

**Millbrook First Nation
Consolidated Financial Statements**
March 31, 2023

Millbrook First Nation

Contents

For the year ended March 31, 2023

	Page
Management's Responsibility	
Independent Auditor's Report	
Consolidated Financial Statements	
Consolidated Statement of Financial Position.....	1
Consolidated Statement of Operations and Accumulated Surplus.....	2
Consolidated Statement of Change in Net Financial Assets (Net Debt).....	3
Consolidated Statement of Cash Flows.....	4
Notes to the Consolidated Financial Statements.....	5

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[, internal auditors,] and external auditors. The Council is also responsible for recommending the appointment of the Nation's external auditors.

MNP LLP is appointed by the Members to audit the consolidated financial statements and report directly to them; 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.

September 29, 2023



Executive Director



CFO

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, 2023, and the consolidated statements of operations and accumulated surplus, changes in 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 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, 2023, and the results of its consolidated operations, changes in its 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 ("PSAS") Section *PS 3280 Asset Retirements Obligations* ("ARO") which was adopted by the First Nation as of April 1, 2022 prospectively and requires the recognition of an ARO liability when there is a legal obligation that establishes a clear responsibility to incur retirement costs in relation to a tangible capital asset. The First Nation has not identified ARO liabilities as of March 31, 2023 and we were unable to satisfy ourselves concerning those liabilities by alternative means. Consequently, we were not able to determine whether any adjustments would be necessary to liabilities, net debt, tangible capital assets, accumulated surplus, expenses, excess of revenues over expenses, change in net debt for the year-ended March 31, 2023, and accumulated surplus as of March 31, 2023.

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 29, 2023

MNP LLP

Chartered Professional Accountants

MNP

Millbrook First Nation
Consolidated Statement of Financial Position
As at March 31, 2023

	2023	2022
Financial assets		
Cash and cash equivalents	13,233,295	3,968,446
Restricted cash (Note 4)	13,270,153	13,291,900
Accounts receivable (Note 5)	10,803,465	6,166,362
Inventory for resale	702,001	512,059
Funds held in trust (Note 6)	390,388	1,349,171
Loans receivable (Note 7)	10,222,297	10,817,947
Investments in partnerships (Note 8)	1,734,846	2,222,820
Investments (Note 9)	2,188,677	699,652
Total of assets	52,545,122	39,028,357
Liabilities		
Accounts payable and accruals (Note 11)	7,677,661	7,643,463
Term loans due on demand (Note 12)	225,186	360,988
Deferred revenue (Note 13)	318,045	333,884
Capital reserve (Note 7)	340,191	329,139
Long-term debt (Note 14)	56,042,196	35,561,213
Total of financial liabilities	64,603,279	44,228,687
Net debt	(12,058,157)	(5,200,330)
Commitments (Note 22)		
Contingencies (Note 23)		
Subsequent events (Note 26)		
Non-financial assets		
Tangible capital assets (Note 1)	86,569,227	77,328,293
Prepaid expenses	50,037	252,180
Fishing licenses and permits (Note 15)	6,676,978	6,676,978
Total non-financial assets	93,296,242	84,257,451
Accumulated surplus (Note 16)	81,238,085	79,057,121

Approved on behalf of the Council

Chief

Councillor

Millbrook First Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2023

	<i>Schedules</i>	<i>2023 Budget (Note 29) (Unaudited)</i>	<i>2023</i>	<i>2022</i>
Revenue				
Indigenous Services Canada		11,844,159	19,978,353	25,567,053
M'ikmaq Employment Training Secretariat		502,895	707,464	1,357,821
Canada Mortgage and Housing Corporation		250,000	465,739	386,376
Additional government funding		3,863,971	2,225,144	722,617
Gaming (Note 17)		9,103,585	9,441,491	7,232,539
Fisheries operations (Note 18)		5,399,428	5,139,512	8,550,493
Retail		10,197,881	10,881,844	10,854,315
Rental income		4,309,972	7,233,053	5,075,979
Taxation		1,965,000	1,036,207	819,064
Earnings (loss) from investment in Nation partnerships		1,897,000	15,710	(345,017)
Interest income		3,213,374	2,573,516	1,052,326
Other revenue		258,428	1,432,519	1,653,350
Land lease		-	762,020	623,982
		52,805,693	61,892,572	63,550,898
Program expenses (Schedule 3)				
Administration	4	17,219,245	11,562,877	7,761,442
Social Services	5	3,260,000	4,846,442	4,144,607
Education	6	4,200,300	5,718,578	5,365,220
Health	8	2,026,700	2,347,717	2,891,591
Operating and Maintenance	9	336,350	2,756,375	3,124,935
Housing	10	2,078,155	2,037,610	1,837,208
Rental	11	1,083,478	2,645,017	1,361,608
First Nation Economic Development	12	4,861,917	6,988,918	5,657,391
Gaming	13	6,304,640	6,551,187	6,049,284
Treaty Enterprises	14	2,758,263	3,272,383	3,269,858
Fisheries	15	4,620,568	3,838,912	4,220,510
Tobacco	16	7,468,298	7,145,592	7,290,080
		56,217,914	59,711,608	52,973,734
Surplus before other items		(3,412,221)	2,180,964	10,577,164
Other income				
Gain on disposal of capital assets		-	-	812,284
Surplus		(3,902,221)	2,180,964	11,389,448
Accumulated surplus, beginning of year		79,057,121	79,057,121	67,667,673
Accumulated surplus, end of year		75,154,900	81,238,085	79,057,121

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

Millbrook First Nation
Consolidated Statement of Change in Net Financial Assets (Net Debt)
For the year ended March 31, 2023

	2023 <i>Budget</i> <i>(Note 29)</i>	2023	2022
Annual surplus	(3,902,221)	2,180,964	11,389,448
Purchases of tangible capital assets	(1,330,250)	(13,589,156)	(21,991,104)
Amortization of tangible capital assets	-	4,348,222	4,135,472
(Gain) loss on sale of tangible capital assets	-	-	(812,284)
Proceeds of disposal of tangible capital assets	-	-	812,284
Purchase of fishing permit	-	-	(625,000)
	(1,330,250)	(9,240,934)	(18,480,632)
Acquisition of prepaid expenses	-	-	(39,193)
Use of prepaid expenses	-	202,143	-
Increase in net debt	(5,232,471)	(6,857,827)	(7,130,377)
Net debt, beginning of year	(5,200,330)	(5,200,330)	1,930,047
Net debt, end of year	(10,432,801)	(12,058,157)	(5,200,330)

Millbrook First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2023

	2023	2022
Cash provided by (used for) the following activities		
Operating activities		
Surplus	2,180,964	11,389,448
Non-cash items		
Amortization	4,348,222	4,135,472
Gain on disposal of capital assets	-	(812,284)
Earnings (loss) from investment in partnerships	(15,710)	345,017
Changes in working capital accounts	6,513,476	15,057,653
Accounts receivable	(4,637,103)	(2,433,051)
Inventory for resale	(189,942)	(336,096)
Prepaid expenses	202,143	(39,193)
Accounts payable and accruals	34,198	2,354,477
Deferred revenue	(15,839)	75,084
	1,906,933	14,678,874
Financing activities		
Advances of long-term debt	23,405,000	978,015
Repayment of long-term debt	(2,924,017)	(2,790,818)
Repayment of term loans due on demand	(135,802)	(130,739)
Change in capital reserve	11,052	52,366
Net advance (repayment) of line of credit	-	(2,905,000)
	20,356,233	(4,796,176)
Capital activities		
Purchases of tangible capital assets	(13,589,156)	(21,991,104)
Proceeds of disposal of tangible capital assets	-	812,284
	(13,589,156)	(21,178,820)
Investing activities		
Distributions from investments	503,900	553,307
Change in funds held in trust	958,783	(723,412)
Repayment of loan receivable	595,650	530,483
Decrease (increase) in restricted cash	21,747	(940,921)
Purchase of investments	(1,489,241)	-
Purchase of fishing license	-	(625,000)
	590,839	(1,205,543)
Increase (decrease) in cash resources	9,264,849	(12,501,665)
Cash resources, beginning of year	3,968,446	16,470,111
Cash resources, end of year	13,233,295	3,968,446

Millbrook First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

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. Change in accounting policy

Financial instruments

Effective April 1, 2022, the First Nation adopted the Public Sector Accounting Board's (PSAB) new recommendations for the recognition, measurement, presentation and disclosure of financial assets, financial liabilities and derivatives under Section PS 3450 *Financial Instruments*. The new Section is applied prospectively, and prior periods have not been restated. There was no material impact on the consolidated financial statements from the prospective application of the new accounting recommendations.

Asset retirement obligations

Effective April 1, 2022, the First Nation adopted the Public Sector Accounting Board's (PSAB) new standard for the recognition, measurement and disclosure of a liability for asset retirement obligations under PS 3280 *Asset Retirement Obligations*. The new standard establishes when to recognize and how to measure a liability for an asset retirement obligation, and provides the related financial statement presentation and disclosure requirements. Pursuant to these recommendations, the change was applied prospectively, and prior periods have not been restated.

Previously, the First Nation recorded the provision for site rehabilitation in accordance with PS 3270 *Solid Waste Landfill Closure and Post-Closure Liability*, which requires recognition of a liability for closure and post-closure care as the site capacity is used and is equal to the proportion of the estimated total expenditure required for closure and post-closure care. Under the new standard, a liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset when certain criteria are met, as described in Note 3.

The Nation did not have available information to record an estimate and therefore was no material impact on the consolidated financial statements from the prospective application of the new accounting recommendations.

3. Significant accounting policies

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and including the following significant accounting policies:

Reporting entity consolidated

The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity, except for government 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 Enterprises operation which reports the First Nation's retail commercial operations.
- Millbrook First Nation Aboriginal Fisheries which reports the First Nation's commercial fishing operations.

Millbrook First Nation
Notes to the Consolidated Consolidated Financial Statements
For the year ended March 31, 2023

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

Reporting entity *(Continued from previous page)*

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).
- 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 government 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.

Millbrook First Nation
Notes to the Consolidated Consolidated Financial Statements
For the year ended March 31, 2023

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

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 financial assets (net debt) as the measurement of financial position. The net financial assets (net debt) of the First Nation is determined by its financial assets less its liabilities. Net financial assets (net debt) combined with non-financial assets comprise a second indicator of financial position, accumulated surplus.

Segments

The First Nation conducts its business through fourteen reportable segments: Administration, Social Services, Education, Health, Operating and Maintenance, Housing, Rental, First Nation Economic Development, Gaming, Treaty Enterprises, 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 consolidated financial statements. Inter-segment transfers are recorded at their exchange amount.

Cash and cash equivalents

Cash and cash equivalent 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. Cost is determined by 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.

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.

Portfolio investments

Portfolio investments with prices quoted in an active market are measured at fair value while those that are not quoted in an active market are measured at cost less impairment.

Millbrook First Nation
Notes to the Consolidated Consolidated Financial Statements
For the year ended March 31, 2023

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

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.

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 %

Purchased fishing licenses and permits

The First Nation records all purchased commercial fishing licenses and permits as intangible assets. 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.

Long-lived assets

Long-lived assets consist of tangible capital assets and intangible assets with finite useful lives. 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, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the value of future economic benefits from its use and disposal. Any impairment is included in surplus for the year.

Asset retirement obligation

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date when there is a legal obligation for the First Nation to incur retirement costs in relation to a tangible capital asset (or component thereof), the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at March 31, 2023. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset (or component thereof). The asset retirement cost is amortized over the useful life of the related asset.

Millbrook First Nation
Notes to the Consolidated Consolidated Financial Statements
For the year ended March 31, 2023

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

Asset retirement obligation *(Continued from previous page)*

At each financial reporting date, the First Nation reviews the carrying amount of the liability. The First Nation recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset.

The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

Liability for contaminated site

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2023.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

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 purpose 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.

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.

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.

Millbrook First Nation
Notes to the Consolidated Consolidated Financial Statements
For the year ended March 31, 2023

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

Revenue recognition *(Continued from previous page)*

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.

Employee future benefits

The First Nation's employee future benefit programs consist of a defined contribution pension plan. First Nation contributions to the defined contribution plan are expensed as incurred.

Measurement uncertainty - Use of estimates

The preparation of consolidated 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 consolidated 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 consolidated 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.

Financial instruments

The First Nation recognizes its financial instruments when the First Nation becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the First Nation may irrevocably elect to subsequently measure any financial instrument at fair value. The First Nation has made such an election during the year.

The First Nation subsequently measures investments in equity instruments quoted in an active market at fair value. Fair value is determined by published price quotations. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses. Interest income is recognized in the statement of operations. Investments in equity instruments not quoted in an active market are subsequently measured at cost. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in operating surplus. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets except derivatives are tested annually for impairment. Management considers whether the investee has experienced continued losses for a period of years, recent collection experience for the loan, such as a default or delinquency in interest or principal payments, etc. in determining whether objective evidence of impairment exists. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the statement of remeasurement gains and losses.

Millbrook First Nation
Notes to the Consolidated Consolidated Financial Statements
For the year ended March 31, 2023

4. Restricted cash

	2023	2022
First Nation Finance Authority ("FNFA") holds a 5% deposit on loans issued to the First Nation as security (see note 14).	513,730	481,621
CMHC Operating reserve	-	498,916
CMHC Subsidy surplus	2,764,469	973,803
CMHC Replacement reserve	-	1,345,606
1919 Land Claim held in Trust	9,991,954	9,991,954

5. Accounts receivable

	2023	2022
Trade receivable	7,426,281	2,756,367
Government funding receivable	3,249,840	2,861,256
Members	72,055	46,861
Miscellaneous	55,289	501,878
	10,803,465	6,166,362

6. Funds held in trust

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

	2023	2022
Capital Trust		
Balance, beginning of year	4,349	4,349
Transfers to nation	(4,349)	-
Balance, end of year	-	4,349
Revenue Trust		
Balance, beginning of year	1,344,822	621,410
Interest	23,128	17,885
Lease revenue	736,343	705,527
Transfers to Nation	(1,713,905)	-
Balance, end of year	390,388	1,344,822
	390,388	1,349,171

Millbrook First Nation
Notes to the Consolidated Consolidated Financial Statements
For the year ended March 31, 2023

7. Loans receivable

Loans receivable consist of the following:

	<i>Principal</i>	<i>Allowance</i>	<i>2023 Net recoverable value</i>	<i>2022 Net recoverable value</i>
Non-interest bearing loan to Millbrook Community Bingo Society, quarterly principal payment of \$13,938, unsecured.	-	-	-	41,807
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.	3,487,300	-	3,487,300	4,001,485
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.	6,510,497	-	6,510,497	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
	10,222,297	-	10,222,297	10,817,947

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

We'Kopekwitk Service Hotel Limited Partnership, is required to pay 4% 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, 2023 is \$340,191 (2022 - \$329,139). The Limited Partnership can make an application to have any capital costs associated with the Hotel building reimbursed from this fund.

8. 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>2023 Closing balance</i>
Business Partnerships – Modified					
Equity:					
We'Kopekwitk Service Hotel Limited Partnership - 97%	2,078,865	-	(438,739)	-	1,640,126
Truro Millbrook Wind Partnership - 51%	143,955	-	454,452	(503,687)	94,720
	2,222,820	-	15,713	(503,687)	1,734,846

Millbrook First Nation
Notes to the Consolidated Consolidated Financial Statements
For the year ended March 31, 2023

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

	Opening balance	Purchases / contributions	Share of earnings (loss)	Cash distribution	2022 Closing balance
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	(553,304)	143,955
	3,121,145	-	(345,021)	(553,304)	2,222,820

The First Nation's investees have a different year-end than March 31, 2023. 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.

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, 2022</i>	<i>Truro Millbrook Wind Limited Partnership As at December 31, 2022</i>
Assets		
Cash	900,853	476,358
Accounts receivable	81,669	343,597
Prepaid expenses	82,832	-
Restricted cash	308,444	100,000
Government remittances	212,253	-
Property, plant and equipment	8,796,679	10,039,006
Investments	-	94,697
Inventory	8,040	-
Right of use assets	-	106,444
Total assets	10,390,770	11,160,102
Liabilities		
Accounts payable and accruals	2,083,264	330,071
Lease obligation	-	110,089
Government remittances payable	14,978	-
Promissory note payable	224,500	-
Long-term debt	6,389,736	9,723,994
Current portion of long term debt	229,378	689,502
Current portion of lease liability	-	7,853
Due to related parties	-	4,184
Due to PSEIF	-	3,754
Site restoration	-	106,080
Total liabilities	8,941,856	10,975,527
Net assets	1,448,914	184,575

Millbrook First Nation
Notes to the Consolidated Consolidated Financial Statements
For the year ended March 31, 2023

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

<i>We'Kopekwitk Service Hotel Limited Partnership As at December 31, 2022</i>	<i>Truro Millbrook Wind Limited Partnership As at December 31, 2022</i>
Total revenue	3,032,338
Total expenses	2,967,463
Net income (loss)	3,484,647
Net income (loss)	2,076,387
Net income (loss)	(452,309)
Net income (loss)	891,076
Net income (loss)	(452,309)
Net income (loss)	891,076

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

	2024	2025	2026	2027	2028	Thereafter	Total
Long-term debt owed by business partnerships							
We'Kopekwitk Hotel Service LP	242,712	255,048	256,937	268,414	282,850	5,313,154	6,619,115
Truro Millbrook Wind Limited Partnership	689,502	721,058	747,286	787,191	829,445	6,667,538	10,442,020
	932,214	976,106	1,004,223	1,055,605	1,112,295	11,980,692	17,061,135

9. Portfolio investments

	<i>Number of shares</i>	2023	2022
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	11,544	11,544
HEXO Corp.	54,727	55,000	55,000
ANSMC Cannabis GP	1	1	1
Beaubassin Mi'Kmaq Wind Management Ltd.	1	1	1
FN Offshore Clam Resource Sharing	1	1	1
GIC bearing interest at 4.7%, matures January 2024	-	1,489,025	-
		2,188,677	699,652

On June 1, 2021 Zenabis Global was purchased by HEXO Corp. and the First Nation received 54,727 shares of that Company. Subsequent to year-end HEXO Corp. delisted from the stock exchange and was acquired by Tilray Brands Inc.

10. 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 (2022 - \$5,000,000) of which nil (2022 - nil) was drawn, renewable on an annual basis, and bearing interest at prime (2022 - 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.

Millbrook First Nation
Notes to the Consolidated Consolidated Financial Statements
For the year ended March 31, 2023

11. Accounts payable and accruals

	2023	2022
Accounts payable and accruals	7,656,843	7,582,008
Employee savings bond deductions	20,809	61,453
	7,677,652	7,643,461

12. Term loans due on demand

	2023	2022
3.98% RBC term loan repayable on demand, maturing October 2024, principal payments of \$12,272 monthly, secured as described in note 13.	225,186	360,988

Principal repayments on long-term debt in each of the next two years

2024	140,823
2025	84,821

13. 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	41,376	-	8,268	33,108
Rent	292,508	-	7,570	284,938
	333,884	-	15,838	318,046

14. Long-term debt

	2023	2022
4.25% term loan, payable on demand, maturing August 2023, repayable in blended monthly payments of \$12,799, secured as described below.	553,027	680,177
CMHC mortgages payable in monthly instalments of \$38,822 interest payable between 0.79%-3.70% per annum, due for renewal between August 2023 and February 2028 and maturing between November 2023 and December 2046, secured by a ministerial guarantee by ISC.	4,842,332	5,199,362
Royal Bank of Canada mortgages, bearing interest between 2.94% and 5.78% per annum, repayable in blended monthly payments of \$128,576 maturing between December 2025 and November 2053, and is secured by buildings with a net book value of \$25,250,891 and a general assignment of rents and leases.	23,390,774	10,112,726
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.	6,265,028	6,630,718

Millbrook First Nation
Notes to the Consolidated Consolidated Financial Statements
For the year ended March 31, 2023

14. Long-term debt *(Continued from previous page)*

	2023	2022
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 2024 and December 2025 and secured as described below.	6,755,888	7,969,033
4.1% RBC lease line of credit, maturing January 2024, repayable in monthly instalments of principal and interest of \$56,977 and secured as described below.	4,480,145	4,969,196
Non- revolving term loan, bearing interest at Royal Bank prime, with interest only payments, maturing May 16, 2023, and is secured by a general assignment of rents, a guarantee and postponement of claim in the amount of \$10,000,000 signed by Millbrook Band Council supported by a Band council resolution, letter of undertaking signed by Millbrook Band Council and a certificate of fire insurance	9,755,000	-
	56,042,194	35,561,212

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:

	Total
2024	2,740,918
2025	2,260,045
2026	1,997,702
2027	1,797,253
2028	1,640,980

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 \$37,150,000 on specific properties and a letter of undertaking signed by Millbrook First Nation agreeing to cover any debt servicing shortfalls.

15. Fishing Licenses and Permits

	2023	2022
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	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	6,676,978

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.

Millbrook First Nation
Notes to the Consolidated Consolidated Financial Statements
For the year ended March 31, 2023

<u>Species</u>	<u>Area</u>	<u># of Tags/Quota</u>
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

16. 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.

	2023	2022
Operating fund		
Surplus, beginning of year	17,969,982	26,457,971
Annual surplus (deficit)	2,180,964	11,389,448
Tangible capital assets & fishing licenses and permits	11,958,988	(19,668,435)
Trust Fund	(759,471)	(723,411)
Replacement reserve	159,897	587,193
Transfers, net	1,613,251	(72,784)
 Surplus, end of year	33,123,611	17,969,982
 Investment in Tangible assets & Fishing licenses and permits		
Surplus, beginning of year	59,682,986	40,090,472
Amortization	(4,348,222)	(4,135,472)
Additions	13,589,156	21,991,104
Issuance of capital debt	(23,405,000)	(978,015)
Repayment of capital debt	2,205,078	2,790,818
Gain on disposal of capital assets	-	812,284
Proceeds on disposal of tangible capital assets	-	(812,284)
Transfer from (to) operating fund	-	(75,921)
 Surplus, end of year	47,723,998	59,682,986
 Trust Fund Equity		
Surplus, beginning of year	1,349,170	625,759
Land lease	759,471	723,411
Transfer (to) from operating fund	(1,718,253)	-
 Surplus, end of year	390,388	1,349,170
 Replacement Reserve Fund		
Surplus, beginning of year	54,983	493,471
Withdrawals from Replacement Reserve, net of interest income	(159,897)	(587,193)
Transfer from operating fund	105,002	148,705
 Surplus, end of year	88	54,983

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.

Millbrook First Nation
Notes to the Consolidated Consolidated Financial Statements
For the year ended March 31, 2023

17. Gaming revenues, net

	2023	2022
VLT Cash in	43,769,291	34,485,026
VLT Cash out	(34,747,757)	(27,389,241)
Province of Nova Scotia Gaming Agreement	266,734	136,754
Other lottery revenues	153,223	-
	<hr/>	<hr/>
	9,441,491	7,232,539

18. Digby Lobster

Millbrook Fisheries records Digby Lobster revenue on a net basis, gross amounts are shown below.

	2023	2022
Revenue		
Digby Lobster	2,407,423	3,379,421
Expenses		
Wages	(1,885,112)	(2,188,745)
	<hr/>	<hr/>
	522,311	1,190,676

19. 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, 2023, \$88 (2022 - \$54,983) has been set aside to fund this reserve. The unfunded portion at March 31, 2023 was \$88 (2022 - 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, 2023, \$797,316 (2022 - \$797,316) has been set aside to fund this reserve. The unfunded portion at March 31, 2023 was \$294,550 (2022 - \$294,550).

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.

20. 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, 2023 is \$10,087,863 (2022 - \$8,915,655).

21. 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, 2023 is \$243,000 (2022 - \$326,000).

During the year, the First Nation paid out retirement allowances of nil (2022 - \$304,000).

Millbrook First Nation
Notes to the Consolidated Consolidated Financial Statements
For the year ended March 31, 2023

22. 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. Subsequent to year-end the First Nation turned the operations of the franchise back to the franchisor.

On March 24, 2023, the First Nation signed a contribution agreement with Canada Mortgage and Housing Corporation ("CMHC") where \$4,200,000 will be made available to the Nation through the National Housing Co-Investment Fund to support the renovation of affordable housing. As part of the agreement CMHC funding will not exceed 40% of the total eligible costs and the Nation is required to ensure that at least 56 units meet accessibility criteria.

23. 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.

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, 2023. As the audit report date is dated after July 29, 2023, the First Nation is in breach of this requirement. The possible effect of this breach has not yet been determined.

Millbrook First Nation
Notes to the Consolidated Consolidated Financial Statements
For the year ended March 31, 2023

26. Subsequent events

Subsequent to year-end the First Nation's non-revolving term loan of \$10,000,000 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 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.

27. Comparative figures

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

28. Budget information

The disclosed budget information has been approved by the Chief and Council of the Millbrook First Nation at the council meeting held on July 12, 2022.