

**Wagmatcook First Nation
Consolidated Financial Statements**

March 31, 2022

To the Members of Wagmatcook First Nation:

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2022, and the results of its consolidated operations, changes in its consolidated net debt and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the 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.

Supplementary Information

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 28 – 31 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 the consolidated financial statements as a whole.

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 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

July 29, 2022

MNP LLP

Chartered Professional Accountants

Wagmatcook First Nation
Consolidated Financial Statements
For the year ended March 31, 2022

	Page
Management's Report.....	1
Consolidated Statement of Financial Position.....	2
Consolidated Statement of Operations	3
Consolidated Statement of Change in Fund Balances.....	4
Consolidated Statement of Change in Net Debt	5
Consolidated Statement of Cash Flows	6
Notes to Consolidated Financial Statements	7
 Schedules	
A Schedule of Operating Fund.....	28
B Schedule of Education.....	29
C Schedule of Health Program.....	30
D Schedule of Nova Scotia Gaming Agreement	31



WAGMATCOOK FIRST NATION

P.O. BOX 30001
WAGMATCOOK
NOVA SCOTIA
B0E 3N0

TEL: (902) 295-2598
TEL: (902) 295-3222
TEL: (902) 295-3332
FAX: (902) 295-3398

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:

A handwritten signature in blue ink, appearing to read "Allan MacNeil", is written over a horizontal line.

Allan MacNeil
CFO

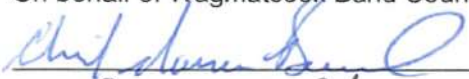




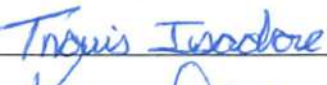
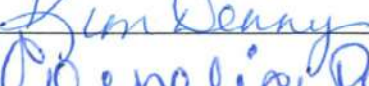

Wagmatcook First Nation
Consolidated Statement of Financial Position
As at March 31, 2022

	2022	2021
FINANCIAL ASSETS		
Cash (note 2)	\$ 8,259,438	\$ 1,338,060
Term deposits	4,392,809	3,702,953
Accounts receivable (note 3)	1,064,413	1,078,614
Inventories for resale (note 4)	212,201	192,715
Due from federal government (note 5)	1,891,455	735,839
Due from provincial government (note 6)	49,012	28,447
Trust funds – Indigenous Services Canada (note 7)	134,053	112,460
	16,003,381	7,189,088
FINANCIAL LIABILITIES		
Operating loans (note 8)	210,878	278,571
Accounts payable and accrued liabilities (note 9)	2,882,217	2,019,286
Deferred revenue (note 10)	5,830,622	3,974,465
Long-term debt (note 11)	13,271,275	13,581,321
	22,194,992	19,853,643
NET DEBT	(6,191,611)	(12,664,555)
NON-FINANCIAL ASSETS		
Tangible capital assets (note 12)	40,952,200	38,572,373
Intangible assets	14,395,680	14,395,680
Inventories held for use and prepaid expenses	164,539	257,149
	55,512,419	53,225,202
ACCUMULATED SURPLUS	\$ 49,320,808	\$ 40,560,647

Contingencies (note 18)

See accompanying notes to consolidated financial statements.

On behalf of Wagmatcook Band Council:

   	   
--	--

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

	2022		2021
	Budget (unaudited)	Actual	Actual
REVENUES			
Federal Government			
Indigenous Services Canada	\$ 5,107,370	\$ 8,090,981	\$ 8,095,302
Mi'kmaw Kina'matnewey	3,650,000	4,226,729	3,068,256
Indigenous Services Canada - Health	2,214,211	2,892,795	2,128,637
Fisheries and Oceans Canada	171,000	398,900	190,500
Employment and Social Development Canada	282,013	192,871	282,013
Canada Mortgage and Housing Corporation	149,899	1,237,316	130,151
Atlantic Canada Opportunities Agency	—	—	100,000
Heritage Canada	—	10,000	10,000
Province of Nova Scotia	62,000	430,057	188,530
Economic activities	15,800,341	17,599,039	12,297,313
Interest, rent and other	761,041	673,089	206,894
	28,197,875	35,751,777	26,697,596
EXPENSES			
Governance	2,607,934	2,093,647	2,365,860
Economic and employment development	484,422	729,952	527,518
Operations and maintenance	1,090,559	2,263,963	2,297,840
Social development	2,614,232	2,532,639	2,468,743
Education	3,757,682	3,954,958	3,430,438
Capital	993,000	—	—
Housing	1,894,549	1,528,853	1,088,329
Health program	2,091,768	1,814,086	1,985,318
Fisheries – treaty	168,831	254,139	205,239
Fisheries – commercial	3,588,200	4,049,700	3,033,082
Wagmatcook Gas Bar	3,856,900	4,041,230	3,319,392
Gaming	555,462	522,993	442,060
Enterprise, Heritage and Community Complex	1,296,749	1,289,134	1,258,978
Tobacco	1,741,176	1,937,915	1,751,157
	26,741,464	27,013,209	24,173,954
ANNUAL SURPLUS	\$ 1,456,411	\$ 8,738,568	\$ 2,523,642

See accompanying notes to consolidated financial statements.

Wagmatcook First Nation
Consolidated Statement of Change in Fund Balances
For the year ended March 31, 2022

	2022								2021	
	Operating	Capital	Trust	Housing Replacement	Equipment Replacement	Sewer Equity	Community Building Fund	Capital Education Reserve	Total	Total
BALANCE, BEGINNING OF YEAR	\$ 3,314,278	\$ 35,801,088	\$ 112,460	\$ 353,661	\$ 625,000	\$ 279,160	\$ 75,000	\$ —	\$ 40,560,647	\$ 38,016,648
Annual surplus	6,567,626	2,170,942	—	—	—	—	—	—	8,738,568	2,523,642
Internal transfers	(2,337,424)	1,080,794	—	151,980	75,000	29,650	—	1,000,000	—	—
	4,230,202	3,251,736	—	151,980	75,000	29,650	—	1,000,000	8,738,568	2,523,642
External contribution	—	—	21,593	—	—	—	—	—	21,593	18,548
Matured housing units	860	—	—	(860)	—	—	—	—	—	—
Interest earned	(2,787)	—	—	2,787	—	—	—	—	—	1,809
BALANCE, END OF YEAR	\$ 7,542,553	\$ 39,052,824	\$ 134,053	\$ 507,568	\$ 700,000	\$ 308,810	\$ 75,000	\$ 1,000,000	\$ 49,320,808	\$ 40,560,647

Wagmatcook First Nation
Consolidated Statement of Change in Net Debt
For the year ended March 31, 2022

	2022	2021
ANNUAL SURPLUS	\$ 8,738,568	\$ 2,523,642
Tangible capital assets		
Net acquisition of tangible capital assets	(3,811,108)	(2,773,867)
Amortization of tangible capital assets	1,431,281	1,354,579
	(2,379,827)	(1,419,288)
Other non-financial assets		
Increase in inventories held for use and prepaid expenses	92,610	64,953
Other		
External contributions to restricted funds	21,593	18,548
Interest earned	–	1,809
	21,593	20,357
DECREASE IN NET DEBT	6,472,944	1,189,664
NET DEBT, BEGINNING OF YEAR	(12,664,555)	(13,854,219)
NET DEBT, END OF YEAR	\$ (6,191,611)	\$ (12,664,555)

See accompanying notes to consolidated financial statements.

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

	2022	2021
Cash provided by (used in)		
OPERATING ACTIVITIES		
Annual surplus	\$ 8,738,568	\$ 2,523,642
Items not involving cash		
Amortization of tangible capital assets	1,431,281	1,354,579
	10,169,849	3,878,221
Change in non-cash items		
Decrease (increase) in accounts receivable	14,201	(512,308)
Increase in inventories for resale	(19,486)	(62,830)
Decrease (increase) in due from federal government	(1,155,616)	760,961
Decrease (increase) in due from provincial government	(20,565)	69,071
Decrease in inventories held for use and prepaid expenses	92,610	64,953
Increase in accounts payable and accrued liabilities	862,931	263,253
Increase in deferred revenue	1,856,157	3,156,843
	1,630,232	3,739,943
FINANCING ACTIVITIES		
Principal payments on operating loans	(67,693)	(42,649)
Proceeds from operating loans	–	120,000
Issuance of long-term debt	955,777	30,756
Principal payments on long-term debt	(1,265,823)	(419,336)
	(377,739)	(311,229)
INVESTING ACTIVITIES		
Additions to tangible capital assets	(3,811,108)	(2,773,867)
Purchase of term deposits	(689,856)	(3,702,953)
Increase in trust funds	21,593	20,357
	(4,479,371)	(6,456,463)
INCREASE IN CASH AND CASH EQUIVALENTS	6,942,971	850,472
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,450,520	600,048
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 8,393,491	\$ 1,450,520
Cash and cash equivalents are comprised of the following		
Cash	\$ 8,259,438	\$ 1,338,060
Trust funds – Indigenous Services Canada	134,053	112,460
	\$ 8,393,491	\$ 1,450,520

See accompanying notes to consolidated financial statements.

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

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

The First Nation accounts for investments in non-controlling business partnerships on the cost basis.

(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, intangible assets, prepaid expenses and inventories of supplies.

Wagmatcook First Nation

Notes to Consolidated Financial Statements

For the year ended March 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Segments

The First Nation conducts its business through various reportable segments. 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.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in the *Significant accounting policies*.

(g) 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.

(h) Term deposits

Term deposits are valued at the lower of cost or market value.

(i) Inventories for resale

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

(j) Investments in limited partnerships

Investments in limited partnerships are recorded using the modified equity basis of accounting.

(k) Employee future benefits – service awards

Service awards are recognized as an expenditure and accrued in the year the award is earned.

(l) 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.

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

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(m) Intangible assets

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

(n) 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. Interest is recognized on the accrual basis as it is earned. All other revenue is recognized when a price is agreed and all significant contractual obligations have been satisfied and collectability is reasonably assured.

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

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) 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
Term deposits	Amortized cost
Receivables	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 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.

(p) 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, 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

	2022	2021
Cash	\$ 8,259,438	\$ 1,338,060
Trust funds – Indigenous Services Canada	\$ 134,053	\$ 112,460

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

3. ACCOUNTS RECEIVABLE

	2022	2021
Fish settlements	\$ 707,501	\$ 644,501
Employees	188,441	278,465
Other	219,962	94,588
Nova Scotia Community College	–	83,662
Ultramar fuel rebate and credit	29,888	42,655
Accrued interest	7,351	3,079
	1,153,143	1,146,950
Allowance for doubtful accounts	(88,730)	(68,336)
	\$ 1,064,413	\$ 1,078,614

4. INVENTORIES FOR RESALE

	2022	2021
Gas bar	\$ 122,288	\$ 127,267
Gift shop	36,622	20,669
Tobacco shop	43,293	33,213
Cleanwave Restaurant	9,998	11,566
	\$ 212,201	\$ 192,715

5. DUE FROM FEDERAL GOVERNMENT

	2022	2021
Indigenous Services Canada	\$ 914,290	\$ 486,875
Employment and Social Development Canada	107,780	96,051
Fisheries and Oceans Canada	349,532	42,200
Canada Mortgage and Housing Corporation	272,837	4,801
Mi'kmaw Kina'matnewey	187,016	11,839
Other	60,000	94,073
	\$ 1,891,455	\$ 735,839

6. DUE FROM PROVINCIAL GOVERNMENT

	2022	2021
Nova Scotia Gaming Commission	\$ 48,000	\$ 27,823
Province of Nova Scotia - other	1,012	624
	\$ 49,012	\$ 28,447

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

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. The trust fund increased by \$21,593 during the year (2021 - \$18,548).

8. OPERATING LOANS

	2022	2021
BMO		
Term loan repayable in monthly installments of \$4,155 including interest at 3.98%, maturing August 2022	\$ 114,211	\$ 158,571
Ulnooweg Development Group Inc.		
Emergency Loan Program four non-interest-bearing loans maturing October 2024 with monthly payments of \$3,333 commencing September 2021	96,667	120,000
	\$ 210,878	\$ 278,571

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

2023	\$ 154,211
2024	40,000
2025	16,667

The operating loan from BMO is part of the credit facilities with BMO Bank of Montreal as described in Note 11.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2022	2021
Trade payables	\$ 1,715,755	\$ 971,419
Employee future benefits – service awards	613,990	492,550
Accrued salaries and employee benefits payable	263,928	237,600
Other accrued liabilities	258,000	234,002
Government remittances payable	–	54,967
Harmonized sales tax payable	30,544	28,748
	\$ 2,882,217	\$ 2,019,286

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

10. DEFERRED REVENUE

	Balance March 31, 2021	Funding received 2022	Revenue recognized 2022	Balance March 31, 2022
Federal government				
Indigenous Services Canada - Health Canada				
Health Services Integration Fund	\$ 59,247	\$ —	\$ 990	\$ 58,257
Jordan's Principle – Respite Care	45,600	—	—	45,600
Child First Initiative	25,292	—	—	25,292
Aboriginal Diabetes Initiative	44,894	—	—	44,894
HCC service delivery	42,000	—	—	42,000
Health planning management	65,000	—	—	65,000
Mental health care	66,000	—	—	66,000
Storage shed and enclose front entrance	—	17,000	—	17,000
Cleaning air and heating ducts	—	16,384	—	16,384
Capital investment	424,800	—	424,800	—
Health Facilities – Capital Investments	26,270	—	26,270	—
	799,103	33,384	452,060	380,427
Indigenous Services Canada				
Wastewater – sewage	22,770	—	—	22,770
Housing starts	63,481	—	—	63,481
Planning solid waste management proposal	72,679	—	—	72,679
Fire protection – bunker fire gear	73,200	—	37,971	35,229
Firesmart – brush fire equipment	26,160	—	7,999	18,161
Basic needs – Covid 19 social	366,954	733,688	315,687	784,955
Water and wastewater systems	266,000	—	95,167	170,833
Water tower remediation	17,945	—	—	17,945
East end subdivision feasibility study	—	50,000	—	50,000
Emergency management – storm recovery	—	78,000	30,000	48,000
Delivery of elder housing on reserve	38,284	—	38,284	—
Wastewater – Fisheries Road Lift Station	52,800	—	52,800	—
Williams Lane Subdivision	608,336	—	608,336	—
Emergency management recovery – COVID	189,000	—	189,000	—
	1,797,609	861,688	1,375,244	1,284,053
Mi'kmaw Kina'matnewey				
Post secondary	171,000	200,000	—	371,000
Renovation project	500,000	500,000	1,000,000	—
	671,000	700,000	1,000,000	371,000
Canada Mortgage and Housing Corporation				
Rapid Housing Initiative	—	3,765,123	823,790	2,941,333
Provincial government				
Province of Nova Scotia				
Back to work community partnership	304,575	—	304,575	—
Age friendly community program	—	10,000	—	10,000
Walking wheeling infrastructure	—	100,000	—	100,000
	304,575	110,000	304,575	110,000
Education other	329,500	259,200	100,000	488,700
Other	72,678	182,431	—	255,109
	\$ 3,974,465	\$ 5,911,826	\$ 4,055,669	\$ 5,830,622

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

11. LONG-TERM DEBT

	2022	2021
Social Housing		
TD Bank		
Mortgage repayable in monthly instalments of \$642 including interest at 2.79% over a 5-year term ending April 1, 2022	\$ 32,577	\$ 39,281
Repaid during the year	–	197,018
BMO		
Mortgage repayable in monthly instalments of \$648 including interest at 2.90% over a 5-year term ending June 30, 2026	63,341	–
Mortgage repayable in monthly instalments of \$1,121 including interest at 2.90% over a 5-year term ending June 30, 2026	109,532	–
Mortgage repayable in monthly instalments of \$721 Including interest at 3.99% over a 5-year term ending June 30, 2024	18,563	26,308
Mortgage repayable in monthly instalments of \$2,109 including interest at 3.99% over a 5-year term ending October 31, 2024	376,025	386,112
Mortgage repayable in monthly instalments of \$525 including interest at 2.76% over a 6-year term ending May 31, 2026	24,770	30,303
Mortgage repayable in monthly installments of \$2,511 including interest at 2.99% over a 5-year term ending May 31, 2026	517,958	–
CMHC		
Mortgage payable in monthly instalments of \$683 including interest at 1.69% over a 5-year term ending September 1, 2024	92,332	98,914
Mortgage payable in monthly instalments of \$448 including interest at 1.30% over a 5-year term ending April 1, 2026	68,721	73,175
Mortgage payable in monthly instalments of \$406 including interest at 1.30% over a 5-year term ending April 1, 2026	62,614	66,646
Mortgage payable in monthly instalments of \$465 including interest at 1.50% over a 5-year term ending January 1, 2027	72,767	77,234
Mortgage repayable in monthly instalments of \$414 including interest at 1.84% over a 5-year term ending June 1, 2022	1,238	6,136
	1,440,438	1,001,127

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

11. LONG-TERM DEBT (CONTINUED)

	2022	2021
Carry forward	\$ 1,440,438	\$ 1,001,127
CMHC		
Mortgage payable in monthly instalments of \$506 including interest at 2.39% over a 5-year term ending February 1, 2023	80,408	84,516
Mortgage payable in monthly instalments of \$739 including interest at 2.39% over a 5-year term ending February 1, 2023	117,390	123,388
Mortgage payable in monthly instalments of \$506 including interest at 2.39% over a 5-year term ending February 1, 2023	80,408	84,516
Mortgage payable in monthly instalments of \$1,016 including interest at 0.71% over a 5-year term ending November 1, 2025	204,148	214,850
Mortgage payable in monthly instalments of \$433 including interest at 0.71% over a 5-year term ending November 1, 2025	87,074	91,638
Mortgage payable in monthly instalments of \$1,989 including interest at 2.27% over a 5-year term ending April 1, 2027	377,647	395,547
Mortgage payable in monthly instalments of \$2,080 including interest at 2.39% over a 5-year term ending March 1, 2023	412,308	427,269
Mortgage repayable in monthly instalments of \$714 including interest at 2.50% over a 5-year term ending June 1, 2023	47,691	54,971
Mortgage payable in monthly instalments of \$1,536 including interest at 2.49% over a 5-year term ending May 1, 2023	178,499	192,323
Mortgage payable in monthly instalments of \$512 including interest at 2.49% over a 5-year term ending May 1, 2023	59,467	64,073
Mortgage payable in monthly instalments of \$511 including interest at 2.49% over a 5-year term ending May 1, 2023	59,391	63,991
Mortgage repayable in monthly instalments of \$385 including interest at 2.49% over a 5-year term ending July 1, 2023	6,062	10,477
	3,150,931	2,808,686

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

11. LONG-TERM DEBT (CONTINUED)

	2022	2021
Carry forward	\$ 3,150,931	\$ 2,808,686
CMHC		
Mortgage repayable in monthly instalments of \$867 including interest at 2.49 % over a 5-year term ending April 1, 2023	11,111	21,103
Mortgages repayable in monthly instalments of \$1,930 including interest at 1.73% over a 5-year term ending August 1, 2024	430,317	445,910
Mortgage repayable in monthly instalments of \$1,394 including interest at 1.75% over a 5-year term ending October 1, 2024	312,077	323,258
Social housing	3,904,436	3,598,957
Capital Fund		
BMO		
Term loan repayable in monthly instalments of \$6,499 plus interest at 3.98%, maturing August 2022	178,638	248,022
Term loan repayable in annual principal instalments of \$114,286 interest paid monthly at prime plus 1%, maturing April 2028	685,714	800,000
Term loan repayable in monthly instalments of \$5,291 including interest of BMO prime plus 1.00% maturing February 2026	350,664	401,048
Mortgage repayable in monthly instalments of \$1,164 including interest at 3.99% over a 5-year term ending October 31, 2024	34,180	46,514
Term loan repayable in annual principal instalments of \$400,000 interest paid monthly at prime plus 1%, maturing July 31, 2024	5,200,000	5,600,000
Term loan repayable in annual principal instalments of \$206,199 interest paid monthly at prime plus 1%, maturing March 31, 2025	2,680,581	2,886,780
Term loan repayable in monthly installments of \$1,617, including interest at 3.79%, maturing February 28, 2027	86,897	—
Term loan repayable in monthly installments of \$2,749 including interest at 3.79%, maturing February 28, 2027	150,165	—
	9,366,839	9,982,364
	\$ 13,271,275	\$ 13,581,321

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

11. LONG-TERM DEBT (CONTINUED)

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

2023	\$ 1,899,000
2024	1,944,000
2025	7,422,000
2026	470,000
2027	394,000

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 there with and executed commitment letter. Details are as follows:

	Approved credit facility	Interest rate	2022 amount outstanding
Land purchase	\$ 152,500	Fixed 3.79%	\$ 150,165
General capital	300,000	Fixed 3.79%	86,897
New school and renovations	312,185	Fixed 3.98%	292,849 (a)
Fishing	1,000,000	BMO prime + 1.00%	685,714
Courthouse renovations	359,186	BMO prime + 1.00%	350,164
Crab licenses	9,434,401	BMO prime + 1.00%	7,880,581
New home construction	2,534,979	BMO prime + 1.00%	1,144,369
Overdraft lending account	2,000,000	BMO Prime +1.00%	—
On reserve housing loan program	1,000,000	To be established	—

- (a) Management has classified the loan as operating and capital and reported the balance outstanding as \$114,211 and \$178,638, respectively.

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

12. TANGIBLE CAPITAL ASSETS

	Cost				
	Opening Balance	Additions	Disposals	Transfer of assets	Closing Balance
Land	\$ 35,659	\$ 318,810	\$ —	\$ —	\$ 354,469
Buildings					
Heritage and Cultural Centre	4,609,332	—	—	—	4,609,332
First Nation housing	2,234,288	1,504,915	—	—	3,739,203
Wharf and buildings	1,745,633	—	—	—	1,745,633
Other buildings	755,088	200,297	—	—	955,385
Gas Bar	1,618,665	—	—	—	1,618,665
Health Centre	2,097,645	—	—	—	2,097,645
New school	8,847,848	—	—	—	8,847,848
NSCC Learning Centre	3,193,471	—	—	—	3,193,471
Equipment					
Heritage and Cultural Centre	1,051,676	—	—	—	1,051,676
Fire equipment	249,543	—	—	—	249,543
Fishing vessels	3,171,894	—	—	—	3,171,894
Fishing equipment	60,317	—	—	—	60,317
Health Centre	67,624	—	—	—	67,624
School equipment and buses	216,386	88,250	—	—	304,636
Other					
Lagoon and water systems	11,232,770	90,623	—	—	11,323,393
Wharf	2,764,350	—	—	—	2,764,350
Fire hydrants, roads	3,091,160	689,121	—	—	3,780,281
	47,043,349	2,892,016	—	—	49,935,365
Social housing					
Land	145,200	—	—	—	145,200
Housing	10,205,619	349,092	—	329,498	10,884,209
Equipment	108,270	—	—	—	108,270
Work in progress	329,498	570,000	—	(329,498)	570,000
Total	\$ 57,831,936	\$ 3,811,108	\$ —	\$ —	\$ 61,643,044

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

12. TANGIBLE CAPITAL ASSETS (CONTINUED)

	Accumulated amortization				Net book value	
	Opening Balance	Amortization	Disposals, write-offs and other adjustments	Closing Balance	Total 2022	Total 2021
Land	\$ —	\$ —	\$ —	\$ —	\$ 354,469	\$ 35,659
Buildings						
Heritage and Cultural Centre	1,728,682	115,231	—	1,843,913	2,765,419	2,880,650
First Nation housing	1,395,640	93,481	—	1,489,121	2,250,082	838,648
Wharf and buildings	781,960	43,640	—	825,600	920,033	963,673
Other buildings	118,938	23,885	—	142,823	812,562	636,150
Gas Bar	675,578	40,466	—	716,044	902,621	943,087
Health Centre	767,009	52,439	—	819,448	1,278,197	1,330,636
New school	1,997,110	221,196	—	2,218,306	6,629,542	6,850,738
NSCC Learning Centre	558,852	79,836	—	638,688	2,554,783	2,634,619
Equipment						
Heritage and Cultural Centre	944,283	46,416	—	990,699	60,977	107,393
Fire equipment	249,543	—	—	249,543	—	—
Fishing vessels	2,077,639	96,042	—	2,173,681	998,213	1,094,255
Fishing equipment	60,317	—	—	60,317	—	—
Health Centre	40,575	13,525	—	54,100	13,524	27,049
School equipment and buses	216,386	17,650	—	234,036	70,600	—
Other						
Lagoon and water systems	3,388,762	280,820	—	3,669,582	7,653,811	7,844,008
Wharf	1,383,924	69,109	—	1,453,033	1,311,317	1,380,426
Fire hydrants, roads	316,926	61,824	—	378,750	3,401,531	2,774,234
	16,702,124	1,255,560	—	17,957,684	31,977,681	30,341,225
Social housing						
Land	—	—	—	—	145,200	145,200
Housing	2,449,169	175,721	—	2,624,890	8,259,319	7,756,450
Equipment	108,270	—	—	108,270	—	—
Work in progress	—	—	—	—	570,000	329,498
Total	\$ 19,259,563	\$ 1,431,281	\$ —	\$ 20,690,844	\$ 40,952,200	\$ 38,572,373

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

13. GOVERNMENT TRANSFERS

	2022			2021		
	Operating	Capital	Total	Operating	Capital	Total
Federal government transfers						
Indigenous Services						
Canada	\$ 6,555,515	\$ 1,535,466	\$ 8,090,981	\$ 5,902,292	\$ 2,193,010	\$ 8,095,302
Mi'kmaw Kina'matnewey	4,226,729	—	4,226,729	3,068,256	—	3,068,256
Indigenous Services						
Canada - Health	2,467,995	424,800	2,892,795	2,045,747	82,890	2,128,637
Fisheries and Oceans						
Canada	398,900	—	398,900	190,500	—	190,500
Employment and Social						
Development Canada	192,871	—	192,871	282,013	—	282,013
Canada Mortgage and						
Housing Corporation	290,689	946,627	1,237,316	130,151	—	130,151
Heritage Canada	10,000	—	10,000	10,000	—	10,000
Atlantic Canada Opportunities						
Agency	—	—	—	100,000	—	100,000
Total	14,142,699	2,906,893	17,049,592	11,728,959	2,275,900	14,004,859
Provincial government transfers	430,057	—	430,057	188,530	—	188,530
	\$ 14,572,756	\$ 2,906,893	\$ 17,479,649	\$ 11,917,489	\$ 2,275,900	\$ 14,193,389

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

14. SEGMENT DISCLOSURE

	Band Government		Economic Development		Operations and Maintenance	
	Budget 2022	Actual 2022	Budget 2022	Actual 2022	Budget 2022	Actual 2021
REVENUES						
Federal government operating transfers	\$ 517,568	\$ 571,232	\$ 386,424	\$ 425,912	\$ 567,148	\$ 1,379,066
Federal government capital transfers	—	—	—	—	—	—
Provincial government operating transfers	—	—	—	304,575	—	—
Mi'kmaw Kina'matnewey	—	—	—	—	—	—
Economic activities	—	—	—	262,820	—	41,793
Other revenue	447,724	1,011,669	90,000	—	—	—
	965,292	1,582,901	476,424	993,307	567,148	1,429,859
				632,947		1,429,344
EXPENSES						
Salaries and benefits	1,197,183	940,830	190,000	355,070	266,216	364,164
Debt servicing	110,000	20,100	—	—	—	13,108
Other expenses	1,280,751	1,026,037	294,422	407,371	824,343	1,368,326
	2,587,934	1,986,967	484,422	762,441	1,090,559	1,745,598
				527,518		1,429,159
					1,090,559	1,795,871
Balance before amortization and other	(1,622,642)	(404,066)	(7,998)	230,866	(523,411)	(324,739)
Amortization	—	(117,366)	—	—	—	(518,365)
Consolidation revenue entries	(272,724)	(434,481)	—	—	—	(501,969)
Consolidation expense entries	(20,000)	10,686	—	32,489	—	—
ANNUAL SURPLUS (DEFICIT)	\$ (1,915,366)	\$ (945,227)	\$ (7,998)	\$ 263,355	\$ (523,411)	\$ (843,104)
						\$ (868,496)

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

14. SEGMENT DISCLOSURE

	Social Development		Education		Capital	
	Budget 2022	Actual 2021	Budget 2022	Actual 2022	Budget 2022	Actual 2021
REVENUES						
Federal government operating transfers	\$ 2,794,283	\$ 3,141,712	\$ 10,840	\$ 10,840	\$ —	\$ —
Federal government capital transfers	—	—	—	—	590,000	1,952,665
Provincial government operating transfers	—	—	—	—	—	—
Mi'kmaw Kina'matnewey	—	—	3,650,000	4,226,729	—	—
Economic activities	—	—	—	332,522	—	—
Other revenue	—	—	60,028	6,001	—	—
	2,794,283	2,936,429	3,720,868	4,576,092	590,000	1,952,665
EXPENSES						
Salaries and benefits	350,232	466,004	2,677,197	2,626,321	—	91,723
Debt servicing	—	—	20,000	14,110	—	—
Other expenses	2,294,000	2,573,851	982,631	1,025,845	993,000	2,050,791
	2,644,232	3,039,855	3,679,828	3,666,276	993,000	2,142,514
Balance before amortization and other	150,051	101,857	41,040	909,816	(403,000)	(189,849)
Amortization	—	—	—	(318,682)	—	—
Consolidation revenue entries	—	—	—	—	—	—
Consolidation expense entries	30,000	507,216	(77,854)	30,000	—	2,142,514
ANNUAL SURPLUS (DEFICIT)	\$ 180,051	\$ 609,073	\$ (36,814)	\$ 621,134	\$ (403,000)	\$ 1,952,665

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

14. SEGMENT DISCLOSURE

	Housing		Health		Other	
	Budget 2022	Actual 2022	Budget 2022	Actual 2022	Budget 2022	Actual 2021
REVENUES						
Federal government operating transfers	\$ 405,175	\$ 426,026	\$ 2,241,711	\$ 2,502,995	\$ 171,000	\$ 1,458,187
Federal government capital transfers	240,345	242,046	—	424,800	—	—
Provincial government operating transfers	—	—	50,000	77,482	12,000	48,000
Mi'kmaw Kina'matnewey	—	—	—	—	—	—
Economic activities	—	447,216	—	71,005	15,800,341	11,830,357
Other revenue	370,000	85,458	20,000	—	46,012	86,392
	1,015,520	1,200,746	2,311,711	3,076,282	16,029,353	12,964,715
EXPENSES						
Salaries and benefits	423,200	541,614	575,000	536,215	1,868,429	2,521,076
Debt servicing	66,849	87,539	—	—	324,802	339,273
Other expenses	1,154,500	929,700	1,546,768	1,886,495	8,446,326	8,994,582
	1,644,549	1,558,853	2,121,768	2,422,710	10,639,557	11,854,931
						9,829,728
Balance before amortization and other	(629,029)	(358,107)	189,943	653,572	5,389,796	6,624,597
Amortization	—	—	—	(65,964)	—	(410,904)
Consolidation revenue entries	—	(477,216)	—	185,023	—	(87,823)
Consolidation expense entries	(250,000)	30,000	30,000	674,588	(567,761)	170,724
ANNUAL SURPLUS (DEFICIT)	\$ (879,029)	\$ (805,323)	\$ 219,943	\$ 1,262,196	\$ 4,822,035	\$ 6,336,417
						\$ 2,866,984

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

14. SEGMENT DISCLOSURE

	Total before Adjustments		Consolidation Adjustments		Consolidation Total	
	Budget 2022	Actual 2021	Budget 2022	Actual 2022	Budget 2022	Actual 2021
REVENUES						
Federal government operating transfers	\$ 7,094,149	\$ 8,660,703	\$ —	\$ —	\$ 7,094,149	\$ 8,660,703
Federal government capital transfers	830,345	2,275,900	—	—	830,345	2,275,900
Provincial government operating transfers	62,000	188,530	—	—	62,000	188,530
Mi'kmaw Kina'matnewey	3,650,000	3,068,256	—	—	3,650,000	3,068,256
Economic activities	15,800,341	12,627,313	—	(477,216)	15,800,341	12,297,313
Other revenue	1,033,764	760,506	(272,724)	(482,481)	761,040	206,894
	28,470,599	27,581,208	(272,724)	(959,697)	28,197,875	26,697,596
EXPENSES						
Salaries and benefits	7,547,457	8,512,270	—	—	7,547,457	8,512,270
Debt servicing	521,651	501,167	—	—	521,651	501,167
Other expenses	17,816,741	16,832,064	855,615	(4,561,920)	18,672,356	13,805,938
	25,885,849	25,845,501	855,615	(4,561,920)	26,741,464	22,819,375
Balance before amortization and other	2,584,750	1,735,707	(1,128,339)	3,602,223	1,456,411	3,878,221
Amortization	—	(1,354,579)	—	—	—	(1,354,579)
Consolidation revenue entries	(272,724)	(883,612)	272,724	959,697	—	—
Consolidation expense entries	(855,615)	3,026,126	855,615	(4,561,920)	—	—
ANNUAL SURPLUS (DEFICIT)	\$ 1,456,411	\$ 2,523,642	\$ —	\$ —	\$ 1,456,411	\$ 2,523,642

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

15. EXPENSES BY OBJECT

The following is a summary of expenses by object.

	2022	2021
Salaries and wages	\$ 8,351,294	\$ 8,512,270
Staff development	149,336	131,201
Supplies and services	3,415,109	3,128,208
Interest	474,130	501,167
Cost of sales for economic activities	7,212,670	5,970,690
Professional services	355,925	128,750
Rental expenditures	105,994	118,489
Fees and contract services	482,226	358,212
Other	5,035,244	3,970,388
Amortization	1,431,281	1,354,579
	\$ 27,013,209	\$ 24,173,954

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, 2022 and 2021 was \$162,178 and \$147,457, 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
For the year ended March 31, 2022

19. INVESTMENT IN LIMITED PARTNERSHIPS

Wagmatcook First Nation has investments in limited partnerships. These business entities are owned but not controlled by the First Nation and are not dependent on the First Nation for their continuing operations. As at March 31, 2022, these investments included:

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, 2022, the financial statements of MRDP have not been audited and the capital account of the First Nation was \$35,768 (2021 - \$70,841).

E'sukutimkewey Limited Partnership ("ELP")

ELP earns revenue from the surf clam industry. As at March 31, 2022, the financial statements of ELP have not been audited and the capital account of the First Nation was \$81,032 (2021 - \$151,832). A distribution was received during the year of \$170,766 (2021 - \$Nil).

20. FINANCIAL INSTRUMENTS

The First Nation is exposed to various risks through its financial instruments and includes the following significant risks at March 31, 2022.

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.

Credit concentration

As at March 31, 2022 one customer accounted for 54% (2021 - 49%) of accounts receivable. The First Nation believes that there is no unusual exposure associated with the collection of these receivables. The First Nation performs regular credit assessments of customers and provides allowances for potentially uncollectible accounts receivable.

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 2021 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2022.

23. IMPACT ON OPERATIONS OF COVID-19

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

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on Wagmatcook First Nation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.