

**OROMOCTO FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019**

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FOR THE YEAR ENDED MARCH 31, 2019

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OROMOCTO FIRST NATION

MARCH 31, 2019

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

The external auditors, Teed Saunders Doyle, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The auditor's have full and free access to financial management of Oromocto First Nation and meet when required.

Chief Shelley Abbott Chief
T. A. Councilor
John Belanger Councilor
Steph. Abbott
CSL

Sept 5/19
Date

INDEPENDENT AUDITORS' REPORT

To the Chief and Band Councilors of Oromocto First Nation

Qualified Opinion

We have audited the accompanying consolidated financial statements of Oromocto First Nation, which comprise the consolidated statement of financial position as at March 31, 2019, 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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of the report, the consolidated financial statements present fairly, in all material respects, the financial position of Oromocto First Nation as at March 31, 2019, 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 Qualified Opinion

The consolidated financial statements include the controlled business enterprise of Welamukotok Wellness, of which we were not able to obtain sufficient appropriate audit evidence over the existence of material amounts recorded, or completeness of any material amounts that may not be recorded, in the accounts of the enterprise. Amounts recorded for this enterprise and included in the consolidated financial statements are \$1,967,610 of revenues, \$1,373,171 of expenses, \$176,926 of cash on hand and \$93,627 of inventory. We were unable to determine whether any adjustments might be necessary to consolidated revenues over expenditures, net debt, accumulated surplus or cash flows based on the limited support we received for this enterprise. Our audit opinion on the consolidated financial statements for the year ended March 31, 2019 was modified accordingly because of the possible effects of this lack of evidence.

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 Oromocto First Nation 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 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 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 Oromocto First Nation'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 Society or to cease operations, or has no realistic alternative but to do so.

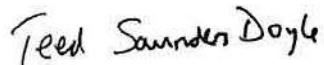
Those charged with governance are responsible for overseeing the First Nation's financial reporting process.

Auditor's Responsibility

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



Fredericton, New Brunswick
August 22, 2019

CHARTERED PROFESSIONAL ACCOUNTANTS

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

	<u>2019</u>	<u>2018</u>
FINANCIAL ASSETS		
Cash (note 4)	\$ 3,094,400	\$ 2,085,159
Accounts receivable (note 6)	134,182	144,116
Due from government and government organizations (note 7)	3,442,613	3,987,866
Inventory (note 9)	388,612	386,974
Restricted cash - Funds held in trust (note 8)	<u>297,709</u>	<u>236,114</u>
	<u>7,357,516</u>	<u>6,840,229</u>
LIABILITIES		
Accounts payable (note 10)	1,550,577	371,887
Deferred revenue	-	559,398
Due to government and government organizations (note 11)	5,218,088	7,366,728
Land claim (note 21)	19,521	19,521
Long-term debt (note 13)	<u>2,726,667</u>	<u>1,282,457</u>
	<u>9,514,853</u>	<u>9,599,991</u>
NET DEBT	<u>\$(2,157,337)</u>	<u>\$(2,759,762)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (note 12)	\$11,774,899	\$ 7,258,998
Prepaid expenses (note 5)	<u>-</u>	<u>285,487</u>
	<u>\$11,774,899</u>	<u>\$ 7,544,485</u>
ACCUMULATED SURPLUS (DEFICIT)	<u>\$ 9,617,562</u>	<u>\$ 4,784,723</u>

On Behalf Of The Band:

Chief Shelley Slobatto Chief

Jan Buchanan
Stef Salsi
CA

OROMOCTO FIRST NATION
CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT
AS AT MARCH 31, 2019

	<u>2019</u> <u>Actual</u>	<u>2018</u> <u>Actual</u>
Excess (Deficiency) Of Revenue Over Expenditures	\$ 4,832,839	\$ 1,032,671
Acquisition of tangible capital assets	(5,316,763)	(1,170,657)
Amortization of tangible capital assets	800,862	619,272
Decrease (increase) in prepaids	<u>285,487</u>	<u>228,789</u>
	<u>(4,230,414)</u>	<u>(322,596)</u>
Decrease (Increase) In Net Debt	602,425	710,075
Net Debt - Beginning Of Year	(2,759,762)	(3,469,837)
Net Debt - End Of Year	<u>\$(2,157,337)</u>	<u>\$(2,759,762)</u>

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

	2019 <u>Actual</u>	2018 <u>Actual</u>
Revenue		
Indigenous Services Canada (note 14)	\$ 6,924,578	\$ 5,207,707
Department of Fisheries and Oceans Canada	816,097	331,031
Health Canada	663,357	888,997
Retail Sales (Economic Development)	13,072,005	11,605,856
Province of New Brunswick	438,467	801,418
Canada Mortgage and Housing Corporation	87,325	120,982
Other	<u>1,631,942</u>	<u>1,325,982</u>
	<u>23,633,771</u>	<u>20,281,973</u>
Expenditures		
General Administration	4,600,751	3,948,576
Education	1,511,270	1,670,233
Social Development	979,657	989,027
Social Housing	455,014	570,569
Health	780,119	718,411
Fisheries	652,863	632,779
Capital	191,788	271,287
Child and Family Services	2,556,475	1,991,496
Forestry	145,371	164,833
Economic Development	<u>9,609,515</u>	<u>8,292,091</u>
	<u>21,482,823</u>	<u>19,249,302</u>
	2,150,948	1,032,671
Other Revenue		
Recovery from Canada Revenue Agency (note 11)	2,681,891	-
Excess (Deficiency) of Revenue Over Expenditures For The Year	4,832,839	1,032,671
Accumulated Surplus (Deficit) - Beginning of Year	<u>4,784,723</u>	<u>3,752,052</u>
Accumulated Surplus (Deficit) - End of Year	<u>\$ 9,617,562</u>	<u>\$ 4,784,723</u>

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

	2019 <u>Actual</u>	2018 <u>Actual</u>
Cash Provided By (Required For):		
Operating Activities		
Excess (deficiency) of revenue over expenditures for the year	\$ 4,832,839	\$ 1,032,671
Item not affecting cash		
Amortization	<u>800,862</u>	<u>619,273</u>
	<u>5,633,701</u>	<u>1,651,944</u>
Change in non-cash operating working capital (note 15)	<u>(690,313)</u>	<u>2,115</u>
	<u>4,943,388</u>	<u>1,654,059</u>
Investing Activities		
Acquisition of tangible capital assets	<u>(5,316,763)</u>	<u>(1,170,657)</u>
Financing Activities		
Funding repayable to Indigenous Services Canada	-	(5,417)
Proceeds on long-term debt	1,691,671	150,437
Repayment of long-term debt	<u>(247,460)</u>	<u>(95,986)</u>
	<u>1,444,211</u>	<u>49,034</u>
Increase In Cash During The Year	1,070,836	532,436
Cash Position At Beginning Of Year	<u>2,321,273</u>	<u>1,788,837</u>
Cash Position At End Of Year	<u>\$ 3,392,109</u>	<u>\$ 2,321,273</u>
Cash consists of:		
Cash	\$ 3,094,400	\$ 2,085,159
Restricted cash - Funds held in trust	<u>297,709</u>	<u>236,114</u>
	<u>\$ 3,392,109</u>	<u>\$ 2,321,273</u>

OROMOCTO FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

1. Description Of Entity

The Oromocto First Nation operates a First Nation's Band in Oromocto, New Brunswick for the benefit of its members.

2. Significant Accounting Policies

Basis of Accounting

These financial statements have been prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants.

Reporting Entity

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

Principles of Consolidation

All entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of government business enterprise, which are included in the Consolidated Financial Statements on modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

The consolidated financial statements include the accounts of the following programs:

General Administration, Education, Social Development, Social Housing, Health, Fisheries,
Capital, Child & Family Services, Forestry and Economic Development

Asset Classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets and prepaid expenses.

Cash

Cash includes cash on hand and balances with banks net of bank overdraft.

OROMOCTO FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

2. Significant Accounting Policies (Continued)

Accounts Receivable

Accounts receivable consists of trade receivables, loans and advances, and federal and provincial government funding. An allowance for bad debts has been calculated, through discussions with management, assessment of the other circumstances influencing the collectability of amounts, and using historical loss experience. Amounts deemed uncollectable are written off and deducted from the carrying value of the receivable. Amounts subsequently recovered from accounts previously written off are credited to the allowance account in the period of recovery.

Inventory

Inventories are stated at the lower of cost and net realizable value. Cost includes the costs to purchase, and other costs directly attributable to the inventories. Cost is determined using the first in, first out method. Net realizable value represents the amount that may be realized from the sale of an inventory item under normal business conditions. When inventories are sold, the carrying amount of those inventories are recognized as an expense in the period in which the related revenue is recognized. The amount of any writedown of inventories to net realizable value and all losses of inventories shall be recognized as an expense in the period the loss or writedown occurs. The amount of reversal of any writedowns, arising from an increase in net realizable value, shall be recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

Tangible Capital Assets

Tangible capital assets include acquired, built, developed and improved tangible capital assets, whose useful life extends beyond one year and which are intended to be used on an ongoing basis for producing goods or delivering services.

Tangible capital assets are reported at net book value. Contributions received to assist in the acquisition of tangible capital assets are reported as deferred revenue and amortized to income at the same rate as the related asset.

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

Amortization is provided annually, at rates calculated to write-off the assets over their estimated useful lives on a straight line basis as follows:

Buildings and improvements	25 years
Equipment, fishing vessels, docks and signs	5 years
Vehicles, computer equipment and dive gear	3 years
Gas bar, paving and other	10 years

In the year of acquisition, 50% of the normal amortization is recorded. Amortization of projects in progress does not commence until completion of the projects.

OROMOCTO FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

2. Significant Accounting Policies (Continued)

Employee Future Benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, sick leave, annual vacation leave, and defined contributions to employee benefit plans when it is probable that settlement will be required and they are capable of being measured reliably.

Net Debt

The First Nation's financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the First Nation is determined by its liabilities less its financial assets. Net debt is comprised of two components, non-financial assets and accumulated surplus.

Revenue Recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impractical.

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

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

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

Income Taxes

First Nations are not subject to income tax. Accordingly, no provision has been recorded for income taxes.

Use of Estimates

In preparing the financial statements for the government of Oromocto First Nation, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

Significant estimates pertaining to these financial statements include the following:

- determination of amortization rates and residual values of tangible capital assets

OROMOCTO FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

2. Significant Accounting Policies (Continued)

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 the acquisition, sale, or issue of financial instruments are expensed when incurred.

3. Financial Instruments

The company is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the company's risk exposure and concentration as of March 31, 2019.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company is exposed to this risk mainly in respect of its payment of funds for long-term debt, accounts payable, and government remittances payable.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the company manages exposure through its normal operating and financing activities. The company is exposed to interest rate risk primarily through its long-term debt and liabilities to government (Canada Revenue Agency).

OROMOCTO FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

4. Cash

Cash is comprised of the following:

	<u>2019</u>	<u>2018</u>
Externally restricted		
Trust funds held by federal government	\$ 9,440	\$ 9,331
CMHC Reserve funds	<u>288,269</u>	<u>226,783</u>
	<u>\$ 297,709</u>	<u>\$ 236,114</u>
Unrestricted		
Operating	<u>3,094,400</u>	<u>2,085,159</u>
Total Cash	<u>\$ 3,392,109</u>	<u>\$ 2,321,273</u>

5. Prepaid Expenses

	<u>2019</u>	<u>2018</u>
Other prepaid expenses	<u>\$ -</u>	<u>\$ 285,487</u>

6. Accounts Receivable

	<u>2019</u>	<u>2018</u>
Other	<u>\$ 134,182</u>	<u>\$ 144,116</u>

7. Due From Government and Government Organizations

	<u>2019</u>	<u>2018</u>
Indigenous Services Canada - 2018-2019	188,468	-
Indigenous Services Canada - 2017-2018	-	505,755
Indigenous Services Canada - 2016-2017	-	3,137
Health Canada	92,935	25,181
Province of New Brunswick*	2,871,452	3,382,813
Department of Fisheries and Oceans Canada	<u>289,758</u>	<u>70,980</u>
	<u>\$ 3,442,613</u>	<u>\$ 3,987,866</u>

*Accounts receivable from the Province of New Brunswick includes HST rebates of \$2,317,668 (2018 - \$2,761,776) which is only recoverable once the HST balance payable to Canada Revenue Agency as described in Note 11 has been paid.

OROMOCTO FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

8. Restricted Cash - Trust Funds Held by Federal Government And CMHC Reserve Funds

Trust fund accounts for the use and benefit of Oromocto First Nation arise from monies derived from capital or revenue sources as outlined in Section 61 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 62 to 69 of the Indian Act. CMHC reserve funds are those held specifically for repairs on houses within the CMHC program.

	<u>Opening Balance</u>	<u>Additions</u>	<u>Withdrawals</u>	<u>Closing Balance</u>	<u>2019 Total</u>	<u>2018 Total</u>
Revenue,	\$ 7,700	\$ 109	\$ -	\$ 7,809	\$ 7,809	\$ 7,700
Capital	\$ 1,631	\$ -	\$ -	\$ 1,631	\$ 1,631	\$ 1,631
CMHC Reserve Funds	\$ 226,783	\$ 61,486	\$ -	\$ 288,269	\$ 288,269	\$ 226,783
Fund Total					\$ 297,709	\$ 236,114

9. Inventory

	<u>2019</u>	<u>2018</u>
OFN Fuels	\$ 388,612	\$ 386,974

10. Accounts Payable and Accrued Liabilities

	<u>2019</u>	<u>2018</u>
Trade payables	\$ 362,134	\$ 156,915
Other accrued liabilities	<u>1,188,443</u>	<u>214,972</u>
Total accounts payable	\$ 1,550,577	\$ 371,887

11. Due to Government and Government Organizations

	<u>2019</u>	<u>2018</u>
Canada Revenue Agency - Payroll remittances	\$ 1,683,490	\$ 2,665,473
Canada Revenue Agency - Harmonized sales tax payable	<u>3,534,598</u>	<u>4,701,255</u>
Total	\$ 5,218,088	\$ 7,366,728

During the year \$2,681,891 of interest and penalties were reversed by Canada Revenue Agency relating to payroll taxes and HST amounts owing.

OROMOCTO FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

12. Tangible Capital Assets

	Cost						Accumulated Amortization				Net Book Value
	Opening Balance	Additions	Disposals	Transfers of Assets	Closing Balance	Opening Balance	Amortization	Disposals, Write-offs & Other adj.	Closing Balance	Total 2019	Total 2018
Tangible Capital Assets											
Commercial land	\$ 45,000	35,698	\$ -	\$ -	\$ 45,000	\$ 1,559,939	\$ 162,197	\$ -	\$ 1,722,136	\$ 45,000	\$ 45,000
Commercial buildings	4,506,529	-	15,496	-	4,540,227	3,494,410	431,195	-	3,925,605	2,818,091	2,946,590
Subdivision / Residential buildings	7,019,557	4,476,360	-	11,470,921	1,472,402	1,172,054	112,100	-	1,584,502	7,545,316	3,515,147
Fishing vessels	1,582,924	589,130	-	-	910,344	740,964	63,875	-	804,839	105,505	110,522
Vehicles	891,394	18,950	-	-	416,206	155,276	3,391	-	158,667	257,539	150,430
Furniture and fixtures	414,138	2,058	-	-	139,217	114,072	12,838	-	126,910	12,307	25,145
Computer equipment	139,217	-	-	-	773,839	354,933	15,255	-	370,248	403,590	207,303
Other	562,286	211,553	-	-	-	-	-	-	-	-	-
Total	\$ 15,151,044	\$ 5,332,259	\$ 15,496	\$ -	\$ 20,467,807	\$ 7,892,046	\$ 800,862	\$ -	\$ 8,692,908	\$ 11,774,899	\$ 7,258,998

OROMOCTO FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

13. Long-Term Debt

	<u>2019</u>	<u>2018</u>
Mortgage payable to Toronto Dominion Bank in monthly installments of \$697 including interest at 3.09%, due August 2019.	1,364	9,564
Mortgage payable to CMHC in monthly installments of \$584 including interest at 1.76%, due November 2020.	11,515	18,237
Mortgage payable to Royal Bank of Canada repaid in the year.	-	98,980
Mortgage payable to Peace Hills Trust in monthly installments of \$1,743 including interest at 3.75%, due May 2023.	116,611	132,975
Mortgage payable to Peace Hills Trust in monthly installments of \$626 including interest at 4.15%, due June 2019.	62,630	67,480
Mortgage payable to Peace Hills Trust in monthly installments of \$771 including interest at 4.15%, due May 2019.	76,953	82,931
Mortgage payable to CMHC in monthly installments of \$994 including interest at 1.97%, due December 2022.	136,187	145,120
Mortgage payable to CMHC in monthly installments of \$524 including interest at 1.97%, due December 2022.	71,749	76,455
Mortgage payable to CMHC in monthly installments of \$1,264 including interest at 1.97%, due December 2022.	<u>177,092</u>	<u>188,369</u>
Carried forward	\$ 654,101	\$ 820,111

OROMOCTO FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

13. Long-Term Debt (Continued)

	<u>2019</u>	<u>2018</u>
Carried forward	\$ 654,101	\$ 820,111
Loan payable to Taylor Petroleum in monthly installments equal to \$0.02 cent per litre of the previous months purchases, due September 2018	115,861	183,064
Mortgage payable to Peace Hills Trust. Once funds are fully disbursed repayment will begin with interest at prime + 1%, amortized over 25 years.	1,691,671	-
Mortgage payable to CMHC in monthly installments of \$1,633 including interest at 1.82%, due September 2019.	<u>265,034</u>	<u>279,282</u>
	<u>2,726,667</u>	<u>1,282,457</u>

Annual principal repayments due over the next five years are as follows:

2020	\$ 2,268,007
2021	44,171
2022	350,809
2023	63,680

14. Reconciliation Of Indigenous Services Canada (ISC) Funding

General Administration	\$ 557,683
Education	1,318,386
Social Development	974,994
Capital	158,519
Child and Family Services	<u>3,355,598</u>
 Funding per ISC confirmation	 \$ 6,365,180
Add - Deferred revenue prior year (Capital)	<u>559,398</u>
Total ISC Funding per consolidated financial statements	<u>\$ 6,924,578</u>

OROMOCTO FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

15. Changes In Non-Cash Operating Working Capital

	<u>2019</u>	<u>2018</u>
Accounts receivable	\$ 9,934	\$ 214,599
Due from government and government organizations	545,253	(695,292)
Inventory	(1,639)	(26,335)
Prepaid expenses	285,487	228,789
Accounts payable and accrued liabilities	1,178,690	(44,376)
Deferred revenue	(559,398)	312,616
Due to government and government organizations	<u>(2,148,640)</u>	<u>12,114</u>
	<u>\$ (690,313)</u>	<u>\$ 2,115</u>

16. Expenses by Object

The following is a summary of expenses by object.

	<u>2019</u>	<u>2018</u>
Salaries and wages	\$ 2,790,747	\$ 2,462,462
Tuition	981,252	1,313,934
Professional services	417,648	166,143
Supplies and services	465,773	355,324
Interest and bank charges	224,991	179,391
Travel and training	2,234,833	1,984,709
Insurance, pension & health	237,091	247,498
Telephone and utilities	234,483	167,200
Repairs and maintenance	213,419	371,811
Social assistance and assisted living	932,028	944,880
Gas bar	8,950,847	7,652,981
Other	2,998,848	2,783,696
Amortization	<u>800,863</u>	<u>619,273</u>
	<u>\$ 21,482,823</u>	<u>\$ 19,249,302</u>

OROMOCTO FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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17. Government Transfers

	2019		
	Operating	Capital	Total
Federal government transfers:			
Indigenous Services Canada	\$ 5,465,180	\$ 1,459,398	\$ 6,924,578
Health Canada	663,357	-	663,357
Canada Mortgage and Housing Corporation	87,325	-	87,325
Department of Fisheries	<u>257,500</u>	<u>558,597</u>	<u>816,097</u>
Total	6,473,362	2,017,995	8,491,357
Provincial government transfers	<u>194,443</u>	<u>244,024</u>	<u>438,467</u>
	<u><u>\$ 6,667,805</u></u>	<u><u>\$ 2,262,019</u></u>	<u><u>\$ 8,929,824</u></u>
	2018		
	Operating	Capital	Total
Federal government transfers:			
Indigenous Services Canada	\$ 4,774,522	\$ 433,185	\$ 5,207,707
Health Canada	642,215	246,782	888,997
Canada Mortgage and Housing Corporation	120,982	-	120,982
Department of Fisheries	<u>331,031</u>	<u>-</u>	<u>331,031</u>
Total	5,868,750	679,967	6,548,717
Provincial government transfers	<u>801,418</u>	<u>-</u>	<u>801,418</u>
	<u><u>\$ 6,670,168</u></u>	<u><u>\$ 679,967</u></u>	<u><u>\$ 7,350,135</u></u>

18. Budgeted Figures

Budgeted figures were not prepared for the year ended March 31, 2019. Therefore, they have not been presented on the consolidated statement of operations or the consolidated statement of changes in net debt.

19. Contingencies

Oromocto 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.

20. Economic Dependence

The government of Oromocto First Nation receives a major portion of its revenue from Indigenous Services Canada and Health Canada. The nature and extent of this revenue is of such significance that the First Nation is economically dependent on this source of revenue.

21. Land Claim Liability

The amount consists of balances owing to eight former residents of the Oromocto First Nation, representing their pro-rata portion of the proceeds of distribution of a land claim settlement in 1989. To date, the First Nation has been unable to locate or contact them.

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22. Annual Surplus Net Of Capital Related Revenues And Amortization

	<u>2019</u>	<u>2018</u>
Annual surplus (before Canada Revenue Agency adjustment)	2,150,948	1,032,671
Deduct: Government transfers for capital	(2,262,109)	(679,967)
Add: Amortization expense included in annual surplus	<u>800,862</u>	<u>619,273</u>
	<u>\$ 689,701</u>	<u>\$ 971,977</u>

OROMOCTO FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

23. Segment Disclosure

Oromocto First Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized by departments.

For each department the segment revenue and expenses includes both directly attributable amounts and overheads that are allocated on a reasonable basis.

The presentation by segment is based on the same accounting policies as described in the summary of Significant Accounting Policies as described in Note 2.

The segment results for the period are as follows:

	Education		Health		Economic Development		Housing	
	2019	2018	2019	2018	2019	2018	2019	2018
Revenues								
Federal Government	\$ 1,318,386	\$ 1,290,447	\$ 663,357	\$ 888,997	\$ -	\$ -	\$ 781,227	\$ 817,531
Provincial Government	-	-	-	-	-	-	244,024	-
Taxpayer relief CRA	-	-	-	-	-	-	-	-
Saint John River Valley	-	-	-	-	-	-	-	-
Tribal Council - RHDC funding	401,919	171,608	8,822	16,774	24,471,485	23,108,411	429,650	320,948
Other Revenue								
Total Revenues	1,720,305	1,462,055	672,179	905,771	24,471,485	23,108,411	1,454,901	1,138,479
Expenses								
Salaries and benefits	419,681	279,752	334,581	378,479	1,008,990	882,688	47,858	48,051
Amortization	-	-	67,409	67,409	106,568	96,059	386,552	300,681
Other Expenses	1,091,589	1,390,481	378,137	272,524	19,893,437	18,855,900	212,391	493,125
Total Expenses	1,511,270	1,670,233	780,127	718,412	21,008,995	19,794,647	646,801	841,857
Annual Surplus (Deficit)	\$ 209,035	\$ (208,178)	\$ (107,948)	\$ 187,359	\$ 3,462,489	\$ 3,313,764	\$ 808,100	\$ 296,622

OROMOCTO FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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23. Segment Disclosure (continued)

	Social Services		Band Government		Other		Consolidated Totals	
	2019	2018	2019	2018	2019	2018	2019	2018
Revenues								
Federal Government	\$ 4,330,592	\$ 2,523,787	\$ 557,683	\$ 696,924	\$ 816,097	\$ 331,031	\$ 8,467,342	\$ 6,548,717
Provincial Government			—	600,000	194,443	201,413	438,467	801,418
Taxpayer relief CRA							2,681,891	—
Saint John River Valley							—	—
Tribal Council - HRDC funding	34,407	54,037	180,471	152,359	460,980	520,000	214,878	206,396
Other Revenue	127,537	70,736	12,180	19,520			25,912,572	24,227,997
Total Revenues	4,492,536	2,648,560	750,334	1,468,803	1,471,520	1,052,449	37,715,150	31,784,529
Expenses								
Salaries and benefits	507,043	506,402	982,532	733,085	499,052	516,653	3,799,737	3,345,150
Amortization			86,599	93,843	153,735	95,838	800,863	653,830
Other Expenses	3,029,090	2,474,120	3,531,620	3,126,813	145,447	179,915	28,281,711	26,752,878
Total Expenses	3,536,133	2,980,522	4,600,751	3,953,741	798,234	792,446	32,882,311	30,751,858
Annual Surplus (Deficit)	\$ 956,403	\$ (331,962)	\$ (3,850,417)	\$ (2,484,938)	\$ 673,286	\$ 260,003	\$ 4,832,839	\$ 1,032,671