

**Micmacs of Gesgapegiag Band**  
**Consolidated Financial Statements**  
**March 31, 2014**

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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 LLP, 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 :

  
Chief

  
Director General

July 21, 2014

## 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 statement of consolidated financial position as at March 31, 2014 and the consolidated statements of operations, accumulated surplus (deficit), changes in net debt, cash flows, operations and accumulated surplus (deficit) by program 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 \$5,616,598 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, 2013. 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 decreased by \$723,478 in 2014 and increased by \$13,396 in 2013, accumulated surplus (deficit) would have increased by \$5,616,598 in 2014 and \$6,340,076 in 2013 and liabilities would have been reduced by the same amount.

Also, 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 and 2014.

**Qualified opinion**

In our opinion, except for the effects of the matters described in the Basis for qualified opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of Micmacs of Gesgapegiag Band as at March 31, 2014 and the results of its operations 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.

*Raymond Robert Grant Thériault LLP* <sup>1</sup>

New Richmond  
July 23, 2014

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<sup>1</sup> CPA auditor, CA public accountancy permit no. A113171

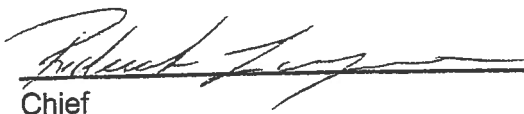
# Micmacs of Gesgapegiag Band Consolidated Financial Position

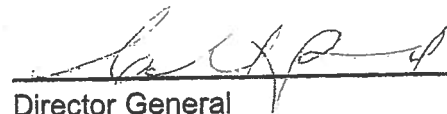
March 31, 2014

	<u>2014</u>	<u>2013</u>
	\$	\$
<b>FINANCIAL ASSETS</b>		
Term deposits	13,844	13,669
Trade and other receivables (Note 4)	2,590,596	1,811,628
Investments in subsidiaries	100	
Restricted Cash - Replacement Reserve Fund (Note 5)	1,142	1,238
	<u>2,605,682</u>	<u>1,826,535</u>
<b>LIABILITIES</b>		
Bank overdraft	1,128,502	978,968
Bank loans (Note 7)		5,400
Trade and other payables (Note 8)	3,779,044	3,469,655
Deferred revenues (Note 9)	194,934	185,396
Current portion of long-term debt	3,451,189	1,224,040
Deferred contributions related to tangible capital assets (Note 10)	5,616,598	6,340,076
Long-term debt (Note 11)	4,268,945	6,746,575
Reserve funds		
Replacement reserve (Note 5)	194,367	343,647
Operating reserve (Note 12)	154,333	113,925
	<u>18,787,912</u>	<u>19,407,682</u>
<b>NET DEBT</b>	<u>(16,182,230)</u>	<u>(17,581,147)</u>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses		91,829
Tangible capital assets (Note 6)	15,544,551	17,160,695
	<u>15,544,551</u>	<u>17,252,524</u>
<b>ACCUMULATED DEFICIT</b>	<u>(637,679)</u>	<u>(328,623)</u>

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

On behalf of the Board,

  
Chief

  
Director General

# Micmacs of Gesgapegiag Band

## Consolidated Operations

Year ended March 31, 2014

	Unaudited budget	2014	2013
	\$	\$	\$
<b>Revenues</b>			
<b><i>Federal government transfers</i></b>			
AANDC Grant	433,132	408,190	433,132
AANDC Fixed Contribution	2,589,947	3,237,412	3,287,168
AANDC Set Contribution	2,140,693	2,345,828	2,761,014
AANDC Contribution receivable (payable)		(222,353)	61,585
Correction of receivable, deferred revenues and unexpended funding of prior years		(102,022)	206,997
First Nations Education Council	495,273	523,312	511,885
Department of Fisheries and Oceans		321,210	310,362
Canada Mortgage and Housing Corporation		261,396	199,088
Health Canada	787,786	1,717,602	1,547,262
Solicitor General of Canada		255,555	238,504
Revenue Canada		90,927	
<b><i>Provincial government transfers</i></b>			
First Nations Human Resources Development Commission of Quebec		379,655	390,089
Secretariat aux Affaires Autochtones		116,162	128,162
Ministre de la Sécurité publique		288,852	273,113
First Nations of Quebec and Labrador Health and Social Services Commission		72,424	72,041
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		19,244	146,110
Ministre des Ressources naturelles et de la faune du Québec		1,100,681	1,049,451
<b><i>Other</i></b>			
Contribution from Micmacs Housing Corporation		19,677	26,103
Welfare injection		178,650	150,240
Gesgapegiag Human Resource Development Commission		214,757	179,090
Other revenue	79,623	501,251	643,280
Administration revenues		24,093	19,213
Shrimp and crab sales		3,388,851	3,244,615
Wood sales		710,746	1,060,296
Rexforêt		335,563	178,404
Firewood sales			21,504
Excavation sales		9,440	203,257
Reimbursement		382,693	364,619
Rental revenue		563,562	569,824
Interest revenue	18,401	1,341	526
Community services		21,510	21,600

## Micmacs of Gesgapegiag Band Consolidated Operations

Year ended March 31, 2014

	Unaudited budget	2014	2013
	\$	\$	\$
Cascapedia Society, Cascapedia Club and Club Micmac		350,000	246,000
Transfer from (to) the reserve for future training			24,600
Deferred contribution related to tangible capital assets		(100,000)	(749,748)
Transfer from (to) replacement reserve			117,203
Amortization of deferred contributions related to tangible capital assets		846,551	838,671
Deferred revenue from previous years	181,120	185,396	459,841
Less: Deferred revenue		(194,934)	(185,396)
	<u>6,725,975</u>	<u>18,253,222</u>	<u>19,111,955</u>
<b>Expenses</b>			
Salaries and fringe benefits	2,146,799	6,840,995	6,911,339
Travel	116,052	272,718	323,425
Professional fees	151,846	271,563	236,819
Publicity and promotion	12,000	12,404	15,155
Material and equipment rental	14,750	80,996	139,893
Training and development	36,718	61,020	24,939
Honoraria	93,740	1,200,798	1,227,937
Contracted services	281,362	2,182,228	3,404,064
Membership fees	7,700	8,250	8,400
Materials and supplies	351,966	490,950	867,651
Office supplies and expenses	15,622	41,422	45,519
Repair and maintenance	42,500	613,864	610,405
Energy	104,000	684,850	728,668
Telecommunications	56,706	123,974	108,739
Insurance	15,595	201,653	194,811
Recovery plan	4,700		
Interest and bank charges	45,590	149,061	102,325
Interest on long-term debt	34,501	328,515	401,682
Doubtful accounts		138,889	103,067
Administration charges	1,473	26,031	61,134
Room and board	5,160	11,775	3,870
Business contributions		1,942	15,600
Contributions to community activities		15,888	24,387
Band contributions		280,400	239,266
Program aids	10,000	16,729	16,077
Medical fees	18,000	8,157	4,026
Tuition fees	286,872	709,215	697,684
Cultural activities	7,000	5,607	3,420
Special education	13,032	9,122	14,412
Other	65,614	147,415	186,696
Basic needs		774,221	852,641
Special needs		13,501	21,114
Purchase of equipment		1,693	

## Micmacs of Gesgapegiag Band Consolidated Operations

Year ended March 31, 2014

	Unaudited budget	2014	2013
	\$	\$	\$
Welfare injection		181,650	153,240
Penalty and interest on source deductions	20,000	29,137	29,118
Incentive grants and graduation expenses	10,299	499	11,302
Registration fees	2,100	229,525	141,217
Living allowance	214,917	319,963	301,833
Placements		534,609	509,892
Annual contribution - replacement reserve		45,260	48,500
Expenses capitalized to tangible capital assets			(750,184)
Amortization of tangible capital assets		1,649,921	1,466,525
	<u>4,186,614</u>	<u>18,716,410</u>	<u>19,506,608</u>
<b>Excess (deficiency) of revenues over expenses</b>	<u><b>2,539,361</b></u>	<u><b>(463,188)</b></u>	<u><b>(394,653)</b></u>

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



**Micmacs of Gesgapegiag Band**  
**Consolidated Accumulated Surplus (Deficit)**

Year ended March 31, 2014

	<u>2014</u>	<u>2013</u>
	\$	\$
Balance, beginning of year		
As previously reported	(328,623)	(32,408)
Adjustment to prior years (Note 14)	<u>154,132</u>	<u>98,438</u>
As restated	(174,491)	66,030
Deficiency of revenues over expenses	<u>463,188</u>	<u>394,653</u>
Balance, end of year	<u>(637,679)</u>	<u>(328,623)</u>

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

## Micmacs of Gesgapegiag Band Consolidated Changes in Net Debt

Year ended March 31, 2014

	<u>2014</u>	<u>2013</u>
	\$	\$
Deficiency of revenues over expenses	(463,188)	(394,653)
Adjustment to prior years (Note 14)	<u>154,132</u>	<u>98,438</u>
	<u>(309,056)</u>	<u>(296,215)</u>
<b>Tangible capital assets</b>		
Acquisition of tangible capital assets	(33,777)	(1,815,219)
Amortization of tangible capital assets	<u>1,649,921</u>	<u>1,466,525</u>
<b>Total tangible capital assets</b>	<u>1,307,088</u>	<u>(644,909)</u>
Use of prepaid expenses	<u>91,829</u>	<u>13,518</u>
Changes in net debt	<u>1,398,917</u>	(631,391)
Net debt, beginning of year	<u>(17,581,147)</u>	<u>(16,949,756)</u>
Net debt, end of year	<u>(16,182,230)</u>	<u>(17,581,147)</u>

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

## Micmacs of Gesgapegiag Band Consolidated Cash Flows

Year ended March 31, 2014

	<u>2014</u>	<u>2013</u>
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Deficiency of revenues over expenses	(463,188)	(394,653)
Non-cash items		
Amortization	1,649,921	1,466,525
Amortization of deferred contributions related to tangible capital assets	(846,551)	(838,671)
Transfer to the replacement reserve fund for the year	45,260	48,500
Replacement reserve for medical transportation		(65,496)
Reserve for equipment replacement		(51,707)
Reserve for future training		(24,600)
Changes in working capital items		
Trade and other receivables	(778,968)	(207,123)
Prepaid expenses	91,829	13,518
Trade and other payables	309,389	911,146
Deferred revenues	9,538	(274,445)
Cash flows from operating activities	<u>17,230</u>	<u>582,994</u>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets and cash flows from capital activities	<u>(33,777)</u>	<u>(1,815,219)</u>
<b>INVESTING ACTIVITIES</b>		
Term deposits	(175)	(284)
Investments in subsidiaries	(100)	
Restricted cash - Replacement Reserve Fund	96	96
Cash flows from investing activities	<u>(179)</u>	<u>(188)</u>
<b>FINANCING ACTIVITIES</b>		
Net change in bank loans	(5,400)	(10,703)
Deferred contributions related to tangible capital assets	123,073	852,067
Long-term loans	1,409,852	2,650,713
Repayment of long-term debt	(1,660,333)	(1,839,018)
Cash flows from financing activities	<u>(132,808)</u>	<u>1,653,059</u>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(149,534)</b>	<b>420,646</b>
Bank overdraft, beginning of year	<u>(978,968)</u>	<u>(1,399,614)</u>
Bank overdraft, end of year	<u>(1,128,502)</u>	<u>(978,968)</u>

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

# Micmacs of Gesgapegiag Band

## Notes to Consolidated Financial Statements

March 31, 2014

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### **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 - SUMMARY OF ACCOUNTING POLICIES**

#### **Basis of presentation**

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards in the *CPA Canada Public Sector Accounting Handbook*. The Organization has elected not to apply the accounting standard recommendations applicable solely to government not-for-profit organizations in Sections PS 4200 to PS 4270 of the *CPA Canada Public Sector Accounting Handbook*.

#### **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, 2014

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### **3 - SUMMARY OF ACCOUNTING POLICIES (Continued)**

#### **Accounting estimates**

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the amounts recorded in the consolidated financial statements, notes to consolidated financial statements and consolidated schedules. 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*

Government transfers are recognized as revenue when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

##### *Contributions*

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.

##### *Other*

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

##### *Rental income*

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.

#### **Contributed supplies and services**

The Organization may recognize contributed supplies and services when the fair value of these contributions can be reasonably estimated and if it would have had to otherwise acquire these supplies and services for its normal operations.

# Micmacs of Gesgapegiag Band

## Notes to Consolidated Financial Statements

March 31, 2014

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### 3 - SUMMARY OF ACCOUNTING POLICIES (Continued)

#### Financial assets and liabilities

##### *Initial measurement*

The Organization recognizes a financial asset or a financial liability on the statement of financial position when, and only when, it becomes a party to the contractual provisions of the financial instrument. Unless otherwise stated, financial assets and liabilities are initially measured at cost.

##### *Subsequent measurement*

At each reporting date, the Organization measures its financial assets and liabilities at amortized cost (including any impairment in the case of financial assets).

The Organization determines whether there is any objective evidence of impairment of the financial assets, for both financial assets subsequently measured at amortized cost and financial assets subsequently measured at fair value. Any financial asset impairment is recognized in the statement of operations and, in the case of a financial asset classified to the fair value category, the reversal of any net remeasurements is presented in the statement of remeasurement gains and losses when an impairment is recognized.

#### Cash and cash equivalents

The Organization's policy is to present in cash and cash equivalents bank balances, including bank overdrafts whose balances fluctuate frequently from being positive to overdrawn, and investments with a maximum maturity of three months from the acquisition date or redeemable at any time without penalty.

#### Tangible capital assets

By nature, the Organization's tangible capital assets are normally used to provide future services.

Tangible capital assets acquired 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.

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.

# Micmacs of Gesgapegiag Band

## Notes to Consolidated Financial Statements

March 31, 2014

### 3 - SUMMARY OF ACCOUNTING POLICIES (Continued)

#### *Amortization*

Tangible capital assets are amortized over their estimated useful lives according to the straight-line method over the following periods:

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

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

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.

#### *Write-down*

When conditions indicate that a tangible capital asset no longer contributes to the Organization's ability to provide goods and services, or that the value of future economic benefits associated with the tangible capital asset is less than its net carrying amount, the cost of the tangible capital asset is reduced to reflect the decline in value. Any write-down of tangible capital assets is accounted for as expenses in the statement of operations and any write-downs are not subsequently reversed.

#### **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 are recorded in the consolidated statement of operations under Correction of receivable of prior years or refused deferred. Adjustments affecting prior years, resulting from C.M.H.C., are recorded in the consolidated accumulated deficit statement.

# Micmacs of Gesgapegiag Band

## Notes to Consolidated Financial Statements

March 31, 2014

### 4 - TRADE AND OTHER RECEIVABLES

	<u>2014</u>	<u>2013</u>
	\$	\$
Trade accounts receivable	321,196	211,021
Contributions receivable		
Federal government		
AANDC	55,543	162,291
Health Canada	71,523	225,200
C.M.H.C.	11,979	10,039
Other	235,537	245,074
Provincial government	1,273,837	276,286
Other	450,392	513,032
Rents receivable	1,710,017	1,583,137
Advances	58,302	37,381
Indirect taxes receivable	122,429	185,398
	<u>4,310,755</u>	<u>3,448,859</u>
Doubtful accounts	1,720,159	1,637,231
	<u>2,590,596</u>	<u>1,811,628</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:

	<u>2014</u>	<u>2013</u>
	\$	\$
<b>Restricted cash</b>		
Restricted Cash - Replacement Reserve Fund	<u>1,142</u>	<u>1,238</u>



## Micmacs of Gesgapegiag Band

### Notes to Consolidated Financial Statements

March 31, 2014

#### 5 - REPLACEMENT RESERVE FUND (Continued)

	2014	2013
	\$	\$
<b>Reserve fund</b>		
Balance, beginning of year	343,647	435,426
Corrections requested by C.M.H.C.	(25,908)	(140,279)
Adjustment to replacement reserve	(168,632)	
Adjusted balance, beginning of year	149,107	295,147
Annual contribution - replacement reserve	45,260	48,500
Balance, end of year	194,367	343,647

No amount was transferred to the replacement reserve fund in 2014.

As at March 31, 2014, the Organization does not respect the obligation to hold these funds in a separate bank account.

#### 6 - TANGIBLE CAPITAL ASSETS

	2014		2013
	Cost	Accumulated amortization	Net carrying amount
	\$	\$	\$
Land	133,592		133,592
Buildings	20,650,577	8,729,719	11,920,858
Sanitation system	7,372,856	5,580,543	1,792,313
Automotive equipment	2,988,181	1,846,818	1,141,363
Material and equipment	885,747	872,007	13,740
Roads	602,391	59,706	542,685
	<u>32,633,344</u>	<u>17,088,793</u>	<u>15,544,551</u>
			<u>17,160,695</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.

#### 8 - TRADE AND OTHER PAYABLES

	2014	2013
	\$	\$
Trade accounts	3,517,855	3,089,436
Salaries payable	79,679	120,970
Deductions at source	138,244	204,553
Accrued interest	43,266	54,696
	<u>3,779,044</u>	<u>3,469,655</u>

## Micmacs of Gesgapegiag Band

### Notes to Consolidated Financial Statements

March 31, 2014

#### 9 - DEFERRED REVENUES

	<u>2014</u>	<u>2013</u>
	\$	\$
<b>Federal government</b>		
02384 Enhanced Prevention - Foster Homes		3,256
<b>Other</b>		
08627 Renovation and/or Additions	181,120	181,120
90024 Construction Hope & AI		1,020
Gesgapegiag Human Resource Development Commission	13,814	
	<u>194,934</u>	<u>185,396</u>

#### 10 - DEFERRED CONTRIBUTIONS RELATED TO TANGIBLE CAPITAL ASSETS

	<u>2014</u>	<u>2013</u>
	\$	\$
Balance, beginning of year	6,340,076	6,326,680
<b>AANDC</b>		
08582 Wastewater - under \$1.5 M QD 88		134,000
08593 Sewer (under \$1.5M) QL57 Seq. 3		254,748
08682 Major Renovations, Extensions and Repairs QD88 Seq. 1		(6,000)
08748 Roads and Bridges QD88	100,000	100,000
Secrétariat aux Affaires Autochtones		346,490
Canada Mortgage and Housing Corporation	15,219	22,829
Investment tax credit	7,854	
Amortization	(846,551)	(838,671)
Balance, end of year	<u>5,616,598</u>	<u>6,340,076</u>

#### 11 - LONG-TERM DEBT

	<u>2014</u>	<u>2013</u>
	\$	\$
Bank of Montreal, prime rate plus 2.125% (5.125%), reimbursed during the year		6,732
Bank of Montreal, prime rate plus 2.125% (5.125%), reimbursed during the year		73,334
Bank of Montreal, prime rate plus 2.5% (5.5%), reimbursed during the year		290,286
Bank of Montreal, 3.5%, secured by 4 housing units and by AANDC, payable in monthly instalments of \$2,001, capital and interest, maturing in May 2033 but renegotiable in May 2014	336,580	349,075
Bank of Montreal, 7.2%, secured by SAA, payable in semi-annual instalments of \$58,081, capital and interest, maturing in January 2015	109,177	211,944
Bank of Montreal, prime rate plus 1.5% (4.5%), payable in monthly instalments of \$1,111, plus interest, maturing in February 2020	78,889	92,222

## Micmacs of Gesgapegiag Band

### Notes to Consolidated Financial Statements

March 31, 2014

#### 11 - LONG-TERM DEBT (Continued)

	<u>2014</u>	<u>2013</u>
	\$	\$
Bank of Montreal, 6%, payable in monthly instalments of \$2,277, capital and interest, maturing in December 2018 but renegotiable in December 2015	<b>223,353</b>	239,119
Bank of Montreal, 4.89%, secured by 1 quadruplex and by AANDC, payable in monthly instalments of \$1,652, capital and interest, maturing in July 2033 but renegotiable in July 2018	<b>249,837</b>	257,180
Bank of Montreal, 6.3%, secured by duplexes and by AANDC, payable in monthly instalments of \$4,092, capital and interest, maturing in April 2034 but renegotiable in October 2014	<b>540,488</b>	553,664
Bank of Montreal, 5.35%, payable in monthly instalments of \$1,263, capital and interest, maturing in February 2017	<b>41,046</b>	54,898
Laurentian Bank, 3.79%, payable in monthly instalments of \$243, capital and interest, maturing in February 2027 but renegotiable in August 2017	<b>29,798</b>	31,559
Laurentian Bank, 5.14%, payable in monthly instalments of \$292, capital and interest, maturing in April 2033 but renegotiable in August 2018	<b>42,526</b>	43,816
Bank of Montreal, prime rate plus 2.5% (5.5%), payable in monthly instalments of \$2,517, plus interest, maturing in November 2015	<b>50,318</b>	83,039
Bank of Montreal, prime rate plus 2% (5%), payable in monthly instalments of \$6,667, plus interest, maturing in February 2015	<b>73,334</b>	160,000
Bank of Montreal, prime rate plus 2.125% (5.125%), payable by annual instalments of \$100,000, plus interest, maturing in March 2020	<b>650,000</b>	650,000
Bank of Montreal, prime rate plus 2.5% (5.5%), payable in monthly instalments of \$4,050, plus interest, maturing in December 2015	<b>85,050</b>	137,700
Laurentian Bank, 4.29%, payable in monthly instalments of \$467, capital and interest, maturing in October 2031 but renegotiable in July 2016	<b>60,529</b>	63,487
Bank of Montreal, prime rate plus 2.5% (5.5%), payable in monthly instalments of \$544, plus interest, maturing in January 2017	<b>18,488</b>	25,013
Canada Mortgage and Housing Corporation forgivable loan, without interest, forgiveness earned of \$11,110 yearly, maturing in March 2027	<b>148,128</b>	155,534

## Micmacs of Gesgapegiag Band

### Notes to Consolidated Financial Statements

March 31, 2014

#### 11 - LONG-TERM DEBT (Continued)

	<u>2014</u>	<u>2013</u>
	\$	\$
Canada Mortgage and Housing Corporation forgivable loan, without interest, forgiveness earned of \$11,720 yearly, maturing in March 2027	<b>156,261</b>	164,074
Bank of Montreal, prime rate plus 2.5% (5.5%), payable in monthly instalments of \$1,039, plus interest, maturing in February 2017	<b>36,349</b>	48,812
Bank of Montreal, prime rate plus 2.5% (5.5%), payable in monthly instalments of \$1,333, plus interest, maturing in January 2017	<b>45,333</b>	62,667
Bank of Montreal, 5.35%, payable in monthly instalments of \$3,150, plus interest, maturing in February 2017	<b>374,812</b>	412,608
Bank of Montreal, prime rate plus 2.5% (5.5%), payable in monthly instalments of \$1,036, plus interest, maturing in May 2019	<b>63,179</b>	76,643
Bank of Montreal, 4.27%, payable in semi-annual instalments of \$15,919, capital and interest, maturing in August 2018	<b>125,933</b>	
Bank of Montreal, prime rate plus 2.5% (5.5%), payable on demand, maturing in May 2014	<b>1,041,250</b>	
Mortgage loan, secured by automotive equipment with a net carrying amount of \$664,177 as at March 31, 2014, prime rate plus 2.5% (5.5%), payable in monthly instalments of \$4,635, plus interest, maturing in July 2020	<b>486,335</b>	899,452
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	<b>62,171</b>	84,820
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 \$1,893, capital and interest, maturing in January 2018 but renegotiable in March 2015	<b>80,527</b>	97,860
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	<b>33,313</b>	49,195
Project # 10, Caisse populaire, mortgage, original amount of \$104,800, secured by 2 housing units and by the C.M.H.C., 4.213%, payable in monthly instalments of \$634, capital and interest, maturing in September 2022 but renegotiable in September 2018	<b>54,250</b>	61,525

## Micmacs of Gesgapegiag Band

### Notes to Consolidated Financial Statements

March 31, 2014

#### 11 - LONG-TERM DEBT (Continued)

	<u>2014</u>	<u>2013</u>
	\$	\$
Project # 11, Bank of Montreal, mortgage, authorized amount of \$141,910, secured by 3 housing units and by AANDC, 4.89%, payable in monthly instalments of \$888, capital and interest, maturing in December 2022 but renegotiable in December 2018	<b>76,212</b>	85,838
Project # 12, C.M.H.C., mortgage (19-072-495/001), authorized amount of \$70,000, secured by 2 housing units and 1 duplex, 1.92%, payable in monthly instalments of \$317, capital and interest, maturing in March 2024 but renegotiable in April 2019	<b>34,594</b>	37,723
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	<b>49,771</b>	53,546
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	<b>78,273</b>	83,703
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	<b>122,236</b>	130,530
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	<b>61,583</b>	65,498
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	<b>45,496</b>	47,688
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	<b>47,698</b>	49,996
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	<b>194,373</b>	203,849

**Micmacs of Gesgapegiag Band**  
**Notes to Consolidated Financial Statements**  
 March 31, 2014

**11 - LONG-TERM DEBT (Continued)**

	<u>2014</u>	<u>2013</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	<b>137,149</b>	143,609
Project # 20, C.M.H.C., mortgage (19-072-495/010), authorized amount of \$104,000, secured by 1 quadruplex, 1.67%, payable in monthly instalments of \$441, capital and interest, maturing in May 2033 but renegotiable in June 2018	<b>86,747</b>	90,271
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	<b>101,931</b>	106,193
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	<b>169,108</b>	175,066
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	<b>1,120,592</b>	1,160,290
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	<b>97,117</b>	100,557
	<b>7,720,134</b>	7,970,615
Current portion	<b>3,451,189</b>	1,224,040
	<b>4,268,945</b>	6,746,575

The estimated instalments on long-term debt for the next five years are \$3,451,189 in 2015, \$657,329 in 2016, \$667,492 in 2017, \$264,013 in 2018 and \$442,774 in 2019.

## Micmacs of Gesgapegiag Band

### Notes to Consolidated Financial Statements

March 31, 2014

#### 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:

	<u>2014</u>	<u>2013</u>
	\$	\$
<b>Reserve fund</b>		
Balance, beginning of year	113,925	72,084
Adjustments required by C.M.H.C.	<u>40,408</u>	<u>41,841</u>
	<u>154,333</u>	<u>113,925</u>

As at March 31, 2014, 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.

#### 14 - ADJUSTMENT TO PRIOR YEARS

After the review of the financial statements for the year ended March 31, 2013 by the Organization, the following adjustments were required:

	<u>2014</u>	<u>2013</u>
	\$	\$
<b>Micmacs Housing Corporation</b>		
Corrections requested by C.M.H.C.	(25,908)	(140,279)
Adjustment due to matured units	40,408	41,841
Adjustment to replacement reserve	<u>(168,632)</u>	<u></u>
	<u>(154,132)</u>	<u>(98,438)</u>

#### 15 - CONTINGENCY

As at March 31, 2014, the Organization is contingently liable as endorser in long-term debts for members of the community for the amount of \$1,185,377 (\$1,303,721 in 2013).

## Micmacs of Gesgapegiag Band

### Notes to Consolidated Financial Statements

March 31, 2014

#### 16 - ECONOMIC DEPENDENCE

The Organization receives 32% (34% in 2013) of its revenues from Aboriginal Affairs and Northern Development Canada (AANDC).

#### 17 - FINANCIAL INSTRUMENTS

##### 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.

##### 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 contributions receivable and trade and other receivables since failure of any of these parties to fulfil their obligations could result in significant financial losses for the Organization.

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>2014</u>	<u>2013</u>
	\$	\$
Term deposits	13,844	13,669
Contributions receivable	2,098,811	1,431,922
Trade and other receivables	369,356	194,308
	<u>2,482,011</u>	<u>1,639,899</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 \$1,720,159 as at March 31, 2014 (\$1,637,231 as at March 31, 2013).



## Micmacs of Gesgapegiag Band Notes to Consolidated Financial Statements

March 31, 2014

### 17 - FINANCIAL INSTRUMENTS (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 bank loans bear interest at a variable rate and the Organization is, therefore, exposed to the cash flow risks resulting from interest rate fluctuations.

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

A reasonably possible increase or decrease in interest rates of 1% (1% as at March 31, 2013) would not have a significant impact on the the Organization's deficiency of revenues over expenses and net remeasurement gains for the year.

#### 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, 2014, the Organization's contractual maturities for financial liabilities (including any interest payments) are as follows:

	Less than 1 year	6 months to 1 year	1 to 5 years	Non-interest bearing
	\$	\$	\$	\$
Trade and other payables	3,779,044			
Long-term debt	1,479,761	803,526	3,819,461	1,617,386
	<u>5,258,805</u>	<u>803,526</u>	<u>3,819,461</u>	<u>1,617,386</u>

#### Carrying amount of financial assets and liabilities by category

The carrying amount of the Organization's financial assets that are measured at amortized cost totals \$2,482,011 (\$1,639,899 as at March 31, 2013).

The Organization's financial liabilities, totalling \$12,489,436 (\$12,220,085 as at March 31, 2013), have all been classified as financial instruments measured at amortized cost.

## Micmacs of Gesgapegiag Band

### Notes to Consolidated Financial Statements

March 31, 2014

#### 18 - LEASE

The Organization has entered into long-term lease agreements expiring in September 2017 for the rental of equipment which call for minimum lease payments of \$32,991.

Minimum lease payments for the next five years are \$9,426 in 2015, 2016 and 2017 and \$4,713 in 2018.

#### 19 - TRUST FUNDS HELD BY AANDC

	March 31, 2013	Addition 2014	Withdrawals 2014	March 31, 2014
	\$	\$	\$	\$
Revenue	37,980	978		38,958
Capital	647			647
	<u>38,627</u>	<u>978</u>		<u>39,605</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.

#### 20 - AANDC FUNDING RECONCILIATION

	2014	2013
	\$	\$
AANDC funding as per financial statements	5,769,077	6,542,899
Minus: Contributions receivable (payable)		
01366 Specific and Special Claims	(58,995)	
02125 Tuition Agreements		7,212
02250 Provincial School - Direct Services		(8,504)
02267 Indian Studies Support Program Design and Delivery	(61,608)	
02305 Basic Needs	(15,949)	102,581
02308 Social Assistance for Employment and Training		23,240
02320 Special Needs		2,945
02398 Foster Care	(85,801)	(65,888)
	<u>(222,353)</u>	<u>61,586</u>
AANDC funding as per funding confirmation	<u>5,991,430</u>	<u>6,481,313</u>

#### 21 - COMPARATIVE FIGURES

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

#### 22 - 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, 2014

**23 - 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			Unaudited Budget			Unaudited Budget		
	2014	2014	2013	2014	2014	2013	2014	2014	2013
<b>Revenues</b>									
Federal government transfers	717,883	906,158	951,369	2,485,434	2,448,955	2,527,594	1,279,057	1,563,547	1,727,505
Provincial government transfers		687,751	668,481						57,100
Other revenues		804,144	663,760	18,401	20,611	65,799		56,681	358,392
<b>Total Revenues</b>	<b>717,883</b>	<b>2,398,053</b>	<b>2,283,610</b>	<b>2,503,835</b>	<b>2,469,566</b>	<b>2,593,393</b>	<b>1,279,057</b>	<b>1,620,228</b>	<b>2,142,997</b>
<b>Expenses</b>									
Salaries and fringe benefits	367,574	1,729,560	1,515,836	1,148,457	1,002,309	1,089,503		402,460	371,439
Amortization									
Other expenses	322,930	1,083,305	1,003,706	878,766	1,320,409	1,333,046		1,494,389	1,646,573
<b>Total expenses</b>	<b>690,504</b>	<b>2,812,865</b>	<b>2,519,542</b>	<b>2,027,223</b>	<b>2,322,718</b>	<b>2,422,549</b>		<b>1,896,849</b>	<b>2,018,012</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>27,379</b>	<b>(414,812)</b>	<b>(235,932)</b>	<b>476,612</b>	<b>146,848</b>	<b>170,844</b>	<b>1,279,057</b>	<b>(276,621)</b>	<b>124,985</b>

**Micmacs of Gesgapegiag Band**  
**Notes to Consolidated Financial Statements**  
Year ended March 31, 2014

**23 - SEGMENT DISCLOSURES (Continued)**

	Health		Economic development		Community infrastructure	
	Unaudited Budget 2014	2013	Unaudited Budget 2014	2013	Unaudited Budget 2014	2013
<b>Revenues</b>						
Federal government transfers	1,454,957	2,228,402	102,046	100,380	407,454	1,512,298
Provincial government transfers	79,623	236,634	116,216	223,083	181,120	82,941
Other revenues	1,534,580	2,465,036	218,262	323,463	588,574	350,542
<b>Total Revenues</b>						
<b>Expenses</b>						
Salaries and fringe benefits	599,208	1,385,649	169,963	327,361	31,560	298,505
Amortization			143,038	190,123	1,151,256	1,276,402
Other expenses	568,534	1,058,003	324,048	420,646	269,585	689,952
<b>Total expenses</b>						
<b>Excess (deficiency) of revenues over expenses</b>						
	366,838	21,384	102,046	(614,667)	287,429	(319,078)

**Micmacs of Gesgapegiag Band**  
**Notes to Consolidated Financial Statements**  
 Year ended March 31, 2014

**23 - SEGMENT DISCLOSURES (Continued)**

	Fisheries		Recreation		Natural resources	
	Unaudited Budget 2014	2013	Unaudited Budget 2014	2014	Unaudited Budget 2014	2013
<b>Revenues</b>						
Federal government transfers	266,210	310,362			135,000	135,000
Provincial government transfers	1,081,843	968,279		6,250	1,069,858	1,277,767
Other revenues	3,924,418	3,636,424		105,194		
<b>Total Revenues</b>	<b>5,272,471</b>	<b>4,915,065</b>		<b>111,444</b>	<b>1,204,858</b>	<b>1,412,767</b>
<b>Expenses</b>						
Salaries and fringe benefits	986,789	974,248		97,419	485,938	414,273
Amortization						
Other expenses	3,413,739	3,143,442		56,016	765,832	1,039,488
<b>Total expenses</b>	<b>4,400,528</b>	<b>4,117,690</b>		<b>153,435</b>	<b>1,251,770</b>	<b>1,453,761</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>871,943</b>	<b>797,375</b>		<b>(41,991)</b>	<b>(46,912)</b>	<b>(40,994)</b>

**Micmacs of Gesgapegiag Band**  
**Notes to Consolidated Financial Statements**  
 Year ended March 31, 2014

**23 - SEGMENT DISCLOSURES (Continued)**

	Social housing			Total		
	Unaudited Budget 2014	2014	2013	Unaudited Budget 2014	2014	2013
	\$	\$	\$	\$	\$	\$
<b>Revenues</b>						
Federal government transfers		261,395	199,087	6,446,831	8,782,055	9,556,997
Provincial government transfers		428,293	203,165	279,144	1,977,018	2,121,216
Other revenues		689,688	918,399	6,725,975	7,494,149	7,433,742
<b>Total Revenues</b>					<b>18,253,222</b>	<b>19,111,955</b>
<b>Expenses</b>						
Salaries and fringe benefits		187,995	437,106	2,146,799	6,840,995	6,911,339
Amortization		690,141	737,872	1,294,294	1,294,294	1,466,525
Other expenses		878,136	1,174,978	2,039,815	10,581,121	11,128,744
<b>Total expenses</b>				<b>4,186,614</b>	<b>18,716,410</b>	<b>19,506,608</b>
<b>Excess (deficiency) of revenues over expenses</b>		<b>(188,448)</b>	<b>(256,579)</b>	<b>2,539,361</b>	<b>(463,188)</b>	<b>(394,653)</b>

**Micmacs of Gesgapegiag Band  
Consolidated Operations and Accumulated Surplus (Deficit) by Program**  
(Year ended March 31, 2014)

	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
	\$	\$	\$	\$	\$	\$	\$	\$
11011 Band Support Funding	408,190	224,017	632,207	693,626	35,453	(25,966)	(609,455)	(635,421)
11016 Pension Plan Adm. Costs and Employer Contr. Seq. 1	41,003		41,003	32,254		8,749	(5,059)	3,690
11016 Pension Plan Adm. Costs and Employer Contr. Seq. 2							(13,310)	(13,310)
11017 CPP/QPP and Private Pension Plans Employer Contrib.	173,802	(7,922)	165,880	178,459		(12,579)	20,492	7,913
11072 Capacity Building	18,000		18,000	22,118		(4,118)	(625)	(4,743)
11366 Specific and Special Claims Submission	25,282	(20,349)	4,933	25,282		(20,349)	20,349	
11840 Leadership Governance Capacity Development	6,250		6,250	6,260		(10)		(10)
12057 Indian Registry Administrators	10,433		10,433	12,171		(1,738)	10,228	8,490
12105 Instructional Services Formula Seq. 1	660,639	10,395	671,034	568,762	30,838	133,110	353,026	486,136
12106 Administration - Instructional Services	7,700		7,700	7,700				
12107 Enhanced Teachers Salaries	24,550		24,550		(24,550)			
12125 Tuition Agreements	602,442	(42,955)	559,487	602,442		(42,955)	(136,704)	(179,659)
12126 Ancillary Support	15,120		15,120	15,020		100	25,940	26,040
12138 Financial Assistance Allowances (All school types)	21,510		21,510	6,187		15,323	138,780	154,103
12139 Guidance and Counselling	59,827		59,827	53,437		6,390	71,030	77,420
12140 Advice and Assistance, Provincial Schools	83,834	800	84,634	45,214		39,420	79,397	118,817
12144 Student Accomodation Service Prov. (before 02136)	5,774		5,774	11,775		(6,001)	7,270	1,269
12145 Student Transportation Services Band Op. (before 02137)	125,842	3,000	128,842	114,317		14,525	352,539	367,064

**Micmacs of Gesgapegiag Band**  
**Consolidated Operations and Accumulated Surplus (Deficit) by Program**  
 Year ended March 31, 2014

	AANDC	Other revenues	Total revenues	Total expenses	Transfers between programs	Excess (deficiency) of revenues over expenses	Adjusted accumulated surplus (deficit), beginning of year	Adjusted accumulated surplus (deficit), end of year
	\$	\$	\$	\$	\$	\$	\$	\$
2165 Manage Cultural Education Centres Program	20,853		20,853	20,853				
2234 Band Operated School - Special Education		236,366	236,366	237,346		(980)	(18,206)	(19,186)
2250 Provincial School - Direct Services	9,122		9,122	9,122			32,980	32,980
2267 Indian Studies Support Program Design and Delivery	7,560		7,560	1,272	(6,288)			
2270 Post-Secondary Student Support Program	346,850	(40,591)	306,259	346,371		(40,112)	(32,103)	(72,215)
2280 Indian and Inuit Cultural/Education Centres	717,173	84,974	802,147	754,842		47,305	(25,969)	(162,410)
2305 Basic Needs	150,492	(29,266)	121,226	181,650		(60,424)	(50,452)	(110,876)
2308 Social Assistance for Employment and Training	5,000	(1,435)	3,565	6,878		(3,313)	(10,822)	(14,135)
2320 Special Needs	43,440	879	44,319	44,319			34,656	34,656
2330 Service Delivery	248,934	96,043	344,977	344,952		25	(190,469)	(190,444)
2373 Operations - CFS								
2383 CFS Maintenance - Enhanced Prevention-Foster Homes	225,722	(85,500)	140,222	421,062		(280,840)	253,289	(27,551)
2384 CFS Maintenance - Enhanced Prevention-Group Homes		3,257	3,257	65,800		(62,543)	(13,152)	(75,695)
2385 CFS Maintenance - Enhanced Prevention-Institutions	168,674		168,674	17,586		151,088	3,504	154,592
2388 Prevention/Least Disruptive Measures	321,942	14,876	336,818	404,712		(67,894)	(43,014)	(110,908)
2395 In-Home Care	200,000		200,000	173,559		26,441	(239,964)	(213,523)
2396 Institutional Care - Type I	15,000	(556)	14,444	35,352		(20,908)	(27,927)	(48,835)
2398 Foster Care	154,199	1,394	155,593	154,199		1,394	(3,879)	(2,485)



**Micmacs of Gesgapegiag Band**  
**Consolidated Operations and Accumulated Surplus (Deficit) by Program**  
 Year ended March 31, 2014

	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
	\$	\$	\$	\$	\$	\$	\$	\$
12399 Service Delivery	52,120		52,120	54,498		(2,378)	(4,456)	(6,834)
12420 Prevention Projects	19,500		19,500	18,549		951	3,845	4,796
12440 National Child Benefit Re-investment				61,959	61,959		(92,451)	(92,451)
18110 Community Economic Development Program	102,046	37,617	139,663	140,270		(607)	41,191	40,584
18203 Reserve Land and Environmental Management Program	13,914		13,914	25,196		(11,282)	(52,395)	(63,677)
18557 Wastewater systems QL79 seq. 2	56,877	7,170	64,047	155,652		(91,605)	698	698
18565 Wastewater Systems	50,692	14,340	65,032	38,123		26,909	(476,863)	(568,468)
18566 Water Systems							(139,489)	(112,580)
18627 Renovations and/or Additions QL33	118,186		118,186	89,228		28,958	(11,656)	(11,656)
18635 Schools - O&M							85,175	114,133
18682 Major Ren., Ext. and Repairs QD88 Seq. 1	136,084		136,084	136,084				
18691 Housing Councils	12,800	19,677	32,477	42,048		(9,571)	(30,512)	(40,083)
18694 Management Support	1,200		1,200	1,200			3,225	3,225
18745 Fire Protection QD88	12,800		12,800			12,800	38,400	51,200
18748 Roads and Bridges QD88	100,000	(100,000)						
18766 Fire Protection	27,281		27,281	43,713	16,432		6,468	6,468
18767 Roads and Bridges	24,699	2,517	27,216	31,249		(4,033)	(124,998)	(129,031)
18770 Community Buildings	22,317		22,317	6,609		15,708	36,059	51,767
18773 Training - Fire Protection	12,300		12,300			12,300	50,698	62,998
18774 Maintenance Management	29,355		29,355	50,014		(20,659)	(204,638)	(225,297)
18779 Solid Waste	8,907		8,907	2,178		6,729	(8,964)	(2,235)
18805 Community Capital Facilities	42,840		42,840	37,634		5,206	212,778	217,984

**Wicmags of Gesgapegiag Band  
Consolidated Operations and Accumulated Surplus (Deficit) by Program**

Year ended March 31, 2014

	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
	\$	\$	\$	\$	\$	\$	\$	\$
10000 Medical Transportation								
10001 Tele Health	275,154	96,000	275,154	258,007	21,600	38,747	(60,769)	(22,022)
10003 National Native Alcohol and Drug Abuse Program NNADAP			96,000	76,778		19,222		19,222
10005 Aboriginal Head Start On-Reserve AHSOR	68,877		68,877		(68,877)		7,003	7,003
10006 Brighter Futures BF	65,717		65,717	43,029		22,688	29,946	52,634
10007 HIV/AIDS Program	92,780		92,780	9,971	(82,809)		42,549	42,549
10008 Maternal Child Health MCH	9,295		9,295	2,101	(37,086)	7,194	(9,615)	(2,421)
10009 Mental Health / HPV	37,086		37,086		141,826	47,154	2,856	2,856
10010 Aboriginal Diabetes Initiative ADI	225		225	94,897			166,137	213,291
10011 Building Healthy Communities - Mental Health BHC/MH	52,618		52,618	151,787	98,441	(728)	58,356	57,628
10012 Building Healthy Communities - Solvent Abuse BHC/SAP	53,876		53,876	808	(53,877)	(809)	48,886	48,077
10013 Canada Prenatal Nutrition Program CPNP	10,708		10,708		(10,708)		10,093	10,093
10014 Health Careers (on call)	15,632		15,632		(15,632)		14,734	14,734
10015 Health Planning and Management HPM	8,442		8,442	8,442			(434)	(434)
10016 Clinical and Client Care CCC	475,762		475,762	678,394	186,956	(15,676)	(449,381)	(465,057)
10018 First Nations and Inuit Health Services Accommodation	136,219		136,219		(136,219)		128,399	128,399
10020 Environmental Public Health - Drinking Water	77,092		77,092	41,841	(35,251)		21,260	21,260
10030 Children's Oral Health initiative and Dental Therapy	11,000		11,000	11,839		(839)	12,386	11,547
	19,301		19,301	19,344		(43)	(190)	(233)

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

Year ended March 31, 2014

	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
	\$	\$	\$	\$	\$	\$	\$	\$
10034 Professional Medical (Speech Therapy)		79,623	79,623	79,443		180	1,626	1,806
10050 First Nations and Inuit Home and Community Care		140,346	140,346	142,066		(1,720)	(207,970)	(209,690)
10060 Social Service Child in Foster Allowance		90,927	90,927	47,618		43,309		43,309
10070 Health Services Integration Fund		86,574	86,574	86,574			(11,214)	(11,214)
10076 Developmental Prosal AHTF							39,496	39,496
10080 Fetal Alcohol Spectrum Disorder		8,364	8,364		(8,364)			
10081 Medical Handicap Van							6,176	6,176
10091 Healing Lodge - Furniture							7,056	7,056
30000 Ballfield Repair							145	145
30015 Mawiomi Repair							(3,117)	(3,117)
30050 Coop Handicraft				3,100	3,100		(9,534)	(9,534)
30060 Walgwan Center		162,390	162,390	14,096		148,294	52,534	200,828
40000 Estuary Fishing Agreement		1,315,681	1,315,681	1,155,193	(166,801)	(6,313)	(190,398)	(196,711)
40001 Community Beautification & Elder Assistance		7,599	7,599	71,017			(102,372)	(102,372)
50002 Salmon Survey		10,560	10,560	40,850		(30,290)		(30,290)
50050 Daycare Center Rent		59,630	59,630	76,337		(16,707)	(92,786)	(109,493)
30000 Mid-shore Fisheries		3,297,389	3,297,389	2,175,367		1,122,022	11,020,454	12,142,476
30005 Fisheries Training C4		172,308	172,308	265,233			(73,661)	(73,661)
30006 Natural Resources Administration		290,588	290,588	268,367	(11,250)	10,971	(590,271)	(579,300)
30020 Mussel / Fishies Feasibility Study							(6,971)	(6,971)
30030 AICFI / AARROM							22,999	22,999

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

Year ended March 31, 2014

	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
	\$	\$	\$	\$	\$	\$	\$	\$
30032 Off-shore Mentoring	11,250	11,250	22,500		11,250			
30036 Communal Fisheries	141,797	141,797	72,672			69,125	185,291	254,416
31000 FNEC New Paths (Gathering Strength)	78,804	78,804	50,248			28,556	(6,968)	21,588
31001 Career Promotion	1,702	1,702	1,702				(3,684)	(3,684)
31002 Youth Employment	8,152	8,152			(8,152)		(17)	(17)
31003 Science and Technology	4,310	4,310	4,337			(27)	833	806
31004 Skills Link	12,373	12,373	12,373				(546)	(546)
31005 FNSSP Student success	189,179	189,179	189,179				3,378	3,378
31007 Parental Involvement	303	303	8,030			(7,727)	(9,627)	(17,354)
31008 Professional Development	9,105	9,105	10,033			(928)	(2,209)	(3,137)
31011 FNEC/DSSLP	7,000	7,000	7,000				(1,750)	(1,750)
32000 Cascapedia Society	309,118	309,118	309,118				(16,659)	(16,659)
35000 Summer Student Employment Program			70,779	70,779	70,779		1,329	1,329
35700 Probation Officer	52,955	52,955	58,764			(5,809)	(10,944)	(16,753)
36600 Fish Profits from Previous Years	300	300	329,333		(510,337)	(839,370)	(6,355,786)	(7,195,156)
38500 Farm House on Droken			3,981		3,981			
39000 Caribou Study	40,204	40,204	40,204					
70999 Forestry General	744,496	744,496	717,592			26,904	417,066	443,970
71000 Forestry Training	40,481	40,481	110,962		70,481		(101,595)	(101,595)
72000 Production/Forestry	318,631	318,631	303,807			14,824	(115,325)	(100,501)
72500 Community Firewood Assistance	90,000	90,000	105,001		15,001		(80,472)	(80,472)
73000 Baldwin & Lake St Anne Project	11,250	11,250	14,335			(3,085)	(15,837)	(18,922)
30000 Elections			38,483		38,483		(666)	(666)
30001 Housing Inspection	1,824	1,824	1,216			608	902	1,510

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

Year ended March 31, 2014

	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
	\$	\$	\$	\$	\$	\$	\$	\$
10002 INAC Repair							(138,039)	(138,039)
10003 Duplex Construction				25,934	25,934			
10004 INAC Conversion 2009	70,216	70,216	70,216	103,198		(32,982)	8,910	(24,072)
10005 Residential Rehabilitation Assistance Program								
10006 Youth Initiative Program	29,162	29,162	29,162	29,162				
10008 Band Repair (BMO)	25,068	25,068	25,068	25,557		(489)	(74,736)	(74,736)
10014 Duplex 13A&B	23,382	23,382	23,382	23,388		(6)	(24,632)	(24,632)
10015 Emergency repairs (30 Jsgewinug Street RJ Repairs)	34,428	34,428	34,428	41,587		(7,159)	(20,742)	(27,901)
10017 Leather Mitts Fabrication								
10024 Construction Hope & AI					11,054			
10030 Lot Servicing Start-up Initiative	10,500	10,500	10,500	23,119		(12,619)	(51,529)	(64,148)
10034 Assent of route 132 MTQ	90,867	90,867	90,867	91,899		(1,032)	(1,032)	(1,032)
10035 Sewer Pagtebe	1,020	1,020	1,020	8,423		(7,403)	(7,403)	(7,403)
10037 Gesgapegiag Arena					42,308			
10105 Policing Services	24,186	24,186	24,186	24,186				
10106 Police Tickets	517,626	517,626	517,626	542,375		(24,749)	(448,606)	(473,355)
10107 Dog Catcher	12,806	12,806	12,806	9,201	(3,605)		12,827	12,827
10205 Rod Lease				8,220	8,220			
10200 Pastoral Agent	25,000	25,000	25,000		(25,000)			
10000 Habitation Enhancement	5,011	5,011	5,011	4,761		230	(15,499)	(15,499)
10000 C-31 & Band Owned	9,753	9,753	9,753	41,562	31,809		(213,573)	(213,573)
10001 Mortgage Payments					22,617		(1,021,041)	(990,521)
10002 GHRDC Project	70,877	70,877	70,877	40,357		30,520	(666)	361
10003 Wreath Making Project	100,537	100,537	100,537	99,510		1,027		
GHRDC Hospitality Training)					65,703		(32,716)	(32,716)
10004 Basket Course	41,532	41,532	41,532	107,235		910	3,108	3,108
10006 Lunch Program				24,090	25,000		(11,833)	(10,923)

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

(Year ended March 31, 2014)

	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
	\$	\$	\$	\$	\$	\$	\$	\$
9008 Sediment & estuary research							597	597
9009 Butchery Project				9,238	9,238			
9990 Amortization of tangible capital assets								
Micmacs Housing Corporation	817,596	817,596	817,596	1,151,256		(333,660)	(3,756,604)	(4,090,264)
Gesgapegiag Human Resource Development Commission	413,458	413,458	413,458	480,950		(67,492)	(1,178,445)	(1,245,937)
952-9106 Québec Inc.	392,980	392,980	392,980	399,988		(7,008)	(104,680)	(111,688)
Gesgapegiag Natural Resources Inc.	38,395	38,395	38,395	456,576		(418,181)	(668,182)	(1,086,363)
Discontinued projects				75		(75)	67,434	67,359
	5,769,077	12,484,145	18,253,222	18,716,410		(463,188)	4,622,390	4,622,390
							(174,491)	(637,679)

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