

**MUSHUAU INNU FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015**

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INDEPENDENT AUDITORS' REPORT

To the Chief and Council of the
Mushuau Innu First Nation

We have audited the accompanying consolidated financial statements of the Mushuau Innu First Nation, which comprise the statement of financial position as at March 31, 2015 and the statements of operations, change in net financial assets 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 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 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 auditor's 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 auditor considers 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.

Basis for Qualified Opinion

Our examination indicated that there were weaknesses in internal controls over the identification and invoicing of re-billable items for fuel sales, services, rent and electricity. Based upon our examination, it was not possible to determine whether all items were invoiced or whether all invoices were recorded in the accounting records. Accordingly we were unable to determine whether adjustments to revenue, accounts receivable, and excess of expenditures over revenue might be necessary.

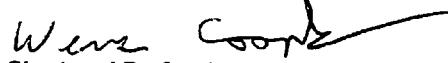
Canadian Public Sector Accounting Standards require that the expected future cost of landfill remediation cost be accrued in the entity's financial statements. The First Nation has not made an assessment of this liability thus it is not reflected in these statements. Accordingly we were unable to determine whether adjustments to expenditures, accrued liabilities, and excess of expenditures over revenue might be necessary.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Mushuau Innu First Nation as at March 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Mount Pearl, Newfoundland and Labrador

November 27, 2015


Chartered Professional Accountants

Mushuau Innu First Nation
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Mushuau Innu Government Vision Statement
To provide good government, that responds to the needs of the people and fosters unity,
understanding and fairness to the Mushuau Innu

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of the Mushuau Innu First Nation and all the information in this annual report are the responsibility of management and have been approved by the Chief and Council.

The consolidated financial statements have been prepared by management 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 and as such include amounts that are the best estimates and judgements of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements

The Council meets periodically with management, as well as the external auditors, to discuss internal controls over financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditor's report.

The external auditors, Winsor Coombs, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to the financial management of Mushuau Innu First Nation and meet when required.

On behalf of the Mushuau Innu First Nation

Chief

Chief Financial Officer

MUSHUAU INNU FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
MARCH 31, 2015

FINANCIAL ASSETS

	<u>2015</u>	<u>2014</u>
Cash and cash equivalents	\$ 2,936,650	\$ 1,156,347
Trust funds held by federal government (Note 2)	102,636	102,554
Accounts receivable (Note 3)	3,226,109	999,983
Due from government (Note 5)	1,652,695	5,479,026
Inventory for resale (Note 4)	352,178	254,479
Investments in business enterprises (Note 6)	<u>15,051,086</u>	<u>13,101,999</u>
	<u>23,321,354</u>	<u>21,094,388</u>

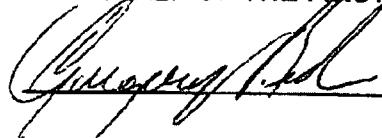
LIABILITIES

Demand loan	185,000
Payables and accruals (Note 7)	5,639,507
Due to government (Note 8)	1,128,748
Due to Sheshatshiu and Mushau First Nation Trust (Note 9)	-
Deferred revenue (Note 11)	312,043
Due to related parties (Note 12)	1,633,019
Long-term debt (Note 10)	<u>830,663</u>
	<u>9,543,980</u>
Contingent liabilities (Note 15)	<u>10,797,866</u>
Net Financial Assets	<u>13,777,374</u>
	<u>10,296,522</u>

NON-FINANCIAL ASSETS

Prepaid expenses	67,052	18,712
Inventory held for use (Note 4)	1,985,313	696,796
Tangible capital assets (Note 13)	<u>111,459,512</u>	<u>117,793,263</u>
	<u>113,511,877</u>	<u>118,508,771</u>
Accumulated surplus	<u>\$127,289,251</u>	<u>\$128,805,293</u>

ON BEHALF OF THE FIRST NATION



Chief



Councilor

WINSOR • COOMBS

INTERIM AUDITED FINANCIAL STATEMENTS

**MUSHUAU INNU FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2015**

	<u>Budget</u>	<u>2015</u>	<u>2014</u>
Revenue			
Sheshatshiu Innu & Mushuau Innu			
First Nations Trust	\$ 2,936,000	\$ 13,225,486	\$ 5,186,517
Federal government operating transfer (Note 14)	9,562,144	9,963,432	9,400,480
Federal government capital transfer (Note 14)	-	-	18,260
Provincial government operating transfer (Note 14)	-	96,989	2,105,738
Facilities management revenue	681,000	890,930	827,473
Infrastructure park revenue	612,000	612,000	288,678
Share of income in business enterprises	1,000,000	4,733,590	4,154,061
Miscellaneous revenues	-	15,847	107,699
Innu Development donation	-	-	200,000
Innu Nation	-	681,477	536,856
Rent income - Natuashish Housing Authority	162,000	156,894	143,651
Postal revenue	110,000	59,594	75,636
Gain on disposal of capital assets	-	-	520,665
Interest income	-	7,301	14,104
Total revenue	<u>15,063,144</u>	<u>30,443,540</u>	<u>23,579,818</u>
Expenditure			
Band support	2,555,720	4,072,031	3,185,759
Economic development	64,537	247,858	258,797
Education and training	985,250	2,107,019	2,153,009
Health commission	3,520,278	4,231,565	3,761,467
Natuashish Housing Authority	719,810	5,045,638	4,183,441
Operation and maintenance	6,768,962	10,044,725	10,377,697
Outpost, gatherings and traditional skills	109,996	2,854,004	1,363,943
Recreation and community events	456,630	1,724,894	1,136,643
Social programs	-	1,631,848	843,053
Total expenditure	<u>15,181,183</u>	<u>31,959,582</u>	<u>27,263,809</u>
Annual surplus (deficit)	<u>(118,039)</u>	<u>(1,516,042)</u>	<u>(3,683,991)</u>
Accumulated surplus, beginning of year	<u>128,805,293</u>	<u>128,805,293</u>	<u>132,489,284</u>
Accumulated surplus, end of year	<u>128,687,254</u>	<u>\$127,289,251</u>	<u>\$128,805,293</u>

MUSHUAU INNU FIRST NATION
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED MARCH 31, 2015

	<u>Budget</u>	<u>2015</u>	<u>2014</u>
Annual deficit	\$ (118,039)	\$ (1,516,042)	\$ (3,683,991)
Tangible capital assets			
Acquisition of tangible capital assets	-	(2,902,187)	(287,892)
Amortization	-	9,235,938	9,404,250
Proceeds on disposal of capital assets	-	-	1,300,000
Gain on disposal of capital assets	<u>-</u>	<u>-</u>	<u>(520,667)</u>
	(118,039)	4,817,709	6,211,700
Acquisition of inventory for consumption	-	(3,550,492)	(2,764,814)
Use of inventory held for consumption	-	2,261,975	2,828,359
Acquisition of prepaid expenses	-	(67,052)	(18,712)
Use of prepaid expenses	<u>-</u>	<u>18,712</u>	<u>16,695</u>
Change in net financial assets	(118,039)	3,480,852	6,273,228
Net financial assets, beginning of year	<u>10,296,522</u>	<u>10,296,522</u>	<u>4,023,294</u>
Net financial assets, end of year	<u>\$ 10,178,483</u>	<u>\$ 13,777,374</u>	<u>\$ 10,296,522</u>

MUSHUAU INNU FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED MARCH 31, 2015

Cash provided by (used for)

	2015	2014
Operating activities		
Annual deficit	\$ (1,516,042)	\$ (3,683,991)
Amortization	9,235,938	9,404,250
Proceeds on disposal of capital assets	-	1,300,000
Gain on disposal of capital assets	-	(520,667)
Net change in non-cash working capital balances (Note 18)	(286,968)	(2,892,369)
Share income in business enterprises	(4,733,590)	(4,154,061)
	<u>2,699,338</u>	<u>(546,838)</u>
Capital		
Capital expenditures	<u>(2,902,187)</u>	<u>(287,892)</u>
Financing activities		
Repayment of demand loan	(195,000)	(305,000)
Forgiveness of loan	(40,000)	(40,001)
Repayment of long-term debt	(566,354)	(1,015,953)
	<u>(801,354)</u>	<u>(1,360,954)</u>
Investing activity		
Funds received from business enterprises	<u>2,784,506</u>	<u>1,528,978</u>
Increase (decrease) in cash	1,780,303	(666,706)
Cash, beginning of year	<u>1,156,347</u>	<u>1,823,053</u>
Cash, end of year	\$ 2,936,650	\$ 1,156,347

Interest paid during the year was \$40,186 (2014 - \$75,226)

MUSHUAU INNU FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015

1. Significant Accounting Policies

a) Basis of Accounting

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 Mushuau Innu First Nation reporting entity includes the Mushuau Innu First Nation government and all related entities that are controlled by the First Nation

c) Principles of Consolidation

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of government business enterprise, which are included in the Consolidated Financial Statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation

Under the modified equity method of accounting, only the First Nation's investment in the government business enterprise and the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of the First Nation

Organizations consolidated in the First Nation's financial statements include

- Mushuau Innu Operations Fund
- Mushuau Innu Relocation Corporation Inc.
- Natuashish Housing Authority Inc
- Mushuau Innu Housing Authority Inc.
- Mushuau Innu First Nation Community Trust
- Mushuau Innu First Nation Trust

Organizations accounted for on a modified equity basis include

- Innu Development Limited Partnership
- Mushuau Innu Camp and Catering Limited Partnership
- Mushuau Innu Camp and Catering Inc

d) Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks net of bank overdrafts. Cash subject to internal or external restrictions, if any, are segregated and held until used as intended.

e) Inventories for resale

Inventories of supplies and goods available for resale are recorded at the lower of cost and net realizable value

**MUSHUAU INNU FIRST NATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2015**

1. Significant Accounting Policies (continued)

f) Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Tangible capital assets are amortized over their expected useful life using the straight line method at the following rates

Infrastructure	40 years
Buildings and housing	20 years
Wharf	20 years
Equipment	5 years
Transportation equipment	5 years

Tangible capital assets are written down when conditions indicate that they no longer contribute to the 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.

Assets under construction are not amortized until the asset is available to be put into service.

g) Inventories held for use

Inventories of fuel held for consumption are recorded at the lower of cost and replacement cost.

h) 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 a 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.

MUSHUAU INNU FIRST NATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2015

1. Significant Accounting Policies (continued)

i) Measurement Uncertainty

In preparing the consolidated financial statements for the First Nation, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Items requiring the use of significant estimates include providing for amortization of tangible capital assets, determining the estimated useful lives of assets and determination of the allowance for doubtful accounts. Actual results could differ from these estimates.

2. Trust funds held by federal government

	2015	2014
Opening balance	\$ 102,554	\$ -
Additions	82	102,554
Withdrawals	-	-
	\$ 102,636	\$ 102,554

The trust funds arise from monies derived from 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.

3. Accounts Receivable

	2015	2014
Due from members	\$ 105,160	\$ 175,747
Due from non-members	<u>3,198,102</u>	<u>999,375</u>
	3,303,262	1,175,122
Less allowance for doubtful accounts	<u>(77,153)</u>	<u>(175,139)</u>
	\$ 3,226,109	\$ 999,983

4. Inventory

The First Nation sources diesel fuel for use in operations and for sale to third parties. As well the First Nation has an inventory of crushed stone that will be used in operations. As of year-end, the First Nation estimates that \$352,178 (2014 - \$254,479) will be sold to third parties, and \$1,985,313 (2014 - \$696,796) will be used in operations.

MUSHUAU INNU FIRST NATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2015

5. Due from governments

	2015	2014
Aboriginal Affairs and Northern Development Canada	\$ 839,315	\$ 1,639,488
Health Canada	7,959	1,378,044
Canada Revenue Agency - HST	534,060	395,390
Service Canada	250,068	82,338
Government of Newfoundland and Labrador	<u>21,293</u>	<u>1,983,766</u>
	<u><u>\$ 1,652,695</u></u>	<u><u>\$ 5,479,026</u></u>

6. Investment in Business Enterprises

The First Nation has a 49.995% interest in the Innu Development Limited Partnership, 99.99% interest in the Mushuau Camp and Catering Limited Partnership and owns 100% of Mushuau Innu Camp and Catering Inc

The First Nation's investments in government business enterprises consist of the following

	2015	2014
Innu Development Limited Partnership	\$ 11,108,251	\$ 10,061,485
Mushuau Camp and Catering Limited Partnership	3,903,940	3,001,710
Mushuau Innu Camp and Catering Inc	<u>38,895</u>	<u>38,804</u>
Total	<u><u>15,051,086</u></u>	<u><u>13,101,999</u></u>

Summary draft financial information for the Innu Development Limited Partnership in which the First Nation has a 49.995% interest is as follows:

	2015	2014
Cash	\$ 416,006	\$ 1,271,504
Accounts Receivable	235,485	267,537
Prepaid expenses	27,479	29,783
Due from Related Parties	9,103,957	5,642,048
Tangible Capital Assets	47,023	57,790
Long Term Investments	10,177,649	12,110,739
Intangible Assets	<u>562,000</u>	<u>562,000</u>
Total Assets	<u><u>20,569,599</u></u>	<u><u>19,941,401</u></u>
 Accounts Payable	 30,105	 25,432
 Total Liabilities	 30,105	 25,432
 Equity	 <u>20,539,494</u>	 <u>19,915,969</u>
 Total Liabilities and Equity	 <u><u>20,569,599</u></u>	 <u><u>19,941,401</u></u>
 Revenue	 \$ 9,422,305	 \$ 10,621,955
Expenses	 <u>2,309,268</u>	 <u>3,196,273</u>
 Net Income	 <u>7,113,037</u>	 <u>7,425,682</u>

MUSHUAU INNU FIRST NATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2015

6. Investment in Business Enterprises (continued)

Summary draft financial information for the Mushuau Camp and Catering Limited Partnership in which the First Nation has a 99.99% interest is as follows:

	2015	2014
Cash	\$ 12,179	\$ 12,179
Due from Related Parties	1,855,533	1,855,533
Long Term Investments	<u>2,291,819</u>	<u>1,389,499</u>
Total Assets	<u>4,159,531</u>	<u>3,257,211</u>
Accounts Payable	193,942	193,942
Due to Related Parties	<u>60,910</u>	<u>60,910</u>
Total Liabilities	254,852	254,852
Equity	<u>3,904,679</u>	<u>3,002,359</u>
Total Liabilities and Equity	<u>\$ 4,159,531</u>	<u>\$ 3,257,211</u>
Revenue	\$ 902,320	\$ 752,477
Expenses	<u>-</u>	<u>20,949</u>
Net Income	<u>\$ 902,320</u>	<u>\$ 731,528</u>

Summary draft financial information for Mushuau Innu Camp and Catering Inc in which the First Nation has a 100% interest is as follows:

	2015	2014
Cash	\$ -	\$ -
Due from Related Parties	39,670	39,670
Long Term Investments	<u>739</u>	<u>649</u>
Total Assets	<u>40,409</u>	<u>40,319</u>
Accounts Payable	<u>1,514</u>	<u>1,514</u>
Equity	<u>38,895</u>	<u>38,805</u>
Total Liabilities and Equity	<u>\$ 40,409</u>	<u>\$ 40,319</u>
Revenue	\$ 90	\$ 73
Expenses	<u>-</u>	<u>-</u>
Net Income	<u>\$ 90</u>	<u>\$ 73</u>

MUSHUAU INNU FIRST NATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2015

7. Accounts payable and accrued liabilities

	2015	2014
Trade payables	\$ 4,919,116	\$ 3,719,235
Accrued salaries and benefits payable	31,227	17,046
Other accrued liabilities	<u>689,164</u>	<u>734,232</u>
	<u><u>\$ 5,639,507</u></u>	<u><u>\$ 4,470,513</u></u>

8. Due to governments

	2015	2014
Aboriginal Affairs and Northern Development Canada	\$ 642,306	\$ 860,641
Health Canada	435,221	509,636
Canada Revenue Agency - Employee deductions payable	35,477	590,896
Canada Revenue Agency - withholding tax	<u>15,744</u>	-
	<u><u>\$ 1,128,748</u></u>	<u><u>\$ 1,961,173</u></u>

9. Due to Sheshatshiu and Mushuau Innu First Nation Trust

This loan is non-interest bearing with no fixed terms of repayment

10. Long-term Debt

	2015	2014
Bank demand loan bearing interest at 4.68% repayable in monthly blended payments of \$50,545, due in February 2016	\$ 543,997	\$ 1,110,351
Interest-free Canada Mortgage and Housing Corporation Loan forgivable over 15 years as long as First Nation has used the funds for its intended purpose. During the current year, an amount of \$40,000 was forgiven by CMHC	<u>286,666</u>	<u>326,666</u>
Total long-term debt	<u><u>830,663</u></u>	<u><u>1,437,017</u></u>

MUSHUAU INNU FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015

10. Long-term Debt (continued)

As security for the bank loans the First Nation has provided the following

- a) General security agreement
- b) Irrevocable band council resolution to direct distributions from Innu Development Limited Partnership to the bank if requested
- c) Assignment of the net proceeds of the Innu Infrastructure Park Trust

Principal payments required in the next five years to meet debt retirement provisions is as follows

2016	\$606,000
2017	\$584,000
2018	\$ 40,000
2019	\$ 40,000
2020	\$ 40,000

11. Deferred Revenue

	Balance March 31 2014	Funding Received 2015	Revenue Recognized 2015	Balance March 31 2015
AANDC - Capital	\$ 35,972	\$ -	\$ 35,972	\$ -
AANDC - operations	387,204	6,864,334	6,939,495	312,043
Service Canada - operations	-	177,597	177,597	-
Health Canada - operations	8,553	3,373,030	3,381,583	-
Restricted Contributions	<u>75,641</u>	<u>13,399,313</u>	<u>13,474,954</u>	<u>-</u>
	<u>\$ 507,370</u>	<u>\$ 23,814,274</u>	<u>\$ 24,009,601</u>	<u>\$ 312,043</u>

MUSHUAU INNU FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015

12. Related Party Transactions

a) Amounts due to (from) related parties were as follows.

	<u>2015</u>	<u>2014</u>
Innu Mikun Limited Partnership	\$ 154,128	\$ 166,132
Innu Development Limited Partnership	278,210	292,166
Mushuau Innu General Store Inc.	<u>1,200,681</u>	<u>1,018,495</u>
	<u>\$ 1,633,019</u>	<u>\$ 1,476,793</u>

The First Nation has 99.99% ownership of Mushuau Innu Camp and Catering Limited Partnership which wholly owns Mushuau Innu General Store Inc

The First Nation holds a 49.995% interest in Innu Development Limited Partnership.

Innu Development Limited Partnership has a 51% interest in Innu Mikun Limited Partnership.

- b) Included in current year expenditures is the amount of \$1,417,203 (2014 - \$1,091,888) paid or payable to related parties
- c) Included in facilities management revenue is the amount of \$140,565 (2014 - \$142,165) received or receivable from a related party.

MUSHUAU INNU FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2015

13. Tangible Capital Assets

	Cost			Accumulated Amortization			Net Book Value	
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Amortization	Disposals	Closing Balance
Tangible Capital Assets								
Infrastructure	52,053,084	-	52,053,084	12,679,313	1,301,329	-	13,980,642	38,072,442
Buildings	66,829,196	469,430	-	67,298,626	30,568,432	3,314,559	-	33,882,991
Housing	63,217,350	137,280	-	63,354,670	28,871,501	3,263,434	-	32,134,935
Wharf	11,229,814	-	11,229,814	4,491,924	561,491	-	5,053,415	31,219,735
Equipment	9,531,311	2,027,573	-	11,558,884	8,652,765	666,488	-	6,176,399
Transportation equipment	1,072,903	267,904	-	1,340,807	876,500	128,637	-	2,239,631
Total	203,931,698	2,902,187	-	206,835,885	86,140,435	9,235,938	-	196,403
							95,376,373	111,459,512
								117,793,263

MUSHUAU INNU FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015

14. Government Transfers

	2015		
	Operating	Capital	Total
Aboriginal Affairs and Northern Development Canada	\$ 6,515,215	\$ -	\$ 6,515,215
Health Canada	3,066,362	-	3,066,362
Service Canada	341,855	-	341,855
CMHC	<u>40,000</u>	<u>-</u>	<u>40,000</u>
Total	9,963,432	-	9,963,432
Provincial transfers	<u>96,989</u>	<u>-</u>	<u>96,989</u>
	<u>\$ 10,060,421</u>	<u>\$ -</u>	<u>\$ 10,060,421</u>

	2014		
	Operating	Capital	Total
Aboriginal Affairs and Northern Development Canada	\$ 6,457,992	\$ -	\$ 6,457,992
Health Canada	2,636,255	18,260	2,654,515
Service Canada	266,233	-	266,233
CMHC	<u>40,000</u>	<u>-</u>	<u>40,000</u>
Total	9,400,480	18,260	9,418,740
Provincial transfers	<u>2,105,738</u>	<u>-</u>	<u>2,105,738</u>
	<u>\$ 11,506,218</u>	<u>\$ 18,260</u>	<u>\$ 11,524,478</u>

15. Contingent Liabilities

a) Legal Claims

A number of claims have been made against the First Nation for employment matters. The outcome of these matters is not determinable at the present time. The First Nation has accrued \$91,428 related to these claims. The eventual amount these claims will be settled for is not determinable at the present time. Any future settlements in excess of this accrual will be recorded as expenses in the period settled.

A number of claims have been made against the First Nation by various suppliers and third parties for unpaid invoices and related interest. These claims total \$928,525 while the First Nation has accrued \$189,173 in its records to settle these claims. The eventual amount these claims will be settled for is not determinable at the present time. Any future settlements in excess of this accrual will be recorded as expenses in the period settled.

MUSHUAU INNU FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015

15. Contingent Liabilities (continued)

b) Repayable funding

During the prior year Health Canada commissioned an audit of the First Nation for the year ended March 31, 2012. A draft audit report suggested that the First Nation be required to repay a total of \$702,552. After review of the audit the First Nation has repaid \$114,211 of this amount and accrued a further \$120,000 of this total as they feel this would be the maximum to be recovered. The First Nation has responded to the audit and this response is being considered by Health Canada. The outcome of this issue is not determinable at the present time.

16. Change in Non-Cash Working Capital Balances

	<u>2015</u>	<u>2014</u>
Trust funds held by federal government	(82)	(102,554)
Accounts receivable	\$ (2,226,126)	\$ (168,535)
Due from government	3,826,331	(1,273,385)
Inventory for resale	(97,699)	(92,216)
Inventory for consumption	(1,288,517)	63,545
Prepaid expenses	(48,340)	(2,017)
Payables and accruals	1,168,991	(166,068)
Due to government	(832,425)	(743,799)
Due to Sheshatshiu and Mushau Inn Trust	(750,000)	(36,676)
Deferred revenue	(195,327)	(60,401)
Due to related parties	<u>156,226</u>	<u>(310,263)</u>
	<u><u>\$ (286,968)</u></u>	<u><u>\$ (2,892,369)</u></u>

17. Health Canada Revenue

	Set Funding	Projects	Renovations	Total
Opening deferred revenue	\$ -	\$ -	\$ 8,553	\$ 8,553
Funding	3,160,321	212,709	-	3,373,030
Increase in repayable funding	-	-	-	-
Funding recovered	-	-	-	-
Ending deferred revenue	<u>(315,221)</u>	<u>-</u>	<u>-</u>	<u>(315,221)</u>
Revenue	<u><u>\$ 2,845,100</u></u>	<u><u>\$ 212,709</u></u>	<u><u>\$ 8,553</u></u>	<u><u>\$ 3,066,362</u></u>

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MUSHUAU INNU FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015

18. Expenses by object

	<u>2015</u>	<u>2014</u>
Wages and employee benefits	\$ 7,706,393	\$ 5,006,683
Supplies	6,541,140	5,507,201
Professional Fees	928,959	857,235
Travel	2,016,447	1,111,062
Other	1,887,189	3,924,364
Repairs and maintenance	2,366,477	894,912
Community payouts	971,998	470,500
Interest	305,042	87,602
Amortization	<u>9,235,937</u>	<u>9,404,250</u>
	<u>31,959,582</u>	<u>27,263,809</u>

19. Budget

Budgets were prepared for operations funded by Aboriginal and Northern Development Canada, Health Canada, and owned source funds

20. Comparative figures

Some of the comparative figures have been reclassified to conform to the current year's presentation

Mushuau Innu First Nation Notes to the Financial Statements March 31, 2015

Segment Disclosure

The presentation by segment is based on the same accounting policies as described in the summary of Significant Accounting Policies as described in Note 1. The following table presents the expenses incurred and the revenue generated by main object of expense and by major revenue type. The segment results for the period are as follows:

	Budget 2015	Education Actual 2015	Actual 2014	Budget 2015	Health Actual 2015	Actual 2014	Budget 2015	Economic Development Actual 2015	Actual 2014
Revenue									
Federal government operating transfers	\$ 485,250	\$ 614,319	\$ 425,572	\$ 3,117,300	\$ 3,290,133	\$ 2,742,083	\$ 65,440	\$ 65,440	\$ 65,440
Federal government capital transfers	-	-	-	-	8,553	-	-	-	-
Provincial government operating transfers	500,000	779,980	210,574	-	25,000	210,574	-	-	21,057
Other revenue	-	250,000	690,867	392,540	516,278	440,523	-	100,000	21,587
Share of income in business enterprises	-	-	415,406	-	150,000	207,703	-	-	41,541
Total Revenue	985,250	1,644,299	1,742,219	3,509,840	3,991,964	3,600,863	65,440	165,440	149,625
Expenditures									
Wages and benefits	140,000	243,048	239,613	2,407,824	2,384,877	2,008,984	55,225	54,656	52,573
Interest expense	-	-	-	-	-	-	-	-	-
Other expense	845,250	802,487	823,849	1,112,454	1,275,889	1,180,187	9,312	-	216,531
Total expenses before amortization	985,250	1,045,535	1,063,462	3,520,278	3,660,765	3,201,558	64,537	54,656	269,104
Amortization									
	-	1,061,484	1,061,484	-	570,799	559,909	-	193,202	193,202
Total Expenses	985,250	2,107,019	2,124,946	3,520,278	4,231,564	3,761,467	84,537	247,858	462,306
Annual Surplus (deficit)	\$ -	\$ (462,720)	\$ (382,727)	\$ (10,438)	\$ (239,600)	\$ (160,584)	\$ 903	\$ (82,418)	\$ (312,681)

Mushuau Innu First Nation
Notes to the Financial Statements
March 31, 2014

21. Segment Disclosure (continued)

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	Budget 2015	Housing Actual 2015	Actual 2014	Budget 2015	Community Services Actual 2015	Actual 2014	Budget 2015	Governance Actual 2015	Actual 2014
Revenue									
Federal government operating transfers	\$ 282,893	\$ 375,086	\$ 341,420	\$ 4,895,412	\$ 4,891,447	\$ 5,050,092	\$ 715,849	\$ 718,454	\$ 794,130
Federal government capital transfers	-	-	526,435	-	71,989	715,950	-	-	-
Provincial government operating transfers	162,000	2,981,958	914,855	1,609,460	7,897,057	4,548,033	1,225,000	3,372,256	421,148
Other revenue	250,000	1,000,000	1,246,218	750,000	3,333,590	1,827,788	612,000	-	1,285,616
Total Revenue	694,893	4,357,044	3,028,928	7,254,872	16,194,083	12,141,863	2,552,849	4,090,710	2,916,300
Expenditures									
Wages and benefits	198,810	415,599	477,413	1,126,590	3,172,847	1,165,477	929,320	1,435,366	1,062,612
Interest expense	521,000	1,366,602	548,052	6,208,998	9,171,619	8,185,029	60,000	305,042	75,226
Other expense	-	-	-	-	-	-	1,566,400	2,095,613	1,811,626
Total expenses before amortization	719,810	1,782,202	1,025,465	7,335,588	12,344,466	9,350,506	2,555,720	3,836,021	2,949,464
Amortization	-	3,263,436	3,157,916	-	3,911,006	4,209,074	-	236,010	222,605
Total Expenses	719,810	5,045,638	4,182,441	7,335,588	16,255,472	13,559,580	2,555,720	4,072,031	3,172,069
Annual Surplus (deficit)	\$ (24,917)	\$ (688,594)	\$ (1,154,513)	\$ (80,716)	\$ (61,389)	\$ (1,417,717)	\$ (2,871)	\$ 18,679	\$ (255,769)

WINSOR + COOMBS

CHARTERED PROFESSIONAL ACCOUNTANTS

**Mushuau Innu First Nation
Notes to the Financial Statements
March 31, 2015**

21. Segment Disclosure (continued)

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	Budget 2015	Total Actual 2015	Total Actual 2014
Revenue			
Federal government operating transfers	\$ 9,562,144	\$ 9,954,879	\$ 9,418,737
Federal government capital transfers	-	8,553	-
Provincial government operating transfers	-	96,989	2,105,738
Other revenue	3,889,000	15,649,529	7,901,281
Share of income in business enterprises	1,612,000	4,733,590	4,154,062
Total Revenue	15,063,144	30,443,540	23,579,818
Expenditures			
Wages and benefits	4,857,769	7,706,393	5,006,983
Interest expense	60,000	305,042	87,802
Other expense	10,263,414	14,712,210	12,765,274
Total expenses before amortization	15,181,183	22,723,645	17,859,559
Amortization	-	9,235,937	9,404,250
Total Expenses	15,181,183	31,969,582	27,263,809
Annual Surplus (deficit)	\$ (118,039)	\$ (1,516,042)	\$ (3,603,991)

WINSOR ♦ COOMBS

CHARTERED PROFESSIONAL ACCOUNTANTS

MUSHUAU INNU FIRST NATION
DETAILS OF HEALTH EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2015

	<u>Budget 2015</u>	<u>Unaudited 2015</u>	<u>Unaudited 2014</u>
Expenditure			
Aboriginal head start	241,500	241,500	237,126
Canada pre natal nutrition program	22,444	31,348	8,295
Fetal alcohol spectrum disorder	8,342	-	11,785
Amortization	2,515	570,799	559,909
Oral Health	7,289	2,515	-
Brighter futures	91,211	93,938	93,414
Mental health crisis	74,791	30,578	82,077
Labrador Innu health programs	1,348,334	1,405,440	1,282,580
Solvent abuse program	12,600	-	3,404
NAYSPS	13,649	22,537	14,904
NNADAP	170,913	111,962	38,107
Aboriginal diabetes initiative	27,000	28,973	38,605
Health promotion	406,748	412,069	273,706
Nutrition education	32,719	32,719	12,022
HIV/AIDS program	2,240	-	-
Environmental public health	7,870	7,870	7,781
Home and community care	569,827	618,318	506,800
Medical transportation	68,600	-	113,213
Health liaison	35,736	39,084	-
Operations and maintenance	375,950	430,849	445,102
Transfers to capital assets	-	(2,400)	(18,260)
Interest and penalties	-	-	12,376
NIHB	-	153,466	38,521
 Total expenditure	 <u>3,520,278</u>	 <u>4,231,565</u>	 <u>3,761,467</u>