

Consolidated Financial Statements

Abegweit First Nation

March 31, 2025

Contents

| | Page |
|---|---------|
| Management's responsibility for financial reporting | 1 |
| Independent Auditors' report | 2 - 3 |
| Consolidated statement of operations | 4 |
| Consolidated statement of financial position | 5 |
| Consolidated statement of cash flows | 6 |
| Consolidated statement of changes in net debt | 7 |
| Notes to the consolidated financial statements | 8 - 16 |
| Schedule of segmented disclosure | 17 - 18 |
| Schedule of tangible capital assets | 19 |

Management's responsibility for financial reporting

The accompanying consolidated financial statements and schedules of the Abegweit First Nation and all the information in this annual report are the responsibility of management and have been approved by the Chief on behalf of the Council.

The consolidated financial statements and schedules have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgements. 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 Band Council 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 Band Council 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 Band Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditors' report.

The consolidated financial statements and schedules have been audited by Teed Saunders Doyle in accordance with Canadian generally accepted auditing standards on behalf of the members. Teed Saunders Doyle has full and free access to the Council.



Nov 4 2025

Chief

Date

INDEPENDENT AUDITORS' REPORT

To the Chief, Councillors, and Community Members of the Abegweit First Nation,

Opinion

We have audited the accompanying consolidated financial statements of Abegweit First Nation (the "Band"), which comprise the consolidated statement of financial position as at March 31, 2025, and the consolidated statements of operations, changes in net debt and cash flows, and schedules for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Band as at March 31, 2025, and the results of its operations 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with those 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 consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the 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 auditors' 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.

(continues)

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 Band'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 Band's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Band 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.



CHARTERED PROFESSIONAL ACCOUNTANTS

Saint John, New Brunswick
November 4, 2025

Abegweit First Nation

Consolidated statement of operations

| March 31 | Budget (Unaudited) | 2025 | 2024 |
|---|-----------------------|---------------------|---------------------|
| Revenue | | | |
| Indigenous Services Canada (ISC) | \$ 11,476,600 | \$ 11,651,088 | \$ 7,917,722 |
| ACOA | 95,300 | 264,006 | 558,221 |
| Canada Mortgage & Housing Corporation | 1,375,000 | 688,357 | 2,481,788 |
| Department of Fisheries & Oceans Canada | 1,537,968 | 1,571,021 | 1,285,372 |
| CANDO | - | - | 894,306 |
| Fuel & tobacco rebates | 1,147,444 | 1,320,497 | 1,147,444 |
| Government of Canada | 638,008 | 605,943 | 550,925 |
| Government of PEI | 961,400 | 1,416,547 | 5,217,685 |
| Health Canada | 6,955,256 | 5,883,060 | 4,355,443 |
| Mi'kmaq Confederacy of PEI | 1,017,008 | 1,306,662 | 968,411 |
| PEI Mikmaq Holdings | 175,000 | 150,000 | 475,000 |
| Affordable Housing Grant | - | 1,000,000 | - |
| Miscellaneous | 1,071,084 | 934,964 | 716,371 |
| Gain on sale of assets | - | 14,072 | - |
| Revenue from sale of products or services | <u>10,214,960</u> | <u>11,724,926</u> | <u>9,635,694</u> |
| | <u>36,665,028</u> | <u>38,531,143</u> | <u>36,204,382</u> |
| Expenditures | | | |
| Administration | 5,170,023 | 4,990,167 | 4,142,615 |
| Capital, Operating & Maintenance | 2,864,000 | 4,371,296 | 3,046,284 |
| Conservation Society | 807,707 | 688,125 | 740,863 |
| Early Years Centre | 740,470 | 899,317 | 764,571 |
| Economic Development | 1,775,174 | 2,188,751 | 1,363,676 |
| Education | 1,929,996 | 2,039,568 | 1,846,363 |
| Epekwitk Gas Bar | 8,375,240 | 8,523,642 | 7,904,760 |
| Fisheries | 2,697,418 | 2,798,988 | 2,483,242 |
| Fisheries – AFS | 150,000 | 151,026 | 143,378 |
| Hatchery | 131,702 | 176,412 | 182,331 |
| Health Services | 3,745,010 | 5,963,901 | 4,310,018 |
| Social Services | <u>893,073</u> | <u>695,723</u> | <u>797,791</u> |
| | <u>29,279,813</u> | <u>33,486,915</u> | <u>27,725,892</u> |
| Net revenue | <u>7,385,215</u> | <u>5,044,229</u> | <u>8,478,491</u> |
| | | | |
| Accumulated surplus, beginning of year | 25,902,376 | 25,902,376 | 17,423,885 |
| Net revenue | <u>7,385,215</u> | <u>5,044,229</u> | <u>8,478,491</u> |
| Accumulated surplus, end of year | <u>\$33,287,591</u> | <u>\$30,946,605</u> | <u>\$25,902,376</u> |

See accompanying notes and schedules to the consolidated financial statements.

Abegweit First Nation
Consolidated statement of financial position

March 31

2025

2024

Financial assets

| | | |
|------------------------------------|-------------------|-------------------|
| Cash and cash equivalents | \$ 9,792,219 | \$ 4,328,107 |
| Accounts receivable (Note 3) | 15,891,768 | 13,572,085 |
| Inventory held for resale (Note 4) | 225,287 | 215,600 |
| Replacement reserve (Note 5) | 224,006 | 209,803 |
| Trust Funds ISC (Note 6) | 15,891 | 15,603 |
| Restricted cash | <u>157,152</u> | <u>157,152</u> |
| | <u>26,306,324</u> | <u>18,498,350</u> |

Financial liabilities

| | | |
|--|-------------------|-------------------|
| Accounts payable and accrued liabilities | 1,409,632 | 2,418,569 |
| Severance liability | 158,761 | 129,516 |
| Deferred revenue | 20,333,353 | 13,388,522 |
| Long-term debt (Note 9) | 2,921,727 | 2,736,129 |
| RRAP liability (Note 10) | <u>70,789</u> | <u>223,220</u> |
| | <u>24,894,261</u> | <u>18,895,956</u> |

Net assets (debt)

| | | |
|--|------------------|------------------|
| | <u>1,412,063</u> | <u>(397,605)</u> |
|--|------------------|------------------|

Non financial assets

| | | |
|-----------------------------------|---------------------|---------------------|
| Prepays (Note 7) | 149,214 | 88,987 |
| Intangible assets | 445,000 | 445,000 |
| Tangible capital assets (Page 21) | <u>28,940,328</u> | <u>25,765,995</u> |
| | <u>\$29,534,542</u> | <u>\$26,299,982</u> |

Net assets

| | | |
|--|----------------------|----------------------|
| | <u>\$ 30,946,605</u> | <u>\$ 25,902,376</u> |
|--|----------------------|----------------------|

Accumulated surplus

| | | |
|--|---------------|---------------|
| | \$ 30,706,647 | \$ 25,676,970 |
|--|---------------|---------------|

| | | |
|------------------------------|---------------|---------------|
| Replacement reserve (Note 5) | 224,066 | 209,803 |
| Trust Funds ISC (Note 6) | <u>15,891</u> | <u>15,603</u> |

| | | |
|--|----------------------|----------------------|
| | <u>\$ 30,946,605</u> | <u>\$ 25,902,376</u> |
|--|----------------------|----------------------|

On behalf of the Band Council



Abegweit First Nation

Consolidated statement of cash flows

March 31

2025

2024

Increase (decrease) in cash and cash equivalents

Operating activities

| | | |
|--|-------------------|------------------|
| Revenues | \$ 5,044,229 | \$ 8,478,491 |
| Items not affecting cash | | |
| Amortization | 2,436,792 | 1,611,399 |
| Gain on sale | (14,073) | - |
| Change in non-cash working capital items | | |
| Increase in accounts receivable | (2,319,683) | (8,159,143) |
| Increase in inventory | (9,687) | (12,741) |
| (Increase) decrease in prepaid expenses | (60,227) | (6,396) |
| Increase in Replacement Reserve | (14,204) | 12,790 |
| Increase in Trust Funds ISC | (288) | (502) |
| Increase in accounts payable and accrued liabilities | (1,008,936) | 1,441,447 |
| Increase (decrease) in severance liability | 29,245 | (4,054) |
| Increase (decrease) in deferred revenue | 6,944,831 | 5,501,907 |
| Increase (decrease) in RRAP liabilities | (152,432) | 128,324 |
| | <u>10,875,567</u> | <u>8,991,525</u> |

Financing activities

| | | |
|--|------------------|------------------|
| Proceeds from issuance of long term debt | 441,900 | 836,733 |
| Principal repayments of long term debt | <u>(256,303)</u> | <u>(169,838)</u> |
| | <u>185,597</u> | <u>666,895</u> |

Investing activities

| | | |
|-------------------------------------|--------------------|--------------------|
| Purchase of tangible capital assets | (5,626,552) | (9,984,477) |
| Proceeds from disposal of assets | <u>29,500</u> | <u>-</u> |
| | <u>(5,597,052)</u> | <u>(9,984,477)</u> |

Net change in cash and cash equivalents 5,464,112 (326,057)

Cash and cash equivalents,

| | | |
|-------------------|---------------------|---------------------|
| Beginning of year | <u>4,328,107</u> | <u>4,654,164</u> |
| End of year | <u>\$ 9,792,219</u> | <u>\$ 4,328,107</u> |

See accompanying notes and schedules to the consolidated financial statements.

Abegweit First Nation Consolidated statement of changes in net assets

| March 31 | Budget | 2025 | 2024 |
|---|----------------|------------------|------------------|
| | (Unaudited) | | |
| Net revenues | \$7,385,215 | \$ 5,044,229 | \$ 8,478,491 |
| Gain on sale of asset | - | (14,703) | - |
| Amortization | 1,384,400 | 2,436,792 | 1,611,399 |
| Acquisition of tangible capital assets | (7,953,588) | (5,626,552) | (9,984,477) |
| Proceeds from sale of tangible capital assets | — | <u>29,500</u> | — |
| | <u>816,027</u> | <u>1,869,896</u> | <u>105,412</u> |
| Use of prepaid expense, net of acquisitions | — | (60,228) | (6,395) |
| Change in net assets | — | 1,809,668 | 99,017 |
| Net debt beginning of year | — | (397,605) | (496,622) |
| Net assets (debt), end of year | — | <u>1,412,063</u> | <u>(397,605)</u> |

See accompanying notes and schedules to the consolidated financial statements.

Abegweit First Nation

Notes to the consolidated financial statements

March 31, 2025

1. Summary of significant accounting policies

Consolidation

These consolidated financial statements consolidate the assets, liabilities and results of operations of the Abegweit First Nation's reporting entity.

Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures, cash flows and changes in net debt of the reporting entity. The reporting entity is comprised of all organizations and committees that are accountable to the Band for administration of their financial affairs and resources and which are owned by the Band. Interdepartmental and organizational transactions and balances are eliminated.

Basis of presentation

The consolidated financial statements of Abegweit First Nation are the representations of management prepared in accordance with generally accepted accounting principles for local governments as established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

The focus of PSAB consolidated financial statements is on the consolidated financial position of the Band and the changes thereto. The Consolidated Statement of Financial Position includes all of the assets and liabilities of the Band.

Revenue recognition

Government transfers and rebates are recognized as revenues in the period in which the events giving rise to the transfer and rebates occur, providing the amounts are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made. Transfers associated with capital projects are restricted in their use and are recorded as deferred revenue until the qualifying capital project funds have been expended. All other revenues and unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor and are recognized as revenue when used for the specific purpose.

Revenue from sales of fish products are recognized when the price is fixed or determinable, collectability is reasonably assured and upon shipment to, and acceptance by, the buyer.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and term deposits net of any bank overdraft. Bank borrowings are considered to be financing activities.

Inventories for resale

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

Abegweit First Nation

Notes to the consolidated financial statements

March 31, 2025

1. Summary of significant accounting policies (cont'd)

Intangible assets

Fishing 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 assets might be impaired. Fishing licenses are determined to have infinite lives as the annual renewal fee is nominal, the Band has both the ability and intent to renew or extend the life of the license and there has been a history of being able to obtain renewals from government. The impairment test compares the fair value of fishing licenses to their carrying values. When the fair value is less than the carrying value then an impairment loss would be recognized in the consolidated statement of earnings and retained earnings.

Tangible capital assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development and betterment of the asset. The cost of the tangible capital asset is amortized using the declining balance method at the following rates:

| | |
|---------------------------|-------|
| Boats | 15% |
| Buildings | 4% |
| Computer hardware | 30% |
| Computer software | 100% |
| Equipment | 20% |
| Fencing | 8% |
| Furniture and equipment | 20% |
| Headstart renovations | 33.3% |
| Housing – CMHC Section 95 | 10% |
| Infrastructure | 10% |
| Landscaping | 8% |
| Office furniture | 20% |
| Parking lot | 8% |
| Sign | 20% |
| Vehicles | 30% |

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenue over expenditures, provides the consolidated change in net debt for the year.

Use of estimates

The preparation of consolidated financial statements in conformity with Canadian generally accepting accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenditures during the year. Significant items subject to such estimates and assumptions include valuation of accounts receivable and the estimated useful lives of property and equipment. Actual results could differ from these estimates used in these consolidated financial statements.

Abegweit First Nation

Notes to the consolidated financial statements

March 31, 2025

1. Summary of significant accounting policies (cont'd)

Asset Retirement Obligations

Liabilities are recognized for statutory, contractual or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The obligations are measured initially at fair value, determined using present value methodology, and the resulting costs capitalized into the carrying amount of the related tangible capital asset. In subsequent periods, the liability is adjusted for accretion and any changes in the amount or timing of the underlying future cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and accretion expense is included in the Consolidated Statement of Operations. As at March 31, 2025, no material asset retirement obligations have been identified by management.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on acquisition, sale, or issue of financial instruments are expensed when incurred.

2. Band employee benefits

The Band matches employee's contributions to a Registered Retirement Savings Plan (RRSP). During the year there was \$263,117 (2024 - \$165,720) contributed to RRSP plans. This represented both the Band's and the employees' portion of the contribution and was included in expenses for the year.

| 3. Accounts receivable | 2025 | 2024 |
|------------------------------------|---------------------------|---------------------------|
| Indigenous Services Canada | \$5,467,454 | \$4,095,060 |
| Health Canada | 6,645,377 | 4,038,025 |
| CANDO | - | 627,639 |
| ACOA | - | 90,669 |
| Department of Fisheries and Oceans | 1,249,000 | 935,805 |
| Government of Prince Edward Island | 102,469 | 2,350,255 |
| CMHC | 5,805 | 4,263 |
| Epekwitk Assembly of Councils Inc. | 767,939 | 480,788 |
| Government of Canada | 835,575 | 476,240 |
| Miscellaneous | 509,507 | 353,142 |
| PEI Regional Chief's office | 81,103 | - |
| Payroll advances | 5,740 | 5,874 |
| Loans to members | 77,062 | 27,318 |
| Ultramar | 79,916 | 63,398 |
| Canada Revenue Agency | 64,821 | 23,609 |
| | <hr/> <u>\$15,891,768</u> | <hr/> <u>\$13,572,085</u> |

Abegweit First Nation

Notes to the consolidated financial statements

March 31, 2025

4. Inventory held for resale

Inventory held for resale included in the consolidated statement of financial position are comprised of the following amounts:

| | <u>2025</u> | <u>2024</u> |
|------------------------------------|--------------------------|--------------------------|
| Gas bar inventory | \$ 177,068 | \$ 166,561 |
| Redstone Auto and Marine inventory | <u>48,218</u> | <u>49,039</u> |
| | <u>\$ 225,287</u> | <u>\$ 215,600</u> |

5. Replacement reserve

Under the terms of an agreement with Canada Mortgage and Housing Corporation, the replacement reserve is being credited annually based on \$1,000 per unit, per year pro rated in the year of acquisition. The funds for this reserve are maintained in accounts that are secured by the Canadian Deposit Insurance Corporation and may be used as approved by Canada Mortgage and Housing Corporation.

6. Trust funds ISC

| | March 31, 2024 | Additions 2025 | Withdrawals 2025 | March 31, 2025 |
|-------------|-------------------|-------------------|---------------------|-------------------|
| Trust funds | <u>\$ 15,603</u> | <u>\$ 288</u> | <u>\$ -</u> | <u>\$ 15,891</u> |

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

7. Prepays

Prepaid expenses included in the consolidated statement of financial position are comprised of the following amounts:

| | <u>2025</u> | <u>2024</u> |
|---|--------------------------|-------------------------|
| Post-secondary education – living allowance | \$ - | \$ 4,760 |
| Insurance | <u>99,714</u> | 84,224 |
| Down Payment – Fisheries Vessel | <u>49,500</u> | <u>-</u> |
| | <u>\$ 149,214</u> | <u>\$ 88,987</u> |

8. Bank indebtedness

The Band has access to operating lines of credit with approved borrowing amounts of \$750,000 from January 15 to April 2 and a borrowing limit of \$500,000 for the remainder of the year. The credit facility bears interest at a rate of prime plus 0.90%. As of March 31, 2025, \$750,000 (2024- \$ 750,000) of the line of credit was unused.

Abegweit First Nation

Notes to the consolidated financial statements

March 31, 2025

| 9. Long-term debt | <u>2025</u> | <u>2024</u> |
|--|-------------|-------------|
| 0.68% demand loan maturing in 2025, repayable in equal monthly instalments of principal and interest of \$460. | \$ 52,054 | \$ 57,201 |
| 6.03% demand loan maturing in 2028, repayable in equal monthly instalments of principal and interest of \$671. | 56,022 | 60,639 |
| 1.88% demand loan maturing in 2027, repayable in equal monthly instalments of principal and interest of \$548. | 69,829 | 75,055 |
| 2.27% demand loan maturing in 2027, repayable in equal monthly instalments of principal and interest of \$569. | 72,224 | 77,368 |
| 2.27% demand loan maturing in 2027, repayable in equal monthly instalments of principal and interest of \$569. | 72,222 | 77,366 |
| 2.27% demand loan maturing in 2027, repayable in equal monthly instalments of principal and interest of \$578. | 72,997 | 78,236 |
| 1.13% demand loan maturing in 2026, repayable in equal monthly instalments of principal and interest of \$542. | 68,299 | 74,008 |
| 1.13% demand loan maturing in 2026, repayable in equal monthly instalments of principal and interest of \$542. | 68,299 | 74,008 |
| 5.85% demand loan maturing in 2027, repayable in equal monthly instalments of principal and interest of \$1,940. | 138,542 | 153,240 |
| 5.72% demand loan maturing in 2027, repayable in equal monthly instalments of principal and interest of \$646. | 45,513 | 50,901 |
| 5.72% demand loan maturing in 2027, repayable in equal monthly instalments of principal and interest of \$646. | 45,311 | 50,901 |
| 4.66% demand loan maturing in 2028, repayable in equal monthly instalments of principal and interest of \$586. | 47,536 | 52,285 |
| 4.66% term loan maturing in 2028, repayable in equal monthly instalments of principal and interest of \$725. | 85,260 | 89,950 |
| 0.73% term loan maturing in 2025, repayable in equal monthly instalments of principal and interest of \$539. | 87,097 | 92,914 |
| 1.22% demand loan maturing in 2026, repayable in equal monthly instalments of principal and interest of \$547. | 94,545 | 99,929 |

Abegweit First Nation

Notes to the consolidated financial statements

March 31, 2025

| 9. Long term debt (cont'd) | 2025 | 2024 |
|--|----------------------------|---------------------------|
| 0.68% term loan maturing in 2025, repayable in equal monthly instalments of principal and interest of \$540. | 85,541 | 91,420 |
| 1.22% term loan maturing in 2026, repayable in equal monthly instalments of principal and interest of \$617. | 122,392 | 128,248 |
| 1.5% term loan maturing in 2027, repayable in equal monthly instalments of principal and interest of \$1,104. | 143,760 | 154,789 |
| 4.17% term loan maturing in 2025, repayable in equal monthly instalments of principal and interest of \$2,775. | 63,776 | 93,715 |
| 6.5% term loan maturing in 2027, repayable in equal monthly instalments of principal and interest of \$2,005. | 207,990 | 218,163 |
| 3.58% term loan maturing in 2029, repayable in equal monthly instalments of principal and interest of \$2,583. | 339,308 | 358,001 |
| 4.49% term loan maturing in 2028, repayable in monthly instalments of principal and interest of \$1,372. | 168,266 | 177,109 |
| 6.51% term loan maturing in 2028, repayable in monthly instalments of principal and interest of \$2,240. | 288,249 | 296,679 |
| 4.08% term loan maturing in 2029, repayable in monthly instalments of principal and interest of \$1,609. | 208,681 | - |
| 3.63% term loan maturing in 2029, repayable in monthly instalments of principal and interest of \$1,620. | 218,013 | - |
| Loans repaid during the year | <u>-</u> | <u>54,000</u> |
| | <u>\$ 2,921,727</u> | <u>\$2,736,129</u> |

Abegweit First Nation

Notes to the consolidated financial statements

March 31, 2025

9. Long term debt (cont'd)

Based on these terms the principal repayments in the next five years are due as follows:

| | |
|------------|--------------|
| 2026 | \$ 214,136 |
| 2027 | \$ 221,641 |
| 2028 | \$ 195,545 |
| 2029 | \$ 202,317 |
| 2030 | \$ 210,065 |
| Thereafter | \$ 1,878,023 |

Demand loans are secured by a general security agreement constituting a first ranking security interest in all property and irrevocable Band Council resolution authorizing borrowings.

10. RRAP liability

Canada Mortgage and Housing Corporation ("CMHC") has granted forgivable loans to Abegweit First Nation through the Residential Rehabilitation Assistance Program to finance modifications for the accessibility of disabled members. The loans are only forgivable if the First Nation fulfills a list of conditions proposed by CMHC and must be repaid if these conditions are not met. The loans are forgivable over periods of three to five years and give rise to a liability until the funds are fully forgiven. The liability for the remaining balance of the loans to be forgiven as of March 31, 2025, totals \$70,789 (2024 - \$223,220).

11. CMHC funding

Abegweit First Nation is an eligible recipient under the Section 95 housing program operated by Canada Mortgage and Housing Corporation.

12. Commitments

The Abegweit First Nation has provided a letter of guarantee to Ultramar Ltd. and has a franchise agreement with Merrik Franchising (Maritimes) Limited relating to the gas bar operation.

13. Economic dependence

The Abegweit First Nation receives a major portion of its revenues pursuant to a funding arrangement with Indigenous Services Canada. As this is the major source of revenues, the organization's ability to continue viable operations is dependent upon maintaining this funding source.

Abegweit First Nation

Notes to the consolidated financial statements

March 31, 2025

14. Contingencies

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

In addition, in the normal course of its operations, Abegweit First Nation may become involved in legal actions. Some other potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded on the Abegweit First Nation consolidated financial statements.

15. Government transfers

| | 2025 Operating | 2025 Capital | 2025 Total | | 2024 Operating | 2024 Capital | 2024 Total |
|---------------------------------------|----------------------|---------------------|----------------------|--|----------------------|---------------------|----------------------|
| Federal Government Transfers: | | | | | | | |
| Indigenous Services Canada | 7,367,304 | 4,288,661 | 11,655,965 | | 7,057,224 | 860,498 | 7,917,722 |
| Atlantic Canada Opportunities Agency | 264,006 | - | 264,006 | | - | 558,221 | 558,221 |
| Canada Mortgage & Housing Corporation | 688,357 | - | 688,357 | | 118,312 | 2,363,476 | 2,481,788 |
| Department of Fisheries & Oceans | 1,571,021 | - | 1,571,021 | | 1,285,372 | - | 1,285,372 |
| Government of Canada | 605,943 | - | 605,943 | | 550,925 | - | 550,925 |
| Health Canada | 5,566,758 | 316,302 | 5,883,060 | | 4,138,416 | 216,927 | 4,355,343 |
| Total | 16,063,388 | 4,604,963 | 20,668,352 | | 13,150,249 | 3,999,122 | 17,149,371 |
| Provincial Government Transfers | 1,249,164 | 100,000 | 1,349,164 | | 894,983 | 4,322,703 | 5,217,686 |
| | \$ 17,312,553 | \$ 4,704,963 | \$ 22,017,516 | | \$ 14,045,232 | \$ 8,321,825 | \$ 22,367,057 |

16. Budgeted figures

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the Band Council.

17. Funding reconciliation

| | Opening balance | Funding Received | Revenue Recognized | Closing Balance | 2025 | 2024 |
|-----------------|----------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|
| ISC | 6,311,584 | 9,817,319 | 11,651,088 | 4,477,815 | 4,477,815 | 6,311,584 |
| Health Canada | 4,339,239 | 9,146,483 | 5,883,060 | 7,602,662 | 7,602,662 | 4,339,239 |
| CMHC | 1,932,970 | 5,004,111 | 688,357 | 6,248,724 | 6,248,724 | 1,932,970 |
| Province of PEI | 202,600 | 1,400,473 | 1,416,547 | 186,526 | 186,526 | 202,600 |
| DFO | 350,002 | - | 250,002 | 100,000 | 100,000 | 350,002 |
| Lennox Island | 95,000 | | 95,000 | - | - | 95,000 |
| Heritage Canada | - | 55,000 | 15,000 | 40,000 | 40,000 | - |
| Four Pillars | - | 1,123,500 | 183,500 | 940,000 | 940,000 | - |
| EAC | - | 1,417,462 | 1,306,662 | 110,800 | 110,800 | - |
| Other | - | 119,300 | - | 119,300 | 119,300 | - |
| | \$ 13,231,395 | \$ 28,083,647 | \$ 21,489,216 | \$ 19,825,826 | \$ 19,825,826 | \$ 13,231,395 |

Abegweit First Nation

Notes to the consolidated financial statements

March 31, 2025

18. Segmented reporting

The presentation by segment is based on the same accounting policies as described in the summary of significant accounting policies as described in Note 1. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations. Band services are provided by departments and their activity is reported in these funds. The services provided by these departments are as follows:

Administrative

This segment includes departments that are responsible for the overall financial and local government administration. The tasks include, but are not limited to, daily accounting functions, preparation and coordination of the annual audited financial statements, coordination of the development of the annual budget, human resource functions for the entire municipal unit, economic development initiatives and maintenance of bylaws and policies. This would also include administrative and policy support for the Chief and all members of the Council.

Capital/Housing

This segment is responsible for providing housing and capital infrastructure for the Band's residents. This includes the operation of water and sewer utilities.

Social Services

This segment is responsible for providing social assistance to band members in need. This includes the basic needs and social needs programs.

Education Services

This segment is responsible for providing education funding. This includes tuition agreements, student's costs and supplies as required.

Health Services

Services provided by the Heath department are included in this segment. The following tasks are delivered by this department: Aboriginal diabetes initiatives, adult care, brighter futures program, the early learning centre, health planning and various other programs depending on the funding obtained.

Epikwitk Gas Bar

The Band operates a gas station on the reserve. The revenues and expenses associated with the operations of the gas station are included in this segment.

Fisheries/Fisheries AFS

This segment is responsible for the commercial fishing of lobster, snow crab, etc. and other related fishing projects such as the hatchery.

Economic Development

The Band is involved in activities to promote economic development that benefits its community and members.

Abegweit Conservation Society

This segment is a registered charity, with the purpose of protecting the environment of Prince Edward Island by saving, supporting, protecting and assisting stressed and endangered fish, plant and animal species as well as cleaning, remediating and protecting streams, rivers, watersheds and forests.