

**SAINT MARY'S FIRST NATION  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2017**

## INDEPENDENT AUDITORS' REPORT

To the Chief and Band Councilors of Saint Mary's First Nation

We have audited the accompanying consolidated financial statements of Saint Mary's First Nation, which comprise the consolidated statement of financial position as at March 31, 2017, and the consolidated statements of operations, changes in net debt and cash flows, and schedules for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Saint Mary's First Nation as at March 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Teed Saunders Doyle*

Fredericton, New Brunswick  
July 25, 2017

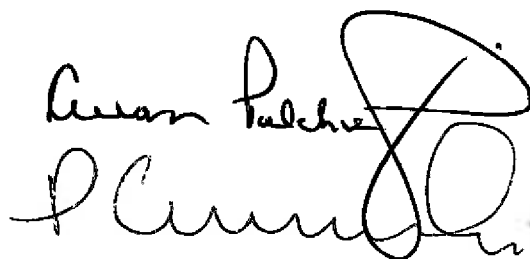
CHARTERED PROFESSIONAL ACCOUNTANTS

**SAINT MARY'S FIRST NATION**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**AS AT MARCH 31, 2017**

	<u><b>2017</b></u>	<u><b>2016</b></u>
<b>FINANCIAL ASSETS</b>		
Cash (note 3)	\$ 16,427,172	\$ 15,233,795
Restricted cash (note 3)	90,168	90,282
Accounts receivable (note 4)	1,214,143	1,061,984
Due from government and government organizations (note 5)	2,126,503	1,908,083
Investment in Saint Mary's Economic Development Corporation (note 13)	2,826,755	2,318,120
Inventory for resale (note 15)	1,320,977	1,019,720
Funds held in trust (note 12)	5,987	4,400
Loans receivable (note 7)	<u>1,976,090</u>	<u>2,704,271</u>
<b>Total financial assets</b>	<u><b>25,987,795</b></u>	<u><b>24,340,655</b></u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	7,136,772	6,767,943
Due to government and government organizations (note 8)	2,276,569	12,987
Deferred revenue (note 9)	759,401	402,844
Long-term debt (note 10)	<u>17,773,270</u>	<u>17,021,143</u>
<b>Total liabilities</b>	<u><b>27,946,012</b></u>	<u><b>24,204,917</b></u>
<b>NET FINANCIAL ASSETS (NET DEBT)</b>	<u><b>(1,958,217)</b></u>	<u><b>135,738</b></u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 6)	36,495,123	32,484,369
Prepaid expenses	<u>374,674</u>	<u>641,335</u>
<b>Total non-financial assets</b>	<u><b>36,869,797</b></u>	<u><b>33,125,704</b></u>
<b>ACCUMULATED SURPLUS</b>	<u><b>\$ 34,911,580</b></u>	<u><b>\$ 33,261,442</b></u>


  
 Susan Palchuk

**SAINT MARY'S FIRST NATION**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED MARCH 31, 2017**

	<u>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
<b>Revenue</b>			
Indigenous and Northern Affairs Canada (note 14)	\$ 10,634,319	\$ 12,981,639	\$ 11,835,584
Department of Fisheries and Oceans Canada	588,914	550,117	546,568
Canada Mortgage and Housing Corporation	-	1,051,729	1,246,312
Retail Sales Program Operation	41,932,658	36,374,132	35,487,418
Province of New Brunswick	110,000	1,021,334	833,038
Leasing Company	656,279	752,259	758,027
Net income (loss) from investment in Saint Mary's Economic Development Corporation	-	508,635	670,921
First Nations Aboriginal Skills and Employment Strategies	450,033	529,092	479,325
Other	7,737,328	9,512,733	10,694,567
Logging	505,000	760,713	789,194
Health Canada	<u>1,303,152</u>	<u>1,343,115</u>	<u>1,304,763</u>
	<u>63,917,683</u>	<u>65,385,498</u>	<u>64,645,717</u>
<b>Expenses</b>			
Band Support	2,085,746	3,029,945	2,614,179
Child and Family Services	1,373,931	2,690,681	2,473,353
Economic Development	172,323	73,556	-
Adult Care Services	80,430	47,545	56,387
Fisheries - DFO - AICFI	243,070	132,161	161,080
Band School	1,964,271	2,416,016	2,098,280
Community Public Works	423,721	582,506	493,820
Fisheries - AFS	299,500	274,047	264,844
Fisheries - Other seafood	185,001	506,724	460,658
Fisheries - Lobster	702,740	1,003,580	1,003,767
Own Source Programs	6,816,441	7,756,289	8,043,675
Housing Fund	403,921	1,363,177	1,243,965
Social Assistance Fund	2,583,200	2,471,512	2,261,698
Post Secondary Education	3,043,312	2,814,562	2,512,530
First Nations ASETS	434,915	501,292	450,622
Health	1,162,816	1,407,267	1,286,709
Forestry	499,559	536,811	612,830
Retail Sales Program Operation	40,963,904	34,260,642	33,977,035
Leasing Company	656,279	791,332	863,321
CMHC Housing	<u>-</u>	<u>1,075,715</u>	<u>1,229,298</u>
	<u>64,095,080</u>	<u>63,735,360</u>	<u>62,108,051</u>
<b>Annual Surplus (Deficit)</b>	(177,397)	1,650,138	2,537,666
<b>Accumulated Surplus - Beginning of Year</b>	<u>33,261,442</u>	<u>33,261,442</u>	<u>30,723,776</u>
<b>Accumulated Surplus - End of Year</b>	<u>\$ 33,084,045</u>	<u>\$ 34,911,580</u>	<u>\$ 33,261,442</u>

SAINT MARY'S FIRST NATION

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (NET DEBT)

FOR THE YEAR ENDED MARCH 31, 2017

	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Annual Surplus For The Year	\$ <u>1,650,138</u>	\$ <u>2,537,666</u>
Acquisition of tangible capital assets	(5,697,561)	(6,515,864)
Disposition of tangible capital assets	-	22,040
Amortization of capital assets	1,686,807	1,742,546
Decrease (increase) in prepaid expenses	<u>266,661</u>	<u>(402,784)</u>
	<u>(3,744,093)</u>	<u>(5,154,062)</u>
(Increase) Decrease In Net Debt	(2,093,955)	(2,616,396)
Net Financial Assets (Net Debt) - Beginning Of Year	<u>135,738</u>	<u>2,752,134</u>
Net Financial Assets (Net Debt) - End Of Year	\$ <u>(1,958,217)</u>	\$ <u>135,738</u>

**SAINT MARY'S FIRST NATION**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2017**

	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
<b>Cash Provided By (Required For):</b>		
<b>Operating Activities</b>		
Annual Surplus For The Year	\$ 1,650,138	\$ 2,537,666
Item not affecting cash		
Amortization	<u>1,686,807</u>	<u>1,742,546</u>
	3,336,945	4,280,212
Changes in non-cash operating working capital (note 16)	<u>2,583,792</u>	<u>352,629</u>
	<u>5,920,737</u>	<u>4,632,841</u>
<b>Investing Activities</b>		
Additions to tangible capital assets	(5,697,561)	(6,515,864)
Disposal of tangible capital assets	-	22,040
Repayment of loan receivable	728,181	740,269
Investment in Saint Mary's Economic Development Corporation	<u>(508,635)</u>	<u>(670,921)</u>
	<u>(5,478,015)</u>	<u>(6,424,476)</u>
<b>Financing Activities</b>		
Repayment of long-term debt	(1,951,114)	(1,804,475)
Proceeds from long-term debt	<u>2,703,242</u>	<u>3,823,458</u>
	<u>752,128</u>	<u>2,018,983</u>
<b>Increase In Cash During The Year</b>	1,194,850	227,348
<b>Cash Position At Beginning Of Year</b>	<u>15,328,477</u>	<u>15,101,129</u>
<b>Cash Position At End Of Year</b>	<u>\$ 16,523,327</u>	<u>\$ 15,328,477</u>
<b>Cash consists of:</b>		
Cash	\$16,427,172	\$15,233,795
Restricted cash	90,168	90,282
Funds held in trust	<u>5,987</u>	<u>4,400</u>
	<u>\$16,523,327</u>	<u>\$15,328,477</u>

**SAINT MARY'S FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2017**

**1. Description of Entity**

The Saint Mary's First Nation operates a First Nations Band in Fredericton, New Brunswick for the benefit of its members.

**2. Significant Accounting Policies**

**Basis of Accounting**

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

**Reporting Entity**

The Saint Mary's First Nation reporting entity includes the Saint Mary's First Nation government and all related entities that are controlled by the First Nation.

**Principles of Consolidation**

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

Under the modified equity method of accounting, only Saint Mary's First Nation's investment in the government business enterprise and the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of Saint Mary's First Nation.

Organizations consolidated in the Saint Mary's First Nation's financial statements include:

- Band Support Fund
- Housing Fund
- Welfare Fund
- Post Secondary Education Program
- Health Program
- Saint Mary's Retail Sales Program Operation
- Saint Mary's Leasing Company Ltd.
- Aboriginal Skills and Employment Training Strategy
- Logging Program
- Saint Mary's CMHC Housing

The consolidated statements also include an investment in the Saint Mary's Economic Development Corporation (note 13) using the modified equity method.

**Asset Classification**

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

# SAINT MARY'S FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

### 2. Significant Accounting Policies (cont'd)

#### Cash and Cash Equivalents

The Saint Mary's First Nation considers cash on hand, short-term deposits and balances with banks, net of overdrafts as cash or cash equivalents. Bank borrowings are considered to be financing activities.

#### Accounts Receivable and Contributions Receivable From Government Organizations

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

#### Inventory

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

#### Tangible Capital Assets

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

Tangible capital assets are reported at net book value.

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

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

Housing/Buildings	4% Straightline and declining balance
Paving	5% Straightline
Pool	10% Straightline
Equipment	10% Straightline and 20% declining balance
Computer equipment	25% Straightline
Vehicles	20% Straightline

#### 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.



**SAINT MARY'S FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2017**

**2. Significant Accounting Policies (cont'd)**

**Net Debt**

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

**Revenue Recognition**

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

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

**Expense Recognition**

Expenses are recorded on the accrual basis as they are incurred and measurable based on receipt of goods or services and obligation to pay.

**Foreign Currency Translation**

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate in effect at the balance sheet date. Revenues and expenses denominated in foreign currencies are translated using the average exchange rate for the year.

**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.

**SAINT MARY'S FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2017**

**2. Significant Accounting Policies (cont'd)**

**Use of Estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Significant estimates pertaining to these financial statements include the determination of amortization rates and residual values of tangible capital assets.

**Financial Instruments Policy**

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. Cash**

**Cash is comprised of the following:**

	<u>2017</u>	<u>2016</u>
<b>Externally restricted</b>		
Moveable assets reserve	\$ 90,168	\$ 90,282
Trust funds held by federal government	<u>5,987</u>	<u>4,400</u>
	<u>96,155</u>	<u>94,682</u>
<b>Unrestricted</b>		
Operating	14,999,779	13,850,947
Guaranteed investment certificates	<u>1,427,393</u>	<u>1,382,848</u>
	<u>16,427,172</u>	<u>15,233,795</u>
<b>Total Cash</b>	<u><b>\$ 16,523,327</b></u>	<u><b>\$ 15,328,477</b></u>

**4. Accounts Receivable**

	<u>2017</u>	<u>2016</u>
<b>Due from members:</b>		
Loans	<u>\$ 109,803</u>	<u>\$ 88,503</u>
<b>Due from others:</b>		
Forestry	17,555	20,455
Retail Sales Program	958,604	839,765
Other (net of allowance for doubtful accounts)	<u>128,181</u>	<u>113,261</u>
	<u>1,104,340</u>	<u>973,481</u>
<b>Total Accounts Receivable</b>	<u><b>\$ 1,214,143</b></u>	<u><b>\$ 1,061,984</b></u>

**SAINT MARY'S FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2017**

**5. Due From Government and Government Organizations**

	<u>2017</u>	<u>2016</u>
Indigenous and Northern Affairs Canada (2016 - 2017)	\$ 241,001	\$ -
Indigenous and Northern Affairs Canada (2015 - 2016)	-	415,633
Province of New Brunswick, DFO And Other Funding Agencies	1,685,486	1,450,519
Canada Revenue Agency - HST	33,572	36,343
Human Resources and Social Development Canada	8,010	-
Health Canada	<u>158,434</u>	<u>5,588</u>
	<u>\$ 2,126,503</u>	<u>\$ 1,908,083</u>

SAINT MARY'S FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2017

6. Tangible Capital Assets

	Cost			Transfers of Assets	Accumulated Amortization			Net Book Value		
	Opening Balance	Additions	Disposals		Opening Balance	Amortization	Closing Balance	Total 2017	Total 2016	
<b>Tangible Capital Assets</b>										
Commercial Land	\$ 642,073				\$ 642,073		\$ -	\$ 642,073	\$ 642,073	
Residential Land	1,688,637				1,688,637		-	1,688,637	1,688,637	
Commercial buildings	10,181,691				10,181,691	4,587,313	284,740	4,872,053	5,594,378	
Residential buildings	33,852,519	3,331,595			37,184,114	13,872,708	1,120,551	14,993,259	19,979,811	
Roads	644,006				644,006	489,088	31,915	521,003	154,918	
Furniture and fixtures	2,175,457	15,832			2,191,289	1,653,484	92,681	1,746,165	521,973	
Vehicles	787,432	33,900			821,332	759,636	14,685	774,321	27,796	
Computer equipment	126,712				126,712	113,487	5,128	118,615	13,225	
Leasehold improvements	58,124	36,787			94,911	58,124	-	58,124	-	
Assets under construction	2,747,281	1,733,338			4,480,619	-	-	-	2,747,281	
Other equipment	5,834,020	546,109			6,380,129	4,719,743	137,107	4,856,850	1,114,277	
<b>Total</b>	<b>\$ 58,737,952</b>	<b>\$ 5,697,561</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 64,435,513</b>	<b>\$ 26,253,583</b>	<b>\$ 1,486,807</b>	<b>\$ 27,940,390</b>	<b>\$ 36,495,123</b>	<b>\$ 32,484,369</b>

**SAINT MARY'S FIRST NATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2017**

**7. Loans Receivable**

	<u>2017</u>	<u>2016</u>
Loan receivable from Saint Mary's Economic Development Corporation in monthly installments of \$60,906 including principal and interest at 4.65%, due October 2019. The loan is reported in the Saint Mary's First Nation as a loan receivable from Saint Mary's Economic Development with an offsetting loan payable to Canadian Imperial Bank of Commerce (Note 10). Saint Mary's Economic Development Corporation guarantees this loan.	\$ 1,768,790	\$ 2,401,371
Loan receivable from Saint Mary's Economic Development Corporation in monthly installments of \$3,333 including principal plus interest at prime plus 1%, due December 2019. The loan is reported in the Saint Mary's First Nation as a loan receivable from Saint Mary's Economic Development with an offsetting loan payable to Canadian Imperial Bank of Commerce (Note 10). Saint Mary's Economic Development Corporation guarantees this loan.	110,000	150,000
Loan receivable from Saint Mary's Economic Development Corporation in monthly installments of \$4,633 plus interest at prime plus 1%, due December 2018. The loan is reported in the Saint Mary's First Nation as a loan receivable from Saint Mary's Economic Development with an offsetting loan payable to Canadian Imperial Bank of Commerce (Note 10). Saint Mary's Economic Development Corporation guarantees this loan.	<u>97,300</u>	<u>152,900</u>
	1,976,090	2,704,271
Less current portion	<u>750,588</u>	<u>720,884</u>
	<u>\$ 1,225,502</u>	<u>\$ 1,983,387</u>

Assuming the loans are renewed on comparable terms, the principal portion of long term debt expected to become due in each of the next three years is as follows:

2018	\$ 750,588
2019	781,702
2020	443,800

**SAINT MARY'S FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2017**

**8. Due to Government and Government Organizations**

	<u>2017</u>	<u>2016</u>
Canada Revenue Agency - Payroll	\$ 65,097	\$ 12,987
Indigenous and Northern Affairs Canada	<u>2,211,472</u>	<u>-</u>
	<u>\$ 2,276,569</u>	<u>\$ 12,987</u>

**9. Deferred Revenue**

	<u>Opening Balance</u>	<u>Funding Received</u>	<u>Revenue Recognized</u>	<u>Closing Balance</u>	<u>2017</u>	<u>2016</u>
Consultation	\$ 104,423	\$ 35,684	\$ -	\$ 140,107	\$ 140,107	\$ 104,423
Busing	16,875	-	(16,875)	-	-	16,875
Indian Studies Support Program	57,385	-	(57,385)	-	-	57,385
Child & Family CHMES - Playground	-	264,058	-	264,058	264,058	-
Fund	21,075	18,665	-	39,740	39,740	21,075
Health	27,561	147,561	(27,561)	147,561	147,561	27,561
Retail	171,525	132,957	(171,525)	132,957	132,957	171,525
ASETS	-	34,978	-	34,978	34,978	-
Recreation Grant	<u>4,000</u>	<u>-</u>	<u>(4,000)</u>	<u>-</u>	<u>-</u>	<u>4,000</u>
	<u>\$ 402,844</u>	<u>\$ 633,903</u>	<u>\$ (277,346)</u>	<u>\$ 759,401</u>	<u>\$ 759,401</u>	<u>\$ 402,844</u>

**10. Long-Term Debt**

<b>St. Mary's First Nation</b>	<u>2017</u>	<u>2016</u>
Loan payable to CIBC in monthly installments of \$1,875 plus interest at prime plus 1%, secured by three buses, due August, 2017.	\$ -	\$ 18,275
Loan payable to Canadian Imperial Bank of Commerce in monthly installments of \$60,906 including principal and interest at 4.65%, secured by a general security agreement and guarantee of St. Mary's Economic Development Corporation, due October 2019. Payments on this loan are made directly by St. Mary's Economic Development Corporation to CIBC.	<u>1,768,790</u>	<u>2,401,371</u>
Carried forward	\$ 1,768,790	\$ 2,419,646

# SAINT MARY'S FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

### 10. Long-Term Debt (cont'd)

	<u>2017</u>	<u>2016</u>
Carried forward	\$ 1,768,790	\$ 2,419,646
Loan payable to Canadian Imperial Bank of Commerce in monthly installments of \$4,633 plus interest at prime plus 1%, secured by a general security agreement and guarantee of St. Mary's Economic Development Corporation, due December 2018. Payments on this loan are made directly by St. Mary's Economic Development Corporation to CIBC.	97,300	152,900
Loan payable to Canadian Imperial Bank of Commerce in monthly installments of \$3,333 plus interest at prime plus 1%, secured by a general security agreement and guarantee of St. Mary's Economic Development Corporation, due December 2019. Payments on this loan are made directly by St. Mary's Economic Development Corporation to CIBC.	110,000	150,000
Mortgage payable to CIBC Mortgage Corporation including interest at 4.79%, secured by a 4 unit rental property, due May 2021.	33,135	40,150
Loan payable to Ally Credit Canada Ltd. in monthly installments of \$407 including principal and interest at 5.74%, secured by a vehicle, due June 2017.	26,812	33,030
Loans payable to Canadian Imperial Bank of Commerce in monthly installments totalling \$7,887 including interest at 4.59%, secured by 14 houses, due August 2019.	1,328,945	1,362,339
Loans payable to Canadian Imperial Bank of Commerce in monthly installments totalling \$4,384 including interest at 3.99%, secured by 8 houses, due April 2021.	807,302	825,872
Loan payable to Canadian Imperial Bank of Commerce in monthly installments of \$30,557 plus interest at prime plus 1%, secured by certain property and Band Council Resolution.	4,347,217	2,320,119
<b>St. Mary's CMHC</b>		
Various mortgages payable to CIBC in monthly installments including interest ranging from 3.15% to 5.19%, secured by houses.	12,713	104,614
Various mortgages payable to CMHC in monthly installments including interest ranging from 1.52% to 3.13%, secured by houses.	8,579,596	8,561,301
<b>St. Mary's Leasing Company Ltd.</b>		
Loan payable to Peace Hills Trust in monthly installments of \$36,447 plus interest at prime plus 2%, secured by first ranking general security agreement over borrower's present and future property, mortgage of leasehold interest, demand promissory note, and guarantee and postponement of claims of Saint Mary's Leasing Company Ltd., due July 2018.	<u>661,460</u>	<u>1,051,172</u>
Carried forward	\$17,773,270	\$17,021,143

# SAINT MARY'S FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

### 10. Long-Term Debt (cont'd)

	<u>2017</u>	<u>2016</u>
Carried forward	\$17,773,270	\$17,021,143
Less current portion	<u>2,025,033</u>	<u>1,887,492</u>
	<u>\$15,748,237</u>	<u>\$15,133,651</u>

Assuming the mortgages are renewed on comparable terms, the principal portion of long term debt expected to become due in each of the next five years is as follows:

2018	\$ 2,025,033
2019	2,001,059
2020	2,659,945
2021	1,698,148
2022	984,192

### 11. Financial Instruments

Saint Mary's First 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, 2017.

#### Liquidity Risk

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

#### 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. Saint Mary's First Nation is exposed to interest rate risk primarily through floating interest rates on certain bank loans.

### 12. Trust Funds Held by Federal Government

Trust fund accounts arise from moneys 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>Opening Balance</u>	<u>Additions</u>	<u>Withdrawals</u>	<u>Closing Balance</u>	<u>2017 Total</u>	<u>2016 Total</u>
Revenue	\$ 2,845	\$ 1,587	\$ -	\$ 4,432	\$ 4,432	\$ 2,845
Capital	1,555	-	-	1,555	<u>1,555</u>	<u>1,555</u>
<b>Fund Total</b>					<u>\$ 5,987</u>	<u>\$ 4,400</u>



# SAINT MARY'S FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

### 13. Investment in Government Business Enterprises

The commercial enterprises that are included in the First Nation reporting entity, as described in note 2 - Principles of Consolidation to these financial statements includes:

- Retail Sales Program Operation - fully consolidated.
- Saint Mary's Leasing Company Ltd. - fully consolidated
- Saint Mary's Economic Development Corporation (SMEDC) - modified equity.

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

	<b>Retail Sales Program Operation</b>	<b>Saint Mary's Leasing Company</b>	<b>SMEDC</b>	<b>2017 Total</b>	<b>2016 Total</b>
Cash	\$ 5,463,727	\$ 92,636	\$ 1,287,209	\$ 6,843,572	\$ 5,922,482
Accounts receivable	958,604	514	291,757	1,250,875	1,186,842
Inventory	1,320,977	-	41,380	1,362,357	1,043,475
Tangible capital assets	2,242,173	3,596,767	2,487,713	8,326,653	8,703,211
Other assets	13,184	39,297	1,327,296	1,379,777	3,790,097
<b>Total assets</b>	<b>\$ 9,998,665</b>	<b>\$ 3,729,214</b>	<b>\$ 5,435,355</b>	<b>\$ 19,163,234</b>	<b>\$ 20,646,107</b>
Accounts payable	\$ 1,099,164	\$ 25,193	\$ 393,425	\$ 1,517,782	\$ 1,436,241
Long-term debt	-	661,460	1,410,310	2,071,770	3,212,071
Other liabilities	132,957	3,763,915	804,866	4,701,738	4,359,280
<b>Total liabilities</b>	<b>1,232,121</b>	<b>4,450,568</b>	<b>2,608,601</b>	<b>8,291,290</b>	<b>9,007,592</b>
Equity	<u>10,451,773</u>	<u>(721,354)</u>	<u>2,826,754</u>	<u>12,557,173</u>	<u>10,585,253</u>
<b>Total Liabilities and Equity</b>	<b>\$ 11,683,894</b>	<b>\$ 3,729,214</b>	<b>\$ 5,435,355</b>	<b>\$ 20,848,463</b>	<b>\$ 19,592,845</b>
Revenue	\$ 36,374,132	\$ 752,259	\$ 49,980,114	\$ 87,106,505	\$ 87,237,484
Expenses	34,258,436	700,336	49,355,390	84,314,162	84,916,721
Debt servicing	2,206	90,996	116,089	209,291	244,753
<b>Total Expenses</b>	<b>34,260,642</b>	<b>791,332</b>	<b>49,471,479</b>	<b>84,523,453</b>	<b>85,161,474</b>
<b>Net Income (Loss)</b>	<b>\$ 2,113,490</b>	<b>\$ (39,073)</b>	<b>\$ 508,635</b>	<b>\$ 2,583,052</b>	<b>\$ 2,076,010</b>

# SAINT MARY'S FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

### 13. Investment in Government Business Enterprises (cont'd)

Contractual obligations and contingencies to be disclosed:

#### Saint Mary's Economic Development Corporation

Saint Mary's Economic Development Corporation is contingently liable for guaranteed loans of \$1,976,090 on debt owing from Saint Mary's First Nation to Canadian Imperial Bank of Commerce. The loans guaranteed are supported by general security agreements.

#### Retail Sales Program Operation

Saint Mary's First Nation Retail Sales Program Operation has entered into supply agreement with its most significant supplier as follows:

- Agreement reached in principle, but not yet signed, with TRA Atlantic to purchase virtually all merchandise for sale in the Saint Mary's Grocery Store for a fifteen year period ending May, 2018.

### 14. Reconciliation of Indigenous and Northern Affairs Canada (INAC) Funding

	<u>2017</u>	<u>2016</u>
INAC Funding per Financial Statements	\$ 12,981,639	\$ 11,835,584
Less: prior year deferred revenue in revenue	(16,875)	(23,721)
Add: current year deferred revenue	<u>264,058</u>	<u>-</u>
Total INAC funding per consolidated financial statements	<u>\$ 13,228,822</u>	<u>\$ 11,811,863</u>
Funding per INAC revenue confirmation	<u>\$ 13,228,822</u>	<u>\$ 11,811,863</u>

### 15. Inventory For Resale

	<u>2017</u>	<u>2016</u>
Retail Sales Program Operation	<u>\$ 1,320,977</u>	<u>\$ 1,019,720</u>

### 16. Changes In Non-Cash Operating Working Capital

	<u>2017</u>	<u>2016</u>
Accounts receivable	\$ (152,159)	\$ (51,953)
Due from government and government organizations	(218,420)	500,998
Inventory	(301,257)	(40,606)
Prepaid expenses	266,661	(402,785)
Accounts payable	368,828	297,317
Due to government and government organizations	2,263,582	10,450
Deferred revenue	<u>356,557</u>	<u>39,208</u>
	<u>\$ 2,583,792</u>	<u>\$ 352,629</u>

**SAINT MARY'S FIRST NATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2017**

**17. Expenses by Object**

The following is a summary of expenses by object:

	<u>2017</u>	<u>2016</u>
Salaries, wages, honoraria and pension	\$ 5,560,177	\$ 4,723,177
Tuition	746,650	2,428,670
Professional services	58,990	75,078
Supplies and services	482,440	390,163
Interest and bank charges	23,559	38,179
Travel and training	120,111	103,251
Insurance & health	178,528	151,505
Telephone, utilities, and occupancy costs	193,222	198,137
Repairs and maintenance	804,386	711,982
Social assistance and assisted living	3,208,054	2,831,265
Royalty distributions	3,415,777	3,472,078
Gaming payouts	1,848,391	2,234,320
Other	10,658,025	9,126,040
Retail sales program	34,107,244	33,801,074
Leasing company	642,999	708,808
Amortization	<u>1,686,807</u>	<u>1,114,324</u>
	<u>\$ 63,735,360</u>	<u>\$ 62,108,051</u>

**18. Comparative figures**

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

**SAINT MARY'S FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2017**

**19. Segment Disclosure**

St. Mary's First Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized by departments. For each department the segment revenue and expenses includes both directly attributable amounts and overheads that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as described in the summary of Significant Accounting Policies as described in Note 2. The segment results for the period are as follows

	Education		Health		Economic Development		Housing		Community Services	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<b>Revenues</b>										
Federal Government	\$ 4,630,215	\$ 4,132,442	\$ 1,367,450	\$ 1,304,763	\$ 814,102	\$ 451,525	\$ 1,928,933	\$ 1,636,230	\$ 338,008	\$ 333,675
Provincial Government	243,210	233,500			911,692	750,953				
Economic Activities					41,571,140	43,593,613				
Net income (loss) from investment in St. Mary's										
Economic Development Corporation					508,635	670,921				
Other Revenue	281,142	99,585		33,400	1,092,005	394,764	209,023	164,323		57,591
<b>Total Revenues</b>	<b>5,154,567</b>	<b>4,465,527</b>	<b>1,367,450</b>	<b>1,338,163</b>	<b>44,897,574</b>	<b>45,861,775</b>	<b>2,137,956</b>	<b>1,800,553</b>	<b>338,008</b>	<b>391,266</b>
<b>Expenses</b>										
Salaries and benefits	1,455,892	1,387,360			67,542		56,593	88,971	61,450	295,357
Amortization	58,153	58,409	34,085	34,085	301,731	330,474	617,587	567,789	45,583	26,547
Debt Servicing	352	1,222								
Other Expenses	3,680,507	2,850,150	1,373,182	1,252,625	41,013,839	43,004,513	1,796,762	1,816,502	523,020	451,618
<b>Total Expenses</b>	<b>5,194,903</b>	<b>4,297,141</b>	<b>1,407,267</b>	<b>1,286,710</b>	<b>43,383,112</b>	<b>43,334,987</b>	<b>2,470,942</b>	<b>2,473,262</b>	<b>630,053</b>	<b>773,522</b>
<b>Annual Surplus (Deficit)</b>	<b>\$ (40,336)</b>	<b>\$ 168,386</b>	<b>\$ (39,817)</b>	<b>\$ 51,453</b>	<b>\$ 1,514,463</b>	<b>\$ 2,526,788</b>	<b>\$ (332,986)</b>	<b>\$ (672,709)</b>	<b>\$ (292,045)</b>	<b>\$ (382,256)</b>

19. Segment Disclosure (continued)

	Social Services		Band Government		Other		Consolidated Totals	
	2017	2016	2017	2016	2017	2016	2017	2016
<b>Revenues</b>								
Federal Government	\$ 6,417,307	\$ 5,936,488	\$ 1,192,843	\$ 1,038,869	\$ 550,117	\$ 580,568	\$ 17,238,976	\$ 15,414,560
Provincial Government							1,231,054	1,173,488
Economic Activities			76,152	189,035				
Not income (loss) from investment in St. Mary's					2,540,875	2,348,448	44,112,015	45,942,061
Economic Development Corporation								
Other Revenue	205,106	72,634	538,721	617,390			508,635	670,921
<b>Total Revenues</b>	<b>6,622,413</b>	<b>6,009,122</b>	<b>1,807,717</b>	<b>1,845,294</b>	<b>3,090,992</b>	<b>2,929,016</b>	<b>65,416,677</b>	<b>64,640,716</b>
<b>Expenses</b>								
Salaries and benefits	906,507	471,833	1,074,252	1,006,636	1,179,723	1,037,246	4,801,959	4,287,403
Amortization					55,732	97,690	1,112,871	1,114,994
Debt Servicing			23,151	36,566			23,502	37,788
Other Expenses	4,320,489	4,194,612	1,902,542	1,724,599	1,217,867	1,368,247	57,828,206	56,662,865
<b>Total Expenses</b>	<b>5,226,996</b>	<b>4,666,445</b>	<b>2,999,945</b>	<b>2,767,801</b>	<b>2,453,321</b>	<b>2,503,183</b>	<b>63,766,539</b>	<b>62,103,050</b>
<b>Annual Surplus (Deficit)</b>	<b>\$ 1,395,417</b>	<b>\$ 1,342,677</b>	<b>\$ (1,192,228)</b>	<b>\$ (922,507)</b>	<b>\$ 637,671</b>	<b>\$ 425,833</b>	<b>\$ 1,650,138</b>	<b>\$ 2,537,666</b>

**SAINT MARY'S FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2017**

**20. Government Transfers**

	2017			2016		
	Operating	Capital	Total	Operating	Capital	Total
<b>Federal Government Transfers</b>						
Aboriginal Affairs and Northern Development Canada	\$ 12,531,639	\$ 450,000	\$ 12,981,639	\$ 11,835,584	\$ -	\$ 11,835,584
Health Canada	1,343,115	-	1,343,115	1,304,763	-	1,304,763
Canadian Mortgage and Housing Corporation	310,004	-	310,004	378,830	-	378,830
Department of Fisheries	399,495	150,622	550,117	329,620	216,948	546,568
Aboriginal Skills and Employment Training Strategies	529,092	-	529,092	479,325	-	479,325
RRAP	125,400	-	125,400	36,400	-	36,400
<b>Total Federal Government Transfers</b>	<b>15,238,745</b>	<b>600,622</b>	<b>15,839,367</b>	<b>14,364,522</b>	<b>216,948</b>	<b>14,581,470</b>
<b>Provincial Government Transfers</b>	<b>1,021,334</b>	<b>-</b>	<b>1,021,334</b>	<b>833,038</b>	<b>-</b>	<b>833,038</b>
	<b>\$ 16,260,079</b>	<b>\$ 600,622</b>	<b>\$ 16,860,701</b>	<b>\$ 15,197,560</b>	<b>\$ 216,948</b>	<b>\$ 15,414,508</b>

## REVIEW ENGAGEMENT REPORT

To the Community members of the Saint Mary's First Nation

We have reviewed the schedule of salaries, honoraria and travel paid to Chief and Council of Saint Mary's First Nation for the year ended March 31, 2017. This schedule was prepared in accordance with the instructions in the Indigenous and Northern Affairs Canada Year End Financial Reporting Handbook, 2016-2017. Our review is made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by management of the First Nation.

A review does not constitute an audit and, consequently, we do not express an audit opinion on this schedule.

Based on our review, nothing has come to our attention that causes us to believe that this schedule has not been prepared, in all material respects, in accordance with the instructions in the handbook described above.

This schedule, which has not been, and was not intended to be, prepared in accordance with Canadian generally accepted accounting principles, is solely for the information and use of members of Saint Mary's First Nation and Indigenous and Northern Affairs Canada for the purpose of complying with the Indigenous and Northern Affairs Canada Year End Financial Reporting Handbook, 2016-2017. This schedule was not intended to be and should not be used by anyone other than the specified users or for any other purpose.

*Teed Saunders Doyle*

Fredericton, New Brunswick  
July 25, 2017

CHARTERED PROFESSIONAL ACCOUNTANTS

SAINT MARY'S FIRST NATION

SUPPLEMENTARY INFORMATION

SCHEDULE OF REMUNERATION, HONORARIA, & TRAVEL PAID TO ELECTED OFFICIALS

FOR THE YEAR ENDED MARCH 31, 2017

(Unaudited)

<i>Elected Officials:</i>	<u>Position</u>	<u># of Months*</u>	<u>Salaries/ Fees</u>	<u>Honoraria</u>	<u>Travel</u>	<u>Cell Phone</u>	<u>Total</u>
Candice Paul	Chief Administrator	12	\$ 104,765	\$ 25,500	\$ 5,368	\$ 2,262	\$ 137,895
Walter J. Brooks	Manager SMEC	12	116,991	33,850	31,234	-	182,075
Lisa Howe	Housing Director	12	54,000	33,850	12,136	1,317	101,303
Gina Brooks	-	3	-	1,000	2,425	-	3,425
Suzanne McCoy	Education Worker	9	26,067	32,000	10,595	649	69,311
Shelley Polchies	Recreation Director	12	35,858	33,850	12,880	292	82,880
Anthony Gabriel	-	12	-	33,850	9,425	717	43,992
Leonard Brooks	-	3	-	1,000	3,636	-	4,636
Stephen Meuse	Bus Driver	12	33,735	33,850	18,808	831	87,224
Allan Polchies	Community Planner	12	43,115	33,850	12,764	1,023	90,752
Heather Currie	Teacher/CHSMS	12	67,350	33,850	12,958	853	115,011
Percy Sacobie	Teacher	12	1,950	33,000	9,584	1,200	45,734
Barbara Brown	-	12	3,494	33,850	14,266	1,124	52,734
Millicent Polchies	-	12	2,710	33,850	12,030	542	49,132
Melanie Berube	Youth Addictions	9	22,086	32,850	12,239	825	68,000

\* The number of months during the fiscal year the individual was an elected or appointed official