

NANOOSE FIRST NATION

CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015

NANOOSE FIRST NATION

YEAR ENDED MARCH 31, 2015
CONTENTS

	<u>Page</u>
Management's Responsibility for Financial Reporting	
Independent Auditors' Report	1
SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	2
Consolidated Statement of Operations	3
Consolidated Statement of Changes in Net Debt	4
Consolidated Statement of Cash Flows	5
Notes to Consolidated Financial Statements	6 - 21

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Nanoose First Nation are the responsibility of management and have been approved by the Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The First Nation maintains systems of internal accounting and administrative controls of high quality consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the First Nation's assets are appropriately accounted for and adequately safeguarded.

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

The First Nation Council reviews the First Nation's consolidated financial statements and management letter. The Council 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 auditors' report. The Council approves the consolidated financial statements for issuance to the members. The Council also considers, for review and approval by the members, the engagement of the external auditors.

The consolidated financial statements have been audited by McGorman MacLean, Chartered Professional Accountants in accordance with Canadian generally accepted auditing standards on behalf of the members. McGorman MacLean has full and free access to the Council.

Councillor

Councillor

Councillor

INDEPENDENT AUDITORS' REPORT

Tel: 250-248-3211
Fax: 250-248-4504
E-mail: cam@mcgormanmaclean.com
mark@mcgormanmaclean.com
stana@mcgormanmaclean.com

To the Members of Nanoose First Nation

We have audited the accompanying consolidated statement of financial position of Nanoose First Nation as at March 31, 2015 and the consolidated statements of operations, changes 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 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.

Auditors' Responsibility

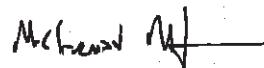
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain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

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

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

Opinion

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



CHARTERED PROFESSIONAL ACCOUNTANTS

Parksville, Canada
July 6, 2015



154 Memorial Ave., P.O. Box 760, Parksville, B.C. V9P 2G8

NANOOSE FIRST NATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
YEAR ENDED MARCH 31, 2015

	2015	2014
FINANCIAL ASSETS		
Cash (note 4)	\$ 418,771	\$ -
Funds on deposit in Ottawa Trusts (notes 4 and 5)	76,835	74,438
Accounts receivable (note 6)	340,001	428,634
Receivable from affiliated companies (note 7)	41,934	46,049
Receivable from Aboriginal Affairs and Northern Development Canada (note 8)	33,191	-
Investments (note 9)	1,103	653
	911,835	549,774
FINANCIAL LIABILITIES		
Cheques issued in excess of funds on deposit (note 10)	-	42,671
Accounts payable and accrued liabilities	395,729	369,843
Payable to Aboriginal Affairs and Northern Development Canada (note 8)	-	60,166
Deferred revenue (note 11)	142,539	117,019
Long term debt (note 12)	2,419,697	2,591,387
	2,957,965	3,181,086
NET DEBT	(2,046,130)	(2,631,312)
NON-FINANCIAL ASSETS		
Tangible capital assets (notes 1 and 13)	11,370,337	11,844,481
Inventory	-	1,603
Prepaid expenses	65,790	88,501
	11,436,127	11,934,585
ACCUMULATED SURPLUS	\$ 9,389,997	\$ 9,303,273
ACCUMULATED SURPLUS (DEFICIT) AT END OF YEAR CONSISTS OF:		
Restricted (note 21)	\$ 620,173	\$ 656,211
Unrestricted	(354,244)	(821,067)
	265,929	(164,856)
Investment in tangible capital assets	9,124,068	9,468,129
	\$ 9,389,997	\$ 9,303,273
Commitments (note 14)		
Contingent liabilities (note 15)		

APPROVED BY THE COUNCIL:

Councillor

Councillor

Councillor

NANOOSE FIRST NATION

CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2015

	Budget (unaudited)	2015	2014
REVENUE			
Aboriginal Affairs and Northern Development Canada	\$ 1,784,228	\$ 1,760,117	\$ 1,024,830
Inter Tribal Health Authority	429,077	429,077	405,134
Rental income - Social Housing	201,292	198,655	202,694
Province of British Columbia	187,726	192,422	163,571
Sign rental income	191,250	191,250	230,535
Coast Salish Employment and Training Society	148,779	148,779	144,944
Canada Mortgage and Housing Corporation	118,708	118,481	108,406
Other income	122,573	113,014	59,650
Fisheries and Oceans Canada	91,410	91,410	104,060
Campground	70,000	72,988	95,969
First Nations Health Authority	58,955	58,955	105,415
Te'Mexw Treaty Association	40,000	43,000	43,000
Management fees - Snav-Naw-As Aquaculture Ventures Inc.	40,000	38,000	34,000
Government of Canada	30,000	30,000	-
Crab licence lease income	25,000	25,000	25,000
Rental and lease income	22,000	22,000	20,506
First Nation Education Steering Committee	14,853	11,300	10,205
Ottawa Trust Funds - interest and grant revenue	2,000	2,397	2,646
Interest	900	1,695	2,413
	3,578,751	3,548,540	2,782,978
TOTAL EXPENSES (note 16)	3,167,841	3,461,816	3,368,966
ANNUAL SURPLUS (DEFICIT)	410,910	86,724	(585,988)
ACCUMULATED SURPLUS AT BEGINNING OF YEAR	9,303,273	9,303,273	9,889,261
ACCUMULATED SURPLUS AT END OF YEAR	\$ 9,714,183	\$ 9,389,997	\$ 9,303,273

NANOOSE FIRST NATION

CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT
YEAR ENDED MARCH 31, 2015

	2015	2014
ANNUAL SURPLUS (DEFICIT)	\$ 86,724	\$ (585,988)
Acquisition of tangible capital assets	(213,552)	(138,291)
Amortization of tangible capital assets	687,696	678,861
	560,868	(45,418)
Acquisition of inventory		(1,603)
Acquisition of prepaid expenses	(65,790)	(88,501)
Use of inventory	1,603	1,603
Use of prepaid expenses	88,501	74,126
	24,314	(14,375)
CHANGE IN NET DEBT	585,182	(59,793)
NET DEBT AT BEGINNING OF YEAR	(2,631,312)	(2,571,519)
NET DEBT AT END OF YEAR	\$ (2,046,130)	\$ (2,631,312)

NANOOSE FIRST NATION

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2015

	2015	2014
OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ 86,724	\$ (585,988)
Adjustment for amortization which does not involve cash	687,696	678,861
	<u>774,420</u>	<u>92,873</u>
Changes in non-cash working capital:		
Decrease (Increase)		
Accounts receivable	88,633	(47,123)
Receivable from affiliated companies	4,115	(2,945)
Insurance proceeds receivable	-	1,540
Receivable from Aboriginal Affairs and Northern Development Canada	(33,191)	-
Inventory	1,603	-
Prepaid expenses	22,711	(14,375)
Increase (Decrease)		
Accounts payable and accrued liabilities	25,886	(207,037)
Payable to Aboriginal Affairs and Northern Development Canada	(60,166)	(53,694)
Deferred revenue	25,520	36,889
	<u>75,111</u>	<u>(286,745)</u>
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	849,531	(193,872)
CAPITAL TRANSACTIONS		
Purchase of tangible capital assets	(213,552)	(138,291)
INVESTING ACTIVITIES		
Increase in investments	(450)	-
FINANCING ACTIVITIES		
Principal reduction in long term debt	(171,690)	(101,239)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	463,839	(433,402)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	31,767	465,169
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 495,606	\$ 31,767
CASH AND CASH EQUIVALENTS CONSIST OF:		
Cash	\$ 418,771	\$ -
Cheques issued in excess of funds on deposit	-	(42,671)
Funds on deposit in Ottawa Trusts	76,835	74,438
	<u>\$ 495,606</u>	<u>\$ 31,767</u>

NANOOSE FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2015

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards which encompass the following principles:

(a) Basis of consolidation

The consolidated financial statements reflect a combination of the First Nation's operating, capital, social housing and trust funds.

The Operating Fund reports the general activities of the First Nation including the operation of Snaw-Naw-As campground and store.

The Capital Fund reports the tangible capital assets of the First Nation, together with the related sources of financing.

The Social Housing Fund reports the activities within the First Nation sponsored Social Housing Program.

The Ottawa Trust Funds reports on trust funds owned by the First Nation and held by a third party.

(b) Reporting entity and principles of financial reporting

These financial statements include the assets, liabilities and results of operations for the following funds and programs:

Administration

Local Revenue Funds, including:

Own Housing

Commercial activities and management fees

Snaw-Naw-As Campground and Store

Uy'Sqwalawun Child Care Centre

Social Housing Program

Ottawa Trust Funds

All transfers and transactions between funds and programs have been eliminated.

(c) Cash

The First Nation's policy is to present bank balances under cash or cheques issued in excess of funds on deposit.

(d) Inventory

Inventory is stated at cost. There was no inventory on hand at March 31, 2015.

NANOOSE FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2015

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Tangible capital assets

Tangible capital assets are stated at cost and are being amortized using the following annual rates and bases:

(i) Local Revenue Fund

Computer equipment	3 years straight line
Automotive equipment	5 years straight line
Furniture and equipment	5 years straight line
Boat	8 years straight line
Marina	10 years straight line
School and daycare	15 - 25 years straight line
General housing	20 years straight line
Community buildings and structures	3 - 25 years straight line
Health building	25 years straight line
Infrastructure	25 years straight line

(ii) Snaw-Naw-As Campground

Campground store	4% diminishing balance
Equipment	20% diminishing balance
Billboard	20% diminishing balance

(iii) Social Housing - straight line

Buildings	21 - 44 years straight line
Furniture	5 years straight line
Septic field	25 years straight line

(f) Investments

The investments in Snaw-Naw-As Forest Services Ltd., Snaw-Naw-As Aquaculture Ventures Inc. and Snaw-Naw-As Holdings Ltd., wholly-owned corporations, and the investment in Salish Strait Seafoods Ltd., representing a twenty-percent ownership interest, are recorded at cost.

(g) Revenue recognition

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements.

Government transfers are recognized in the financial statements as revenue in the period the transfers are authorized and any eligibility criteria have been met, except when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability for the recipient government. Transfers received which meet the definition of a liability are included in deferred revenue.

Deferred revenue consists of funding which is received, externally restricted, and will not be included in revenue until the related expenses are incurred.

Rental revenue is recognized on a monthly basis when services are provided. Campground and store revenues are recognized when the goods and services are provided.

NANOOSE FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2015

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of revenue and expenses. Actual results may differ from these estimates.

2. FINANCIAL INSTRUMENTS

The First Nation's financial instruments consists of cash, accounts receivable, receivable from affiliated companies, receivable from Aboriginal Affairs and Northern Development Canada, investments, 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 arising from these financial instruments, the fair value of which approximates their carrying value, except as explained in note 6.

Investments

The fair market values of the investments in Sna-Naw-As Forest Services Ltd., Sna-Naw-As Aquaculture Ventures Inc., Sna-Naw-As Holdings Ltd. and Salish Strait Seafoods Ltd. have not been determined and accordingly may differ from the recorded values.

Interest risk

The First Nation has a line of credit and a demand loan with interest rates that fluctuate with the bank's prime lending rate.

3. ECONOMIC DEPENDENCE

Nanoose First Nation receives a major portion of its revenue pursuant to a funding arrangement with Aboriginal Affairs and Northern Development Canada. The current agreement expires March 31, 2020.

NANOOSE FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2015

4. RESTRICTED CASH

(a) Ottawa Trust Funds

The Ottawa Trust Funds arise from monies 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 and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

(b) Replacement reserve

Under the terms of the operating agreements with Canada Mortgage and Housing Corporation (CMHC), the replacement reserve accounts are to be credited a specific amount annually as determined by CMHC. These funds, along with accumulated interest, must be held in a separate bank account by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. Expenses from this account must meet eligible capital item criteria per the operating agreement with CMHC.

Required transfers to the replacement reserve for 2015 totalled \$11,075 for the original Social Housing Phases VI and VII, and \$30,000 for the new Social Housing Phases I and II.

At March 31, 2015, the Replacement Reserve bank accounts were as follows:

Original Phase VI, VII	\$ 36,373	fully funded
New Phase I, II	\$ 50,183	under funded

At March 31, 2014, the Replacement Reserve bank accounts were fully funded.

The Nanoose First Nation was in compliance with the CMHC operating agreement for the original Social Housing Phases VI and VII.

At March 31, 2015, the Replacement Reserve for the new Social Housing Phases I and II totalled \$185,726 (2014: \$157,019). The balance held in a separate bank account for the Replacement Reserve totalled \$50,183 (2014: \$157,019), and \$135,543 was repayable to the new Social Housing operating account.

(c) Subsidy surplus reserve - original Social Housing Phases VI and VII

Under the terms of the operating agreement with CMHC, excess federal assistance payments received may be retained in a subsidy surplus reserve up to a maximum of \$500 per unit plus interest. These funds, along with accumulated interest, must be held in a separate bank account and 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 subsidy requirements of income-tested occupants over and above the maximum federal assistance. Withdrawals are credited to interest first and then principal. When the principal amount in the fund has accumulated the maximum of \$500 per unit, the excess subsidy must be refunded to CMHC.

At year end, there were no subsidy surplus reserve funds held for the original Social Housing Phases VI and VII.

NANOOSE FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2015

4. RESTRICTED CASH (continued)

(d) Operating reserve - new Social Housing Phases I and II

Under the terms of the operating agreement with CMHC for the new Social Housing Phases I and II, surpluses from operations can be retained by the Social Housing program without any subsidy recovery by CMHC. If there is a deficit from operations, the excess expenses must be reimbursed to the Social Housing program by the First Nation.

Nanoose First Nation was unable to comply with the operating agreement. At March 31, 2015, the operating reserve fund balance was \$171,809 of which \$8,948 was held in a separate bank account for the new Social Housing and the remaining balance of \$162,861 was receivable from Nanoose First Nation's operating fund. The March 31, 2014 operating reserve fund balance was \$155,584 of which \$55,117 was held in a separate bank account and \$100,467 was receivable from Nanoose First Nation's operating fund.

5. OTTAWA TRUST FUNDS

	Opening Balance	Additions	Withdrawals	2015 Total	2014 Total
Revenue	\$ 22,525	\$ 2,397	\$ -	\$ 24,922	\$ 22,525
Capital	51,913	-	-	51,913	51,913
	\$ 74,438	\$ 2,397	\$ -	\$ 76,835	\$ 74,438

NANOOSE FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2015

6. ACCOUNTS RECEIVABLE

	2015	2014
Tsow Tun Lelum	\$ 35,867	\$ 35,867
Coast Salish Employment and Training Society	34,169	38,475
Fisheries and Oceans Canada	19,547	30,932
Other receivables	13,960	10,762
Te'Mexw Treaty Association	13,000	9,000
Canada Mortgage and Housing Corporation	8,893	63,960
Province of British Columbia	8,612	4,931
Inter Tribal Health Authority	4,495	4,282
Environment Canada	3,000	-
First Nations Education Steering Committee	2,500	5,456
AANDC - travel reimbursement	1,855	-
	145,898	203,665
Receivable from First Nation members - formerly Social Housing	262,951	262,046
Receivable from First Nation members and staff	34,832	49,899
Allowance for doubtful accounts - members	(149,059)	(148,077)
	148,724	163,868
Social Housing rent receivable from First Nation members	207,419	147,667
Allowance for doubtful accounts - rent receivable	(162,040)	(86,566)
	45,379	61,101
	\$ 340,001	\$ 428,634

Certain accounts receivable are subject to credit risk. A significant portion of the receivables are from First Nation members which are an unsecured source. Bad debts are recorded through the local revenue fund, including bad debts which result from recording an allowance for doubtful rent receivable for the Social Housing program.

Receivable from First Nation members - formerly Social Housing, represents receivables transferred from the Social Housing Fund to the Operating Fund for those Social Housing units where the related mortgages have been repaid in full.

NANOOSE FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2015

7. RECEIVABLE FROM (PAYABLE TO) AFFILIATED COMPANIES

	2015	2014
Snaw-Naw-As Forest Services Ltd.	\$ 12,552	\$ 12,502
Snaw-Naw-As Aquaculture Ventures Inc.	28,580	33,550
Snaw-Naw-As Holdings Ltd.	804	(1)
Salish Strait Seafoods Ltd.	(2)	(2)
	\$ 41,934	\$ 46,049

The amounts receivable from (payable to) the affiliated companies do not bear interest and have no specific terms of repayment.

8. RECEIVABLE FROM (PAYABLE TO) ABORIGINAL AFFAIRS AND NORTHERN DEVELOPMENT CANADA

	2015	2014
Social Development		
Basic needs - 2015 surplus	\$ (19,641)	\$ -
Basic needs - 2014 deficit	31,160	31,160
Basic needs - 2013 surplus	(96,741)	(96,741)
Basic needs - 2012 surplus	(12,137)	(12,137)
Child out of parental home - 2015 surplus	(670)	-
Child out of parental home - 2014 surplus	(2,042)	(2,042)
Child out of parental home - 2013 surplus	(4,127)	(4,127)
Child out of parental home - 2012 surplus	(855)	(855)
Adult in-home care - 2015 surplus	(3,801)	-
	(108,854)	(84,742)
Special Funding		
Community economic development - 2015	50,000	-
FNLM operational funding - land code - 2015	92,045	-
Emergency Response Management - waste water treatment plant	-	24,576
	142,045	24,576
	\$ 33,191	\$ (60,166)

Surpluses in programs funded under a contribution agreement are recoverable by Aboriginal Affairs and Northern Development Canada and some deficits are reimbursable.

NANOOSE FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2015

9. INVESTMENTS

	2015	2014
Snaw-Naw-As Forest Services Ltd. - shares, 100%	\$ 550	\$ 100
Snaw-Naw-As Aquaculture Ventures Inc. - shares, 100%	550	550
Snaw-Naw-As Holdings Ltd. - shares, 100%	1	1
Salish Strait Seafoods Ltd. - shares, 20%	2	2
	<hr/> \$ 1,103	<hr/> \$ 653

The shares of these four companies are held in trust on behalf of the First Nation members.

10. CHEQUES ISSUED IN EXCESS OF FUNDS ON DEPOSIT

Nanoose First Nation has a \$300,000 line of credit with the Bank of Montreal which bears interest at prime plus 1.5%, with interest payable monthly. The line of credit is secured by a Chief's Certificate.

11. DEFERRED REVENUE

	2015	2014
Unexpended funding		
Aboriginal Affairs and Northern Development Canada		
Land Code	\$ 92,045	\$ -
Grants	40,109	106,634
	<hr/> 132,154	<hr/> 106,634
Capital - Department of Fisheries guarantee	10,000	10,000
Deferred revenue - Operating Fund	142,154	116,634
Prepaid rent - Social Housing Fund	385	385
	<hr/> \$ 142,539	<hr/> \$ 117,019

NANOOSE FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015

12. LONG TERM DEBT

	2015	2014
Social Housing Fund - original Phases VI and VII Two mortgages held by All Nations Trust, guaranteed by CMHC, one bearing interest at 2.56% renewable on December 1, 2015 and the second bearing interest at 1.82% until maturity on June 1, 2019 repayable in monthly payments totalling \$3,722 including interest, secured by ministerial guarantees of the Minister of Aboriginal Affairs and Northern Development Canada	\$ 203,834	\$ 243,256
Social Housing Fund - new Phases I and II Two mortgages held by All Nations Trust, guaranteed by CMHC, bearing interest at 1.44% and 2.04%, respectively, renewable on July 1, 2017 and March 1, 2019, respectively, repayable in monthly payments totalling \$10,932 including interest, secured by ministerial guarantees of the Minister of Aboriginal Affairs and Northern Development Canada	2,042,435	2,133,096
	2,246,269	2,376,352
Bank of Montreal loan, bearing interest at prime plus 1.5%, repayable in monthly payments of \$2,500 plus interest, secured by a Chief's Certificate	130,000	160,000
Canada Mortgage and Housing Corporation Forgivable loan for residential rehabilitation assistance program, to be earned over four years from the interest adjustment date November 1, 2014 with interest at 4%	9,000	12,000
Forgivable loan for residential rehabilitation assistance program, to be earned over five years from the interest adjustment date November 1, 2014 with interest at 5.375%	8,828	11,035
Forgivable loan for residential rehabilitation assistance program, to be earned over five years from the interest adjustment date November 1, 2014 with interest at 5.375%	12,800	16,000
Forgivable loan for residential rehabilitation assistance program, to be earned over five years from the interest adjustment date November 1, 2014 with interest at 5.375%	12,800	16,000
	\$ 2,419,697	\$ 2,591,387

NANOOSE FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2015

12. LONG TERM DEBT (continued)

Although the Bank of Montreal loan is due on demand, it is not expected that payments will exceed the monthly amounts for the coming year.

Based on the current payment schedule, principal due within each of the next five years is approximately as follows:

2016	\$ 162,748
2017	165,447
2018	168,204
2019	171,018
2020	158,163

Based on current renewal dates, principal due within each of the next five years is approximately as follows:

2016	\$ 260,343
2017	213,884
2018	387,325
2019	1,509,514
2020	5,203

NANOOSE FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2015

13. TANGIBLE CAPITAL ASSETS

	Cost				Accumulated amortization				Balance at end of 2015	Net book value at end of 2015
	Balance at end of 2014	Additions	Disposals	Balance at end of 2015	Balance at end of 2014	Disposals	Amortization			
Local Revenue Fund:										
Land	\$ 44,000	\$ -	\$ -	\$ 44,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,000
Computer equipment	50,349	3,995	16,413	37,931	40,790	16,413	10,158	34,535	3,396	
Automotive equipment	96,476	24,993	23,254	98,215	85,416	23,254	13,359	75,521	22,694	
Furniture and equipment	116,598	9,564	7,029	119,133	88,558	7,029	10,872	92,401	26,732	
Boat	66,677	-	-	66,677	36,973	-	7,098	44,071	22,606	
Marina	53,000	-	-	53,000	42,500	-	5,300	47,800	5,200	
School and daycare	462,772	-	-	462,772	312,901	-	22,858	335,759	127,013	
General housing	900,031	-	-	900,031	403,811	-	32,426	436,237	463,794	
Community buildings	206,458	-	-	206,458	147,921	-	10,041	157,962	48,496	
Health building	2,288,937	-	-	2,288,937	201,099	-	108,143	309,242	1,979,695	
Infrastructure	8,293,803	175,000	-	8,468,803	2,864,740	-	336,944	3,201,684	5,267,119	
	12,579,101	213,552	46,696	12,745,957	4,224,709	46,696	557,199	4,735,212	8,010,745	
Snaw-Naw-As Campground and Store:										
Land improvements	81,023	-	-	81,023	-	-	-	-	-	81,023
Campground store	8,398	-	-	8,398	3,364	-	201	3,565	4,833	
Equipment	8,649	-	-	8,649	7,994	-	131	8,125	524	
Billboard	1,190	-	-	1,190	778	-	82	860	330	
	99,260	-	-	99,260	12,136	-	414	12,550	86,710	
First Nation Social Housing:										
Land	80,000	-	-	80,000	-	-	-	-	-	80,000
Buildings	4,038,581	-	-	4,038,581	739,519	-	121,259	860,778	3,177,803	
Furniture	93,037	-	-	93,037	86,725	-	6,312	93,037	-	
Septic field	62,808	-	-	62,808	45,217	-	2,512	47,729	15,079	
	4,274,426	-	-	4,274,426	871,461	-	130,083	1,001,544	3,272,882	
	\$16,952,787	\$ 213,552	\$ 46,696	\$17,119,643	\$ 5,108,306	\$ 46,696	\$ 687,696	\$ 5,749,306	\$11,370,337	

NANOOSE FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2015

13. TANGIBLE CAPITAL ASSETS (continued)

	Cost			Accumulated amortization			Balance at end of 2014	Net book value at end of 2014
	Balance at end of 2013	Additions	Disposals	Balance at end of 2013	Disposals	Amortization		
Local Revenue Fund:								
Land	\$ 44,000	\$ -	\$ -	\$ 44,000	\$ -	\$ -	\$ -	\$ 44,000
Computer equipment	48,123	2,226	-	50,349	31,227	9,563	40,790	9,559
Automotive equipment	91,976	4,500	-	96,476	77,693	7,723	85,416	11,060
Furniture and equipment	109,127	7,471	-	116,598	79,433	9,125	88,558	28,040
Boat	66,677	-	-	66,677	29,875	7,098	36,973	29,704
Marina	53,000	-	-	53,000	37,200	5,300	42,500	10,500
School and daycare	462,772	-	-	462,772	290,043	22,858	312,901	149,871
General housing	847,640	52,391	-	900,031	371,385	32,426	403,811	496,220
Community buildings	206,458	-	-	206,458	134,991	12,930	147,921	58,537
Health building	2,251,435	37,502	-	2,288,937	-	201,099	201,099	2,087,838
Infrastructure	8,293,803	-	-	8,293,803	2,620,752	243,988	2,864,740	5,429,063
	12,475,011	104,090	-	12,579,101	3,672,599	-	552,110	4,224,709
								8,354,392
Snaw-Naw-As Campground and Store:								
Land improvements	81,023	-	-	81,023	-	-	-	81,023
Campground store	8,398	-	-	8,398	3,154	210	3,364	5,034
Equipment	8,649	-	-	8,649	7,830	164	7,994	655
Billboard	1,190	-	-	1,190	675	103	778	412
	99,260	-	-	99,260	11,659	-	477	12,136
								87,124
First Nation Social Housing:								
Land	80,000	-	-	80,000	-	-	-	80,000
Buildings	4,006,692	31,889	-	4,038,581	626,888	112,631	739,519	3,299,062
Furniture	90,725	2,312	-	93,037	75,594	11,131	86,725	6,312
Septic field	62,808	-	-	62,808	42,705	2,512	45,217	17,591
	4,240,225	34,201	-	4,274,426	745,187	-	126,274	871,461
								3,402,965
	\$ 16,814,496	\$ 138,291	\$ -	\$ 16,952,787	\$ 4,429,445	\$ -	\$ 678,861	\$ 5,108,306
								\$ 11,844,481

NANOOSE FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2015

14. COMMITMENTS

Nanoose First Nation is committed to two photocopier leases. The first lease is for 60 months and requires monthly payments of \$149 beginning April 2015 until March 2020. The second lease is for 60 months and requires monthly payments of \$185 until March 2018.

Nanoose First Nation is committed to a software lease for 36 months which required a down payment of \$3,735 and requires monthly payments of \$394 until April 2015.

Nanoose First Nation is committed to a vehicle lease for 60 months which required a down payment of \$3,561 and requires monthly payments of \$297 until March 2018.

Lease payments due in the next five years are as follows:

2016	\$ 7,963
2017	7,569
2018	7,569
2019	1,788
2020	1,788

Nanoose First Nation has entered into a maintenance agreement for a waste water treatment plant which requires monthly payments of \$7,126 until March 31, 2015.

15. CONTINGENT LIABILITIES

(a) Legal dispute

Nanoose First Nation is presently involved in a dispute over the legal ownership of certain property. The effect of any contingent claims relating to this dispute has not been determined.

(b) CMHC mortgage guarantees

Nanoose First Nation is contingently liable with respect to ministerial guarantees for "On Reserve" social housing loans, included in long term debt, as follows:

	2015	2014
Nanoose First Nation Social Housing	\$ 2,250,018	\$ 2,380,391

(c) Letter of credit

Nanoose First Nation has an outstanding letter of credit of \$10,000. This amount is required as a performance bond by the Department of Fisheries and Oceans.

(d) Bank of Montreal On Reserve Housing Loan Program

Under the On Reserve Housing Loan Program, in the current year and on behalf of two members, Nanoose First Nation has guaranteed \$356,104 for two residential mortgages. The maximum guarantee under this program is \$1,000,000.

NANOOSE FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2015

16. EXPENSES BY OBJECT

	2015	2014
Administration	\$ 77,870	\$ 77,211
Amortization	687,696	678,861
Audit	31,800	31,800
Bad debt	76,456	36,106
Bank charges	16,051	17,213
Contractors and consultants	239,203	200,303
Education	107,953	134,772
Electrification and utilities	55,481	60,937
Equipment lease	12,057	20,568
Honorarium	103,879	57,830
Insurance	90,267	94,305
Interest on long term debt	52,213	58,886
Office	113,812	142,783
Repairs and maintenance	126,898	188,774
Social development	386,830	388,519
Special events	51,066	46,912
Supplies	58,183	40,530
Telecommunications	28,797	30,142
Training	46,910	47,473
Travel and meetings	65,073	85,879
Wages and benefits	1,033,321	929,162
	\$ 3,461,816	\$ 3,368,966

17. RESTRICTED SURPLUS

A portion of the surplus in financial assets is classified as restricted due to the surplus being committed to specific future expenses or recoverable by the relevant funding agencies. This restricted surplus is set out in note 21.

18. PENSION PLAN

Nanoose First Nation has a defined contribution pension plan for eligible employees. Under the terms of the plan, Nanoose First Nation provides 100% matching of employee contributions to the plan. Defined contributions expensed in 2015 total \$5,562 (2014 - \$6,713).

NANOOSE FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2015

19. BUDGET AMOUNTS

Unaudited budget figures have been provided for comparison purposes and have been derived from the estimates provided by Nanoose First Nation.

20. COMPARATIVE FIGURES

Certain 2014 comparative figures have been changed to reflect financial statement presentation adopted in the current year.

NANOOSE FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2015

21. SEGMENTED REPORTING

Nanoose First Nation provides a wide variety of services and programs to its members. For segment disclosure, these services and programs are reported under various funds as disclosed in note 1(a), as follows:

PROGRAM	Revenue	Expenses	Current surplus (deficit)	Adjustments and program transfers	Program increase (decrease)	Surplus (deficit) at beginning	Surplus (deficit) at end of year
Operating Fund							
Administration and Registration	\$ 185,111	\$ 253,160	\$ (68,049)	\$ 68,049	\$ -	\$ -	\$ -
Chief and Council	3,000	50,707	(47,707)	47,707	-	-	-
Band Employee Benefit Plans	27,336	30,136	(2,800)	2,800	-	-	-
Economic Development	61,802	61,802	-	-	-	-	-
Emergency Response Management	5,873	-	5,873	(5,873)	-	-	-
Community Operations	158,726	232,463	(73,737)	73,737	-	-	-
Education	160,430	184,409	(23,979)	23,979	-	-	-
Social Development - Contribution	420,956	420,956	-	-	-	-	-
Social Development - Flexible Transfers	49,744	77,943	(28,199)	28,199	-	-	-
Community Health Services - Operations	378,166	450,109	(71,943)	(22,702)	(94,645)	282,909	188,264
Community Health Services -							
Home and Community Care	50,911	73,613	(22,702)	22,702	-	-	-
Health Grants	30,273	30,273	-	-	-	-	-
Uy'Sqwalawun Child Care Centre	182,750	187,209	(4,459)	4,459	-	-	-
Head Start Program	55,955	55,955	-	-	-	-	-
Daycare Grants	3,672	3,672	-	-	-	-	-
Youth Program	100	6,636	(6,536)	6,536	-	-	-
Training and Employment	147,494	147,494	-	-	-	-	-
Fisheries	91,410	96,000	(4,590)	4,590	-	-	-
Yelloweye Rockfish	66,835	66,835	-	-	-	-	-
Local Revenue Fund - Own Housing	1,195	62,750	(61,555)	61,555	-	-	-
Residential Rehabilitation Assistance							
Program	11,607	-	11,607	(11,607)	-	-	-
Land Code - Developmental	34,000	39,467	(5,467)	5,467	-	-	-
Other Funding	53,001	53,001	-	-	-	-	-
Local Revenue Fund	662,629	209,108	453,521	13,302	466,823	(821,067)	(354,244)
Local Revenue Fund -							
Commercial Activities	311,250	(5,210)	316,460	(316,460)	-	-	-
Snaw-Naw-As Campground and Store	72,988	61,365	11,623	(11,623)	-	-	-
	3,227,214	2,849,853	377,361	(5,183)	372,178	(538,158)	(165,980)
Social Housing Fund							
Social Housing Operations	305,529	253,412	52,117	(35,892)	16,225	116,750	132,975
Replacement Reserves	1,367	2,457	(1,090)	41,075	39,985	182,114	222,099
	306,896	255,869	51,027	5,183	56,210	298,864	355,074
Capital Fund							
Ottawa Trust Funds	343,635	687,696	(344,061)	-	(344,061)	9,468,129	9,124,068
Less capital financing	(140,000)	(140,000)	-	-	-	-	-
Less internal program transfers	(191,602)	(191,602)	-	-	-	-	-
	\$ 3,548,540	\$ 3,461,816	\$ 86,724	\$ -	\$ 86,724	\$ 9,303,273	\$ 9,389,997
RESTRICTED SURPLUS:							
Trust Funds						\$ 74,438	\$ 76,835
Social Housing Fund						298,864	355,074
Community Health Services Fund - included in Operating Fund						282,909	188,264
						\$ 656,211	\$ 620,173