

**WAGMATCOOK FIRST NATION
Consolidated Financial Statements**

March 31, 2020

WAGMATCOOK FIRST NATION

Consolidated Financial Statements

Year ended March 31, 2020

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WAGMATCOOK FIRST NATION

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MANAGEMENT'S REPORT

Management's Responsibility for the Financial Statements

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

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

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

The Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditor's report.

The external auditors, MNP LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Wagmatcook First Nation and meet when required.

On behalf of Wagmatcook First Nation:

Allan MacNeil
CFO

Independent Auditors' Report

To the Members of Wagmatcook First Nation:

Qualified Opinion

We have audited the accompanying consolidated financial statements of Wagmatcook First Nation which comprise the consolidated statement of financial position as at March 31, 2020 and the consolidated statements of operations, change in fund balances, change in net debt and cash flows for the year then ended, and notes to the 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 paragraph of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Wagmatcook First Nation as at March 31, 2020 and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The statement of financial position includes intangible assets in the amount of \$14,395,680 relating to fishing licenses purchased by the First Nation. The First Nation's policy for intangible assets is identified in Note 1(i) of these financial statements. The policy is a departure from Canadian public sector accounting standards which requires costs of intangible assets to be expensed in the year of acquisition. Accordingly, both intangible assets and accumulated surplus are overstated by \$14,395,680 as at March 31, 2020. If intangible assets were to be in compliance with Canadian public sector accounting standards, intangible assets and accumulated surplus would both decrease by \$14,395,680.

Other Matters – Supplemental Information

The financial statements of Wagmatcook First Nation for the year ended March 31, 2019 were audited by MGM & Associates, Chartered Professional Accountants of Sydney, Nova Scotia, Canada, prior to its merger with MNP LLP. MGM & Associates, Chartered Professional Accountants expressed a qualified opinion on those statements on July 21, 2019.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included on Pages 31 – 36 is presented for purposes of additional information and is not a required part of the consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion on the audit of consolidated financial statements as a whole.

Responsibility of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing 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.

Auditors' Responsibility 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 decision of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Sydney, Nova Scotia

August 18, 2020

Chartered Professional Accountants

WAGMATCOOK FIRST NATION

Consolidated Statement of Financial Position

March 31, 2020, with comparative figures for 2019

	2020	2019
FINANCIAL ASSETS		
Cash (note 2)	\$ 507,945	\$ 418,781
Accounts receivable (note 3)	566,306	617,721
Inventories for resale (note 4)	129,885	186,358
Due from federal government (note 5)	1,496,800	2,101,337
Due from provincial government (note 6)	97,518	114,310
Trust funds – Indigenous Services Canada (note 7)	92,103	72,669
	<u>2,890,557</u>	<u>3,511,176</u>
FINANCIAL LIABILITIES		
Cheques issued in excess of funds on deposit (note 2)	–	1,717,143
Operating loans (note 8)	201,220	267,733
Accounts payable and accrued liabilities (note 9)	1,756,033	2,020,553
Deferred revenue (note 10)	817,622	563,583
Long-term debt (note 11)	13,969,901	5,581,849
	<u>16,744,776</u>	<u>10,150,861</u>
NET DEBT	(13,854,219)	(6,639,685)
NON-FINANCIAL ASSETS		
Tangible capital assets (note 12)	37,153,085	37,518,189
Intangible assets	14,395,680	4,949,500
Inventories held for use and prepaid expenses	322,102	272,411
	<u>51,870,867</u>	<u>42,740,100</u>
ACCUMULATED SURPLUS	\$ 38,016,648	\$ 36,100,415

Contingencies (note 18)

See accompanying notes to consolidated financial statements.

On behalf of Wagmatcook Band Council:

WAGMATCOOK FIRST NATION

Consolidated Statement of Operations

Year ended March 31, 2020, with comparative figures for 2019

		2020	2019
	Budget	Actual	Actual
	(unaudited)		
REVENUES			
Federal Government			
Indigenous Services Canada	\$ 3,906,401	\$ 5,527,314	\$ 4,468,883
Mi'kmaw Kina'matnewey	3,095,098	3,415,244	3,507,034
Health Canada	1,679,754	1,848,444	1,677,064
Fisheries and Oceans Canada	171,000	1,049,050	171,000
Employment and Social Development			
Canada	282,013	327,419	282,013
Canada Mortgage and Housing Corporation	149,000	55,130	214,572
Public Service Canada	—	—	82,080
Province of Nova Scotia	94,000	147,765	239,783
Economic activities	12,745,000	13,225,076	13,098,215
Interest, rent and other	811,000	277,122	111,896
	22,933,266	25,872,564	23,852,540
EXPENSES			
Governance	2,004,890	2,071,449	1,927,902
Economic and employment development	594,792	368,331	368,909
Operations and maintenance	934,407	1,712,029	1,362,610
Social development	2,134,866	2,209,007	2,241,523
Education	3,435,871	3,920,760	3,847,461
Capital	556,300	3,452	11,000
Housing	1,126,438	1,154,274	1,218,523
Health program	1,416,479	1,700,188	1,374,310
Fisheries – treaty	174,591	214,080	180,015
Fisheries – commercial	2,359,543	3,003,849	2,812,103
Wagmatcook Gas Bar	3,566,457	3,738,916	4,046,594
Gaming	602,539	518,892	517,475
Enterprise, Heritage and Community Complex	1,385,402	1,362,714	1,430,812
Tobacco	2,173,274	1,997,824	2,059,901
	22,465,849	23,975,765	23,399,138
ANNUAL SURPLUS	\$ 467,417	\$ 1,896,799	\$ 453,402

See accompanying notes to consolidated financial statements.

WAGMATCOOK FIRST NATION

Consolidated Statement of Change in Fund Balances

Year ended March 31, 2020, with comparative figures for 2019

	2020						2019		
	Operating	Capital	Trust	Housing Replacement	Equipment Replacement	Sewer Equity	Community Building Fund	Moveable Asset Reserve	Total
BALANCE, BEGINNING OF YEAR	\$ 1,764,295	\$ 33,062,942	\$ 72,669	\$ 420,684	\$ 475,000	\$ 219,860	\$ 75,000	\$ 9,965	\$ 36,100,415
Annual surplus (deficit)	828,355	1,068,444	—	—	(37,909)	75,000	29,650	—	—
Internal transfers	(566,057)	499,316	—	—	(37,909)	75,000	29,650	—	1,896,799
	262,298	1,567,760	—	—	(37,909)	75,000	29,650	—	—
External contribution	—	—	18,008	—	—	—	—	—	18,008
Current year allocations	(5,157)	—	—	—	—	—	—	5,157	—
Matured housing units	15,379	—	—	(15,379)	—	—	—	—	—
Interest earned	—	—	1,426	—	—	—	—	1,426	4,845
BALANCE, END OF YEAR	\$ 2,036,815	\$ 34,630,702	\$ 92,103	\$ 367,396	\$ 550,000	\$ 249,510	\$ 75,000	\$ 15,122	\$ 38,016,648
									\$ 36,100,415

WAGMATCOOK FIRST NATION

Consolidated Statement of Change in Net Debt

Year ended March 31, 2020, with comparative figures for 2019

	2020	2019
ANNUAL SURPLUS	\$ 1,896,799	\$ 453,402
Tangible capital assets		
Net acquisition of tangible capital assets	(1,164,492)	(1,618,998)
Amortization of tangible capital assets	1,275,226	1,359,336
Proceeds on disposal of tangible capital assets	278,038	5,000
Loss (gain) on disposal of tangible capital assets	(23,668)	11,303
	<u>365,104</u>	<u>(243,359)</u>
Other non-financial assets		
Increase in inventories held for use and prepaid expenses	(49,691)	(19,275)
Acquisition of intangible assets	(9,446,180)	–
	<u>(9,495,871)</u>	<u>(19,275)</u>
Other		
Interest earned	1,426	4,845
External contributions to restricted funds	18,008	17,484
	<u>19,434</u>	<u>22,329</u>
DECREASE (INCREASE) IN NET DEBT	(7,214,534)	213,097
NET DEBT, BEGINNING OF YEAR	(6,639,685)	(6,852,782)
NET DEBT, END OF YEAR	\$ (13,854,219)	\$ (6,639,685)

See accompanying notes to consolidated financial statements.

WAGMATCOOK FIRST NATION

Consolidated Statement of Cash Flows

Year ended March 31, 2020, with comparative figures for 2019

	2020	2019
Cash provided by (used in)		
OPERATING ACTIVITIES		
Annual surplus	\$ 1,896,799	\$ 453,402
Items not involving cash		
Amortization of tangible capital assets	1,275,226	1,359,336
Loss (gain) on disposal of tangible capital assets	(23,668)	11,303
	3,148,357	1,824,041
Change in non-cash items		
Decrease in accounts receivable	51,415	153,440
Decrease in inventories for resale	56,473	2,687
Decrease (increase) in due from federal government	604,537	(886,669)
Decrease in due from provincial government	16,792	17,015
Increase in inventories held for use and prepaid expenses	(49,691)	(19,275)
Increase (decrease) in accounts payable and accrued liabilities	(264,520)	71,623
Increase (decrease) in deferred revenue	254,039	(220,605)
	669,045	(881,784)
FINANCING ACTIVITIES		
Principal payments on operating loans	(66,513)	(97,585)
Issuance of long-term debt	8,949,991	1,845,695
Principal payments on long-term debt	(561,939)	(1,005,300)
	8,321,539	742,810
INVESTING ACTIVITIES		
Additions to tangible capital assets	(1,164,492)	(1,618,998)
Additions to intangible assets	(9,446,180)	–
Increase in trust funds	19,434	22,329
Proceeds on disposal of tangible capital assets	278,038	5,000
	(10,313,200)	(1,591,669)
INCREASE IN CASH AND CASH EQUIVALENTS	1,825,741	93,398
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	(1,225,693)	(1,319,091)
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 600,048	\$(1,225,693)
Cash and cash equivalents are comprised of the following		
Cash	\$ 507,945	\$ 418,781
Trust funds – Indigenous Services Canada	92,103	72,669
Cheques issued in excess of funds on deposit	–	(1,717,143)
	\$ 600,048	\$(1,225,693)

See accompanying notes to consolidated financial statements.

WAGMATCOOK FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2020

NATURE OF OPERATIONS

Wagmatcook First Nation Council is comprised of a Chief and seven councilors under the Indian Act of Canada. The Council is accountable to the local Mi'kmaq community members for the delivery of programs and services, management of all financial resources and planning to support future community-based self-government.

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

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

(b) Reporting entity

The Wagmatcook First Nation reporting entity includes Wagmatcook First Nation government and all related entities which are accountable to the First Nation.

(c) Principles of consolidation

These consolidated financial statements consolidate the assets, liabilities and results of operations for the following entities which use accounting principles which lend themselves to consolidation:

Wagmatcook First Nation Operating and Capital Funds
Wagmatcook First Nation Trust Funds
Wagmatcook Enterprise, Heritage and Community Complex
Wagmatcook Education Authority Limited

(d) Fund accounting

The resources and operations of the First Nation are comprised of the operating and capital funds. Transfers between funds are recorded as adjustments to the appropriate fund balance. Supporting schedules to the consolidated financial statements are included to show the financial activities and change in the balance of each fund.

(e) 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 provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets, prepaid expenses and inventories of supplies.

WAGMATCOOK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and term deposits having a maturity of three months or less at acquisition which are held for the purpose of meeting short-term cash commitments.

(g) Inventories for resale

Inventory of goods available for resale, is recorded at the lower of cost and net realizable value.

(h) Tangible capital assets

Tangible capital assets acquired since 1987 are reported in the statement of financial position at cost net of accumulated amortization. All tangible capital assets acquired prior to 1987 have been written off. They are amortized on a straight-line basis over their estimated useful lives at the following rates:

Asset	Basis	Rate
Buildings	Straight-line	40 years
Equipment	Straight-line	5-10 years
Roads	Straight-line	50 years
Lagoons and water systems	Straight-line	40 years
Fishing vessels	Straight-line	15 years
Wharf	Straight-line	40 years

A full year's amortization is taken in the year of acquisition.

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

Contributed capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

WAGMATCOOK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Intangible assets

Intangible assets consist of purchased fishing licenses and are recorded at cost. They are not amortized as they have an indefinite life.

(j) Revenue recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

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

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

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

(k) Financial instruments

Measurement of financial instrument

The First Nation initially measures its financial assets and financial liabilities at fair value and subsequently measures its financial assets and financial liabilities as follows:

Financial instrument	Measurement basis
Cash/cheques issued in excess of funds on deposit	Fair value
Investments	Fair value
Receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Bank loans	Amortized cost
Long-term debt	Amortized cost

Transaction costs related to financial assets are expensed as incurred.

Impairment

Financial assets measured at cost or amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in income. A previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is not greater than the amount that

WAGMATCOOK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in income.

(I) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, the disclosure of contingencies and the reported amounts of revenues and expenditures in the consolidated financial statements and accompanying notes. Items requiring the use of significant estimates include the valuation of receivables, inventories, capital assets and intangible assets. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.

2. CASH AND CASH EQUIVALENTS

	2020	2019
Externally restricted Replacement	\$ 496,891	\$ 418,781
Cash (cheques issued in excess of funds on deposit)	\$ 11,054	\$ (1,717,143)
Trust funds – Indigenous Services Canada	\$ 92,103	\$ 72,669

3. ACCOUNTS RECEIVABLE

	2020	2019
Insurance receivable	\$ 139,399	\$ 116,112
Employees	93,516	61,613
Ultramar fuel rebate and credit	34,748	36,127
Nova Scotia Community College	8,664	7,272
Accrued interest	5,055	4,347
Other	358,123	446,221
	639,505	671,692
Allowance for doubtful accounts	(73,199)	(53,971)
	\$ 566,306	\$ 617,721

WAGMATCOOK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

4. INVENTORIES FOR RESALE

	2020	2019
Gas bar	\$ 79,354	\$ 115,385
Gift shop	25,235	21,440
Tobacco shop	15,298	30,349
Cleanwave Restaurant	9,998	19,184
	<hr/>	<hr/>
	\$ 129,885	\$ 186,358

5. DUE FROM FEDERAL GOVERNMENT

	2020	2019
Indigenous Services Canada	\$ 732,576	\$ 221,998
Employment and Social Development Canada	141,834	123,093
Fisheries and Oceans Canada	275,150	17,100
Canada Mortgage and Housing Corporation	133,330	1,061,361
Mi'kmaq Kina'matnewey	135,138	260,029
Public Safety Canada	43,772	88,920
Other	35,000	39,919
Health Canada	—	288,917
	<hr/>	<hr/>
	\$ 1,496,800	\$ 2,101,337

6. DUE FROM PROVINCIAL GOVERNMENT

	2020	2019
Nova Scotia Gaming Commission	\$ 97,322	\$ 112,800
Province of Nova Scotia - other	196	1,510
	<hr/>	<hr/>
	\$ 97,518	\$ 114,310

7. TRUST FUNDS HELD BY FEDERAL GOVERNMENT

Trust fund accounts arise from moneys derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

WAGMATCOOK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

8. OPERATING LOANS

	2020	2019
BMO		
Term loan repayable in monthly installments of \$6,499 including interest at 3.98%, maturing August, 2022	\$ 201,220	\$ 242,174
Term loan repaid during the year	–	25,559
	<hr/> \$ 201,220	<hr/> \$ 267,733

Principal payments required in each of the next three years are as follows:

2021	\$ 42,486
2022	44,208
2023	114,526

The operating loans are part of the credit facilities with BMO Bank of Montreal as identified in Note 11.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2020	2019
Trade payables	\$ 1,186,837	\$ 1,559,298
Accrued salaries and employee benefits payable	234,673	136,105
Other accrued liabilities	210,002	124,002
Government remittances payable	98,976	114,147
Harmonized sales tax payable	25,545	87,001
	<hr/> \$ 1,756,033	<hr/> \$ 2,020,553

WAGMATCOOK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

10. DEFERRED REVENUE

	Balance March 31, 2019	Funding received 2020	Revenue recognized 2020	Balance March 31, 2020
Federal government				
Health Canada				
Health Services Integration				
Fund	\$ 60,815	\$ –	\$ 660	\$ 60,155
Health Facilities – Capital Investments	26,270	–	–	26,270
Jordan's Principle – Respite Care	45,600	–	–	45,600
Child First Initiative	25,292	–	–	25,292
	157,977	–	660	157,317
Indigenous Services Canada				
Community Infrastructure				
CORP – Capitalization	83,349	–	83,349	–
Wastewater – sewage	26,222	–	3,452	22,770
Wastewater – Fisheries Road				
Life Station	–	200,000	31,990	168,010
Housing starts	–	100,000	–	100,000
Q3FP Response Emergency Funding	–	206,265	77,265	129,000
A&C water				
Leak detection and repair	41,965	–	41,965	–
Water tower remediation	–	23,100	5,155	17,945
Innovation				
Delivery of elder housing on reserve	74,567	–	35,275	39,292
	226,103	529,365	278,451	477,017
Mi'kmaw Kina'matnewey				
New community generator	140,723	–	33,000	107,723
Other	38,780	36,785	–	75,565
	\$ 563,583	\$ 566,150	\$ 312,111	\$ 817,622

WAGMATCOOK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

11. LONG-TERM DEBT

	2020	2019
Social Housing		
TD Bank		
Mortgage repayable in monthly instalments of \$928 including interest at 2.79% over a 5 year term ending March 1, 2022	\$ 19,882	\$ 30,306
Mortgage repayable in monthly instalments of \$642 including interest at 2.79% over a 5 year term ending April 1, 2022	45,802	52,144
Mortgage repayable in monthly instalments of \$2,034 including interest at 2.64% over a 5 year term ending April 1, 2021	24,071	47,514
Mortgage repayable in monthly instalments of \$521 including interest at 2.49% over a 5 year term ending May 1, 2021	35,721	41,017
Mortgage repayable in monthly instalments of \$719 including interest at 2.49% over a 5 year term ending June 1, 2021	75,773	82,432
Mortgage repayable in monthly instalments of \$1,080 including interest at 2.49% over a 5 year term ending August 1, 2021	128,789	138,431
Repaid during the year	—	40,962
BMO		
Mortgage repayable in monthly instalments of \$721 Including interest at 3.99% over a 5 year term ending June 30, 2024	33,753	—
Mortgage repayable in monthly instalments of \$2,109 including interest at 3.99% over a 5 year term ending October 31, 2024	395,841	—
	759,632	432,806

WAGMATCOOK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

11. LONG-TERM DEBT (CONTINUED)

	2020	2019
Carry forward	\$ 759,632	\$ 432,806
CMHC		
Mortgage payable in monthly instalments of \$683 including interest at 1.82% over a 5 year term ending September 1, 2024	105,389	111,716
Mortgage payable in monthly instalments of \$441 including interest at 1.11% over a 5 year term ending April 1, 2021	77,636	82,045
Mortgage payable in monthly instalments of \$400 including interest at 1.11% over a 5 year term ending April 1, 2021	70,685	74,677
Mortgage payable in monthly instalments of \$465 including interest at 1.48% over a 5 year term ending January 1, 2022	81,640	85,975
Mortgage repayable in monthly instalments of \$414 including interest at 1.84% over a 5 year term ending June 1, 2022	10,946	15,671
Mortgage payable in monthly instalments of \$506 including interest at 2.39% over a 5 year term ending February 1, 2023	88,533	92,446
Mortgage payable in monthly instalments of \$739 including interest at 2.39% over a 5 year term ending February 1, 2023	129,253	134,965
Mortgage payable in monthly instalments of \$506 including interest at 2.39% over a 5 year term ending February 1, 2023	88,533	92,446
Mortgage payable in monthly instalments of \$1,110 including interest at 1.67% over a 5 year term ending May 1, 2020	224,813	234,294
Mortgage payable in monthly instalments of \$473 including interest at 1.67% over a 5 year term ending May 1, 2020	95,888	99,932
	1,732,948	1,456,973

WAGMATCOOK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

11. LONG-TERM DEBT (CONTINUED)

	2020	2019
Carry forward	\$ 1,732,948	\$ 1,456,973
CMHC (continued)		
Mortgage payable in monthly instalments of \$1,778 including interest at 1.03% over a 5 year term ending October 1, 2021	412,724	429,708
Mortgage payable in monthly instalments of \$2,080 including interest at 2.39% over a 5 year term ending March 1, 2023	441,902	456,141
Mortgage repayable in monthly instalments of \$714 including interest at 2.50% over a 5 year term ending June 1, 2023	62,075	68,999
Mortgage payable in monthly instalments of \$1,536 including interest at 2.49% over a 5 year term ending May 1, 2023	205,821	218,966
Mortgage payable in monthly instalments of \$512 including interest at 2.49% over a 5 year term ending May 1, 2023	68,569	72,948
Mortgage payable in monthly instalments of \$511 including interest at 2.49% over a 5 year term ending May 1, 2023	68,482	72,856
Mortgage repayable in monthly instalments of \$385 including interest at 2.49% over a 5 year term ending July 1, 2023	14,786	18,987
Mortgage repayable in monthly instalments of \$867 including interest at 2.49 % over a 5 year term ending April 1, 2023	30,853	40,361
Mortgages repayable in monthly instalments of \$1,930 including interest at 1.73% over a 5 year term ending August 1, 2024	461,255	470,076
Mortgage repayable in monthly instalments of \$1,394 including interest at 1.75% over a 5 year term ending October 1, 2024	334,258	338,784
Social housing	3,833,673	3,644,799

WAGMATCOOK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

11. LONG-TERM DEBT (CONTINUED)

	2020	2019
Carry forward	\$ 3,833,673	\$ 3,644,799
Capital Fund		
BMO		
Term loan repayable in monthly instalments of \$4,155 plus interest at 3.98%, maturing August, 2022	314,728	378,786
Term loan repayable in annual principal instalments of \$100,000 interest paid monthly at prime plus 1%, maturing April, 2028	800,000	900,000
Term loan repayable in monthly instalments of \$5,296 including interest of BMO prime plus 1.00% maturing February, 2026	449,826	490,191
Mortgage repayable in monthly instalments of \$1,184 including interest at 2.99% over a 5 year term ending August 1, 2019	58,373	—
Term loan repayable in annual principal instalments of \$373,333 interest paid monthly at prime plus 1%, maturing July 31, 2035	5,600,000	—
Term loan repayable in annual principal instalments of \$192,452 interest paid monthly at prime plus 1%, maturing July 31, 2035	2,886,780	—
Nova Scotia Fisheries and Aquaculture Loan Board Vessel loan repayable in semi-annual principal instalments of \$34,920 plus interest at 6.5%, maturing 2020	26,521	97,051
TD Bank mortgage repaid during the year	—	71,022
Capital fund	10,136,228	1,937,050
	\$ 13,969,901	\$ 5,581,849

WAGMATCOOK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

11. LONG-TERM DEBT (CONTINUED)

Principal payments required in each of the next five years are as follows:

2021	\$ 1,348,000
2022	1,766,000
2023	1,725,000
2024	1,494,000
2025	1,451,000

During the year, the First Nation entered into credit facilities with BMO Bank of Montreal secured by an assignment of the First Nation's fishing revenue together with an Irrevocable Direction to Pay associated therewith and executed commitment letter. Details are as follows:

	Approved credit facility	Interest rate	2020 amount outstanding
Overdraft lending account	\$ 2,000,000	BMO Prime +1.00%	\$ —
New school and renovations	655,108	Fixed 3.98%	515,948 (a)
On reserve housing loan program	500,000	To be established	—
Fishing	1,000,000	BMO prime + 1.00%	800,000
Crab licenses	11,000,000	BMO prime + 1.00%	8,486,780
Courthouse renovations	470,399	BMO prime + 1.00%	449,826
New home construction	1,725,000	BMO prime + 1.00%	429,594

(a) Management has classified the loan as operating and capital and reported the balance outstanding as \$201,220 and \$314,728, respectively.

WAGMATCOOK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

12. TANGIBLE CAPITAL ASSETS

	Cost					Transfer of assets	Closing Balance
	Opening Balance	Additions	Disposals	—	—		
Land	\$ 35,659	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 35,659
Buildings							
Heritage and Cultural Centre	4,346,380	38,244	—	—	—	—	4,384,624
First Nation housing	2,159,634	35,275	—	(48,148)	—	2,146,761	
Wharf and buildings	1,745,633	—	—	—	—	—	1,745,633
Other buildings	719,827	1,033	—	48,148	—	769,008	
Gas Bar	1,618,665	—	—	—	—	—	1,618,665
Health Centre	2,097,645	—	—	—	—	—	2,097,645
New school	8,814,848	33,000	—	—	—	—	8,847,848
NSCC Learning Centre	3,193,471	—	—	—	—	—	3,193,471
Equipment							
Heritage and Cultural Centre	978,873	72,803	—	—	—	—	1,051,676
Fire equipment	249,543	—	—	—	—	—	249,543
Fishing vessels	2,548,137	550,623	(346,866)	—	—	—	2,751,894
Fishing equipment	60,317	—	—	—	—	—	60,317
Health Centre	67,624	—	—	—	—	—	67,624
School equipment and buses	216,386	—	—	—	—	—	216,386
Other							
Lagoon and water systems	11,003,735	40,131	—	—	—	—	11,043,866
Wharf	2,764,350	—	—	—	—	—	2,764,350
Fire hydrants, roads	1,708,496	—	—	—	—	—	1,708,496
	44,329,223	771,109	(346,866)	—	—	—	44,753,466
Social housing							
Land	145,200	—	—	—	—	—	145,200
Housing	9,340,438	166,975	—	317,312	—	—	9,824,725
Equipment	108,270	—	—	—	—	—	108,270
Work in progress	317,312	226,408	—	(317,312)	—	—	226,408
Total	\$ 54,240,443	\$ 1,164,492	\$ (346,866)	\$ —	\$ —	\$ 55,058,069	

WAGMATCOOK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

12. TANGIBLE CAPITAL ASSETS (CONTINUED)

	Accumulated amortization				Net book value	
	Opening Balance	Amortization	Disposals, write-offs and other adjustments	Closing Balance	Total 2020	Total 2019
Land	\$ —	\$ —	\$ —	\$ 35,659	\$ 35,659	
Buildings						
Heritage and Cultural						
Centre	1,503,838	109,613	—	1,613,451	2,771,173	2,842,542
First Nation housing	1,286,112	53,670	—	1,339,782	806,979	873,522
Wharf and buildings	694,680	43,640	—	738,320	1,007,313	1,050,953
Other buildings	80,886	19,200	—	100,086	668,922	638,941
Gas Bar	594,646	40,466	—	635,112	983,553	1,024,019
Health Centre	662,131	52,439	—	714,570	1,383,075	1,435,514
New school	1,554,718	221,196	—	1,775,914	7,071,934	7,260,130
NSCC Learning Centre	399,180	79,836	—	479,016	2,714,455	2,794,291
Equipment						
Heritage and Cultural						
Centre	851,451	46,416	—	897,867	153,809	127,422
Fire equipment	249,543	—	—	249,543	—	—
Fishing vessels	2,042,759	31,334	(92,496)	1,981,597	770,297	505,378
Fishing equipment	60,317	—	—	60,317	—	—
Health Centre	13,525	13,525	—	27,050	40,574	54,099
School equipment and buses	216,386	—	—	216,386	—	—
Other						
Lagoon and water systems	2,831,845	276,097	—	3,107,942	7,935,924	8,171,890
Wharf	1,245,706	69,109	—	1,314,815	1,449,535	1,518,644
Fire hydrants, roads	220,931	34,171	—	255,102	1,453,394	1,487,565
Social housing						
Land	—	—	—	—	145,200	145,200
Housing	2,139,192	150,652	—	2,289,844	7,534,881	7,201,246
Equipment	74,408	33,862	—	108,270	—	33,862
Work in progress	—	—	—	—	226,408	317,312
Total	\$16,722,254	1,275,226	(92,496)	\$17,904,984	\$ 37,153,085	\$ 37,518,189

WAGMATCOOK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

13. GOVERNMENT TRANSFERS

	2020			2019		
	Operating	Capital	Total	Operating	Capital	Total
Federal government transfers						
Indigenous Services						
Canada	\$ 4,176,196	\$ 1,351,118	\$ 5,527,314	\$ 3,738,830	\$ 730,053	\$ 4,468,883
Mi'kmaw Kina'matnewey	3,415,244	—	3,415,244	3,347,757	159,277	3,507,034
Health Canada	1,848,444	—	1,848,444	1,637,934	39,130	1,677,064
Fisheries and Oceans						
Canada	171,000	878,050	1,049,050	171,000	—	171,000
Employment and Social Development Canada	327,419	—	327,419	282,013	—	282,013
Canada Mortgage and Housing Corporation	55,130	—	55,130	214,572	—	214,572
Public Service Canada	—	—	—	82,080	—	82,080
Total	9,993,433	2,229,168	12,222,601	9,474,186	928,460	10,402,646
Provincial government transfers	147,765	—	147,765	239,783	—	239,783
	\$ 10,141,198	\$ 2,229,168	\$ 12,370,366	\$ 9,713,969	\$ 928,460	\$ 10,642,429

WAGMATCOOK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

14. SEGMENT DISCLOSURE

	Band Government			Economic Development			Operations and Maintenance		
	Budget 2020	Actual 2020	Actual 2019	Budget 2020	Actual 2020	Actual 2019	Budget 2020	Actual 2020	Actual 2019
	REVENUES			EXPENSES			ANNUAL SURPLUS (DEFICIT)		
Federal government operating transfers	\$ 503,360	\$ 511,651	\$ 506,901	\$ 282,013	\$ 439,115	\$ 394,148	\$ 498,128	\$ 732,701	\$ 512,252
Federal government capital transfers	—	—	—	—	—	—	—	—	—
Provincial government operating transfers	—	—	—	—	—	—	—	—	—
Mi'kmaw Kina'matnewey	—	—	—	—	—	—	—	—	—
Economic activities	—	—	—	—	78,397	101,505	—	—	—
Other revenue	393,724	514,878	703,097	200,000	—	—	—	—	—
	897,084	1,026,529	1,209,998	482,013	517,512	495,653	498,128	732,701	512,252
EXPENSES									
Salaries and benefits	1,287,207	1,300,221	1,079,991	320,000	211,477	221,513	188,713	320,682	228,244
Debt servicing	90,000	89,387	111,737	—	—	—	—	23,128	7,091
Other expenses	627,683	608,971	664,186	274,792	156,854	147,396	745,694	873,437	617,921
	2,004,890	1,998,579	1,855,914	594,792	368,331	368,909	934,407	1,217,247	853,256
Balance before amortization and other	(1,107,806)	(972,050)	(645,916)	(112,779)	149,181	126,744	(436,279)	(484,546)	(341,004)
Amortization	—	(72,870)	(71,988)	—	—	—	—	(494,782)	(509,354)
Consolidation revenue entries	(182,724)	(241,888)	(365,939)	—	—	—	—	—	—
Consolidation expense entries	—	—	—	—	—	—	—	—	—
ANNUAL SURPLUS (DEFICIT)	\$1,290,530)	\$1,286,808)	\$1,083,843)	\$112,779)	\$ 149,181	\$ 126,744	\$ (436,279)	\$ (979,328)	\$ (850,358)

WAGMATCOOK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

14. SEGMENT DISCLOSURE

WAGMATCOOK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

14. SEGMENT DISCLOSURE

	Housing			Health			Other		
	Budget 2020	Actual 2020	Actual 2019	Budget 2020	Actual 2020	Actual 2019	Budget 2020	Actual 2020	Actual 2019
REVENUES									
Federal government operating transfers	\$ 149,000	\$ 120,130	\$ 214,572	\$ 1,666,485	\$ 1,875,944	\$ 1,672,934	\$ 171,000	\$ 171,000	\$ 171,000
Federal government capital transfers	233,762	237,652	235,407	—	—	39,130	—	26,550	—
Provincial government operating transfers	—	—	—	—	60,076	25,000	94,000	87,689	125,863
Mi'kmaq Kina'matnewey	—	—	—	—	—	—	—	—	—
Economic activities	—	335,778	68,878	45,000	42,632	52,430	12,745,000	12,793,218	12,616,682
Other revenue	290,000	86,948	76,591	—	—	72,000	97,309	97,309	155,882
	672,762	780,508	595,448	1,711,485	1,978,652	1,789,494	13,082,000	13,175,766	13,069,427
EXPENSES									
Salaries and benefits	353,925	564,316	540,937	678,227	741,382	592,635	1,838,718	1,772,796	2,385,230
Debt servicing	44,936	72,371	64,597	—	—	—	129,500	127,890	57,676
Other expenses	537,577	537,587	632,989	758,252	1,021,695	1,050,016	8,284,380	8,815,735	8,372,171
	936,438	1,174,274	1,238,523	1,436,479	1,763,077	1,642,651	10,252,598	10,716,421	10,815,077
Balance before amortization and other	(263,676)	(393,766)	(643,075)	275,006	215,575	146,843	2,829,402	2,459,345	2,254,350
Amortization	—	—	—	—	(65,964)	(65,964)	—	(340,578)	(411,823)
Consolidation revenue entries	(70,000)	(308,125)	(64,026)	—	185,023	—	—	(144,021)	(257,166)
Consolidation expense entries	(190,000)	20,000	20,000	20,000	128,853	334,305	(9,208)	220,724	180,000
ANNUAL SURPLUS (DEFICIT)	\$ (523,676)	\$ (681,891)	\$ (687,101)	\$ 295,006	\$ 463,487	\$ 415,184	\$ 2,820,194	\$ 2,195,470	\$ 1,765,361

WAGMATCOOK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

14. SEGMENT DISCLOSURE

	Total before Adjustments			Consolidation Adjustments			Consolidation Total			
	Budget 2020	Actual 2020	Actual 2019	Budget 2020	Actual 2020	Actual 2019	Budget 2020	Actual 2020	Actual 2019	
	REVENUES									
Federal government operating transfers	\$ 5,954,406	\$ 6,578,189	\$ 6,126,429	\$	\$	\$	\$ 5,954,406	\$ 6,578,189	\$ 6,126,429	
Federal government capital transfers	233,762	2,229,168	769,183	—	—	—	233,762	2,229,168	769,183	
Provincial government operating transfers	94,000	147,765	239,783	—	—	—	—	94,000	147,765	239,783
Mi'kmaw Kina'matnewey	3,095,098	3,415,244	3,507,034	—	—	—	3,095,098	3,415,244	3,507,034	
Economic activities	12,745,000	13,495,076	13,128,215	—	(270,000)	(30,000)	12,745,000	13,225,076	13,098,215	
Other revenue	1,063,724	701,156	937,830	(252,724)	(424,034)	(825,934)	811,000	277,122	111,896	
	23,185,990	26,566,598	24,708,474	(252,724)	(694,034)	(855,934)	22,933,266	25,872,564	23,852,540	
EXPENSES										
Salaries and benefits	7,661,987	7,866,209	7,815,111	—	—	—	—	7,661,987	7,866,209	
Debt servicing	276,436	335,618	270,456	—	—	—	—	276,436	335,618	
Other expenses	14,330,370	17,536,416	15,648,933	197,056	(3,037,704)	(1,694,698)	14,527,426	14,498,712	13,954,235	
	22,268,793	25,738,243	23,734,500	197,056	(3,037,704)	(1,694,698)	22,465,849	22,700,539	22,039,802	
Balance before amortization and other	917,197	828,355	973,974	(449,780)	2,343,670	838,764	467,417	3,172,025	1,812,738	
Amortization	—	(1,275,226)	(1,359,336)	—	—	—	(1,275,226)	(1,275,226)	(1,275,226)	
Consolidation revenue entries	(252,724)	(694,034)	(855,934)	252,724	694,034	855,934	—	—	—	
Consolidation expense entries	(197,056)	3,037,704	1,694,698	197,056	(3,037,704)	(1,694,698)	—	—	—	
ANNUAL SURPLUS (DEFICIT)	\$ 467,417	\$ 1,896,799	\$ 453,402	\$ —	\$ —	\$ —	\$ 467,417	\$ 1,896,779	\$ 453,402	

WAGMATCOOK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

15. EXPENSES BY OBJECT

The following is a summary of expenses by object.

	2020	2019
Salaries and wages	\$ 7,866,209	\$ 7,815,111
Staff development	143,672	135,053
Supplies and services	2,090,023	2,040,439
Interest	335,618	270,456
Cost of sales for economic activities	7,276,466	6,854,124
Professional services	223,580	140,797
Rental expenditures	102,025	115,926
Fees and contract services	417,146	382,179
Other	4,245,800	4,285,717
Amortization	1,275,226	1,359,336
	<hr/> \$ 23,975,765	<hr/> \$ 23,399,138

16. RETIREMENT PLAN

Wagmatcook First Nation provides a voluntary defined contribution RPP and a group RRSP for eligible employees. As part of this plan, the Wagmatcook First Nation matches employee contributions to the specified limit. The employer's portion for the years ended March 31, 2020 and 2019 was \$99,385 and \$114,869 respectively.

17. ECONOMIC DEPENDENCE

The Wagmatcook First Nation receives a major portion of its revenues pursuant to funding arrangements with the federal government and its agencies. The continued operation of the First Nation is dependent on the continuation of these funding arrangements.

18. CONTINGENCIES

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

WAGMATCOOK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

19. INVESTMENT IN LIMITED PARTNERSHIPS

Wagmatcook First Nation business entities that are owned but not controlled by the First Nation and not dependent on the First Nation for their continuing operations are recorded at cost and any earnings are reported as they are distributed. As at March 31, 2020, no distributions have taken place for the investments, which include:

Mi'kmaq Resource Development Partnership ("MRDP")

MRDP holds investments in two Wind LP's, Beaubassin Mi'maq Wind LP and Whynott's Mi'kmaq Wind LP. As at March 31, 2020, the financial statements of MRDP have not been audited and the capital account of the First Nation was \$70,841 (2019 - \$25,462).

E'sukutimkewey Limited Partnership ("ELP")

ELP earns revenue from the surf clam industry. As at March 31, 2020, the financial statements of ELP have not been audited and the capital account of the First Nation has not been provided to Management.

ANSMC Cannabis Holdings Partnership ("ANSMC")

ANSMC holds a 100% interest in ANSMC Cannabis GP Ltd. Which holds a 41% interest in Growforce AC Holdings Inc. which holds a 100% interest in Atlanticann Medical Inc. As at March 31, 2020, the financial statements of ANSMC have not been audited and the capital account of the First Nation has not been provided to Management.

20. FINANCIAL INSTRUMENTS

The First Nation is exposed to various risks through its financial instruments and includes the following significant risks at March 31, 2020.

Credit risk

The First Nation's credit risk results from trade accounts receivable and receivables from other levels of government.

The First Nation extends credit to members and also receives rebates from various sources. When required, the First Nation records an allowance for doubtful accounts for items where collection is no longer assured.

Amounts owing from other levels of government are based on funding agreements and subject to review by the applicable government body.

The First Nation is not exposed to significant concentration risk.

WAGMATCOOK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

20. FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The First Nation's interest rate risk arises from long-term borrowings at a fixed rate that creates fair value interest rate risk. Changes in market interest rates cause the fair value of long-term debt with fixed interest rates to fluctuate but do not affect the statement of operations, as the First Nation's debt is carried at amortized cost and the carrying value does not change as interest rates change.

Liquidity risk

Liquidity risk is the risk that the First Nation will encounter difficulty in meeting obligations associated with financial liabilities. The First Nation manages this risk through preparing budgets and by monitoring forecasted and actual cash flows.

The First Nation's future obligations with respect to debt repayments are disclosed in notes 8 and 11.

21. BUDGETED FIGURES

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by Chief and Council.

22. COMPARATIVE FIGURES

Certain of the 2019 comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

23. SUBSEQUENT EVENTS

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic, which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus, including the announcement of a state of emergency in the Province of Nova Scotia on March 22, 2020. As of the date of issuing the financial statements, the ongoing duration and impact of COVID-19 is unknown and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Wagmatcook First Nation in future fiscal years.

WAGMATCOOK FIRST NATION

Schedule A – Schedule of Operating Fund

Year ended March 31, 2020, with comparative figures for 2019
(Unaudited)

		2020	2019
		Budget	Actual
REVENUES			
Transfers from Federal Government			
Indigenous Services Canada	\$ 3,906,401	\$ 5,527,314	\$ 4,468,883
Mi'kmaw Kina'matnewey	3,095,098	3,415,244	3,507,034
Health Canada	1,679,754	1,848,444	1,677,064
Fisheries and Oceans Canada	171,000	1,049,050	171,000
Employment and Social Development Canada	282,013	327,419	282,013
Canada Mortgage and Housing Corporation	149,000	55,130	214,572
Public Service Canada	—	—	82,080
Province of Nova Scotia	94,000	147,765	239,783
Economic activities	12,745,000	13,495,076	13,128,215
Interest, rent and sundry	1,063,724	701,156	937,830
	23,185,990	26,566,598	24,708,474
EXPENSES			
Governance	2,004,890	1,998,579	1,855,914
Economic and employment development	594,792	368,331	368,909
Operations and maintenance	934,407	1,217,247	853,256
Social development	2,224,866	2,537,132	2,325,549
Education	3,328,023	3,639,728	3,567,254
Capital	556,300	2,323,454	1,067,367
Housing	936,438	1,174,274	1,238,523
Health program	1,436,479	1,763,077	1,642,651
Fisheries – treaty	177,315	216,804	180,015
Fisheries – commercial	2,267,611	2,879,766	2,601,258
Wagmatcook Gas Bar	3,586,457	3,718,450	4,026,128
Gaming	622,539	618,892	617,475
Enterprise, Heritage and Community Complex	1,405,402	1,264,685	1,310,300
Tobacco	2,193,274	2,017,824	2,079,901
	22,268,793	25,738,243	23,734,500
Net revenues before the following	917,197	828,355	973,974
Financing and transfers			
Term loan principal instalments	(449,780)	(499,316)	(491,154)
Transfer to replacement reserve fund	(105,000)	(66,741)	(191,388)
Net financing and transfers	(554,780)	(566,057)	(682,542)
ANNUAL SURPLUS	\$ 362,417	\$ 262,298	\$ 291,432

WAGMATCOOK FIRST NATION

Schedule B – Schedule of Capital Fund

Year ended March 31, 2020, with comparative figures for 2019
(Unaudited)

	2020	2019
REVENUES		
Capital grants	\$ 1,994,514	\$ 799,467
Reversal of prior year capital grant	–	(206,300)
Loss on disposal of capital assets	23,668	(11,303)
	<u>2,018,182</u>	<u>581,864</u>
EXPENSES		
Governance	72,870	71,988
Operations and maintenance	494,782	509,354
Education	301,032	300,207
Health program	65,964	65,964
Fisheries – commercial	144,083	230,845
Wagmatcook Gas Bar	40,466	40,466
Enterprise, Heritage and Community Complex	156,029	140,512
	<u>1,275,226</u>	<u>1,359,336</u>
Net expenditures before the following	742,956	(777,472)
Financing and transfers		
Transfer from operating fund	325,488	256,900
Debenture and term loan principal installments	499,316	491,154
Net financing and transfers	<u>824,804</u>	<u>748,054</u>
ANNUAL SURPLUS (DEFICIT)	\$ 1,567,760	\$ (29,418)

WAGMATCOOK FIRST NATION

Schedule C – Statement of Moveable Asset Reserve

Health Canada First Nations and Inuit Health Funding

Year ended March 31, 2020, with comparative figures for 2019
(Unaudited)

	2020	2019
BALANCE, BEGINNING OF YEAR	\$ 9,965	\$ 4,909
Amount provided in agreement for Moveable Asset Reserve		
Annual contribution	5,157	5,056
Total funding available	15,122	9,965
Expenditures	–	–
BALANCE, END OF YEAR	\$ 15,122	\$ 9,965

WAGMATCOOK FIRST NATION

Schedule D – Schedule of Education

Year ended March 31, 2020, with comparative figures for 2019
(Unaudited)

		2020	2019
	Budget	Actual	Actual
REVENUES			
Indigenous Services Canada			
Culture education	\$ 10,840	\$ 10,840	\$ 10,840
Health Canada – Head Start Program	48,269	185,023	168,803
Mi'kmaw Kina'matnewey – current allocation	2,595,098	2,828,399	2,829,617
Mi'kmaw Kina'matnewey – special education	200,000	207,228	209,415
Mi'kmaw Kina'matnewey – other	300,000	346,617	308,725
Nova Scotia Community College	60,000	60,028	52,293
Preschool immersion – other	3,000	2,021	2,260
	3,217,207	3,640,156	3,581,953
EXPENSES			
Administration and band-operated school program	1,887,183	2,063,147	2,046,385
Post-secondary education	420,000	444,024	447,617
Operations and maintenance	250,000	304,726	281,287
Special education	210,000	207,228	209,415
Preschool immersion wages	180,000	188,019	183,011
Guidance and counseling	75,000	122,069	51,983
Transportation	95,000	98,977	95,705
Preschool immersion operating expenses	90,000	89,457	97,941
Learning Centre	80,000	88,399	95,715
Interest	12,000	22,842	29,355
Cultural education	10,840	10,840	10,840
Rent	18,000	–	18,000
	3,328,023	3,639,728	3,567,254
Net revenues (expenses) before the following	(110,816)	428	14,699
Financing and transfers			
Term loan principal instalments	(127,848)	(105,012)	(109,153)
Transfer from Social Development	100,800	100,800	100,800
Transfer from Economic Development	82,340	82,338	82,340
	55,292	78,126	73,987
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES			
	\$ (55,524)	\$ 78,554	\$ 88,686

WAGMATCOOK FIRST NATION

Schedule E – Schedule of Health Program

Year ended March 31, 2020, with comparative figures for 2019
(Unaudited)

		2020	2019
	Budget	Actual	Actual
REVENUES			
Health Canada			
Block funding	\$ 1,171,485	\$ 1,187,406	\$ 1,156,739
Set funding	400,000	598,147	402,045
Flex funding	60,000	62,231	81,840
Capital	–	–	39,130
Prior year deferral	–	157,977	155,287
Year end deferral	–	(157,317)	(157,977)
Indigenous Services Canada			
Protective services	35,000	27,500	35,000
Other	45,000	42,632	52,430
Province of Nova Scotia	–	60,076	25,000
	1,711,485	1,978,652	1,789,494
EXPENSES			
Block expenditures	995,000	1,060,185	1,039,497
Set expenditures	400,000	599,136	410,828
Flex expenditures	–	34,908	56,548
Capital expenditures	–	23,351	39,326
Non-Health Canada Expenses	6,479	45,497	61,452
Family violence program	35,000	–	35,000
	1,436,479	1,763,077	1,642,651
EXCESS OF REVENUES OVER EXPENSES	\$ 275,006	\$ 215,575	\$ 146,843

WAGMATCOOK FIRST NATION

Schedule F – Schedule of Nova Scotia Gaming Agreement

Year ended March 31, 2020, with comparative figures for 2019
(Unaudited)

		2020	2019
	Budget	Actual	Actual
REVENUES			
Machine revenue	\$ 645,000	\$ 595,426	\$ 712,905
Casino profits	94,000	87,689	125,863
Health Canada – child first initiative	–	16,583	40,000
	739,000	699,698	878,768
EXPENSES			
Seniors' contribution	223,000	249,603	247,316
Commissions	97,000	93,963	98,177
Wages and benefits	89,771	87,318	94,138
Summer games	70,000	51,449	44,823
Management fee	50,000	50,000	50,000
Building rental	30,000	30,000	30,000
Security	34,500	29,381	30,660
Bookkeeping	20,000	20,000	20,000
Telephone and utilities	7,000	6,085	6,073
Insurance	768	849	768
Miscellaneous	500	244	(4,480)
	622,539	618,892	617,475
Net revenues before the following	116,461	80,806	261,293
Financing and transfers			
Transfer to Governance	(94,000)	(87,689)	(125,863)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES			
	\$ 22,461	\$ (6,883)	\$ 135,430