

**METEPENAGIAG MI'KMAQ NATION
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019**

METEPEPENAGIAG MI'KMAQ NATION
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019
CONTENTS

	<u>Page</u>
Management's Responsibility for the Consolidated Financial Statements	1
Independent Auditor's Report	2
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations	5
Consolidated Statement of Changes in Net Debt	6
Consolidated Statement of Cash Flows	7
Notes to the Consolidated Financial Statements	8 - 27
Schedule of Remuneration and Travel for Elected Officials	28 - 29

INDEPENDENT AUDITOR'S REPORT

To the Chief, Councillors, and Community Members of the Metepenagiag Mi'kmaq Nation

Opinion

We have audited the accompanying consolidated financial statements of Metepenagiag Mi'kmaq Nation (the Organization), which comprise the statement of financial position as at March 31, 2019, and the consolidated statements of operations, changes in net debt, cash flows, and schedules for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2019, and the results of its operations and its cash flow 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 Financial Statements section of our report. We are independent of the Organization 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 the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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.
- 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 Organization'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 Organization'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 Organization 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
October 8, 2019



CHARTERED PROFESSIONAL ACCOUNTANTS

METEPEENAGIAG MI'KMAQ NATION

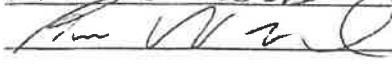
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

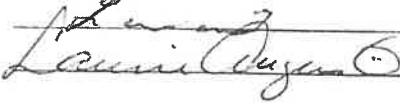
AS AT MARCH 31, 2019

	<u>2019</u>	<u>2018</u>
FINANCIAL ASSETS		
Accounts receivable (note 5)	\$ 1,849,131	\$ 1,495,524
Inventories for resale	<u>53,770</u>	<u>44,654</u>
Total financial assets	<u>\$ 1,902,901</u>	<u>\$ 1,540,178</u>
LIABILITIES		
Bank advances (note 8)	\$ 1,218,840	\$ 1,005,904
Accounts payable and accrued liabilities (note 9)	1,610,192	1,389,170
Funds on deposit with INAC (note 6)	24,978	15,534
Deferred revenue (note 10)	431,421	110,000
Promissory note payable (note 20)	1,836,550	1,836,550
Long term debt (note 11)	<u>16,316,550</u>	<u>14,115,498</u>
Total liabilities	<u>\$ 21,438,531</u>	<u>\$18,472,656</u>
NET DEBT	<u>\$(19,535,630)</u>	<u>\$(16,932,478)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (note 7)	\$37,524,285	\$36,040,365
Prepaid expenses (note 13)	52,319	1,506
Long-term investments (note 14)	28,078	28,078
Funds on deposit with INAC (note 6)	24,978	15,534
Restricted funds:		
Operating CMHC (note 12)	2,404	3,914
Reserve CMHC (note 12)	<u>9,304</u>	<u>99,946</u>
Total non-financial assets	<u>\$37,641,368</u>	<u>\$36,189,343</u>
ACCUMULATED SURPLUS	<u>\$ 18,105,738</u>	<u>\$ 19,256,866</u>
Contingencies (note 19)		

Approved on behalf of the First Nation:




Chief
Councilor
Councilor
Councilor



Councilor
Councilor
Councilor

METEPEENAGIAG MI'KMAQ NATION

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2019

	2019 <u>Budget</u> (Unaudited)	2019 <u>Actual</u>	2018 <u>Actual</u>
Revenue			
Federal government transfers for operating/grants (note 17)	\$ 5,246,820	\$ 7,247,305	\$ 9,602,795
Federal government transfers for capital (note 17)	196,487	54,300	534,903
Provincial government transfers for operating (note 17)	294,000	2,244,261	589,678
Rent	192,000	294,697	342,166
Net change in funds on deposit with INAC (note 6)	-	9,444	(64)
Administration fees	1,101,941	1,133,438	1,399,300
Other	<u>1,469,778</u>	<u>14,418,660</u>	<u>15,895,672</u>
	<u>8,501,026</u>	<u>25,402,105</u>	<u>28,364,450</u>
Expenses			
Social services	2,001,407	1,907,802	1,594,683
Housing	1,400,272	2,727,316	2,538,454
Band administration	2,382,364	2,058,547	1,995,474
Economic development	351,568	621,645	462,425
Lands and trusts	-	998,877	820,227
Health	741,613	1,329,531	1,261,188
Education	2,608,213	3,009,165	3,231,400
Other	<u>-</u>	<u>13,900,350</u>	<u>13,133,960</u>
	<u>9,485,437</u>	<u>26,553,233</u>	<u>25,037,811</u>
Annual Surplus (Deficit)	(984,411)	(1,151,128)	3,326,639
Accumulated Surplus - Beginning of Year	<u>19,256,866</u>	<u>19,256,866</u>	<u>15,930,227</u>
Accumulated Surplus - End of Year	<u>\$18,272,455</u>	<u>\$18,105,738</u>	<u>\$19,256,866</u>

METEPEENAGIAG MI'KMAQ NATION
CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT
FOR THE YEAR ENDED MARCH 31, 2019

	2019 Budget (Unaudited)	2019 Actual	2018 Actual
Annual Surplus (Deficit)	<u>\$ (984,411)</u>	<u>\$ (1,151,128)</u>	<u>\$ 3,326,639</u>
Changes in Non-Financial Assets			
Acquisition of tangible capital assets	-	(2,997,132)	(6,033,562)
Amortization of capital assets	-	1,513,213	1,463,301
Decrease (increase) in prepaid expenses	-	(50,813)	40,078
Use of funds on deposit with INAC	-	(9,444)	(149)
Withdrawals from restricted funds - CMHC	<u>-</u>	<u>92,152</u>	<u>43,763</u>
	<u>-</u>	<u>(1,452,024)</u>	<u>(4,486,569)</u>
Increase In Net Debt	(984,411)	(2,603,152)	(1,159,930)
Net Debt - Beginning Of Year	<u>(16,932,478)</u>	<u>(16,932,478)</u>	<u>(15,772,548)</u>
Net Debt - End Of Year	<u>\$17,916,889)</u>	<u>\$ (19,535,630)</u>	<u>\$ (16,932,478)</u>

METEPEPENAGIAG MI'KMAQ NATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2019

	<u>2019</u>	<u>2018</u>
Cash Provided By (Required For):		
Operating Activities		
Annual surplus	\$(1,151,128)	\$ 3,326,639
Amortization	<u>1,513,213</u>	<u>1,463,301</u>
	362,085	4,789,940
Changes in non-cash operating working capital items (note 18)	<u>128,907</u>	<u>(2,458,141)</u>
	<u>490,992</u>	<u>2,331,799</u>
Capital transactions		
Purchase of tangible capital assets	<u>(2,997,132)</u>	<u>(6,033,562)</u>
Financing Activities		
Promissory note proceeds	-	1,836,550
Long term debt (net)	2,201,052	1,132,620
Decrease (Increase) in restricted funds	<u>92,152</u>	<u>43,763</u>
	<u>2,293,204</u>	<u>3,012,933</u>
Decrease In Cash	(212,936)	(688,830)
Cash Position at Beginning of Year	<u>(1,005,904)</u>	<u>(317,074)</u>
Cash Position at End of Year	<u>\$(1,218,840)</u>	<u>\$(1,005,904)</u>
Cash consists of:		
Bank advances	<u>\$(1,218,840)</u>	<u>\$(1,005,904)</u>

METEPEENAGIAG MI'KMAQ NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

1. Description of Entity

The Metepenagiag Mi'Kmaq Nation operates a First Nations Band in Metepenagiag, New Brunswick for the benefit of its members.

2. Summary of Significant Accounting Policies

Basis Of Accounting

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

Reporting Entity

The Metepenagiag Mi'kmaq Nation reporting entity includes all operations of the Metepenagiag Mi'kmaq Nation government including the Metepenagiag Heritage Park Inc., 651738 N.B. Ltd. (Riverside Entertainment Centre), and Metepenagiag Economic Ventures Corporation.

Principles of Consolidation

All entities are fully consolidated on a line-by-line basis. Inter-organizational balances and transactions are eliminated upon consolidation.

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

Social Assistance, Operations and Maintenance, Housing and Roads, Water and Sanitation, Band Administration, Economic Development, Lands Revenue and Trusts, Community Health, Fisheries, Forestry, and Education.

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 and are not to be consumed in the normal course of operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets and prepaid expenses.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, balances with banks net of bank overdrafts and term deposits having maturity of three months or less at acquisition which are held for the purpose of meeting short term commitments.

METEPEENAGIAG MI'KMAQ NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2019

2. Significant Accounting Policies (continued)

Accounts Receivable

Accounts receivable arise from trade receivables, loans and advances, and federal and provincial government receivables. An allowance for bad debts has been calculated by management based on an assessment of the circumstances influencing the collectibility of the amount, and by using historical loss experience. Amounts deemed uncollectible 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.

Inventories For Resale

Inventories of supplies and goods available for resale are recorded at the lower of cost and net realizable value.

Tangible Capital Assets

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

Tangible capital assets are reported at net book value.

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

Amortization is provided annually using the straight line basis as follows:

Residential buildings	2-4%
Commercial buildings	4%
Roads	4-8%
Water and sanitation	4%
Vehicles	30%
Other equipment	15-20%
Other	4-7%

Amortization for Metepenagiag Heritage Park Inc. is recorded using the declining balance basis at the same rates as indicated above.

Assets under construction are not amortized until the asset is available for use.

METEPEENAGIAG MI'KMAQ NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2019

2. Significant Accounting Policies (continued)

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 impracticable.

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.

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.

Use of Estimates

In preparing the consolidated financial statements for the government of Metepenagiag Mi'kmaq 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 consolidated financial statements include the following:

- determination of amortization rates and residual values of tangible capital assets
- establishment of an allowance for doubtful accounts receivable balances

CMHC Section 95 Housing Projects

Housing projects funded through CMHC and eligible for federal assistance subsidies are accounted for by CMHC as pre-1997 projects and post-1977 projects. Operating surpluses can not be amalgamated between these two groups and accordingly separate sub-totals have been provided in these consolidated financial statements.

Pension Plan

Some employees of the Metepenagiag Mi'kmaq Nation are members of a defined contribution plan to which the band contributes between 5.5% to 9% of the employee's gross salary.

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.

METEPEENAGIAG MI'KMAQ NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

2. Significant Accounting Policies (continued)

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.

Income Taxes

The First Nation is an Indian Band and is not subject to income tax. Accordingly, no provision has been made for income taxes.

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

Metepenagiag Mi'kmaq Nation 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 First Nation 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 entity manages exposure through its normal operating and financing activities. The First Nation is exposed to interest rate risk primarily through floating interest rates on certain bank loans.

4. Economic Dependence

The Metepenagiag Mi'kmaq Nation receives a major portion of its revenues pursuant to a funding agreement with Indigenous and Northern Affairs Canada and Health Canada. The continued operation of the First Nation is dependent on the continuation of these funding arrangements.

METEPEENAGIAG MI'KMAQ NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

5. Accounts Receivable

	<u>2019</u>	<u>2018</u>
Indigenous and Northern Affairs Canada	\$ 730,658	\$ 809,602
Band members	175,383	150,524
Department of Fisheries and Oceans	39,790	87,470
Other receivables	<u>903,300</u>	<u>447,928</u>
Total Accounts Receivable	\$ 1,849,131	\$ 1,495,524

6. Funds on Deposit with INAC

Trust fund accounts 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.

	<u>2019</u>	<u>2018</u>
Capital Account		
Balance, Beginning and End of Year	\$ 14,760	\$ 14,973
Revenue Account		
Balance, Beginning of Year	774	412
Add: Interest income	1,284	149
Riverside land rent	33,000	-
Big Hole fish rent	<u>98,160</u>	<u>99,000</u>
	<u>133,218</u>	<u>99,561</u>
Less: BCR 17-14009	-	99,000
Less: BCR 18-14005	90,000	-
BCR 18-01407	<u>33,000</u>	<u>-</u>
	<u>123,000</u>	<u>99,000</u>
Balance, End of Year	<u>10,218</u>	<u>561</u>
Total INAC funds on deposit	<u>\$ 24,978</u>	<u>\$ 15,534</u>
Change in funds on deposit from prior year	<u>\$ 9,444</u>	<u>\$ 149</u>

METTEPENAGIAG MT'KMAQ NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

7. 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	
Tangible Capital Assets											
Land	\$ 9,209,125	\$ 2,058,785	\$ 83,452	\$ 1,516,806	\$ 11,267,910	\$ 2,559,089	250,459	-	\$ 11,267,910	\$ 9,209,125	
Residential Buildings	9,823,618				11,425,887	6,632,987	589,312	-	7,222,509	8,616,339	
Commercial Buildings	17,019,620	\$20,452	-		17,540,372	1,201,161	140,008	-	1,341,169	10,317,963	
Roads	3,504,518	-			3,504,518	2,368,403	211,522	-	2,439,925	2,163,349	
Water and Sanitation	6,788,045	2,706	-		6,788,045	429,410	25,896	-	453,366	4,219,642	
Computer Equipment	493,355				493,355	431,242	51,469	-	482,111	64,384	
Vehicles	521,269	131,299	-		652,168	4,047,838	182,974	-	4,230,810	96,027	
Office Equipment	4,694,442	5,046	-		11,104,385	784,399	-	-	784,399	648,779	
Licenses	1,104,385	-			20,462	1,281	1,374	-	4,656	319,986	
Paving and Fencing	20,462	-			(1,516,806)	192,982	-	-	-	17,181	
Assets under construction	1,516,806	192,982	-							192,982	
Total	\$ 54,698,246	\$ 2,997,132	\$ -	\$ -	\$ 57,695,177	\$ 18,657,881	\$ 1,513,713	\$ -	\$ 20,171,092	\$ 36,040,165	

METEPEENAGIAG MI'KMAQ NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

8. Bank Advances

The First Nation has two operating lines of credit totalling \$1,315,000. One for \$1,300,000 with Canadian Imperial Bank of Commerce, bearing interest at prime plus 1% which is secured by a general security agreement. At March 31, 2019 \$1,055,184 (2018 - \$498,137) was outstanding. The second for \$15,000 with Royal Bank of Canada, bearing interest at 8.95%. At March 31, 2019 \$14,000 (2018 - \$nil) was outstanding.

9. Accounts Payable and Accrued Liabilities

	<u>2019</u>	<u>2018</u>
Trade payables	\$ 1,029,234	\$ 762,662
Government remittances payable	580,212	625,542
Other accrued liabilities	<u>746</u>	<u>966</u>
Total Accounts Payable and Accrued Liabilities	\$ 1,610,192	\$ 1,389,170

10. Deferred Revenue

	<u>2019</u>	<u>2018</u>
Association co-operatives des pêcheurs - shrimp revenue	\$ 99,999	\$ 110,000
Health Canada	21,324	-
INAC	<u>310,098</u>	<u>-</u>
	\$ 431,421	\$ 110,000

11. Long-Term Debt

	<u>2019</u>	<u>2018</u>
CMHC loan at 1.83%, repayable in monthly instalments of \$1,329, including principal and interest, maturing on August 1, 2019.	\$ 6,623	\$ 22,314
CMHC loan at 1.14%, repayable in monthly instalments of \$532, including principal and interest, maturing on January 1, 2021.	11,594	17,835
CMHC loan at 1.43%, repayable in monthly instalments of \$710, including principal and interest, maturing on April 1, 2022.	25,701	33,797
CMHC loan at 1.97%, repayable in monthly instalments of \$264, including principal and interest, maturing on September 1, 2022.	10,724	13,655
CMHC loan at 1.97%, repayable in monthly instalments of \$711, including principal and interest, maturing on December 1, 2022.	<u>30,879</u>	<u>38,737</u>
Carried forward	\$ 85,521	\$ 126,338

METEPEENAGIAG MI'KMAQ NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

11. Long-Term Debt (continued)

	<u>2019</u>	<u>2018</u>
Carried forward	\$ 85,521	\$ 126,338
CMHC loan at 1.86%, repayable in monthly instalments of \$190, including principal and interest, maturing on February 1, 2024.	10,713	12,771
CMHC loan at 1.86%, repayable in monthly instalments of \$417, including principal and interest, maturing on March 1, 2024.	23,933	28,450
CMHC loan at 1.39%, repayable in monthly instalments of \$269, including principal and interest, maturing on June 1, 2020.	18,564	21,511
CMHC loan at 1.14%, repayable in monthly instalments of \$291, including principal and interest, maturing on June 1, 2021.	24,031	27,231
CMHC loan at 1.43%, repayable in monthly instalments of \$574, including principal and interest, maturing on April 1, 2022.	52,580	58,674
CMHC loan at 1.05%, repayable in monthly instalments of \$279, including principal and interest, maturing on April 1, 2020.	34,834	37,806
CMHC loan at 2.41%, repayable in monthly instalments of \$292, including principal and interest, maturing on April 1, 2023.	27,951	30,768
CMHC loan at 1.11%, repayable in monthly instalments of \$265, including principal and interest, maturing on April 1, 2021.	35,746	38,516
CMHC loan at 2.41%, repayable in monthly instalments of \$605, including principal and interest, maturing on April 1, 2023.	111,277	115,853
CMHC loan at 1.01%, repayable in monthly instalments of \$460, including principal and interest, maturing on February 1, 2021.	85,860	90,492
CMHC loan at 1.01%, repayable in monthly instalments of \$1,380, including principal and interest, maturing on February 1, 2021.	257,630	271,529
CMHC loan at 0.94%, repayable in monthly instalments of \$529, including principal and interest, maturing on September 1, 2020.	<u>96,986</u>	<u>102,395</u>
Carried forward	\$ 865,626	\$ 962,334

METEPEENAGIAG MI'KMAQ NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

11. Long-Term Debt (continued)

	2019	2018
Carried forward	\$ 865,626	\$ 962,334
CMHC loan at 1.11%, repayable in monthly instalments of \$293, including principal and interest, maturing on April 1, 2021.	39,500	42,561
CMHC loan at 1.3%, repayable in monthly instalments of \$1,647, including principal and interest, maturing on December 1, 2020.	297,822	313,640
CMHC loan at 1.44%, repayable in monthly instalments of \$997, including principal and interest, maturing on February 1, 2022.	189,027	198,214
CMHC loan at 1.43%, repayable in monthly instalments of \$543, including principal and interest, maturing on April 1, 2022.	103,452	108,458
CMHC loan at 1.43%, repayable in monthly instalments of \$511, including principal and interest, maturing on April 1, 2022.	97,385	102,097
CMHC loan at 1.48%, repayable in monthly instalments of \$1,000, including principal and interest, maturing on January 1, 2022.	188,366	197,534
CMHC loan at 1.43%, repayable in monthly instalments of \$500, including principal and interest, maturing on April 1, 2022.	95,247	99,856
CMHC loan at 2.04%, repayable in monthly instalments of \$2,171, including principal and interest, maturing on May 1, 2019.	428,546	445,740
CMHC loan at 1.37%, repayable in monthly instalments of \$1,433, including principal and interest, maturing on July 1, 2020.	318,434	331,204
CMHC loan at 2.41%, repayable in monthly instalments of \$1,190, including principal and interest, maturing on April 1, 2023.	218,981	227,987
CMHC loan at 0.96%, repayable in monthly instalments of \$2,056, including principal and interest, maturing on September 1, 2021.	499,604	519,408
Roynat equipment lease at 8.5%, payable in monthly instalments of \$4,944, including principal and interest, maturing in April 2019.	<u>744</u>	<u>56,108</u>
Carried forward	<u>\$ 3,342,734</u>	<u>\$ 3,605,141</u>

METEPEENAGIAG MI'KMAQ NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

11. Long-Term Debt (continued)

	<u>2019</u>	<u>2018</u>
Carried forward	\$ 3,342,734	\$ 3,605,141
BMO loan at 3.39%, repayable in monthly instalments of \$2,899, including principal and interest, maturing in August 1, 2019, guaranteed by INAC.	455,897	475,080
CIBC loan at prime plus 1.5%, repayable in monthly principal instalments of \$6,550 plus interest. Security and obligations includes; first security interest in a 2013 Thomas Saf - T-Liner C2 school bus, first ranking interest in all personal property for Metepenagiag Mi'Kmaq Nation, property insurance and Band Council Resolution requesting that all funds due from Indigenous and Northern Affairs Canada be forwarded to the Bank until such time as all debt due to the Bank is paid in full, maturing in September 1, 2019.	39,100	117,700
CIBC loan at prime plus 1.5%, repayable in monthly principal instalments of \$1,787 plus interest. Security and obligations includes; first security interest in a 2013 Thomas Saf - T-Liner C2 school bus, first ranking interest in all personal property for Metepenagiag Mi'Kmaq Nation, property insurance and Band Council Resolution requesting that all funds due from Indigenous and Northern Affairs Canada be forwarded to the Bank until such time as all debt due to the Bank is paid in full, the loan was repaid during the year.	-	5,361
CMHC loan at 1.50%, repayable in monthly instalments of \$2,827, including principal and interest, maturing on July 1, 2022.	668,704	692,476
CMHC loan at 1.31%, repayable in monthly instalments of \$711, including principal and interest, maturing on December 1, 2021.	<u>168,136</u>	<u>174,426</u>
Carried forward	\$ 4,674,571	\$ 5,070,184

METEPEENAGIAG MI'KMAQ NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

11. Long-Term Debt (continued)

	<u>2019</u>	<u>2018</u>
Carried forward	\$ 4,674,571	\$ 5,070,184
CIBC loan at 7.25%, repayable in monthly instalments of \$677, including principal and interest, maturing on August 1, 2019.	90,482	90,482
CIBC loan at 7.25%, repayable in monthly instalments of \$711, including principal and interest, maturing on August 1, 2019.	90,482	90,482
CIBC loan at 7.25%, repayable in monthly instalments of \$711, including principal and interest, maturing on August 1, 2019.	90,482	90,482
CIBC loan at 7.25%, repayable in monthly instalments of \$603, including principal and interest, maturing on September 1, 2019.	90,653	93,051
CMHC loan at 2.49%, repayable in monthly instalments of \$1,588, including principal and interest, maturing on May 1, 2023.	346,913	199,062
CIBC loan at prime plus 1.5%, repayable in annual principal instalments of \$200,000 plus monthly interest. Security and obligations includes; first security interest in a 2013 Thomas Saf - T-Liner C2 school bus, first ranking interest in all personal property for Metepenagiag Mi'Kmaq Nation, property insurance and Band Council Resolution requesting that all funds due from Indigenous and Northern Affairs Canada be forwarded to the Bank until such time as all debt due to the Bank is paid in full, the loan was repaid during the year.	-	185,000
Provincial tuition payable, without interest, repayable in monthly principal instalments of \$3,463 maturing in July 2032.	561,120	592,287
INAC loan at 0%, repayable in monthly principal instalments of \$5,000, maturing in August 1, 2022.	<u>202,901</u>	<u>230,105</u>
Carried forward	<u>\$ 6,147,604</u>	<u>\$ 6,641,135</u>

METEPENAGIAG MI'KMAQ NATION

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

11. Long-Term Debt (continued)

Carried forward	\$ 6,147,604	\$ 6,641,135
BMO loan at 4.40%, repayable in monthly instalments of \$3,764, including principal and interest, maturing on February 28, 2038.	577,195	600,289
BMO loan at 4.40%, repayable in monthly instalments of \$2,590, including principal and interest, maturing on February 28, 2038.	399,883	413,161
BMO truck loan at prime plus 5.45%, repayable in monthly instalments of \$1,384, including principal and interest, maturing on September 20, 2022.	53,880	67,295
Ford Credit Canada loan at 6.49%, repayable in monthly instalments of \$694, including principal and interest, maturing on April 30, 2022.	23,211	29,174
CIBC loan with twelve months of interest only payments followed by 180 regular monthly payments of \$35,556 plus interest. Security and obligations includes: first ranking interest in all personal property present and after acquired for Metepenagiag Mi'Kmaq Nation and Band Council Resolution requesting that all funds due from Aboriginal Affairs and Northern Development Canada be forwarded to the Bank until such time as all debt due to the Bank is paid in full.	5,937,778	6,364,444
CIBC loan with twelve months of interest only payments followed by 180 regular monthly payments of \$8,889 plus interest. Security and obligations includes: first ranking interest in all personal property present and after acquired for Metepenagiag Mi'Kmaq Nation and Band Council Resolution requesting that all funds due from Aboriginal Affairs and Northern Development Canada be forwarded to the Bank until such time as all debt due to the Bank is paid in full.	1,600,000	-
CIBC loan with sixty months of interest only payments combined with 5 regular annual payments of \$240,000. Security and obligations includes: first ranking interest in all personal property present and after acquired for Metepenagiag Mi'Kmaq Nation and Band Council Resolution requesting that all funds due from Aboriginal Affairs and Northern Development Canada be forwarded to the Bank until such time as all debt due to the Bank is paid in full.	<u>1,200,000</u>	-
Carried forward	<u>\$15,939,551</u>	<u>\$14,115,498</u>

METEPEENAGIAG MI'KMAQ NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

11. Long-Term Debt (continued)

Carried forward	\$15,939,551	\$14,115,498
CIBC loan with one hundred and twenty months of interest only payments combined with 10 regular annual payments of \$30,000. Security and obligations includes: first ranking interest in all personal property present and after acquired for Metepenagiag Mi'Kmaq Nation and Band Council Resolution requesting that all funds due from Aboriginal Affairs and Northern Development Canada be forwarded to the Bank until such time as all debt due to the Bank is paid in full.	300,000	-
CIBC loan at prime plus 1%, repayable in monthly instalments of \$917, including principal and interest, maturing on March 1, 2026. Secured by a tractor with a carrying value of \$65,449.	76.999	-
	<u>\$16,316,550</u>	<u>\$14,115,498</u>

Anticipated annual principal repayments over the next five years and thereafter are as follows:

2020	\$ 2,392,346
2021	2,184,413
2022	2,113,570
2023	2,685,364
2024	1,455,516
Thereafter	<u>5,485,341</u>
	<u>\$16,316,550</u>

12. Restricted Funds

Operating Reserve

Under the terms of the agreement with CMHC, any surplus for post 1997 projects, after payment of all costs and expenses including the allocation to the replacement reserve, will be retained by the First Nation within an operating reserve. This reserve will be available to offset future year post 1997 project deficits. The Metepenagiag Mi'Kmaq Nation has agreed to maintain operating reserve funds and accumulating interest in a separate bank and investment accounts which are insured by CDIC.

Replacement Reserve

Under the terms of agreements with Canada Mortgage and Housing Corporation, the replacement reserve account is to be credited in the total amount of \$49,005 annually to fund future asset replacement. These funds, along with accumulated interest, must be held in separate bank or investment accounts which are insured by the Canada Deposit Insurance Corporation (CDIC) or as may otherwise be approved by CMHC. Expenditures made by the replacement reserve fund require advance approval by CMHC.

METEPEENAGIAG MI'KMAQ NATION

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

12. Restricted Funds (continued)

Subsidy Reserve

Under the terms of the agreement with CMHC, surpluses related to pre 1998 projects may be retained in a Subsidy Surplus Reserve up to a maximum of \$500 per unit plus interest. The reserve is to be comprised of monies deposited in separate bank or investment accounts which are insured by the CDIC or as may otherwise be approved by CMHC. The funds in this account may only be used to meet future subsidy requirements of income-tested occupants over and above the maximum federal assistance. When the fund has attained the maximum of \$500 per unit, up to 10% of the excess funds during a year may be transferred to other projects owned by the borrower requiring additional assistance if they are within the same area and are assisted under the same program. There was no balance in the subsidy surplus reserve fund as at March 31, 2019.

	<u>2019</u>	<u>2018</u>
Operating reserve	\$ 2,404	\$ 3,914
Replacement reserve	9,304	99,946
Subsidy reserve	<u>-</u>	<u>-</u>
	<u>\$ 11,708</u>	<u>\$ 103,860</u>

13. Prepaid Expenses

	<u>2019</u>	<u>2018</u>
Insurance	\$ 15,874	\$ 1,505
Fire services	8,945	-
Deposit on boat	<u>27,500</u>	<u>-</u>
Total Prepaid Expenses	<u>\$ 52,319</u>	<u>\$ 1,505</u>

14. Long Term Investments

	<u>2019</u>	<u>2018</u>
Investments in land	\$ 13,078	\$ 13,079
Other investments	<u>15,000</u>	<u>15,000</u>
	<u>\$ 28,078</u>	<u>\$ 28,079</u>

METEPEENAGIAG MI'KMAQ NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2019

15. Reconciliation Of Indigenous and Northern Affairs Canada (INAC) Funding

Social Assistance	\$ 1,924,461
Operations and Maintenance	254,257
Housing and Roads	630,085
Water and Sanitation	86,105
Band Administration	685,720
Economic Development	26,000
Community Health	99,983
Education	<u>1,742,694</u>
Total INAC funding per consolidated financial statements	\$ 5,449,305
Add: Deferred INAC funding	<u>310,098</u>
	<u>\$ 5,759,403</u>
Funding per INAC revenue confirmation	<u>\$ 5,759,403</u>

16. Expenses by Object

The following is a summary of expenses by object:

	<u>2019</u>	<u>2018</u>
Amortization	\$ 1,513,213	\$ 1,463,299
Consulting	136,784	113,869
Financial administration	1,133,438	1,399,300
Insurance	231,065	221,979
Interest and bank charges	150,420	33,507
Interest on long term debt	234,159	421,123
Miscellaneous	502,649	426,840
Office supplies	117,935	51,332
Other	14,432,044	12,493,943
Professional fees	183,447	336,057
Reimbursement of government funding	-	19,395
Repairs and maintenance	1,218,601	990,583
Salaries and benefits	5,693,685	6,124,329
Supplies	213,949	235,438
Travel and staff development	356,974	263,958
Utilities	<u>434,870</u>	<u>442,859</u>
	<u>\$ 26,553,233</u>	<u>\$ 25,037,811</u>

METEPEENAGIAG MI'KMAQ NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2019

17. Government Transfers

	<u>Operating</u> <u>/Grants</u>	<u>Capital</u>	2019 Total
Federal government transfers:			
Indigenous and Northern Affairs Canada	\$ 5,449,305	\$ -	\$ 5,449,305
Health Canada	779,044	54,300	833,344
Canada Mortgage and Housing Corporation	316,181	-	316,181
Other	<u>702,775</u>	<u>-</u>	<u>702,775</u>
	7,247,305	54,300	7,301,605
Provincial government transfers:			
	<u>2,244,261</u>	<u>-</u>	<u>2,244,261</u>
	<u>\$ 9,491,566</u>	<u>\$ 54,300</u>	<u>\$ 9,545,866</u>
	<u>Operating</u>	<u>Capital</u>	2018 Total
Federal government transfers:			
Indigenous and Northern Affairs Canada	\$ 7,657,732	\$ 534,903	\$ 8,192,635
Health Canada	764,250	-	764,250
Canada Mortgage and Housing Corporation	377,023	-	377,023
Other	<u>803,790</u>	<u>-</u>	<u>803,790</u>
	9,602,795	534,903	10,137,698
Provincial government transfers:			
	<u>589,678</u>	<u>-</u>	<u>589,678</u>
	<u>\$ 10,192,473</u>	<u>\$ 534,903</u>	<u>\$ 10,727,376</u>

18. Changes in Non-Cash Operating Working Capital Items

	2019	2018
Funds held in trust	\$ -	\$ 300,000
Accounts receivable	(353,607)	(1,205,809)
Prepaid expenses	(50,814)	40,078
Inventory	(9,117)	(1,995)
Accounts payable and accrued liabilities	221,024	(317,704)
Deferred revenue	<u>321,421</u>	<u>(1,272,711)</u>
	<u>\$ 128,907</u>	<u>\$ (2,458,141)</u>

METEPEENAGIAG MI'KMAQ NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

19. Contingencies

Metepenagiag Mi'kmaq 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.

In addition, in the normal course of its operations, Metepenagiag Mi'kmaq 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 Metepenagiag Mi'kmaq Nation's consolidated financial statements.

20. Promissory Notes Payable

	<u>2019</u>	<u>2018</u>
Promissory note payable to G.M.& H. Holdings Inc. without interest repayable in 120 instalments of \$6,770, due July 2029.	\$ 811,550	\$ 811,550
Promissory note payable to G.M.& H. Holdings Inc. without interest repayable in 120 instalments of \$8,542, due July 2029.	<u>1,025,000</u>	<u>1,025,000</u>
	<u>\$ 1,836,550</u>	<u>\$ 1,836,550</u>

21. Comparative Figures

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

22. Budget Figures

Unaudited budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the chief and councilors of Metepenagiag Mi'kmaq Nation.

METEPENAGLAK M'KMAQ NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

23. Segment Disclosure

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.

The following table presents the expenses incurred and the revenue generated by main object of expense and by major revenue type.

The segment results for the period are as follows:

	Education			Health			Economic Development		
	Budget 2019	2019	2018	Budget 2019	2019	2018	Budget 2019	2019	2018
Revenues									
Federal Government Operating/Grant Transfers	\$ 1,625,236	\$ 1,761,018	\$ 1,726,961	\$ 639,987	\$ 900,351	\$ 893,737	\$ 229,444	\$ 26,000	\$ 350,635
Federal Government Capital Transfers	-	-	-	-	54,300	-	-	-	-
Provincial Government Operating Transfers	-	-	165,767	-	-	-	-	-	-
Provincial Government Capital Transfers	-	-	-	-	-	-	-	-	-
Rent	-	-	-	-	-	-	-	-	-
Less: Deferred revenue, end of year	-	(18,233)	-	-	(21,324)	-	-	-	-
Held in Trust by Federal Government	-	-	-	-	-	-	-	-	-
Administration Fees	1,101,709	672,094	1,102,589	-	7,001	450	-	570,202	-
Other	-	-	-	-	-	-	-	-	-
Total Revenues	2,726,945	2,550,646	2,829,550	659,987	940,328	894,187	229,444	596,202	350,635
Expenses									
Salaries and benefits	1,421,368	1,657,846	1,064,040	228,410	230,209	241,501	139,024	195,818	143,246
Debt Servicing	-	-	-	-	-	-	-	-	-
Amortization	-	-	-	-	-	-	54,000	109,147	99,119
Other Expenses	1,186,845	1,351,320	2,167,360	513,203	1,099,322	1,019,686	158,544	316,680	220,060
Total Expenses	2,608,213	3,009,166	3,231,400	741,613	1,329,531	1,261,187	351,568	621,645	462,475
Annual Surplus (Deficit)	\$ 118,732	\$ (478,520)	\$ (401,850)	\$ (81,626)	\$ (389,263)	\$ (367,000)	\$ (122,124)	\$ (25,443)	\$ (111,790)

METTEPENAGIAG MI'KMAQ NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

23. Segment Disclosure (continued)

	Housing		Social Services		Band Government Budget	
	Budget 2019	2019	Budget 2018	2019	Budget 2019	2019
Revenues						
Federal Government Operating/Grant Transfers	\$ 380,941	\$ 1,536,628	\$ 3,114,308	\$ 1,995,462	\$ 1,924,461	\$ 1,912,982
Federal Government Capital Transfers	196,487	-	534,903	-	-	-
Provincial Government Operating Transfers	-	-	-	-	-	-
Provincial Government Capital Transfers	-	-	-	-	-	-
Rent	192,080	264,917	249,534	-	-	-
Less: Deferred revenue, end of year	-	(250,000)	-	-	-	-
Held in Trust by Federal Government	-	-	-	-	-	-
Administration Fees	-	129,000	-	-	-	-
Other	-	-	-	-	-	-
Total Revenues	769,428	1,680,545	3,898,745	1,995,462	1,924,461	1,912,982
Expenses						
Salaries and benefits	303,933	308,387	339,753	176,894	155,681	146,919
Debt Servicing	48,000	70,288	67,043	-	-	-
Amortization	564,000	860,487	772,368	-	-	-
Other Expenses	484,339	1,488,154	1,359,290	1,824,513	1,752,121	1,447,764
Total Expenses	1,400,272	2,727,316	2,538,454	2,001,407	1,907,802	1,594,683
Annual Surplus (Deficit)	\$ (630,844)	\$ (1,046,771)	\$ 1,360,291	\$ (5,945)	\$ 16,659	\$ 318,299

METEPEENAGIAG MI'KMAQ NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

23. Segment Disclosure (continued)

	Lands and Trusts				Other	Budget 2019	Budget 2019	Budget 2019	Consolidated Totals
	Budget 2019	2019	2018	Budget 2019					
Revenues									
Federal Government Operating/Grant Transfers	\$ -	\$ -	\$ -	\$ -	\$ 702,684	\$ 579,043	\$ 5,450,889	\$ 7,578,726	\$ 9,602,795
Federal Government Capital Transfers	-	-	-	-	247,829	212,213	196,487	54,300	534,903
Provincial Government Operating Transfers	-	-	-	-	-	-	294,000	2,244,261	1,460,377
Provincial Government Capital Transfers	-	-	-	-	-	-	-	-	-
Rent	-	-	-	-	-	41,597	192,000	387,917	300,131
Less: Deferred revenue, end of year	-	-	-	-	-	-	-	(381,421)	-
Held in Trust by Federal Government	-	-	-	-	-	-	-	-	-
Administration Fees	-	-	-	-	-	-	1,101,941	1,133,438	1,399,300
Other	-	-	-	-	12,919,857	13,386,275	1,265,709	14,334,884	15,066,944
Total Revenues	-	-	-	-	13,870,370	14,219,128	8,501,026	25,402,105	28,364,450
Expenses									
Salaries and benefits	-	-	-	-	2,489,849	3,070,049	2,695,993	5,693,686	5,527,273
Debt Servicing	-	-	-	-	25,987	27,670	180,000	384,577	454,477
Amortization	-	-	-	-	2,531,034	578,726	639,600	3,513,212	1,463,299
Other Expenses	-	998,877	820,227	-	8,850,279	9,457,516	5,969,844	16,961,758	17,592,762
Total Expenses	-	998,877	820,227	-	13,897,149	13,133,261	9,485,437	26,553,233	25,037,811
Annual Surplus (Deficit)	\$ -	\$ (998,877)	\$ (820,227)	\$ -	\$ (26,779)	\$ 1,085,167	\$ (984,411)	\$ (1,151,128)	\$ 3,326,639