

Consolidated Financial Statements

Fort Folly First Nation

March 31, 2022

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Management’s responsibility for financial reporting

The accompanying consolidated financial statements and schedules of the Fort Folly First Nation are the responsibility of management and have been approved by the Chief and Council. For a small entity such as Fort Folly First Nation, there is not a clear line of distinction between management and Chief and Council as Chief and Council act in the capacity of managing the First Nation. As a result, management and Chief and Council can be considered the same.

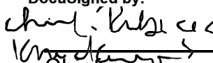
The consolidated financial statements and schedules have been prepared by management in accordance with Canadian public sector accounting standards. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods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

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

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

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

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

DocuSigned by:


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Councillor

Councillor

Independent auditor's report

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To the Chief and Council of **Fort Folly First Nation**

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – restated comparative information

We draw attention to Note 17 of the consolidated financial statements which explains that certain comparative information for the year ended March 31, 2021 have been restated. Our opinion is not modified in respect of this matter.

Other matter

Our audit was conducted for the purposes of forming an opinion on the consolidated financial statements taken as a whole. The schedules included on pages 17 to 20 are presented for the purposes of additional information and are not a required part of the consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion, on the audit of the financial statements taken as a whole.

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as

management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing the First Nation's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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.

Truro, Canada
June 13, 2023



Chartered Professional Accountants

Fort Folly First Nation

Consolidated statement of operations and surplus

Year ended March 31	Budget 2022	Actual 2022	Actual 2021 (restated – Note 17)
Revenues			
Government transfers (Note 2)	\$ 2,939,339	\$ 4,976,831	\$ 3,364,513
Other revenues (Note 2)	1,166,350	2,282,101	1,456,626
Total revenues	<u>4,105,689</u>	<u>7,258,932</u>	<u>4,821,139</u>
Expenditures			
Amortization	260,000	363,132	385,171
Bad debts	40,000	-	-
Bait and other	40,000	21,000	28,266
Basic needs	35,000	42,375	35,048
Brighter futures	30,000	36,700	25,069
Community health program	30,000	22,107	14,135
Cultural education	13,000	689	-
Diesel fuel - vessels	50,000	18,870	38,346
Economic grants and other	15,000	10,139	87,120
Equipment lease	5,000	3,034	3,284
Fishing supplies and quotas	35,000	25,031	37,691
Forestry contracts	25,000	18,611	23,692
Honorariums	36,000	42,500	54,000
In-home care	45,000	59,894	51,586
Insurance	70,000	67,232	75,096
Interest and bank charges	10,000	12,036	12,649
Interest on long term debt	25,000	15,855	11,773
Land conservation (Note 16)	-	914,441	867,234
Office supplies	15,000	6,924	6,626
Professional fees	75,000	58,640	76,904
Property taxes	9,000	10,000	10,045
Repairs and maintenance			
Buildings and other	120,000	277,686	135,051
Vessels	80,000	34,923	69,061
Salmon recovery – supplies and training	120,000	336,180	270,313
Special needs	20,000	21,641	11,797
Sundry	60,000	417,294	273,539
Travel and vehicle operating	150,000	97,197	50,248
Tuition	88,000	126,317	80,840
Tutoring and allowances	15,000	10,305	17,043
Utilities	70,000	83,041	58,825
Wages and benefits	1,000,000	1,484,563	1,374,656
Water testing	8,000	35,136	18,584
Total expenditures	<u>2,594,000</u>	<u>4,673,493</u>	<u>4,203,692</u>
Annual surplus	<u>\$ 1,511,689</u>	<u>2,585,439</u>	<u>617,447</u>
Accumulated surplus, beginning of year, as previously reported		4,530,397	3,249,620
Restated comparative information		(923,330)	(260,000)
Accumulated surplus, end of year		<u>\$ 6,192,506</u>	<u>\$ 3,607,067</u>

See accompanying notes to the consolidated financial statements

Fort Folly First Nation**Consolidated statement of financial position**

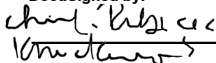
March 31	2022	2021 (restated – Note 17)
Financial assets		
Cash and cash equivalents	\$ 766,797	\$ 2,013,741
Restricted cash		
Trust fund	9,355	9,355
Replacement reserve fund (Note 10)	93,106	103,955
Receivables (Note 3)	<u>2,033,675</u>	<u>584,339</u>
	<u>2,902,933</u>	<u>2,711,390</u>
Financial liabilities		
Payables and accruals (Note 4)	375,553	84,431
Deferred revenue (Note 5)	426,923	1,632,069
Long-term debt – capital (Note 6)	<u>340,599</u>	<u>388,694</u>
	<u>1,143,075</u>	<u>2,105,194</u>
Net financial assets (Page 6)	<u>1,759,858</u>	<u>606,196</u>
Non-financial assets		
Tangible capital assets (Note 7)	4,400,794	2,969,810
Prepays (Note 8)	<u>31,854</u>	<u>31,061</u>
	<u>4,432,648</u>	<u>3,000,871</u>
Surplus (Note 9)	<u>\$ 6,192,506</u>	<u>\$ 3,607,067</u>

Contingencies (Note 11)

Commitments (Note 12)

On behalf of the Band

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Chief_____
Councillor_____
Councillor

Fort Folly First Nation**Consolidated statement of changes in net financial assets**

Year ended March 31	Budget 2022	Actual 2022	Actual 2021 (restated – Note 17)
Annual surplus	\$ 1,511,689	\$ 2,585,439	\$ 617,447
Acquisition of tangible capital assets	-	(1,794,116)	(190,289)
Amortization of tangible capital assets	260,000	363,132	385,171
	<u>260,000</u>	<u>(1,430,984)</u>	<u>194,882</u>
Change in prepaid expenses, net	-	(793)	18,009
Change in net financial assets	<u>\$ 1,771,689</u>	1,153,662	830,338
Net financial assets, beginning of year, as previously reported		567,929	35,858
Restated comparative information		<u>38,267</u>	<u>(260,000)</u>
Net financial assets, end of year		<u>\$ 1,759,858</u>	<u>\$ 606,196</u>

See accompanying notes to the consolidated financial statements

Fort Folly First Nation**Consolidated statement of cash flows**

Year ended March 31

2022**2021**(restated –
Note 17)**Increase (decrease) in cash and cash equivalents****Operating activities**

Annual surplus	\$	2,585,439	\$	617,447
Amortization		363,132		385,171
Gain on sale of tangible capital asset		(2,500)		-
		<u>2,946,071</u>		<u>1,002,618</u>

Change in non-cash working capital

Receivables	(1,449,336)	(226,845)
Payables and accruals	291,122	(24,478)
Deferred revenue	(1,205,146)	930,442
Prepays	(793)	18,009
	<u>581,918</u>	<u>1,699,746</u>

Investing

Acquisition of tangible capital assets	(1,794,116)	(190,289)
Proceeds on sale of tangible capital assets	2,500	-
Restricted cash and deposits	10,849	(3,233)
	<u>(1,780,767)</u>	<u>(193,522)</u>

Financing

Repayment of long-term debt - capital	(48,095)	(46,457)
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(Decrease) increase in cash and cash equivalents (1,246,944) 1,459,767

Opening, cash and cash equivalents 2,013,741 553,974

Closing, cash and cash equivalents \$ 766,797 \$ 2,013,741

Fort Folly First Nation

Notes to the consolidated financial statements

March 31, 2022

1. Summary of significant accounting policies

Principles and basis of consolidation

The consolidated financial statements of Fort Folly First Nation (the "First Nation") are the representations of management prepared in accordance with Canadian accounting standards for local governments as established by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the First Nation are as follows:

Consolidation

These consolidated financial statements consolidate the assets, liabilities and results of operations of the First Nation's reporting entity.

The various operations of the First Nation have been amalgamated for the purpose of presentation in the consolidated financial statements. Fort Folly First Nation maintains the following operations:

- General operations which reports the general activities of the First Nation administration including Band support, social services, education, operations capital, operating and maintenance, economic development, community health and welfare, employment training, and miscellaneous.
- The Band housing projects which report the social housing assets of the First Nation, together with related activities.
- The Trust Fund which reports on trust funds owned and controlled by Fort Folly First Nation and held by third parties.
- Fort Folly Fisheries which reports the First Nation's commercial fishing operation.

Revenue recognition and Deferred revenue

Unconditional and conditional transfers from other governments for operating and capital purposes are recognized as revenue in the period in which all eligibility criteria and/or stipulations have been met and the amounts are authorized. Any funding received prior to satisfying these conditions is deferred until the conditions have been met. When revenue is received without eligibility criteria or stipulations, it is recognized when the transfer is authorized.

All non-government contributions or grant revenues that are externally restricted for a specified purpose are recognized as revenue in the period in which the resources are used for the purpose or purposes specified. Any externally restricted revenues not yet used for the purpose or purposes specified are reported as deferred revenues.

Fishing and forestry revenues are recognized as revenues when product is sold and when services are provided if the amounts can be reasonably estimated and collection is reasonably assured.

Use of estimates

The preparation of the consolidated financial statements in conformity with Canadian public sector accounting standards requires the First Nation's management to make estimates and assumptions that affect the amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the consolidated financial statements and reported amounts of revenue and expenses during the year. Actual results could differ from those reported. Estimates include amortization of tangible capital assets and allowances on receivables.

Cash and cash equivalents and restricted cash balances

Cash and cash equivalents include cash on hand, balances with banks and term deposits, net of any bank overdraft. Bank borrowings are considered to be financing activities.

Restricted cash balances include separate restricted cash balances for the Trust Fund and the Replacement Reserve Fund (see Note 10).

Fort Folly First Nation

Notes to the consolidated financial statements

March 31, 2022

1. Summary of significant accounting policies (continued)

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated change in net financial liabilities for the year.

Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the assets. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

Housing	4%, straight-line
Water system	4%, straight-line
Roads	8%, straight-line
Housing – CMHC Section 95	Debt reduction
Building	4%, straight-line
Office equipment	30% & 55%, straight-line
Equipment	20%, straight-line
Vehicles	30%, straight-line
Fishing boats	15%, straight-line

Assets under construction are not amortized until the asset is available for productive use.

Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and are also recorded as revenue.

Fort Folly First Nation**Notes to the consolidated financial statements**March 31, 2022

2. Revenues	<u>2022</u>	<u>2021</u> (restated – Note 17)
Government transfers		
Atlantic Salmon Recovery Foundation	\$ 15,000	\$ 149,163
Canada Mortgage and Housing Corporation	202,498	64,880
Environment Canada	1,202,903	1,046,626
Fisheries and Oceans Canada	762,505	617,821
Indigenous Services Canada	2,090,152	1,031,553
Indigenous Services Canada – First Nations and Inuit Health Branch	654,988	424,470
Summer student grant	48,785	30,000
	<u>4,976,831</u>	<u>3,364,513</u>
Other revenues		
First Nation Education Initiative	72,500	73,447
Fishing	1,424,528	897,647
Forestry	-	48,297
Gain on the sale of tangible capital asset	2,500	-
HST rebates - Gitpo Tobacco & Gasoline Inc. (net)	82,642	88,620
Interest income	384	4,349
North Shore Micmac District Council	233,080	179,242
Rent	76,319	33,000
Sundry	300,298	62,141
Wood E&IS	89,850	69,883
	<u>2,282,101</u>	<u>1,456,626</u>
	<u>\$ 7,258,932</u>	<u>\$ 4,821,139</u>

3. Receivables	<u>2022</u>	<u>2021</u>
Atlantic Salmon	\$ -	\$ 15,000
Child and Family	300,000	-
Department of fisheries	299,423	-
Fisheries and Oceans Canada	-	49,000
HST	109,334	86,848
Indigenous Services Canada	1,230,414	60,000
Mi'kmaq Child and Family Services New Brunswick	-	250,000
New Brunswick Wildlife Trust	-	7,500
North Shore Micmac District Council	65,106	-
Province of New Brunswick	10,000	108,326
Sundry	19,398	7,665
	<u>\$ 2,033,675</u>	<u>\$ 584,339</u>

Fort Folly First Nation**Notes to the consolidated financial statements**March 31, 2022

4. Payables and accruals	<u>2022</u>	<u>2021</u>
Trade payables	\$ 361,113	\$ 69,991
Accruals	<u>14,440</u>	<u>14,440</u>
	<u>\$ 375,553</u>	<u>\$ 84,431</u>

5. Deferred revenue	<u>2022</u>	<u>2021</u> (restated – Note 17)
Mi'kmaq Child and Family Services of New Brunswick		
Beginning balance	\$ 381,250	\$ 146,250
Funding received	-	250,000
Revenue recognized	<u>(59,042)</u>	<u>(15,000)</u>
	322,208	381,250
C.M.H.C.	-	171,679
Environment & Climate Change Canada	104,715	919,140
Fisheries and Oceans Canada	<u>-</u>	<u>160,000</u>
Total deferred revenue	<u>\$ 426,923</u>	<u>\$ 1,632,069</u>

Fort Folly First Nation**Notes to the consolidated financial statements**March 31, 2022

6. Long term debt - capital	<u>2022</u>	<u>2021</u>
C.M.H.C. loan, payable in monthly instalments of \$281 including principal and interest at 1.3%, secured by a Band Council resolution and guarantee from Indigenous Services Canada, matures January 2026 and amortized to January 2026.	\$ 12,621	\$ 15,813
C.M.H.C. loan, payable in monthly instalments of \$350 including principal and interest at 2.27%, secured by a Band Council resolution and guarantee from Indigenous Services Canada, matures April 2027 and amortized to April 2027.	20,165	23,962
C.M.H.C. loan, payable in monthly instalments of \$303 including principal and interest at 1.86%, secured by a Band Council resolution and guarantee from Indigenous Services Canada, matures April 2024 and amortized to March 2029.	23,885	27,050
C.M.H.C. loan, payable in monthly instalments of \$396 including principal and interest at 2.52%, secured by a Band Council resolution and a guarantee from Indigenous Services Canada, matures September 2023 and amortized to September 2033.	47,391	50,903
C.M.H.C. loan, payable in monthly instalments of \$288 including principal and interest at 1.22%, secured by a Band Council resolution and a guarantee from Indigenous Services Canada, matures May 2026 and amortized to November 2034.	40,602	43,576
C.M.H.C. loan, payable in monthly instalments of \$380 including principal and interest at 2.39%, secured by a Band Council resolution and guarantee from Indigenous Services Canada, matures March 2023 and amortized to February 2033.	43,863	47,340
3.49% Chrysler vehicle loan, repaid during the year.	-	8,127
Ulnooweg term loan, payable in monthly instalments of \$2,890 including principal and interest at 8%, secured by Specific assets, matures August 2027.	<u>152,072</u>	<u>171,923</u>
	<u>\$ 340,599</u>	<u>\$ 388,694</u>

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

2023	\$ 43,388
2024	46,142
2025	48,804
2026	50,519
2027	51,043

Fort Folly First Nation**Notes to the consolidated financial statements**March 31, 2022

7. Tangible capital assets

			<u>2022</u>	<u>2021</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u> (restated – Note 17)
Infrastructure and social				
Land	\$ 91,333	\$ -	\$ 91,333	\$ 91,333
Land improvements	7,269	5,964	1,305	1,596
Water system	1,014,899	365,381	649,518	684,808
Roads	211,402	49,034	162,368	179,280
CMHC houses section 95	557,175	257,893	299,282	319,331
Houses	1,010,305	110,996	899,309	238,915
Building salmon recovery program	142,448	107,045	35,403	41,101
Main office	1,354,249	278,536	1,075,713	538,944
CBC Building	15,206	-	15,206	15,206
Operational equipment	621,080	284,813	336,267	20,302
Equipment	232,896	89,628	143,268	88,032
Office equipment	122,684	122,684	-	-
	<u>5,380,946</u>	<u>1,671,974</u>	<u>3,708,972</u>	<u>2,218,848</u>
Fisheries and conservation				
Land	41,439	-	41,439	41,439
Building	231,590	81,332	150,258	159,522
Boats and gear	1,073,931	694,742	379,189	443,961
Vehicles	631,214	510,278	120,936	106,040
	<u>1,978,174</u>	<u>1,286,352</u>	<u>691,822</u>	<u>750,962</u>
	<u>\$ 7,359,120</u>	<u>\$ 2,958,326</u>	<u>\$ 4,400,794</u>	<u>\$ 2,969,810</u>

8. Prepaids

	<u>2022</u>	<u>2021</u>
Prepaid insurance	\$ 8,599	\$ 7,806
Tuition fees	<u>23,255</u>	<u>23,255</u>
	<u>\$ 31,854</u>	<u>\$ 31,061</u>

9. Surplus

	<u>2022</u>	<u>2021</u>
		(restated – Note 17)
The surplus balance is comprised of the following:		
Operating surplus	\$ 2,004,712	\$ 905,596
Replacement Reserve Fund	118,000	111,000
Equity in Trust Fund	<u>9,599</u>	<u>9,355</u>
	<u>2,132,311</u>	<u>1,025,951</u>
Investment in tangible capital assets	<u>4,060,195</u>	<u>2,581,116</u>
	<u>\$ 6,192,506</u>	<u>\$ 3,607,067</u>

Fort Folly First Nation

Notes to the consolidated financial statements

March 31, 2022

10. Replacement reserve fund

Under the terms of the agreement with the C.M.H.C., the replacement reserve account is to be credited in the amount of \$7,000 annually. These funds along with accumulated interest must be held in a separate interest bearing bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by the C.M.H.C. from time to time. No interest was earned on the reserve balance during the year. The funds in the account may only be used as approved by the C.M.H.C. Withdrawals are credited to principal first and then interest. At year end, the funds in reserve consisted of the following:

	<u>2022</u>	<u>2021</u>
Cash	\$ <u>93,106</u>	\$ <u>103,955</u>

As at March 31, 2022, there was a deficit of \$24,894 (2021 – \$7,045) in this account.

11. Contingencies

- (a) The Band has entered into contribution agreements with various funding agencies, which are subject to repayment if the Band fails to comply with the terms and conditions of these agreements.
- (b) The housing projects do not calculate their rental income in accordance with sub-paragraph 2(5) of the operating agreement with C.M.H.C. In addition, C.M.H.C. may determine certain expenditures to be not eligible in determining the accumulated surplus/deficit of the housing projects, if such expenditures are not in accordance with the agreement. Failure to comply with the terms and conditions of the agreement could result in repayment of excess subsidies as well as discontinuance of all Federal assistance.

12. Commitments and guarantees

As of March 31, 2022, the First Nation has entered into an agreement for the construction of a building in the amount of \$600,000.

The First Nation has committed to covering the property tax related to the land transferred to Keki'namuanen Msit Wen Wlo'tmnen Nmaqami'kminu Inc., a not-for-profit organization for the year ended March 31, 2023.

13. Economic dependence

The Fort Folly First Nation receives a major portion of its revenues pursuant to funding agreements with various governments.

14. Employee benefits

The First Nation contributes to a defined contribution plan on behalf of its employees. The assets of the plan are held separately from those of the First Nation in independently administered funds. Contributions paid and expensed by the First Nation in the current year amounted to \$37,318 (2021 - \$36,607).

Fort Folly First Nation

Notes to the consolidated financial statements

March 31, 2022

15. Related party transactions

During the year, the First Nation received \$82,642 (2021 - \$88,620) in tax rebates from Gitpo Tobacco & Gasoline Inc., a company owned by the Chief and a Councillor, under a business arrangement to share in tax rebates from the Province of New Brunswick from the operations of the gas bar.

16. Land conservation

During the year, the First Nation received funding from Environment & Climate Change Canada from the Canada Nature Fund program which is recognized in government transfers in Note 2 for the purpose of establishing a network of Indigenous Protected and Conserved Areas. During the year, 5 (2021 – 2) properties were acquired for \$914,441 (2021 – \$867,234) and transferred to Keki'namuanen Msit Wen Wlo'tmnen Nmaqami'kminu Inc., a not-for-profit which Fort Folly First Nation is a member of.

17. Restated comparative information

During the year, management determined that \$961,596 of property and related costs capitalized in relation to land acquired for land conservation that was recognized as tangible capital assets in fiscal 2021 were transferred to Keki'namuanen Msit Wen Wlo'tmnen Nmaqami'kminu Inc. immediately after the acquisition. Further, government transfer revenues of \$260,000 which had stipulations attached relating to the land acquisitions was recognized in fiscal 2020, before the stipulations of the transfer had been satisfied. This resulted in an overstatement of revenue in 2020 and an overstatement of tangible capital assets, deferred revenue, and opening surplus in the prior year consolidated statement of financial position and an understatement of revenue and expenses in the prior year consolidated statement of operations.

As a result, the following consolidated financial statement items for the year ended and as at March 31, 2021 have been increased (decreased) as follows:

March 31, 2021	Previously reported	Adjustment	Restated
<u>Consolidated statement of operations</u>			
Revenue – government transfers	3,066,247	298,266	3,364,513
Expenses – land conservation	-	867,234	867,234
Expenses – salmon recover – supplies and training	175,951	94,362	270,313
Surplus, beginning of year	3,249,620	(260,000)	2,989,620
Annual surplus	1,280,777	(663,330)	617,447
<u>Consolidated statement of financial position</u>			
Deferred revenue	1,670,336	(38,267)	1,632,069
Tangible capital assets	3,931,407	(961,597)	2,969,810
Surplus, end of year	4,530,397	(923,330)	3,607,067

Fort Folly First Nation

Schedule of segment disclosures

Year ended March 31, 2022

	Band Government			Education			Health			Housing		
	Budget 2022	Actual 2022	Actual 2021	Budget 2022	Actual 2022	Actual 2021	Budget 2022	Actual 2022	Actual 2021	Budget 2022	Actual 2022	Actual 2021
Revenues												
Federal government operating transfers	\$ 659,472	\$ 1,139,527	\$ 778,090	\$ 146,677	\$ 146,677	\$ 94,262	\$ 654,988	\$ 654,988	\$ 424,470	\$ 15,000	\$ 202,498	\$ 64,880
Government capital transfers	628,870	693,537	747,358	-	-	-	-	-	-	-	-	-
Provincial government operating transfers	-	48,785	30,000	-	-	-	-	-	-	-	-	-
Economic activities	-	-	-	-	-	-	-	-	-	-	-	-
Other	258,888	725,223	405,799	-	42,500	35,000	-	-	-	-	-	-
	1,547,230	2,607,072	1,961,247	146,677	189,177	129,262	654,988	654,988	424,470	15,000	202,498	64,880
Expenses												
Salaries & benefits	200,000	335,857	190,304	20,000	20,611	27,814	280,000	178,872	251,900	-	-	-
Amortization	80,000	171,896	138,412	-	-	-	-	-	-	18,700	20,119	19,731
Interest	30,000	24,133	20,216	-	-	-	-	-	-	5,000	3,758	4,206
Other	419,000	678,127	741,279	130,000	137,310	119,584	250,000	399,627	154,769	-	-	-
	729,000	1,210,013	1,090,211	150,000	157,921	147,398	530,000	578,499	406,669	23,700	23,877	23,937
Surplus (deficit) for the year	\$ 818,230	\$ 1,397,059	\$ 871,036	\$ (3,323)	\$ 31,256	\$ (18,136)	\$ 124,988	\$ 76,489	\$ 17,801	\$ (8,700)	\$ 178,621	\$ 40,943

Fort Folly First Nation

Schedule of segment disclosures

Year ended March 31, 2022

	Social Services		Fisheries		Forestry		Land conservation		Totals	
	Budget 2022	Actual 2022	Budget 2022	Actual 2022	Budget 2022	Actual 2022	Budget 2022	Actual 2022	Budget 2022	Actual 2022
Revenues										
Federal government operating transfers	\$ 110,411	\$ 110,411	\$ 721,533	\$ 946,520	\$ -	\$ -	\$ -	\$ 1,033,888	\$ 2,308,081	\$ 4,234,509
Government capital transfers	-	-	-	-	-	-	-	-	\$ 628,870	\$ 693,537
Provincial government operating transfers	-	-	-	-	-	-	-	-	-	\$ 48,785
Economic activities	-	-	800,000	1,424,528	20,000	48,297	-	-	\$ 820,000	\$ 1,424,528
Other	-	-	89,850	89,850	-	-	-	-	\$ 348,738	\$ 857,573
	110,411	110,411	1,611,383	2,460,898	20,000	48,297	-	1,033,888	\$ 4,105,689	\$ 7,258,932
										(restated - Note 17)
Expenses										
Salaries & benefits	-	-	500,000	949,223	-	-	-	-	\$ 1,000,000	\$ 1,484,563
Amortization	-	-	161,000	170,826	300	291	-	-	\$ 260,000	\$ 363,132
Interest	-	-	-	-	-	-	-	-	\$ 35,000	\$ 27,891
Other	75,000	64,016	400,000	466,328	25,000	18,611	-	1,033,888	\$ 1,299,000	\$ 2,797,907
	75,000	64,016	1,061,000	1,586,377	25,300	23,983	-	1,033,888	\$ 2,594,000	\$ 4,673,493
Surplus (deficit) for the year	\$ 35,411	\$ 46,395	\$ 550,383	\$ 874,521	\$ (5,300)	\$ (18,902)	\$ -	\$ -	\$ 1,511,689	\$ 2,585,439
										\$ 617,447

Fort Folly First Nation**Schedule of changes in operating surplus**

Year ended March 31

2022**2021**(restated –
Note 17)

Annual surplus	\$ 2,585,439	\$ 617,447
Transfer to investment in tangible capital assets		
Tangible capital asset additions, net	(1,794,116)	(190,289)
Amortization	363,132	385,171
Transfer to replacement reserve	(7,000)	(7,000)
Interest earned on equity trust fund	(244)	(116)
Debt repayments – capital	(48,095)	(46,457)
	<u>(1,486,323)</u>	<u>141,309</u>
Change in operating surplus	1,099,116	758,756
Opening operating surplus, as previously reported	867,329	406,840
Restated comparative information	<u>38,267</u>	<u>(260,000)</u>
Closing operating surplus	<u>\$ 2,004,712</u>	<u>\$ 905,596</u>

Fort Folly First Nation**Schedule of changes in replacement reserve fund**

Year ended March 31	2022	2021
Transfers from operating fund	\$ <u>7,000</u>	\$ <u>7,000</u>
Change in fund balance	7,000	7,000
Opening fund balance	<u>111,000</u>	<u>104,000</u>
Closing fund balance	<u>\$ 118,000</u>	<u>\$ 111,000</u>

Fort Folly First Nation**Schedule of changes in trust fund**

Year ended March 31	2022	2021
Revenues		
Interest	\$ <u>244</u>	\$ <u>116</u>
Change in fund balance	244	116
Opening fund balance	<u>9,355</u>	<u>9,239</u>
Closing fund balance	<u>\$ 9,599</u>	<u>\$ 9,355</u>

Fort Folly First Nation**Schedule of changes in investment in tangible capital
assets**

Year ended March 31	2022	2021
		(restated – Note 17)
Balance, beginning of year	\$ 2,581,116	\$ 2,729,541
Tangible capital asset additions	1,794,116	190,289
Debt repayments - capital	48,095	46,457
Amortization	(363,132)	(385,171)
Balance, end of year	\$ 4,060,195	\$ 2,581,116
