
GLOOSCAP FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2014

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INDEPENDENT AUDITORS' REPORT

To the Members of Glooscap First Nation

We have audited the accompanying financial statements of Glooscap First Nation, which comprise the consolidated statement of financial position as at March 31, 2014, and the consolidated statements of operations, change in net debt and cash flows and the accompanying schedules for the year then ended, and a summary of significant accounting policies and other explanatory information.

Band Management's Responsibility for the Financial Statements

Band management is responsible for the preparation and fair presentation of these financial statements in accordance with the Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

These consolidated financial statements include the Band Controlled Entities on a modified equity basis. For the current and prior fiscal year we provided audit reports without reservation for the Band Controlled Entities.

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 these financial statements present fairly, in all material respects, the financial position of Glooscap First Nation as at March 31, 2014, and its financial performance and its cash flows for the year then ended 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.

Other Matters

Glooscap First Nation has also prepared another set of financial statements for the year ended March 31, 2014 in accordance with Canadian public sector accounting standards. However, these financial statements include unaudited supplementary schedules which present detailed program revenues and expenditures prepared to assist management of Glooscap First Nation to meet the reporting requirements of various funding agencies. Our audit report on the other set of financial statements was issued to Chief and Council of Glooscap First Nation and was dated July 30, 2014.

BDO Canada LLP

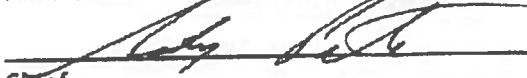
CHARTERED ACCOUNTANTS


Bridgewater, Nova Scotia
July 30, 2014


**GLOOSCAP FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2014**


	2014	2013
	\$	\$
FINANCIAL ASSETS		
Restricted cash (Note 2)	79,072	78,619
Unrestricted cash (Note 2)	30,734	81,945
Accounts receivable (Note 4)	171,845	49,274
Accumulated surplus in controlled entities (Note 5)	1,271,408	1,047,060
	<u>1,553,059</u>	<u>1,256,898</u>
 LIABILITIES		
Deferred revenue (Note 20)	91,286	16,263
Accounts payable (Note 6)	397,270	303,215
Current portion long-term debt	70,538	71,764
Long-term debt (Note 7)	1,100,927	1,041,667
	<u>1,660,021</u>	<u>1,432,909</u>
 NET DEBT	<u>(106,962)</u>	<u>(176,011)</u>
 NON-FINANCIAL ASSETS		
Housing Projects (Page 26)	1,284,914	1,156,961
Tangible capital assets (Note 15)	5,488,955	5,582,867
Prepays	3,900	7,083
	<u>6,777,769</u>	<u>6,746,911</u>
 ACCUMULATED CONSOLIDATED SURPLUS	<u>6,670,807</u>	<u>6,570,900</u>

APPROVED ON BEHALF OF THE BAND:


Chief


Councillor


Councillor


Councillor

The accompanying notes are an integral part of these financial statements.

**GLOOSCAP FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2014**

	Budget Unaudited 2014	2014	2013
		\$	\$
REVENUE			
Aboriginal Affairs and Northern Development Canada	987,189	865,525	848,926
CMHC	57,000	62,403	72,349
Confederacy of Mainland Mi'kmaq	35,000	40,507	39,235
DFO - Fisheries	40,000	82,924	40,000
Health Canada	278,091	264,750	235,651
Income - Controlled Enterprises	970,214	114,854	591,070
METS/HRDC funding	98,000	83,457	6,973
AICFI	20,000	53,830	-
ACOA	30,500	22,753	8,392
Other	217,650	1,409,197	1,282,146
	2,733,644	3,000,200	3,124,742
EXPENDITURES			
Band support	1,124,100	1,097,643	1,088,273
Community Health	244,516	267,608	242,600
Courses and summer students	135,000	212,002	92,639
Economic Development	17,000	116,616	55,430
Education	200,000	201,748	131,050
Fisheries	60,000	67,136	51,131
Operations & Maintenance	360,000	364,284	281,213
Social Housing	200,000	162,331	158,952
Social Services	375,000	374,096	388,598
	2,715,616	2,863,464	2,489,886
ANNUAL SURPLUS	18,028	136,736	634,856
ADJUSTMENT TO SURPLUS (Note 23)	-	(22,420)	-
ACCUMULATED SURPLUS - beginning of year	6,492,482	6,492,482	5,857,626
ACCUMULATED SURPLUS - end of year	6,510,510	6,606,798	6,492,482
ACCUMULATED CONSOLIDATED SURPLUS CONSISTS OF:			
Replacement Reserve (Note 8)		46,242	61,090
Accumulated Surplus		6,606,798	6,492,482
Equity in Ottawa Trust Funds (Note 19)		17,767	17,328
		6,670,807	6,570,900

The accompanying notes are an integral part of these financial statements.

**GLOOSCAP FIRST NATION
CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT
FOR THE YEAR ENDED MARCH 31, 2014**

	2014	2013
	\$	\$
ANNUAL FUND SURPLUS	136,736	634,856
Adjustment to surplus	23,140	-
Change in tangible capital assets (Housing & Admin)	(362,289)	(663,803)
Amortization of tangible capital assets	268,279	250,211
	(70,870)	(413,592)
Change in prepaid expense	3,183	(7,083)
DECREASE IN NET DEBT	69,049	214,181
NET DEBT - beginning of year	(176,011)	(390,192)
NET DEBT - end of year	(106,962)	(176,011)

The accompanying notes are an integral part of these financial statements.

**GLOOSCAP FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2014**

	2014	2013
	\$	\$
CASH FLOWS FROM:		
OPERATING ACTIVITIES		
Annual surplus	136,736	634,856
Items in earnings not involving cash		
Amortization	268,279	250,211
Adjustment to surplus	23,140	-
	428,155	885,067
Net changes in working capital balances		
Accounts receivable	(122,571)	82,273
Deferred revenue	75,023	-
Accounts payable	94,055	26,697
Prepays	3,183	(7,083)
	477,845	986,954
CAPITAL ACTIVITIES		
Net change in tangible assets	(167,816)	(864,147)
Increase in investment in housing projects	(194,912)	110,240
	(362,728)	(753,907)
INVESTING ACTIVITIES		
(Decrease) increase in surplus in controlled enterprises	(224,348)	(575,646)
(Decrease) increase in housing reserve	(14)	(45,213)
	(224,362)	(620,859)
FINANCING ACTIVITIES		
Repayments of long-term debt	-	(62,646)
Proceeds of long-term debt	58,034	429,206
	58,034	366,560
(NEGATIVE) CHANGE IN CASH DURING THE YEAR	(51,211)	(21,252)
CASH - UNRESTRICTED - beginning of year	81,945	103,197
CASH - UNRESTRICTED - end of year	30,734	81,945

The accompanying notes are an integral part of these financial statements.

**GLOOSCAP FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2014**

1. SIGNIFICANT ACCOUNTING POLICIES

Status and Nature of Activities

The Glooscap First Nation reporting entity includes the Glooscap First Nation Government and all related entities that are controlled by the First Nation.

Accounting Principles

These financial statements have been prepared in accordance with PSAAB Canadian generally accepted accounting principles modified, where appropriate, for the special circumstances of Indian Bands. The modification to Canadian generally accepted accounting principles are:

Budgeted Figures

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the Chief and Council. Budget figures have not been provided in the Statement of Change in Net Debt which is contrary to the requirements of PSAAB as only the income statement was budgeted for 2014.

Controlled Entities

The First Nation has three related entities which are accountable to it and are owned and controlled by the First Nation. These financial statements consolidate, on a modified equity basis, the investment by the First Nation in the entities. The following entities have been consolidated on a modified equity basis: Glooscap Gaming Commission, Glooscap Fisheries Enterprises and Glooscap Variety Store and Gas Bar.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, balances with banks net of banks overdrafts and term deposits having amounts of three months or less at acquisition which are held for the purpose of meeting short-term cash commitment.

Income Taxes

Income taxes are not reflected on these financial statements as the Band's operations are conducted entirely on reserve lands and are therefore not taxable.

Tangible Assets

Tangible capital assets and infrastructure expenditures are valued at acquisition cost and amortized over their useful life using the straight line method for the following number of years:

**GLOOSCAP FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2014**

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

CMHC Housing	25 years
Band Housing	25 years
Brick Buildings	40 years
Wooden Buildings	25 years
Computers	4 years
Land & Improvements	30 years
Road Equipment	15 years
Road Grade	40 years
Road Surface	20 years
Water & Sewer Networks	50 years
Machinery & Equipment	10 years

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.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service is performed.

Impairment of Non-Financial Assets

Non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit.

**GLOOSCAP FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2014**

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of Financial Assets

At each reporting date the Band assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial Assets and Financial Liabilities (Financial Instruments)

The Band has classified its financial instruments and liabilities as follows:

<u>Financial Asset/Liability Measurement</u>	<u>Classification</u>	<u>Subsequent</u>
Cash	Loans and receivables	Amortized cost
Accounts receivable	Loans and receivables	Amortized cost
Due from related parties	Loans and receivables	Amortized cost
Accounts payable	Other financial liabilities	Amortized cost
Bank overdraft	Other financial liabilities	Amortized cost
Long-term debt	Other financial liabilities	Amortized cost

2. CASH AND CASH EQUIVALENT

Under the terms of an agreement with Canada Mortgage and Housing Corporation, Glooscap First Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Replacement Reserve.

Glooscap First Nation is also required to have Trust funds in Ottawa in a separate bank account. These funds increase annually by the interest earned. They can be withdrawn for their intended purposes if requested.

**GLOOSCAP FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2014**

2. CASH AND CASH EQUIVALENT (continued)

	2014 \$	2013 \$
<u>Externally Restricted</u>		
Replacement Reserve	61,305	61,291
Ottawa Trust Funds	17,767	17,328
	<u>79,072</u>	<u>78,619</u>
<u>Unrestricted</u>		
Operating	4,556	72,455
Housing	26,178	9,490
	<u>30,734</u>	<u>81,945</u>

3. SOCIAL SERVICES

In connection with the audit of the Social Accounts, they were only audited as to amounts received from Aboriginal Affairs and Northern Development Canada and amounts disbursed by cheque. No attempt was made to verify the entitlement of any Social recipients.

4. ACCOUNTS RECEIVABLE

	2014 \$	2013 \$
ACOA	22,753	-
CMHC	6,421	-
Department of Fisheries and Oceans	46,924	40,000
Aboriginal Affairs and Northern Development Canada	45,500	-
METS/NEO	4,097	6,973
Canadian Council on Rehabilitation and Work	6,421	-
Other	10,737	2,301
AFS-FSC	24,813	-
APC	4,179	-
	<u>171,845</u>	<u>49,274</u>

GLOOSCAP FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2014

5. SURPLUS IN CONTROLLED ENTITIES

	2014 \$	2013 \$
Glooscap Gaming Commission		
Accumulated surplus (deficit)	194,595	255,287
Due to Admin	67,610	-
	<u>262,205</u>	<u>255,287</u>
Glooscap Fisheries Enterprises		
Accumulated surplus (deficit)	136,435	79,884
Due from Glooscap First Nation	(23,668)	(25,921)
	<u>112,767</u>	<u>53,963</u>
Glooscap Economic Development Corporation		
Accumulated surplus (deficit)	(128,201)	-
Due to Glooscap First Nation	17,884	-
	<u>(110,317)</u>	<u>-</u>
Glooscap Variety Store & Gas Bar		
Accumulated surplus	1,006,315	759,019
Due to Glooscap First Nation	438	(21,209)
	<u>1,006,753</u>	<u>737,810</u>
Total Surplus	<u>1,271,408</u>	<u>1,047,060</u>

**GLOOSCAP FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2014**

6. ACCOUNTS PAYABLE

	2014 \$	2013 \$
Trade payables	374,618	267,519
Accrued Salaries and Benefits payable	8,088	1,642
Payable to Band owned enterprises	14,564	14,564
Unspent Funding Health Canada	-	19,490
	<u>397,270</u>	<u>303,215</u>

7. LONG-TERM DEBT

	2014 \$	2013 \$
4.49% first mortgage payable to Scotia Mortgage Corporation, secured by two housing units constructed in the 1990/91 fiscal year and Ministerial guarantee to lending institution. This mortgage is for a 5 year term maturing April 1, 2014 and amortized to 2014. Repayable in blended monthly payments of \$718.52.	-	8,442
2.99% first mortgage payable to Scotia Mortgage Corporation, secured by two housing units constructed in 1992/93 and by Ministerial guarantee to lending institution. This mortgage is for a 5 year term maturing May 1, 2018 and amortized to 2018. Repayable in blended monthly payments of \$621.59.	27,557	34,011
6.30% first mortgage payable to Royal Bank of Canada, secured by a duplex constructed in 1993/94 and by Ministerial guarantee to lending institution. This mortgage is for a 10 year term maturing April 1, 2014 and amortized to 2018. Repayable in blended monthly payments of \$749.64.	33,811	40,477
5.39% first mortgage payable to Royal Bank of Canada, secured by one housing unit constructed in 1993/94 and by Ministerial guarantee to lending institution. This mortgage is for a 5 year term maturing April 1, 2015 and amortized to 2020. Repayable in blended monthly payments of \$372.59.	23,154	26,277

GLOOSCAP FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2014

7. LONG-TERM DEBT (continued)

5.39% first mortgage payable to Royal Bank of Canada, secured by a single family housing unit constructed in 1994/95 and by Ministerial guarantee to lending institution. This mortgage is for a 5 year term maturing February 1, 2015 and amortized to 2020. Repayable in blended monthly payments of \$529.70.	28,411	33,116
2.96% first mortgage payable to Royal Bank of Canada, secured by two housing units constructed in 1995/96 and by Ministerial guarantee to lending institution. This mortgage is for a 5 year term maturing February 1, 2017 and amortized to 2021. Repayable in blended monthly payments of \$830.65.	70,925	78,656
3.11% first mortgage payable to Royal Bank of Canada, secured by a single family housing unit constructed in 1996/97 and by Ministerial guarantee to lending institution. This mortgage is for a 5 year term maturing June 1, 2017 and amortized to 2022. Repayable in blended monthly payments of \$426.83.	36,900	40,801
4.99% first mortgage payable to Scotiabank, secured by a single family housing unit constructed in 1997/98 and by Ministerial guarantee to lending institution. This mortgage is for a 5 year term maturing December 1, 2017 and amortized to 2023. Repayable in blended monthly payments of \$483.43.	41,175	44,843
2.84% first mortgage payable to Canada Mortgage and Housing Corporation, secured by a single family housing unit constructed in 2004/2005 on Glooscap Reserve and by Ministerial guarantee to lending institution. This mortgage is for a 5 year term maturing April 1, 2015 and amortized to 2030. Repayable in blended monthly payments of \$334.83.	52,014	54,534
1.64% first mortgage payable to Canada Mortgage and Housing Corporation, secured by two 2 unit housing units acquired in 2006/2007 on Glooscap Reserve and by Ministerial guarantee to lending institution. This mortgage is for a 5 year term maturing February 1, 2017 and amortized to 2032. Repayable in blended monthly payments of \$1,275.89.	237,011	248,368

**GLOOSCAP FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2014**

7. LONG-TERM DEBT (continued)

1.92% first mortgage payable to Canada Mortgage and Housing Corporation, secured by one housing unit acquired in 2010/2011 on Glooscap Reserve and by Ministerial guarantee to lending institution. This mortgage is for a 5 year term maturing April 1, 2017 and amortized to 2037. Repayable in blended monthly payments of \$378.06.

84,679 87,574

1.80% first mortgage payable to Canada Mortgage and Housing Corporation, secured by one housing unit acquired in 2011/2012 on Glooscap Reserve and by Ministerial guarantee to lending institution. This mortgage is for a 5 year term maturing May 1, 2017 and amortized to 2037. Repayable in blended monthly payments of \$372.89.

84,852 87,783

2.11% first mortgage payable to Canada Mortgage and Housing Corporation, secured by one housing unit acquired in 2013/2014 on Glooscap Reserve and by Ministerial guarantee to lending institution. This mortgage is for a 5 year term maturing December 1, 2019 and amortized to 2038. Repayable in blended monthly payments of \$564.19

130,581 -

Bank of Nova Scotia 25 year mortgage, repayable in monthly payments of \$ 1,750.68 and bearing interest at an annual rate of 3.96%. This mortgage is for a 5 year term maturing August 23, 2017 and amortized to 2037

320,395 328,549

1,171,465 1,113,431
70,538 71,764

Current portion included in current liabilities

1,100,927 1,041,667

Approximate principle payments for the next 5 years are as follows:

2015	\$70,538
2016	\$72,979
2017	\$75,612
2018	\$77,712
2019	\$73,548

\$ \$
2014 2013

Interest expense for the year on long-term debt

34,436 32,636

**GLOOSCAP FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2014**

8. REPLACEMENT RESERVE

	2014 \$	2013 \$
Balance - beginning of year	61,090	48,422
Current year allocation	12,466	12,646
Interest earned	30	22
Withdrawals	(27,344)	-
	<hr/>	<hr/>
Balance - end of year	46,242	61,090

ACCUMULATED INTEREST

Balance - beginning of year	450	428
Interest earned	30	22
	<hr/>	<hr/>
Balance - end of year	480	450

The Glooscap First Nation operates 12 CMHC subsidized housing projects as at March 31, 2014. Under the terms of the agreement with CMHC, the replacement reserve account is to be credited annually with an amount established by CMHC. These funds, plus accumulated interest, must be held in a separate bank account and used for future repairs or other expenditures only as approved by CMHC.

As at March 31, 2014, the Glooscap First Nation has provided funding of reserves as follows:

	Amount of Reserve \$	Amount Funded \$
Replacement Reserve	<hr/> 46,242	<hr/> 61,305

**GLOOSCAP FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2014**

9. FUNDING - ECONOMIC DEPENDENCE

This Band receives its principal source of funding under a funding arrangement with Aboriginal Affairs and Northern Development Canada. The present agreement ended March 31, 2012. The new agreement is for a two year term ending March 31, 2014.

10. CONTINGENCIES

Glooscap First 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.

11. LEASE COMMITMENT

The Band is committed under a five year lease agreement with Xerox Canada Ltd. to pay an annual lease of \$2,912 on a quarterly basis for a copier and fax machine.

12. FINANCIAL INSTRUMENTS

Financial instruments of the Band, consisting of cash, accounts receivable, accounts payable and accrued liabilities and debt, approximate their fair value due to the short-term maturity of such instruments. Unless otherwise noted, it is management's opinion that the Band is not exposed to significant interest, currency or credit risks arising from these financial instruments.

13. RISKS AND CONCENTRATIONS

The Band is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the Band's risk exposure at the statement of financial position date, March 31, 2014.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Band is exposed to this risk mainly in respect of its accounts payable.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument fluctuate because of changes in market interest rates. The Band is exposed to interest rate risk for their loans.

Credit Risk

Credit risk arises from the possibility that the entities to which the Band provides products and services may experience financial difficulty and be unable to fulfil their obligations. The Band is exposed to financial risk that arises from the credit quality of the entities to which it provides products and services and from whom it receives revenues.

Management believes the Band's revenues are primarily from governments or their agencies and bad debts have not been significant. As such, credit risk is considered to be minimal.

GLOOSCAP FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2014

14. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES

The commercial government business enterprises that are included in the First Nation reporting entity, as described in note 2 to these financial statements includes: Glooscap Gaming Commission, Glooscap Fisheries Enterprises and Glooscap Variety Store and Gas Bar.

The following table presents condensed financial information for these commercial enterprises.

	Glooscap Gaming Commission	Glooscap Fisheries Enterprises	Glooscap Variety Store & Gas Bar	Economic Development	2014	2013
	\$	\$	\$	\$	\$	\$
Assets						
Cash	55,072	359,962	757,702	105,614	1,278,350	967,418
Accounts Receivable	7,216	34,760	219,824	3,357	265,157	83,625
Prepays	-	4,063	18,520	600	23,183	14,183
Inventory	-	-	114,187	-	114,187	123,384
Tangible Capital Assets	204,117	234,839	64,109	5,548	508,613	579,532
Other Assets	-	23,332	20,286	-	43,618	43,437
Total Assets	266,405	656,956	1,194,628	115,119	2,233,108	1,811,579
Liabilities						
Accounts Payable	71,810	5,999	79,912	243,320	401,041	94,466
Equity	194,595	650,957	1,114,716	(128,201)	1,832,067	1,717,113
Total Liabilities and Equity	266,405	656,956	1,194,628	115,119	2,233,108	1,811,579

GLOOSCAP FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2014

15. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated Amortization					Net Book Value		
	Opening Balance	Additions	Disposals	Transfers of Assets	Closing Balance	Opening Balance	Amort.	Disposals, W/O & Other Adj.	Closing Balance	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
CMHC Housing	1,708,574	89,370	-	83,093	1,881,037	551,612	44,511	-	596,123	1,284,914	1,156,961
Band Owned Housing	222,339	26,709	-	-	249,048	15,225	9,378	-	24,603	224,445	207,114
Commercial Buildings	1,442,222	21,318	-	-	1,463,540	397,158	52,423	-	449,581	1,013,959	1,045,064
Computer Equipment	67,674	3,980	-	-	71,654	22,740	16,625	-	39,365	32,289	44,934
Land & Improvements	960,557	-	-	-	960,557	136,758	30,254	-	167,012	793,545	823,800
Roads	1,159,512	-	-	-	1,159,512	246,303	34,871	-	281,174	878,338	913,210
Underground Networks	2,823,425	25,075	-	-	2,848,500	486,861	56,886	-	543,747	2,304,753	2,336,564
Vehicles & Equipment	277,169	76,133	1,604	-	351,698	148,082	23,302	13	171,397	180,301	129,088
	6,952,898	153,215	1,604	-	7,104,509	1,453,127	223,739	13	1,676,879	5,427,630	5,499,774
Assets Under Construction											
CMHC Housing	83,093	61,325	-	(83,093)	61,325	-	-	-	-	61,325	83,093
	7,035,991	153,215	-	-	7,165,834	1,453,127	223,739	-	1,676,879	5,488,955	5,582,867
	8,744,565	303,910	1,604	-	9,046,871	2,004,739	268,250	(13)	2,273,002	6,773,869	6,739,828

**GLOOSCAP FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2014**

16. GOVERNMENT TRANSFERS

	2014		2013	
Federal government transfers:	Operating	Capital	Operating	Capital
Aboriginal Affairs and Northern Development Canada	759,536	105,989	865,525	790,364
Health Canada	242,825	21,925	264,750	230,927
Canada Mortgage and Housing Corporation	47,903	14,500	62,403	45,746
DFO	41,850	41,074	82,924	40,000
ACIF1	53,830	-	53,830	8,392
Provincial	-	22,753	22,753	-
Total	1,145,944	206,241	1,352,185	1,115,429
			63,286	1,159,192

**GLOOSCAP FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2014**

17. SEGMENT DISCLOSURE

Glooscap First Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by functions. These functions are band support, community health, social services, education, operations and maintenance, capital, economic development, fisheries, housing and other projects.

	2014	2013
BAND SUPPORT		
<u>Revenues:</u>		
Provincial government capital transfers	22,753	-
Federal government operating transfers	179,421	135,578
Federal government capital transfers	-	58,562
Grants from band owned enterprises	1,121,209	1,010,011
Other	61,123	59,660
Total Revenue	<u>1,384,506</u>	<u>1,263,811</u>
<u>Expenses:</u>		
Salaries and benefits	559,603	439,170
Debt servicing	6,945	3,805
Amortization	223,768	207,497
Other Expenses	307,327	435,700
Total Expenses	<u>1,097,643</u>	<u>1,086,172</u>
Annual Surplus/(Deficit)	<u>286,863</u>	<u>177,639</u>

Note: \$ 3,980 was capitalized in 2014

COMMUNITY HEALTH

<u>Revenues:</u>		
Federal government operating transfers	242,825	230,927
Federal government capital transfers	21,925	4,724
Total Revenue	<u>264,750</u>	<u>235,651</u>
<u>Expenses:</u>		
Salaries and benefits	267,608	15,175
Other Expenses	-	235,415
Total Expenses	<u>267,608</u>	<u>250,590</u>
Annual Surplus/(Deficit)	<u>(2,858)</u>	<u>(14,939)</u>

Note: \$ 27,346 was capitalized in 2014

**GLOOSCAP FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2014**

17. SEGMENT DISCLOSURE (continued)

	2014	2013
SOCIAL SERVICES		
<u>Revenues:</u>		
Federal government operating transfers	363,224	351,650
Total Revenue	363,224	351,650
<u>Expenses:</u>		
Salaries and benefits	28,296	26,573
Other Expenses	345,800	362,025
Total Expenses	374,096	388,598
Annual Surplus/(Deficit)	(10,872)	(36,948)
 EDUCATION		
<u>Revenues:</u>		
Federal government operating transfers	174,773	169,370
Other	19,335	18,472
Total Revenue	194,108	187,842
<u>Expenses:</u>		
Salaries and benefits	10,418	8,516
Other Expenses	191,330	122,834
Total Expenses	201,748	131,350
Annual Surplus/(Deficit)	(7,640)	56,492

**GLOOSCAP FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2014**

17. SEGMENT DISCLOSURE (continued)

	2014	2013
OPERATIONS AND MAINTENANCE		
<u>Revenues:</u>		
Federal government operating transfers	65,117	63,041
Federal government capital transfers	14,500	26,600
	<hr/>	<hr/>
Total Revenue	79,617	89,641
	<hr/>	<hr/>
<u>Expenses:</u>		
Salaries and benefits	65,132	60,356
Other Expenses	299,152	220,857
	<hr/>	<hr/>
Total Expenses	364,284	281,213
	<hr/>	<hr/>
Annual Surplus/(Deficit)	(284,667)	(191,572)
	<hr/>	<hr/>

Note: \$ 59,832 was capitalized in 2014

CAPITAL

<u>Revenues:</u>		
Federal government operating transfers	60,489	58,562
Other	2,400	-
	<hr/>	<hr/>
Total Revenue	62,889	58,562
	<hr/>	<hr/>
Annual Surplus/(Deficit)	62,889	58,562
	<hr/>	<hr/>

Note: \$ 106,825 was capitalized in 2014

**GLOOSCAP FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2014**

17. SEGMENT DISCLOSURE (continued)

	2014	2013
ECONOMIC DEVELOPMENT		
<u>Revenues:</u>		
Federal government operating transfers	22,501	5,882
Other	123,893	110,814
Total Revenue	<u>146,394</u>	<u>116,696</u>
 <u>Expenses:</u>		
Salaries and benefits	27,875	34,264
Other Expenses	88,741	21,316
Total Expenses	<u>116,616</u>	<u>55,580</u>
Annual Surplus/(Deficit)	<u>29,778</u>	<u>61,116</u>
 FISHERIES		
<u>Revenues:</u>		
Federal government operating transfers	95,680	40,000
Federal government capital transfers	41,074	-
Total Revenue	<u>136,754</u>	<u>40,000</u>
 <u>Expenses:</u>		
Salaries and benefits	44,820	40,146
Other Expenses	22,314	10,985
Total Expenses	<u>67,134</u>	<u>51,131</u>
Annual Surplus/(Deficit)	<u>69,620</u>	<u>(11,131)</u>

Note: \$ 35,612 was capitalized in 2014

**GLOOSCAP FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2014**

17. SEGMENT DISCLOSURE (continued)

	2014	2013
HOUSING		
<u>Revenues:</u>		
Federal government operating transfers	45,503	45,746
Other	144,345	124,000
Total Revenue	<u>189,848</u>	<u>169,746</u>
 <u>Expenses:</u>		
Debt servicing	21,582	24,990
Amortization	44,511	42,714
Other Expenses	96,238	91,248
Total Expenses	<u>162,331</u>	<u>158,952</u>
Annual Surplus/(Deficit)	<u>27,517</u>	<u>10,794</u>
 OTHER PROJECTS		
<u>Revenues:</u>		
Federal government operating transfers	-	14,672
Other	65,261	5,400
Total Revenue	<u>65,261</u>	<u>20,072</u>
 <u>Expenses:</u>		
Salaries and benefits	159,283	63,391
Other Expenses	52,719	30,749
Total Expenses	<u>212,002</u>	<u>94,140</u>
Annual Surplus/(Deficit)	<u>(146,741)</u>	<u>(74,068)</u>

**GLOOSCAP FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2014**

18. EXPENSES BY OBJECT

The following is a summary of expenses by object.

	2014 \$	2013 \$
Salaries and wages	797,506	662,438
Employee benefits	84,812	25,858
Bank charges and interest	28,527	28,795
Professional services	101,399	74,829
Grant to band enterprises	-	230,506
Government transfers	-	19,490
Other	1,582,941	1,197,759
Amortization	268,279	250,211
	2,863,464	2,489,886

19. TRUST FUNDS HELD BY FEDERAL GOVERNMENT

	March 31, 2013 \$	Additions \$	Withdrawals \$	March 31, 2014 \$
Revenue	16,824	439	-	17,263
Capital	504	-	-	504
Total	17,328	439	-	17,767

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. DEFERRED REVENUE

	Balance March 31, 2013	Funding Received 2014	Revenue Recognized 2014	Balance March 31, 2014
Federal Government				
Capital Projects	-	45,500	-	45,500
Other	-	29,523	-	29,523
Other				
Unearned Fees	16,263	-	-	16,263
Total	16,263	75,023	-	91,286

**GLOOSCAP FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2014**

21. RESTRICTED FUNDS

Under the terms of an agreement with Canada Mortgage and Housing Corporation, Glooscap First Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Replacement Reserve Fund.

22. CONTINGENT GAIN

In the previous year, it was detected that there had been a significant cash theft from the variety store. The enterprise has proceeded with criminal investigations and intends on receiving restitution if possible. The enterprise has also filed an insurance claim in the amount of \$40,000 which is the maximum allowed according to the policy. The claim is currently being considered by the insurance company and it is not known if restitution will be received from the accused at this time.

23. ADJUSTMENT TO SURPLUS

There was an adjustment to opening surplus related to adjustments to surplus in Housing.



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REVIEW ENGAGEMENT REPORT

To the Members of
Glooscap First Nation

At the request of the Glooscap First Nation, we have reviewed the Schedule of Remuneration and Expenses for Chief and Councillors for the First Nation for the year ended March 31, 2014, calculated pursuant to the requirements of the Aboriginal Affairs and Northern Development Canada Year End Reporting Handbook covering fiscal year 2013-2014. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the First Nation.

A review does not constitute an audit and consequently we do not express an audit opinion on this Schedule of Remuneration and Expenses for Chief and Councillors.

Based on our review, nothing has come to our attention that causes us to believe that this Schedule of Remuneration and Expenses for Chief and Councillors is not, in all material respects, in accordance with the requirements of the Aboriginal Affairs and Northern Development Canada Year End Reporting Handbook covering fiscal year 2013-2014.



CHARTERED ACCOUNTANTS

Bridgewater, Nova Scotia
July 30, 2014