ELSIPOGTOG FIRST NATION

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

MARCH 31, 2021

The accompanying consolidated financial statements are the responsibility of management. The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards and necessarily include estimates which are based on management's best judgments.

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 financial statements are presented fairly, in all material respects.

Management is also responsible for implementing and maintaining a system of internal controls designed to give reasonable assurance that transactions are appropriately authorized, assets are safeguarded from loss and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The consolidated financial statements have been reviewed and approved by Chief and Council.

Lenehan McCain & Associates, an independent firm of accountants, has been engaged to examine the consolidated financial statements in accordance with Canadian generally accepted auditing standards. Their report stating the scope of their examination and opinion on the consolidated financial statements, follows.

Chief	Jan 24/22 Date
Band manager	Jan 24/22 Date

LENEHAN McCAIN & Associates
CHARTERED PROFESSIONAL ACCOUNTANTS

Independent Auditor's Report

To the Chief and Council and members of
Elsipogtog First Nation

Opinion
We have audited the consolidated financial statements of Elsipogtog First Nation, which comprise the consolidated statement of financial position as at March 31, 2021, and the consolidated statements of operations and accumulated surplus, change in net debt, cash flows and related schedules for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

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, 2021, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAB).

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 the consolidated financial statements in accordance with PSAB, 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.

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.

- 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.

Lenehan McCain + Associates

Lenehan McCain & Associates
Chartered Professional Accountants

Woodstock, New Brunswick
January 18, 2022

ELSIPOGTOG FIRST NATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31, 2021

	2021 Actual	2020 Actual
Financial Assets		
Cash	**$ 7,910,239**	$ 3,229,561
Trust funds held by federal government (Note 22)	**422,146**	414,126
Accounts receivable (Note 3)	**3,042,886**	2,649,742
Due (to) from band owned enterprises (Note 4)	**3,526,813**	4,379,454
Investment - GIC	**250,000**	250,000
Investments held in trust (Note 21)	**6,961,622**	16,752,930
Contributions receivable (Note 15)	**12,414,424**	18,934,258
Government business enterprises (Note 5)	**11,274,724**	3,826,192
CMHC reserve funds (Note 10)	**1,470,240**	1,290,336
Debt reserve fund (Note 24)	**321,994**	322,409
	47,595,088	52,049,008
Liabilities		
Accounts payable and accrued liabilities (Note 6)	**5,616,700**	5,107,463
Deferred revenue (Note 7)	**36,147,771**	43,927,465
Funding repayable to ISC (Note 19)	**26,731**	101,731
Long-term debt (Note 9)	**30,038,723**	23,692,695
	71,829,925	72,829,354
Net debt	**(24,234,837)**	(20,780,346)
Non-financial Assets		
Tangible capital assets (Note 12)	**57,729,889**	34,391,087
Prepaid expenses (Note 20)	**554,921**	408,187
Intangible assets (Note 13)	**11,750,000**	-
	70,034,810	34,799,274
Accumulated Surplus	**$ 45,799,973**	$ 14,018,928

Approved on behalf of the Elsipogtog First Nation

____________________, **Chief**

____________________, **Band manager**

The accompanying notes are an integral part of the financial statements

ELSIPOGTOG FIRST NATION

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

FOR THE YEAR ENDED MARCH 31, 2021

	2021 Budget	2021 Actual	2020 Actual
Surplus (deficit)	$ (3,924,865)	$ 31,781,045	$ (1,905,996)
Acquisition of tangible capital assets	-	(26,722,802)	(5,355,496)
Acquisition of intangible assets	-	(11,750,000)	-
Writedown of fishing license	-	-	400,000
Amortization of tangible capital assets	2,837,304	3,384,000	2,590,946
	2,837,304	(35,088,802)	(2,364,550)
(Increase) decrease in prepaid assets	-	(146,734)	(12,724)
Increase (decrease) in net financial assets	(1,087,561)	(3,454,491)	(4,283,270)
Net debt at beginning of year	(20,780,346)	(20,780,346)	(16,497,076)
Net debt at end of year	$ (21,867,907)	$ (24,234,837)	$ (20,780,346)

The accompanying notes are an integral part of the financial statements

ELSIPOGTOG FIRST NATION

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2021

	2021 Budget	2021 Actual	2020 Actual
Revenues			
Indigenous Services Canada	$ 19,289,845	$ 43,928,680	$ 45,291,087
Health Canada	4,311,244	7,800,514	7,493,724
Department of Fisheries and Oceans	845,000	1,145,414	1,169,336
Canada Mortgage and Housing Corporation	373,525	291,154	265,366
Province of New Brunswick	898,400	857,097	2,665,060
Commercial fisheries	7,243,642	12,461,161	17,671,620
Other	8,383,007	60,496,112	44,965,479
Deferred revenue, closing	-	(36,147,771)	(43,927,465)
Total	41,344,663	90,832,361	75,594,207
Expenditures			
Wages and benefits	11,016,797	16,454,766	18,621,899
Interest and bank charges	932,202	1,060,756	879,110
Tuition provincial schools	-	-	2,576,541
Post secondary	-	-	656,610
Professional services	913,272	2,581,233	2,192,126
Commercial fisheries	5,967,619	11,773,958	13,534,262
Forestry	1,618,825	1,124,544	1,193,465
Social	10,368,706	13,139,442	11,035,814
Other	11,614,803	17,118,098	17,424,936
Total	42,432,224	63,252,797	68,114,763
Surplus before other items	(1,087,561)	27,579,564	7,479,444
Other items			
Equity (loss) in MicMac Industries of Big Cove Inc. (Note 2)	-	69,929	18,240
Equity (loss) in McGraw Seafood (2008) Inc. (Note 2)	-	2,838,184	210,577
Equity (loss) in River of Fire Market Inc. (Note 2)	-	176,685	(369,552)
Equity (loss) in Maologetinetj Dev. Corp. Inc. (Note 2)	-	331,015	128,849
Equity (loss) in 711394 NB Inc. (Note 2)	-	4,636,797	(4,428,571)
Equity (loss) in McGraw Aquaculture (Note 2)	-	(463,244)	(1,446,014)
Equity (loss) in McGraw Peat Moss (Note 2)	-	(3,885)	(908,023)
Amortization	(2,837,304)	(3,384,000)	(2,590,946)
	(2,837,304)	4,201,481	(9,385,440)
Surplus (deficit) for the year	(3,924,865)	31,781,045	(1,905,996)
Accumulated surplus, beginning of year	14,018,928	14,018,928	15,924,924
Accumulated surplus, end of year	$ 10,094,063	$ 45,799,973	$ 14,018,928

The accompanying notes are an integral part of the financial statements

ELSIPOGTOG FIRST NATION

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2021

	2021 Actual	2020 Actual
Cash flows from		
Operating activities		
Surplus (deficit)	**$ 31,781,045**	$ (1,905,996)
Items not affecting cash		
Amortization expense	**3,384,000**	2,590,946
Writedown of fishing license	**-**	400,000
	35,165,045	1,084,950
Change in non-cash operating working capital		
Other receivables	**(393,144)**	422,829
Fishing licenses	**(11,750,000)**	-
Prepaid expenses	**(146,734)**	(12,722)
Investments held in trust	**9,791,308**	(16,752,930)
Contributions receivable	**6,519,834**	(4,267,602)
Accounts payable and accrued liabilities	**509,241**	1,166,693
Deferred revenue	**(7,779,694)**	25,269,096
Funding repayable to ISC	**(75,000)**	(387,695)
	31,840,856	6,522,619
Capital activities		
Acquisition of tangible capital assets	**(26,722,802)**	(5,355,496)
Financing activities		
Due (to) from band owned enterprises	**852,641**	742,677
Repayment of long-term debt	**(1,773,050)**	(2,426,668)
Proceeds of long-term debt	**8,119,074**	7,286,034
	7,198,665	5,602,043
Investing activities		
Decrease / (Increase) in Investment in McGraw Peat Moss	**2,293**	(13,599)
Decrease / (Increase) in Investment in Mic Mac Industries	**(69,929)**	(18,240)
Decrease / (Increase) in Investment in McGraw Seafood (2008) Inc.	**(2,838,184)**	(210,577)
Decrease / (Increase) in Investment in River of Fire Market	**(176,685)**	369,552
Decrease / (Increase) in Investment in Pharmasave	**(331,015)**	(128,849)
Transfer to CMHC reserve funds	**(179,904)**	(179,892)
Decrease / (Increase) in debt reserve fund	**415**	(322,409)
Decrease / (Increase) in Investment in 711394 NB Inc.	**(4,636,797)**	(1,571,429)
Decrease / (Increase) in Investment in McGraw Aquaculture	**601,785**	(610,785)
	(7,628,021)	(2,686,228)
Increase in cash and cash equivalents	**4,688,698**	4,082,938
Cash and cash equivalents, beginning of year	**3,643,687**	(439,251)
Cash and cash equivalents, end of year	**$ 8,332,385**	$ 3,643,687
Represented by		
Cash	**$ 7,910,239**	$ 3,229,561
Trust funds held by federal government	**422,146**	414,126
	$ 8,332,385	$ 3,643,687

The accompanying notes are an integral part of the financial statements

1. Basis of Presentation and Significant Accounting Policies

These financial statements are prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

(a) Reporting entity principles of financial reporting

The consolidated financial statements of Elsipogtog First Nation reflect the assets, liabilities, revenues, expenditures, changes in net debt and accumulated surplus of the reporting entity. The reporting entity is comprised of the organizations accountable for the administration of their affairs and resources to the Chief and Council or controlled by the First Nation. Inter-fund and inter-corporate balances and transactions have been eliminated. The government business enterprises included in the consolidated financial statements are as follows:

1. MicMac Industries of Big Cove Inc.
2. McGraw Seafood (2008) Inc.
3. Big Cove Wellness Committee Inc. (Dept. 600's)
4. 690761 NB Inc. (River of Fire Market)
5. Maologetinetj Dev. Corp. Inc. (Elsipogtog Pharmacy)
6. 711394 NB Inc.
7. McGraw Peat Moss
8. McGraw Aquaculture

(b) 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 ninety days or less at acquisition which are held for the purpose of meeting short-term cash commitments.

1. Basis of Presentation and Significant Accounting Policies (continued)

(c) Principles of consolidation

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises, other than Big Cove Wellness Committee Inc., which meet the definition of government business enterprise. These enterprises listed in Note 1(a) are included in the consolidated financial statements on a modified equity basis.

Consolidation Method

This method combines the accounts of distinct programs or departments. It requires uniform accounting policies for all departments. Inter-organizational balances and transactions are eliminated under this method. This method reports the organizations as if they were one organization.

Modified Equity Method

This method is used for commercial enterprises which meet the definition of government business enterprises. The modified equity method reports a commercial enterprise's net assets as an investment on the Consolidated Statement of Financial Position. The net income (loss) of the commercial enterprises is reported as earnings (loss) on the Consolidated Statement of Operations. Inter-organizational transactions and balances are not eliminated. All gains or losses arising from inter-organizational transactions between commercial enterprises or other First Nation organizations are eliminated. The accounting policies of commercial organizations are not adjusted to conform to those of the First Nation.

Commercial enterprises are those organizations that meet the definition of government business enterprises as described by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Government business enterprises have the power to contract in their own name, have the financial and operating authority to carry on a business, sell goods and services to customers outside the First Nation as their principle activity, and that can, in the normal course of operations, maintain operations and meet liabilities from revenues received from outside the First Nation government.

(d) Net debt

The First Nation's financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the First Nation is determined by its liabilities less its financial assets and accumulated surplus.

1. Basis of Presentation and Significant Accounting Policies (continued)

(e) Tangible capital assets

Tangible capital assets (TCAs) are items that can be physically touched, are used to provide First Nation services, are used for First Nation administration purposes or are used for the construction and/or maintenance of other TCAs owned by the First Nation, will be useful for a period greater than one year and will be used by the First Nation on a regular basis.

Tangible capital assets in excess of $5,000 are recorded at cost, which includes all amounts directly attributable to acquisition, construction, development or betterment of the asset, and are amortized on the straight-line method over their estimated useful lives. Amortization begins in the year acquired. Cost of homes financed by long-term debt borrowings are amortized in the accounts based on the annual reduction in the principal on long term borrowings.

Certain tangible capital assets, including but not limited to roads and infrastructure, have been recorded at a nominal amount of $1 as specific historical data was not available. Whereas all such assets are amortized over a period not longer than twenty five years, it is management's opinion that all assets acquired prior to 1995 would now be fully amortized.

Amortization is provided on the straight-line basis over the estimated useful life of the asset as follows:

Buildings	25 years
Vehicles	5 years
Computer equipment	5 years
Furniture, fixtures and equipment	20 years
CMHC housing	Principal reduction
Lobster/crab boats	20 years
School buses	5 years
Subdivision development, roads and infrastructure	25 years
Property development	25 years

(f) 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 (both operating and capital) 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 a 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.

1. Basis of Presentation and Significant Accounting Policies (continued)

(g) Expense recognition

Expenses are recorded on the accrual basis as they are incurred and measurable based on receipt of goods or services and obligation to pay.

(h) Use of estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. Specifically, estimates are required related to the provision for doubtful accounts and the useful lives of tangible capital assets. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

(i) Asset classification

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

(j) Segment disclosure

The financial statements of Elsipogtog First Nation provide supporting schedules which are established by program based on government funding provided. The various programs have been amalgamated for the purpose of presentation in the consolidated financial statements. Details of the operations of each program are set out in the supplementary schedules for management information purposes.

(k) Financial instruments

Financial instruments are financial assets or liabilities of the Nation where the Nation has the right to receive cash or another financial asset from another party or has the obligation to pay cash or other financial assets to another party or equity instruments of another party. The First Nation's financial instruments consist of cash, advances receivable, accounts receivable, due from related parties, bank indebtedness, accounts payable and accrued liabilities and long-term debt. Unless otherwise noted it is management's opinion that the First Nation is not exposed to significant interest, currency or credit risks.

1. Basis of Presentation and Significant Accounting Policies (continued)

(l) Deferred revenue

Deferred revenue represents funding received, but not yet expended, for a specific program or purpose. It is normally expected that these funds will be used for their intended purpose in the next fiscal period. However, if this does not occur, the funds may become repayable to the funding partner/source.

(m) Fishing licenses and permits

Purchased fishing licenses are intangible assets. These indefinite-life fishing licenses and permits are recognized at cost and are not amortized.

The First Nation evaluates the carrying value of its licenses and permits annually for impairment. Should a permanent impairment be identified, the impairment will be recognized as a reduction in the carrying value and as a charge against income on the statement of operations in the period the impairment occurred.

2. Budgeted figures

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

3. Accounts receivable

	2021	2020
Tobacco loans	$ 1,496,529	$ 1,121,659
Education program	67,115	67,115
HST	42,366	15,755
Loans to individuals	22,620	-
Mawiw Council	511,487	90,435
Other	381,960	468,229
Province of New Brunswick	116,834	489,244
Snow crab fishery	208,737	198,000
Wellness programs	195,238	199,305
	$ 3,042,886	$ 2,649,742

4. Due (to) from band owned enterprises

	2021	2020
Due (to) from McGraw Seafood (2008) Inc.	$ 3,220,273	$ 4,056,124
Due (to) from MicMac Industries of Big Cove Inc.	(475,831)	(458,570)
Due (to) from River of Fire Market Inc.	722,371	721,900
Due (to) from Elsipogtog Pharmasave	60,000	60,000
	$ 3,526,813	$ 4,379,454

During the year, Elsipogtog First Nation entered into transactions with MicMac Industries of Big Cove Inc. These transactions were for building supplies and fuel and were made at normal fair market value amounts for such products.

Amounts due from McGraw Seafood (2008) Inc. arose from a loan to the company and proceeds due from the sale of snow crab and payment of professional fees on McGraw Seafood (2008) Inc.'s behalf.

Amounts due from River of Fire Market and Elsipogtog Pharmasave relate to advances from Elsipogtog.

All of the outstanding amounts are non-interest bearing, unsecured, with no set terms of repayment.

5. Government business enterprises

	2021	2020
Investment in MicMac Industries of Big Cove Inc.	$ **256,272**	$ 186,343
Investment in McGraw Seafood (2008) Inc.	**5,191,535**	2,353,351
Investment in River of Fire Market Inc.	**(1,174,753)**	(1,351,438)
Investment in Elsipogtog Pharmasave	**773,038**	442,023
Investment in 711394 NB Inc.	**6,208,326**	1,571,529
Investment in McGraw Peat Moss	**11,306**	13,599
Investment in McGraw Aquaculture	**9,000**	610,785
	$ 11,274,724	$ 3,826,192

During the year, as shown on the Consolidated Statement of Operations, Elsipogtog First Nation through its investment in McGraw Aquaculture sustained a significant loss. McGraw Peat Moss and McGraw Aquaculture were dissolved subsequent to year end.

6. Accounts payable and accrued liabilities

Remittances for band employee benefits and the pension plan were not current as of March 31, 2021. The accounts payable balance includes:

	2021	2020
Trade accounts payable	$ **2,963,468**	$ 2,972,440
Capital program trade payables	**301,209**	521,064
Province of New Brunswick tuition	**-**	1,189,819
Receiver General payroll deductions	**127,563**	5,045
Pension plan contributions	**115,155**	86,050
Royalties due to minor members	**109,528**	99,995
Youth centre donations	**37,565**	27,345
School construction holdback	**851,202**	107,246
Child & Family building construction holdback	**36,131**	98,459
Due to Elsipogtog First Nation Education Authority	**1,039,232**	-
Wellness programs	**35,648**	-
	$ **5,616,701**	$ 5,107,463

7. Deferred revenue

	2021	2020
Eagle Board Trust proceeds	**$ 100,000**	$ 100,000
Basic needs	**195,668**	425,142
School construction	**9,079,105**	12,643,089
Special education	**-**	94,086
Fishing implementation initiative	**6,272,753**	17,272,753
Health center extension	**489,730**	441,803
Prevention	**217,804**	169,663
Health services	**1,821,579**	977,360
Gopit lodge	**46,288**	-
Healthy medication project	**-**	36,215
Aboriginal diabetes initiative	**-**	2,032
Tobacco strategy	**34,140**	38,807
CPAC cancer care	**75,413**	75,438
Cultural, leisure & community development	**35,090**	122,190
Child and family services & prevention	**3,989,174**	2,777,912
Healing network	**322,895**	322,895
Justice development	**146,517**	136,749
Violence prevention	**50,038**	50,038
Mental health development	**5,258**	38,937
Community sea cadets	**3,009**	8,759
Youth fundraising	**212,581**	208,850
HIV/AIDS	**79,321**	54,544
Alcohol and drug treatment center	**3,697,462**	4,154,074
Access NB	**11,271**	16,923
Day care center	**57,454**	57,454
Home and community care	**1,048,233**	652,222
Healthy child development	**178,635**	184,050
Aboriginal health transition fund	**55,588**	113,463
Mental health wellness	**1,510,722**	377,651
Headstart	**95,890**	95,890
Construction	**865,000**	124,943
Preparedness	**-**	92,567
Emergency member assistance	**146,488**	478,012
Oyster project	**-**	153,996
Aboriginal integrated commercial fishing	**255,688**	303,982
Capacity/innovation	**-**	27,850
Recovery	**-**	886,161
Fire protection, ISC	**210,965**	210,965
Social assistance administration	**140,000**	-
Fire protection, non ISC	**77,500**	-
Family wellness	**50,000**	-
Employment training projects	**305,533**	-
Fisheries	**347,000**	-
AHSOR	**328,049**	-

Elsipogtog resort	**223,420**	-
CMHC rapid housing initiative	**3,000,000**	-
Covid 19 school reopening	**37,327**	-
Renovations/additions	**193,720**	-
FNWAAP-wastewater	**135,463**	-
	$ 36,147,771	$ 43,927,465

8. Investment in Government Business Enterprises

	MicMac Industries of Big Cove Inc.	McGraw Seafood (2008) Inc.	2021 Total	2020 Total
Cash	$ 97,177	$ 3,249,977	$ 3,347,154	$ 19,401
Accounts receivable	180,089	1,347,670	1,527,759	5,444,963
Inventory	107,131	1,037,364	1,144,495	948,767
Tangible capital assets	140,566	17,289,241	17,429,807	7,814,645
Due from related party	570,665	879,710	1,450,375	756,007
Other assets	4,582	1,197,656	1,202,238	549,281
Total assets	$ 1,100,210	$ 25,001,618	$ 26,101,828	$ 15,533,064
Accounts payable	$ 814,833	$ 5,145,162	$ 5,959,995	$ 5,490,575
Long-term debt	29,069	11,033,304	11,062,373	1,747,782
Operating line of credit	-	-	-	1,255,000
Due to related party	-	2,972,151	2,972,151	4,162,381
Other liabilities	-	659,465	659,465	337,595
Total liabilities	843,902	19,810,082	20,653,984	12,993,333
Equity	256,308	5,191,536	5,447,844	2,539,731
Total liabilities and equity	$ 1,100,210	$ 25,001,618	$ 26,101,828	$ 15,533,064

	MicMac Industries of Big Cove Inc.	McGraw Seafood (2008) Inc.	2021 Total	2020 Total
Revenue	$ 3,687,657	$ 29,163,472	$ 32,851,129	$ 41,195,919
Other revenue	-	2,861,810	2,861,810	-
Other expenses	330,170	2,428,997	2,759,167	2,043,589
Wages and benefits	525,007	4,162,026	4,687,033	4,143,833
Debt servicing	-	306,729	306,729	100,879
Amortization	16,313	616,118	632,431	544,309
Cost of goods sold	2,746,238	21,673,228	24,419,466	34,134,492
Total expenses	3,617,728	29,187,098	32,804,826	40,967,102
Net income	$ 69,929	$ 2,838,184	$ 2,908,113	$ 228,817

9. Long-term debt

	2021	2020
Royal Bank of Canada Various mortgages at interest rates from 2.30% to 3.53%, $9,055 monthly including interest, guaranteed by the Minister of Indigenous Services Canada. These loans are related to CMHC housing projects and have varying repayment terms and maturity dates	$ **223,229**	$ 294,980
Canada Mortgage and Housing Corporation Various mortgages at interest rates from 1.11% to 2.68%, $33,085 monthly including interest, guaranteed by the Minister of Indigenous Services Canada. These loans are related to CMHC housing projects and have varying repayment terms and maturity dates	**4,556,437**	4,209,155
Bank of Montreal 3.58% term loan, payable $1,609 monthly including interest for band owned housing, amortized over twenty five years guaranteed by the Minister of Indigenous Services Canada, due February 2022	**101,658**	117,040
First Nation Finance Authority Prime lending rate as adjusted from time to time (2.15% at March 31, 2021), payable $32,345 monthly including interest, due July 2025	**6,212,094**	6,400,000
Royal Bank of Canada 2.48% loan, payable $7,933 monthly including interest for band owned housing, amortized over twenty five years, due April 2021, secured by a guarantee of the Minister of Indigenous Services Canada	**453,151**	538,987
Bridging Finance Inc. (USAND bridge loan) Repaid in full during 2020-21 fiscal year	**-**	250,000
Bank of Montreal 2.79% term loan, payable $5,634 monthly including interest for band owned housing, secured by the Minister of Indigenous Services Canada, due January 2026	**539,610**	585,463
Bank of Montreal 3.58% term loan, payable $4,993 monthly including interest for new community hall, due February 2022	**286,702**	335,424

9. Long-term debt, continued

	2021	2020
Levi & Levi 2.75% loan, payable $8,036 monthly including interest for building and equipment, due October 2021	**55,740**	149,241
Bank of Montreal 4.00% loan, payable $85,586 monthly including interest for the grocery store and pharmacy building, due June 2024	**9,283,782**	9,926,276
Bank of Montreal Prime + 1.5% for construction of new Child & Family Services building, repayable beginning March 2022	**3,900,000**	886,129
Bank of Montreal Prime + 1.5% for purchase of Elsipogtog River Resort, repayable beginning April 2022	**4,426,320**	-
	$ 30,038,723	$ 23,692,695

Principal portion of long-term debt due within the next five years assuming similar renewal terms:

2022	**$ 1,562,437**
2023	**1,519,280**
2024	**1,553,870**
2025	**1,544,446**
2026 and thereafter	**23,858,690**
	$ 30,038,723

10. CMHC reserve funds

The operating agreements with Canada Mortgage and Housing Corporation require the First Nation to accumulate reserve funds. These funds are restricted, and may only be used for purposes approved by Canada Mortgage and Housing Corporation.

	2021	2020
Balance, beginning of year	**$ 1,290,336**	$ 1,110,444
Contributions made during the year	**180,000**	180,000
Withdrawals (bank charges)	**(96)**	(108)
Balance, end of year	**$ 1,470,240**	$ 1,290,336

11. Contingent Liabilities

Elsipogtog First Nation has entered into contribution agreements with various federal government departments. 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. The likelihood of compliance reviews and any potential findings are not determinable as at the date on the auditor's report.

In the normal course of operations, the First Nation becomes involved in legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occurs or fail to occur. To the extent that the future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense is recorded on the First Nation's financial statements. When the future event and/or ability to estimate involves more uncertainty, the action or claim is considered a contingent liability.

The First Nation has claims outstanding related to the disbursement of tobacco tax funds as well as payment of stumpage fees. In each case, a determination of the outcome of the claim is not yet available.

Subsidy assistance payments received from Canada Mortgage and Housing Corporation are subject to repayment if the First Nation fails to comply with the terms and conditions of the agreement. As at March 31, 2021, the First Nation has not fully complied with all the terms and conditions including its failure to maintain the required reserve balances. To the best of management's knowledge, the First Nation will not have to repay any of the subsidy assistance received to date, therefore, no amount has been recorded to reflect this potential liability.

The First Nation has provided guarantees to band members related to eight Section 10 housing loans. Should the individual default on their personal housing loan, the guarantee requires the First Nation to make the payment.

During the 2018-19 year, McGraw Housing Inc. (a subsidiary of McGraw Seafood Inc.) received loan proceeds from the Caisse Populaire to finance the construction of residential housing. The loan balance was $1,889,640 as at March 31, 2021. McGraw Seafood and Elsipogtog First Nation have guaranteed the loan up to $2,588,000 that bears interest at 6% and which matures in August 2023.

12. Tangible Capital Assets

	Cost				Accumulated amortization				
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amort.	Accum.Amort. on disposals	Balance, end of year	**2021 net book value**
Land	$ 1,322,926	$ 614,002	$ -	$ 1,936,928	$ -	$ -	$ -	$ -	$ 1,936,928
Buildings	29,248,766	23,985,688	-	53,234,454	18,641,784	2,404,778	-	21,046,562	32,187,892
Automotive equipment	783,900	233,693	-	1,017,593	630,424	93,476	-	723,900	293,693
Computer equipment	72,524	2,500	-	75,024	61,450	2,715	-	64,165	10,859
Furniture and equipment	1,809,263	7,140	-	1,816,403	1,339,822	38,478	-	1,378,300	438,103
CMHC housing	14,845,566	1,466,994	-	16,312,560	10,705,714	402,093	-	11,107,807	5,204,753
Fisheries vessels and equipment	10,512,861	557,987	-	11,070,848	9,329,702	259,009	-	9,588,711	1,482,137
School buses	1,198,416	-	(1,198,416)	-	1,053,217	-	(1,053,217)	-	-
Subdivision development	2,434,339	-	-	2,434,339	942,056	97,374	-	1,039,430	1,394,909
Roads and infrastructure	7,867,800	-	-	7,867,800	481,074	83,759	-	564,833	7,302,967
Land development	57,950	-	-	57,950	18,544	2,318	-	20,862	37,088
Grocery store/pharmacy bldg	7,374,858	-	-	7,374,858	-	-	-	-	7,374,858
Grocery store/pharmacy signage	65,702	-	-	65,702	-	-	-	-	65,702
	77,594,871	$ 26,868,004	$(1,198,416)	$103,264,459	$43,203,787	$ 3,384,000	$ (1,053,217)	$45,534,570	$57,729,889

ELSIPOGTOG FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

	Cost				Accumulated amortization				
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amort.	Accum.Amort. on disposals	Balance, end of year	2020 Net book value
Land	$ 1,322,926	$ -	$ -	$ 1,322,926	$ -	$ -	$ -	$ -	$ 1,322,926
Buildings	24,976,483	4,272,283	-	29,248,766	17,322,239	1,319,545	-	18,641,784	10,606,982
Automotive equipment	657,755	126,145	-	783,900	587,675	42,749	-	630,424	153,476
Computer equipment	61,449	11,075	-	72,524	61,450	-	-	61,450	11,074
Furniture and equipment	1,756,837	52,426	-	1,809,263	1,299,563	40,259	-	1,339,822	469,441
CMHC housing	14,845,566	-	-	14,845,566	10,276,409	429,305	-	10,705,714	4,139,852
Fisheries vessels and equipment	10,316,540	196,321	-	10,512,861	8,814,556	515,146	-	9,329,702	1,183,159
School buses	1,078,466	119,950	-	1,198,416	979,988	73,229	-	1,053,217	145,199
Subdivision development	2,434,339	-	-	2,434,339	844,683	97,373	-	942,056	1,492,283
Roads and infrastructure	7,290,506	577,294	-	7,867,800	412,370	68,704	-	481,074	7,386,726
Land development	57,950	-	-	57,950	13,908	4,636	-	18,544	39,406
Grocery store/pharmacy bldg	7,374,858	-	-	7,374,858	-	-	-	-	7,374,858
Grocery store/pharmacy signage	65,702	-	-	65,702	-	-	-	-	65,702
	$72,239,377	$5,355,494	$ -	$77,594,871	$40,612,841	$ 2,590,946	$ -	$ 43,203,787	$34,391,084

13. Intangible assets

The First Nation records all purchased commerical fishing licenses and permits as intangible assets. During the current year, the First Nation purchased several snow crab, herring and ground-fish fishing licenses at a total cost of $11,750,000.

14. Subsequent Events

COVID-19 Pandemic
Since March 31, 2020, the outbreak of the COVID-19 virus, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include travel bans, self-imposed quarantine periods, social and physical distancing, have caused disruptions to businesses locally, nationally and globally. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of this world economic event is unknown and therefore, the impact on Elsipogtog First Nation, if any, is not determinable.

Government business enterprises
In November, 2021, the following band owned enterprises were dissolved:

McGraw Aquaculture and McGraw Peat Moss.

15. Contributions receivable

	2021	2020
Indigenous Services Canada	**$ 8,161,776**	$ 14,877,601
Health Canada	**2,521,881**	3,010,452
Department of Fisheries and Oceans	**1,730,767**	1,046,205
	$ 12,414,424	$ 18,934,258

16. Comparative amounts

Certain comparative amounts have been reclassified to conform with the presentation adopted in the current period. There is no impact to the accumulated surplus balance.

17. Financial Instruments Risks and Uncertainties

The First Nation is exposed to the following risks in respect of certain of the financial instruments held:

Credit risk

The financial instruments that potentially subject the First Nation to a significant concentration of credit risk consist primarily of cash and accounts receivable.

The First Nation maintains cash balances with Canadian chartered banks which is insured by the Canada Deposit Insurance Corporation up to CDN $100,000. From time to time, these balances exceed the federally insured limits and expose the First Nation to credit risk from concentration of cash. The First Nation limits this risk by transacting with reputable financial institutions.

The First Nation does have credit risk in accounts receivable $15,457,310 (2020 - $21,584,000). Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The First Nation reduces its exposure to credit risk by performing valuations on a regular basis and creating an allowance for bad debts when applicable. The First Nation derives substantially all of its revenues and therefore, accounts receivable, from government sources. In the opinion of management, the credit risk exposure to the First Nation is low.

Liquidity risk

The First Nation does have a liquidity risk in the accounts payable and accrued liabilities of $5,643,431 (2020 - $5,209,194). Liquidity risk is the risk that the First Nation cannot repay its obligations when they become due to its creditors. The First Nation reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due and maintains a responsible cash position. In the opinion of management, the liquidity risk exposure to the First Nation is high.

Interest rate risk

The First Nation is exposed to interest rate risk. This risk exists due to interest rate exposure on certain term loans, which are variable based on the bank's prime rates. This exposure may have an effect on its interest expenses in future periods. The First Nation reduces its exposure to interest rate risk by regularly monitoring published bank prime interest rates which have been relatively stable over the period presented. There are some loans payable that are at fixed term rates and therefore, do not affect interest rate risk. The First Nation does not use derivative instruments to reduce its exposure to interest rate risk. In the opinion of management the interest rate risk exposure to the First Nation is low.

18. Economic Dependence

Elsipogtog First Nation receives a major portion of its revenue pursuant to a funding arrangement with Indigenous Services Canada (ISC).

Due to certain deficiencies in its financial position, the First Nation is also party to a Remedial Management Plan agreement (RMP) with ISC. Under the terms of the RMP, funding from ISC can be suspended if terms of the RMP are not complied with.

In August 2000, ISC determined that the First Nation was not meeting terms of the RMP on its own and exercised its right to appoint a co-manager to assist in implementing and monitoring the RMP. In addition to monitoring the RMP, the co-manager's responsibilities include having joint authority with the First Nation for authorizing and approving expenditures and payments for programs. The requirement for the co-management arrangement is still in place as of the date of these financial statements. Removal of the co-manager requires the approval of ISC and Elsipogtog First Nation.

19. Funding repayable to ISC

The following amount represents contribution funding received from Indigenous Services Canada (ISC) which was not spent on its intended purpose during the fiscal year in which the funding was received, and therefore, is repayable to ISC.

	2021	2020
Basic needs	$ **26,731**	$ 101,731

20. Prepaid expenses

	2021	2020
April post-secondary living allowances	$ **-**	$ 39,753
Social program basic entitlements	**98,404**	90,866
Chief and council honoraria	**84,600**	27,200
Insurance	**225,864**	13,221
Housing down payment	**145,996**	-
Snow removal	**-**	229,841
Other	**-**	7,249
First Nation Finance Authority interest	**57**	57
	$ **554,921**	$ 408,187

21. Investments held in trust

Pursuant to an Interim Fisheries Implementation Agreement with the Department of Fisheries and Oceans Canada (DFO), dated September 16, 2019, an investment portfolio is being held in trust on behalf of Elsipogtog First Nation (EFN). The funding is to provide for the future purpose of obtaining fishing access, fishing vessels and fishing gear.

In accordance with the terms and conditions associated with the agreement EFN will repay to DFO any amount of the contribution and interest earned which has not been disbursed for eligible costs by August 14, 2029.

	2021
Investments held in trust (cost)	**$ 6,892,240**
Unrealized gain/(loss) on investments	**69,382**
Investments held in trust (market)	**$ 6,961,622**

22. Trust funds held by Federal Government

	March 31, 2020	Additions (interest)	Withdrawals	March 31, 2021
Revenue	**$ 27,624**	$ 8,020	$ -	$ 35,644
Capital	**386,502**	-	-	386,502
	$ 414,126	$ 8,020	$ -	$ 422,146

23. Annual surplus net of capital related revenues and amortization

	2021	2020
Annual surplus (deficit) per page 3	**$ 31,781,045**	$ (1,905,996)
Deduct: Federal government transfers for capital	**(27,283,068)**	(4,950,598)
Add: Amortization expense included in annual surplus	**3,384,000**	2,590,946
Annual surplus net of capital related revenues and amortization	**$ 7,881,977**	$ (4,265,648)

24. Debt reserve fund

During the 2019-20 fiscal year Elsipogtog First Nation received loan proceeds from First Nations Finance Authority (FNFA). The FNFA holds on deposit 5% of the loan in a debt reserve fund.

	2021
Principal on deposit	$ **320,000**
Interest on deposit	**1,994**
Balance	$ **321,994**

25. Expenses by object

	2021	2020
Wages and benefits	$ **16,454,766**	$ 18,621,899
Travel	**249,291**	620,343
Interest and bank charges	**1,060,756**	879,110
Materials and supplies	**1,943,215**	1,816,788
Insurance	**746,288**	192,323
Social program non-administration expense	**13,139,442**	11,035,814
Provincial and post secondary tuition	**-**	3,233,151
Repairs and maintenance	**2,452,314**	2,508,529
Amortization	**3,384,000**	2,590,946
Other expenses	**12,851,534**	13,480,418
Commercial fisheries	**11,773,958**	13,534,262
Professional services	**2,581,233**	2,192,126
	$ **66,636,797**	$ 70,705,709