

# **NATOAGANEG FIRST NATION**

## **CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2024**

NATOAGANEG FIRST NATION  
CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2024

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## NATOAGANEG FIRST NATION

### MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

MARCH 31, 2024

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

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and as such include amounts that are the best estimates and judgments of management.

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

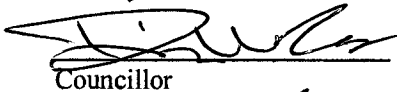
The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

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

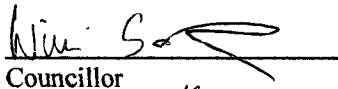
Lenahan McCain & Associates, an independent firm of accountants, has been engaged to examine the consolidated financial statements in accordance with Canadian generally accepted auditing standards. Their report stating the scope of their examination and opinion on the consolidated financial statements,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

On behalf of Natoaganeg First Nation:

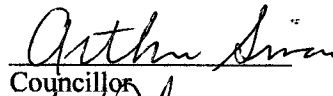
  
Chief

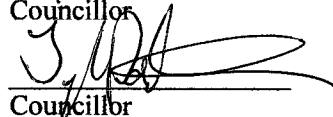
  
Councillor

  
Councillor

  
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Councillor

## **Independent Auditor's Report**

To the Chief and Council and Members of  
Natoaganeg First Nation

### *Opinion*

We have audited the consolidated financial statements of Natoaganeg First Nation, which comprise the consolidated statement of financial position as at March 31, 2024, and the consolidated statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies 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, 2024, and the results of its consolidated operations, the changes in its consolidated net debt, 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 Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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.

## **Independent Auditor's Report, continued**

- ♦ 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 Group 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.

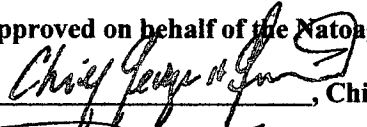
**Woodstock, New Brunswick  
March 4, 2025**


*Lulu McLean & Associates*  
**Chartered Professional Accountants**


**NATOAGANEG FIRST NATION**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**MARCH 31, 2024**

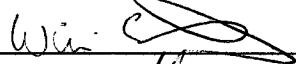
	2024	2023
<b>Financial Assets</b>		
Cash	\$ 2,970,023	\$ 4,321,032
Restricted cash (Note 2)	311,019	310,707
Accounts receivable (Note 3)	9,222,324	8,634,782
Trust funds held by Federal Government (Note 4)	108,438	105,017
	<b>12,611,804</b>	<b>13,371,538</b>
<b>Liabilities</b>		
Accounts payable (Note 6)	1,858,834	2,233,850
Deferred revenue (Note 7)	9,530,799	9,022,508
Long-term debt (Note 8)	13,096,920	18,811,902
	<b>24,486,553</b>	<b>30,068,260</b>
<b>Net debt</b>	<b>(11,874,749)</b>	<b>(16,696,722)</b>
<b>Non-financial Assets</b>		
Tangible capital assets (Note 10)	45,965,390	40,168,540
Prepaid expenses (Note 12)	775,387	474,490
Intangible assets (Note 17)	13,166,769	13,166,769
	<b>59,907,546</b>	<b>53,809,799</b>
<b>Accumulated Surplus</b>	<b>\$ 48,032,797</b>	<b>\$ 37,113,077</b>


Approved on behalf of the Notoaganeg First Nation

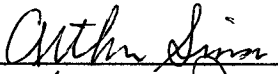
  
\_\_\_\_\_, Chief

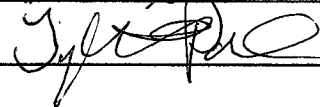
  
\_\_\_\_\_, Councillor

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

The accompanying notes are an integral part of the financial statements

**NATOAGANEG FIRST NATION**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT**  
**FOR THE YEAR ENDED MARCH 31, 2024**

	<b>2024 Budget</b>	<b>2024 Actual</b>	<b>2023 Actual</b>
<b>Surplus</b>	<b>\$ (1,190,178)</b>	<b>\$ 10,919,720</b>	<b>\$ 3,328,173</b>
Acquisition of tangible capital assets	-	(7,923,834)	(4,939,409)
Amortization of tangible capital assets	1,913,888	2,126,984	1,913,888
	1,913,888	(5,796,850)	(3,025,523)
Acquisition of prepaid asset	-	(300,897)	(199,943)
Increase in net financial assets	723,710	4,821,973	102,707
Net debt at beginning of year	(16,696,722)	(16,696,722)	(16,799,429)
<b>Net debt at end of year</b>	<b>\$ (15,973,012)</b>	<b>\$ (11,874,749)</b>	<b>\$ (16,696,722)</b>

The accompanying notes are an integral part of the financial statements



NATOAGANEG FIRST NATION

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED MARCH 31, 2024

	2024 Budget	2024 Actual	2023 Actual
<b>Revenue</b>			
Indigenous Services Canada	\$ 11,006,239	\$ 14,929,947	\$ 14,874,845
Fisheries operations	2,445,050	7,857,152	4,006,447
Other	2,162,441	5,704,853	4,718,178
Canada Mortgage and Housing Corporation	240,000	4,390,332	1,930,405
Rental	1,500,600	1,546,371	1,598,314
Crown land forestry operations	988,000	667,513	1,124,558
Deferred revenue, opening	-	8,760,573	6,682,297
Deferred revenue, closing	-	(9,255,446)	(8,760,573)
	<b>18,342,330</b>	<b>34,601,295</b>	<b>26,174,471</b>
<b>Expenditures</b>			
Social Development	2,342,452	3,351,138	3,709,363
Community Development	4,043,050	4,281,069	5,339,100
Community Infrastructure	857,500	1,266,233	955,356
Housing and Capital Projects	1,363,000	2,024,392	2,290,616
Band Administration	1,053,000	1,320,621	1,203,756
Education	3,246,500	3,905,652	3,522,724
Early Childhood Learning	100,465	144,680	280,439
Women's Shelter	1,194,000	632,996	192,226
Community Health	3,225,647	4,279,683	3,221,773
Public Safety	-	77,446	-
Assisted Living	193,006	270,681	217,057
	<b>17,618,620</b>	<b>21,554,591</b>	<b>20,932,410</b>
<b>Surplus before other items</b>	<b>723,710</b>	<b>13,046,704</b>	<b>5,242,061</b>
<b>Other items</b>			
Amortization	(1,913,888)	(2,126,984)	(1,913,888)
<b>Surplus</b>	<b>(1,190,178)</b>	<b>10,919,720</b>	<b>3,328,173</b>
<b>Accumulated surplus at beginning of year</b>	<b>37,113,073</b>	<b>37,113,073</b>	<b>33,784,900</b>
<b>Accumulated surplus at end of year</b>	<b>\$ 35,922,895</b>	<b>\$ 48,032,793</b>	<b>\$ 37,113,073</b>

The accompanying notes are an integral part of the financial statements

**NATOAGANEG FIRST NATION**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2024**

	2024 Actual	2023 Actual
<b>Cash flows from</b>		
<b>Operating activities</b>		
Surplus	\$ 10,919,720	\$ 3,328,173
Items not affecting cash		
Amortization expense	2,126,984	1,913,888
	13,046,704	5,242,061
Change in non-cash operating working capital		
Accounts receivable	(587,542)	(4,058,318)
Prepaid expenses	(300,897)	(199,943)
Trust funds held by Federal Government	(3,421)	(2,582)
Accounts payable	(375,017)	1,331,084
Deferred revenue	508,291	2,340,211
Investment in Natuaqanek Commercial Fishery Cooperative Ltd.	-	16,438
	12,288,118	4,668,951
<b>Capital activities</b>		
Acquisition of tangible capital assets	(7,923,834)	(4,939,409)
<b>Financing activities</b>		
Repayment of long-term debt	(6,371,231)	(958,947)
Proceeds of long-term debt	656,250	643,942
	(5,714,981)	(315,005)
<b>Decrease in cash and cash equivalents</b>	(1,350,697)	(585,463)
<b>Cash and cash equivalents, beginning of year</b>	4,631,739	5,217,202
<b>Cash and cash equivalents, end of year</b>	\$ 3,281,042	\$ 4,631,739
<b>Represented by</b>		
Cash	\$ 2,970,023	\$ 4,321,032
Restricted cash	311,019	310,707
	\$ 3,281,042	\$ 4,631,739

The accompanying notes are an integral part of the financial statements

**NATOAGANEG FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2024**

**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 Natoaganeg 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 entities included in the consolidated financial statements are as follows:

1. Natuaqanek Commercial Fishery Cooperative Ltd.

**(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) 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 and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from those estimates.

**(d) Financial instruments**

The First Nation's financial instruments consist of cash, restricted cash, accounts receivable, bank indebtedness, accounts payable, deferred revenue 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.

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**NATOAGANEG FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2024**

**1. Basis of Presentation and Significant Accounting Policies, continued**

**(e) Principles of consolidation**

All controlled entities are fully consolidated on a line-by-line basis except for Natuaqanek Commercial Fishery Cooperative Ltd. which meets the definition of a government business enterprise. This enterprise is included in the consolidated financial statements on a modified equity 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.

**Modified Equity Method**

This method is used for commercial enterprises which meet the definition of government business enterprises. 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. The modified equity method reports a commercial enterprise's net assets as an investment on the Consolidated Statement of Financial Position. The net income of the commercial enterprises is reported as equity 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.

**(f) 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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## NATOAGANEG FIRST NATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2024

#### **1. Basis of Presentation and Significant Accounting Policies, continued**

##### **(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.

Certain tangible capital assets, including but not limited to housing as well as 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 1999 would now be fully amortized.

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 (computers and water and sewer) or declining balance method over their estimated useful lives. Amortization begins in the year acquired. Current descriptions and applicable rates are as follows:

Land improvements	4 %
Community buildings	4 %
Vehicles	30 %
Paving	8 %
Furniture and equipment	20 %
Computers	2 years
Housing	5 %
Water and sewer	50 years
Fishing vessels	15 %

##### **(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 is performed is deferred and recognized when the fee is earned or service performed.

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**NATOAGANEG FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2024**

**1. Basis of Presentation and Significant Accounting Policies, continued**

**(i) 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.

**(j) 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.

**(k) Segment disclosure**

The financial statements of Natoaganeg 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.

**(l) Fishing licences**

Fishing licenses are recorded at cost as intangible assets 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. Restricted cash**

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.

	2024	2023
Balance, beginning of year	\$ 310,707	\$ 310,397
Deposits	312	310
Balance, end of year	\$ 311,019	\$ 310,707

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**NATOAGANEG FIRST NATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2024**

**3. Accounts receivable**

	2024	2023
Indigenous Services Canada	\$ 2,178,422	\$ 3,445,726
Department of Fisheries and Oceans	2,575,712	2,689,597
Other	1,356,006	317,935
North Shore Micmac District Council	1,121,501	339,369
Advances to Members	174,120	140,667
Province of New Brunswick	1,174,309	640,006
Canada Mortgage and Housing Corporation	516,731	1,011,113
HST Recoverable	125,523	50,369
	<b>\$ 9,222,324</b>	<b>\$ 8,634,782</b>

**4. Trust funds held by federal government**

	March 31, 2023	Additions (Interest)	March 31, 2024
Revenue	\$ 77,840	\$ 3,421	\$ 81,261
Capital	27,177	-	27,177
Total	<b>\$ 105,017</b>	<b>\$ 3,421</b>	<b>\$ 108,438</b>

**5. Bank indebtedness**

The First Nation has an approved operating line of credit at Canadian Imperial Bank of Commerce to a maximum of \$750,000, secured by a general security agreement and a band council resolution, bearing an interest rate at prime plus 1.25%.

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NATOAGANEG FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2024

**6. Accounts payable**

Remittances for band employee benefits are current as of March 31, 2024.

	2024	2023
Trade	\$ 1,557,328	\$ 2,034,305
Pension plan	7,260	2,137
Wages and payroll deductions	224,949	167,296
ISC - Admin & Support - Estates (19/20)	17,689	17,689
Accrued interest	51,608	12,423
	<u>\$ 1,858,834</u>	<u>\$ 2,233,850</u>

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**NATOAGANEG FIRST NATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2024**

**7. Deferred revenue**

	2024	2023
ISC - water & sewer project	\$ 1,084,407	\$ 80,862
ISC - lot development	47,994	-
ISC - summer student	16,687	-
ISC - economic development	-	96,520
ISC - housing and capital	-	549,727
ISC - community buildings	75,000	-
ISC - skills link	95,568	95,568
ISC - income assistance	-	288,353
ISC - education	682,132	572,833
ISC - capacity building	9,304	-
ISC - shelters	990,132	375,505
ISC - community infrastructure	123,405	496,699
ISC - fire protection	24,763	-
ISC - P&ID	86,992	86,992
ISC - JP	51,700	-
ISC - community buildings	-	75,000
ISC - new construction	297,000	-
ISC - renovations	7,839	-
ISC - ec dev	38,673	-
ISC / Health Canada programs	1,651,748	2,191,738
Future sale of lobster boats	275,353	254,435
Canada Mortgage and Housing Corporation	347,119	1,638,582
Other	3,077,221	2,140,107
ACOA - leakage	80,000	-
Province of New Brunswick	467,762	79,587
	<b>\$ 9,530,799</b>	<b>\$ 9,022,508</b>

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**NATOAGANEG FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2024**

**8. Long-term debt**

	2024	2023
Canada Mortgage and Housing Corporation Various mortgages at interest rates from 0.67% to 3.96%, payable to CMHC guaranteed by the Minister of Indigenous Services Canada. These loans are related to CMHC housing projects and have varying repayment terms and maturity dates.	\$ 4,295,781	\$ 4,586,723
Royal Bank of Canada Prime plus 1.75% loan, payable \$320 monthly plus interest, due December 2024	75,960	78,451
CIBC Prime + 0.5% loan, payable \$467 monthly plus interest, maturity date February 2031	38,733	44,333
CIBC Prime + 1.0% demand loan, payable \$1,667 monthly plus interest, maturity date February 2025	18,333	38,333
CIBC Prime + 0.5% demand loan, payable \$472 monthly plus interest, maturity date February 2036	67,528	73,195
CIBC Prime + 1.0% demand loan, interest payable monthly in arrears for 10 months followed by 60 monthly payments \$1,892 monthly plus accrued interest, maturity date February 2027, secured by solar project.	43,507	66,206
Government of Canada Interest-free loan with no set terms of repayment, due on the earlier of March 2027 or the date on which the 1884 Eel Ground Reserve Lands Claim is settled	473,800	215,000
Royal Bank of Canada 7.70% loan, payable \$458 monthly including interest, due December 2023	-	4,752
CIBC Prime + 0.5% loan, payable \$567 monthly plus interest, maturity date February 2031	47,033	53,833

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**NATOAGANEG FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2024**

**8. Long-term debt, continued**

	2024	2023
CIBC		
Prime rate non-revolving demand instalment loan, interest payable monthly in arrears for 12 months followed by 19 annual principal payments of \$473,684, due May 2040, secured by snow crab licences and quota, fishing vessel and equipment	7,052,632	7,526,316
CIBC		
Prime rate non-revolving demand instalment loan, interest payable monthly in arrears for 12 months followed by payment in full on May 1, 2022 which, at CIBC's discretion, may be demanded, extended or re-amortized at the prevailing interest rate at that time, secured by snow crab licences and quota, fishing vessel and equipment. The loan was paid in full in February 2024.	-	5,500,000
CIBC		
Prime plus 0.50% loan payable \$1,325 monthly over 300 instalments plus interest, due on demand, secured by five micro homes	389,501	-
CIBC		
Prime plus 1.50% demand loan payable \$3,051 monthly including interest, due October 2034, secured by 12 unit apartment building at 55 Riverside East	343,057	349,971
CIBC		
Prime plus 2.00% demand loan, payable in monthly instalments of \$1,278 plus interest, amortized over 167 months, due August 2029, previously Natuaqanek Commercial Fisheries Co-op loan	83,055	98,389
CIBC		
Prime plus 0.50% demand loan payable \$700 monthly plus interest, due March 2044, secured by a general security agreement	168,000	176,400
	<b>13,096,920</b>	<b>18,811,902</b>
Current portion	<b>1,311,734</b>	<b>6,328,585</b>
	<b>\$ 11,785,186</b>	<b>\$ 12,483,317</b>

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**NATOAGANEG FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**8. Long-term debt, continued**

Principal portion of long-term debt due within the next five years:

2025	\$ 1,311,734
2026	812,834
2027	787,158
2028	782,278
2029 and thereafter	9,402,916
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	\$ 13,096,920

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**9. Contingent Liabilities**

Natoaganeg 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 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 First Nation's financial statements. When the future event involves more uncertainty, the action or claim is considered a contingent liability.

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**NATOAGANEG FIRST NATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2024**

**10. Tangible Capital Assets**

	Cost	Additions	Accumulated amortization	2024 Net book value
Community buildings	\$ 19,178,447	\$ 6,033,273	\$ 6,361,791	\$ 18,849,928
Vehicles	1,052,469	184,500	942,125	294,843
Computers	273,791	15,329	277,623	11,497
Furniture and equipment	1,772,309	147,944	1,035,679	884,574
Paving	233,659	-	178,119	55,540
Water and sewer	17,239,027	199,201	4,636,658	12,801,571
Subdivision	958,374	70,148	521,053	507,469
Vessels	2,554,750	153,878	1,237,347	1,471,281
Housing	17,709,686	1,119,562	7,740,561	11,088,688
	<b>\$ 60,972,512</b>	<b>\$ 7,923,835</b>	<b>\$ 22,930,956</b>	<b>\$ 45,965,391</b>

	Cost	Additions	Accumulated amortization	2023 Net book value
Community buildings	\$ 16,920,460	\$ 2,257,988	\$ 5,702,071	\$ 13,476,376
Vehicles	940,872	111,597	855,300	197,169
Computers	270,516	3,275	271,334	2,456
Furniture and equipment	1,552,131	220,177	833,028	939,280
Paving	225,500	8,159	173,290	60,369
Water and sewer	17,114,732	124,295	4,289,885	12,949,142
Subdivision	881,740	76,633	501,369	457,004
Vessels	2,278,528	276,222	991,287	1,563,463
Housing	15,848,622	1,861,064	7,186,408	10,523,279
	<b>\$ 56,033,101</b>	<b>\$ 4,939,410</b>	<b>\$ 20,803,972</b>	<b>\$ 40,168,538</b>

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**NATOAGANEG FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2024**

**11. 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 of \$9,222,324 (2023 - \$8,634,782). 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 bank indebtedness and accounts payable and accrued liabilities of \$1,858,834 (2023 - \$2,233,850). 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.

**Interest rate risk**

The First Nation is exposed to interest rate risk. This risk exists due to interest rate exposure on its bank indebtedness and 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. 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.

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**NATOAGANEG FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**12. Prepaid expenses**

	2024	2023
Land claim expenses	\$ 485,307	\$ 190,307
Insurance	44,176	39,874
Payroll and benefits	-	13,770
Other	40,822	7,624
Minister of Finance - tuition	205,082	222,915
Total	\$ 775,387	\$ 474,490

**13. Economic Dependence**

Natoaganeg First Nation received a major portion of its revenues pursuant to a funding arrangement with Indigenous Services Canada. The continued operation of the First Nation is dependant on the continuation of this funding arrangement.

**14. 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.

**15. Expenses by object**

	2024	2023
Wages and benefits	\$ 9,295,890	\$ 7,599,800
Social program payments	2,458,116	3,487,197
Travel and training	473,426	217,769
Programs and activities	3,586,957	2,631,170
Tuition costs	708,870	714,596
Repairs, supplies and services	3,555,381	4,871,739
Interest and bank charges	1,085,426	853,472
Professional services	293,738	556,667
Other	96,787	-
Amortization	2,126,984	1,913,888
	\$ 23,681,575	\$ 22,846,298

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**NATOAGANEG FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**16. Annual surplus net of capital related revenues and amortization**

	2024	2023
Annual surplus (deficit)	\$ 10,919,720	\$ 3,328,173
Deduct: Federal government transfers for capital (Page 30)	(11,670,707)	(5,209,357)
Deduct: Provincial government transfers for capital (Page 30)	(480,000)	(14,762)
Add: Amortization expense included in annual surplus (deficit)	2,126,984	1,913,888
Annual surplus net of capital related revenues and amortization	<u>\$ 895,997</u>	<u>\$ 17,942</u>

**17. Intangible assets**

	2024	2023
Commercial fishing licenses	<u>\$ 13,166,769</u>	<u>\$ 13,166,769</u>