



Consolidated Financial Statements

We'koqma'q First Nation

March 31, 2018

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## Management's responsibility for financial reporting

The accompanying consolidated financial statements of the **We'koqma'q First Nation** and all the information in this annual report are the responsibility of management and have been approved by the Chief and Council.

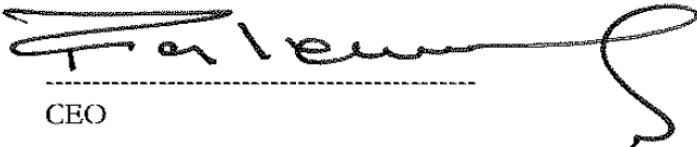
The consolidated financial statements have been prepared by management in accordance with generally accepted accounting principles. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management 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 high 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 fulfils 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 generally accepted auditing standards on behalf of the members. Grant Thornton LLP has full and free access to the council.



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CEO



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Director of Operations

# Independent Auditor's Report

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To the Chief and Councillors of the

We'koqma'q First Nation

We have audited the accompanying consolidated financial statements of the We'koqma'q First Nation (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2018, and the consolidated statements of operations, changes in net debt, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## **Management's responsibility for the consolidated financial statements**

The First Nation's management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

## **Auditor's responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the First Nation's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the First Nation's management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the We'koqma'q First Nation as at March 31, 2018, and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Sydney, Canada

August 10, 2018

*Grant Thornton LLP*

Chartered Professional Accountants  
Licensed Public Accountants

# We'koqma'q First Nation

## Consolidated statement of operations

Year ended March 31	Budget	2018	2017
<b>Revenues</b>			
Fisheries	\$ 9,381,472	\$ 5,861,572	\$ 3,803,581
Rental	40,764	104,201	38,537
Commercial sales	8,947,087	11,990,790	9,024,452
Government transfers (Note 16)	12,200,785	16,730,800	16,546,222
Other revenues	-	464,837	995,712
	<u>30,570,108</u>	<u>35,152,200</u>	<u>30,408,504</u>
<b>Expenditures</b>			
Administration	354,029	988,010	828,682
Advertising	9,195	42,050	9,155
Community	210,000	489,443	450,894
Core funding and benefits	613,000	616,362	638,913
Economic and employment development	536,318	443,728	529,243
Education and training	5,337,754	4,899,075	5,492,132
Energy efficiency project	300,000	252,469	300,531
Equipment	-	-	264,988
Fisheries	3,329,065	1,413,387	837,065
Health programs	1,562,262	1,175,354	1,173,469
Insurance	196,357	254,552	183,286
Interest	623,254	797,507	772,654
Landscaping	120,000	237,441	121,109
Municipal services	501,000	339,625	586,545
Office	135,600	188,010	140,981
Other	30,000	571	14,263
Professional fees	275,000	891,491	640,205
Purchases	6,174,946	8,219,740	5,918,242
Repairs and maintenance	823,000	1,661,747	1,362,873
Salaries and benefits	4,469,573	4,864,009	4,309,247
Security	45,000	13,763	37,827
Social	2,795,545	1,891,761	2,027,217
Training	30,000	292,633	5,497
Travel	70,000	77,339	142,604
Telephone and utilities	105,200	482,746	134,599
Amortization	-	2,311,308	1,991,208
Intangible assets acquired on business purchase (Note 14)	-	586,511	-
Loss on disposition of assets	-	-	173,086
	<u>28,646,098</u>	<u>33,430,632</u>	<u>29,086,515</u>
<b>Annual surplus</b>	<u>\$ 1,924,010</u>	<u>\$ 1,721,568</u>	<u>\$ 1,321,989</u>
Accumulated surplus, beginning of year		<u>15,283,299</u>	<u>13,961,310</u>
<b>Accumulated surplus, end of year</b>		<u>\$ 17,004,867</u>	<u>\$ 15,283,299</u>

See accompanying notes to the consolidated financial statements.

# We'koqma'q First Nation

## Consolidated statement of financial position

March 31

2018

2017

### Financial assets

Cash	\$ 412,383	-
Receivables (Note 2)	2,015,728	\$ 2,512,368
Restricted cash (Note 3)	84,889	85,047
Inventory (Note 4)	<u>1,984,515</u>	<u>1,305,870</u>
	<u>4,497,515</u>	<u>3,903,285</u>

### Financial liabilities

Bank indebtedness (Note 5)	-	426,178
Payables and accruals (Note 6)	4,116,459	4,295,018
HST payable (Note 7)	1,478,546	1,509,211
Deferred revenue (Note 8)	1,589,406	935,945
Long-term debt (Note 9)	<u>18,344,992</u>	<u>17,457,428</u>
	<u>25,529,403</u>	<u>24,623,780</u>

**Net debt (Page 6)** (21,031,888) (20,720,495)

### Non-financial assets

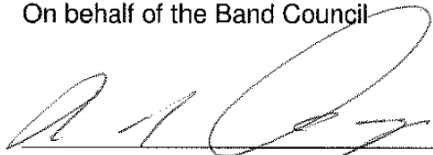
Prepays	233,707	70,818
Property and equipment (Note 10)	<u>37,803,048</u>	<u>35,932,976</u>
	<u>38,036,755</u>	<u>36,003,794</u>

**Accumulated surplus (Page 4)** \$ 17,004,867 \$ 15,283,299

Contingencies (Note 11)

Commitments (Note 12)

On behalf of the Band Council



Chief



Councillor

See accompanying notes to the consolidated financial statements.

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## We'koqma'q First Nation

### Consolidated statement of changes in net debt

Year ended March 31	Budget	2018	2017
Excess of revenues over expenses	\$ 1,924,010	\$ <b>1,721,568</b>	\$ 1,321,989
Loss on disposal of assets	-	-	173,086
Amortization	-	<b>2,311,308</b>	1,991,208
Capital assets acquired	-	<b>(4,181,380)</b>	(4,948,345)
	<u>1,924,010</u>	<u><b>(148,504)</b></u>	<u>(1,462,062)</u>
Acquisition of prepaid expenses	<u>-</u>	<u><b>(162,889)</b></u>	<u>(1,230)</u>
Change in net debt	1,924,010	<b>(311,393)</b>	(1,463,292)
Net debt, beginning of year	<u>(20,720,495)</u>	<u><b>(20,720,495)</b></u>	<u>(19,257,203)</u>
Net debt, end of year	<u>\$ (18,796,485)</u>	<u><b>\$ (21,031,888)</b></u>	<u>\$ (20,720,495)</u>

See accompanying notes to the consolidated financial statements.



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# We'koqma'q First Nation

## Consolidated statement of cash flows

Year ended March 31

2018

2017

Increase in cash and cash equivalents

<b>Operating</b>		
Excess of revenues over expenses	\$ 1,721,568	\$ 1,321,989
Amortization	2,311,308	1,991,208
Loss of disposal of assets	-	173,086
	<u>4,032,876</u>	<u>3,486,283</u>
Change in non-cash operating working capital		
Receivables	496,640	(1,201,085)
Prepays	(162,889)	(1,230)
Inventory	(678,645)	(860,757)
Payables and accruals	(178,559)	1,462,467
HST payable	(30,665)	(96,001)
Deferred revenue	653,461	362,872
	<u>4,132,219</u>	<u>3,152,549</u>
<b>Financing</b>		
Issue of long-term debt	2,607,559	3,288,079
Repayment of long-term debt	(1,719,995)	(1,190,162)
	<u>887,564</u>	<u>2,097,917</u>
<b>Capital</b>		
Capital assets acquired	(4,181,380)	(4,948,345)
Net increase in cash and cash equivalents	838,403	302,121
Cash and cash equivalents, beginning of year	(341,131)	(643,252)
Cash and cash equivalents, end of year	<u>\$ 497,272</u>	<u>\$ (341,131)</u>

Cash and cash equivalents is comprised of:

Restricted cash	\$ 84,889	\$ 85,047
Bank indebtedness	<u>412,383</u>	<u>(426,178)</u>
	<u>\$ 497,272</u>	<u>\$ (341,131)</u>

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See accompanying notes to the consolidated financial statements.

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# We'koqma'q First Nation

## Notes to the consolidated financial statements

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March 31, 2018

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### 1. Summary of significant accounting policies

#### **Reporting entity and principles of financial reporting**

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards.

The consolidated financial statements of the We'koqma'q First Nation are the representations of management prepared in accordance with Canadian generally accepted accounting principles for public sector entities, as required by the Public Sector Accounting Board (PSAB).

The focus of PSAB financial statements is on the financial position of the First Nation and the changes thereto. The consolidated statement of financial position includes all the assets and liabilities of the First Nation.

Significant aspects of the accounting policies adopted by the First Nation are as follows:

#### **Principles of consolidation**

The consolidated financial statements include the entities over which the First Nation has a controlling interest, after the elimination of inter-fund transactions and balances. The entities consolidated in these financial statements include Rod's One Stop, Waycobah Housing Projects, and Waycobah Contracting Incorporated.

#### **Government transfers**

Government transfers received are recognized in the financial statements as revenue when the transfers are authorized and all eligibility criteria have been met except when there is a stipulation that gives rise to an obligation that meets the definition of a liability. In that case, the transfer is recorded as a liability and recognized as revenue as the stipulations are met.

Government transfers to individuals and other entities are recognized as an expense when the transfers are authorized and all eligibility criteria have been met.

#### **Revenue recognition**

All non-government contributions or grant revenues that are externally restricted such that they must be used 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 inflow received before the criterion has been met is reported as a liability until the resources are used for the purpose or purposes specified.

Unrestricted revenue is recognized when received or receivable if the amount to be received can be reasonably estimated and ultimate collection is reasonably assured.

Rental revenue is recognized when received or receivable and collection is reasonably assured.

Gaming revenue from video lottery net of corresponding direct expenses are recognized at the time of play and are recorded net of commissions and credits paid out. Other gaming revenues are recognized as earned when received or receivable as long as collection is reasonably assured.

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# We'koqma'q First Nation

## Notes to the consolidated financial statements

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March 31, 2018

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### 1. Summary of significant accounting policies (continued)

#### Revenue recognition (continued)

Interest revenue is recognized as accrued unless it is externally restricted. Any externally restricted inflow received before the criterion has been met is reported as a liability until the resources are used for the purpose or purposes specified.

#### Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization and impairment.

Rates and bases of depreciation applied to write off the cost of property and equipment over their estimated lives are as follows:

Buildings	4% declining balance
Housing properties	25 years straight line
Fishing vessels	4% declining balance
Equipment	20% declining balance
Vehicles	30% declining balance
Community housing	4% declining balance
Subdivision	4% declining balance
Infrastructure	20% declining balance
Project haven	4% declining balance
Rod's One Stop	5-10 years straight line

When conditions indicate that a tangible capital asset no longer contributes to the First Nation's ability to provide goods and services, or that the value of future economic benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible capital asset is reduced to reflect the decline in the asset's value. The net write-downs of tangible capital assets are accounted for as expenses in the statement of operations and such write-downs are not reversed.

#### Use of estimates

In preparing the First Nation's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

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# We'koqma'q First Nation

## Notes to the consolidated financial statements

March 31, 2018

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### 1. Summary of significant accounting policies (continued)

#### **Inventory**

The cost of inventories is comprised of directly attributable costs and includes the purchase price plus other costs incurred in bringing the inventories to their present location and condition, such as freight. The cost is reduced by the value of rebates and allowances received from vendors. The Band estimates net realizable value as the amount that inventories are expected to be sold. Inventories are written down to net realizable value when the cost of inventories is not estimated to be recoverable due to obsolescence, damage, or declining selling prices. When circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in selling price, the amount of the write-down previously recorded is reversed. Costs that do not contribute to bringing inventories to their present location and condition, such as storage and administrative overheads, are specifically excluded from the cost of inventories and are expensed in the period incurred.

The cost of inventory recognized as an expense during fiscal 2018 was \$8,219,740 (2017 - \$5,918,242). No write-down of inventories below their cost to their net realizable value was made in fiscal 2018. There were no reversals of inventories written down previously that are no longer estimated to sell below cost.

#### **Income taxes**

The Band Council is exempt from income taxes under Section 149(l)(c) of the *Canadian Income Tax Act*.

#### **Business combinations**

Business combinations occur where the First Nation (as an acquirer) obtains control over one or more businesses and results in the consolidation of assets, and liabilities on the date of the transaction.

Business combinations are accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. Business combinations will be accounted for from the date control is attained whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed are recognized in the consolidated financial statements (subject to certain limited exceptions).

When measuring consideration transferred in a business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement accounted for within equity. Contingent consideration classified as an asset or a liability is not remeasured and any gain or loss on subsequent settlement is accounted for within net income.

All transactions costs incurred in relation to business combinations, except costs to issue equity securities, are expensed to annual surplus in the period in which they are incurred.

The acquisition may result in the purchase of goodwill or a gain from a bargain purchase. In the case of goodwill, under PSAS, intangible assets are not able to be recognized as an asset. As a result, any goodwill acquired in a business combination is expensed in the statement of operations.

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# We'koqma'q First Nation

## Notes to the consolidated financial statements

March 31, 2018

<b>2. Receivables</b>	<b><u>2018</u></b>	<b><u>2017</u></b>
Indigenous and Northern Affairs Canada	\$ 314,050	\$ 387,724
Department of Fisheries and Oceans	376,762	606,591
Health Canada	1,652	3,840
Province of Nova Scotia	136,775	123,749
Land claims	17,210	17,210
Mi'kmaw Kina'matnewey	216,112	-
Mi'kmaq Employment and Training Secretariat	208,428	-
Mi'kmaw Economic Benefits Office	66,825	-
Core advances	-	59,835
Trade and sundry	<u>881,719</u>	<u>1,374,971</u>
	<b>2,219,533</b>	<b>2,573,920</b>
Less: allowance for doubtful accounts	<u>203,805</u>	<u>61,552</u>
	<b><u>\$ 2,015,728</u></b>	<b><u>\$ 2,512,638</u></b>

<b>3. Restricted cash</b>	<b><u>2018</u></b>	<b><u>2017</u></b>
Funds on deposit with Indigenous and Northern Affairs Canada (INAC)	\$ 34,195	\$ 33,995
Replacement reserve	<u>50,694</u>	<u>51,052</u>
	<b><u>\$ 84,889</u></b>	<b><u>\$ 85,047</u></b>

Funds on deposit with Indigenous and Northern Affairs Canada refers to monies that were derived from capital revenue sources as outlined in Section 32 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act and restricted for specific purposes.

Under the terms of the agreement with the Canada Mortgage and Housing Corporation (CMHC), the replacement reserve account is to be increased by annual charges to equity. The charge in the current year is \$76,418 (2017 - \$76,887). These funds along with accumulated interest must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation (CDIC) or as may otherwise be approved by the CMHC from time to time. The funds, in the account may only be used as approved by the CMHC. Withdrawals are credited to interest first and then principal.

These allocated amounts have not been fully set aside as at March 31, 2018, with a total deficiency of \$165,419 (2017 - \$141,328). Agreements have been made with the CMHC to eliminate this deficiency with a requirement for the First Nation to set aside \$25,000 per fiscal year towards this shortfall. As of March 31, 2018, the band did not allocate the \$25,000 annual payment to the reserve fund account. The payment was subsequently remitted as of July 10, 2018.

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# We'koqma'q First Nation

## Notes to the consolidated financial statements

March 31, 2018

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<b>4. Inventory</b>	<b><u>2018</u></b>	<b><u>2017</u></b>
Rod's One Stop	\$ 169,452	\$ 168,018
Big Falls Fish Growers Limited	570,370	-
Trout farm inventory	<u>1,244,693</u>	<u>1,137,852</u>
	<b><u>\$ 1,984,515</u></b>	<b><u>\$1,305,870</u></b>

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### **5. Bank indebtedness**

The First Nation has an established line of credit from Peace Hills Trust. The line of credit is in the amount of nil which bears interest at 4.75%. The line of credit is fully advanced at year end. Amounts advanced in excess of the authorized limit bear interest at 24.00% per annum. Amounts are secured by the assignment of funding from Indigenous and Northern Affairs Canada and Mi'kmaw Kina'matnewey.

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<b>6. Payables and accruals</b>	<b><u>2018</u></b>	<b><u>2017</u></b>
Trade	\$ 3,240,528	\$ 4,039,553
Payroll remittances	286,114	-
Accrued liabilities	<u>589,817</u>	<u>255,465</u>
	<b><u>\$ 4,116,459</u></b>	<b><u>\$ 4,295,018</u></b>

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### **7. HST payable**

During the fiscal year ended March 31, 2011, the First Nation was able to reach an agreement with Canada Revenue Agency (CRA) for repayment of the HST liability stemming from selling practices in the 2004 and 2005 fiscal years. The agreement with CRA states that the First Nation is required to provide the Agency with monthly installments of \$8,000 beginning April 1, 2011, to be applied against the principal owing. All interest and penalties stemming from this liability have been forgiven on the condition that returns and payments are received.

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# We'koqma'q First Nation

## Notes to the consolidated financial statements

March 31, 2018

<b>8. Deferred revenue</b>	<b><u>2018</u></b>	<b><u>2017</u></b>
Health Canada	\$ 229,945	\$ 229,945
Indigenous and Northern Affairs Canada		
Water system upgrades	<b>675,000</b>	675,000
Mi'kmaq Employment Training Secretariat	<b>106,340</b>	31,000
Atlantic Canada Opportunities Agency	<b>218,121</b>	-
Customer deposits	<b><u>360,000</u></b>	<u>-</u>
	<b><u>\$ 1,589,406</u></b>	<b><u>\$ 935,945</u></b>

<b>9. Long-term debt</b>	<b><u>2018</u></b>	<b><u>2017</u></b>
<b>Canada Mortgage and Housing Corporation</b>		
Housing mortgages, maturing in 2025 to 2042, bearing interest at 1.01% to 2.39%, repayable under various terms.	<b>\$ 4,816,713</b>	\$ 5,065,904
<b>Royal Bank of Canada</b>		
1.89% - 2.85% mortgages, repayable under various terms by 2021.	<b>201,607</b>	272,075
2.09% term loan, maturing in March 2020, repayable in blended monthly instalments of \$907.	<b>75,352</b>	84,559
2.15% term loan, maturing in September 2020, repayable in blended monthly instalments of \$1,334.	<b>110,558</b>	124,031
4.7% term loan, repaid during the year.	-	40,282
3.28% term loan, maturing in January 2019, repayable in blended monthly instalments of \$436.	<b>78,739</b>	81,342
5.28% term loan, maturing in January 2023, repayable in blended monthly instalments of \$11,277.	<b>1,387,340</b>	-
<b>TD Canada Trust</b>		
4.01% mortgage, maturing in November 2018, repayable in blended monthly instalments of \$1,691.	<b>13,319</b>	32,673
<b>Peace Hills Trust</b>		
Prime plus 1% term loan, maturing in February 2020, repayable in blended monthly instalments of \$15,348.	<b>1,102,600</b>	1,231,028
3.95% term loan, maturing in November 2020, repayable in blended monthly instalments of \$6,994.	<b>1,084,474</b>	1,125,294

# We'koqma'q First Nation

## Notes to the consolidated financial statements

March 31, 2018

9. Long-term debt (continued)	<u>2018</u>	<u>2017</u>
<b>Peace Hills Trust</b>		
3.95% term loan, maturing in May 2020, repayable in blended monthly instalments of \$1,906.	289,554	300,912
3.95% term loan, maturing in December 2021, repayable in blended monthly instalments of \$8,323.	1,064,191	1,121,484
3.95% term loan, maturing in November 2020, repayable in blended monthly instalments of \$13,884.	2,160,899	2,241,659
3.95% term loan, maturing in October 2018, repayable in blended monthly instalments of \$1,452.	151,380	162,682
3.95% term loan, maturing in December 2021, repayable in blended monthly instalments of \$359.	32,002	35,010
3.95% term loan, maturing in June 2019, repayable in blended monthly instalments of \$4,115.	705,734	727,165
4.15% term loan, maturing in May 2019, repayable in blended monthly instalments of \$1,321.	86,544	98,618
5.75% term loan, repaid during the year.	-	6,490
5.75% term loan, maturing in March 2019, repayable in blended monthly instalments of \$11,530.	133,851	260,483
4.50% term loan, maturing in December 2019, repayable in blended monthly instalments of \$6,525.	131,250	201,887
0% term loan, repaid during the year.	-	29,060
3.95% term loan, maturing in April 2021, repayable in blended monthly instalments of \$3,669.	759,276	773,395
6.30% term loan, maturing in November 2021, repayable in blended monthly instalments of \$782.	102,931	105,858
4.5% term loan, maturing in June 2021, repayable in blended monthly instalments of \$13,680.	1,176,283	1,284,814
4.5% term loan, maturing in August 2018, repayable in blended monthly instalments of \$12,547	924,984	-
<b>Toyota Canada</b>		
1.90% term loan, maturing in June 2019, repayable in blended monthly instalments of \$611.	7,354	14,686



# We'koqma'q First Nation

## Notes to the consolidated financial statements

March 31, 2018

9. Long-term debt (continued)	<u>2018</u>	<u>2017</u>
<b>Bank of Montreal</b>		
Prime plus 3% term loan, repaid during the year.	-	7,176
<b>Ulnooweg Development Group Inc.</b>		
10.75% term loan repaid during the year.	-	158,000
8.5% term loan, maturing in June 2027, repayable in blended monthly instalments of \$3,788.	<b>292,784</b>	300,000
7.25% term loan, maturing in December 2020, repayable in blended monthly instalments of \$1,487.	<b>76,180</b>	-
<b>Province of Nova Scotia</b>		
5.35% term loan, maturing in March 2028, repayable in blended monthly instalments of \$7,053	<b>992,450</b>	998,924
3.25% term loan repaid during the year.	-	105,853
3.45% term loan with no set terms of repayment	<b>121,475</b>	121,475
3.45% term loan repaid during the year.	-	149,209
4.05% term loan with no set terms of repayment.	<b>140,168</b>	-
<b>Other</b>		
Private loan. Non-interest bearing with no set terms of repayment.	<u><b>125,000</b></u>	<u>195,400</u>
	<b>18,344,992</b>	17,457,428
Current portion of long term debt		
Principal payments due within one year.	<u><b>1,678,279</b></u>	<u>2,014,661</u>
	<u><b>\$ 16,666,713</b></u>	<u>\$ 15,442,767</u>

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# We'koqma'q First Nation

## Notes to the consolidated financial statements

March 31, 2018

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### 9. Long-term debt (continued)

As security, for the Canada Mortgage and Housing Corporation, Royal Bank of Canada and TD Canada Trust housing project mortgages, the First Nation has provided an irrevocable authorization to Indigenous and Northern Affairs Canada to assign all funding until all loans are repaid to the bank and a floating charge on the assets of the First Nation.

Peace Hills Trust loans are secured by the assignment of funding from Indigenous and Northern Affairs Canada and Mi'kmaw Kina'matnewey, and has been given a general security agreement constituting a first ranking security interest in all personal property of the Waycobah First Nation.

For the Royal Bank of Canada, Ulnooweg, BMO, Toyota Canada loans, the First Nation has given a general security agreement constituting a 2<sup>nd</sup> security interest in all present and future personal property of the First Nation and including specific charges over property.

Principal repayments in each of the next five (5) years are due as follows:

2019	\$ 1,678,279
2020	\$ 1,076,891
2021	\$ 1,053,679
2022	\$ 1,080,599
2023	\$ 1,117,446

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# We'koqma'q First Nation

## Notes to the consolidated financial statements

March 31, 2018

### 10. Property and equipment

	Opening Cost	Additions	Disposals	Closing Cost	Opening Accumulated Depreciation	Depreciation	Accumulated Depreciation on Disposals	Closing Accumulated Depreciation	2018 Net Book Value	2017 Net Book Value
Land	\$ 35,000			\$ 35,000	\$ -	\$ -	\$ -	\$ -	\$ 35,000	\$ 35,000
Land improvements	-	125,000	-	125,000	-	-	-	-	125,000	-
Buildings										
Band office	1,985,747			1,985,747	1,021,879	33,462	-	1,055,342	930,405	963,868
School	8,850,990			8,850,990	2,706,362	245,785	-	2,952,147	5,898,843	6,144,628
Police station	322,987			322,987	154,135	6,754	-	160,889	162,098	168,852
Fisheries	1,758,807			1,758,807	335,147	46,746	-	381,893	1,376,913	1,423,659
Health centre	2,379,190			2,379,190	654,162	69,001	-	723,163	1,656,027	1,725,028
Fire station	127,860	1,771,822		1,899,682	77,159	4,639	-	81,798	1,817,884	50,701
Fitness centre	133,768			133,768	17,786	2,028	-	19,814	113,954	115,982
Waycobah contracting Big Falls	192,044	250,500		250,500	-	10,020	-	10,020	167,295	172,361
Equipment and furniture	1,667,276	1,564,674		3,231,950	1,347,508	281,992	-	1,629,500	1,602,450	319,768
Computer	25,297			25,297	6,957	1,087	-	8,044	17,253	18,340
Fishing vessels	4,275,981			4,275,981	1,098,743	122,928	-	1,221,671	3,054,310	3,177,238
Fish farm	1,783,192	61,563		1,844,755	645,708	114,829	-	760,538	1,084,218	1,137,484
Vehicles	399,854	407,821		807,675	329,686	74,814	-	404,500	403,175	70,168
Community housing	6,096,616			6,096,616	1,970,943	164,987	-	2,135,930	3,960,686	4,125,673
Subdivision	9,643,729			9,643,729	2,909,460	269,371	-	3,178,831	6,464,898	6,734,269
Infrastructure	4,232,757			4,232,757	3,421,173	73,041	-	3,494,214	738,543	811,584
Project haven	198,931			198,931	198,931	-	-	198,931	-	-
Rod's One Stop	3,407,821		-	3,407,821	349,928	358,750	-	708,678	2,699,143	3,057,893
Housing Properties	12,196,709	-	-	12,196,709	6,516,229	426,008	-	6,942,237	5,254,472	5,680,480
	<u>\$ 59,714,555</u>	<u>\$ 4,181,380</u>	<u>\$ -</u>	<u>\$ 63,895,935</u>	<u>\$ 23,781,579</u>	<u>\$ 2,311,308</u>	<u>\$ -</u>	<u>\$ 26,092,887</u>	<u>\$ 37,803,048</u>	<u>\$ 35,932,976</u>

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# We'koqma'q First Nation

## Notes to the consolidated financial statements

March 31, 2018

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### 11. Contingencies

- a) We'koqma'q First Nation has entered into funding arrangements and contribution agreements with various government departments and agencies. Funding received under these arrangements and agreements are subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements.
- b) Subsidy assistance payments received through Canada Mortgage and Housing Corporation pursuant to Section 56.1 of the National Housing Act are subject to repayment if the housing projects fail to comply with the terms and conditions of the agreement.

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### 12. Commitments

The First Nation has entered into an agreement with Premium Seafoods Limited which expires in December 2023. Under the terms of the agreement, the We'koqma'q First Nation has agreed to sell exclusively to Premium Seafoods Limited with respect to its entire fishery including all fish species, shellfish, fish products and other entitlements.

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### 13. Accumulated surplus

The First Nation segregates its accumulated surplus into the following categories:

	<u>2018</u>	<u>2017</u>
Unallocated	<b>\$ 16,753,951</b>	\$ 15,056,923
Funds on deposit with Indigenous and Northern Affairs Canada	<b>34,195</b>	33,995
Replacement reserve	<u><b>216,721</b></u>	<u>192,381</u>
	<u><b>\$ 17,004,867</b></u>	<u>\$ 15,283,299</u>

The funds on deposits have been set aside to be spent on specific projects.

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# We'koqma'q First Nation

## Notes to the consolidated financial statements

March 31, 2018

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### 11. Business combination

On January 12, 2018, the First Nation acquired 100% of the voting shares of Big Falls Fish Growers Limited for cash. This Company operates an Atlantic Salmon fish hatchery in Black River Lake, Nova Scotia.

The business combination was accounted for using the acquisition method. Details of the acquisition are as follows:

Current assets, including cash of \$88,124	<b>\$ 658,494</b>
Buildings	<b>646,000</b>
Other long term assets	<b>375,500</b>
Intangible assets	<b>586,511</b>
Current liabilities	<b><u>(428,709)</u></b>
Fair value of net assets acquired	<b><u>\$ 1,837,796</u></b>
Fair value of consideration paid	<b><u>\$ 1,837,796</u></b>

The results of operations of Big Falls Fish Growers Limited are included in the accounts from the effective date of acquisition.

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# We'koqma'q First Nation

## Notes to the consolidated financial statements

March 31, 2018

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### 15. Segmented information

We'koqma'q First Nation provides a wide range of services to its members, including training, education, social, health care and housing. For management reporting purposes We'koqma'q First Nation's operations and activities are organized and reported by divisions. The divisions were created for the purpose of recording activities to comply with specific regulations and requirements.

Divisions that have been separately disclosed in the consolidated schedules of revenues and expenditures on the following pages are:

- Social Development – social assistance provided to qualifying members.
- Band Government – all associated with the administration of the First Nation operations.
- Education – providing elementary, secondary and post-secondary tuition for qualifying members along with related programs and support.
- Operations and Maintenance – repairs and maintenance carried out during the year to the community buildings.
- Economic Development – specified development projects undertaken by the First Nation.
- Department of Fisheries and Oceans – AFS Program – management of the DFO fisheries operations and fish hatchery farm.
- Employment Development – activities related to job training and skills.
- Capital Projects – provides capital construction projects for the community.
- Health Canada – activity of the Health Centre which provides a variety of health care programs and support.
- Miscellaneous – all other items not reported in a specified division.
- Housing Fund – Section 95 and non-subsidized housing operation.
- Gaming – Monies received from the Province of Nova Scotia from casino profits.
- Commercial enterprises – Operating results from Rod's One Stop
- Recreation – activities relating to operation of the gymnasium.
- Waycobah Contracting Incorporated – Operating results for security company.

See Schedule A – Schedule of Segment Disclosure for current year details.

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# We'koqma'q First Nation

## Notes to the consolidated financial statements

March 31, 2018

### 16. Government transfers

	2018			2017		
	Operating	Capital	Total	Operating	Capital	Total
Federal government transfers						
Indigenous and Northern Affairs Canada	\$ 5,962,375	\$ 960,000	\$ 6,922,375	\$ 5,672,781	\$ 1,147,258	\$ 6,820,039
Health Canada	1,678,632	41,821	1,720,453	1,512,953	-	1,512,953
Department of Fisheries and Oceans	435,341	-	435,341	360,970	-	360,970
Canada Mortgage and Housing Corporation	676,836	-	676,836	425,406	202,850	628,256
Mi'kmaw Kina'matneway	5,425,283	-	5,425,283	5,563,524	-	5,563,524
Mi'kmaw Employment						
Training Secretariat	349,010	-	349,010	324,064	-	324,064
Other	51,445	922,896	974,341	1,058,691	-	1,058,691
Subtotal	14,578,922	1,924,717	16,503,639	14,918,389	1,350,108	16,268,497
Province of Nova Scotia	227,161	-	227,161	277,725	-	277,725
Total	\$ 14,806,083	\$ 1,924,717	\$ 16,730,800	\$ 15,196,114	\$ 1,350,108	\$ 16,546,222

### 17. Comparative figures

Certain of the 2017 comparative figures have been adjusted to conform with the financial statement presentation adopted for 2018.

# We'koqma'q First Nation

## Schedule A – Schedule of Segmented Disclosure

Year Ended March 31

	Social Development			Band Government			Education			Operations and Maintenance		
	Budget 2018	Actual 2018	Actual 2017	Budget 2018	Actual 2018	Actual 2017	Budget 2018	Actual 2018	Actual 2017	Budget 2018	Actual 2018	Actual 2017
<b>Revenues</b>												
Federal government operating transfers	\$ 3,151,189	\$ 3,187,237	\$ 3,171,422	\$ 400,351	\$ 1,055,983	\$ 402,922	\$ 4,781,605	\$ 5,425,283	\$ 5,563,524	\$ 299,207	\$ 1,354,890	\$ 958,835
Federal government capital transfers	-	-	-	-	-	-	-	-	-	-	960,000	-
Provincial government operating transfers	-	-	-	-	-	-	-	-	38,194	-	-	-
Economic activities	-	-	-	-	38,920	-	-	-	-	-	-	-
Other	-	-	-	-	8,763	-	-	35,608	41,678	-	-	-
	<b>3,151,189</b>	<b>3,187,237</b>	<b>3,171,422</b>	<b>400,351</b>	<b>1,103,665</b>	<b>402,922</b>	<b>4,781,605</b>	<b>5,460,891</b>	<b>5,643,396</b>	<b>299,207</b>	<b>2,314,890</b>	<b>958,835</b>
<b>Expenses</b>												
Salaries and benefits	101,500	104,092	101,883	1,083,400	1,734,234	627,256	-	-	-	96,331	179,122	58,572
Depreciation	-	353,849	331,421	-	671,996	41,892	-	271,890	366,829	-	-	154,401
Interest	-	60	-	525,031	551,966	595,838	-	1,185	-	-	411	-
Other	2,644,798	2,541,306	2,323,043	1,149,000	531,970	801,068	5,053,115	5,547,543	5,981,102	651,000	1,307,827	1,313,904
	<b>2,746,298</b>	<b>2,999,307</b>	<b>2,756,347</b>	<b>2,757,431</b>	<b>3,490,165</b>	<b>2,066,054</b>	<b>5,053,115</b>	<b>5,820,618</b>	<b>6,347,931</b>	<b>747,331</b>	<b>1,487,360</b>	<b>1,526,877</b>
<b>Surplus (deficit) for the year</b>	<b>\$ 404,891</b>	<b>\$ 187,930</b>	<b>\$ 415,075</b>	<b>\$ (2,357,080)</b>	<b>\$ (2,386,501)</b>	<b>\$ (1,663,132)</b>	<b>\$ (271,510)</b>	<b>\$ (359,727)</b>	<b>\$ (704,535)</b>	<b>\$ (448,124)</b>	<b>\$ 827,530</b>	<b>\$ (568,042)</b>



# We'koqma'q First Nation

## Schedule A – Schedule of Segmented Disclosure

Year Ended March 31

	Economic Development			Fishery			Employment Development			Capital Projects		
	Budget 2018	Actual 2018	Actual 2017	Budget 2018	Actual 2018	Actual 2017	Budget 2018	Actual 2018	Actual 2017	Budget 2018	Actual 2018	Actual 2017
<b>Revenues</b>												
Federal government operating transfers	\$ 849,611	\$ 732,658	\$ 80,514	\$ 278,600	\$ 435,341	\$ 1,534,567	\$ 435,000	\$ -	\$ 534,784	\$ 366,812	\$ -	\$ 202,850
Federal government capital transfers	-	-	-	-	-	-	-	-	-	-	922,896	1,147,258
Provincial government operating transfers	-	-	-	-	-	-	-	-	-	-	-	-
Economic activities	-	-	-	7,650,341	5,961,552	3,803,581	-	-	-	-	-	-
Other	-	4,180	57,365	-	420,625	544,898	-	-	37,470	-	-	-
	<u>849,611</u>	<u>736,838</u>	<u>137,879</u>	<u>7,928,941</u>	<u>6,817,518</u>	<u>5,883,046</u>	<u>435,000</u>	<u>-</u>	<u>572,254</u>	<u>366,812</u>	<u>922,896</u>	<u>1,350,108</u>
<b>Expenses</b>												
Salaries and benefits	-	-	-	1,221,955	1,010,914	1,757,896	45,764	-	105,243	-	-	44,460
Depreciation	-	-	-	-	139,020	296,761	-	-	-	-	-	-
Interest	-	-	-	-	30,221	-	-	-	-	-	-	-
Other	80,000	627,911	90,234	3,182,997	3,436,274	1,622,102	537,640	-	513,023	667,000	716,628	905,299
	<u>80,000</u>	<u>627,911</u>	<u>90,234</u>	<u>4,404,952</u>	<u>4,616,430</u>	<u>3,676,759</u>	<u>583,404</u>	<u>-</u>	<u>618,266</u>	<u>667,000</u>	<u>716,628</u>	<u>949,759</u>
<b>Surplus (deficit) for the year</b>	<b>\$ 769,611</b>	<b>\$ 108,927</b>	<b>\$ 47,645</b>	<b>\$ 3,523,989</b>	<b>\$ 2,201,088</b>	<b>\$ 2,206,287</b>	<b>\$ (148,404)</b>	<b>\$ -</b>	<b>\$ (46,012)</b>	<b>\$ (300,188)</b>	<b>\$ 206,268</b>	<b>\$ 400,349</b>

# We'koqma'q First Nation

## Schedule A – Schedule of Segmented Disclosure

Year Ended March 31

	Health Canada			Miscellaneous			Housing			Gaming		
	Budget 2018	Actual 2018	Actual 2017	Budget 2018	Actual 2018	Actual 2017	Budget 2018	Actual 2018	Actual 2017	Budget 2018	Actual 2018	Actual 2017
<b>Revenues</b>												
Federal government operating transfers	\$ 923,062	\$ 1,810,694	\$ 1,635,575	\$ -	\$ -	\$ 610,840	\$ 465,348	\$ 576,836	\$ 222,556	\$ -	\$ -	\$ -
Federal government capital transfers	-	41,821	-	-	-	-	-	-	202,850	-	-	-
Provincial government operating transfers	125,460	100,879	125,621	-	-	-	-	-	-	124,540	126,282	113,910
Economic activities	-	-	-	-	-	38,537	-	-	-	-	-	-
Other	-	-	-	-	-	73,914	-	-	-	-	-	-
	1,048,522	1,953,394	1,761,196	-	-	723,291	465,348	576,836	425,406	124,540	126,282	113,910
<b>Expenses</b>												
Salaries and benefits	70,000	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	69,001	71,876	-	-	-	-	432,578	438,548	-	-	-
Interest	-	-	-	-	-	-	95,493	81,737	86,277	-	-	-
Other	948,062	1,466,783	1,554,950	30,000	571	1,510	146,000	430,389	424,525	-	-	-
	1,018,062	1,535,784	1,626,826	30,000	571	1,510	241,493	944,703	949,350	-	-	-
<b>Surplus (deficit) for the year</b>	\$ 30,460	\$ 417,610	\$ 134,370	\$ (30,000)	\$ (571)	\$ 721,781	\$ 223,855	\$ (367,868)	\$ (523,944)	\$ 124,540	\$ 126,282	\$ 113,910

# We'koqma'q First Nation

## Schedule A – Schedule of Segmented Disclosure

Year Ended March 31

	Commerical Enterprises			Recreation			Waycobah Contracting			Totals		
	Budget 2018	Actual 2018	Actual 2017	Budget 2018	Actual 2018	Actual 2017	Budget 2018	Actual 2018	Actual 2017	Budget 2018	Actual 2018	Actual 2017
<b>Revenues</b>												
Federal government operating transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,950,785	\$ 14,578,921	\$ 14,918,389
Federal government capital transfers	-	-	-	-	-	-	-	-	-	-	1,924,717	1,350,108
Provincial government operating transfers	-	-	-	-	-	-	-	-	-	250,000	227,161	277,725
Economic activities	9,644,582	10,665,144	8,067,252	26,000	22,403	29,668	1,048,400	1,164,343	927,532	18,369,323	17,852,362	12,866,570
Other	-	99,863	-	-	-	-	-	-	240,387	-	569,038	995,712
	9,644,582	10,765,007	8,067,252	26,000	22,403	29,668	1,048,400	1,164,343	1,167,919	30,570,108	35,152,200	30,408,504
<b>Expenses</b>												
Salaries and benefits	500,747	638,955	505,908	65,000	67,935	121,397	1,284,876	1,128,757	986,632	4,469,573	4,864,009	4,309,247
Depreciation	-	372,974	263,950	-	-	4,833	-	-	20,697	-	2,311,308	1,991,208
Interest	2,730	122,760	82,733	-	-	-	-	9,167	7,806	623,254	797,507	772,654
Other	8,390,659	8,636,971	6,222,067	11,400	26,955	-	61,600	186,682	260,579	23,553,271	25,457,808	22,013,406
	8,894,136	9,771,660	7,074,658	76,400	94,889	126,230	1,346,476	1,324,605	1,275,714	28,646,098	33,430,632	29,086,515
<b>Surplus (deficit) for the year</b>	\$ 750,446	\$ 993,348	\$ 992,594	\$ (50,400)	\$ (72,486)	\$ (96,562)	\$ (298,076)	\$ (160,262)	\$ (107,795)	\$ 1,924,010	\$ 1,721,568	\$ 1,321,989