

**METEPENAGLAG MI'KMAQ NATION  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2017**

### MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Metepenagiag Mi'kmaq Nation and all the information in this annual report are the responsibility of management and have been approved by Chief and Council.





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 Professional Accountants and, where appropriate, include amounts that are based on management's best estimates and judgments.


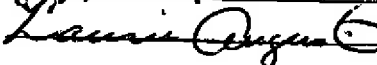
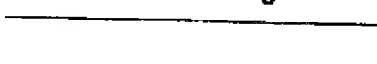
Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

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 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, Teed Saunders Doyle & Co., 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 Metepenagiag Mi'kmaq Nation and meet when required.

  
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Councilor

## INDEPENDENT AUDITOR'S REPORT

To the Chief, Councilors, and Community Members of the Metepenagiag Mi'kmaq Nation

We have audited the accompanying consolidated financial statements of Metepenagiag Mi'kmaq Nation, which comprise the consolidated statement of financial position as at March 31, 2017, and the consolidated statements of operations, changes in net debt and cash flows, and schedules 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 audit opinion.

### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Metepenagiag Mi'kmaq Nation as at March 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Fredericton, New Brunswick  
September 7, 2017

  
CHARTERED PROFESSIONAL ACCOUNTANTS

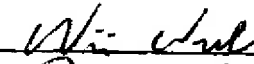


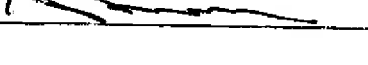
**METEPENAGIAG MI'KMAQ NATION**


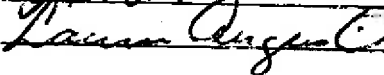
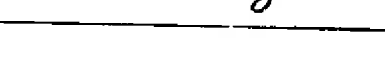
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**AS AT MARCH 31, 2017**

	<u>2017</u>	<u>2016</u>
<b>FINANCIAL ASSETS</b>		
Funds held in trust (note 5)	\$ 300,000	\$ 370,000
Accounts receivable (note 6)	289,715	388,389
Inventories for resale	<u>42,659</u>	<u>38,469</u>
Total financial assets	<u>\$ 632,374</u>	<u>\$ 796,858</u>
<b>LIABILITIES</b>		
Bank advances (note 9)	\$ 317,074	\$ 456,420
Accounts payable and accrued liabilities (note 10)	1,708,244	2,159,549
Funds on deposit with INAC (note 7)	15,385	14,973
Deferred revenue (note 11)	1,382,711	190,000
Long term debt (note 12)	<u>12,981,506</u>	<u>6,611,617</u>
Total liabilities	<u>\$16,404,920</u>	<u>\$ 9,432,559</u>
<b>NET DEBT</b>	<u>\$(15,772,546)</u>	<u>\$(8,635,701)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 8)	\$31,470,103	\$24,516,205
Prepaid expenses (note 14)	41,583	15,658
Long term investments (note 15)	28,080	15,000
Funds on deposit with INAC (note 7)	15,385	14,973
Restricted funds:		
Operating CMHC (note 13)	2,503	2,542
Reserve CMHC (note 13)	<u>145,120</u>	<u>100,517</u>
Total non-financial assets	<u>\$31,702,774</u>	<u>\$24,664,895</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 15,930,227</u>	<u>\$ 16,029,194</u>

Approved on behalf of the First Nation:

 Chief  
 Councilor  
 Councilor  
 Councilor

 Councilor  
 Councilor  
 Councilor

**METEPENAGIAG MI'KMAQ NATION**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED MARCH 31, 2017**

	2017 <u>Budget</u> (Unaudited)	2017 <u>Actual</u>	2016 <u>Actual</u>
<b>Revenue</b>			
Federal government transfers for operating/grants (note 18)	\$ 6,150,085	\$ 7,766,877	\$ 6,517,264
Federal government transfers for capital (note 18)	195,572	363,887	473,534
Provincial government transfers for operating (note 18)	353,298	426,510	520,357
Rent	192,000	268,806	210,987
Net change in funds on deposit with INAC (note 7)	-	412	(738)
Administration fees	765,171	1,051,740	905,136
Other	<u>2,532,895</u>	<u>10,747,106</u>	<u>10,139,013</u>
	<u>10,189,021</u>	<u>20,625,338</u>	<u>18,765,553</u>
<b>Expenses</b>			
Social services	1,554,079	1,630,210	1,508,427
Housing	1,259,667	1,817,296	1,598,862
Band administration	1,429,067	1,680,891	1,536,915
Economic development	352,788	465,050	376,189
Land claims	-	121,093	113,488
Health	600,079	1,250,310	1,186,778
Education	2,040,676	2,339,510	1,834,908
Other	<u>2,500,088</u>	<u>11,419,945</u>	<u>11,311,512</u>
	<u>9,736,444</u>	<u>20,724,305</u>	<u>19,467,079</u>
<b>Annual Surplus (Deficit)</b>	452,577	(98,967)	(701,526)
<b>Accumulated Surplus - Beginning of Year</b>	<u>16,029,194</u>	<u>16,029,194</u>	<u>16,730,720</u>
<b>Accumulated Surplus - End of Year</b>	<u>\$ 16,481,771</u>	<u>\$ 15,930,227</u>	<u>\$ 16,029,194</u>

**METEPENAGIAG MI'KMAQ NATION**

**CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT**

**FOR THE YEAR ENDED MARCH 31, 2017**

	<b>2017 Budget (Unaudited)</b>	<b>2017 Actual</b>	<b>2016 Actual</b>
<b>Annual Surplus</b>	\$ 452,577	\$ (98,967)	\$ (701,526)
<b>Changes in Non-Financial Assets</b>			
Acquisition of tangible capital assets	-	(8,388,871)	(861,509)
Purchase of long term investments	-	(13,080)	-
Amortization of capital assets	-	1,434,974	1,429,745
Decrease (increase) in prepaid expenses	-	(25,925)	(15,659)
Use of funds on deposit with INAC	-	(412)	738
Contributions to (withdrawals from) restricted funds - CMHC	-	(44,564)	(3,350)
	-	(7,037,878)	549,965
<b>(Increase) Decrease In Net Debt</b>	452,577	(7,136,845)	(151,561)
<b>Net Debt - Beginning Of Year</b>	(8,635,701)	(8,635,701)	(8,484,140)
<b>Net Debt - End Of Year</b>	<u>\$(8,183,124)</u>	<u>\$(15,772,546)</u>	<u>\$(8,635,701)</u>

**METEPENAGIAG MI'KMAQ NATION**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2017**

	<u>2017</u>	<u>2016</u>
<b>Cash Provided By (Required For):</b>		
<b>Operating Activities</b>		
Annual surplus	\$ (98,967)	\$ (701,526)
Amortization	<u>1,434,974</u>	<u>1,429,745</u>
	1,336,007	728,219
Changes in non-cash operating working capital items (note 19)	<u>879,962</u>	<u>4,916</u>
	<u>2,215,969</u>	<u>733,135</u>
<b>Capital transactions</b>		
Purchase of tangible capital assets	<u>(8,388,871)</u>	<u>(861,509)</u>
<b>Financing Activities</b>		
Long term debt (net)	6,369,892	(11,386)
Purchase of long term investments	(13,080)	-
Increase in restricted funds	<u>(44,564)</u>	<u>(3,350)</u>
	<u>6,312,248</u>	<u>(14,736)</u>
<b>Increase (Decrease) in Cash</b>	139,346	(143,110)
<b>Cash Position at Beginning of Year</b>	<u>(456,420)</u>	<u>(313,310)</u>
<b>Cash Position at End of Year</b>	\$ <u>(317,074)</u>	\$ <u>(456,420)</u>
<b>Cash consists of:</b>		
Bank advances	\$ <u>(317,074)</u>	\$ <u>(456,420)</u>

**METEPENAGIAG MI'KMAQ NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2017**

**1. Description of Entity**

The Metepenagiag Mi'kmaq Nation operates a First Nations Band in Metepenagiag, New Brunswick for the benefit of its members.

**2. Summary of 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 Professional Accountants Canada.

**Reporting Entity**

The Metepenagiag Mi'kmaq Nation reporting entity includes all operations of the Metepenagiag Mi'kmaq Nation government including the Metepenagiag Heritage Park Inc., 651738 N.B. Ltd. (Riverside Entertainment Centre), and Metepenagiag Economic Ventures Corporation.

**Principles of Consolidation**

All entities are fully consolidated on a line-by-line basis. Inter-organizational balances and transactions are eliminated upon consolidation.

The consolidated financial statements include the accounts of the following programs:

Social Assistance, Operations and Maintenance, Housing and Roads, Water and Sanitation, Band Administration, Economic Development, Lands Revenue and Trusts, Community Health, Fisheries, Forestry, and Education.

**Asset Classification**

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not to be consumed in the normal course of operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets and prepaid expenses.

**Cash and Cash Equivalents**

Cash and cash equivalents consist of cash on hand, balances with banks net of bank overdrafts and term deposits having maturity of three months or less at acquisition which are held for the purpose of meeting short term commitments.



**METEPENAGIAG MI'KMAQ NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2017**

**2. Significant Accounting Policies (continued)**

Accounts Receivable

Accounts receivable arise from trade receivables, loans and advances, and federal and provincial government receivables. An allowance for bad debts has been calculated by management based on an assessment of the circumstances influencing the collectibility of the amount, and by using historical loss experience. Amounts deemed uncollectible are written off and deducted from the carrying value of the receivable. Amounts subsequently recovered from accounts previously written off are credited to the allowance account in the period of recovery.

Inventories For Resale

Inventories of supplies and goods available for resale are recorded at the lower of cost and net realizable value.

Tangible Capital Assets

Tangible capital assets include acquired, built, developed and improved tangible capital assets, whose useful lives extend beyond one year and which are intended to be used on an ongoing basis for producing goods and delivering services.

Tangible capital assets are reported at net book 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.

Amortization is provided annually using the straight line basis as follows:

Residential buildings	2-4%
Commercial buildings	4%
Roads	4-8%
Water and sanitation	4%
Vehicles	30%
Other equipment	15-20%
Other	4-7%

Amortization for Metepenagiag Heritage Park Inc. is recorded using the declining balance basis at the same rates as indicated above.

Assets under construction are not amortized until the asset is available for use.

**METEPENAGIAG MI'KMAQ NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2017**

**2. Significant Accounting Policies (continued)**

**Revenue Recognition**

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues 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 from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

**Use of Estimates**

In preparing the consolidated financial statements for the government of Metepenagiag Mi'kmaq Nation, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

Significant estimates pertaining to these consolidated financial statements include the following:

- determination of amortization rates and residual values of tangible capital assets
- establishment of an allowance for doubtful accounts receivable balances

**CMHC Section 95 Housing Projects**

Housing projects funded through CMHC and eligible for federal assistance subsidies are accounted for by CMHC as pre-1997 projects and post-1977 projects. Operating surpluses can not be amalgamated between these two groups and accordingly separate sub-totals have been provided in these consolidated financial statements.

**Pension Plan**

Some employees of the Metepenagiag Mi'kmaq Nation are members of a defined contribution plan to which the band contributes between 5.5% to 9% of the employee's gross salary.

**Employee Future Benefits**

Provision is made for benefits accruing to employees in respect of wages and salaries, sick leave, annual vacation leave, and defined contributions to employee benefit plans when it is probable that settlement will be required and they are capable of being measured reliably.

**METEPENAGIAG MI'KMAQ NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2017**

**2. Significant Accounting Policies (continued)**

**Net Debt**

The First Nation's financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the First Nation is determined by its liabilities less its financial assets. Net debt is comprised of two components, non-financial assets and accumulated surplus.

**Income Taxes**

The First Nation is an Indian Band and is not subject to income tax. Accordingly, no provision has been made for income taxes.

**Financial Instruments**

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

**3. Financial Instruments**

Metepenagiag Mi'kmaq Nation is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the company's risk exposure and concentration as of March 31, 2017.

**Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The First Nation is exposed to this risk mainly in respect of its payment of funds for long-term debt, accounts payable, and government remittances payable.

**Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the entity manages exposure through its normal operating and financing activities. The First Nation is exposed to interest rate risk primarily through floating interest rates on certain bank loans.

**4. Economic Dependence**

The Metepenagiag Mi'kmaq Nation receives a major portion of its revenues pursuant to a funding agreement with Indigenous and Northern Affairs Canada and Health Canada. The continued operation of the First Nation is dependent on the continuation of these funding arrangements.

**METEPENAGIAG MI'KMAQ NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2017**

**5. Funds Held in Trust**

	<u>2017</u>	<u>2016</u>
Deposit in trust, construction lien settlement	\$ <u>300,000</u>	\$ <u>370,000</u>

**6. Accounts Receivable**

	<u>2017</u>	<u>2016</u>
Indigenous and Northern Affairs Canada	\$ 4,563	\$ 125,601
Band members	40,824	-
Department of Fisheries and Oceans	39,790	39,790
Health Canada	21,458	-
Parks Canada	60,214	55,459
Other receivables	<u>122,866</u>	<u>167,539</u>
<b>Total Accounts Receivable</b>	<b>\$ <u>289,715</u></b>	<b>\$ <u>388,389</u></b>

**7. Funds on Deposit with INAC**

Trust fund accounts 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 Sections 63 to 69 of the Indian Act.

	<u>2017</u>	<u>2016</u>
<b>Capital Account</b>		
Balance, Beginning and End of Year	\$ <u>14,973</u>	\$ <u>14,759</u>
<b>Revenue Account</b>		
Balance, Beginning of Year	214	952
Add: Interest income	198	547
Big Hole fish rent	<u>95,000</u>	<u>73,215</u>
	<u>95,412</u>	<u>74,714</u>
Less: BCR 15-14003		74,500
BCR 16-01402	<u>95,000</u>	<u>-</u>
	<u>95,000</u>	<u>74,500</u>
Balance, End of Year	<u>412</u>	<u>214</u>
Total INAC funds on deposit	\$ <u>15,385</u>	\$ <u>14,973</u>
Change in funds on deposit from prior year	\$ <u>412</u>	\$ <u>(738)</u>

**METEPENAGIAG MI'KMAQ NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2017**

**9. TANGIBLE CAPITAL ASSETS**

	Cost				Accumulated Amortization				Net Book Value	
	Opening Balance	Additions	Disposals	Transfer of Assets	Opening Balance	Amortization	Disposals, Write-offs & Other adj.	Closing Balance	Total 2017	Total 2016
Tangible Capital Assets										
Land	\$ 519,700	\$ 0,116,237	\$ -	\$ -	\$ 4,036,257	\$ -	\$ -	\$ -	\$ 5,636,257	\$ 519,700
Residential Buildings	8,177,471	156,437	-	646,196	8,980,103	2,144,127	191,115	2,335,239	1,584,864	5,973,344
Commercial Buildings	16,316,520	13,193	-	-	16,348,182	5,435,539	394,169	6,048,307	10,098,125	11,479,331
Roads	2,476,543	27,975	-	-	2,504,518	921,520	139,573	1,061,580	2,443,425	2,565,029
Water and Sanitation	4,114,531	927,289	-	-	5,042,122	2,130,661	195,119	3,223,800	3,216,322	3,284,172
Computer Equipment	485,683	1,200	-	-	486,883	359,374	19,014	306,587	88,293	126,109
Vehicles	317,375	-	-	-	415,353	348,750	57,461	402,159	15,205	35,605
Other Equipment	4,124,868	120,008	-	-	4,430,234	3,813,857	221,791	3,805,399	819,636	920,769
Licenses	1,104,285	-	-	-	1,104,285	784,399	-	784,399	319,986	319,986
Paving and Paving	23,462	-	-	-	20,462	160	-	1,787	18,675	20,259
Assets under construction	251,467	1,025,612	-	(546,145)	621,781	-	-	-	621,781	251,467
<b>Total</b>	<b>\$ 40,278,814</b>	<b>\$ 9,388,871</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 48,565,065</b>	<b>\$ 13,239,096</b>	<b>\$ 1,434,979</b>	<b>\$ 17,194,582</b>	<b>\$ 31,470,483</b>	<b>\$ 24,316,265</b>

**METEPENAGIAG MI'KMAQ NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2017**

**9. Bank Advances**

The First Nation has an operating line of credit of \$500,000 with Canadian Imperial Bank of Commerce, bearing interest at prime plus 1% which is secured by a general security agreement. At March 31, 2017 \$Nil (2016 - \$478,708) was outstanding.

**10. Accounts Payable and Accrued Liabilities**

	<u>2017</u>	<u>2016</u>
Trade payables	\$ 513,675	\$ 936,448
Government remittances payable	1,193,603	1,216,554
Accrued salaries and employee benefits payable	-	5,581
Other accrued liabilities	<u>966</u>	<u>966</u>
<b>Total Accounts Payable and Accrued Liabilities</b>	<b><u>\$ 1,708,244</u></b>	<b><u>\$ 2,159,549</u></b>

**11. Deferred Revenue**

	<u>2017</u>	<u>2016</u>
Association co-operatives des pêcheurs - shrimp revenue	\$ 110,000	\$ 150,000
INAC	1,272,711	-
Pêcheries Baie Chaleurs Fisheries (2012) Inc. - crab revenue	<u>-</u>	<u>40,000</u>
	<b><u>\$ 1,382,711</u></b>	<b><u>\$ 190,000</u></b>

**12. Long-Term Debt**

	<u>2017</u>	<u>2016</u>
CMHC loan at 1.83%, repayable in monthly instalments of \$1,329, including principal and interest, maturing in August 2019.	\$ 37,723	\$ 52,855
CMHC loan at 1.14%, repayable in monthly instalments of \$532, including principal and interest, maturing in January 2021.	23,971	30,038
CMHC loan at 1.43%, repayable in monthly instalments of \$710, including principal and interest, maturing in April 2022.	41,782	49,596
CMHC loan at 1.71%, repayable in monthly instalments of \$262, including principal and interest, maturing in September 2017.	16,542	19,387
CMHC loan at 1.53%, repayable in monthly instalments of \$703, including principal and interest, maturing in December 2017.	<u>46,500</u>	<u>54,181</u>
Carried forward	<b><u>\$ 166,518</u></b>	<b><u>\$ 206,057</u></b>

**METEPENAGIAG MI'KMAQ NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2017**

**12. Long-Term Debt (continued)**

	<u>2017</u>	<u>2016</u>
Carried forward	\$ 166,518	\$ 206,057
CMHC loan at 1.92%, repayable in monthly instalments of \$190, including principal and interest, maturing in April 2019.	14,790	16,772
CMHC loan at 1.92%, repayable in monthly instalments of \$418, including principal and interest, maturing in April 2019.	32,883	37,233
CMHC loan at 1.39%, repayable in monthly instalments of \$269, including principal and interest, maturing in June 2020.	24,417	27,284
CMHC loan at 1.14%, repayable in monthly instalments of \$290, including principal and interest, maturing in June 2021.	30,395	33,507
CMHC loan at 1.43%, repayable in monthly instalments of \$574, including principal and interest, maturing in April 2022.	64,689	70,535
CMHC loan at 1.05%, repayable in monthly instalments of \$279, including principal and interest, maturing in April 2020.	40,748	43,659
CMHC loan at 1.62%, repayable in monthly instalments of \$282, including principal and interest, maturing in March 2018.	33,610	36,427
CMHC loan at 1.11%, repayable in monthly instalments of \$265, including principal and interest, maturing in April 2021.	41,256	43,997
CMHC loan at 1.68%, repayable in monthly instalments of \$565, including principal and interest, maturing in April 2018.	120,593	125,329
CMHC loan at 1.01%, repayable in monthly instalments of \$460, including principal and interest, maturing in February 2021.	95,077	99,619
CMHC loan at 1.01%, repayable in monthly instalments of \$1,380, including principal and interest, maturing in February 2021.	285,289	298,917
CMHC loan at 0.94%, repayable in monthly instalments of \$529, including principal and interest, maturing in September 2020.	<u>107,754</u>	<u>113,066</u>
Carried forward	\$ 1,058,019	\$ 1,152,402

**METEPENAGIAG MI'KMAQ NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2017**

**12. Long-Term Debt (continued)**

	<u>2017</u>	<u>2016</u>
Carried forward	\$ 1,058,019	\$ 1,152,402
CMHC loan at 1.11%, repayable in monthly instalments of \$293, including principal and interest, maturing in April 2021.	45,588	48,617
CMHC loan at 1.3%, repayable in monthly instalments of \$1,647, including principal and interest, maturing in December 2020.	329,254	344,677
CMHC loan at 1.44%, repayable in monthly instalments of \$997, including principal and interest, maturing in February 2022.	207,270	216,064
CMHC loan at 1.43%, repayable in monthly instalments of \$543, including principal and interest, maturing in April 2022.	113,406	118,151
CMHC loan at 1.43%, repayable in monthly instalments of \$511, including principal and interest, maturing in April 2022.	106,755	111,221
CMHC loan at 1.48%, repayable in monthly instalments of \$1,000, including principal and interest, maturing in January 2022.	206,567	215,469
CMHC loan at 1.43%, repayable in monthly instalments of \$500, including principal and interest, maturing in April 2022.	104,412	108,780
CMHC loan at 2.04%, repayable in monthly instalments of \$2,171, including principal and interest, maturing in March 2019.	462,589	479,120
CMHC loan at 1.37%, repayable in monthly instalments of \$1,433, including principal and interest, maturing in July 2020.	343,801	356,238
CMHC loan at 1.68%, repayable in monthly instalments of \$1,113, including principal and interest, maturing in April 2018.	237,317	246,638
CMHC loan at .96%, repayable in monthly instalments of \$2,056, including principal and interest, maturing in September 2021.	539,023	219,409
Roynat equipment lease at 8.5%, payable in monthly instalments of \$4,944, including principal and interest, maturing in April 2019.	<u>112,905</u>	<u>160,418</u>
Carried forward	\$ 3,866,906	\$ 3,777,204



# METEPENAGIAG MI'KMAQ NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

### 12. Long-Term Debt (continued)

	<u>2017</u>	<u>2016</u>
Carried forward	\$ 3,866,906	\$ 3,777,204
Bank of Montreal loan at 3.39%, repayable in monthly instalments of \$2,899, including principal and interest, maturing in August 2019, guaranteed by INAC.	493,629	510,560
CIBC loan at prime plus 1.5%, repayable in monthly principal instalments of \$6,550 plus interest. Security and obligations includes; first security interest in a 2013 Thomas Saf - T-Liner C2 school bus, first ranking interest in all personal property for Metepenagiag Mi'Kmaq Nation, property insurance and Band Council Resolution requesting that all funds due from Indigenous and Northern Affairs Canada be forwarded to the Bank until such time as all debt due to the Bank is paid in full, maturing in September 2019.	196,300	274,900
CIBC loan at prime plus 1.5%, repayable in annual principal instalments of \$100,000, plus interest. Security and obligations includes; first security interest in a 2013 Thomas Saf - T-Liner C2 school bus, first ranking interest in all personal property for Metepenagiag Mi'Kmaq Nation, property insurance and Band Council Resolution requesting that all funds due from Indigenous and Northern Affairs Canada be forwarded to the Bank until such time as all debt due to the Bank is paid in full, maturing in July 2017.	100,000	260,000
CIBC loan at prime plus 1.5%, repayable in monthly principal instalments of \$1,787 plus interest. Security and obligations includes; first security interest in a 2013 Thomas Saf - T-Liner C2 school bus, first ranking interest in all personal property for Metepenagiag Mi'Kmaq Nation, property insurance and Band Council Resolution requesting that all funds due from Indigenous and Northern Affairs Canada be forwarded to the Bank until such time as all debt due to the Bank is paid in full, maturing in June 2018.	26,806	48,250
CMHC loan advances, repayments to commence upon completion of construction.	381,198	-
CMHC loan at 1.31%, repayable in monthly instalments of \$711, including principal and interest, maturing in December 2021.	<u>180,650</u>	<u>-</u>
Carried forward	\$ 5,245,489	\$ 4,810,914

**METEPENAGIAG MI'KMAQ NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2017**

**12. Long-Term Debt (continued)**

	<u>2017</u>	<u>2016</u>
Carried forward	\$ 5,245,489	\$ 4,810,914
CIBC loan at 5.14%, repayable in monthly instalments of \$603, including principal and interest, maturing in February 2019.	95,428	97,742
CIBC loan at 5.14%, repayable in monthly instalments of \$603, including principal and interest, maturing in February 2019.	95,428	97,742
CIBC loan at 5.14%, repayable in monthly instalments of \$603, including principal and interest, maturing in February 2019.	95,428	97,742
CIBC loan at 5.14%, repayable in monthly instalments of \$603, including principal and interest, maturing in March 2019.	95,626	97,929
CIBC loan at prime plus 1.5%, repayable in monthly principal instalments of \$2,083 plus interest. Security and obligations includes; first security interest in a 2013 Thomas Saf - T-Liner C2 school bus, first ranking interest in all personal property for Metepenagiag Mi'Kmaq Nation, property insurance and Band Council Resolution requesting that all funds due from Indigenous and Northern Affairs Canada be forwarded to the Bank until such time as all debt due to the Bank is paid in full, the loan matured during the year.	-	8,333
CIBC loan at prime plus 1.5%, repayable in annual principal instalments of \$200,000 plus monthly interest. Security and obligations includes; first security interest in a 2013 Thomas Saf - T-Liner C2 school bus, first ranking interest in all personal property for Metepenagiag Mi'Kmaq Nation, property insurance and Band Council Resolution requesting that all funds due from Indigenous and Northern Affairs Canada be forwarded to the Bank until such time as all debt due to the Bank is paid in full, maturing in October 2018.	370,000	370,000
Provincial tuition payable, without interest, repayable in monthly principal instalments of \$3,463 maturing in July 2032.	633,844	675,401
INAC loan at 0%, repayable in monthly principal instalments of \$6,000, maturing in January 2021.	<u>290,814</u>	<u>355,814</u>
Carried forward	\$ 6,922,057	\$ 6,611,617

**METEPENAGIAG MI'KMAQ NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2017**

**12. Long-Term Debt (continued)**

Carried forward	\$ 6,922,057	\$ 6,611,617
CIBC Loan with twelve months of interest only payments followed by 180 regular monthly payments of \$35,555.55 plus interest. Security and obligations includes: first ranking interest in all personal property present and after acquired for Metepenagiag Mi'Kmaq Nation and Band Council Resolution requesting that all funds due from Aboriginal Affairs and Northern Development Canada be forwarded to the Bank until such time as all debt due to the Bank is paid in full.	<u>6,059,449</u>	<u>-</u>
	<u>\$12,981,506</u>	<u>\$ 6,611,617</u>

Anticipated annual principal repayments over the next five years and thereafter are as follows:

2018	\$ 961,948
2019	2,211,692
2020	1,242,211
2021	1,693,229
2022	1,643,281
Thereafter	<u>5,229,145</u>
	<u>\$12,981,506</u>

**13. Restricted Funds**

**Operating Reserve**

Under the terms of the agreement with CMHC, any surplus for post 1997 projects, after payment of all costs and expenses including the allocation to the replacement reserve, will be retained by the First Nation within an operating reserve. This reserve will be available to offset future year post 1997 project deficits. The Metepenagiag Mi'Kmaq Nation has agreed to maintain operating reserve funds and accumulating interest in a separate bank and investment accounts which are insured by CDIC.

**Replacement Reserve**

Under the terms of agreements with Canada Mortgage and Housing Corporation, the replacement reserve account is to be credited in the total amount of \$49,005 annually to fund future asset replacement. These funds, along with accumulated interest, must be held in separate bank or investment accounts which are insured by the Canada Deposit Insurance Corporation (CDIC) or as may otherwise be approved by CMHC. Expenditures made by the replacement reserve fund require advance approval by CMHC.

**METEPENAGIAG MI'KMAQ NATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2017**

**13.Restricted Funds (continued)**

**Subsidy Reserve**

Under the terms of the agreement with CMHC, surpluses related to pre 1998 projects may be retained in a Subsidy Surplus Reserve up to a maximum of \$500 per unit plus interest. The reserve is to be comprised of monies deposited in separate bank or investment accounts which are insured by the CDIC or as may otherwise be approved by CMHC. The funds in this account may only be used to meet future subsidy requirements of income-tested occupants over and above the maximum federal assistance. When the fund has attained the maximum of \$500 per unit, up to 10% of the excess funds during a year may be transferred to other projects owned by the borrower requiring additional assistance if they are within the same area and are assisted under the same program. There was no balance in the subsidy surplus reserve fund as at March 31, 2017.

	<u>2017</u>	<u>2016</u>
Operating reserve	\$ 2,503	\$ 2,542
Replacement reserve	145,120	100,517
Subsidy reserve	<u>-</u>	<u>-</u>
	<b><u>\$ 147,623</u></b>	<b><u>\$ 103,059</u></b>

**14.Prepaid Expenses**

	<u>2017</u>	<u>2016</u>
Insurance	\$ 13,635	\$ 13,658
Other	-	2,000
2017 Trout Derby	<u>27,949</u>	<u>-</u>
Total Prepaid Expenses	<b><u>\$ 41,584</u></b>	<b><u>\$ 15,658</u></b>

**15.Long Term Investments**

	<u>2017</u>	<u>2016</u>
Metepenagiag Economic Ventures Corporation	\$ 1	\$ -
Other investments	<u>28,079</u>	<u>15,000</u>
	<b><u>\$ 28,080</u></b>	<b><u>\$ 15,000</u></b>

**METEPENAGIAG MI'KMAQ NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2017**

**16.Reconciliation Of Indigenous and Northern Affairs Canada (INAC) Funding**

Social Assistance	\$ 1,905,789
Operations and Maintenance	251,790
Housing and Roads	363,887
Water and Sanitation	1,060,029
Band Administration	638,900
Economic Development	25,000
Community Health	129,013
Education	<u>1,639,031</u>
Total INAC funding per consolidated financial statements	6,013,439
Deferred INAC funding - Water and Sanitation	<u>1,272,711</u>
	<b>\$ 7,286,150</b>
Funding per INAC revenue confirmation	<u>\$ 7,286,150</u>

**17.Expenses by Object**

The following is a summary of expenses by object.

	<u>2017</u>	<u>2016</u>
Amortization	\$ 1,434,974	\$ 1,429,745
Consulting	117,414	142,182
Financial administration	1,051,740	905,316
Insurance	247,391	256,875
Interest and bank charges	79,457	33,813
Interest on long term debt	192,241	241,042
Miscellaneous	398,575	271,108
Office supplies	125,480	57,439
Other	10,661,456	10,331,497
Professional fees	178,396	105,164
Repairs and maintenance	563,329	477,046
Salaries and benefits	4,840,646	4,469,417
Supplies	161,178	116,047
Travel and staff development	236,252	219,898
Utilities	<u>435,776</u>	<u>410,490</u>
	<b>\$ 20,724,305</b>	<b>\$ 19,467,079</b>

**METEPENAGIAG MI'KMAQ NATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2017**

**18. Government Transfers**

	<u>Operating /Grants</u>	<u>Capital</u>	<u>2017 Total</u>
<b>Federal government transfers:</b>			
Indigenous and Northern Affairs Canada	\$ 5,649,552	\$ 363,887	\$ 6,013,439
Health Canada	758,114	-	758,114
Canada Mortgage and Housing Corporation	317,237	-	317,237
Other	<u>1,041,974</u>	<u>-</u>	<u>1,041,974</u>
	7,766,877	363,887	8,130,764
<b>Provincial government transfers:</b>	<u>426,510</u>	<u>-</u>	<u>426,510</u>
	<u>\$ 8,193,387</u>	<u>\$ 363,887</u>	<u>\$ 8,557,274</u>

	<u>Operating</u>	<u>Capital</u>	<u>2016 Total</u>
<b>Federal government transfers:</b>			
Indigenous and Northern Affairs Canada	\$ 4,703,630	\$ 473,534	\$ 5,177,164
Health Canada	741,863	-	741,863
Canada Mortgage and Housing Corporation	152,380	-	152,380
Other	<u>919,391</u>	<u>-</u>	<u>919,391</u>
	6,517,264	473,534	6,990,798
<b>Provincial government transfers:</b>	<u>520,357</u>	<u>-</u>	<u>520,357</u>
	<u>\$ 7,037,621</u>	<u>\$ 473,534</u>	<u>\$ 7,511,155</u>

**19. Changes in Non-Cash Operating Working Capital Items**

	<u>2017</u>	<u>2016</u>
Funds held in trust	\$ 70,000	\$ (280,302)
Accounts receivable	98,674	297,949
Prepaid expenses	(25,925)	(15,658)
Inventory	(4,190)	(14,001)
Accounts payable and accrued liabilities	(451,308)	(23,072)
Deferred revenue	<u>1,192,711</u>	<u>40,000</u>
	<u>\$ 879,962</u>	<u>\$ 4,916</u>

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**METEPENAGIAG MI'KMAQ NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2017**

**20. Contingencies**

Metepenagiag Mi'kmaq Nation has entered into contribution agreements with various federal government departments. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements.

In addition, in the normal course of its operations, Metepenagiag Mi'kmaq Nation may become involved in legal actions. Some other potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded on Metepenagiag Mi'kmaq Nation's consolidated financial statements.

**21. Comparative Figures**

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

**22. Budget Figures**

Unaudited budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the chief and councilors of Metepenagiag Mi'kmaq Nation.

**METEPENAGIAG MI'KMAQ NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2017**

**23. Segment Disclosure**

The presentation by segment is based on the same accounting policies as described in the summary of Significant Accounting Policies as described in Note 1. The following table presents the expenses incurred and the revenue generated by main object of expense and by major revenue type. The segment results for the period are as follows:

	Education			Health			Economic Development		
	Budget 2017	2017	2016	Budget 2017	2017	2016	Budget 2017	2017	2016
<b>Revenues</b>									
Federal Government Operating/Grant Transfers	\$ 1,625,236	\$ 1,639,031	\$ 1,621,570	\$ 758,539	\$ 887,127	\$ 880,415	\$ 229,444	\$ 345,640	\$ 221,541
Federal Government Capital Transfers	-	-	196,000	-	-	-	-	-	-
Provincial Government Operating Transfers	-	-	-	-	-	-	-	-	3,469
Provincial Government Capital Transfers	-	-	-	-	-	-	-	-	-
Rent	-	-	-	-	-	-	-	-	-
Net Amounts Earned (Withdrawn) from Held in Trust by Federal Government	-	-	-	-	-	-	-	-	-
Administration Fees	-	-	-	-	-	-	-	-	-
Other	526,709	696,928	328,478	-	17,682	-	-	-	-
<b>Total Revenues</b>	<b>2,151,945</b>	<b>2,335,959</b>	<b>2,146,048</b>	<b>758,539</b>	<b>904,809</b>	<b>880,415</b>	<b>229,444</b>	<b>345,640</b>	<b>225,410</b>
<b>Expenses</b>									
Salaries and benefits	911,331	1,064,048	703,863	322,310	268,064	323,106	117,444	188,430	87,683
Debt Servicing	-	26,805	32,166	-	7,875	9,450	54,000	86,844	78,657
Amortization	-	-	-	-	-	-	-	-	-
Other Expenses	1,129,345	1,348,546	1,098,879	277,769	974,371	854,222	181,344	190,575	209,850
<b>Total Expenses</b>	<b>2,040,676</b>	<b>2,339,411</b>	<b>1,834,908</b>	<b>600,079</b>	<b>1,250,310</b>	<b>1,186,778</b>	<b>352,788</b>	<b>465,849</b>	<b>376,190</b>
<b>Annual Surplus (Deficit)</b>	<b>\$ 111,269</b>	<b>\$ (3,552)</b>	<b>\$ 311,140</b>	<b>\$ 158,460</b>	<b>\$ (345,501)</b>	<b>\$ (306,363)</b>	<b>\$ (123,344)</b>	<b>\$ (119,409)</b>	<b>\$ (150,780)</b>



**METEPENAGIAG MI'KMAQ NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**23. Segment Disclosure (continued)**

	Housing			Social Services			Band Government Budget		
	Budget 2017	2017	2016	Budget 2017	2017	2016	Budget 2017	2017	2016
<b>Revenues</b>									
Federal Government Operating/Grant Transfers	\$ 379,768	\$ 1,630,346	\$ 544,636	\$ 1,896,910	\$ 1,905,789	\$ 1,896,910	\$ 557,242	\$ 638,900	\$ 629,342
Federal Government Capital Transfers	195,572	363,887	277,534	-	-	-	-	-	-
Provincial Government Operating Transfers	-	-	-	-	-	-	228,000	277,978	312,699
Provincial Government Capital Transfers	-	-	-	-	-	-	-	-	-
Rent	192,000	206,435	179,092	-	-	-	-	12,000	22,373
Net Amounts Earned (Withdrawn) from Held in Trust by Federal Government	-	-	-	-	-	-	-	412	(738)
Administration Fees	-	-	-	-	-	-	765,171	1,851,740	905,136
Other	-	-	-	-	-	-	154,000	41,330	69,816
<b>Total Revenues</b>	<b>767,340</b>	<b>2,200,668</b>	<b>1,001,262</b>	<b>1,896,910</b>	<b>1,905,789</b>	<b>1,896,910</b>	<b>1,704,413</b>	<b>2,032,360</b>	<b>1,938,628</b>
<b>Expenses</b>									
Salaries and benefits	242,737	288,089	245,784	95,833	327,893	92,321	562,067	492,847	503,555
Debt Servicing	-	58,791	70,022	-	-	-	108,000	181,728	171,111
Amortization	564,000	608,574	652,845	-	-	-	21,600	14,860	4,845
Other Expenses	452,930	781,903	630,211	1,458,246	1,502,317	1,416,104	737,400	991,456	857,404
<b>Total Expenses</b>	<b>1,259,667</b>	<b>1,817,297</b>	<b>1,598,862</b>	<b>1,554,079</b>	<b>1,630,210</b>	<b>1,508,425</b>	<b>1,429,067</b>	<b>1,680,891</b>	<b>1,536,915</b>
<b>Annual Surplus (Deficit)</b>	<b>\$ (492,327)</b>	<b>\$ 383,391</b>	<b>\$ (597,600)</b>	<b>\$ 342,831</b>	<b>\$ 275,579</b>	<b>\$ 388,485</b>	<b>\$ 275,346</b>	<b>\$ 341,469</b>	<b>\$ 401,713</b>

**METEPENAGIAG MIKMAQ NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2017**

**23. Segment Disclosure (continued)**

	Land Claims			Other			Consolidated Totals		
	Budget 2017	2017	2016	Budget 2017	2017	2016	Budget 2017	2017	2016
<b>Revenues</b>									
Federal Government Operating/Grant Transfers	\$ -	\$ -	\$ -	\$ 702,946	\$ 720,024	\$ 722,450	\$ 6,150,085	\$ 7,766,877	\$ 6,517,264
Federal Government Capital Transfers	-	-	-	-	-	-	195,572	363,887	473,534
Provincial Government Operating Transfers	-	-	-	118,098	148,532	155,335	346,098	426,510	471,703
Provincial Government Capital Transfers	-	-	-	-	-	-	-	-	-
Rent	-	-	-	-	80,371	9,522	192,000	268,806	210,987
Net Accounts Earned (Withdrawn) from Held in Trust by Federal Government	-	-	-	-	-	-	-	412	(738)
Administration Fees	-	-	-	-	-	-	765,171	1,051,740	905,136
Other	-	-	-	1,859,386	9,991,166	9,765,046	2,540,005	18,747,106	10,163,340
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,680,430</b>	<b>10,910,893</b>	<b>10,652,353</b>	<b>10,189,021</b>	<b>20,625,336</b>	<b>18,741,226</b>
<b>Expenses</b>									
Salaries and benefits	-	-	-	1,388,131	2,368,835	2,497,741	3,639,853	4,798,198	4,454,053
Debt Servicing	-	-	-	-	31,237	15,671	108,000	271,696	256,804
Amortization	-	-	-	292,060	610,816	644,395	931,600	1,434,974	1,422,358
Other Expenses	-	121,093	113,488	319,957	8,409,856	8,129,379	5,056,991	14,219,437	13,309,537
<b>Total Expenses</b>	<b>-</b>	<b>121,093</b>	<b>113,488</b>	<b>2,500,088</b>	<b>11,419,944</b>	<b>11,287,186</b>	<b>9,736,444</b>	<b>20,724,305</b>	<b>19,442,752</b>
<b>Annual Surplus (Deficit)</b>	<b>\$ -</b>	<b>\$ (121,093)</b>	<b>\$ (113,488)</b>	<b>\$ 180,342</b>	<b>\$ (509,051)</b>	<b>\$ (634,833)</b>	<b>\$ 452,577</b>	<b>\$ (98,967)</b>	<b>\$ (701,526)</b>