GLOOSCAP FIRST NATION

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

Glooscap First Nation
Financial Statements
For the year ended March 31, 2019

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GLOOSCAP FIRST NATION

Management's Responsibility for the Consolidated Financial Statements
March 31, 2019

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

These consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board. Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

On behalf of Glooscap First Nation:

Chief — Date: July 29/2019

Councilor — Date: July 29/2019

Councilor — Date: July 29/2019

Councilor — Date: July 22, 2019

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INDEPENDENT AUDITORS' REPORT

To the Members of Glooscap First Nation

Opinion

We have audited the consolidated financial statements of Glooscap First Nation (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2019 and its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Restated Comparative Information

We draw attention to Note 2 of the financial statements, which explains that certain comparative information presented for the year ended March 31, 2018 has been restated to adjust investment in government business enterprises. Our opinion is not modified in respect of this matter.

Other Matter

The financial statements Yarmouth Bar Fisheries Limited, of a significant component of Glooscap First Nation, for the year ended March 31, 2019 were audited by another auditor who expressed an unmodified opinion on July 10, 2019.

Responsibilities of Management and Those Charged with Governance 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

Those charged with governance are responsible for overseeing the First Nation's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Dartmouth, Nova Scotia
July 25, 2019

BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

GLOOSCAP FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2019

	2019	2018 Restated (Note 2)
FINANCIAL ASSETS		
Cash (Note 3)	**$ 1,449,865**	$ 4,919,357
Temporary investments	**2,452**	201,966
Accounts receivable	**23,528**	121,596
HST recoverable	**380,195**	-
Grants receivable (Note 4)	**368,836**	208,177
Inventory	**119,561**	77,694
Investments in government business enterprises (Note 6)	**14,854,646**	14,005,599
	17,199,083	19,534,389
LIABILITIES		
Accounts payable and accrued liabilities	**479,624**	1,204,254
Deferred revenue	**10,941**	10,941
Due to related party (Note 5)	**124,043**	-
Long-term debt (Note 7)	**15,767,215**	13,125,300
	16,381,823	14,340,495
NET FINANCIAL ASSETS	**817,260**	5,193,894
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 8)	**14,833,421**	10,762,832
Prepaids	**8,647**	306,433
	14,842,068	11,069,265
ACCUMULATED SURPLUS (Note 9)	**$ 15,659,328**	$ 16,263,159

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

GLOOSCAP FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2019

	Unaudited Budget 2019	Actual 2019	2018 Restated (Note 2)
REVENUE			
Indigenous Services Canada (Note 17)	$ 728,244	$ 892,341	$ 1,964,081
Health Canada (Note 17)	309,441	396,759	375,005
Mi'kmaw Kina'matnewey	113,583	182,426	452,199
Rent - Housing	-	158,118	132,000
Province of Nova Scotia (Note 17)	-	142,009	55,582
Canadian Mortgage and Housing Corporation (Note 17)	48,811	128,535	102,755
Mi'kmaq Employment Training Secretariat	81,917	90,579	47,310
Department of Fisheries and Oceans (Note 17)	75,000	75,000	89,400
Atlantic Integrated Commercial Fish Initiative (Note 17)	50,000	44,954	40,000
Confederacy of Mainland Mi'kmaq	-	7,434	5,300
Variety Store, VLT & Gas Bar (Note 20)	-	4,191,509	3,789,789
Commercial Fisheries	-	1,155,133	1,128,426
Grants from Economic Development Corporation	-	1,172,143	-
Amounts earned and held in trust by federal government (Note 12)	-	222	200
Other revenue	1,140,000	240,457	274,685
	2,546,996	8,877,619	8,456,732
EXPENSES			
Administration	1,009,212	2,127,827	1,690,046
Community Health	403,853	381,173	361,257
Courses and Summer Students	47,093	150,778	148,108
Education	138,943	161,554	165,142
Commercial Fisheries	77,529	1,168,779	962,308
Community Fisheries	67,277	84,849	91,111
Gaming	300,000	356,212	359,957
Feta Cheese	-	682,267	35,935
Operations, Capital & Maintenance	256,072	304,739	370,294
Social Housing	209,832	251,573	233,343
Social Services	340,755	368,024	396,635
Variety Store, VLT & Gas Bar	-	2,946,309	2,506,656
	2,850,566	8,984,084	7,320,792
NET SURPLUS (LOSS) FROM OPERATIONS	(303,570)	(106,465)	1,135,940
INCOME (LOSS) FROM GOVERNMENT BUSINESS ENTERPRISES (Note 6)	907,142	(497,366)	799,937
ANNUAL SURPLUS (DEFICIT)	603,572	(603,831)	1,935,877
ACCUMULATED SURPLUS - beginning of year	16,263,159	16,263,159	14,327,282
ACCUMULATED SURPLUS - end of year (Note 9)	$ 16,866,731	$ 15,659,328	$ 16,263,159

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

GLOOSCAP FIRST NATION
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED MARCH 31, 2019

	Unaudited Budget 2019	Actual 2019	2018 Restated (Note 2)
ANNUAL DEFICIT	**$ 603,572**	**$ (603,831)**	$ 1,935,877
Acquisition of tangible capital assets	**-**	**(4,628,115)**	(3,606,962)
Amortization of tangible capital assets	**-**	**557,526**	480,704
Consumption (acquisition) of prepaid expense	**-**	**297,786**	(276,295)
	-	**(3,772,803)**	(3,402,553)
CHANGE IN NET FINANCIAL ASSETS	**603,572**	**(4,376,634)**	(1,466,676)
NET FINANCIAL ASSETS - beginning of year	**5,193,894**	**5,193,894**	6,660,570
NET FINANCIAL ASSETS - end of year	**$ 5,797,466**	**$ 817,260**	$ 5,193,894

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

GLOOSCAP FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2019

	2019	2018 Restated (Note 2)
CASH FLOWS FROM:		
OPERATING ACTIVITIES		
Annual deficit	**$ (603,831)**	$ 1,935,877
Items in earnings not involving cash		
Amortization of tangible capital assets	**557,526**	480,704
Income (loss) from government business enterprises	**497,366**	(799,937)
	451,061	1,616,644
Net changes in working capital balances		
Accounts receivable	**98,068**	(73,401)
Grants receivable	**(160,659)**	(90,328)
HST recoverable	**(380,195)**	-
Inventory	**(41,866)**	(11,169)
Deferred revenue	**-**	999
Accounts payable and accrued liabilities	**(724,630)**	888,570
Prepaids	**297,786**	(276,295)
	(460,435)	2,055,020
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	**(4,628,115)**	(3,606,962)
INVESTING ACTIVITIES		
Increase in restricted cash	**(223)**	(200)
Redemption of temporary investments	**199,514**	99,881
Advances to related party	**124,053**	-
	323,344	99,681
FINANCING ACTIVITIES		
Repayments of long-term debt	**(409,219)**	(96,398)
Advances of long-term debt	**3,051,133**	12,016,798
Increase in investment in government business enterprises	**(1,346,423)**	(7,274,474)
	1,295,491	4,645,926
(DECREASE) INCREASE IN CASH DURING THE YEAR	**(3,469,715)**	3,193,665
CASH - UNRESTRICTED - beginning of year	**4,837,450**	1,643,785
CASH - UNRESTRICTED - end of year (Note 3)	**$ 1,367,735**	$ 4,837,450

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

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Nature of Operations

Glooscap First Nation (the "First Nation") operates under the authority of the Indian Act.

The mandate of the First Nation is to provide services to band members and the community. These services are grouped into the following key areas: Band Support, Social Services, Community Health, Education, Operations, Capital and Maintenance, Variety Store, Gaming & Gas, Fisheries, and Other Projects.

The First Nation is exempt from income taxes under the Income Tax Act.

(b) Basis of Accounting

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards.

(c) Reporting Entity

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

All controlled entities are fully consolidated in the First Nation's consolidated financial statements except for entities that meet the definition of a government business enterprise, which are included in the consolidated financial statements on a modified equity basis. Accounting policies of consolidated entities are conformed to those of the First Nation and inter-organizational balances and transactions are eliminated upon consolidation.

Glooscap Ilia Gourmet Foods GP Ltd. and Glooscap Energy GP Ltd. have been fully consolidated in the First Nation's consolidated financial statements.

Under the modified equity method of accounting, only the First Nation's investment in the entity and the First Nation's portion of the entity's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the entity that are different from those of the First Nation and inter-organizational balances and transactions are not eliminated.

Entities accounted for on a modified equity basis include:

- Glooscap Mi'kmaq Economic Development Corporation Limited - development of band-owned business opportunities
- Glooscap Landing #1 Limited Partnership - owns land and building for the Landing variety store and gas bar
- Glooscap Landing #2 Limited Partnership - runs operations for the Landing variety and gas bar
- Seakist Lobster Limited - lobster pound
- Yarmouth Bar Fisheries Limited - seafood processor (52% ownership)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, bank balances, unrestricted operating and housing cash, and externally restricted replacement reserve cash.

(e) Temporary Investments

Temporary investments are recorded at cost, unless the market value of temporary investments has declined below cost, in which case they are written down to market value.

(f) Tangible Capital Assets

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

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

CMHC Housing	25 years
Band Housing	25 years
Brick Buildings	40 years
Wooden Buildings	25 years
Computer Equipment	5 years
Land & Improvements	30 years
Road Equipment	15 years
Road Grade	40 years
Road Surface	20 years
Underground Networks	50 years
Vehicles & Equipment	10 years
Vessels	10 years
Fishing Equipment	5 years

Tangible capital assets are written down when conditions indicate that they no longer contribute to the First Nation's ability to provide goods and serviced, or when they value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations.

(g) Inventory

Inventories of supplies and goods available for resale are recorded at the lower of cost and net realizable value using the first-in first-out costing method.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Revenue Recognition

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

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

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

Contributions, other than government transfers, are deferred when restrictions are placed on their use by the external contributor, and are recognized as revenue when used for the purpose specified.

(i) Non-Financial Assets

The financial assets are used to provide the First Nation's services in future periods. These assets do not normally provide resources to discharge the liabilities of the First Nation unless they are old. The First Nation's non-financial assets include tangible capital assets and prepaids.

(j) Trusts Under Administration

Trusts administered by the First Nation are included in these financial statements.

(k) Pension Plan

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

2. PRIOR PERIOD ADJUSTMENT

During the year, the First Nation determined that there was an overstatement of its investments in Government Business Enterprises of $164,076 due to the incorrect elimination of related party transactions. The error had a corresponding understatement of annual surplus of $135,838 and an overstatement of opening accumulated surplus of $299,914.

Also, it was discovered during the year that in November 2017, the status of Glooscap Ilia Gourmet Foods GP Limited changed from a government business enterprise to an other government organization. The status changed because it can no longer maintain its operations and meet its liabilities with revenues earned outside of the reporting entity, due to the change in the board of directors and ownership. As a result, the First Nation no longer accounts for it using the modified equity method, but instead fully consolidates in these financial statements. This change in status resulted in an overstatement in investment of government business enterprises of $333,723 with a corresponding understatement of prepaid expenses of $297,787 and an understatement of expenses of $35,936.

	2018
Statement of Financial Position	
Decrease in Investments in government business enterprises	$ (497,799)
Increase in Prepaid expenses	297,787
Decrease in Accumulated surplus, ending	(200,012)
Statement of Operations and Accumulated Surplus	
Decrease in Revenue	(186,946)
Increase in Expenses	143,839
Increase in Income from government business enterprises	430,687
Increase in Annual surplus	99,902
Increase in Accumulated surplus, opening	(299,914)
Decrease in Accumulated surplus, ending	$ (200,012)

3. CASH

	2019	2018
Unrestricted		
Operating	**$ 1,177,190**	$ 4,771,285
Housing	**190,545**	66,165
	1,367,735	4,837,450
Externally Restricted		
Replacement Reserve (Note 10)	**62,705**	62,704
Ottawa Trust Funds (Note 12)	**19,425**	19,203
	82,130	81,907
Total cash	**$ 1,449,865**	$ 4,919,357

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

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

4. GRANTS RECEIVABLE

	2019	2018
Indigenous Services Canada	**$ 131,552**	$ 131,552
Health Canada	**98,700**	-
Province of Nova Scotia - casino profit share	**60,509**	-
Department of Fisheries and Oceans	**44,954**	-
Mi'kmaw Kina'matnewey	**33,121**	59,520
Mi'kmaq Employment Training Secretariat	**-**	17,105
	$ 368,836	$ 208,177

5. DUE TO RELATED PARTY

	2019	2018
Ilia Gourmet Canada Inc. *(minority partner of Glooscap Ilia Gourmet Foods Limited Partnership)*	**$ 124,043**	$ -

The amounts are unsecured, interest-free, with no set terms of repayment.

6. INVESTMENTS IN GOVERNMENT BUSINESS ENTERPRISES

The First Nation owns 100% of Glooscap First Nation Economic Development Corporation Limited ("Economic Development"), which is a corporation aimed to enhance the quality of life of the community through the development of band-owned business opportunities and provide assistance to individuals interested in creating opportunities for themselves through business activities.

Economic Development owns 100% of Glooscap Landing #1 General Partnership which is a holding company which owns 100% of: Glooscap Landing #1 Limited Partnership ("Landing #1") and Glooscap Landing #2 Limited Partnership ("Landing #2") which together own the facilities and operate the Exit 8A Landing fuel gas bar and Sweetgrass convenience store.

The First Nation also owns 52% of Yarmouth Bar Fisheries Limited ("Yarmouth Bar") and 100% of Seakist Lobster Limited ("Seakist Lobster"). These companies together own the facilities and operate a lobster pound and buy and sell fish products in Yarmouth Nova Scotia.

At year-end, the breakdown of investment by entity is:

Economic Development	$ 1,919,169
Landing #1	9,561,404
Landing #2	(154,475)
Yarmouth Bar	2,130,677
Seakist Lobster	1,397,871
	$ 14,854,646

Related Party Transactions
During the year, the following transactions occurred between the government business enterprises and the First Nation. These transactions are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties:

Glooscap Economic Development Corporation Limited:

- Economic Development paid $618,000 (2018 - $585,000) in grants to the First Nation
- Economic Development paid $4,500 (2018 - NIL) for sponsorship to the First Nation

Yarmouth Bar Fisheries Limited:

- The First Nation earned $1,108,033 (2018 - $351,466) in revenue from the sale of fish to from Yarmouth Bar.

6. INVESTMENTS IN GOVERNMENT BUSINESS ENTERPRISES (continued)

The following presents important notes for the commercial enterprises.

Glooscap Economic Development
The Company has an agreement with the Royal Bank of Canada to issue Standby Letters of Credit as security for certain construction contracts. As at March 31, 2019 there was NIL (2018 - $388,271) outstanding.

Glooscap Landing #2 Limited Partnership
Scheduled repayments on long-term debt are as follows:

2020	$25,000
2021	$25,000
2022	$25,000
2023	$14,583

Seakist Lobster Limited
Scheduled repayments on long-term debt are as follows:

2020	$50,000
2021	$50,000
2022	$50,000
2023	$50,000
2024	$50,000

6. INVESTMENTS IN GOVERNMENT BUSINESS ENTERPRISES (continued)

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

	Economic Development	Landing #1	Landing #2	Yarmouth Bar	Seakist Lobster	2019 Total	2018 Total
Financial Position							
Cash	$ 18,213	$ 105,116	$ 74,320	$ 55,942	$ -	$ 253,591	$ 396,577
Receivables	68,884	8,913	791	959,559	123,294	1,161,441	1,558,970
Taxes recoverable	-	281,823	7,505	164,438	21,271	475,037	564,970
Prepaids	156,375	1,156	117	23,509	13,708	194,865	361,505
Inventory	-	-	120,063	611,355	-	731,418	439,261
Future income taxes	-	-	-	11,723	20,892	32,615	26,342
Property, plant and equipment	5,767	11,054,439	99,774	340,788	1,210,045	12,710,813	11,873,855
Total assets	249,239	11,451,447	302,570	2,167,314	1,389,210	15,559,780	15,221,480
Bank indebtedness	-	-	-	1,092,817	152,366	1,245,183	869,029
Accounts payable	78,706	404,209	208,067	279,722	9,409	980,113	1,811,326
Taxes payable	3,454	-	-	20,245	2,067	25,766	59,503
Long-term debt	-	-	89,583	-	429,167	518,750	495,834
Due to related parties	1,790,400	1,882,137	153,808	18,748	160,338	4,005,431	3,831,885
Total liabilities	1,872,560	2,286,346	451,458	1,411,532	753,347	6,775,243	7,067,577
Share capital	100	11	11	121	200	443	443
Deficit	(1,623,421)	9,165,090	(148,899)	755,661	635,663	8,784,094	8,153,460
Total liabilities and equity	$ 249,239	$ 11,451,447	$ 302,570	$ 2,167,314	$ 1,389,210	$ 15,559,780	$ 15,221,480
Results of Operations							
Revenue	$ 1,931,857	$ 92,475	$ 1,335,427	$ 7,946,401	$ 145,219	$ 11,451,379	$ 8,709,192
Expenses	(2,017,687)	(257,136)	(1,518,792)	(7,895,463)	(163,987)	(11,853,065)	(7,861,415)
Amortization of purchase price	-	-	-	(81,605)	(14,075)	(95,680)	(47,840)
Net income (loss)	$ (85,830)	$ (164,661)	$ (183,365)	$ (30,667)	$ (32,843)	$ (497,366)	$ 799,937

7. LONG-TERM DEBT

	2019	2018
1.97% first mortgage payable to CMHC, secured by two housing units acquired in 2017/18 fiscal year and by Ministerial guarantee to lending institution. This mortgage is for a 5 year term maturing April 2023 and amortized to 2043. Repayable in blended monthly payments of $1,013.	**$ 230,956**	$ 238,518
1.92% first mortgage payable to CMHC, secured by a duplex constructed in 1993/94 and by Ministerial guarantee to lending institution. This mortgage is for a 5 year term maturing April 2019 and amortized to 2019. Repayable in blended monthly payments of $581.	**582**	6,749
1.16% first mortgage payable to CMHC, secured by one housing unit constructed in 1993/94 and by Ministerial guarantee to lending institution. This mortgage is for a 5 year term maturing April 2019 and amortized to 2019. Repayable in blended monthly payments of $417.	**409**	5,380
1.35% first mortgage payable to CMHC, secured by one housing unit constructed in 1994/95 and by Ministerial guarantee to lending institution. This mortgage is for a 5 year term maturing May 2019 and amortized to 2020. Repayable in blended monthly payments of $482.	**962**	6,688
2.34% first mortgage payable to CMHC, secured by two housing units constructed in 1995/96 and by Ministerial guarantee to lending institution. This mortgage matures in February 2021. Repayable in blended monthly payments of $831.	**28,081**	37,178
3.11% first mortgage payable to CMHC, secured by a single family housing unit constructed in 1996/97 and by Ministerial guarantee to lending institution. This mortgage matures in June 2022. Repayable in blended monthly payments of $427.	**15,210**	19,884
4.99% first mortgage payable to Scotiabank, secured by a single family housing unit constructed in 1997/98 and by Ministerial guarantee to lending institution. This mortgage is for a 5 year term maturing December 2022. Repayable in blended monthly payments of $483.	**19,904**	25,037
1.05% first mortgage payable to CMHC, secured by a single family housing unit constructed in 2004/2005 and by Ministerial guarantee to lending institution. This mortgage is for a 5 year term maturing April 2020 and amortized to 2030. Repayable in blended monthly payments of $298.	**37,037**	40,136

7. LONG-TERM DEBT (continued)

	2019	2018
1.44% first mortgage payable to CMHC, secured by two - 2 unit housing units acquired in 2006/2007 on Glooscap Reserve and by Ministerial guarantee to lending institution. This mortgage is for a 5 year term maturing February 2022 and amortized to 2032. Repayable in blended monthly payments of $1,258.	**$ 176,993**	$ 189,235
1.43% first mortgage payable to CMHC, secured by one housing unit acquired in 2010/2011 on Glooscap Reserve and by Ministerial guarantee to lending institution. This mortgage is for a 5 year term maturing April 2022 and amortized to 2037. Repayable in blended monthly payments of $361.	**69,040**	72,276
1.80% first mortgage payable to CMHC, secured by one housing unit acquired in 2011/2012 on Glooscap Reserve and by Ministerial guarantee to lending institution. This mortgage is for a 5 year term maturing May 2022 and amortized to 2037. Repayable in blended monthly payments of $357.	**69,106**	72,359
2.11% first mortgage payable to CMHC, secured by one housing unit acquired in 2013/2014 on Glooscap Reserve and by Ministerial guarantee to lending institution. This mortgage is for a 5 year term maturing December 2019 and amortized to 2038. Repayable in blended monthly payments of $564.	**109,454**	113,665
2.01% first mortgage payable to CMHC, secured by one housing unit acquired in 2014/2015 on Glooscap Reserve and by Ministerial guarantee to lending institution. This mortgage is for a 5 year term maturing October 2019 and amortized until 2039. Repayable in blended monthly payments of $353.	**71,451**	74,102
1.17% first mortgage payable to CMHC, secured by two housing unit acquired in 2015/2016 on Glooscap Reserve and by Ministerial guarantee to lending institution. This mortgage is for a 5 year term maturing January 2021 and amortized to 2041. Repayable in blended monthly payments of $408.	**94,441**	98,217
3.99% mortgage payable to Bank of Nova Scotia, secured by one housing unit. This mortgage is for a 5 year term maturing August 2022 and amortized to 2037. Repayable in monthly payments of $1,866.	**275,515**	284,584
3.50% fixed rate term loan payable to the Royal Bank of Canada, secured by accounts receivable and specific equipment. This loan is for a 5 year term maturing January 2022. Repayable in blended monthly payments of $1,010.	**53,646**	63,697

7. LONG-TERM DEBT (continued)

	2019	2018
3.25% loan payable to Bank of Nova Scotia, secured by one fishing vessel. This mortgage is for a 5 year term maturing November 2023 and amortized to 2038. Repayable in monthly payments of $3,279.	**$ 230,944**	**$ -**
Atlantic Canada Opportunities Agency, repayable in principal payments of $9,583, bearing interest at an annual rate of 0% starting April 1, 2020. The loan is a 2 year term maturing April 2020 and amortized to 2030.	**907,074**	**-**
First Nations Finance Authority 30 year loan, repayable in blended annual payments of $262,741, bearing interest at an annual rate of 3.41%. The loan is a 5 year term maturing August 2022 and amortized to 2047.	**13,376,410**	11,776,312
2.99% first mortgage payable to Scotiabank, repaid during the year.	**-**	560
	$ 15,767,215	$ 13,125,300

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

2020	$ 447,531
2021	$ 562,532
2022	$ 564,550
2023	$ 551,966
2024	$ 545,875

	2019	2018
Interest expense for the year on long-term debt	**$ 493,173**	$ 249,847

8. TANGIBLE CAPITAL ASSETS

	Cost					Accumulated Amortization				Net Book Value	
	Opening Balance	Additions	Disposals	Transfers of Assets	Closing Balance	Opening Balance	Amort.	Disposals, W/O & Other Adj.	Closing Balance	2019	2018
Band owned											
CMHC Housing	$ 2,640,287	$ -	$ -	$ -	$ 2,640,287	$ 831,919	$ 66,197	$ -	$ 898,116	$ 1,742,171	$ 1,808,368
Band Owned Housing	1,100,903	1,528,793	-	-	2,629,696	80,135	82,103	-	162,238	2,467,458	1,020,768
Commercial Buildings	4,238,281	4,969	-	-	4,243,250	1,031,776	84,706	-	1,116,482	3,126,768	3,206,505
Computer Equipment	116,151	15,566	-	-	131,717	72,935	13,378	-	86,313	45,404	43,216
Land & Improvements	1,105,638	200	-	-	1,105,838	291,903	34,132	-	326,035	779,803	813,735
Roads	1,219,510	-	-	-	1,219,510	424,332	36,461	-	460,793	758,717	795,178
Underground Networks	3,386,021	-	-	-	3,386,021	803,587	67,720	-	871,307	2,514,714	2,582,434
Vehicles & Equipment	1,998,720	3,078,587	-	-	5,077,307	1,506,092	172,829	-	1,678,921	3,398,386	492,628
	13,165,224	4,628,115	-	-	17,793,339	4,210,760	491,329	-	4,702,089	13,091,250	8,954,464
Total	$15,805,511	$ 4,628,115	$ -	$ -	$20,433,626	$ 5,042,679	$ 557,526	$ -	$ 5,600,205	$14,833,421	$ 10,762,832

Included in vehicles & equipment is $701,045 of deposits paid on a new fishing vessel under construction.

Also included in vehicles & equipment is $1,733,000 of deposits paid on feta cheese processing equipment under construction and not yet received. It is the opinion of council that this equipment will be received in the subsequent fiscal year.

9. ACCUMULATED SURPLUS

	2019	2018
CMHC Replacement Reserve (Note 10)	**$ 106,417**	$ 95,308
Unrestricted Surplus	**15,533,486**	16,148,648
Equity in Ottawa Trust Funds (Note 11)	**19,425**	19,203
	$ 15,659,328	$ 16,263,159

10. CMHC REPLACEMENT RESERVE

	2019	2018
Balance - beginning of year	**$ 95,308**	$ 83,420
Current year allocation	**11,109**	11,888
Interest earned	**-**	-
Balance - end of year	**$ 106,417**	$ 95,308
ACCUMULATED INTEREST		
Balance - beginning of year	**$ 531**	$ 531
Interest earned	**-**	-
Balance - end of year	**$ 531**	$ 531

The First Nation operates 15 CMHC subsidized housing projects as at March 31, 2019. These funds, plus accumulated interest, must be held in a separate bank account and used for future repairs or other expenditures only as approved by CMHC.

As at March 31, 2019, the First Nation has provided funding of reserves as follows:

	Amount of Reserve	Amount Funded
CMHC Replacement Reserve	**$ 106,417**	**$ 62,705**

11. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

12. TRUST FUNDS HELD BY FEDERAL GOVERNMENT

	March 31, 2018	Additions 2019	Withdrawals 2019	March 31, 2019
Revenue	$ 18,699	$ 222	$ -	$ 18,921
Capital	504	-	-	504
Total	$ 19,203	$ 222	$ -	$ 19,425

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.

13. PENSION PLAN

During the year, the First Nation contributed $80,563 (2018 - $81,561) for retirement benefits. The First Nation does not have any other obligations with regards to the pension plan as at March 31, 2019.

14. FUNDING - ECONOMIC DEPENDENCE

The First Nation receives its principal source of funding under a funding arrangement with Indigenous Services Canada. The present agreement is for a four year term ending March 31, 2023.

15. CONTINGENT LIABILITIES

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

16. SUBSEQUENT EVENT

On July 8, 2019, the First Nation ended the partnership with Ilia Gourmet Canada Inc., the 49% partner in Glooscap Ilia Gourmet Foods Limited Partnership ("Ilia LP"). At March 31, 2019, 51% of Ilia LP was included in the reporting entity of the First Nation through Glooscap Ilia Gourmet Foods GP Ltd., a 100% subsidiary of the First Nation. The First Nation is in the process of discharging its liabilities and the financial effect cannot be determined at the time of releasing these financial statements.

Recorded in these consolidated financial statements are tangible capital assets of $1,733,000 related to deposits made by the First Nation to purchase equipment for the operations of Glooscap Ilia Gourmet Foods Limited Partnership. At the report date, the First Nation does not have the associated assets under their control and there remains significant uncertainty as to whether these deposits will be recoverable. Legal action has commenced to resolve the uncertainty and recover the assets.

17. GOVERNMENT TRANSFERS

	2019			2018		
	Operating	**Capital**	**Total**	Operating	Capital	Total
Federal government transfers:						
Indigenous Services Canada	**$ 823,411**	**$ 68,930**	**$ 892,341**	$ 1,964,081	$ -	$ 1,964,081
Health Canada	**396,759**	**-**	**396,759**	375,005	-	375,005
Canada Mortgage and Housing Corporation	**128,535**	**-**	**128,535**	102,755	-	102,755
Department of Fisheries and Oceans	**75,000**	-	**75,000**	89,400	-	89,400
AICFI	**44,954**	-	**44,954**	40,000	-	40,000
	1,468,659	**68,930**	**1,537,589**	2,571,241	**-**	2,571,241
Province of Nova Scotia	**142,009**	**-**	**142,009**	55,582	-	55,582
Total	**$ 1,610,668**	**$ 68,930**	**$ 1,679,598**	$ 2,626,823	$ -	$ 2,626,823

18. SEGMENT DISCLOSURE

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

Administration
The administration department oversees the delivery of all government services and the day-to-day operations of the First Nation.

Community Health
The community health department provides medical services to band members.

Social Services
The social services department is responsible for administering assistance payments as well as providing social services to board members.

Education
The education department provides education serviced to band members including primary and secondary schooling, and sponsorship to attend post secondary institutions.

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

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

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

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

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

Other Projects
The First Nation provides a wide array of other services, including youth employment projects, economic development, social housing activities, feta cheese business and other.

18. SEGMENT DISCLOSURE (continued)

For the year ended March 31, 2019	Administration	Social Services	Community Health	Education	Operations, Capital & Maintenace	Other Projects	Variety Store, Gaming & Gas	Gaming Commission	Fisheries	Total
Revenue										
Indigenous Services Canada	$ 334,559	$ 395,113	$ -	$ -	$ 143,133	$ 19,536	$ -	$ -	$ -	$ 892,341
CMM	-	-	-	-	-	7,434	-	-	-	7,434
AICFI	-	-	-	-	-	-	-	-	44,954	44,954
CMHC	-	-	-	-	-	128,535	-	-	-	128,535
Confederacy of Mainland										
Dept. of Fisheries & Oceans	-	-	-	-	-	-	-	-	75,000	75,000
Health Canada	-	-	396,759	-	-	-	-	-	-	396,759
Mi'kmaq Employment Training	-	-	-	-	-	90,579	-	-	-	90,579
Mi'kmaw Kina'matnewey	-	-	-	182,426	-	-	-	-	-	182,426
Rent	-	-	-	-	-	158,118	-	-	-	158,118
Other revenue	321,079	-	-	-	-	1,173,243	4,191,509	60,509	1,155,133	6,901,473
	655,638	395,113	396,759	182,426	143,133	1,577,445	4,191,509	60,509	1,275,087	8,877,619
Amortization	322,986	-	-	-	-	77,083	70,389	18,153	164,595	653,206
Bank charges and interest	474,126	-	-	-	-	18,678	11,697	614	6,119	511,234
Debt servicing	-	-	-	-	-	148,972	457	-	-	149,429
Employee benefits	66,458	-	-	-	-	6,477	-	-	-	72,935
Professional fees	140,724	-	-	-	-	61,861	19,717	3,925	32,692	258,919
Repairs and maintenance	-	-	36,634	-	296,316	71,277	68,350	-	64,477	537,054
Salaries and wages	362,663	18,095	217,826	-	1,224	87,150	622,827	-	710,522	2,020,307
Supplies and services	272,380	-	124,114	161,554	7,199	79,607	1,528,442	333,519	264,933	2,771,748
Other	488,490	349,929	2,599	-	-	533,514	624,430	-	10,290	2,009,252
	2,127,827	368,024	381,173	161,554	304,739	1,084,619	2,946,309	356,212	1,253,628	8,984,084
Total	$(1,472,189)	$ 27,089	$ 15,586	$ 20,872	$(161,606)	$ 492,826	$ 1,245,200	$(295,703)	$ 21,459	$(106,465)

18. SEGMENT DISCLOSURE (continued)

For the year ended March 31, 2018	Administration	Social Services	Community Health	Education	Capital, Operations & Maintenance	Other Projects	Variety Store, Gaming & Gas	Gaming Commission	Fisheries	Total Restated (Note 2)
Revenue										
Indigenous Services Canada	$ 503,612	$ 392,839	$ -	$ -	$ 268,524	$ 19,184	$ -	$ -	$ 779,922	$ 1,964,081
AICFI	-	-	-	-	-	-	-	-	40,000	40,000
CMHC	-	-	-	-	-	102,755	-	-	-	102,755
Confederacy of Mainland Mi'kmaq	-	-	-	-	-	5,300	-	-	-	5,300
Dept. of Fisheries & Oceans	-	-	-	-	-	-	-	-	89,400	89,400
Health Canada	-	-	375,005	-	-	-	-	-	-	375,005
Mi'kmaq Employment Training Secretariat	-	-	-	-	-	47,310	-	-	-	47,310
Mi'kmaw Kina'matnewey	-	-	-	452,199	-	-	-	-	-	452,199
Rent	-	-	-	-	-	132,000	-	-	-	132,000
Other revenue	268,011	-	-	-	-	7,188	3,789,789	55,582	1,128,426	5,248,682
	771,623	392,839	375,005	452,199	268,524	313,737	3,789,789	55,582	2,037,748	8,456,732
Amortization	234,548	-	-	-	-	77,368	67,719	18,317	65,716	463,668
Bank charges and interest	238,558	-	-	-	-	-	10,764	224	695	250,241
Debt servicing	13,764	-	-	-	-	-	-	-	-	13,764
Employee benefits	57,558	-	-	-	-	-	-	-	-	57,558
Professional fees	109,083	-	-	-	-	3,000	19,570	2,800	43,912	178,365
Repairs and maintenance	259,239	-	-	-	49,850	184,044	69,237	-	38,574	600,944
Salaries and wages	338,938	48,679	207,166	11,283	34,823	34,070	468,440	-	538,481	1,681,880
Supplies and services	127,497	-	143,520	13,207	285,621	118,904	1,308,531	338,615	145,442	2,481,337
Other	310,861	347,956	10,572	140,652	-	-	562,395	-	220,599	1,593,035
	1,690,046	396,635	361,257	165,142	370,294	417,386	2,506,656	359,957	1,053,419	7,320,792
Total	$(918,423)	$(3,796)	$ 13,748	$ 287,057	$(101,770)	$(103,649)	$ 1,283,133	$(304,375)	$ 984,329	$ 1,135,940

19. EXPENSES BY OBJECT

The following is a summary of expenses by object.

	2019	2018
Administration	**$ 796,087**	$ 813,998
Advertising	**12,394**	9,677
Amortization of tangible capital assets	**557,526**	463,668
Amortization on purchase premium	**95,677**	47,837
Bank charges and interest	**18,205**	15,880
Bad debts	**149,429**	-
Employee benefits	**72,935**	57,558
Fees	**79,501**	44,297
Honorariums	**410,621**	410,549
Insurance	**90,980**	25,862
Interest on long-term debt	**493,173**	249,847
Loss on inventory write-down	**322,813**	-
Professional fees	**258,919**	187,738
Repairs and maintenance	**537,057**	667,722
Salaries and wages	**2,020,307**	1,681,880
Supplies and services	**2,771,748**	2,414,560
Telephone	**38,536**	33,665
Training, travel and meetings	**214,316**	172,700
Utilities	**43,860**	23,354
	$ 8,984,084	$ 7,320,792

20. VARIETY STORE, VLT AND GAR BAR REVENUE

	2019	2018
Video lottery terminal (VLT)	**2,527,298**	2,277,297
Variety store	**1,653,147**	1,486,874
Fuel (net of purchases)	**11,064**	25,618
	$ 4,191,509	$ 3,789,789

GLOOSCAP FIRST NATION ECONOMIC DEVELOPMENT CORPORATION LIMITED

NON-CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Glooscap First Nation Economic Development Corporation Limited
Non-Consolidated Financial Statements
For the year ended March 31, 2019

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Independent Auditors' Report

To the Board of Directors of Glooscap First Nation Economic Development Corporation Limited

Opinion
We have audited the non-consolidated financial statements of Glooscap First Nation Economic Development Corporation Limited (the "Corporation"), which comprise the non-consolidated balance sheet as at March 31, 2019, and the non-consolidated statement of operations and deficit and cash flow for the year then ended, and notes to the non-consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the non-consolidated financial position of the Corporation as at March 31, 2019, and its non-consolidated results of operations and deficit and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Basis for Opinion
We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of these non-consolidated financial statements in accordance with Canadian accounting standards for private enterprises, 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.

In preparing the non-consolidated financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Basis of Accounting and Restriction on Use

Without modifying our opinion, we draw attention to Note 1 to the non-consolidated financial statements, which describe the basis of accounting and restriction on use. The financial statements are prepared to assist Glooscap First Nation Economic Development Corporation Limited with its internal reporting to the Board of Directors. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for Glooscap First Nation and its Board of Directors and should not be used by parties other than Glooscap First Nation and its Board of Directors.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Dartmouth, Nova Scotia
July 25, 2019

GLOOSCAP FIRST NATION ECONOMIC DEVELOPMENT CORPORATION LIMITED
NON-CONSOLIDATED BALANCE SHEET
AS AT MARCH 31, 2019

	2019	2018
ASSETS		
CURRENT		
Cash	**$ 18,213**	$ 362,954
Grants receivable	**68,884**	19,512
HST recoverable	**-**	394,417
Refundable deposits	**156,375**	156,301
	243,472	933,184
DUE FROM RELATED PARTIES (Note 3)	**2,032,564**	558,662
INVESTMENT IN SUBSIDIARIES	**30**	10
PROPERTY AND EQUIPMENT (Note 4)	**5,767**	7,831
	$ 2,281,833	$ 1,499,687
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	**$ 78,705**	$ 146,446
HST payable	**3,454**	-
	82,159	146,446
DUE TO RELATED PARTIES (Note 3)	**5,008,029**	4,075,778
	5,090,188	4,222,224
EQUITY		
SHARE CAPITAL (Note 5)	**100**	100
DEFICIT	**(2,808,455)**	(2,722,637)
	(2,808,355)	(2,722,537)
	$ 2,281,833	$ 1,499,687

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

_____ Director _____ Director

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

GLOOSCAP FIRST NATION ECONOMIC DEVELOPMENT CORPORATION LIMITED
NON-CONSOLIDATED STATEMENT OF OPERATIONS AND DEFICIT
FOR THE YEAR ENDED MARCH 31, 2019

	2019	2018
REVENUE		
Indigenous Services Canada	**$ 1,123,327**	$ 893,797
Atlantic Canada Opportunities Agency	**48,816**	-
Confederacy of Mainland Mi'kmaq	**42,670**	10,026
Other revenue	**33,444**	125,302
Province of Nova Scotia	**25,000**	50,721
Municipality of Kings	**20,000**	-
Health Canada	**20,600**	-
	1,313,857	1,079,846
EXPENSES		
Advertising	**30,200**	44,255
Amortization of property and equipment	**4,180**	4,075
Bank charges	**2,433**	4,631
Board of directors meeting costs	**4,598**	15,868
Business fees and licenses	**4,891**	4,576
Holmestead Feta feasibility project	**26,514**	-
Honorariums	**12,230**	21,270
Insurance	**16,650**	5,163
Office supplies	**16,303**	14,137
Professional fees	**47,809**	44,498
Property taxes	**2,862**	1,080
Rent	**11,550**	-
Repairs and maintenance	**9,811**	11,446
Special projects	**43,814**	12,713
Training and education	**38,888**	22,468
Travel	**33,707**	37,026
Utilities and security	**16,575**	15,433
Wages and benefits	**522,517**	543,407
	845,532	802,046
NET INCOME FROM OPERATIONS	**468,325**	277,800
GRANTS		
Grants to Glooscap Ilia Gourmet Foods GP Ltd	**(1,172,143)**	-
Grants from Glooscap Variety Store & Gas Bar	**618,000**	585,000
Grants to Glooscap Landing #1 Limited Partnership	**-**	(2,826,001)
Grants from Glooscap Admin	**-**	87,408
Grants from Glooscap Fisheries	**-**	75,000
Grants to Glooscap Landing #2 Limited Partnership	**-**	(19,559)
	(554,143)	(2,098,152)
NET LOSS FOR THE YEAR	**(85,818)**	(1,820,352)
DEFICIT - beginning of year	**(2,722,637)**	(902,285)
DEFICIT - end of year	**$ (2,808,455)**	$ (2,722,637)

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

GLOOSCAP FIRST NATION ECONOMIC DEVELOPMENT CORPORATION LIMITED
NON-CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2019

	2019	2018
CASH FLOWS FROM:		
OPERATING ACTIVITIES		
Net loss for the year	**$ (85,818)**	$ (1,820,352)
Items in earnings not involving cash		
Amortization of property and equipment	**4,180**	4,075
	(81,638)	(1,816,277)
Net changes in working capital balances		
Grants receivable	**(49,372)**	1,262,449
HST recoverable/payable	**397,871**	(394,417)
Note receivable	**-**	-
Refundable deposits	**(75)**	374
Accounts payable and accrued liabilities	**(67,740)**	(545,890)
Due to (from) related parties	**(541,651)**	3,420,970
	(342,605)	1,927,209
INVESTING ACTIVITIES		
Investment in related parties	**(20)**	-
Purchase of property and equipment	**(2,116)**	(5,066)
	(2,136)	(5,066)
INCREASE (DECREASE) IN CASH DURING THE YEAR	**(344,741)**	1,922,143
CASH (BANK INDEBTEDNESS) - beginning of year	**362,954**	(1,559,189)
CASH - end of year	**$ 18,213**	$ 362,954

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

1. SIGNIFICANT ACCOUNTING POLICIES

Status and Nature of Activities

Glooscap First Nation Economic Development Corporation Limited (the "Corporation") was set up to enhance the quality of life for the community through the development of band-owned business opportunities and provide assistance to individuals interested in creating opportunities for themselves through business activities.

Basis of Accounting

These non-consolidated financial statements have been prepared using Canadian accounting standards for private enterprises.

Restriction of Use

As a government business enterprise, Canadian public sector accounting standards require the Corporation to adhere to the standards applicable to publicly accountable enterprises in the CPA Handbook – Accounting. Accordingly, the Corporation is required under Canadian generally accepted accounting principles to prepare its financial statements using International Financial Reporting Standards. Management has determined that the internal reporting needs of the Corporation and its Board of Directors are met through the use of Canadian accounting standards for private enterprises ("ASPE") and, therefore, these financial statements have been prepared in accordance with that framework. Since ASPE is not designed to necessarily meet the needs of all users of the financial statements of a government business enterprise, the readers of these financial statements may require additional information.

Investments in Subsidiaries

The Corporation accounts for its wholly-owned investment in private subsidiaries, Glooscap Landing #1 General Partnership, Glooscap Energy General Partnership, and Glooscap Ilia Gourmet Foods General Partnership using the cost method.

Property and Equipment

Property and equipment are stated at cost less accumulated amortization. Expenditures for repairs and maintenance are expensed as incurred. Betterments that extend the useful life of the asset are capitalized. Financial assets are tested for impairment when indicators exist.

Amortization based on the estimated useful life of the asset is calculated as follows:

	Method	Rate
Computer equipment	Straight-line	4 years
Equipment	Straight-line	5 years

Revenue Recognition - Grant Revenue

Government assistance received during the year for current expenses is included in the determination of net income for the year. When government assistance is received which relates to expenses of future periods, the amount is deferred and amortized to income as the related expenses are incurred.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

Income taxes are not reflected on these financial statements as the Corporation is exempt from tax under section 149 of the income tax act.

Use of Estimates

The preparation of these non-consolidated financial statements in accordance with Canadian generally accepted accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amount of assets, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates and may have impact on future periods.
Significant items subject to management estimates include:

Financial statement element	Management estimate
Property and equipment	Asset useful lives

Financial Instruments

Financial instruments are recorded at fair value at initial recognition. In subsequent years, all financial instruments are reported at cost less impairment. Financial assets are tested for impairment when indicators of impairment exist.

2. RELATED PARTY TRANSACTIONS

Grant revenue from other Glooscap entities is presented on the statement of operations. The Corporation has recognized amounts for other related party transactions are as follows:

	2019	2018
Expenses		
Rent	**$ 11,550**	$ -
Sponsorship	**$ 4,500**	$ -

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

3. DUE TO RELATED PARTIES

Glooscap First Nation operates several different entities under common control which have regular transactions between them creating due (to) from accounts. The amount due (to) from Glooscap related parties are non-interest bearing and have no set terms of repayment. At the end of the year, the amounts due (to) from related parties were as follows:

	2019	2018
Glooscap First Nation	**$ (4,758,791)**	$ (3,929,284)
Glooscap Variety Store & Gas Bar	**(249,218)**	(146,484)
Glooscap Landing #1 General Partnership	**(10)**	(10)
Glooscap Energy General Partnership	**(10)**	-
	$ (5,008,029)	$ (4,075,778)
Glooscap Landing #1 Limited Partnership	**1,390,439**	74,703
Glooscap Ilia Gourmet Foods GP Ltd	**486,226**	333,722
Glooscap Fisheries	**148,252**	145,067
Glooscap Landing #2 Limited Partnership	**7,647**	5,170
	2,032,564	$ 558,662

4. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	2019 Net	2018 Net
Computer equipment	**$ 10,702**	**$ 6,127**	**$ 4,575**	$ 4,711
Equipment	**9,644**	**8,452**	**1,192**	3,120
	$ 20,346	**$ 14,579**	**$ 5,767**	$ 7,831

5. SHARE CAPITAL

		2019	2018
Authorized	- 500,000 Common shares without nominal or par value		
Issued	- 4 Common shares	**100**	100

6. CONTINGENT LIABILITY

Letter of Credit

The Corporation has an agreement with the Royal Bank of Canada to issue Standby Letters of Credit as security for certain construction contracts. As at March 31, 2019, there was Nil (2018 - $388,271) outstanding.

7. PENSION PLAN

During the year, the Corporation contributed $15,000 (2018 - $21,999) for retirement benefits. The Corporation does not have any other obligations with regards to the pension plan as at March 31, 2019.

8. FINANCIAL INSTRUMENTS

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The corporation is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The Corporation's approach to managing liquidity risk is to ensure, as far as possible that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions. The risk has increased from the previous year due to a significant decrease in current assets available to discharge liabilities.