

BUCTOUCHE FIRST NATION  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
MARCH 31, 2021

|   | 2021                | 2020                |
|---|---------------------|---------------------|
| <b>Financial Assets</b>                         |                     |                     |
| Restricted cash (Note 2)                        | \$ 61,688           | \$ 61,693           |
| Accounts receivable (Note 3)                    | 453,142             | 333,224             |
| Trust funds held by Federal Government (Note 4) | 7,282               | 7,144               |
| Long-term investments (Note 5)                  | 10,000              | 10,000              |
| Inventory (Note 6)                              | 85,594              | 74,065              |
|   | <u>617,706</u>      | <u>486,126</u>      |
| <b>Liabilities</b>                              |                     |                     |
| Bank indebtedness (Note 7)                      | 21,201              | 335,953             |
| Accounts payable (Note 8)                       | 338,930             | 370,680             |
| Deferred revenue (Note 9)                       | 1,237,689           | 382,895             |
| Long-term debt (Note 10)                        | 1,269,765           | 1,377,282           |
|   | <u>2,867,585</u>    | <u>2,466,810</u>    |
| <b>Net debt</b>                                 | <u>(2,249,879)</u>  | <u>(1,980,684)</u>  |
| <b>Non-financial Assets</b>                     |                     |                     |
| Tangible capital assets (Note 12)               | 6,217,687           | 5,888,821           |
| Prepaid expenses (Note 13)                      | 72,005              | 24,907              |
|   | <u>6,289,692</u>    | <u>5,913,728</u>    |
| <b>Accumulated Surplus</b>                      | <u>\$ 4,039,813</u> | <u>\$ 3,933,044</u> |

Approved on behalf of the Buctouche First Nation

\_\_\_\_\_, Chief  
 \_\_\_\_\_, Councillor  
 \_\_\_\_\_, Councillor

The accompanying notes are an integral part of the financial statements

BUCTOUCHE FIRST NATION

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

FOR THE YEAR ENDED MARCH 31, 2021

|  | <b>2021 Budget</b>    | <b>2021 Actual</b>    | <b>2020 Actual</b>    |
|--|-----------------------|-----------------------|-----------------------|
| <b>Surplus (deficit)</b>                       | <b>(395,569)</b>      | <b>106,770</b>        | <b>(389,440)</b>      |
| Writedown of tangible capital assets           | -                     | -                     | 3,000                 |
| Acquisition of tangible capital assets         | -                     | (634,914)             | (381,448)             |
| Amortization of tangible capital assets        | 321,867               | 306,048               | 345,021               |
|  | <b>321,867</b>        | <b>(328,866)</b>      | <b>(33,427)</b>       |
| <u>(Increase) decrease in prepaid expenses</u> | <u>-</u>              | <u>(47,099)</u>       | <u>73,869</u>         |
| Increase (decrease) in net financial assets    | (73,702)              | (269,195)             | (348,998)             |
| Net debt at beginning of year                  | (1,980,684)           | (1,980,684)           | (1,631,686)           |
| <b>Net debt at end of year</b>                 | <b>\$ (2,054,386)</b> | <b>\$ (2,249,879)</b> | <b>\$ (1,980,684)</b> |

The accompanying notes are an integral part of the financial statements

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BUCTOUCHE FIRST NATION

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED MARCH 31, 2021

|  | <b>2021</b>         | <b>2021</b>         | <b>2020</b>         |
|--|---------------------|---------------------|---------------------|
|  | <b>Budget</b>       | <b>Actual</b>       | <b>Actual</b>       |
| <b>Revenue</b>   |                     |                     |                     |
| Indigenous Services Canada                                   | \$ 1,038,025        | \$ 1,576,239        | \$ 1,438,657        |
| River of Little Fire Inc. Gas Bar                            | 2,400,000           | 2,578,534           | 2,301,788           |
| Commercial fisheries   | 545,000             | 583,973             | 754,123             |
| Other  | 472,400             | 933,938             | 378,104             |
| Health Canada  | 337,737             | 570,863             | 355,173             |
| Department of Fisheries and Oceans                           | 85,000              | 379,688             | 268,836             |
| Canada Mortgage and Housing Corporation                      | 38,000              | 51,805              | 37,829              |
| Rental income  | 48,000              | 66,400              | 61,750              |
| Deferred revenue, closing                                    | -                   | (634,689)           | (232,895)           |
|  | <b>4,964,162</b>    | <b>6,106,751</b>    | <b>5,363,365</b>    |
| <b>Cost of goods sold, River of Little Fire Inc. Gas Bar</b> | <b>1,940,000</b>    | <b>1,986,076</b>    | <b>1,816,827</b>    |
| <b>Gross profit</b>  | <b>3,024,162</b>    | <b>4,120,675</b>    | <b>3,546,538</b>    |
| <b>Expenditures</b>  |                     |                     |                     |
| Social assistance program                                    | 248,247             | 280,917             | 251,847             |
| Operations and maintenance program                           | 353,561             | 285,236             | 285,706             |
| Capital and housing program                                  | 117,020             | 133,846             | 89,687              |
| Education program  | 366,253             | 395,289             | 388,467             |
| Band administration program                                  | 596,726             | 799,534             | 629,199             |
| Cultural program   | 4,320               | 4,320               | 4,320               |
| Health program   | 337,737             | 514,808             | 408,516             |
| River of Little Fire Inc. Gas Bar                            | 368,000             | 363,591             | 380,885             |
| Fisheries program  | 706,000             | 896,233             | 1,152,329           |
|  | <b>3,097,864</b>    | <b>3,673,774</b>    | <b>3,590,956</b>    |
| <b>Surplus (deficit) before other income</b>                 | <b>(73,702)</b>     | <b>412,818</b>      | <b>(44,419)</b>     |
| <b>Other income</b>  |                     |                     |                     |
| Amortization   | (321,867)           | (306,048)           | (345,021)           |
| <b>Surplus (deficit)</b>                                     | <b>(395,569)</b>    | <b>106,770</b>      | <b>(389,440)</b>    |
| <b>Accumulated surplus at beginning of year</b>              | <b>3,933,044</b>    | <b>3,933,044</b>    | <b>4,322,484</b>    |
| <b>Accumulated surplus at end of year</b>                    | <b>\$ 3,537,475</b> | <b>\$ 4,039,814</b> | <b>\$ 3,933,044</b> |

The accompanying notes are an integral part of the financial statements

BUCTOUCHE FIRST NATION  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2021

|   | 2021        | 2020         |
|---|-------------|--------------|
| <b>Cash flows from</b>                              |             |              |
| <b>Operating activities</b>                         |             |              |
| Surplus (deficit)                                   | \$ 106,770  | \$ (389,440) |
| Items not affecting cash                            |             |              |
| Add: amortization expense                           | 306,048     | 345,021      |
|   | 412,818     | (44,419)     |
| Change in non-cash operating working capital        |             |              |
| Accounts receivable                                 | (119,918)   | 121,976      |
| Inventory   | (11,529)    | (5,585)      |
| Prepaid expenses                                    | (47,098)    | 73,870       |
| Trust funds held by Federal Government              | (138)       | (138)        |
| Accounts payable                                    | (31,750)    | 121,296      |
| Deferred revenue                                    | 854,794     | 382,895      |
|   | 1,057,179   | 649,895      |
| <b>Capital activities</b>                           |             |              |
| Acquisition of tangible capital assets              | (634,914)   | (381,448)    |
| Write off of old boats                              | -           | 3,000        |
|   | (634,914)   | (378,448)    |
| <b>Financing activities</b>                         |             |              |
| Repayment of long-term debt                         | (107,518)   | (116,188)    |
| <b>Increase in cash and cash equivalents</b>        | 314,747     | 155,259      |
| <b>Cash and cash equivalents, beginning of year</b> | (274,260)   | (429,519)    |
| <b>Cash and cash equivalents, end of year</b>       | \$ 40,487   | \$ (274,260) |
| <b>Represented by</b>                               |             |              |
| Bank indebtedness                                   | \$ (21,201) | \$ (335,953) |
| Restricted cash                                     | 61,688      | 61,693       |
|   | \$ 40,487   | \$ (274,260) |

The accompanying notes are an integral part of the financial statements

BUCTOUCHE FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

**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 Buctouche 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 band. Inter-fund and inter-corporate balances and transactions have been eliminated. The entities included in the consolidated financial statements are as follows:

1. River of the Little Fire Inc. Gas Bar

**(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 one year or less at acquisition which are held for the purpose of meeting short-term cash commitments.

**(c) Financial Instruments**

The First Nation's financial instruments consist of accounts receivable, 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.

**(d) Principles of Consolidation**

All controlled entities are fully consolidated on a line-by-line basis.

Consolidation Method

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

**(e) 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. Net debt is comprised of two components, non-financial assets and accumulated surplus.

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BUCTOUCHE FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2021

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

**(f) Asset Classification**

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

**(g) 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.

Any item purchased less than the capitalization threshold of \$2,500 is recorded as an expense in the year the item is acquired.

Tangible capital assets 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. Current descriptions and useful lives are as follows:

|                         |               |
|-------------------------|---------------|
| Buildings               | 25 years      |
| Automotive              | 5 years       |
| Equipment               | 10 years      |
| Paving                  | 25 years      |
| CMHC Housing            | 25 years      |
| Community Health Centre | 25 years      |
| Water systems           | 25 - 50 years |
| Boats                   | 20 years      |
| Band housing            | 20 years      |

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BUCTOUCHE FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2021

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

**(h) 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.

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

**(i) 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. 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.

**(j) Expenditure Recognition**

Commitments for goods and services relating to the current fiscal year are accrued at the statement of financial position date.

**(k) Segment Disclosure**

The financial statements of Buctouche 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.



BUCTOUCHE FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2021

**2. Restricted Cash**

|                               | 2021             | 2020             |
|-------------------------------|------------------|------------------|
| CMHC operating reserve        | \$ 11,227        | \$ 11,263        |
| CMHC replacement reserve fund | 50,461           | 50,430           |
|                               | <u>\$ 61,688</u> | <u>\$ 61,693</u> |

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

**3. Accounts Receivable**

|   | 2021              | 2020              |
|---|-------------------|-------------------|
| Indigenous Services Canada              | \$ 72,014         | \$ 7,014          |
| River of Little Fire Inc.               | 15,154            | 17,594            |
| Department of Fisheries and Oceans      | 213,542           | 66,186            |
| Other                                   | 13,489            | 94,464            |
| Province of New Brunswick               | 142,549           | 118,464           |
| Loans to individuals                    | 5,731             | 3,481             |
| Canada Mortgage and Housing Corporation | 3,785             | 17,898            |
|   | <u>466,264</u>    | <u>325,101</u>    |
| Allowance for doubtful accounts         | (13,122)          | (13,122)          |
|   | <u>\$ 453,142</u> | <u>\$ 333,224</u> |

**4. Trust funds held by Federal Government**

|         | March 31,<br>2020 | Additions<br>(interest) | Withdrawals | March 31,<br>2021 |
|---------|-------------------|-------------------------|-------------|-------------------|
| Revenue | \$ 6,804          | \$ 138                  | \$ -        | \$ 6,942          |
| Capital | 340               | -                       | -           | 340               |
|         | <u>\$ 7,144</u>   | <u>\$ 138</u>           | <u>\$ -</u> | <u>\$ 7,282</u>   |



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BUCTOUCHE FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2021

**5. Long-term investments**

Long-term investments are comprised of an investment in a Cranberry business, which is accounted for on the cost basis.

|                       | 2021      | 2020      |
|-----------------------|-----------|-----------|
| Long-term investments | \$ 10,000 | \$ 10,000 |

**6. Inventory**

Inventory for resale on hand at River of Little Fire Inc. (gas bar) is comprised of:

|         | 2021      | 2020      |
|---------|-----------|-----------|
| Lotto   | \$ 3,620  | \$ 3,270  |
| Tobacco | 33,400    | 27,470    |
| Other   | 48,574    | 43,325    |
|         | \$ 85,594 | \$ 74,065 |

**7. Bank Indebtedness**

The First Nation has a demand operating line of credit of \$600,000 which bears interest at bank's prime lending rate plus 1.71% per annum. The line is secured by a general security agreement and Band Council resolution.

|  | 2021      | 2020         |
|--|-----------|--------------|
| (Cash)/cheques issued in excess of bank balances | \$ 21,201 | \$ (124,047) |
| Bank indebtedness                                | -         | 460,000      |
|  | \$ 21,201 | \$ 335,953   |

BUCTOUCHE FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2021

**8. Accounts payable**

Remittances for band employee benefits are current as of March 31, 2021.

|                                       | 2021              | 2020              |
|---------------------------------------|-------------------|-------------------|
| <b>Current</b>                        |                   |                   |
| Trade payables                        | \$ 30,163         | \$ 45,042         |
| HST payable                           | 27,754            | 21,245            |
| Receiver General - payroll deductions | 25,852            | 19,421            |
| Province of NB tuition agreement      | 39,245            | -                 |
| Fisheries                             | 215,916           | 235,916           |
|                                       | <b>338,930</b>    | 321,624           |
| <b>Long term</b>                      |                   |                   |
| Province of NB tuition agreement      | -                 | 49,056            |
|                                       | <b>\$ 338,930</b> | <b>\$ 370,680</b> |

**9. Deferred revenue**

|  | 2021                | 2020              |
|--|---------------------|-------------------|
| ISC Renovations (19/20)                      | \$ -                | \$ 24,300         |
| NSMDC  | 29,808              | -                 |
| CMHC Rapid Housing Initiative                | 221,679             | -                 |
| DFO AICFI 2.3 (19/20)                        | -                   | 11,000            |
| ISC - Response (19/20)                       | -                   | 60,135            |
| ISC - Recovery (19/20)                       | -                   | 77,353            |
| ISC - Preparedness/mitigation (19/20)        | 60,107              | 60,107            |
| Health Can programs                          | 69,044              | -                 |
| Prepaid snow crab revenue                    | 75,000              | 150,000           |
| ISC Water infrastructure (20/21)             | 68,570              | -                 |
| ISC Covid funding (20/21)                    | 52,666              | -                 |
| ISC Response (20/21)                         | 72,815              | -                 |
| ISC Planning design and construction (20/21) | 60,000              | -                 |
|  | <b>709,689</b>      | 382,895           |
| Rental agreement C&F Services building       | 528,000             | -                 |
|  | <b>528,000</b>      | -                 |
|  | <b>\$ 1,237,689</b> | <b>\$ 382,895</b> |

BUCTOUCHE FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2021

**10. Long-term Debt**

|   | 2021       | 2020       |
|---|------------|------------|
| Royal Bank of Canada<br>5.04% loan, payable \$6,375 monthly including interest, due<br>December 2028                                      | \$ 490,041 | \$ 540,436 |
| Peace Hills Trust<br>3.75% loan, payable \$1,584 monthly including interest, due July<br>2020, secured by 2016 school bus                 | -          | 6,110      |
| Canada Mortgage and Housing Corporation<br>1.43% loan, payable \$425 monthly including interest, due April<br>2022, guaranteed by ISC     | 51,915     | 56,245     |
| Canada Mortgage and Housing Corporation<br>1.44% loan, payable \$935 monthly including interest, due February<br>2022, guaranteed by ISC  | 112,655    | 122,202    |
| Canada Mortgage and Housing Corporation<br>1.43% loan, payable \$425 monthly including interest, due April<br>2022, guaranteed by ISC     | 51,895     | 56,224     |
| Canada Mortgage and Housing Corporation<br>2.22% loan, payable \$1,011 monthly including interest, due January<br>2024, guaranteed by ISC | 133,342    | 142,441    |
| Canada Mortgage and Housing Corporation<br>2.21% loan, payable \$493 monthly including interest, due February<br>2024, guaranteed by ISC  | 66,594     | 71,007     |
| Canada Mortgage and Housing Corporation<br>2.21% loan, payable \$525 monthly including interest, due February<br>2024, guaranteed by ISC  | 70,928     | 75,629     |
| Canada Mortgage and Housing Corporation<br>0.45% loan, payable \$468 monthly including interest, due June 1,<br>2021, guaranteed by ISC   | 79,695     | 84,743     |
| Canada Mortgage and Housing Corporation<br>0.27% loan, payable \$475 monthly including interest, due October<br>2021, guaranteed by ISC   | 83,768     | 88,875     |
| Canada Mortgage and Housing Corporation<br>2.39% loan, payable \$628 monthly including interest, due February<br>2023, guaranteed by ISC  | 128,932    | 133,370    |

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**BUCTOUCHE FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

**10. Long-term Debt, continued**

|  | 2021         | 2020         |
|--|--------------|--------------|
|  | \$           | \$           |
|  | \$ 1,269,765 | \$ 1,377,282 |

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Assuming similar renewal terms, principal portion of long-term debt due within the next five years is expected to be:

|                     |              |
|---------------------|--------------|
| 2022                | \$ 105,000   |
| 2023                | 109,000      |
| 2024                | 113,000      |
| 2025                | 117,000      |
| 2026 and thereafter | 825,765      |
|                     | \$ 1,269,765 |

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**11. Contingent Liabilities**

Buctouche First Nation has signed a tuition arrears repayment agreement with the Province of New Brunswick. The First Nation remains indebted to the Province of New Brunswick (Department of Education) in the amount of \$39,245 excluding interest, for tuition as at March 31, 2021. This outstanding balance, which is included in the accounts payable total on the consolidated statement of financial position, will be paid over a fifteen year period with equal monthly payments of \$817.60 beginning April, 2010. The repayment agreement provides that all interest would accrue but be waived at completion of the agreement providing the First Nation makes the payments as scheduled. Therefore, the First Nation has not recorded any liability for interest owing to the Department of Education due to Chief and Council's written commitment to monthly payments in accordance with the agreement. Payments were made according to the terms of the agreement during the 2020-21 fiscal year. Further the loan was repaid in full during the 2021-2022 year.

Buctouche 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 addition, in the normal course of its operations, Buctouche First Nation becomes involved in legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur 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 recorded on Buctouche Island First Nation's financial statements.

BUCTOUCHE FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

**12. Tangible Capital Assets**

|                      | Balance,<br>beginning of<br>year | Additions  | Disposals | Balance,<br>end of year | Balance,<br>beginning<br>of year | Amortization<br>on disposals | Balance,<br>end of year | 2021 net<br>book value |
|----------------------|----------------------------------|------------|-----------|-------------------------|----------------------------------|------------------------------|-------------------------|------------------------|
|                      |                                  |            |           |                         |                                  |                              |                         |                        |
| Land                 | \$ 122,000                       | \$ -       | \$ -      | \$ 122,000              | \$ -                             | \$ -                         | \$ -                    | \$ 122,000             |
| Buildings            | 1,094,628                        | 603,413    | -         | 1,698,041               | 413,140                          | 67,922                       | 481,062                 | 1,216,979              |
| Automotive           | 52,500                           | 31,501     | -         | 84,001                  | 44,170                           | 10,300                       | 54,470                  | 29,531                 |
| Equipment            | 629,649                          | -          | -         | 629,649                 | 248,288                          | 62,965                       | 311,253                 | 318,396                |
| Paving               | 1,282,503                        | -          | -         | 1,282,503               | 523,562                          | 51,300                       | 574,862                 | 707,641                |
| CMHC Housing         | 1,288,373                        | -          | -         | 1,288,373               | 552,890                          | (44,240)                     | 508,650                 | 779,723                |
| Community Health     |                                  |            |           |                         |                                  |                              |                         |                        |
| Centre               | 445,975                          | -          | -         | 445,975                 | 286,250                          | 17,839                       | 304,089                 | 141,886                |
| Water systems        | 2,484,364                        | -          | -         | 2,484,364               | 534,440                          | 49,687                       | 584,127                 | 1,900,237              |
| Boats                | 1,077,392                        | -          | -         | 1,077,392               | 138,515                          | 53,870                       | 192,385                 | 885,007                |
| School bus           | 99,419                           | -          | -         | 99,419                  | 99,419                           | -                            | 99,419                  | -                      |
| River of Little Fire | 451,065                          | -          | -         | 451,065                 | 312,129                          | 22,650                       | 334,779                 | 116,286                |
| Band housing         | 841,314                          | -          | -         | 841,314                 | 827,559                          | 13,755                       | 841,314                 | -                      |
|                      | \$ 9,869,182                     | \$ 634,914 | \$ -      | \$ 10,504,096           | \$ 3,980,362                     | \$ 306,048                   | \$ 4,286,410            | \$ 6,217,686           |

BUCTOUCHE FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

|                      | Balance,<br>beginning of<br>year | Additions  | Disposals   | Balance,<br>end of year | Cost         | Balance,<br>beginning<br>of year | Amortization<br>of year | Accumulated<br>amortization<br>on disposals | Balance,<br>end of year | 2020 Net<br>book value |
|----------------------|----------------------------------|------------|-------------|-------------------------|--------------|----------------------------------|-------------------------|---|-------------------------|------------------------|
| Land                 | \$ 122,000                       | \$ -       | \$ -        | \$ 122,000              | \$ -         | \$ -                             | \$ -                    | \$ -  | \$ -                    | \$ 122,000             |
| Buildings            | 974,013                          | 120,615    | -           | 1,094,628               | 386,238      | 26,902                           | -                       | -   | 413,140                 | 681,488                |
| Automotive           | 52,500                           | -          | -           | 52,500                  | 40,600       | 3,570                            | -                       | -   | 44,170                  | 8,330                  |
| Equipment            | 533,308                          | 96,341     | -           | 629,649                 | 177,033      | 71,255                           | -                       | -   | 248,288                 | 381,361                |
| Paving               | 1,282,503                        | -          | -           | 1,282,503               | 491,128      | 32,434                           | -                       | -   | 523,562                 | 758,941                |
| CMHC Housing         | 1,288,373                        | -          | -           | 1,288,373               | 502,952      | 49,938                           | -                       | -   | 552,890                 | 735,483                |
| Community Health     |                                  |            |             |                         |              |                                  |                         |   |                         |                        |
| Centre               | 445,975                          | -          | -           | 445,975                 | 275,618      | 10,632                           | -                       | -   | 286,250                 | 159,725                |
| Water systems        | 2,484,364                        | -          | -           | 2,484,364               | 483,788      | 50,652                           | -                       | -   | 534,440                 | 1,949,924              |
| Boats                | 1,008,099                        | 164,492    | (95,199)    | 1,077,392               | 176,845      | 53,870                           | (92,200)                | (92,200)                                    | 138,515                 | 938,877                |
| School bus           | 99,419                           | -          | -           | 99,419                  | 79,536       | 19,883                           | -                       | -   | 99,419                  | -                      |
| River of Little Fire | 451,065                          | -          | -           | 451,065                 | 297,860      | 14,269                           | -                       | -   | 312,129                 | 138,936                |
| Band housing         | 841,314                          | -          | -           | 841,314                 | 815,944      | 11,615                           | -                       | -   | 827,559                 | 13,755                 |
|                      | \$ 9,582,933                     | \$ 381,448 | \$ (95,199) | \$ 9,869,182            | \$ 3,727,542 | \$ 345,020                       | \$ (92,200)             | \$ (92,200)                                 | \$ 3,980,362            | \$ 5,888,820           |

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**13. Prepaid expenses**

|                               | 2021             | 2020             |
|-------------------------------|------------------|------------------|
| Insurance                     | \$ 22,005        | \$ 19,907        |
| C-store deposit on canopy     | -                | 5,000            |
| Down payment on two new homes | 50,000           | -                |
|                               | <u>\$ 72,005</u> | <u>\$ 24,907</u> |

**14. Expenditures by object**

|  | 2021                | 2020                |
|--|---------------------|---------------------|
| Wages and benefits                     | \$ 1,725,250        | \$ 1,926,396        |
| Convenience store                      | 2,080,969           | 1,903,378           |
| Social program expense                 | 201,501             | 171,819             |
| Tuition                                | 248,058             | 232,554             |
| Supplies, maintenance, services & ins. | 374,922             | 394,689             |
| Interest and bank charges              | 62,306              | 91,988              |
| Professional services                  | 33,004              | 18,100              |
| Repairs                                | 249,654             | 109,471             |
| Other                                  | 684,186             | 559,389             |
|  | <u>\$ 5,659,850</u> | <u>\$ 5,407,784</u> |



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**15. 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 \$453,142 (2020 - \$333,224). 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 and is not material.

**Liquidity risk**

The First Nation does have a liquidity risk in the accounts payable and accrued liabilities of \$338,930 (2020 - \$370,680). 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: maintains an adequate line of credit to repay trade creditors and maintains a responsible cash position. In the opinion of management, the liquidity risk exposure to the First Nation is low and is not material.

**Interest rate risk**

The First Nation is exposed to interest rate risk. This risk exists due to interest rate exposure on its bank indebtedness, which is 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 and is not material.

**16. Economic Dependence**

Buctouche First Nation receives a significant portion of its revenue pursuant to a funding agreement with Indigenous Services Canada.

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**17. Annual surplus net of amortization and loan payments**

|  | 2021              | 2020                |
|--|-------------------|---------------------|
| Annual surplus (deficit)                             | \$ 106,770        | \$ (389,440)        |
| Add: Amortization expense included in annual surplus | 306,048           | 345,021             |
| Deduct: Principal portion of loan payments           | (107,518)         | (116,188)           |
| Annual surplus net of amortization and loan payments | <u>\$ 305,300</u> | <u>\$ (160,607)</u> |