
PASSAMAQUODDY RECOGNITION GROUP INC.

FINANCIAL STATEMENTS

Audited

MARCH 31, 2016



ARCHAMBAULT,
NEATHWAY
& RIDEOUT

PASSAMAQUODDY RECOGNITION GROUP INC.

MARCH 31, 2016

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ARCHAMBAULT,
NEATHWAY
& RIDEOUT

PASSAMAQUODDY RECOGNITION GROUP INC.

Archambault, Neathway & Rideout
69 Milltown Blvd, St Stephen, NB E3L 1G5
Phone: (506)-466-4040 Fax (506)-466-4228

AUDITORS' REPORT

To the Board of Passamaquoddy Recognition Group Inc.

At the request of the Passamaquoddy Recognition Group Inc., we have audited the balance sheet, cash flow statement and statement of revenue and expenditure for the year ended March 31, 2016.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles for not for profit organizations (ASNPO), and for such internal control as management determines is necessary to enable the preparation of 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements present fairly, in all material respects, the financial position of the Passamaquoddy Recognition Group Inc. as at March 31, 2016, and its results of operations and cash flow for the year then ended in accordance with Canadian generally accepted accounting principles for not for profit organizations.

June 9, 2016
St. Stephen, NB



Archambault, Neathway & Rideout

Archambault, Neathway & Rideout
Chartered Professional Accountants

ARCHAMBAULT,
NEATHWAY
& RIDEOUT

PASSAMAQUODDY RECOGNITION GROUP INC.

BALANCE SHEET As at March 31, 2016

	2016	2015
ASSETS		
CURRENT		
Cash	\$ 25,108	\$ 25,874
Accounts receivable, net of allowances	28,250	13,000
HST Receivable	738	1,413
	54,096	40,287
LONG TERM		
Capital assets	12,990	16,238
	\$ 67,086	\$ 56,525
LIABILITIES & SHAREHOLDER'S EQUITY		
CURRENT		
Accounts payable and accrued liabilities	\$ 48,518	\$ 35,025
SHAREHOLDER'S EQUITY		
SURPLUS	18,568	21,500
	\$ 67,086	\$ 56,525

Approved on Behalf of the Board

Director

Director

See the accompanying notes to the audited statement of revenues and expenditures

PASSAMAQUODDY RECOGNITION GROUP INC.

AUDITED STATEMENT OF REVENUES AND EXPENDITURES

For the year ended March 31, 2016

	2016	2015
REVENUES		
Research Funding - DIAND	\$ 130,000	\$ 121,000
Mini-conference funding - DIAND	1,211	-
Other Federal Funding - Heritage Canada	1,000	1,000
	132,211	122,000
EXPENDITURES		
Payroll and benefits	17,461	33,767
Professional fees	39,994	29,727
Advertising	-	2,400
Interest & bank charges	353	86
Project expenses	49,700	32,098
Postage	124	127
Depreciation	3,248	4,059
Insurance	565	501
Office expenses	1,164	1,161
Rent	7,365	6,000
Repairs & maintenance	1,789	597
Utilities	1,514	1,035
Travel	11,866	15,459
Training	-	1,000
	135,143	128,017
SURPLUS / (DEFICIT)	\$ (2,932)	\$ (6,017)
SURPLUS, BEGINNING OF YEAR	21,500	27,517
SURPLUS EARNINGS, END OF YEAR	\$ 18,568	\$ 21,500

See the accompanying notes to the audited statement of revenues and expenditures

PASSAMAQUODDY RECOGNITION GROUP INC.

Statement of Cash Flows

March 31, 2016

	2016	2015
CASH PROVIDED BY OPERATING ACTIVITIES		
Surplus/(deficit) for the year	\$ (3,232)	\$ (6,017)
Items not requiring an outlay of cash:		
Amortization	3,248	4,059
	16	(1,958)
CHANGES IN NON-CASH WORKING CAPITAL		
Account receivable	(15,250)	-
Prepaid expenses	675	1,890
Accounts payable and accrued charges	13,793	9,072
	(782)	10,962
NET INCREASE IN CASH AND CASH EQUIVALENTS	(766)	9,004
NET CASH AND CASH EQUIVALENTS, beginning of year	25,874	16,870
NET CASH AND CASH EQUIVALENTS, end of year	\$ 25,108	\$ 25,874

See the accompanying notes to the audited statement of revenues and expenditures

PASSAMAQUODDY RECOGNITION GROUP INC.

Notes to the Financial Statements

March 31, 2016

GENERAL

With funding through a Comprehensive Funding Arrangement with the Department of Indian Affairs and Northern Development, the Passamaquoddy Recognition Group Inc., has undertaken research to document their membership and their community in southwestern New Brunswick. The purpose of the research was to gather information on the current Passamaquoddy group and to determine if there is evidence of a continuing Passamaquoddy community.

1. Summary of Significant Accounting Policies

Passamaquoddy Recognition Group has adopted Accounting Standards for Not for Profit Organizations (ASNPO) as at April 1, 2011.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles in compliance with Account Standards for Not for Profits (ASNPO) and include the following significant accounting policies:

Capital disclosures

Section 1535 of the CICA Handbook requires the disclosure of : (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.

Term deposits

Term deposits are recorded at fair market value.

Capital assets

Capital assets are recorded at cost less related government assistance. Amortization is provided as follows:

Computer equipment is amortized using the declining balance method at the annual rate of 30%. Other assets are amortized using a 20% declining balance.

Revenue recognition

Passamaquoddy Recognition Group Inc. follows the restricted method of accounting. Rentals are recorded to accounts on receipt of same.

PASSAMAQUODDY RECOGNITION GROUP INC.

Notes to the Financial Statements

March 31, 2016

1. Summary of Significant Accounting Policies (continued)

Contributed services

Volunteers contribute an indeterminate number of hours per year. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenditures during the reporting period. Estimates are used for, but not limited to, determination of fair values and depreciation. Actual results could differ from those estimates.

Statement of cash flows

For the purpose of the statement of cash flows, the Passamaquoddy Recognition Group considers cash on hand to be balances with banks, net overdrafts, and highly liquid temporary money market instruments with original maturities of three months or less as cash or cash equivalents. Bank borrowings are considered to be financing activities.

2. Financial Risk

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Passamaquoddy Recognition Group conducts a thorough assessment of debtors prior to granting credit and actively monitors the financial health of its debtors on an on-going basis. The accounts receivable, net of applicable reserves, approximates fair market value.

Interest rate risk

The Passamaquoddy Recognition Group minimizes its risk to unfavourable interest rate changes by ensuring that if any long-term debt is incurred it would have varying maturity dates.

PASSAMAQUODDY RECOGNITION GROUP INC.

Notes to the Financial Statements

March 31, 2016

2. Financial Risk (continued)

Fair value

The Passamaquoddy Recognition Group's financial instruments consist of cash, term deposits, receivables, payables, and long-term debt. It is management's opinion that the Company is not exposed to significant currency risks arising from these financial instruments.

The fair values of the Passamaquoddy Recognition Group's cash, term deposits, receivables, and payables are estimated to approximate their carrying value due to the immediate or short-term maturity. The Passamaquoddy Recognitions Group's long term debt bear interest at fixed rates with normal terms and conditions and fair value is assumed to approximate carry value.

3. Research Funding - DIAND

The department of Indian Affairs and Northern Development approved funding in the amount of \$130,000 for this project, with 90% of the funding provided prior to the completion of the project and 10% of the funding held back until the department received the final report.

4. Other Federal Funding - Heritage Canada

This funding is provided by Heritage Canada to aid in the celebrations of Aboriginal Day and Canada Day.

5. Capital Assets

	Cost	Amortization	Net 2016	Net 2015
Fixtures, furniture & equipment	\$ 20,297	\$ 7,307	\$ 12,990	\$ 16,238

PASSAMAQUODDY RECOGNITION GROUP INC.

Notes to the Financial Statements

March 31, 2016

6. Departmental Income Statement: The Group reports information by department internally as follows specific to budget funding from DIAND.

DEPARTMENTAL STATEMENT OF REVENUES AND EXPENDITURES

For the year ended March 31, 2016

	Administration	Project Funding
REVENUES		
Research Funding - DIAND	\$ -	\$ 130,000
Miscellaneous revenue	1,211	-
Other Federal Funding - Heritage Canada	1,000	-
	2,211	130,000
EXPENDITURES		
Payroll and benefits	-	17,461
Professional fees	-	39,994
Interest & bank charges	353	-
Project expenses	700	49,000
Postage	124	-
Depreciation	3,248	-
Insurance	-	565
Office expenses	23	1,141
Rent	-	7,365
Repairs & maintenance	-	1,789
Utilities	-	1,514
Travel	447	11,419
	4,895	130,248
SURPLUS / (DEFICIT)	\$ (2,684)	\$ (248)

PASSAMAQUODDY RECOGNITION GROUP INC.

BALANCE SHEET
As at March 31, 2016

	2016	2015
ASSETS		
CURRENT		
Cash	\$ 25,108	\$ 25,874
Accounts receivable, net of allowances	28,250	13,000
HST Receivable	738	1,413
	<u>54,096</u>	<u>40,287</u>
LONG TERM		
Capital assets	12,990	16,238
	<u>\$ 67,086</u>	<u>\$ 56,525</u>
LIABILITIES & SHAREHOLDER'S EQUITY		
CURRENT		
Accounts payable and accrued liabilities	\$ 48,518	\$ 35,025
SHAREHOLDER'S EQUITY		
SURPLUS	18,568	21,500
	<u>\$ 67,086</u>	<u>\$ 56,525</u>

Approved on Behalf of the Board

Hugh M. Akagi Director
Rita L. Gagne Director

See the accompanying notes to the audited statement of revenues and expenditures

Passamaquoddy Recognition Group Inc.

Year End: March 31, 2016

Trial balance

Prepared by	Reviewed by
VL 02/06/2016	DWA 05/06/2016

5.11-1

Account	Prelim	Adj's	Reclass	Rep	Annotation	Rep 03/15	Amount	Chg	%Chg
TT. 1 Contributed and other surp	0.00	0.00	0.00	0.00		0.00	0.00	0	
3560 Retained Surplus (Deficit) Pri	-21,500.53	0.00	0.00	-21,500.53		-27,517.41	6,016.88	-22	
TT. 2 Beginning retained earning	-21,500.53	0.00	0.00	-21,500.53		-27,517.41	6,016.88	-22	
TT. 3 Net income	0.00	0.00	0.00	0.00		0.00	0.00	0	
TT. 4 Dividends	0.00	0.00	0.00	0.00		0.00	0.00	0	
TT. 5 Prior period adjustments &	0.00	0.00	0.00	0.00		0.00	0.00	0	
TT. 6 Equity	0.00	0.00	0.00	0.00		0.00	0.00	0	
UU Equity	0.00	0.00	0.00	0.00		0.00	0.00	0	
VV Related party transactions	0.00	0.00	0.00	0.00		0.00	0.00	0	
4020 DIAND	-130,000.00	0.00	0.00	-130,000.00		-121,000.00	-9,000.00	7	
4030 Other Federal	-1,000.00	0.00	0.00	-1,000.00		-1,000.00	0.00	0	
4950 Miscellaneous Revenue	-1,210.53	0.00	0.00	-1,210.53		0.00	-1,210.53	0	
20 Sales or gross income	-132,210.53	0.00	0.00	-132,210.53		-122,000.00	-10,210.53	8	
5410 Wages & Salaries	14,742.00	0.00	0.00	14,742.00		31,574.40	-16,832.40	-53	
5415 Vacation Expense	1,633.80	0.00	0.00	1,633.80		0.00	1,633.80	0	
5420 EI Expense	410.09	0.00	0.00	410.09		821.08	-410.99	-50	
5430 CPP Expense	675.54	0.00	0.00	675.54		1,371.24	-695.70	-51	
30 Payroll and benefits	17,461.43	0.00	0.00	17,461.43		33,766.72	-16,305.29	-48	
40 Operating expenses	0.00	0.00	0.00	0.00		0.00	0.00	0	
40.1 Salaries	0.00	0.00	0.00	0.00		0.00	0.00	0	
5610 Accounting & Legal	3,993.72	0.00	0.00	3,993.72		3,727.44	266.28	7	
5635 Consulting Fees - Legal	36,000.00	0.00	0.00	36,000.00		26,000.00	10,000.00	38	
40.2 Professional fees	39,993.72	0.00	0.00	39,993.72		29,727.44	10,266.28	35	
5615 Advertising & Promotions	0.00	0.00	0.00	0.00		0.00	0.00	0	
5759 Printing & Publishing	0.00	0.00	0.00	0.00		2,400.00	-2,400.00	-100	
40.3 Advertising	0.00	0.00	0.00	0.00		2,400.00	-2,400.00	-100	
5625 Interest & Bank Service Chrg	352.75	0.00	0.00	352.75		86.40	266.35	308	
40.4 Interest & bank charges	352.75	0.00	0.00	352.75		86.40	266.35	308	
5632 Contract Research - Interns et	49,000.00	0.00	0.00	49,000.00		0.00	49,000.00	0	
5633 Contract - Research Phase 1	0.00	0.00	0.00	0.00		0.00	0.00	0	
5636 Research - Gathering Strength	0.00	0.00	0.00	0.00		13,045.19	-13,045.19	-100	
5638 Implementation Treaty Rights	0.00	0.00	0.00	0.00		17,400.00	-17,400.00	-100	
5680 Honourariums	600.00	0.00	0.00	600.00		1,600.00	-1,000.00	-63	
5740 Miscellaneous	100.00	0.00	0.00	100.00		50.00	50.00	100	
40.5 Project expenses	49,700.00	0.00	0.00	49,700.00		32,095.19	17,604.81	55	
5640 Courier & Postage	40.15	0.00	0.00	40.15		127.18	-87.03	-68	
5758 Postage and Courier	83.69	0.00	0.00	83.69		0.00	83.69	0	
40.6 Postage	123.84	0.00	0.00	123.84		127.18	-3.34	-3	
5660 Depreciation & Amortization	0.00	3,247.59	0.00	3,247.59		4,059.48	-811.89	-20	
40.7 Depreciation	0.00	3,247.59	0.00	3,247.59		4,059.48	-811.89	-20	
5685 Insurance	565.00	0.00	0.00	565.00		501.00	64.00	13	
40.8 Insurance	565.00	0.00	0.00	565.00		501.00	64.00	13	

Passamaquoddy Recognition Group Inc.

Year End: March 31, 2016

Trial balance

Prepared by	Reviewed by
VZ 02/06/2016	DWA 03/05/2016

5.11-2

Account	Prelim	Adj's	Reclass	Rep	Annotation	Rep 03/15	Amount	Chg	%Chg
5750 Office Supplies	1,164.01	0.00	0.00	1,164.01		1,161.37	2.64	0	
40.9 Office expenses	1,164.01	0.00	0.00	1,164.01		1,161.37	2.64	0	
5760 Rent/Coop Fees	8,565.00	-1,200.00	0.00	7,365.00		6,000.00	1,365.00	23	
40.10 Rent	8,565.00	-1,200.00	0.00	7,365.00		6,000.00	1,365.00	23	
5770 Repairs & Maintenance - Com	1,789.05	0.00	0.00	1,789.05		597.46	1,191.59	199	
40.11 Repairs & maintenance	1,789.05	0.00	0.00	1,789.05		597.46	1,191.59	199	
5780 Telephone & Communication	1,813.81	-300.00	0.00	1,513.81		1,035.46	478.35	46	
40.12 Utilities	1,813.81	-300.00	0.00	1,513.81		1,035.46	478.35	46	
5785 Travel & Meals	10,665.90	1,200.00	0.00	11,865.90		15,459.18	-3,593.28	-23	
40.13 Travel	10,665.90	1,200.00	0.00	11,865.90		15,459.18	-3,593.28	-23	
5790 Training & Development	0.00	0.00	0.00	0.00		1,000.00	-1,000.00	-100	
40.14 Training	0.00	0.00	0.00	0.00		1,000.00	-1,000.00	-100	
70 Other income and expenses	0.00	0.00	0.00	0.00		0.00	0.00	0	
80 Provision for income tax	0.00	0.00	0.00	0.00		0.00	0.00	0	
	0.00	0.00	0.00	0.00		0.00	0.00	0	
Net Income (Loss)	16.02			-2,931.57		-6,016.88	3,085.31	-51	