

GLOOSCAP FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017

Glooscap First Nation
Financial Statements
For the year ended March 31, 2017

CONTENTS

	PAGE
Management's Responsibility for the Consolidated Financial Statements	1
Independent Auditors' Report	2
Consolidated Statement of Financial Position	3
Consolidated Statement of Operations	4
Consolidated Statement of Change in Net Financial Assets	5
Consolidated Statement of Cash Flows	6
Notes to the Consolidated Financial Statements	7 - 24

GLOOSCAP FIRST NATION

Management's Responsibility for the Consolidated Financial Statements March 31, 2017

The accompanying consolidated financial statements of Glooscap First Nation are the responsibility of management and have been approved by the Council.

These 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. Management is responsible 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.

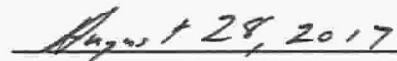
The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

The external auditors, BDO Canada LLP, conduct an audit, in accordance with Canadian generally accepted auditing standards, and express their opinion on the consolidated financial statements. The external auditors have access to financial management of Glooscap First Nation and meet when required.

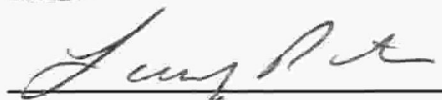
On behalf of Glooscap First Nation:



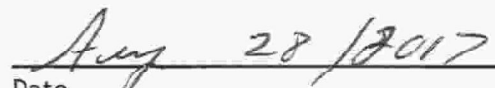
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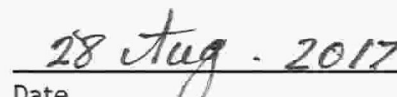
Councillor




Date



Councillor



Date



Councillor



Date



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Dartmouth NS B3B 0G5 Canada

INDEPENDENT AUDITORS' REPORT

To the Members of Glooscap First Nation

We have audited the accompanying consolidated financial statements of Glooscap First Nation, which comprise the consolidated statement of financial position as at March 31, 2017, and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Band Management's Responsibility for the Consolidated Financial Statements

Band management is responsible for the preparation and fair presentation of these financial statements in accordance with the Canadian public sector accounting standards, 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 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 of 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 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 these consolidated financial statements present fairly, in all material respects, the financial position of Glooscap First Nation as at March 31, 2017, and its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matters

Without modifying our opinion, we draw attention to Note 2 of the financial statements, which explains that certain comparative information for the year ended March 31, 2016 has been restated.

CHARTERED PROFESSIONAL ACCOUNTANTS, LICENSED PUBLIC ACCOUNTANTS

Dartmouth, Nova Scotia
July 31, 2017

**GLOOSCAP FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2017**

	2017	2016 Restated (Note 2)
	\$	\$
FINANCIAL ASSETS		
Cash and cash equivalents (Note 3)	1,643,785	1,323,443
Restricted cash (Note 3)	81,707	72,745
Investments	301,847	-
Accounts receivable (Note 4)	166,044	86,010
Inventory	66,525	64,670
Investment in government business enterprises (Note 5)	5,932,181	1,367,177
	<u>8,192,089</u>	<u>2,914,045</u>
LIABILITIES		
Accounts payable (Note 6)	195,084	239,757
Deferred revenue (Note 7)	9,942	13,009
Long-term debt (Note 8)	1,204,900	1,296,883
	<u>1,409,926</u>	<u>1,549,649</u>
NET FINANCIAL ASSETS	<u>6,782,163</u>	<u>1,364,396</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 10)	7,749,701	7,642,672
Prepays	30,138	23,415
	<u>7,779,839</u>	<u>7,666,087</u>
ACCUMULATED CONSOLIDATED SURPLUS (Note 11)	<u>14,562,002</u>	<u>9,030,483</u>

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

**GLOOSCAP FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2017**

	Budget 2017	2017	2016 Restated (Note 2)
	\$	\$	\$
REVENUE			
Aboriginal Affairs and Northern Development Canada	771,089	1,154,239	1,038,276
Atlantic Integrated Commercial Fisheries Initiative	-	93,519	38,878
Canadian Mortgage and Housing Corporation	51,017	144,134	50,336
Confederacy of Mainland Mi'kmaq	-	13,500	16,808
Department of Fisheries and Oceans	75,000	76,251	78,319
Health Canada	263,344	354,226	279,354
Mi'kmaq Employment Training Secretariat	59,040	99,240	54,211
Mi'kmaw Kina'matnewey	89,649	138,412	182,240
Province of Nova Scotia	-	59,255	64,539
Rent - Housing	132,000	136,568	362,860
Amounts earned and held in trust by federal government (Note 13)	-	346	387
Other revenue (Note 19)	5,688,228	5,406,156	4,752,680
	7,129,367	7,675,846	6,918,888
EXPENSES			
Administration	1,238,016	1,301,369	1,173,069
Community Health	310,790	354,186	308,905
Courses and summer students	101,314	186,566	142,487
Economic Development	6,384	-	9,762
Education	38,586	110,655	86,795
Commercial Fisheries	122,046	275,869	117,654
Community Fisheries	75,000	75,106	75,955
Gaming	260,900	312,716	299,162
Operations, Capital & Maintenance	391,792	162,759	208,265
Social Housing	417,982	302,563	300,376
Social Services	343,348	388,039	388,668
Variety Store & Gas Bar	2,339,380	2,408,816	2,288,643
	5,645,538	5,878,644	5,399,741
NET SUPRPLUS FROM OPERATIONS	1,483,829	1,797,202	1,519,147
INCOME FROM GOVERNMENT BUSINESS ENTERPRISES (Note 5)	-	3,709,079	209,038
ANNUAL FUND SURPLUS	1,483,829	5,506,281	1,728,185
ACCUMULATED SURPLUS - beginning of year	8,949,120	8,949,120	7,220,935
ACCUMULATED SURPLUS - end of year	10,432,949	14,455,401	8,949,120

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

**GLOOSCAP FIRST NATION
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED MARCH 31, 2017**

	Budget 2017	2017	2016 Restated (Note 2)
	\$	\$	\$
ANNUAL FUND SURPLUS	1,483,829	5,506,281	1,728,185
Increase in replacement reserve		24,891	3,581
Acquisition of tangible capital assets	-	(442,281)	(521,018)
Amortization of tangible capital assets	-	335,253	341,729
Increase (decrease) in trust held by federal government		346	387
	-	(81,791)	(175,321)
Consumption (acquisition) of prepaid expense		(6,723)	40,384
	-	(6,723)	40,384
CHANGE IN NET FINANCIAL ASSETS	1,483,829	5,417,767	1,593,248
NET FINANCIAL ASSETS (NET DEBT) - beginning of year	1,364,396	1,364,396	(228,852)
NET FINANCIAL ASSETS - end of year	2,848,225	6,782,163	1,364,396

**GLOOSCAP FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2017**

	2017	2016 Restated (Note 2)
	\$	\$
CASH FLOWS FROM:		
OPERATING ACTIVITIES		
Annual surplus	5,506,281	1,728,185
Items in earnings not involving cash		
Amortization	335,253	341,729
Investment in government business enterprises	(4,565,004)	(1,480,426)
	1,276,530	589,488
Net changes in working capital balances		
Accounts receivable	(80,034)	641,277
Inventory	(1,855)	25,992
Deferred revenue	(3,067)	(59,643)
Accounts payable	(44,673)	(386,169)
Prepays	(6,723)	40,384
	1,140,178	851,329
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(442,281)	(521,018)
INVESTING ACTIVITIES		
Investment in capital fund	(346)	(387)
Redemption (purchase) of short term investments	(301,847)	20,468
Investment in housing reserve	16,621	12,458
	(285,572)	32,539
FINANCING ACTIVITIES		
Repayments of long-term debt	(91,983)	(512,557)
Advances of long-term debt	-	106,150
	(91,983)	(406,407)
INCREASE (DECREASE) IN CASH DURING THE YEAR	320,342	(43,557)
CASH - UNRESTRICTED - beginning of year	1,323,443	1,367,000
CASH - UNRESTRICTED - end of year	1,643,785	1,323,443
Supplementary cash flow information		
Interest received in year	3,534	4,738
Interest paid in year	13,229	54,704

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, 2017**

1. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards and include all organizations, operations and activities that are:

- accountable for the administration of their financial affairs and resources directly related to the First Nation; or
- are owned or controlled by the First Nation

b. Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenses and accumulated surplus of the reporting entity. The reporting entity is comprised of all organizations which are owned or controlled by the First Nation. These financial statements include:

- Glooscap Mi'kmaq Gaming Commission
- Glooscap Variety Store & Gas Bar
- Glooscap Commercial Fisheries

c. Principles of Consolidation

All controlled entities are fully consolidated on a line-by-line basis except for commercial enterprises which meet the definition of a government business enterprise, which are included in the consolidated financial statements on a modified equity basis. Inter-organizational balances and transactions are not eliminated.

Organizations accounted for on a modified equity basis included:

- Glooscap Mi'kmaq Economic Development Corporation Limited
- Glooscap Landing #1 Limited Partnership
- Glooscap Landing #2 Limited Partnership
- Glooscap Landing #1 GP Ltd.

d. 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.

e. Pension Plan

Glooscap First Nation provides a defined contribution plan for its employees. The pension costs are charged to operations as contributions are due. Contributions are a defined amount based on a set percentage of salary.

**GLOOSCAP FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017**

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost 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 assets.

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

CMHC Housing	25 years
Band Housing	25 years
Brick Buildings	40 years
Wooden Buildings	25 years
Computer Equipment	4 years
Land & Improvements	30 years
Road Equipment	15 years
Road Grade	40 years
Road Surface	20 years
Underground Networks	50 years
Vehicles & Equipment	10 years

Contributed capital assets are recorded as 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.

g. Revenue Recognition

Revenues are recognized in the period in which the transactions or events occur that give rise to the revenues. All revenues are recorded on an accrual basis.

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.

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

**GLOOSCAP FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017**

2. PRIOR PERIOD ADJUSTMENT

CMHC completed a financial statement review on the 2015/2016 audited section 95 financial statements for the Housing Projects and recommended changes to the capital assets and replacement reserve revenue to agree with the CMHC's records. The adjustment has resulted in the following changes:

	2016 \$	Increase/(Decrease) \$	2016 Restated \$
Tangible capital assets	7,651,031	(8,358)	7,642,673
Closing accumulated surplus	8,957,478	(8,358)	8,949,120
Revenue	7,136,426	(8,500)	7,127,926
Expenses	5,399,883	(142)	5,399,741

3. CASH AND CASH EQUIVALENTS

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.

	2017 \$	2016 \$
<u>Unrestricted</u>		
Operating	1,619,743	1,316,257
Housing	24,042	7,186
	<u>1,643,785</u>	<u>1,323,443</u>
<u>Externally Restricted</u>		
Replacement Reserve	62,704	54,088
Ottawa Trust Funds (Note 13)	19,003	18,657
	<u>81,707</u>	<u>72,745</u>

**GLOOSCAP FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017**

4. ACCOUNTS RECEIVABLE

	2017 \$	2016 \$
Aboriginal Affairs and Northern Development Canada	5,142	14,129
Annapolis Valley First Nation	10,000	-
Atlantic Integrated Commercial Fisheries Initiative	62,824	3,000
Department of Fisheries and Oceans	-	7,700
Mi'kmaq Confederacy of PEI	-	3,594
Mi'kmaq Employment Training Secretariat	23,537	28,596
Mi'kmaw Kina'matnewey	16,346	3,384
Other	48,195	25,607
	166,044	86,010

5. INVESTMENTS IN GOVERNMENT BUSINESS ENTERPRISES

Glooscap First Nation owns 100% of Glooscap Mi'kmaq Economic Development Corporation Limited and Glooscap Landing #1 Limited Partnership.

The Glooscap Mi'kmaq Economic Development Corporation Limited is currently developing a parcel of land at exit 8A of Highway 101 in Nova Scotia to build a hotel, market and gas station. During the year, ownership of the land was transferred to Glooscap Landing #1 Limited Partnership.

Related Party Transactions

The following transactions occurred during the year between the government business enterprises and the First Nation included in these consolidated financial statements. These transactions are measured at the amount of consideration established and agreed to by the related parties:

- Glooscap First Nation paid \$917,220 (2016 - \$1,098,625) in grants to the Glooscap Mi'kmaq Economic Development Corporation during the year.
- Glooscap First Nation loaned \$0 (2016 - \$282,830) in non-interest bearing loans to the Glooscap Mi'kmaq Economic Development Corporation to be repaid in annual payments of \$40,000.
- Glooscap Mi'kmaq Economic Development Corporation sold land to Glooscap First Nation for \$390,000.
- Glooscap First Nation sold land to Glooscap Landing #1 Limited Partnership for \$390,000.
- Glooscap First Nation purchased 140,000 of LP units in Glooscap Landing #1 Partnership for \$140,000.

**GLOOSCAP FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017**

5. INVESTMENTS IN GOVERNMENT BUSINESS ENTERPRISES (continued)

	2017 \$	2016 \$
Glooscap Economic Development Corporation		
Accumulated surplus (deficit)	(653,290)	1,069,736
Due to Glooscap First Nation	96,146	297,441
Investment in Glooscap Economic Development Corporation	(557,144)	1,367,177
Glooscap Landing #1 Limited Partnership		
140,000 LP units of Glooscap Landing #1 Limited Partnership	140,000	-
Transfer of assets to Glooscap Landing #1 Limited Partnership	6,349,325	-
Investment in Glooscap Landing #1 Limited Partnership	6,489,325	-
Total investments in Government Business Enterprises	5,932,181	1,367,177

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

	2017 \$	2016 \$
Assets		
Cash	-	817,938
Accounts Receivable	1,529,961	205,280
Prepays	156,675	421
Tangible Capital Assets	6,747,160	826,188
Other Assets	17,218	-
Total Assets	8,451,014	1,849,827
Liabilities		
Bank Indebtedness	1,559,189	-
Accounts Payable	692,336	247,990
Long-term Debt	363,343	409,171
Other Liabilities	-	122,830
Total Liabilities	2,614,868	779,991
Capital	111	100
Capital Contributions	6,489,325	-
Retained Earnings	(653,290)	1,069,736
Total Liabilities and Equity	8,451,014	1,849,827
Results of Operations		
Revenue	46,030	848,827
Expenses	625,066	639,789
Net Income (loss) from operations	(579,036)	209,038
Funding for land development project	4,288,115	-
Net income (loss)	3,709,079	209,038

**GLOOSCAP FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017**

6. ACCOUNTS PAYABLE

	2017 \$	2016 \$
Trade payables	183,547	231,986
Accrued salaries and benefits payable	11,537	7,771
	<u>195,084</u>	<u>239,757</u>

7. DEFERRED REVENUE

	Balance March 31, 2016 \$	Funding Received 2017 \$	Revenue Recognized 2017 \$	Balance March 31, 2017 \$
Federal Government Projects	13,009	-	(3,067)	9,942

**GLOOSCAP FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017**

8. EMPLOYEE BENEFIT OBLIGATIONS

	2017 \$	2016 \$
Vacation payable included in trade payables above	<u>2,331</u>	<u>8,599</u>

Vacation and Overtime

The vacation liability is comprised of the vacation that employees are deferring to future years. Employees have either earned the benefits or are entitled to these benefits within the next budgetary year.

Pension Plan

Glooscap First Nation contributed during the year 2017 - \$45,668 (2016 - \$54,435) for retirement benefits. Glooscap First Nation does not have any other obligations with regards to the pension plan as at March 31, 2017.

9. LONG-TERM DEBT

	2017 \$	2016 \$
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.	6,749	13,892
1.92% first mortgage payable to Canada Mortgage and Housing Corporation, secured by a duplex constructed in 1993/94 and by Ministerial guarantee to lending institution. This mortgage is for a 5 year term maturing April 1, 2019 and amortized to 2019. Repayable in blended monthly payments of \$581.18.	14,256	20,900
1.16% first mortgage payable to Canada Mortgage and Housing Corporation, 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, 2019 and amortized to 2019. Repayable in blended monthly payments of \$417.26.	10,304	15,166

**GLOOSCAP FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017**

9. LONG-TERM DEBT (continued)

	2017 \$	2016 \$
1.35% first mortgage payable to Canada Mortgage and Housing Corporation, secured by one housing unit constructed in 1994/95 and by Ministerial guarantee to lending institution. This mortgage is for a 5 year term maturing May 1, 2019 and amortized to 2020. Repayable in blended monthly payments of \$481.88.	12,353	17,936
2.34% 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.	46,992	54,729
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.	24,418	28,707
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.	29,019	33,272
1.05% 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, 2020 and amortized to 2030. Repayable in blended monthly payments of \$298.15.	43,235	46,304

**GLOOSCAP FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017**

9. LONG-TERM DEBT (continued)

	2017 \$	2016 \$
1.44% 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 \$1,257.72.	201,760	213,740
1.43% 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 \$360.69.	75,657	78,525
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.	79,696	82,792
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.	114,249	123,178
2.01% first mortgage payable to Canada Mortgage and Housing Corporation, secured by one housing unit acquired in 2014/2015 on Glooscap Reserve and by Ministerial guarantee to lending institution. This mortgage is for a 5 year term maturing October 1, 2019 and amortized until 2039. Repayable in blended monthly payments of \$352.61.	76,951	79,623

**GLOOSCAP FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017**

9. LONG-TERM DEBT (continued)

	2017 \$	2016 \$
1.17% first mortgage payable to Canada Mortgage and Housing Corporation, secured by two housing unit acquired in 2015/2016 on Glooscap Reserve and by Ministerial guarantee to lending institution. This mortgage is for a 5 year term maturing January 1, 2021 and amortized to 2041. Repayable in blended monthly payments of \$408.13.	101,949	105,641
Bank of Nova Scotia 25 year mortgage, repayable in monthly payments of \$1,750.68 and bearing interest at an annual rate of 3.99%, secured by one housing unit on Glooscap Reserve. This mortgage is for a 5 year term maturing August 23, 2017 and amortized to 2037.	293,910	303,090
Valley Credit Union demand loan requires monthly installments of interest with two semi-annual payments of \$20,000 due June 30th and December 30th each year at an annual rate of prime plus 3%. Secure by general security agreement and guarantee and postponement of claim from Glooscap First Nation. Loan was repaid during the year.	-	79,388
3.50% fixed rate term loan payable to the Royal Bank of Canada, secured by accounts receivable and specific equipment. This loan is for a 5 year term maturing January 20, 2022. Repayable in blended monthly payments of \$1,010.00.	73,402	-
	<u>1,204,900</u>	<u>1,296,883</u>

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

2018	93,601
2019	88,931
2020	75,213
2021	75,143
2022	77,136

	2017 \$	2016 \$
Interest expense for the year on long-term debt	<u>12,206</u>	<u>54,704</u>

GLOOSCAP FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017

10. 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	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
CMHC Housing	2,268,826	-	-	-	2,268,826	697,830	56,721	-	754,551	1,514,275	1,570,996
Band Owned Housing	249,049	240,272	-	-	489,321	45,497	10,966	-	56,463	432,858	203,553
Commercial Buildings	1,918,345	15,338	-	-	1,933,683	731,045	116,636	-	847,681	1,086,002	1,187,300
Computer Equipment	71,653	-	-	-	71,653	65,136	6,136	-	71,272	381	6,517
Land & Improvements	989,401	-	-	-	989,401	227,520	30,254	-	257,774	731,627	761,881
Roads	1,215,875	-	-	-	1,215,875	351,620	36,281	-	387,901	827,974	864,255
Underground Networks	3,386,021	-	-	-	3,386,021	668,147	67,720	-	735,867	2,650,154	2,717,874
Vehicles & Equipment	1,657,101	186,671	-	-	1,843,772	1,326,803	10,539	-	1,337,342	506,430	330,298
	9,487,445	442,281	-	-	9,929,726	3,415,768	278,532	-	3,694,300	6,235,426	6,071,678
Total	1,756,271	442,281	-	-	12,198,552	4,113,598	335,253	-	4,448,851	7,749,701	7,642,674

**GLOOSCAP FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017**

11. ACCUMULATED CONSOLIDATED SURPLUS

	2017 \$	2016 \$
Replacement Reserve (Note 12)	87,598	62,707
Accumulated Surplus	14,455,401	8,949,120
Equity in Ottawa Trust Funds (Note 13)	19,003	18,657
	<u>14,562,002</u>	<u>9,030,484</u>

12. REPLACEMENT RESERVE

	2017 \$	2016 \$
Balance - beginning of year	71,206	56,474
Current year allocation	16,367	14,699
Interest earned	25	33
	<u>87,598</u>	<u>71,206</u>

ACCUMULATED INTEREST

Balance - beginning of year	531	498
Interest earned	25	33
	<u>556</u>	<u>531</u>

The Glooscap First Nation operates 15 CMHC subsidized housing projects as at March 31, 2017. 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, 2017, the Glooscap First Nation has provided funding of reserves as follows:

	Amount of Reserve \$	Amount Funded \$
Replacement Reserve	<u>87,598</u>	<u>54,088</u>

**GLOOSCAP FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017**

13. TRUST FUNDS HELD BY FEDERAL GOVERNMENT

	March 31, 2016 \$	Additions 2017 \$	Withdrawals 2017 \$	March 31, 2017 \$
Revenue	18,153	346	-	18,499
Capital	504	-	-	504
Total	18,657	346	-	19,003

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.

14. 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 is for a five year term ending March 31, 2019.

15. 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.

GLOOSCAP FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017

16. GOVERNMENT TRANSFERS

	2017			2016		
	Operating	Capital	Total	Operating	Capital	Total
	\$	\$	\$	\$	\$	\$
Federal government transfers:						
Aboriginal Affairs and Northern Development Canada	1,086,822	67,417	1,154,239	810,025	228,251	1,038,276
Health Canada	354,226	-	354,226	279,354	-	279,354
Canada Mortgage and Housing Corporation	144,134	-	144,134	50,336	-	50,336
DFO	76,251	-	76,251	78,319	-	78,319
AICFI	93,519	-	93,519	38,878	-	38,878
Total	1,754,952	67,417	1,822,369	1,256,912	228,251	1,485,163

**GLOOSCAP FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017**

17. SEGMENT DISCLOSURE

The Glooscap First Nation is a diversified community that provides a wide range of services to its members. For management reporting purposes the Glooscap First nation's operations and activities are organized and reported by Program. Programs were created for the purpose of recording specific activities to attain certain objectives in accordance with specific regulations, restrictions or limitations. The activities can also be categorized into segments. The following segments have been identified and as such are separately disclosed.

Administration

The administration department oversees the delivery of all government services that are needed to run the Glooscap First Nation.

Social Services

The social assistance department is responsible for administering assistance payments as well as providing services directed towards members.

Community Health

The community health department provides medical services to band members.

Education

The education department contains activities that provide education to band members for primary, secondary schooling, and sponsorship to attend post secondary institutions.

Operations and Maintenance

The operations and maintenance department provides public services that contribute to community development and sustainability through the provision of operating services such as roads, water and sanitation, fire protection, electrical and community buildings.

Capital

This department is responsible for all capital asset activities occurring in the First Nation during the year, including housing construction and renovations.

Other Projects

The First Nation provides a wide array of other services, including youth employment projects, economic development, housing activities, and others.

Gaming Commission

The Gaming commission was set up to enter into an agreement with Atlantic Lottery Corporation for the operation of video lottery terminals on the First Nation.

Variety Store & Gas Bar

The Glooscap Variety Store and Gas Bar operates a convenience store, gaming facility and gas bar on the First Nation.

Glooscap Commercial Fisheries

The commercial fisheries operates two lobster fishing boats and receive occasional funding from the Aboriginal Fisheries Strategy Agreement with the Department of Fisheries and Oceans.

GLOOSCAP FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017

17. SEGMENT DISCLOSURE

For the year ended March 31, 2017	Administration	Social Services	Community Health	Education	Capital, Operations & Maintenance	Other ProjectsGaming and Gas BarCommission	Fisheries	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue								
Aboriginal Affairs and Northern Development Canada	465,043	385,452	-	-	284,545	19,200	-	1,154,240
Atlantic Integrated Commercial Fisheries Initiative	-	-	-	-	-	-	93,519	93,519
CMHC	-	-	-	-	26,531	117,603	-	144,134
Confederacy of Mainland Mi'kmaq	-	-	-	-	-	13,500	-	13,500
Dept. of Fisheries & Oceans	-	-	-	-	-	-	76,251	76,251
Health Canada	-	-	-	-	-	-	-	354,226
Mi'kmaq Employment Training Secretariat	-	-	-	-	-	99,240	-	99,240
Mi'kmaq Kina'matnewey	-	-	-	138,412	-	-	-	138,412
Rent	4,568	-	-	-	-	-	-	136,568
Other revenue	174,857	-	-	1,740	-	80,336	659,170	5,466,071
	644,468	385,452	354,226	140,152	311,076	461,879	828,940	7,676,161
Amortization	233,255	-	-	-	-	56,721	26,103	335,252
Bank charges and interest	3,515	-	-	-	-	-	1,375	15,346
Debt servicing	-	-	-	-	-	12,207	-	12,207
Employee benefits	70,907	-	-	-	-	-	-	70,907
Professional fees	88,815	-	-	-	-	3,000	20,782	136,559
Repairs and maintenance	-	-	-	-	154,814	178,152	11,516	383,642
Salaries and wages	694,254	47,277	187,534	20,600	7,945	25,163	152,246	1,612,825
Supplies and services	-	340,762	130,683	90,055	-	160,736	70,709	2,880,332
Other	210,623	-	35,969	-	-	53,151	68,244	432,386
	1,301,369	388,039	354,186	110,655	162,759	489,130	350,975	5,879,456
Total	(656,901)	(2,587)	40	29,497	148,317	(27,251)	2,081,085	(253,460) 477,965 1,796,705

GLOOSCAP FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017

17. SEGMENT DISCLOSURE (continued)

For the year ended March 31, 2016	Administration	Social Services	Community Health	Education	Capital, Operations & Maintenance	Other ProjectsGaming and Gas BarCommission	Fisheries	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue								
Aboriginal Affairs and Northern Development Canada	296,576	374,495	-	-	340,279	26,926	-	1,038,276
Atlantic Integrated Commercial Fisheries Initiative	-	-	-	-	-	-	38,878	38,878
CMHC	-	-	-	-	-	50,336	-	50,336
Confederacy of Mainland Mi'kmaq	-	-	-	-	-	16,808	-	16,808
Dept. of Fisheries & Oceans	-	-	-	-	-	-	78,319	78,319
Health Canada	-	-	279,354	-	-	-	-	279,354
Mi'kmaq Employment Training Secretariat	-	-	-	-	-	54,211	-	54,211
Mi'kmaq Kina'matnewey	-	-	-	182,240	-	-	-	182,240
Rent	40,365	-	-	-	-	322,495	-	362,860
Other revenue	73,112	-	-	7,575	-	27,553	324,100	4,817,606
	410,053	374,495	279,354	189,815	340,279	498,329	441,297	6,918,888
Amortization	231,871	-	-	-	-	52,835	35,268	341,811
Bank charges and interest	1,860	-	-	-	-	-	2,034	15,503
Debt servicing	12,184	-	-	-	-	30,486	13,129	55,799
Employee benefits	70,871	-	-	-	-	-	-	70,871
Professional fees	111,296	-	-	-	-	14,262	12,300	162,752
Repairs and maintenance	-	-	-	-	195,065	157,433	700	391,418
Salaries and wages	595,246	37,044	198,740	23,825	13,200	18,769	23,661	1,397,409
Supplies and services	-	351,624	73,261	62,970	-	97,984	26,391	2,548,516
Other	149,741	-	36,904	-	-	55,120	105,860	415,662
	1,173,069	388,668	308,905	86,795	208,265	426,889	219,343	5,399,741
Total	(763,016)	(14,173)	(29,551)	103,020	132,014	71,440	221,954	1,519,147

**GLOOSCAP FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017**

18. EXPENSES BY OBJECT

The following is a summary of expenses by object.

	2017 \$	2016 \$
Administration	103,973	193,630
Advertising	9,453	11,140
Amortization	335,252	341,811
Bank charges and interest	15,346	15,503
Debt servicing	12,207	55,799
Employee benefits	70,907	70,871
Fees	55,412	31,344
Insurance	48,703	29,652
Loan interest	2,458	13,129
Professional services	136,559	162,752
Repairs and maintenance	383,642	391,418
Salaries and wages	1,612,825	1,397,409
Supplies and services	2,880,332	2,548,516
Telephone	30,242	22,576
Training, travel and meetings	159,668	96,882
Utilities	22,477	17,309
	<u>5,879,456</u>	<u>5,399,741</u>

19. OTHER REVENUE

	2017 \$	2016 \$
Interest revenue	3,534	3,571
Commercial Fisheries sales	659,170	288,738
Mi'kmaq Confederacy of PEI	71,000	2,336
Mi'kmaq Rights Initiative	-	14,924
Service Canada	9,336	3,295
Town of Berwick	1,740	5,325
Video Lottery Terminal sales	2,290,750	2,289,831
Variety Store & Gas Bar sales	2,197,771	2,030,894
Other	172,855	113,766
	<u>5,406,156</u>	<u>4,752,680</u>