

Matawa First Nations Management
Consolidated Financial Statements
March 31, 2014

Matawa First Nations Management Contents

For the year ended March 31, 2014

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Management's Responsibility

To the Members and Board of Directors of Matawa First Nations Management:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations and ensuring that all information in the annual report is consistent with the consolidated statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Board of Directors and Audit Committee are composed primarily of Directors who are neither management nor employees of the Organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Organization's external auditors.

MNP LLP is appointed by the Board to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

July 22, 2014



Chief Executive Officer

Independent Auditors' Report

To the Members and Board of Directors of Matawa First Nations Management:

We have audited the accompanying consolidated financial statements of Matawa First Nations Management, which comprise the consolidated statement of financial position as at March 31, 2014, and the consolidated statements of operations, changes in fund balances 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 accounting standards for not-for-profit organizations, 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, the consolidated financial statements present fairly, in all material respects, the financial position of Matawa First Nations Management as at March 31, 2014 and the results of its operations, changes in fund balances and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Thunder Bay, Ontario

July 22, 2014



Chartered Professional Accountants


Licensed Public Accountants

Matawa First Nations Management
Consolidated Statement of Financial Position
As at March 31, 2014

	<i>Matawa Operating</i>	<i>Matawa Restricted</i>	<i>Matawa Capital</i>	2014	2013
Assets					
Current					
Cash	2,190,305	509	-	2,190,814	944,787
Temporary investments (Note 3)	-	173,096	-	173,096	151,117
Accounts receivable (Note 4), (Note 5)	1,884,299	73,923	-	1,958,222	1,805,382
Government remittances receivable	541,868	-	-	541,868	216,867
Income taxes receivable	-	-	-	-	448
Prepaid expenses and deposits	158,528	-	-	158,528	339,706
Due from Operating Fund	-	16,903	-	16,903	39,051
	4,775,000	264,431	-	5,039,431	3,497,358
Capital assets (Note 6)	-	-	6,657,024	6,657,024	6,220,263
Long term investments (Note 7)	2	-	-	2	2
	4,775,002	264,431	6,657,024	11,696,457	9,717,623
Liabilities					
Current					
Bank indebtedness (Note 8)	915,984	-	-	915,984	-
Accounts payable and accruals (Note 5)	2,428,019	-	150,362	2,578,381	2,239,121
Government remittances payable	78,464	-	-	78,464	46,127
Deferred revenue (Note 9)	2,481,341	56,635	-	2,537,976	2,054,917
Due to Restricted Fund	16,903	-	-	16,903	39,051
Current portion of long-term debt (Note 10)	-	-	47,295	47,295	45,205
Deferred contributions related to capital assets (Note 11)	-	-	139,378	139,378	124,090
	5,920,711	56,635	337,035	6,314,381	4,548,511
Long-term debt (Note 10)	-	-	1,128,419	1,128,419	1,175,518
Deferred contributions related to capital assets (Note 11)	-	-	3,570,587	3,570,587	3,013,894
Future income taxes (Note 12)	-	-	-	-	1,975
Fund Balances					
Fund Balances	(1,145,709)	207,796	1,620,983	683,070	977,725
	4,775,002	264,431	6,657,024	11,696,457	9,717,623

Approved on behalf of the Board


 Director


 Director

The accompanying notes are an integral part of these consolidated financial statements

Matawa First Nations Management Consolidated Statement of Operations

For the year ended March 31, 2014

	<i>Matawa Operating</i>	<i>Matawa Restricted</i>	<i>Matawa Capital</i>	2014	2013
Revenue					
Federal and Provincial government					
Federal Government	11,320,762	-	-	11,320,762	8,043,138
Provincial Government	3,836,876	-	301,678	4,138,554	3,602,630
First Nations and Organization	599,141	1,114,984	-	1,714,125	1,542,107
Other	554,568	23,237	-	577,805	861,642
Amortization of deferred capital contributions (Note 11)	-	-	129,697	129,697	195,210
	16,311,347	1,138,221	431,375	17,880,943	14,244,727
Transfers to deferred revenue (Note 9), (Note 11)					
	(831,388)	(58,179)	(301,678)	(1,191,245)	(1,304,592)
Total revenue	15,479,959	1,080,042	129,697	16,689,698	12,940,135
First Nation Project Contributions	1,004,319	-	-	1,004,319	887,518
	14,475,640	1,080,042	129,697	15,685,379	12,052,617
Expenses					
Advertising and promotion	147,613	-	-	147,613	187,444
Amortization	-	-	848,436	848,436	883,836
Annual General Assembly (Note 16)	139,035	-	-	139,035	240,361
Bad debts (recovery)	367	-	-	367	(63,742)
Board and Chiefs' Meetings	230,590	-	-	230,590	414,666
Consultants	629,815	-	-	629,815	1,033,915
Crisis and donations	141,360	-	-	141,360	19,491
Insurance	43,565	-	-	43,565	42,160
Interest and bank charges	34,041	-	-	34,041	18,890
Interest on long-term debt	54,519	-	-	54,519	77,644
Meetings	716,409	-	-	716,409	575,846
Occupancy costs	717,654	-	-	717,654	229,248
Professional development/training	451,237	-	-	451,237	254,092
Professional fees	1,012,427	-	-	1,012,427	331,874
Program co-ordination (recovery)	(145,974)	145,974	-	-	-
Repairs and maintenance	126,225	-	-	126,225	121,339
Resource materials	405,463	-	-	405,463	557,655
Salaries and benefits	4,849,104	-	-	4,849,104	3,946,808
Student and client allowances	3,139,300	910,831	-	4,050,131	2,587,978
Supplies and equipment	562,964	-	-	562,964	439,829
Telephone	119,515	-	-	119,515	107,016
Travel	700,388	-	-	700,388	570,260
Total expenses	14,075,617	1,056,805	848,436	15,980,858	12,576,610
Excess (deficiency) of revenue over expenses before other items	400,023	23,237	(718,739)	(295,479)	(523,993)

Continued on next page

The accompanying notes are an integral part of these consolidated financial statements

Matawa First Nations Management Consolidated Statement of Operations

For the year ended March 31, 2014

	Matawa Operating	Matawa Restricted	Matawa Capital	2014	2013
Excess (deficiency) of revenue over expenses before other items <i>(Continued from previous page)</i>	400,023	23,237	(718,739)	(295,479)	(523,993)
Other items					
Income tax recovery	1,975	-	-	1,975	530
Excess (deficiency) of revenue over expenses	401,998	23,237	(718,739)	(293,504)	(523,463)

The accompanying notes are an integral part of these consolidated financial statements

Matawa First Nations Management
Consolidated Statement of Changes in Fund Balances

For the year ended March 31, 2014

	<i>Matawa Operating</i>	<i>Matawa Restricted</i>	<i>Matawa Capital</i>	2014	2013
Fund balances, beginning of year	(938,377)	185,710	1,730,392	977,725	1,501,598
Excess (deficiency) of revenue over expenses	401,998	23,237	(718,739)	(293,504)	(523,463)
Changes in unrealized losses on the available-for-sale financial assets during the year (Note 3)	-	(1,151)	-	(1,151)	(410)
Transfer of funding to Capital Fund	(609,330)	-	609,330	-	-
Fund balances, end of year	(1,145,709)	207,796	1,620,983	683,070	977,725

The accompanying notes are an integral part of these consolidated financial statements

Matawa First Nations Management
Consolidated Statement of Cash Flows
For the year ended March 31, 2014

	2014	2013
Cash provided by (used for) the following activities		
Operating activities		
Cash received from government, First Nations and Organizations, and other	16,550,015	13,237,394
Cash received from interest	15,204	11,602
Cash paid to suppliers and employees	(15,495,406)	(13,065,778)
Cash paid for interest	(88,560)	(96,534)
Income taxes recovered	448	300
	981,701	86,984
Financing activities		
Net advances of bank indebtedness	915,984	-
Repayment of long-term debt	(45,009)	(43,187)
	870,975	(43,187)
Investing activities		
Purchase of temporary investments	(23,130)	(3,753)
Purchase of capital assets	(583,519)	(528,179)
	(606,649)	(531,932)
Increase (decrease) in cash resources	1,246,027	(488,135)
Cash resources, beginning of year	944,787	1,432,922
Cash resources, end of year	2,190,814	944,787

The accompanying notes are an integral part of these consolidated financial statements

Matawa First Nations Management

Notes to the Consolidated Financial Statements

For the year ended March 31, 2014

1. Incorporation

Matawa First Nations Management, the "Organization" is incorporated under the Canada Corporations Act as a not-for-profit organization. The Organization operates as a tribal council, providing services to the First Nations listed in Note 5 to these consolidated financial statements.

2. Significant accounting policies

The consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations as issued by the Accounting Standards Board in Canada using the following significant accounting policies:

Basis of consolidation

The consolidated financial statements include the assets, liabilities, revenues and expenses of Matawa First Nations Management ("the Organization"), which controls the following corporations: Matawa Project Management Group Inc. ("MPMG"), a construction management corporation; Matawa First Nations Property Inc. ("MFNP"), which owns the land and building at 233 Court Street South, Thunder Bay; Matawa Non-Profit Housing Corporation ("MNPHC"), a not-for-profit housing corporation; Kiikenomaga Kikenjigewen Employment & Training Services ("KKETS"), an employment and training corporation and Gathering of Rivers for Community Care ("GRCC"), a not-for-profit community care service provider.

These consolidated financial statements include financial statements for MFNP for the fiscal year from January 1, 2013 to December 31, 2013.

Fund accounting

In order to ensure observance of limitations and restrictions placed on the use of resources available to the Organization, the accounts are maintained on a fund accounting basis. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the contributors or in accordance with the directives issued by the Board of Directors. The Organization has the following funds:

The Operating Fund is used to account for all revenues and expenses related to general and ancillary operations of the Organization.

The Capital Fund is used to account for all capital assets of the Organization and to present the flow of funds related to their acquisition and disposal, unexpected capital resources and debt commitments.

The Restricted Fund is used to account for monies for the post secondary education activities of the Organization and the capital reserves of MNPHC.

Cash and cash equivalents

Cash and cash equivalents include balances with chartered banks and temporary investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Matawa First Nations Management
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

2. Significant accounting policies *(Continued from previous page)*

Capital assets

Capital assets are recorded at cost. The cost of major replacements and improvements to capital assets are capitalized and the cost of maintenance and repairs are expensed when incurred.

Amortization is provided using the declining balance and straight-line methods at rates intended to amortize the cost of assets over their estimated useful lives.

	Method	Rate
Buildings	declining balance	4 %
Computer equipment	straight line	33 %
Computer software	declining balance	100 %
Equipment	declining balance	100 %
Furniture and fixtures	declining balance	20 - 30 %
Leasehold improvements	straight-line	20 %
Parking lot	declining balance	8 %
Website (in progress)	straight-line	3 years

In the year of acquisition, one-half of the above rates is used on capital assets amortized using the declining balance method.

Leases

A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair market value. Assets under capital leases are amortized on a declining balance basis, over their estimated useful lives estimated useful lives. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

An arrangement contains a lease where the arrangement conveys a right to use the underlying tangible asset, and whereby its fulfillment is dependent on the use of the specific tangible asset. After the inception of the arrangement, a reassessment of whether the arrangement contains a lease is made only in the event that:

- there is a change in contractual terms;
- a renewal option is exercised or an extension is agreed upon by the parties to the arrangement;
- there is a change in the determination of whether the fulfillment of the arrangement is dependent on the use of the specific tangible asset; or
- there is a substantial physical change to the specified tangible asset.

Long-lived assets

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

When the Organization determines that a long-lived asset no longer has any long-term service potential to the Organization, the excess of its net carrying amount over any residual value is recognized as an expense in the consolidated statement of operations. Write-downs are not reversed.

Long-term investments

Long-term investments are recorded at cost less any provisions for other than temporary impairment. They have been classified as long-term assets in concurrence with the nature of the investment.

2. Significant accounting policies *(Continued from previous page)*

Future income taxes

MFNP and MPMG follow the asset and liability method of accounting for future income taxes. Under this method, future income tax assets and liabilities are recorded based on temporary differences between the carrying amount of balance sheet items and their corresponding tax bases. In addition, the future benefits of income tax assets, including unused tax losses, are recognized, subject to a valuation allowance, to the extent that it is more likely than not that such future benefits will ultimately be realized. Future income tax assets and liabilities are measured using enacted tax rates and laws expected to apply when the tax liabilities or assets are to be either settled or realized.

Revenue recognition

The Organization uses the deferral method of accounting for contributions and reports on a fund accounting basis. Restricted contributions are recognized as revenue in the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue in the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue is recognized when it is earned according to the terms of funding agreements, provided that the amount is measurable and collection is reasonably assured.

Rental revenue is recognized as it is earned over time according to occupancy agreements.

Project and engineering fees and recoveries are recognized as services are rendered, provided that the amount is measurable and collection is reasonably assured.

Other project management fees are recognized on a percentage of completion basis, where revenue is matched with the contract costs incurred in reaching the stage of completion resulting in a proportionate reporting of revenue, expense, and profit attributable to the proportion of work completed. Any anticipated losses on contracts are provided for in the period.

Interest income is recognized when it is earned.

Employee future benefits

The Organization's employee future benefit program consists of a defined contribution pension plan. The Organization's contributions to the defined contribution plan are expensed as incurred.

2. **Significant accounting policies** *(Continued from previous page)*

Measurement uncertainty

The preparation of consolidated financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

Amortization and amortization of deferred contributions related to capital assets is based on the estimated useful lives of capital assets.

Accounts payable and accruals are estimated based on historical charges for unbilled goods and services at year end.

Deferred revenue is estimated based on management's review of revenue received, but not spent at year end.

The calculation of future income tax is based on assumptions, which are subject to uncertainty as to timing and which tax rates are expected to apply when temporary differences reverse. Future income tax recorded is also subject to uncertainty regarding the magnitude of non-capital losses available for carryforward and of the balances in various tax pools. By their nature, these estimates are subject to measurement uncertainty, and the effect on the consolidated financial statements from changes in such estimates in future years could be significant.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the periods in which they become known.

Financial Instruments

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with CICA 3840 *Related Party Transactions* (refer to Note 16).

At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value. The Organization has not made such an election during the year.

The Organization subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Organization's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

Matawa First Nations Management
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

3. Temporary investments

	2014	2013
Marketable securities	173,096	151,117

All prescribed housing providers are required to participate in pooling of the capital reserves for investment purposes through the Social Housing Services Corporation (SHSC) Investment Fund Program.

The investments consist of mutual funds invested with Phillips, Hager & North Investment Funds Ltd. The investments consist of 100% fixed income with a cost of \$173,699 (2013 - 92% fixed income and 8% equity with a cost of \$150,569).

The investments are recorded at fair value which has resulted in an unrealized loss of \$1,151 (2013 - \$410).

4. Accounts receivable

	2014	2013
Trade accounts receivable	2,076,133	1,903,297
Travel and salary advances	37,931	32,751
Allowance for doubtful accounts	(155,842)	(130,666)
	1,958,222	1,805,382

As at March 31, 2014, the total value of impaired receivables is \$155,842 (2013 - \$130,666).

Matawa First Nations Management
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

5. Related parties

The Organization is related to the following First Nations, each of which are members of the Organization and have representation on the Board of Directors. Therefore, each First Nation has the ability to significantly influence the operations of the Organization. The First Nations are as follows:

Aroland First Nation
 Constance Lake First Nation
 Eabametoong First Nation
 Ginoogaming First Nation
 Long Lake #58 First Nation
 Marten Falls First Nation
 Neskantaga First Nation
 Nibinamik First Nation
 Webequie First Nation

The following amounts are included in accounts receivable and accounts payable and accruals at year end:

	2014	2013
Amounts included in accounts receivable		
Aroland First Nation	57,999	55,232
Eabametoong First Nation	45,367	43,490
Ginoogaming First Nation	22,276	6,507
Long Lake #58 First Nation	127,322	22,886
Marten Falls First Nation	97,500	78,000
Neskantaga First Nation	55,658	8,600
Nibinamik First Nation	18,200	10,400
Webequie First Nation	65,495	71,634
Amounts included in accounts payable and accruals		
Aroland First Nation	46,206	11,318
Constance Lake First Nation	55,425	48,297
Eabametoong First Nation	166,755	157,065
Ginoogaming First Nation	30,399	17,984
Long Lake #58 First Nation	14,244	12,444
Marten Falls First Nation	89,402	45,013
Neskantaga First Nation	104,638	95,064
Nibinamik First Nation	98,900	76,912
Webequie First Nation	88,691	35,886

The Organization significantly influences the operations of, and is therefore related to Aatawehike Fire Services Limited Partnership, as the Organization is a creditor and provides support services on an in-kind basis. At year end, no amount was included in accounts receivable (2013 - \$Nil).

The amounts above are non-interest bearing and unsecured. It is anticipated that the amounts will be received (paid) in the next fiscal year.

Matawa First Nations Management
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

6. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2014 Net book value</i>	<i>2013 Net book value</i>
Buildings	6,345,966	1,845,678	4,500,288	3,998,891
Buildings under construction	4,999	-	4,999	4,999
Computer software	69,122	61,694	7,428	690
Equipment	2,351,340	1,917,145	434,195	532,337
Furniture and fixtures	425,716	180,874	244,842	259,474
Land	1,290,432	-	1,290,432	1,290,432
Leasehold improvements	358,229	276,124	82,105	130,782
Parking lot	15,000	12,555	2,445	2,658
Website (in progress)	90,290	-	90,290	-
	10,951,094	4,294,070	6,657,024	6,220,263

Capital assets in progress at year-end consist of the development of websites, which are expected to be completed in the next fiscal year.

7. Long-term investments

As at March 31, 2014, the Organization owned 2 Class C common shares of Long Lake Aggregates Ltd. representing 2% of the issued and outstanding shares of the company. The market value of these shares approximates the book value of this investment as recorded on these consolidated financial statements.

8. Bank indebtedness

	<i>2014</i>	<i>2013</i>
Toronto-Dominion Bank line of credit, authorized to a maximum of \$1,000,000 and bearing interest at bank prime plus 1.75%.	915,984	-

The following has been collateralized in connection with this line of credit:

Continuing collateral mortgage, representing a first charge, on real property located at 233 Court Street South, Thunder Bay, Ontario in the principal amount of \$2,000,000.

9. Deferred revenue

	<i>Matawa Operating</i>	<i>Matawa Restricted</i>	<i>Matawa Capital</i>	<i>2014</i>	<i>2013</i>
Balance, beginning of year	1,649,954	4,963	400,000	2,054,917	783,057
Amount received during the year	2,481,341	56,635	-	2,537,975	2,049,954
Less: Amount recognized as revenue during the year	(1,649,954)	(4,963)	(400,000)	(2,054,916)	(778,094)
Balance, end of year	2,481,341	56,635	-	2,537,976	2,054,917

Matawa First Nations Management
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

10. Long-term debt

	2014	2013
TD Canada Trust, 4.59% first mortgage on multiple properties located in Thunder Bay, Ontario. Repayable at \$8,314 per month including interest, maturing February 2017. Security provided includes a charge on land and buildings with a net book value of \$1,139,910.	1,175,714	1,220,723
Less: current portion	47,295	45,205
	1,128,419	1,175,518

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed are estimated as follows:

	<i>Principal</i>
2015	47,295
2016	49,491
2017	51,788
2018	54,193
2019	56,709

11. Deferred contributions related to capital assets

Deferred contributions related to capital assets represent the unamortized amount of contributed capital assets and restricted contributions that were used to construct additional residential properties for the Organization. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized.

The Organization received contributions of \$3,333,194 in the form of a forgivable loan from Ontario Aboriginal Housing Support Services Corporation. The principal portion of the loan shall be forgiven over a 20 year term beginning at the date of occupancy on an accelerated basis as follows: 3% years one through five, 4% years six through ten and 6.5% years eleven through twenty, provided that all commitments are fulfilled. The Organization anticipates that no repayment will be necessary.

The estimated amount to be forgiven in each of the next five years is estimated as follows:

2015	99,996
2016	99,996
2017	99,996
2018	133,328
2019	133,328

The balance unforgiven at March 31, 2014 is \$3,133,202 and may become liable should commitment not be fulfilled. The Organization anticipates that no repayment will be necessary.

During the year, the Organization received \$701,678 towards the construction of a building.

	<i>Matawa Operating</i>	<i>Matawa Restricted</i>	<i>Matawa Capital</i>	2014	2013
Balance, beginning of year	-	-	3,137,984	3,137,984	3,333,194
Amount received during the year	-	-	701,678	701,678	-
Less: Amounts recognized as revenue during the year	-	-	129,697	(129,697)	(195,210)
	-	-	3,709,965	3,709,965	3,137,984
Less: current portion	-	-	139,378	139,378	124,090
Balance, end of year	-	-	3,570,587	3,570,587	3,013,894

Matawa First Nations Management
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

12. Future income taxes

As at March 31, 2014, MFNP has \$1,192 in non-capital losses available to reduce future years income for tax purposes, the future income tax effect of which has not been recorded in the consolidated financial statements. This loss expires March 31, 2033.

As at March 31, 2014, MPMG has \$94,660 in non-capital losses available to reduce future years income for tax purposes, the future income tax effect of which has not been recorded in the consolidated financial statements. These losses expire as follows:

2030	18,761
2031	72,749
2034	<u>3,150</u>
	94,660

13. Refundable dividend taxes on hand

Under the *Income Tax Act* (the "Act"), MFNP is classified as a private corporation and therefore certain taxes paid relating to investments and dividend income are refundable. Accordingly, these taxes are not deducted in computing net income for the year, but are charged directly to retained earnings. These taxes can be recovered based on payments of dividends at the rate of \$1 for every \$3 of taxable dividends paid. The refundable dividend tax on hand as at March 31, 2014 amounts to \$302 (2013 - \$863).

14. Income taxes

The Organization is registered as a charitable organization under the *Income Tax Act* (the "Act") and as such is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Organization must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

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15. Revenue details

	2014	2013
Government of Canada		
Aboriginal Affairs and Northern Development Canada	5,635,194	5,757,394
Health Canada	159,135	73,169
FedNor/Industry Canada	23,075	30,513
Canada Mortgage and Housing Corporation	37,233	39,744
Human Resources and Skills Development Canada	5,280,687	2,131,258
Natural Resources Canada	97,000	11,060
Environment Canada	88,438	-
	11,320,762	8,043,138
Province of Ontario		
Ministry of Northern Development, Mines and Forestry	1,475,134	282,766
Ministry of Community and Social Services	304,286	314,286
Ministry of Natural Resources	174,938	228,585
Ministry of Aboriginal Affairs	275,000	200,000
Ministry of Training, Colleges and Universities	1,622,790	2,095,302
Ministry of Environment	-	1,739
Ministry of Children and Youth Services	-	410,000
Ministry of Tourism, Culture and Sport	4,744	42,696
Ministry of the Attorney General	235,000	-
Northern Ontario Heritage Fund Corporation (recovery)	46,662	(6,544)
Ontario Trillium Foundation	-	33,800
	4,138,554	3,602,630
First Nations and Organizations		
Services and recoveries	1,558,569	1,440,842
Nishnawbe Aski Nation	85,929	86,821
Other First Nations and Organizations	69,627	14,444
	1,714,125	1,542,107
Other		
Interest	15,204	11,602
Miscellaneous	377,676	757,133
Rental	184,925	92,907
	577,805	861,642

16. Related party transactions

Transactions occurring during the year with the related parties outlined in Note 5 were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Related party transactions included in the consolidated statement of operations are summarized as follows:

	Matawa Operating	Matawa Restricted	2014	2013
Revenue - services and recoveries	443,585	1,114,984	1,558,569	1,440,482
Expenses - First Nation project contributions	1,713,748	-	1,713,748	1,544,406
Expenses - Annual General Assembly	25,000	-	25,000	25,000

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17. Pension plan

The Organization has a defined contribution plan for which virtually all employees of the Organization are eligible. Pension benefits are determined by the performance of the sponsor's and employee's contributions. Actuarial valuations are normally not required as the pension obligation equals the net assets available for benefits. Employer contributions for the year were \$125,337 (2013 - \$120,402).

18. Commitments

The Organization has entered into an equipment lease agreement ending September 2015 and lease agreements for premises ending October 2014. The estimated minimum annual payments as follows:

2015	80,342
2016	1,482

19. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Organization is exposed to interest rate risk relating to long-term debt, which has a fixed interest rate of 4.59% (2013 - 4.59%) maturing February 2017.