



Grant Thornton

Consolidated Financial Statements

We'koqma'q First Nation

March 31, 2022

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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.

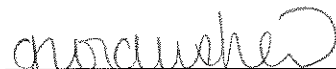
The consolidated financial statements have been prepared by management in accordance with generally accepted accounting principles. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management 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 First Nation 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 First Nation's assets are appropriately accounted for and adequately safeguarded.

The First Nation 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.



Chief Executive Officer



Chief Financial Officer

Independent auditor's report

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To the Chief and Councillors of the
We'koqma'q First Nation

Opinion

We have audited the consolidated financial statements of We'koqma'q First Nation ("the First Nation"), which comprise the consolidated statement of financial position as at March 31, 2022, and the consolidated statements of operations, change in net debt and cash flow 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 We'koqma'q First Nation as at March 31, 2022, and its results of operations, its changes in its net debt, 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.

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 but to do so.

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

Independent auditor's report (continued)

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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the First Nation and the organizations it controls to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Membertou, Canada
November 15, 2022

Grant Thornton LLP
Chartered Professional Accountants

We'koqma'q First Nation Consolidated statement of operations

Year ended March 31	Budget	2022	2021
Revenues			
Fisheries	\$ 18,868,740	\$ 16,132,024	\$ 8,633,881
Commercial sales	12,727,860	14,367,144	11,194,204
Government transfers (Note 18)	12,971,800	23,695,111	25,818,413
Other revenues	3,600	1,840,229	344,320
	<u>44,572,000</u>	<u>56,034,508</u>	<u>45,990,818</u>
Expenditures			
Administration	343,516	823,281	333,274
Advertising	17,400	41,413	37,620
Amortization	-	3,659,003	3,314,001
Bad debt	-	500,846	-
Community	719,600	647,691	528,975
Core funding and benefits	745,904	704,445	708,080
Economic and employment development	100,000	114,566	46,704
Education and training	1,985,806	1,679,905	1,412,684
Health programs	469,013	282,218	306,619
Insurance	553,918	665,578	412,666
Interest	797,148	1,544,307	870,654
Municipal services	528,850	826,964	463,815
Office	455,843	300,844	446,824
Professional fees	966,000	1,347,804	1,197,048
Purchases - Fisheries	8,429,061	10,991,034	2,966,042
Purchases - Retail	9,348,528	11,549,820	8,717,998
Repairs and maintenance	2,225,961	1,587,710	2,380,386
Salaries and benefits	13,309,675	15,237,859	12,731,427
Security	102,122	51,898	35,424
Social	1,985,000	1,891,224	2,213,484
Telephone and utilities	619,600	573,916	509,446
Training and travel	677,055	397,588	294,968
	<u>44,380,000</u>	<u>55,419,914</u>	<u>39,928,139</u>
Annual surplus	<u>\$ 192,000</u>	<u>614,594</u>	<u>6,062,679</u>
Accumulated surplus, beginning of year		<u>26,930,392</u>	<u>20,867,713</u>
Accumulated surplus, end of year		<u>\$ 27,544,986</u>	<u>\$ 26,930,392</u>

See accompanying notes to the consolidated financial statements.

We'koqma'q First Nation**Consolidated statement of financial position**

March 31

2022**2021**

Financial assets

Cash	\$ 2,961,953	\$ -
Receivables (Note 2)	10,615,966	8,197,477
Restricted cash (Note 3)	1,593,122	1,127,010
Promissory note receivable (Note 5)	17,580,361	17,797,026
Inventory (Note 4)	<u>2,240,969</u>	<u>6,487,899</u>
	<u>34,992,371</u>	<u>33,609,412</u>

Financial liabilities

Bank indebtedness (Note 6)	-	437,516
Payables and accruals (Note 7)	10,137,158	11,445,453
Deferred revenue (Note 8)	4,052,228	3,824,661
Capital lease obligations (Note 9)	51,975	-
Long-term debt (Note 10)	<u>46,155,735</u>	<u>38,443,717</u>
	<u>60,397,096</u>	<u>54,151,347</u>

Net debt (Page 6) (25,404,725) (20,541,935)

Non-financial assets

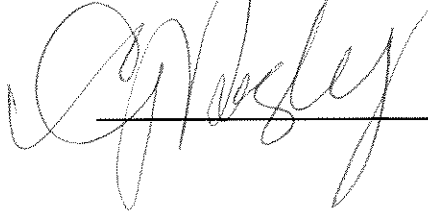
Prepays	730,527	327,809
Property and equipment (Note 11)	<u>52,219,184</u>	<u>47,144,518</u>
	<u>52,949,711</u>	<u>47,472,327</u>

Accumulated surplus (Note 14) \$ 27,544,986 \$ 26,930,392

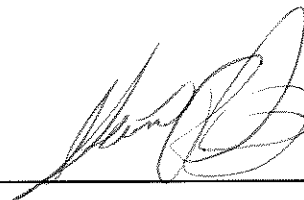
Contingencies (Note 12)

Commitments (Note 13)

On behalf of the First Nation



Chief



Councillor

See accompanying notes to the consolidated financial statements.

We'koqma'q First Nation**Consolidated statement of changes in net debt**

Year ended March 31	Budget	2022	2021
Excess of revenues over expenses	\$ 192,000	\$ 614,594	\$ 6,062,679
Amortization	-	3,659,003	3,314,001
Capital assets acquired	<u>(10,538,500)</u>	<u>(8,733,669)</u>	<u>(10,876,359)</u>
	(10,346,500)	(4,460,072)	(1,499,679)
Change in other non-financial assets	<u>-</u>	<u>(402,718)</u>	<u>(147,342)</u>
Change in net debt	<u>\$(10,346,500)</u>	<u>(4,862,790)</u>	<u>(1,647,021)</u>
Net debt, beginning of year		<u>(20,541,935)</u>	<u>(18,894,914)</u>
Net debt, end of year		<u>\$ (25,404,725)</u>	<u>\$ (20,541,935)</u>

See accompanying notes to the consolidated financial statements.

We'koqma'q First Nation

Consolidated statement of cash flows

Year ended March 31

2022

2021

Increase in cash and cash equivalents

Operating		
Excess of revenues over expenses	\$ 614,594	\$ 6,062,679
Amortization	<u>3,659,003</u>	<u>3,314,001</u>
	4,273,597	9,376,680
Change in non-cash operating working capital		
Receivables	(2,418,489)	(3,207,752)
Prepays	(402,718)	(147,342)
Inventory	4,246,930	(2,165,287)
Payables and accruals	(1,187,724)	6,163,195
HST payable	(120,571)	(126,868)
Deferred revenue	<u>227,567</u>	<u>458,287</u>
	<u>4,618,592</u>	<u>10,350,913</u>
Financing		
Advance of promissory note receivable	-	(17,797,026)
Repayment of capital lease obligations	(19,482)	-
Proceeds of long-term debt	10,081,863	22,172,669
Repayment of long-term debt	(2,369,845)	(1,414,715)
Receivable from First Nation Fisheries Interest Group	<u>216,665</u>	<u>-</u>
	<u>7,909,201</u>	<u>2,960,928</u>
Investing		
Capital assets acquired	<u>(8,662,212)</u>	<u>(10,876,359)</u>
Net increase in cash and cash equivalents	3,865,581	2,435,482
Cash and cash equivalents		
(bank indebtedness), beginning of year	<u>689,494</u>	<u>(1,745,988)</u>
Cash and cash equivalents, end of year	<u>\$ 4,555,075</u>	<u>\$ 689,494</u>
Cash and cash equivalents are comprised of:		
Restricted cash	\$ 1,593,122	\$ 1,127,010
Bank indebtedness	<u>2,961,953</u>	<u>(437,516)</u>
	<u>\$ 4,555,075</u>	<u>\$ 689,494</u>

See accompanying notes to the consolidated financial statements.

We'koqma'q First Nation

Notes to the consolidated financial statements

March 31, 2022

1. Summary of significant accounting policies

Reporting First Nation 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 We'koqma'q One Stop, We'koqma'q Housing Projects, and We'koqma'q 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, including commercial sales, 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.

We'koqma'q First Nation

Notes to the consolidated financial statements

March 31, 2022

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
We'koma'q 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.

We'koqma'q First Nation

Notes to the consolidated financial statements

March 31, 2022

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 First Nation 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 2022 was \$22,540,854 (2021 - \$11,684,040). No write-down of inventories below their cost to their net realizable value was made in fiscal 2022. There were no reversals of inventories written down previously that are no longer estimated to sell below cost.

Trout farm inventory is recorded at market value. Market value is determined based on the cost of total fish purchased, feed purchased and provided to the fish based on a industry calculated conversion ratio and labour. The cost of the inventory is then applied to the average weight of fish per cage to determine total inventory value. No overhead is allocated to the cost of inventory.

Income taxes

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

Investments

Portfolio investments are valued at the lower of cost and net realizable value.

2. Receivables	<u>2022</u>	<u>2021</u>
Atlantic Canada Opportunities Agency	\$ 675,000	\$ 468,616
Department of Fisheries and Oceans	332,540	354,711
Canada Mortgage and Housing Corporation	500,000	-
Health Canada	11,486	11,486
Indigenous Services Canada	2,627,650	1,547,202
Mi'kmaq Employment and Training Secretariat	151,192	117,534
Mi'kmaw Economic Benefits Office	105,950	88,950
Mi'kmaw Kina'matnewey	268,410	228,138
Province of Nova Scotia	154,524	28,959
Trade and sundry	<u>6,290,060</u>	<u>5,351,881</u>
	11,116,812	8,197,477
Less: allowance for doubtful accounts	<u>500,846</u>	-
	<u>\$ 10,615,966</u>	<u>\$ 8,197,477</u>

We'koqma'q First Nation

Notes to the consolidated financial statements

March 31, 2022

3. Restricted cash	<u>2022</u>	<u>2021</u>
Funds on deposit with Indigenous Services Canada (a)	\$ 37,175	\$ 36,466
Replacement reserve (b)	150,694	150,694
First Nations Finance Authority debt reserve fund (c)	<u>1,405,253</u>	<u>939,850</u>
	<u>\$ 1,593,122</u>	<u>\$ 1,127,010</u>

- a) Funds on deposit with Indigenous Services 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.
- b) 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 \$569,700 (2021 - \$70,650). 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, 2022, with a total deficiency of \$804,208 (2021 - \$234,508). 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.

- c) Under the terms of the lending agreement with First Nations Finance Authority (FNFA), a debt reserve of 5% of total draw amount of \$27,786,473 is required to be established and maintained under section 84 of the Act for financing secured by Other Revenues.

4. Inventory	<u>2022</u>	<u>2021</u>
We'koqma'q One Stop	\$ 168,018	\$ 168,018
Fitness Centre	1,434	1,434
Trout farm	<u>2,071,517</u>	<u>6,318,447</u>
	<u>\$ 2,240,969</u>	<u>\$ 6,487,899</u>

We'koqma'q First Nation

Notes to the consolidated financial statements

March 31, 2022

5. Promissory note receivable

	<u>2022</u>	<u>2021</u>
<i>First Nations Fisheries Interest Group Partnership</i>		
6.14% loan receivable in equal quarterly blended instalments of principal plus interest in the amount of \$1,303,067 payable quarterly maturing in fiscal 2051	<u>\$ 17,580,361</u>	<u>\$ 17,797,026</u>

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

2023	\$ 229,927
2024	\$ 244,373
2025	\$ 259,726
2026	\$ 276,045
2027	\$ 293,388

6. Bank indebtedness

We'koqma'q First Nation has an established line of credit from Peace Hills. The line of credit is in the amount of \$500,000 which bears interest at prime plus 1.00%. 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 Services Canada and Mi'kmaw Kina'matnewey.

We'koqma'q First Nation has two other established line of credits for \$3,500,000 and \$450,000. Amounts drawn bear interest of prime plus 0.75% per annum and prime plus 0.00% per annum. The two line of credit's are secured by a general security agreement. As of March 31, 2022, Peace Hills prime rate was 3.95%.

7. Payables and accruals

	<u>2022</u>	<u>2021</u>
Trade	\$ 8,617,530	\$ 9,787,335
Payroll remittances	1,665	78,241
Commodity taxes	990,178	1,110,749
Accrued liabilities	<u>527,785</u>	<u>469,128</u>
	<u>\$ 10,137,158</u>	<u>\$ 11,445,453</u>

We'koqma'q First Nation

Notes to the consolidated financial statements

March 31, 2022

8. Deferred revenue

Atlantic Canada Opportunities Agency ("ACOA") represents funds received for the Regional Economic Growth Through Innovation (REGI) project which was put on hold in the prior fiscal year due to Covid-19. This project is now complete as of March 31, 2022. In fiscal 2022, \$893,695 (2021 - \$nil) has been recognized as revenues by the First Nation.

Canada Mortgage and Housing Corporation ("CMHC") represents funds received for the Rapid Housing Initiative project which started in the prior fiscal year and is finished as of March 31, 2022. In fiscal 2022, \$488,786 (2021 - \$1,654,151) has been recognized as revenues by the First Nation.

Indigenous Services Canada ("ISC") represents funds received for specific operational projects and capital improvements. In fiscal 2022, \$640,634 (2021 - \$2,853,120) has been recognized as revenues by the First Nation.

Other deferred revenues represent funds received from Premium Seafood Group, who pays an upfront amount for snow crab sales before the season begins each year. In fiscal 2022, \$300,000 (2021 - \$250,000) has been recognized as revenues by the First Nation.

	ACOA	CMHC	ISC	Other	Total
Balance, beginning of year	\$ 393,695	\$ 488,786	\$2,642,180	\$ 300,000	\$3,824,661
Contributions	500,000	-	1,766,360	302,775	2,559,135
Amounts recognized as revenue	<u>(893,695)</u>	<u>(488,786)</u>	<u>(640,634)</u>	<u>(308,453)</u>	<u>(2,331,568)</u>
Balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$3,757,906</u>	<u>\$ 294,322</u>	<u>\$4,052,228</u>

We'koqma'q First Nation

Notes to the consolidated financial statements

March 31, 2022

9. Capital lease obligations

Canso Ford

5.99% financial lease, maturing March 2025, repayable
in blended monthly instalments of \$728.

\$ 23,931 \$ -

Tantramar Chevrolet

6.09% financial lease, maturing March 2024, repayable
in blended monthly instalments of \$754.

16,963 -

Xyntax

11.5% financial lease, maturing March 2024, repayable
in blended monthly instalments of \$519.

11,081 -

51,975 -

Less current portion

20,968 -

Due beyond one year

\$ 31,007 \$ -

Repayment in each of the next three (3) years are as follows:

2023	\$	24,008
2024		24,008
2025		<u>8,734</u>

Total future lease payments		56,750
Less amount representing interest		<u>4,775</u>

Present value of net lease payments		51,975
Less current portion		<u>20,968</u>

\$ 31,007

We'koqma'q First Nation

Notes to the consolidated financial statements

March 31, 2022

10. Long-term debt	<u>2022</u>	<u>2021</u>
Canada Mortgage and Housing Corporation		
Housing mortgages, maturing in 2025 to 2043, bearing interest at 0.40% to 2.68%, repayable under various terms.	\$ 4,568,721	\$ 4,871,777
Royal Bank of Canada		
1.70% - 1.91% mortgages, repayable under various terms by October 2023.	33,927	55,925
1.20% term loan, maturing in March 2022 repayable in blended monthly instalments of \$902.	36,243	46,568
1.50% term loan, maturing in September 2022, repayable in blended monthly instalments of \$1,334.	53,308	68,266
3.01% term loan, maturing in January 2024, repayable in blended monthly instalments of \$427.	67,156	70,207
5.28% term loan, maturing in January 2023, repayable in blended monthly instalments of \$11,277.	1,149,507	1,222,019
3.99% term loan, maturing in November 2023, repayable in monthly instalments of \$981.	19,877	30,625
5.99% term loan, maturing May 2024, repayable in monthly instalments of \$1,113.	27,085	37,464
Peace Hills Trust		
4.45% term loan, maturing in March 2025, repayable in blended monthly instalments of \$15,175.	543,232	705,244
3.50% term loan, maturing in November 2025, repayable in blended monthly instalments of \$4,703.	923,799	952,041
3.95% term loan, maturing in June 2025, repayable in blended monthly instalments of \$1,940.	238,722	252,432
3.29% term loan, maturing in December 2026, repayable in blended monthly instalments of \$8,004.	811,051	878,351
3.95% term loan, maturing in November 2025, repayable in blended monthly instalments of \$13,884.	1,804,571	1,899,009
3.95% term loan, maturing in July 2022, repayable in blended monthly instalments of \$1,070.	117,822	125,914

We'koqma'q First Nation

Notes to the consolidated financial statements

March 31, 2022

10. Long-term debt (continued)

3.95% term loan, maturing in December 2026, repayable in blended monthly instalments of \$359.	18,727	22,244
3.95% term loan, maturing in June 2024, repayable in blended monthly instalments of \$4,062.	612,959	637,329
4.15% term loan, maturing in May 2024, repayable in blended monthly instalments of \$1,315.	33,194	47,341
3.50% term loan, maturing in April 2026, repayable in blended monthly instalments of \$4,099.	689,759	713,504
3.95% term loan, maturing in March 2025, repayable in blended monthly instalments of \$887.	81,753	89,068
4.50% term loan, maturing in June 2026, repayable in blended monthly instalments of \$15,175.	703,759	846,607
4.45% term loan, maturing in March 2025, repayable in blended monthly instalments of \$11,520.	1,200,451	1,283,266
3.95% term loan, maturing in June 2022, repayable in blended quarterly instalments of \$86,282	3,440,151	2,937,617
Ulnooweg Development Group Inc.		
8.5% term loan, maturing in January 2028, repayable in blended monthly instalments of \$3,788.	206,669	231,585
7.25% term loan, maturing in December 2022, repayable in blended quarterly instalments of \$18,316.	16,353	48,660
6.75% term loan, maturing in June 2024, repayable in blended monthly instalments of \$14,109.	227,913	326,193
Canada Emergency Business Account ("CEBA") See terms below	256,945	160,000
Province of Nova Scotia		
5.35% term loan, maturing in April 2037, repayable in blended monthly instalments of \$7,053	878,064	915,160
4.30% term loan, maturing in September 2022, repayable in annual principal instalments of \$116,212 and monthly interest instalments	116,212	232,425

We'koqma'q First Nation Notes to the consolidated financial statements

March 31, 2022

10. Long-term debt (continued)	<u>2022</u>	<u>2021</u>
First Nation Finance Authority		
1.90% loan payable in equal annual principal instalments of \$428,151 and semi-annual interest instalments of \$178,571, maturing June 2030	18,305,161	18,736,876
3.06% loan payable in equal annual principal instalments of \$204,759 and semi-annual interest instalments of \$137,539, maturing June 2032	<u>8,972,644</u>	<u>-</u>
	46,155,735	38,443,717
Current portion of long-term debt		
Principal payments due within one year.	<u>7,357,820</u>	<u>3,934,482</u>
	<u>\$ 38,797,915</u>	<u>\$ 34,509,235</u>

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 Services 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 Services 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 We'koqma'q First Nation.

For the Royal Bank of Canada and Ulnooweg Development Group Inc., the First Nation has given a general security agreement constituting a 2nd security interest in all present and future personal property of the First Nation and including specific charges over property.

In response to the COVID-19 crisis, the Government of Canada implemented the Canada Emergency Business Assistance ("CEBA") program that provides interest-free loans of up to \$60,000 for eligible small businesses. The First Nation took advantage of this program within the Fisheries (3), Commercial enterprises (1), Waycobah Contracting Incorporated (1), Gaming (1) and Band Government (1) divisions and received the maximum loan allowed under the program through Ulnooweg Development Group Inc. Repaying the loan on or before December 31, 2023 will result in a forgiveness of 33% of the loan (up to \$20,000 per loan). The forgiven portion is recognized as revenue in the year the assistance is received. If the loan is not repaid by December 31, 2023, interest at an annual rate of 5% will be applied and become payable monthly until the loan is paid off in full. The loan must be fully repaid by December 31, 2025.

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

2022	\$ 7,357,820
2024	\$ 2,614,360
2025	\$ 4,078,521
2026	\$ 4,381,069
2027	\$ 2,850,665

We'koqma'q First Nation Notes to the consolidated financial statements

March 31, 2022

11. Property and equipment

	Opening Cost	Additions	Disposals	Closing Cost	Opening Accumulated Depreciation	Depreciation	Accumulated Depreciation on Disposals	Closing Accumulated Depreciation	2022 Net Book Value	2021 Net Book Value
Land	\$ 35,000	\$ -	\$ -	\$ 35,000	\$ -	\$ -	\$ -	\$ -	\$ 35,000	\$ 35,000
Land improvements	125,000	-	-	125,000	-	-	-	-	125,000	125,000
Buildings										
Band office	2,379,449	5,920	-	2,385,369	1,185,718	47,868	-	1,233,586	\$ 1,151,783	1,193,731
School	8,850,990	-	-	8,850,990	3,632,072	208,757	-	3,840,829	\$ 5,010,161	5,218,918
Police station	322,987	-	-	322,987	179,573	5,737	-	185,310	\$ 137,677	143,414
Fisheries	1,828,106	-	-	1,828,106	647,200	69,744	-	716,944	\$ 1,111,162	1,180,906
Health centre	2,379,190	-	-	2,379,190	914,043	58,606	-	972,649	\$ 1,406,541	1,465,147
Fire station/Community hall	1,678,259	-	-	1,678,259	208,658	58,784	-	267,442	\$ 1,410,817	1,469,601
Fitness centre	133,768	-	-	133,768	32,949	4,033	-	36,982	\$ 96,786	100,819
Waycobah Contracting	192,044	-	-	192,044	58,819	7,466	-	66,285	\$ 125,759	133,225
Big Falls	1,458,457	149,635	-	1,608,092	120,614	56,506	-	177,120	\$ 1,430,972	1,337,843
Equipment and furniture	3,312,150	88,044	-	3,400,194	2,437,941	183,624	-	2,621,565	\$ 778,629	874,209
Computer	25,297	58,951	-	84,248	23,725	19,826	-	43,551	\$ 50,697	1,572
Fishing vessels	3,646,908	2,245,766	-	5,892,674	578,031	167,287	-	745,318	\$ 5,147,356	3,068,877
Fish farm	7,564,864	2,137,924	-	9,702,788	2,639,085	1,137,075	-	3,776,160	\$ 5,926,628	4,925,779
Vehicles	1,100,619	226,614	-	1,327,233	787,647	127,364	-	915,011	\$ 412,222	312,972
Community housing	8,412,535	2,220,404	-	10,632,939	2,645,917	275,073	-	2,920,990	\$ 7,711,950	5,766,618
Subdivision	9,643,729	-	-	9,643,729	3,924,001	228,789	-	4,152,790	\$ 5,490,939	5,719,728
Infrastructure	6,620,668	415,541	-	7,036,209	3,929,753	211,471	-	4,141,224	\$ 2,894,986	2,690,915
Project haven	198,931	-	-	198,931	198,931	-	-	198,931	\$ -	-
Leased Assets	-	79,770	-	79,770	-	11,178	-	11,178	\$ 68,591	-
We'koqma'q One Stop	3,510,756	-	-	3,510,756	1,786,722	368,885	-	2,155,607	\$ 1,355,149	1,724,034
Construction in Progress	5,096,573	68,537	-	5,165,110	-	-	-	-	\$ 5,165,110	5,096,573
Housing Properties	12,750,154	1,026,563	-	13,776,717	8,190,517	410,931	-	8,601,448	\$ 5,175,269	4,559,637
	<u>\$ 81,266,434</u>	<u>\$ 8,733,669</u>	<u>\$ -</u>	<u>\$ 90,000,103</u>	<u>\$ 34,121,916</u>	<u>\$ 3,659,003</u>	<u>\$ -</u>	<u>\$ 37,780,919</u>	<u>\$ 52,219,194</u>	<u>47,144,518</u>

We'koqma'q First Nation

Notes to the consolidated financial statements

March 31, 2022

12. 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.

13. 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.

14. Accumulated surplus

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

	<u>2022</u>	<u>2021</u>
Unallocated	\$ 26,552,909	\$ 26,508,725
Funds on deposit with Indigenous Service Canada	37,175	36,465
Replacement reserve	<u>954,902</u>	<u>385,202</u>
	<u>\$ 27,544,986</u>	<u>\$ 26,930,392</u>

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

15. Pension costs and obligations

The First Nation is required to match contributions to a group registered retirement savings plan for all full-time employees to a limit of 7.5%. Total contributions during the year amounted to \$291,925 (2021 - \$265,929).

We'koqma'q First Nation

Notes to the consolidated financial statements

March 31, 2022

16. 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.
- First Nation 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.
- Non-subsidized housing – repairs and maintenance carried out during the year to the community buildings.
- Fisheries – management of the DFO fisheries operations and fish hatchery farm.
- Health – activity of the Health Centre which provides a variety of health care programs and support.
- Subsidized Housing – 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 the Schedule of Segment Disclosure for current year details.

17. Comparative figures

Certain of the 2021 comparative figures have been adjusted to conform with the financial statement presentation adopted for the current year.

We'koqma'q First Nation

Notes to the consolidated financial statements

March 31, 2022

18. Government transfers

	2022			2021		
	Operating	Capital	Total	Operating	Capital	Total
Federal government transfers						
Atlantic Canada Opportunities Agency	\$ -	\$ 1,001,600	\$ 1,001,600	\$ -	\$ 1,698,853	\$ 1,698,853
Indigenous Services Canada	10,668,734	1,789,750	12,458,484	9,245,836	2,376,625	11,622,461
Department of Fisheries and Oceans	211,852	817,333	1,029,185	870,107	540,900	1,411,007
Canada Mortgage and Housing Corporation	277,833	988,786	1,266,619	202,008	1,654,151	1,856,159
Mi'kmaw Kina'malnewey	6,900,733	-	6,900,733	6,586,423	-	6,586,423
Mi'kmaw Employment Training Secretariat	365,384	-	365,384	361,273	-	361,273
Service Canada - CEWS	-	-	-	1,254,514	-	1,254,514
Other	279,497	1,000	280,497	797,918	-	797,918
Subtotal	\$ 18,704,033	\$ 4,598,478	\$ 23,302,511	\$ 19,318,169	\$ 6,270,529	\$ 25,588,697
Provincial government transfers						
Province of Nova Scotia	\$ 170,545	\$ -	\$ 170,545	\$ 224,749	\$ 4,967	\$ 229,716
Union of Nova Scotia Mi'kmaq	222,055	-	222,055	-	-	-
Subtotal	\$ 392,600	\$ -	\$ 392,600	\$ 224,749	\$ 4,967	\$ 229,716
Total	\$ 19,096,633	\$ 4,598,478	\$ 23,695,111	\$ 19,542,917	\$ 6,275,496	\$ 25,818,413

19. Investments

	2022	2021
E'sukutimkewey Limited Partnership	\$ 1	\$ 1

The First Nation, together with 12 other First Nation entities in the Province of Nova Scotia, has entered into the above limited partnerships. No First Nation within the group controls the Partnerships, as such the investments are accounted for as portfolio investments and are carried at cost in these financial statements. Revenue is recorded only to the extent that distributions are received or receivable. During the year, the First Nation received \$181,333 from E'sukutimkewey Limited Partnership which has been included in other revenue.

We'koqma'q First Nation Schedule of Segmented Disclosure

Year ended March 31

	Social Development			Band Government			Education			Non-subsidized 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	\$ 3,193,469	\$ 3,478,359	\$ 3,579,488	\$ 592,349	\$ 4,274,595	\$ 2,922,180	\$ 6,009,947	\$ 6,965,733	\$ 6,876,420	\$ 626,607	\$ 1,368,545	\$ 662,907
Federal government operating transfers	-	-	-	-	354,570	2,376,625	-	-	-	-	-	1,654,151
Federal government capital transfers	-	-	-	-	54,800	31,846	-	210,455	-	-	-	-
Provincial government operating transfers	-	-	-	-	-	4,967	-	-	-	-	-	-
Provincial government capital transfers	-	-	-	-	-	-	-	-	-	-	-	-
Economic activities	-	-	-	3,600	1,740,930	207,341	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
	3,193,469	3,478,359	3,579,488	595,949	6,424,694	5,542,959	6,009,947	7,116,188	6,876,420	626,607	3,293,511	2,317,058
Expenses												
Salaries and benefits	118,850	121,453	121,526	1,332,950	1,435,984	1,176,203	4,588,174	4,687,295	4,412,011	581,750	965,917	383,035
Depreciation	-	-	-	160,428	1,427,463	1,381,678	-	-	-	-	598	-
Interest	-	-	-	3,337,853	800,239	185,139	-	-	-	232,000	233,863	233,964
Other	1,987,000	2,111,327	2,222,832	3,337,853	3,314,613	3,184,331	1,986,556	1,679,977	1,413,457	1,478,370	2,097,798	1,536,013
	2,115,850	2,232,780	2,344,358	4,831,231	6,978,299	5,927,351	6,574,730	6,367,272	5,825,468	2,292,120	3,292,176	2,152,012
Surplus (deficit) for the year	\$ 1,077,619	\$ 1,245,579	\$ 1,235,130	\$ (4,235,282)	\$ (553,605)	\$ (384,392)	\$ (564,783)	\$ 748,916	\$ 1,050,952	\$ (1,665,513)	\$ 1,336	\$ 165,046

We'koqma'q First Nation Schedule of Segmented Disclosure

Year ended March 31

	Fisheries		Employment Development				Health Canada		Recreation		
	Budget 2022	Actual 2022	Actual 2021	Budget 2022	Actual 2022	Actual 2021	Budget 2022	Actual 2021	Budget 2022	Actual 2022	Actual 2021
Revenues											
Federal government operating transfers	\$ -	\$ 211,852	\$ 2,182,916	\$ 349,006	\$ 449,640	\$ 373,766	\$ 1,871,043	\$ 1,737,476	\$ 1,913,959	\$ -	\$ 5,415
Federal government capital transfers	-	1,818,942	2,239,753	-	-	-	-	-	-	-	-
Provincial government operating transfers	-	-	111,000	32,770	51,030	52,916	-	-	-	-	-
Provincial government capital transfers	-	-	-	-	-	-	-	-	-	-	-
Economic activities	18,868,740	16,112,024	8,653,881	-	-	-	-	-	-	15,000	8,300
Other	-	54,679	68,095	-	-	-	-	-	-	-	-
	18,868,740	18,217,497	13,235,645	381,776	500,671	426,684	1,871,043	1,737,476	1,913,959	15,000	13,715
Expenses											
Salaries and benefits	3,578,201	4,575,973	3,677,635	498,325	616,476	320,322	1,117,737	1,254,299	1,060,328	102,000	90,000
Depreciation	183,300	1,431,498	1,137,598	-	-	-	-	-	-	-	-
Interest	10,695,773	395,235	279,199	100,000	114,566	46,704	489,013	279,947	306,619	41,023	31,685
Other	14,457,274	19,604,318	9,944,410	598,325	731,042	367,025	1,586,750	1,534,245	1,366,947	143,023	121,684
	4,417,456	(1,386,820)	3,291,235	(216,549)	(230,372)	58,659	284,293	269,231	547,012	(128,023)	(107,969)
Surplus (deficit) for the year											

We'koqma'q First Nation Schedule of Segmented Disclosure

Year ended March 31

	Subsidized Housing		Gaming		Commercial Enterprises		Waycobah Contracting	
	Budget 2022	Actual 2021	Budget 2022	Actual 2021	Budget 2022	Actual 2021	Budget 2022	Actual 2021
Revenues								
Federal government operating transfers	\$ 286,609	\$ 202,008	\$ -	\$ -	\$ -	\$ 328,959	\$ -	\$ 270,151
Federal government capital transfers	-	500,900	-	-	-	-	-	-
Provincial government operating transfers	-	-	76,515	28,983	-	-	-	-
Provincial government capital transfers	-	-	-	-	12,493,852	10,939,084	219,008	246,845
Economic activities	-	5,034	-	-	39,586	48,759	-	20,100
Other	-	-	-	-	-	-	-	-
	296,609	707,942	76,515	28,983	12,493,852	11,316,802	219,008	537,996
Expenses								
Salaries and benefits	-	422,942	-	-	779,331	831,116	612,357	659,251
Depreciation	86,900	86,871	-	-	134,400	86,327	-	8,969
Interest	649,000	321,300	-	-	9,486,549	8,905,359	32,040	5
Other	-	-	-	-	-	-	-	-
	735,900	831,120	-	-	10,400,280	12,993,607	644,517	707,591
Surplus (deficit) for the year	(439,291)	(123,178)	76,515	28,983	2,093,572	1,187,017	(425,509)	(170,495)

We'koqma'q First Nation Schedule of Segmented Disclosure

Year ended March 31

	Totals		
	Budget 2022	Actual 2022	Actual 2021
Revenues			
Federal government operating transfers	\$ 12,939,030	\$ 18,704,033	\$ 19,318,168
Federal government capital transfers	-	4,598,478	6,270,529
Provincial government operating transfers	32,770	392,600	224,749
Provincial government capital transfers		-	4,967
Economic activities	31,596,600	30,499,168	19,828,085
Other	3,600	1,840,229	344,320
	<u>44,572,000</u>	<u>56,034,508</u>	<u>45,990,818</u>
Expenses			
Salaries and benefits	13,309,675	15,237,859	12,731,427
Depreciation	-	3,659,003	3,314,001
Interest	797,148	1,544,307	870,654
Other	30,273,177	34,978,745	23,012,057
	<u>44,380,000</u>	<u>55,419,914</u>	<u>39,928,139</u>
Surplus for the year	<u>\$ 192,000</u>	<u>\$ 614,594</u>	<u>\$ 6,062,679</u>