

JUL 29 2015 PM 1:18

**BUCTOUCHE FIRST NATION**

**CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2015**



**LENEHAN  
MCCAIN  
& Associates**

CHARTERED PROFESSIONAL ACCOUNTANTS

389 Connell Street, Suite 200  
Woodstock, New Brunswick  
E7M 5G5

Telephone (506) 325-2101  
Fax (506) 325-9675

### **Independent Auditor's Report**

To the Members of  
Buctouche First Nation

We have audited the accompanying consolidated financial statements of Buctouche First Nation, which comprise the consolidated statement of financial position as at March 31, 2015, 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, 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.

#### *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 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, the consolidated financial statements present fairly, in all material respects, the financial position of Buctouche First Nation as at March 31, 2015, and the results of its operations, the changes in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Le -Lac M'Lean + Associates  
Chartered Professional Accountants

Woodstock, New Brunswick  
July 23, 2015

**BUCTOUCHE FIRST NATION**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**MARCH 31, 2015**

	2015	2014
<b>Financial Assets</b>		
Restricted cash (Note 2)	\$ 63,842	\$ 72,439
Accounts receivable (Note 3)	215,492	278,061
Trust funds held by Federal Government (Note 4)	6,515	6,269
Long-term investments (Note 5)	10,000	10,000
<u>Inventory (Note 6)</u>	<u>79,413</u>	<u>68,196</u>
	<hr/> <u>375,262</u>	<hr/> <u>434,965</u>
<b>Liabilities</b>		
Bank indebtedness (Note 7)	235,772	146,145
Accounts payable (Note 8)	160,172	398,490
Deferred revenue (Note 9)	67,500	-
<u>Long-term debt (Note 10)</u>	<u>917,176</u>	<u>957,623</u>
	<hr/> <u>1,380,620</u>	<hr/> <u>1,502,258</u>
<b>Net debt</b>	<hr/> <u>(1,005,358)</u>	<hr/> <u>(1,067,293)</u>
<b>Non-financial Assets</b>		
Tangible capital assets (Note 12)	4,391,146	4,598,211
<u>Prepaid expenses (Note 13)</u>	<u>-</u>	<u>8,192</u>
	<hr/> <u>4,391,146</u>	<hr/> <u>4,606,403</u>
<b>Accumulated Surplus</b>	<hr/> <u>\$ 3,385,788</u>	<hr/> <u>\$ 3,539,110</u>

Approved on behalf of the Buctouche First Nation

Chief Lin May Stale, Chief  
Naughn Lemon, Councillor

**The accompanying notes are an integral part of the financial statements.**

**BUCTOUCHE FIRST NATION**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT**  
**FOR THE YEAR ENDED MARCH 31, 2015**

	<b>2015 Budget</b>	<b>2015 Actual</b>	<b>2014 Actual</b>
<b>Surplus (deficit)</b>	<b>(257,469)</b>	<b>(153,322)</b>	<b>1,050,225</b>
Acquisition of tangible capital assets	-	(2,274)	(1,267,410)
<b>Amortization of tangible capital assets</b>	<b>227,850</b>	<b>209,339</b>	<b>227,371</b>
	<b>227,850</b>	<b>207,065</b>	<b>(1,040,039)</b>
<b>(Increase) decrease in prepaid expenses</b>	<b>-</b>	<b>8,192</b>	<b>(4,152)</b>
Increase (decrease) in net financial assets	(29,619)	61,935	6,034
<b>Net debt at beginning of year</b>	<b>(1,067,293)</b>	<b>(1,067,293)</b>	<b>(1,073,327)</b>
<b>Net debt at end of year</b>	<b>\$ (1,096,912)</b>	<b>\$ (1,005,358)</b>	<b>\$ (1,067,293)</b>

---

The accompanying notes are an integral part of the financial statements

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

	<b>2015 Budget</b>	<b>2015 Actual</b>	<b>2014 Actual</b>
<b>Revenues</b>			
Aboriginal Affairs and Northern Development	\$ 974,165	\$ 1,147,258	\$ 2,244,096
River of Little Fire Inc Gas Bar	1,750,000	1,875,245	1,753,953
Health Canada	274,479	286,843	295,891
Department of Fisheries and Oceans	125,000	177,600	132,784
Other	263,992	331,387	461,547
Rental income	48,000	48,000	49,200
Canada Mortgage and Housing Corporation	46,753	46,753	47,030
	<b>3,482,389</b>	<b>3,913,086</b>	<b>4,984,501</b>
<b>Cost of goods sold, River of Little Fire Inc. Gas Bar</b>	<b>1,416,000</b>	<b>1,469,137</b>	<b>1,420,605</b>
<b>Gross profit</b>	<b>2,066,389</b>	<b>2,443,949</b>	<b>3,563,896</b>
<b>Expenditures</b>			
Social assistance program	245,167	245,167	213,750
Operations and maintenance program	108,501	178,397	162,589
Capital and housing program	147,136	125,662	160,131
Education program	367,294	362,126	364,167
Band administration program	655,552	806,063	771,571
Cultural program	4,316	4,320	8,151
Health program	280,376	298,965	309,691
River of Little Fire Inc. Gas Bar	307,666	385,979	315,774
	<b>2,116,008</b>	<b>2,406,679</b>	<b>2,305,824</b>
<b>Surplus before other item</b>	<b>(49,619)</b>	<b>37,270</b>	<b>1,258,072</b>
<b>Other item</b>			
Amortization	(207,850)	(190,592)	(207,847)
<b>Surplus (deficit)</b>	<b>(257,469)</b>	<b>(153,322)</b>	<b>1,050,225</b>
<b>Accumulated surplus at beginning of year</b>	<b>3,539,110</b>	<b>3,539,110</b>	<b>2,488,885</b>
<b>Accumulated surplus at end of year</b>	<b>\$ 3,281,641</b>	<b>\$ 3,385,788</b>	<b>\$ 3,539,110</b>

The accompanying notes are an integral part of the financial statements

**BUCTOUCHÉ FIRST NATION**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2015**

	<b>2015</b>	<b>2014</b>
<b>Cash flows from</b>		
<b>Operating activities</b>		
Surplus (deficit)	\$ (153,322)	\$ 1,050,225
Items not affecting cash		
Add amortization expense	<u>209,339</u>	<u>227,371</u>
	56,017	1,277,596
<b>Change in non-cash operating working capital</b>		
Accounts receivable	62,569	(79,451)
Inventory	(11,217)	2,791
Prepaid expenses	8,192	(4,152)
Trust funds held by Federal Government	(246)	(155)
Accounts payable	(238,316)	(4,779)
Deferred revenue	<u>67,500</u>	<u>(15,000)</u>
	(55,501)	1,176,850
<b>Capital activities</b>		
Capital expenditures	(2,276)	(1,267,410)
<b>Financing activities</b>		
Repayment of long-term debt	<u>(40,447)</u>	<u>(39,450)</u>
Decrease in cash and cash equivalents	(98,224)	(130,010)
<b>Cash and cash equivalents, beginning of year</b>	<u>(73,706)</u>	<u>56,304</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ (171,930)</u>	<u>\$ (73,706)</u>
<b>Represented by</b>		
Bank indebtedness	\$ (235,772)	\$ (146,145)
Restricted cash	<u>63,842</u>	<u>72,439</u>
	<u>\$ (171,930)</u>	<u>\$ (73,706)</u>

The accompanying notes are an integral part of the financial statements

**BUCTOUCHÉ FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2015**

**1. Basis of Presentation and Significant Accounting Policies**

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

**(a) Reporting Entity Principles of Financial Reporting**

The consolidated financial statements of Buctouche First Nation reflect the assets, liabilities, revenues, expenditures, changes in net debt and accumulated surplus of the reporting entity. The reporting entity is comprised of the organizations accountable for the administration of their affairs and resources to the Chief and Council or controlled by the band. Inter-fund and inter-corporate balances and transactions have been eliminated. The entities included in the consolidated financial statements are as follows.

1 River of the Little Fire Inc. Gas Bar

**(b) 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 one year or less at acquisition which are held for the purpose of meeting short-term cash commitments

**(c) Financial Instruments**

The First Nation's financial instruments consist of accounts receivable, band indebtedness, accounts payable and accrued liabilities and long-term debt. Unless otherwise noted it is management's opinion that the First Nation is not exposed to significant interest, currency or credit risks.

**(d) Principles of Consolidation**

All controlled entities are fully consolidated on a line-by-line basis.

**Consolidation Method**

This method combines the accounts of distinct organizations. It requires uniform accounting policies for the organizations. Inter-organizational balances and transactions are eliminated under this method. This method reports the organizations as if they were one organization

**(e) Net Debt**

The First Nation's financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the First Nation is determined by its liabilities less its financial assets. Net debt is comprised of two components, non-financial assets and accumulated surplus.

---

**BUCTOUCHE FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2015**

**1. Basis of Presentation and Significant Accounting Policies (continued)**

**(f) 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.

**(g) Tangible Capital Assets**

Tangible capital assets (TCAs) are items that can be physically touched, are used to provide First Nation services, are used for First Nation administration purposes or are used for the construction and/or maintenance of other TCAs owned by the First Nation, will be useful for a period greater than one year and will be used by the First Nation on a regular basis

Any item purchased less than the capitalization threshold of \$2,500 is recorded as an expense in the year the item is acquired

Tangible Capital Assets are recorded at cost, which includes all amounts directly attributable to acquisition, construction, development or betterment of the asset, and are amortized on the straight-line method over their estimated useful lives. Amortization begins in the year acquired. Current descriptions and useful lives are as follows:

Buildings	25 years
Paving	25 years
CMHC Housing	25 years
Community Health Centre	25 years
Water systems	25 - 50 years
Boats	20 years
Band housing	20 years

---

**BUCTOUCHE FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2015**

**1. Basis of Presentation and Significant Accounting Policies (continued)**

**(b) 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 (both operating and capital) 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 being performed is deferred and recognized when the fee is earned or service performed.

**(i) Use of Estimates**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

**(j) Expenditure Recognition**

Commitments for goods and services relating to the current fiscal year are accrued at the statement of financial position date.

**(k) Segment Disclosure**

The financial statements of Buctouche First Nation provide supporting schedules which are established by program based on government funding provided. The various programs have been amalgamated for the purpose of presentation in the consolidated financial statements. Details of the operations of each program are set out in the supplementary schedules for management information purposes.

**(l) Intangible assets**

The First Nation owns fishing licences which have been acquired without financial consideration and are therefore not recorded as assets in these financial statements.

**BUCTOUCHE FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2015**

**2. Restricted Cash**

	2015	2014
CMHC operating reserve	\$ 17,519	\$ 17,519
CMHC replacement reserve fund	46,323	54,920
	<hr/> <b>\$ 63,842</b>	<hr/> <b>\$ 72,439</b>

The agreements with Canada Mortgage and Housing Corporation (CMHC) require the First Nation to accumulate replacement reserve and operating reserve funds. These funds are restricted, and may only be used for purposes approved by CMHC.

**3. Accounts Receivable**

	2015	2014
Aboriginal Affairs and Northern Development Canada	\$ 52,223	\$ -
River of Little Fire Inc	50,319	40,662
Department of Fisheries and Oceans	85,330	210,000
Other	13,875	24,975
Province of New Brunswick	6,569	4,239
Loans to individuals	19,498	6,307
Health Canada	800	-
Canada Mortgage and Housing Corporation	-	5,000
 Allowance for doubtful accounts	 228,614	 291,183
	(13,122)	(13,122)
	<hr/> <b>\$ 215,492</b>	<hr/> <b>\$ 278,061</b>

**4. Trust funds held by Federal Government**

	March 31, 2014	Additions (interest)	Withdrawals	March 31, 2015
Revenue Capital	\$ 5,929 340	\$ 246 -	\$ - -	\$ 6,175 340
	<hr/> <b>\$ 6,269</b>	<hr/> <b>\$ 246</b>	<hr/> <b>\$ -</b>	<hr/> <b>\$ 6,515</b>

**BUCTOUCHE FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2015**

**5. Long-term investments**

Long-term investments are comprised of an investment in a Cranberry business, which is accounted for on the cost basis.

	2015	2014
<u>Long-term investments</u>	\$ 10,000	\$ 10,000

**6. Inventory**

Inventory for resale on hand at River of Little Fire Inc. (gas bar) is comprised of:

	2015	2014
Lotto	\$ 1,933	\$ 2,042
Tobacco	16,280	18,723
Other	61,200	47,431
	<hr/> \$ 79,413	<hr/> \$ 68,196

**7. Bank Indebtedness**

The First Nation has a demand operating line of credit of \$300,000 which bears interest at bank's prime lending rate plus 3.8% per annum. The line is secured by a general security agreement and Band Council resolution

	2015	2014
Cash	\$ (64,228)	\$ (108,855)
<u>Bank indebtedness</u>	<hr/> 300,000	<hr/> 255,000
	<hr/> \$ 235,772	<hr/> \$ 146,145

**BUCTOUCHE FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2015**

**8. Accounts payable**

Remittances for band employee benefits are current as of March 31, 2015.

	<b>2015</b>	<b>2014</b>
<b>Current</b>		
Trade payables	\$ 48,551	\$ 18,859
Capital project	-	242,025
Receiver General - payroll	9,134	11,177
Funding repayable to AANDC	-	8,528
Funding repayable to Health Canada	4,375	9,978
	<b>62,060</b>	<b>290,567</b>
<b>Long term</b>		
Province of NB tuition agreement	98,112	107,923
	<b>\$ 160,172</b>	<b>\$ 398,490</b>

**9. Deferred revenue**

	<b>2015</b>	<b>2014</b>
Prepaid crab revenue	\$ 67,500	\$ -
	<b>\$ 67,500</b>	<b>\$ -</b>

**BUCTOUCHÉ FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2015**

**10. Long-term Debt**

	<b>2015</b>	<b>2014</b>
Canada Mortgage and Housing Corporation 1.67% loan, payable \$432 monthly including interest, due April 2017, guaranteed by Aboriginal Affairs and Northern Development Canada	\$ 76,824	\$ 80,702
Canada Mortgage and Housing Corporation 1.64% loan, payable \$949 monthly including interest, due February 2017, guaranteed by Aboriginal Affairs and Northern Development Canada	167,650	176,234
Canada Mortgage and Housing Corporation 1.67% loan, payable \$432 monthly including interest, due April 2017, guaranteed by Aboriginal Affairs and Northern Development Canada	76,795	80,671
Canada Mortgage and Housing Corporation 2.11% loan, payable \$1,003 monthly including interest, due January 2019, guaranteed by Aboriginal Affairs and Northern Development Canada	185,328	193,397
Canada Mortgage and Housing Corporation 2.08% loan, payable \$489 monthly including interest, due February 2019, guaranteed by Aboriginal Affairs and Northern Development Canada	91,853	95,780
Canada Mortgage and Housing Corporation 2.08% loan, payable \$520 monthly including interest, due February 2019, guaranteed by Aboriginal Affairs and Northern Development Canada	97,832	102,015
Canada Mortgage and Housing Corporation 2.17% loan, payable \$540 monthly including interest, due December 2015, guaranteed by Aboriginal Affairs and Northern Development Canada	108,128	112,236
Canada Mortgage and Housing Corporation 2.97% loan, payable \$600 monthly including interest, due April 2016, guaranteed by Aboriginal Affairs and Northern Development Canada	<u>112,766</u>	<u>116,588</u>
	<hr/> <b>\$ 917,176</b>	<hr/> <b>\$ 957,623</b>

---

**BUCTOUCHE FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2015**

**10. Long-term Debt, continued**

Assuming similar renewal terms, principal portion of long-term debt due within the next five years is expected to be:

2016	\$ 41,075
2017	41,907
2018	42,759
2019	43,627
<b>2020 and thereafter</b>	<b>747,808</b>
	<hr/>
	<b>\$ 917,176</b>

**11. Contingent Liabilities**

Buctouche First Nation has signed a tuition arrears repayment agreement with the Province of New Brunswick. The First Nation remains indebted to the Province of New Brunswick (Department of Education) in the amount of \$98,112, excluding interest, for tuition as at March 31, 2015. This outstanding balance, which is included in the accounts payable total on the consolidated statement of financial position, will be paid over a fifteen year period with equal monthly payments of \$817.60 beginning April, 2010. Interest at 10.69% per annum will be calculated and added to the outstanding balance. The repayment agreement provides that all interest would accrue but be waived at completion of the agreement providing the First Nation makes the payments as scheduled. Therefore, the First Nation has not recorded any liability for interest owing to the Department of Education due to Chief and Council's written commitment to monthly payments in accordance with the agreement. Payments were made according to the terms of the agreement during the 2014-2015 fiscal year.

Buctouche 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. The likelihood of compliance reviews and any potential findings are not determinable as at the date on the auditor's report.

## BUCHOUCHE FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

## 12. Tangible Capital Assets

**BUCTOUCHE FIRST NATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2015**

	Cost		Accumulated amortization		2014 Net book value
	Balance, beginning of year	Additions	Balance, end of year	Balance, beginning of year	
Land	\$ 122,000	\$ -	\$ 122,000	\$ -	\$ 122,000
Buildings	653,003	-	653,003	263,958	14,928 278,886 374,117
Automotive	32,500	-	32,500	30,100	2,400 32,500
Equipment	109,000	-	109,000	109,000	- 109,000
Paving	523,789	-	523,789	328,135	18,080 346,215 177,574
CMHC Housing	1,141,703	-	1,141,703	233,256	45,668 278,924 862,779
Community Health Centre	445,975	-	445,975	210,402	12,113 222,515 223,460
Water systems	1,223,800	1,260,564	2,484,364	172,586	57,942 230,528 2,253,836
Boats	546,200	-	546,200	293,300	23,100 316,400 229,800
School bus	89,000	-	89,000	89,000	- 89,000
River of Little Fire	427,938	6,846	434,784	188,992	19,524 208,516 226,268
Band housing	841,314	-	841,314	679,320	33,616 712,936 128,378
					<b>\$ 6,156,222 \$ 1,267,410 \$ 7,423,632 \$ 2,598,049 \$ 227,371 \$ 2,825,420 \$ 4,598,212</b>

**BUCTOUCHÉ FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2015**

**13. Prepaid expense**

Prepaid expense consists of insurance expense.

**14. Expenditures by object**

	<b>2015</b>	<b>2014</b>
Wages and benefits	\$ 1,025,564	\$ 943,443
Convenience store	1,604,855	1,557,835
Social program expense	185,029	159,297
Tuition	228,082	235,326
Supplies, maintenance, services & ins	153,849	128,373
Interest and bank charges	50,937	35,210
Repairs	136,078	154,311
Other	472,674	512,634
Amortization	209,340	207,847
	<hr/> <b>\$ 4,066,408</b>	<hr/> <b>\$ 3,934,276</b>

---

**BUCTOUCHE FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2015**

**15. Financial Instruments Risks and Uncertainties**

The First Nation is exposed to the following risks in respect of certain of the financial instruments held:

**Credit risk**

The financial instruments that potentially subject the First Nation to a significant concentration of credit risk consist primarily of cash and accounts receivable.

The First Nation maintains cash balances with Canadian chartered banks which is insured by the Canada Deposit Insurance Corporation up to CDN \$100,000. From time to time, these balances exceed the federally insured limits and expose the First Nation to credit risk from concentration of cash. The First Nation limits this risk by transacting with reputable financial institutions.

The First Nation does have credit risk in accounts receivable \$215,492 (2014 - \$278,061). Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The First Nation reduces its exposure to credit risk by performing valuations on a regular basis and creating an allowance for bad debts when applicable. The First Nation derives substantially all of its revenues and therefore, accounts receivable, from government sources. In the opinion of management, the credit risk exposure to the First Nation is low and is not material.

**Liquidity risk**

The First Nation does have a liquidity risk in the accounts payable and accrued liabilities of \$160,172 (2014 - \$398,490). Liquidity risk is the risk that the First Nation cannot repay its obligations when they become due to its creditors. The First Nation reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due: maintains an adequate line of credit to repay trade creditors and maintains a responsible cash position. In the opinion of management, the liquidity risk exposure to the First Nation is low and is not material.

**Interest rate risk**

The First Nation is exposed to interest rate risk. This risk exists due to interest rate exposure on its bank indebtedness, which is variable based on the bank's prime rates. This exposure may have an effect on its interest expenses in future periods. The First Nation reduces its exposure to interest rate risk by regularly monitoring published bank prime interest rates which have been relatively stable over the period presented. There are some loans payable that are at fixed term rates and therefore, do not affect interest rate risk. The First Nation does not use derivative instruments to reduce its exposure to interest rate risk. In the opinion of management the interest rate risk exposure to the First Nation is low and is not material.

**16. Economic Dependence**

Buctouche First Nation receives a significant portion of its revenue pursuant to a funding agreement with Aboriginal Affairs and Northern Development Canada.

---

**BUCTOUCHE FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2015**

**17. Annual surplus net of capital related revenues and amortization**

	<b>2015</b>	<b>2014</b>
Annual surplus (deficit)	\$ (153,322)	\$ 1,050,225
Deduct. Federal government transfers for capital	-	(1,224,146)
Add. Amortization expense included in annual surplus	<u>209,339</u>	<u>227,371</u>
<b>Annual surplus net of capital related revenues and amortization</b>	<b>\$ 56,017</b>	<b>\$ 53,450</b>

**BUCTOUCHE FIRST NATION**  
**SCHEDULES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**GOVERNMENT TRANSFERS**  
**YEAR ENDED MARCH 31, 2015**

	<u>2015</u> <u>Operating</u>	<u>2015</u> <u>Capital</u>	<u>2015</u> <u>Total</u>
<b>Federal government transfers:</b>			
Aboriginal Affairs and Northern Development Canada	1,147,258	-	1,147,258
Health Canada	286,843	-	286,843
Canada Mortgage and Housing Corporation	46,753	-	46,753
Department of Fisheries and Oceans	<u>177,600</u>	-	<u>177,600</u>
<b>Federal government transfer total</b>	<b><u>\$ 1,658,454</u></b>	<b><u>\$</u></b>	<b><u>\$ 1,658,454</u></b>
<b>Provincial government transfers:</b>			
	<b><u>\$ 21,415</u></b>	<b><u>\$</u></b>	<b><u>\$ 21,415</u></b>

**HUOTOUCHE FIRST NATION**  
**SCHEDULES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEGMENT DISCLOSURE**  
**YEAR ENDED MARCH 31, 2015**

Revenues	Special Assistance		Operations and maintenance		Capital and housing		Education		Band Administration		Cultural		Health		Band of Little Pine Inc.		Consolidated totals	
	2015	Budget	2015	Budget	2015	Budget	2015	Budget	2015	Budget	2015	Budget	2015	Budget	2015	Budget	2015	Budget
Federal Government	245,167	245,167	106,516	54,882	99,136	99,136	363,121	345,121	417,118	479,984	4,320	4,116	286,843	274,479	1,738,421	1,507,985		
Provincial Government	-	-	-	-	-	-	-	-	21,416	14,000	-	-	-	-	21,416	14,000		
Economic Activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Other revenue	-	-	-	-	-	-	48,000	48,000	20,870	22,173	201,009	131,761	-	-	1,874,245	1,750,000	1,875,245	1,738,770
<b>Total revenue</b>	<b>\$ 245,167</b>	<b>\$ 245,167</b>	<b>\$ 106,516</b>	<b>\$ 54,882</b>	<b>\$ 107,136</b>	<b>\$ 99,136</b>	<b>\$ 363,121</b>	<b>\$ 345,121</b>	<b>\$ 417,118</b>	<b>\$ 479,984</b>	<b>4,320</b>	<b>4,116</b>	<b>286,843</b>	<b>274,479</b>	<b>1,738,421</b>	<b>1,507,985</b>	<b></b>	<b></b>
<b>Expenses</b>																		
Salaries and benefits	60,138	61,181	61,124	30,000	1,020	1,020	71,438	54,191	423,267	340,000	4,320	3,884	172,540	165,000	223,717	173,001	1,023,564	830,480
Amortization	-	-	-	-	-	-	-	-	190,592	207,830	-	-	18,748	20,000	209,340	227,180		
Debt servicing	-	-	-	-	-	-	-	-	24,019	-	-	-	7,798	7,000	50,937	24,618		
Cost of goods sold	183,029	183,172	115,271	88,501	105,520	128,498	186,683	113,101	356,777	315,532	-	412	126,423	115,376	1,469,137	1,416,000	1,469,137	1,416,000
Other expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	115,718	107,665	1,211,430	1,250,910
<b>Total expenses</b>	<b>245,167</b>	<b>245,167</b>	<b>178,397</b>	<b>108,501</b>	<b>125,662</b>	<b>147,136</b>	<b>362,176</b>	<b>345,121</b>	<b>406,655</b>	<b>367,294</b>	<b>4,320</b>	<b>4,116</b>	<b>298,965</b>	<b>280,376</b>	<b>1,451,116</b>	<b>1,721,666</b>	<b>4,065,498</b>	<b>3,799,584</b>
<b>Annual surplus (deficit)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 18,119</b>	<b>\$ (49,617)</b>	<b>\$ 21,474</b>	<b>\$ -</b>	<b>\$ 2,1855</b>	<b>\$ -</b>	<b>\$ (226,612)</b>	<b>\$ (274,287)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (6,297)</b>	<b>\$ (15,897)</b>	<b>\$ 20,129</b>	<b>\$ 36,314</b>	<b>\$ (133,322)</b>	<b>\$ (237,469)</b>

**BUCKOUCHE FIRST NATION**  
**SCHEDULES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEGMENT DISCLOSURE**  
**YEAR ENDED MARCH 31, 2014**

	<b>Social resilience</b> <b>2014</b>	<b>Operations and maintenance</b> <b>2014</b>	<b>Capital and housing</b> <b>2014</b>	<b>Education</b> <b>2014</b>	<b>Band administration</b> <b>2014</b>	<b>Cultural</b> <b>2014</b>	<b>Health</b> <b>2014</b>	<b>River of Little Fife Inc.</b> <b>2014</b>	<b>Consolidated totals</b> <b>2014</b>
<b>Revenues</b>									
Federal Government	244,969	1,317,952	103,456	360,908	389,521	4,320	295,891	-	2,717,017
Provincial Government	-	-	-	-	28,552	-	-	19,524	28,552
Economic Activities	-	-	-	-	-	-	-	7,072	7,072
Other revenue	-	-	-	49,200	26,259	397,237	-	-	42,282
<b>Total revenue</b>	<b>\$ 244,969</b>	<b>\$ 1,317,952</b>	<b>\$ 152,656</b>	<b>\$ 387,167</b>	<b>\$ 815,310</b>	<b>\$ 4,320</b>	<b>\$ 308,174</b>	<b>\$ 1,733,953</b>	<b>\$ 4,984,501</b>
<b>Expenses</b>									
Salaries and benefits	54,453	49,540	6,486	77,994	382,022	4,551	189,833	178,544	941,443
Amortization	-	-	-	-	207,847	-	-	19,524	227,371
Debt servicing	-	-	20,543	-	14,667	-	-	7,072	42,282
Cost of goods sold	-	-	-	-	-	-	-	1,420,605	1,420,605
Other expenses	159,297	113,049	133,209	286,173	374,775	3,600	119,838	110,634	1,300,575
<b>Total expenses</b>	<b>\$ 213,750</b>	<b>\$ 162,589</b>	<b>\$ 160,238</b>	<b>\$ 364,167</b>	<b>\$ 979,311</b>	<b>\$ 8,151</b>	<b>\$ 309,691</b>	<b>\$ 1,736,379</b>	<b>\$ 3,934,276</b>
<b>Annual surplus (deficit)</b>	<b>\$ 31,219</b>	<b>\$ 1,155,363</b>	<b>\$ (7,582)</b>	<b>\$ 23,000</b>	<b>\$ (164,001)</b>	<b>\$ (3,831)</b>	<b>\$ (1,517)</b>	<b>\$ 17,574</b>	<b>\$ 1,050,225</b>