

MOWACHAHT/MUCHALAHT FIRST NATION

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015



Mowachaht/Muchalaht First Nation

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Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of Mowachaht/Muchalaht First Nation are the responsibility of management and have been approved by the Council of Chiefs.

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 judgments 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 of Chiefs 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 of Chiefs meets periodically with management, as well as the external auditors, to discuss internal controls over the 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, Allemekinders & Company Chartered Accountants, 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 financial management of Mowachaht/Muchalaht First Nation and meet when required.

On behalf of Mowachaht/Muchalaht First Nation :

July 27, 2015

ALLEMEKINDERS & COMPANY

CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Members, Mowachaht/Muchalaht First Nation

We have audited the accompanying financial statements of Mowachaht/Muchalaht First Nation, which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statement of operations, changes in net financial assets and cash flows for the year then ended, and the notes to the consolidated financial statements.

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 for governments, 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 qualified audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Mowachaht/Muchalaht First Nation as at March 31, 2015, and of the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards for governments.

Allemekinders & Company
Chartered Accountants

Campbell River, BC
July 29, 2015

MOWACHAHT/MUCHALAHT FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
YEAR ENDED MARCH 31, 2015

	Notes	2015 \$	2014 \$
Financial Assets			
Cash and cash equivalents	3	2,481,351	2,064,616
Accounts receivable	4	483,816	233,097
Due from related entities	5	5,214	0
Funds held in trust by government	6	2,053,771	1,531,567
Investment in government business entities	7 & 20	<u>1,517,036</u>	<u>1,041,249</u>
		<u>6,541,188</u>	<u>4,870,529</u>
Liabilities			
Accounts payable and accrued liabilities	8	593,478	446,489
Employee benefit obligations	9	47,600	37,763
Due to related entities	5	0	8,392
Deferred revenues	10	208,404	225,692
Long-term debt	11	<u>3,037,566</u>	<u>3,135,182</u>
		<u>3,887,048</u>	<u>3,853,518</u>
Net Financial Assets		<u>2,654,140</u>	<u>1,017,011</u>
Non-Financial Assets			
Deferred expenditures	12	28,856	28,353
Tangible capital assets	2 & 13	<u>9,199,651</u>	<u>9,612,506</u>
		<u>9,228,507</u>	<u>9,640,859</u>
Accumulated Surplus	14 & 20	<u>11,882,647</u>	<u>10,657,870</u>
Contingent liabilities (Note 15)			

APPROVED ON BEHALF OF THE COUNCIL OF CHIEFS

M. Sasey

B. Jackson

MOWACHAHT/MUCHALAHT FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2015

	2015 Budget (Note 19)	2015	2014
	\$	\$	\$
Revenues			
Nuu-chah-nulth Tribal Council	2,448,872	2,265,475	2,310,569
Province of British Columbia	253,000	276,131	332,108
CMHC	102,600	102,098	116,128
First Nations Education Steering Committee	30,000	27,683	43,402
Canadian Food Inspection Agency	0	13,490	13,310
Vancouver Island Health Authority	10,000	10,000	0
Minister of Justice and Attorney General	0	0	30,012
Other sources:			
Government business entities	0	775,787	282,076
Lease income	53,000	483,272	44,225
Rental income	172,200	164,785	168,172
Aquaculture Cooperation Agreement	145,000	127,194	137,991
Interest	0	73,639	65,765
Miscellaneous	48,270	51,689	76,132
CMT contracts and fees	0	38,000	0
User fees	30,000	37,107	49,369
Road use permits	0	33,978	78,345
Marina & tourism revenue	0	30,218	30,753
Housing agreement receipts	0	0	25,170
Gain on disposal of assets	0	0	5,000
	<u>3,292,942</u>	<u>4,510,546</u>	<u>3,808,527</u>
Expenses			
Administration	855,581	871,611	739,279
Public works	358,500	345,609	299,992
Health programs	914,240	660,257	711,998
Education programs	326,552	221,127	304,046
Community & economic development	791,415	346,452	545,945
Capital projects	185,129	108,309	214,300
Housing programs	260,558	203,296	256,248
Treaty negotiations	0	0	9
Government business entities	0	0	1,549
Amortization and loss on disposal of assets	0	529,108	498,146
	<u>3,691,975</u>	<u>3,285,769</u>	<u>3,571,512</u>
Annual Surplus (Deficit)	(399,033)	1,224,777	237,015
Surplus at Beginning of Year	10,657,870	10,657,870	10,420,855
Surplus at End of Year (Note 14)	<u>10,258,837</u>	<u>11,882,647</u>	<u>10,657,870</u>

Segment Disclosure (Note 20)

MOWACHAHT/MUCHALAHT FIRST NATION
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
YEAR ENDED MARCH 31, 2015

	2015 Budget (Note 19)	2015	2014
	\$	\$	\$
Annual Surplus (Deficit)	(255,833)	1,224,777	237,015
Tangible capital assets			
Acquisition of capital assets	0	(116,253)	(82,981)
Amortization of capital assets	0	496,328	498,146
Proceeds on disposal of capital assets	0	0	5,000
Loss (gain) on disposal of capital assets	0	32,780	(5,000)
	0	412,855	415,165
Consumption (acquisition) of deferred expenses	0	(503)	13,951
	0	(503)	13,951
Change in Net Financial Assets	(255,833)	1,637,129	666,131
Net Financial Assets at Beginning of Year	1,017,011	1,017,011	350,880
Net Financial Assets at End of Year	761,178	2,654,140	1,017,011

MOWACHAHT/MUCHALAHT FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2015

	2015	2014
	\$	\$
Operating Transactions		
Annual surplus (deficit) ¹	1,224,777	237,015
Non-cash items included in annual surplus (deficit)	(768,883)	96,437
Changes in working capital accounts	(125,290)	(228,181)
	<u>330,604</u>	<u>105,271</u>
Capital Transactions		
Purchase of capital assets	(116,253)	(82,981)
	<u>(116,253)</u>	<u>(82,981)</u>
Investing Transactions		
Investment in band business enterprises	0	(1,649)
Recovery from band business enterprises	<u>300,000</u>	<u>285,100</u>
	<u>300,000</u>	<u>283,451</u>
Financing Transactions		
Repayment of long term debt	(97,616)	(94,493)
	<u>(97,616)</u>	<u>(94,493)</u>
Increase (Decrease) in Cash and Equivalents	416,735	211,248
Cash and Equivalents at Beginning of Year	2,064,616	1,853,368
Cash and Equivalents at End of Year	<u>2,481,351</u>	<u>2,064,616</u>
Represented by:		
Cash and short term investments	2,481,351	2,064,616
	<u>2,481,351</u>	<u>2,064,616</u>

¹ Interest received during the year was \$73,639 (2014 - \$65,765). Interest paid during the year was \$30,848 (2014 - \$32,493). Interest received is made up of the interest income from the Statement of Operations. Interest paid is made up of the interest expense from the Statement of Operations in the amount of \$30,124 (2014 - \$32,336) plus the change in the accrued interest payable in the amount of \$724 (2014 - \$157).

MOWACHAHT/MUCHALAHT FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been 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, which encompass the following principles:

a) Reporting Entity

The Mowachaht/Muchalaht First Nation reporting entity includes the Mowachaht/Muchalaht First Nation government and all related entities that are either owned or controlled by the Nation. Control is defined as the power to govern the financial and operating policies of another organization with expected benefits or the risk of loss to the government from the other organization's activities. Control exists regardless of whether the government chooses not to exercise its power to govern so long as it has the ability to govern. Control must exist at the financial statement date, without the need to amend agreements.

b) 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. These enterprises are included in the Consolidated Financial Statements on a modified equity 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. The method reports the organizations as if they were one organization. The organizations included through the consolidation method are:

- Mowachaht/Muchalaht First Nation government administration
- Mowachaht/Muchalaht First Nation housing programs

Modified Equity Method

This method reports only a Government's investment in and the net income or loss of the organization. No adjustment is made for accounting policies of the enterprise that are different from those of the Nation. In addition, any amounts receivable or payable are consolidated in the financial statements after eliminating any intercompany transactions and balances. The organizations included through the modified equity method are:

- 447839 BC Ltd.
- Nootka First Nation Forest Products Ltd.
- Mowachaht/Muchalaht Shellfish Corporation Ltd.
- Matchlee General Partner Ltd.
- Matchlee Limited Partnership
- Nuu-chah-nulth Seafood Limited Partnership

MOWACHAHT/MUCHALAHT FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) 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 capital assets and prepaid expenses.

d) Cash

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

e) Financial Instruments

The First Nation's financial instruments consist of cash, accounts receivable, temporary and long-term investments, accounts payable, amounts due to (from) related parties and long-term debt. Unless otherwise noted, it is management's opinion that the First Nation is not exposed to significant currency or credit risks arising from these financial instruments. The First Nation is exposed to interest rate risk on its long term debt which is based on fluctuations in prime interest rates. The First Nation does not use any hedges or contracts to manage the exposure to interest rate fluctuations. A 1% change in interest rates would not have significantly impacted the cash flows during the year.

f) Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation with a corresponding amount recorded as revenue. Tangible capital assets under construction are not amortized until the asset is available or use.

Tangible capital assets are amortized annually over their expected useful lives using the straight-line method at the following rates:

Community buildings	40 years
Housing and minor buildings	15-25 years
Community infrastructure	20-40 years
Equipment and furnishings	5-15 years
Computer and technology equipment	5 years
Automotive & vessels	5-10 years

When management determines that a tangible capital asset no longer contributes to the Nation's ability to provide goods and services or that the value of future benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible capital asset is written down.

MOWACHAHT/MUCHALAHT FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

All intangible assets and items inherited by right of the Nation, such as land, forests, water, natural resources and cultural and historic assets, are not recognized in the Nation's consolidated financial statements.

g) Employee Benefit Obligations

The Nation maintains a defined contribution pension plan for its staff. Expenses for this plan are equal to the Nation's required contribution for the year.

h) 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.

i) Revenue Recognition

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

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

j) Comparative Figures

Prior year's comparative figures have been reclassified where necessary to conform with the current year's presentation.

k) Measurement Uncertainty

In preparing the consolidated financial statements for 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 valuation allowances for accounts receivable and amortization of capital assets. Actual results could differ from these estimates.

MOWACHAHT/MUCHALAHT FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

I) Change in Accounting Policy for Tangible Capital Assets

During the year management changed the policy for treatment of tangible capital assets to adopt the provisions of the Public Sector Accounting Standards for accounting for tangible capital assets. The change has been applied retroactively and the prior periods have been restated to reflect the impact of the change. The impact of the change on the prior periods is as follows:

	Originally Reported	Impact of Change in Policy	Restated
	\$	\$	\$
Prior year opening balances April 1, 2013			
Cost of tangible capital assets	15,997,506	0	15,997,506
Accumulated amortization	10,140,560	(4,170,725)	5,969,835
Net book value	5,856,946	4,170,725	10,027,671
Invested in tangible capital assets	2,627,271	4,170,725	6,797,996
Accumulated Surplus	6,250,130	4,170,725	10,420,855
Prior year results to March 31, 2014			
Amortization	800,633	(302,487)	498,146
Net book value	5,139,294	4,473,212	9,612,506
Invested in tangible capital assets	2,004,112	4,473,212	6,477,324
Accumulated Surplus	6,184,658	4,473,212	10,657,870

2. ECONOMIC DEPENDENCE

The First Nation receives the major portion of its operating revenues pursuant to an agreement referred to as "Canada First Nation Funding Agreement" (CFNFA) which continued to March 31, 2014. A new funding agreement with Aboriginal Affairs and Northern Development Canada and the Nuu-chah-nulth Tribal Council has been entered into commencing April 1, 2014.

3. CASH AND CASH EQUIVALENTS

Replacement Reserve - Under the terms of agreements with Canada Mortgage and Housing Corporation, Mowachaht/Muchalaht First Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Replacement Reserve Fund.

Operating Reserve - Under the terms of the agreements with Canada Mortgage and Housing Corporation, excess federal assistance payments received are to be retained in subsidy surplus and operating reserve accounts. The reserves are to be comprised of monies deposited in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in this account may only be used to meet future program requirements.

MOWACHAHT/MUCHALAHT FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015

3. CASH AND CASH EQUIVALENTS (continued)

Cash and cash equivalents is comprised of the following:

	2015	2014
	\$	\$
Externally restricted		
Treaty account	125,749	124,438
Replacement reserve	74,257	32,075
Operating reserve	<u>90,692</u>	<u>62,550</u>
	<u>290,698</u>	<u>219,063</u>
Unrestricted		
General account	2,093,696	1,658,577
Cash and other accounts	<u>96,957</u>	<u>186,976</u>
	<u>2,190,653</u>	<u>1,845,553</u>
Total Cash and Cash Equivalents	<u>2,481,351</u>	<u>2,064,616</u>

4. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	2015	2014
	\$	\$
Due from members:		
Member loans and advances	139,639	143,743
Member rent and utility arrears	<u>119,494</u>	<u>119,003</u>
	<u>259,133</u>	<u>262,746</u>
Less: Allowance for doubtful accounts	<u>(240,266)</u>	<u>(243,349)</u>
	<u>18,867</u>	<u>19,397</u>
Due from others:		
Nuu-chah-nulth Tribal Council	433,327	66,310
Government ministries and agencies	7,583	108,672
C.M.H.C.	8,295	8,615
Sales tax recoveries	11,759	9,331
General receivables	<u>35,511</u>	<u>49,985</u>
	<u>496,475</u>	<u>242,913</u>
Less: Allowance for doubtful accounts	<u>(31,526)</u>	<u>(29,213)</u>
	<u>464,949</u>	<u>213,700</u>
Net accounts receivable	<u>483,816</u>	<u>233,097</u>

MOWACHAHT/MUCHALAHT FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015

5. DUE FROM (TO) RELATED ENTITIES

	2015	2014
	\$	\$
Current Operating Advances due from (to):		
Matchlee Limited Partnership	38,193	0
447839 BC Ltd.	983	620
Nootka First Nation Forest Products Ltd.	<u>(33,962)</u>	<u>(9,012)</u>
	<u>5,214</u>	<u>(8,392)</u>

Current operating advances to related entities have been funded from working capital and are unsecured, non-interest bearing and due on demand.

6. FUNDS HELD IN TRUST BY GOVERNMENT

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

	2014	Additions	Withdrawals	2015
	\$	\$	\$	\$
Revenue accounts	1,271,354	522,204	0	1,793,558
Capital accounts	<u>260,213</u>	0	0	260,213
	<u>1,531,567</u>	<u>522,204</u>	<u>0</u>	<u>2,053,771</u>

7. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES & PARTNERSHIPS

The Nation owns 100% of the shares of 447839 BC Ltd., Nootka First Nation Forest Products Ltd., Mowachaht/Muchalaht Shellfish Corporation Ltd. and Matchlee General Partner Ltd..

The Nation has limited partner interests of 99.9% in the Matchlee Limited Partnership and 16.67% in the Nuu-chah-nulth Seafood Limited Partnership.

The Nation's investments in government business enterprises and partnerships consist of the following:

	2015	2014
	\$	\$
447839 BC Ltd.	6	6
Nootka First Nation Forest Products Ltd.	70	70
Mowachaht/Muchalaht Shellfish Corporation Ltd.	0	0
Matchlee General Partner Ltd.	0	0
Matchlee Limited Partnership	1,111,488	756,486
Nuu-chah-nulth Seafood Limited Partnership (Note 20)	<u>405,472</u>	<u>284,687</u>
	<u>1,517,036</u>	<u>1,041,249</u>

MOWACHAHT/MUCHALAHT FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015

7. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES & PARTNERSHIPS (continued)

The following table presents condensed and summarized financial information for the most recent year ends for these commercial enterprises:

DESCRIPTION	Government Business Enterprises	Government Business Partnerships
Assets		
Current	60,148	4,468,486
Capital & Other	1	57,098
	<u>60,149</u>	<u>4,525,584</u>
Liabilities		
Current	59,522	1,064,064
Long Term	1,362,925	167,845
	<u>1,422,447</u>	<u>1,231,909</u>
Partner's Interest	n/a	2,030,272
Net Assets (Liabilities)	<u>(1,362,298)</u>	<u>1,263,403</u>
Total Revenues	0	7,056,270
Total Expenses	0	5,775,935
Net Income (Loss) for the Year	<u>0</u>	<u>1,280,335</u>

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2015 \$	2014 \$
Trade payables	140,250	103,170
Accrued salaries and benefits payable	55,014	46,452
Nuu-chah-nulth Tribal Council	307,256	216,658
Other accrued liabilities	<u>90,958</u>	<u>80,209</u>
	<u>593,478</u>	<u>446,489</u>

MOWACHAHT/MUCHALAHT FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015

9. EMPLOYEE BENEFIT OBLIGATIONS

	2015	2014
	\$	\$
Vacation and overtime	34,909	35,309
Pension plan contributions	12,691	2,454
	<u>47,600</u>	<u>37,763</u>

Vacation and overtime

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits or are entitled to these benefits within the next budgetary year.

Pension plan

The Nation provides a defined contribution plan for eligible members of its staff. Members are required to contribute 5% of their salary. The Nation contributes 5% which contributions are directed to the member's contribution account. The amount of retirement benefit to be received by the employees will be the amount of retirement annuity that could be purchased based on the member's share of the pension plan at the time of the member's withdrawal from the plan. The Nation contributed during the year \$26,155 (2014- \$5,130) for retirement benefits. The Nation does not have any other obligations with regards to the pension plan as at March 31, 2015.

10. DEFERRED REVENUES

	2014 \$	Funding received \$	Revenue Recognized \$	2015 \$
Nuu-chah-nulth Tribal Council				
ACRS School Repairs	3,643	0	0	3,643
Capital Infrastructure	140,081	0	(26,669)	113,412
	<u>143,724</u>	<u>0</u>	<u>(26,669)</u>	<u>117,055</u>
Provincial Government				
Ministry of Agriculture and Lands	81,968	0	0	81,968
Other agencies	0	31,689	(22,308)	9,381
	<u>81,968</u>	<u>31,689</u>	<u>(22,308)</u>	<u>91,349</u>
	<u>225,692</u>	<u>31,689</u>	<u>(48,977)</u>	<u>208,404</u>

MOWACHAHT/MUCHALAHT FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015

11. LONG-TERM DEBT

	2015	2014
	\$	\$
All Nations Trust Company		
Term Loan (CMHC Phase 1)	132,145	181,850
Term Loan (CMHC Phase 2)	161,028	172,491
Term Loan (CMHC Phase 3)	904,592	941,040
Nuu-chah-nulth Tribal Council (BC Treaty Commission)		
Treaty Negotiation Loan	<u>1,839,801</u>	<u>1,839,801</u>
	<u><u>3,037,566</u></u>	<u><u>3,135,182</u></u>

a) All Nations Trust Company - Term Loan (CMHC Phase 1)

The Nation has entered into a loan for the construction of 12 housing units referred to as CMHC Phase 1 with the All Nations Trust Company which is repayable in monthly blended payments of \$4,349, including interest based on 59 month amortization with an interest rate of 1.61% per annum. The loan matures on October 1, 2017. The net book value of the housing units at March 31, 2015 is \$288,068

b) All Nations Trust Company - Term Loan (CMHC Phase 2)

The Nation has entered into a loan for the construction of 6 housing units referred to as CMHC Phase 2 with the All Nations Trust Company which is repayable in monthly blended payments of \$1,191, including interest based on 180 month amortization with an interest rate of 1.71% per annum. The loan matures on September 1, 2017. The net book value of the housing units at March 31, 2015 is \$504,193

c) All Nations Trust Company - Term Loan (CMHC Phase 3)

The Nation has entered into a loan for the construction of 9 housing units referred to as CMHC Phase 3 with the All Nations Trust Company which is repayable in monthly blended payments of \$4,573, including interest based on 238 month amortization with an interest rate of 1.83% per annum. The loan matures on December 1, 2019. The net book value of the housing units at March 31, 2015 is \$1,021,731

d) Nuu-chah-nulth Tribal Council (BC Treaty Commission)- Treaty Negotiation Loan

The Nation has entered into a loan for funding of treaty negotiations with the BC Treaty Commission through the Nuu-chah-nulth Tribal Council which is repayable only from the earlier of September 2, 2016, the date of signing a treaty, seven years from the date of signing an Agreement-in-Principal or on the date the loan agreement is terminated. The loan remains interest free until it becomes due and payable. Once the loan is due and payable interest will be charged at a rate equal to that charged by the Consolidated Revenue Fund to provincial crown corporations.

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11. LONG-TERM DEBT (continued)

Anticipated annual principal and interest repayments over the next five years are as follows:

Year ended March 31, 2016	\$121,362
Year ended March 31, 2017	\$121,362
Year ended March 31, 2018	\$99,605
Year ended March 31, 2019	\$69,173
Year ended March 31, 2020	\$69,173

12. DEFERRED EXPENDITURES

Deferred expenditures represent payments made before March 31, 2015 which will be funded from future year's revenues.

	2015	2014
	\$	\$
Prepaid Social Assistance payments	11,422	9,275
Prepaid expenditures	<u>17,434</u>	<u>19,078</u>
	<u>28,856</u>	<u>28,353</u>

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13. TANGIBLE CAPITAL ASSETS

	Community Infrastructure Systems \$	Community Buildings \$	Housing \$	Vehicles, Vessels & Equipment \$	Total \$
Year ended March 31, 2015					
Cost					
Opening	5,276,201	6,603,204	3,513,956	521,958	15,915,319
Acquisitions	70,809	12,462	0	32,983	116,254
Disposals	0	(11,932)	0	(80,221)	(92,153)
Closing	5,347,010	6,603,734	3,513,956	474,720	15,939,420
Accumulated amortization					
Opening	2,366,114	2,086,428	1,559,405	290,866	6,302,813
Amortization	142,346	168,323	140,559	45,101	496,329
Disposals	0	(11,932)	0	(47,441)	(59,373)
Closing	2,508,460	2,242,819	1,699,964	288,526	6,739,769
Net book value	2,838,550	4,360,915	1,813,992	186,194	9,199,651
 Year ended March 31, 2014					
Cost					
Opening	5,271,801	6,661,296	3,513,956	550,453	15,997,506
Acquisitions	4,400	30,051	0	48,530	82,981
Disposals	0	(88,143)	0	(77,025)	(165,168)
Closing	5,276,201	6,603,204	3,513,956	521,958	15,915,319
Accumulated amortization					
Opening	2,224,708	2,006,779	1,418,846	319,502	5,969,835
Amortization	141,406	167,792	140,559	48,389	498,146
Disposals	0	(88,143)	0	(77,025)	(165,168)
Closing	2,366,114	2,086,428	1,559,405	290,866	6,302,813
Net book value	2,910,087	4,516,776	1,954,551	231,092	9,612,506

MOWACHAHT/MUCHALAHT FIRST NATION
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14. ACCUMULATED SURPLUS

	2015	2014
	\$	\$
Externally Restricted:		
Capital projects	17,507	17,507
Funds held in trust by government	2,053,771	1,531,567
Housing replacement reserve	54,734	32,075
Housing operating reserve	48,466	62,550
Treaty negotiation funds	<u>78,833</u>	<u>78,833</u>
	<u>2,253,311</u>	<u>1,722,532</u>
Internally Restricted:		
Invested in tangible capital assets	6,162,085	6,477,324
Invested in government business entities	1,517,036	1,041,249
Other internally restricted:		
Health & Family Services	303,430	296,457
Education	263,771	205,051
Economic Opportunity Fund	<u>200,495</u>	<u>169,001</u>
	<u>8,446,817</u>	<u>8,189,082</u>
Unrestricted surplus	1,182,519	746,256
Accumulated surplus at end of year	<u>11,882,647</u>	<u>10,657,870</u>

15. CONTINGENT LIABILITIES

The Nation has entered into contribution agreements with the Nuu-chah-nulth Tribal Council and various federal and provincial government departments. Funding received under these contribution agreements is subject to repayment if the Nation fails to comply with the terms and conditions of the agreements.

In addition, in the normal course of its operations, the Nation becomes involved in legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded on Nation's financial statements.

MOWACHAHT/MUCHALAHT FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015

16. SCHEDULE OF EXPENDITURES BY OBJECT

The following is a summary of expenses by object:

	2015 \$	2014 \$
Wages and payroll costs	1,168,736	850,877
Direct member benefits	271,005	385,503
Travel	231,963	181,800
Contract & subcontract costs	135,507	275,543
Utilities	131,149	123,076
Infrastructure work	105,267	74,866
Repairs and maintenance	95,107	114,822
Consulting & professional fees	95,014	173,840
Medical travel	90,969	98,138
Insurance	89,481	77,923
Honoraria	89,280	257,715
Materials and supplies	57,529	48,645
Telecommunications	52,056	35,799
Interest and bank charges	30,124	32,336
Social Program costs	24,899	66,065
Training	20,036	8,869
Meeting and workshop costs	19,669	46,527
Miscellaneous	14,054	27,583
Equipment costs	12,159	37,934
Vehicle costs	11,925	17,555
Residential construction costs	10,731	126,610
Amortization	496,329	498,146
Loss on disposal of assets	32,780	0
Investments - Share of net loss	0	1,549
Bad debts (recovery)	0	9,791
	<u>3,285,769</u>	<u>3,571,512</u>

17. GOVERNMENT TRANSFERS

	2015 \$	2014 \$
Revenue		
Nuu-chah-nulth Tribal Council	2,265,475	2,310,569
Canada Mortgage and Housing Corporation	102,098	116,128
Minister of Justice and Attorney General	0	30,012
Canadian Food Inspection Agency	13,490	13,310
Province of British Columbia	<u>276,131</u>	<u>332,108</u>
	<u>2,657,194</u>	<u>2,802,127</u>

MOWACHAHT/MUCHALAHT FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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18. RELATED PARTY TRANSACTIONS

The following summarizes the Nation's related party transactions for the year:

	2015	2014
	\$	\$
Revenue		
Contracts and fees		
Matchlee Limited Partnership	38,000	0

These transactions are in the normal course of operations and are measured at the exchange value (the amount of consideration established and agreed to by the related parties), which approximates the arm's length equivalent value for sales of services or supply of product or services.

19. BUDGET FIGURES

Unaudited budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the Council of Chiefs

20. SEGMENT DISCLOSURE

The Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by program. Programs were created for the purpose of recording specific activities to attain certain objectives in accordance with specific regulations, restrictions or limitations. These activities can also be categorized into segments. The following segments have been identified and as such are separately disclosed:

General Administration

General Administration contains activities that are needed to manage and administer the Nation's organization.

Public Works

Public Works contains all activities that relate to the operations, maintenance, development, construction and financing of buildings, infrastructure and land of the Nation.

Housing

Housing contains activities that relate to on reserve housing.

Health & Social Development

Health & Social Development contains activities that provide health services, medical services, financial support or support by other means to members that is aimed at developing both the individual as well as the community.

Education

Education contains activities that provide education and facilitate educational opportunities to members for primary, secondary schooling and adult vocational training.

**MOWACHAHT/MUCHALAHT FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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20. SEGMENT DISCLOSURE (continued)

Community & Economic Development

Community & Economic Development contains activities that are involved in the development of the community and the development and operation of economic opportunities.

Treaty

Treaty contains activities associated with the treaty negotiations between the Nation, the province and the federal government.

For each segment separately reported, the segment revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. 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 segment results for the period are as follows:

MOWACHAHT/MUCHALAHT FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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20. SEGMENT DISCLOSURE (continued)

Year ended March 31, 2015:

	General Administration	Public Works	Housing	Health & Social Development	Education	Community & Economic Development	Treaty	Eliminations	Consolidated Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue									
Tribal Council	412,381	371,624	102,265	714,297	257,916	406,992	0	0	2,265,475
Federal	0	0	102,098	0	0	13,490	0	0	115,588
Provincial	0	0	0	0	0	276,131	0	0	276,131
Other	198,040	75,468	189,977	15,652	71,638	1,577,001	0	(274,424)	1,853,352
	610,421	447,092	394,340	729,949	329,554	2,273,614	0	(274,424)	4,510,546
Expenses									
Salaries and benefits	511,202	137,861	65,051	128,062	159,585	170,423	0	0	1,172,184
Interest	0	0	26,627	0	0	0	0	0	26,627
Amortization	0	388,550	140,558	0	0	0	0	0	529,108
Other	360,409	313,014	194,643	605,509	110,216	248,483	0	(274,424)	1,557,850
	871,611	839,425	426,879	733,571	269,801	418,906	0	(274,424)	3,285,769
Transfers	347,773	21,400	72,430	19,728	0	(461,331)	0	0	0
Annual Surplus (Deficit)	86,583	(370,933)	39,891	16,106	59,753	1,393,377	0	0	1,224,777

MOWACHAHT/MUCHALAHT FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015

20. SEGMENT DISCLOSURE (continued)

Year ended March 31, 2014:

	General Administration	Public Works	Housing	Health & Social Development	Education	Community & Economic Development	Treaty	Eliminations	Consolidated Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue									
Tribal Council	733,478	214,650	93,558	796,511	219,696	252,676	0	0	2,310,569
Federal	0	0	116,128	0	0	43,322	0	0	159,450
Provincial	0	0	0	0	7,388	324,720	0	0	332,108
Other	106,320	86,533	213,140	7,071	110,739	692,830	0	(210,233)	1,006,400
	839,798	301,183	422,826	803,582	337,823	1,313,548	0	(210,233)	3,808,527
Expenses									
Salaries and benefits	196,802	156,340	56,566	122,274	186,125	132,770	0	0	850,877
Interest	0	0	30,709	0	0	0	0	0	30,709
Amortization	0	357,586	140,560	0	0	0	0	0	498,146
Other	542,477	231,342	360,499	668,058	153,430	446,198	9	(210,233)	2,191,780
	739,279	745,268	588,334	790,332	339,555	578,968	9	(210,233)	3,571,512
Transfers	(103,593)	224,518	57,238	21,100	0	(199,263)	0	0	0
Annual Surplus (Deficit)	(3,074)	(219,567)	(108,270)	34,350	(1,732)	535,317	(9)	0	237,015