

Consolidated financial statements of

# **Miawpukek Band**

March 31, 2016

# Miawpukek Band

March 31, 2016

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# Miawpukek Band

## Management's Responsibility for Financial Reporting

March 31, 2016

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The accompanying consolidated financial statements for the Miawpukek Band and all the information in this annual report are the responsibility of management and have been approved by the Chief and Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

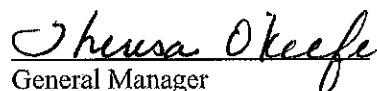
The Miawpukek First Nation maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Band's assets are appropriately accounted for and adequately safeguarded.

The Miawpukek First Nation is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Miawpukek First Nation 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 annual report, the consolidated financial statements and the external auditor's report.

The consolidated financial statements have been audited by Deloitte LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. Deloitte LLP has full and free access to the Miawpukek First Nation.

  
Chief

  
General Manager

## Independent Auditor's Report

To the Members of the  
Miawpukek Band

We have audited the accompanying consolidated financial statements of Miawpukek Band, which comprise the consolidated statement of financial position as at March 31, 2016, and the consolidated statements of operations, accumulated surplus, accumulated surplus – appropriated, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the 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 financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

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

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

## **Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Miawpukek 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.

## **Other matter**

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which states that the Band reports certain financial information that is not required by Canadian public sector accounting standards. This information is presented in order to satisfy Indigenous and Northern Affairs and is presented on page 25.

The image shows the signature of Deloitte LLP in a cursive, handwritten style.

Chartered Professional Accountants  
July 21, 2016

**Miawpukek Band**  
 Consolidated statement of financial position  
 as at March 31, 2016

	2016	2015
	\$	\$
<b>Financial assets</b>		
Cash	3,167,462	2,343,518
Receivables (Note 3)	501,352	1,053,000
Investments	6,185,411	963,984
Inventories (Note 5)	941,499	661,271
Restricted funds (Note 6)	1,136,979	1,033,875
Loans and advances to band members (Note 7)	900,322	780,617
Trust fund - INAC	2,626	2,599
	<b>12,835,651</b>	<b>6,838,864</b>
<b>Liabilities</b>		
Payables and accruals (Note 8)	2,008,454	1,437,208
Deferred revenue (Note 9)	500	5,000
Demand loans (Note 10)	4,351,855	2,013,569
CMHC replacement reserve (Note 11)	582,718	535,920
Long-term debt (Note 12)	2,843,278	3,093,190
	<b>9,786,805</b>	<b>7,084,887</b>
<b>Net financial assets (debt)</b>	<b>3,048,846</b>	<b>(246,023)</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 14)	35,496,823	33,263,852
Fishing licenses	7,037,825	7,037,825
Prepaid expenses	22,923	16,504
	<b>42,557,571</b>	<b>40,318,181</b>
Unappropriated (Page 8)	38,672,264	37,302,098
Appropriated (Page 8)	6,934,153	2,770,060
<b>Accumulated surplus</b>	<b>45,606,417</b>	<b>40,072,158</b>

Contingencies (Note 17)

On behalf of the Band:

*DBT* Chief → *[Signature]* Councillor  
*voice chief*

# Miawpukek Band

## Consolidated statement of operations year ended March 31, 2016

	Budget	2016	2015
	\$	\$	\$
	(Unaudited)		
<b>Revenue (Note 15)</b>			
Federal government operating transfers	14,687,874	<b>22,089,548</b>	16,878,065
Federal government capital transfers	581,863	<b>939,388</b>	1,577,577
Provincial government operating transfers	-	<b>173,007</b>	369,211
Economic activities	6,557,631	<b>7,262,535</b>	7,687,509
Other revenue	3,301,287	<b>3,059,144</b>	2,337,046
	<b>25,128,655</b>	<b>33,523,622</b>	28,849,408
<b>Expenses</b>			
Amortization	-	<b>1,975,508</b>	1,862,357
Band government	2,490,229	<b>3,303,117</b>	2,515,989
Community services	1,471,356	<b>3,012,094</b>	2,911,463
Economic development	7,229,040	<b>6,963,717</b>	7,113,244
Education	3,016,229	<b>3,140,626</b>	2,563,338
Employment programs	1,744,402	<b>942,880</b>	888,793
Health	4,514,703	<b>4,701,711</b>	4,723,321
Housing	1,802,209	<b>977,338</b>	1,088,276
Land claims (Natural Resource)	908,295	<b>908,182</b>	928,758
MAMKA	359,834	<b>377,599</b>	665,419
Public works	2,261,335	<b>1,686,591</b>	1,631,454
	<b>25,797,632</b>	<b>27,989,363</b>	26,892,412
<b>Excess of revenue over expenditures before appropriations</b>	(668,977)	<b>5,534,259</b>	1,956,996
Transfers from appropriated equity during the year	-	<b>500,851</b>	162,912
Transfers to appropriated equity during the year	-	<b>(4,664,944)</b>	(467,909)
<b>Excess of revenue over expenditures after equity transfers</b>	(668,977)	<b>1,370,166</b>	1,651,999

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# Miawpukek Band

## Consolidated statement of accumulated surplus year ended March 31, 2016

	2016	2015
	\$	\$
<b>Accumulated surplus - unappropriated, beginning of year</b>	<b>37,302,098</b>	35,650,099
Excess of revenue over expenditures	1,370,166	1,651,999
<b>Accumulated surplus - unappropriated, end of year</b>	<b>38,672,264</b>	37,302,098
<b>Accumulated surplus - appropriated, beginning of year</b>	<b>2,770,060</b>	2,465,063
Transfers to appropriated equity during the year	4,664,944	467,909
Transfers from appropriated equity during the year	(500,851)	(162,912)
	<b>4,164,093</b>	304,997
	<b>6,934,153</b>	2,770,060
<b>Total accumulated surplus</b>	<b>45,606,417</b>	40,072,158



# Miawpukek Band

## Consolidated statement of accumulated surplus - appropriated year ended March 31, 2016

	Accumulated Surplus - Appropriated Mar. 31/14	Transfers from Equity	Transfers to Operations	Accumulated Surplus - Appropriated Mar. 31/15	Transfers from Equity	Transfers to Operations	Accumulated Surplus - Appropriated Mar. 31/16
	\$	\$	\$	\$	\$	\$	\$
<b>Natural Resources</b>							
Christmas trees	12,825	-	8,181	4,644	-	4,644	-
Salmon enhancement	2,945	-	-	2,945	-	1,537	1,408
Silviculture	7,646	-	7,445	201	-	-	201
	<b>23,416</b>	<b>-</b>	<b>15,626</b>	<b>7,790</b>	<b>-</b>	<b>6,181</b>	<b>1,609</b>
<b>Public Works</b>							
Water system maintenance	4,866	-	4,866	-	-	-	-
Public works water testing	7,000	-	7,000	-	-	-	-
	<b>11,866</b>	<b>-</b>	<b>11,866</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Economic Development and Training</b>							
Conne River Gas Bar	172,161	-	10,632	161,529	-	43,383	118,146
Elder's program	-	-	-	-	8,752	-	8,752
Miawpukek Human Resources - ASETS	55,427	-	-	55,427	-	-	55,427
Off reserve housing	251	-	251	-	-	-	-
Off reserve post secondary	122,178	2,889	-	125,067	-	50,175	74,892
On reserve post secondary	86,333	-	-	86,333	-	-	86,333
Student employment	4,366	-	-	4,366	-	-	4,366
	<b>440,716</b>	<b>2,889</b>	<b>10,883</b>	<b>432,722</b>	<b>8,752</b>	<b>93,558</b>	<b>347,916</b>
<b>Capital Lands and Housing</b>							
Arena fund	-	-	-	-	11,796	-	11,796
Land and environmental	85,983	-	-	85,983	10,948	-	96,931
Land management	26,069	-	-	26,069	-	-	26,069
School construction	-	-	-	-	4,202,585	-	4,202,585
Subsidized housing	38,144	-	-	38,144	-	-	38,144
Administration	68,342	-	56,940	11,402	-	-	11,402
Housing-special	415,000	-	-	415,000	-	-	415,000
Housing construction	102,504	-	-	102,504	-	8,096	94,408
Veteran's monument	10,000	-	3,324	6,676	-	-	6,676
	<b>746,042</b>	<b>-</b>	<b>60,264</b>	<b>685,778</b>	<b>4,225,329</b>	<b>8,096</b>	<b>4,903,011</b>

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# Miawpukek Band

## Consolidated statement of accumulated surplus - appropriated year ended March 31, 2016

	Accumulated Surplus - Appropriated Mar. 31/14	Transfers from Equity	Transfers to Operations	Accumulated Surplus - Appropriated Mar. 31/15	Transfers from Equity	Transfers to Operations	Accumulated Surplus - Appropriated Mar. 31/16
	\$	\$	\$	\$	\$	\$	\$
<b>Miscellaneous</b>							
Fuel storage	11,423	-	-	11,423	-	11,423	-
MAMKA ASFAR	24,340	-	-	24,340	-	11,662	12,678
Miawpukek Harbour Authority	1,239	-	1,239	-	-	-	-
Ocean management	50,712	-	37,276	13,436	-	13,436	-
Equity fund	223,994	45,654	-	269,648	44,867	8,176	306,339
Shrimp revenue fund	2,996	-	2,996	-	-	-	-
	314,704	45,654	41,511	318,847	44,867	44,697	319,017
<b>Education</b>							
Education	99,202	-	-	99,202	-	8,382	90,820
	99,202	-	-	99,202	-	8,382	90,820
<b>Conne River Health and Social Services</b>							
Brighter futures	28,447	-	-	28,447	-	-	28,447
Family violence initiative	16,081	-	-	16,081	-	-	16,081
Health service integration fund	-	20,855	-	20,855	-	20,855	-
Employment services	-	398,511	-	398,511	335,996	318,582	415,925
	44,528	419,366	-	463,894	335,996	339,437	460,453
<b>Governance</b>							
Finance	287,484	-	-	287,484	-	-	287,484
Heritage fund	473,843	-	-	473,843	50,000	-	523,843
Intergovernmental Secretariat	500	-	-	500	-	500	-
Self government	22,762	-	22,762	-	-	-	-
	784,589	-	22,762	761,827	50,000	500	811,327
	2,465,063	467,909	162,912	2,770,060	4,664,944	500,851	6,934,153

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# Miawpukek Band

## Consolidated statement of change in net assets year ended March 31, 2016

	2016	2015
	\$	\$
Excess of revenue over expenditures	5,534,259	1,956,996
<b>Changes in tangible capital assets</b>		
Acquisition of tangible capital assets	(4,208,479)	(3,662,765)
Proceeds from disposal of tangible capital assets	-	307,053
Gain on disposal of tangible capital assets	-	(236,948)
Amortization of tangible capital assets	1,975,508	1,862,357
Decrease in tangible capital assets	3,301,288	226,693
<b>Change in other non-financial assets</b>		
Acquisition of fishing licenses	-	(1,110,000)
Net change in prepaid expenses	(6,419)	302
Change in other non-financial assets	(6,419)	(1,109,698)
Increase (decrease) in net financial assets	3,294,869	(883,005)
Net financial (debt) assets, beginning of year	(246,023)	636,982
<b>Net financial assets (debt), end of year</b>	<b>3,048,846</b>	<b>(246,023)</b>

# Miawpukek Band

## Consolidated statement of cash flows year ended March 31, 2016

	2016	2015
	\$	\$
<b>Operating transactions</b>		
Excess of revenue over expenditures before appropriations	5,534,259	1,956,996
Items not affecting cash		
Amortization of tangible capital assets	1,975,508	1,862,357
Gain on disposal of tangible capital assets	-	(236,948)
	<b>7,509,767</b>	<b>3,582,405</b>
Change in other		
Receivables	551,648	79,276
Inventories	(280,228)	(11,226)
Prepaid expenses	(6,419)	302
Payables and accruals	571,246	362,953
Deferred revenue	(4,500)	(370,653)
	<b>8,341,514</b>	<b>3,643,057</b>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(4,208,479)	(3,662,765)
Acquisition of fishing licenses	-	(1,110,000)
Proceeds from disposal of tangible capital assets	-	307,053
	<b>(4,208,479)</b>	<b>(4,465,712)</b>
<b>Financing transactions</b>		
Proceeds from demand loans	2,338,286	795,936
Repayment of long-term debt	(249,912)	(253,525)
Proceeds from long-term debt	-	66,578
	<b>2,088,374</b>	<b>608,989</b>
<b>Investing transactions</b>		
Purchase of investments	(5,221,427)	(212,000)
Increase in CMHC replacement reserve	46,798	47,336
Increase in Trust fund - INAC	(27)	(98)
(Increase) decrease in advances to band members	(119,705)	60,669
Increase in restricted funds	(103,104)	(103,506)
	<b>(5,397,465)</b>	<b>(207,599)</b>
Net increase (decrease) in cash	823,944	(421,265)
Cash, beginning of the year	2,343,518	2,764,783
<b>Cash, end of the year</b>	<b>3,167,462</b>	<b>2,343,518</b>

# Miawpukek Band

## Notes to consolidated financial statements

March 31, 2016

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### 1. Basis of presentation and significant accounting policies

The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards ("PSAS") as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Professional Accountants ("CPA") and reflect the following significant accounting policies:

The schedule in these financial statements is not required by PSAS but is presented in order to satisfy Indigenous and Northern Affairs Canada ("INAC"). This schedule can be found on page 25 of the financial statements.

#### *Reporting entity and principles of financial reporting*

The Miawpukek Band (the "Band") reporting entity includes the Miawpukek Band government and all related entities which are either owned or controlled by the Miawpukek Band.

These financial statements consolidate the assets, liabilities and results of operations for the following reporting entities.

- Miawpukek Band
- Taqamkuk Development Corporation
- Netukulimk Fisheries Ltd.
- Harbour Authority

All inter-entity balances have been eliminated on consolidation, except in order to present the results of operations for each specific program, in which case transactions amongst funds have not necessarily been eliminated on the individual schedules.

#### *Tangible capital assets*

Tangible capital assets are recorded at cost. Amortization of tangible capital assets is calculated on a declining balance basis at rates which will reduce cost to estimated residual value over the useful lives of the assets.

#### *Impairment of long-lived assets*

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

#### *Inventory*

Inventory consists of finished goods and is recorded at the lower of cost and net realizable value. Cost is determined on a weighted average basis. Net realizable value is the estimated selling price less the estimated cost of completion and the estimated costs necessary to make the sale.

#### *Fishing licenses*

Fishing licenses represent intangible assets acquired and which are recorded at their fair value at the date of acquisition. Licenses have indefinite lives, are not amortized and are tested for impairment annually, or more frequently, if events or changes in circumstances indicate that the asset might be impaired. The impairment test compares the carrying amount of the licenses with their fair value. When an impairment loss exists, it is recognized and disclosed in the statement of operations.

# Miawpukek Band

## Notes to consolidated financial statements

March 31, 2016

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### 1. Basis of presentation and significant accounting policies (continued)

#### *Revenue recognition*

Revenue is recognized as it becomes receivable under the terms of the applicable funding agreement. Funding received under the funding arrangements which relates to a subsequent fiscal period is reflected as appropriated equity in the year of receipt and classified as such on the statement of financial position.

Government grants and transfers are recognized in the period in which events give rise to the transfer occurring, provided the transfers are authorized, any eligibility criteria has been met, including performance and return requirements, and reasonable estimates of the amount can be determined.

Other revenues are recognized as earned provided collection is reasonably assured.

Revenues from the sale of goods and services are recognized as earned where the price is fixed or determinable and when collection is reasonably assured.

Revenue received for a future period is deferred until that period and is recorded as deferred revenue.

#### *Investments*

Investments are comprised of guaranteed investment certificates and are recorded at cost, which approximates fair value.

#### *Use of estimates*

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Key components of the financial statements requiring management to make estimates include the cost and net realizable value of inventories, the useful lives of long-lived assets, accrued liabilities and collectability of accounts receivable. Actual results could differ materially from those estimates.

### 2. Economic dependence

The Miawpukek Band receives a major portion of its revenues pursuant to funding arrangements with Indigenous and Northern Affairs Canada ("INAC").

As explained in Note 17, under the terms of the agreement, funding from the arrangement with Indigenous and Northern Affairs Canada can be suspended if the terms of the funding agreement are not complied with by the Miawpukek Band.

# Miawpukek Band

## Notes to consolidated financial statements

March 31, 2016

### 3. Receivables

	2016	2015
	\$	\$
ACOA	14,383	146,446
CMHC	40,939	14,914
Coast of Bays Contracting	302	33
Conne River Forest Products	-	2,128
Department of Fisheries and Oceans	108,000	90,301
Department of Innovation, Business and Rural Development	-	62,500
Federation of Newfoundland Indians	64,440	106,761
INAC (Note 4)	73,408	226,073
Gray's Aquaculture	5,981	8,350
HST receivable	65,183	57,717
John Equipment	1,908	1,908
John N. Jeddore environmental cleanup	313,806	349,806
Justice Canada	72,644	72,350
Mi'kmaq Diving Services	88,629	88,629
Miscellaneous	114,472	552,818
NSF cheques	1,289	1,974
Sit Down Pond Camp Inc.	10,891	10,891
	<b>976,275</b>	<b>1,793,599</b>
Less: Allowance for doubtful accounts	<b>(474,923)</b>	<b>(740,599)</b>
	<b>501,352</b>	<b>1,053,000</b>

### 4. Reconciliation of INAC receivable

	2016	2015
	\$	\$
Balance as confirmed by INAC March 31	140,134	178,420
Adjustments:		
Funds received subsequent to year end	5,878	98,867
Unspent funds - inherent right (Note 15)	(22,604)	(51,214)
Unspent funds - child and family foster homes (Note 15)	(50,000)	-
<b>Ending balance</b>	<b>73,408</b>	<b>226,073</b>

Subsequent to year end, on April 1, the Band received \$5,878 (2015 - \$98,867) in funding from INAC relating to the 2016 fiscal year, therefore this balance is included in receivables at March 31, 2016.

# Miawpukek Band

## Notes to consolidated financial statements

March 31, 2016

### 5. Inventories

	2016	2015
	\$	\$
Conne River Buildings Supplies	587,744	506,945
Conne River Garage	4,357	11,395
Conne River Gas Bar	241,703	42,449
Marina	4,543	5,836
Miawpukek Wholesalers	44,287	48,969
Micmac Arts and Crafts	58,865	45,677
	<b>941,499</b>	<b>661,271</b>

### 6. Restricted funds

Restricted funds represent segregated cash balances that have been externally restricted by third parties for future purposes. The restricted fund balance has been segregated to meet obligations with the Canada Mortgage and Housing Corporation ("CMHC"), further disclosed in Note 11, as well as obligations as a result of guaranteeing certain Band member loans as disclosed in Note 17(c).

### 7. Loans and advances to band members

Advances to Band Members represent advances which are loaned based on assessments performed on a case by case basis, as well as long-term housing loans guaranteed to Band Members. The advances are repaid through payroll deductions when the Band members are employed under the Band's programs and operations. Long-term housing loans are paid based on terms agreed upon by the parties.

	2016	2015
	\$	\$
Loans and advances to Band members	1,257,770	1,046,293
Less: Allowance for doubtful accounts	(357,448)	(265,676)
	<b>900,322</b>	<b>780,617</b>

### 8. Payables and accruals

	2016	2015
	\$	\$
Accrued salaries and benefits payable	97,437	90,567
Other accrued liabilities	847,309	530,480
Severance payable	43,000	23,000
Trade payables	1,020,708	793,161
	<b>2,008,454</b>	<b>1,437,208</b>

Included in other accrued liabilities is an amount payable to INAC of \$14,908 (2015 - \$32,550) relating to unspent funds in the Band's child and family foster homes program. Refer to Note 15 for further details.



# Miawpukek Band

## Notes to consolidated financial statements

March 31, 2016

### 9. Deferred revenue

	Balance March 31, 2015	Funding Received 2016	Revenue Recognized 2016	Balance March 31, 2016
	\$	\$	\$	\$
Other	5,000	500	5,000	500

### 10. Demand loans

The Band has demand loans with Canadian Imperial Bank of Commerce at bank prime rates of interest, which are secured by properties situated in Conne River, Newfoundland and Labrador, a general security agreement and borrowing resolutions from the Band.

### 11. CMHC replacement reserve

Under the terms of the agreement with CMHC, the replacement reserve account is to be credited in the amount of \$300 to \$1,000 per unit annually. These funds, along with accumulated interest, must be held in a separate bank account or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC. Withdrawals are credited to interest first and then to principal. The funds in the account may only be used as approved by the CMHC. At year end, the funds in the reserve consisted of cash of \$582,718 (\$489,855 post-1997 program, \$83,700 pre-1996 program, \$9,163 reserve overfunded) (2015 - \$535,920).

### 12. Long-term debt

	2016	2015
	\$	\$
<b>Canada Mortgage and Housing Corporation</b>		
1.81% mortgage repayable in monthly instalments of \$828 including interest, maturing March 1, 2024	74,063	83,098
1.67% mortgage repayable in monthly instalments of \$2,180 including interest, maturing February 1, 2017	23,784	51,631
3.9% mortgage, repayable in monthly instalments of \$1,900 including interest, maturing January 1, 2023	132,530	152,509
1.81% mortgage, repayable in monthly instalments of \$1,947 including interest, maturing March 1, 2024	174,134	194,044
4.31% mortgage, repayable in monthly instalments of \$1,724 including interest, maturing April 1, 2022	105,479	123,295
2.57% mortgage, repayable in monthly instalments of \$1,032 including interest, maturing October 1, 2024	94,921	105,548

# Miawpukek Band

## Notes to consolidated financial statements

March 31, 2016

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### 12. Long-term debt (continued)

	2016	2015
	\$	\$
<b>Canada Mortgage and Housing Corporation</b>		
2.84% mortgage, repayable in monthly instalments of \$1,050 including interest, maturing January 1, 2025	<b>100,001</b>	108,688
2.76% mortgage, repayable in monthly instalments of \$709 including interest, maturing May 1, 2030	<b>99,339</b>	105,757
3.47% mortgage, repayable in monthly instalments of \$415 including interest, maturing April 1, 2033	<b>62,904</b>	66,293
3.9% mortgage, repayable in monthly instalments of \$3,957 including interest, maturing March 1, 2033	<b>573,501</b>	602,561
3.16% mortgage, repayable in monthly instalments of \$1,055 including interest, maturing April 1, 2028	<b>124,899</b>	134,580
1.81% mortgage, repayable in monthly instalments of \$588 including interest, maturing May 1, 2029	<b>82,812</b>	88,540
1.67% mortgage, repayable in monthly instalments of \$948 including interest, maturing March 1, 2026	<b>97,657</b>	108,569
4.55% mortgage, repayable in monthly instalments of \$763 including interest, maturing May 1, 2027	<b>76,598</b>	83,001
2.65% mortgage, repayable in monthly instalments of \$344 including interest, maturing February 1, 2020	<b>15,558</b>	19,326
2.26% mortgage, repayable in monthly instalments of \$695 including interest, maturing July 1, 2031	<b>108,044</b>	114,397
4.45% mortgage, repayable in monthly instalments of \$1,674 including interest, maturing May 1, 2032	<b>222,330</b>	235,210
2.86% mortgage, repayable in monthly instalments of \$932 including interest, maturing July 1, 2034	<b>158,585</b>	165,622

# Miawpukek Band

## Notes to consolidated financial statements

March 31, 2016

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### 12. Long-term debt (continued)

	2016	2015
	\$	\$
<b>Canada Mortgage and Housing Corporation</b>		
Non-interest bearing loan, forgivable at a rate of one-fifteenth of the original principal amount for each year that the Band continues to own and use the funded asset in accordance with the agreement between parties	42,011	47,318
2.69% mortgage, repayable in monthly instalments of \$1,242 including interest, maturing August 1, 2035	224,614	234,371
1.68% mortgage, repayable in monthly instalments of \$371 including interest, maturing April 1, 2038	82,196	85,314
1.68% mortgage, repayable in monthly instalments of \$371 including interest, maturing April 1, 2038	83,569	86,455
1.82% mortgage, repayable in monthly instalments of \$365 including interest, maturing September 1, 2039	83,749	86,578
<b>Ally Credit Canada Limited</b>		
6.84% vehicle loan, repaid during the year	-	5,186
6.84% vehicle loan, repaid during the year	-	5,299
	<b>2,843,278</b>	<b>3,093,190</b>

CMHC mortgages are secured by properties in Conne River, Newfoundland and Labrador.

Annual principal repayments in each of the next five years are as follows:

	\$
2017	387,003
2018	198,607
2019	204,379
2020	209,652
2021	205,888
Thereafter	1,637,749

### 13. Credit facility

The Band has an available credit facility in the amount of \$100,000 (2015 - \$100,000), of which \$100,000 remained unused at March 31, 2016 (2015 - \$13,123). The facility bears interest at a rate of prime plus 3% and is secured by a guarantee of the Miawpukek Band.

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# Miawpukek Band

## Notes to consolidated financial statements

March 31, 2016

### 14. Tangible capital assets

	Amortization Rate	2016			2015	
		Cost	Accumulated Amortization	Net Book Value	Cost	Net Book Value
Buildings	4	34,365,357	14,146,442	20,218,915	33,394,754	19,944,366
Equipment	20	10,079,599	8,003,778	2,075,821	9,760,596	2,286,244
Motor vehicles	30	2,207,010	2,098,443	108,567	2,284,183	112,245
Roads	2.5	5,718,710	1,935,202	3,783,508	5,524,002	3,687,622
Sports facilities	4	176,895	96,985	79,910	176,895	83,240
Subdivision	2.5	1,285,569	222,055	1,063,514	897,698	702,514
Vessel	15	3,822,330	2,463,134	1,359,196	3,279,506	1,056,230
Water and sewer	2.5	8,757,715	2,987,068	5,770,647	8,140,995	5,302,061
Work-in-progress		1,036,745	-	1,036,745	89,330	89,330
		<b>67,449,930</b>	<b>31,953,107</b>	<b>35,496,823</b>	<b>63,547,959</b>	<b>33,263,852</b>

There is no amortization taken on work-in-progress assets until the asset is available for use.

### 15. Revenue – Federal Government operating transfers

	2016	2015
	\$	\$
<b>Indigenous and Northern Affairs Canada</b>		
Grant	10,633,304	10,424,808
Block	713,550	682,228
Set	1,431,988	1,503,515
Flexible	901,741	381,675
Fixed	5,292,600	57,400
	<b>18,973,183</b>	<b>13,049,626</b>
Adjustments (set)	(87,512)	(83,764)
<b>Net funding for fiscal year</b>	<b>18,885,671</b>	<b>12,965,862</b>
<b>Health Canada</b>		
Block	1,466,205	1,421,848
Set	875,186	904,222
Flexible	253,047	444,596
	<b>2,594,438</b>	<b>2,770,666</b>
Adjustments	27,244	(203,789)
<b>Net funding for fiscal year</b>	<b>2,621,682</b>	<b>2,566,877</b>
<b>CMHC</b>	<b>168,493</b>	<b>65,795</b>
<b>Other</b>	<b>11,847,776</b>	<b>12,963,321</b>
	<b>33,523,622</b>	<b>28,849,408</b>

# Miawpukek Band

## Notes to consolidated financial statements

March 31, 2016

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### 15. Revenue – Federal Government operating transfers (continued)

During the year, the Band had surpluses in their inherent right program of \$22,604 (2015 - \$51,204) and the child and family foster homes program of \$64,908 (2015 - \$32,550 ). These programs are under the set funding agreement, and as such, any unspent funds are repayable to INAC. Therefore, there has been a reduction to revenue of \$87,512, a reduction to accounts receivable of \$72,604, and an increase to accrued liabilities of \$14,908. Refer to Notes 4 and 8 for further details.

During the year, the Band received \$7,000 related to a clawback in 2011-2012 fiscal year and \$7,619 related to a clawback in 2012-2013 fiscal year which are included in the Health Canada confirmation. In addition, a receivable was set up for the deficit in Non-insured health benefits for \$41,863, resulting in a net adjustment of \$27,244.

### 16. Federal assistance payments

The CMHC projects have received federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 56.1 of the National Housing Act to reduce mortgage interest expense to 2% to enable the Band to provide housing to low income individuals. The amount of assistance received through March 31, 2016 was \$132,116 (\$109,565 post-1997 program, \$22,551 pre-1996 program) (2015 - \$134,146).

### 17. Contingencies

- a) The Band has entered into a funding arrangement with Indigenous and Northern Affairs Canada for ten years effective April 1, 2013. The Band has entered into a five-year funding arrangement with Health Canada, effective April 1, 2014. These funds may be repayable if minimum program requirements are not met.
- b) The Band has entered into contribution agreements with various government departments. Funding received under these contribution agreements are subject to repayment if the Band fails to comply with the terms and conditions of the agreements.
- c) The Band has provided guarantees for Band members for loans totaling \$14,546 (2015 - \$17,363) which are secured by restricted funds in this amount.
- d) The Band has provided ministerial guarantees on mortgages of \$1,531,708 (2015 - \$1,514,709) for Band members which are secured by the specific property mortgaged. These mortgages are not recorded as liabilities of the Band.
- e) The Band has provided letters of credit for \$440,000 (2015 - \$440,000).
- f) The Band supports the recognition of the employees' years of service to the Band. A general provision for severance pay has not been recognized in the consolidated financial statements as the employees must apply to the Band for this compensation and it is subject to budgetary concerns of the Band.

### 18. Defined contribution pension plan

The Band has established a defined contribution pension plan registered in the name of the Miawpukek First Nation. The assets of the plan are held separately from those of the Band in an independently administered fund. Contributions paid by the Band for the year ended March 31, 2016 amounted to \$225,561 (2015 - \$251,965).

### 19. Statutory remittances

As at March 31, 2016, the Band has submitted all required remittances under the Income Tax Act.

# Miawpukek Band

Notes to consolidated financial statements

March 31, 2016

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## **20. Segment disclosures**

The Band provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by department. Schedule 1 presents each segment reported, the segment revenue and expenses that are directly attributable to the segment and amounts that are allocated on a reasonable basis.

# Miawpukek Band

Segment disclosures - Schedule 1  
year ended March 31, 2016

	Natural Resources			Commercial Fisheries			MAMKA			Public Works		
	Budget 2016	2016	2015	Budget 2016	2016	2015	Budget 2016	2016	2015	Budget 2016	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenues</b>												
Federal government operating transfers	696,295	925,717	910,928	-	-	-	359,834	354,581	503,117	1,211,934	1,299,874	1,231,457
Federal government capital transfers	-	-	-	-	-	500,000	-	-	115,816	581,863	845,863	141,647
Provincial government operating transfers	-	37,500	45,691	-	-	-	-	-	-	-	-	-
Provincial government capital transfers	-	-	-	-	-	-	-	-	-	-	-	-
Economic activities	-	2,890	1,605	-	-	-	-	-	-	104,500	94,551	86,439
Income from investments in government	-	-	-	-	-	-	-	-	-	-	-	-
Other	212,000	11,771	14,479	-	-	-	-	-	134,755	43,148	95,983	35,076
<b>Total revenue</b>	<b>908,295</b>	<b>977,878</b>	<b>972,703</b>	<b>-</b>	<b>-</b>	<b>500,000</b>	<b>359,834</b>	<b>354,581</b>	<b>753,688</b>	<b>1,941,445</b>	<b>2,336,271</b>	<b>1,494,619</b>
<b>Expenses</b>												
Salaries and benefits	792,182	785,131	760,251	-	-	-	53,780	208,266	327,558	908,705	874,109	733,102
Financing payments	-	392	1,084	-	-	-	-	-	-	-	1,601	515
Interest	-	-	-	-	-	-	-	-	-	-	-	-
Supplies and services	15,451	68,339	82,391	-	-	-	45,650	77,621	200,201	719,392	385,698	509,774
Staff development	5,000	4,924	7,168	-	-	-	3,000	5,000	3,000	5,952	3,172	200
Travel	13,750	23,776	33,584	-	-	-	32,583	28,316	37,964	9,110	5,451	7,714
Utilities	43,889	22,337	35,798	-	-	-	9,168	-	-	89,335	65,854	81,652
Programs	-	1,109	451	-	-	-	10,000	58,000	83,004	11,280	8,680	9,090
Repairs and maintenance	7,372	-	-	-	-	-	3,000	-	-	254,100	331,234	252,415
Amortization	-	-	-	-	-	-	-	-	-	-	-	-
Other	30,651	2,174	8,031	-	-	-	202,653	396	13,692	263,461	10,792	36,992
<b>Total expenses</b>	<b>908,295</b>	<b>908,182</b>	<b>928,758</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>359,834</b>	<b>377,599</b>	<b>665,419</b>	<b>2,261,335</b>	<b>1,686,591</b>	<b>1,631,454</b>
<b>Annual surplus (deficit)</b>	<b>-</b>	<b>69,696</b>	<b>43,945</b>	<b>-</b>	<b>-</b>	<b>500,000</b>	<b>-</b>	<b>(23,018)</b>	<b>88,269</b>	<b>(319,890)</b>	<b>649,680</b>	<b>(136,835)</b>

# Miawpukek Band

Segment disclosures - Schedule 1  
year ended March 31, 2016

Schedule 1 (continued)

	Education			Health and Social Services			Economic Development		
	Budget 2016	2016	2015	Budget 2016	2016	2015	Budget 2016	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenues</b>									
Federal government operating transfers	3,009,492	2,688,062	2,384,180	3,087,156	4,321,358	4,720,308	580,085	476,053	420,937
Federal government capital transfers	-	93,525	93,525	-	-	-	-	-	-
Provincial government operating transfers	-	130,507	188,287	-	-	-	-	5,000	5,000
Provincial government capital transfers	-	-	-	-	-	-	-	-	-
Economic activities	-	-	-	-	-	-	6,453,131	6,234,615	6,809,384
Income from investments in government	-	-	-	-	-	-	-	-	-
Other	-	230,381	6,716	1,427,547	461,333	33,654	-	694,041	330,386
<b>Total revenue</b>	<b>3,009,492</b>	<b>3,142,475</b>	<b>2,672,708</b>	<b>4,514,703</b>	<b>4,782,691</b>	<b>4,753,962</b>	<b>7,033,216</b>	<b>7,409,709</b>	<b>7,565,707</b>
<b>Expenses</b>									
Salaries and benefits	2,618,066	2,346,623	2,117,766	2,974,406	3,117,292	3,042,822	2,203,361	2,128,548	2,256,224
Financing payments	-	-	-	-	-	-	-	22,111	671
Interest	2,400	-	-	3,500	-	-	45,000	182,950	177,105
Supplies and services	123,010	631,163	293,544	144,693	971,888	1,147,532	3,061,163	1,534,690	926,208
Staff development	22,500	1,892	2,274	64,500	33,917	39,624	-	10,869	13,678
Travel	93,600	12,043	19,356	555,450	68,266	74,816	67,478	40,598	76,424
Utilities	60,450	-	-	45,200	41,993	38,324	180,278	68,588	59,219
Programs	31,593	6,738	6,739	431,613	372,181	286,076	4,790	-	2,526
Repairs and maintenance	11,480	10,216	22,391	67,310	37,927	35,003	182,700	151,876	137,575
Amortization	-	-	-	-	-	-	129,354	-	-
Other	53,130	131,951	101,268	228,031	58,247	59,124	1,354,916	2,823,487	3,463,614
<b>Total expenses</b>	<b>3,016,229</b>	<b>3,140,626</b>	<b>2,563,338</b>	<b>4,514,703</b>	<b>4,701,711</b>	<b>4,723,321</b>	<b>7,229,040</b>	<b>6,963,717</b>	<b>7,113,244</b>
<b>Annual surplus (deficit)</b>	<b>(6,737)</b>	<b>1,849</b>	<b>109,370</b>	<b>-</b>	<b>80,980</b>	<b>30,641</b>	<b>(195,824)</b>	<b>445,992</b>	<b>452,463</b>



# Miawpukek Band

Segment disclosures - Schedule 1  
year ended March 31, 2016

Schedule 1 (continued)

	Government			Capital Land & Housing		Employment Programs		Community Services/ Miscellaneous				
	Budget 2016	2016	2015	Budget 2016	2016	2015	Budget 2016	2016	2015	2015		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Revenues</b>												
Federal government operating transfers	2,033,229	2,760,487	2,485,920	1,186,206	6,436,810	1,389,384	1,702,002	877,479	920,987	821,641	1,949,127	1,910,847
Federal government capital transfers	-	-	601,150	-	-	-	-	-	-	-	-	125,439
Provincial government operating transfers	-	-	-	-	-	-	-	-	-	-	-	130,233
Provincial government capital transfers	-	-	-	-	-	-	-	-	-	-	-	-
Economic activities	-	-	-	-	-	-	-	-	-	-	930,479	790,081
Income from investments in government	-	-	-	-	-	-	-	-	-	-	-	-
Other	457,000	762,148	993,419	577,166	376,056	404,709	65,289	-	-	649,715	293,443	262,315
<b>Total revenue</b>	<b>2,490,229</b>	<b>3,522,635</b>	<b>4,080,489</b>	<b>1,763,372</b>	<b>6,812,866</b>	<b>1,794,093</b>	<b>1,767,291</b>	<b>877,479</b>	<b>920,987</b>	<b>1,471,356</b>	<b>3,173,049</b>	<b>3,218,915</b>
<b>Expenses</b>												
Salaries and benefits	1,096,013	1,373,981	1,311,214	708,706	526,224	519,574	229,834	67,683	68,221	576,530	626,314	621,975
Financing payments	-	-	-	-	41,342	49,254	-	-	-	-	-	-
Interest	14,620	56,255	46,673	-	-	-	-	-	-	-	-	-
Supplies and services	33,300	946,912	864,710	298,992	135,482	195,654	6,400	485,301	426,848	62,603	1,231,678	1,236,702
Staff development	14,500	17,734	6,093	5,000	13,881	6,492	78,926	133,437	148,270	12,200	42,183	53,346
Travel	77,000	60,075	69,719	22,500	28,440	40,460	14,000	44,717	52,541	42,575	24,030	26,052
Utilities	64,500	66,149	63,485	22,950	21,634	23,363	5,125	-	-	32,945	23,391	25,460
Programs	-	55,394	34,813	31,897	6,250	5,344	1,205,851	211,742	192,913	-	118,894	90,272
Repairs and maintenance	-	-	-	93,701	65,146	131,590	-	-	-	19,680	-	526
Amortization	-	-	-	-	-	-	-	-	-	-	-	-
Other	1,190,296	726,617	119,282	618,463	138,939	116,545	204,266	-	-	724,823	945,604	857,130
<b>Total expenses</b>	<b>2,490,229</b>	<b>3,303,117</b>	<b>2,515,989</b>	<b>1,802,209</b>	<b>977,338</b>	<b>1,088,276</b>	<b>1,744,402</b>	<b>942,880</b>	<b>888,793</b>	<b>1,471,356</b>	<b>3,012,094</b>	<b>2,911,463</b>
<b>Annual surplus (deficit)</b>	<b>-</b>	<b>219,518</b>	<b>1,564,500</b>	<b>(38,837)</b>	<b>5,835,528</b>	<b>705,817</b>	<b>22,889</b>	<b>(65,401)</b>	<b>32,194</b>	<b>-</b>	<b>160,955</b>	<b>307,452</b>

# Miawpukek Band

Segment disclosures - Schedule 1  
year ended March 31, 2016

Schedule 1 (continued)

	Amortization			Interest			Total		
	Budget 2016	2016	2015	Budget 2016	2016	2015	Budget 2016	2016	
	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Revenues</b>									
Federal government operating transfers	-	-	-	-	-	-	14,687,874	22,089,548	16,878,065
Federal government capital transfers	-	-	-	-	-	-	581,863	939,388	1,577,577
Provincial government operating transfers	-	-	-	-	-	-	-	173,007	369,211
Economic activities	-	-	-	-	-	-	6,557,631	7,262,535	7,687,509
Other	-	-	-	-	133,988	121,537	3,301,287	3,059,144	2,337,046
<b>Total revenue</b>	-	-	-	-	133,988	121,537	25,128,655	33,523,622	28,849,408
<b>Expenses</b>									
Salaries and benefits	-	-	-	-	-	-	12,161,583	12,054,171	11,758,707
Financing payments	-	-	-	-	-	-	-	65,446	51,524
Interest	-	-	-	-	-	-	65,520	239,205	223,778
Supplies and services	-	-	-	-	-	-	4,510,654	6,468,772	5,883,564
Staff development	-	-	-	-	-	-	211,578	267,009	280,145
Travel	-	-	-	-	-	-	928,046	335,712	438,630
Utilities	-	-	-	-	-	-	553,840	309,946	327,301
Programs	-	-	-	-	-	-	1,727,024	838,988	711,228
Repairs and maintenance	-	-	-	-	-	-	639,343	596,399	579,500
Amortization	-	1,975,508	1,862,357	-	-	-	129,354	1,975,508	1,862,357
Other	-	-	-	-	-	-	4,870,690	4,838,207	4,775,678
<b>Total expenses</b>	-	1,975,508	1,862,357	-	-	-	25,797,632	27,989,363	26,892,412
<b>Annual surplus (deficit)</b>		(1,975,508)	(1,862,357)		133,988	121,537	(668,977)	5,534,259	1,956,996

## Miawpukek Band

Salaries, honoraria, travel expenses and other remuneration

Elected or appointed officials - Annex B

as at March 31, 2016

(Unaudited)

Name of individual	Position Title	# of months	Salary	Honorarium	Other remuneration	Travel expenses	Total
			\$	\$	\$	\$	\$
Misel Joe	Chief	12	73,950	12,300	8,105	9,653	104,008
Harvey Drew	Vice chief / foreman	12	15,724	3,050	-	1,750	20,524
David Mcdonald	Councillor / manager	12	48,450	1,100	6,638	8,775	64,963
Noel Joe	Councillor / labourer	12	6,767	1,585	-	1,305	9,657
Ada Roberts	Councillor / nurse practitioner	12	102,411	2,520	-	-	104,931
Stewart Etheridge	Councillor / manager	9	39,010	1,100	4,666	9,560	54,336
Gerard Joe	Councillor / labourer	4	12,009	1,400	1,947	-	15,356