

**Micmacs of Gesgapegiag Band
Consolidated Financial Statements
March 31, 2013**

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Management's Report

Management's Responsibility for the consolidated Financial Statements

The accompanying consolidated financial statements of Micmacs of Gesgapegiag Band are the responsibility of management and have been approved by the Council Members.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants and as such include amounts that are the best estimates and judgments of management.

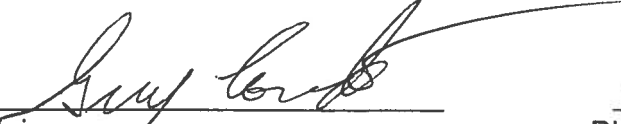
Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditor's report.

The external auditors, Raymond Chabot Grant Thornton, L.L.P., conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Micmacs of Gesgapegiag Band and meet when required.

On behalf of Micmacs of Gesgapegiag Band :



Chairperson



Director of operations

July 18, 2013

Independent Auditor's Report

To the Directors of
Micmacs of Gesgapegiag Band

We have audited the accompanying consolidated financial statements of Micmacs of Gesgapegiag Band, which comprise the consolidated statement of financial position as at March 31, 2013 and the consolidated statements of operations, operations and accumulated surplus (deficit) by program, changes in net debt, accumulated surplus (deficit), cash flows and schedule of salaries, honoraria, travel expenses and other remuneration 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 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 qualified audit opinion.

Basis for qualified opinion

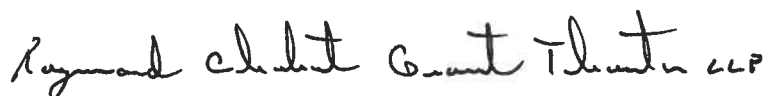
The Organization presents a \$6,340,076 deferred contributions related to tangible capital assets in liabilities that should have been presented in revenues, which constitutes a departure from Canadian public sector accounting standards. This situation also caused us to express a qualified opinion on the financial statements for the year ended March 31, 2012. If the deferred contributions related to tangible capital assets had been presented in revenues, revenues and excess (deficiency) of revenues over expenses would have been increased by \$31,742 in 2013 and \$578,681 in 2012, accumulated surplus (deficit) would have increased by \$6,340,076 in 2013 and \$6,326,680 in 2012 and liabilities would have been reduced by the same amount. Also, the Organization presents a \$750,184 expenses and expenses capitalized to tangible capital assets in expenses that should not have been presented, which constitutes a departure from Canadian public sector accounting standards. If the expenses and expenses capitalized to tangible capital assets had not been presented, expenses and expenses capitalized to tangible capital assets would have decreased by \$750,184. Finally, our audit led us to identify deficiencies in internal control. We were not able to satisfy ourselves by usual audit procedures concerning the salaries and fringe benefits. Consequently, we were unable to determine whether adjustments to the results of operations and cash flows might be necessary for 2013.

Qualified opinion

In our opinion, except for the effects of the matters described in the Basis for qualified opinion and for the possible effects of the deficiencies in internal control concerning the salaries and fringe benefits, the consolidated financial statements present fairly, in all material respects, the financial position of Micmacs of Gesgapegiag Band as at March 31, 2013, and the results of its operations, the changes in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 2 to the financial statements which indicates the existence of a material uncertainty that may cast significant doubt about the Organization's ability to continue as a going concern.



New Richmond
July 18, 2013

¹ CPA auditor, CA public accountancy permit no. A113171

Micmacs of Gesgapegiag Band
Consolidated Financial Position
 March 31, 2013

	<u>2013</u>	<u>2012</u>
	\$	\$
Financial assets		
Term deposits, 1.10% (1.25% in 2012), maturing in August 2013	13,669	13,385
Accounts receivable (note 4)	1,811,629	1,604,506
Restricted Cash - Replacement Reserve Fund (Note 5)	1,238	1,334
	<u>1,826,536</u>	<u>1,619,225</u>
Liabilities		
Bank overdraft	978,968	1,399,614
Bank loans (Note 7)	5,400	16,103
Accounts payable and accrued liabilities (Note 8)	3,469,654	2,558,508
Deferred revenues (Note 9)	185,397	459,842
Replacement reserve for medical transportation		65,496
Reserve for equipment replacement		51,707
Reserve for future training		24,600
Deferred contributions related to tangible capital assets (Note 10)	6,340,076	6,326,680
Long-term debt (Note 11)	7,970,614	7,158,919
	<u>18,950,109</u>	<u>18,061,469</u>
Reserve funds		
Replacement Reserve (Note 5)	343,647	435,426
Operating Reserve (Note 12)	113,925	72,084
	<u>457,572</u>	<u>507,510</u>
Net financial assets (net debt)	<u>(17,581,145)</u>	<u>(16,949,754)</u>
Non-financial assets		
Prepaid expenses	91,828	105,346
Tangible capital assets (Note 6)	17,160,694	16,812,000
	<u>17,252,522</u>	<u>16,917,346</u>
Accumulated surplus (deficit)	<u>(328,623)</u>	<u>(32,408)</u>

The accompanying notes and supplementary information are an integral part of the consolidated financial statements.

On behalf of the Band,

Chief

Director of operations

Micmacs of Gesgapegiag Band**Consolidated Operations**

Year ended March 31, 2013

	Unaudited Budget	2013	2012
	\$	\$	\$
Revenues			
<i>Federal government transfers</i>			
AANDC Fixed Contribution	3,221,115	3,720,300	4,163,631
AANDC Set Contribution	1,123,798	2,761,014	2,116,639
AANDC Contribution receivable (payable)		61,585	(22,842)
First Nations Education Council	511,329	511,885	435,027
Department of Fisheries and Oceans	180,130	310,362	358,426
Canada Mortgage and Housing Corporation		199,088	152,544
Health Canada	1,454,037	1,547,262	1,521,150
Solicitor General of Canada	238,504	238,504	238,504
Correction of receivable, deferred revenues and unexpended funding of prior years		206,997	
<i>Provincial government transfers</i>			
First Nations Human Resources Development Commission of Quebec		390,089	390,475
Secretariat aux Affaires Autochtones	118,774	128,162	258,014
Ministre de la Sécurité publique	220,158	273,113	257,668
First Nations of Quebec and Labrador Health and Social Services Commission		72,041	69,637
Ministère des Transports du Québec		10,900	
Ministère de l'Éducation, du Loisir et du Sport		45,100	
Ministre de la Culture et des Communications du Québec		6,250	
Emploi Québec		146,110	116,466
Ministre des Ressources naturelles et de la faune du Québec		1,049,451	1,036,337
<i>Other</i>			
Contribution from Micmacs Housing Corporation		26,103	26,201
Welfare injection		150,240	90,918
Gesgapegiag Human Resource Development Commission	2,500	179,090	193,965
Gain (loss) on disposal of tangible capital assets			(2,313)
Other revenue	309,620	643,280	465,256
Administration revenues		19,213	19,527
Shrimp and crab sales	2,234,529	3,244,615	2,411,500
Wood sales		1,060,296	773,654
Rexforêt		178,404	212,960
Firewood sales		21,504	15,186
Excavation sales		203,257	246,818
Reimbursement		364,619	320,715
Rental revenue	23,000	569,824	522,721

Micmacs of Gesgapegiag Band
Consolidated Operations

Year ended March 31, 2013

	Unaudited Budget	2013	2012
	\$	\$	\$
Interest revenue		526	95
Community services		21,600	16,020
The Cascapedia Society		60,000	66,000
The Cascapedia Club		186,000	187,000
Transfer from (to) the reserve for future training		24,600	
Deferred contribution related to tangible capital assets		(749,748)	
Transfer from (to) replacement reserve		117,203	(45,633)
Amortization of deferred contributions related to tangible capital assets		838,671	758,447
Deferred revenue from previous years		459,842	6,340
Less: Deferred revenue		(185,397)	(459,842)
	<u>9,637,494</u>	<u>19,111,955</u>	<u>16,917,211</u>
Expenses			
Salaries and fringe benefits	3,882,535	6,911,334	6,346,437
Travel	255,535	323,535	352,133
Legal and professional fees and expenses	232,977	236,819	178,709
Publicity and promotion	20,289	15,155	22,579
Material and equipment rental	2,500	139,893	96,173
Training and development	18,362	19,541	26,674
Honoraria	82,368	1,227,837	1,178,099
Contracted services	1,189,603	3,405,105	1,826,822
Membership fees	8,000	8,400	8,350
Materials and supplies	575,445	863,460	877,067
Office supplies and equipment	47,387	49,668	42,757
Repair and maintenance	277,469	610,405	496,549
Energy	455,115	728,668	616,071
Telecommunications	91,797	108,739	89,064
Insurance	93,709	194,521	147,615
Recovery plan	65,179		
Interest and bank charges	58,740	102,325	151,655
Interest on long-term debt	195,843	401,682	303,729
Doubtful accounts (recovered)		103,067	192,780
Administration charges	45,645	61,134	19,527
Room and board	5,160	3,870	6,020
Business contributions		15,600	26,374
Municipal services		41	
Contributions to community activities	17,000	24,387	23,420
Band contributions	10,000	239,266	293,159
Program aids	5,000	16,077	32,249
Medical fees	9,000	4,026	6,813
Tuition fees	804,725	697,684	688,299
Cultural activities	31,467	7,712	14,369
Special education	10,296	14,412	10,296

Micmacs of Gesgapegiag Band**Consolidated Operations**

Year ended March 31, 2013

	Unaudited Budget	2013	2012
	\$	\$	\$
Other	142,214	186,519	98,370
Workshop	6,000	528	125
Basic needs		852,641	712,042
Special needs	15,000	21,114	13,643
Welfare injection		153,240	117,644
Penalty and interest on source deductions	500	29,118	5,635
Incentive grants and graduation expenses	5,500	11,302	1,833
Registration fees	5,690	141,217	132,062
Living allowance	130,510	301,833	324,334
Placements	388,376	509,892	460,561
Annual contribution - replacement reserve		48,500	38,416
Expenses capitalized to tangible capital assets		(750,184)	
Amortization of tangible capital assets		1,466,525	1,233,355
	9,184,936	19,506,608	17,211,809
Excess (deficiency) of revenues over expenses	452,558	(394,653)	(294,598)

The accompanying notes and supplementary information are an integral part of the consolidated financial statements.

Micmacs of Gesgapegiag Band
Consolidated Operations and Accumulated Surplus (Deficit) by program

Year ended March 31, 2013

	AANDC	Other	Total revenues	Total expenses	Transfers between programs	Excess (deficiency) of revenues over expenses	Adjusted accumulated surplus (deficit), beginning of year	Accumulated surplus (deficit), end of year
	\$	\$	\$	\$	\$	\$	\$	\$
01011 Band Support Funding	433,132	229,443	662,575	722,052	14,849	(44,628)	(564,827)	(609,455)
01016 Pension Plan Adm. Costs and Employer Contr. Seq. 1	37,513		37,513	31,811		5,702	(10,761)	(5,059)
01016 Pension Plan Adm. Costs and Employer Contr. Seq. 2	2,325	(13,310)	(10,985)	2,325		(13,310)		(13,310)
01017 CPP/QPP and Private Pension Plans Employer Contrib.	168,566		168,566	148,074		20,492		20,492
01072 Capacity Building	35,000		35,000	35,625		(625)		(625)
01366 Specific and Special Claims Submission	84,227		84,227	63,878		20,349		20,349
01845 Human Resources Manag. Governance Capacity Development							(210)	(210)
02057 Indian Registry Administrators	9,953		9,953	9,953			10,228	10,228
02105 Instructional Services Formula Seq. 1	620,237	2,607	622,844	652,599	24,550	(5,205)	358,231	353,026
02106 Administration - Instructional Services	7,700		7,700	7,700				
02107 Enhanced Teachers Salaries	24,550		24,550		(24,550)			
02110 Band Operated School - Evaluation				16,475		(16,475)	16,475	
02125 Tuition Agreements	611,937	41,562	653,499	611,937		41,562	(178,266)	(136,704)
02126 Ancillary Support	15,120		15,120	14,060		1,060	24,880	25,940
02136 Student Accommodation - Federal Schools	5,774		5,774	3,870		1,904	5,366	7,270
02137 Student Transportation Services - Federal Schools	125,842	73,849	199,691	123,723		75,968	276,571	352,539

Micmacs of Gesgapegiag Band
Consolidated Operations and Accumulated Surplus (Deficit) by program

Year ended March 31, 2013

	AANDC	Other	Total revenues	Total expenses	Transfers between programs	Excess (deficiency) of revenues over expenses	Adjusted accumulated surplus (deficit), beginning of year	Accumulated surplus (deficit), end of year
	\$	\$	\$	\$	\$	\$	\$	\$
02138 Financial Assistance Allowances (All school types)	21,510		21,510	7,085		14,425	124,355	138,780
02139 Guidance and Counselling	59,827	981	60,808	60,635		173	70,857	71,030
02140 Advice and Assistance, Provincial Schools	83,834		83,834	78,848		4,986	74,411	79,397
02165 Manage Cultural Education Centres Program	15,866		15,866	15,866				
02234 Band Operated School - Special Education		232,231	232,231	233,922		(1,691)	(16,515)	(18,206)
02250 Provincial School - Direct Services	13,032		13,032	13,032			32,980	32,980
02270 Post-Secondary Student Support Program	346,850	3,589	350,439	294,702		55,737	(87,840)	(32,103)
02280 Indian and Inuit Cultural/Education Centres		(48,226)	804,355	852,581		(48,226)	(25,969)	(209,715)
02305 Basic Needs	852,581		804,355	852,581			(161,489)	(209,715)
02308 Social Assistance for Employment and Training	153,240	(46,482)	106,758	153,240		(46,482)	(3,970)	(50,452)
02320 Special Needs	7,945	(1,510)	6,435	7,945		(1,510)	(9,312)	(10,822)
02330 Service Delivery	43,140	3,000	46,140	48,038		(1,898)	36,554	34,656
02373 Operations - CFS	248,934	(58,440)	190,494	342,147		(151,653)	(38,816)	(190,469)
02383 CFS Maintenance - Enhanced Prevention-Foster Homes	426,310	233,548	659,858	406,569		253,289		253,289
02384 CFS Maintenance - Enhanced Prevention-Group Homes		138,408	138,408	138,408			(13,152)	(13,152)
02385 CFS Maintenance - Enhanced Prevention-Institutions	3,504		3,504			3,504		3,504

Micmacs of Gesgapegiag Band
Consolidated Operations and Accumulated Surplus (Deficit) by program
 Year ended March 31, 2013

	AANDC	Other revenues	Total revenues	Total expenses	Transfers between programs	Excess (deficiency) of revenues over expenses	Adjusted accumulated surplus (deficit), beginning of year	Accumulated surplus (deficit), end of year
	\$	\$	\$	\$	\$	\$	\$	\$
02388 Prevention/Least Disruptive Measures	321,942	55,597	377,539	411,231		(33,692)	(9,322)	(43,014)
02395 In-Home Care	200,000	(1,472)	198,528	213,002		(14,474)	(225,490)	(239,964)
02396 Institutional Care - Type I	12,500	9,204	21,704	11,944		9,760	(37,687)	(27,927)
02398 Foster Care	174,112		174,112	174,112			(3,879)	(3,879)
02399 Service Delivery	51,440		51,440	51,741		(301)	(4,155)	(4,456)
02402 Disabled							(8,817)	(8,817)
02420 Prevention Projects							3,845	3,845
02440 National Child Benefit Re-investment				59,995		(59,995)	(32,456)	(92,451)
08110 Community Economic Development Program	100,380	480	100,860	135,318	34,458		41,191	41,191
08203 Reserve Land and Environmental Management Program (08200 in 2012)	13,779		13,779	21,667		(7,888)	(44,507)	(52,395)
08557 Wastewater systems QL79 Seq. 2	49,900		49,900	49,202		698		698
08560 Wastewater - under \$1.5M QD88	134,000	(134,000)						
08565 Wastewater Systems	56,877	7,200	64,077	126,236		(62,159)	(414,704)	(476,863)
08566 Water Systems	50,692	14,400	65,092	71,953		(6,861)	(132,628)	(139,489)
08583 Water O&M	31,690		31,690	31,690				
08593 Sewer (under \$1.5M) QL57 Seq. 1							(326)	(326)
08593 Sewer (under \$1.5M) QL57 Seq. 3	254,748	(254,748)						

Micmacs of Gesgapegiag Band
Consolidated Operations and Accumulated Surplus (Deficit) by program
 Year ended March 31, 2013

	AANDC	Other	Total revenues	Total expenses	Transfers between programs	Excess (deficiency) of revenues over expenses	Adjusted accumulated surplus (deficit), beginning of year	Accumulated surplus (deficit), end of year
	\$	\$	\$	\$	\$	\$	\$	\$
08593 Sewer (under \$1.5M) QL57 Seq. 4	121,906		121,906	121,906				
08627 Renovations and/or Additions QL33		25,078	25,078	25,078			(11,656)	(11,656)
08635 Schools - O&M	118,186		118,186	120,493		(2,307)	87,482	85,175
08681 Planning Design and Construction QD88	49,600		49,600	49,600				
08682 Major Ren., Ext. and Repairs QD88 Seq. 1	37,400		37,400	37,400				
08691 Housing Councils	12,800	26,103	38,903	55,354		(16,451)	(14,061)	(30,512)
08694 Management Support	1,200		1,200	1,200			3,225	3,225
08745 Fire Protection QD88	12,800		12,800			12,800	25,600	38,400
08748 Roads and Bridges QD88	100,000	(100,000)						
08751 Community Buildings	10,800		10,800	10,800				
08754 Contributions - Equipment QD88							(168,399)	(168,399)
08766 Fire Protection	27,281		27,281	29,740	2,459		6,468	6,468
08767 Roads and Bridges	24,699		24,699	35,030		(10,331)	(114,667)	(124,998)
08770 Community Buildings	22,317		22,317	22,317			36,059	36,059
08773 Training - Fire Protection	12,300	24,600	36,900	786		36,114	14,584	50,698
08774 Maintenance Management	29,355		29,355	29,355			(204,638)	(204,638)
08779 Solid Waste	8,907		8,907	8,907			(8,964)	(8,964)
08805 Community Capital Facilities QD88E Office Supplies	42,840	6,000	42,840	42,840			212,778	212,778
10000 Medical Transportation NIHB/MT		375,669	375,669	258,882	10,000	126,787	(187,556)	(60,769)

Micmacs of Gesgapegiag Band
Consolidated Operations and Accumulated Surplus (Deficit) by program
 Year ended March 31, 2013

	AANDC	Other	Total revenues	Total expenses	Transfers between programs	Excess (deficiency) of revenues over expenses	Adjusted accumulated surplus (deficit), beginning of year	Accumulated surplus (deficit), end of year
	\$	\$	\$	\$	\$	\$	\$	\$
10003 National Native Alcohol and Drug Abuse Program NNADAP		59,801	59,801		(59,801)		7,003	7,003
10005 Aboriginal Head Start On-Reserve AHSOR		64,563	64,563	53,691		10,872	19,074	29,946
10006 Brighter Futures BF		70,660	70,660	25,976		1,685	42,549	42,549
10007 HIV/AIDS Program		13,661	13,661	37,086			(11,300)	(9,615)
10008 Maternal Child Health MCH		37,086	37,086		(37,086)		2,856	2,856
10009 Mental Health / HPV				72,171	238,308	166,137		166,137
10010 Aboriginal Diabetes Initiative ADI		83,645	83,645	113,177	133,424	103,892	(45,536)	58,356
10011 Building Healthy Communities - Mental Health BHC/MH		79,308	79,308	27,307	(52,001)		48,886	48,886
10012 Building Healthy Communities - Solvent Abuse BHC/SAP		10,396	10,396		(10,396)		10,093	10,093
10013 Canada Prenatal Nutrition Program CPNP		15,173	15,173		(15,173)		14,734	14,734
10014 Health Careers (on call)		8,010	8,010	8,015		(5)	(429)	(434)
10015 Health Planning and Management HPM		464,304	464,304	758,198	57,112	(236,782)	(212,599)	(449,381)
10016 Clinical and Client Care CCC		132,251	132,251		(132,251)		128,399	128,399
10018 First Nations and Inuit Health Services Accommodation		56,112	56,112		(56,112)		21,260	21,260
10019 Communicable Disease Control CDC							(985)	(985)
10020 Environmental Public Health - Drinking Water		11,000	11,000		(11,000)		12,386	12,386

**Micmacs of Gesgapegiag Band
Consolidated Operations and Accumulated Surplus (Deficit) by program**

Year ended March 31, 2013

	AANDC	Other	Total revenues	Total expenses	Transfers between programs	Excess (deficiency) of revenues over expenses	Adjusted accumulated surplus (deficit), beginning of year	Accumulated surplus (deficit), end of year
	\$	\$	\$	\$	\$	\$	\$	\$
10030 Children's Oral Health Initiative and Dental Therapy	17,501	17,501	17,501	17,483		18	(208)	(190)
10034 Professional Medical (Speech Therapy)	62,036	62,036	62,036	60,410		1,626		1,626
10050 First Nations and Inuit Home and Community Care	136,167	136,167	136,167	139,183		(3,016)	(204,954)	(207,970)
10070 Health Services Integration Fund	67,782	67,782	67,782	68,145		(363)	(10,851)	(11,214)
10076 Developmental Prosal AHTF							39,496	39,496
10080 Fetal Alcohol Spectrum Disorder	8,364	8,364	8,364		(8,364)		6,176	6,176
10081 Medical Handicap Van	9,600	9,600	9,600	2,544		7,056		7,056
10091 Healing Lodge - Furniture	45,669	45,669	45,669	45,524		145		145
30000 Ballfield Repair	1,175	1,175	1,175	4,292		(3,117)		(3,117)
30015 Mawiomi Repair				2,538		(2,538)	(6,996)	(9,534)
30050 Coop Handicraft	1,479	1,479	1,479	15,703	14,224			
30060 Waigwan Center	158,334	158,334	158,334	12,001		146,333	(93,799)	52,534
40000 Fishing Agreement	1,098,117	1,098,117	1,098,117	1,133,727		(35,610)	(154,788)	(190,398)
40001 Estuary Watchman (Salmon Counters in 2012)	2,673	2,673	2,673	94,749	92,076		(102,372)	(102,372)
40002 Salmon Survey	29,796	29,796	29,796	31,140	1,344			
46000 Cultural Project Youth Center	83,635	83,635	83,635	83,635				
46500 Recreation Campground Maintenance	6,250	6,250	6,250	7,837	1,587			
47000 Community Cultural & Recreative (Teepee)				36,990	36,990			

Micmacs of Gesgapegiag Band
Consolidated Operations and Accumulated Surplus (Deficit) by program
 Year ended March 31, 2013

	AANDC	Other	Total revenues	Total expenses	Transfers between programs	Excess (deficiency) of revenues over expenses	Adjusted accumulated surplus (deficit), beginning of year	Accumulated surplus (deficit), end of year
	\$	\$	\$	\$	\$	\$	\$	\$
47100 Recreation Programs (Canoe Rental)		21,559	21,559	24,973	3,414			
50050 Daycare Center Rent		84,461	84,461	59,677		24,784	(117,570)	(92,786)
60000 Mid-shore Fisheries		3,163,856	3,163,856	1,913,491	(94,196)	1,156,169	9,864,285	11,020,454
60005 Fisheries Training C4		160,240	160,240	210,680	50,440		(73,661)	(73,661)
60006 Natural Resources Administration		276,255	276,255	364,263	88,008		(590,271)	(590,271)
60020 Mussel / Fishies Feasibility Study		(6,971)	(6,971)			(6,971)		(6,971)
60030 AICFI / AARROM		53,553	53,553	53,073		480	22,519	22,999
60034 Wheelhouse Mentoring		18,000	18,000	24,000	6,000			
60036 Communal Fisheries		90,546	90,546	69,178		21,368	163,923	185,291
60038 Lobster Boat Lease				1,304	1,304			
61000 FNEC New Paths (Gathering Strength)		39,689	39,689	40,314		(625)	(6,343)	(6,968)
61001 Career Promotion		3,363	3,363	3,394		(31)	(3,653)	(3,684)
61002 Youth Employment		9,730	9,730	9,730			(17)	(17)
61003 Science and Technology		4,232	4,232	4,232			833	833
61004 Skills Link		9,364	9,364	9,910		(546)	(546)	(546)
61005 FNSSP Student success		185,888	185,888	186,758		(870)	4,248	3,378
61007 Parental Involvement		17,638	17,638	17,638			(9,627)	(9,627)
61008 Professional Development		9,591	9,591	9,119		472	(2,681)	(2,209)
61011 FNEC/DSSLP		7,000	7,000	7,000			(1,750)	(1,750)
62000 Cascapedia Society		272,800	272,800	273,075		(275)	(16,384)	(16,659)
65000 Summer Student Coordination		987	987	63,935	62,948		1,329	1,329
65600 Cancer Fundraiser							716	716

Micmacs of Gesgapegiag Band
Consolidated Operations and Accumulated Surplus (Deficit) by program

Year ended March 31, 2013

	Other	Total revenues	Total expenses	Transfers between programs	Excess (deficiency) of revenues over expenses	Adjusted accumulated surplus (deficit), beginning of year	Accumulated surplus (deficit), end of year
AANDC	\$	\$	\$	\$	\$	\$	\$
Gesgapegiag Natural Resources Inc.			351		(351)	67,785	67,434
Discontinued projects	12,569,055	18,911,955	19,506,608		(394,653)	4,815,059	4,815,059
	6,542,900	18,911,955	19,506,608		(394,653)	66,030	(328,623)

The accompanying notes and supplementary information are an integral part of the consolidated financial statements.

Micmacs of Gesgapegiag Band
Consolidated Operations and Accumulated Surplus (Deficit) by program

Year ended March 31, 2013

	AANDC	Other revenues	Total revenues	Total expenses	Transfers between programs	Excess (deficiency) of revenues over expenses	Adjusted accumulated surplus (deficit), beginning of year	Accumulated surplus (deficit), end of year
	\$	\$	\$	\$	\$	\$	\$	\$
65700 Probation Officer		52,955	52,955	50,004		2,951	(13,895)	(10,944)
66600 Fish Profits from Previous Years		4,000	4,000	222,085	(694,389)	(912,474)	(5,443,312)	(6,355,786)
68500 Farm House on Droken				4,075	4,075			
70999 Forestry General		1,069,696	1,069,696	1,025,168		44,528	372,538	417,066
71000 Forestry Training		52,542	52,542	82,442		(29,900)	(71,695)	(101,595)
72000 Production/Forestry		129,913	129,913	176,725		(46,812)	(68,513)	(115,325)
72500 Firewood		77,467	77,467	88,130		(10,663)	(69,809)	(80,472)
73000 Baldwin & Lake St Anne Project		83,149	83,149	80,945		2,204	(18,041)	(15,837)
80000 Elections							(666)	(666)
90000 Housing Construction Section								
95		19,542	19,542	60,845	41,303			
90001 Housing Inspection		2,432	2,432	1,530		902		902
90002 INAC Repair				4,051	4,051		(138,039)	(138,039)
90003 Duplex Construction				25,931	25,931			
90004 INAC Conversion 2009		90,672	90,672	81,762		8,910		8,910
90005 Residential Rehabilitation Assistance Program		24,380	24,380	40,603	16,223		(74,736)	(74,736)
90006 Youth Initiative Program		10,876	10,876	7,741		3,135	(27,278)	(24,143)
90007 Construction Art. 95 2009-2010		7,392	7,392	40,026	32,634		(20,742)	(20,742)
90014 Duplex 13A&B								
90015 Emergency repairs old 30 Usgwinug Street RJ Repairs		4,000	4,000	56,416	56,416		(51,529)	(51,529)
90019 Construction Lentuk Street				4,990	990			

Micmacs of Gesgapegiag Band
Consolidated Operations and Accumulated Surplus (Deficit) by program
 Year ended March 31, 2013

	AANDC	Other	Total revenues	Total expenses	Transfers between programs	Excess (deficiency) of revenues over expenses	Adjusted accumulated surplus (deficit), beginning of year	Accumulated surplus (deficit), end of year
	\$	\$	\$	\$	\$	\$	\$	\$
90021 Kateri Martin Construction		6,798	6,798	6,798				
90023 Gravel Pit		5,500	5,500	79,307	73,807			
90024 Construction Hope & AI		35,323	35,323	35,323				
90030 Lot Servicing Start-up Initiative				12,423	12,423			
90034 Assent of route 132 MTQ		10,900	10,900	15,515		(4,615)		(4,615)
90036 Cement Plant		4,851	4,851	55,825	50,974			
90037 Gesgapegiag Arena				14,553	14,553			
90105 Policing Services		460,395	460,395	528,816	7,500	(60,921)	(387,685)	(448,606)
90106 Police Tickets		16,169	16,169	1,320	(14,849)		12,827	12,827
91025 Rod Lease		25,000	25,000		(25,000)			
91030 Communities Elders Project							(14,648)	(14,648)
92000 Pastoral Agent		5,135	5,135	5,135				
98000 Habitation Enhancement		195,355	195,355	195,355			(15,499)	(15,499)
99000 C-31 & Band Owned				17,324	17,324		(213,573)	(213,573)
99001 Mortgage Payments		72,443	72,443	81,896	9,453		(1,021,041)	(1,021,041)
99002 GHRDC Project		27,288	27,288	33,935	6,647		(666)	(666)
99003 GHRDC Hospitality Training		(23,320)	(23,320)	7,864	31,184		(32,716)	(32,716)
99004 Basket Course		9,239	9,239	8,908		331	2,777	3,108
99006 Lunch Program							(11,833)	(11,833)
99008 Sediment & estuary research		29,746	29,746	29,149		597		597
99009 Butchery Project		26,448	26,448	39,293	12,845			
99990 Amortization of tangible capital		820,325	820,325	1,098,228		(277,903)	(3,478,701)	(3,756,604)
Micmacs Housing Corporation		449,186	449,186	501,964		(52,778)	(1,279,799)	(1,332,577)
Gesgapegiag Human Resource Development Commission		438,965	438,965	409,986		28,979	(133,659)	(104,680)
9252-9106 Québec Inc.		222,603	22,603	802,812		(580,209)	(87,973)	(668,182)

Micmacs of Gesgapegiag Band
Consolidated Changes in Net Debt
Year ended March 31, 2013

	<u>2013</u>	<u>2012</u>
	\$	\$
Deficiency of revenues over expenses	(394,653)	(294,598)
Adjustment to prior years (Note 15)	(41,841)	(158,837)
Adjustment due to matured units	<u>140,279</u>	<u>(453,435)</u>
Tangible capital assets		
Acquisition of tangible capital assets	(1,815,219)	(2,684,882)
Amortization of tangible capital assets	1,466,525	1,233,355
Gain on disposal of tangible capital assets		2,313
Disposal of tangible capital assets		<u>63,000</u>
Total tangible capital assets	(644,909)	(1,839,649)
Acquisition (use) of prepaid expenses	<u>13,518</u>	<u>(86,171)</u>
Changes in net debt	(631,391)	(1,925,820)
Net debt, beginning of year	<u>(16,949,754)</u>	<u>(15,023,934)</u>
Net debt, end of year	<u><u>(17,581,145)</u></u>	<u><u>(16,949,754)</u></u>

The accompanying notes and supplementary information are an integral part of the consolidated financial statements.

Micmacs of Gesgapegiag Band
Consolidated Accumulated Surplus
Year ended March 31, 2013

	<u>2013</u>	<u>2012</u>
	\$	\$
Balance, beginning of year	(32,408)	421,027
Adjustment to prior years (Note 15)	(41,841)	(158,837)
Adjustment due to matured units	<u>140,279</u>	
Adjusted balance, beginning of year	66,030	262,190
Deficiency of revenues over expenses	<u>(394,653)</u>	<u>(294,598)</u>
Balance, end of year	<u>(328,623)</u>	<u>(32,408)</u>

The accompanying notes and supplementary information are an integral part of the consolidated financial statements.

Micmacs of Gesgapegiag Band**Consolidated Cash Flows**

Year ended March 31, 2013

	<u>2013</u>	<u>2012</u>
	\$	\$
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	(394,653)	(294,598)
Adjustment to prior years	(41,841)	(158,837)
Adjustments as required by C.M.H.C.	41,841	19,498
Adjustment due to matured units	140,279	
Non-cash items		
Amortization of tangible capital assets	1,466,525	1,233,355
Amortization of deferred contributions related to tangible capital assets	(838,671)	(758,447)
Loss on disposal of tangible capital assets		2,313
Transfer to the replacement reserve fund for the year	(91,779)	38,416
Replacement reserve for medical transportation	(65,496)	
Reserve for equipment replacement	(51,707)	
Reserve for future training	(24,600)	
Changes in working capital items		
Accounts receivable	(207,123)	386,317
Prepaid expenses	13,518	(86,172)
Accounts payable and accrued liabilities	911,146	171,503
Deferred revenues	(274,445)	453,502
Cash flows from operating activities	<u>582,994</u>	<u>1,006,850</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(1,815,219)	(2,684,882)
Disposal of tangible capital assets		63,000
Cash flows from capital activities	<u>(1,815,219)</u>	<u>(2,621,882)</u>
INVESTING ACTIVITIES		
Term deposits	(284)	
Restricted cash - Replacement Reserve Fund	96	96
Cash flows from investing activities	<u>(188)</u>	<u>96</u>
FINANCING ACTIVITIES		
Bank loans	(10,703)	(16,297)
Deferred contributions related to tangible capital assets	852,067	1,337,128
Long-term loans	2,650,713	2,071,768
Repayment of long-term loans	(1,839,018)	(1,711,064)
Cash flows from financing activities	<u>1,653,059</u>	<u>1,681,535</u>
Net increase in cash and cash equivalents	420,646	66,599
Bank overdraft, beginning of year	<u>(1,399,614)</u>	<u>(1,466,213)</u>
Bank overdraft, end of year	<u>(978,968)</u>	<u>(1,399,614)</u>

The accompanying notes and supplementary information are an integral part of the consolidated financial statements.

Micmacs of Gesgapegiag Band
Notes to Consolidated Financial Statements
March 31, 2013

1 - GOVERNING STATUTES AND PURPOSE OF THE ORGANIZATION

The Organization is governed by the council of the Mi'gmaq of Gesgapegiag. It is a not-for-profit Organization under the Income Tax Act.

2 - GOING CONCERN ASSUMPTION

The financial statements are prepared in accordance with Canadian public sector accounting principles in particular the assumption that the Organization is a going concern, meaning it will be able to realize its assets and discharge its liabilities in the normal course of operations.

In light of operating losses incurred in past years and a working capital deficiency, there is significant doubt about the Organization's ability to continue as a going concern. The Organization's ability to realize its assets and discharge its liabilities depends on the continued financial support of Aboriginal Affairs and Northern Development Canada. The Organization's management has adopted an expense rationalization plan to address the situation.

The carrying amounts of assets, liabilities, revenues and expenses presented in the financial statements and the financial position classification have not been adjusted as would be required if the going concern assumption were not appropriate.

3 - SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Reporting Entity

The Organization reporting entity includes the Micmacs of Gesgapegiag Band government and all related entities that are controlled by the Organization, which are Micmacs Housing Corporation, Gesgapegiag Human Resource Development Commission, 9252-9106 Québec Inc. and Gesgapegiag Natural Resources Inc.

Principles of consolidation

All controlled entities are fully consolidated on a line-by-line basis. Inter-organizational balances and transactions are eliminated upon consolidation, but in order to present the results of operations for each specific departments, transactions amongst departments have not necessarily been eliminated on the individual schedules.

Micmacs of Gesgapegiag Band
Notes to Consolidated Financial Statements
March 31, 2013

3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates are based on management's best knowledge of current events and actions that the Organization may undertake in the future. Actual results may differ from these estimates.

Revenue recognition

Government transfers are recognized as revenue when authorized and when the Organization has satisfied any eligibility criteria, unless the agreement stipulations create an obligation that meets the definition of a liability. In such a case, the government transfer is recognized as a liability under Government transfer liability.

The Organization follows the deferral method of accounting for contributions. Under this method, contributions restricted for future period expenses are deferred and are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted interest income is recognized as revenue in the year the related expenses are incurred and unrestricted interest income as earned.

The Organization recognizes its revenues when persuasive evidence of an arrangement exists, delivery has occurred, that is, the customer has taken possession of the household items, the price to the buyer is fixed or determinable and collection is reasonably assured.

The Organization records base rents on a straight-line basis over the lease terms. The excess of rents recognized over amounts contractually due pursuant to the underlying leases is included in rent receivable on the balance sheet.

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 three months or less at acquisition which are held for the purpose of meeting short-term cash commitments.

Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Micmacs of Gesgapegiag Band
Notes to Consolidated Financial Statements
 March 31, 2013

3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

For the housing units - Article 95, tangible capital assets are accounted at the cost of acquisition less any subsidies received for the tangible capital assets. C.M.H.C. permits amortization for buildings purchased using loans that it has insured, at a rate equal to the annual reduction of the principal on the loans. No amortization is allocated to other capital elements, but a replacement reserve is maintained for future replacement of tangible capital assets.

The replacement reserve account is funded through an annual allocation, as opposed to allocation of surplus.

Amortization is provided for on a straight-line basis over their estimated useful lives as follows :

	<u>Rates</u>
Buildings	20 years
Sanitation system	20 years
Automotive equipment	5 years
Material and equipment	5 years
Roads	20 years

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Organization's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

Contributions related to tangible capital assets are deferred and gradually amortized to earnings on the same basis as the related tangible capital assets.

Trust funds

The Organization's Trust funds are included in these financial statements only to the extent they have been received from the Organization's revenue trust fund. The amounts on deposit with the Government of Canada are audited by the Auditor General of Canada.

Adjustment to prior years

Adjustments affecting prior years, usually resulting from the Regional Audit Review Committee and C.M.H.C., are recorded in the consolidated accumulated surplus statement.

Micmacs of Gesgapegiag Band
Notes to Consolidated Financial Statements
 March 31, 2013

4 - ACCOUNTS RECEIVABLE

	<u>2013</u>	<u>2012</u>
	\$	\$
Accounts receivable	211,022	221,051
Contributions receivable		
Federal government		
AANDC	162,291	333,231
Health Canada	225,200	60,545
C.M.H.C.	10,039	62,316
Other	245,074	123,394
Provincial government	622,776	275,016
Other	166,542	345,908
Rents receivable	1,583,137	1,478,937
Advances	37,381	33,164
Consumption taxes receivable	185,398	205,108
	<u>3,448,860</u>	<u>3,138,670</u>
Allowance for doubtful accounts	<u>(1,637,231)</u>	<u>(1,534,164)</u>
	<u>1,811,629</u>	<u>1,604,506</u>

5 - REPLACEMENT RESERVE FUND

(a) Pre-1997 Program

Under the agreement with Canada Mortgage and Housing Corporation (C.M.H.C.), an amount must be credited to the replacement reserve. These funds and the accrued interest must be placed in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or in any other way approved by C.M.H.C. from time to time. Any use of the funds from the account must be approved by C.M.H.C.

(b) Post-1996 Program

Under the agreement with Canada Mortgage and Housing Corporation (C.M.H.C.), an amount set forth in Appendix B of the operating agreement must be credited to the replacement reserve. The annual amount may be increased by the First Nation. These funds and the accrued interest must be placed in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or in any other way approved by C.M.H.C. from time to time.

At the year end, the replacement reserve included the following elements:

Micmacs of Gesgapegiag Band
Notes to Consolidated Financial Statements
 March 31, 2013

5 - REPLACEMENT RESERVE FUND (Continued)

Restricted cash

	<u>2013</u>	<u>2012</u>
	\$	\$
Cash	<u>1,238</u>	<u>1,334</u>

Reserve fund

	<u>2013</u>	<u>2012</u>
	\$	\$
Balance, beginning of year	435,426	397,010
Adjustment due to matured units	<u>(140,279)</u>	
Adjusted balance, beginning of year	295,147	397,010
Allocation for the year	<u>48,500</u>	38,416
Balance, end of year	<u>343,647</u>	<u>435,426</u>

No amount was transferred to the replacement reserve fund in 2013.

As at March 31, 2013, the Organization does not respect the obligation to hold these funds in a separate bank account.

6 - TANGIBLE CAPITAL ASSETS

	<u>2013</u>			<u>2012</u>
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net carrying amount</u>	<u>Net carrying amount</u>
	\$	\$	\$	\$
Land	133,592		133,592	133,592
Buildings	20,650,577	7,878,398	12,772,179	13,340,374
Sanitation system	7,372,856	5,211,903	2,160,953	2,121,417
Automotive equipment	2,988,181	1,468,926	1,519,255	692,369
Material and equipment	885,747	848,367	37,380	63,935
Roads	568,613	31,278	537,335	460,313
	<u>32,599,566</u>	<u>15,438,872</u>	<u>17,160,694</u>	<u>16,812,000</u>

7 - BANK LOANS

The bank loans, for which the authorized amounts are \$100,000 and \$1,150,000, bear interest at prime rate (3%) and prime rate plus 1.75% (4.75%) respectively, are secured by the accounts receivable and a mortgage on amounts receivable from Health Canada and are renegotiable annually.

Micmacs of Gesgapegiag Band
Notes to Consolidated Financial Statements
 March 31, 2013

8 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2013</u>	<u>2012</u>
	\$	\$
Accounts payable	3,089,435	2,202,556
Salaries and source deductions payable	325,523	335,443
Accrued interest	54,696	20,509
	<u>3,469,654</u>	<u>2,558,508</u>

9 - DEFERRED REVENUES

	<u>2013</u>	<u>2012</u>
	\$	\$
Federal government		
02383 Enhanced Prevention - Foster Homes		199,121
02384 Enhanced Prevention - Group Homes	3,257	112,738
02388 Prevention/Least Disruptive Measures		46,268
02398 Foster Care		13,764
Other		
08627 Renovations and/or Additions QL33	181,120	41,107
10091 Healing Lodge - Furniture		45,669
30000 Ballfield Repair		1,175
90024 Construction Hope & AI	1,020	
	<u>185,397</u>	<u>459,842</u>

10 - DEFERRED CONTRIBUTIONS RELATED TO TANGIBLE CAPITAL ASSETS

	<u>2013</u>	<u>2012</u>
	\$	\$
Balance, beginning of year	6,326,680	5,747,999
AANDC		
08560 Wastewater - under \$1.5M QD88	134,000	
08582 Wastewater (under \$1.5M) QL57		1,000,000
08593 Sewer (under \$1.5M) QL57 Seq. 3	254,748	
08682 Major Renovations , Extensions and Repairs QD88 Seq. 1	(6,000)	167,000
08748 Roads and Bridges QD88	100,000	100,000
Welfare injection		22,806
Gesgapegiag Human Resource Development Commission		1,689
Secretariat aux Affaires Autochtones	346,490	
Canada Mortgage and Housing Corporation	22,829	
Health Canada		45,633
Amortization	(838,671)	(758,447)
Balance, end of year	<u>6,340,076</u>	<u>6,326,680</u>

Micmacs of Gesgapegiag Band
Notes to Consolidated Financial Statements
 March 31, 2013

11 - LONG-TERM DEBT

	<u>Current portion</u> \$	<u>2013</u> \$	<u>2012</u> \$
Bank of Montreal, prime rate plus 2.125% (5.125%), payable by monthly instalments of \$612, plus interest, maturing in February 2014	6,732	6,732	14,076
Bank of Montreal, secured by AANDC, prime rate plus 1.25% (4.25%), reimbursed during the year			1,667
Bank of Montreal, prime rate plus 1.5% (4.5%), reimbursed during the year			40,208
Bank of Montreal, prime rate plus 2.125% (5.125%), payable in monthly instalments of \$6,667, plus interest, maturing in February 2014	73,334	73,334	153,334
Bank of Montreal, 7.15%, secured by 4 housing units and by AANDC, payable in monthly instalments of \$2,697, capital and interest, maturing in May 2033	6,917	349,075	356,784
Bank of Montreal, 7.2%, secured by SAA, payable in semi-annual instalments of \$59,388, capital and interest, maturing in January 2015	102,465	211,944	307,511
Bank of Montreal, prime rate plus 1.5% (4.5%), payable in monthly instalments of \$1,111, plus interest, maturing in February 2020	13,333	92,222	105,556
Bank of Montreal, 6%, payable in monthly instalments of \$2,277, capital and interest, maturing in December 2018 but renegotiable in December 2015	13,489	239,119	251,854
Bank of Montreal, 7.2%, secured by 1 quadruplex and by AANDC, payable in monthly instalments of \$1,996, capital and interest, maturing in July 2033	5,076	257,180	262,843
Bank of Montreal, 6.7%, secured by duplexes and by AANDC, payable in monthly instalments of \$4,092, capital and interest, maturing in April 2034	11,810	553,664	566,074

Micmacs of Gesgapegiag Band
Notes to Consolidated Financial Statements
 March 31, 2013

11 - LONG-TERM DEBT (Continued)

	<u>Current portion</u>	<u>2013</u>	<u>2012</u>
	\$	\$	\$
Bank of Montreal, 5.35%, payable in monthly instalments of \$1,263, capital and interest, maturing in February 2017	12,321	54,898	66,358
Laurentian Bank, 6.507%, payable in monthly instalments of \$243, capital and interest, maturing in October 2032 but renegotiable in August 2017	843	31,559	32,894
Laurentian Bank, 7.4%, payable in monthly instalments of \$348, capital and interest, maturing in October 2033 but renegotiable in August 2013	948	43,815	44,781
Bank of Montreal, prime rate plus 2.5% (5.5%), payable in monthly instalments of \$2,517, plus interest, maturing in November 2015	30,205	83,039	113,244
Bank of Montreal, prime rate plus 2.5% (5.5%), payable in monthly instalments of \$6,667, plus interest, maturing in February 2015	80,000	160,000	240,000
Bank of Montreal, prime rate plus 2.125% (5.125%), payable by annual instalments of \$100,000, plus interest, maturing in March 2020	100,000	650,000	406,425
Bank of Montreal, prime rate plus 2.5% (5.5%), payable in monthly instalments of \$4,050, plus interest, maturing in December 2015	48,600	137,700	186,300
Laurentian Bank, 4.29%, payable in monthly instalments of \$467, capital and interest, maturing in October 2031 but renegotiable in July 2016	2,948	63,487	66,321
Bank of Montreal, prime rate plus 2.5% (5.5%), payable in monthly instalments of \$544, plus interest, maturing in January 2017	6,525	25,013	31,538
Bank of Montreal, prime rate plus 2.125% (5.125%), payable on demand, reimbursed during the year			166,644

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Notes to Consolidated Financial Statements
 March 31, 2013

11 - LONG-TERM DEBT (Continued)

	<u>Current portion</u>	<u>2013</u>	<u>2012</u>
	\$	\$	\$
Canada Mortgage and Housing Corporation forgivable loan, without interest, forgiveness earned of \$11,110 yearly, maturing in March 2027	11,110	155,534	166,644
Canada Mortgage and Housing Corporation forgivable loan, without interest, forgiveness earned of \$11,720 yearly, maturing in March 2027	11,720	164,074	113,321
Bank of Montreal, prime rate plus 2.5% (5.5%), payable in monthly instalments of \$1,039, plus interest, maturing in February 2017	12,463	48,812	61,275
Bank of Montreal, prime rate plus 2.5% (5.5%), payable in monthly instalments of \$1,333, plus interest, maturing in January 2017	16,000	62,667	77,333
Bank of Montreal, 5.35%, payable in monthly instalments of \$3,150, capital and interest, maturing in February 2017	37,796	412,608	450,404
Bank of Montreal, prime rate plus 2.5% (5.5%), payable on demand, maturing in May 2013	290,286	290,286	
Bank of Montreal, prime rate plus 2.5% (5.5%), payable in monthly instalments of \$1,036, plus interest, maturing in May 2019	12,428	76,643	
Project # 6, National Bank of Canada, 7.55%, reimbursed during the year			12,444
Project # 7, Laurentian Bank, mortgage, original amount of \$321,114, secured by 6 housing units and by AANDC, 4.89%, payable in monthly instalments of \$2,400, capital and interest, maturing in August 2016	25,126	84,820	110,181

Micmacs of Gesgapegiag Band
Notes to Consolidated Financial Statements
 March 31, 2013

11 - LONG-TERM DEBT (Continued)

	<u>Current portion</u> \$	<u>2013</u> \$	<u>2012</u> \$
Project # 8, National Bank of Canada, mortgage, original amount of \$267,830, secured by 5 housing units and by AANDC, 5.99%, payable in monthly instalments of \$1,888, capital and interest, maturing in January 2018 but renegotiable in March 2015	17,402	97,860	114,198
Project # 9, Laurentian Bank, mortgage, original amount of \$230,850, secured by 5 housing units and by AANDC, 6.1%, payable in monthly instalments of \$1,679, capital and interest, maturing in June 2016 but renegotiable in April 2015	17,527	49,195	67,429
Project # 10, Caisse populaire, mortgage, original amount of \$104,800, secured by 2 housing units and by the C.M.H.C., 2.734%, payable in monthly instalments of \$594, capital and interest, maturing in September 2022 but renegotiable in September 2013	5,515	61,525	64,374
Project # 11, Bank of Montreal, mortgage, authorized amount of \$141,910, secured by 3 housing units and by AANDC, 3.5%, payable in monthly instalments of \$838, capital and interest, maturing in December 2022 but renegotiable in December 2013	7,168	85,838	89,649
Project # 12, C.M.H.C., mortgage (19-072-495/001), authorized amount of \$70,000, secured by 2 housing units and 1 duplex, 1.81%, payable in monthly instalments of \$315, capital and interest, maturing in March 2024 but renegotiable in April 2014	3,126	37,723	40,798
Project # 13, C.M.H.C., mortgage (19-072-495/002), authorized amount of \$87,500, secured by 3 housing units and 1 duplex, 2.69%, payable in monthly instalments of \$430, capital and interest, maturing in May 2025 but renegotiable in August 2015	3,766	53,546	57,224

Micmacs of Gesgapegiag Band
Notes to Consolidated Financial Statements
 March 31, 2013

11 - LONG-TERM DEBT (Continued)

	<u>Current portion</u> \$	<u>2013</u> \$	<u>2012</u> \$
Project # 14, C.M.H.C., mortgage (19-072-495/003), authorized amount of \$129,000, secured by 4 housing units, 2.65%, payable in monthly instalments of \$631, capital and interest, maturing in April 2026 but renegotiable in April 2016	5,418	83,703	88,997
Project # 15, C.M.H.C., mortgage (19-072-495/004), authorized amount of \$187,395, secured by 5 housing units, 1.67%, payable in monthly instalments of \$867, capital and interest, maturing in April 2027 but renegotiable in April 2017	8,287	130,530	138,692
Project # 16, C.M.H.C., mortgage (19-072-495/005), authorized amount of \$92,538, secured by 3 housing units, 1.62, payable in monthly instalments of \$412, capital and interest, maturing in February 2028 but renegotiable in March 2018	3,912	65,498	68,689
Project # 17, C.M.H.C., mortgage (19-072-495/006), authorized amount of \$62,000, secured by 2 duplexes, 2.76%, payable in monthly instalments of \$289, capital and interest, maturing in June 2030 but renegotiable in June 2015	2,184	47,688	49,824
Project # 17, C.M.H.C., mortgage (19-072-495/007), authorized amount of \$65,000, secured by 2 duplexes, 2.76%, payable in monthly instalments of \$303, capital and interest, maturing in June 2030 but renegotiable in June 2015	2,228	49,996	52,235
Project # 18, C.M.H.C., mortgage (19-072-495/008), authorized amount of \$253,800, secured by a sixplex, 2.63%, payable in monthly instalments of \$1,225, capital and interest, maturing in June 2030 but renegotiable in June 2016	9,448	203,849	213,093

Micmacs of Gesgapegiag Band
Notes to Consolidated Financial Statements
 March 31, 2013

11 - LONG-TERM DEBT (Continued)

	<u>Current portion</u>	<u>2013</u>	<u>2012</u>
	\$	\$	\$
Project # 19, C.M.H.C., mortgage (19-072-495/009), authorized amount of \$172,000, secured by 2 duplexes, 1.65%, payable in monthly instalments of \$731, capital and interest, maturing in April 2032 but renegotiable in June 2017	6,465	143,609	149,594
Project # 20, C.M.H.C., mortgage (19-072-495/010), authorized amount of \$104,000, secured by 1 quadruplex, 3.7%, payable in monthly instalments of \$530, capital and interest, maturing in May 2033 but renegotiable in June 2013	90,271	90,271	93,264
Project # 21, C.M.H.C., mortgage (19-072-495/011), authorized amount of \$120,600, secured by 1 duplex, 2.61%, payable in monthly instalments of \$581, capital and interest, maturing in September 2032 but renegotiable in September 2014	4,247	106,193	110,353
Project # 22, C.M.H.C., mortgage (19-072-495/012), authorized amount of \$189,500, secured by 1 quadruplex, 2.4%, payable in monthly instalments of \$839, capital and interest, maturing in October 2035 but renegotiable in October 2015	5,920	175,066	180,892
Project # 23, C.M.H.C., mortgage (19-072-495/013), authorized amount of \$1,200,000, secured by 10 housing units, 1.67%, payable in monthly instalments of \$4,892, capital and interest, maturing in March 2037 but renegotiable in April 2017	39,622	1,160,290	1,080,000
Project # 24, C.M.H.C., mortgage (19-072-495/014), authorized amount of \$104,000, secured by 1 housing unit, 1.67%, payable in monthly instalments of \$424, capital and interest, maturing in March 2037 but renegotiable in April 2017	3,434	100,557	93,600

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Notes to Consolidated Financial Statements
 March 31, 2013

11 - LONG-TERM DEBT (Continued)

	<u>Current portion</u>	<u>2013</u>	<u>2012</u>
	\$	\$	\$
Mortgage loan, secured by automotive equipment with a net carrying amount of \$841,923 as at March 31, 2013, prime rate plus 2.5% (5.5%), payable in monthly instalments of \$4,635, plus interest, maturing in July 2020	55,625	899,452	
	<u>1,224,040</u>	<u>7,970,614</u>	<u>7,158,919</u>

The estimate instalments on long-term debt for the next five years are \$1,224,040 in 2014, \$779,945 in 2015, \$587,903 in 2016, \$521,577 in 2017 and \$453,458 in 2018.

12 - OPERATING RESERVE (Post-1996 Program)

Once all costs and expenses are paid, particularly the allocation to the replacement reserve, the First Nation keeps all excess income in an operating reserve. The First Nation agrees to keep the funds and accrued interest in the operating fund in a separate bank account or to invest it only in accounts or instruments insured by the Canada Deposit Insurance Corporation, or as agreed by common consent by the First Nation and Canada Mortgage and Housing Corporation. The housing project's operating reserve is to be used only for the operating expenses of housing projects that made undertakings as part of the 1997 On-reserve Housing Program. The reserve may be used to cover deficits from previous years. Withdrawals are first applied to interest, then to the principal. At the end of the fiscal year, the operating reserve included the following elements:

Reserve fund

	<u>2013</u>	<u>2012</u>
	\$	\$
Balance, beginning of year	72,084	52,586
Adjustments as required by C.M.H.C.	41,841	19,498
	<u>113,925</u>	<u>72,084</u>

As at March 31, 2013, the Organization does not respect the obligation to hold these funds in a separate bank account.

13 - SUBSIDY FROM THE CANADA MORTGAGE AND HOUSING CORPORATION

The Organization receives a subsidy under a program administered by the Canada Mortgage and Housing Corporation (C.M.H.C.) under the terms of section 95 of the National Housing Act. This subsidy is tied to compliance with the conditions set forth in the agreement signed by the Organization and C.M.H.C.

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Notes to Consolidated Financial Statements
 March 31, 2013

14 - ADJUSTMENT TO PRIOR YEARS

After the review of the financial statements for the year ended March 31, 2012 by the Regional Audit Review Committee and the Organization, the following adjustments were required:

	<u>2013</u>	<u>2012</u>
	\$	\$
Regional Audit Review Committee		
01845 Human Resources Management Governance Capacity Development		(234)
02125 Tuition Agreements		(176,869)
02373 Operations - CFS		58,801
02383 Enhanced Prevention - Foster Homes		(34,427)
02384 Enhanced Prevention - Group Homes		(28,927)
02388 CEAP - Operations		48,293
02395 In-Home Care		(387)
02396 Institutional - Type I		979
02398 Foster Care		5,547
02402 Disabled		(268)
First Nations Education Council		
61005 FNSSP Student success		2,639
61007 Parental Involvement		183
61008 Professional Development		(212)
Organization		
60030 AICFI / AARROM		(4,959)
90006 Youth Initiative Program		(13,732)
Discontinued projects		4,234
Canada Mortgage and Housing Corporation		
Micmacs Housing Corporation	<u>(41,841)</u>	<u>(19,498)</u>
	<u>(41,841)</u>	<u>(158,837)</u>

15 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES, AND FINANCIAL RISKS

Financial risk management objectives and policies

The Organization is exposed to various financial risks resulting from its operating, investing and financing activities. The Organization's management manages financial risks.

During the year, there were no changes to the financial instrument risk management policies, procedures and practices. The means used by the Organization to manage each of the financial risks are described in the following paragraphs.

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Notes to Consolidated Financial Statements
 March 31, 2013

15 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES, AND FINANCIAL RISKS
(Continued)

Financial risks

The Organization's main financial risk exposure and its financial risk management policies are as follows.

Credit risk

The Organization is exposed to credit risk regarding the financial assets recognized in the statement of financial position. The Organization has determined that the financial assets with more credit risk exposure are accounts receivable, contributions receivable, rents receivable and advances since failure of any of these parties to fulfil their obligations could result in significant financial losses for the Organization.

The accounts receivable, contributions receivable, rents receivable and advances balances are managed and analyzed on an ongoing basis and, accordingly, the Organization's exposure to doubtful accounts is not significant.

The credit risk regarding cash and term deposits is considered to be negligible because they are held by a reputable financial institution with an investment grade external credit rating.

The carrying amount on the statement of financial position of the Organization's financial assets exposed to credit risk represents the maximum amount exposed to credit risk. The following table summarizes the Organization's credit risk exposure:

	<u>2013</u>	<u>2012</u>
	\$	\$
Term deposit	13,669	13,385
Accounts receivable	211,022	221,051
Contributions receivable	1,431,922	1,200,410
Rents receivable	1,583,137	1,478,937
Advances	37,381	33,164
	<u>3,277,131</u>	<u>2,946,947</u>

The Organization's management considers that all the above financial assets that are not impaired or past due are of good credit quality.

None of the Organization's financial assets is secured by a collateral instrument or other form of credit enhancement.

The carrying amount of impaired accounts receivable totals \$1,637,231 as at March 31, 2013 (\$1,534,164 as at March 31, 2012).

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Notes to Consolidated Financial Statements
 March 31, 2013

15 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES, AND FINANCIAL RISKS
(Continued)

Market risk

The Organization's financial instruments expose it to market risk, in particular, interest rate risk:

- Interest rate risk

The Organization is exposed to interest rate risk with respect to financial assets and liabilities bearing fixed and variable interest rates.

The term deposits and some long-term debts bear interest at a fixed rate and the Organization is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations.

Other long-term debts and the banks loans bear interest at a variable rate and the Organization is, therefore, exposed to the cash flow risk resulting from interest rate fluctuations.

The Organization does not use derivative financial instruments to reduce its interest rate risk exposure;

Liquidity risk

The Organization's liquidity risk represents the risk that the Organization could encounter difficulty in meeting obligations associated with its financial liabilities. The Organization is, therefore, exposed to liquidity risk with respect to all of the financial liabilities recognized in the statement of financial position.

Liquidity risk management serves to maintain a sufficient amount of cash and cash equivalents and to ensure that the Organization has financing sources for a sufficient authorized amount. The Organization establishes budget and cash estimates to ensure it has the necessary funds to fulfil its obligations.

As at March 31, 2013, the Organization's contractual maturities for financial liabilities (including any interest payments) are as follows:

	<u>Less than 6 months</u>	<u>6 months to 1 year</u>	<u>1 to 5 years</u>	<u>More than 5 years</u>
Accounts payable	3,089,435			
Accrued interest	54,696			
Salaries and source deductions payable	325,523			
Long-term debt	<u>290,286</u>	<u>136,638</u>	<u>1,403,543</u>	<u>6,140,147</u>
	<u>3,759,940</u>	<u>136,638</u>	<u>1,403,543</u>	<u>6,140,147</u>

Micmacs of Gesgapegiag Band
Notes to Consolidated Financial Statements
 March 31, 2013

17 - CONTINGENT LIABILITIES

As at March 31, 2013, the Organization is contingently liable as endorser in long-term debts for members of the community for the amount of \$1,303,721 (\$1,473,069 in 2012).

18 - COMMITMENTS

The Organization has entered into a long-term lease agreement expiring in September 2017 which calls for lease payments of \$42,417 for the rental of equipment. The minimum lease payments for the next years are \$9,426 in 2014, 2015, 2016 and 2017 and \$4,713 in 2018.

19 - ECONOMIC DEPENDENCE

The Organization receives 34% (37% in 2012) of its revenues from Aboriginal Affairs and Northern Development Canada (AANDC).

20 - TRUST FUNDS HELD BY AANDC

	March 31, 2012	Addition 2013	Withdrawals 2013	March 31, 2013
	\$	\$	\$	\$
Revenue	37,054	926		37,980
Capital	647			647
	<u>37,701</u>	<u>926</u>		<u>38,627</u>

The trust funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the *Indian Act*. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Section 63 to 69 of the *Indian Act*.

Micmacs of Gesgapegiag Band
Notes to Consolidated Financial Statements
 March 31, 2013

21 - AANDC FUNDING RECONCILIATION

	<u>2013</u>	<u>2012</u>
	\$	\$
AANDC as per financial statements	6,542,900	6,257,428
Plus: Deferred contributions related to tangible capital assets		
08582 Wastewater (under \$1.5M) QL57		1,000,000
08682 Major Renovations , Extensions and Repairs QD88 Seq. 1		167,000
08748 Roads and Bridges QD88		100,000
		<u>1,267,000</u>
Minus: Contributions receivable (payable)		
02125 Tuition Agreements	7,212	(50,678)
02250 Provincial School - Direct Services	(8,504)	(7,920)
02305 Basic Needs	102,581	57,759
02308 Social Assistance for Employment and Training	23,240	(18,156)
02320 Special Needs	2,945	(3,355)
02398 Foster Care	(65,888)	
02402 Disabled		(492)
	<u>61,586</u>	<u>(22,842)</u>
AANDC revenue as per funding confirmation	<u>6,481,314</u>	<u>7,547,270</u>

22 - COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year.

23- BUDGETED FIGURES

Unaudited budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the board of directors.

Micmacs of Gesgapegiag Band
Notes to Consolidated Financial Statements

Year ended March 31, 2013

24 - SEGMENT DISCLOSURES

The Organization provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by department. For each segment separately reported, the segment revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as described in the summary of Significant Accounting Policies as described in Note 3. The segment results for the period are as follows :

	Band government		Education		Social assistance	
	Unaudited Budget 2013	2012	Unaudited Budget 2013	2012	Unaudited Budget 2013	2012
Revenues						
Federal government transfers	741,717	1,025,346	2,478,010	2,364,902	781,372	1,830,549
Provincial government transfers	220,158	656,971			57,100	
Other revenues	2,500	654,207	65,799	8,155	358,392	(290,234)
Total Revenues	964,375	2,336,524	2,478,010	2,373,057	781,372	1,540,315
Expenses						
Salaries and fringe benefits	722,519	1,555,977	1,012,403	897,260	262,862	262,484
Amortization						
Other expenses	498,298	910,754	1,488,986	1,377,797	518,510	1,275,359
Total expenses	1,220,817	2,466,731	2,501,389	2,275,057	781,372	1,537,843
Excess (deficiency) of revenues over expenses	(256,442)	(130,207)	(23,379)	98,000	124,985	2,472

Micmacs of Gesgapegiag Band
Notes to Consolidated Financial Statements
Year ended March 31, 2013

24 - SEGMENT DISCLOSURES

	Health		Economic development		Community infrastructure	
	Unaudited Budget 2013	2012	Unaudited Budget 2013	2012	Unaudited Budget 2013	2012
Revenues						
Federal government transfers	2,154,230	2,228,402	100,380	100,121	393,454	1,512,298
Provincial government transfers		141,852			82,941	69,637
Other revenues	71,143	236,634	223,083	252,475	238,476	350,542
Total Revenues	2,225,373	2,465,036	323,463	352,596	631,930	1,945,781
Expenses						
Salaries and fringe benefits	1,131,547	1,385,649	327,361	196,164	142,862	298,505
Amortization			190,123	114,390		1,276,402
Other expenses	963,087	1,058,003	420,646	168,284	498,555	689,952
Total expenses	2,094,634	2,443,652	938,130	478,838	641,417	2,264,859
Excess (deficiency) of revenues over expenses	130,739	21,384	(614,667)	(126,242)	(9,487)	(319,078)
		(80,168)				(161,412)

Micmacs of Gesgapegiag Band
Notes to Consolidated Financial Statements
Year ended March 31, 2013

24 - SEGMENT DISCLOSURES

	Fisheries		Recreation		Natural resources	
	Unaudited Budget 2013	2012	Unaudited Budget 2013	2012	Unaudited Budget 2013	2012
Revenues						
Federal government transfers	180,130	310,362		3,308	135,000	135,000
Provincial government transfers	118,774	968,279	6,250	39,555	1,277,767	1,010,845
Other revenues	2,257,530	3,636,424	105,194			
Total Revenues	2,556,434	4,915,065	111,444	42,863	1,412,767	1,145,845
Expenses						
Salaries and fringe benefits	610,340	974,248	97,419	43,118	414,273	381,306
Amortization						
Other expenses	1,334,967	3,143,442	56,016	10,489	1,039,488	760,373
Total expenses	1,945,307	4,117,690	153,435	53,607	1,453,761	1,141,679
Excess (deficiency) of revenues over expenses	611,127	797,375	(41,991)	(10,744)	(40,994)	4,166

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Notes to Consolidated Financial Statements
Year ended March 31, 2013

24 - SEGMENT DISCLOSURES

	Social housing		Total	
	Unaudited Budget 2013	2013	2012	2013
	\$	\$	\$	\$
Revenues				
Federal government transfers	199,088	152,544	6,728,913	8,963,079
Provincial government transfers	203,164	166,719	338,932	2,128,597
Other revenues	516,147	511,531	2,569,649	5,825,535
Total Revenues	918,399	830,794	9,637,494	19,111,955

Expenses				
Salaries and fringe benefits	437,106	325,400	3,882,533	6,346,437
Amortization			1,466,525	1,233,355
Other expenses	737,872	930,315	5,302,403	9,632,017
Total expenses	1,174,978	1,255,715	9,184,936	17,211,809
Excess (deficiency) of revenues over expenses	(256,579)	(424,921)	452,558	(294,598)