

Matawa First Nations Management
Consolidated Financial Statements
March 31, 2016

Matawa First Nations Management Contents

For the year ended March 31, 2016

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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 Executive 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 15, 2016



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, 2016, 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, 2016 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 15, 2016



Chartered Professional Accountants
Licensed Public Accountants

Matawa First Nations Management
Consolidated Statement of Financial Position
As at March 31, 2016

	<i>Matawa Operating</i>	<i>Matawa Restricted</i>	<i>Matawa Capital</i>	2016	2015
Assets					
Current					
Cash	447,569	518	-	448,087	1,133,787
Marketable securities (Note 3)	-	180,510	-	180,510	179,235
Accounts receivable (Note 4), (Note 5)	2,228,447	170,153	-	2,398,600	2,643,907
Government remittances receivable	631,394	-	-	631,394	669,960
Prepaid expenses and deposits	136,252	-	-	136,252	162,126
Due from Restricted Fund	37,191	-	-	37,191	223,195
	3,480,853	351,181	-	3,832,034	5,012,210
Capital assets (Note 6)	-	-	6,230,141	6,230,141	6,441,828
Long-term investments (Note 7)	2	-	-	2	2
	3,480,855	351,181	6,230,141	10,062,177	11,454,040
Liabilities					
Current					
Bank indebtedness (Note 8)	1,001,072	-	-	1,001,072	852,075
Accounts payable and accruals (Note 5)	3,306,362	-	65,702	3,372,064	3,181,073
Government remittances payable	84,511	-	-	84,511	70,132
Deferred revenue (Note 9)	605,354	61,334	-	666,688	1,744,774
Due to Operating Fund	-	37,191	-	37,191	223,195
Current portion of long-term debt (Note 10)	-	-	51,788	51,788	49,491
Deferred contributions related to capital assets (Note 11)	-	-	127,441	127,441	133,194
	4,997,299	98,525	244,931	5,340,755	6,253,934
Long-term debt (Note 10)	-	-	1,026,968	1,026,968	1,078,923
Deferred contributions related to capital assets (Note 11)	-	-	3,309,951	3,309,951	3,437,392
Contingencies (Note 12)					
Fund Balances	(1,516,444)	252,656	1,648,291	384,503	683,791
	3,480,855	351,181	6,230,141	10,062,177	11,454,040

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, 2016

	Matawa Operating	Matawa Restricted	Matawa Capital	2016	2015
Revenue					
Federal Government	8,308,880	-	-	8,308,880	10,140,604
Provincial Government	9,365,720	-	-	9,365,720	6,128,126
First Nations and Organizations (Note 16)	559,420	1,064,260	-	1,623,680	1,908,789
Other	986,949	15,064	-	1,002,013	886,333
Amortization of deferred capital contributions (Note 11)	-	-	133,194	133,194	139,379
	19,220,969	1,079,324	133,194	20,433,487	19,203,231
Net transfers from (to) deferred revenue (Note 9), (Note 11)	1,049,110	38,187	-	1,087,297	793,201
Total revenue	20,270,079	1,117,511	133,194	21,520,784	19,996,432
First Nation Project Contributions (Note 16)	4,592,492	-	-	4,592,492	1,139,460
	15,677,587	1,117,511	133,194	16,928,292	18,856,972
Expenses					
Advertising and promotion	189,620	-	-	189,620	137,856
Amortization	-	-	632,463	632,463	651,346
Annual General Assembly (Note 16)	131,509	-	-	131,509	175,104
Bad debts	892	-	-	892	23,054
Board and Chiefs' Meetings	178,911	-	-	178,911	213,296
Consultants	574,726	-	-	574,726	788,349
Crisis and donations	79,742	-	-	79,742	35,761
Insurance	43,956	-	-	43,956	46,017
Interest and bank charges	44,240	-	-	44,240	46,608
Interest on long-term debt	49,928	-	-	49,928	52,299
Meetings	889,325	-	-	889,325	873,022
Occupancy costs	616,861	-	-	616,861	720,129
Professional development/training	200,768	-	-	200,768	152,949
Professional fees	1,539,753	-	-	1,539,753	1,027,785
Program co-ordination (recovery)	(143,460)	143,460	-	-	-
Repairs and maintenance	129,726	-	-	129,726	122,878
Resource materials	233,692	-	-	233,692	384,056
Salaries and benefits	5,486,417	-	-	5,486,417	5,530,491
Student and client allowances (Note 16)	3,588,495	958,987	-	4,547,482	6,788,487
Supplies and equipment	735,238	-	-	735,238	631,001
Telephone	90,946	-	-	90,946	97,211
Travel	829,226	-	-	829,226	718,077
Total expenses	15,490,511	1,102,447	632,463	17,225,421	19,215,776
Excess (deficiency) of revenue over expenses before other items	187,076	15,064	(499,269)	(297,129)	(358,804)

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, 2016

	<i>Matawa Operating</i>	<i>Matawa Restricted</i>	<i>Matawa Capital</i>	2016	2015
Excess (deficiency) of revenue over expenses before other items <i>(Continued from previous page)</i>	187,076	15,064	(499,269)	(297,129)	(358,804)
Other items					
Recovery of prior year funding	-	-	-	-	356,749
Excess (deficiency) of revenue over expenses	187,076	15,064	(499,269)	(297,129)	(2,055)

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, 2016

	<i>Matawa Operating</i>	<i>Matawa Restricted</i>	<i>Matawa Capital</i>	2016	2015
Fund balances, beginning of year	(1,067,764)	239,751	1,511,804	683,791	683,070
Excess (deficiency) of revenue over expenses	187,076	15,064	(499,269)	(297,129)	(2,055)
Changes in unrealized gains (losses) on the available-for-sale financial assets during the year (Note 3)	-	(2,159)	-	(2,159)	2,776
Transfer of funding to Capital Fund (Note 17)	(635,756)	-	635,756	-	-
Fund balances, end of year	(1,516,444)	252,656	1,648,291	384,503	683,791

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, 2016

	2016	2015
Cash provided by (used for) the following activities		
Operating activities		
Cash received from government, First Nations and Organizations, and other	20,581,358	18,595,563
Cash received from interest	12,019	11,260
Cash paid to suppliers and employees	(20,860,038)	(19,014,221)
Cash paid for interest	(94,168)	(98,907)
	(360,829)	(506,305)
Financing activities		
Net advances (repayments) of bank indebtedness	148,997	(63,909)
Repayment of long-term debt	(49,658)	(47,300)
	99,339	(111,209)
Investing activities		
Purchase of marketable securities	(3,434)	(3,363)
Purchase of capital assets	(420,776)	(436,150)
	(424,210)	(439,513)
Decrease in cash resources	(685,700)	(1,057,027)
Cash resources, beginning of year	1,133,787	2,190,814
Cash resources, end of year	448,087	1,133,787

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, 2016

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, revenue 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, 2015 to December 31, 2015.

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 revenue 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, 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.

Marketable securities

Marketable securities with prices quoted in an active market are measured at fair value while those that are not quoted in an active market are measured at cost less impairment.

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 %
Equipment (computer)	straight line	3 years
Computer software	declining balance	100 %
Equipment (GIS)	declining balance	55 %
Furniture and fixtures	declining balance	20 - 30 %
Leasehold improvements	straight-line	5 years
Parking lot	declining balance	8 %
Website	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. 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.

Income taxes

MFNP and MPMG account for income taxes using the taxes payable method. Under this method, only current income tax assets and liabilities are recorded to the extent they are unpaid or recoverable. In addition, the benefit relating to a tax loss incurred in the current period and carried back to prior periods is recognized as a current asset. Current income tax assets and liabilities are measured using substantively enacted tax rates and laws expected to apply when the tax liabilities or assets are to be either settled or realized.

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

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.

Contributed materials and services

The Organization does not recognize the receipt of contributed materials and services.

Allocation of expenses

The Organization engages in programs that are directly funded by various government agencies. The costs of each program include the costs of personnel, premises and other expenses that are directly related to providing the program. The Organization also incurs a number of general support expenses that are common to the administration of the Organization and each of its programs. The Organization directly allocates its general support expenses proportionately to each program based on the administrative support and related reporting requirements of each program.

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.

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 revenue 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 of capital assets 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.

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

Matawa First Nations Management
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

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

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 CPA Canada Handbook 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 revenue 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.

3. Marketable securities

	2016	2015
Marketable securities	180,510	179,235

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. According to SHSC Section 26(2), prescribed housing providers are required to follow the SHSC investment policy which outlines that all prescribed housing providers must invest all of the capital reserve funds with the SHSC Investment Fund, through Phillips, Hager & North Investment Funds Ltd.

The Capital Reserve Fund investments consist of mutual funds invested with Phillips, Hager & North Investment Funds Ltd. The investments consist of 100% fixed income with a cost of \$180,496 (2015 - 100% fixed income with a cost of \$177,062).

The Capital Reserve Fund investments are recorded at fair value which has resulted in an unrealized loss of \$2,159 (2015 - unrealized gain of \$2,776).

Matawa First Nations Management
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

4. Accounts receivable

	2016	2015
Trade accounts receivable	2,514,031	2,771,776
Travel and salary advances	55,411	42,973
Allowance for doubtful accounts	(170,842)	(170,842)
	<hr/> 2,398,600	<hr/> 2,643,907

As at March 31, 2016, the total value of impaired receivables is \$170,842 (2015 - \$170,842).

Matawa First Nations Management
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

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:

	2016	2015
Amounts included in accounts receivable		
Aroland First Nation	19,047	167,170
Eabametoong First Nation	-	1,500
Ginoogaming First Nation	22,276	22,276
Long Lake #58 First Nation	117,693	144,705
Marten Falls First Nation	192,400	130,000
Neskantaga First Nation	35,100	172,001
Nibinamik First Nation	106,600	22,100
Webequie First Nation	99,474	91,245
Amounts included in accounts payable and accruals		
Aroland First Nation	196,225	58,460
Constance Lake First Nation	305,732	71,764
Eabametoong First Nation	252,446	225,567
Ginoogaming First Nation	106,315	43,228
Long Lake #58 First Nation	218,090	17,144
Marten Falls First Nation	208,984	62,913
Neskantaga First Nation	223,231	124,933
Nibinamik First Nation	215,127	143,800
Webequie First Nation	180,234	77,463

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 (2015 - \$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, 2016

6. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2016 Net book value</i>	<i>2015 Net book value</i>
Buildings	6,388,286	2,232,087	4,156,199	4,324,921
Buildings under construction (unamortized)	29,976	-	29,976	19,099
Computer software	77,448	74,811	2,637	1,526
Equipment	2,989,980	2,574,644	415,336	382,124
Furniture and fixtures	521,289	300,684	220,605	264,403
Land	1,290,432	-	1,290,432	1,290,432
Leasehold improvements	405,327	355,643	49,684	75,813
Parking lot	15,000	12,931	2,069	2,250
Website	90,290	27,087	63,203	81,260
	11,808,028	5,577,887	6,230,141	6,441,828

7. Long-term investments

As at March 31, 2016, 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>2016</i>	<i>2015</i>
TD Canada Trust line of credit, authorized to a maximum of \$1,000,000 and bearing interest at bank prime plus 1.75%.	1,001,072	852,075

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>2016</i>	<i>2015</i>
Balance, beginning of year	1,645,253	99,521	-	1,744,774	2,537,976
Amount received during the year	590,353	61,334	-	651,687	1,744,774
Less: Amount recognized as revenue during the year	(1,630,252)	(99,521)	-	(1,729,773)	(2,537,976)
Balance, end of year	605,354	61,334	-	666,688	1,744,774

Matawa First Nations Management
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

10. Long-term debt

	2016	2015
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 \$1,042,957.	1,078,756	1,128,414
Less: current portion	51,788	49,491
	1,026,968	1,078,923

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>
2017	51,788
2018	54,193
2019	56,709
2020	59,341
2021	62,096

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 on January 16, 2012 (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:

2017	100,163
2018	133,551
2019	133,551
2020	133,551
2021	133,551

The balance unforgiven at March 31, 2016 is \$2,938,122 and may become liable should commitments not be fulfilled. The Organization anticipates that no repayment will be necessary.

	<i>Matawa Operating</i>	<i>Matawa Restricted</i>	<i>Matawa Capital</i>	2016	2015
Balance, beginning of year	-	-	3,570,586	3,570,586	3,709,965
Less: Amounts recognized as revenue during the year	-	-	(133,194)	(133,194)	(139,379)
	-	-	3,437,392	3,437,392	3,570,586
Less: current portion	-	-	127,441	127,441	133,194
Balance, end of year	-	-	3,309,951	3,309,951	3,437,392

Matawa First Nations Management
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

12. Contingencies

The Organization is contingently liable to its funding agencies for any expenditures that it may have made in contravention of the contract agreements with these agencies. The actual amount of any contingent liability, if any, is currently not determinable.

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, 2016 amounts to \$302 (2015 - \$302).

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.

As at March 31, 2016, MFNP has \$60,950 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:

2033	1,192
2035	28,269
2036	31,489

As at March 31, 2016, MPMG has \$98,650 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	3,150
2035	2,044
2036	1,946

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15. Revenue details

	2016	2015
Government of Canada		
Indigenous and Northern Affairs Canada	4,425,173	4,852,749
Health Canada	86,512	142,381
FedNor/Industry Canada	49,000	100,000
Canada Mortgage and Housing Corporation	31,295	18,368
Human Resources and Skills Development Canada	3,593,068	4,895,133
Natural Resources Canada	20,446	51,000
Environment Canada	103,386	80,973
	8,308,880	10,140,604
Province of Ontario		
Ministry of Northern Development, Mines and Forestry	5,212,389	2,070,840
Ministry of Community and Social Services	470,315	310,372
Ministry of Natural Resources	171,842	249,225
Ministry of Aboriginal Affairs	99,699	117,649
Ministry of Training, Colleges and Universities	3,016,476	3,000,000
Ministry of the Attorney General	380,000	380,040
Northern Ontario Heritage Fund Corporation	14,999	-
	9,365,720	6,128,126
First Nations and Organizations		
Services and recoveries	1,411,831	1,705,727
Nishnawbe Aski Nation	78,265	66,329
Other First Nations and Organizations	133,584	136,733
	1,623,680	1,908,789
Other		
Interest	12,019	11,260
Miscellaneous	851,881	707,104
Rental	138,113	167,969
	1,002,013	886,333

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:

	<i>Matawa Operating</i>	<i>Matawa Restricted</i>	2016	2015
Revenue - services and recoveries (included in First Nations and Organizations)	347,571	1,064,260	1,411,831	1,705,727
Expenses - First Nation project contributions (and student and client allowances)	5,196,772	-	5,196,772	1,778,382
Expenses - Annual General Assembly	42,750	-	42,750	45,500

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17. Interfund transfer

An interfund transfer in the amount of \$635,756 (2015 - \$402,788) was transferred from the Operating Fund to the Capital Fund in order to fund capital asset purchases and amortization of capital assets.

18. 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 \$116,692 (2015 - \$156,809).

19. Commitments

The Organization has entered into an equipment lease agreement ending June 2020 and lease agreements for premises ending March 31, 2017. The estimated minimum annual payment is as follows:

2017	322,928
2018	4,596
2019	4,596
2020	4,596
2021	1,149

20. 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% (2015 - 4.59%) maturing February 2017.

The Organization is exposed to interest rate cash flow risk relating to its bank indebtedness which is at a floating interest rate of prime plus 1.75% (2015 - prime plus 1.75%)