



Grant Thornton

Consolidated Financial Statements

Paqtnkek Mi'kmaw Nation

March 31, 2021

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Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of the Paqtnkek 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, 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

Independent auditor's report

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To the Chief and Councillors of:

Paqtnkek Mi'kmaw Nation

Opinion

We have audited the consolidated financial statements of Paqtnkek Mi'kmaw Nation ("the First Nation"), which comprise the consolidated statement of financial position as at March 31, 2021, 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 Paqtnkek Mi'kmaw Nation as at March 31, 2021, 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.

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.

Membertou, Canada
October 19, 2021

Grant Thornton LLP
Chartered Professional Accountants

Paqtnkek Mi'kmaw Nation

Consolidated Statement of Operations

Year ended March 31	Budget	2021	2020
Revenue			
Education	\$ 1,280,970	\$ 1,341,415	\$ 1,208,827
Social services	2,489,634	2,444,704	2,080,503
Capital		1,140,109	738,797
Operations and maintenance	143,521	333,596	333,596
Economic development and native employment	584,527	556,076	678,358
First Nation financial management	921,597	1,918,393	586,198
Health Canada programs	850,519	1,588,043	992,523
CMHC subsidized housing			
- 13 537 394	13,000	9,577	15,712
- 19 042 894	216,000	279,205	237,366
Non-subsidized housing projects	202,500	190,582	239,607
Gaming	75,000	25,132	71,491
Paqtnkek Tobacco Fund	2,463,384	1,973,022	2,079,480
Paqtnkek Fisheries	1,278,764	1,052,117	1,494,213
Paqtnkek Gas Bar	-	209,532	957,061
Paqtnkek VLT	1,359,000	1,428,216	1,302,556
Bayside Development Corporation	-	131,592	3,093,238
Bayside Operations	1,200,000	4,442,752	-
	<u>\$ 13,556,416</u>	<u>\$ 19,064,063</u>	<u>\$ 16,109,526</u>
Expenditures			
Education	1,090,259	855,898	1,167,143
Social services	2,739,298	2,796,568	2,257,142
Capital	603,000	544,337	523,613
Operations and maintenance	346,346	208,045	581,211
Economic development and native employment	715,768	638,136	830,763
First Nation financial management	1,412,060	1,311,559	1,631,998
Health Canada programs	747,529	704,838	659,954
CMHC subsidized housing			
- 13 537 394	4,600	8,304	5,778
- 19 042 894	154,408	237,875	218,850
Non-subsidized housing projects	97,000	99,529	132,670
Paqtnkek Tobacco Fund	2,163,384	1,950,066	2,236,470
Paqtnkek Fisheries	1,028,764	816,033	1,073,157
Paqtnkek Gas Bar	-	185,707	1,112,291
Paqtnkek VLT	609,000	668,258	636,313
Bayside Development Corporation	-	917,538	109,775
Bayside Operations	-	4,087,313	-
Depreciation	-	1,101,106	627,437
	<u>\$ 11,711,416</u>	<u>\$ 17,131,110</u>	<u>\$ 13,804,565</u>
Annual surplus	<u>\$ 1,845,000</u>	<u>\$ 1,932,953</u>	<u>\$ 2,304,961</u>
Accumulated surplus, beginning of year		11,641,837	9,336,876
Accumulated surplus, end of year		<u>\$ 13,574,790</u>	<u>\$ 11,641,837</u>

See accompanying notes to the consolidated financial statements.

Paqtnkek Mi'kmaw Nation

Consolidated Statement of Financial Position

March 31

2021

2020

Financial assets

Cash	\$ 6,941,408	\$ 3,539,092
Receivables (Note 2)	1,179,908	1,083,835
Inventory	479,851	54,486
Revenue from First Nations Fisheries Interest Group	35,711,914	-
Restricted cash		
Replacement reserve fund (Note 3)	365,945	328,695
Debt reserve fund	2,559,303	540,111
	<u>47,238,329</u>	<u>5,546,219</u>

Financial liabilities

Payables and accruals (Note 5)	1,494,276	2,697,982
Deferred revenue (Note 6)	2,547,680	444,879
Long term debt (Note 7)	52,559,410	12,737,910
	<u>56,601,366</u>	<u>15,880,771</u>

Net financial liabilities

<u>(9,363,037)</u>	<u>(10,334,552)</u>
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Non-financial assets

Capital assets (Note 4)	22,565,296	21,439,598
Capital projects under construction	365,881	532,804
	<u>22,931,177</u>	<u>21,972,402</u>
Prepays	6,650	3,987
	<u>22,937,827</u>	<u>21,976,389</u>

Accumulated surplus

<u>\$ 13,574,790</u>	<u>\$ 11,641,837</u>
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Contingencies (Note 9)

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	2021	2020
Annual surplus	\$ 1,932,953	\$ 2,304,961
Depreciation	1,101,106	627,437
Purchase of property and equipment, net	<u>(2,059,881)</u>	<u>(9,966,075)</u>
	<u>974,178</u>	<u>(7,033,677)</u>
Acquisition of prepaid expenses, net of usage	<u>(2,663)</u>	<u>33,235</u>
	<u>(2,663)</u>	<u>33,235</u>
Change in net financial liabilities	971,515	(7,000,442)
Net financial liabilities, beginning of year	<u>(10,334,552)</u>	<u>(3,334,110)</u>
Net financial liabilities, end of year	<u>\$ (9,363,037)</u>	<u>\$ (10,334,552)</u>

See accompanying notes to the consolidated financial statements.

Paqtnkek Mi'kmaw Nation

Consolidated Statement of Cash Flows

Year ended March 31

2021

2020

(Decrease) increase in cash and cash equivalents

Operating		
Excess of revenue over expenditure	\$ 1,932,953	\$ 2,304,961
Depreciation	<u>1,101,106</u>	<u>627,437</u>
	3,034,059	2,932,398
Change in non-cash operating working capital		
Receivables	(96,073)	323,112
Inventory	(425,365)	(27,234)
Prepays	(2,663)	33,235
Payables and accruals	(1,203,706)	1,025,726
Deferred revenue	<u>2,102,801</u>	<u>(2,824,492)</u>
	3,409,053	1,462,745
Financing		
Receipt of long-term debt	40,225,985	-
Repayment of long-term debt	<u>(404,485)</u>	<u>(205,986)</u>
	39,821,500	(205,986)
Investing		
Purchase of property and equipment	(2,059,881)	(9,966,075)
Receivable from First Nations Fisheries Interest Group	<u>(35,711,914)</u>	<u>-</u>
	(37,771,795)	(9,966,075)
Net (decrease) increase in cash and cash equivalents	5,458,758	(8,709,316)
Cash and cash equivalents, beginning of year	<u>4,407,898</u>	<u>13,117,214</u>
Cash and cash equivalents, end of year	\$ 9,866,656	\$ 4,407,898
Cash and cash equivalents, consists of:		
Cash	\$ 6,941,408	\$ 3,539,092
Restricted cash		
Replacement reserve fund	365,945	328,695
Debt reserve fund	<u>2,559,303</u>	<u>540,111</u>
	\$ 9,866,656	\$ 4,407,898

See accompanying notes to the consolidated financial statements.

Paqtnkek Mi'kmaw Nation

Notes to the Consolidated Financial Statements

March 31, 2021

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.
- Bayside Development Corporation reports the assets of the Bayside site.
- Bayside Operations reports the First Nation's operations at the Bayside site.

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, the Canada Mortgage and Housing Projects Fund and the Bayside Operations and Development Corporation. 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, 2021

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 2021 was \$5,343,965 (2020 - \$1,893,682). 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.

Paqtnkek Mi'kmaw Nation

Notes to the Consolidated Financial Statements

March 31, 2021

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 financial liabilities

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.

Paqtnkek Mi'kmaw Nation

Notes to the Consolidated Financial Statements

March 31, 2021

2. Receivables	<u>2021</u>	<u>2020</u>
Indigenous Services Canada	\$ 520,000	\$ 430,761
Mi'kmaq Employment Training Secretariat	-	66,969
Canada Mortgage and Housing Corporation	81,815	85,315
Province of Nova Scotia	176,040	150,908
Commodity taxes	142,701	81,687
Trade receivables	<u>286,961</u>	<u>319,934</u>
	1,207,517	1,135,574
Less: allowance for doubtful accounts	<u>(27,609)</u>	<u>(51,739)</u>
	<u>\$ 1,179,908</u>	<u>\$ 1,083,835</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 (2020 - \$37,250). 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, 2021, the reserve was fully funded.

4. Capital assets			<u>2021</u>	<u>2020</u>
	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net book value</u>	<u>Net book value</u>
Land	\$ 1,647,058	\$ -	\$ 1,647,058	\$ 1,647,058
Buildings and housing properties	23,832,425	6,675,022	17,157,403	16,206,945
Equipment	1,361,367	617,175	744,192	598,385
Vehicles	823,124	717,298	105,826	83,867
Vessels	1,141,760	747,130	394,630	285,774
Radio equipment	412,416	60,570	351,846	370,364
Infrastructure and roads	<u>4,248,675</u>	<u>2,084,334</u>	<u>2,164,341</u>	<u>2,247,205</u>
	<u>\$ 33,466,825</u>	<u>\$10,901,529</u>	<u>\$ 22,565,296</u>	<u>\$ 21,439,598</u>

Paqtnkek Mi'kmaw Nation

Notes to the Consolidated Financial Statements

March 31, 2021

5. Payables and accruals	<u>2021</u>	<u>2020</u>
Indigenous Services Canada	\$ 109,050	\$ 109,050
Mi'kmaw Kina'matnewey	22,600	31,499
Trade payables and accruals	<u>1,362,626</u>	<u>2,557,433</u>
	<u>\$ 1,494,276</u>	<u>\$ 2,697,982</u>

6. Deferred revenue	<u>2021</u>	<u>2020</u>
Indigenous Services Canada	\$ 2,102,360	\$ 444,879
Husky	<u>445,320</u>	<u>-</u>
	<u>\$ 2,547,680</u>	<u>\$ 444,879</u>

7. Long-term debt	<u>2021</u>	<u>2020</u>
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Canada Mortgage and Housing Corporation

1.69% mortgage maturing in May 2024, payable in equal monthly instalments of principal and interest of \$399

\$ 14,760 \$19,261

1.03% mortgage maturing in March 2026, payable in equal monthly instalments of principal and interest of \$370

21,639 25,836

1.43% mortgage maturing in February 2027, payable in equal monthly instalments of principal and interest of \$1,140

77,679 90,175

2.5% mortgage maturing in January 2028, payable in equal monthly instalments of principal and interest of \$379

28,589 32,381

1.92% mortgage maturing in March 2029, payable in equal monthly instalments of principal and interest of \$352

31,378 34,983

1.69% mortgage maturing in September 2029, payable in equal monthly instalments of principal and interest of \$716

67,743 75,097

1.01% mortgage maturing in December 2030, payable in equal monthly instalments of principal and interest of \$676

75,345 82,732

Paqtnkek Mi'kmaw Nation

Notes to the Consolidated Financial Statements

March 31, 2021

7. Long term debt (continued)	<u>2021</u>	<u>2020</u>
1.03% mortgage maturing in July 2031, payable in equal monthly instalments of principal and interest of \$407	\$ 47,851	52,219
1.84% mortgage maturing in July 2032, payable in equal monthly instalments of principal and interest of \$722	88,764	95,750
2.5% mortgage maturing in April 2033, payable in equal monthly instalments of principal and interest of \$1,097	137,611	147,262
2.5% mortgage maturing in June 2033, payable in equal monthly instalments of principal and interest of \$2,022	256,578	274,289
1.83% mortgage maturing in December 2034, payable in equal monthly instalments of principal and interest of \$358	52,186	55,678
1.23% mortgage maturing in April 2035, payable in equal monthly instalments of principal and interest of \$741	114,770	122,592
1.13% mortgage maturing in May 2036, payable in equal monthly instalments of principal and interest of \$1,287	215,441	228,398
1.25% mortgage maturing in May 2022, payable in equal monthly instalments of principal and interest of \$367	3,294	7,638
1.86% mortgage maturing in August 2037, payable in equal monthly instalments of principal and interest of \$312	53,065	55,808
2.5% mortgage maturing in March 2038, payable in equal monthly instalments of principal and interest of \$571	95,114	99,559
1.69% mortgage maturing in August 2039, payable in equal monthly instalments of principal and interest of \$492	93,578	97,880

Paqtnkek Mi'kmaw Nation

Notes to the Consolidated Financial Statements

March 31, 2021

7. Long term debt (continued)	<u>2021</u>	<u>2020</u>
2.39% mortgage maturing in August 2023, payable in equal monthly instalments of principal and interest of \$857	\$ 22,686	32,470
2.39% mortgage maturing in March 2043, payable in equal monthly instalments of principal and interest of \$611	125,686	129,990
2.39% mortgage maturing in February 2043, payable in equal monthly instalments of principal and interest of \$564	115,766	119,751
2.39% mortgage maturing in March 2043, payable in equal monthly instalments of principal and interest of \$531	109,292	113,035
Bank of Nova Scotia		
4.25% mortgage maturing in February 2028, payable in equal monthly instalments of principal and interest of \$508	36,272	40,686
4.25% mortgage maturing in February 2028, payable in equal monthly instalments of principal and interest of \$508	36,272	40,686
4.25% mortgage maturing in February 2028, payable in equal monthly instalments of principal and interest of \$508	36,272	40,686
4.25% mortgage maturing in February 2029, payable in equal monthly instalments of principal and interest of \$327	25,498	28,285
4.25% mortgage maturing in February 2029, payable in equal monthly instalments of principal and interest of \$327	25,498	28,285
4.25% mortgage maturing in February 2029, payable in equal monthly instalments of principal and interest of \$327	25,498	28,285
4.25% mortgage maturing in February 2029, payable in equal monthly instalments of principal and interest of \$327	25,498	28,285

Paqtnkek Mi'kmaw Nation

Notes to the Consolidated Financial Statements

March 31, 2021

7. Long term debt (continued)	<u>2021</u>	<u>2020</u>
4.25% mortgage maturing in February 2029, payable in equal monthly instalments of principal and interest of \$327	25,498	28,285
4.25% mortgage maturing in February 2029, payable in equal monthly instalments of principal and interest of \$327	25,498	28,285
4.25% mortgage maturing in February 2029, payable in equal monthly instalments of principal and interest of \$327	25,498	28,284
4.99% forklift financing maturing in August 2024, payable in equal monthly instalments of principal and interest of \$778	28,075	-
First Nations Finance Authority		
2.72% loan, payable in equal monthly instalments of Principal and interest of 43,646, maturing October 2049	8,878,724	8,950,000
3.41% loan, payable in equal annual instalments of \$58,764 plus interest, maturing December 2027	1,456,161	1,475,074
2.15% loan, payable in equal annual instalments of \$59,951 and interest maturing June 2030	2,587,037	-
1.9% loan, payable in equal annual instalments of \$856,302 and interest maturing June 2030	<u>37,473,296</u>	-
	52,559,410	12,737,910
Less: Current portion of long-term debt		
Principal payments due within one year	<u>1,328,330</u>	<u>401,690</u>
	<u>\$ 51,231,080</u>	<u>\$ 12,336,220</u>

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

Paqtnkek Mi'kmaw Nation

Notes to the Consolidated Financial Statements

March 31, 2021

7. Long term debt (continued)

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, 2021, are as follows:

2022	\$	1,328,330
2023	\$	1,335,530
2024	\$	1,347,527
2025	\$	1,347,450
2026	\$	1,332,449

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>2021</u>	<u>2020</u>
Assets		
Indigenous Services Canada	\$ <u>538,350</u>	\$ <u>538,350</u>
Equity		
Trust Equity	\$ <u>538,350</u>	\$ <u>538,350</u>

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

	<u>2021</u>	<u>2020</u>
Net assets, beginning of year	\$ <u>538,350</u>	\$ <u>527,229</u>
Contributions	-	780
Interest earned	-	10,341
Net assets, end of year	\$ <u>538,350</u>	\$ <u>538,350</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.

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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, 2021, was \$Nil (2020 – 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 \$85,360 (2020 - \$64,003).

12. Expenditures by object	<u>2021</u>	<u>2020</u>
Bad debt (recoverable) provision	\$ -	\$ 22,901
Business development and promotion	10,974	24,959
Cash shortages (overage)	(1,268)	903
Community support	879,037	912,911
Contracted services	890,665	792,023
Cost of goods sold	5,343,965	1,893,682
Depreciation	1,101,106	627,437
Dues and fees	211,704	196,485
Education and training	274,006	687,683
Fuel, bait, and boat maintenance	72,509	177,185
Health programs	202,234	222,794
Infrastructure	699,571	752,705
Insurance	283,768	165,105
Interest	90,080	458,220
Repairs and maintenance	306,335	463,164
Salaries, wages, and benefits	3,917,648	3,311,860
Social	2,414,152	1,943,556
Supplies	372,644	968,028
Travel	61,980	182,964
	<u>\$ 17,131,110</u>	<u>\$ 13,804,565</u>

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13. Government transfers

	2021			2020		
	Operating	Capital	Total	Operating	Capital	Total
Indigenous Services Canada	\$ 6,527,020	\$ 120,109	\$ 6,647,129	\$ 4,026,425	\$ 3,618,420	\$ 7,644,845
Canada Mortgage and Housing Corporation	114,787	1,020,000	1,134,787	92,528		\$ 92,528
Mi'kmaw Kina'matnewey	1,313,174	-	1,313,174	1,208,827		\$ 1,208,827
Other	225,000		225,000	295,661		\$ 295,661
	<u>\$ 8,179,981</u>	<u>\$ 1,140,109</u>	<u>\$ 9,320,090</u>	<u>\$ 5,623,441</u>	<u>\$ 3,618,420</u>	<u>\$ 9,241,861</u>

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

	<u>2021</u>	<u>2020</u>
Unallocated	\$ 2,309,939	\$ 2,052,407
Operating Reserve	32,518	32,518
Replacement Reserve	365,945	328,695
Tangible Capital Asset Reserve	<u>10,866,388</u>	<u>9,228,217</u>
	<u>\$ 13,574,790</u>	<u>\$ 11,641,837</u>

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

15. Impact of COVID-19

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The spread of COVID-19 has had an impact on the First Nation as of March 31, 2021 because of the temporary closure of some commercial operations. The closure was not lengthy and there is no reason why the entity cannot continue as a going concern. Management has also responded by adjusting to work from home arrangements, and by managing cash appropriately.
