



## Consolidated Financial Statements

Paqtnkek Mi'kmaw Nation

March 31, 2018

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## Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of the Paqtnekek Mi'kmaw Nation and all the information in this annual report are the responsibility of management and have been approved by the Chief and Council.


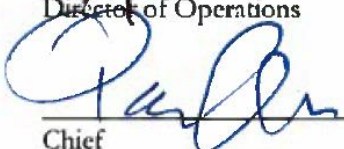
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The Band maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable, and accurate, and the Band's assets are appropriately accounted for and adequately safeguarded.

The Band Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The 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 annual report, the consolidated financial statements, and the external auditors' report.

The consolidated financial statements have been audited by Grant Thornton LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. Grant Thornton LLP has full and free access to the Council.

  
\_\_\_\_\_  
Director of Operations  
  
\_\_\_\_\_  
Chief

## Independent Auditor's Report

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To the Chief and Councillors of

Paqtnkek Mi'kmaw Nation

We have audited the accompanying consolidated statement of financial position of the Paqtnkek Mi'kmaw Nation (the "First Nation") as at March 31, 2018, and the consolidated statement of operations, statement of changes in net financial liabilities, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

The First Nation's management is responsible for the preparation and fair presentation of these 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.

### **Auditor's responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk

assessments, the auditor considers internal control relevant to the First Nation's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the First Nation's management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Paqtnekek Mi'kmaw Nation as at March 31, 2018, and the results of its operations, changes in its net financial liabilities, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Sydney, Canada  
August 31, 2018

*Grant Thornton LLP*  
Chartered Professional Accountants  
Licensed Public Accountants

# Paqtnkek Mi'kmaw Nation

## Consolidated Statement of Operations

| Year ended March 31                        | Budget                | 2018                 | 2017                 |
|--|-----------------------|----------------------|----------------------|
| <b>Revenue</b>                             |                       |                      |                      |
| Education                                  | \$ 1,003,934          | \$ 1,103,594         | \$ 1,121,857         |
| Social services                            | 2,130,559             | 2,130,559            | 2,150,559            |
| Capital                                    | 591,242               | 1,421,094            | 1,279,986            |
| Operations and maintenance                 | 263,803               | 105,393              | 254,321              |
| Economic development and native employment | 969,393               | 1,410,431            | 1,279,387            |
| First Nation financial management          | 542,143               | 2,484,599            | 575,052              |
| Health Canada programs                     | 801,853               | 766,159              | 873,584              |
| CMHC subsidized housing                    |                       |                      |                      |
| - 13 537 394                               | 16,000                | 21,634               | 15,411               |
| - 19 042 894                               | 225,000               | 204,162              | 206,321              |
| Non-subsidized housing projects            | 159,902               | 174,000              | 210,021              |
| Gaming                                     | 71,683                | 74,175               | 80,312               |
| Paqtnkek Tobacco Fund                      | 1,900,000             | 2,026,067            | 1,967,250            |
| Paqtnkek Fisheries                         | 614,000               | 1,796,515            | 816,526              |
| Paqtnkek Gas Bar                           | 858,500               | 994,100              | 861,724              |
| Paqtnkek VLT                               | 1,003,000             | 1,388,986            | 1,173,015            |
|  | <u>\$ 11,151,012</u>  | <u>\$ 16,101,468</u> | <u>\$ 12,865,326</u> |
| <b>Expenditures</b>                        |                       |                      |                      |
| Education                                  | \$ 1,012,604          | \$ 904,710           | \$ 1,132,533         |
| Social services                            | 2,137,095             | 2,123,668            | 2,104,434            |
| Capital                                    | 991,727               | 668,132              | 926,218              |
| Operations and maintenance                 | 196,690               | 280,961              | 150,902              |
| Economic development and native employment | 1,347,488             | 1,241,994            | 1,337,895            |
| First Nation financial management          | 1,008,639             | 1,759,167            | 953,633              |
| Health Canada programs                     | 808,414               | 757,563              | 790,763              |
| CMHC subsidized housing                    |                       |                      |                      |
| - 13 537 394                               | 64,000                | 9,206                | 33,219               |
| - 19 042 894                               | 237,500               | 129,674              | 123,138              |
| Non-subsidized housing projects            | 288,500               | 337,527              | 178,419              |
| Gaming                                     | -                     | -                    | -                    |
| Paqtnkek Tobacco Fund                      | 2,160,700             | 2,064,795            | 1,791,675            |
| Paqtnkek Fisheries                         | 638,280               | 1,045,592            | 741,477              |
| Paqtnkek Gas Bar                           | 1,066,135             | 1,069,394            | 929,367              |
| Paqtnkek VLT                               | 716,147               | 812,121              | 602,187              |
| Depreciation                               | -                     | 617,795              | 565,534              |
|  | <u>\$ 12,673,919</u>  | <u>\$ 13,822,299</u> | <u>\$ 12,361,394</u> |
| Annual surplus                             | <u>\$ (1,522,907)</u> | <u>\$ 2,279,169</u>  | <u>\$ 503,932</u>    |
| Accumulated surplus, beginning of year     |                       | 7,368,501            | 6,864,569            |
| Accumulated surplus, end of year           |                       | <u>\$ 9,647,670</u>  | <u>\$ 7,368,501</u>  |

See accompanying notes to the consolidated financial statements.

# Paqtnkek Mi'kmaw Nation

## Consolidated Statement of Financial Position

March 31

2018

2017

### Financial assets

|                                   |                  |                  |
|-----------------------------------|------------------|------------------|
| Cash                              | \$ 3,019,929     | \$ 1,447,691     |
| Receivables (Note 2)              | 1,022,262        | 1,563,164        |
| Inventory                         | 58,108           | 33,397           |
| Restricted cash                   |                  |                  |
| Replacement reserve fund (Note 3) | 254,106          | 160,364          |
| Debt reserve fund                 | 80,353           | -                |
| Funds held in trust (Note 4)      | 22,353           | 22,120           |
|                                   | <u>4,457,111</u> | <u>3,226,736</u> |

### Financial liabilities

|                                |                  |                  |
|--------------------------------|------------------|------------------|
| Payables and accruals (Note 6) | 1,637,441        | 2,671,621        |
| Deferred revenue (Note 7)      | -                | 459,800          |
| Long term debt (Note 8)        | 4,209,136        | 2,419,639        |
|                                | <u>5,846,577</u> | <u>5,551,060</u> |

**Net financial liabilities** (Page 6) (1,389,466) (2,324,324)

### Non-financial assets

|                                     |                   |                  |
|-------------------------------------|-------------------|------------------|
| Capital assets (Note 5)             | 10,684,182        | 8,727,458        |
| Capital projects under construction | 313,045           | 925,458          |
|                                     | <u>10,997,227</u> | <u>9,652,916</u> |
| Prepays                             | 39,909            | 39,909           |
|                                     | <u>11,037,136</u> | <u>9,692,825</u> |

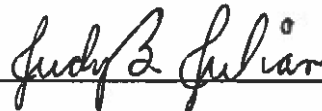
**Accumulated surplus** \$ 9,647,670 \$ 7,368,501

Contingencies (Note 9)

On behalf of the Band Council



Chief



Councillor

See accompanying notes to the consolidated financial statements.

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# Paqtnkek Mi'kmaw Nation

## Consolidated Statement of Changes in Net Financial Liabilities

| March 31                                      | 2018                  | 2017                  |
|---|-----------------------|-----------------------|
| Excess of revenue over expenditure            | \$ 2,279,169          | \$ 503,932            |
| Depreciation                                  | 617,795               | 565,534               |
| Purchase of property and equipment            | <u>(1,962,342)</u>    | <u>(1,220,200)</u>    |
|   | <u>934,622</u>        | <u>(150,734)</u>      |
| Trust allocations and interest                | 233                   | 403                   |
| Acquisition of prepaid expenses, net of usage | <u>-</u>              | <u>(23,451)</u>       |
|   | <u>233</u>            | <u>(23,045)</u>       |
| Change in net financial liabilities           | 934,855               | (173,779)             |
| Net financial liabilities, beginning of year  | <u>(2,324,321)</u>    | <u>(2,150,542)</u>    |
| Net financial liabilities, end of year        | <u>\$ (1,389,466)</u> | <u>\$ (2,324,321)</u> |

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See accompanying notes to the consolidated financial statements.



# Paqtnkek Mi'kmaw Nation

## Consolidated Statement of Cash Flows

Year ended March 31

2018

2017

Increase in cash and cash equivalents

|  |                     |                     |
|--|---------------------|---------------------|
| <b>Operating</b>                             |                     |                     |
| Excess of revenue over expenditure           | \$ 2,279,169        | \$ 503,932          |
| Depreciation                                 | <u>617,795</u>      | <u>565,534</u>      |
|  | 2,896,964           | 1,069,466           |
| Change in non-cash operating working capital |                     |                     |
| Receivables                                  | 540,902             | (628,591)           |
| Inventory                                    | (24,711)            | 9,833               |
| Prepays                                      | -                   | (23,451)            |
| Payables and accruals                        | (1,034,180)         | 1,185,953           |
| Deferred revenue                             | <u>(459,800)</u>    | <u>430,396</u>      |
|  | <u>1,919,175</u>    | <u>2,043,606</u>    |
| <b>Financing</b>                             |                     |                     |
| Trust contributions and interest             | 233                 | 403                 |
| Receipt of long term debt                    | 1,996,002           | -                   |
| Repayment of long term debt                  | <u>(206,502)</u>    | <u>(171,733)</u>    |
|  | <u>1,789,733</u>    | <u>(171,330)</u>    |
| <b>Investing</b>                             |                     |                     |
| Purchase of property and equipment           | <u>(1,962,342)</u>  | <u>(1,220,200)</u>  |
|  | <u>(1,962,342)</u>  | <u>(1,220,200)</u>  |
| Net increase in cash and cash equivalents    | 1,746,566           | 652,076             |
| Cash and cash equivalents, beginning of year | <u>1,630,175</u>    | <u>978,099</u>      |
| Cash and cash equivalents, end of year       | <u>\$ 3,376,741</u> | <u>\$ 1,630,175</u> |

Cash and cash equivalents, consists of:

|                          |                     |                     |
|--------------------------|---------------------|---------------------|
| Cash                     | \$ 3,019,929        | \$ 1,447,691        |
| Restricted cash          |                     |                     |
| Replacement reserve fund | 254,106             | 160,364             |
| Debt reserve fund        | 80,353              | -                   |
| Funds in trust           | <u>22,353</u>       | <u>22,120</u>       |
|                          | <u>\$ 3,376,741</u> | <u>\$ 1,630,175</u> |

See accompanying notes to the consolidated financial statements.

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# **Paqtnkek Mi'kmaw Nation**

## **Notes to the Consolidated Financial Statements**

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March 31, 2018

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### **1. Summary of significant accounting policies**

#### **Reporting entity and principles of financial reporting**

These financial statements have been prepared in accordance with Canadian public sector accounting standards, which encompass the principles common with First Nations.

The consolidated financial statements of the Paqtnkek Mi'kmaw Nation are the representations of management prepared in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

The focus of PSAB financial statements is on the financial position of the First Nation and the changes thereto. The consolidated statement of financial position includes all the assets and liabilities of the First Nation.

The various funds have been amalgamated for the purpose of presentation in the consolidated financial statements. The Paqtnkek Mi'kmaw Nation maintains the following funds and unincorporated entities:

- The Operating Fund which reports the general activities of the First Nation Administration, including social services, band support, education, operations capital, operating and maintenance, economic development, community health and welfare, employment training, and miscellaneous.
- The Paqtnkek Mi'kmaw Nation Canada Mortgage and Housing Projects Fund which reports the social housing assets of the First Nation, together with related activities.
- The Paqtnkek Tobacco Fund which reports the First Nation's tobacco activities.
- The Paqtnkek Fisheries which reports the First Nation's commercial fishing operation.
- The Paqtnkek Gas Bar which reports the First Nation's commercial operations.
- The Paqtnkek VLT which reports the First Nation's gaming operations.

Significant aspects of the accounting policies adopted by the First Nation are as follows:

#### **Principles of consolidation**

The First Nation maintains a separate self-balancing set of accounts for the Operating Fund, the Capital Fund, and the Canada Mortgage and Housing Projects Fund. The Operating Fund includes the following statement of operations:

|                            |                        |
|----------------------------|------------------------|
| Social development         | Education program      |
| Band government            | Economic development   |
| Capital projects           | Employment development |
| Operations and maintenance | Health Canada programs |
| Band operated school       | Gaming                 |
| Miscellaneous              |                        |

#### **Cash and cash equivalents**

Cash and cash equivalents include cash on hand, balances with banks, and term deposits net of bank overdraft.

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# Paqtnkek Mi'kmaw Nation

## Notes to the Consolidated Financial Statements

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March 31, 2018

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### 1. Summary of significant accounting policies (continued)

#### Inventory

The cost of inventories is comprised of directly attributable costs and includes the purchase price plus other costs incurred in bringing the inventories to their present location and condition, such as freight. The cost is reduced by the value of rebates and allowances received from vendors. The First Nation estimates net realizable value as the amount that inventories are expected to be sold. Inventories are written down to net realizable value when the cost of inventories is not estimated to be recoverable due to obsolescence, damage or declining selling prices. When circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in selling price, the amount of the write-down previously recorded is reversed. Costs that do not contribute to bringing inventories to their present location and condition, such as storage and administrative overheads, are specifically excluded from the cost of inventories and are expensed in the period incurred.

The cost of inventory recognized as an expense in these financial statements during fiscal 2018 was \$2,247,289 (2017 - \$2,033,178). There were no write downs of inventory below cost to net realizable value during the year. There were no reversals of inventories written down previously that are no longer estimated to sell below cost.

#### Capital assets

Capital assets are recorded at cost, which includes all amounts directly attributable to their acquisition, construction or betterment of the asset. Interest on construction is also included in cost. Depreciation, at rates noted below, is expensed in the current year.

Rates and methods of depreciation applied to write off the cost of capital assets over their estimated useful lives are as follows:

|                          |                            |
|--------------------------|----------------------------|
| Buildings                | 2.5 - 5% declining balance |
| Housing properties       | 25 years, straight line    |
| Infrastructure and roads | 4 - 10% declining balance  |
| Equipment                | 20% declining balance      |
| Motor vehicles           | 30% declining balance      |
| Vessels                  | 15% declining balance      |

In the year of acquisition, depreciation of capital assets is calculated at half the full annual rate as stated above.

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# **Paqtnkek Mi'kmaw Nation**

## **Notes to the Consolidated Financial Statements**

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March 31, 2018

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### **1. Summary of significant accounting policies (continued)**

#### **Revenue recognition**

Unconditional and conditional transfers from other governments for operating and capital purposes are recognized as revenue in the period in which all eligibility criteria and/or stipulations have been met and the amounts are authorized. Any funding received prior to satisfying these conditions is deferred until the conditions have been met. When revenue is received without eligibility criteria or stipulations, it is recognized when the transfer is authorized.

All non-government contributions or grant revenues that are externally restricted for specified purpose are recognized as revenue in the period in which the resources are used for the purpose or purposes specified. Any externally restricted revenues not yet used for the purpose or purposes specified are reported as deferred revenue.

Commercial revenues are recognized as revenues when product is sold and when services are provided if the amounts can be reasonably estimated and collection is reasonably assured.

Gaming revenue from video lottery net of corresponding direct expenses are recognized at the time of play and are recorded net of commissions and credits paid out. Other gaming revenues are recognized as earned when received or receivable as long as collection is reasonably assured.

#### **Use of estimates**

In preparing the First Nation's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

#### **Income taxes**

The Band Council is exempt from income taxes under Section 149(l)(c) of the *Canadian Income Tax Act*.

#### **RRAP expenditures**

Repairs and renovations incurred under the CMHC Residential Renovations Assistance Program (RRAP) are expensed in the Operating Fund in the year incurred.

#### **Net debt**

The Band's financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the Band is determined by its liabilities less its financial assets.

# Paqtnkek Mi'kmaw Nation

## Notes to the Consolidated Financial Statements

March 31, 2018

| <b>2. Receivables</b>                   | <b><u>2018</u></b>         | <b><u>2017</u></b>         |
|---|----------------------------|----------------------------|
| Indigenous and Northern Affairs Canada  | \$ 205,000                 | \$ 895,350                 |
| Health Canada                           | -                          | 5,000                      |
| Mi'kmaq Employment Training Secretariat | 95,420                     | 180,563                    |
| Mi'kmaw Kina'matnewey                   | 63,823                     | 24,110                     |
| Canada Mortgage and Housing Corporation | 34,000                     | 34,000                     |
| Members                                 | -                          | 137,806                    |
| Province of Nova Scotia                 | 154,487                    | 100,312                    |
| Service Canada                          | -                          | -                          |
| Commodity taxes                         | -                          | 68,472                     |
| Trade receivables                       | <u>492,756</u>             | <u>141,100</u>             |
|   | <b>1,045,486</b>           | <b>1,586,713</b>           |
| Less: allowance for doubtful accounts   | <u>(23,224)</u>            | <u>(23,549)</u>            |
|   | <b><u>\$ 1,022,262</u></b> | <b><u>\$ 1,563,164</u></b> |

### 3. Replacement reserve fund

Under the terms of the agreement with the CMHC, the replacement reserve account is to be increased by annual charges to equity. The charge in the current year is \$33,333 (2017 - \$33,250). These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by the CMHC from time to time. The funds in the account may only be used as approved by the CMHC. Withdrawals are credited to interest first and then principal.

As of March 31, 2018, the reserve was fully funded.

### 4. Funds held in trust

The Trust Fund arises from monies 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 and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the *Indian Act*.

The changes in net assets of the Trust Fund during the year are as follows:

|                               | <b><u>2018</u></b>      | <b><u>2017</u></b>      |
|-------------------------------|-------------------------|-------------------------|
| Net assets, beginning of year | \$ 22,120               | \$ 21,717               |
| Interest earned               | <u>233</u>              | <u>403</u>              |
| Net assets, end of year       | <b><u>\$ 22,353</u></b> | <b><u>\$ 22,120</u></b> |

# Paqtnkek Mi'kmaw Nation

## Notes to the Consolidated Financial Statements

March 31, 2018

| 5. Capital assets                |                      | <u>2018</u>                     |                       | <u>2017</u>           |
|----------------------------------|----------------------|---------------------------------|-----------------------|-----------------------|
|                                  | <u>Cost</u>          | <u>Accumulated depreciation</u> | <u>Net book value</u> | <u>Net book value</u> |
| Land                             | \$ 277,176           | \$ -                            | \$ 277,176            | \$ 277,176            |
| Buildings and housing properties | 12,511,674           | 5,233,458                       | 7,278,216             | 5,725,423             |
| Equipment                        | 580,388              | 434,457                         | 145,931               | 140,025               |
| Vehicles                         | 764,312              | 583,190                         | 181,122               | 128,998               |
| Vessels                          | 898,328              | 602,576                         | 295,752               | 257,297               |
| Infrastructure and roads         | <u>4,210,570</u>     | <u>1,704,585</u>                | <u>2,505,985</u>      | <u>2,198,539</u>      |
|                                  | <u>\$ 19,242,448</u> | <u>\$ 8,558,266</u>             | <u>\$10,684,182</u>   | <u>\$ 8,727,458</u>   |

| 6. Payables and accruals               |  | <u>2018</u>         | <u>2017</u>         |
|--|--|---------------------|---------------------|
| Indigenous and Northern Affairs Canada |  | \$ 109,050          | \$ 175,070          |
| Health Canada                          |  | 23,132              | 9,751               |
| Commodity taxes                        |  | 183,933             | 275,946             |
| Trade payables and accruals            |  | <u>1,321,326</u>    | <u>2,210,854</u>    |
|  |  | <u>\$ 1,637,441</u> | <u>\$ 2,671,621</u> |

| 7. Deferred revenue                    |  | <u>2018</u> | <u>2017</u>       |
|--|--|-------------|-------------------|
| CMHC                                   |  | \$ -        | \$ -              |
| Indigenous and Northern Affairs Canada |  | -           | 454,800           |
| Health Canada                          |  | <u>-</u>    | <u>5,000</u>      |
|  |  | <u>\$ -</u> | <u>\$ 459,800</u> |

# Paqtnkek Mi'kmaw Nation

## Notes to the Consolidated Financial Statements

March 31, 2018

| 8. Long term debt   | <u>2018</u> | <u>2017</u> |
|---|-------------|-------------|
| <b>Canada Mortgage and Housing Corporation</b>  |             |             |
| 1.82% mortgage maturing in May 2024, payable in equal monthly instalments of principal and interest of \$400        | \$ 27,971   | \$ 32,219   |
| 1.03% mortgage maturing in March 2026, payable in equal monthly instalments of principal and interest of \$370      | 34,070      | 38,135      |
| 1.43% mortgage maturing in February 2027, payable in equal monthly instalments of principal and interest of \$1,153 | 114,493     | 126,437     |
| 1.62% mortgage maturing in January 2028, payable in equal monthly instalments of principal and interest of \$363    | 39,643      | 43,333      |
| 1.92% mortgage maturing in March 2029, payable in equal monthly instalments of principal and interest of \$352      | 41,914      | 45,305      |
| 1.82% mortgage maturing in September 2029, payable in equal monthly instalments of principal and interest of \$716  | 89,222      | 96,138      |
| 1.01% mortgage maturing in December 2030, payable in equal monthly instalments of principal and interest of \$676   | 97,076      | 104,176     |
| 1.03% mortgage maturing in July 2031, payable in equal monthly instalments of principal and interest of \$407       | 60,765      | 64,996      |
| 1.71% mortgage maturing in July 2032, payable in equal monthly instalments of principal and interest of \$716       | 109,166     | 115,800     |
| 1.67% mortgage maturing in April 2033, payable in equal monthly instalments of principal and interest of \$1,035    | 165,644     | 175,226     |
| 1.67% mortgage maturing in June 2033, payable in equal monthly instalments of principal and interest of \$1,907     | 308,016     | 325,614     |

# Paqtnkek Mi'kmaw Nation

## Notes to the Consolidated Financial Statements

March 31, 2018

| <b>8. Long term debt (continued)</b>  | <b><u>2018</u></b> | <b><u>2017</u></b> |
|---|--------------------|--------------------|
| 1.83% mortgage maturing in December 2034, payable in equal monthly instalments of principal and interest of \$358 | <b>62,042</b>      | 65,181             |
| 1.23% mortgage maturing in April 2035, payable in equal monthly instalments of principal and interest of \$741    | <b>137,063</b>     | 144,231            |
| 1.13% mortgage maturing in May 2036, payable in equal monthly instalments of principal and interest of \$1,287    | <b>253,621</b>     | 266,131            |
| 1.65% mortgage maturing in May 2022, payable in equal monthly instalments of principal and interest of \$371      | <b>16,147</b>      | 20,317             |
| 1.39% mortgage maturing in August 2037, payable in equal monthly instalments of principal and interest of \$299   | <b>61,041</b>      | 63,686             |
| 1.62% mortgage maturing in March 2038, payable in equal monthly instalments of principal and interest of \$527    | <b>107,987</b>     | 112,527            |
| 1.85% mortgage maturing in August 2039, payable in equal monthly instalments of principal and interest of \$500   | <b>105,994</b>     | 109,995            |
| 1.86% mortgage maturing in August 2023, payable in equal monthly instalments of principal and interest of \$857   | <b>51,419</b>      | -                  |
| 2.39% mortgage maturing in March 2043, payable in equal monthly instalments of principal and interest of \$611    | <b>138,000</b>     | -                  |
| 2.39% mortgage maturing in February 2043, payable in equal monthly instalments of principal and interest of \$564 | <b>127,168</b>     | -                  |
| 2.39% mortgage maturing in March 2043, payable in equal monthly instalments of principal and interest of \$531    | <b>120,000</b>     | -                  |



# Paqtnkek Mi'kmaw Nation

## Notes to the Consolidated Financial Statements

March 31

| 8. Long term debt (continued)   | <u>2018</u>   | <u>2017</u> |
|---|---------------|-------------|
| <b>Bank of Nova Scotia</b>  |               |             |
| 4.55% mortgage repaid during the year   | -             | 60,349      |
| 4.49% mortgage maturing in February 2028, payable in equal monthly instalments of principal and interest of \$508 | <b>48,894</b> | 52,734      |
| 4.49% mortgage maturing in February 2028, payable in equal monthly instalments of principal and interest of \$508 | <b>48,894</b> | 52,734      |
| 4.49% mortgage maturing in February 2028, payable in equal monthly instalments of principal and interest of \$508 | <b>48,894</b> | 52,734      |
| 4.55% mortgage maturing in February 2029, payable in equal monthly instalments of principal and interest of \$327 | <b>33,511</b> | 35,921      |
| 4.55% mortgage maturing in February 2029, payable in equal monthly instalments of principal and interest of \$327 | <b>33,511</b> | 35,921      |
| 4.55% mortgage maturing in February 2029, payable in equal monthly instalments of principal and interest of \$327 | <b>33,511</b> | 35,921      |
| 4.55% mortgage maturing in February 2029, payable in equal monthly instalments of principal and interest of \$327 | <b>33,511</b> | 36,115      |
| 4.55% mortgage maturing in February 2029, payable in equal monthly instalments of principal and interest of \$327 | <b>33,511</b> | 35,921      |
| 4.55% mortgage maturing in February 2029, payable in equal monthly instalments of principal and interest of \$327 | <b>33,511</b> | 35,921      |

# Paqtnkek Mi'kmaw Nation

## Notes to the Consolidated Financial Statements

March 31

| 8. Long term debt (continued)   | 2018   | 2017   |
|---|--------|--------|
| 4.55% mortgage maturing in February 2029, payable in equal monthly instalments of principal and interest of \$327 | 33,511 | 35,921 |

### First Nations Finance Authority

|   |                     |                     |
|---|---------------------|---------------------|
| 3.41% loan, payable in equal annual instalments of \$58,764 plus interest, maturing December 2027 | 1,559,415           | -                   |
|   | 4,209,136           | 2,419,639           |
| Less: Current portion of long term debt   |                     |                     |
| Principal payments due within one year  | 227,360             | 151,494             |
|   | <u>\$ 3,981,776</u> | <u>\$ 2,268,145</u> |

As security, the Band has provided a Band Council Resolution providing an irrevocable authorization to the Indigenous and Northern Affairs Canada to assign all funding until all loans are repaid to the bank and a floating charge on the assets of the Band Council.

The aggregate maturities of long term debt, assuming mortgages are renewed under the same terms and conditions currently in effect, for each of the next five years subsequent to March 31, 2019, are as follows:

|      |            |
|------|------------|
| 2019 | \$ 227,360 |
| 2020 | \$ 229,598 |
| 2021 | \$ 233,590 |
| 2022 | \$ 236,538 |
| 2023 | \$ 236,014 |

### 9. Contingencies

- a) The Band has entered into a one year alternative funding arrangement with the Indigenous and Northern Affairs Canada, effective April 1, 2017. These funds may be repayable if any of the following conditions are not met:
  - 1) minimum program requirements are not met;
  - 2) capital funds are not expended for capital purposes; and
  - 3) any mandatory capital projects are not completed.
- b) The Band has entered into contribution agreements with various government departments. Funding received under these contribution agreements is subject to repayment if the Band fails to comply with the terms and conditions of the agreements.

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# Paqtnkek Mi'kmaw Nation

## Notes to the Consolidated Financial Statements

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March 31, 2018

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### 10. Line of credit

The First Nation has a \$50,000 operating line of credit with Bank of Nova Scotia at a rate of prime plus 2%. The balance of the line of credit as at March 31, 2018, was nil (2017 – nil).

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### 11. Pension costs and obligations

The First Nation is required to match contributions to a group registered retirement savings plan for certain full time employees. Total contributions during the year amounted to \$37,160 (2017 - \$36,639).

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| 12. Expenditures by object         | <u>2018</u>          | <u>2017</u>          |
|------------------------------------|----------------------|----------------------|
| Bad debt (recoverable) provision   | \$ 48,308            | \$ 64,385            |
| Business development and promotion | 39,856               | 165,098              |
| Cash shortages (overage)           | 1,492                | (1,361)              |
| Community support                  | 1,751,585            | 600,734              |
| Contracted services                | 574,591              | 149,943              |
| Cost of goods sold                 | 2,493,936            | 2,310,432            |
| Depreciation                       | 617,795              | 565,534              |
| Dues and fees                      | 155,455              | 164,113              |
| Education and training             | 867,023              | 1,187,052            |
| Fuel, bait, and boat maintenance   | 273,763              | 305,833              |
| Health programs                    | 164,888              | 362,514              |
| Infrastructure                     | 423,586              | 1,006,817            |
| Insurance                          | 115,590              | 119,426              |
| Interest                           | 160,319              | 124,139              |
| Repairs and maintenance            | 814,116              | 270,834              |
| Salaries, wages, and benefits      | 2,692,843            | 2,499,419            |
| Social                             | 1,862,799            | 1,933,679            |
| Supplies                           | 501,815              | 222,159              |
| Travel                             | 262,539              | 310,644              |
|                                    | <u>\$ 13,822,299</u> | <u>\$ 12,361,394</u> |

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# Paqtnkek Mi'kmaw Nation

## Notes to the Consolidated Financial Statements

March 31, 2018

### 13. Segment disclosure

Paqtnkek Mi'kmaw Nation provides a wide range of services to its members, including training, education, social, health care and housing. For management reporting purposes Paqtnkek Mi'kmaw Nation's operations and activities are organized and reported by Divisions. The Divisions were created for the purpose of recording activities to comply with specific regulations and requirements.

Divisions that have been separately disclosed in the consolidated schedules of revenues and expenditures on the following pages are:

- Social services – social assistance provided to qualifying members.
- Financial management- all associated with the administration of the Band operations.
- Capital Projects – provides capital construction projects for the community.
- Operations and Maintenance – repairs and maintenance carried out during the year to the community buildings.
- Economic Development – specified development projects undertaken by the Band.
- Education – providing elementary, secondary and post-secondary tuition for qualifying members along with related programs and support.
- Health Canada – activity of the Health Centre which provides a variety of health care programs and support.
- Housing Fund – Section 95 and non-subsidized housing operations.
- Tobacco Fund – the Band's tobacco sales operation.
- Commercial Fishing – encompasses the fisheries activities of the Band.
- Gaming Commission – represents the Band's share of Casino Nova Scotia revenues.
- Gas bar – the gas bar operations of the band.
- VLT – the VLT operations of the Band.

See financial data on Pages 20 – 22.

### 14. Government transfers

|   | Operating    | 2018<br>Capital | Total        | Operating    | 2017<br>Capital | Total        |
|---|--------------|-----------------|--------------|--------------|-----------------|--------------|
| Indigenous and Northern Affairs Canada  | \$ 3,919,205 | \$ 454,800      | \$ 4,374,005 | \$ 3,660,524 | \$ 854,800      | \$ 4,515,324 |
| Health Canada                           | 766,159      | -               | 766,159      | 761,020      | -               | 761,020      |
| Canada Mortgage and Housing Corporation | 220,371      | -               | 220,371      | 123,768      | -               | 123,768      |
| Mi'kmaw Kina'matnewey                   | 1,096,991    | -               | 1,096,991    | 1,073,346    | -               | 1,073,346    |
| Other                                   | 71,351       | -               | 71,351       | 316,260      | -               | 316,260      |
| Total                                   | 6,074,077    | 454,800         | 6,528,877    | 5,934,918    | 854,800         | 6,789,718    |
| Province of Nova Scotia                 | 2,331,469    | -               | 2,331,469    | 637,568      | -               | 637,568      |
|   | \$ 8,405,546 | \$ 454,800      | \$ 8,860,346 | \$ 6,572,486 | \$ 854,800      | \$ 7,427,286 |

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# Paqtnkek Mi'kmaw Nation

## Notes to the Consolidated Financial Statements

March 31, 2018

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### 15. Accumulated surplus

The First Nation segregates its accumulated surplus into the following categories:

|  | <u>2018</u>         | <u>2017</u>         |
|--|---------------------|---------------------|
| Unallocated  | \$ 2,557,172        | \$ (226,050)        |
| Funds on deposit with Department of Indigenous Services Canada | 22,120              | 22,120              |
| Operating Reserve  | 32,518              | 27,738              |
| Replacement Reserve  | 254,044             | 311,419             |
| Tangible Capital Asset Reserve                                 | <u>6,781,816</u>    | <u>7,233,274</u>    |
|  | <u>\$ 9,647,670</u> | <u>\$ 7,368,501</u> |

The funds on deposits have been set aside to be spent on specific projects.

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# Paqtnkek Mi'kmaw Nation

Schedule of Segment Disclosure  
Year ended March 31, 2018

|   | Social              |                     | First Nation Financial Management |                     | Capital             |                     | Operations and Maintenance |                   | Economic Development and Native Employment |                     |
|---|---------------------|---------------------|-----------------------------------|---------------------|---------------------|---------------------|----------------------------|-------------------|--|---------------------|
|   | Actual 2018         | Actual 2017         | Actual 2018                       | Actual 2017         | Actual 2018         | Actual 2017         | Actual 2018                | Actual 2017       | Actual 2018                                | Actual 2017         |
| <b>Revenues</b>                           |                     |                     |                                   |                     |                     |                     |                            |                   |  |                     |
| Federal government operating transfers    | \$ 2,130,559        | \$ 2,150,559        | \$ 353,714                        | \$ 316,052          | \$ 827,204          | \$ 389,597          | \$ 105,393                 | \$ 254,321        | \$ 962,689                                 | \$ 703,311          |
| Federal government capital transfers      | -                   | -                   | -                                 | -                   | 454,800             | 888,800             | -                          | -                 | -  | -                   |
| Provincial government operating transfers | -                   | -                   | 1,874,300                         | -                   | -                   | -                   | -                          | -                 | 376,391                                    | 508,745             |
| Provincial government capital transfers   | -                   | -                   | -                                 | -                   | -                   | -                   | -                          | -                 | -  | -                   |
| Contributed assets                        | -                   | -                   | -                                 | -                   | -                   | -                   | -                          | -                 | -  | -                   |
| Economic activities                       | -                   | -                   | -                                 | -                   | -                   | -                   | -                          | -                 | -  | -                   |
| Other                                     | -                   | -                   | 256,585                           | 259,000             | 139,090             | 1,588               | -                          | -                 | 71,351                                     | 67,331              |
|   | <u>\$ 2,130,559</u> | <u>\$ 2,150,559</u> | <u>\$ 2,484,599</u>               | <u>\$ 575,052</u>   | <u>\$ 1,421,094</u> | <u>\$ 1,279,986</u> | <u>\$ 105,393</u>          | <u>\$ 254,321</u> | <u>\$ 1,410,431</u>                        | <u>\$ 1,279,387</u> |
| <b>Expenses</b>                           |                     |                     |                                   |                     |                     |                     |                            |                   |  |                     |
| Salaries and benefits                     | \$ 134,876          | \$ 135,043          | \$ 578,500                        | \$ 559,813          | \$ 79,806           | \$ 37,741           | \$ 16,202                  | \$ -              | \$ 506,214                                 | \$ 272,592          |
| Amortization                              | -                   | -                   | -                                 | -                   | -                   | -                   | -                          | -                 | -  | -                   |
| Interest                                  | -                   | -                   | 40,925                            | -                   | 6,019               | 15,173              | -                          | -                 | -  | -                   |
| Other                                     | 1,988,792           | 1,969,391           | 1,139,742                         | 393,820             | 582,307             | 873,304             | 264,759                    | 150,902           | 735,780                                    | 1,065,303           |
|   | <u>\$ 2,123,668</u> | <u>\$ 2,104,434</u> | <u>\$ 1,759,167</u>               | <u>\$ 953,633</u>   | <u>\$ 668,132</u>   | <u>\$ 926,218</u>   | <u>\$ 280,961</u>          | <u>\$ 150,902</u> | <u>\$ 1,241,994</u>                        | <u>\$ 1,337,895</u> |
| <b>Surplus (deficit) for the year</b>     | <u>\$ 6,891</u>     | <u>\$ 46,125</u>    | <u>\$ 725,432</u>                 | <u>\$ (378,581)</u> | <u>\$ 752,962</u>   | <u>\$ 353,768</u>   | <u>\$ (175,568)</u>        | <u>\$ 103,419</u> | <u>\$ 168,437</u>                          | <u>\$ (58,508)</u>  |

# Paqtnekek Mi'kmaw Nation

Schedule of Segment Disclosure  
Year ended March 31, 2018

|   | Education      |                | Gaming         |                | Health Canada Programs |                | Tobacco Fund   |                | Gas Bar        |                |
|---|----------------|----------------|----------------|----------------|------------------------|----------------|----------------|----------------|----------------|----------------|
|   | Actual<br>2018 | Actual<br>2017 | Actual<br>2018 | Actual<br>2017 | Actual<br>2018         | Actual<br>2017 | Actual<br>2018 | Actual<br>2017 | Actual<br>2018 | Actual<br>2017 |
| <b>Revenues</b>                           |                |                |                |                |                        |                |                |                |                |                |
| Federal government operating transfers    | \$ 1,096,991   | \$ 1,073,346   | \$ -           | \$ -           | \$ 766,159             | \$ 761,020     | \$ -           | \$ -           | \$ -           | \$ -           |
| Federal government capital transfers      | -              | -              | -              | -              | -                      | -              | -              | -              | -              | -              |
| Provincial government operating transfers | 6,603          | 48,511         | \$ 74,175      | \$ 80,312      | -                      | -              | -              | -              | -              | -              |
| Provincial government capital transfers   | -              | -              | -              | -              | -                      | -              | -              | -              | -              | -              |
| Contributed assets                        | -              | -              | -              | -              | -                      | -              | -              | -              | -              | -              |
| Economic activities                       | -              | -              | -              | -              | -                      | -              | -              | -              | -              | -              |
| Income from investment in GBE's           | -              | -              | -              | -              | -                      | -              | -              | -              | -              | -              |
| Other                                     | -              | -              | -              | -              | -                      | 112,564        | 2,026,067      | 1,967,250      | 994,100        | 861,724        |
|   | 1,103,594      | 1,121,857      | 74,175         | 80,312         | 766,159                | 873,584        | 2,026,067      | 1,967,250      | 994,100        | 861,724        |
| <b>Expenses</b>                           |                |                |                |                |                        |                |                |                |                |                |
| Salaries and benefits                     | \$ 152,149     | \$ 244,991     | \$ -           | \$ -           | \$ 219,038             | \$ 208,339     | \$ 103,209     | \$ 109,546     | \$ 113,786     | \$ 104,113     |
| Amortization                              | -              | -              | -              | -              | -                      | -              | -              | -              | -              | -              |
| Interest                                  | -              | -              | -              | -              | -                      | -              | 10,805         | 9,925          | 7,877          | 7,125          |
| Other                                     | 752,561        | 887,542        | -              | -              | 538,525                | 582,424        | 1,950,781      | 1,672,203      | 947,731        | 818,129        |
|   | \$ 904,710     | \$ 1,132,533   | \$ -           | \$ -           | \$ 757,563             | \$ 790,763     | \$ 2,064,795   | \$ 1,791,675   | \$ 1,069,394   | \$ 929,367     |
| <b>Surplus (deficit) for the year</b>     | \$ 198,884     | \$ (10,676)    | \$ 74,175      | \$ 80,312      | \$ 8,596               | \$ 82,821      | \$ (38,728)    | \$ 175,575     | \$ (75,294)    | \$ (67,643)    |

# Paqtnkek Mi'kmaw Nation

Schedule of Segment Disclosure  
Year ended March 31, 2018

|   | Non-Subsidized Housing |                | Fisheries      |                | VLT            |                | Subsidized Housing |                | Other          |                | Total          |                |
|---|------------------------|----------------|----------------|----------------|----------------|----------------|--------------------|----------------|----------------|----------------|----------------|----------------|
|   | Actual<br>2018         | Actual<br>2017 | Actual<br>2018 | Actual<br>2017 | Actual<br>2018 | Actual<br>2017 | Actual<br>2018     | Actual<br>2017 | Actual<br>2018 | Actual<br>2017 | Actual<br>2018 | Actual<br>2017 |
| <b>Revenues</b>                           |                        |                |                |                |                |                |                    |                |                |                |                |                |
| Federal government operating transfers    | \$ -                   | \$ -           | \$ -           | \$ -           | \$ -           | \$ -           | \$ 79,746          | \$ 79,749      | \$ -           | \$ -           | \$ 6,322,455   | \$ 5,727,955   |
| Federal government capital transfers      | -                      | -              | -              | -              | -              | -              | -                  | -              | -              | -              | 454,800        | 888,800        |
| Provincial government operating transfers | -                      | -              | 253,042        | -              | -              | -              | -                  | -              | -              | -              | 2,584,511      | 637,568        |
| Provincial government capital transfers   | -                      | -              | -              | -              | -              | -              | -                  | -              | -              | -              | -              | -              |
| Contributed assets                        | -                      | -              | -              | -              | -              | -              | -                  | -              | -              | -              | -              | -              |
| Economic activities                       | -                      | -              | -              | -              | -              | -              | -                  | -              | -              | -              | -              | -              |
| Other                                     | 174,000                | 210,021        | 1,543,473      | 816,526        | 1,388,986      | 1,173,015      | 146,050            | 141,983        | -              | -              | 6,739,702      | 5,611,002      |
|   | \$ 174,000             | \$ 210,021     | \$ 1,796,515   | \$ 816,526     | \$ 1,388,986   | \$ 1,173,015   | \$ 225,796         | \$ 221,732     | \$ -           | \$ -           | \$ 16,101,468  | \$ 12,865,326  |
| <b>Expenses</b>                           |                        |                |                |                |                |                |                    |                |                |                |                |                |
| Salaries and benefits                     | \$ -                   | \$ -           | \$ 489,881     | \$ 359,460     | \$ 299,182     | \$ 304,705     | \$ -               | \$ -           | \$ -           | \$ -           | \$ 2,692,843   | \$ 2,336,344   |
| Amortization                              | -                      | -              | -              | -              | -              | -              | -                  | -              | 617,795        | 565,534        | 617,795        | 565,534        |
| Interest                                  | 6,019                  | 18,544         | 1,699          | 1,291          | 1,239          | 3,475          | 30,529             | 31,161         | -              | -              | 105,112        | 86,694         |
| Other                                     | 331,508                | 159,875        | 554,012        | 380,726        | 511,700        | 294,007        | 108,351            | 125,196        | -              | -              | 10,406,549     | 9,372,822      |
|   | \$ 337,527             | \$ 178,419     | \$ 1,045,592   | \$ 741,477     | \$ 812,121     | \$ 602,187     | \$ 138,880         | \$ 156,357     | \$ 617,795     | \$ 565,534     | \$ 13,822,299  | \$ 12,361,394  |
| <b>Surplus (deficit) for the year</b>     | \$ (163,527)           | \$ 31,602      | \$ 750,923     | \$ 75,049      | \$ 576,865     | \$ 570,828     | \$ 86,916          | \$ 65,375      | \$ (617,795)   | \$ (565,534)   | \$ 2,279,169   | \$ 503,932     |