

FOR THE YEAR ENDED MARCH 31, 2020
CONSOLIDATED FINANCIAL STATEMENTS
METEPENAGAG MI KMAQ NATION

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Metepenagiag Mi'kmaq Nation and all the information in this annual report 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 Canadian Institute of Chartered Professional Accountants and, where appropriate, include amounts that are based on management's best estimates and judgments.

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 external auditors have full and free access to financial management of Metepenagiag Mi'kmaq Nation and meet when required.

W. L. Wm	Chief
Diggy Tuleeb	Councilor
Alan Dugay	Councilor
R. W. Wm	Councilor

Kevin S. Councilor
Lucas Councilor
 Councilor

INDEPENDENT AUDITOR'S REPORT

To the Chief, Councilors, 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, 2020, 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, 2020, 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
March 26, 2021

Teed Saunders Doyle
CHARTERED PROFESSIONAL ACCOUNTANTS

METEPEENAGIAG MI'KMAQ NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020

	<u>2020</u>	<u>2019</u>
FINANCIAL ASSETS		
Accounts receivable (note 5)	\$ 1,494,916	\$ 1,849,131
Inventories for resale	<u>53,770</u>	<u>53,770</u>
Total financial assets	<u>\$ 1,548,686</u>	<u>\$ 1,902,901</u>
LIABILITIES		
Bank advances (note 8)	\$ 2,783,350	\$ 1,218,840
Accounts payable and accrued liabilities (note 9)	2,069,021	1,610,192
Funds on deposit with INAC (note 6)	15,282	24,978
Deferred revenue (note 10)	100,000	431,421
Promissory notes payable (note 20)	1,836,550	1,836,550
Long term debt (note 11)	<u>15,285,173</u>	<u>16,316,550</u>
Total liabilities	<u>\$ 22,089,376</u>	<u>\$ 21,438,531</u>
NET DEBT	<u><u>\$ (20,540,690)</u></u>	<u><u>\$ (19,535,630)</u></u>
NON-FINANCIAL ASSETS		
Tangible capital assets (note 7)	\$ 38,236,828	\$ 37,524,285
Prepaid expenses (note 13)	45,973	52,319
Long-term investments (note 14)	28,078	28,078
Funds on deposit with INAC (note 6)	15,282	24,978
Restricted funds:		
Operating CMHC (note 12)	2,344	2,404
Reserve CMHC (note 12)	<u>8,572</u>	<u>9,304</u>
Total non-financial assets	<u>\$ 38,337,077</u>	<u>\$ 37,641,368</u>
ACCUMULATED SURPLUS	<u><u>\$ 17,796,387</u></u>	<u><u>\$ 18,105,738</u></u>
Contingencies (note 19)		

Approved on behalf of the First Nation:

W. J. (Signature) Chief
J. M. (Signature) Councilor
D. M. (Signature) Councilor
J. M. (Signature) Councilor

K. S. (Signature) Councilor
L. C. (Signature) Councilor
 Councilor

METEPEENAGIAG MI'KMAQ NATION
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2020

	2019 Budget (Unaudited)	2020 Actual	2019 Actual
Revenue			
Federal government transfers for operating/grants (note 17)	\$ 5,565,051	\$ 7,054,448	\$ 7,247,305
Federal government transfers for capital (note 17)	-	608,764	54,300
Provincial government transfers for operating (note 17)	375,000	2,273,163	2,244,261
Rent	201,000	337,590	294,697
Net change in funds on deposit with INAC (note 6)	-	(9,696)	9,444
Administration fees	1,100,561	1,181,866	1,133,438
Other	<u>829,069</u>	<u>15,644,552</u>	<u>14,418,660</u>
	<u>8,070,681</u>	<u>27,090,687</u>	<u>25,402,105</u>
Expenses			
Social services	2,132,860	1,887,885	1,907,802
Housing	1,468,890	2,334,295	2,727,316
Band administration	1,579,680	2,199,765	2,058,547
Economic development	363,568	721,287	621,645
Lands and trusts	-	890,541	998,877
Health	699,717	1,318,719	1,329,531
Education	2,104,555	3,333,735	3,009,165
Other	<u>-</u>	<u>14,713,811</u>	<u>13,900,350</u>
	<u>8,349,270</u>	<u>27,400,038</u>	<u>26,553,233</u>
Annual Surplus (Deficit)	(278,589)	(309,351)	(1,151,128)
Accumulated Surplus - Beginning of Year	<u>18,105,738</u>	<u>18,105,738</u>	<u>19,256,866</u>
Accumulated Surplus - End of Year	<u>\$ 17,827,149</u>	<u>\$ 17,796,387</u>	<u>\$ 18,105,738</u>

METEPEENAGIAG MI'KMAQ NATION
CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT
FOR THE YEAR ENDED MARCH 31, 2020

	2019 Budget (Unaudited)	2020 Actual	2019 Actual
Annual Surplus (Deficit)	\$ (278,589)	\$ (309,351)	\$ (1,151,128)
Changes in Non-Financial Assets			
Acquisition of tangible capital assets	-	(2,298,359)	(2,997,132)
Amortization of capital assets	-	1,585,816	1,513,213
Decrease (increase) in prepaid expenses	-	6,346	(50,813)
Use of funds on deposit with INAC	-	9,696	(9,444)
Withdrawals from restricted funds - CMHC	<u>-</u>	<u>792</u>	<u>92,152</u>
	<u>-</u>	<u>(695,709)</u>	<u>(1,452,024)</u>
Increase In Net Debt	(278,589)	(1,005,060)	(2,603,152)
Net Debt - Beginning Of Year	<u>(19,535,630)</u>	<u>(19,535,630)</u>	<u>(16,932,478)</u>
Net Debt - End Of Year	<u>\$ (19,814,219)</u>	<u>\$ (20,540,690)</u>	<u>\$ (19,535,630)</u>

METEPEENAGIAG MI'KMAQ NATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2020

	<u>2020</u>	<u>2019</u>
Cash Provided By (Required For):		
Operating Activities		
Annual surplus	\$ (309,351)	\$(1,151,128)
Amortization	<u>1,585,816</u>	<u>1,513,213</u>
	1,276,465	362,085
Changes in non-cash operating working capital items (note 18)	<u>487,969</u>	<u>128,907</u>
	<u>1,764,434</u>	<u>490,992</u>
Capital transactions		
Purchase of tangible capital assets	<u>(2,298,359)</u>	<u>(2,997,132)</u>
Financing Activities		
Proceeds from long term debt	176,651	3,338,739
Repayment of long term debt	<u>(1,208,028)</u>	<u>(1,137,687)</u>
Decrease (Increase) in restricted funds	<u>792</u>	<u>92,152</u>
	<u>(1,030,585)</u>	<u>2,293,204</u>
Decrease In Cash	(1,564,510)	(212,936)
Cash Position at Beginning of Year	(1,218,840)	(1,005,904)
Cash Position at End of Year	<u>\$(2,783,350)</u>	<u>\$(1,218,840)</u>
Cash consists of:		
Bank advances	<u>\$(2,783,350)</u>	<u>\$(1,218,840)</u>

METEPEENAGIAG MI'KMAQ NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

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, 2020

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, 2020

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, 2020

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, 2020.

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, 2020

5. Accounts Receivable

	<u>2020</u>	<u>2019</u>
Indigenous and Northern Affairs Canada	\$ 695,876	\$ 730,658
Band members	245,125	175,383
Department of Fisheries and Oceans	48,790	39,790
CMHC	24,500	-
Province of New Brunswick	225,084	-
Other receivables	<u>255,541</u>	<u>903,300</u>
Total Accounts Receivable	\$ 1,494,916	\$ 1,849,131

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>2020</u>	<u>2019</u>
Capital Account		
Balance, Beginning and End of Year	\$ 14,760	\$ 14,760
Revenue Account		
Balance, Beginning of Year	10,218	774
Add: Interest income	1,886	1,284
Riverside land rent	33,000	33,000
Big Hole fish rent	<u>100,418</u>	<u>98,160</u>
	<u>145,522</u>	<u>133,218</u>
Less: BCR 19-14004	110,000	-
BCR 19-14001	35,000	35,000
BCR 18-14005	-	90,000
BCR 18-01407	<u>-</u>	<u>33,000</u>
	<u>145,000</u>	<u>123,000</u>
Balance, End of Year	<u>522</u>	<u>10,218</u>
Total INAC funds on deposit	<u>\$ 15,282</u>	<u>\$ 24,978</u>
Change in funds on deposit from prior year	<u>\$ (9,696)</u>	<u>\$ 9,444</u>

METEPENAGLAG MTKMAQ NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

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 2020	Total 2019
Tangible Capital Assets											
Land	\$ 11,267,910	\$ 470,166	\$ -	\$ -	\$ 11,734,076	\$ 2,869,348	\$ 313,913	\$ 3,123,461	\$ 9,104,225	\$ 8,616,339	
Residential Buildings	11,425,857	891,800	102,260	-	12,227,887	7,222,507	580,269	-	7,582,756	9,821,677	
Commercial Buildings	17,528,172	-	-	-	17,630,333	3,504,518	1,361,169	-	2,023,397	10,305,666	
Roads	3,504,518	-	-	-	3,504,518	2,839,925	280,686	-	3,130,621	2,163,349	
Water and Sanitation	6,788,045	572,736	-	192,883	7,353,764	455,368	20,783	-	4,621,143	3,948,120	
Computer Equipment	496,561	5,084	-	-	501,645	482,711	71,164	533,875	41,153	476,151	
Vehicles	652,568	-	-	-	632,568	4,230,810	167,794	4,358,504	631,569	470,777	
Other Equipment	4,701,588	328,396	-	-	5,030,174	784,399	-	784,399	319,986	3,948,120	
Licenses	1,104,385	-	-	-	1,104,385	14,542	-	14,542	15,806	-	
Paving and Fencing	20,462	-	-	-	20,462	4,656	1,265	5,920	30,025	205,283	
Assets under construction	205,283	17,725	-	(192,883)	30,025	-	-	-	-	-	
Total	\$ 57,695,377	\$ 2,298,359	\$ -	\$ -	\$ 59,993,736	\$ 20,171,092	\$ 1,565,816	\$ 21,756,908	\$ 38,236,828	\$ 37,524,285	

METEPEENAGIAG MI'KMAQ NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

8. Bank Advances

The First Nation has two operating lines of credit totalling \$2,015,000. One for \$2,000,000 with Canadian Imperial Bank of Commerce, bearing interest at prime plus 1% which is secured by a general security agreement. At March 31, 2020 \$2,768,350 (2019 - \$1,204,840) was outstanding. The second for \$15,000 with Royal Bank of Canada, bearing interest at 7.45%. At March 31, 2020 \$15,000 (2019 - \$14,000) was outstanding.

9. Accounts Payable and Accrued Liabilities

	<u>2020</u>	<u>2019</u>
Trade payables	\$ 1,560,354	\$ 1,029,234
Government remittances payable	507,701	580,212
Other accrued liabilities	<u>966</u>	<u>746</u>
Total Accounts Payable and Accrued Liabilities	\$ 2,069,021	\$ 1,610,192

10. Deferred Revenue

	<u>2020</u>	<u>2019</u>
Association co-operatives des pêcheurs - shrimp revenue	\$ 100,000	\$ 99,999
Health Canada	-	21,324
INAC	<u>-</u>	<u>310,098</u>
	\$ 100,000	\$ 431,421

11. Long-Term Debt

	<u>2020</u>	<u>2019</u>
CMHC loan at 1.83%, repayable in monthly instalments of \$1,329, including principal and interest. The loan was repaid during the year.	\$ -	\$ 6,623
CMHC loan at 1.14%, repayable in monthly instalments of \$532, including principal and interest, maturing on January 1, 2021.	5,300	11,594
CMHC loan at 1.43%, repayable in monthly instalments of \$710, including principal and interest, maturing on April 1, 2022.	17,490	25,701
CMHC loan at 1.97%, repayable in monthly instalments of \$264, including principal and interest, maturing on September 1, 2022.	7,735	10,724
CMHC loan at 1.97%, repayable in monthly instalments of \$711, including principal and interest, maturing on December 1, 2022.	<u>22,866</u>	<u>30,879</u>
Carried forward	\$ 53,391	\$ 85,521

METEPEENAGIAG MI'KMAQ NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

11. Long-Term Debt (continued)

	<u>2020</u>	<u>2019</u>
Carried forward	\$ 53,391	\$ 85,521
CMHC loan at 1.86%, repayable in monthly instalments of \$190, including principal and interest, maturing on February 1, 2024.	8,612	10,713
CMHC loan at 1.86%, repayable in monthly instalments of \$417, including principal and interest, maturing on March 1, 2024.	19,322	23,933
CMHC loan at 1.39%, repayable in monthly instalments of \$269, including principal and interest, maturing on June 1, 2020.	15,577	18,564
CMHC loan at 1.14%, repayable in monthly instalments of \$291, including principal and interest, maturing on June 1, 2021.	20,794	24,031
CMHC loan at 1.43%, repayable in monthly instalments of \$574, including principal and interest, maturing on April 1, 2022.	46,401	52,580
CMHC loan at 1.05%, repayable in monthly instalments of \$279, including principal and interest, maturing on April 1, 2020.	31,831	34,834
CMHC loan at 2.41%, repayable in monthly instalments of \$292, including principal and interest, maturing on April 1, 2023.	25,077	27,951
CMHC loan at 1.11%, repayable in monthly instalments of \$265, including principal and interest, maturing on April 1, 2021.	32,946	35,746
CMHC loan at 2.41%, repayable in monthly instalments of \$605, including principal and interest, maturing on April 1, 2023.	106,628	111,277
CMHC loan at 1.01%, repayable in monthly instalments of \$460, including principal and interest, maturing on February 1, 2021.	81,182	85,860
CMHC loan at 1.01%, repayable in monthly instalments of \$1,380, including principal and interest, maturing on February 1, 2021.	243,595	257,630
CMHC loan at 0.94%, repayable in monthly instalments of \$529, including principal and interest, maturing on September 1, 2020.	<u>91,527</u>	<u>96,986</u>
Carried forward	\$ 776,883	\$ 865,626

METEPEENAGIAG MI'KMAQ NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

11. Long-Term Debt (continued)

	2020	2019
Carried forward	\$ 776,883	\$ 865,626
CMHC loan at 1.11%, repayable in monthly instalments of \$293, including principal and interest, maturing on April 1, 2021.	36,406	39,500
CMHC loan at 1.3%, repayable in monthly instalments of \$1,647, including principal and interest, maturing on December 1, 2020.	281,805	297,822
CMHC loan at 1.44%, repayable in monthly instalments of \$997, including principal and interest, maturing on February 1, 2022.	179,713	189,027
CMHC loan at 1.43%, repayable in monthly instalments of \$543, including principal and interest, maturing on April 1, 2022.	98,377	103,452
CMHC loan at 1.43%, repayable in monthly instalments of \$511, including principal and interest, maturing on April 1, 2022.	92,607	97,385
CMHC loan at 1.48%, repayable in monthly instalments of \$1,000, including principal and interest, maturing on January 1, 2022.	179,068	188,366
CMHC loan at 1.43%, repayable in monthly instalments of \$500, including principal and interest, maturing on April 1, 2022.	90,575	95,247
CMHC loan at 2.04%, repayable in monthly instalments of \$2,171, including principal and interest, maturing on May 1, 2019.	411,016	428,546
CMHC loan at 1.37%, repayable in monthly instalments of \$1,433, including principal and interest, maturing on July 1, 2020.	305,497	318,434
CMHC loan at 2.41%, repayable in monthly instalments of \$1,190, including principal and interest, maturing on April 1, 2023.	209,832	218,981
CMHC loan at 0.96%, repayable in monthly instalments of \$2,056, including principal and interest, maturing on September 1, 2021.	479,619	499,604
Roynat equipment lease at 8.5%, payable in monthly instalments of \$4,944, including principal and interest. The loan was repaid during the year.	—	744
Carried forward	\$ 3,141,398	\$ 3,342,734

METEPEENAGIAG MI'KMAQ NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

11. Long-Term Debt (continued)

	<u>2020</u>	<u>2019</u>
Carried forward	\$ 3,141,398	\$ 3,342,734
BMO loan at 3.39%, repayable in monthly instalments of \$3,806, including principal and interest, maturing in August 1, 2020, guaranteed by INAC.	440,892	455,897
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. The loan was repaid during the year.	-	39,100
CMHC loan at .69%, repayable in monthly instalments of \$485, including principal and interest, maturing on June 1, 2025.	67,587	-
CMHC loan at .69%, repayable in monthly instalments of \$464 including principal and interest, maturing on June 1, 2025.	92,684	-
CMHC loan at 1.50%, repayable in monthly instalments of \$2,827, including principal and interest, maturing on July 1, 2022.	644,593	668,704
CIBC housing loan at 4.69% repayable in monthly instalments of \$584, including principal and interest, maturing on April 1, 2025.	88,348	90,482
CIBC housing loan at 4.69%, repayable in monthly instalments of \$584, including principal and interest, maturing on April 1, 2025.	88,348	90,482
CIBC housing loan at 4.69%, repayable in monthly instalments of \$584, including principal and interest, maturing on April 1, 2025.	88,348	90,482
CIBC housing loan at 4.84%, repayable in monthly instalments of \$593, including principal and interest, maturing on February 1, 2025.	88,460	90,653
CMHC loan at 1.31%, repayable in monthly instalments of \$711, including principal and interest, maturing on December 1, 2021.	<u>161,737</u>	<u>168,136</u>
Carried forward	\$ 4,902,395	\$ 5,036,670

METEPEENAGIAG MI'KMAQ NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

11. Long-Term Debt (continued)

	<u>2020</u>	<u>2019</u>
Carried forward	\$ 4,902,395	\$ 5,036,670
CMHC loan at 2.49%, repayable in monthly instalments of \$1,588, including principal and interest, maturing on May 1, 2023.	336,315	346,913
RBC housing loan at 5.0%, repayment in monthly instalments of \$308, including principal and interest, maturing on August 19, 2024.	14,635	-
Provincial tuition payable, without interest, repayable in monthly principal instalments of \$3,463 maturing in July 2032.	509,174	561,120
BMO housing loan at 4.40%, repayable in monthly instalments of \$3,764, including principal and interest, maturing on February 28, 2038.	556,864	577,195
BMO housing loan at 4.40%, repayable in monthly instalments of \$2,590, including principal and interest, maturing on February 28, 2038.	378,143	399,883
BMO truck loan at prime plus 5.45%, repayable in monthly instalments of \$1,384, including principal and interest, maturing on September 20, 2022.	39,832	53,880
Ford Credit Canada vehicle loan at 6.49%, repayable in monthly instalments of \$694, including principal and interest, maturing on April 30, 2022.	15,582	23,211
CIBC property 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, maturing March 1, 2023.	5,511,111	5,937,778
INAC loan at 0%, repayable in monthly principal instalments of \$5,000, maturing in August 1, 2022.	<u>142,901</u>	<u>202,901</u>
Carried forward	\$ 12,406,952	\$ 13,139,551

METEPEENAGIAG MI'KMAQ NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

11. Long-Term Debt (continued)

Carried forward	\$ 12,406,952	\$ 13,139,551
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CIBC property 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, maturing March 1, 2023.

1,582,222	1,600,000
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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.

960,000	1,200,000
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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.

270,000	300,000
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CIBC equipment loan at prime plus 1%, repayable in monthly instalments of \$917, including principal and interest, maturing on March 1, 2026.

65,999	76,999
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<u>\$ 15,285,173</u>	<u>\$ 16,316,550</u>
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METEPEENAGIAG MI'KMAQ NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

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

2021	\$ 3,057,466
2022	2,138,597
2023	2,702,677
2024	1,482,158
2025	5,357,862
Thereafter	<u>546,413</u>
	<u>\$ 15,285,173</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 \$52,185 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.

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, 2020.

	<u>2020</u>	<u>2019</u>
Operating reserve	\$ 2,344	\$ 2,404
Replacement reserve	8,572	9,304
Subsidy reserve	-	-
	<u>\$ 10,916</u>	<u>\$ 11,708</u>

METEPEENAGIAG MI'KMAQ NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

13. Prepaid Expenses

	<u>2020</u>	<u>2019</u>
Insurance	\$ 45,973	\$ 15,874
Fire services	-	8,945
Deposit on boat	-	<u>27,500</u>
Total Prepaid Expenses	\$ 45,973	\$ 52,319

14. Long Term Investments

	<u>2020</u>	<u>2019</u>
Investments in land	\$ 13,078	\$ 13,078
Other investments	<u>15,000</u>	<u>15,000</u>
	\$ 28,078	\$ 28,078

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

Social Assistance	\$ 1,956,040
Operations and Maintenance	255,724
Housing and Roads	440,091
Water and Sanitation	820,432
Band Administration	664,238
Economic Development	30,528
Community Health	135,560
Education	<u>1,727,219</u>
Total INAC funding per consolidated financial statements	\$ 6,029,832
Less: Prior year deferred INAC funding	<u>(310,098)</u>
	\$ 5,719,734
Funding per INAC revenue confirmation	\$ 5,719,734

METEPEENAGIAG MI'KMAQ NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

16. Expenses by Object

The following is a summary of expenses by object:

	<u>2020</u>	<u>2019</u>
Amortization	\$ 1,585,815	\$ 1,513,213
Consulting	118,686	136,784
Financial administration	1,181,866	1,133,438
Insurance	283,369	231,065
Interest and bank charges	266,213	150,420
Interest on long term debt	236,128	234,159
Miscellaneous	460,531	502,649
Office supplies	93,736	117,935
Other	15,448,055	14,432,043
Professional fees	156,836	183,447
Repairs and maintenance	689,373	1,218,601
Salaries and benefits	5,858,049	5,693,686
Supplies	164,374	213,949
Travel and staff development	437,674	356,974
Utilities	<u>419,333</u>	<u>434,870</u>
	<u><u>\$ 27,400.038</u></u>	<u><u>\$ 26,553,233</u></u>

METEPEENAGIAG MI'KMAQ NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

17. Government Transfers

	<u>Operating</u> <u>/Grants</u>	<u>Capital</u>	2020 Total
Federal government transfers:			
Indigenous and Northern Affairs Canada	\$ 5,421,068	\$ 608,764	\$ 6,029,832
Health Canada	945,780	-	945,780
Canada Mortgage and Housing Corporation	192,720	-	192,720
Other	<u>494,880</u>	<u>-</u>	<u>494,880</u>
	7,054,448	608,764	7,663,212
Provincial government transfers:			
	<u>2,273,163</u>	<u>-</u>	<u>2,273,163</u>
	<u>\$ 9,327,611</u>	<u>\$ 608,764</u>	<u>\$ 9,936,375</u>
	<u>Operating</u>	<u>Capital</u>	2019
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>

18. Changes in Non-Cash Operating Working Capital Items

	2020	2019
Accounts receivable	354,215	(353,607)
Prepaid expenses	6,345	(50,814)
Inventory	-	(9,117)
Accounts payable and accrued liabilities	458,830	221,024
Deferred revenue	<u>(331,421)</u>	<u>321,421</u>
	<u>\$ 487,969</u>	<u>\$ 128,907</u>

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

22. Budget Figures

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

21. Comparative Figures

2020	2019	2018
Provisions payable to G.M.& H. Holdings Inc. without interest	\$ 811,550	\$ 811,550
Provisions payable to G.M.& H. Holdings Inc. with interest	1,025,000	1,025,000
Repayable in 120 instalments of \$8,542, due July 2029.		
Promissory note payable to G.M.& H. Holdings Inc. without interest	\$ 1,836,550	\$ 1,836,550

20. Provisions Payable

Subsequent to year end Metepenagage Mi'kmaq Nation has settled two lawsuits and has accrued the settlement amount of \$248,797 which is included in other expenses.

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

Metepenagage 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.

19. Contingencies

FOR THE YEAR ENDED MARCH 31, 2020

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

METEPENAGAGE MI'KMAQ NATION

METEPENAGIAG MIKMAQ NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

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 2020	2020	2019	Budget 2020	2020	2019	Budget 2020	2020	2019
Revenues									
Federal Government Operating/Grant Transfers	\$ 1,674,251	\$ 1,727,219	\$ 1,761,018	\$ 659,987	\$ 1,081,340	\$ 900,351	\$ 25,375	\$ 30,528	\$ 26,000
Federal Government Capital Transfers	-	-	132,484	165,767	-	-	-	-	-
Provincial Government Operating Transfers	-	-	-	-	-	-	-	-	-
Provincial Government Capital Transfers	-	-	-	-	-	-	-	-	-
Rent	-	-	-	-	-	-	-	-	-
Less: Deferred revenue, end of year	-	-	(18,233)	-	-	-	(21,324)	-	-
Held in Trust by Federal Government	-	-	-	-	-	-	-	-	-
Administration Fees	575,000	678,651	622,094	-	-	7,340	7,001	204,059	671,291
Other	-	-	-	-	-	-	-	-	570,202
Total Revenues	2,249,251	2,538,354	2,530,646	659,987	1,088,680	940,328	229,444	701,819	396,202
Expenses									
Salaries and benefits	965,480	1,752,522	1,657,846	142,410	249,660	230,209	124,900	242,644	195,818
Debt Servicing	-	-	-	-	-	-	-	-	-
Amortization	1,139,075	1,581,213	1,351,320	557,307	1,069,059	1,099,322	54,000	111,203	109,147
Other Expenses	-	-	-	-	-	-	184,668	367,440	316,680
Total Expenses	2,104,555	3,333,735	3,009,166	699,717	1,318,719	1,329,231	363,568	721,287	621,645
Annual Surplus (Deficit)	\$ 144,696	\$ (795,381)	\$ (478,520)	\$ (39,730)	\$ (230,039)	\$ (389,203)	\$ (134,124)	\$ (19,468)	\$ (25,443)

METEPENAGIAG MIKMAQ NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

23. Segment Disclosure (continued)

	Housing		Social Services		Band Government Budget		
	Budget 2020	2020	Budget 2020	2020	Budget 2020	2020	2019
Revenues							
Federal Government Operating/Grant Transfers	\$ 628,415	\$ 1,100,204	\$ 1,536,628	\$ 2,013,364	\$ 1,956,040	\$ 1,924,461	\$ 563,659
Federal Government Capital Transfers	-	608,764	-	-	-	-	375,000
Provincial Government Operating Transfers	-	-	-	-	-	-	1,869,959
Provincial Government Capital Transfers	-	-	-	-	-	-	-
Rent	192,000	265,998	264,917	(250,000)	-	-	9,000
Less: Deferred revenue, end of year Held in Trust by Federal Government	-	-	-	-	-	-	70,942
Administration Fees	-	-	-	-	-	-	123,000
Other	-	129,000	-	-	-	-	(41,865)
Total Revenues	820,415	1,974,966	1,680,545	2,013,364	1,956,040	1,924,461	4,038,781
Expenses							
Salaries and benefits	253,253	355,661	308,387	178,502	158,515	155,681	452,680
Debt Servicing	72,000	67,737	70,288	-	-	-	132,000
Amortization	432,000	964,665	860,487	-	-	-	21,600
Other Expenses	711,637	946,231	1,488,154	1,954,358	1,729,370	1,752,121	973,400
Total Expenses	1,468,890	2,334,295	2,727,316	2,132,860	1,887,885	1,907,802	1,579,680
Annual Surplus (Deficit)	\$ (648,475)	\$ (359,329)	\$ (1,046,771)	\$ (119,496)	\$ 68,155	\$ 16,659	\$ 518,540
							\$ 1,839,016
							\$ 1,797,806

METEPENAGIAG MI'KMAQ NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 20

23. Segment Disclosure (continued)

	Lands and Trusts			Other			Budget			Consolidated Totals		
	Budget 2020	2020	2019	Budget 2020	2020	2019	Budget 2020	2020	2019	Budget 2020	2020	2019
Revenues												
Federal Government Operating/Grant Transfers	\$ -	\$ -	\$ -	\$ -	\$ 494,880	\$ 702,684	\$ 5,565,051	\$ 7,054,448	\$ 7,578,726			
Federal Government Capital Transfers										608,764	54,300	
Provincial Government Operating Transfers										2,273,163	2,244,261	
Provincial Government Capital Transfers												
Rent												
Less: Deferred revenue, end of year												
Held in Trust by Federal Government												
Administration Fees												
Other												
Total Revenues												
Expenses												
Salaries and benefits												
Debt Servicing												
Amortization												
Other Expenses												
Total Expenses												
Annual Surplus (Deficit)												
\$ - \$ (890,541) \$ (998,877) \$ -	\$ 78,236	\$ (26,779)	\$ (278,589)	\$ (309,351)								