

**SAINT MARY'S FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019**

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CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

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SAINT MARY'S FIRST NATION

MARCH 31, 2019

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

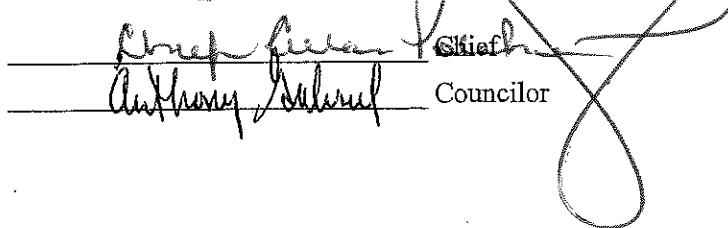
These consolidated financial statements have been prepared by management in accordance with the Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and as such include amounts that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

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

The First Nation 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 First Nation Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the 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 Saint Mary's First Nation and meet when required.


Chief
Anthony, Mervin
Councilor

INDEPENDENT AUDITORS' REPORT

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

Opinion

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, 2019, and the consolidated statements of operations, changes in net debt and cash flows, and schedules for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Saint Mary's First Nation 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.

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 public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Saint Mary's First Nation'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:

Auditor's Responsibilities for the Audit of the Financial Statements

- 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 Saint Mary's First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Saint Mary's First Nation'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 disclosure in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Saint Mary's First Nation 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.

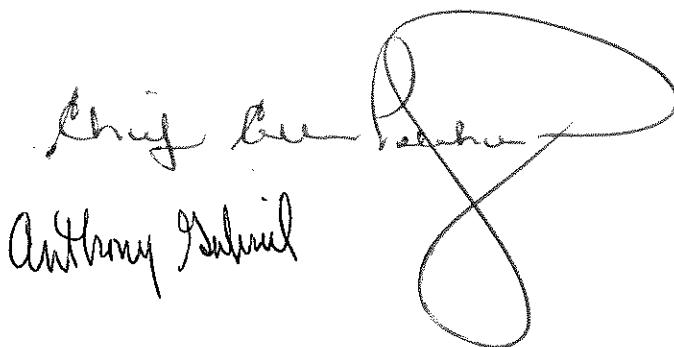
Teed Saunders Doyle

Fredericton, New Brunswick
November 25, 2019

CHARTERED PROFESSIONAL ACCOUNTANTS

SAINT MARY'S FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2019

	<u>2019</u>	<u>2018</u>
FINANCIAL ASSETS		
Cash (note 3)	\$ 16,857,285	\$ 19,800,597
Restricted cash (note 3)	100,370	99,145
Accounts receivable (note 4)	1,406,706	1,524,040
Due from government and government organizations (note 5)	3,688,225	2,687,506
Investment in Saint Mary's Economic Development Corporation (note 13)	3,944,662	3,632,115
Inventory for resale (note 15)	1,010,179	1,210,703
Funds held in trust (note 12)	6,250	6,108
Loans receivable (note 7)	<u>412,050</u>	<u>1,207,859</u>
Total financial assets	<u>27,425,727</u>	<u>30,168,073</u>
LIABILITIES		
Accounts payable and accrued liabilities	10,336,814	7,802,230
Due to government and government organizations (note 8)	783,189	2,168,442
Deferred revenue (note 9)	2,225,865	2,777,868
Long-term debt (note 10)	<u>16,383,652</u>	<u>18,441,459</u>
Total liabilities	<u>29,729,520</u>	<u>31,189,999</u>
NET FINANCIAL ASSETS (NET DEBT)	<u>(2,303,793)</u>	<u>(1,021,926)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (note 6)	42,376,573	38,307,692
Prepaid expenses	<u>341,942</u>	<u>71,755</u>
Total non-financial assets	<u>42,718,515</u>	<u>38,379,447</u>
ACCUMULATED SURPLUS	<u>\$ 40,414,722</u>	<u>\$ 37,357,520</u>



 Anthony Gobin

SAINT MARY'S FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2019

	<u>2019</u> <u>Budget</u>	<u>2019</u> <u>Actual</u>	<u>2018</u> <u>Actual</u>
Revenue			
Indigenous Services Canada (note 14)	\$ 10,510,595	\$ 14,069,851	\$ 13,113,517
Department of Fisheries and Oceans Canada	588,914	349,500	558,603
Canada Mortgage and Housing Corporation	-	1,105,981	982,875
Retail Sales Program Operation	41,932,658	36,061,461	37,355,453
Province of New Brunswick	-	524,267	833,255
Leasing Company	656,279	791,938	787,917
Net income (loss) from investment in Saint Mary's Economic Development Corporation	-	312,546	805,361
First Nations Aboriginal Skills and Employment Strategies	450,033	579,617	598,642
Other	7,686,487	10,971,405	8,765,365
Logging	600,000	675,642	1,394,205
Health Canada	<u>1,288,385</u>	<u>2,997,800</u>	<u>1,365,949</u>
	<u>63,713,351</u>	<u>68,440,008</u>	<u>66,561,142</u>
Expenses			
Band Support	1,876,944	2,789,161	2,791,231
Daycare	-	178,467	81,268
Child and Family Services	1,257,999	3,838,683	2,836,044
Economic Development	90,995	94,491	161,789
Adult Care Services	80,430	99,111	87,020
Fisheries - DFO - AICFI	243,070	71,774	77,293
Band School	1,964,271	2,855,606	2,372,513
Community Public Works	601,200	623,233	578,242
Fisheries - AFS	299,500	319,663	246,319
Fisheries - Other seafood	185,001	269,347	327,484
Fisheries - Lobster	702,740	1,395,368	1,072,616
Own Source Programs	6,816,441	5,610,035	5,879,314
Housing Fund	412,562	1,006,521	780,620
Social Assistance Fund	158,500	2,322,152	2,460,287
Post Secondary Education	3,043,312	2,782,416	2,692,014
First Nations ASETS	550,521	588,152	570,842
Health	1,330,346	1,627,298	1,663,420
Forestry	542,356	512,817	1,171,025
Retail Sales Program Operation	40,963,904	35,110,181	35,316,624
Leasing Company	656,279	670,498	661,057
CMHC Housing	<u>-</u>	<u>527,016</u>	<u>487,554</u>
	<u>61,776,371</u>	<u>63,291,990</u>	<u>62,314,576</u>
Annual Surplus (Deficit) before other expense	1,936,980	5,148,018	4,246,566
Other Expense			
Amortization	<u>1,870,402</u>	<u>2,090,816</u>	<u>1,853,802</u>
Surplus	<u>66,578</u>	<u>3,057,202</u>	<u>2,392,764</u>
Accumulated Surplus - Beginning of Year	<u>37,357,520</u>	<u>37,357,520</u>	<u>34,964,756</u>
Accumulated Surplus - End of Year	<u>\$ 37,424,098</u>	<u>\$ 40,414,722</u>	<u>\$ 37,357,520</u>

SAINT MARY'S FIRST NATION

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (NET DEBT)
FOR THE YEAR ENDED MARCH 31, 2019

	<u>2019</u> <u>Actual</u>	<u>2018</u> <u>Actual</u>
Annual Surplus For The Year	\$ 3,057,202	\$ 2,392,764
Acquisition of tangible capital assets	(6,159,697)	(3,666,371)
Amortization of capital assets	2,090,816	1,853,802
Decrease (increase) in prepaid expenses	<u>(270,189)</u>	<u>302,919</u>
	<u>(4,339,070)</u>	<u>(1,509,650)</u>
(Increase) Decrease In Net Debt	(1,281,868)	883,114
Net Financial Assets (Net Debt) - Beginning Of Year	<u>(1,021,925)</u>	<u>(1,905,039)</u>
Net Financial Assets (Net Debt) - End Of Year	<u>\$(2,303,793)</u>	<u>\$(1,021,925)</u>

SAINT MARY'S FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2019

	<u>2019</u> <u>Actual</u>	<u>2018</u> <u>Actual</u>
Cash Provided By (Required For):		
Operating Activities		
Annual Surplus For The Year	\$ 3,057,202	\$ 2,392,764
Item not affecting cash		
Amortization	<u>2,090,816</u>	<u>1,853,802</u>
	5,148,018	4,246,566
Changes in non-cash operating working capital (note 16)	<u>(355,723)</u>	<u>2,118,462</u>
	<u>4,792,295</u>	<u>6,365,028</u>
Investing Activities		
Additions to tangible capital assets	(6,159,697)	(3,666,371)
Repayment of loan receivable	795,809	768,231
Investment in Saint Mary's Economic Development Corporation	<u>(312,546)</u>	<u>(805,361)</u>
	<u>(5,676,434)</u>	<u>(3,703,501)</u>
Financing Activities		
Repayment of long-term debt	(2,057,807)	(1,634,219)
Proceeds from long-term debt	<u>-</u>	<u>2,302,407</u>
	<u>(2,057,807)</u>	<u>668,188</u>
Increase (Decrease) In Cash During The Year	(2,941,946)	3,329,715
Cash Position At Beginning Of Year	<u>19,905,851</u>	<u>16,576,136</u>
Cash Position At End Of Year	<u>\$ 16,963,905</u>	<u>\$ 19,905,851</u>
 Cash consists of:		
Cash	\$16,857,285	\$19,800,597
Restricted cash	100,370	99,145
Funds held in trust	<u>6,250</u>	<u>6,108</u>
	<u>\$16,963,905</u>	<u>\$19,905,850</u>

SAINT MARY'S FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

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
- Daycare
- 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, 2019

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, 2019

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, 2019

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>2019</u>	<u>2018</u>
Externally restricted		
Moveable assets reserve	\$ 100,370	\$ 99,145
Trust funds held by federal government	<u>6,250</u>	<u>6,108</u>
	<u>106,620</u>	<u>105,253</u>
Unrestricted		
Operating	15,417,024	18,360,336
Guaranteed investment certificates	<u>1,440,261</u>	<u>1,440,261</u>
	<u>16,857,285</u>	<u>19,800,597</u>
Total Cash	\$ 16,963,905	\$ 19,905,850

4. Accounts Receivable

	<u>2019</u>	<u>2018</u>
Due from members:		
Loans	<u>\$ 113,144</u>	<u>\$ 148,915</u>
Due from others:		
Forestry	29,467	70,920
Retail Sales Program	<u>907,284</u>	<u>1,026,517</u>
Other (net of allowance for doubtful accounts)	<u>356,811</u>	<u>277,688</u>
	<u>1,293,562</u>	<u>1,375,125</u>
Total Accounts Receivable	\$ 1,406,706	\$ 1,524,040

SAINT MARY'S FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

5. Due From Government and Government Organizations

	2019	2018
Indigenous Services Canada (2017 - 2018)	\$ 125,000	\$ 346,731
Indigenous Services Canada (2018 - 2019)	979,897	-
Province of New Brunswick, DFO And Other Funding Agencies	2,169,263	1,999,712
Canada Revenue Agency - HST	51,090	56,810
Human Resources and Social Development Canada	-	20,000
Health Canada	<u>362,975</u>	<u>264,253</u>
	<u><u>\$ 3,688,225</u></u>	<u><u>\$ 2,687,506</u></u>

SAINT MARY'S FIRST NATION
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2019

6. Tangible Capital Assets

	Cost			Accumulated Amortization			Net Book Value		
	Opening Balance	Additions	Disposals	Transfers of Assets	Closing Balance	Amortization	Closing Balance	Total 2019	Total 2018
Tangible Capital Assets									
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	10,545,561	3,852,410			14,397,971	\$ 5,170,775	\$ 5,482,531	8,915,440	5,374,786
Residential buildings	44,238,333	2,832,682			1,161,606	45,969,429	16,232,303	17,647,602	28,321,827
Roads	644,006	55,994					552,918	33,315	28,006,050
Furniture and fixtures	2,203,716	181,557				2,385,273	1,823,023	80,112	113,767
Vehicles	41,321	874,332				915,653	795,352	25,339	482,137
Computer equipment	130,341	35,531				165,872	124,196	8,114	94,962
Leasehold improvements	158,323	7,090				165,413	58,124	2,740	820,691
Assets under construction	26,894	40,438				26,895	40,437		78,980
Other equipment	6,949,648	241,176				7,190,824	5,037,501	214,140	5,251,641
Total	\$ 68,101,884	\$ 7,348,198	\$ -	\$ 1,188,501	\$ 74,261,581	\$ 29,794,192	\$ 2,090,816	\$ 31,885,008	\$ 42,376,573
									\$ 38,307,692

SAINT MARY'S FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

7. Loans Receivable

	<u>2019</u>	<u>2018</u>
Loan receivable from Saint Mary's Economic Development Corporation in monthly installments of \$60,906 including principal and interest at 4.6%, 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.	\$ 412,050	\$ 1,106,159
Loan receivable from Saint Mary's Economic Development Corporation in monthly installments of \$5,000 plus interest at prime plus 1%, was due March 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.	60,000	
Loan receivable from Saint Mary's Economic Development Corporation in monthly installments of \$4,633 plus interest at prime plus 1%, was 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.	41,700	
	412,050	1,207,859
Less current portion	<u>412,050</u>	<u>750,588</u>
	\$ -	\$ 457,271

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

2020 \$ 412,050

SAINT MARY'S FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

8. Due to Government and Government Organizations

	<u>2019</u>	<u>2018</u>
Canada Revenue Agency - Payroll	\$ 2,416	\$ 14,355
Indigenous Services Canada	<u>780,773</u>	<u>2,154,087</u>
	<u>\$ 783,189</u>	<u>\$ 2,168,442</u>

9. Deferred Revenue

	<u>Opening Balance</u>	<u>Funding Received</u>	<u>Revenue Recognized</u>	<u>Closing Balance</u>	<u>2019</u>	<u>2018</u>
Consultation Sisson Project	\$ 271,194 500,000	\$ - -	\$ (80,545) (500,000)	\$ 190,649 -	\$ 190,649	\$ 271,194 500,000
Policy	-	29,350	-	29,350	29,350	-
Economic Development	-	47,794	-	47,794	47,794	-
Capacity and Innovation	-	50,000	-	50,000	50,000	-
Child & Family	452,738	1,261,133	(367,921)	1,345,950	1,345,950	452,738
CHMES - Playground Fund	39,740	-	(39,740)	-	-	39,740
Health	1,282,561	327,835	(1,255,000)	355,396	355,396	1,282,561
Retail	133,529	16,951	-	150,480	150,480	133,529
ASETS	51,011	-	(51,011)	-	-	51,011
Other	<u>47,095</u>	<u>9,152</u>	<u>-</u>	<u>56,246</u>	<u>56,246</u>	<u>47,095</u>
	<u>\$ 2,777,868</u>	<u>\$ 1,742,215</u>	<u>\$ (2,294,217)</u>	<u>\$ 2,225,865</u>	<u>\$ 2,225,865</u>	<u>\$ 2,777,868</u>

10. Long-Term Debt

	<u>2019</u>	<u>2018</u>
St. Mary's First Nation		
Loan payable to Canadian Imperial Bank of Commerce in monthly installments of \$60,906 including principal and interest at 4.6%, 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>412,050</u>	<u>1,106,159</u>
Carried forward	\$ 412,050	\$ 1,106,159

SAINT MARY'S FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

10. Long-Term Debt (cont'd)

	<u>2019</u>	<u>2018</u>
Carried forward	\$ 412,050	\$ 1,106,159
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, was due December 2018. Payments on this loan were made directly by St. Mary's Economic Development Corporation to CIBC.	- 41,700	
Loan payable to Canadian Imperial Bank of Commerce in monthly installments of \$5,000 plus interest at prime plus 1%, secured by a general security agreement and guarantee of St. Mary's Economic Development Corporation, was due March 2019. Payments on this loan were made directly by St. Mary's Economic Development Corporation to CIBC.	- 60,000	
Mortgage payable to CIBC Mortgage Corporation including interest at 4.79%, secured by a 4 unit rental property, due May 2021.	18,044	26,253
Loan payable to Scotiabank in monthly installments of \$593 including principal and interest at 2.99%, secured by a vehicle, due March 2021.	13,806	20,406
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.	1,257,024	1,318,403
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.	764,373	793,785
Loan payable to Canadian Imperial Bank of Commerce in monthly installments of \$30,557 plus interest at prime plus .5%, secured by certain property and Band Council Resolution, due February 2029.	3,613,860	3,980,538
Loans payable to Canadian Imperial Bank of Commerce in monthly installments totalling \$4,563 plus interest at 4.00%, secured by 8 houses, due June, 2022.	830,659	824,959
St. Mary's CMHC		
Various mortgages payable to CMHC in monthly installments including interest ranging from 1.52% to 3.13%, secured by houses.	9,473,836	10,014,541

SAINT MARY'S FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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10. Long-Term Debt (cont'd)

	2019	2018
Carried forward	16,383,652	18,186,744
St. Mary's Leasing Company Ltd.		
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., was repaid July 2018.	<u>-</u>	<u>254,715</u>
	<u>\$16,383,652</u>	<u>\$18,441,459</u>
 Less current portion	<u>2,110,126</u>	<u>2,025,710</u>
	<u>\$14,273,526</u>	<u>\$16,415,749</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:

2020	\$ 2,110,126
2021	1,176,778
2022	436,880
2023	1,188,888
2023	366,679

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, 2019.

Liquidity Risk

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

SAINT MARY'S FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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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.

	Opening Balance	Additions	Withdrawals	Closing Balance	2019 Total	2018 Total
Revenue	\$ 4,553	\$ 142	\$ -	\$ 4,695	\$ 4,695	\$ 4,553
Capital	1,555	-	-	1,555	<u>1,555</u>	<u>1,555</u>
Fund Total					<u>\$ 6,250</u>	<u>\$ 6,108</u>

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.

	Retail Sales			2019 Total	2018 Total
	Program Operation	Saint Mary's Leasing Company	SMEDC		
Cash	\$ 5,568,416	\$ 39,467	\$ 1,340,042	\$ 6,947,925	\$ 9,067,229
Accounts receivable	907,284	364,850	759,543	2,031,677	1,353,049
Inventory	1,010,179	-	49,080	1,059,259	1,240,883
Tangible capital assets	2,077,450	5,858,211	2,422,418	10,358,079	8,115,909
Other assets	<u>6,735,325</u>	<u>38,300</u>	<u>981,851</u>	<u>7,755,476</u>	<u>1,214,907</u>
Total assets	<u>\$ 16,298,654</u>	<u>\$ 6,300,828</u>	<u>\$ 5,552,934</u>	<u>\$ 28,152,416</u>	<u>\$ 20,991,977</u>
Accounts payable	\$ 1,042,263	\$ 349,345	\$ 942,393	\$ 2,334,001	\$ 1,881,499
Long-term debt	-	-	603,609	603,609	878,323
Other liabilities	<u>150,480</u>	<u>6,710,615</u>	<u>62,260</u>	<u>6,923,355</u>	<u>5,052,062</u>
Total liabilities	<u>1,192,743</u>	<u>7,059,960</u>	<u>1,608,262</u>	<u>9,860,965</u>	<u>7,811,884</u>
Equity	<u>15,105,911</u>	<u>(759,132)</u>	<u>3,944,672</u>	<u>18,291,451</u>	<u>13,180,093</u>
Total Liabilities and Equity	<u>\$ 16,298,654</u>	<u>\$ 6,300,828</u>	<u>\$ 5,552,934</u>	<u>\$ 28,152,416</u>	<u>\$ 20,991,977</u>
Revenue	<u>\$ 36,061,461</u>	<u>\$ 791,938</u>	<u>\$ 54,011,605</u>	<u>\$ 90,865,004</u>	<u>\$ 90,553,403</u>
Expenses	35,232,455	807,567	53,650,831	89,690,853	87,742,454
Debt servicing	-	3,870	48,228	52,098	118,152
Total Expenses	<u>35,232,455</u>	<u>811,437</u>	<u>53,699,059</u>	<u>89,742,951</u>	<u>87,860,606</u>
Net Income (Loss)	<u>\$ 829,006</u>	<u>\$ (19,499)</u>	<u>\$ 312,546</u>	<u>\$ 1,122,053</u>	<u>\$ 2,692,797</u>

SAINT MARY'S FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

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 \$412,050 on debt owing from Saint Mary's First Nation to Canadian Imperial Bank of Commerce. The loans guaranteed are supported by general security agreements.

14. Reconciliation of Indigenous Services Canada (ISC) Funding

	<u>2019</u>	<u>2018</u>
ISC Funding per Financial Statements	\$ 14,069,851	\$ 13,113,517
Less: prior year deferred revenue in revenue	-	-
Add: current year deferred revenue	<u>935,540</u>	<u>188,680</u>
Total ISC funding per consolidated financial statements	<u>\$ 15,005,391</u>	<u>\$ 13,302,197</u>
Funding per ISC revenue confirmation	<u>\$ 15,005,391</u>	<u>\$ 13,228,822</u>

15. Inventory For Resale

	<u>2019</u>	<u>2018</u>
Retail Sales Program Operation	<u>\$ 1,010,179</u>	<u>\$ 1,210,703</u>

16. Changes In Non-Cash Operating Working Capital

	<u>2019</u>	<u>2018</u>
Accounts receivable	\$ 117,334	\$ (309,897)
Due from government and government organizations	(1,000,719)	(561,003)
Inventory	200,524	110,274
Prepaid expenses	(270,187)	302,919
Accounts payable	2,534,581	665,829
Due to government and government organizations	(1,385,253)	(108,127)
Deferred revenue	<u>(552,003)</u>	<u>2,018,467</u>
	<u>\$ (355,723)</u>	<u>\$ 2,118,462</u>

SAINT MARY'S FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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17. Expenses by Object

The following is a summary of expenses by object:

	<u>2019</u>	<u>2018</u>
Salaries, wages, honoraria and pension	\$ 6,585,715	\$ 5,740,700
Tuition	882,963	655,424
Professional services	156,082	86,274
Supplies and services	738,222	406,126
Interest and bank charges	(72,667)	11,158
Travel and training	86,172	98,268
Insurance & health	212,538	184,521
Telephone, utilities, and occupancy costs	308,828	210,832
Repairs and maintenance	755,602	732,080
Social assistance and assisted living	3,242,079	3,209,858
Royalty distributions	3,166,379	3,520,816
Gaming payouts	2,044,258	2,030,244
Other	9,405,140	9,450,595
Retail sales program	35,110,181	35,316,624
Leasing company	670,498	661,057
Amortization	<u>2,090,816</u>	<u>1,853,802</u>
	<u><u>\$ 65,382,806</u></u>	<u><u>\$ 64,168,379</u></u>

18. Employee future benefits

The First Nation has a defined contribution pension plan for employees into which the First Nation contributes 8.5% of the base salary for each employee (5.5% of which is funded by ISC). During the year, the First Nation funded contributions of \$288,753 (2018 - \$210,989) to the defined contribution pension plan.

19. 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, 2019

20. 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
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>
Revenues					
Federal Government	\$ 4,922,494	\$ 4,785,989	\$ 1,742,800	\$ 1,590,000	\$ 950,625
Provincial Government	125,234	231,117		379,850	765,564
Economic Activities				41,799,489	43,033,765
Net income (loss) from investment in St. Mary's Economic Development Corporation	531,717	204,487	1,255,000	312,546	805,361
Total Revenue	<u>5,579,446</u>	<u>5,221,593</u>	<u>2,997,800</u>	<u>1,590,000</u>	<u>2,396,121</u>
Expenses					
Salaries and benefits	2,030,371	1,757,656	140,884	62,102	95,717
Debt Servicing	3,607,651	3,354,720	1,627,298	41,932,474	42,524,820
Other Expenses					
Total Expenses	<u>5,638,022</u>	<u>5,112,376</u>	<u>1,627,298</u>	<u>1,663,420</u>	<u>42,073,357</u>
Annual Surplus (Deficit) before other expense	<u>\$ (58,576)</u>	<u>\$ 109,217</u>	<u>\$ 1,370,502</u>	<u>\$ (73,420)</u>	<u>\$ 3,630,981</u>
					<u>\$ 3,488,637</u>
					<u>\$ 627,602</u>
					<u>\$ 453,538</u>
					<u>\$ (380,823)</u>
					<u>\$ (325,186)</u>

20. Segment Disclosure (continued)

	Social Services 2019	2018	Band Government 2019	2018	Other 2019	2018	Consolidated Totals 2019	2018
Revenues								
Federal Government	\$ 7,654,095	\$ 6,797,871	\$ 993,811	\$ 1,131,738	\$ 349,500	\$ 558,603	\$ 18,636,075	17,560,880
Provincial Government			69,849	4,041			574,934	1,000,722
Economic Activities					2,446,226	2,888,412	44,245,714	45,922,177
Net income (loss) from investment in St. Mary's Economic Development Corporation								
Other Revenue			53,106	163,809	89,177	65,728	312,546	805,361
Total Revenues	7,654,095	6,797,871	1,116,766	1,301,588	2,884,902	3,512,743	68,440,008	66,361,142
Expenses								
Salaries and benefits	769,312	827,070	1,427,318	1,242,584	1,343,197	1,059,575	5,915,194	5,122,039
Debt Servicing			(72,709)	10,976			(72,709)	10,976
Other Expenses	5,391,524	4,470,852	1,034,550	1,503,439	1,404,240	1,898,927	57,449,506	57,181,562
Total Expenses	6,160,835	5,297,923	2,789,159	2,761,999	2,747,436	2,958,501	63,291,990	62,314,577
Annual Surplus (Deficit) before other expense	\$ 1,493,259	\$ 1,499,949	\$ (1,672,393)	\$ (1,460,411)	\$ 137,466	\$ 554,242	\$ 5,148,018	\$ 4,246,565

SAINT MARY'S FIRST NATION
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2019

21. Government Transfers

	2019			2018		
	Operating	Capital	Total	Operating	Capital	Total
Federal Government Transfers						
Aboriginal Affairs and Northern Development Canada	\$ 14,069,851	\$ 14,069,851	\$ 13,113,517	\$ 13,113,517	\$ 13,113,517	\$ 13,113,517
Health Canada	1,478,888	1,518,912	2,997,800	1,150,949	215,000	1,365,949
Canadian Mortgage and Housing Corporation	320,210		320,210	287,026		287,026
Department of Fisheries and Oceans	349,500		349,500	340,860	217,743	558,603
Aboriginal Skills and Employment Training Strategies RRAP	579,617		579,617	598,642		598,642
	39,100		39,100	186,906		186,906
Total Federal Government Transfers	16,837,166	1,518,912	18,356,078	15,677,900	432,743	16,110,643
Provincial Government Transfers						
	524,267		524,267	833,255		833,255
\$ 17,361,433	\$ 1,518,912	\$ 18,880,345	\$ 16,511,155	\$ 432,743	\$ 16,943,898	