

**SAINT MARY'S FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022**

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FOR THE YEAR ENDED MARCH 31, 2022
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SAINT MARY'S FIRST NATION

MARCH 31, 2022

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.

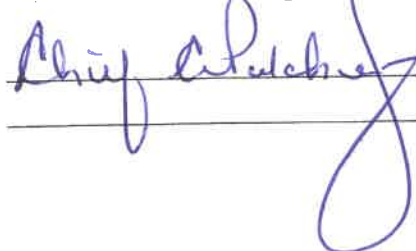
These consolidated financial statements have been prepared by management in accordance with the Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and as such include amounts that 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, 2022, 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, 2022, 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.

Teed Saunders Doyle

Fredericton, New Brunswick
January 31, 2023

CHARTERED PROFESSIONAL ACCOUNTANTS

SAINT MARY'S FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2022

	<u>2022</u>	<u>2021</u> <i>Restated</i>
FINANCIAL ASSETS		
Cash (note 3)	\$ 15,932,415	\$ 9,703,801
Restricted cash (note 3)	58,820	58,823
Accounts receivable (note 4)	1,743,376	2,169,132
Due from government and government organizations (note 5)	2,813,931	2,058,536
Investment in Saint Mary's Economic Development Corporation (note 13)	5,190,108	4,837,238
Inventory for resale (note 15)	1,391,688	1,627,986
Funds held in trust (note 12)	6,621	6,496
Total financial assets	<u>27,136,959</u>	<u>20,462,012</u>
LIABILITIES		
Accounts payable and accrued liabilities	6,206,552	5,529,147
Due to government and government organizations (note 7)	1,527,596	829,400
Deferred revenue (note 8)	5,742,747	3,752,708
Long-term debt (note 9)	<u>19,064,800</u>	<u>19,570,953</u>
Total liabilities	<u>32,541,695</u>	<u>29,682,208</u>
NET FINANCIAL ASSETS (NET DEBT)	<u>(5,404,736)</u>	<u>(9,220,196)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (note 6)	52,574,824	49,305,733
Prepaid expenses	473,480	391,854
Total non-financial assets	<u>53,048,304</u>	<u>49,697,587</u>
ACCUMULATED SURPLUS	<u>\$ 47,643,568</u>	<u>\$ 40,477,391</u>

SAINT MARY'S FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2022

	<u>2022</u> <u>Budget</u> <u>Unaudited</u>	<u>2022</u> <u>Actual</u>	<u>2021</u> <u>Actual</u> <u>Restated</u>
Revenue			
Indigenous Services Canada (note 14)	\$ 8,624,810	\$ 33,333,456	\$ 18,510,775
Department of Fisheries and Oceans Canada	588,914	102,385	504,258
Canada Mortgage and Housing Corporation	-	1,550,998	1,187,553
Retail Sales Program Operation	41,932,658	41,077,580	38,168,993
Province of New Brunswick	1,036,721	1,281,842	2,756,100
Leasing Company	656,279	833,393	798,773
Net income from investment in Saint Mary's Economic Development Corporation	-	352,870	572,206
Community Helps Program	-	3,726,229	1,466,261
First Nations Indigenous Skills and Employment Training Program	450,033	647,063	515,666
Other	7,686,487	7,340,355	7,597,944
Logging	600,000	886,935	823,506
Health Canada	<u>1,288,385</u>	<u>3,042,954</u>	<u>1,974,670</u>
	<u>62,864,287</u>	<u>94,176,060</u>	<u>74,876,705</u>
Expenses			
Band Support	1,876,944	4,456,790	3,696,484
Daycare	-	74,775	89,618
Child and Family Services	1,257,999	6,220,315	4,115,642
Economic Development	90,995	63,127	247,351
Adult Care Services	80,430	101,891	38,007
Fisheries - DFO - AICFI	243,070	325	2,408
Band School	1,964,271	4,800,400	4,407,318
Community Public Works	601,200	730,489	884,363
Fisheries - AFS	299,500	236,827	289,978
Fisheries - Other seafood	185,001	430,716	250,352
Community Helps Program	-	3,815,513	1,822,495
Fisheries - Lobster	702,740	1,645,995	1,375,796
Lands Management	-	79,934	43,225
Own Source Programs	6,816,441	6,992,531	5,922,093
Housing Fund	412,562	962,880	1,383,638
Social Assistance Fund	158,500	2,377,168	2,377,856
Post Secondary Education	1,525,573	3,534,205	2,681,109
First Nations ISETS	709,078	768,737	658,635
Health	1,330,346	2,559,499	2,392,777
Forestry	542,356	634,948	613,407
Retail Sales Program Operation	40,963,904	42,004,869	37,850,386
Leasing Company	656,279	741,062	767,406
CMHC Housing	-	592,744	727,914
	<u>60,417,189</u>	<u>83,825,740</u>	<u>72,638,258</u>
Annual Surplus before other expense	2,447,098	10,350,320	2,238,447
Other Expense			
Amortization	<u>1,870,402</u>	<u>3,184,143</u>	<u>2,203,567</u>
Surplus	576,696	7,166,177	34,880
Accumulated Surplus - Beginning of Year	<u>40,477,391</u>	<u>40,477,391</u>	<u>40,442,511</u>
Accumulated Surplus - End of Year	<u>\$ 41,054,087</u>	<u>\$ 47,643,568</u>	<u>\$ 40,477,391</u>

SAINT MARY'S FIRST NATION

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

FOR THE YEAR ENDED MARCH 31, 2022

	<u>2022</u> <u>Actual</u>	<u>2021</u> <u>Actual</u> <u>Restated</u>
Annual Surplus For The Year	\$ 7,166,177	\$ 34,880
Acquisition of tangible capital assets	(6,453,234)	(5,211,135)
Amortization of capital assets	3,184,143	2,203,567
Decrease (increase) in prepaid expenses	(81,626)	447,939
	(3,350,717)	(2,559,629)
Decrease (Increase) In Net Debt	3,815,460	(2,524,749)
Net Debt - Beginning Of Year	(9,220,196)	(6,695,447)
Net Debt - End Of Year	\$(5,404,736)	\$(9,220,196)

SAINT MARY'S FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2022

	<u>2022</u> <u>Actual</u>	<u>2021</u> <u>Actual</u> <u>Restated</u>
Cash Provided By (Required For):		
Operating Activities		
Annual Surplus For The Year	\$ 7,166,177	\$ 34,880
Item not affecting cash		
Amortization	<u>3,184,143</u>	<u>2,203,567</u>
	10,350,320	2,238,447
Changes in non-cash operating working capital (note 16)	<u>3,190,674</u>	<u>1,320,445</u>
	<u>13,540,994</u>	<u>3,558,892</u>
Investing Activities		
Additions to tangible capital assets	(6,453,234)	(5,211,135)
Investment in Saint Mary's Economic Development Corporation	<u>(352,870)</u>	<u>(572,206)</u>
	<u>(6,806,104)</u>	<u>(5,783,341)</u>
Financing Activities		
Repayment of long-term debt	(1,569,457)	(720,222)
Proceeds from long-term debt	<u>1,063,303</u>	<u>2,772,365</u>
	<u>(506,154)</u>	<u>2,052,143</u>
Increase (Decrease) In Cash During The Year	6,228,736	(172,306)
Cash Position At Beginning Of Year	<u>9,769,120</u>	<u>9,941,426</u>
Cash Position At End Of Year	<u>\$ 15,997,856</u>	<u>\$ 9,769,120</u>
Cash consists of:		
Cash	\$15,932,415	\$ 9,703,801
Restricted cash	58,820	58,823
Funds held in trust	<u>6,621</u>	<u>6,496</u>
	<u>\$15,997,856</u>	<u>\$ 9,769,120</u>

SAINT MARY'S FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

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.
- Indigenous Skills and Employment Training Program
- 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 13) using the modified equity method.

SAINT MARY'S FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

2. Significant Accounting Policies (cont'd)

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.

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.

SAINT MARY'S FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

2. Significant Accounting Policies (cont'd)

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.

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.

SAINT MARY'S FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

2. Significant Accounting Policies (cont'd)

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.

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>2022</u>	<u>2021</u>
Externally restricted		
Moveable assets reserve	\$ 58,820	\$ 58,823
Trust funds held by federal government	<u>6,621</u>	<u>6,496</u>
	<u>65,441</u>	<u>65,319</u>
Unrestricted		
Operating	15,926,577	8,213,940
Guaranteed investment certificates	<u>5,838</u>	<u>1,489,861</u>
	<u>15,932,415</u>	<u>9,703,801</u>
Total Cash	<u>\$ 15,997,856</u>	<u>\$ 9,769,120</u>

SAINT MARY'S FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

4. Accounts Receivable

	<u>2022</u>	<u>2021</u>
Due from members:		
Loans	\$ 168,798	\$ 164,247
Due from others:		
Forestry	128,746	64,821
Retail Sales Program	940,919	905,946
Other (net of allowance for doubtful accounts)	<u>504,913</u>	<u>1,034,118</u>
	<u>1,574,578</u>	<u>2,004,885</u>
Total Accounts Receivable	<u>\$ 1,743,376</u>	<u>\$ 2,169,132</u>

5. Due From Government and Government Organizations

	<u>2022</u>	<u>2021</u>
Indigenous Services Canada (2018 - 2019)	\$ -	\$ 470,432
Indigenous Services Canada (2019 - 2020)	14,500	14,500
Indigenous Services Canada (2020 - 2021)	23,600	598,600
Indigenous Services Canada (2021 - 2022)	1,955,098	-
Province of New Brunswick, DFO And Other Funding Agencies	693,384	872,980
Canada Revenue Agency - HST	36,228	20,323
Health Canada	<u>91,121</u>	<u>81,701</u>
	<u>\$ 2,813,931</u>	<u>\$ 2,058,536</u>

6. Tangible Capital Assets

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SAINT MARY'S FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

7. Due to Government and Government Organizations

	<u>2022</u>	<u>2021</u>
Canada Revenue Agency - Payroll	\$ 114,308	\$ 48,627
Indigenous Services Canada	<u>1,413,288</u>	<u>780,773</u>
	<u>\$ 1,527,596</u>	<u>\$ 829,400</u>

8. Deferred Revenue

	<u>Opening Balance</u>	<u>Funding Received</u>	<u>Revenue Recognized</u>	<u>Closing Balance</u>	<u>2022</u>	<u>2021</u>
Consultation	\$ 190,649	\$ -	\$ -	\$ 190,649	\$ 190,649	\$ 190,649
Policy	29,350	-	-	29,350	29,350	29,350
Municipal Services	-	465,576	-	465,576	465,576	-
Capacity and Innovation	50,000	-	-	50,000	50,000	50,000
Child & Family	2,513,240	-	(1,000,000)	1,513,240	1,513,240	2,513,240
CMHC Rapid Housing Initiative	-	2,151,473	-	2,151,473	2,151,473	-
Health	276,949	116,151	(215,544)	177,556	177,556	276,949
Retail	339,997	-	(28,221)	311,776	311,776	339,997
Other	56,246	500,604	-	556,850	556,850	56,246
Water Systems	<u>296,277</u>	<u>-</u>	<u>-</u>	<u>296,277</u>	<u>296,277</u>	<u>296,277</u>
	<u>\$ 3,752,708</u>	<u>\$ 3,233,804</u>	<u>\$(1,243,765)</u>	<u>\$ 5,742,747</u>	<u>\$ 5,742,747</u>	<u>\$ 3,752,708</u>

SAINT MARY'S FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

9. Long-Term Debt

	<u>2022</u>	<u>2021</u> <u>Restated</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.	2,958,780	3,298,780
Loan payable to Canadian Imperial Bank of Commerce repayable in monthly installments of 8,861 plus interest at prime, due December 1, 2031. Secured by a general security agreement and a Borrowing Resolution from Band Council authorizing for \$1,400,000 to assist the Nation with infrastructure for the new housing sub division.	1,036,721	-
Mortgage payable to CIBC Mortgage Corporation including interest at 4.79%, secured by a 4 unit rental property, due May 2021.	-	1,455
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.	1,142,174	1,183,047
Loans payable to Canadian Imperial Bank of Commerce in monthly installments totalling \$3,602 including interest at 1.76%, secured by 8 houses, due April 2028.	687,581	717,919
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.	2,513,824	2,880,502
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.	760,856	785,359
St. Mary's CMHC		
Various mortgages payable to CMHC in monthly installments including interest ranging from .43% to 2.70%, secured by houses.	<u>9,639,193</u>	<u>10,216,922</u>
Carried forward	\$18,739,129	\$19,083,984

SAINT MARY'S FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

9. Long-Term Debt (cont'd)

	<u>2022</u>	<u>2021</u> <i>Restated</i>
Carried forward	\$18,739,129	\$19,083,984
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.	146,667	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>179,004</u>	<u>296,969</u>
	\$19,064,800	\$19,570,953
Less current portion	<u>5,936,285</u>	<u>1,488,066</u>
	<u>\$13,128,515</u>	<u>\$18,082,887</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:

2023	\$ 5,936,285
2024	2,555,777
2025	4,047,410
2026	1,040,101
2027	2,515,906

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, 2022.

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
FOR THE YEAR ENDED MARCH 31, 2022

11. Prior year restatement

The prior year comparative figures have been restated for CMHC housing assets and their corresponding mortgages that had not been recorded. The impact of these restatements results in the following increases (decreases) to the prior year comparative figures.

Liabilities

Cash	\$ (4,697)
Accounts payable	\$ 41,713
Long-term debt	\$ 1,378,666

Non-financial assets

Tangible capital assets	\$ 1,391,554
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Accumulated surplus

Accumulated surplus, beginning of year	\$ (4,143)
Surplus (deficit)	<u>(29,376)</u>
Accumulated surplus, end of year	\$ <u>(33,519)</u>

SAINT MARY'S FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

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	2022 Total	2021 Total
Revenue	\$ 4,941	\$ 125	\$ -	\$ 5,066	\$ 5,066	\$ 4,941
Capital	1,555	-	-	1,555	1,555	1,555
Fund Total					\$ 6,621	\$ 6,496

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 Program Operation	Saint Mary's Leasing Company	SMEDC	2022 Total	2021 Total
Cash	\$ 1,442,943	\$ (21,543)	\$ 2,115,659	\$ 3,537,059	\$ 3,428,653
Accounts receivable	940,919	71,277	693,281	1,705,477	2,419,421
Inventory	1,391,688	-	67,130	1,458,818	1,198,938
Tangible capital assets	2,401,028	10,203,136	3,164,095	15,768,259	12,750,713
Other assets	8,885,203	15,300	142,583	9,043,086	9,155,566
Total assets	\$ 15,061,781	\$ 10,268,170	\$ 6,182,748	\$ 31,512,699	\$ 28,953,291
Accounts payable	\$ 1,606,799	\$ 43,790	\$ 660,039	\$ 2,310,628	\$ 2,075,649
Long-term debt	146,667	179,004	36,667	362,338	384,955
Other liabilities	311,776	11,437,850	224,452	11,974,078	9,048,483
Total liabilities	2,065,242	11,660,644	921,158	14,647,044	11,509,087
Equity	12,996,539	(1,392,474)	5,261,590	16,865,655	17,444,204
Total Liabilities and Equity	\$ 15,061,781	\$ 10,268,170	\$ 6,182,748	\$ 31,512,699	\$ 28,953,291
Revenue	\$ 41,077,580	\$ 833,393	\$ 30,424,430	\$ 72,335,403	\$ 90,986,610
Expenses	42,084,894	1,021,727	29,592,076	72,698,697	91,797,263
Debt servicing	-	22,502	-	22,502	36,590
Total Expenses	42,084,894	1,044,229	29,592,076	72,721,199	91,833,853
Net Surplus (Loss)	\$ (1,007,314)	\$ (210,836)	\$ 832,354	\$ (385,796)	\$ (847,243)

SAINT MARY'S FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

14. Reconciliation of Indigenous Services Canada (ISC) Funding

	<u>2022</u>	<u>2021</u> <i>(Restated)</i>
ISC Funding per Financial Statements	\$ 33,333,456	\$ 18,510,775
Less: prior year deferred revenue in revenue	(1,000,000)	(38,812)
Add: current year deferred revenue	966,180	867,777
Add: SMEDC ISC Funding for Renovations	537,847	499,029
Add: Provincial Tuition - Overpayment	630,610	-
Less: Maintenance - Foster Homes - underpayment	(1,623,414)	-
Less: Maintenance - Foster Homes - overpayment	<u>-</u>	<u>(188,435)</u>
Total ISC funding per consolidated financial statements	<u>\$ 32,844,679</u>	<u>\$ 19,650,334</u>
Funding per ISC revenue confirmation	<u>\$ 32,844,679</u>	<u>\$ 19,650,334</u>

15. Inventory For Resale

	<u>2022</u>	<u>2021</u>
Retail Sales Program Operation	\$ <u>1,391,688</u>	\$ <u>1,627,986</u>

16. Changes In Non-Cash Operating Working Capital

	<u>2022</u>	<u>2021</u> <i>Restated</i>
Accounts receivable	\$ 425,756	\$ (483,822)
Due from government and government organizations	(755,395)	1,223,926
Inventory	236,298	(479,553)
Prepaid expenses	(81,626)	447,939
Accounts payable	677,406	(398,286)
Due to government and government organizations	698,196	16,586
Deferred revenue	<u>1,990,039</u>	<u>993,655</u>
	<u>\$ 3,190,674</u>	<u>\$ 1,320,445</u>

SAINT MARY'S FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

17. Expenses by Object

The following is a summary of expenses by object:

	<u>2022</u>	<u>2021</u> <i>Restated</i>
Salaries, wages, honoraria and pension	\$10,500,782	\$ 7,667,148
Tuition	1,051,079	804,072
Professional services	375,835	163,314
Supplies and services	1,399,331	1,401,633
Travel and training	131,102	92,238
Insurance & health	243,429	289,626
Telephone, utilities, and occupancy costs	467,385	520,688
Repairs and maintenance	1,005,658	1,095,286
Social assistance and assisted living	2,833,035	3,434,022
Royalty distributions	3,036,855	2,659,842
Gaming payouts	2,044,258	2,044,258
Other	18,156,997	13,926,614
Retail sales program	41,838,932	37,772,111
Leasing company	<u>741,062</u>	<u>767,406</u>
	83,825,740	72,638,258
Amortization	<u>3,184,143</u>	<u>2,203,567</u>
	<u>\$ 87,009,883</u>	<u>\$ 74,841,825</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 \$468,554 (2021 - \$400,176) to the defined contribution pension plan.

19. 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.

20. 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, 2022

21. 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	
	2022	2021 (Restated)	2022	2021 (Restated)	2022	2021 (Restated)	2022	2021 (Restated)	2022	2021 (Restated)
Revenues										
Federal Government	\$ 7,624,756	\$ 6,973,895	\$ 3,062,307	\$ 1,974,670	\$ 740,670	\$ 749,089	\$ 1,104,542	\$ 748,588	\$ 487,845	\$ 440,796
Provincial Government	256,146	-			1,025,695	2,755,100				
Economic Activities					48,483,174	43,692,634				
Net income (loss) from investment in St. Mary's										
Economic Development Corporation					352,870	572,206				
Other Revenue	1,464,144	816,169			176,351	515,472	1,098,440	1,418,728		
Total Revenues	9,345,047	7,790,064	3,062,307	1,974,670	50,778,760	48,284,501	2,202,982	2,167,316	487,845	440,796
Expenses										
Salaries and benefits	3,912,042	3,517,343	1,401,205		954,592	444,039	220,453	149,198	26,023	15,661
Debt Servicing							97,838	223,045		
Other Expenses	4,421,198	3,570,993	1,158,293	2,392,777	53,431,245	46,925,927	1,237,332	1,739,309	806,367	906,710
Total Expenses	8,333,240	7,088,336	2,559,498	2,392,777	54,385,838	47,369,966	1,555,623	2,111,552	832,391	922,370
Annual Surplus (Deficit)	\$ 1,011,807	\$ 701,728	\$ 502,808	\$ (418,106)	\$ (3,607,078)	\$ 914,535	\$ 647,359	\$ 55,764	\$ (344,546)	\$ (481,574)

SAINT MARY'S FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

21. Segment Disclosure (continued)

	Social Services 2022	2021 (Restated)	Band Government 2022	2021 (Restated)	Other 2022	2021 (Restated)	Consolidated Totals 2022	2021 (Restated)
Revenues								
Federal Government	\$ 11,896,053	\$ 8,805,242	\$ 12,914,414	\$ 1,794,352	\$ 104,290	\$ 504,258	\$ 37,934,878	\$ 21,990,889
Provincial Government				1,000			1,281,842	2,756,100
Economic Activities					2,814,994	2,387,475	51,298,168	46,080,109
Net income (loss) from investment in St. Mary's								
Economic Development Corporation			428,143	638,643	139,724	88,389	352,870	572,206
Other Revenue	1,500						3,308,303	3,477,401
Total Revenues	11,897,553	8,805,242	13,342,557	2,433,994	3,059,009	2,980,122	94,176,060	74,876,705
Expenses								
Salaries and benefits	740,442	612,885	1,731,830	1,673,945	1,525,492	1,173,163	10,512,080	7,586,234
Debt Servicing			90,300				188,137	223,045
Other Expenses	7,857,039	5,779,013	2,634,659	2,022,539	4,763,531	3,695,278	76,309,666	67,032,545
Total Expenses	8,597,482	6,391,899	4,456,789	3,696,484	6,289,023	4,868,441	87,009,883	74,841,824
Annual Surplus (Deficit)	\$ 3,300,072	\$ 2,413,343	\$ 8,885,768	\$ (1,262,490)	\$ (3,230,014)	\$ (1,888,320)	\$ 7,166,177	\$ 34,880

**SAINT MARY'S FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022**

22. Government Transfers

	2022			2021 (Restated)		
	Operating	Capital	Total	Operating	Capital	Total
Federal Government Transfers						
Indigenous Services Canada	\$ 29,383,067	\$ 3,950,389	\$ 33,333,456	\$ 17,780,199	\$ 730,576	\$ 18,510,775
Health Canada	3,042,954	-	3,042,954	1,974,670	-	1,974,670
Canadian Mortgage and Housing Corporation	730,198	-	730,198	366,753	-	366,753
Department of Fisheries	102,385	-	102,385	451,258	53,000	504,258
Indigenous Skills and Employment Training Strategies	647,063	-	647,063	515,666	-	515,666
Child and Family Reimbursements	78,821	-	78,821	-	-	-
Total Federal Government Transfers	33,984,489	3,950,389	37,934,878	21,088,546	783,576	21,872,122
Provincial Government Transfers	1,281,842	-	1,281,842	2,756,100	-	2,756,100
	\$ 35,266,331	\$ 3,950,389	\$ 39,216,720	\$ 23,844,646	\$ 783,576	\$ 24,628,222

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, 2022. This schedule was prepared in accordance with the instructions in the Indigenous Services Canada Year End Financial Reporting Handbook, 2021-2022. 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 Services Canada Year End Financial Reporting Handbook, 2021-2022. This schedule was not intended to be and should not be used by anyone other than the specified users or for any other purpose.

Fredericton, New Brunswick
January 31, 2023

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, 2022
(Unaudited)

<i>Elected Official</i>	<i>Position</i>	<i># of Months*</i>	<i>Salaries/ Fees</i>	<i>Honoraria</i>	<i>Travel</i>	<i>Cell Phone</i>	<i>Total</i>
Chief Allan Polchies	Chief	12	\$ 104,000	\$ 35,600	\$ 3,616	\$ 781	\$ 143,997
Shelley Polchies	Recreation Director	12	49,807	35,600	4,901	-	90,308
Stephen Meuse	School Bus Driver	12	40,567	35,600	4,645	698	81,510
Evan Sacobie	Healing House Coordinator	12	38,851	35,600	3,546	864	78,861
Heather Currie	Teacher/CHSME/K4S	12	87,854	35,600	4,615	816	128,885
Barbara Brown	Provincial Teacher	12	-	35,600	4,677	863	41,140
Millicent Polchies	Interim Retail Sales Director	12	61,208	35,600	3,320	429	100,557
Montgomery Paul	-	12	-	35,600	4,069	611	40,280
Percey Sacobie	Education Director	12	83,360	35,600	3,115	977	123,052
Michael Bear	SMEC Security	12	37,152	35,600	4,345	-	77,097
Shannon Polches	JEDI	12	493	35,600	3,908	308	40,309
Erica Paul	Director of Housing	12	44,533	35,600	3,676	853	84,662
Barb Paul	Health Center	12	47,356	35,600	3,514	875	87,345
Totals			\$ 595,181	\$ 462,800	\$ 51,947	\$ 8,075	\$1,118,003

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