

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:

Paqtnekek Mi'kmaw Nation

Opinion

We have audited the consolidated financial statements of Paqtnekek Mi'kmaw Nation ("the First Nation"), which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of operations, changes in net financial liabilities and cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly in all material respects, the financial position of Paqtnekek Mi'kmaw Nation as at March 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the First Nation's financial reporting process.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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:

- Identify and assess the risks of material misstatement of the consolidated 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 the 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 the 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 disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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.

Grant Thornton LLP

Sydney, Canada
July 29, 2019

Chartered Professional Accountants
Licensed Public Accountants

Paqtnkek Mi'kmaw Nation

Consolidated Statement of Operations

Year ended March 31	Budget	2019	2018
Revenue			
Education	\$ 1,003,934	\$ 1,167,259	\$ 1,103,594
Social services	2,130,559	2,250,029	2,130,559
Capital	591,242	465,769	1,421,094
Operations and maintenance	263,803	106,431	105,393
Economic development and native employment	969,393	1,923,808	1,410,431
First Nation financial management	542,239	623,976	2,484,599
Health Canada programs	801,853	839,564	766,159
CMHC subsidized housing			
- 13 537 394	16,000	26,797	21,634
- 19 042 894	225,000	204,195	204,162
Non-subsidized housing projects	159,902	132,600	174,000
Gaming	71,683	82,000	74,175
Paqtnkek Tobacco Fund	1,900,000	2,050,241	2,026,067
Paqtnkek Fisheries	614,000	1,117,255	1,796,515
Paqtnkek Gas Bar	858,500	1,051,312	994,100
Paqtnkek VLT	1,003,000	1,235,332	1,388,986
Bayside Development Corporation	-	7,833	-
	<u>\$ 11,151,108</u>	<u>\$ 13,284,401</u>	<u>\$ 16,101,468</u>
Expenditures			
Education	1,012,604	1,100,752	\$ 904,710
Social services	2,137,095	2,309,423	2,123,668
Capital	991,727	596,271	668,132
Operations and maintenance	196,690	449,558	280,961
Economic development and native employment	1,347,488	933,117	1,241,994
First Nation financial management	1,008,639	1,268,833	1,759,167
Health Canada programs	808,414	916,640	757,563
CMHC subsidized housing			
- 13 537 394	64,000	1,111	9,206
- 19 042 894	237,500	158,663	129,674
Non-subsidized housing projects	288,500	123,331	337,527
Gaming	-	-	-
Paqtnkek Tobacco Fund	2,160,700	2,279,580	2,064,795
Paqtnkek Fisheries	638,280	955,093	1,045,592
Paqtnkek Gas Bar	1,066,135	1,184,041	1,069,394
Paqtnkek VLT	716,147	642,122	812,121
Bayside Development Corporation	-	35,416	-
Depreciation	-	641,244	617,795
	<u>\$ 12,673,919</u>	<u>\$ 13,595,195</u>	<u>\$ 13,822,299</u>
Annual (deficit) surplus	<u>\$ (1,522,811)</u>	<u>\$ (310,794)</u>	<u>\$ 2,279,169</u>
Accumulated surplus, beginning of year		9,647,670	7,368,501
Accumulated surplus, end of year		<u>\$ 9,336,876</u>	<u>\$ 9,647,670</u>

See accompanying notes to the consolidated financial statements.

Paqtnkek Mi'kmaw Nation
Consolidated Statement of Financial Position

March 31

2019

2018

Financial assets

Cash	\$ 12,294,279	\$ 3,019,929
Receivables (Note 2)	1,406,947	1,022,262
Inventory	27,252	58,108
Restricted cash		
Replacement reserve fund (Note 3)	291,445	254,106
Debt reserve fund	531,490	80,353
Funds held in trust	-	22,353
	<u>14,551,413</u>	<u>4,457,111</u>

Financial liabilities

Payables and accruals (Note 5)	1,672,256	1,637,441
Deferred revenue (Note 6)	3,269,371	
Long term debt (Note 7)	12,943,896	4,209,136
	<u>17,885,523</u>	<u>5,846,577</u>

Net financial liabilities

	<u>(3,334,110)</u>	<u>(1,389,466)</u>
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Non-financial assets

Capital assets (Note 4)	10,467,840	10,684,182
Capital projects under construction	2,165,924	313,045
	<u>12,633,764</u>	<u>10,997,227</u>
Prepays	37,222	39,909
	<u>12,670,986</u>	<u>11,037,136</u>

Accumulated surplus (Note 14)

	<u>\$ 9,336,876</u>	<u>\$ 9,647,670</u>
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Contingencies (Note 9)

Commitments (Note 15)

On behalf of the Band Council

 Chief  Councillor

See accompanying notes to the consolidated financial statements.

Paqtnkek Mi'kmaw Nation
Consolidated Statement of Changes in Net Financial
Liabilities

March 31	2019	2018
(Deficit) excess of revenue over expenditure	\$ (310,794)	\$ 2,279,169
Depreciation	641,244	617,795
Purchase of property and equipment	<u>(2,277,781)</u>	<u>(1,962,342)</u>
	<u>(1,947,331)</u>	<u>934,622</u>
Trust allocations and interest	-	233
Acquisition of prepaid expenses, net of usage	<u>2,687</u>	<u>-</u>
	<u>2,687</u>	<u>233</u>
Change in net financial liabilities	(1,944,644)	934,855
Net financial liabilities, beginning of year	<u>(1,389,466)</u>	<u>(2,324,321)</u>
Net financial liabilities, end of year	<u>\$ (3,334,110)</u>	<u>\$ (1,389,466)</u>

See accompanying notes to the consolidated financial statements.

Paqtnkek Mi'kmaw Nation

Consolidated Statement of Cash Flows

Year ended March 31

2019

2018

Increase in cash and cash equivalents

Operating		
(Deficit) excess of revenue over expenditure	\$ (310,794)	\$ 2,279,169
Depreciation	<u>641,244</u>	<u>617,795</u>
	210,779	2,896,964
 Change in non-cash operating working capital		
Receivables	(384,685)	540,902
Inventory	30,856	(24,711)
Prepays	2,687	-
Payables and accruals	34,815	(1,034,180)
Deferred revenue	<u>3,269,371</u>	<u>(459,800)</u>
	<u>3,283,494</u>	<u>1,919,175</u>
 Financing		
Trust contributions and interest	-	233
Receipt of long term debt	8,950,000	1,996,002
Repayment of long term debt	<u>(215,240)</u>	<u>(206,502)</u>
	<u>8,734,760</u>	<u>1,789,733</u>
 Investing		
Purchase of property and equipment	<u>(2,277,781)</u>	<u>(1,962,342)</u>
	<u>(2,277,781)</u>	<u>(1,962,342)</u>
 Net increase in cash and cash equivalents	9,740,473	1,746,566
 Cash and cash equivalents, beginning of year	<u>3,376,741</u>	<u>1,630,175</u>
 Cash and cash equivalents, end of year	<u>\$ 13,117,214</u>	<u>\$ 3,376,741</u>
 Cash and cash equivalents, consists of:		
Cash	\$ 12,294,279	\$ 3,019,929
Restricted cash		
Replacement reserve fund	291,445	254,106
Debt reserve fund	531,490	80,353
Funds in trust	<u>-</u>	<u>22,353</u>
	<u>\$ 13,117,214</u>	<u>\$ 3,376,741</u>

See accompanying notes to the consolidated financial statements.

Paqtnkek Mi'kmaw Nation

Notes to the Consolidated Financial Statements

March 31, 2019

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.

Paqtnkek Mi'kmaw Nation

Notes to the Consolidated Financial Statements

March 31, 2019

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 2019 was \$2,770,077 (2018 - \$2,470,888). 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
Radio equipment	5% declining balance

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

Deferred revenue

Certain amounts are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recognized as revenue in the fiscal year that the related expenditures are incurred or service performed.

Paqtnkek Mi'kmaw Nation

Notes to the Consolidated Financial Statements

March 31, 2019

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.

Trust Funds

The Trust Funds being administered by the Nation are not considered to be part of the government reporting entity and therefore not consolidated with the accounts of the Nation. Trust Funds administered by the Nation are disclosed in Note 8 to the consolidated financial statements.

Paqtnekek Mi'kmaw Nation

Notes to the Consolidated Financial Statements

March 31, 2019

2. Receivables	2019	2018
Indigenous and Northern Affairs Canada	\$ 574,671	\$ 205,000
Health Canada	195,188	-
Mi'kmaq Employment Training Secretariat	24,806	95,420
Mi'kmaw Kina'matnewey	75,035	63,823
Canada Mortgage and Housing Corporation	77,749	34,000
Province of Nova Scotia	162,312	154,487
Commodity taxes	76,537	-
Trade receivables	277,057	492,756
	1,463,355	1,045,486
Less: allowance for doubtful accounts	(56,408)	(23,224)
	<u>\$ 1,406,947</u>	<u>\$ 1,022,262</u>

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 \$37,250 (2018 - \$33,333). 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, 2019, the reserve was fully funded.

4. Capital assets			<u>2019</u>	<u>2018</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	12,473,189	5,602,374	6,870,815	7,278,216
Equipment	631,356	456,430	174,926	145,931
Vehicles	764,312	640,399	123,913	181,122
Vessels	898,329	647,518	250,811	295,752
Radio equipment	412,416	14,407	398,009	-
Infrastructure and roads	<u>4,210,570</u>	<u>1,838,380</u>	<u>2,372,190</u>	<u>2,505,985</u>
	<u>\$ 19,667,348</u>	<u>\$ 9,199,508</u>	<u>\$10,467,840</u>	<u>\$ 10,684,182</u>

Paqtnkek Mi'kmaw Nation
Notes to the Consolidated Financial Statements
 March 31, 2019

5. Payables and accruals	<u>2019</u>	<u>2018</u>
Indigenous and Northern Affairs Canada	\$ 109,050	\$ 109,050
Health Canada	23,132	23,132
Commodity taxes	-	183,933
Trade payables and accruals	<u>1,540,074</u>	<u>1,321,326</u>
	<u>\$ 1,672,256</u>	<u>\$ 1,637,441</u>

6. Deferred revenue	<u>2019</u>	<u>2018</u>
Indigenous and Northern Affairs Canada	<u>\$ 3,269,371</u>	\$ -
	<u>\$ 3,269,371</u>	\$ -

7. Long term debt	<u>2019</u>	<u>2018</u>
Canada Mortgage and Housing Corporation		
1.82% mortgage maturing in May 2024, payable in equal monthly instalments of principal and interest of \$400	\$ 23,680	\$ 27,971
1.03% mortgage maturing in March 2026, payable in equal monthly instalments of principal and interest of \$370	29,989	34,070
1.43% mortgage maturing in February 2027, payable in equal monthly instalments of principal and interest of \$1,153	102,489	114,493
1.62% mortgage maturing in January 2028, payable in equal monthly instalments of principal and interest of \$363	36,079	39,643
1.92% mortgage maturing in March 2029, payable in equal monthly instalments of principal and interest of \$352	38,519	41,914
1.82% mortgage maturing in September 2029, payable in equal monthly instalments of principal and interest of \$716	82,307	89,222
1.01% mortgage maturing in December 2030, payable in equal monthly instalments of principal and interest of \$676	89,981	97,076

Paqtnkek Mi'kmaw Nation
Notes to the Consolidated Financial Statements
 March 31, 2019

7. Long term debt (continued)	<u>2019</u>	<u>2018</u>
1.03% mortgage maturing in July 2031, payable in equal monthly instalments of principal and interest of \$407	56,540	60,765
1.84% mortgage maturing in July 2032, payable in equal monthly instalments of principal and interest of \$722	102,604	109,166
1.67% mortgage maturing in April 2033, payable in equal monthly instalments of principal and interest of \$1,035	156,662	165,644
1.67% mortgage maturing in June 2033, payable in equal monthly instalments of principal and interest of \$1,907	291,538	308,016
1.83% mortgage maturing in December 2034, payable in equal monthly instalments of principal and interest of \$358	58,936	62,042
1.23% mortgage maturing in April 2035, payable in equal monthly instalments of principal and interest of \$741	129,942	137,063
1.13% mortgage maturing in May 2036, payable in equal monthly instalments of principal and interest of \$1,287	241,200	253,621
1.25% mortgage maturing in May 2022, payable in equal monthly instalments of principal and interest of \$367	11,927	16,147
1.86% mortgage maturing in August 2037, payable in equal monthly instalments of principal and interest of \$312	58,496	61,041
1.62% mortgage maturing in March 2038, payable in equal monthly instalments of principal and interest of \$527	103,885	107,987
1.85% mortgage maturing in August 2039, payable in equal monthly instalments of principal and interest of \$500	102,080	105,994

Paqtnkek Mi'kmaw Nation
Notes to the Consolidated Financial Statements
 March 31, 2019

7. Long term debt (continued)	<u>2019</u>	<u>2018</u>
1.86% mortgage maturing in August 2023, payable in equal monthly instalments of principal and interest of \$857	42,072	51,419
2.39% mortgage maturing in March 2043, payable in equal monthly instalments of principal and interest of \$611	134,180	138,000
2.39% mortgage maturing in February 2043, payable in equal monthly instalments of principal and interest of \$564	123,382	127,168
2.39% mortgage maturing in March 2043, payable in equal monthly instalments of principal and interest of \$531	116,679	120,000
Bank of Nova Scotia		
4.49% mortgage maturing in February 2028, payable in equal monthly instalments of principal and interest of \$508	44,881	48,894
4.49% mortgage maturing in February 2028, payable in equal monthly instalments of principal and interest of \$508	44,881	48,894
4.49% mortgage maturing in February 2028, payable in equal monthly instalments of principal and interest of \$508	44,881	48,894
4.55% mortgage maturing in February 2029, payable in equal monthly instalments of principal and interest of \$327	31,008	33,511
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Paqtnkek Mi'kmaw Nation
Notes to the Consolidated Financial Statements
 March 31, 2019

7. Long term debt (continued)	<u>2019</u>	<u>2018</u>
4.55% mortgage maturing in February 2029, payable in equal monthly instalments of principal and interest of \$327	31,008	33,511
4.55% mortgage maturing in February 2029, payable in equal monthly instalments of principal and interest of \$327	31,008	33,511
4.55% mortgage maturing in February 2029, payable in equal monthly instalments of principal and interest of \$327	31,008	33,511
First Nations Finance Authority		
3.75% loan, interest only payments until October 2019, until which time equal monthly instalments of principal and interest of 43,646, maturing October 2049	8,950,000	-
3.41% loan, payable in equal annual instalments of \$58,764 plus interest, maturing December 2027	<u>1,509,030</u>	<u>1,559,415</u>
	12,943,896	4,209,136
Less: Current portion of long term debt		
Principal payments due within one year	<u>297,490</u>	<u>227,360</u>
	<u>\$ 12,646,406</u>	<u>\$ 3,981,776</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:

2020	\$ 297,490
2021	\$ 401,690
2022	\$ 412,077
2023	\$ 419,277
2024	\$ 431,274

Paqtnkek Mi'kmaw Nation
Notes to the Consolidated Financial Statements
March 31, 2019

8. 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*.

	<u>2019</u>	<u>2018</u>
Assets		
Indigenous and Northern Affairs Canada	\$ <u>527,229</u>	\$ <u>-</u>
Equity		
Trust Equity	\$ <u>527,229</u>	\$ <u>-</u>

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

	<u>2019</u>	<u>2018</u>
Contributions	499,280	-
Interest earned	<u>5,596</u>	<u>-</u>
Net assets, end of year	\$ <u>527,229</u>	\$ <u>-</u>

9. Contingencies

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.

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, 2019, was nil (2018 – nil).

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 \$65,448 (2018 – \$37,160).

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12. Expenditures by object

	<u>2019</u>	<u>2018</u>
Bad debt provision	\$ 58,389	\$ 48,308
Business development and promotion	9,437	39,856
Cash shortages	860	1,492
Community support	687,044	1,751,585
Contracted services	926,773	574,591
Cost of goods sold	2,657,619	2,493,936
Depreciation	641,244	617,795
Dues and fees	110,847	155,455
Education and training	859,572	867,023
Fuel, bait, and boat maintenance	138,832	273,763
Health programs	114,165	164,888
Infrastructure	501,094	423,586
Insurance	130,914	115,590
Interest	256,558	160,319
Repairs and maintenance	415,112	814,116
Salaries, wages, and benefits	3,141,408	2,692,843
Social	2,071,037	1,862,799
Supplies	582,479	501,815
Travel	291,811	262,539
	<u>\$ 13,595,195</u>	<u>\$ 13,822,299</u>

13. Government transfers

	Operating	2019 Capital	Total	Operating	2018 Capital	Total
Indigenous and Northern Affairs Canada	\$ 3,332,004	\$ 1,059,042	\$ 4,391,046	\$ 3,919,205	\$ 454,800	\$ 4,374,005
Health Canada	839,564	-	839,564	766,159	-	766,159
Canada Mortgage and Housing Corporation	116,046	-	116,046	220,371	-	220,371
Mi'kmaw Kina'matnewey	1,167,259	-	1,167,259	1,096,991	-	1,096,991
Other	193,670	-	193,670	71,351	-	71,351
Total	5,648,543	1,059,042	6,707,585	6,074,077	454,800	6,528,877
Province of Nova Scotia	-	-	-	2,331,469	-	2,331,469
	<u>\$ 5,648,543</u>	<u>\$ 1,059,042</u>	<u>\$ 6,707,585</u>	<u>\$ 8,405,546</u>	<u>\$ 454,800</u>	<u>\$ 8,860,346</u>

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14. Accumulated surplus

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

	<u>2019</u>	<u>2018</u>
Unallocated	\$ 9,329,320	\$ 2,557,172
Funds on deposit with Department of Indigenous Services Canada	-	22,120
Operating Reserve	32,518	32,518
Replacement Reserve	291,445	254,044
Tangible Capital Asset Reserve	<u>(316,407)</u>	<u>6,781,816</u>
	<u>\$ 9,336,876</u>	<u>\$ 9,647,670</u>

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

15. Commitments

The First Nation has provided a letter of credit in the amount of \$100,000 as security for a fuel supply agreement with Cape D'or Holdings.
