

SIPEKNE'KATIK

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

MARCH 31, 2015

The accompanying consolidated financial statements of Sipekne'katik are the responsibility of Chief and Council. The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards and necessarily include estimates which are based on management's best judgments.

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 financial statements are presented fairly, in all material respects.

Management is also responsible for implementing and maintaining a system of internal controls designed to give reasonable assurance that transactions are appropriately authorized, assets are safeguarded from loss and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The consolidated financial statements have been reviewed and approved by Chief and Council.

Andrew D. Lenehan, C.A., an independent firm of accountants, has been engaged to examine the consolidated financial statements in accordance with Canadian generally accepted auditing standards. Their report stating the scope of their examination and opinion on the consolidated financial statements, follows.

Chief

Date

Executive Financial Officer

Date

ANDREW D. LENEHAN, C.A.

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

Telephone (506) 325-2101
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Independent Auditor's Report

To the Chief, Council and Members of
Sipekne'katik

We have audited the accompanying consolidated financial statements of Sipekne'katik, which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statements of operations, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

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



Andrew D. Lenehan
Chartered Accountant

Woodstock, New Brunswick
July 28, 2015

SIPEKNE'KATIK

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31, 2015

	2015	2014
Financial Assets		
Accounts receivable (Note 8)	\$ 989,735	\$ 1,281,766
Funds on deposit with AANDC (Note 6)	79,239	76,248
Investments (Note 3)	-	3
Inventory (Note 4)	123,077	70,719
	<u>1,192,051</u>	<u>1,428,736</u>
Liabilities		
Cheques written in excess of deposits (Note 9)	347,449	523,550
Accounts payable (Note 10)	5,693,117	6,635,807
Deferred revenue (Note 11)	318,546	59,567
Due to minor band members (Note 16)	822,758	884,258
Investments (Note 3)	41,549	-
Long-term debt (Note 12)	3,220,888	3,460,214
	<u>10,444,307</u>	<u>11,563,396</u>
Net debt	<u>(9,252,256)</u>	<u>(10,134,660)</u>
Non-financial Assets		
Tangible capital assets (Note 13)	18,433,616	19,580,078
Prepaid expenses (Note 5)	-	150,101
	<u>18,433,616</u>	<u>19,730,179</u>
Accumulated Surplus (Note 14)	<u>\$ 9,181,360</u>	<u>\$ 9,595,519</u>

Approved on behalf of the Sipekne'katik

_____, Chief

_____, Executive Financial Officer

The accompanying notes are an integral part of the financial statements

SIPEKNE'KATIK

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

FOR THE YEAR ENDED MARCH 31, 2015

	2015 Budget	2015 Actual	2014 Actual
Surplus (deficit)	243,033	(414,159)	844,544
Acquisition of tangible capital assets	-	(270,831)	(1,415,440)
Amortization of tangible capital assets	-	1,417,293	1,335,689
	-	1,146,462	(79,751)
(Increase) decrease of prepaid expenses	-	150,104	(67,746)
(Decrease) increase in net financial assets	243,033	882,407	697,047
Net debt at beginning of year	(10,134,660)	(10,134,660)	(10,757,489)
Transfer of investment to tangible capital assets			(74,218)
Net debt at end of year	\$ (9,891,627)	\$ (9,252,253)	\$ (10,134,660)

The accompanying notes are an integral part of the financial statements

SIPEKNE'KATIK

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2015

	2015 Budget Unaudited	2015 Actual	2014 Actual
Revenues			
Aboriginal Affairs and Northern Development Canada	\$ 7,456,519	\$ 7,923,629	\$ 8,635,013
Tobacco store	6,720,000	6,686,075	6,646,515
Mi'kmaw Kina'matneway	6,343,877	6,445,216	6,453,600
Gaming	2,355,500	3,446,303	2,129,353
Fisheries	1,095,250	2,586,065	1,965,921
Other	1,031,744	2,120,988	1,519,461
Gas bar	1,644,000	1,299,330	1,428,628
Health Canada	1,222,602	1,222,602	1,069,720
METS	891,514	747,579	794,380
	28,761,006	32,477,787	30,642,591
Cost of goods sold	6,101,000	5,612,738	5,702,123
Gross profit	22,660,006	26,865,049	24,940,468
Expenditures			
Social Development	5,289,026	5,400,857	5,254,901
Band Administration	1,856,359	2,464,483	2,370,255
Education	6,843,877	7,315,671	6,013,068
Capital and Housing	752,540	833,013	507,543
Operating and Maintenance	1,969,532	2,065,874	1,958,477
Economic Development	286,086	320,487	291,241
Community Health	1,222,602	1,445,129	1,481,055
Employment Training	927,514	1,319,669	933,976
Gaming	1,586,896	1,600,036	1,220,003
Tobacco Store	947,170	819,186	767,454
Fisheries	254,131	1,736,127	902,989
Housing Projects	190,000	218,692	392,377
Gas Bar	231,240	189,098	246,925
	22,356,973	25,728,322	22,340,264
Surplus (deficit) before other items	303,033	1,136,727	2,600,204
Other items			
Amortization	-	(1,417,293)	(1,335,689)
Forensic audit	(60,000)	(133,592)	(419,970)
	(60,000)	(1,550,885)	(1,755,659)
Surplus (deficit)	243,033	(414,159)	844,544
Accumulated surplus at beginning of year	9,595,519	9,595,519	8,750,975
Accumulated surplus at end of year	\$ 9,838,552	\$ 9,181,360	\$ 9,595,519

The accompanying notes are an integral part of the financial statements

SIPEKNE'KATIK

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2015

	<u>2015</u>	<u>2014</u>
Cash flows from		
Operating activities		
Surplus (deficit)	\$ (414,159)	\$ 844,544
Items not affecting cash		
Amortization expense	1,417,293	1,335,689
Investment in Wallace Hill	41,551	-
	<hr/> 1,044,685	<hr/> 2,180,233
Change in non-cash operating working capital		
Accounts receivable	292,031	(96,908)
Inventory	(52,358)	9,390
Prepaid expenses	150,101	(67,743)
Funds on deposit with AANDC (Note 6)	(2,991)	(1,883)
Accounts payable	(942,686)	(140,655)
Deferred revenue	258,979	(170,433)
Due to minor band members	(61,500)	(54,000)
	<hr/> 686,261	<hr/> 1,658,001
Capital activities		
Acquisition of tangible capital assets	(270,831)	(1,415,440)
Financing activities		
Repayment of long-term debt	(239,329)	(203,947)
Increase in cash and cash equivalents	<hr/> 176,101	<hr/> 38,614
Cash, beginning of year	<hr/> (523,550)	<hr/> (562,164)
Cash, end of year	<hr/> \$ (347,449)	<hr/> \$ (523,550)

The accompanying notes are an integral part of the financial statements

SIPEKNE'KATIK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

1. Reporting Entity

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

Sipekne'katik provides services to its community members for various programs detailed in Schedules 1 to 13.

2. Basis of Presentation and Significant Accounting Policies

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

(a) Cash and cash equivalents

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

(b) Principles of Consolidation

The consolidated financial statements include the accounts of all funds and operations in which Sipekne'katik has a controlling interest. All interfund balances have been eliminated on consolidation but in order to present the results of operations for each specific fund, transactions between funds have not been eliminated on the individual schedules.

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

Organizations accounted for on a modified equity basis include Wallace Hill Development Inc.

(c) Inventory

Inventory is valued at the lower of cost, determined on the first in first out basis, and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable variable selling costs.

SIPEKNE'KATIK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

2. Basis of Presentation and Significant Accounting Policies (continued)

(d) Tangible Capital Assets

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

Certain tangible capital assets, including but not limited to roads and infrastructure, have been recorded at a nominal amount of \$1 as specific historical data was not available. Whereas all such assets are amortized over a period not longer than twenty five years, it is management's opinion that all assets acquired prior to 1987 would now be fully amortized.

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

Buildings	5 % Declining balance
Vehicles	30 % Declining balance
Furniture and fixtures	20 % Declining balance
Equipment	20 % Declining balance
Paving	5 % Declining balance
Recreational facilities	10 % Declining balance
Pump/gaming renovations	20 % Declining balance
Rink	10 % Declining balance

(e) Net Debt

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

(f) Deferred Revenue

Government funding and other revenue not fully expended at year end has been treated as deferred revenue by the First Nation and will be recorded in revenue in the fiscal year when the related expenditures are incurred.

SIPEKNE'KATIK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

2. Basis of Presentation and Significant Accounting Policies (continued)

(g) 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.

Tobacco store and gas bar revenues are recorded at the point of sale.

(h) Expense Recognition

Expenses are recorded on the accrual basis as they are incurred and measurable based on receipt of goods or services and obligation to pay.

(i) Use of Estimates

The preparation of financial statements in conformity with Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant.

(j) Asset Classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets and prepaid expenses.

SIPEKNE'KATIK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

2. Basis of Presentation and Significant Accounting Policies (continued)

(k) Segment Disclosure

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

(l) Financial Instruments

All significant financial assets, financial liabilities and equity instruments of the First Nation are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk.

3. Investments

	2015		2014
Investment in Wallace Hill Development Inc.	\$ 1	\$	1
Investment in Beaubassin Mi'kmaq Wind Mgmt Ltd.	1		1
Investment in 3270886 Nova Scotia Limited	1		1
Equity (deficit) in Wallace Hill Development Inc.	(41,552)		-
	<u>\$ (41,549)</u>	<u>\$</u>	<u>3</u>

4. Inventory

	2015		2014
Fuel for resale	\$ 10,613	\$	2,459
Tobacco for resale	112,464		68,260
	<u>\$ 123,077</u>	<u>\$</u>	<u>70,719</u>

SIPEKNE'KATIK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

5. Prepaid expenses

	2015	2014
Insurance	\$ -	\$ 61,040
Social assistance	-	23,581
Forensic audit	-	25,000
Funds in trust - Swordfish	-	20,000
Fuel	-	20,480
	\$ -	\$ 150,101

6. Funds on deposit with AANDC

	March 31, 2014	Additions (interest)	Withdrawals	March 31, 2015
Revenue	\$ 35,909	\$ 2,991	\$ -	\$ 38,900
Capital	40,339	-	-	40,339
	\$ 76,248	\$ 2,991	\$ -	\$ 79,239

SIPEKNE'KATIK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

7. Due from related parties

The First Nation advanced funds to related parties during the 2010-2011 year with the following amounts outstanding at March 31, 2015:

MRJJ Management Inc. - \$59,200
Amcrest Management Inc. - \$172,200
Total due from related parties - \$231,400

1. MRJJ Management Inc.

During July, 2009, certain members of Sipekne'katik Council formed a committee mandated to initiate and manage commercial development at Wallace Hill, HRM, which was to be added to the Sipekne'katik Reserve land. Following subsequent discussions with legal counsel, it was agreed that utilization of a company as a vehicle for leasing Reserve lands to private commercial interests was advisable.

As a result, MRJJ Management Inc. (MRJJ) was formed in January, 2010 by the committee. MRJJ is owned by the committee members; Mike Sack, Ronnie Augustine, Jerry Sack, and Jeff Hayes. Prior to being used as a development vehicle for the First Nation, the MRJJ shareholders were to execute fiduciary agreements where under they would hold their shares in trust for the First Nation members.

The primary purpose of MRJJ was, subject to other documents being finalized that would make it a fully Band controlled business, to be the designee of Wallace Hill Reserve lands for commercial development purposes. It was also intended, in the initial stages, to be the Band's proxy in negotiating commercial development opportunities and other aspects of development at Wallace Hill. Subsequently, Council decided not to utilize MRJJ for its original purpose.

2. Amcrest Management Inc.

Amcrest Management Inc. is a company solely owned by the former Director of Finance. During the 2010-2011 year, funds were advanced to Amcrest from the MRJJ account as well as from various Band bank accounts. Total advances to Amcrest Management Inc. during that year totalled \$172,200, none of which had been repaid at March 31, 2015.

The balances due from Amcrest Management Inc. are unsecured, non-interest bearing with no specific terms of repayment.

SIPEKNE'KATIK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

8. Accounts Receivable

	2015	2014
Aboriginal Affairs and Northern Development Canada	\$ 73,371	\$ 109,840
Mi'kmaw Kina'matnewey	2,500	23,101
METS programs	17,285	16,004
Other government departments	476,954	420,748
Employees and other band members	125,646	126,850
Department of Fisheries and Oceans	146,217	370,904
Canada Mortgage and Housing Corporation	33,900	93,300
Gaming program	172,287	249,177
MRJJ Management Inc. (Note 7)	59,200	59,200
Amcrest Management Inc. (Note 7)	172,200	172,200
Unapproved transfers	307,000	307,000
Insurance proceeds	131,413	-
AANDC 1919 claim funding	-	74,533
Leased licences - fisheries	40,000	55,000
Wallace Hill Development Incorporated	171,793	146,144
	1,929,766	2,224,001
Allowance for doubtful accounts	(940,031)	(942,235)
	\$ 989,735	\$ 1,281,766

9. Cheques written in excess of deposits / cash

Under the terms of an agreement with Canada Mortgage and Housing Corporation, Shubenacadie Band 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. Cash and cash equivalents are comprised of the following:

	2015	2014
Cash on hand	\$ 76,091	\$ 32,644
Cheques written in excess of deposits	(723,540)	(756,194)
GIC's	100,000	100,000
Externally restricted CMHC reserve GIC	200,000	100,000
	\$ (347,449)	\$ (523,550)

SIPEKNE'KATIK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

10. Accounts payable

	2015	2014
Current		
Trade	\$ 2,196,189	\$ 2,768,819
Receiver General - payroll deductions	23,602	(40,293)
Pension plan remittance	-	5,638
Funding repayable to Health Canada	-	26,295
Funding repayable to AANDC	-	111,790
Worker's compensation	190,745	382,745
	<hr/> 2,410,536	<hr/> 3,254,994
Long term		
Trade accrued liabilities	3,282,581	3,380,813
	<hr/> \$ 5,693,117	<hr/> \$ 6,635,807

11. Deferred revenue

	2015	2014
Mi'kmaw Youth Mental Health Development	\$ 18,546	\$ 44,567
Snowcrab	300,000	-
NAYSPS - UNSI	-	5,000
Active Senior's Prov. NS funding	-	10,000
	<hr/> \$ 318,546	<hr/> \$ 59,567

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

12. Long-term debt

	2015	2014
Royal Bank of Canada Housing project mortgages due November 2015 to September 2019, bearing interest at 2.78% to 3.03%, payable in equal monthly amounts of principal and interest totaling \$3,208. Mortgages are guaranteed by the Minister of Aboriginal Affairs and Northern Development Canada.	\$ 321,411	\$ 349,784
CIBC Housing project mortgages due October 2016 to December 2016, bearing interest at 5.29% to 5.39%, payable in equal monthly amounts of principal and interest totaling \$4,250. Mortgages are guaranteed by the Minister of Aboriginal Affairs and Northern Development Canada.	130,476	173,347
Canada Mortgage and Housing Corporation Housing project mortgages due August 2015 to August 2019, bearing interest at 1.67% to 2.78%, payable in equal monthly amounts of principal and interest totaling \$18,701. Mortgages are guaranteed by the Minister of Aboriginal Affairs and Northern Development Canada.	2,769,001	2,937,083
	3,220,888	3,460,214
Current portion	241,255	230,742
	\$ 2,979,633	\$ 3,229,472

Approximate principal portion of long-term debt due within each of the next five years, assuming re-financing of the mortgages under similar terms, is as follows:

2016	\$ 241,255
2017	237,949
2018	207,294
2019	186,377
2020 and thereafter	2,348,013
	\$ 3,220,888

SIPEKNE'KATIK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

13. Tangible Capital Assets

	Balance, beginning of year	Additions	Balance, end of year	Cost	Balance, beginning of year	Amortization of year	Balance, end of year	Accumulated amortization	2015 net book value
Land	\$ 189,275	\$ -	\$ 189,275	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 189,275
Buildings	1,979,423	23,187	2,002,610	873,244	55,888	929,132	1,073,478		
Vehicles	498,711	80,921	579,632	450,627	87,818	538,445	41,187		
Band housing projects	14,335,755	-	14,335,755	7,159,299	358,823	7,518,122	6,817,633		
Furniture and equipment	702,295	-	702,295	531,484	34,162	565,646	136,649		
Community centres	2,905,269	-	2,905,269	2,507,982	96,464	2,604,446	300,823		
Pump/gaming renovations	30,896	-	30,896	21,708	1,838	23,546	7,350		
Community housing	2,371,070	-	2,371,070	1,108,589	126,248	1,234,837	1,136,233		
Administration building	917,433	-	917,433	697,817	21,962	719,779	197,654		
Health centre	873,671	-	873,671	564,118	30,956	595,074	278,597		
P-12 school	7,137,737	-	7,137,737	1,890,338	262,370	2,152,708	4,985,029		
Recreational facilities	246,593	-	246,593	86,936	15,966	102,902	143,691		
Infrastructure	4,243,489	-	4,243,489	2,534,698	136,703	2,671,401	1,572,088		
Water system	999,601	150,000	1,149,601	340,665	146,787	487,452	662,149		
Roads	1,290,165	-	1,290,165	773,799	41,309	815,108	475,057		
Fishing vessel	400,000	16,725	416,725	-	-	-	416,725		
	\$ 39,121,383	\$ 270,833	\$ 39,392,216	\$ 19,541,304	\$ 1,417,294	\$ 20,958,598	\$ 18,433,616		

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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	Balance, beginning of year	Additions	Balance, end of year	Cost	Balance, beginning of year	Amortization of year	Balance, end of year	2014 Net book value
Land	\$ 189,273	\$ -	\$ 189,275	\$ -	\$ -	\$ -	\$ 189,275	
Buildings	1,842,647	136,778	1,979,423	818,623	54,621	873,244	1,106,179	
Vehicles	498,711	-	498,711	430,020	20,607	450,627	48,084	
Band housing projects	14,335,755	-	14,335,755	6,781,591	377,708	7,159,299	7,176,456	
Furniture and equipment	702,295	-	702,295	488,782	42,702	531,484	170,811	
Community centres	2,630,980	274,289	2,905,269	2,445,899	62,083	2,507,982	397,287	
Pump/gaming renovations	30,896	-	30,896	19,411	2,297	21,708	9,188	
Community housing	2,371,070	-	2,371,070	968,314	140,275	1,108,589	1,262,481	
Administration building	917,433	-	917,433	673,416	24,401	697,817	219,616	
Health centre	873,671	-	873,671	529,724	34,394	564,118	309,553	
P-12 school	7,137,737	-	7,137,737	1,614,159	276,179	1,890,338	5,247,399	
Recreational facilities	246,593	-	246,593	69,196	17,740	86,936	159,657	
Infrastructure	4,243,489	-	4,243,489	2,386,107	148,591	2,534,698	1,708,791	
Water system	395,228	604,373	999,601	251,478	89,187	340,665	658,936	
Roads	1,290,165	-	1,290,165	728,897	44,902	773,799	516,366	
Swimming pool	-	400,000	400,000	-	-	-	400,000	
	\$ 37,705,943	\$ 1,415,440	\$ 39,121,383	\$ 18,205,617	\$ 1,335,687	\$ 19,541,304	\$ 19,580,078	

SIPEKNE'KATIK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

14. Accumulated surplus

Effective March 31, 2014 any surpluses from the Education program greater than 1% of the education budget or \$50,000 are required to be externally restricted as agreed upon with Mi'kmaw Kina'matnewey. A formal plan detailing how these funds will be used must be submitted and approved by Mi'kmaw Kina'matnewey by August 31st of each year.

	2015	2014
Externally restricted - education	\$ (330,750)	\$ 499,469
Unrestricted	(5,700,618)	(7,023,815)
Investment in capital assets	15,212,728	16,119,865
	<u>\$ 9,181,360</u>	<u>\$ 9,595,519</u>

15. Comparative Amounts

Certain comparative amounts have been reclassified to conform with the presentation adopted in the current period.

16. Due to minor band members

Annually from 2006 to 2011, Council approved Christmas bonuses of \$250 to be paid to each Band member. Band members were not entitled to receive their bonus until they attain the age of 18.

	2015	2014
Balance, beginning of year	\$ 884,258	\$ 938,258
Deduct: payments related to previous years	(61,500)	(54,000)
Balance, end of year	<u>\$ 822,758</u>	<u>\$ 884,258</u>

17. Economic Dependence

Sipekne'katik receives a significant portion of its revenue pursuant to a funding agreement with Aboriginal Affairs and Northern Development Canada and other federal government agencies.

SIPEKNE'KATIK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

18. Contingent Liabilities

Sipekne'katik has entered into contribution agreements with various federal and provincial government partners. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements. The likelihood of compliance reviews and any potential findings are not determinable as at the date on the auditor's report.

Subsidy assistance payments received through Canada Mortgage and Housing Corporation pursuant to Section 56.1 of the National Housing Act are subject to repayment if the First Nation fails to comply with the terms and conditions of the agreement. As at March 31, 2015, the First Nation has not fully complied with all the terms and conditions including its failure to calculate rent-to-income in accordance with subparagraph 2(5) of the Operating Agreement and its failure to maintain the required replacement reserve. To the best of management's knowledge, the entity will not have to repay any of the subsidy assistance payments received and thus, no amount has been recorded to reflect this potential liability.

In addition, in the normal course of its operations, the First Nation becomes involved in legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occurs 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 the First Nation's financial statements.

When the future event and/or ability to estimate involves more uncertainty, the action or claim is considered a contingent liability.

19. Other Matters

As a result of financial concerns and irregularities, Chief and Council of Sipekne'katik engaged a firm to carry out a forensic audit, which commenced May, 2012.

In part, the firm is to review certain financial transactions in particular any that were not properly authorized, including but not limited to the following amounts included in Note 7:

Due from MRJJ Management Inc.	\$ 59,200
Due from Amcrest Management Inc.	172,200
Unapproved transfers	306,000

The First Nation has made a claim to its' insurer for a potential recovery. The likelihood and amount of recovery are both unknown at this time.

SIPEKNE'KATIK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

20. Expenses by object

	2015	2014
Wages and benefits	\$ 8,795,954	\$ 8,137,135
Tobacco shop	694,888	529,646
Fuel and tobacco purchases	5,612,738	5,702,123
Social program expenses	5,102,011	4,933,449
Health program expenses	668,159	606,183
Travel	94,662	78,685
Tuition	2,150,927	1,083,262
Supplies and services	2,518,089	2,351,118
Interest and bank charges	234,526	100,104
Professional services	554,027	836,532
Repairs	647,812	622,014
Other	4,267,267	3,062,136
Amortization	1,417,293	1,335,689
Forensic audit	133,592	419,970
	<hr/>	
Amortization	\$ 32,891,945	\$ 29,798,046

21. Pension plan

The First Nation participates in an individual defined contribution pension plan for its employees. The plan is not mandatory and there is no required waiting period for permanent employees to enroll in the plan. The First Nation contributes amounts equal to the employee's contribution up to a maximum of 5.5% of the employee's gross earnings. Employer contributions, which are expensed in the period incurred, totalled \$49,694 (2014 - \$41,436) during the year.

SIPEKNE'KATIK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

22. Financial Instruments Risks and Uncertainties

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

Credit risk

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

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

The First Nation does have credit risk in accounts receivable \$989,735 (2014 - \$1,281,766). Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The First Nation reduces its exposure to credit risk by performing valuations on a regular basis and creating an allowance for bad debts when applicable. The First Nation derives substantially all of its revenues and therefore, accounts receivable, from government sources. In the opinion of management, the credit risk exposure to the First Nation is low and is not material.

Liquidity risk

The First Nation does have a liquidity risk in the accounts payable and accrued liabilities of \$5,693,117 (2014 - \$6,635,807). Liquidity risk is the risk that the First Nation cannot repay its obligations when they become due to its creditors. The First Nation reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due.

Interest rate risk

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

23. Budgeted figures

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

SIPEKNE'KATIK

CONSOLIDATED SUMMARY SCHEDULE OF OPERATIONS BY PROGRAM

FOR THE YEAR ENDED MARCH 31, 2015

Page	AANDC Funds	Other Revenue	Total Revenue	Cost of Goods Sold	Total Expenditures	Other items	Surplus (Deficit)
21	\$ 5,635,425	\$ (234,568)	\$ 5,400,857	\$ -	\$ 5,400,857	\$ -	\$ -
22	759,197	931,033	1,690,230	-	2,464,483	-	(774,253)
23	-	6,566,373	6,566,373	-	7,315,671	-	(749,298)
24	675,660	53,200	728,860	-	833,013	-	(104,153)
25	553,749	342,694	896,443	-	2,065,874	-	(1,169,431)
26	253,598	-	253,598	-	320,487	-	(66,889)
27	-	1,282,169	1,282,169	-	1,445,129	-	(162,960)
28	46,000	1,090,716	1,136,716	-	1,319,669	-	(182,953)
29	-	3,446,303	3,446,303	-	1,600,036	-	1,846,267
30	-	6,736,075	6,736,075	4,474,231	819,186	-	1,442,658
31	-	2,586,065	2,586,065	-	1,736,127	-	849,938
32	-	454,768	454,768	-	218,692	-	236,076
33	-	1,299,330	1,299,330	1,138,507	189,098	-	(28,275)
Totals	\$ 7,923,629	\$ 24,554,158	\$ 32,477,787	\$ 5,612,738	\$ 25,728,322	\$ (1,550,886)	\$ (414,159)

The accompanying notes are an integral part of the financial statements

SIPEKNE'KATIKSOCIAL DEVELOPMENT
CONSOLIDATED SCHEDULE OF OPERATIONSFOR THE YEAR ENDED MARCH 31, 2015

	2015	2015	2014
	Budget	Actual	Actual
Revenue			
AANDC Income assistance	\$ 5,364,060	\$ 5,364,059	\$ 5,364,059
AANDC Assisted living	265,296	271,366	265,294
Transfer to band administration	(340,330)	(234,568)	(374,452)
	5,289,026	5,400,857	5,254,901
Expenditures			
Basic needs	4,569,600	4,738,696	4,581,216
Rent transferred to housing projects, Sch. 12	192,000	220,095	201,576
Special needs	180,000	143,220	112,077
Wages and benefits	142,926	133,902	142,068
Assisted living	162,500	122,226	179,384
Interest and bank charges	21,000	30,530	28,645
Office and administration	12,000	8,437	7,210
Travel	9,000	3,751	2,725
	5,289,026	5,400,857	5,254,901
Surplus	\$ -	\$ -	\$ -

The accompanying notes are an integral part of the financial statements

SIPEKNE'KATIKBAND ADMINISTRATION
CONSOLIDATED SCHEDULE OF OPERATIONSFOR THE YEAR ENDED MARCH 31, 2015

	2015 Budget	2015 Actual	2014 Actual
Revenue			
AANDC Band support	\$ 616,044	\$ 630,143	\$ 616,044
Transfer from Social Development	340,330	234,568	374,452
Governance recovery from LSK	146,194	146,194	142,120
Insurance proceeds	-	131,413	-
Health Administration Fees	-	122,260	80,496
Band support recovery from LSK	84,668	84,668	77,169
AANDC Registration and membership	64,572	66,054	64,576
AANDC Fin Mgmt Gov Cap Dev	-	63,000	-
Province of NS - Consultation	-	60,000	-
Rental income	28,528	58,488	51,188
GST/HST rebates	-	44,086	44,057
Miscellaneous	-	35,456	68,201
Shelburne project	-	13,900	-
AANDC Community promotion	58,036	-	58,036
AANDC - Reserve land and environment	-	-	35,067
AANDC - Governance capacity development	-	-	29,643
	1,338,372	1,690,230	1,641,049
Expenditures			
Wages and benefits	1,034,293	1,338,499	1,261,587
Legal costs	240,000	284,719	294,115
Co-management	150,000	133,000	411,200
Interest and bank charges (recovery)	42,000	105,558	(44,537)
Xyntax software acquisition and implementation	50,000	100,942	-
CRA penalties and interest	-	82,478	-
Office	60,000	75,612	101,471
Consultation	-	74,516	23,946
Utilities	28,800	56,218	31,260
Audit fees	55,000	50,000	62,150
Band membership	55,966	36,966	37,253
Other Council expenses	36,000	26,729	32,110
HST recovery commission	-	23,144	7,050
Election	25,000	23,065	-
External accounting	18,000	16,468	22,300
Insurance	25,000	15,468	-
Funding repaid to AANDC Gov Cap Dev	-	10,939	-
Travel	16,800	6,834	12,523
Professional development	19,500	5,532	-
Communications	-	-	50,668
P & ID project	-	-	29,643
Bad debts	-	(2,204)	37,516
	1,856,359	2,464,483	2,370,255
Deficit	\$ (517,987)	\$ (774,253)	\$ (729,206)

The accompanying notes are an integral part of the financial statements

SIPEKNE'KATIKEDUCATION
CONSOLIDATED SCHEDULE OF OPERATIONSFOR THE YEAR ENDED MARCH 31, 2015

	2015 Budget	2015 Actual	2014 Actual
Revenue			
AANDC Summer work experience	\$ -	\$ -	\$ 57,477
Mi'kmaw Kina'matneway	6,343,877	6,445,216	6,453,600
Province of Nova Scotia	-	110,994	-
Other	-	10,163	1,460
	6,343,877	6,566,373	6,512,537
Expenditures			
Wages and benefits	2,497,300	2,081,068	1,740,586
Wages and benefits - enhanced teacher salary	76,000	76,593	76,245
Post secondary allowances and books	850,000	1,185,633	540,460
Post secondary tuition	850,000	965,294	542,802
Special education	251,381	900,164	833,512
Daily transportation	418,648	365,544	382,380
Operations and maintenance	342,694	342,694	351,399
Band school operations	1,067,990	337,519	366,848
Sports and recreation	146,297	170,463	155,907
Governance	146,194	146,194	142,434
New paths	112,705	113,598	263,957
Fitness facility upgrade	-	110,994	-
School supplies	-	107,993	47,273
Cafeteria supplies	-	95,127	61,661
Academic incentives	-	85,683	83,289
Education band support	84,668	84,668	77,169
Security	-	67,977	4,210
Guidance and counselling	-	54,571	183,774
Aboriginal language program	-	13,838	6,265
Post secondary travel	-	8,815	6,929
Capital project	-	1,241	-
Summer work experience wages	-	-	145,968
	6,843,877	7,315,671	6,013,068
Surplus (deficit)	\$ (500,000)	\$ (749,298)	\$ 499,469

The accompanying notes are an integral part of the financial statements

SIPEKNE'KATIKCAPITAL AND HOUSING
CONSOLIDATED SCHEDULE OF OPERATIONSFOR THE YEAR ENDED MARCH 31, 2015

	2015		2015		2014
	Budget		Actual		Actual
Revenue					
Aboriginal Affairs and Northern Development Canada	\$ 660,540	\$	675,660	\$	660,543
Administration income CMHC housing projects	-		42,000		42,000
Canada Mortgage and Housing Corporation	-		11,200		-
ACOA Multipurpose Centre	-		-		113,840
AANDC Housing policy implementation	-		-		35,000
	660,540		728,860		851,383
Expenditures					
Wages and benefits	293,800		371,355		276,410
Housing repairs and renovations	60,940		272,406		152,461
Insurance	125,000		143,864		-
Travel	14,400		35,169		37,901
Office expenses	4,800		8,251		4,592
Telephone	3,600		1,968		1,179
Policy development	-		-		35,000
New housing	250,000		-		-
	752,540		833,013		507,543
Surplus (deficit)	\$ (92,000)	\$	(104,153)	\$	343,840

The accompanying notes are an integral part of the financial statements

SIPEKNE'KATIKOPERATING AND MAINTENANCE
CONSOLIDATED SCHEDULE OF OPERATIONSFOR THE YEAR ENDED MARCH 31, 2015

	2015	2015	2014
	Budget	Actual	Actual
Revenue			
AANDC Fire protection	\$ -	\$ 94,935	\$ -
O&M Recovery from LSK	342,694	342,694	338,965
AANDC Facilities O&M	279,713	286,114	279,713
AANDC Water systems (see note)	-	150,000	50,000
AANDC Water O&M	-	22,700	22,700
AANDC Response	-	-	504,163
AANDC Water	-	-	354,373
Other revenue	11,660	-	-
	634,067	896,443	1,549,914
Expenditures			
Security wages and benefits	421,956	433,249	317,175
Garbage collection and recycling program	264,000	247,844	246,389
Heat and power	237,600	239,903	265,645
Snowplowing	201,000	239,718	170,925
Wages and benefits	207,776	234,129	177,570
Repairs and maintenance	72,000	169,719	77,407
Water and sanitation	300,000	151,248	143,122
Insurance	175,000	131,586	139,240
Fire protection equipment	-	94,935	-
Community centre	-	36,647	-
Road maintenance	50,000	21,412	44,905
Fire protection	25,200	20,792	28,481
Street lighting	15,000	14,619	9,941
Travel	-	14,505	-
Emergency drinking water	-	9,943	10,814
Telephone	-	3,088	-
Training	-	2,537	-
Oil spill clean-up	-	-	192,373
Oil spill funding repayable to AANDC	-	-	111,790
Water O & M	-	-	22,700
	1,969,532	2,065,874	1,958,477
Deficit	\$ (1,335,465)	\$ (1,169,431)	\$ (408,563)

Note: Expenditures of \$150,000 related to the water systems have been capitalized in Note 13.

The accompanying notes are an integral part of the financial statements

SIPEKNE'KATIKECONOMIC DEVELOPMENT
CONSOLIDATED SCHEDULE OF OPERATIONSFOR THE YEAR ENDED MARCH 31, 2015

	2015		2015		2014
	Budget		Actual		Actual
Revenue					
Aboriginal Affairs and Northern Development Canada	\$ 148,258	\$	151,651	\$	148,258
AANDC - Economic Development Planning	-		90,067		-
AANDC - Land management capacity	-		11,880		90,067
	148,258		253,598		238,325
Expenditures					
Land use/communications	99,933		132,926		47,981
Wages and benefits	51,753		53,228		48,228
Wallace Hill (income)/loss	-		41,552		-
1919 land claim expenses	52,500		40,282		67,872
Business development	22,000		14,901		29,807
Land management wages	-		11,880		97,353
Craft contributions	9,000		11,597		-
Professional development	8,500		9,890		-
Office expenses	7,000		1,544		-
Travel	4,200		1,364		-
Consulting	30,000		1,323		-
Telephone	1,200		-		-
	286,086		320,487		291,241
Deficit	\$ (137,828)	\$	(66,889)	\$	(52,916)

The accompanying notes are an integral part of the financial statements

SIPEKNE'KATIKCOMMUNITY HEALTH
CONSOLIDATED SCHEDULE OF OPERATIONSFOR THE YEAR ENDED MARCH 31, 2015

	2015 Budget	2015 Actual	2014 Actual
Revenue			
Health Canada	\$ 1,222,602	\$ 1,222,602	\$ 1,069,720
Youth and mental health funding	-	44,567	2,433
Active seniors - Province of Nova Scotia	-	10,000	-
Other	-	5,000	-
	1,222,602	1,282,169	1,072,153
Expenditures			
Home and community care	303,040	442,904	655,212
Community health promotion	225,593	225,593	216,081
Building healthy communities - mental health	112,138	112,138	108,872
Brighter futures	111,727	111,727	108,473
Operations and maintenance	54,670	77,878	67,966
Planning/quality management	73,166	73,166	-
Aboriginal head start	71,649	71,649	71,649
Maternal child health	49,954	49,954	49,954
National native alcohol and drug abuse program	46,735	46,735	-
Aboriginal diabetes initiative	44,813	44,813	47,313
Mi'kmaq youth mental health	-	44,567	2,433
Prenatal nutrition	35,153	35,153	34,308
National aboriginal youth suicide prevention strategy	23,871	23,871	-
Building healthy communities - solvent abuse	23,201	23,201	27,890
Drinking water safety	18,500	19,521	11,660
Oral health	14,526	14,526	14,526
Active seniors/new horizons	-	10,000	2,770
HIV/Aids program	7,718	7,718	8,250
Communicable disease control - targeted immunization strategy	6,148	6,148	250
Insurance	-	3,867	-
Funding repayable to Health Canada	-	-	26,294
Special project	-	-	17,154
Targeted immunization	-	-	10,000
	1,222,602	1,445,129	1,481,055
Deficit	\$ -	\$ (162,960)	\$ (408,902)

The accompanying notes are an integral part of the financial statements

SIPEKNE'KATIKEMPLOYMENT TRAINING
CONSOLIDATED SCHEDULE OF OPERATIONSFOR THE YEAR ENDED MARCH 31, 2015

	2015		2015		2014
	Budget		Actual		Actual
Revenue					
AANDC Summer work experience	\$ -	\$	46,000	\$	-
Mi'kmaq Employment Training Secretariat	891,514		747,579		794,380
Mi'kmaq Economic Benefits Office of Nova Scotia Inc.	-		194,657		-
Other	-		81,455		17,940
Daycare service	36,000		38,175		41,267
Province of Nova Scotia funding	-		28,850		-
	927,514		1,136,716		853,587
Expenditures					
Mi'kmaq Employment Training Secretariat programs	552,695		568,802		537,662
Child care initiative	323,874		200,657		261,876
Mi'kmaq economic benefits office of Nova Scotia Inc.	-		186,518		-
Summer student wages and benefits	-		154,344		-
Native employment	50,945		108,217		134,438
Oil and gas training	-		101,131		-
	927,514		1,319,669		933,976
Deficit	\$ -	\$	(182,953)	\$	(80,389)

The accompanying notes are an integral part of the financial statements

SIPEKNE'KATIKGAMING
CONSOLIDATED SCHEDULE OF OPERATIONSFOR THE YEAR ENDED MARCH 31, 2015

	2015	2015	2014
	Budget	Actual	Actual
Revenue			
Gaming commissions - band operated VLTs	\$ 1,118,000	\$ 1,693,050	\$ 1,284,109
Gaming commissions - Hammonds Plains VLTs	937,500	1,399,191	208,062
Province of Nova Scotia gaming agreement	300,000	327,283	370,248
ATM commissions	-	26,779	11,017
Gaming commissions - store operated VLTs	-	-	255,917
	2,355,500	3,446,303	2,129,353
Expenditures			
Atlantic Lottery Corporation commissions	690,000	655,653	590,659
Wages and benefits	587,600	519,370	381,543
Security wages	182,496	180,894	148,206
Rent	60,000	120,000	-
Materials and supplies	25,200	59,454	43,949
Heat and lights	24,000	40,292	14,306
Telephone	3,600	8,377	9,196
Interest and bank charges	3,600	7,213	3,540
Snow removal	-	7,195	-
Travel	5,400	1,588	6,239
Bad debts	-	-	22,365
Advertising	3,000	-	-
Professional fees	2,000	-	-
	1,586,896	1,600,036	1,220,003
Surplus	\$ 768,604	\$ 1,846,267	\$ 909,350

The accompanying notes are an integral part of the financial statements

SIPEKNE'KATIK
TOBACCO STORE
CONSOLIDATED SCHEDULE OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2015

	2015 Budget	2015 Actual	2014 Actual
Revenue			
Tobacco sales	\$ 6,720,000	\$ 6,686,075	\$ 6,646,515
Loblaw's settlement	-	50,000	-
	6,720,000	6,736,075	6,646,515
Cost of goods sold	4,704,000	4,474,231	4,372,661
Gross profit	2,016,000	2,261,844	2,273,854
Expenditures			
Donations to senior assistance	400,000	385,412	403,904
Donations to community members	393,750	276,488	226,265
Wages and benefits	117,520	104,255	121,069
Bass derby/Pow Wow	27,500	32,988	5,000
Office	8,400	12,451	3,549
Bank charges	-	7,471	7,546
Professional fees	-	121	121
	947,170	819,186	767,454
Surplus	\$ 1,068,830	\$ 1,442,658	\$ 1,506,400

The accompanying notes are an integral part of the financial statements

SIPEKNE'KATIKFISHERIES
CONSOLIDATED SCHEDULE OF OPERATIONSFOR THE YEAR ENDED MARCH 31, 2015

	2015	2015	2014
	Budget	Actual	Actual
Revenue			
Lobster	\$ 450,000	\$ 1,392,683	\$ 862,707
Snow crab	500,000	861,725	580,828
Department of Fisheries and Oceans	9,000	180,165	394,472
Scallops	78,250	103,896	70,759
Swordfish	58,000	47,596	57,155
	1,095,250	2,586,065	1,965,921
Expenditures			
Wages and benefits	-	791,842	692,324
Band owned boat - Snow Crab	-	352,785	-
Community member disbursements	90,000	182,800	86,850
Lobster nets	-	119,472	-
AICFI wages	53,031	79,686	53,559
Band owned boat - Lobster	-	61,902	-
Professional fees	6,000	41,575	15,950
Travel	12,000	37,141	12,368
AICFI training	-	25,282	-
Clark's Harbour property taxes and utilities	18,000	13,491	21,594
Miscellaneous	70,000	9,349	8,024
Swordfish expenses	-	9,174	-
Employee testing	-	6,320	7,356
Office and supplies	4,500	4,950	4,544
Bank charges	600	358	420
	254,131	1,736,127	902,989
Surplus	\$ 841,119	\$ 849,938	\$ 1,062,932

The accompanying notes are an integral part of the financial statements

SIPEKNE'KATIK
HOUSING PROJECTS
CONSOLIDATED SCHEDULE OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2015

	2015 Budget	2015 Actual	2014 Actual
Revenue			
Rental Income	\$ 192,000	\$ 220,095	\$ 201,576
Canada Mortgage and Housing Corporation subsidies	150,000	187,373	203,449
CMHC RRAP Funding	40,000	47,300	93,300
	382,000	454,768	498,325
Expenditures			
Interest on long-term debt	96,960	76,903	97,762
Insurance	-	47,489	103,200
RRAP renovations	40,000	47,300	112,866
Utilities and administration	44,040	42,000	42,000
Professional fees	9,000	5,000	6,750
Maintenance	-	-	29,799
	190,000	218,692	392,377
Surplus	\$ 192,000	\$ 236,076	\$ 105,948

The accompanying notes are an integral part of the financial statements

SIPEKNE'KATIKGAS BAR
CONSOLIDATED SCHEDULE OF OPERATIONSFOR THE YEAR ENDED MARCH 31, 2015

	2015 Budget	2015 Actual	2014 Actual
Revenue			
Fuel sales	\$ 1,380,000	\$ 1,076,602	\$ 1,299,885
Tobacco sales	204,000	162,728	128,743
Rent charged to Gaming	60,000	60,000	-
	1,644,000	1,299,330	1,428,628
Cost of goods sold - fuel	1,243,000	1,016,845	1,226,542
Cost of goods sold - tobacco	154,000	121,662	102,920
	1,397,000	1,138,507	1,329,462
Gross profit	247,000	160,823	99,166
Expenditures			
Wages and benefits	189,840	166,611	223,971
Computer software and support	15,000	8,865	7,018
Interest and bank charges	6,000	6,493	6,728
Repairs and maintenance	9,600	4,556	5,185
Utilities and telephone	10,800	2,573	4,023
	231,240	189,098	246,925
Deficit	\$ 15,760	\$ (28,275)	\$ (147,759)

The accompanying notes are an integral part of the financial statements

SIPEKNE'KATIK

ANNUAL SURPLUS NET OF CAPITAL RELATED REVENUES AND AMORTIZATION

YEAR ENDED MARCH 31, 2015

	<u>2015</u>	<u>2014</u>
Annual surplus (deficit) per page 3	(414,159)	844,544
Deduct: Capital related revenues included in annual surplus		
Federal government transfers for capital	(230,821)	(1,039,167)
Provincial government transfers for capital	-	-
Total government capital transfers	(230,821)	(1,039,167)
Add: Amortization expense included in annual surplus	1,417,293	1,335,689
Annual surplus net of capital related revenues and amortization	772,313	1,141,066

SIPEKNEKATIK

SCHEDULE OF SEGMENT DISCLOSURE

YEAR ENDED MARCH 31, 2015

	Social development		Band administration		Education		Capital and housing		Operating and maintenance		Economic development		Community health	
	2015	Budget 2015	2015	Budget 2015	2015	Budget 2015	2015	Budget 2015	2015	Budget 2015	2015	Budget 2015	2015	Budget 2015
Revenues														
Federal Government	5,635,425	5,629,356	759,197	738,652	6,445,216	6,343,877	686,860	660,540	553,749	291,373	253,598	148,258	1,222,602	1,222,602
Provincial Government	-	-	60,000	-	110,994	-	-	-	-	-	-	-	10,000	-
Economic Activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue	(234,568)	(340,330)	871,033	599,720	10,163	-	42,000	-	342,694	342,694	-	-	49,567	-
Total revenue	5,400,857	5,289,026	1,690,230	1,338,372	6,566,373	6,343,877	728,860	660,540	896,443	634,067	253,598	148,258	1,282,169	1,222,602
Expenses														
Salaries and benefits	256,128	305,426	1,373,640	1,034,293	3,057,825	2,824,681	371,355	293,800	667,378	629,732	132,271	131,753	776,970	700,000
Amortization	-	-	1,417,293	-	-	-	-	-	-	-	-	-	-	-
Debt servicing	-	-	105,558	42,000	-	-	-	-	-	-	-	-	-	-
Cost of goods sold	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenses	5,144,729	4,983,600	1,118,878	840,066	4,257,846	4,019,196	461,658	458,740	1,398,496	1,339,800	188,216	154,333	668,159	522,602
Total expenses	5,400,857	5,289,026	4,015,369	1,916,359	7,315,671	6,843,877	833,013	752,540	2,065,874	1,969,532	320,487	286,086	1,445,129	1,222,602
Annual surplus (deficit)	\$ -	\$ -	\$ (2,325,139)	\$ (577,987)	\$ (749,298)	\$ (500,000)	\$ (104,153)	\$ (92,000)	\$ (1,169,431)	\$ (1,335,465)	\$ (66,889)	\$ (137,828)	\$ (162,960)	\$ -
Revenues														
Federal Government	793,579	891,514	-	-	180,165	9,000	-	-	234,673	190,000	-	-	16,765,064	16,125,172
Provincial Government	28,850	-	327,283	300,000	-	-	-	-	-	-	-	-	537,127	300,000
Economic Activities	194,657	-	3,119,020	2,055,500	6,686,075	6,720,000	2,405,900	1,086,250	-	-	1,299,330	1,644,000	13,704,982	11,505,750
Other revenue	119,630	36,000	-	-	50,000	-	-	-	220,095	192,000	-	-	1,470,614	830,084
Total revenue	1,136,716	927,514	3,446,303	2,355,500	6,736,075	6,720,000	2,586,065	1,095,250	454,768	382,000	1,299,330	1,644,000	32,477,787	28,761,006
Expenses														
Salaries and benefits	266,040	225,000	519,370	587,600	104,255	117,520	1,104,111	53,031	-	-	166,611	189,840	8,795,954	7,092,676
Amortization	-	-	-	-	-	-	-	-	-	-	-	-	1,417,293	-
Debt servicing	-	-	-	-	-	-	-	-	76,903	96,960	-	-	182,461	138,960
Cost of goods sold	-	-	-	-	4,474,231	4,704,000	-	-	-	-	1,138,507	1,397,000	5,612,738	6,101,000
Other expenses	1,053,629	702,514	1,080,666	999,296	714,931	829,650	632,016	201,100	141,789	93,040	22,487	41,400	16,883,500	15,185,337
Total expenses	1,319,669	927,514	1,600,036	1,586,896	5,293,417	5,651,170	1,736,127	254,131	218,692	190,000	1,327,605	1,628,240	32,891,946	28,517,973
Annual surplus (deficit)	\$ (182,953)	\$ -	\$ 1,846,267	\$ 768,604	\$ 1,442,658	\$ 1,068,830	\$ 849,938	\$ 841,119	\$ 236,076	\$ 192,000	\$ (28,275)	\$ 15,760	\$ (414,159)	\$ 243,033

SIPEKNEKATIK

SCHEDULE OF SEGMENT DISCLOSURE

YEAR ENDED MARCH 31, 2014

	Social development 2014	Band administration 2014	Education 2014	Capital and housing 2014	Operating and maintenance 2014	Economic development 2014	Community health 2014
Revenues							
Federal Government	5,629,353	937,490	6,512,537	902,683	1,210,949	148,258	1,069,720
Provincial Government	-	-	-	-	-	-	-
Economic Activities	-	51,188	-	-	-	-	-
Other revenue	-	754,806	-	42,000	338,965	-	2,433
Total revenue	5,629,353	1,743,484	6,512,537	944,683	1,549,914	148,258	1,072,153
Expenses							
Salaries and benefits	321,452	1,436,806	2,712,799	593,585	200,270	48,228	874,872
Amortization	-	258,845	276,179	140,275	282,680	-	-
Debt servicing	-	-	-	-	-	-	-
Cost of goods sold	-	-	-	-	-	-	-
Other expenses	5,307,901	1,498,755	3,300,269	343,999	1,441,032	97,679	606,183
Total expenses	5,629,353	3,194,406	6,289,247	1,077,859	1,923,982	145,907	1,481,055
Annual surplus (deficit)	\$ -	\$ (1,450,922)	\$ 223,290	\$ (133,176)	\$ (374,068)	\$ 2,351	\$ (408,902)
Revenues							
Federal Government	853,647	-	-	394,472	203,449	-	17,844,558
Provincial Government	-	2,129,353	-	-	-	-	2,129,353
Economic Activities	-	-	6,646,515	1,571,449	-	1,428,628	9,697,780
Other revenue	17,940	-	-	-	201,576	-	1,357,720
Total revenue	853,587	2,129,353	6,646,515	1,965,921	405,025	1,428,628	31,029,411
Expenses							
Salaries and benefits	222,929	489,667	226,592	745,883	-	264,052	8,137,135
Amortization	-	-	-	-	377,708	-	1,335,687
Debt servicing	-	-	-	-	97,762	-	97,762
Cost of goods sold	-	-	4,372,661	-	-	1,329,462	5,702,123
Other expenses	723,415	690,255	540,862	157,106	181,749	22,954	14,912,159
Total expenses	946,344	1,179,922	5,140,115	902,989	657,219	1,616,468	30,184,866
Annual surplus (deficit)	\$ (92,757)	\$ 949,431	\$ 1,506,400	\$ 1,062,932	\$ (252,194)	\$ (187,840)	\$ 844,545
Revenues							
Federal Government	853,647	-	-	394,472	203,449	-	17,844,558
Provincial Government	-	2,129,353	-	-	-	-	2,129,353
Economic Activities	-	-	6,646,515	1,571,449	-	1,428,628	9,697,780
Other revenue	17,940	-	-	-	201,576	-	1,357,720
Total revenue	853,587	2,129,353	6,646,515	1,965,921	405,025	1,428,628	31,029,411
Expenses							
Salaries and benefits	222,929	489,667	226,592	745,883	-	264,052	8,137,135
Amortization	-	-	-	-	377,708	-	1,335,687
Debt servicing	-	-	-	-	97,762	-	97,762
Cost of goods sold	-	-	4,372,661	-	-	1,329,462	5,702,123
Other expenses	723,415	690,255	540,862	157,106	181,749	22,954	14,912,159
Total expenses	946,344	1,179,922	5,140,115	902,989	657,219	1,616,468	30,184,866
Annual surplus (deficit)	\$ (92,757)	\$ 949,431	\$ 1,506,400	\$ 1,062,932	\$ (252,194)	\$ (187,840)	\$ 844,545

SIPEKNEKATHK

SCHEDULES TO CONSOLIDATED FINANCIAL STATEMENTS

AANDC BLOCK FIXED AND SET FUNDING

YEAR ENDED MARCH 31, 2015

Expense type	Funding amount	Wages and benefits	Sch. 1, page 21	Sch. 5 Snowplowing and bank charges	Interest and bank charges	Prof. fees	Travel	Sch. 2 admin.	Repairs	Software system page 22	Equipment Sch. 5	Tangible capital assets page 14	Sch. 5. garbage and recycling buildings	Sch. 5. community buildings and misc.	Supplies and misc.	Total expenses	Surplus (deficit)
Funding description																	
Indian government support (block)	630,143	500,000			105,558	484,187	6,834									1,096,579	(466,436)
Membership (block)	66,054	35,141				1,358									1,769	38,268	27,786
Economic development (block)	151,651	96,087				11,253									29,365	136,705	14,946
Income assistance (block)	5,364,059	133,902	5,114,199		30,530			85,428								5,364,059	-
Assisted living (block)	271,366	122,226						149,140								271,366	-
Capital (block)	675,660	371,355					35,169		272,406							678,930	(3,270)
Facilities O&M (block)	286,114	644,678		239,718			14,505		169,719				247,844	239,903	78,851	1,635,218	(1,349,104)
Block Subtotal	7,445,047	1,903,389	5,114,199	239,718	136,088	484,187	69,119	234,568	442,125				247,844	239,903	109,985	9,221,125	(1,776,078)
Land mgmt capacity (fixed)	11,880	11,880														11,880	-
Fire protection (fixed)	94,935										94,935					94,935	-
Fixed Subtotal	106,815										94,935					106,815	-
Fin mgmt gov cap dev (set)	63,000									100,942						100,942	(37,942)
Summer work experience (set)	46,000	154,344														154,344	(108,344)
Ex dev planning (set)	90,067	79,043					1,304								9,720	90,067	-
Water systems (set)	150,000											150,000				150,000	-
Water O&M (set)	22,700	22,700														22,700	-
Set Subtotal	371,767	256,087					1,304			100,942		150,000			9,720	495,353	(146,286)
Total funding	7,923,629	2,171,356	5,114,199	239,718	136,088	484,187	70,423	234,568	442,125	100,942	94,935	150,000	247,844	239,903	119,705	9,823,293	(1,922,364)

SIPEKNE'KATIK

SCHEDULES TO CONSOLIDATED FINANCIAL STATEMENTS

GOVERNMENT TRANSFERS

YEAR ENDED MARCH 31, 2015

	2015 Operating	2015 Capital	2015 Total
Direct Federal government transfers:			
Aboriginal Affairs and Northern Development	7,773,629	150,000	7,923,629
Health Canada	1,222,602	-	1,222,602
Department of Fisheries and Oceans	180,165	-	180,165
Mi'kmaw Kina'matneway	6,364,295	80,921	6,445,216
METS	747,579	-	747,579
Canada Mortgage and Housing Corporation	245,873	-	245,873
Federal government transfer total	<u>\$ 16,534,143</u>	<u>\$ 230,921</u>	<u>\$ 16,765,064</u>
Direct Provincial government transfers:	<u>\$ 537,127</u>	<u>\$ -</u>	<u>\$ 537,127</u>

SIPEKNE'KATIK

EXTERNALLY RESTRICTED SURPLUS - EDUCATION CONTINUITY SCHEDULE

YEAR ENDED MARCH 31, 2015

Externally restricted - Education surplus continuity schedule

Opening balance, March 31, 2014	\$ 499,469
Less:	
Deficit from Education (Schedule #3)	\$ (749,298)
Capital asset purchase - school bus	\$ (80,921)
Closing balance, March 31, 2015	\$ (330,750)

REVIEW ENGAGEMENT REPORT

To the Chief, Council and Members of Sipekne'katik


We have reviewed the schedules of salaries, honoraria and travel paid to Chief and Council, and salaries and travel paid to senior management of Sipekne'katik for the year ended March 31, 2015. These schedules were prepared in accordance with the instructions in the Aboriginal Affairs and Northern Development Canada Year End Financial Reporting Handbook, 2014-2015. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the First Nation.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these schedules.

Based on our review, nothing has come to our attention that causes us to believe that these schedules have not been prepared, in all material respects, in accordance with the instructions in the handbook described above.

These schedules, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information and use of the members of Sipekne'katik and Aboriginal Affairs and Northern Development Canada for the purpose of complying with the Aboriginal Affairs and Northern Development Canada Year End Financial Reporting Handbook, 2014-2015. These schedules were not intended to be and should not be used by anyone other than the specified users or for any other purpose.

July 28, 2015
Woodstock, NB


Andrew D. Lenehan, CA

SIPEKNE'KATIK

SCHEDULES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2015

(unaudited)

Salaries, honoraria and travel expenses paid to Chief and Council

	Position	# of months	Salary	Honoraria	Other	Total	Travel Expenses
Rufus Copage	Chief	12	\$ 61,793	\$ -	\$ -	\$ 61,793	\$ 1,470
Jerry Francis Sack	Councillor	12	38,520	-	-	38,520	302
Ronnie William Joseph Augustine	Councillor	7	22,964	-	-	22,964	368
Mary Ellen Syliboy	Councillor	5	15,556	-	-	15,556	-
Thomas Jefferson Howe	Councillor	12	38,520	-	1,096	39,616	1,540
Colleen Mary Rebecca Jane Knockwood	Councillor	12	38,520	-	-	38,520	-
Alexander McDonald	Councillor	12	38,520	-	-	38,520	-
Jim Nevin	Councillor	7	22,964	-	-	22,964	302
Timothy Nevin	Councillor	5	15,556	-	-	15,556	2,021
Keith J. Julian	Councillor	12	38,520	-	-	38,520	368
Doreen Knockwood	Councillor	12	38,520	-	-	38,520	-
Michelle Glasgow	Councillor	12	38,520	-	-	38,520	368
Thomas Maloney	Councillor	7	22,964	-	-	22,964	368
Glen P. Knockwood	Councillor	5	15,556	-	-	15,556	-
Earl Sack	Councillor	12	38,520	-	1,620	40,140	872
Michael P. Sack	Councillor	7	22,964	-	-	22,964	-
Cheryl Maloney	Councillor	5	15,556	-	-	15,556	-
			\$ 524,033	\$ -	\$ 2,716	\$ 526,749	\$ 7,979

SIPEKNE'KATIK

SCHEDULES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2015

(unaudited)

Salaries, honoraria and travel expenses paid to senior management staff

	Position	# of months	Salary	Honoraria	Other	Total	Travel Expenses
Operations	Director	12	\$ 61,000	\$ -	\$ -	\$ 61,000	\$ 1,518
Finance	Director	12	60,000	-	-	60,000	2,607
Financial Officer	Executive	8	63,846	-	-	63,846	3,922
Post Secondary Education	Manager	12	36,078	-	500	36,578	3,513
Housing	Manager	12	42,423	-	4,400	46,823	3,465
O&M	Manager	12	37,481	-	-	37,481	8,504
Band School	Manager	12	97,614	-	-	97,614	3,197
Pre-school	Manager	12	66,230	-	-	66,230	-
Day Care	Manager	12	35,000	-	-	35,000	-
Economic Development	Manager	12	46,000	-	-	46,000	3,395
Tobacco	Manager	12	40,000	-	-	40,000	1,953
Health	Manager	12	31,971	-	-	31,971	1,838
Sports and Recreation	Manager	12	35,000	-	-	35,000	3,269
Human Resources	Manager	7	21,662	-	4,200	25,862	248
Gaming - on reserve	Manager	12	39,923	-	-	39,923	540
Gaming - off reserve (Hammonds Plains)	Manager	12	35,000	-	3,700	38,700	1,034
Social Development	Manager	12	52,085	-	-	52,085	3,051
Fisheries	Manager	12	52,215	-	-	52,215	24,578
Gas Bar	Manager	12	36,000	-	-	36,000	2,872
Membership	Manager	12	34,240	-	-	34,240	1,560
Communications	Manager	12	49,614	-	-	49,614	754
Education Liaison Officer	Manager	12	49,700	-	17,150	66,850	3,658
METS	Manager	12	39,952	-	5,450	45,402	3,932
Security	Manager	12	35,000	-	-	35,000	3,532
			\$ 1,098,034	\$ -	\$ 35,400	\$ 1,133,434	\$ 82,938