



Consolidated Financial Statements

We'koqma'q First Nation

March 31, 2020

Contents

	<u>Page</u>
Management's responsibility for financial reporting	1
Independent auditor's report	2 - 3
Consolidated statement of operations	4
Consolidated statement of financial position	5
Consolidated statement of changes in net debt	6
Consolidated statement of cash flows	7
Notes to the consolidated financial statements	8 - 19
Schedule A – schedule of segmented disclosure	20 - 23

Management's responsibility for financial reporting

The accompanying consolidated financial statements of the We'koqma'q First Nation and all the information in this annual report are the responsibility of management and have been approved by the Chief and Council.

The consolidated financial statements have been prepared by management in accordance with generally accepted accounting principles. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The First Nation maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the First Nation's assets are appropriately accounted for and adequately safeguarded.

The First Nation is responsible for ensuring that management fulfils its responsibilities for financial reporting 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 annual report, the consolidated financial statements and the external auditor's report.

The consolidated financial statements have been audited by Grant Thornton LLP in accordance with generally accepted auditing standards on behalf of the members. Grant Thornton LLP has full and free access to the Council.



Chief Executive Officer



Chief Financial Officer

Independent auditor's report

Grant Thornton LLP
Suite 200, George Place
500 George Place
Sydney, NS
B1P 1K6
T +1 902 562 5581
F +1 902 562 0073

To the Chief and Councillors of the
We'koqma'q First Nation

Opinion

We have audited the consolidated financial statements of We'koqma'q First Nation ("the First Nation"), which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of operations, change in net debt and cash flow 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 financial position of We'koqma'q First Nation as at March 31, 2020, and its results of operations, its changes in its net debt, and its 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 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.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to a 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

Independent auditor's report (continued)

report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing

standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

Sydney, Canada
August 4, 2020

Grant Thornton LLP
Chartered Professional Accountants

We'koqma'q First Nation

Consolidated statement of operations

Year ended March 31	Budget	2020	2019
Revenues			
Fisheries	\$ 20,000,000	\$ 16,140,929	\$ 9,002,670
Rental	40,000	-	-
Commercial sales	13,500,000	13,951,779	13,446,921
Government transfers (Note 17)	13,000,000	16,618,913	16,460,921
Other revenues	-	406,687	1,385,092
	<u>46,540,000</u>	<u>47,118,308</u>	<u>40,295,604</u>
Expenditures			
Administration	355,000	406,563	353,207
Advertising	50,000	30,287	32,998
Amortization	-	3,179,891	2,541,135
Community	800,000	871,877	558,178
Core funding and benefits	660,000	652,018	660,867
Economic and employment development	450,000	421,932	427,333
Education and training	5,800,000	5,855,873	5,554,312
Fisheries	14,000,000	11,004,576	6,931,859
Health programs	1,565,000	1,350,349	1,382,253
Insurance	400,000	444,559	292,783
Interest	725,000	653,931	968,345
Loss on disposition of assets	-	-	283,708
Municipal services	450,000	414,203	327,192
Office	200,000	225,197	179,492
Professional fees	600,000	512,385	795,229
Purchases	12,000,000	10,194,616	9,914,004
Repairs and maintenance	2,500,000	2,876,712	2,240,048
Salaries and benefits	2,500,000	2,558,709	2,658,915
Security	45,000	51,329	81,832
Social	2,200,000	2,012,028	2,113,289
Training and travel	300,000	421,618	332,058
Telephone and utilities	350,000	344,358	439,018
	<u>45,950,000</u>	<u>44,483,011</u>	<u>39,068,055</u>
Annual surplus	<u>\$ 590,000</u>	<u>2,635,297</u>	<u>\$ 1,227,549</u>
Accumulated surplus, beginning of year		<u>18,232,416</u>	<u>17,004,867</u>
Accumulated surplus, end of year		<u>\$ 20,867,713</u>	<u>\$ 18,232,416</u>

See accompanying notes to the consolidated financial statements.

We'koqma'q First Nation**Consolidated statement of financial position**

March 31

2020

2019

Financial assets

Cash	\$ -	\$ -
Receivables (Note 2)	4,989,725	4,183,990
Restricted cash (Note 3)	186,458	134,888
Inventory (Note 4)	4,322,612	2,360,352
	<u>9,498,795</u>	<u>6,679,230</u>

Financial liabilities

Bank indebtedness (Note 5)	1,932,446	732,431
Payables and accruals (Note 6)	4,171,509	4,695,068
HST payable (Note 7)	1,237,617	1,359,908
Deferred revenue (Note 8)	3,366,374	2,280,407
Long-term debt (Note 9)	17,685,763	18,541,246
	<u>28,393,709</u>	<u>27,609,060</u>

Net debt (Page 6)**(18,894,914) (20,929,830)****Non-financial assets**

Prepays	180,468	167,977
Property and equipment (Note 10)	39,582,159	38,994,269
	<u>39,762,627</u>	<u>39,162,246</u>

Accumulated surplus (Page 4)**\$ 20,867,713 \$ 18,232,416**

Contingencies (Note 11)

Commitments (Note 12)

On behalf of the First Nation



Chief

Councillor

See accompanying notes to the consolidated financial statements.

We'koqma'q First Nation**Consolidated statement of changes in net debt**

Year ended March 31	Budget	2020	2019
Excess of revenues over expenses	\$ 2,115,000	\$ 2,635,297	\$ 1,227,549
Amortization	-	3,179,891	2,536,170
Capital assets acquired	(3,500,000)	(3,767,782)	(4,366,135)
Loss on disposal of capital assets	-	-	283,745
Proceeds on disposal of capital assets	-	-	355,000
	<u>(1,385,000)</u>	<u>2,047,406</u>	<u>36,329</u>
Change in other non-financial assets	<u>-</u>	<u>(12,490)</u>	<u>65,730</u>
Change in net debt	(1,385,000)	2,034,916	102,059
Net debt, beginning of year	<u>(20,929,830)</u>	<u>(20,929,830)</u>	<u>(21,031,889)</u>
Net debt, end of year	<u>\$ (22,314,830)</u>	<u>\$ (18,894,914)</u>	<u>\$(20,929,830)</u>

See accompanying notes to the consolidated financial statements.

We'koqma'q First Nation

Consolidated statement of cash flows

Year ended March 31

2020

2019

Increase in cash and cash equivalents

Operating

Excess of revenues over expenses	\$ 2,635,297	\$ 1,227,549
Amortization	3,179,891	2,536,170
Loss of disposal of assets	-	283,745
	<u>5,815,188</u>	<u>4,047,464</u>
Change in non-cash operating working capital		
Receivables	(805,735)	(2,168,262)
Prepays	(12,491)	65,730
Inventory	(1,962,260)	(375,837)
Payables and accruals	(523,559)	578,609
HST payable	(122,291)	(118,638)
Deferred revenue	1,085,967	691,001
	<u>3,474,819</u>	<u>2,720,067</u>

Financing

Proceeds of long-term debt	610,671	1,479,862
Repayment of long-term debt	(1,466,153)	(1,283,608)
	<u>(855,482)</u>	<u>196,254</u>

Capital

Proceeds on disposal of capital assets	-	355,000
Capital assets acquired	(3,767,782)	(4,366,136)
	<u>(3,767,782)</u>	<u>(4,011,136)</u>

Net decrease in cash and cash equivalents (1,148,445) (1,094,815)

Cash and cash equivalents, beginning of year (597,543) 497,272

Cash and cash equivalents, end of year \$ (1,745,988) \$ (597,543)

Cash and cash equivalents are comprised of:

Restricted cash	\$ 186,458	\$ 134,888
Bank indebtedness	<u>(1,932,446)</u>	<u>(732,431)</u>
	<u>\$ (1,745,988)</u>	<u>\$ (597,543)</u>

See accompanying notes to the consolidated financial statements.

We'koqma'q First Nation

Notes to the consolidated financial statements

March 31, 2020

1. Summary of significant accounting policies

Reporting First Nation and principles of financial reporting

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards.

The consolidated financial statements of the We'koqma'q First Nation are the representations of management prepared in accordance with Canadian generally accepted accounting principles for public sector entities, as required by the Public Sector Accounting Board (PSAB).

The focus of PSAB financial statements is on the financial position of the First Nation and the changes thereto. The consolidated statement of financial position includes all the assets and liabilities of the First Nation.

Significant aspects of the accounting policies adopted by the First Nation are as follows:

Principles of consolidation

The consolidated financial statements include the entities over which the First Nation has a controlling interest, after the elimination of inter-fund transactions and balances. The entities consolidated in these financial statements include We'koqma'q One Stop, We'koqma'q Housing Projects, and We'koqma'q Contracting Incorporated.

Government transfers

Government transfers received are recognized in the financial statements as revenue when the transfers are authorized and all eligibility criteria have been met except when there is a stipulation that gives rise to an obligation that meets the definition of a liability. In that case, the transfer is recorded as a liability and recognized as revenue as the stipulations are met.

Government transfers to individuals and other entities are recognized as an expense when the transfers are authorized and all eligibility criteria have been met.

Revenue recognition

All non-government contributions or grant revenues that are externally restricted such that they must be used for a specified purpose are recognized as revenue in the period in which the resources are used for the purpose or purposes specified. Any externally restricted inflow received before the criterion has been met is reported as a liability until the resources are used for the purpose or purposes specified.

Unrestricted revenue, including commercial sales, is recognized when received or receivable if the amount to be received can be reasonably estimated and ultimate collection is reasonably assured.

Rental revenue is recognized when received or receivable and collection is reasonably assured.

Gaming revenue from video lottery net of corresponding direct expenses are recognized at the time of play and are recorded net of commissions and credits paid out. Other gaming revenues are recognized as earned when received or receivable as long as collection is reasonably assured.

We'koqma'q First Nation

Notes to the consolidated financial statements

March 31, 2020

1. Summary of significant accounting policies (continued)

Revenue recognition (continued)

Interest revenue is recognized as accrued unless it is externally restricted. Any externally restricted inflow received before the criterion has been met is reported as a liability until the resources are used for the purpose or purposes specified.

Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization and impairment.

Rates and bases of depreciation applied to write off the cost of property and equipment over their estimated lives are as follows:

Buildings	4% declining balance
Housing properties	25 years straight line
Fishing vessels	4% declining balance
Equipment	20% declining balance
Vehicles	30% declining balance
Community housing	4% declining balance
Subdivision	4% declining balance
Infrastructure	20% declining balance
Project haven	4% declining balance
We'koma'q One Stop	5-10 years straight line

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

Use of estimates

In preparing the First Nation's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

We'koqma'q First Nation

Notes to the consolidated financial statements

March 31, 2020

1. Summary of significant accounting policies (continued)

Inventory

The cost of inventories is comprised of directly attributable costs and includes the purchase price plus other costs incurred in bringing the inventories to their present location and condition, such as freight. The cost is reduced by the value of rebates and allowances received from vendors. The First Nation estimates net realizable value as the amount that inventories are expected to be sold. Inventories are written down to net realizable value when the cost of inventories is not estimated to be recoverable due to obsolescence, damage, or declining selling prices. When circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in selling price, the amount of the write-down previously recorded is reversed. Costs that do not contribute to bringing inventories to their present location and condition, such as storage and administrative overheads, are specifically excluded from the cost of inventories and are expensed in the period incurred.

The cost of inventory recognized as an expense during fiscal 2020 was \$10,194,616 (2019-\$9,914,004). No write-down of inventories below their cost to their net realizable value was made in fiscal 2020. There were no reversals of inventories written down previously that are no longer estimated to sell below cost.

Income taxes

The First Nation is exempt from income taxes under Section 149(l)(c) of the *Canadian Income Tax Act*.

2. Receivables	<u>2020</u>	<u>2019</u>
Indigenous Services Canada	\$ 1,813,420	\$ 1,347,514
Department of Fisheries and Oceans	-	1,021,403
Health Canada	-	286,663
Province of Nova Scotia	108,343	240,940
Land claims	-	12,500
Mi'kmaw Kina'matnewey	18,494	297,221
Mi'kmaq Employment and Training Secretariat	130,288	168,598
Mi'kmaw Economic Benefits Office	88,950	49,575
Trade and sundry	<u>2,947,870</u>	<u>877,216</u>
	5,107,365	4,301,630
Less: allowance for doubtful accounts	<u>117,640</u>	<u>117,640</u>
	<u>\$ 4,989,725</u>	<u>\$ 4,183,990</u>

We'koqma'q First Nation

Notes to the consolidated financial statements

March 31, 2020

3. Restricted cash	<u>2020</u>	<u>2019</u>
Funds on deposit with Indigenous Services Canada	\$ 35,764	\$ 34,195
Replacement reserve	<u>150,694</u>	<u>100,693</u>
	<u>\$ 186,458</u>	<u>\$ 134,888</u>

Funds on deposit with Indigenous Services Canada refers to monies that were derived from capital revenue sources as outlined in Section 32 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act and restricted for specific purposes.

Under the terms of the agreement with the Canada Mortgage and Housing Corporation (CMHC), the replacement reserve account is to be increased by annual charges to equity. The charge in the current year is \$73,583 (2019 - \$75,550). These funds along with accumulated interest must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation (CDIC) or as may otherwise be approved by the CMHC from time to time. The funds, in the account may only be used as approved by the CMHC. Withdrawals are credited to interest first and then principal.

These allocated amounts have not been fully set aside as at March 31, 2019, with a total deficiency of \$115,276 (2019 - \$140,276). Agreements have been made with the CMHC to eliminate this deficiency with a requirement for the First Nation to set aside \$25,000 per fiscal year towards this shortfall.

4. Inventory	<u>2020</u>	<u>2019</u>
We'koqma'q One Stop	\$ 168,018	\$ 168,018
Fitness Centre	1,434	1,434
Trout farm	<u>4,153,160</u>	<u>2,190,900</u>
	<u>\$ 4,322,612</u>	<u>\$2,360,352</u>

5. Bank indebtedness

We'koqma'q First Nation has an established line of credit from Peace Hills. The line of credit is in the amount of \$700,000 which bears interest at 4.75%. Amounts advanced in excess of the authorized limit bear interest at 24.00% per annum. Amounts are secured by the assignment of funding from Indigenous Services Canada and Mi'kmaw Kina'matnewey.

During the year, We'koqma'q First Nation secured an additional line of credit for \$3,500,000. Amounts drawn bear interest of 3.95% per annum. The line of credit is secured by a general security agreement.

We'koqma'q First Nation

Notes to the consolidated financial statements

March 31, 2020

6. Payables and accruals	<u>2020</u>	<u>2019</u>
Trade	\$ 3,142,510	\$ 4,134,050
Payroll remittances	95,379	184,040
Accrued liabilities	<u>933,620</u>	<u>376,978</u>
	<u>\$ 4,171,509</u>	<u>\$ 4,695,068</u>

7. HST payable

During the fiscal year ended March 31, 2011, the First Nation was able to reach an agreement with Canada Revenue Agency (CRA) for repayment of the HST liability stemming from selling practices in the 2004 and 2005 fiscal years. The agreement with CRA states that the First Nation is required to provide the Agency with monthly installments of \$8,000 beginning April 1, 2011, to be applied against the principal owing. All interest and penalties stemming from this liability have been forgiven on the condition that returns and payments are received.

8. Deferred revenue	<u>2020</u>	<u>2019</u>
Indigenous Services Canada	\$ 3,095,033	\$ 1,925,377
Mi'kmaq Employment Training Secretariat	11,341	105,030
Other	<u>260,000</u>	<u>250,000</u>
	<u>\$ 3,366,374</u>	<u>\$ 2,280,407</u>

9. Long-term debt	<u>2020</u>	<u>2019</u>
Canada Mortgage and Housing Corporation		
Housing mortgages, maturing in 2025 to 2043, bearing interest at 1.01% to 2.39%, repayable under various terms.	\$ 4,743,565	\$ 4,957,381
Royal Bank of Canada		
1.89% - 2.85% mortgages, repayable under various terms by 2021.	87,651	125,055
2.73% term loan, maturing in March 2021, repayable in blended monthly instalments of \$907.	56,347	65,951
2.15% term loan, maturing in September 2020, repayable in blended monthly instalments of \$1,334.	82,724	96,792

We'koqma'q First Nation

Notes to the consolidated financial statements

March 31, 2020

9. Long-term debt (continued)	<u>2020</u>	<u>2019</u>
3.28% term loan, maturing in January 2024, repayable in blended monthly instalments of \$427.	73,657	76,516
5.28% term loan, maturing in January 2023, repayable in blended monthly instalments of \$11,277.	1,253,275	1,323,774
3.99% term loan, maturing in December 2023, repayable in monthly instalments of \$426.	41,027	-
0% term loan, maturing December 2023, repayable in monthly instalments of \$59,778.	51,445	-
Peace Hills Trust		
4.45% term loan, maturing in April 2025, repayable in blended monthly instalments of \$15,348.	828,740	968,655
3.95% term loan, maturing in November 2035, repayable in blended monthly instalments of \$6,994.	997,965	1,042,024
Peace Hills Trust		
3.95% term loan, maturing in May 2035, repayable in blended monthly instalments of \$1,906.	265,482	277,742
3.95% term loan, maturing in December 2021, repayable in blended monthly instalments of \$8,323.	942,778	1,004,635
3.95% term loan, maturing in November 2035, repayable in blended monthly instalments of \$13,884.	1,989,825	2,076,951
3.95% term loan, maturing in July 2022, repayable in blended monthly instalments of \$1,070.	133,696	141,656
3.95% term loan, maturing in December 2021, repayable in blended monthly instalments of \$359.	25,285	28,875
3.95% term loan, maturing in June 2038, repayable in blended monthly instalments of \$4,062.	649,940	683,447
4.15% term loan, maturing in May 2024, repayable in blended monthly instalments of \$1,315.	60,919	73,964
3.95% term loan, maturing in April 2021, repayable in blended monthly instalments of \$3,670.	729,393	744,595

We'koqma'q First Nation

Notes to the consolidated financial statements

March 31, 2020

9. Long-term debt (continued)	<u>2020</u>	<u>2019</u>
6.30% term loan, maturing in November 2021, repayable in blended monthly instalments of \$887.	96,104	99,817
4.50% term loan, maturing in June 2021, repayable in blended monthly instalments of \$13,680.	944,017	1,062,469
4.5% term loan, maturing in March 2032, repayable in blended monthly instalments of \$11,092.	1,339,637	1,409,993
3.95% term loan, maturing December 1, 2020, repayable in monthly instalments of \$30,918.	382,250	-
Scotia Bank		
0% term loan, maturing in October 2021, repayable in blended monthly instalments of \$661.	5,283	13,238
Ulnooweg Development Group Inc.		
8.5% term loan, maturing in June 2027, repayable in blended monthly instalments of \$3,788.	245,791	270,802
7.25% term loan, maturing in December 2022, repayable in blended quarterly instalments of \$18,316.	48,660	81,592
6.75% term loan, maturing in October 2023, repayable in blended monthly instalments of \$14,109.	376,131	472,517
Province of Nova Scotia		
5.35% term loan, maturing in December 2035, repayable in blended monthly instalments of \$7,053	908,786	963,857
4.05% term loan repaid during the year.	-	147,208
4.30% term loan due in October 2020.	325,390	331,740
	17,685,763	18,541,246
Current portion of long-term debt		
Principal payments due within one year.	<u>2,324,434</u>	<u>1,076,547</u>
	<u>\$ 15,361,329</u>	<u>\$ 17,464,699</u>

We'koqma'q First Nation

Notes to the consolidated financial statements

March 31, 2020

9. Long-term debt (continued)

As security, for the Canada Mortgage and Housing Corporation, Royal Bank of Canada and TD Canada Trust housing project mortgages, the First Nation has provided an irrevocable authorization to Indigenous Services Canada to assign all funding until all loans are repaid to the bank and a floating charge on the assets of the First Nation.

Peace Hills Trust loans are secured by the assignment of funding from Indigenous Services Canada and Mi'kmaw Kina'matnewey and has been given a general security agreement constituting a first ranking security interest in all personal property of the We'koqma'q First Nation.

For the Royal Bank of Canada and Ulnooweeg Development Group Inc., the First Nation has given a general security agreement constituting a 2nd security interest in all present and future personal property of the First Nation and including specific charges over property.

Principal repayments in each of the next five (5) years are due as follows:

2021	\$ 2,324,434
2022	\$ 1,258,909
2023	\$ 1,153,485
2024	\$ 1,127,817
2025	\$ 1,027,234

We'koqma'q First Nation

Notes to the consolidated financial statements

March 31, 2020

10. Property and equipment

	Opening Cost	Additions	Disposals	Closing Cost	Opening Accumulated Depreciation	Depreciation	Accumulated Depreciation on Disposals	Closing Accumulated Depreciation	2020 Net Book Value	2019 Net Book Value
Land	\$ 35,000	\$ -	\$ -	\$ 35,000	\$ -	\$ -	\$ -	\$ -	\$ 35,000	35,000
Land improvements	125,000	-	-	125,000	-	-	-	-	\$ 125,000	125,000
Buildings										
Band office	1,985,746	389,289	-	2,375,035	1,092,557	43,513	-	1,136,070	\$ 1,238,965	893,189
School	8,850,990	-	-	8,850,990	3,188,101	226,516	-	3,414,617	\$ 5,436,373	5,662,889
Police station	322,986	-	-	322,986	167,372	6,224	-	173,596	\$ 149,390	155,614
Fisheries	1,806,805	-	-	1,806,805	480,930	88,202	-	569,132	\$ 1,237,673	1,325,875
Health centre	2,379,190	-	-	2,379,190	789,404	63,591	-	852,995	\$ 1,526,195	1,589,786
Fire station/Community hall	1,678,259	-	-	1,678,259	83,640	63,785	-	147,425	\$ 1,530,834	1,594,619
Fitness centre	133,768	-	-	133,768	24,372	4,376	-	28,748	\$ 105,020	109,396
Waycobah Contracting	192,044	-	-	192,044	38,770	11,109	-	49,879	\$ 142,165	153,274
Big Falls	250,500	849,308	-	1,099,808	20,040	37,836	-	57,876	\$ 1,041,932	230,460
Equipment and furniture	3,281,823	30,328	-	3,312,151	1,949,990	269,400	-	2,219,390	\$ 1,092,761	1,331,833
Computer	25,297	-	-	25,297	17,533	4,270	-	21,803	\$ 3,494	7,764
Fishing vessels	3,061,181	52,536	-	3,113,717	362,243	109,009	-	471,252	\$ 2,642,465	2,698,938
Fish farm	4,656,651	1,375,027	-	6,031,678	995,430	749,602	-	1,745,032	\$ 4,286,646	3,661,221
Vehicles	807,675	190,478	-	998,153	524,849	128,682	-	653,531	\$ 344,622	282,826
Community housing	6,171,616	-	-	6,171,616	2,297,357	154,970	-	2,452,327	\$ 3,719,289	3,874,259
Subdivision	9,643,729	-	-	9,643,729	3,437,427	248,252	-	3,685,679	\$ 5,958,050	6,206,302
Infrastructure	4,755,384	166,500	-	4,921,884	3,563,564	173,895	-	3,737,459	\$ 1,184,425	1,191,821
Project haven	198,931	-	-	198,931	198,931	-	-	198,931	\$ -	-
We'koqma'q One Stop	3,508,391	2,366	-	3,510,757	1,060,177	365,163	-	1,425,340	\$ 2,085,417	2,448,214
Construction in Progress	-	711,950	-	711,950	-	-	-	-	\$ 711,950	-
Housing Properties	12,750,155	-	-	12,750,155	7,334,166	431,496	-	7,765,662	\$ 4,984,493	5,415,989
	<u>\$ 66,621,121</u>	<u>\$ 3,767,782</u>	<u>\$ -</u>	<u>\$ 70,388,903</u>	<u>\$ 27,626,853</u>	<u>\$ 3,179,891</u>	<u>\$ -</u>	<u>\$ 30,806,744</u>	<u>\$ 39,582,159</u>	<u>38,994,269</u>

We'koqma'q First Nation

Notes to the consolidated financial statements

March 31, 2020

11. Contingencies

- a) We'koqma'q First Nation has entered into funding arrangements and contribution agreements with various government departments and agencies. Funding received under these arrangements and agreements are subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements.
- b) Subsidy assistance payments received through Canada Mortgage and Housing Corporation pursuant to Section 56.1 of the National Housing Act are subject to repayment if the housing projects fail to comply with the terms and conditions of the agreement.

12. Commitments

The First Nation has entered into an agreement with Premium Seafoods Limited which expires in December 2023. Under the terms of the agreement, the We'koqma'q First Nation has agreed to sell exclusively to Premium Seafoods Limited with respect to its entire fishery including all fish species, shellfish, fish products and other entitlements.

13. Accumulated surplus

The First Nation segregates its accumulated surplus into the following categories:

	<u>2020</u>	<u>2019</u>
Unallocated	\$ 20,517,397	\$ 17,957,252
Funds on deposit with Indigenous Service Canada	35,764	34,195
Replacement reserve	<u>314,552</u>	<u>240,969</u>
	<u>\$ 20,867,713</u>	<u>\$ 18,232,416</u>

The funds on deposits have been set aside to be spent on specific projects.

14. Comparative figures

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

We'koqma'q First Nation

Notes to the consolidated financial statements

March 31, 2020

15. Segmented information

We'koqma'q First Nation provides a wide range of services to its members, including training, education, social, health care and housing. For management reporting purposes We'koqma'q First Nation's operations and activities are organized and reported by divisions. The divisions were created for the purpose of recording activities to comply with specific regulations and requirements.

Divisions that have been separately disclosed in the consolidated schedules of revenues and expenditures on the following pages are:

- Social Development – social assistance provided to qualifying members.
- First Nation Government – all associated with the administration of the First Nation operations.
- Education – providing elementary, secondary and post-secondary tuition for qualifying members along with related programs and support.
- Non-subsidized housing – repairs and maintenance carried out during the year to the community buildings.
- Fisheries – AFS Program – management of the DFO fisheries operations and fish hatchery farm.
- Health – activity of the Health Centre which provides a variety of health care programs and support.
- Subsidized Housing – Section 95 and non-subsidized housing operation.
- Gaming – Monies received from the Province of Nova Scotia from casino profits.
- Commercial enterprises – Operating results from Rod's One Stop
- Recreation – activities relating to operation of the gymnasium.
- Waycobah Contracting Incorporated – Operating results for security company.

See Schedule A – Schedule of Segment Disclosure for current year details.

16. Pension costs and obligations

The Band is required to match contributions to a group registered retirement savings plan for all full-time employees to a limit of 7.5%. Total contributions during the year amounted to \$196,283 (2019 - \$202,926).

We'koqma'q First Nation

Notes to the consolidated financial statements

March 31, 2020

17. Government transfers

	2020			2019		
	Operating	Capital	Total	Operating	Capital	Total
Federal government transfers						
Indigenous Services Canada	\$ 8,005,243		\$ 8,005,243	\$ 4,898,632	\$ 425,703	\$ 5,324,335
Health Canada	-	-	-	1,884,300	-	1,884,300
Department of Fisheries and Oceans	159,500	625,480	784,980	135,000	1,982,227	2,117,227
Canada Mortgage and Housing Corporation	214,506		214,506	270,457	-	270,457
Mi'kmaw Kina'matnewey	5,856,267		5,856,267	5,685,553	-	5,685,553
Mi'kmaw Employment			-	-	-	-
Training Secretariat	349,010		349,010	349,010	191,976	540,986
Other	663,262	540,479	1,203,741	523,406	-	523,406
Subtotal	15,247,788	1,165,959	16,413,748	13,746,357	2,599,906	16,346,263
Province of Nova Scotia	195,231	9,935	205,165	114,658	-	114,658
Total	\$ 15,443,019	\$ 1,175,894	\$ 16,618,913	\$ 13,861,015	\$ 2,599,906	\$ 16,460,921

We'koqma'q First Nation

Schedule A – Schedule of Segmented Disclosure

Year Ended March 31

	Social Development			Band Government			Education			Non-subsidized Housing		
	Budget 2020	Actual 2020	Actual 2019	Budget 2020	Actual 2020	Actual 2019	Budget 2020	Actual 2020	Actual 2019	Budget 2020	Actual 2020	Actual 2019
Revenues												
Federal government operating transfers	\$ 3,151,189	\$ 3,256,436	\$ 3,193,469	\$ 400,351	\$ 783,098	\$ 2,156,858	\$ 4,781,605	\$ 6,241,660	\$ 5,685,553	\$ 299,207	\$ 1,885,230	\$ 274,398
Federal government capital transfers	-	-	-	-	-	-	-	-	-	-	-	-
Provincial government operating transfers	-	-	-	-	-	-	-	-	-	-	-	-
Provincial government capital transfers	-	-	-	-	9,935	-	-	-	-	-	-	-
Economic activities	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	253,464	188,854	-	-	22,888	-	153,223	-
	3,151,189	3,256,436	3,193,469	400,351	1,046,497	2,345,712	4,781,605	6,241,660	5,708,441	299,207	2,038,453	274,398
Expenses												
Salaries and benefits	101,500	112,769	103,703	1,083,400	82,281	1,920,720	1,657,965	4,163,222	1,550,766	96,331	2,404	64,814
Depreciation	-	-	-	-	1,424,719	1,266,618	-	-	-	-	-	114,829
Interest	-	-	-	525,031	415,997	487,249	-	328	665	-	3,530	-
Other	2,644,798	1,903,453	2,035,131	1,179,000	5,189,719	2,141,181	5,053,115	1,688,023	4,003,481	651,000	2,567,975	566,219
	2,746,298	2,016,222	2,138,834	2,787,431	7,112,715	5,815,768	6,711,080	5,851,573	5,554,912	747,331	2,573,909	745,862
Surplus (deficit) for the year	\$ 404,891	\$ 1,240,214	\$ 1,054,635	\$ (2,387,080)	(6,066,218)	(3,470,056)	(1,929,475)	\$ 390,087	\$ 153,529	(448,124)	(535,456)	(471,464)

We'koqma'q First Nation

Schedule A – Schedule of Segmented Disclosure

Year Ended March 31

	Fisheries			Employment Development			Health Canada			Recreation		
	Budget 2020	Actual 2020	Actual 2019	Budget 2020	Actual 2020	Actual 2019	Budget 2020	Actual 2020	Actual 2019	Budget 2020	Actual 2020	Actual 2019
Revenues												
Federal government operating transfers	\$ 278,600	\$ 621,780	\$ 135,000	\$ 435,000	\$ 399,010	\$ 321,056	\$ 1,972,277	\$ 1,846,069	\$ 1,806,857	\$ -	\$ -	\$ -
Federal government capital transfers	-	1,165,959	2,407,930	-	-	-	-	-	-	-	-	-
Provincial government operating transfers	-	16,021	-	-	-	-	-	70,867	-	-	-	-
Provincial government capital transfers	-	-	-	-	-	-	-	-	-	-	-	-
Economic activities	10,000,000	16,140,929	9,002,671	-	-	-	-	-	-	26,000	20,011	17,924
Other	-	-	991,750	-	-	-	-	-	7,813	-	-	-
	10,278,600	17,944,688	12,537,351	435,000	399,010	321,056	1,972,277	1,916,936	1,814,670	26,000	20,011	17,924
Expenses												
Salaries and benefits	2,721,955	3,080,697	2,466,720	45,764	298,615	299,105	1,098,581	988,816	1,066,596	65,000	70,880	69,710
Depreciation	-	942,097	345,484	-	-	-	-	-	-	-	-	4,558
Interest	-	207,677	193,740	-	-	-	-	-	-	-	-	-
Other	3,182,997	7,976,560	6,944,623	537,640	133,167	142,020	948,062	381,614.88	347,735	11,400	24,763	21,166
	5,904,952	12,207,031	9,950,567	583,404	431,782	441,125	2,046,643	1,370,431	1,414,331	76,400	95,643	95,434
Surplus (deficit) for the year	\$ 4,373,648	\$ 5,737,657	\$ 2,586,784	\$ (148,404)	\$ (32,772)	\$ (120,069)	\$ (74,366)	\$ 546,505	\$ 400,339	\$ (50,400)	\$ (75,632)	\$ (77,510)

We'koqma'q First Nation

Schedule A – Schedule of Segmented Disclosure

Year Ended March 31

	Subsidized Housing			Gaming			Commercial Enterprises			Waycobah Contracting		
	Budget 2020	Actual 2020	Actual 2019	Budget 2020	Actual 2020	Actual 2019	Budget 2020	Actual 2020	Actual 2019	Budget 2020	Actual 2,020	Actual 2019
Revenues												
Federal government operating transfers	\$ 465,348	\$ 214,506	\$ 266,857	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal government capital transfers	-	-	-	-	-	-	-	-	-	-	-	-
Provincial government operating transfers	-	-	-	-	108,343	114,658	-	-	-	-	-	-
Provincial government capital transfers	-	-	-	-	-	-	-	-	-	-	-	-
Economic activities	-	-	-	-	-	-	11,599,657	13,502,324	12,865,604	1,164,343	429,444	581,317
Other	-	-	254,148	-	-	-	-	-	-	-	-	-
	465,348	214,506	521,005	-	108,343	114,658	11,599,657	13,502,324	12,865,604	1,164,343	429,444	581,317
Expenses												
Salaries and benefits	-	-	-	-	-	-	500,747	1,812,990	628,266	1,128,757	655,103	650,608
Depreciation	-	431,496	434,196	-	-	-	-	370,500	357,055	-	11,079	13,430
Interest	95,493	33,750	146,778	-	-	-	95,309	213,698	132,379	9,167	5,958	8,199
Other	146,000	256,619	574,395	-	-	-	10,113,806	8,980,678	9,936,005	186,682	51,832	29,911
	241,493	721,865	1,155,369	-	-	-	10,709,862	11,377,867	11,053,705	1,324,605	723,972	702,148
Surplus (deficit) for the year	\$ 223,855	\$ (507,359)	\$ (634,364)	\$ -	\$ 108,343	\$ 114,658	\$ 889,795	\$ 2,124,458	\$ 1,811,899	\$ (160,262)	\$ (294,528)	\$ (120,831)

We'koqma'q First Nation

Schedule A – Schedule of Segmented Disclosure

Year Ended March 31

	Totals		
	Budget 2020	Actual 2020	Actual 2019
Revenues			
Federal government operating transfers	\$ 11,783,577	\$ 15,247,790	\$ 13,840,047
Federal government capital transfers	-	1,165,959	2,407,930
Provincial government operating transfers	-	195,230	114,658
Provincial government capital transfers		9,935	-
Economic activities	22,790,000	30,092,708	22,467,516
Other	-	406,686	1,465,453
	34,573,577	47,118,308	40,295,604
Expenses			
Salaries and benefits	\$ 8,500,000	\$ 13,048,541	\$ 8,821,008
Depreciation	-	3,179,891	2,536,170
Interest	725,000	880,993	969,010
Other	24,654,500	27,373,586	26,741,867
	33,879,500	44,483,011	39,068,055
Surplus (deficit) for the year	\$ 694,077	\$ 2,635,297	\$ 1,227,549