

**Millbrook First Nation
Consolidated Financial Statements**

March 31, 2022

Millbrook First Nation Contents

For the year ended March 31, 2022

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Management's Responsibility

To the Members of Millbrook First Nation

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

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Millbrook First Nation Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for recommending the appointment of the Nation's external auditors.

MNP LLP is appointed by Chief and Council to audit the consolidated financial statements and report directly to the Members; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.



Executive Director



CFO

September 28th, 2023

Independent Auditor's Report

To the Members of Millbrook First Nation:

Qualified Opinion

We have audited the consolidated financial statements of Millbrook First Nation (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2022, and the consolidated statements of operations, accumulated surplus, changes in net financial assets (net debt), cash flows and the related schedules for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effect 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, 2022, and the results of its consolidated operations, changes in its consolidated net financial assets (net debt) and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

Canadian Public Sector Accounting Standards requires that budget information be presented on the consolidated statements of operations and on the statement of changes in net debt. The First Nation has not presented this information.

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 the 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.

Truro, Nova Scotia

September 28, 2023

MNP LLP

Chartered Professional Accountants

MNP

Millbrook First Nation
Consolidated Statement of Financial Position
As at March 31, 2022

| | 2022 | 2021 |
|--|--------------------|------------|
| Financial assets | | |
| Cash and cash equivalents | 3,968,446 | 16,470,111 |
| Restricted cash (Note 3) | 13,291,900 | 12,350,979 |
| Accounts receivable (Note 4) | 6,166,362 | 3,733,312 |
| Inventory for resale | 512,058 | 175,960 |
| Funds held in trust (Note 5) | 1,349,171 | 625,759 |
| Loans receivable (Note 6) | 10,817,947 | 11,348,430 |
| Investments in partnerships (Note 7) | 2,222,821 | 3,121,145 |
| Investments (Note 8) | 699,650 | 699,651 |
| Total financial assets | 39,028,355 | 48,525,347 |
| Liabilities | | |
| Line of credit (Note 9) | - | 2,905,000 |
| Accounts payable and accruals (Note 10) | 7,643,461 | 5,288,984 |
| Term loans due on demand (Note 11) | 360,988 | 491,727 |
| Deferred revenue (Note 12) | 333,884 | 258,800 |
| Capital reserve (Note 6) | 329,139 | 276,773 |
| Long-term debt (Note 13) | 35,561,213 | 37,374,016 |
| Total financial liabilities | 44,228,685 | 46,595,300 |
| Net financial assets (net debt) | (5,200,330) | 1,930,047 |
| Commitments (Note 20) | | |
| Contingencies (Note 21) | | |
| COVID-19 (Note 23) | | |
| Subsequent events (Note 27) | | |
| Non-financial assets | | |
| Tangible capital assets (Schedule 1) | 77,328,293 | 59,472,661 |
| Prepaid expenses | 252,180 | 212,987 |
| Fishing licenses and permits (Note 14) | 6,676,978 | 6,051,978 |
| Total non-financial assets | 84,257,451 | 65,737,626 |
| Accumulated surplus (Note 15) | 79,057,121 | 67,667,673 |
| Approved on behalf of the Council | | |
| Chief | | Councillor |

Millbrook First Nation
Consolidated Statement of Operations
For the year ended March 31, 2022

| | <i>Schedules</i> | 2022 | 2021 |
|---|------------------|-------------------|-------------|
| Revenue | | | |
| Indigenous Services Canada | | 25,567,053 | 14,198,916 |
| M'ikmaq Employment Training Secretariat | | 1,357,821 | 576,120 |
| Canada Mortgage and Housing Corporation | | 386,376 | 387,219 |
| Additional government funding | | 722,617 | 2,638,717 |
| Fisheries operations | | 10,739,237 | 6,193,470 |
| Gaming (Note 16) | | 7,232,539 | 7,695,481 |
| Retail | | 10,854,315 | 9,448,689 |
| Rental income | | 5,075,979 | 4,757,904 |
| Taxation | | 819,064 | 956,545 |
| Earnings (loss) from investment in partnerships | | (345,017) | (341,410) |
| Interest income | | 1,052,326 | 1,173,912 |
| Land lease | | 623,982 | 518,181 |
| Other revenue | | 1,653,350 | 530,044 |
| 1919 Land Claim Compensation (Note 22) | | - | 20,348,251 |
| | | 65,739,642 | 69,082,039 |
| Program expenses (Schedule 2) | | | |
| Administration | 4 | 12,945,364 | 12,315,432 |
| Social Services | 5 | 4,144,607 | 4,045,508 |
| Education | 6 | 5,365,220 | 4,858,872 |
| Health | 7 | 2,891,591 | 2,506,288 |
| Operating and Maintenance | 8 | 3,124,935 | 1,784,963 |
| Housing | 9 | 1,837,208 | 1,706,065 |
| Rental | 10 | 1,361,608 | 1,425,126 |
| First Nation Economic Development | 11 | 5,657,391 | 5,313,752 |
| Gaming | 12 | 865,362 | 573,046 |
| Treaty Enterprises | 13 | 3,269,858 | 2,932,253 |
| Fisheries | 14 | 6,409,254 | 4,604,916 |
| Tobacco | 15 | 7,290,080 | 6,453,766 |
| 1919 Land Claim Trust | 17 | - | 5,820,000 |
| | | 55,162,478 | 54,339,987 |
| Surplus before other items | | 10,577,164 | 14,742,052 |
| Other income (expense) | | | |
| Gain on disposal of capital assets | | 812,284 | 426,913 |
| Impairment of investments (Note 8) | | - | (562,691) |
| | | 812,284 | (135,778) |
| Surplus | | 11,389,448 | 14,606,274 |
| Accumulated surplus, beginning of year | | 67,667,673 | 53,061,399 |
| Accumulated surplus, end of year | | 79,057,121 | 67,667,673 |

Millbrook First Nation
Consolidated Statement of Changes in Net Financial Assets (Net Debt)
For the year ended March 31, 2022

| | 2022 | 2021 |
|---|---------------------|--------------|
| Annual surplus | 11,389,448 | 14,606,274 |
| Purchases of tangible capital assets | (21,991,104) | (10,480,938) |
| Amortization of tangible capital assets | 4,135,472 | 4,239,863 |
| Gain on sale of tangible capital assets | (812,284) | (426,913) |
| Proceeds of disposal of tangible capital assets | 812,284 | 568,132 |
| Purchase of fishing permit | (625,000) | (806,978) |
| | (18,480,632) | (6,906,834) |
| Acquisition of prepaid expenses | (39,193) | (61,235) |
| Increase (decrease) in net financial assets | (7,130,377) | 7,638,205 |
| Net financial assets (net debt), beginning of year | 1,930,047 | (5,708,158) |
| Net financial assets (net debt), end of year | (5,200,330) | 1,930,047 |

Millbrook First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2022

| | 2022 | 2021 |
|---|---------------------|--------------|
| Cash provided by (used for) the following activities | | |
| Operating activities | | |
| Surplus | 11,389,448 | 14,606,274 |
| Non-cash items | | |
| Amortization | 4,135,472 | 4,239,863 |
| Gain on disposal of capital assets | (812,284) | (426,913) |
| Earnings from investment in partnerships | 345,017 | 341,410 |
| Valuation loss on investments | - | 562,691 |
| | 15,057,653 | 19,323,325 |
| Changes in working capital accounts | | |
| Accounts receivable | (2,433,051) | 60,845 |
| Inventory for resale | (336,096) | (97,857) |
| Prepaid expenses | (39,193) | (61,235) |
| Accounts payable and accruals | 2,354,477 | 2,762,700 |
| Deferred revenue | 75,084 | (16,413) |
| | 14,678,874 | 21,971,365 |
| Financing activities | | |
| Advances of long-term debt | 978,015 | 7,068,766 |
| Repayment of long-term debt | (2,790,818) | (2,873,416) |
| Repayment of term loans due on demand | (130,739) | (73,495) |
| Change in capital reserve | 52,366 | 28,664 |
| Net advance (repayment) of line of credit | (2,905,000) | (2,095,000) |
| | (4,796,176) | 2,055,519 |
| Capital activities | | |
| Purchases of tangible capital assets | (21,991,104) | (10,480,938) |
| Proceeds of disposal of tangible capital assets | 812,284 | 568,132 |
| | (21,178,820) | (9,912,806) |
| Investing activities | | |
| Investments in partnerships | - | (2,779,454) |
| Distributions from investments | 553,307 | 1,038,734 |
| Change in funds held in trust | (723,412) | (148,024) |
| Repayments of loan receivable | 530,483 | 518,200 |
| Increase in restricted cash | (940,921) | (7,732,008) |
| Purchase of fishing license | (625,000) | (806,978) |
| | (1,205,543) | (9,909,530) |
| Increase (decrease) in cash resources | (12,501,665) | 4,204,548 |
| Cash resources, beginning of year | 16,470,111 | 12,265,563 |
| Cash resources, end of year | 3,968,446 | 16,470,111 |

Millbrook First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

1. Operations

The Millbrook First Nation (the "First Nation") is located in the province of Nova Scotia, and provides various services to its members. Millbrook First Nation includes the Nation's members, government and all related entities that are accountable to the Nation and are controlled by the Nation.

2. Significant accounting policies

These financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards. These consolidated financial statements have been prepared using the following significant accounting policies:

Reporting entity

The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity, except for First Nation business entities. Trusts administered on behalf of third parties by Millbrook First Nation are excluded from the First Nation reporting entity.

The First Nation has consolidated the assets, liabilities, revenue and expenses of its principal operating entities, which are both incorporated and unincorporated. The unincorporated entities are as follows:

- Millbrook Band Council which reports the general activities of the First Nation including Administration, Social Services, Education, Health, Operating and Maintenance and Trust Fund.
- Millbrook Band Housing Projects which reports the social housing assets of the First Nation, together with related activities.
- Millbrook Tobacco Store which reports on the First Nation's retail tobacco store operations.
- Millbrook Rental Authority which provides on-reserve housing to members.
- Millbrook Gaming Commission which reports the First Nation's gaming activities.
- Millbrook Treaty Gas operation which reports the First Nation's retail commercial operations.
- Millbrook First Nation Aboriginal Fisheries which reports the First Nation's commercial fishing operations.

Incorporated and unincorporated business entities, which are controlled by Millbrook Band Council are included in the consolidated financial statements. These are:

- 3031611 Nova Scotia Limited (Land holding)
- 3050587 Nova Scotia Limited (Sheet Harbour wharf)
- 3051802 Nova Scotia Limited (Aquaculture)
- 3051803 Nova Scotia Limited (Caldwell Glen apartments)
- 3061881 Nova Scotia Limited (Joggins Wharf)
- 3151517 Nova Scotia Limited (Mill Mel partnership holding)
- 3336402 Nova Scotia Limited (Hampton Inn holding)
- 3288180 Nova Scotia Limited (Millbrook Cultural & Heritage Centre)
- 3288613 Nova Scotia Limited (Millbrook Finance Authority)
- 3043339 Nova Scotia Limited (Von Dutch Marine)
- 3269804 Nova Scotia Limited (Truro Millbrook Wind Limited Partnership holding)
- 3233312 Nova Scotia Limited (Aquaculture sublease)

Millbrook First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

2. Significant accounting policies *(Continued from previous page)*

- 3310689 Nova Scotia Limited (Cheese Curds & Habaneros franchise)
- 3338113 Nova Scotia Limited (125 Millbrook Ave)
- Mill Mel Residential Developments Partnership
- Millbrook First Nation Economic Development Corporation Limited
- Millbrook Technologies Inc.
- Millbrook First Nation 1919 Land Claim Trust

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific segment.

The Millbrook First Nation Children's Trust is not included in the consolidated financial statements as the trust is administered and controlled by the Trustee for the benefit of members of the Nation and not the Nation itself.

Millbrook First Nation business entities, owned or controlled by the First Nation's Council but not dependent on the First Nation for their continuing operations, are included in the financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the First Nation. Thus, the First Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. Entities accounted for by the modified equity basis include:

- We'Kopekwitk Service Hotel Limited Partnership
- Truro Millbrook Wind Limited Partnership

Basis of presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets, prepaid expenses, deferred development costs and fishing licenses and permits.

Net financial assets (net debt)

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 financial assets less its liabilities. Net debt combined with non-financial assets comprise a second indicator of financial position, accumulated surplus.

Millbrook First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

2. Significant accounting policies *(Continued from previous page)*

Segments

The First Nation conducts its business through thirteen reportable segments: Administration, Social Services, Education, Health, Operating and Maintenance, Housing, Rental, First Nation Economic Development, Gaming, Treaty Gas, Fisheries, Tobacco, Trust Fund and 1919 Land Claim. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. Administration fees have been apportioned based on a percentage of budgeted revenue, where permitted by the funder.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements. Inter-segment transfers are recorded at their exchange amount.

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Inventory for resale

Inventory is valued at the lower of cost and net realizable value and are expensed to cost of sales as the related revenue is recognized. Cost is determined using the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

Investments

Investments in entities that are not controlled or jointly controlled by the First Nation reporting entity are accounted for using the cost method. They are recorded at cost, less any provision for other than temporary impairment.

Investments of shares of corporations publicly traded and quoted in an active market are recorded at cost less any impairment.

All investments are reviewed by management for impairment and if a decline in the value is considered other than temporary, the investment is written down to reflect the impairment with a charge to income.

Funds held in Trust

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the statement of financial position with an offsetting amount in the statement of operations. Trust moneys consist of

- Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

Tangible capital assets

Tangible capital assets are initially recorded at cost based on historical cost accounting records. Contributed tangible assets are recorded at their fair value at the date of contribution.

When conditions indicate that a tangible capital asset no longer contributes to the First Nation's ability to provide goods and services, or that the value of future economic benefits associated with a tangible capital asset is less than its net book value, the First Nation reduces the cost of the asset to reflect the decline in its value. Write-downs of tangible capital assets are not reversed.

Millbrook First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

2. Significant accounting policies *(Continued from previous page)*

Amortization

Tangible capital assets are amortized annually using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

| | Method | Rate |
|-------------------|-------------------|----------------|
| Buildings | straight-line | 2.5, 4 and 5 % |
| Buildings | straight-line | 15 years |
| Equipment | declining balance | 20-30 % |
| Equipment | straight-line | 10-20 % |
| Roads | straight-line | 4-10 % |
| Water tower | straight-line | 4 % |
| Computers | straight-line | 20 % |
| Land improvements | straight-line | 6.67 % |
| Boats | straight-line | 10 % |
| Vehicles | declining balance | 10-30 % |
| Wharf | straight-line | 5 % |

Tangible capital assets related to construction in progress are not amortized until the underlying asset is considered to be in use. Upon completion of the project, the asset is amortized in accordance with the accounting policy consistent with the corresponding asset class.

Long-lived assets

Long-lived assets consists of tangible capital assets and purchased fishing licenses and permits. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, does not provide future economic benefits to the Nation. Any impairment is included in surplus for the year.

Revenue recognition

Government Transfers

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Externally restricted revenue

The First Nation recognizes externally restricted inflows as revenue in the period the resources are used for the purposes specified in accordance with an agreement or legislation. Until this time, the First Nation records externally restricted inflows in deferred revenue.

Funds held in Ottawa Trust Fund

Due to measurement uncertainty, revenue related to the receipt of funds held in the Ottawa Trust Fund is recognized when it is received by the Government of Canada.

Tax revenue

The First Nation recognizes taxes as assets and revenue when they meet the definition of an asset; are authorized by a legislature, council, or legislative convention; and the taxable event has occurred.

Tax revenue is initially measured at management's best estimate of the amount resulting from the original taxable event in accordance with tax legislation. The related tax receivable is initially recognized at its realizable value at the date of acquisition. At each financial statement date, the First Nation evaluates the tax receivable for collectability and records a valuation allowance to reflect the tax receivable at its net recoverable amount, if necessary.

Millbrook First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

2. Significant accounting policies *(Continued from previous page)*

Other revenues

Rental revenue is recognized in the period it is earned as agreed to by the rental entities and their tenants.

Revenue from business operations are recorded as revenue when earned at the point of sale.

Interest and other revenues are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Net 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.

Purchased fishing licenses and permits

The First Nation records all purchased commercial fishing licenses and permits as intangible assets (See Note 14). All other permits and licenses owned by Millbrook First Nation Aboriginal Fisheries have been granted for a \$nil consideration and therefore have not been capitalized (See Note 14).

Measurement uncertainty - Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of tangible capital assets. Investment impairments are based on the net recoverable value of the investment.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be significant. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the years in which they become known.

3. Restricted cash

| | 2022 | 2021 |
|---|------------------|------------|
| First Nation Finance Authority ("FNFA") holds a 5% deposit on loans issued to the First Nation as security (see note 13). | 481,621 | 474,338 |
| CMHC Operating reserve | 498,916 | 496,619 |
| CMHC Subsidy surplus | 973,803 | 44,947 |
| CMHC Replacement reserve | 1,345,606 | 1,343,121 |
| 1919 Land Claim held in Trust (see note 22) | 9,991,954 | 9,991,954 |
| | <hr/> 13,291,900 | 12,350,979 |

Millbrook First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

4. Accounts receivable

| | 2022 | 2021 |
|--|------------------|-----------|
| Trade receivable | 2,581,955 | 2,102,911 |
| Government funding receivable | 2,898,168 | 1,330,850 |
| Members | 46,861 | 106,724 |
| Council members, advances of honorariums | - | 11,131 |
| Miscellaneous | 639,378 | 181,696 |
| | 6,166,362 | 3,733,312 |

5. Funds held in trust

Capital and revenue trust monies are transferred to the First Nation when the consent of the Minister of Indigenous Services Canada, with the authorization of the First Nation's Council.

| | 2022 | 2021 |
|------------------------------------|------------------|-----------|
| Capital Trust | | |
| Balance, beginning and end of year | 4,349 | 4,349 |
| Revenue Trust | | |
| Balance, beginning of year | 621,410 | 473,386 |
| Interest | 17,885 | 3,906 |
| Lease revenue | 705,527 | 518,181 |
| Withdrawal - COVID support | - | (374,063) |
| Balance, end of year | 1,344,822 | 621,410 |
| | 1,349,171 | 625,759 |

Millbrook First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

6. Loans receivable

Loans receivable consist of the following:

| | <i>Principal</i> | <i>Allowance</i> | <i>2022 Net recoverable value</i> | <i>2021 Net recoverable value</i> |
|--|-------------------|------------------|---|---|
| Non-interest bearing loan to Millbrook Community Bingo Society, quarterly principal payment of \$13,938, unsecured. | 41,807 | - | 41,807 | 97,559 |
| 8.0% leasehold allowance reimbursement loan to OnX Enterprise Solutions, monthly principal and interest payments of \$69,973, secured by specific equipment to which the receivable relates. | 4,001,485 | - | 4,001,485 | 4,476,216 |
| 4.98% term loan to We'Kopekwitk Service Hotel Limited Partnership, monthly payments of interest only, maturing fiscal 2024, secured by a general security agreement. | 6,550,155 | - | 6,550,155 | 6,550,155 |
| 6.00% demand loan to We'Kopekwitk Service Hotel Limited Partnership, with interest calculated and payable quarterly, no set terms for principal repayment. | 224,500 | - | 224,500 | 224,500 |
| | 10,817,947 | - | 10,817,947 | 11,348,430 |

The First Nation waived principal and interest payments commencing June 1, 2020 on the loans to We'Kopekwitk Service Hotel Limited Partnership as a result of the COVID-19 pandemic. Subsequent to year-end the Limited Partnership resumed payments effective January 1, 2023.

We'Kopekwitk Service Hotel Limited Partnership, is required to pay 3% of the gross revenue on a monthly basis to the First Nation as a capital reserve. The balance of the capital reserve as at March 31, 2022 is \$329,139 (2021 - \$276,773). The Limited Partnership can make an application to have any capital costs associated with the Hotel building reimbursed from this fund. On January 1, 2023 the requirement for capital reserve payments was modified to 4% of gross revenue.

Millbrook First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

7. Investments in partnerships

The First Nation has investments in the following entities:

| | <i>Opening balance</i> | <i>Purchases / contributions</i> | <i>Share of earnings (loss)</i> | <i>Cash distribution</i> | <i>2022 Closing balance</i> |
|--|------------------------|----------------------------------|--|---------------------------|-----------------------------|
| Business Partnerships – Modified Equity: | | | | | |
| We'Kopekwitk Service Hotel Limited Partnership - 97% | 2,798,919 | - | (720,054) | - | 2,078,865 |
| Truro Millbrook Wind Partnership - 51% | 322,226 | - | 375,033 | (553,307) | 143,952 |
| | 3,121,145 | - | (345,021) | (553,307) | 2,222,817 |
| | | | | | |
| 2021 | | | | | |
| | <i>Opening balance</i> | <i>Purchase of shares</i> | <i>Cumulative share of earnings (loss)</i> | <i>Cash distributions</i> | <i>Closing balance</i> |
| Business Partnerships – Modified Equity: | | | | | |
| We'Kopekwitk Service Hotel Limited Partnership - 97% | 792,968 | 2,779,380 | (773,429) | - | 2,798,919 |
| Truro Millbrook Wind Partnership - 51% | 928,866 | - | 431,943 | (1,038,583) | 322,226 |
| | 1,721,834 | 2,779,380 | (341,486) | (1,038,583) | 3,121,145 |

The First Nation's investees have a different year-end than March 31, 2022. The First Nation uses the investees' year-end financial statements to account for its investment.

The investment in We'Kopekwitk Service Hotel Limited Partnership was established for the purpose of developing and operating the hotel in a manner which provides long-term returns for the Partners.

The investment in Truro Millbrook Wind Limited Partnership was established for the purpose of developing and operating wind turbines in a manner which provides long-term returns for the Partners.

Millbrook First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

7. Investments in partnerships *(Continued from previous page)*

Summary financial information for each business partnership, accounted for using the modified equity method, for their respective year-end is as follows:

| | <i>We'Kopekwitk Service Hotel Limited Partnership As at December 31, 2021</i> | <i>Truro Millbrook Wind Limited Partnership As at December 31, 2021</i> |
|--------------------------------------|---|---|
| Assets | | |
| Cash | 349,586 | 479,361 |
| Accounts receivable | 67,477 | 309,361 |
| Prepaid expenses | 117,580 | - |
| Restricted cash | 192,433 | 100,000 |
| Government remittances receivable | 211,393 | - |
| Property, plant and equipment | 9,305,251 | 10,875,017 |
| Investment | - | 94,020 |
| Inventory | 5,598 | - |
| Right of use assets | - | 116,114 |
| Total assets | 10,249,318 | 11,973,873 |
| Liabilities | | |
| Accounts payable and accruals | 1,484,896 | 402,720 |
| Lease obligation | - | 118,365 |
| Government remittances payable | 8,475 | - |
| Promissory note payable | 224,500 | - |
| Long-term debt | 6,400,847 | 10,409,358 |
| Current portion of long term debt | 229,378 | 654,958 |
| Current portion of lease liability | - | 6,981 |
| Due to related party | - | 31 |
| Site restoration | - | 99,923 |
| Total liabilities | 8,348,096 | 11,692,336 |
| Net assets | 1,901,222 | 281,537 |
| Total revenue | 1,937,407 | 2,915,322 |
| Total expenses | 2,682,805 | 2,166,073 |
| Net income (loss) | (745,398) | 749,249 |
| Net income (loss) | (745,398) | 749,249 |

Principal repayments on long-term debt of the First Nation's business enterprises in each of the next five years assuming all term debt is subject to contractual terms of repayment, are estimated as follows:

| | <i>2023</i> | <i>2024</i> | <i>2025</i> | <i>2026</i> | <i>2027</i> | <i>Thereafter</i> | <i>Total</i> |
|---|-------------|-------------|-------------|-------------|-------------|-------------------|--------------|
| Long-term debt owed by business partnerships | | | | | | | |
| We'Kopekwitk Hotel Service LP | 229,378 | 241,715 | 254,715 | 5,864,417 | - | - | 6,590,225 |
| Truro Millbrook Wind Limited Partnership | 654,958 | 689,502 | 721,058 | 747,286 | 787,191 | 7,496,983 | 11,096,978 |
| | 884,336 | 931,217 | - | - | - | - | 17,687,203 |

Millbrook First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

8. Investments

| | Number of shares | 2022 | 2021 |
|---|---------------------|----------------|---------|
| Measured at cost: | | | |
| Deer Lake Express Hotel Limited | 192,000 | 300,000 | 300,000 |
| Melford International Terminal Incorporated | 250,000 | 333,105 | 333,105 |
| Holloway Lodging Real Estate Investment Trust | 5,750 | 11,543 | 11,543 |
| HEXO Corp (formerly Zenabis Global) | 54,727 | 55,000 | 55,000 |
| ANSMC Cannabis GP | 1 | - | 1 |
| Beaubassin Mi'Kmaq Wind Management Ltd. | 1 | 1 | 1 |
| FN Offshore Clam Resource Sharing | 1 | 1 | 1 |
| | | 699,650 | 699,651 |

On June 1, 2021 Zenabis Global was purchased by HEXO Corp. and the First Nation received 54,727 shares of that Company. During the prior year a valuation loss of \$562,291 was recorded on the investments due to impairment from historic decline in price below cost. The fair market value of the HEXO Corp. investment at March 31, 2022 is \$589,957 however based on value subsequent to year-end the investment has a permanent decrease in value and therefore the impairment loss has not been reversed.

9. Line of credit

The First Nation has a consolidated banking agreement with Royal Bank of Canada which provides an operating line of credit of \$5,000,000 (2021 - \$5,000,000) of which \$nil (2021- \$2,905,000) was drawn, renewable on an annual basis, and bearing interest at prime (2021 - prime).

As security, the First Nation has provided a general security agreement with a first ranking security interest in all property of the Band. Band Council resolutions have been provided to authorize specific borrowing.

10. Accounts payable and accruals

| | 2022 | 2021 |
|----------------------------------|------------------|-----------|
| Accounts payable and accruals | 7,580,120 | 5,235,837 |
| Employee savings bond deductions | 63,341 | 53,147 |
| | 7,643,461 | 5,288,984 |

Millbrook First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

11. Term loans due on demand

| | 2022 | 2021 |
|--|----------------|----------------|
| 3.98% RBC term loan repayable on demand, maturing April 2024, principal payments of \$12,272 monthly, secured as described in note 13. | 360,988 | 491,043 |
| RBC mortgage repaid during the year. | - | 684 |
| | 360,988 | 491,727 |

Principal repayments on term loans on demand in each of the next three years

| | |
|------|---------|
| 2023 | 135,344 |
| 2024 | 140,823 |
| 2025 | 84,821 |

12. Deferred revenue

The following table represents changes in the deferred revenue balance attributable to each major category of external restrictions:

| | <i>Balance, beginning of year</i> | <i>Contributions received</i> | <i>Amounts recognized as revenue</i> | <i>Balance, end of year</i> |
|---|---|-----------------------------------|--|---------------------------------|
| Canada Mortgage and Housing Corporation | 15,080 | 36,912 | 10,616 | 41,376 |
| Rent | 243,720 | 97,738 | 48,950 | 292,508 |
| | 258,800 | 134,650 | 59,566 | 333,884 |

Millbrook First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

13. Long-term debt

| | 2022 | 2021 |
|---|-------------------|-------------|
| 4.25% term loan, payable on demand, maturing August 2022, repayable in blended monthly payments of \$12,799, secured as described below. | 1,248,167 | 1,442,819 |
| CMHC mortgages payable in monthly instalments of \$37,836 interest payable between 0.79%-2.68% per annum, due for renewal between September 2022 and May 2027 and maturing between November 2023 and December 2046, secured by a ministerial guarantee by ISC. | 5,199,362 | 4,537,110 |
| Royal Bank of Canada mortgages, bearing interest between 2.94% and 3.26% per annum, repayable in blended monthly payments of \$49,251 maturing December 2025, and is secured by buildings with a net book value of \$6,376,067 and a general assignment of rents and leases. | 10,112,726 | 10,403,599 |
| 2.95% First Nations Finance Authority - Bond Series debt, repayable in monthly fixed principal payments of \$26,051 and interest payments of \$20,300, adjusted annually for actuarial adjustments, due for renewal June 1, 2025; secured by revenues of the Millbrook Gaming Commission and 5% deposit on loan (see note 3). | 6,630,718 | 6,986,327 |
| Royal Bank of Canada loans, bearing interest between 2.34% and 4.50% per annum, repayable in blended monthly payments of \$124,921, maturing between January 2023 and December 2025 and secured as described below. | 7,401,042 | 8,565,527 |
| 4.1% RBC lease line of credit, maturing January 2023, repayable in monthly instalments of principal and interest of \$56,977 and secured as described below. | 4,969,196 | 5,438,635 |
| | 35,561,211 | 37,374,017 |

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed, are estimated as follows:

| | |
|------|-----------|
| 2023 | 2,833,467 |
| 2024 | 3,308,182 |
| 2025 | 2,334,484 |
| 2026 | 2,059,282 |
| 2027 | 1,074,816 |

The Royal Bank of Canada demand loan and term loans are secured by a general security agreement constituting a first ranking security interest in all personal property of the First Nation, a guarantee and postponement of claim of \$25,600,000 from Millbrook First Nation supported by a Band council resolution, assignment of fire insurance and rents on specific properties, leasehold mortgages of \$23,500,000 on specific properties and a letter of undertaking signed by Millbrook First Nation agreeing to cover any debt servicing shortfalls.

Millbrook First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

14. Fishing licenses and permits

| | 2022 | 2021 |
|---|------------------|-------------|
| District 35 Lobster License #111601 | 2,300,000 | 2,300,000 |
| District 35 Lobster License #112025 | 2,300,000 | 2,300,000 |
| Area 26A Lobster License #006833 | 625,000 | - |
| Area 23 Snow Crab Allocation Permit #152701 | 225,000 | 225,000 |
| Area 23 Snow Crab Allocation Permit #152716 | 806,978 | 806,978 |
| Area 24 Snow Crab Allocation Permit #152739 | 210,000 | 210,000 |
| Area 24 Snow Crab Allocation Permit #152741 | 210,000 | 210,000 |
| | 6,676,978 | 6,051,978 |

The First Nation records purchased commercial fishing licenses as intangible assets. Any permits that are contributed or obtained in a method other than purchase, have been allocated a value of \$nil and have not been recorded as capital expenditures as a result. These licenses and permits have been disclosed below.

| Species | Area | # of Tags/Quota |
|----------------|------------------|------------------------|
| Ground-Fish | Digby | 35,000 lbs |
| Lobster | 35-Digby | 7 tags |
| Lobster | 32-Sheet Harbour | 2 tags |
| Tuna | Canso | 5,000 lbs |
| Tuna | Pictou/Canso | 4 tags |

15. Accumulated Surplus

The First Nation designates and tracks separately the following funds and reserves in accordance with internal management policies. These funds are designated to assist with fund management and to comply with legislation.

| | 2022 | 2021 |
|---|-------------------|-------------|
| Operating fund | | |
| Surplus, beginning of year | 26,457,972 | 12,951,743 |
| Annual surplus (deficit) | 11,389,448 | 14,606,277 |
| Tangible capital assets & fishing licenses and permits | (20,048,213) | (999,205) |
| Trust Fund | (723,411) | (503,117) |
| Replacement reserve | 587,193 | 277,587 |
| Transfers, net | 552,216 | 124,687 |
| Surplus, end of year | 18,215,205 | 26,457,972 |
| Investment in Tangible assets & Fishing licenses and permits | | |
| Surplus, beginning of year | 40,090,472 | 38,957,957 |
| Amortization | (4,135,472) | (4,239,863) |
| Additions | 22,370,881 | 10,480,938 |
| Issuance of capital debt | (978,015) | (7,068,766) |
| Repayment of capital debt | 2,790,818 | 1,968,115 |
| Gain on disposal of capital assets | 812,284 | 426,913 |
| Proceeds on disposal of tangible capital assets | (812,284) | (568,132) |
| Transfer from (to) operating fund | (700,921) | 133,310 |
| Surplus, end of year | 59,437,763 | 40,090,472 |

Millbrook First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

15. Accumulated Surplus *(Continued from previous page)*

| | 2022 | 2021 |
|--|---------------|-------------|
| Trust Fund Equity | | |
| Surplus, beginning of year | 625,759 | 477,736 |
| Land lease | 723,411 | 503,117 |
| Transfer (to) from operating fund | - | (355,094) |
| Surplus, end of year | 1,349,170 | 625,759 |
| Replacement Reserve Fund | | |
| Surplus, beginning of year | 493,471 | 673,962 |
| Withdrawals from Replacement Reserve, net of interest income | (587,193) | (277,587) |
| Transfer from operating fund | 148,705 | 97,096 |
| Surplus, end of year | 54,983 | 493,471 |

The operating fund represents amounts available to offset future operational revenue requirements. The investment in tangible capital assets fund represents amounts available to finance capital projects. The trust fund equity represents funds held in trust by the Government of Canada for land leasing transactions. The replacement reserve fund represents amounts set aside under the terms of the agreement with CMHC to ensure repair and maintenance of buildings financed by CMHC.

16. Gaming revenues, net

| | 2022 | 2021 |
|--|---------------|---------------|
| VLT Cash in | 34,485,026 | 34,444,510 |
| VLT Cash out | (27,269,307) | (26,867,207) |
| Commission to vendors | (1,592,160) | (1,478,921) |
| Province of Nova Scotia Gaming Agreement | 136,754 | 37,741 |
| Other lottery revenues | 1,472,226 | 1,559,358 |
| | 7,232,539 | 7,695,481 |

17. Replacement reserve

Under agreements with Canada Mortgage and Housing Corporation (CMHC) the Nation established the following:

- A replacement reserve has been established for replacement of capital equipment and for major repairs to the houses. At March 31, 2022, \$54,983 (2021 - \$543,471) has been set aside to fund this reserve. The unfunded portion at March 31, 2022 was \$nil (2021 - \$nil).
- A subsidy surplus reserve established by retaining excess federal assistance payments received for Post 1996 housing projects. Reserve funds may be used to meet future subsidy requirements of income tested occupants, over and above the maximum federal assistance. At March 31, 2022, \$797,316 (2021 - \$639,1674) has been set aside to fund this reserve. The unfunded portion at March 31, 2022 was \$294,550 (2021 - \$142,548).

In accordance with terms of the agreements, CMHC reserve moneys must be held or invested only in accounts or instruments guaranteed by the Canada Deposit Insurance Corporation, or as otherwise approved by CMHC. Reserve withdrawals are credited first to interest and then to principal.

Millbrook First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

18. Millbrook First Nation Children's Trust

The First Nation established trust accounts to control member allowances for children under the age of nineteen. The principal and interest are held in trust by an independent financial institution. Upon turning nineteen years of age, the principal and accumulated interest are paid to the individual Band member. The fair value of the investments held in Trust as at March 31, 2022 is \$8,915,655 (2021 - \$18,397,762).

19. Retirement service awards

The First Nation has a policy which provides its Chief and Council members, upon retirement an award in recognition of service, equal to \$1,000 for each year of service for Chief and Council. The liability at March 31, 2022 is \$326,000 (2021 - \$617,000).

During the year, the First Nation paid out retirement allowances of \$304,000 (2021 - nil).

20. Commitments

On August 1, 1987, the First Nation entered into a tuition agreement with Chignecto-Central Regional School Board respecting the provision of education services to Indigenous children. The cost to the First Nation is based on the net operating expenditures of the school board prorated by the Indigenous student ratio enrolment in the schools administered by the School Board.

During 2018, the First Nation signed a franchise agreement to own and operate a franchised restaurant. Under the terms of the agreement, the Band is required to pay a monthly royalty fee to the franchiser of 5% of gross sales for the immediately preceding month. This royalty fee is required for the duration of the franchise agreement.

Additionally, the Nation entered into agreements with a contractor to complete building projects with a contract value of \$32,119,638. Subsequent to year-end, the First Nation entered into two separate financing facilities with the Royal Bank of Canada for these projects. The Nation entered into a \$10,000,000 non-revolving term facility, bearing interest at prime, with interest payments only payable monthly. This loan matures in January 2023. The Nation also entered into a \$13,650,000 term loan, bearing interest at a fixed rate of 5.32%, amortized over 30 years, renewing in July 2025.

21. Contingencies

The First Nation entered into a ten year funding agreement with Indigenous Services Canada, effective April 1, 2019, to be renewed April 1, 2029. These funds are to be used to provide certain programs and services to band members and recipients as defined in the agreement.

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

One of the First Nation's incorporated companies has provided a guarantee of \$67,800 for an outstanding loan of Amherst 8 Motel Limited.

The First Nation may, from time to time, be involved in legal proceedings, claims and litigation that arise in the normal course of business, which the First Nation believes would not reasonably be expected to have a material adverse effect on its financial position.

Millbrook First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

22. 1919 Land Claim

On April 24, 2020 the 1919 Land Claim was settled with the Government of Canada. As a result, the First Nation received compensation of \$20,358,251 to the Millbrook First Nation Band 1919 Land Claim Trust in accordance with the trust settlement agreement. The First Nation used the proceeds as shown below, with the balance remaining in the Trust for future developments.

| | |
|--|-------------|
| Compensation received | 20,348,251 |
| Repayment of promissory note | (1,016,838) |
| <hr/> | |
| | 19,331,413 |
| <hr/> | |
| Legal expenses | (2,053,459) |
| Band member payments of \$3,000 per member | (4,344,000) |
| Children's Trust payment \$3,000 per minor | (1,476,000) |
| <hr/> | |
| Deposit to trust for future developments | 11,457,954 |
| <hr/> | |

During the prior year, \$9,991,954 was transferred to the trust for the 1919 Land Claim with the remaining \$1,476,000 to be transferred at a later date.

23. COVID-19

Impact on operations of COVID-19 (coronavirus)

In early March 2020, the impact of the global outbreak of COVID-19 (coronavirus) began to have a significant impact on businesses through the restrictions put in place by the Canadian, provincial, Indigenous and municipal governments regarding travel, business operations and isolation/quarantine orders.

Despite the impact of COVID-19, the First Nation continued to operate as it is in an essential service sector. Some segments of the First Nation's were impacted, such as Economic Development and Gaming due to restrictions in place in the prior year affecting revenue generation.

24. Economic dependence

Millbrook First Nation receives a significant portion of its revenue from Indigenous Services Canada as a result of Treaties entered into with the Government of Canada. These treaties are administered by Indigenous Services Canada under the terms and conditions of the Indian Act. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

25. Compliance with authorities

The First Nation is required to make its financial statements publicly available and submit its financial statements to Indigenous Services Canada by July 29, 2022. As the audit report date is dated after July 29, 2022, the First Nation is in breach of this requirement. The possible effect of this breach has not yet been determined.

26. Comparative figures

Certain comparative figures have been reclassified to conform with current year's presentation.

Millbrook First Nation
Notes to the Consolidated Financial Statements
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27. Subsequent events

Subsequent to year-end the First Nation received a non-revolving term loan of \$10,000,000, bearing interest at Royal bank prime, with interest only payments until March 31, 2023. This loan was converted into a \$8,000,000 term facility and a \$1,775,000 term facility on May 16, 2023.

The \$8,000,000 non-revolving term facility bears interest at 5.15%, repayable in monthly instalments of principal and interest of \$47,484. The \$1,775,000 non-revolving term facility bears interest at 5.15%, repayment in monthly instalments of principal and interest of \$10,536. Both facilities are secured by an assignment of rents and a guarantee and postponement of claim in the amount of \$9,775,000 signed by Millbrook First Nation and a cerifiticate of insurance evidencing fire and other perils coverage for the buildings.

In addition to the above, on September 9, 2022, the Nation received a mortgage of \$13,650,000, bearing interest at 5.78%, repayable in monthly instalments of \$79,325, maturing in September 2024. The facility is secured by a first charge on a specific property of the Nation in the amount of \$13,650,000 and assignment of rents and leases from the property.

In June 2023, the First Nation ceased operating 3310689 Nova Scotia Limited, Cheese Curds and Habenaros restaurant and turned over restaurant operations to the franchisor. The Nation continues to own the building and has signed a lease agreement with Chef Inspired, the franchisor.