



Consolidated Financial Statements

Paqtnkek Mi'kmaw Nation

March 31, 2023

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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 generally accepted accounting principles. 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 First Nation 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 First Nation's assets are appropriately accounted for and adequately safeguarded.

The First Nation is responsible for ensuring that management fulfils 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 auditor's report.

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


Chief Financial Officer

Independent auditor's report

To the Chief and Councillors of the
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, 2023, 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, 2023, 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.

Independent auditor's report (continued)

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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the First Nation and the organizations it controls to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 24, 2023

Grant Thornton LLP
Chartered Professional Accountants

Paqtnkek Mi'kmaw Nation

Consolidated Statement of Operations

Year ended March 31	Schedule	Budget	2023	2022
Revenue				
Education	B	\$ 1,708,865	\$ 1,874,776	\$ 2,836,968
Social services	C	2,130,559	2,638,128	2,400,709
Capital	D	528,519	471,516	751,965
Operations and maintenance	E	472,154	504,729	771,053
Economic development and native employment	F	815,162	2,529,829	2,174,558
First Nation financial management	G	346,632	2,868,654	3,466,863
Health Canada programs	H	1,230,350	1,207,793	1,478,932
CMHC subsidized housing				
- 13 537 394	I	4,030	4,507	53,348
- 19 042 894	I	398,970	276,174	269,925
Non-subsidized housing projects	J	-	193,350	400,501
Gaming	K	80,000	87,171	52,603
Paqtnkek Tobacco Fund	L	1,979,000	1,736,395	2,235,934
Paqtnkek Fisheries	M	1,172,258	1,139,268	1,977,958
Paqtnkek Gas Bar	N	-	-	-
Paqtnkek VLT	O	1,520,000	1,564,824	1,177,446
Bayside Development Corporation	P	-	191,435	191,668
Bayside Operations	Q	9,464,000	11,745,519	8,529,323
		\$ 21,850,499	\$ 29,034,068	\$ 28,769,754
Expenditures				
Education	B	1,666,055	1,360,578	1,069,861
Social services	C	2,155,038	2,165,952	1,874,025
Capital	D	432,108	509,716	623,308
Operations and maintenance	E	126,470	144,467	117,206
Economic development and native employment	F	815,162	1,478,342	873,618
First Nation financial management	G	1,488,452	2,441,737	2,279,676
Health Canada programs	H	864,740	856,842	705,977
CMHC subsidized housing				
- 13 537 394	I	13,500	14,675	4,652
- 19 042 894	I	221,900	166,154	127,956
Non-subsidized housing projects	J	-	222,374	223,557
Paqtnkek Tobacco Fund	L	2,011,459	1,640,645	2,275,150
Paqtnkek Fisheries	M	1,358,354	1,174,235	1,146,651
Paqtnkek VLT	O	699,391	588,438	553,442
Bayside Development Corporation	P	349,800	1,157,340	1,082,244
Bayside Operations	Q	8,721,280	10,952,650	8,039,756
Depreciation		-	1,328,606	1,197,124
		\$ 20,920,708	\$ 26,202,751	\$ 22,194,203
Annual surplus		\$ 929,791	\$ 2,831,317	\$ 6,575,551
Accumulated surplus, beginning of year			20,150,341	13,574,790
Accumulated surplus, end of year			\$ 22,981,658	\$ 20,150,341

See accompanying notes to the consolidated financial statements.

Paqtnkek Mi'kmaw Nation**Consolidated statement of financial position**

March 31

2023

2022

Financial assets

Cash	\$ 10,861,054	\$ 8,334,017
Receivables (Note 3)	6,371,970	3,881,765
Inventory	476,723	445,674
Restricted cash		
Replacement reserve fund (Note 4)	482,935	440,445
Debt reserve fund	2,742,049	2,598,757
Promissory note receivable (Note 5)	<u>34,662,230</u>	<u>35,122,785</u>
	<u>55,596,961</u>	<u>50,823,443</u>

Financial liabilities

Payables and accruals (Note 6)	1,161,580	1,396,576
Deferred revenue (Note 7)	7,695,220	3,396,559
Long-term debt (Note 8)	<u>49,878,750</u>	<u>51,276,602</u>
	<u>58,735,550</u>	<u>56,069,737</u>

Net financial liabilities

(3,138,589) (5,246,294)

Non-financial assets

Tangible capital assets (Note 9)	26,090,946	25,394,985
Prepays	<u>29,301</u>	<u>1,650</u>
	26,120,247	25,396,635

Accumulated surplus

\$ 22,981,658 \$ 20,150,341

Contingencies (Note 11)

On behalf of the First Nation

 Chief  Councillor

See accompanying notes to the consolidated financial statements.

Paqtnkek Mi'kmaw Nation**Consolidated statement of changes in net debt**

March 31

2023**2022**

Annual surplus	\$ 2,831,317	\$ 6,575,551
Depreciation	1,328,606	1,197,124
Purchase of property and equipment, net	<u>(2,024,569)</u>	<u>(3,660,932)</u>
	<u>2,135,354</u>	<u>4,111,743</u>
Acquisition of prepaid expenses, net of usage	<u>(27,649)</u>	<u>5,000</u>
Change in net financial liabilities	2,107,705	4,116,743
Net financial liabilities, beginning of year	<u>(5,246,294)</u>	<u>(9,363,037)</u>
Net financial liabilities, end of year	<u>\$ (3,138,589)</u>	<u>\$ (5,246,294)</u>

See accompanying notes to the consolidated financial statements

Paqtnkek First Nation

Consolidated statement of cash flows

Year ended March 31

2023

2022

Increase in cash and cash equivalents

Operating

Annual surplus	\$ 2,831,317	\$ 6,575,551
Depreciation	<u>1,328,606</u>	<u>1,197,124</u>
	4,159,923	7,772,675

Change in non-cash operating working capital

Receivables	(2,490,205)	(2,701,857)
Inventory	(31,049)	34,177
Prepays	(27,649)	5,000
Payables and accruals	(234,996)	(97,700)
Deferred revenue	<u>4,298,661</u>	<u>848,879</u>
	5,674,685	5,861,174

Financing

Receipt of long-term debt	-	83,413
Repayment of long-term debt	<u>(1,397,852)</u>	<u>(1,366,221)</u>
	(1,397,852)	(1,282,808)

Investing

Purchase of property and equipment, net	(2,024,569)	(3,660,932)
Receivable from First Nation Fisheries Interest Group	<u>460,555</u>	<u>589,129</u>
	(1,564,014)	(3,071,803)

Net increase in cash and cash equivalents **2,712,819** 1,506,563

Cash and cash equivalents, beginning of year 11,373,219 9,866,656

Cash and cash equivalents, end of year **\$ 14,086,038** **\$ 11,373,219**

Cash and cash equivalent, consists of:

Cash	\$ 10,861,054	\$ 8,334,017
Restricted cash		
Replacement reserve fund	482,935	440,445
Debt reserve fund	<u>2,742,049</u>	<u>2,598,757</u>
	\$ 14,086,038	\$ 11,373,219

See accompanying notes to the consolidated financial statements.

Paqtnkek Mi'kmaw Nation

Notes to the Consolidated Financial Statements

March 31, 2023

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, 2023

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 2023 was \$11,955,354 (2022 - \$9,464,553). 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.

Tangible capital assets

Tangible 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 tangible 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

Capital projects under construction

Costs related to specific capital projects under construction and development are identified as capital projects under construction until projects are completed (see Note 9). Once completed, the costs are transferred to tangible capital assets and amortized in accordance with the rates and methods of depreciation as set forth above.

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

Paqtnkek Mi'kmaw Nation

Notes to the Consolidated Financial Statements

March 31, 2023

1. Summary of significant accounting policies (continued)

Revenue recognition (continued)

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.

Unrestricted revenue including commercial sales revenues are recognized when product is sold or when services are provided if the amounts can be reasonably estimated, and collection is reasonably assured.

Revenue from housing is recognized on a monthly basis as rents are received. Rents are based on the First Nation's established market rent for on reserve housing programs.

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

Trust Funds

The Trust Funds being administered by the First 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 First Nation are disclosed in Note 10 to the consolidated financial statements.

Paqtnkek Mi'kmaw Nation

Notes to the Consolidated Financial Statements

March 31, 2023

1. Summary of significant accounting policies (continued)

Asset retirement obligation

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- a) There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- b) The part transaction or event giving rise to the liability has occurred;
- c) Is it expected that future economic benefits will be given up;
- d) A reasonable estimate of the amount can be made.

The liability is measured at the First Nation's best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date. The estimate includes costs directly attributable to the asset retirement activities. The costs also include post-retirement operation, maintenance and monitoring that are an integral part of the retirement of the tangible capital asset and the costs of tangible capital assets acquired as part of asset retirement activities to the extent those assets have no alternative use.

Upon initial recognition of the liability for an asset retirement obligation, the carrying amount of the corresponding tangible capital asset (or component thereof) is increased by the same amount. The capitalized asset retirement cost is expensed in a rational and systematic manner over the useful life of the tangible capital asset (or a component thereof). For obligations for which there is no tangible capital asset recognized or for tangible capital assets that are no longer in productive use, the asset retirement costs are expensed immediately. Subsequently, the liability is reviewed at each financial statement reporting date and adjusted for (1) changes as a result of the passage of time with corresponding accretion expense and (2) adjusted for any revisions to the timing, amount of the original estimate of undiscounted cash flows, or the discount rate. Adjustments to the liability as a result of revisions to the timing, amount of the estimate of undiscounted cash flows or the discount rate are adjusted to the cost of the related tangible capital asset and the revised carrying amount of the related tangible capital asset is amortized except for adjustments related to tangible capital assets that are not recognized or no longer in productive use, which are expensed in the period they are incurred.

The asset retirement costs are amortized in accordance with the amortization accounting policies described above.

Financial instruments

All financial instruments are recorded at their cost or amortized cost except for portfolio investments in equity instruments quoted in an active market and derivatives which are recorded at their fair value with unrealized remeasurement gains and losses recorded in the statement of remeasurement gains and losses. Once realized, remeasurement gains and losses are transferred to the statement of operations. Changes in the fair value on restricted assets are recognized as a liability until the criterion attached to the restrictions has been met, upon which the gain or loss is recognized in the statement of operations. Transaction costs related to financial instruments measured at cost or amortized cost are added to the carrying value of the financial instrument. Transaction costs related to financial instruments recorded at their fair values are expensed as incurred.

Financial liabilities (or part of a financial liability) are removed from the statement of financial position when, and only when, they are discharged or cancelled or expire.

Paqtnkek Mi'kmaw Nation

Notes to the Consolidated Financial Statements

March 31, 2023

2. Change in accounting policy

Asset retirement obligation

On April 1, 2022, the First Nation adopted Public Sector Accounting Standards Section PS 3280 – *Asset retirement obligations* ("PS 3280"). The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, including the removal and remediation of contaminants in retired buildings by public section entities. The standard was adopted on the prospective basis at the date of adoption as the event giving rise to the obligation arose prior to April 1, 2022 and the obligation has not been previously recognized. Under the prospective adoption, the discount rate and assumptions used on initial recognition are those as of the date of adoptions of the standard. As a result of this adoption, no adjustments were necessary to these financial statements.

Financial instruments

As well, effective April 1, 2022, the First Nation adopted new Public Sector Accounting Standards Section PS 3450 *Financial Instruments* and Section 1201 *Financial Statement Presentation*. New Section PS 3450 requires the fair value measurement of derivatives and portfolio investments in equities quoted in an active market. All other financial assets and liability are measured at cost or amortized cost (using the effective method), or by policy choice, at fair value when the First Nation defines and implements a risk management or investment strategy to manage and evaluate the performance of a group of financial assets, financial liabilities or both on a fair value basis. The adoption of these new standards did not have a significant impact on the financial results of the First Nation.

3. Receivables	<u>2023</u>	<u>2022</u>
Indigenous Services Canada	\$ 3,061,080	\$ 1,831,666
Mi'kmaq Employment Training Secretariat	97,660	117,917
Canada Mortgage and Housing Corporation	52,796	47,400
Province of Nova Scotia	139,774	52,603
Commodity taxes	231,112	200,376
Trade receivables	377,905	256,748
Interest receivable	<u>2,439,252</u>	<u>1,402,664</u>
	6,399,579	3,909,374
Less: allowance for doubtful accounts	<u>(27,609)</u>	<u>(27,609)</u>
	<u>\$ 6,371,970</u>	<u>\$ 3,881,765</u>

Paqtnkek Mi'kmaw Nation

Notes to the Consolidated Financial Statements

March 31, 2023

4. 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 \$36,800 (2022 - \$37,100). 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.

5. Promissory note receivable

	<u>2023</u>	<u>2022</u>
6.14% loan to First Nations Fisheries Interest Group Partnership, repayable in equal annual blended instalments of principal plus interest in the amount of \$2,607,176 payable quarterly on each of March 1, June 1, September 1, December 1, maturing in fiscal 2051	<u>\$ 34,662,230</u>	<u>\$ 35,122,785</u>

Repayments in each of the next five (5) years are as follows:

2025	\$ 2,607,176
2026	\$ 2,607,176
2027	\$ 2,607,176
2028	\$ 2,607,176
2029	\$ 2,607,176

6. Payables and accruals

	<u>2023</u>	<u>2022</u>
Indigenous Services Canada	\$ 109,050	\$ 109,050
Trade payables and accruals	<u>1,052,530</u>	<u>1,287,526</u>
	<u>\$ 1,161,580</u>	<u>\$ 1,396,576</u>

7. Deferred revenue

	<u>2023</u>	<u>2022</u>
Indigenous Services Canada	\$ 6,787,945	\$ 3,000,719
First Nation Land Management	560,915	-
Husky	<u>346,360</u>	<u>395,840</u>
	<u>\$ 7,695,220</u>	<u>\$ 3,396,559</u>

Paqtnkek Mi'kmaw Nation

Notes to the Consolidated Financial Statements

March 31, 2023

8. Long-term debt	<u>2023</u>	<u>2022</u>
Canada Mortgage and Housing Corporation		
Housing mortgages, maturing in 2023 to 2043, bearing interest at 1.01% to 2.50%, repayable under various terms	\$ 1,559,369	\$ 1,704,661
Bank of Nova Scotia		
4.25% mortgages maturing in February 2028, payable in equal monthly instalments of principal and interest of \$508	80,803	94,971
4.25% mortgages maturing in February 2029, payable in equal monthly instalments of principal and interest of \$327	137,776	158,340
4.99% forklift financing maturing in August 2024, payable in equal monthly instalments of principal and interest of \$778	9,137	18,470
First Nations Finance Authority		
2.72% loan, payable in equal annual instalments of principal and interest of \$457,267, maturing June 2028	8,441,660	8,662,670
3.41% loan, payable in equal annual instalments of principal and interest of \$85,700, maturing June 2028	1,383,956	1,420,566
2.15% loan, payable in equal annual instalments of principal and interest of \$116,539, maturing June 2030	2,463,243	2,525,904
1.90% loan, payable in equal annual instalments of principal and interest of \$1,570,588, maturing June 2030	35,728,590	36,610,320
Ulnooweg Development Group Inc.		
4.00% term loan, maturing in August 2031 repayable in blended monthly instalments of \$867	<u>74,216</u>	<u>80,700</u>
	<u>\$ 49,878,750</u>	<u>\$ 51,276,602</u>

Paqtnkek Mi'kmaw Nation

Notes to the Consolidated Financial Statements

March 31, 2023

8. Long-term debt (continued)

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.

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, 2023, are as follows:

2024	\$	1,372,504
2025	\$	1,366,560
2026	\$	1,367,131
2027	\$	1,359,675
2028	\$	1,352,203

Paqtnkek Mi'ikmaw Nation

Notes to the consolidated financial statements

March 31, 2023

9. Tangible capital assets

	Opening Cost	Additions	Disposals	Closing Cost	Opening Accumulated Depreciation	Depreciation	Accumulated Depreciation on Disposals	Closing Accumulated Depreciation	2023 Net Book Value	2022 Net Book Value
Land	\$ 1,708,483	\$ -	\$ -	\$ 1,708,483	\$ -	\$ -	\$ -	\$ -	\$ 1,708,483	\$ 1,708,483
Buildings										
Band office	2,586,686	15,500	-	2,602,186	1,336,614	50,313	-	1,386,927	\$ 1,215,259	\$ 1,250,072
Bayside Development	11,082,526	460,712	-	11,543,238	841,275	418,864	-	1,260,139	\$ 10,283,099	\$ 10,241,251
Community housing	650,859	-	-	650,859	104,715	21,846	-	126,561	\$ 524,298	\$ 546,144
Entertainment centre	59,937	-	-	59,937	22,198	1,887	-	24,085	\$ 35,852	\$ 37,739
Fisheries	351,232	-	-	351,232	82,178	6,726	-	88,904	\$ 262,328	\$ 269,059
Gas bar	87,270	-	-	87,270	30,018	1,431	-	31,449	\$ 55,821	\$ 57,252
Non-subsidized housing	1,650,946	874,637	-	2,525,583	695,753	132,835	-	828,588	\$ 1,696,995	\$ 955,193
School	1,636,156	32,291	-	1,668,447	32,723	64,781	-	97,504	\$ 1,570,943	\$ 1,603,433
Seniors complex	1,088,160	81,000	-	1,169,160	193,660	37,400	-	231,060	\$ 938,100	\$ 894,500
Sheds	20,637	-	-	20,637	575	768	-	1,343	\$ 19,294	\$ 20,063
Tiny homes	1,267,855	398,097	-	1,665,952	25,357	58,144	-	83,501	\$ 1,582,451	\$ 1,242,498
Computer	6,668	-	-	6,668	667	1,200	-	1,867	\$ 4,801	\$ 6,001
Construction in Progress	416,875	297,164	(416,875)	297,164	-	-	-	-	\$ 297,164	\$ 416,875
Equipment	713,555	451,779	(6,907)	1,158,427	335,985	105,863	-	441,848	\$ 716,579	\$ 377,563
Fishing equipment	349,217	51,418	-	400,635	170,670	39,398	-	210,068	\$ 190,567	\$ 178,547
Fishing vessels	1,141,759	94,395	-	1,236,154	808,467	58,788	-	867,255	\$ 368,899	\$ 333,292
Housing properties	6,528,583	-	(409,253)	6,119,330	4,248,595	77,732	-	4,326,327	\$ 1,793,003	\$ 2,279,989
Infrastructure & roads	4,830,372	67,723	-	4,898,095	2,327,097	184,268	-	2,511,365	\$ 2,386,730	\$ 2,503,275
Radio equipment	412,416	-	-	412,416	78,162	16,714	-	94,876	\$ 317,540	\$ 334,254
Vehicles	903,445	32,888	-	936,333	763,945	49,648	-	813,593	\$ 122,740	\$ 139,501
	\$37,493,637	\$ 2,857,604	\$ (833,035)	\$39,518,206	\$ 12,098,654	\$ 1,328,606	\$ -	\$ 13,427,260	\$26,090,946	\$ 25,394,995

Paqtnkek Mi'kmaw Nation

Notes to the consolidated financial statements

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10. 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>2023</u>	<u>2022</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>2023</u>	<u>2022</u>
Net assets, beginning of year	<u>\$ 538,350</u>	<u>\$ 538,350</u>
Contributions	-	-
Interest earned	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ 538,350</u>	<u>\$ 538,350</u>

11. 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.

12. Standby letter of credit

The First Nation has a \$350,000 and \$100,000 standby letter of credit with Bank of Nova Scotia at a 1% commission rate. The balance of the standby letter of credit's as at March 31, 2023, was nil (2022 – nil).

13. 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 \$135,774 (2022 - \$109,459).

Paqtnkek Mi'kmaw Nation

Notes to the consolidated financial statements

March 31, 2023

14. Expenditures by object	<u>2023</u>	<u>2022</u>
Business development and promotion	12,103	9,102
Cash shortages (overage)	7,131	(1,792)
Community support	936,421	1,032,496
Contracted services	627,235	675,186
Depreciation	1,328,606	1,197,124
Dues and fees	216,766	177,387
Education and training	507,041	86,596
Fuel, bait, and boat maintenance	144,106	226,731
Infrastructure	852,201	802,663
Insurance	291,085	229,812
Interest	1,139,663	1,169,828
Purchases	11,885,738	9,464,553
Repairs and maintenance	467,751	505,371
Salaries, wages, and benefits	5,382,568	4,762,893
Social	1,924,200	1,415,562
Supplies	266,080	309,095
Travel	214,056	131,596
	<u>\$ 26,202,751</u>	<u>\$ 22,194,203</u>

15. Government transfers

	<u>2023</u>			<u>2022</u>		
	<u>Operating</u>	<u>Capital</u>	<u>Total</u>	<u>Operating</u>	<u>Capital</u>	<u>Total</u>
Federal government transfers						
Indigenous Services Canada	\$ 6,046,328	\$ 918,335	\$ 6,964,663	\$ 5,949,421	\$ 1,917,340	\$ 7,866,761
Canada Mortgage and Housing Corporation	90,325	-	90,325	135,173	-	135,173
Confederacy of Mainland Mi'kmaw	119,215	-	119,215	112,532	-	112,532
Department of Fisheries and Oceans	174,256	-	174,256	245,924	-	245,924
Employment and Social Development	13,583	-	13,583	270,000	-	270,000
Mi'kmaw Kina'matnewey	1,856,757	-	1,856,757	2,742,876	-	2,742,876
Mi'kmaw Employment Training Secretariat	187,166	-	187,166	271,268	-	271,268
KMKNO	-	-	-	123,000	-	123,000
Subtotal	8,487,630	918,335	9,405,965	9,850,194	1,917,340	11,767,534
Provincial government transfers						
Province of Nova Scotia	107,587	-	107,587	82,210	-	82,210
Provincial School Board	16,619	-	16,619	34,327	-	34,327
Subtotal	124,206	-	124,206	116,537	-	116,537
Total	<u>\$ 8,611,836</u>	<u>\$ 918,335</u>	<u>\$ 9,530,171</u>	<u>\$ 9,966,731</u>	<u>\$ 1,917,340</u>	<u>\$ 11,884,071</u>

16. Comparative figures

Certain of the 2022 figures have been reclassified to conform with financial statement presentation adopted for 2023.

Paqtnkek Mi'kmaw Nation

Notes to the consolidated financial statements

March 31, 2023

17. Accumulated surplus

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

	<u>2023</u>	<u>2022</u>
Unallocated	\$ 5,719,053	\$ 5,018,351
Operating Reserve	32,518	32,518
Replacement Reserve	439,855	403,055
Tangible Capital Asset Reserve	<u>16,790,232</u>	<u>14,696,417</u>
	<u>\$ 22,981,658</u>	<u>\$ 20,150,341</u>

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

18. Investments

	<u>2023</u>	<u>2022</u>
E'sukutimkewey Limited Partnership	\$ 1	\$ 1
Mi'kmaq Resource Development Partnership	<u>1</u>	<u>1</u>
	<u>\$ 2</u>	<u>\$ 2</u>

The First Nation, together with 12 other First Nation entities in the Province of Nova Scotia, has entered into the above limited partnerships. No First Nation within the group controls the Partnerships, as such the investments are accounted for as portfolio investments and are carried at cost in these financial statements. Revenue is recorded only to the extent that distributions are received or receivable. During the year, the First Nation received \$68,892 (2022 – \$145,281) from E'sukutimkewey Limited Partnership which has been included in other revenue of the First Nation financial management department.

Paqtnkek Mi'kmaw Nation

Notes to the Consolidated Financial Statements

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19. Segmented information

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 Development - social assistance provided to qualifying members.
- Band Government – all associated with the administration of the First Nation operations.
- Capital Projects – provides capital construction projects for the community.
- Operations and Maintenance – repairs and maintenance carried out during the year to the community building.
- Economic Development – specified development projects undertaken by the First Nation.
- Education – providing elementary, secondary and post-secondary tuition for qualifying members along with related programs and support.
- Gaming – Monies received from the Province of Nova Scotia from casino profits.
- Health Canada –activity of Health Centre which provides a variety of health care programs.
- Housing Fund – Section 95 and non-subsidized operations.
- Fisheries – management of the DFO fisheries operations.
- Gas Bar – operating results from commercial enterprise.
- Tobacco – operating results from commercial enterprise.
- VLT – operating results from commercial enterprise.
- Bayside Development – operating results from commercial enterprise.
- Bayside Operations – operating results from commercial enterprise.

See the Schedule of Segment Disclosure for current year details
