



GrantThornton

Consolidated financial statements

Fort Folly First Nation

March 31, 2015

Management's responsibility for financial reporting

The accompanying consolidated financial statements and schedules of the Fort Folly First Nation and all the information in this annual report are the responsibility of management and have been approved by the Chief and Council. For a small entity such as Fort Folly First Nation, there is not a clear line of distinction between management and Chief and Council as Chief and Council act in the capacity of managing the First Nation. As a result, management and Chief and Council can be considered the same.

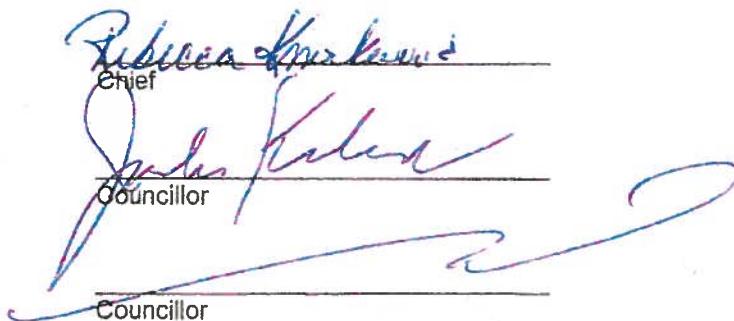
The consolidated financial statements and schedules have been prepared by management in accordance with Canadian public sector accounting standards. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods 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 Band 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 Band's assets are appropriately accounted for and adequately safeguarded.

The Band 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 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 annual report, the consolidated financial statements and the external auditor's report.

The consolidated financial statements and schedules have been audited by Grant Thornton LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. Grant Thornton LLP has full and free access to the Council.


Rebecca K. Klassen
Chief
J. Las Klassen
Councillor
Councillor

July 29, 2015

Fort Folly First Nation
Consolidated statement of financial position

March 31

2015

2014

Financial assets

| | | | |
|------------------------------------|----------------|----------------|-------|
| Cash and cash equivalents | \$ | \$ | 2,403 |
| Restricted cash | | | |
| Trust fund | 8,107 | 8,107 | |
| Replacement reserve fund (Note 11) | 14,397 | 8,000 | |
| Receivables (Note 3) | <u>594,129</u> | <u>295,181</u> | |
| | <u>616,633</u> | <u>313,691</u> | |

Financial liabilities

| | | | |
|------------------------------------|------------------|----------------|--|
| Bank overdraft | 766 | | |
| Payables and accruals (Note 4) | 258,508 | 331,107 | |
| Short term debt – capital (Note 5) | 242,328 | 14,789 | |
| Deferred revenue (Note 6) | - | 48,179 | |
| Long term debt – capital (Note 7) | <u>583,557</u> | <u>388,359</u> | |
| | <u>1,085,159</u> | <u>782,434</u> | |

Net financial liabilities (Page 6) (468,526) (468,743)

Non-financial assets

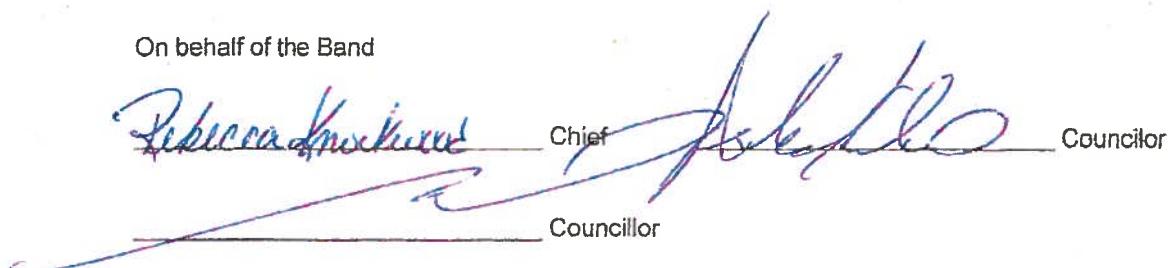
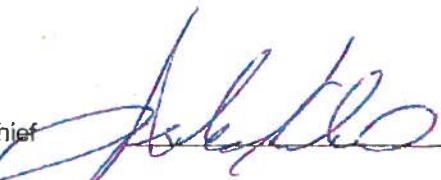
| | | |
|----------------------------------|------------------|------------------|
| Tangible capital assets (Note 8) | 1,509,520 | 1,130,264 |
| Prepays (Note 9) | <u>17,518</u> | <u>9,909</u> |
| | <u>1,527,038</u> | <u>1,140,173</u> |

Surplus (Note 10)

\$ 1,058,512 \$ 671,430

Contingencies (Note 12)

On behalf of the Band


 Chief   Councillor
 Councillor 

See accompanying notes to the consolidated financial statements

Fort Folly First Nation
Consolidated statement of operations and surplus

| Year ended March 31 | (Unaudited) | | |
|---|------------------|---------------------|-------------------|
| | Budget 2015 | Actual 2015 | Actual 2014 |
| Revenues | | | |
| Government transfers (Note 2) | \$ 1,157,630 | \$ 1,624,354 | \$ 1,079,182 |
| Other revenues (Note 2) | 570,000 | 658,225 | 571,688 |
| Total revenues | 1,727,630 | 2,282,579 | 1,650,870 |
| Expenditures | | | |
| Amortization | 130,000 | 124,644 | 125,482 |
| Bad debts | - | - | 3,112 |
| Bait and other | 15,000 | 21,591 | 8,174 |
| Basic needs | 30,000 | 22,254 | 21,410 |
| Brighter futures | 7,000 | 6,330 | 4,591 |
| Community health program | 21,000 | 7,197 | 4,319 |
| Cultural education | 4,630 | 12,759 | 11,803 |
| Diesel fuel - vessels | 35,000 | 43,320 | 34,474 |
| Economic grants and other | 10,000 | 34,253 | 29,338 |
| Equipment lease | 10,000 | 9,351 | 11,105 |
| Fishing supplies | 20,000 | 79,301 | 52,218 |
| Forestry contracts | 27,000 | 20,418 | 26,244 |
| Honorariums | 36,000 | 36,000 | 36,000 |
| In-home care | 5,000 | 7,470 | 6,570 |
| Insurance | 60,000 | 54,362 | 55,910 |
| Interest and bank charges | 5,000 | 6,103 | 6,319 |
| Interest on long term debt | 10,000 | 10,731 | 9,197 |
| Office supplies | 10,000 | 9,475 | 10,544 |
| Professional fees | 60,000 | 91,233 | 65,231 |
| Repairs and maintenance | | | |
| Buildings and other | 50,000 | 119,545 | 81,859 |
| Vessels | 40,000 | 115,425 | 105,667 |
| Salmon recovery – supplies and training | 50,000 | 57,759 | 43,765 |
| Special needs | 10,000 | 12,673 | 13,813 |
| Sundry | 20,000 | 6,237 | 16,678 |
| Travel and vehicle operating | 100,000 | 94,469 | 90,404 |
| Tuition | 65,000 | 66,547 | 59,819 |
| Tutoring and allowances | 10,000 | 4,807 | 6,876 |
| Utilities | 60,000 | 50,751 | 52,681 |
| Wages and benefits | 820,000 | 764,292 | 817,841 |
| Water testing | 7,000 | 6,200 | 10,169 |
| Total expenditures | 1,727,630 | 1,895,497 | 1,821,613 |
| Annual surplus (deficit) | \$ - | 387,082 | (170,743) |
| Accumulated surplus, beginning of year | | 671,430 | 842,173 |
| Accumulated surplus, end of year | | \$ 1,058,512 | \$ 671,430 |

See accompanying notes to the consolidated financial statements

Fort Folly First Nation
Consolidated statement of changes in
net financial liabilities

| Year ended March 31 | (Unaudited) Budget 2015 | Actual 2015 | Actual 2014 |
|--|-------------------------------|---------------------|---------------------|
| Annual surplus (deficit) | \$ _____ - | \$ <u>387,082</u> | \$ <u>(170,743)</u> |
| Acquisition of tangible capital assets | (500,000) | <u>(503,900)</u> | <u>(113,257)</u> |
| Depreciation of tangible capital assets | <u>130,000</u> | <u>124,644</u> | <u>125,482</u> |
| | <u>(370,000)</u> | <u>(379,256)</u> | <u>12,225</u> |
| Use of prepaid expenses, net | _____ - | <u>(7,609)</u> | <u>13,701</u> |
| Change in net financial liabilities | (370,000) | <u>217</u> | <u>(144,817)</u> |
| Net financial liabilities, beginning of year | <u>(468,743)</u> | <u>(468,743)</u> | <u>(323,926)</u> |
| Net financial liabilities, end of year | \$ <u>(838,743)</u> | \$ <u>(468,526)</u> | \$ <u>(468,743)</u> |

See accompanying notes to the consolidated financial statements

Fort Folly First Nation
Consolidated statement of cash flows

Year ended March 31

2015

2014

Operating activities

| | | |
|--------------------------|----------------|-----------------|
| Annual surplus (deficit) | \$ 387,082 | \$ (170,743) |
| Depreciation | 124,644 | 125,482 |
| | <u>511,726</u> | <u>(45,261)</u> |

Change in non-cash working capital

| | | |
|-----------------------|---------------|---------------|
| Receivables | (298,948) | (63,327) |
| Payables and accruals | (72,599) | 177,595 |
| Deferred revenue | (48,179) | - |
| Prepays | (7,609) | 13,701 |
| | <u>84,391</u> | <u>82,708</u> |

Capital

| | | |
|--|------------------|------------------|
| Acquisition of tangible capital assets | <u>(503,900)</u> | <u>(113,257)</u> |
|--|------------------|------------------|

Financing

| | | |
|---------------------------|----------------|---------------|
| Proceeds from: | | |
| Short term debt - capital | 234,386 | 14,789 |
| Long term debt - capital | 233,514 | 36,200 |
| Repayment of: | | |
| Long term debt - capital | (38,316) | (25,123) |
| Short term debt - capital | (6,847) | - |
| | <u>422,737</u> | <u>25,866</u> |

Investing

| | | |
|------------------------------|----------------|--------------|
| Restricted cash and deposits | <u>(6,397)</u> | <u>(200)</u> |
|------------------------------|----------------|--------------|

| | | |
|---|----------------|----------------|
| Change in net cash and cash equivalents | <u>(3,169)</u> | <u>(4,883)</u> |
|---|----------------|----------------|

| | | |
|--|--------------|--------------|
| Opening, net cash and cash equivalents | <u>2,403</u> | <u>7,286</u> |
|--|--------------|--------------|

| | | |
|--|-----------------|-----------------|
| Closing, net (bank overdraft) cash and cash equivalents | \$ <u>(766)</u> | \$ <u>2,403</u> |
|--|-----------------|-----------------|

See accompanying notes to the consolidated financial statements

Fort Folly First Nation

Notes to the consolidated financial statements

March 31, 2015

1. Summary of significant accounting policies

Principles and basis of consolidation

The consolidated financial statements of Fort Folly First Nation (the "First Nation") are the representations of management prepared in accordance with Canadian accounting standards for local governments as established by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the First Nation are as follows:

Consolidation

These consolidated financial statements consolidate the assets, liabilities and results of operations of the First Nation's reporting entity.

The various operations of the First Nation have been amalgamated for the purpose of presentation in the consolidated financial statements. Fort Folly First Nation maintains the following operations:

- General operations which reports the general activities of the First Nation administration including Band support, social services, education, operations capital, operating and maintenance, economic development, community health and welfare, employment training, and miscellaneous.
- The Band housing projects which report the social housing assets of the First Nation, together with related activities.
- The Trust Fund which reports on trust funds owned and controlled by Fort Folly First Nation and held by third parties.
- Fort Folly Fisheries which reports the First Nation's commercial fishing operation.

Revenue recognition

Unconditional and conditional transfers from other governments for operating and capital purposes are recognized as revenue in the period in which all eligibility criteria and/or stipulations have been met and the amounts are authorized. Any funding received prior to satisfying these conditions is deferred until the conditions have been met. When revenue is received without eligibility criteria or stipulations, it is recognized when the transfer is authorized.

All non-government contributions or grant revenues that are externally restricted for a specified purpose are recognized as revenue in the period in which the resources are used for the purpose or purposes specified. Any externally restricted revenues not yet used for the purpose or purposes specified are reported as deferred revenues.

Fishing and forestry revenues are recognized as revenues when product is sold and when services are provided if the amounts can be reasonably estimated and collection is reasonably assured.

Use of estimates

The preparation of the consolidated financial statements in conformity with Canadian public sector accounting standards requires the First Nation's management to make estimates and assumptions that affect the amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the consolidated financial statements and reported amounts of revenue and expenses during the year. Actual results could differ from those reported. Estimates include depreciation of tangible capital assets and allowances on receivables.

Fort Folly First Nation

Notes to the consolidated financial statements

March 31, 2015

1. Summary of significant accounting policies (continued)

Cash and cash equivalents and restricted cash balances

Cash and cash equivalents include cash on hand, balances with banks and term deposits, net of any bank overdraft. Bank borrowings are considered to be financing activities.

Restricted cash balances include separate restricted cash balances for the Trust Fund and the Replacement Reserve Fund (See Note 11).

Non financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated change in net financial liabilities for the year.

Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the assets. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

| | |
|---------------------------|--------------------------|
| Housing | 4%, straight-line |
| Water system | 4%, straight-line |
| Housing – CMHC Section 95 | Debt reduction |
| Building | 4%, straight-line |
| Office equipment | 30% & 55%, straight-line |
| Vehicles | 30%, straight-line |
| Fishing boats | 15%, straight-line |

A half year of depreciation is charged in the year of acquisition. Assets under construction are not amortized until the asset is available for productive use.

Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and are also recorded as revenue.

Fort Folly First Nation

Notes to the consolidated financial statements

March 31, 2015

| 2. Revenues | 2015 | 2014 |
|--|---------------------|---------------------|
| Government transfers | | |
| Aboriginal Affairs and Northern Development Canada | \$ 507,214 | \$ 436,680 |
| Atlantic Salmon Recovery Foundation | 20,000 | 20,000 |
| Canadian Environmental Assessment Agency | 22,916 | - |
| Canada Mortgage and Housing Corporation | 31,268 | 19,496 |
| Canada Wildlife | 20,000 | 20,000 |
| Environment Canada | 141,779 | 105,000 |
| Fisheries and Oceans Canada | 591,398 | 180,180 |
| Health Canada | 250,492 | 247,774 |
| Human Resources Canada | - | 3,429 |
| Parks Canada | 34,687 | 24,747 |
| Province of New Brunswick | 4,600 | 21,876 |
| | <u>1,624,354</u> | <u>1,079,182</u> |
| Other revenue | | |
| AMEC | 55,155 | 55,153 |
| HST rebates - Gitpo Tobacco & Gasoline Inc. (net) | 9,758 | - |
| First Nation Education Initiative | 2,898 | 17,000 |
| Fishing | 507,357 | 326,679 |
| Forestry | - | 30,387 |
| North Shore Micmac District Council | 62,842 | 62,842 |
| Rent | 13,160 | 14,756 |
| Sundry | 7,055 | 64,871 |
| | <u>658,225</u> | <u>571,688</u> |
| | <u>\$ 2,282,579</u> | <u>\$ 1,650,870</u> |

| 3. Receivables | 2015 | 2014 |
|--|-------------------|-------------------|
| Aboriginal Affairs and Northern Development Canada | \$ 22,796 | \$ - |
| Canada Mortgage and Housing Corporation | - | 4,000 |
| Environment Canada | 89,200 | 21,210 |
| Fisheries and Oceans Canada | 351,610 | 129,210 |
| HST | 101,092 | 107,884 |
| JD Irving | 1,500 | 1,500 |
| New Brunswick Wildlife Trust | 1,800 | - |
| Other | 26,131 | 31,377 |
| | <u>\$ 594,129</u> | <u>\$ 295,181</u> |

Fort Folly First Nation
Notes to the consolidated financial statements

March 31, 2015

| 4. Payables and accruals | <u>2015</u> | <u>2014</u> |
|--------------------------|-------------------|-------------------|
| Trade payables | \$ 140,563 | \$ 218,740 |
| Accruals | 21,581 | 16,003 |
| Pension payable | 96,364 | 96,364 |
| | <u>\$ 258,508</u> | <u>\$ 331,107</u> |

| 5. Short term debt – capital | <u>2015</u> | <u>2014</u> |
|---|-------------------|------------------|
| RBC demand loan, payable in monthly instalments of \$634 including principal and interest at 6.49%, secured by a vehicle with a net book value of \$1,417 | \$ 7,942 | \$ 14,789 |
| Chrysler vehicle loan, obtained March 2015 and repaid in April 2015 | 34,136 | - |
| Ulnooweg bridge loan, payable in one lump sum payment of \$202,929 in May 2015 including principal and interest at 10.75% | <u>\$ 200,250</u> | <u>\$ 14,789</u> |
| | <u>\$ 242,328</u> | <u>\$ 14,789</u> |

As security for the Ulnooweg bridge loan and the Ulnooweg term loan (Note 7), the First Nation has provided a promissory note in the amount of \$200,250 and \$233,514, a ship's mortgage over a fishing vessel with a net book value of \$428,982, and a general security agreement with a specific charge over vessel, gear, equipment and revenue generated by the fishing vessel and a secured interest in a receivable due from the Department of Fisheries and Oceans Canada in the amount of \$200,000.

| 6. Deferred revenue | <u>2015</u> | <u>2014</u> |
|-----------------------------|-----------------|---------------|
| AANDC | | |
| Beginning of year | \$ 4,627 | \$ 4,627 |
| Funding received | - | - |
| Revenue recognized | <u>(4,627)</u> | <u>-</u> |
| | <u>-</u> | <u>4,627</u> |
| Fisheries and Oceans Canada | | |
| Beginning of year | 43,552 | 43,552 |
| Funding received | - | - |
| Revenue recognized | <u>(43,552)</u> | <u>-</u> |
| | <u>-</u> | <u>43,552</u> |
| Total deferred revenue | \$ - | \$ 48,179 |

Fort Folly First Nation

Notes to the consolidated financial statements

March 31, 2015

| 7. Long term debt - capital | <u>2015</u> | <u>2014</u> |
|---|-------------|-------------|
| C.M.H.C. loan, payable in monthly instalments of \$301 including principal and interest at 2.65%, secured by a Band Council resolution and guarantee from Aboriginal Affairs and Northern Development Canada, matures April 2016 and amortized to January 2026. | \$ 34,035 | \$ 36,715 |
| C.M.H.C. loan, payable in monthly instalments of \$347 including principal and interest at 1.67%, secured by a Band Council resolution and guarantee from Aboriginal Affairs and Northern Development Canada, matures April 2017 and amortized to April 2027. | 45,540 | 48,915 |
| C.M.H.C. loan, payable in monthly instalments of \$304 including principal and interest at 1.92%, secured by a Band Council resolution and guarantee from Aboriginal Affairs and Northern Development Canada, matures April 2019 and amortized to March 2029. | 44,816 | 47,583 |
| C.M.H.C. loan, payable in monthly instalments of \$391 including principal and interest at 2.35%, secured by a Band Council resolution and a guarantee from Aboriginal Affairs and Northern Development Canada, matures September 2018 and amortized to September 2033. | 70,405 | 73,412 |
| C.M.H.C. loan, payable in monthly instalments of \$301 including principal and interest at 1.83%, secured by a Band Council resolution and a guarantee from Aboriginal Affairs and Northern Development Canada, matures December 2019 and amortized to November 2034. | 59,661 | 61,957 |
| C.M.H.C. loan, payable in monthly instalments of \$360 including principal and interest at 1.62%, secured by a Band Council resolution and guarantee from Aboriginal Affairs and Northern Development Canada, matures March 2018 and amortized to February 2033. | 67,238 | 70,449 |
| Prime plus 2.5% term loan, payable in monthly principal instalments of \$692 plus interest, maturing October 2015. As security, the Band Council has pledged specific equipment having a net book value of \$nil. | 4,824 | 13,128 |
| Ulnooweg unsecured loan, payable in monthly instalments of \$1,683 including principal and interest at 10.75% amortized to June 2016. | 23,524 | 36,200 |

Fort Folly First Nation

Notes to the consolidated financial statements

March 31, 2015

| 7. Long term debt – capital (continued) | 2015 | 2014 |
|---|--------------------------|------------|
| Ulnooweg term loan, payable in monthly instalments of \$2,855 including principal and interest at 8.0% starting June 2015, amortized to May 2025. See security outlined in Note 5. | | |
| | \$ 233,514 \$ 583,557 | \$ 388,359 |

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

| | |
|------|-----------|
| 2016 | \$ 51,730 |
| 2017 | \$ 39,404 |
| 2018 | \$ 36,324 |
| 2019 | \$ 38,336 |
| 2020 | \$ 41,113 |

| 8. Tangible capital assets | 2015 | 2014 | | |
|----------------------------------|---------------------|--------------------------|---------------------|---------------------|
| | Cost | Accumulated Depreciation | Net Book Value | Net Book Value |
| Infrastructure and social | | | | |
| Water system | \$ 247,736 | \$ 162,350 | \$ 85,386 | \$ 95,295 |
| Land improvements | 7,269 | 3,928 | 3,341 | 3,633 |
| CMHC houses section 95 | 557,175 | 124,723 | 432,452 | 449,788 |
| Houses | 126,958 | 36,503 | 90,455 | 95,535 |
| Building salmon recovery program | 134,548 | 67,949 | 66,599 | 71,981 |
| Main office | 291,539 | 136,411 | 155,128 | 166,790 |
| Operational equipment | 253,644 | 251,845 | 1,799 | 12,036 |
| Office equipment | 142,281 | 140,875 | 1,406 | 2,008 |
| Fence | 9,700 | 9,700 | - | - |
| Vehicles | 53,473 | 53,473 | - | - |
| | <u>1,824,323</u> | <u>987,757</u> | <u>836,566</u> | <u>897,066</u> |
| Fisheries | | | | |
| Land | 41,439 | - | 41,439 | 41,439 |
| Building | 181,540 | 25,494 | 156,046 | 163,307 |
| Boats and gear | 1,927,934 | 1,487,996 | 439,938 | 20,350 |
| Vehicles | 218,085 | 182,554 | 35,531 | 8,102 |
| | <u>2,368,998</u> | <u>1,696,044</u> | <u>672,954</u> | <u>233,198</u> |
| | <u>\$ 4,193,321</u> | <u>\$ 2,683,801</u> | <u>\$ 1,509,520</u> | <u>\$ 1,130,264</u> |

Fort Folly First Nation

Notes to the consolidated financial statements

March 31, 2015

| 9. Prepays | <u>2015</u> | <u>2014</u> |
|-------------------------------|-------------------------|------------------------|
| Prepaid insurance | \$ 5,757 | \$ 1,873 |
| Prepaid employee compensation | <u>11,761</u> | <u>8,036</u> |
| | <u><u>\$ 17,518</u></u> | <u><u>\$ 9,909</u></u> |

Prepaid employee compensation relates to the last payroll period in March deducted from the First Nation's bank account. The prepaid represents the dollar amount of payroll for this payroll period that relates to the salaries and wages beyond the year end date of March 31.

10. Surplus

| The surplus balance is comprised of the following: | <u>2015</u> | <u>2014</u> |
|--|----------------------------|--------------------------|
| Operating surplus (deficit) (Page 18) | \$ 297,770 | \$ (125,793) |
| Replacement Reserve Fund (Page 19) | <u>69,000</u> | <u>62,000</u> |
| Equity in Trust Fund (Page 20) | <u>8,107</u> | <u>8,107</u> |
| | <u><u>374,877</u></u> | <u><u>(55,686)</u></u> |
| Investment in tangible capital assets (Page 21) | <u>683,635</u> | <u>727,116</u> |
| | <u><u>\$ 1,058,512</u></u> | <u><u>\$ 671,430</u></u> |

11. Replacement reserve fund

Under the terms of the agreement with the C.M.H.C., the replacement reserve account is to be credited in the amount of \$7,000 annually. These funds along with accumulated interest must be held in a separate interest bearing bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by the C.M.H.C. from time to time. No interest was earned on the reserve balance during the year. The funds in the account may only be used as approved by the C.M.H.C. Withdrawals are credited to principal first and then interest. At year end, the funds in reserve consisted of the following:

| | | |
|------|------------------|-----------------|
| Cash | <u>\$ 14,397</u> | <u>\$ 8,000</u> |
|------|------------------|-----------------|

As at March 31, 2015, there was a deficit of \$54,603 (2014 - \$54,000) in this account.

12. Contingencies

- (a) The Band has entered into contribution agreements with various funding agencies, which are subject to repayment if the Band fails to comply with the terms and conditions of these agreements.
- (b) As at March 31, 2015, the Fort Folly First Nation is contingently liable to Canada Mortgage and Housing Corporation in the amount of \$19,667 (2014 - \$17,667) for four loans to Band members, under the Residential Rehabilitation Assistance Program (RRAP).

Fort Folly First Nation

Notes to the consolidated financial statements

March 31, 2015

12. Contingencies (continued)

(c) The housing projects do not calculate their rental income in accordance with subparagraph 2(5) of the operating agreement with C.M.H.C. In addition, C.M.H.C. may determine certain expenditures to be not eligible in determining the accumulated surplus/deficit of the housing projects, if such expenditures are not in accordance with the agreement. Failure to comply with the terms and conditions of the agreement could result in repayment of excess subsidies as well as discontinuance of all Federal assistance.

13. Economic dependence

The Fort Folly First Nation receives a major portion of its revenues pursuant to funding agreements with various government departments.

14. Employee benefits

(a) The First Nation contributes to a defined contribution plan on behalf of its employees. The assets of the plan are held separately from those of the First Nation in independently administered funds.

Contributions paid and expensed by the First Nation in the current year amounted to \$21,184 (2014 - \$19,663).

(b) The First Nation remits Band Employee Benefits on behalf of employees and as of March 31, 2015, the First Nation is up to date on all remittances except for pension contributions of which \$96,364 (2014 - \$96,364) is outstanding as at March 31, 2015. Management intends to make all required payments in the upcoming year.

15. Related party transaction

During the year, the First Nation received a net of \$9,758 in HST rebates from Gitpo Tobacco & Gasoline Inc., a company owned by Chief and a Councillor, under a business arrangement to share in HST rebates from the operations of the gas bar.

16. Comparative figures

Certain of the 2014 comparative figures have been reclassified to conform to the financial statement presentation adopted for 2015.