u>25,000</u>	<u>381,770</u>
	<u>\$ 573,073</u>	<u>\$ 912,017</u>

9. Long-term debt	<u>2016</u>	<u>2015</u>
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Canada Mortgage and Housing Corporation

CMHC Housing Projects mortgages, maturing in 2016 to 2033, bearing interest at 1.49% to 4.01%, repayable under various terms.	\$ 4,984,692	\$ 4,995,958
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Royal Bank of Canada

1.89% - 2.85% housing project mortgages, repayable under various terms by December 1, 2020.	342,783	411,623
2.32% Section 10 mortgage, repaid during the year.	-	23,147
4.67% Section 10 Mortgage, maturing in March 2020, repayable in blended monthly instalments of \$1,063.	93,575	102,406
4.1% Term Loan, maturing in September 2016, repayable in blended monthly instalments of \$1,404.	137,227	149,720
4.7% Term Loan, maturing in February 2018, repayable in blended monthly instalments of \$3,746.	82,256	122,328
3.28% Term Loan, maturing in January 2019, repayable in blended monthly instalments of \$436.	83,861	86,300

TD Canada Trust

4.01% housing project mortgage, maturing in November 2018, repayable in blended monthly instalments of \$1,691.	51,251	69,795
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Peace Hills Trust

4.75% Term Loan, repayable in blended monthly instalments of \$15,348.	1,353,544	1,468,820
6.15% Term Loan, maturing in November 2016, repayable in blended monthly instalments of \$8,435.	1,164,579	1,196,419
3.95% Term Loan, maturing in May 2016, repayable in blended monthly instalments of \$2,300.	311,840	321,864

We'koqma'q First Nation

Notes to the consolidated financial statements

March 31, 2016

9. Long-term debt (continued)	<u>2016</u>	<u>2015</u>
5.60% Term Loan, maturing in December 2016, repayable in blended monthly instalments of \$8,690.	1,167,460	1,206,226
6.10% Term Loan, maturing in November 2016, repayable in blended monthly instalments of \$16,739.	2,319,347	2,382,933
3.95% Term Loan, maturing in October 2018, repayable in blended monthly instalments of \$1,452.	173,551	183,983
5.09% Term Loan, maturing in December 2016, repayable in blended monthly instalments of \$369.	37,712	40,180
3.95% Term Loan, maturing in June 2019, repayable in blended monthly instalments of \$4,115.	747,784	767,529
4.15% Term Loan, maturing in May 2019, repayable in blended monthly instalments of \$1,321.	110,209	121,320
4.5% Term Loan, maturing in June 2016, repayable in blended monthly instalments of \$3,776.	7,993	51,853
5.75% Term Loan, maturing in March 2019, repayable in blended monthly instalments of \$561.	12,652	18,469
5.75% Term Loan, maturing in March 2019, repayable in blended monthly instalments of \$11,530.	380,096	493,016
4.50% Term Loan, maturing in November 2019, repayable in blended monthly instalments of \$6,525.	269,440	334,015
0% Term Loan, maturing in October 2020, repayable in monthly instalments of \$660.	36,986	-
3.95% Term Loan, maturing in February 2041, repayable in blended monthly instalments of \$3,223.	786,973	-
6.30% Term Loan, maturing in November 2016, repayable in blended monthly instalments of \$782.	108,611	111,181
Ulnooweg		
10.75% Term Loan with no set terms of repayment.	158,000	104,660
BMO		
Prime plus 3% Term Loan, maturing in November 2018, repayable in blended quarterly instalments of \$6,089.	30,071	51,780

We'koqma'q First Nation

Notes to the consolidated financial statements

March 31, 2016

9. Long-term debt (continued) 2016 2015

Toyota Canada

1.90% Term Loan, maturing in June 2019, repayable in blended monthly instalments of \$611.

22,018 29,350

Other

Private loan. Non-interest bearing with no set terms of repayment.

385,000 -

\$ 15,359,511 \$ 14,844,877

As security, for the Canada Mortgage and Housing Corporation, Royal Bank of Canada and TD Canada Trust housing project mortgages, the First Nation has provided an irrevocable authorization to Indigenous and Northern Affairs Canada to assign all funding until all loans are repaid to the bank and a floating charge on the assets of the First Nation.

Peace Hills Trust loans are secured by the assignment of funding from Indigenous and Northern Affairs Canada and Mi'kmaw Kina'matnewey, and has been given a general security agreement constituting a first ranking security interest in all personal property of the Waycobah First Nation.

For the Royal Bank of Canada, Ulnooweg, BMO, Toyota Canada loans, the First Nation has given a general security agreement constituting a 2nd security interest in all present and future personal property of the First Nation and including specific charges over property.

Principal repayments in each of the next five (5) years are due as follows:

2017	\$ 862,313
2018	\$ 896,617
2019	\$ 932,520
2020	\$ 970,103
2021	\$ 1,009,451

10. Inventory 2016 2015

Rod's One Stop	\$ 163,914	\$ 146,116
Trout farm inventory	<u>281,199</u>	<u>-</u>

\$ 445,113 \$ 146,116

Rod's One Stop inventory consists of retail goods on hand valued at the lower of cost and net realizable value held by We'koqma'q First Nation – Commercial Enterprises .

Trout farm inventory consists of fish livestock on hand valued at the lower of cost and net realizable value held by We'koqma'q First Nation – Commercial Fisheries operations.

We'koqma'q First Nation

Notes to the consolidated financial statements

Year ended March 31

11. Property and equipment

	Opening Cost	Additions	Disposals	Closing Cost	Opening Accumulated Depreciation	Depreciation	Closing Accumulated Depreciation	2016 Net Book Value	2015 Net Book Value
Land	\$ 35,000	\$ -	\$ -	\$ 35,000	\$ -	\$ -	\$ -	\$ 35,000	\$ 35,000
Buildings									
Band office	1,858,432	-	-	1,858,432	(950,714)	(36,309)	(987,023)	871,409	907,718
School	8,850,990	-	-	8,850,990	(2,183,642)	(266,694)	(2,450,336)	6,400,654	6,667,348
Police station	322,987	-	-	322,987	(139,770)	(7,329)	(147,099)	175,888	183,217
Fisheries	1,187,787	245,594	-	1,433,381	(245,738)	(42,594)	(288,332)	1,145,049	942,049
Health centre	2,379,190	-	-	2,379,190	(507,415)	(74,871)	(582,286)	1,796,904	1,871,775
Fire station	127,860	-	-	127,860	(72,845)	(2,201)	(75,046)	52,814	55,015
Fitness centre	133,768	-	-	133,768	(7,919)	(5,034)	(12,953)	120,815	125,849
Waycobah contracting	144,416	38,628	-	183,044	-	(5,944)	(5,944)	177,100	144,416
Equipment and furniture	1,589,173	87,015	(15,000)	1,661,188	(1,186,758)	(85,357)	(1,272,115)	389,073	402,415
Fishing vessels	2,550,384	7,500	-	2,557,884	(942,002)	(64,485)	(1,006,487)	1,551,397	1,608,382
Fish farm	1,655,059	33,380	-	1,688,439	(391,164)	(128,058)	(519,222)	1,169,217	1,263,895
Vehicles	324,334	69,520	-	393,854	(270,044)	(28,438)	(298,482)	95,372	54,290
Community housing	5,398,203	698,413	-	6,096,616	(1,660,815)	(157,839)	(1,818,654)	4,277,962	3,737,388
Subdivision	9,563,729	60,000	-	9,623,729	(2,339,097)	(290,185)	(2,629,282)	6,994,447	7,224,632
Infrastructure	4,232,757	-	-	4,232,757	(3,231,051)	(103,471)	(3,334,522)	898,235	1,001,706
Project Haven	198,931	-	-	198,931	(198,931)	-	(198,931)	-	-
Rod's One Stop	1,332,897	1,012,410	-	2,345,307	(1,098,704)	(39,542)	(1,138,246)	1,207,061	234,193
Housing Properties	11,619,509	248,700	-	11,868,209	(5,658,238)	(419,443)	(6,077,681)	5,790,528	5,961,271
	<u>\$53,505,406</u>	<u>\$2,501,160</u>	<u>\$ (15,000)</u>	<u>\$55,991,566</u>	<u>\$ (21,084,847)</u>	<u>\$ (1,757,794)</u>	<u>\$ (22,842,641)</u>	<u>\$33,148,925</u>	<u>\$32,420,559</u>

We'koqma'q First Nation

Notes to the consolidated financial statements

March 31, 2016

12. Comparative figures

Certain of the 2015 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2016.

13. Contingencies

- a) We'koqma'q First Nation has entered into funding arrangements and contribution agreements with various government departments and agencies. Funding received under these arrangements and agreements are subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements.
 - b) Subsidy assistance payments received through Canada Mortgage and Housing Corporation pursuant to Section 56.1 of the National Housing Act are subject to repayment if the housing projects fail to comply with the terms and conditions of the agreement.
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14. Commitments

The First Nation has entered into an agreement with Premium Seafoods Limited which expires in December 2016. Under the terms of the agreement, the We'koqma'q First Nation has agreed to sell exclusively to Premium Seafoods Limited with respect to its entire fishery including all fish species, shellfish, fish products and other entitlements.

15. Accumulated surplus

The First Nation segregates its accumulated surplus into the following categories:

	<u>2016</u>	<u>2015</u>
Unallocated	\$ 13,700,518	\$ 12,893,068
Funds on deposit with Indigenous and Northern Affairs Canada	33,365	32,672
Replacement reserve	<u>227,427</u>	<u>202,645</u>
	<u>\$ 13,961,310</u>	<u>\$ 13,128,385</u>

The funds on deposits have been set aside to be spent on specific projects.

We'koqma'q First Nation

Notes to the consolidated financial statements

March 31, 2016

16. Segmented information

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

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

- Social Development – social assistance provided to qualifying members.
- Band Government – all associated with the administration of the First Nation operations.
- Education – providing elementary, secondary and post-secondary tuition for qualifying members along with related programs and support.
- Operations and Maintenance – repairs and maintenance carried out during the year to the community buildings.
- Economic Development – specified development projects undertaken by the First Nation.
- Department of Fisheries and Oceans – AFS Program – management of the DFO fisheries operations.
- Employment Development – activities related to job training and skills.
- Capital Projects – provides capital construction projects for the community.
- Health Canada – activity of the Health Centre which provides a variety of health care programs and support.
- Miscellaneous – all other items not reported in a specified division.
- Housing Fund – Section 95 and non-subsidized housing operation.
- Gaming – Monies received from the Province of Nova Scotia from casino profits.
- Commercial enterprises – Operating results from Rod's One Stop
- Summer games – operation results from hosting the Nova Scotia Mi'kmaw Summer Games.
- Recreation – activities relating to operation of the gymnasium.
- Waycobah Contracting Ltd. – Operating results for security company.

See Schedule A – Schedule of Segment Disclosure for current year details.

We'koqma'q First Nation
Notes to the consolidated financial statements
March 31, 2016

17. Expenses by object

	<u>2016</u>	<u>2015</u>
Administration	\$ 194,642	\$ 109,209
Advertising	9,149	10,845
Bad debt	46,419	-
Capital projects	54,104	57,043
Community expenses	306,398	350,232
Core funding and benefits	553,000	503,225
Depreciation	1,757,793	1,751,835
Economic and employment development	376,720	420,083
Education and training	5,231,820	4,613,032
Equipment	140,173	331,357
Fisheries	551,108	676,478
Health programs	1,363,323	1,302,175
Insurance	169,736	188,210
Interest	673,182	721,964
Landscaping	108,735	214,129
Municipal services	362,266	548,215
Office	145,043	116,087
Other	123,169	164,302
Professional fees	691,371	763,747
Purchases	10,546,325	10,445,926
Repairs and maintenance	430,180	500,515
Salaries and benefits	2,994,136	2,850,419
Security	16,377	23,388
Social	2,577,798	2,506,012
Travel	134,024	103,133
Telephone and utilities	<u>142,720</u>	<u>153,989</u>
	<u>\$ 29,699,711</u>	<u>\$ 29,425,550</u>

We'koqma'q First Nation Schedule A – Schedule of Segmented Disclosure

Year Ended March 31

	Social Development		Band Government		Education		Operations and Maintenance		Economic Development	
	Actual 2016	Actual 2015	Actual 2016	Actual 2015	Actual 2016	Actual 2015	Actual 2016	Actual 2015	Actual 2016	Actual 2015
Revenues										
Federal government operating transfers	\$ 3,139,974	\$ 3,140,277	\$ 399,825	\$ 486,770	\$ 4,883,287	\$ 4,658,242	\$ 250,537	\$ 351,142	\$ 83,751	\$ 216,773
Federal government capital transfers	-	-	-	-	-	-	-	-	-	-
Provincial government operating transfers	-	-	-	-	88,371	39,275	-	-	-	-
Economic activities	-	-	-	-	28,188	-	-	-	-	-
Other	-	-	22,092	152,501	-	39,168	3,600	-	73,100	-
	<u>3,139,974</u>	<u>3,140,277</u>	<u>421,917</u>	<u>639,271</u>	<u>4,999,846</u>	<u>4,736,685</u>	<u>254,137</u>	<u>351,142</u>	<u>156,851</u>	<u>216,773</u>
Expenses										
Salaries and benefits	103,514	94,210	545,836	634,943	3,097,045	3,592,884	62,008	69,474	-	60,047
Depreciation	393,656	447,270	43,637	45,456	352,049	331,473	160,039	135,843	-	-
Interest	-	-	324,769	377,686	-	-	-	-	-	-
Other	3,186,228	3,196,106	329,258	343,222	2,698,143	1,647,254	565,901	754,490	148,669	156,168
	<u>3,683,398</u>	<u>3,737,586</u>	<u>1,243,500</u>	<u>1,401,307</u>	<u>6,147,237</u>	<u>5,571,611</u>	<u>787,948</u>	<u>959,807</u>	<u>148,669</u>	<u>216,215</u>
Surplus (deficit) for the year	<u>\$ (543,424)</u>	<u>\$ (597,309)</u>	<u>\$ (821,584)</u>	<u>\$ (762,036)</u>	<u>\$ (1,147,391)</u>	<u>\$ (834,926)</u>	<u>\$ (533,811)</u>	<u>\$ (608,665)</u>	<u>\$ 8,182</u>	<u>\$ 558</u>

We'koqma'q First Nation
Schedule A – Schedule of Segmented Disclosure
Year Ended March 31

	Fishery		Employment Development		Capital Projects		Health Canada		Miscellaneous	
	Actual 2016	Actual 2015	Actual 2016	Actual 2015	Actual 2016	Actual 2015	Actual 2016	Actual 2015	Actual 2016	Actual 2015
Revenues										
Federal government operating transfers	345,483	528,041	\$ 385,492	\$ 385,005	\$ -	\$ -	\$ 1,365,348	\$ 1,192,079	\$ -	\$ -
Federal government capital transfers	-	163,983	-	-	\$ 1,097,195	\$ 357,345	-	-	-	-
Provincial government operating transfers	-	-	-	-	-	-	-	-	-	-
Economic activities	2,609,534	2,271,858	-	-	-	-	-	-	-	-
Other	81,450	460,893	9,000	11,200	551,077	279	127,372	142,787	368,215	77,301
	3,036,467	3,424,775	394,492	396,205	1,648,272	357,624	1,492,720	1,334,866	368,215	77,301
Expenses										
Salaries and benefits	956,352	834,327	59,332	52,987	29,874	33,953	1,030,483	1,014,750	-	-
Depreciation	263,576	245,884	-	-	-	-	74,871	77,991	-	-
Interest	-	-	-	-	221,872	212,176	-	-	-	-
Other	859,641	1,073,861	499,417	670,118	369,140	394,171	332,840	287,425	-	-
	2,079,569	2,154,072	558,749	723,105	620,886	640,300	1,438,194	1,380,166	-	-
Surplus (deficit) for the year	\$ 956,898	\$ 1,270,703	\$ (164,257)	\$ (326,900)	\$ 1,027,386	\$ (282,676)	\$ 54,526	\$ (45,300)	\$ 368,215	\$ 77,301

We'koqma'q First Nation Schedule A – Schedule of Segmented Disclosure

Year Ended March 31

	Housing		Gaming		Commerical Enterprises		Summer Games		Recreation	
	Actual 2016	Actual 2015	Actual 2016	Actual 2015	Actual 2016	Actual 2015	Actual 2015	Actual 2014	Actual 2016	Actual 2015
Revenues										
Federal government operating transfers	217,253	220,133	\$ -	\$ -	\$ -	\$ -	-	50,000	\$ -	\$ -
Federal government capital transfers	-	-	-	-	-	-	-	-	-	-
Provincial government operating transfers	-	-	124,540	147,233	-	-	-	-	-	-
Economic activities	378,340	363,540	-	-	12,996,742	12,518,169	-	-	21,656	30,995
Other	59,500	77,084	-	-	-	-	418	-	-	-
	655,093	660,757	124,540	147,233	12,996,742	12,510,169	410	50,000	21,656	30,995
Expenses										
Salaries and benefits	-	-	-	-	493,219	534,213	44,243	43,317	66,641	63,856
Depreciation	419,445	416,690	-	-	39,542	44,356	-	-	5,034	6,872
Interest	95,540	104,630	-	-	30,401	27,312	-	-	-	-
Other	196,706	228,286	-	-	10,829,710	10,840,333	24,995	83,172	26,309	28,184
	711,691	749,606	-	-	11,392,872	11,446,214	69,238	126,489	97,984	98,912
Surplus (deficit) for the year	\$ (56,598)	\$ (88,849)	\$ 124,540	\$ 147,233	\$ 1,603,870	\$ 1,071,955	\$ (68,820)	\$ (76,489)	\$ (76,328)	\$ (67,917)

We'koqma'q First Nation Schedule A – Schedule of Segmented Disclosure

Year Ended March 31

	Waycobah Contracting		Subtotals		Inter-segment eliminations		Totals	
	Actual 2016	Actual 2015	Actual 2016	Actual 2015	Actual 2016	Actual 2015	Actual 2016	Actual 2015
Revenues								
Federal government operating transfers	\$ -	\$ -	\$ 11,070,951	\$ 11,228,462	\$ -	\$ -	\$ 11,070,951	\$ 11,228,462
Federal government capital transfers	-	-	1,097,195	521,328	-	-	1,097,195	521,328
Provincial government operating transfers	-	-	212,911	106,500	-	-	212,910	106,500
Economic activities	690,063	-	16,724,523	15,184,562	(218,537)	(231,167)	16,505,985	14,953,395
Other	349,770	538,514	1,645,594	1,499,727	-	-	1,645,595	1,499,727
	<u>1,039,833</u>	<u>538,514</u>	<u>30,751,173</u>	<u>20,620,507</u>	<u>(218,537)</u>	<u>(231,167)</u>	<u>30,532,636</u>	<u>20,309,420</u>
Expenses								
Salaries and benefits	620,072	429,092	7,108,617	7,458,053	-	-	\$ 7,108,617	7,458,053
Depreciation	5,944.00	-	1,757,794	1,751,835	-	-	1,757,793	1,751,835
Interest	600	-	673,183	721,804	-	-	673,183	721,804
Other	311,696	22,235	20,378,654	19,725,025	(218,537)	(231,167)	20,160,118	19,493,858
	<u>938,312</u>	<u>451,327</u>	<u>29,918,248</u>	<u>29,656,717</u>	<u>(218,537)</u>	<u>(231,167)</u>	<u>29,699,711</u>	<u>29,425,550</u>
Surplus (deficit) for the year	<u>\$ 101,521</u>	<u>\$ 87,187</u>	<u>\$ 832,925</u>	<u>\$ (1,036,130)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 832,925</u>	<u>\$ (1,036,130)</u>



Schedule of Honoraria, Salaries, Travel Expenses, and Other Remuneration - Elected Officials

(Unaudited)

We'koqma'q First Nation

March 31, 2016