

**ANNAPOLIS VALLEY FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

Annapolis Valley First Nation
Consolidated Financial Statements
For the year ended March 31, 2024

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ANNAPOLIS VALLEY FIRST NATION

Management's Responsibility for the Consolidated Financial Statements
March 31, 2024

The accompanying consolidated financial statements of Annapolis Valley First Nation are the responsibility of management and have been approved by the Chief and Council.

These consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board. Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The external auditors, BDO Canada LLP, conduct an audit, in accordance with Canadian generally accepted auditing standards, and express their opinion on the consolidated financial statements. The external auditors have access to management of Annapolis Valley First Nation and meet when required.

On behalf of Annapolis Valley First Nation:

Chief

Date

Councillor

Date

Councillor

Date

Councillor

Date

Independent Auditor's Report

To the Members of Annapolis Valley First Nation

Qualified Opinion

We have audited the consolidated financial statements of Annapolis Valley First Nation (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2024, and the consolidated statements of operations, consolidated statement of change in net financial assets, and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2024 and its consolidated results of operations, its consolidated statement of changes in net financial assets and its consolidated statement of cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

Effective April 1, 2022, the First Nation was required to adopt PS 3280 Asset Retirement Obligations which requires the recognition of legal obligations associated with the retirement of tangible capital assets by public sector entities. Under the modified retroactive application method, the asset retirement obligation on transition is to be recorded using assumptions as of April 1, 2022. The corresponding asset retirement cost is added to the carrying value of the related tangible capital assets adjusted for amortization since the time the legal obligation was incurred. The net adjustment is charged to accumulated surplus. As of the audit report date, management has not completed its assessment of the First Nation's tangible capital assets for potential asset retirement obligations. As a result, it is not possible to quantify the impact of this department from Canadian public sector accounting standards on expenses and annual surplus for the years ended March 31, 2024, 2023, and 2022, tangible capital assets and the asset retirement obligation as at March 31, 2024, 2023 and 2022, and accumulated surplus as at April 1 and March 31 for both the 2024, 2023 and 2022 years.

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 qualified 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 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the First Nation 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.

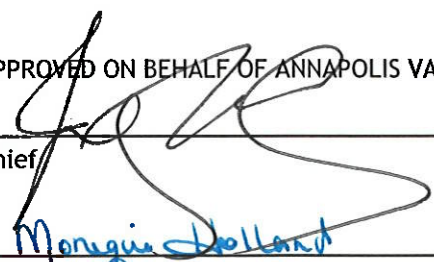

Chartered Professional Accountants


Halifax, Nova Scotia
July 29, 2024

**ANNAPOLIS VALLEY FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2024**

	2024	2023
FINANCIAL ASSETS		
Cash (Note 3)	\$ 5,039,767	\$ 5,105,803
Restricted cash (Note 3)	177,169	175,126
Restricted cash - funds held in trust (Note 5)	3,014,291	2,903,425
Temporary investments (Note 6)	5,578,991	78,012
Grants receivable (Note 7)	1,262,744	1,019,308
Accounts receivable	390,335	434,230
Inventory	389,318	168,099
Investment in government business enterprise (Note 2)	-	3,778,100
Due from government business enterprise	-	1,976,303
	15,852,615	15,638,406
LIABILITIES		
Accounts payable and accrued liabilities (Note 9)	456,673	170,654
Deferred revenue (Note 11)	8,985,177	3,179,184
Long-term debt (Note 12)	5,794,743	5,827,943
	15,236,593	9,177,781
NET FINANCIAL ASSETS	616,022	6,460,625
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 13)	14,598,392	9,707,077
Intangibles	925,000	925,000
Prepays	29,932	29,932
	15,553,324	10,662,009
ACCUMULATED SURPLUS (Note 14)	\$ 16,169,346	\$ 17,122,634
Economic Dependence (Note 16)		
Contingencies (Note 17)		

APPROVED ON BEHALF OF ANNAPOLIS VALLEY FIRST NATION:

Chief 
Councillor 

Councillor 
Councillor _____

**ANNAPOLIS VALLEY FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2024**

	Budget	2024	2023
REVENUE			
Indigenous Services Canada (Note 19)	\$ 5,064,191	\$ 2,352,461	\$ 2,565,241
Canada Mortgage and Housing Corporation (Note 19)	-	1,783,330	64,734
Confederacy of Mainland Mi'kmaq	70,951	97,950	182,322
Department of Fisheries and Oceans (Note 19)	-	310,500	-
Province of Nova Scotia	-	72,393	23,827
KMKNO	54,909	54,909	22,881
Mi'kmaq Employment Training Secretariat	111,517	234,252	111,517
Mi'kmaw Kina'matnewey	666,114	465,636	406,010
Rent - Social Housing	-	85,814	85,617
Amounts earned and held in trust by federal government (Note 4)	-	844	1,196
Other (Note 18)	228,883	8,535,250	7,027,996
	6,196,565	13,993,339	10,491,341
EXPENSES			
Band administration	726,939	1,121,544	938,286
Commercial buildings	-	5,845	6,098
Community health	596,737	609,765	661,254
Courses and summer students	109,982	108,982	125,441
Economic development	338,979	70,450	67,610
Education	273,855	465,637	393,778
Operations, capital & maintenance	197,125	174,017	753,318
Other (Note 18)	-	8,106,117	6,028,419
Proceeds of land claim settlement paid to members (Note 4)	-	38,917	289,704
Social housing	152,668	410,449	227,825
Social services	53,669	320,488	341,634
	2,449,954	11,432,211	9,833,367
NET SURPLUS FROM OPERATIONS	3,746,611	2,561,128	657,974
LOSS FROM GOVERNMENT BUSINESS ENTERPRISE (Note 2)	-	-	(823,810)
ANNUAL SURPLUS (DEFICIT)	3,746,611	2,561,128	(165,836)
ACCUMULATED SURPLUS - beginning of year	17,122,634	17,122,634	17,288,470
CHANGE IN STATUS OF GOVERNMENT BUSINESS ENTERPRISE	-	(3,514,416)	-
ACCUMULATED SURPLUS - end of year (Note 14)	\$ 20,869,245	\$ 16,169,346	\$ 17,122,634

The accompanying notes are an integral part of these consolidated financial statements.

**ANNAPOLIS VALLEY FIRST NATION
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED MARCH 31, 2024**

	Budget	2024	2023
ANNUAL SURPLUS (DEFICIT)	\$ 3,746,611	\$ 2,561,128	\$ (165,836)
Acquisition of tangible capital assets	-	(3,645,275)	(981,302)
Amortization of tangible capital assets	-	676,703	537,541
Acquisition of prepaid expense	-	-	(10,000)
Change in status of government business enterprises tangible capital assets	-	(1,922,743)	-
Change in status of government business enterprises investment	-	(3,514,416)	-
DECREASE IN NET FINANCIAL ASSETS	3,746,611	(5,844,603)	(619,597)
NET FINANCIAL ASSETS - beginning of year	6,460,625	6,460,625	7,080,222
NET FINANCIAL ASSETS - end of year	\$ 10,207,236	\$ 616,022	\$ 6,460,625

The accompanying notes are an integral part of these consolidated financial statements.

**ANNAPOLIS VALLEY FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2024**

	2024	2023
CASH FLOWS FROM:		
OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ 2,561,128	\$ (165,836)
Items in earnings not involving cash		
Amortization of tangible capital assets (Note 13)	676,703	537,541
Loss from government business enterprise	-	823,810
Change in status of government business enterprise	263,684	-
	3,501,515	1,195,515
Net changes in working capital balances		
Grants receivable	(243,436)	(376,922)
Accounts receivable	43,895	(256,618)
Inventory	(221,219)	(2,868)
Accounts payable and accrued liabilities	286,019	(286,592)
Deferred revenue	5,805,993	1,304,645
Prepaid expenses	-	(10,000)
	9,172,767	1,567,160
CAPITAL ACTIVITIES		
Transfer of tangible capital assets (Note 2)	(1,922,743)	-
Acquisition of tangible capital assets	(3,645,275)	(981,302)
	(5,568,018)	(981,302)
INVESTING ACTIVITIES		
Decrease (increase) in temporary investments	(5,613,888)	163,638
Advances to government business enterprise	-	(956,303)
Repayments from government business enterprise	1,976,303	-
	(3,637,585)	(792,665)
FINANCING ACTIVITIES		
Repayments of long-term debt	(210,659)	(272,805)
Advances of long-term debt	177,459	141,031
DECREASE IN CASH DURING THE YEAR	(66,036)	(338,581)
CASH - beginning of year	5,105,803	5,444,384
CASH - end of year (Note 3)	\$ 5,039,767	\$ 5,105,803

The accompanying notes are an integral part of these consolidated financial statements.

**ANNAPOLIS VALLEY FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Nature of Operations

Annapolis Valley First Nation (the “First Nation”) operates under the authority of the Indian Act.

The mandate of the First Nation is to provide services to band members and the community. These services are grouped into the following key areas: Band Administration, Social Services, Community Health, Education, Capital, Operations, and Maintenance, Other Projects, Gaming Commission, and Community Fisheries.

The First Nation is exempt from income taxes under the Income Tax Act.

(b) Basis of Accounting

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards.

(c) Reporting Entity

The reporting entity includes the First Nation and all entities that are controlled by the First Nation.

The reporting entity includes the following segments:

- Band Administration
- Social Services
- Community Health
- Education
- Capital, Operations and Maintenance
- Gaming Commission
- Commercial Fisheries

All controlled entities are consolidated in the First Nation’s financial statements according to the First Nation’s percentage ownership, except for entities that meet the definition of a government business enterprise, which are included in the financial statements on a modified equity basis. Accounting policies of consolidated entities are conformed to those of the First Nation and inter-organizational balances and transactions are eliminated upon consolidation.

Under the modified equity method of accounting, only the First Nation’s investment in the entity and the First Nation’s portion of the entity’s net income and other changes in equity are recorded. No adjustment is made for accounting policies of the entity that are different from those of the First Nation and inter-organizational balances and transactions are not eliminated.

Entities fully consolidated in the First Nation’s financial statements include:

	<u>% ownership</u>
2501745 Nova Scotia Limited	100%
AVFN Development Group GP Ltd.	100%
AVFN Forestry Group Limited Partnership	100%
WFL Holdings Limited	
(100% shareholder of Webster Farms Limited)	100%
Webster Farms Limited	100%

**ANNAPOLIS VALLEY FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Trusts Under Administration

Trusts under administration by the Government of Canada are included in these financial statements (Note 3).

(e) Pension Plan

The First Nation has a defined contribution plan for its employees. The pension costs are charged to operations as contributions are due. Contributions are a defined amount based on a set percentage of salary.

(f) Cash

Cash consists of cash on hand, bank balances, unrestricted operating and housing cash, and externally restricted replacement reserve cash and funds held in trust.

(g) Temporary Investments

Temporary investments are recorded at cost, unless the market value of temporary investments has declined below cost, in which case they are written down to market value.

(h) Tangible Capital Assets

Tangible capital assets are valued at acquisition cost and amortized over their useful life using the straight line method for the following number of years:

Band Owned CMHC Housing	25 years
Band Owned Housing	25 years
Commercial Buildings	40 years
Computer Equipment	4 years
Land Improvements	30 years
Fishing Vessels	5 years
Roadways	5 years
Underground Networks	50 years
Vehicles & Equipment	5 years

Tangible capital assets are written down when conditions indicate that they no longer contribute to the First Nations' ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

(i) Intangible Assets

Purchased intangibles are initially recorded at cost.

Intangible assets with an indefinite life, which includes the First Nation's fishing licenses, are not amortized. They are tested for impairment when events or circumstances indicate that the value of the future economic benefits associated with the intangible assets are less than their carrying value. When an impairment exists, an impairment loss is recognized in the consolidated statement of operations.

**ANNAPOLIS VALLEY FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Inventory

Inventories of supplies and goods available for resale are recorded at the lower of cost and net realizable value using the first-in first-out costing method.

(k) Revenue Recognition

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Revenues are recognized in the period in which the transactions or events occur that give rise to the revenues. All revenues are recorded on an accrual basis.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to goods or services are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Revenue received in advance of the fee being earned or the service performed is deferred and recognized when the fee is earned or service is performed.

(l) Financial Instruments

Cash and cash equivalents are measured at fair value. Accounts receivable, accounts payable, and long term debt are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

(m) Non-Financial Assets

Non-financial assets are used to provide the First Nation's services in future periods. These assets do not normally provide resources to discharge the liabilities of the First Nation unless they are sold. The First Nation's non-financial assets include tangible capital assets, intangibles and prepaids.

**ANNAPOLIS VALLEY FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

2. CHANGE IN STATUS OF GOVERNMENT BUSINESS ENTERPRISES

During the year, Webster Farms Limited ceased to meet the criteria to be accounted for as a government business enterprise as they are no longer deemed able to maintain operations and meet liabilities from revenues outside of the government reporting entity.

As at April 1, 2023, these amounts have been fully consolidated in the First Nation's financial statements.

Financial Assets

Cash	\$ 76,029
Accounts receivable	126,191
HST recoverable	64,631
Inventory	272,174
	<hr/> 539,025 <hr/>

Liabilities

Accounts payable	223,392
Due to related parties	1,974,693
	<hr/> 2,198,085 <hr/>

Non-Financial Assets

Tangible capital assets	1,922,743
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**ANNAPOLIS VALLEY FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

3. CASH

	2024	2023
Unrestricted		
Operating	\$ 4,139,805	\$ 3,775,689
Housing	899,962	1,330,114
	\$ 5,039,767	\$ 5,105,803
Restricted		
CMHC Replacement Reserve (Note 15)	\$ 151,547	\$ 150,348
Trust funds held by Federal Government (Note 4)	25,622	24,778
	\$ 177,169	\$ 175,126

Under the terms of an agreement with Canada Mortgage and Housing Corporation ("CMHC"), the First Nation must set aside funds annually for the repair, maintenance and replacement of aged assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by CMHC with any interest earned to be credited as revenue to the CMHC Replacement Reserve.

The First Nation is required to have trust funds held by the Federal Government in a separate bank account. These funds increase annually by the interest earned and can be withdrawn for their intended purposes if requested.

4. TRUST FUNDS HELD BY FEDERAL GOVERNMENT

	March 31, 2023	Additions 2024	Withdrawals 2024	March 31, 2024
Revenue	\$ 19,131	\$ 844	\$ -	\$ 19,975
Capital	5,647	-	-	5,647
	\$ 24,778	\$ 844	\$ -	\$ 25,622

The trust funds arise 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. The management of these funds is primarily governed by Section 63 to 69 of the Indian Act.

5. RESTRICTED CASH - FUNDS HELD IN TRUST

Funds held in trust represent proceeds from a land claim settlement which was ratified on May 20, 2021 and are held in trust for band members and includes accrued interest.

**ANNAPOLIS VALLEY FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

6. TEMPORARY INVESTMENTS

	2024	2023
Guaranteed Investment Certificate ("GIC") maturing on:		
April 14, 2024 at a rate of 1.75%	\$ 51,579	\$ 51,072
February 24, 2025 at a rate of 2.25%	16,447	16,164
March 22, 2025 at a rate of 2.25%	10,965	10,776
April 17, 2024 at a rate of 5.15%	3,000,000	-
June 16, 2024 at a rate of 5.25%	2,500,000	-
	\$ 5,578,991	\$ 78,012

Subsequent to year end, the GIC maturing on April 14, and April 17, 2024 was re-invested in a GIC maturing on April 14, 2025 and June 28, 2024 at a rate of 2.25% and 5.00% respectively.

7. GRANTS RECEIVABLE

	2024	2023
Indigenous Services Canada	\$ 1,074,468	\$ 753,830
Department of Fisheries and Oceans	-	75,000
Canadian Mortgage and Housing Corporation	3,267	156,841
Mi'kmaw Kina'matnewey	78,965	22,361
Other	-	25,938
Mi'kmaq Employment Training Secretariat	40,544	41,507
Confederacy of Mainland Mi'kmaq	27,500	1,831
Mi'kmaw Conservation Group	12,000	17,000
Municipality of the County of Kings	26,000	-
Allowance for doubtful receivables	-	(75,000)
	\$ 1,262,744	\$ 1,019,308

**ANNAPOLIS VALLEY FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

8. BANK INDEBTEDNESS

The First Nation has the following operating loans:

An operating loan, secured by a Band Council Resolution, has a borrowing facility available of \$200,000 bearing interest at a rate of prime plus 0.70%. As at March 31, 2024, the balance of this borrowing facility was \$nil (2023 - \$nil).

An overdraft, secured by a Band Council Resolution, has a borrowing facility available of \$140,000 bearing interest at a rate of prime plus 0.70%. As at March 31, 2024, the balance of this borrowing facility was \$nil (2023 - \$nil).

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2024	2023
Trade payables	\$ 589,377	\$ 143,889
Accrued interest	2,551	1,806
Government remittances payable (recoverable)	(135,255)	24,959
	\$ 456,673	\$ 170,654

10. EMPLOYEE BENEFIT OBLIGATIONS

The First Nation provides a defined contribution plan for eligible members of its staff. Members are required to contribute 5% of their salary. The First Nation contributes 5% which is directed to the Member's contribution account. The amount of retirement benefit to be received by the employees will be the amount of retirement annuity that could be purchased based on the Member's share of the pension plan at the time of the Member's withdrawal from the plan. The First Nation contributed \$45,131 (2023 - \$35,855) during the year for retirement benefits.

**ANNAPOLIS VALLEY FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

11. DEFERRED REVENUE

	2024	2023
Indigenous Services Canada	\$ 2,709,231	\$ 1,975,227
Government of Canada	20,000	20,000
Province of Nova Scotia	6,024	67,916
Canada Mortgage & Housing Corporation	5,855,410	885,000
Give us Wings Projects	6,850	14,350
Confederacy of Mainland Mi'kmaq	-	7,826
KMKNO	-	54,909
Ulnooweg	160,000	80,000
Mi'kmaw Kina'matnewey	224,772	64,842
Other	2,890	9,114
	\$ 8,985,177	\$ 3,179,184

12. LONG-TERM DEBT

	2024	2023
Prime plus 2.75% loan payable to Royal Bank of Canada, repaid during the year.	\$ -	\$ 14,475
Prime plus 1.48% loan payable to Royal Bank of Canada, repayable in semi-annual principal payments of \$16,125 plus interest paid monthly. General security agreement in place.	129,000	161,250
Fixed rate 3.67% loan payable to Royal Bank of Canada, secured by a general security agreement, maturing March 2043. Repayable in monthly blended payments of \$27,673.	4,620,607	4,714,634
2.41% first mortgage payable to CMHC, repaid during the year.	-	818
1.12% mortgage payable to CMHC requires monthly installments of principal and interest of \$294. The loan is secured by a first mortgage over certain buildings with a carrying value of \$7,770 and a ministerial guarantee, Government of Canada. The loan matures in 2026.	8,119	11,534
3.70% mortgage payable to CMHC requires monthly installments of principal and interest of \$310. The loan is secured by a first mortgage over certain buildings with a carrying value of \$14,214 and a ministerial guarantee, Government of Canada. The loan matures in 2027.	12,502	15,707

**ANNAPOLIS VALLEY FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

12. LONG-TERM DEBT (continued)

	<u>2024</u>	<u>2023</u>
1.86% mortgage payable to CMHC requires monthly installments of principal and interest of \$281. The loan is secured by a first mortgage over certain buildings with a carrying value of \$19,889 and a ministerial guarantee, Government of Canada. The loan has a renewal date of 2024 and matures in 2029.	\$ 16,329	\$ 19,364
0.76% mortgage payable to CMHC requires monthly installments of principal and interest of \$290. The loan is secured by a first mortgage over certain buildings with a carrying value of \$36,689 and a ministerial guarantee, Government of Canada. The loan has a renewal date of 2025 and matures in 2030.	21,276	24,587
1.12% mortgage payable to CMHC requires monthly installments of principal and interest of \$303. The loan is secured by a first mortgage over certain buildings with a carrying value of \$33,614 and a ministerial guarantee, Government of Canada. The loan has a renewal date of 2026 and matures in 2031.	24,486	27,830
2.27% mortgage payable to CMHC requires monthly installments of principal and interest of \$334. The loan is secured by a first mortgage over certain buildings with a carrying value of \$32,790 and a ministerial guarantee, Government of Canada. The loan has a renewal date of 2027 and matures in 2032.	29,333	32,639
3.70% mortgage payable to CMHC requires monthly installments of principal and interest of \$363. The loan is secured by a first mortgage over certain buildings with a carrying value of \$33,158 and a ministerial guarantee, Government of Canada. The loan has a renewal date of 2027 and matures in 2032.	32,369	35,481

**ANNAPOLIS VALLEY FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

12. LONG-TERM DEBT (continued)

	<u>2024</u>	<u>2023</u>
2.14% mortgage payable to CMHC requires monthly installments of principal and interest of \$820. The loan is secured by a first mortgage over certain buildings with a carrying value of \$79,791 and a ministerial guarantee, Government of Canada. The loan has a renewal date of 2024 and matures in 2034.	\$ 87,571	\$ 95,337
2.52% mortgage payable to CMHC requires monthly installments of principal and interest of \$349. The loan is secured by a first mortgage over certain buildings with a carrying value of \$39,621 and a ministerial guarantee, Government of Canada. The loan has a renewal date of 2023 and matures in 2033.	35,718	38,718
0.71% mortgage payable to CMHC requires monthly installments of principal and interest of \$302. The loan is secured by a first mortgage over certain buildings with a carrying value of \$57,502 and a ministerial guarantee, Government of Canada. The loan has a renewal date of 2025 and matures in 2034.	37,563	40,914
3.04% mortgage payable to CMHC requires monthly installments of principal and interest of \$795. The loan is secured by a first mortgage over certain buildings with a carrying value of \$157,557 and a ministerial guarantee, Government of Canada. The loan has a renewal date of 2027 and matures in 2042.	134,019	139,434
3.81% mortgage payable to CMHC requires monthly installments of principal and interest of \$703. The loan is secured by a first mortgage over certain buildings with a carrying value of \$103,600 and a ministerial guarantee, Government of Canada. The loan has a renewal date of 2028 and matures in 2043.	114,575	118,613
1.01% mortgage payable to CMHC requires monthly installments of principal and interest of \$454. The loan is secured by a first mortgage over certain buildings with a carrying value of \$193,823 and a ministerial guarantee, Government of Canada. The loan has a renewal date of 2026 and matures in 2046.	109,273	113,593
3.24% mortgage payable to CMHC requires monthly installments of principal and interest of \$1,003. The loan is secured by a first mortgage over certain buildings with a carrying value of \$207,900 and a ministerial guarantee, Government of Canada. The loan has a renewal date of 2028 and matures in 2038.	134,533	142,125

**ANNAPOLIS VALLEY FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

12. LONG-TERM DEBT (continued)

	<u>2024</u>	<u>2023</u>
4.49% mortgage payable to CMHC requires monthly installments of principal and interest of \$1,353. The loan is secured by a first mortgage over certain buildings with a carrying value of \$220,657 and a ministerial guarantee, Government of Canada. The loan has a renewal date of October 2028 and matures in 2038.	\$ 174,609	\$ -
Fixed rate 4% loan payable to Ulnooweg Development Group Inc., secured by the solar project, maturing November 2031, repayable in monthly blended payments of \$926.	<u>72,861</u>	<u>80,890</u>
	<u>\$ 5,794,743</u>	<u>\$ 5,827,943</u>

Approximate principal payments for the next five years are as follows:

2025	\$ 211,687
2026	\$ 221,646
2027	\$ 227,525
2028	\$ 236,004
2029	\$ 212,621

	<u>2024</u>	<u>2023</u>
Interest expense on long-term debt	<u>\$ 329,807</u>	<u>\$ 211,456</u>

The First Nation has agreed to the following security agreement in place with the Royal Bank of Canada:

Guarantee and postponement of claim in the amount of \$5,300,000, supported by:

- a) a general security agreement constituting a first ranking security interest in all personal property of Webster Farms Limited;
 - b) a collateral mortgage constituting a first fixed charge in the amount of \$4,100,000 on the lands and improvements located at 5989 Highway #1, Cambridge, King's County, Nova Scotia;
 - c) Certificate of insurance evidencing fire and other perils coverage on the property located at 5989 Highway #1, Cambridge, King's County, Nova Scotia, showing the Bank as first rank mortgage.
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**ANNAPOLIS VALLEY FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

13. TANGIBLE CAPITAL ASSETS

	Cost					Accumulated Amortization				Net Book Value	
	Opening Balance	Additions	Disposals	Change in Status of GBE (Note 2)	Closing Balance	Opening Balance	Amort.	Change in Status of GBE (Note 2)	Closing Balance	2024	2023
Band owned CMHC Housing	\$ 3,208,302	\$ 2,031,613	\$ -	\$ -	\$ 5,239,915	\$ 2,107,579	\$ 70,724	\$ -	\$ 2,178,303	\$ 3,061,612	\$ 1,100,723
Band Owned Housing	2,863,979	198,315	-	-	3,062,294	1,377,150	71,957	-	1,449,107	1,613,187	1,486,829
Commercial Buildings	2,306,276	87,477	-	1,252,384	3,646,137	1,184,335	53,619	546,471	1,784,425	1,861,712	1,121,941
Computer Equipment	117,182	38,564	-	12,815	168,561	99,424	14,266	12,811	126,501	42,060	17,758
Land Improvements	507,321	-	-	-	507,321	108,453	16,911	-	125,364	381,957	398,868
Land	3,324,527	-	-	453,553	3,778,080	-	-	-	-	3,778,080	3,324,527
Fishing Vessels	1,757,302	400,000	-	-	2,157,302	1,672,796	129,056	-	1,801,852	355,450	84,506
Roadways	495,091	299,551	-	13,281	807,923	215,566	16,808	8,619	240,993	566,930	279,525
Underground Networks	1,175,135	-	-	-	1,175,135	241,878	50,600	-	292,478	882,657	933,257
Vehicles & Equipment	3,871,598	589,755	-	2,705,380	7,166,733	2,912,455	252,762	1,946,769	5,111,986	2,054,747	959,143
	16,418,411	1,613,662	-	4,437,413	22,469,486	7,812,057	605,979	2,514,670	10,932,706	11,536,780	8,606,354
	\$ 19,626,713	\$ 3,645,275	\$ -	\$ 4,437,413	\$ 27,709,401	\$ 9,919,636	\$ 676,703	\$ 2,514,670	\$ 13,111,009	\$ 14,598,392	\$ 9,707,077

Included in tangible capital assets is a public wharf that was transferred from the government with a net book value of \$1.

**ANNAPOLIS VALLEY FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

14. ACCUMULATED SURPLUS

	<u>2024</u>	<u>2023</u>
Unrestricted surplus	\$ 13,100,401	\$ 14,067,862
CMHC Replacement Reserve (Note 15)	139,898	126,569
Trust funds held by Federal Government (Note 3)	25,622	24,778
Land claim settlement (Note 5)	2,903,425	2,903,425
	<u>\$ 16,169,346</u>	<u>\$ 17,122,634</u>

15. CMHC REPLACEMENT RESERVE

	<u>2024</u>	<u>2023</u>
Balance - beginning of year	\$ 126,569	\$ 115,357
Current year allocation	13,329	14,783
Withdrawals	-	(3,571)
Balance - end of year	<u>\$ 139,898</u>	<u>\$ 126,569</u>

The First Nation operates 14 (2023 - 16) CMHC subsidized housing projects. These funds, plus accumulated interest, must be held in a separate bank account and used for future repairs or other expenditures only as approved by CMHC.

As at March 31, 2024, the First Nation has provided funding of reserves as follows:

	<u>Amount of Reserve</u>	<u>Amount Funded</u>
CMHC Replacement Reserve (Note 3)	\$ 139,898	\$ 151,547

**ANNAPOLIS VALLEY FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

16. ECONOMIC DEPENDENCE

The First Nation receives its principal source of funding under a funding arrangement with Indigenous Services Canada. The present agreement is for a ten year term ending March 31, 2029. Without the current funding agreement, the First Nation would not be able to provide the majority of its services to band members.

17. CONTINGENCIES

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

18. OTHER REVENUE AND EXPENSES

	2024	2023
Revenue		
Gaming Commission - Gaming	\$ 1,680,805	\$ 1,785,633
Gaming Commission - Smoke Shop	921,751	1,002,627
Gaming Commission - Gas Bar	1,965,126	2,061,811
Commercial Fisheries	2,039,408	1,887,588
Webster Farms - Farming Revenue	1,392,158	-
Other revenue	536,002	290,337
	<u>\$ 8,535,250</u>	<u>\$ 7,027,996</u>
Expenses		
Cost of goods sold - Smoke Shop	\$ 830,364	\$ 925,117
Cost of goods sold - Gas Bar	1,811,408	1,899,735
Cost of goods sold - Webster Farms	360,103	-
Farming Operations - Webster Farms	1,700,653	-
Other expenses - Gaming	1,766,493	1,735,741
Vessel operations - Commercial Fisheries	1,204,265	1,129,202
Other expenses - Commercial Fisheries	432,831	338,624
	<u>\$ 8,106,117</u>	<u>\$ 6,028,419</u>

**ANNAPOLIS VALLEY FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

19. GOVERNMENT TRANSFERS

	Operating	Capital	2024	Operating	Capital	2023
Federal government transfers:						
Indigenous Services Canada	\$ 2,352,461	\$ -	\$ 2,352,461	\$ 2,565,241	\$ -	\$ 2,565,241
Canada Mortgage and Housing Corporation	1,783,330	-	1,783,330	64,734	-	64,734
Department of Fisheries and Oceans	310,500	-	310,500	-	-	-
	4,446,291	-	4,446,291	2,629,975	-	2,629,975
Province of Nova Scotia	72,393	-	72,393	-	-	-
Total	\$ 4,518,684	\$ -	\$ 4,518,684	\$ 2,629,975	\$ -	\$ 2,629,975

**ANNAPOLIS VALLEY FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

20. SEGMENT DISCLOSURE

The First Nation is a diversified community that provides a wide range of services to its members. For management reporting purposes, the First Nation's operations and activities are organized and reported by program. Programs were created for the purpose of recording specific activities to attain certain objectives in accordance with specific regulations, restrictions or limitations. The activities can be categorized into segments. The following segments have been identified and as such are separately disclosed.

Band Administration

The administration department oversees the delivery of all government services and the day-to-day operations of the First Nation.

Social Services

The social services department is responsible for administering social assistance payments as well as providing social services to band members.

Community Health

The community health department provides medical services to band members.

Education

The education department provides educational services to band members including primary and secondary schooling, and sponsorship to attend post secondary institutions.

Capital, Operations and Maintenance

The operations, maintenance and capital department provides public services that contribute to community development and sustainability through the provision of operating services such as roads, water and sanitation, fire protection, electrical and community buildings. They are also responsible for all capital asset activities occurring in the First Nation during the year, including housing construction and renovations.

Other Projects

The First Nation provides a wide array of other services, including community fisheries, youth employment projects, economic development, social housing activities, etc.

Gaming Commission

The Annapolis Valley Gaming Commission was set up to enter into an agreement with the Atlantic Lottery Corporation for the operations of video lottery terminals on the First Nation reserve. It also operates a convenience store, gaming facility and gas bar on the reserve.

Commercial Fisheries

Annapolis Valley Commercial Fisheries is an enterprise operated by the First Nation. It operates two lobster vessel and maintains four lobster licences.

2501745 NS Limited

2501745 Nova Scotia Limited was incorporated for the purposes of constructing a gaming facility and bingo hall on reserve lands which is leased to the Annapolis Valley First Nation Gaming Commission.

Webster Farms Limited

Webster Farms Limited is the community's farming operation whose purpose of supporting the local community and enhancing the quality of life of the community.

**ANNAPOLIS VALLEY FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

21. SEGMENT DISCLOSURE (continued)

For the year ended March 31, 2024	Band Administration	Social Services	Community Health	Education	Capital, Operations & Maintenance	Other Projects	Gaming Commission	Commercial Fisheries	Webster Farms Limited	Total
Revenue										
Indigenous Services Canada	\$ 598,585	\$ 693,194	\$ 632,051	\$ -	\$ 428,631	\$ -	\$ -	\$ -	\$ -	\$ 2,352,461
CMHC	-	-	-	-	-	1,783,330	-	-	-	1,783,330
Confederacy of Mainland Mi'kmaq	-	-	-	-	-	97,950	-	-	-	97,950
Dept. of Fisheries & Oceans	-	-	-	-	-	-	-	310,500	-	310,500
Province of Nova Scotia	-	-	-	-	-	72,393	-	-	-	72,393
Mi'kmaq Employment Training Secretariat	-	-	-	-	-	234,252	-	-	-	234,252
Mi'kmaw Kina'matnewey	-	-	-	465,636	-	-	-	-	-	465,636
KMKNO	-	-	-	-	-	54,909	-	-	-	54,909
Rent	-	-	-	-	-	85,814	-	-	-	85,814
Other Revenue	-	-	-	-	-	350,733	4,567,682	2,039,408	1,578,271	8,536,094
	598,585	693,194	632,051	465,636	428,631	2,679,381	4,567,682	2,349,908	1,578,271	13,993,339
Salaries and wages	596,221	6,018	434,696	233,299	83,862	48,025	431,758	780,813	1,032,206	3,646,898
Employee benefits	23,455	-	-	8,013	-	-	67,968	23,301	-	122,737
Supplies and services	-	295,685	52,106	77,236	66,488	3,000	2,666,802	212,773	272,345	3,646,435
Bank charges and interest	7,719	118	-	-	-	-	15,489	3,067	14,804	41,197
Repairs and maintenance	31,123	-	14,121	-	60,539	26,119	64,385	165,912	69,243	431,442
Professional fees	111,532	-	-	-	-	-	49,733	-	-	161,265
Debt servicing	-	-	-	-	-	26,032	3,082	303,775	-	332,889
Other	162,334	18,666	108,842	256,071	6,975	153,803	1,001,423	18,400	577,180	2,303,694
Amortization	248,472	-	-	-	-	139,676	127,627	134,901	94,978	745,654
	1,180,856	320,487	609,765	574,619	217,864	396,655	4,428,267	1,642,942	2,060,756	11,432,211
Total	\$ (582,271)	\$ 372,707	\$ 22,286	\$ (108,983)	\$ 210,767	\$ 2,282,726	\$ 139,415	\$ 706,966	\$ (482,485)	\$ 2,561,128

**ANNAPOLIS VALLEY FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

21. SEGMENT DISCLOSURE (continued)

For the year ended March 31, 2023	Band Administration	Social Services	Community Health	Education	Capital, Operations & Maintenance	Other Projects	Gaming Commission	Commercial Fisheries	2501745 NS Ltd.	Total
Revenue										
Indigenous Services Canada	\$ 248,480	\$ 578,760	\$ 632,051	\$ -	\$ 1,105,950	\$ -	\$ -	\$ -	\$ -	\$ 2,565,241
CMHC	-	-	-	-	-	64,734	-	-	-	64,734
Confederacy of Mainland Mi'kmaq	-	-	-	-	-	182,322	-	-	-	182,322
Province of Nova Scotia Mi'kmaq Employment Training Secretariat	-	-	-	-	-	23,827	-	-	-	23,827
Mi'kmaw Kina'matnewey	-	-	-	-	-	111,517	-	-	-	111,517
KMKNO	-	-	-	406,010	-	-	-	-	-	406,010
Rent	-	-	-	-	-	22,988	-	-	-	22,988
Other revenue	-	-	-	-	-	85,617	-	-	-	85,617
	-	-	-	-	-	291,426	4,850,071	1,887,588	-	7,029,085
	248,480	578,760	632,051	406,010	1,105,950	782,431	4,850,071	1,887,588	-	10,491,341
Salaries and wages	354,963	52,230	398,478	285,088	40,401	46,626	524,092	646,463	-	2,348,341
Employee benefits	24,593	-	-	9,080	-	-	76,680	18,453	-	128,806
Supplies and services	-	283,127	68,339	69,814	96,425	1,814	2,745,590	283,524	-	3,548,633
Bank charges and interest	9,100	1,542	-	-	-	-	16,282	1,919	-	28,843
Repairs and maintenance	35,989	-	21,307	92	153,888	37,872	40,150	174,452	-	463,750
Professional fees	54,901	-	-	-	-	-	135,993	-	-	190,894
Debt servicing	-	-	-	-	-	18,039	3,404	190,013	-	211,456
Other	492,706	4,736	173,130	155,145	90,686	549,254	905,056	4,390	-	2,375,103
Amortization	205,070	-	-	-	-	61,275	116,486	148,612	6,098	537,541
	1,177,322	341,635	661,254	519,219	381,400	714,880	4,563,733	1,467,826	6,098	9,833,367
Total	\$ (928,842)	\$ 237,125	\$ (29,203)	\$ (113,209)	\$ 724,550	\$ 67,551	\$ 286,338	\$ 419,762	\$ (6,098)	\$ 657,974

**ANNAPOLIS VALLEY FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

21. EXPENSES BY OBJECT

The following is a summary of expenses by object.

	2024	2023
Administration	\$ 606,268	\$ 1,035,291
Amortization	745,654	537,541
Assistance to band members	394,004	309,210
Atlantic Lottery Commission	169,867	174,325
Bank charges and interest	26,394	28,843
Debt servicing	347,693	211,456
Employee benefits	168,678	128,806
Insurance	159,999	103,937
Land claim settlement paid to members (Note 5)	38,916	289,704
Other	52,498	-
Professional fees	170,423	190,894
Repairs and maintenance	507,164	463,750
Salaries and wages	3,642,517	2,348,341
Supplies and services	3,979,937	3,548,633
Sydney Casino Profit Share	60,900	51,400
Telephone	76,574	61,015
Training, travel and meetings	101,178	149,377
Utilities	183,547	200,844
	\$ 11,432,211	\$ 9,833,367