

**SAINT MARY'S FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023**

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FOR THE YEAR ENDED MARCH 31, 2023

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SAINT MARY'S FIRST NATION

MARCH 31, 2023

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.

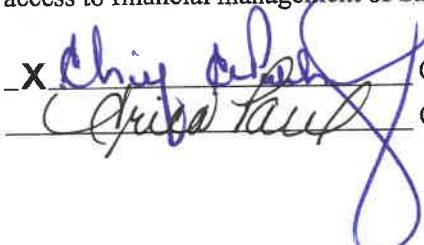
These consolidated financial statements have been prepared by management in accordance with the Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and as such include amounts that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


X *Chief*
Adrienne Paul *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, 2023, 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, 2023, and the results of its operations and its cash flow for the year then ended in accordance with Canadian public sector accounting standards.

Other Matters

Previously issued financial statements dated March 17, 2024 are now superseded and withdrawn by the issuance of these financial statements due to a correction of deferred revenue.

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

CHARTERED PROFESSIONAL ACCOUNTANTS

Fredericton, New Brunswick
January 14, 2025

SAINT MARY'S FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2023

	<u>2023</u>	<u>2022</u>
		<i>Restated</i>
FINANCIAL ASSETS		
Cash (note 3)	\$ 10,733,357	\$ 16,372,110
Restricted cash (note 3)	58,820	58,820
Accounts receivable (note 4)	1,636,519	1,743,376
Due from government and government organizations (note 5)	11,042,743	2,813,931
Investment in Saint Mary's Economic Development Corporation (note 13)	5,080,075	5,190,108
Inventory for resale (note 15)	1,238,891	1,391,688
Funds held in trust (note 12)	<u>6,826</u>	<u>6,621</u>
Total financial assets	<u>29,797,231</u>	<u>27,576,654</u>
LIABILITIES		
Accounts payable and accrued liabilities	7,580,413	6,206,552
Due to government and government organizations (note 7)	2,401,126	1,527,596
Deferred revenue (note 8)	7,010,012	5,742,747
Long-term debt (note 9)	<u>20,661,327</u>	<u>19,064,800</u>
Total liabilities	<u>37,652,878</u>	<u>32,541,695</u>
NET FINANCIAL ASSETS (NET DEBT)	<u>(7,855,647)</u>	<u>(4,965,041)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (note 6)	52,572,572	52,574,824
Prepaid expenses	<u>245,683</u>	<u>473,480</u>
Total non-financial assets	<u>52,818,255</u>	<u>53,048,304</u>
ACCUMULATED SURPLUS	<u>\$ 44,962,608</u>	<u>\$ 48,083,263</u>

SAINT MARY'S FIRST NATION

CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2023

	<u>2023</u> <u>Budget</u> <u><i>Unaudited</i></u>	<u>2023</u> <u>Actual</u>	<u>2022</u> <u>Actual</u> <u><i>Restated</i></u>
Revenue			
Indigenous Services Canada (note 14)	\$ 8,624,810	\$ 29,160,638	\$ 33,333,456
Department of Fisheries and Oceans Canada	588,914	271,570	102,385
Canada Mortgage and Housing Corporation	-	1,107,226	1,550,998
Retail Sales Program Operation	41,932,658	44,688,550	41,077,580
Province of New Brunswick	930,390	1,031,269	1,281,842
Leasing Company	656,279	666,033	833,393
Net income from investment in Saint Mary's Economic Development Corporation	-	(110,033)	352,870
Community Helps Program	-	4,865,212	3,726,229
First Nations Indigenous Skills and Employment Training Program	450,033	569,158	647,063
Other	7,686,487	8,493,589	7,341,700
Logging	600,000	1,876,511	637,105
Health Canada	<u>1,288,385</u>	<u>3,235,883</u>	<u>3,042,954</u>
	<u>62,757,956</u>	<u>95,855,606</u>	<u>93,927,575</u>
Expenses			
Band Support	1,876,944	5,272,559	4,458,136
Daycare	-	317,320	74,775
Child and Family Services	1,257,999	8,992,216	6,220,315
Economic Development	90,995	72,030	63,127
Band School	1,964,271	5,408,923	4,800,400
Community Public Works	601,200	581,852	730,489
Fisheries - AFS	299,500	167,054	236,827
Fisheries - Other seafood	185,001	747,356	431,041
Community Helps Program	-	5,063,235	3,815,513
Fisheries - Lobster	702,740	1,274,909	1,645,995
Lands Management	-	414,071	79,934
Own Source Programs	6,816,441	7,097,026	6,895,482
Housing Fund	412,562	1,317,543	962,880
Social Assistance Fund	158,500	3,038,666	2,373,816
Post Secondary Education	1,525,573	3,900,938	3,634,606
First Nations ISETS	717,171	756,298	768,737
Health	1,410,776	3,309,645	2,661,390
Forestry	542,356	1,493,441	385,117
Retail Sales Program Operation	40,963,904	45,289,781	42,004,869
Leasing Company	656,279	809,642	741,062
CMHC Housing	-	<u>510,445</u>	<u>592,744</u>
	<u>60,182,212</u>	<u>95,834,950</u>	<u>83,577,255</u>
Annual Surplus before other expense	2,575,744	20,656	10,350,320
Other Expense			
Amortization	<u>1,870,402</u>	<u>3,141,311</u>	<u>3,184,143</u>
Surplus (Deficit)	705,342	(3,120,655)	7,166,177
Accumulated Surplus - Beginning of Year	48,083,263	48,083,263	40,477,391
Prior Period Restatement (note 12)	-	-	439,695
Restated Accumulated Surplus - Beginning of Year	<u>48,083,263</u>	<u>48,083,263</u>	<u>40,917,086</u>
Accumulated Surplus - End of Year	<u>\$ 48,788,605</u>	<u>\$ 44,962,608</u>	<u>\$ 48,083,263</u>

SAINT MARY'S FIRST NATION
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (NET DEBT)
FOR THE YEAR ENDED MARCH 31, 2023

	<u>2023</u> <u>Actual</u>	<u>2022</u> <u>Actual</u> <i>Restated</i>
Annual Surplus For The Year	\$ (3,120,655)	\$ 7,166,177
Acquisition of tangible capital assets	(3,139,059)	(6,453,234)
Amortization of capital assets	3,141,311	3,184,143
Decrease (increase) in prepaid expenses	<u>227,797</u>	<u>(81,626)</u>
	<u>230,049</u>	<u>(3,350,717)</u>
Decrease (Increase) In Net Debt	(2,890,606)	3,815,460
Net Debt - Beginning Of Year	(4,965,041)	(8,780,501)
Net Debt - End Of Year	<u>\$ (7,855,647)</u>	<u>\$ (4,965,041)</u>

SAINT MARY'S FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2023

	<u>2023</u> <u>Actual</u>	<u>2022</u> <u>Actual</u> <u>Restated</u>
Cash Provided By (Required For):		
Operating Activities		
Annual Surplus (Deficit) For The Year	\$(3,120,655)	\$ 7,166,177
Item not affecting cash		
Amortization	<u>3,141,311</u>	<u>3,184,143</u>
	20,656	10,350,320
Changes in non-cash operating working capital (note 16)	<u>(4,226,704)</u>	<u>3,190,674</u>
	<u>(4,206,048)</u>	<u>13,540,994</u>
Investing Activities		
Additions to tangible capital assets	(3,139,059)	(6,453,234)
Investment in Saint Mary's Economic Development Corporation	<u>110,033</u>	<u>(352,870)</u>
	<u>(3,029,026)</u>	<u>(6,806,104)</u>
Financing Activities		
Repayment of long-term debt	(1,761,192)	(1,569,457)
Proceeds from long-term debt	<u>3,357,718</u>	<u>1,063,303</u>
	<u>1,596,526</u>	<u>(506,154)</u>
Increase (Decrease) In Cash During The Year	(5,638,548)	6,228,736
Cash Position At Beginning Of Year	16,437,551	10,208,815
Cash Position At End Of Year	<u>\$ 10,799,003</u>	<u>\$ 16,437,551</u>
 Cash consists of:		
Cash	\$ 10,733,357	\$ 16,372,110
Restricted cash	58,820	58,820
Funds held in trust	<u>6,826</u>	<u>6,621</u>
	<u>\$ 10,799,003</u>	<u>\$ 16,437,551</u>

SAINT MARY'S FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

1. Description of Entity

The Saint Mary's First Nation operates a First Nation 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, 2023

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, 2023

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
Computer software	50% 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, 2023

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.

Adoption of New Standards

The First Nation has prospectively adopted the following standards from April 1, 2022: PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments, PS 3450 Financial Instruments and PS 3280 Asset Retirement Obligations. The adoption of these new standards did not have a material impact on the consolidated financial statements.

3. Cash

Cash is comprised of the following:

	<u>2023</u>	<u>2022</u>
Externally restricted		
Moveable assets reserve	\$ 58,820	\$ 58,820
Trust funds held by federal government	<u>6,826</u>	<u>6,621</u>
	<u>65,646</u>	<u>65,441</u>
Unrestricted		
Operating	9,227,519	16,366,272
Guaranteed investment certificates	<u>1,505,838</u>	<u>5,838</u>
	<u>10,733,357</u>	<u>16,372,110</u>
Total Cash	<u>\$ 10,799,003</u>	<u>\$ 16,437,551</u>

SAINT MARY'S FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

4. Accounts Receivable

	<u>2023</u>	<u>2022</u>
Due from members:		
Loans	<u>\$ 203,391</u>	<u>\$ 168,798</u>
Due from others:		
Other (net of allowance for doubtful accounts)	<u>1,433,128</u>	<u>1,574,578</u>
	<u><u>1,433,128</u></u>	<u><u>1,574,578</u></u>
Total Accounts Receivable	<u>\$ 1,636,519</u>	<u>\$ 1,743,376</u>

5. Due From Government and Government Organizations

	<u>2023</u>	<u>2022</u>
Indigenous Services Canada (2022 - 2023)	\$ 6,433,415	\$ -
Indigenous Services Canada (2021 - 2022)	319,172	1,955,098
Indigenous Services Canada (2020 - 2021)	23,600	23,600
Indigenous Services Canada (2019 - 2020)	14,500	14,500
Province of New Brunswick, DFO And Other Funding Agencies	3,923,895	693,384
Canada Revenue Agency - HST	127,504	36,228
Health Canada	<u>200,657</u>	<u>91,121</u>
	<u>\$ 11,042,743</u>	<u>\$ 2,813,931</u>

SAINT MARY'S FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

6. Tangible Capital Assets

	Cost			Accumulated Amortization			Net Book Value	
	Opening Balance	Additions	Disposals	Transfers of Assets	Opening Balance	Amortization on TCA Disposed	Closing Balance	
Tangible Capital Assets								Total 2022
Commercial Land	\$ 642,073	\$ 128,885		\$ 770,958	\$ -		\$ 770,958	\$ 642,073
Residential Land	1,688,637			1,688,637			1,688,637	1,688,637
Commercial buildings	23,691,044	453,938		24,144,982	7,145,103	718,038	7,863,141	16,281,841
Residential buildings	51,512,116	2,274,405		53,786,521	21,826,794	1,743,383	23,570,177	30,216,344
Roads	700,000			700,000	647,755	2,327	650,082	49,918
Furniture and fixtures	3,051,455	71,229		3,124,684	2,327,156	143,318	2,470,474	654,210
Vehicles	1,492,145	598,616		2,090,761	1,123,110	172,887	1,295,297	794,764
Software	-	69,200		69,200	-	17,300	-	369,035
Computer equipment	296,777			296,777	217,127	34,742	251,869	51,900
Leasehold improvements	109,098	68,250		177,348	18,401	10,453	148,494	44,907
Assets under construction	1,531,497	757,877		1,408,722	880,652	-	880,652	1,531,497
Other equipment	7,500,287	123,381		7,623,668	6,334,859	298,862	6,631,721	989,947
Total	\$ 92,215,129	\$ 4,547,781	\$ -	\$ 1,408,722	\$ 95,354,188	\$ 39,640,305	\$ -	\$ 3,141,311
								\$ 52,572,572

SAINT MARY'S FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

7. Due to Government and Government Organizations

	<u>2023</u>	<u>2022</u>
Canada Revenue Agency - Payroll	\$ 15,036	\$ 50,369
Indigenous Services Canada	1,818,733	1,818,733
Province of New Brunswick	-	-
	<u>\$ 1,833,769</u>	<u>\$ 1,869,102</u>

8. Deferred Revenue

	<u>Opening Balance</u>	<u>Funding Received</u>	<u>Revenue Recognized</u>	<u>Closing Balance</u>	<u>2023</u>	<u>2022</u>
					<u>2023</u>	<u>2022</u>
Consultation Policy	\$ 190,649 29,350	\$ - -	\$ - -	\$ 190,649 29,350	\$ 190,649 29,350	\$ 190,649 29,350
Municipal Services	465,576	1,412,114	(465,576)	1,412,114	1,412,114	465,576
Capacity and Innovation	50,000	-	-	50,000	50,000	50,000
Child & Family	1,513,240	248,528	-	1,761,768	1,761,768	1,513,240
CMHC Rapid Housing Initiative	2,151,473	-	-	2,151,473	2,151,473	2,151,473
Health	177,556	200,658	(177,556)	200,658	200,658	177,556
Retail	311,776	19,701	-	331,477	331,477	311,776
Other	556,850	530,000	(500,604)	586,246	586,246	556,850
Water Systems	296,277	-	-	296,277	296,277	296,277
	<u>\$ 5,742,747</u>	<u>\$ 2,411,001</u>	<u>\$ (1,143,736)</u>	<u>\$ 7,010,012</u>	<u>\$ 7,010,012</u>	<u>\$ 5,742,747</u>

SAINT MARY'S FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

9. Long-Term Debt

2023

2022

St. Mary's First Nation

Demand term loan payable to Canadian Imperial Bank of Commerce in monthly interest-only payments for 12 months, followed by 300 monthly installments of \$10,000 plus accrued interest at the Prime rate 1 month after the date of the final advance. The loan amount available under this term facility is \$3,000,000 and had not yet been fully advanced at March 31, 2023. Secured by a general security agreement and a Borrowing Resolution from Band Council authorizing for \$3,000,000 to build 20 new houses.

\$ 1,357,718 \$ -

Demand term 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 Centre.

2,618,780 2,958,780

Demand term 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 First Nation with infrastructure for the new housing sub-division.

930,390 1,036,721

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.

1,099,299 1,142,174

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.

656,162 687,581

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.

2,147,145 2,513,824

Loans payable to Canadian Imperial Bank of Commerce in monthly installments totalling \$4,524 including interest at 2.65%, secured by 8 houses, due February 1, 2027.

725,462 760,856

St. Mary's CMHC

Various mortgages payable to CMHC in monthly installments including interest ranging from 1.06% to 4.73%, secured by houses.

9,042,413 9,639,193

Carried forward

\$ 18,577,369 \$ 18,739,129

SAINT MARY'S FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

9. Long-Term Debt (cont'd)

	<u>2023</u>	<u>2022</u>
Carried forward	\$ 18,577,369	\$ 18,739,129
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. Secured by a guarantee from Saint Mary's First Nation and a first security interest in all personal property of the Corporation	106,667	146,667
St. Mary's Leasing Company Ltd.		
CIBC demand term loan with interest charged at the prime rate, repayable in monthly instalments of \$8,333 plus interest. Secured by a guarantee from Saint Mary's First Nation and a first security interest in all personal property of the Corporation	1,925,000	-
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>52,291</u>	<u>179,004</u>
	<u><u>\$20,661,327</u></u>	<u><u>\$19,064,800</u></u>

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

2024	\$ 5,434,968
2025	4,389,380
2026	1,377,146
2027	2,852,414
2028	2,250,385
Thereafter	<u>4,357,034</u>
	<u><u>\$20,661,327</u></u>

SAINT MARY'S FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

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, 2023.

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.

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>2023 Total</u>	<u>2022 Total</u>
Revenue	\$ 5,066	\$ 205	\$ -	\$ 5,271	\$ 5,271	\$ 5,066
Capital	1,555	-	-	1,555	1,555	1,555
Fund Total					\$ 6,826	\$ 6,621

12. Prior Year Restatement

The prior year comparative figures have been restated for the understatement of cash and understatement of accumulated surplus in prior years as a result of issues with reconciling items in Retail Sales Program Operation that were in error. The impact of this restatement has resulted in an increase in prior year cash of \$439,695, a decrease in prior year opening net debt of \$439,695 and an increase in prior year opening accumulated surplus of \$439,695.

SAINT MARY'S FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

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.

	<u>Retail Sales</u>			<u>2023</u>	<u>2022</u>
	<u>Program</u>	<u>Saint Mary's</u>	<u>SMEDC</u>	<u>Total</u>	<u>Total</u>
	<u>Operation</u>	<u>Leasing Company</u>			<u>Restated</u>
Cash	\$ 1,540,969	\$ 42,344	\$ 1,215,422	\$ 2,798,735	\$ 3,868,348
Accounts receivable	501,348	14,628	877,038	1,393,014	2,419,421
Inventory	1,238,891	-	63,030	1,301,921	1,198,938
Tangible capital assets	2,719,735	9,821,572	3,286,053	15,827,360	12,750,713
Other assets	<u>8,147,872</u>	<u>17,100</u>	<u>119,890</u>	<u>8,284,862</u>	<u>9,155,566</u>
Total assets	<u>\$ 14,148,815</u>	<u>\$ 9,895,644</u>	<u>\$ 5,561,433</u>	<u>\$ 29,605,892</u>	<u>\$ 29,392,986</u>
Accounts payable	\$ 1,446,243	\$ 30,099	\$ 415,568	\$ 1,891,910	\$ 2,075,649
Long-term debt	106,667	1,977,291	23,611	2,107,569	384,955
Other liabilities	<u>331,477</u>	<u>9,464,340</u>	<u>42,185</u>	<u>9,838,002</u>	<u>9,048,483</u>
Total liabilities	<u>1,884,387</u>	<u>11,471,730</u>	<u>481,364</u>	<u>13,837,481</u>	<u>11,509,087</u>
Equity	<u>12,264,428</u>	<u>(1,576,086)</u>	<u>5,080,069</u>	<u>15,768,411</u>	<u>17,883,899</u>
Total Liabilities and Equity	<u>\$ 14,148,815</u>	<u>\$ 9,895,644</u>	<u>\$ 5,561,433</u>	<u>\$ 29,605,892</u>	<u>\$ 29,392,986</u>
Revenue	<u>\$ 44,652,364</u>	<u>\$ 1,035,390</u>	<u>\$ 28,950,507</u>	<u>\$ 74,638,261</u>	<u>\$ 90,986,610</u>
Expenses	45,768,470	1,116,547	29,132,027	76,017,044	91,797,263
Debt servicing	-	102,455	-	102,455	36,590
Total Expenses	<u>45,768,470</u>	<u>1,219,002</u>	<u>29,132,027</u>	<u>76,119,499</u>	<u>91,833,853</u>
Net Surplus (Loss)	<u>\$ (1,116,106)</u>	<u>\$ (183,612)</u>	<u>\$ (181,520)</u>	<u>\$ (1,481,238)</u>	<u>\$ (847,243)</u>

SAINT MARY'S FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

14. Reconciliation of Indigenous Services Canada (ISC) Funding

	<u>2023</u>	<u>2022</u>
ISC Funding per Financial Statements	\$ 29,160,638	\$ 33,333,456
Add: current year deferred revenue	2,190,642	966,180
Add: 2022 Maintenance - Foster Homes Recovery	1,623,414	-
Add: 2022 Emergency preparedness recoveries	25,841	-
Add: SMEDC ISC Funding for Renovations	-	537,847
Add: Provincial Tuition - Overpayment	405,445	630,610
Less: prior year deferred revenue in revenue	(966,180)	(1,000,000)
Less: Maintenance - Foster Homes - underpayment	<u>(855,722)</u>	<u>(1,623,414)</u>
Total ISC funding per consolidated financial statements	<u>\$ 31,584,078</u>	<u>\$ 32,844,679</u>
Funding per ISC revenue confirmation	<u>\$ 31,584,078</u>	<u>\$ 32,844,679</u>

15. Inventory For Resale

	<u>2023</u>	<u>2022</u>
Retail Sales Program Operation	<u>\$ 1,238,891</u>	<u>\$ 1,391,688</u>

16. Changes In Non-Cash Operating Working Capital

	<u>2023</u>	<u>2022</u>
Accounts receivable	\$ 106,857	\$ 425,756
Due from government and government organizations	(8,228,812)	(755,395)
Inventory	152,797	236,298
Prepaid expenses	227,797	(81,626)
Accounts payable	1,373,862	677,406
Due to government and government organizations	873,530	698,196
Deferred revenue	<u>1,267,265</u>	<u>1,990,039</u>
	<u><u>\$ (4,226,704)</u></u>	<u><u>\$ 3,190,674</u></u>

SAINT MARY'S FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

17. Expenses by Object

The following is a summary of expenses by object:

	<u>2023</u>	<u>2022</u>
Salaries, wages, honoraria and pension	\$ 12,410,493	\$ 10,502,271
Tuition	1,280,692	1,151,480
Professional services	179,213	384,926
Supplies and services	753,504	1,399,331
Travel and training	118,684	131,102
Insurance & health	464,319	373,452
Telephone, utilities, and occupancy costs	475,478	402,113
Repairs and maintenance	1,242,258	1,005,658
Social assistance and assisted living	3,136,553	2,829,684
Royalty distributions	691,319	1,019,021
Gaming payouts	1,880,625	2,017,834
Other	27,158,089	19,780,389
Retail sales program	45,234,081	41,838,932
Leasing company	<u>809,642</u>	<u>741,062</u>
Amortization	95,834,950	83,577,255
	<u>3,141,311</u>	<u>3,184,143</u>
	<u><u>\$ 98,976,261</u></u>	<u><u>\$ 86,761,398</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 \$544,864 (2022 - \$468,554) to the defined contribution pension plan.

19. Contingent Liabilities

The First Nation has entered into contribution agreements with various federal government departments. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements.

20. Funding - Economic Dependence

The First Nation receives its principal source of funding under a funding arrangement with Indigenous Services Canada. The current agreement ends on March 31, 2024 and is expected to be renewed for the foreseeable future.

21. 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, 2023

22. 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		
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Revenues															
Federal Government	\$ 7,940,352	\$ 7,624,756	\$ 2,639,836	\$ 2,516,629	\$ 648,758	\$ 740,670	\$ 2,601,986	\$ 1,104,542	\$ 1,679,524	\$ 487,845					
Provincial Government	138,852	256,146	-	-	891,071	1,025,695	-	-	-	-					
Economic Activities	-	-	-	-	53,302,677	48,233,344	-	-	-	-					
Net income (loss) from investment in St. Mary's Economic Development Corporation	1,547,082	1,464,144	752,966	545,678	(110,033)	352,870	-	-	-	-					
Other Revenue	9,626,286	9,345,047	3,392,803	3,062,307	55,128,438	50,528,930	3,992,592	2,202,982	1,679,524	487,845					
Total Revenues	9,309,861	8,433,641	3,309,645	2,559,498	59,387,848	54,288,788	1,835,547	1,555,623	581,852	832,391					
Expenses															
Salaries and Benefits	4,160,787	3,912,042	1,602,640	1,401,205	1,016,479	954,592	377,872	220,453	85,412	26,023					
Debt Servicing	111,631	66,485	-	-	-	-	84,966	97,838	-	-					
Other Expenses	5,037,443	4,455,114	1,707,005	1,158,293	58,371,369	53,334,196	1,372,709	1,237,332	496,440	806,367					
Total Expenses	\$ 316,426	\$ 911,406	\$ 83,158	\$ 502,808	\$ (4,259,410)	\$ (3,759,858)	\$ 2,157,045	\$ 647,359	\$ 1,097,673	\$ (344,546)					
Annual Surplus (Deficit)	\$ 316,426	\$ 911,406	\$ 83,158	\$ 502,808	\$ (4,259,410)	\$ (3,759,858)	\$ 2,157,045	\$ 647,359	\$ 1,097,673	\$ (344,546)					

SAINT MARY'S FIRST NATION
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2023

22. Segment Disclosure (continued)

	Social Services <u>2023</u>	Social Services <u>2022</u>	Band Government <u>2023</u>	Band Government <u>2022</u>	Other <u>2023</u>	Other <u>2022</u>	Consolidated Totals <u>2023</u>	Consolidated Totals <u>2022</u>
Revenues								
Federal Government	\$ 14,397,450	\$ 11,896,053	\$ 2,136,939	\$ 12,914,414	\$ 368,480	\$ 104,290	\$ 32,413,325	\$ 37,389,200
Provincial Government	-	-	1,346	-	-	-	1,031,269	1,281,842
Economic Activities	-	-	-	-	3,644,290	2,814,994	56,946,967	51,048,339
Net income (loss) from investment in St. Mary's Economic Development Corporation	-	-	1,500	1,439,727	429,489	47,730	139,724	(110,033)
Other Revenue	-	-	-	-	-	-	5,574,077	3,852,327
Total Revenues	14,397,450	11,897,553	3,578,012	13,343,903	4,060,501	3,059,009	95,855,606	93,927,577
Expenses								
Salaries and benefits	1,306,474	740,831	2,214,664	1,731,830	1,759,724	1,525,492	12,524,050	10,512,469
Debt Servicing	-	-	235,513	90,300	-	-	432,110	254,622
Other Expenses	10,724,407	7,853,299	2,822,381	2,636,006	5,488,347	4,513,701	86,020,101	75,994,309
Total Expenses	12,030,880	8,594,130	5,272,557	4,458,135	7,248,071	6,039,193	98,976,261	86,761,400
Annual Surplus (Deficit)	\$ 2,366,570	\$ 3,303,423	\$ (1,694,545)	\$ 8,885,768	\$ (3,187,570)	\$ (2,980,184)	\$ (3,120,655)	\$ 7,166,177

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

	2023			2022		
	Operating	Capital	Total	Operating	Capital	Total
Federal Government Transfers						
Indigenous Services Canada	\$ 26,336,317	\$ 4,346,113	\$ 30,682,430	\$ 29,383,067	\$ 3,950,389	\$ 33,333,456
Health Canada	3,235,883	-	3,235,883	3,060,690	-	3,060,690
Canadian Mortgage and Housing Corporation	377,666	-	-	349,672	-	349,672
Department of Fisheries	271,570	-	271,570	102,385	-	102,385
Indigenous Skills and Employment Training Strategies	569,158	-	569,158	647,063	-	647,063
Child and Family Reimbursements	63,274	-	63,274	78,821	-	78,821
Total Federal Government Transfers	30,853,868	4,346,113	34,822,315	33,621,698	3,950,389	37,572,087
Provincial Government Transfers	1,031,269	-	1,031,269	1,281,842	-	1,281,842
Total Government Transfers	\$ 31,885,137	\$ 4,346,113	\$ 35,853,584	\$ 34,903,540	\$ 3,950,389	\$ 38,853,929