

## Consolidated Financial Statements

Fort Folly First Nation

March 31, 2023

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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 Doane Grant Thornton LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. Doane Grant Thornton LLP has full and free access to the Council.

  
Chief

  
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, 2023, 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, 2023, 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.

## 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 19 to 22 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**

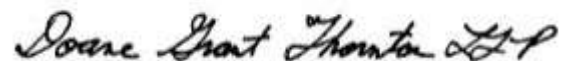
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not 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  
January 24, 2025



Chartered Professional Accountants

# Fort Folly First Nation

## Consolidated statement of operations and surplus

Year ended March 31	Budget 2023	Actual 2023	Actual 2022
<b>Revenues</b>			
Government transfers (Note 3)	\$ 1,130,000	\$ 3,765,892	\$ 4,976,831
Other revenues (Note 3)	<u>1,131,000</u>	<u>2,903,413</u>	<u>2,282,101</u>
<b>Total revenues</b>	<u>2,261,000</u>	<u>6,669,305</u>	<u>7,258,932</u>
<b>Expenditures</b>			
Accretion	-	9,717	-
Amortization	250,000	519,145	363,132
Bait and other	25,000	35,712	21,000
Basic needs	40,000	41,835	42,375
Brighter futures	12,000	23,950	36,700
Community health program	1,000	32,074	22,107
Cultural education	10,000	5,940	689
Diesel fuel - vessels	40,000	67,131	18,870
Economic grants and other	10,000	3,924	10,139
Environmental development	-	3,465	-
Equipment lease	5,000	2,622	3,034
Fishing supplies and quotas	30,000	57,732	25,031
Forestry contracts	25,000	29,080	18,611
Honorariums	45,000	36,000	42,500
In-home care	50,000	137,785	59,894
Insurance	65,000	78,936	67,232
Interest and bank charges	10,000	15,589	12,036
Interest on long term debt	20,000	12,165	15,855
Land conservation (Note 16)	-	310,794	914,441
Office supplies	10,000	130,396	6,924
Professional fees	73,000	129,432	58,640
Property taxes	8,000	-	10,000
Repairs and maintenance			
Buildings and other	48,000	385,049	277,686
Vessels	70,000	37,552	34,923
Salmon recovery – supplies and training	8,000	348,627	336,180
Special needs	25,000	35,429	21,641
Sundry	15,000	200,745	417,294
Travel and vehicle operating	85,000	160,307	97,197
Tuition	90,000	122,388	126,317
Tutoring and allowances	10,000	23,666	10,305
Utilities	65,000	100,860	83,041
Wages and benefits	950,000	1,541,130	1,484,563
Water testing	<u>7,500</u>	<u>40,865</u>	<u>35,136</u>
<b>Total expenditures</b>	<u>2,102,500</u>	<u>4,680,042</u>	<u>4,673,493</u>
<b>Annual surplus</b>	<u>\$ 158,500</u>	<u>1,989,263</u>	<u>2,585,439</u>
Accumulated surplus, beginning of year		<u>6,192,506</u>	<u>3,607,067</u>
<b>Accumulated surplus, end of year</b>		<u>\$ 8,181,769</u>	<u>\$ 6,192,506</u>

See accompanying notes to the consolidated financial statements

# Fort Folly First Nation

## Consolidated statement of financial position

March 31

2023

2022

### Financial assets

Cash and cash equivalents	\$ 2,495,047	\$ 766,797
Restricted cash		
Trust fund	9,355	9,355
Replacement reserve fund (Note 11)	134,317	93,106
Receivables (Note 4)	1,176,061	2,033,675
	<u>3,814,780</u>	<u>2,902,933</u>

### Financial liabilities

Payables and accruals (Note 5)	173,770	375,553
Deferred revenue (Note 6)	805,758	426,923
Asset retirement obligation (Note 7)	499,525	-
Long-term debt – capital (Note 8)	168,121	340,599
	<u>1,647,174</u>	<u>1,143,075</u>

### Net financial assets (Page 6)

<u>2,167,606</u>	<u>1,759,858</u>
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### Non-financial assets

Tangible capital assets (Note 9)	5,982,050	4,400,794
Prepays	32,113	31,854
	<u>6,014,163</u>	<u>4,432,648</u>

### Surplus (Note 10)

<u>\$ 8,181,769</u>	<u>\$ 6,192,506</u>
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Contingencies (Note 12)

On behalf of the Band

 Chief

 Councillor

 Councillor

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

Year ended March 31	Budget 2023	Actual 2023	Actual 2022
Annual surplus	\$ 158,500	\$ 1,989,263	\$ 2,585,439
Acquisition of tangible capital assets	-	(1,610,593)	(1,794,116)
Asset retirement obligation additions	-	(489,808)	-
Amortization of tangible capital assets	<u>250,000</u>	<u>519,145</u>	<u>363,132</u>
		<u>(1,581,256)</u>	<u>(1,430,984)</u>
Change in prepaid expenses, net	<u>-</u>	<u>(259)</u>	<u>(793)</u>
Change in net financial assets	<u>\$ 408,500</u>	<u>407,748</u>	1,153,662
Net financial assets, beginning of year		<u>1,759,858</u>	<u>606,193</u>
Net financial assets, end of year		<u>\$ 2,167,606</u>	<u>\$ 1,759,858</u>

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See accompanying notes to the consolidated financial statements



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

Year ended March 31

**2023****2022**

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**Increase (decrease) in cash and cash equivalents****Operating activities**

Annual surplus	\$	1,989,263	\$	2,585,439
Accretion		9,717		-
Amortization		519,145		363,132
Gain on sale of tangible capital asset		-		(2,500)
		<u>2,518,125</u>		<u>2,946,071</u>

**Change in non-cash working capital**

Receivables	857,614	(1,449,336)
Payables and accruals	(201,783)	291,122
Deferred revenue	378,835	(1,205,146)
Prepays	(259)	(793)
	<u>3,552,532</u>	<u>581,918</u>

**Investing**

Acquisition of tangible capital assets	(1,610,593)	(1,794,116)
Proceeds on sale of tangible capital assets	-	2,500
Restricted cash and deposits	(41,211)	10,849
	<u>(1,651,804)</u>	<u>(1,780,767)</u>

**Financing**

Repayment of long-term debt - capital	(172,478)	(48,095)
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(Decrease) increase in cash and cash equivalents **1,728,250** **(1,246,944)**

Opening, cash and cash equivalents **766,797** **2,013,741**

Closing, cash and cash equivalents **\$ 2,495,047** **\$ 766,797**

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# Fort Folly First Nation

## Notes to the consolidated financial statements

March 31, 2023

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### 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, allowances on receivables, and asset retirement obligations.

#### 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 11).

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# Fort Folly First Nation

## Notes to the consolidated financial statements

March 31, 2023

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### 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	4%, straight-line
Building	4%, straight-line
Asset retirement obligation asset	7 years, 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.

#### Asset retirement obligation

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefit will be given up; and
- A reasonable estimate of the amount can be made.

Any liability for the closure or remediation of a tangible capital asset would be recognized based on estimated future expenses.

The liability would be discounted using a present value calculation and adjusted annually for accretion expense. The recognition of any liability would result in an accompanying increase to the respective tangible capital asset. The increase to tangible capital assets would be amortized in accordance with the amortization accounting policies used for any tangible capital assets giving rise to the liability.

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## Fort Folly First Nation

### Notes to the consolidated financial statements

March 31, 2023

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#### 2. Adoption of accounting policies

##### *PS 3280 Asset retirement obligations*

On April 1, 2022, Fort Folly First Nation adopted Public Sector Accounting Standards PS 3280 – Asset retirement obligations (“PS 3280”). The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, including the removal and/or remediation of contaminants in assets owned by public sector entities. The standard was adopted on the prospective basis at the date of adoption, as the event giving rise to the obligation arose prior to April 1, 2022, and the obligation has not been previously recognized. Under the prospective basis of adoption, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard.

Fort Folly First Nation recognized an asset retirement obligation upon the adoption under PSAS 3280 on April 1, 2022. The liability represents the required closure and remediation of asbestos and water wells owned by Fort Folly First Nation. These assets have expected retirement years of 2030. As of the date of adoption of the standard the relevant discount rates on tangible assets was 2.02% per annum.

In accordance with the provisions of this new standard, Fort Folly First Nation has reflected the following adjustments as at April 1, 2022:

- a) An asset retirement obligation in the amount of \$489,808, representing the original \$552,383 obligation discounted to the present value using discount rate of 2.02% per annum; and
- b) An increase to tangible capital assets, representing the original estimate of the obligation as at the date of transition.

##### *PS 3450 Financial instruments and PS 2601 Foreign currency translation*

On April 1, 2022, the First Nation adopted Public Accounting Standards PS 34500 – Financial Instruments and PS 2601 – Foreign Currency Translation. The standards were adopted prospectively from the date of adoption. The new standards provide comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments and foreign currency transactions. Under PS 3450, all financial instruments, including derivatives, are included on the statement of financial position and are measured either at fair value or amortized cost based on the characteristics of the instrument and the Organization’s accounting policy choices.

In accordance with the provisions of this new standard, the First Nation has no adjustments.

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**Fort Folly First Nation****Notes to the consolidated financial statements**March 31, 2023

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<b>3. Revenues</b>	<b><u>2023</u></b>	<b><u>2022</u></b>
Government transfers		
Atlantic Salmon Recovery Foundation	\$ 60,000	\$ 15,000
Canada Mortgage and Housing Corporation	36,779	202,498
Environment Canada	552,656	1,202,903
Fisheries and Oceans Canada	886,805	762,505
Indigenous Services Canada	1,549,272	2,090,152
Indigenous Services Canada – First Nations and Inuit Health Branch	667,830	654,988
Summer student grant	12,550	48,785
	<u>3,765,892</u>	<u>4,976,831</u>
Other revenues		
First Nation Education Initiative	231,658	72,500
Fishing	1,175,012	1,424,528
Gain on the sale of tangible capital asset	-	2,500
Gain on the sale of swordfish license	350,000	-
HST rebates - Gitpo Tobacco & Gasoline Inc. (net)	95,879	82,642
Interest income	21,855	384
North Shore Micmac District Council	228,972	233,080
Rent	88,320	76,319
Sundry	621,867	300,298
Wood E&IS	89,850	89,850
	<u>2,903,413</u>	<u>2,282,101</u>
	<u>\$ 6,669,305</u>	<u>\$ 7,258,932</u>
<b>4. Receivables</b>	<b><u>2023</u></b>	<b><u>2022</u></b>
Child and Family	\$ -	\$ 300,000
Department of Fisheries	318,174	299,423
HST	117,909	109,334
Indigenous Services Canada	590,795	1,230,414
New Brunswick Wildlife Trust	51,000	-
North Shore Micmac District Council	200	65,106
Province of New Brunswick	64,492	10,000
Sundry	33,491	19,398
	<u>\$ 1,176,061</u>	<u>\$ 2,033,675</u>

**Fort Folly First Nation**  
**Notes to the consolidated financial statements**  
March 31, 2023

<b>5. Payables and accruals</b>	<b><u>2023</u></b>	<b><u>2022</u></b>
Trade payables	\$ 112,302	\$ 361,113
Accruals	14,400	14,440
Other	<u>47,068</u>	<u>-</u>
	<b><u>\$ 173,770</u></b>	<b><u>\$ 375,553</u></b>

<b>6. Deferred revenue</b>	<b><u>2023</u></b>	<b><u>2022</u></b>
Mi'kmaq Child and Family Services of New Brunswick		
Beginning balance	\$ 322,208	\$ 381,250
Funding received	-	-
Revenue recognized	<u>(65,000)</u>	<u>(59,042)</u>
	<b>257,208</b>	<b>322,208</b>
Environment & Climate Change Canada		
Beginning balance	\$ 104,715	\$ 919,140
Funding received	604,629	169,463
Revenue recognized	<u>(310,794)</u>	<u>(983,888)</u>
	<b>398,550</b>	<b>104,715</b>
Metcalf Foundation	<u>150,000</u>	<u>-</u>
Total deferred revenue	<b><u>\$ 805,758</u></b>	<b><u>\$ 426,923</u></b>

**7. Asset retirement obligation**

The First Nation's asset retirement obligation consists of liabilities for the costs of decommissioning the wells and remediation of asbestos. Following the adoption of PS 3280 – Asset retirement obligations, the First National recognized an obligation relating to these decommissioning and remediation costs as estimated as at April 1, 2022. As of the date of adoption of the standard, the relevant discount rates on tangible assets held was 2.02% per annum.

	<b><u>2023</u></b>	<b><u>2022</u></b>
Opening balance	\$ -	\$ -
Liability recognized on adoption of PS 3280	489,808	-
Accretion expense	<u>9,717</u>	<u>-</u>
Closing balance	<b><u>\$ 499,525</u></b>	<b><u>\$ -</u></b>

# Fort Folly First Nation

## Notes to the consolidated financial statements

March 31, 2023

8. Long term debt - capital	2023	2022
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.	\$ 9,379	\$ 12,621
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.	16,373	20,165
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.	20,659	23,885
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.	43,790	47,391
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.	37,619	40,602
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.	40,301	43,863
8% Ulnooweg term loan, repaid during the year.	-	152,072
	<u>\$ 168,121</u>	<u>\$ 340,599</u>

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

2024	\$ 20,846
2025	21,408
2026	20,921
2027	18,910
2028	15,535

**Fort Folly First Nation**  
**Notes to the consolidated financial statements**  
March 31, 2023

<b>9. Tangible capital assets</b>		<b>2023</b>		<b>2022</b>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Infrastructure and social				
Land	\$ 91,333	\$ -	\$ 91,333	\$ 91,333
Land improvements	7,269	6,255	1,014	1,305
Water system	1,014,899	405,977	608,921	649,518
Roads	1,327,370	110,585	1,216,785	162,368
CMHC houses section 95	557,175	278,287	278,888	299,282
Houses	1,373,119	158,664	1,214,455	899,309
Building salmon recovery program	169,214	113,277	55,937	35,403
Main office	1,385,587	333,333	1,052,253	1,075,713
Asset retirement obligation asset	489,808	69,973	419,835	-
CBC Building	15,206	-	15,206	15,206
Operational equipment	674,787	295,751	379,037	336,267
Equipment	232,896	132,917	99,979	143,268
Office equipment	122,684	122,684	-	-
	<u>7,461,348</u>	<u>2,027,703</u>	<u>5,433,645</u>	<u>3,708,972</u>
Fisheries and conservation				
Land	41,439	-	41,439	41,439
Building	251,590	90,996	160,594	150,258
Boats and gear	1,073,930	785,532	288,399	379,189
Vehicles	631,214	573,241	57,973	120,936
	<u>1,998,174</u>	<u>1,449,769</u>	<u>548,405</u>	<u>691,822</u>
	<u>\$ 9,459,522</u>	<u>\$ 3,477,472</u>	<u>\$ 5,982,050</u>	<u>\$ 4,400,794</u>

<b>10. Surplus</b>		<b>2023</b>	<b>2022</b>
The surplus balance is comprised of the following:			
Operating surplus	\$	2,194,180	\$ 2,004,712
Replacement Reserve Fund		148,000	118,000
Equity in Trust Fund		<u>25,660</u>	<u>9,599</u>
		2,367,840	2,132,311
Investment in tangible capital assets		<u>5,813,929</u>	<u>4,060,195</u>
	\$	<u>8,181,769</u>	\$ <u>6,192,506</u>



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## Fort Folly First Nation

### Notes to the consolidated financial statements

March 31, 2023

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#### 11. 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>2023</u>	<u>2022</u>
Cash	\$ <u>134,317</u>	\$ <u>93,106</u>

As at March 31, 2023, there was a surplus (deficit) of \$9,317 (2022 – (\$24,894)) in this account.

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#### 12. 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.
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#### 13. Economic dependence

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

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#### 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 \$46,799 (2022 – \$37,318).

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## Fort Folly First Nation

### Notes to the consolidated financial statements

March 31, 2023

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#### 15. Related party transactions

During the year, the First Nation received \$95,879 (2022 - \$82,642) 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 3 for the purpose of establishing a network of Indigenous Protected and Conserved Areas. During the year, no properties (2022 - 5) were acquired for \$Nil (2022 - \$914,441) 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.

# Fort Folly First Nation

## Schedule of segment disclosures

Year ended March 31, 2023

	Band Government			Education			Health			Housing		
	Budget 2023	Actual 2023	Actual 2022	Budget 2023	Actual 2023	Actual 2022	Budget 2023	Actual 2023	Actual 2022	Budget 2023	Actual 2023	Actual 2022
<b>Revenues</b>												
Federal government operating transfers	\$ 635,000	\$ 1,234,298	\$ 1,139,527	\$ 55,000	\$ 149,437	\$ 146,677	\$ 120,000	\$ 667,830	\$ 654,988	\$ -	\$ 36,779	\$ 202,498
Government capital transfers	-	50,245	693,537	-	-	-	-	-	-	-	-	-
Provincial government operating transfers	-	12,550	48,785	-	-	-	-	-	-	-	-	-
Economic activities	-	-	-	-	-	-	-	-	-	-	-	-
Other	256,000	1,043,381	725,223	-	245,169	42,500	-	-	-	-	-	-
	891,000	2,340,474	2,607,073	55,000	394,606	189,177	120,000	667,830	654,988	-	36,779	202,498
<b>Expenses</b>												
Salaries & benefits	190,000	177,409	335,857	9,500	16,229	20,611	266,000	260,645	178,872	-	-	-
Amortization	-	258,838	171,896	-	-	-	-	-	-	25,000	20,395	20,119
Interest	9,000	24,514	24,132	-	-	-	-	-	-	21,000	3,242	3,758
Other	403,500	1,056,456	678,129	157,000	151,994	137,310	51,000	393,787	399,627	63,000	-	-
	602,500	1,517,217	1,210,014	166,500	168,223	157,921	317,000	654,432	578,499	109,000	23,637	23,877
<b>Surplus (deficit) for the year</b>	\$ 288,500	\$ 823,257	\$ 1,397,059	\$ (111,500)	\$ 226,383	\$ 31,256	\$ (197,000)	\$ 13,398	\$ 76,489	\$ (109,000)	\$ 13,142	\$ 178,621

# Fort Folly First Nation

## Schedule of segment disclosures

Year ended March 31, 2023

Social Services			Fisheries			Forestry			Land conservation			Totals		
Budget 2023	Actual 2023	Actual 2022	Budget 2023	Actual 2023	Actual 2022	Budget 2023	Actual 2023	Actual 2022	Budget 2023	Actual 2023	Actual 2022	Budget 2023	Actual 2023	Actual 2022
\$ -	\$ 115,292	\$ 110,411	\$ 220,000	\$ 1,139,367	\$ 946,520	\$ -	\$ -	\$ -	\$ 100,000	\$ 360,094	\$ 1,033,888	\$ 1,130,000	\$ 3,703,097	\$ 4,234,509
-	-	-	-	-	-	-	-	-	-	-	-	-	\$ 50,245	\$ 693,537
-	-	-	-	-	-	-	-	-	-	-	-	-	\$ 12,550	\$ 48,785
-	-	-	800,000	1,525,012	1,424,528	-	-	-	-	-	-	\$ 800,000	\$ 1,525,013	\$ 1,424,528
-	-	-	-	89,850	89,850	75,000	-	-	-	-	-	\$ 331,000	\$ 1,378,400	\$ 857,573
-	115,292	110,411	1,020,000	2,754,229	2,460,898	75,000	-	-	100,000	360,094	1,033,888	\$ 2,261,000	\$ 6,669,305	\$ 7,258,933
9,500	-	-	475,000	1,086,843	949,223	-	-	-	-	-	-	\$ 950,000	\$ 1,541,130	\$ 1,484,563
-	-	-	225,000	169,648	170,826	-	291	291	-	-	-	\$ 250,000	\$ 449,172	\$ 363,132
-	-	-	-	-	-	-	-	-	-	-	-	\$ 30,000	\$ 27,754	\$ 27,890
-	77,264	64,016	173,000	572,635	466,328	25,000	29,080	18,611	-	310,794	1,033,888	\$ 872,500	\$ 2,592,013	\$ 2,797,909
9,500	77,264	64,016	873,000	1,829,126	1,586,377	25,000	29,371	18,902	-	310,794	1,033,888	\$ 2,102,500	\$ 4,610,069	\$ 4,673,494
\$ (9,500)	\$ 38,028	\$ 46,395	\$ 147,000	\$ 925,103	\$ 874,521	\$ 50,000	\$ (29,371)	\$ (18,902)	\$ 100,000	\$ 49,300	\$ -	\$ 158,500	\$ 2,059,236	\$ 2,585,439

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

Year ended March 31

**2023****2022**

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<b>Annual surplus</b>	<b>\$ 1,989,263</b>	<b>\$ 2,585,439</b>
Transfer to investment in tangible capital assets		
Tangible capital asset additions, net	(1,610,593)	(1,794,116)
Asset retirement obligation asset	(489,808)	
Amortization	519,145	363,132
Transfer to replacement reserve	(30,000)	(7,000)
Interest earned on equity trust fund	(16,061)	(244)
Debt repayments – capital	(172,478)	(48,095)
	<u>(1,799,795)</u>	<u>(1,486,323)</u>
<b>Change in operating surplus</b>	<b>189,468</b>	<b>1,099,116</b>
<b>Opening operating surplus</b>	<b><u>2,004,712</u></b>	<b><u>905,596</u></b>
<b>Closing operating surplus</b>	<b><u>\$ 2,194,180</u></b>	<b><u>\$ 2,004,712</u></b>

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

Year ended March 31	2023	2022
Transfers from operating fund	\$ 7,000	\$ 7,000
Change in fund balance	7,000	7,000
Opening fund balance	118,000	111,000
Closing fund balance	\$ 125,000	\$ 118,000

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

Year ended March 31	2023	2022
<b>Revenues</b>		
Interest	\$ 16,061	\$ 244
<b>Change in fund balance</b>	16,061	244
<b>Opening fund balance</b>	9,599	9,355
<b>Closing fund balance</b>	<u>\$ 25,660</u>	<u>\$ 9,599</u>

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

Year ended March 31	2023	2022
Balance, beginning of year	\$ 4,060,195	\$ 2,581,116
Tangible capital asset additions	1,610,593	1,794,116
Asset retirement obligation asset	489,808	-
Debt repayments - capital	172,478	48,095
Amortization	<u>(519,145)</u>	<u>(363,132)</u>
Balance, end of year	<u>\$ 5,813,929</u>	<u>\$ 4,060,195</u>

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