

**SAINT MARY'S FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021**

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FOR THE YEAR ENDED MARCH 31, 2021
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SAINT MARY'S FIRST NATION

MARCH 31, 2021

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.

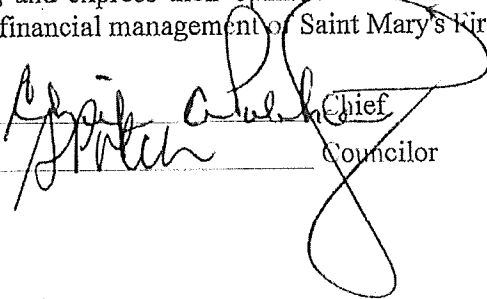
These consolidated financial statements have been prepared by management in accordance with the Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and as such include amounts that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

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, 2021, 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, 2021, 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:

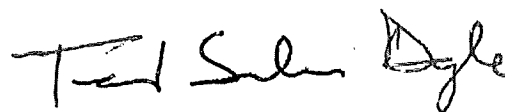
Independent Auditor's Report to the Chief and Band Councillors of Saint Mary's First Nation (continued)

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.

Fredericton, New Brunswick
September 27, 2021



CHARTERED PROFESSIONAL ACCOUNTANTS

SAINT MARY'S FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2021

	<u>2021</u>	<u>2020</u>
FINANCIAL ASSETS		
Cash (note 3)	\$ 9,708,498	\$ 9,839,458
Restricted cash (note 3)	58,823	101,968
Accounts receivable (note 4)	2,169,132	1,685,310
Due from government and government organizations (note 5)	2,058,536	3,282,462
Investment in Saint Mary's Economic Development Corporation (note 12)	4,837,238	4,265,032
Inventory for resale (note 14)	1,627,986	1,148,433
Funds held in trust (note 11)	<u>6,496</u>	<u>6,373</u>
Total financial assets	<u>20,466,709</u>	<u>20,329,036</u>
LIABILITIES		
Accounts payable and accrued liabilities	5,487,437	5,961,669
Due to government and government organizations (note 8)	829,400	812,814
Deferred revenue (note 8)	3,752,708	2,759,053
Long-term debt (note 9)	<u>18,192,287</u>	<u>16,095,250</u>
Total liabilities	<u>28,261,832</u>	<u>25,628,786</u>
NET FINANCIAL ASSETS (NET DEBT)	<u>(7,795,123)</u>	<u>(5,299,750)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (note 6)	47,914,179	44,906,611
Prepaid expenses	<u>391,854</u>	<u>839,793</u>
Total non-financial assets	<u>48,306,033</u>	<u>45,746,404</u>
ACCUMULATED SURPLUS	<u>\$ 40,510,910</u>	<u>\$ 40,446,654</u>

SAINT MARY'S FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2021

	<u>2021</u> <u>Budget</u>	<u>2021</u> <u>Actual</u>	<u>2020</u> <u>Actual</u>
Revenue			
Indigenous Services Canada (note 13)	\$ 8,624,810	\$ 18,510,775	\$ 16,257,085
Department of Fisheries and Oceans Canada	588,914	504,258	349,617
Canada Mortgage and Housing Corporation	-	1,187,553	471,956
Retail Sales Program Operation	41,932,658	38,168,993	34,750,833
Province of New Brunswick	-	2,756,100	1,134,518
Leasing Company	656,279	798,773	776,130
Net income (loss) from investment in Saint Mary's Economic Development Corporation	-	572,206	320,370
Community Helps Program	-	1,466,261	-
First Nations Aboriginal Skills and Employment Strategies	450,033	515,666	540,093
Other	7,686,487	7,597,944	12,618,589
Logging	600,000	823,506	849,965
Health Canada	1,288,385	1,974,670	1,751,480
	<u>61,827,566</u>	<u>74,876,705</u>	<u>69,820,636</u>
Expenses			
Band Support	1,876,944	3,696,484	3,035,415
Daycare	-	89,618	157,882
Child and Family Services	1,257,999	4,115,642	4,021,924
Economic Development	90,995	247,351	99,998
Adult Care Services	80,430	38,007	47,396
Fisheries - DFO - AICFI	243,070	2,408	69,504
Band School	1,964,271	4,407,318	3,871,926
Community Public Works	601,200	884,363	517,396
Fisheries - AFS	299,500	289,978	305,649
Fisheries - Other seafood	185,001	250,352	312,822
Community Helps Program	-	1,822,495	-
Fisheries - Lobster	702,740	1,375,796	1,856,772
Lands Management	-	43,225	14,517
Own Source Programs	6,816,441	6,023,693	6,202,451
Housing Fund	412,562	1,383,638	1,220,038
Social Assistance Fund	158,500	2,276,256	2,463,163
Post Secondary Education	1,525,573	2,681,109	2,773,049
First Nations ASETS	762,381	658,635	698,954
Health	1,330,346	2,392,777	2,286,941
Forestry	542,356	613,407	625,709
Retail Sales Program Operation	40,963,904	37,850,386	35,620,264
Leasing Company	656,279	767,406	633,616
CMHC Housing	-	698,538	536,944
	<u>60,470,492</u>	<u>72,608,882</u>	<u>67,372,330</u>
Annual Surplus (Deficit) before other expense	1,357,074	2,267,823	2,448,306
Other Expense			
Amortization	<u>1,870,402</u>	<u>2,203,567</u>	<u>2,416,374</u>
Surplus (Deficit)	(513,328)	64,256	31,932
Accumulated Surplus - Beginning of Year	<u>40,446,654</u>	<u>40,446,654</u>	<u>40,414,722</u>
Accumulated Surplus - End of Year	<u>\$ 39,933,326</u>	<u>\$ 40,510,910</u>	<u>\$ 40,446,654</u>

SAINT MARY'S FIRST NATION

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

FOR THE YEAR ENDED MARCH 31, 2021

	<u>2021</u> <u>Actual</u>	<u>2020</u> <u>Actual</u>
Annual Surplus (Deficit) For The Year	\$ 64,256	\$ 31,932
Acquisition of tangible capital assets	(5,211,135)	(4,946,412)
Amortization of capital assets	2,203,567	2,416,374
Increase in prepaid expenses	447,939	(497,851)
	(2,559,629)	(3,027,889)
Increase In Net Debt	(2,495,373)	(2,995,957)
Net Debt - Beginning Of Year	(5,299,750)	(2,303,793)
Net Debt - End Of Year	\$(7,795,123)	\$(5,299,750)

SAINT MARY'S FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2021

	<u>2021</u> <u>Actual</u>	<u>2020</u> <u>Actual</u>
Cash Provided By (Required For):		
Operating Activities		
Annual Surplus (Deficit) For The Year	\$ 64,256	\$ 31,932
Item not affecting cash		
Amortization	<u>2,203,567</u>	<u>2,416,374</u>
	2,267,823	2,448,306
Changes in non-cash operating working capital (note 15)	<u>1,244,499</u>	<u>(4,321,278)</u>
	<u>3,512,322</u>	<u>(1,872,972)</u>
Investing Activities		
Additions to tangible capital assets	(5,211,135)	(4,946,412)
Repayment of loan receivable	-	412,050
Investment in Saint Mary's Economic Development Corporation	<u>(572,206)</u>	<u>(320,370)</u>
	<u>(5,783,341)</u>	<u>(4,854,732)</u>
Financing Activities		
Repayment of long-term debt	(675,328)	(1,418,106)
Proceeds from long-term debt	<u>2,772,365</u>	<u>1,129,704</u>
	2,097,037	(288,402)
Decrease In Cash During The Year	(173,982)	(7,016,106)
Cash Position At Beginning Of Year	<u>9,947,799</u>	<u>16,963,905</u>
Cash Position At End Of Year	\$ <u>9,773,817</u>	\$ <u>9,947,799</u>
Cash consists of:		
Cash	\$ 9,708,498	\$ 9,839,458
Restricted cash	58,823	101,968
Funds held in trust	<u>6,496</u>	<u>6,373</u>
	\$ <u>9,773,817</u>	\$ <u>9,947,799</u>

SAINT MARY'S FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

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
- Saint Mary's Community Helps Program

The consolidated statements also include an investment in the Saint Mary's Economic Development Corporation (note 12) 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

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
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, 2021

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, 2021

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>2021</u>	<u>2020</u>
Externally restricted		
Moveable assets reserve	\$ 58,823	\$ 101,968
Trust funds held by federal government	<u>6,496</u>	<u>6,373</u>
	<u>65,319</u>	<u>108,341</u>
Unrestricted		
Operating	8,218,637	8,378,878
Guaranteed investment certificates	<u>1,489,861</u>	<u>1,460,580</u>
	<u>9,708,498</u>	<u>9,839,458</u>
Total Cash	<u>\$ 9,773,817</u>	<u>\$ 9,947,799</u>

4. Accounts Receivable

	<u>2021</u>	<u>2020</u>
Due from members:		
Loans	\$ <u>164,247</u>	\$ <u>168,762</u>
Due from others:		
Forestry	64,821	10,871
Retail Sales Program	905,946	893,716
Other (net of allowance for doubtful accounts)	<u>1,034,118</u>	<u>611,961</u>
	<u>2,004,885</u>	<u>1,516,548</u>
Total Accounts Receivable	<u>\$ 2,169,132</u>	<u>\$ 1,685,310</u>

SAINT MARY'S FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

5. Due From Government and Government Organizations

	<u>2021</u>	<u>2020</u>
Indigenous Services Canada (2017 - 2018)	\$ -	\$ 125,000
Indigenous Services Canada (2018 - 2019)	470,432	475,432
Indigenous Services Canada (2019 - 2020)	14,500	1,243,023
Indigenous Services Canada (2020 - 2021)	598,600	-
Province of New Brunswick, DFO And Other Funding Agencies	872,980	1,144,160
Canada Revenue Agency - HST	20,323	121,968
Health Canada	<u>81,701</u>	<u>172,879</u>
	<u>\$ 2,058,536</u>	<u>\$ 3,282,462</u>

SAINT MARY'S FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

6. Tangible Capital Assets

	Cost			Accumulated Amortization			Net Book Value	
	Opening Balance	Additions	Disposals	Transfers of Assets	Closing Balance	Operating Balance	Amortization on TCA Sold	
							Amortization	Closing Balance
Tangible Capital Assets								
Commercial Land	\$ 642,073				\$ 642,073	\$ -	\$ -	\$ -
Residential Land	1,688,637				1,688,637	-	-	-
Commercial buildings	16,761,859	3,710,493			20,472,352	5,964,438	568,918	6,533,376
Residential buildings	46,574,310	1,145,455		144,876	47,574,889	19,125,482	1,065,053	20,190,535
Roads	700,000				700,000	620,948	24,357	645,305
Furniture and fixtures	2,779,049	97,054			2,876,103	2,028,272	154,995	2,183,267
Vehicles	1,064,366	371,743	1,500		1,434,609	869,374	115,092	982,966
Computer equipment	211,795	84,982			296,777	150,606	26,153	176,759
Leasehold improvements	165,413				165,413	60,864	11,920	72,784
Assets under construction	1,343,056	1,149,734		1,343,056	1,149,734	-	-	-
Other equipment	7,277,435	139,607			7,417,042	5,481,378	237,078	5,718,456
Total	\$ 79,207,993	\$ 6,699,067	\$ 1,500	\$ 1,487,932	\$ 84,417,628	\$ 34,301,382	\$ 1,500	\$ 2,203,567
								\$ 36,503,449
								\$ 47,914,179
								\$ 44,906,611

SAINT MARY'S FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

7. Due to Government and Government Organizations

	<u>2021</u>	<u>2020</u>
Canada Revenue Agency - Payroll	\$ 48,627	\$ 32,041
Indigenous Services Canada	<u>780,773</u>	<u>780,773</u>
	\$ <u>829,400</u>	\$ <u>812,814</u>

8. Deferred Revenue

	<u>Opening Balance</u>	<u>Funding Received</u>	<u>Revenue Recognized</u>	<u>Closing Balance</u>	<u>2021</u>	<u>2020</u>
Consultation	\$ 190,649	\$ -	\$ -	\$ 190,649	\$ 190,649	\$ 190,649
Policy	29,350	-	-	29,350	29,350	29,350
Economic Development	38,812	-	(38,812)	-	-	38,812
Capacity and Innovation	50,000	-	-	50,000	50,000	50,000
Child & Family	1,941,740	571,500	-	2,513,240	2,513,240	1,941,740
Health	261,785	15,164	-	276,949	276,949	261,785
Retail	190,471	149,526	-	339,997	339,997	190,471
Other	56,246	-	-	56,246	56,246	56,246
Water Systems	-	296,277	-	296,277	296,277	-
	<u>\$ 2,759,053</u>	<u>\$ 1,032,467</u>	<u>\$ (38,812)</u>	<u>\$ 3,752,708</u>	<u>\$ 3,752,708</u>	<u>\$ 2,759,053</u>

SAINT MARY'S FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

9. Long-Term Debt

	<u>2021</u>	<u>2020</u>
St. Mary's First Nation		
Loan payable to Canadian Imperial Bank of Commerce for the construction of a new Community Centre which was completed during fiscal 2021. Repayable in monthly installments of \$28,333 plus interest at prime, due February 2031. Secured by a general security agreement and a Borrowing Resolution from Band Council authorizing for \$3,400,000 to build a Community Center.	3,298,780	744,749
Mortgage payable to CIBC Mortgage Corporation including interest at 4.79%, secured by a 4 unit rental property, due May 2021.	1,455	9,946
Loan payable to Scotiabank in monthly installments of \$593 including principal and interest at 2.99%, secured by a vehicle, due March 2021.	-	7,006
Loans payable to Canadian Imperial Bank of Commerce in monthly installments totalling \$7,887 including interest at 4.59%, secured by 14 houses, due November 2024.	1,183,047	1,222,002
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.	717,919	741,603
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.	2,880,502	3,247,181
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.	785,359	808,454
St. Mary's CMHC		
Various mortgages payable to CMHC in monthly installments including interest ranging from 1.52% to 3.13%, secured by houses.	<u>8,838,256</u>	<u>8,929,354</u>
Carried forward	\$17,705,318	\$15,710,295

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10. Long-Term Debt (cont'd)

	<u>2021</u>	<u>2020</u>
Carried forward	\$17,705,318	\$15,710,295
St. Mary's Retail Sales Program Operation		
CIBC demand term loan repayment begins with monthly principal instalments of \$3,333 plus interest at the Prime rate. The loan matures in February 2026.	190,000	-
St. Mary's Leasing Company Ltd.		
Taylor Petroleum loan repayable based on fuel purchases at \$0.02 per litre. The lender has structured the loan based on a 22.50% premium charged at the time of the loan with the per litre payments reducing the balance due monthly. The present value of the liability was estimated by assuming a repayment term of 54 months which results in estimated average monthly repayments of approximately \$10,200 which implies a 9.2% interest rate.	<u>296,969</u>	<u>384,955</u>
	\$18,192,287	\$16,095,250
Less current portion	<u>1,488,066</u>	<u>1,424,657</u>
	<u>\$16,704,221</u>	<u>\$14,670,593</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:

2022	\$ 1,488,066
2023	2,251,542
2024	1,486,579
2025	2,417,500
2026	1,374,161

10. 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, 2021.

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

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FOR THE YEAR ENDED MARCH 31, 2021

11. 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	<u>2021</u> Total	<u>2020</u> Total
Revenue	\$ 4,818	\$ 123	\$ -	\$ 4,941	\$ 4,941	\$ 4,818
Capital	1,555	-	-	1,555	1,555	1,555
Fund Total					<u>\$ 6,496</u>	<u>\$ 6,373</u>

12. 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.

	<u>Retail Sales Program Operation</u>	<u>Saint Mary's Leasing Company</u>	<u>SMEDC</u>	<u>2021</u> Total	<u>2020</u> Total
Cash	\$ 2,503,213	\$ 49,986	\$ 1,746,021	\$ 4,299,220	\$ 3,428,653
Accounts receivable	905,946	4,135	640,573	1,550,654	2,419,421
Inventory	1,627,986	-	67,350	1,695,336	1,198,938
Tangible capital assets	2,458,133	7,570,017	2,395,010	12,423,160	12,750,713
Other assets	8,626,899	31,000	139,224	8,797,123	9,155,566
Total assets	<u>\$ 16,122,177</u>	<u>\$ 7,655,138</u>	<u>\$ 4,988,178</u>	<u>\$ 28,765,493</u>	<u>\$ 28,953,291</u>
Accounts payable	\$ 1,285,863	\$ 99,457	\$ 455,452	\$ 1,840,772	\$ 2,075,649
Long-term debt	190,000	296,969	-	486,969	384,955
Other liabilities	339,997	8,440,350	73,491	8,853,838	9,048,483
Total liabilities	<u>1,815,860</u>	<u>8,836,776</u>	<u>528,943</u>	<u>11,181,579</u>	<u>11,509,087</u>
Equity	<u>14,306,317</u>	<u>(1,181,638)</u>	<u>4,459,235</u>	<u>17,583,914</u>	<u>17,444,204</u>
Total Liabilities and Equity	<u>\$ 16,122,177</u>	<u>\$ 7,655,138</u>	<u>\$ 4,988,178</u>	<u>\$ 28,765,493</u>	<u>\$ 28,953,291</u>
Revenue	<u>\$ 38,168,993</u>	<u>\$ 798,773</u>	<u>\$ 35,103,465</u>	<u>\$ 74,071,231</u>	<u>\$ 90,986,610</u>
Expenses	37,850,386	1,055,851	34,939,261	73,845,498	91,797,263
Debt servicing	-	27,187	-	27,187	36,590
Total Expenses	<u>37,850,386</u>	<u>1,083,038</u>	<u>34,939,261</u>	<u>73,872,685</u>	<u>91,833,853</u>
Net Surplus (Loss)	<u>\$ 318,607</u>	<u>\$ (284,265)</u>	<u>\$ 164,204</u>	<u>\$ 198,546</u>	<u>\$ (847,243)</u>

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13.Reconciliation of Indigenous Services Canada (ISC) Funding

	<u>2021</u>	<u>2020</u>
ISC Funding per Financial Statements	\$ 18,510,775	\$ 16,257,085
Less: prior year deferred revenue in revenue	(38,812)	(47,794)
Add: current year deferred revenue	867,777	634,602
Add: SMEDC ISC Funding for Renovations	499,029	-
Less: Maintenance - Foster Homes - overpayment	(188,435)	-
Total ISC funding per consolidated financial statements	<u>\$ 19,650,334</u>	<u>\$ 16,843,893</u>
Funding per ISC revenue confirmation	<u>\$ 19,650,334</u>	<u>\$ 16,843,893</u>

14.Inventory For Resale

	<u>2021</u>	<u>2020</u>
Retail Sales Program Operation	<u>\$ 1,627,986</u>	<u>\$ 1,148,433</u>

15.Changes In Non-Cash Operating Working Capital

	<u>2021</u>	<u>2020</u>
Accounts receivable	\$ (483,822)	\$ (278,604)
Due from government and government organizations	1,223,926	405,763
Inventory	(479,553)	(138,254)
Prepaid expenses	447,939	(497,851)
Accounts payable	(474,232)	(4,375,145)
Due to government and government organizations	16,586	29,625
Deferred revenue	<u>993,655</u>	<u>533,188</u>
	<u>\$ 1,244,499</u>	<u>\$(4,321,278)</u>

SAINT MARY'S FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

16. Expenses by Object

The following is a summary of expenses by object:

	<u>2021</u>	<u>2020</u>
Salaries, wages, honoraria and pension	\$ 7,667,148	\$ 7,408,062
Tuition	804,072	928,514
Professional services	163,314	153,163
Supplies and services	1,401,633	716,734
Travel and training	92,238	165,707
Insurance & health	289,626	227,109
Telephone, utilities, and occupancy costs	520,688	394,865
Repairs and maintenance	1,095,286	952,074
Social assistance and assisted living	3,434,022	3,462,827
Royalty distributions	2,659,842	3,376,837
Gaming payouts	2,044,258	2,044,258
Other	13,897,238	11,288,300
Retail sales program	37,772,111	35,620,264
Leasing company	<u>767,406</u>	<u>633,616</u>
	72,608,882	67,372,330
Amortization	<u>2,203,567</u>	<u>2,416,374</u>
	<u>\$ 74,812,449</u>	<u>\$ 69,788,704</u>

17. 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 \$400,176 (2020 - \$351,540) to the defined contribution pension plan.

18. Significant Event

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial assets and condition of St. Mary's First Nation in future periods.

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, 2021

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	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Revenues										
Federal Government	\$ 6,973,895	\$ 5,925,375	\$ 1,974,670	\$ 1,657,869	\$ 749,089	\$ 612,291	\$ 748,588	\$ 991,642	\$ 440,796	\$ 434,308
Provincial Government	-	295,808			955,100	784,279				
Economic Activities					43,692,634	40,357,846				
Net income (loss) from investment in St. Mary's Corporation					572,206	320,370				
Economic Development					2,315,472	3,281,348	1,418,728	1,776,618		
Other Revenue	816,169	584,376		93,611						
Total Revenues	7,790,064	6,805,559	1,974,670	1,751,480	48,284,501	45,356,135	2,167,316	2,768,260	440,796	434,308
Expenses										
Salaries and benefits	3,517,343	3,012,239			444,039	502,121	149,198	158,358	15,661	58,103
Debt Servicing							223,045	298,591		
Other Expenses	3,570,993	3,632,738	2,392,777	2,286,941	46,925,927	42,753,162	1,709,933	1,300,033	906,710	506,689
Total Expenses	7,088,336	6,644,976	2,392,777	2,286,941	47,369,966	43,255,283	2,082,176	1,756,982	922,370	564,792
Annual Surplus (Deficit)	\$ 701,728	\$ 160,583	\$ (418,106)	\$ (535,461)	\$ 914,535	\$ 2,100,852	\$ 85,140	\$ 1,011,278	\$ (481,574)	\$ (130,484)

SAINT MARY'S FIRST NATION
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20. Segment Disclosure (continued)

	Social Services 2021	Social Services 2020	Band Government 2021	Band Government 2020	Other 2021	Other 2020	Consolidated Totals 2021	Consolidated Totals 2020
Revenues								
Federal Government	\$ 8,805,242	\$ 7,994,175	\$ 1,794,352	\$ 1,251,522	\$ 504,258	\$ 354,907	\$ 21,990,889	\$ 19,222,089
Provincial Government			1,000	54,430			956,100	1,134,518
Economic Activities					2,387,475	2,822,570	46,080,109	43,180,416
Net income (loss) from investment in St. Mary's Economic Development Corporation			638,643	175,188	88,389	52,102	572,206	320,370
Other Revenue							5,277,401	5,963,243
Total Revenues	8,805,242	7,994,175	2,433,994	1,481,140	2,980,122	3,229,579	74,876,705	69,820,636
Expenses								
Salaries and benefits	612,885	607,369	1,673,945	1,643,789	1,173,163	1,559,687	7,586,234	7,541,664
Debt Servicing							223,045	298,591
Other Expenses	5,779,013	5,877,717	2,022,539	1,391,624	3,695,278	4,199,543	67,003,169	61,948,448
Total Expenses	6,391,899	6,485,087	3,696,484	3,035,413	4,868,441	5,759,230	74,812,448	69,788,704
Annual Surplus (Deficit)	\$ 2,413,343	\$ 1,509,088	\$ (1,262,490)	\$ (1,554,273)	\$ (1,888,320)	\$ (2,529,651)	\$ 64,256	\$ 31,932

21. Government Transfers

Provincial Government Transfers