

**Micmacs of Gesgapegiag Band**  
**Consolidated Financial Statements**  
**March 31, 2016**

Management's Report and Independent Auditor's Report	2 - 4
Financial Statements	
Consolidated Financial Position	5
Consolidated Operations	6 - 8
Consolidated Accumulated Surplus	9
Consolidated Changes in Net Debt	10
Consolidated Cash Flows	11
Notes to Consolidated Financial Statements	12 - 33
Consolidated Operations and Accumulated Surplus (Deficit) by Program	34 - 42
Consolidated Supplementary Information	43-216
Schedule of Salaries, Honoraria, Travel Expenses and Other Remuneration	217- 218

## Management's Report

### Management's Responsibility for the Consolidated Financial Statements

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

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

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

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

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

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

On behalf of Micmacs of Gesgapegiag Band :



Roderick Larocque

Chief



Frederic Vicaire

Director General

July 19, 2016

## **Independent Auditor's Report**

**Raymond Chabot Grant Thornton LLP**  
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To the Directors of  
Micmacs of Gesgapegiag Band

We have audited the accompanying consolidated financial statements of Micmacs of Gesgapegiag Band, which comprise the statement of consolidated financial position as at March 31, 2016 and the consolidated statements of operations, accumulated surplus, changes in net debt, cash flows, operations and accumulated surplus (deficit) by program and schedule of salaries, honoraria, travel expenses and other remuneration for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the consolidated financial statements**

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

### **Auditor's responsibility**

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### **Basis for qualified opinion**

The Organization presents a \$4,465,406 deferred contributions related to tangible capital assets in liabilities that should have been presented in revenues, which constitutes a departure from Canadian public sector accounting standards. This situation also caused us to express a qualified opinion on the financial statements for the year ended March 31, 2015. If the deferred contributions related to tangible capital assets had been presented in revenues, revenues and excess of revenues over expenses would have been decreased by \$1,126,574 in 2016 and \$24,618 in 2015, accumulated surplus (deficit) would have increased by \$4,465,406 in 2016 and \$5,591,980 in 2015 and liabilities would have been reduced by the same amount.

Also, Micmacs of Gesgapegiag Band interest in Mi'gmawei Mawiomi Resources L.P., a limited partnership accounted at cost, is carried at \$100 on the statement of financial position as at March 31, 2016 and 2015, and Micmacs of Gesgapegiag Band share of Mi'gmawei Mawiomi Resources L.P.'s net income is not included in Micmacs of Gesgapegiag Band's income for the years ended March 31, 2016 and 2015 in accordance with the modified equity method, as required by Canadian public sector accounting standards. We were unable to obtain sufficient appropriate audit evidence about the carrying amount of Micmacs of Gesgapegiag Band's investment in Mi'gmawei Mawiomi Resources L.P. as at March 31, 2016 and 2015 and Micmacs of Gesgapegiag Band's share of Mi'gmawei Mawiomi Resources L.P.'s net income for the years ended March 31, 2016 and 2015 because we were denied access to the financial information, management, and the auditors of Mi'gmawei Mawiomi Resources L.P. Consequently, we were unable to determine whether any adjustments to these amounts were necessary. Our opinion on the financial statements for the year ended March 31, 2015 was qualified accordingly because of the possible effects of this limitation in scope.

### **Qualified opinion**

In our opinion, except for the effects of the matters described in the Basis for qualified opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of Micmacs of Gesgapegiag Band as at March 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### **Emphasis of matter**

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

*Raymond Robert Grant Thornton LLP*

New Richmond  
July 19, 2016

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

# Micmacs of Gesgapegiag Band

## Consolidated Financial Position

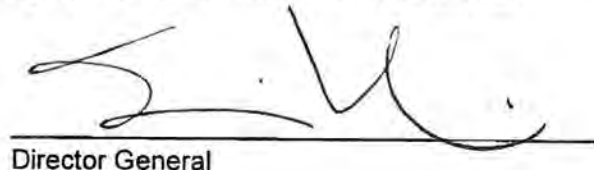
March 31, 2016

	2016	2015
	\$	\$
<b>FINANCIAL ASSETS</b>		
Term deposits	14,145	14,006
Accounts receivables (Note 4)	1,179,427	1,493,412
Due from government and other government organizations (Note 5)	1,426,567	2,609,769
Investments (Note 6)	101	101
Restricted Cash - Replacement Reserve Fund (Note 7)		1,046
	<u>2,620,240</u>	<u>4,118,334</u>
<b>LIABILITIES</b>		
Bank overdraft	886,974	1,004,024
Accounts payables and accrued liabilities (Note 10)	2,283,181	3,450,651
Deferred revenues (Note 11)	194,756	953,461
Current portion of long-term debt	2,875,842	2,012,006
Deferred contributions related to tangible capital assets (Note 12)	4,465,406	5,591,980
Long-term debt (Note 13)	4,038,251	4,941,210
Share capital (Note 14)		180,000
Reserve funds		
Replacement reserve (Note 7)	237,143	239,627
Operating reserve (Note 15)	227,988	194,017
	<u>15,209,541</u>	<u>18,566,976</u>
<b>NET DEBT</b>	<u>(12,589,301)</u>	<u>(14,448,642)</u>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses	20,591	25,593
Tangible capital assets (Note 8)	13,269,471	14,401,184
Fishing permit	796,000	
	<u>14,086,062</u>	<u>14,426,777</u>
<b>ACCUMULATED SURPLUS</b>	<u>1,496,761</u>	<u>(21,865)</u>

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

On behalf of the Board,

  
Chief

  
Director General

**Micmacs of Gesgapegiag Band**  
**Consolidated Operations**  
Year ended March 31, 2016

	Unaudited budget	2016	2015
	\$	\$	\$
<b>Revenues</b>			
<b><i>Federal government transfers</i></b>			
INAC Grant	436,468	436,468	392,834
INAC Fixed Contribution	3,672,250	3,864,836	4,421,588
INAC Set Contribution	2,708,608	2,708,608	2,267,052
INAC Contribution receivable (payable)		(124,113)	(67,492)
INAC adjustment		531,177	
Correction of receivable, deferred revenues and unexpended funding of prior years		402,278	(107,345)
First Nations Education Council	458,959	474,989	535,037
Department of Fisheries and Oceans	190,000	185,816	661,138
Canada Mortgage and Housing Corporation	48,000	155,195	168,689
Health Canada	1,096,637	1,632,322	2,278,057
Solicitor General of Canada	242,082	244,229	241,345
Revenue Canada	60,000	61,969	32,053
Canadian Heritage			56,149
Aboriginal Business Development Program			183,000
	<u>8,913,004</u>	<u>10,573,774</u>	<u>11,062,105</u>
<b><i>Provincial government transfers</i></b>			
First Nations Human Resources Development Commission of Quebec		380,689	378,017
Secrétariat aux Affaires Autochtones	222,360	111,021	307,474
Ministre de la Sécurité publique	275,043	278,397	275,735
First Nations of Quebec and Labrador Health and Social Services Commission	107,024	72,024	135,196
Ministère des Transports du Québec	7,598,899	3,787,509	
Ministre de l'Économie, de l'Innovation et des Exportations	25,000	46,868	101,149
Emploi Québec	42,000	91,460	
Ministre des Ressources naturelles et de la faune du Québec	1,104,000	1,104,040	1,059,651
	<u>9,374,326</u>	<u>5,872,008</u>	<u>2,257,222</u>
<b><i>Other</i></b>			
Contribution from Micmacs Housing Corporation		22,374	16,393
Welfare injection	47,250	112,728	199,002
Gesgapegiag Human Resource Development Commission	70,000	139,040	291,882
Gain on disposal of tangible capital assets		9,140	
Other revenue	373,087	949,672	462,358
Administration revenues	91,000	114,383	25,113
Fisheries sales	4,820,326	6,660,809	4,769,802
Wood sales	675,900	781,935	596,297
Rexforêt	289,026	231,413	298,297



# Micmacs of Gesgapegiag Band

## Consolidated Operations

Year ended March 31, 2016

	Unaudited budget	2016	2015
	\$	\$	\$
Produits Forestiers Temrex	73,600	137,749	
Firewood sales			11,103
Excavation sales		417,851	39,249
Reimbursement	644,100	427,953	426,838
Rental revenue	280,490	520,636	517,576
Interest revenue		545	436
Community services		22,290	23,940
Cascapedia Society, Cascapedia Club and Club Micmac	326,000	326,882	306,000
Deferred contribution related to tangible capital assets		(124,700)	(801,609)
Amortization of deferred contributions related to tangible capital assets	673,000	703,236	849,057
Deferred revenue from previous years	366,500	953,461	194,934
Less: Deferred revenue	14,500	(194,756)	(953,461)
	<u>8,744,779</u>	<u>12,212,641</u>	<u>7,273,207</u>
	27,032,109	28,658,423	20,592,534
<b>Expenses</b>			
Salaries and fringe benefits	6,333,026	7,893,599	7,015,363
Travel	335,072	376,351	339,683
Professional fees	316,325	354,068	235,205
Publicity and promotion	9,350	6,555	8,433
Material and equipment rental	67,573	115,048	68,226
Training and development	63,793	107,743	52,624
Fishing quota rental		82,448	
Honoraria	1,247,900	1,282,743	1,241,458
Contracted services	10,895,738	7,913,097	2,764,608
Membership fees	8,000	7,850	7,700
Materials and supplies	669,340	954,923	678,982
Office supplies and expenses	41,534	63,005	61,874
Repair and maintenance	399,986	810,285	709,754
Energy	735,513	735,347	669,518
Telecommunications	88,586	122,316	121,110
Insurance	142,545	241,535	206,756
Interest and bank charges	71,889	78,220	104,259
Interest on long-term debt	210,203	245,331	286,379
Doubtful accounts		166,926	210,479
Administration charges	35,141	89,280	30,338
Room and board	5,160	3,870	4,335
Business contributions	25,000	45,073	591
Contributions to community activities	36,000	27,745	33,914
Band contributions	253,189	347,425	412,043
Program aids		3,983	4,722
Medical fees	11,000	3,651	6,636
Tuition fees	270,188	910,429	857,584

# Micmacs of Gesgapegiag Band

## Consolidated Operations

Year ended March 31, 2016

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	Unaudited budget	2016	2015
	\$	\$	\$
Cultural activities	8,719	7,008	4,059
Other	83,940	79,152	203,282
Basic needs	733,890	682,856	661,397
Special needs	14,820	14,982	10,196
Purchase of equipment		6,471	1,170
Welfare injection	191,200	117,000	198,678
Penalty and interest on source deductions	120	1,239	933
Incentive grants and graduation expenses	15,000	7,300	800
Registration fees	183,328	295,259	200,963
Living allowance	289,420	243,382	258,157
Placements	445,586	1,412,175	726,200
Annual contribution - replacement reserve		45,260	45,260
Expenses capitalized to tangible capital assets		(254,607)	(128,609)
Amortization of tangible capital assets	714,380	1,507,247	1,621,976
	<u>24,952,454</u>	<u>27,153,570</u>	<u>19,937,036</u>
<b>Excess of revenues over expenses</b>	<u><b>2,079,655</b></u>	<u><b>1,504,853</b></u>	<u><b>655,498</b></u>

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



**Micmacs of Gesgapegiag Band**  
**Consolidated Accumulated Surplus**

Year ended March 31, 2016

	<u>2016</u>	<u>2015</u>
	\$	\$
Balance, beginning of year		
As previously reported	(21,865)	(637,679)
Adjustment to prior years (Note 17)	<u>13,773</u>	<u>(39,684)</u>
As restated	(8,092)	(677,363)
Excess of revenues over expenses	<u>1,504,853</u>	<u>655,498</u>
Balance, end of year	<u><u>1,496,761</u></u>	<u><u>(21,865)</u></u>

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

**Micmacs of Gesgapegiag Band**  
**Consolidated Changes in Net Debt**  
Year ended March 31, 2016

	<u>2016</u>	<u>2015</u>
	\$	\$
Excess of revenues over expenses	1,504,853	655,498
Adjustment to prior years (Note 17)	<u>13,773</u>	<u>(39,684)</u>
	<u>1,518,626</u>	<u>615,814</u>
<b>Tangible capital assets</b>		
Acquisition of tangible capital assets	(377,694)	(478,609)
Disposal of tangible capital assets	11,300	
Gain on disposal of tangible capital assets	(9,140)	
Amortization of tangible capital assets	<u>1,507,247</u>	<u>1,621,976</u>
<b>Total tangible capital assets</b>	<u>1,131,713</u>	<u>1,143,367</u>
Acquisition of fishing permit	<u>(796,000)</u>	
Use (acquisition) of prepaid expenses	<u>5,002</u>	<u>(25,593)</u>
Changes in net debt	1,859,341	1,733,588
Net debt, beginning of year	<u>(14,448,642)</u>	<u>(16,182,230)</u>
Net debt, end of year	<u>(12,589,301)</u>	<u>(14,448,642)</u>

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

# **Micmacs of Gesgapegiag Band** **Consolidated Cash Flows**

Year ended March 31, 2016

	2016	2015
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	1,504,853	655,498
Non-cash items		
Amortization of tangible capital assets	1,507,247	1,621,976
Amortization of deferred contributions related to tangible capital assets	(703,236)	(849,057)
Transfer to the replacement reserve fund for the year	45,260	45,260
Gain on disposal of tangible capital assets	(9,140)	
Changes in working capital items		
Accounts receivables	313,985	(1,001,627)
Due from government and other government organizations	1,183,202	(510,958)
Accounts payables and accrued liabilities	(1,167,470)	(328,393)
Deferred revenues	(758,705)	758,527
Prepaid expenses	5,002	(25,593)
Cash flows from operating activities	<u>1,920,998</u>	<u>365,633</u>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(377,694)	(478,609)
Disposal of tangible capital assets	11,300	
Acquisition of fishing permit	(796,000)	
Cash flows from capital activities	<u>(1,162,394)</u>	<u>(478,609)</u>
<b>INVESTING ACTIVITIES</b>		
Term deposits	(139)	(162)
Investments		(1)
Restricted cash - Replacement Reserve Fund	1,046	96
Cash flows from investing activities	<u>907</u>	<u>(67)</u>
<b>FINANCING ACTIVITIES</b>		
Long-term loans	1,268,403	2,203,750
Repayment of long-term debt	(1,307,526)	(2,970,668)
Share issue		180,000
Share redemption	(180,000)	
Deferred contributions related to tangible capital assets	(423,338)	824,439
Cash flows from financing activities	<u>(642,461)</u>	<u>237,521</u>
<b>Increase in cash and cash equivalents</b>	<u>117,050</u>	<u>124,478</u>
Bank overdraft, beginning of year	<u>(1,004,024)</u>	<u>(1,128,502)</u>
Bank overdraft, end of year	<u>(886,974)</u>	<u>(1,004,024)</u>

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

**Micmacs of Gesgapegiag Band**  
**Notes to Consolidated Financial Statements**  
March 31, 2016

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**1 - GOVERNING STATUTES AND PURPOSE OF THE ORGANIZATION**

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

**2 - GOING CONCERN ASSUMPTION**

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

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

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

**3 - SUMMARY OF ACCOUNTING POLICIES**

**Basis of presentation**

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

**Interest in joint venture and limited partnership**

The Organization to recognize its interest in the joint venture and limited partnership at the equity method.

**Impairment of interest in joint venture**

For each of its interest, the Organization assesses, at each year-end date, whether there are any indications of impairment. When there is an indication of impairment, and if the Organization determines that during the year there was significant adverse change in the expected timing or amount of future cash flows from an interest, then it recognizes a reduction as an impairment loss in operations. The reversal of a previously recognized impairment loss on an interest is recognized in operations in the year the reversal occurs.

**Micmacs of Gesgapegiag Band**  
**Notes to Consolidated Financial Statements**  
March 31, 2016

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

**Principles of consolidation**

The Organization has elected to present consolidated financial statements which include the accounts of the Organization and those of Micmacs Housing Corporation, Gesgapegiag Human Resource Development Commission and Gesgapegiag Natural Resources Inc. and its subsidiaries 9252-9106 Québec Inc. and 9309-0942 Québec Inc., which are wholly owned.

The consolidated financial statements also include investments in companies in which the Organization exercises joint control, that is, a 33% interest in Mi'gmawei Mawiomí Business Corporation and a 33% interest in Mi'gmawei Mawiomí Resources L.P., and which are accounted for using the equity method.

Inter-organizational balances and transactions are eliminated upon consolidation, but in order to present the results of operations for each specific departments, transactions amongst departments have not necessarily been eliminated on the individual schedules.

**Accounting estimates**

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

**Revenue recognition**

*Government transfers*

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

*Contributions*

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

*Other*

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

**Micmacs of Gesgapegiag Band**  
**Notes to Consolidated Financial Statements**  
March 31, 2016

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

*Rental income*

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

*Contributed supplies and services*

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

**Financial assets and liabilities**

*Initial measurement*

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

*Subsequent measurement*

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

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

**Cash and cash equivalents**

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

**Tangible capital assets**

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

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



**Micmacs of Gesgapegiag Band**  
**Notes to Consolidated Financial Statements**  
 March 31, 2016

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

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

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

*Amortization*

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

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

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

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

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

*Write-down*

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

**Fishing permit**

Fishing permit is not amortized. It is tested for impairment when events or changes in circumstances indicate that the carrying amount may exceed its fair value. When the carrying amount of the fishing permit exceeds its fair value, an impairment loss is recognized in an amount equal to the excess.

**Micmacs of Gesgapegiag Band**  
**Notes to Consolidated Financial Statements**  
 March 31, 2016

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

**Trust funds**

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

**Adjustment to prior years**

Adjustments affecting prior years, usually resulting from the Regional Audit Review Committee are recorded in the consolidated statement of operations under Correction of receivable, deferred revenues and unexpended funding of prior years. Adjustments affecting prior years, resulting from C.M.H.C., are recorded in the consolidated accumulated deficit statement.

**Liability for contaminated sites**

The liability for contaminated sites under the Organization's responsibility, or that could likely be under its responsibility, is recognized as a liability for remediation of contaminated sites once the contamination occurs or the Organization is informed about it, it is expected that future economic benefits will be given up and a reasonable estimate of the amount can be made. The liability includes the estimated costs of the management and rehabilitation of contaminated sites and any costs relating to post-remediation maintenance and monitoring. These costs are evaluated based on the best available information and are revised annually.

**4 - ACCOUNTS RECEIVABLES**

	<u>2016</u>	<u>2015</u>
	\$	\$
Accounts receivables	1,014,675	296,035
Rents receivable	1,927,966	1,846,488
Advances	199,057	1,228,499
Indirect taxes receivable	66,788	53,028
	<u>3,208,486</u>	<u>3,424,050</u>
Doubtful accounts	2,029,059	1,930,638
	<u>1,179,427</u>	<u>1,493,412</u>

**Micmacs of Gesgapegiag Band**  
**Notes to Consolidated Financial Statements**  
 March 31, 2016

**5 - DUE FROM GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS**

	2016	2015
	\$	\$
Federal government		
INAC	399,440	683,357
Health Canada	73,590	34,346
C.M.H.C.	71,834	21,623
Department of Fisheries and Oceans	73,834	380,772
Canadian Heritage		5,615
First Nations Education Council	61,690	90,698
Solicitor General of Canada	61,057	241,345
Provincial Government		
First Nations of Quebec and Labrador Health and Social Services Commission	16,509	16,784
First Nations Human Resources Development Commission of Quebec		69,903
Ministre de l'Économie, de l'Innovation et des Exportations		101,149
Ministre des Ressources naturelle et de la faune du Québec	426,170	416,664
Secrétariat aux Affaires Autochtones	178,426	211,348
Ministre de la Sécurité publique	26,458	15,445
Ministère des Transports du Québec	8,790	
Ministre de la Culture	3,000	3,000
Emploi Québec	13,398	
Other government organizations	12,371	317,720
	<u>1,426,567</u>	<u>2,609,769</u>

**6 - INVESTMENTS**

	2016	2015
	\$	\$
Mi'gmawei Mawiomi Resources L.P., government business partnership		
Capital	100	100
Mi'gmawei Mawiomi Business Corporation Inc., joint venture		
1 common share	1	1
	<u>101</u>	<u>101</u>

**7 - REPLACEMENT RESERVE FUND**

**(a) Pre-1997 Program**

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

**Micmacs of Gesgapegiag Band**  
**Notes to Consolidated Financial Statements**  
 March 31, 2016

**7 - REPLACEMENT RESERVE FUND (Continued)**

**(b) Post-1996 Program**

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

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

	2016	2015
	\$	\$
<b>Restricted cash</b>		
Restricted Cash - Replacement Reserve Fund		1,046
	2016	2015
	\$	\$
<b>Reserve fund</b>		
Balance, beginning of year	239,627	194,367
Adjustment to replacement reserve (Note 17)	(47,744)	
Adjusted balance, beginning of year	191,883	194,367
Annual contribution - replacement reserve	45,260	45,260
Balance, end of year	237,143	239,627

No amount was transferred to the replacement reserve fund in 2016.

As at March 31, 2016, the Organization does not respect the obligation to hold these funds in a separate bank account.

**8 - TANGIBLE CAPITAL ASSETS**

			2016	2015
	Cost	Accumulated amortization	Net carrying amount	Net carrying amount
	\$	\$	\$	\$
Land	133,592		133,592	133,592
Buildings	20,905,183	10,350,840	10,554,343	11,082,616
Sanitation system	7,372,856	6,219,939	1,152,917	1,423,673
Automotive equipment	2,752,113	2,315,613	436,500	795,612
Material and equipment	982,212	905,042	77,170	103,126
Roads	602,391	119,946	482,445	512,565
Gravel pit	100,000		100,000	
Boat	350,000	17,496	332,504	350,000
	33,198,347	19,928,876	13,269,471	14,401,184

# **Micmacs of Gesgapegiag Band** **Notes to Consolidated Financial Statements**

March 31, 2016

## **9 - BANK LOANS**

The bank loans, for which the authorized amounts are \$100,000 and \$1,150,000, bear interest at prime rate (2.7%) and prime rate plus 1.75% (4.45%) respectively, are secured by the accounts receivable and a mortgage on amounts receivable from Health Canada and are renegotiable annually.

## **10 - ACCOUNTS PAYABLES AND ACCRUED LIABILITIES**

	2016	2015
	\$	\$
Trade accounts	2,012,397	3,282,787
Salaries payable	200,540	97,463
Government remittances	29,975	28,535
Accrued interest	40,269	41,866
	<u>2,283,181</u>	<u>3,450,651</u>

## **11 - DEFERRED REVENUES**

	2016	2015
	\$	\$
<b>Federal government</b>		
08749 NTNJ Route 132 Project AQB53	19,756	
12382 NPD1 CFS Maintenance Enhanced Prevention	175,000	
12383 NPD1 CFS Maintenance - Enhanced Prevention-Foster Home		351,882
<b>Other</b>		
08627 Renovations and/or Additions QL33		181,120
10003 National Native Alcohol and Drug Abuse Program NNADAP		406,030
12450 Canadian Heritage Education Grant		14,429
	<u>194,756</u>	<u>953,461</u>

## **12 - DEFERRED CONTRIBUTIONS RELATED TO TANGIBLE CAPITAL ASSETS**

	2016	2015
	\$	\$
Balance, beginning of year	5,591,980	5,616,598
INAC		
NTM8 08748 Roads and Bridges QD88	100,000	100,000
NTME 08754 Contributions - Equipment QD88		32,144
Aboriginal Business Development Program (60005)	(183,000)	183,000
Secr�tariat aux Affaires Autochtones (60005)	(183,000)	183,000
Department of Fisheries and Oceans (60005)	(207,000)	303,465
Band contribution (90000)	24,700	
Canada Mortgage and Housing Corporation	24,962	22,830
Amortization	(703,236)	(849,057)
Balance, end of year	<u>4,465,406</u>	<u>5,591,980</u>



**Micmacs of Gesgapegiag Band**  
**Notes to Consolidated Financial Statements**  
 March 31, 2016

**13 - LONG-TERM DEBT**

	<u>2016</u> \$	<u>2015</u> \$
Caisse Desjardins, prime rate plus 3% (5.7% ; 5.85% as at March 31, 2015), secured by MAPAQ, payable by semi-annual instalments of \$36,353, capital and interest, maturing in December 2022	410,813	458,000
Canada Mortgage and Housing Corporation forgivable loan, without interest, forgiveness earned of \$3,200 yearly, maturing in August 2020	13,867	
Loan, without interest, reimbursed during the year		170,000
Canada Mortgage and Housing Corporation forgivable loan, without interest, forgiveness earned of \$3,200 yearly, maturing in March 2021	16,000	
Canada Mortgage and Housing Corporation forgivable loan, without interest, forgiveness earned of \$3,200 yearly, maturing in March 2021	16,000	
Bank of Montreal, 4.89%, secured by 4 housing units and by INAC, payable in monthly instalments of \$2,240, capital and interest, maturing in June 2033 but renegotiable in May 2019	313,621	325,096
Mortgage loan, secured by automotive equipment with a net carrying amount of \$23,088 as at March 31, 2016, 4.98%, payable in monthly instalments of \$435, capital and interest, maturing in October 2020	21,029	
Bank of Montreal, prime rate plus 4% (6.7% ; 6.85% as at March 31, 2015), payable in monthly instalments of \$1,111, plus interest, maturing in February 2020	52,222	65,556
Bank of Montreal, prime rate plus 4% (6.7% ; fix rate of 6% as at March 31, 2015), payable in monthly instalments of \$2,240, capital and interest, maturing in June 2025 but renegotiable in May 2019	192,552	209,033
Bank of Montreal, 4.89%, secured by 1 quadruplex and by INAC, payable in monthly instalments of \$1,652, capital and interest, maturing in July 2033 but renegotiable in July 2018	233,266	241,638
Bank of Montreal, 4.99%, secured by duplexes and by INAC, payable in monthly instalments of \$3,594, capital and interest, maturing in October 2033 but renegotiable in November 2019	506,659	524,404
Bank of Montreal, 5.35%, payable in monthly instalments of \$1,263, capital and interest, maturing in February 2017	13,756	27,765
Laurentian Bank, 3.79%, secured by a building with a net carrying amount of \$25,100 as at March 31, 2016, payable in monthly instalments of \$243, capital and interest, maturing in February 2027 but renegotiable in August 2017	26,074	27,979



**Micmacs of Gesgapegiag Band**  
**Notes to Consolidated Financial Statements**  
 March 31, 2016

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

	<u>2016</u> \$	<u>2015</u> \$
Laurentian Bank, 5.14%, secured by a building with a net carrying amount of \$19,800 as at March 31, 2016, payable in monthly instalments of \$292, capital and interest, maturing in April 2033 but renegotiable in August 2018	39,710	41,175
Bank of Montreal, prime rate plus 4% (6.85% as at March 31, 2015), reimbursed during the year		20,213
Canada Mortgage and Housing Corporation forgivable loan, without interest, forgiveness earned of \$3,200 yearly, maturing in March 2021	16,000	
Bank of Montreal, prime rate plus 4% (6.7 % ; 6.85% as at March 31, 2015), payable by annual instalments of \$100,000, plus interest, maturing in March 2020	450,000	550,000
Bank of Montreal, prime rate plus 4% (6.85% as at March 31, 2015), reimbursed during the year		36,450
Laurentian Bank, 4.29%, secured by a building with a net carrying amount of \$50,595 as at March 31, 2016, payable in monthly instalments of \$467, capital and interest, maturing in October 2031 but renegotiable in July 2016	54,224	57,241
Bank of Montreal, prime rate plus 4% (6.7% ; 6.85% as at March 31, 2015), payable in monthly instalments of \$544, plus interest, maturing in January 2017	5,438	11,963
SOCCA bridge loan, 7.5%, reimbursed during the year		94,137
Canada Mortgage and Housing Corporation forgivable loan, without interest, forgiveness earned of \$11,110 yearly, maturing in March 2027	125,909	137,018
Canada Mortgage and Housing Corporation forgivable loan, without interest, forgiveness earned of \$11,720 yearly, maturing in March 2027	132,822	144,542
Bank of Montreal, prime rate plus 4% (6.7% ; 6.85% as at March 31, 2015), payable in monthly instalments of \$1,039, plus interest, maturing in February 2017	11,424	23,887
Bank of Montreal, prime rate plus 4% (6.7% ; 6.85% as at March 31, 2015), payable in monthly instalments of \$1,333, plus interest, maturing in January 2017	13,334	29,333
Bank of Montreal, 5.35%, payable in monthly instalments of \$3,150, plus interest, maturing in February 2024 but renegotiable in February 2017	299,219	337,015

**Micmacs of Gesgapegiag Band**  
**Notes to Consolidated Financial Statements**  
 March 31, 2016

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

	<u>2016</u> \$	<u>2015</u> \$
Bank of Montreal, prime rate plus 4% (6.7% ; 6.85% as at March 31, 2015), payable in monthly instalments of \$1,036, plus interest, maturing in May 2019	38,322	50,750
Canada Mortgage and Housing Corporation forgivable loan, without interest, forgiveness earned of \$3,200 yearly, maturing in March 2021	16,000	
Bank of Montreal, 4.27%, payable in semi-annual instalments of \$15,919, capital and interest, maturing in August 2018	74,366	102,409
Bank of Montreal, prime rate plus 4% (6.7% ; 6.85% as at March 31, 2015), payable on demand, maturing in May 2016	26,322	364,209
Mortgage loan, secured by automotive equipment with a net carrying amount of \$308,679 as at March 31, 2016, prime rate plus 2.5% (5.2% ; 5.35% as at March 31, 2015), payable in monthly instalments of \$4,635, plus interest, maturing in July 2020	375,085	430,710
Loan, without interest, payable in monthly instalments of \$4,000, maturing in December 2020	227,978	
Loan, without interest, payable in monthly instalments of \$7,711, maturing in December 2025	902,184	
Project # 7, Laurentian Bank, mortgage, original amount of \$321,114, secured by 6 housing units and by INAC, 4.89%, payable in monthly instalments of \$2,400, capital and interest, maturing in August 2016	8,135	35,663
Project # 8, National Bank of Canada, mortgage, original amount of \$267,830, secured by 5 housing units and by INAC, 3.09%, payable in monthly instalments of \$1,810, capital and interest, maturing in March 2018	42,059	62,141
Project # 9, Laurentian Bank, mortgage, original amount of \$230,850, 7.2%, reimbursed during the year		14,664
Project # 10, Caisse populaire, mortgage, original amount of \$104,800, secured by 2 housing units and by the C.M.H.C., 4.213%, payable in monthly instalments of \$634, capital and interest, maturing in September 2022 but renegotiable in September 2018	43,170	48,823
Project # 11, Bank of Montreal, mortgage, authorized amount of \$141,910, secured by 3 housing units and by INAC, 4.89%, payable in monthly instalments of \$888, capital and interest, maturing in December 2022 but renegotiable in December 2018	61,519	69,040

**Micmacs of Gesgapegiag Band**  
**Notes to Consolidated Financial Statements**  
 March 31, 2016

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

	<u>2016</u> \$	<u>2015</u> \$
Project # 12, C.M.H.C., mortgage (19-072-495/001), authorized amount of \$70,000, secured by 2 housing units and 1 duplex, 1.92%, payable in monthly instalments of \$317, capital and interest, maturing in March 2024 but renegotiable in April 2019	28,194	31,423
Project # 13, C.M.H.C., mortgage (19-072-495/002), authorized amount of \$87,500, secured by 3 housing units and 1 duplex, 0.94%, payable in monthly instalments of \$396, capital and interest, maturing in May 2025 but renegotiable in August 2020	41,745	45,894
Project # 14, C.M.H.C., mortgage (19-072-495/003), authorized amount of \$129,000, secured by 4 housing units, 1.11%, payable in monthly instalments of \$586, capital and interest, maturing in April 2026 but renegotiable in April 2021	66,979	72,699
Project # 15, C.M.H.C., mortgage (19-072-495/004), authorized amount of \$187,395, secured by 5 housing units, 1.67%, payable in monthly instalments of \$867, capital and interest, maturing in April 2027 but renegotiable in April 2017	105,233	113,803
Project # 16, C.M.H.C., mortgage (19-072-495/005), authorized amount of \$92,538, secured by 3 housing units, 1.62%, payable in monthly instalments of \$412, capital and interest, maturing in February 2028 but renegotiable in March 2018	53,563	57,605
Project # 17, C.M.H.C., mortgage (19-072-495/006), authorized amount of \$62,000, secured by 2 duplexes, 1.39%, payable in monthly instalments of \$263, capital and interest, maturing in June 2030 but renegotiable in June 2020	40,743	43,243
Project # 17, C.M.H.C., mortgage (19-072-495/007), authorized amount of \$65,000, secured by 2 duplexes, 1.39%, payable in monthly instalments of \$275, capital and interest, maturing in June 2030 but renegotiable in June 2020	42,715	45,336
Project # 18, C.M.H.C., mortgage (19-072-495/008), authorized amount of \$253,800, secured by a sixplex, 2.63%, payable in monthly instalments of \$1,225, capital and interest, maturing in June 2030 but renegotiable in June 2016	174,671	184,646
Project # 19, C.M.H.C., mortgage (19-072-495/009), authorized amount of \$172,000, secured by 2 duplexes, 1.65%, payable in monthly instalments of \$731, capital and interest, maturing in April 2032 but renegotiable in June 2017	123,910	130,582

**Micmacs of Gesgapegiag Band**  
**Notes to Consolidated Financial Statements**  
 March 31, 2016

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

	<u>2016</u>	<u>2015</u>
	\$	\$
Project # 20, C.M.H.C., mortgage (19-072-495/010), authorized amount of \$104,000, secured by 1 quadruplex, 1.67%, payable in monthly instalments of \$441, capital and interest, maturing in May 2033 but renegotiable in June 2018	78,935	82,872
Project # 21, C.M.H.C., mortgage (19-072-495/011), authorized amount of \$120,600, secured by 1 duplex, 1.82%, payable in monthly instalments of \$542, capital and interest, maturing in September 2032 but renegotiable in September 2019	92,637	97,406
Project # 22, C.M.H.C., mortgage (19-072-495/012), authorized amount of \$189,500, secured by 1 quadruplex, 1.04%, payable in monthly instalments of \$736, capital and interest, maturing in October 2035 but renegotiable in October 2020	156,396	163,007
Project # 23, C.M.H.C., mortgage (19-072-495/013), authorized amount of \$1,200,000, secured by 10 housing units, 1.67%, payable in monthly instalments of \$4,892, capital and interest, maturing in March 2037 but renegotiable in April 2017	1,039,228	1,080,228
Project # 24, C.M.H.C., mortgage (19-072-495/014), authorized amount of \$104,000, secured by 1 housing unit, 1.67%, payable in monthly instalments of \$424, capital and interest, maturing in March 2037 but renegotiable in April 2017	90,065	93,618
	<u>6,914,093</u>	<u>6,953,216</u>
Current portion	<u>2,875,842</u>	<u>2,012,006</u>
	<u>4,038,251</u>	<u>4,941,210</u>

The estimated instalments on long-term debt for the next five years are \$2,875,842 in 2017, \$684,177 in 2018, \$750,275 in 2019, \$1,251,054 in 2020 and \$319,663 in 2021.

**14 - SHARE CAPITAL**

As at March 31, 2016, the issued shares in 9309-0942 Quebec Inc. are detailed as follows :

**Unlimited number of shares**

Class "D" shares, 0.5% monthly non-cumulative dividend calculated on the redemption price, retractable at the fair value of the consideration received on issuance

	<u>2016</u>	<u>2015</u>
	\$	\$
Class "D" shares (180,000 as at March 31, 2015)		180,000

**Micmacs of Gesgapegiag Band**  
**Notes to Consolidated Financial Statements**  
 March 31, 2016

**15 - OPERATING RESERVE (Post-1996 Program)**

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

	2016	2015
	\$	\$
<b>Reserve fund</b>		
Balance, beginning of year	194,017	154,333
Adjustment requested by C.M.H.C. (Note 17)	33,971	39,684
Balance, end of year	<u>227,988</u>	<u>194,017</u>

As at March 31, 2016 the Organization does not respect the obligation to hold these funds in a separate bank account.

**16 - SUBSIDY FROM THE CANADA MORTGAGE AND HOUSING CORPORATION**

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

**17 - ADJUSTMENT TO PRIOR YEARS**

After the review of the financial statements for the year ended March 31, 2015 by the Organization, the following adjustments were required:

	2016	2015
	\$	\$
<b>Micmacs Housing Corporation</b>		
Adjustment to operating reserve	33,971	39,684
Adjustment to replacement reserve	(47,744)	
	<u>(13,773)</u>	<u>39,684</u>

**18 - CONTINGENCY**

As at March 31, 2016, the Organization is contingently liable as endorser in long-term debts for members of the community for the amount of \$891,810 (\$1,044,052 in 2015).



**Micmacs of Gesgapegiag Band**  
**Notes to Consolidated Financial Statements**  
 March 31, 2016

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**19 - LIABILITY FOR REMEDIATION OF CONTAMINATED SITES**

The Organization will have to assume the costs of remediation of contaminated sites for which it is or could likely be responsible, for which no liability has been recognized in the financial statements because, at the financial statement date, it was not possible to make a reasonable estimate of the amounts in question.

**20 - RELATED PARTY TRANSACTIONS**

During the year, the Organization has entered into contracted services with elected officials for the purchase of wholesale lobster for an amount of \$434,745 (\$494,746 in 2015). These transactions were measured at the exchange amount.

**21 - ECONOMIC DEPENDENCE**

The Organization receives 26% (34% in 2015) of its revenues from Indigenous and Northern Affairs Canada (INAC).

**22 - FINANCIAL INSTRUMENTS**

**Financial risk management objectives and policies**

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

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

**Financial risks**

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

*Credit risk*

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

Contributions receivable, accounts receivables, rents receivables and advances balances are managed and analysed on an ongoing basis.

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



**Micmacs of Gesgapegiag Band**  
**Notes to Consolidated Financial Statements**  
 March 31, 2016

**22 - FINANCIAL INSTRUMENTS (Continued)**

	2016	2015
	\$	\$
Term deposits	14,145	14,006
Contributions receivable	1,426,567	2,609,769
Accounts receivables	1,014,675	296,035
Rents receivables	1,927,966	1,846,488
Advances	199,057	1,228,499
	<u>4,582,410</u>	<u>5,994,797</u>

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

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

The carrying amount of impaired accounts receivable totals \$2,029,059 as at March 31, 2016 (\$1,930,638 as at March 31, 2015).

*Market risk*

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

– Interest rate risk:

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

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

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

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

A reasonably possible increase or decrease in interest rates of 1% (1% as at March 31, 2015) would not have a significant impact on the the Organization's deficiency of revenues over expenses and net remeasurement gains for the year.

*Liquidity risk*

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

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

**Micmacs of Gesgapegiag Band**  
**Notes to Consolidated Financial Statements**  
 March 31, 2016

**22 - FINANCIAL INSTRUMENTS (Continued)**

As at March 31, 2016, the Organization's contractual maturities for financial liabilities (including any interest payments) are as follows:

	Less than 6 months	6 months to 1 year	1 to 5 years	More than 5 years
	\$	\$	\$	\$
Accounts payables and accrued liabilities	2,283,181			
Long-term debt	263,352	343,171	4,668,863	1,638,707
	<u>2,546,533</u>	<u>343,171</u>	<u>4,668,863</u>	<u>1,638,707</u>

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

The carrying amount of the Organization's financial assets that are measured at amortized cost totals \$2,553,351 (\$4,065,205 as at March 31, 2015).

The Organization's financial liabilities, totalling \$10,084,248 (\$11,407,891 as at March 31, 2015), have all been classified as financial instruments measured at amortized cost.

**23 - COMMITMENT**

The Organization has entered into long-term lease agreements expiring in September 2017 and March 2018 for the rental of equipments which call for minimum lease payments of \$52,989.

Minimum lease payments for the next two years are \$28,851 in 2017 and \$24,138 in 2018.

**24 - TRUST FUNDS HELD BY INAC**

	March 31, 2015	Addition 2016	Withdrawals 2016	March 31, 2016
	\$	\$	\$	\$
Revenue	40,079	864		40,943
Capital	647			647
	<u>40,726</u>	<u>864</u>		<u>41,590</u>

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

**Micmacs of Gesgapegiag Band**  
**Notes to Consolidated Financial Statements**  
 March 31, 2016

**25 - INAC FUNDING RECONCILIATION**

	<u>2016</u>	<u>2015</u>
	\$	\$
INAC funding as per financial statements	7,416,976	7,013,982
Minus: Contributions receivable (payable)		
02305 NP85 Basic Needs	(6,147)	(101,666)
02308 NP88 Social Assistance for Employment and Training	(6,753)	21,478
02320 NP8L Special Needs	(1,752)	12,696
08115 NT93 Strategic Plan 5 years	(9,082)	
08120 NT93 Corp Land based Salmon Farming	(3,144)	
12384 NPD0 CFS Maintenance - Enhanced Prevention-Group Homes	(10,331)	
12396 NPC9 Institutional Care - Type I	(15,747)	
41017 NG0M CPP/QPP and Private Pension Plans	(63,225)	
90111 NTMZ Training - Fire Protection	(4,535)	
90116 NTM5 Fire Protection QD88	(3,397)	
	<u>(124,113)</u>	<u>(67,492)</u>
Minus: INAC adjustment	<u>531,177</u>	
INAC funding as per funding confirmation	<u><u>7,009,912</u></u>	<u><u>7,081,474</u></u>

**26 - COMPARATIVE FIGURES**

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

**27 - BUDGETED FIGURES**

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

**Micmacs of Gesgapegiag Band**  
**Notes to Consolidated Financial Statements**  
Year ended March 31, 2016

**28 - SEGMENT DISCLOSURES**

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

	Social assistance			Economic development			Community infrastructure		
	Unaudited Budget			Unaudited Budget			Unaudited Budget		
	2016	2016	2015	2016	2016	2015	2016	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenues</b>									
Federal government transfers	779,773	805,776	853,858	237,771	225,545	102,762	795,155	794,935	874,866
Provincial government transfers				146,060	147,826				
Other revenues	7,000	14,741	22,558	180,770	92,387	22,570	673,000	757,934	711,900
<b>Total Revenues</b>	<b>786,773</b>	<b>820,517</b>	<b>876,416</b>	<b>564,601</b>	<b>465,758</b>	<b>125,332</b>	<b>1,468,155</b>	<b>1,552,869</b>	<b>1,586,766</b>
<b>Expenses</b>									
Salaries and fringe benefits	41,200	38,237	26,973	280,885	272,239	60,430	77,836	84,365	74,418
Amortization							714,380	985,068	1,117,476
Other expenses	873,720	741,914	880,553	289,229	236,560	58,877	654,551	632,020	235,936
<b>Total expenses</b>	<b>914,920</b>	<b>780,151</b>	<b>907,526</b>	<b>570,114</b>	<b>508,799</b>	<b>119,307</b>	<b>1,446,767</b>	<b>1,701,453</b>	<b>1,427,830</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>(128,147)</b>	<b>40,366</b>	<b>(31,110)</b>	<b>(5,513)</b>	<b>(43,041)</b>	<b>6,025</b>	<b>21,388</b>	<b>(148,584)</b>	<b>158,936</b>

**Micmacs of Gesgapegiag Band**  
**Notes to Consolidated Financial Statements**  
Year ended March 31, 2016

**28 - SEGMENT DISCLOSURES (Continued)**

	Health			Band government			Fisheries		
	Unaudited Budget 2016	2016	2015	Unaudited Budget 2016	2016	2015	Unaudited Budget 2016	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenues</b>									
Federal government transfers	3,012,218	4,143,910	4,373,172	804,545	690,095	747,206	190,000	757,402	844,138
Provincial government transfers	37,300	3,796	68,168	8,717,923	5,338,076	1,587,112	116,000		299,162
Other revenues	469,065	751,725	(607,513)	1,307,290	2,063,734	1,528,252	4,975,748	6,927,825	4,199,760
<b>Total Revenues</b>	<b>3,518,583</b>	<b>4,899,431</b>	<b>3,833,827</b>	<b>10,829,758</b>	<b>8,091,905</b>	<b>3,862,570</b>	<b>5,281,748</b>	<b>7,685,227</b>	<b>5,343,060</b>
<b>Expenses</b>									
Salaries and fringe benefits	1,430,235	1,936,212	1,969,254	1,197,506	1,822,821	1,555,572	905,224	1,431,174	1,138,626
Amortization					321,887	324,051		17,496	
Other expenses	1,561,015	2,815,743	1,721,269	9,573,558	6,831,913	2,761,346	2,792,061	3,627,890	2,774,298
<b>Total expenses</b>	<b>2,991,250</b>	<b>4,751,955</b>	<b>3,690,523</b>	<b>10,771,064</b>	<b>8,976,621</b>	<b>4,640,969</b>	<b>3,697,285</b>	<b>5,076,560</b>	<b>3,912,924</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>527,333</b>	<b>147,476</b>	<b>143,304</b>	<b>58,694</b>	<b>(884,716)</b>	<b>(778,399)</b>	<b>1,584,463</b>	<b>2,608,667</b>	<b>1,430,136</b>

**Micmacs of Gesgapegiag Band**  
**Notes to Consolidated Financial Statements**  
Year ended March 31, 2016

**28 - SEGMENT DISCLOSURES (Continued)**

	Education			Natural resources			Social housing		
	Unaudited Budget 2016	2016	2015	Unaudited Budget 2016	2016	2015	Unaudited Budget 2016	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenues</b>									
Federal government transfers	2,605,100	2,566,258	2,681,687				123,913	231,109	290,690
Provincial government transfers				135,000	156,868	80,000			
Other revenues	500	14,706	19,637	1,043,826	1,157,690	921,543	6,780	258,676	346,286
<b>Total Revenues</b>	<b>2,605,600</b>	<b>2,580,964</b>	<b>2,701,324</b>	<b>1,178,826</b>	<b>1,314,558</b>	<b>1,001,543</b>	<b>130,693</b>	<b>489,785</b>	<b>636,976</b>
<b>Expenses</b>									
Salaries and fringe benefits	1,272,025	1,094,913	982,331	455,417	437,484	412,345	252,140	240,135	243,530
Amortization								182,796	180,449
Other expenses	949,006	1,429,347	1,498,379	711,479	791,739	622,681	310,126	301,339	481,247
<b>Total expenses</b>	<b>2,221,031</b>	<b>2,524,260</b>	<b>2,480,710</b>	<b>1,166,896</b>	<b>1,229,223</b>	<b>1,035,026</b>	<b>562,266</b>	<b>724,270</b>	<b>905,226</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>384,569</b>	<b>56,704</b>	<b>220,614</b>	<b>11,930</b>	<b>85,335</b>	<b>(33,483)</b>	<b>(431,573)</b>	<b>(234,485)</b>	<b>(268,250)</b>



**Micmacs of Gesgapegiag Band**  
**Notes to Consolidated Financial Statements**  
Year ended March 31, 2016

**28 - SEGMENT DISCLOSURES (Continued)**

	Policing and fire protection			Special projects			Total		
	Unaudited Budget			Unaudited Budget			Unaudited Budget		
	2016	2016	2015	2016	2016	2015	2016	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenues</b>									
Federal government transfers	364,529	358,744	293,726				8,913,004	10,573,774	11,062,105
Provincial government transfers	222,043	225,442	222,780				9,374,326	5,872,008	2,257,222
Other revenues	28,800	97,420	9,028	52,000	75,803	99,186	8,744,779	12,212,641	7,273,207
<b>Total Revenues</b>	<b>615,372</b>	<b>681,606</b>	<b>525,534</b>	<b>52,000</b>	<b>75,803</b>	<b>99,186</b>	<b>27,032,109</b>	<b>28,658,423</b>	<b>20,592,534</b>
<b>Expenses</b>									
Salaries and fringe benefits	418,458	536,019	407,639	2,100		144,245	6,333,026	7,893,599	7,015,363
Amortization							714,380	1,507,247	1,621,976
Other expenses	160,603	212,893	115,668	29,700	131,366	149,443	17,905,048	17,752,724	11,299,697
<b>Total expenses</b>	<b>579,061</b>	<b>748,912</b>	<b>523,307</b>	<b>31,800</b>	<b>131,366</b>	<b>293,688</b>	<b>24,952,454</b>	<b>27,153,570</b>	<b>19,937,036</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>36,311</b>	<b>(67,306)</b>	<b>2,227</b>	<b>20,200</b>	<b>(55,563)</b>	<b>(194,502)</b>	<b>2,079,655</b>	<b>1,504,853</b>	<b>655,498</b>