



Consolidated Financial Statements

We'koqma'q First Nation

March 31, 2024

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We'koqma'q First Nation

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.

Signed by:

28E677CE250F44F
Chief Executive Officer

Signed by:

49194181F0FF
Chief Financial Officer

Independent auditor's report

To the Chief and Councilors 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, 2024, 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, 2024, 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.

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
August 20, 2024

Grant Thornton LLP
Chartered Professional Accountants

We'koqma'q First Nation

Consolidated statement of operations

Year ended March 31	Budget	2024	2023
Revenues			
Commercial sales	\$ 19,338,083	\$ 16,960,912	\$ 17,686,351
Fisheries	12,004,246	10,605,088	14,329,263
Government transfers (Note 18)	13,290,144	26,942,355	25,108,667
Other revenues	128,820	1,696,954	1,842,018
Proceeds on sale of assets	-	1,325,500	3,252,325
	<u>44,761,293</u>	<u>57,530,809</u>	<u>62,218,624</u>
Expenditures			
Administration	201,248	1,038,725	587,495
Advertising	12,500	89,469	344,471
Amortization	1,371,000	4,119,336	3,919,363
Community	642,807	884,834	979,165
Core funding and benefits	660,000	803,808	695,617
Economic and employment development	139,200	265,408	169,414
Education and training	2,122,477	2,032,393	1,836,949
Health programs	243,212	275,657	239,026
Insurance	831,917	894,264	939,027
Interest	1,493,998	2,782,997	1,782,140
Municipal services	639,960	827,739	637,186
Office	152,273	378,401	289,614
Professional fees	813,364	1,259,525	1,568,322
Purchases - Fisheries	7,793,990	5,489,169	5,281,703
Purchases - Retail	15,411,635	14,050,847	14,010,573
Repairs and maintenance	1,299,380	1,937,089	1,879,646
Salaries and benefits	12,726,200	16,764,562	16,156,398
Security	532,808	37,677	32,938
Social	2,000,000	2,313,936	2,104,449
Telephone and utilities	398,123	682,893	572,268
Training and travel	359,405	395,141	363,522
	<u>49,845,497</u>	<u>57,323,870</u>	<u>54,389,286</u>
Annual surplus	<u>\$ (5,084,204)</u>	<u>206,939</u>	<u>7,829,338</u>
Accumulated surplus, beginning of year		<u>35,374,324</u>	<u>27,544,986</u>
Accumulated surplus, end of year		<u>\$ 35,581,263</u>	<u>\$ 35,374,324</u>

See accompanying notes to the consolidated financial statements.

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

March 31

2024**2023**

Financial assets

Cash	\$ 1,276,628	\$ 609,923
Receivables (Note 3)	9,656,882	13,046,724
Restricted cash (Note 4)	3,154,177	2,311,623
Promissory note receivable (Note 5)	24,251,084	17,350,084
Inventory (Note 6)	<u>3,684,642</u>	<u>3,230,319</u>
	<u>42,023,413</u>	<u>36,548,673</u>

Financial liabilities

Payables and accruals (Note 8)	3,408,330	9,080,862
Deferred revenue (Note 9)	5,218,485	4,065,669
Capital lease obligations (Note 10)	8,460	31,006
Long-term debt (Note 11)	<u>73,092,637</u>	<u>58,345,114</u>
	<u>81,727,912</u>	<u>71,522,651</u>

Net debt (Page 5)**(39,704,499)****(34,973,978)****Non-financial assets**

Prepays	757,316	673,027
Purchased fishing licenses and permits (Note 12)	15,175,000	13,700,000
Property and equipment (Note 13)	<u>59,353,446</u>	<u>55,975,275</u>
	<u>75,285,762</u>	<u>70,348,302</u>

Accumulated surplus (Note 14)**\$ 35,581,263****\$ 35,374,324**

Contingencies (Note 15)

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	2024	2023
Excess of revenues over expenses	\$ (5,084,204)	\$ 206,939	\$ 7,829,338
Amortization	1,371,000	4,119,336	3,919,363
Purchased fishing licenses acquired	-	(1,475,000)	(13,700,000)
Capital assets acquired	<u>(7,455,000)</u>	<u>(7,497,507)</u>	<u>(7,675,453)</u>
	(11,168,204)	(4,646,232)	(9,626,752)
Change in other non-financial assets	<u>-</u>	<u>(84,289)</u>	<u>57,499</u>
Change in net debt	<u>\$ (11,168,204)</u>	<u>(4,730,521)</u>	<u>(9,569,253)</u>
Net debt, beginning of year		<u>(34,973,978)</u>	<u>(25,404,725)</u>
Net debt, end of year		<u>\$ (39,704,499)</u>	<u>\$ (34,973,978)</u>

See accompanying notes to the consolidated financial statements.

We'koqma'q First Nation

Consolidated statement of cash flows

Year ended March 31

2024

2023

Increase (decrease) in cash and cash equivalents

Operating		
Excess of revenues over expenses	\$ 206,939	\$ 7,829,338
Amortization	<u>4,119,336</u>	<u>3,919,363</u>
	4,326,275	11,748,701
Change in non-cash operating working capital		
Receivables	3,389,842	(2,430,758)
Prepays	(84,289)	57,500
Inventory	(454,323)	(989,350)
Payables and accruals	(5,659,369)	(994,300)
HST payable	(13,161)	(61,996)
Deferred revenue	<u>1,152,816</u>	<u>13,441</u>
	<u>2,657,789</u>	<u>7,343,238</u>
Financing		
Repayment of capital lease obligations	(22,546)	(20,969)
Proceeds of long-term debt	17,249,668	14,636,695
Repayment of long-term debt	(2,502,145)	(2,447,317)
Advances of promissory note receivable	(7,142,860)	-
Receivable from First Nation Fisheries Interest Group	<u>241,860</u>	<u>230,277</u>
	<u>7,823,977</u>	<u>12,398,686</u>
Investing		
Purchased fishing licenses acquired	(1,475,000)	(13,700,000)
Capital assets acquired	<u>(7,497,507)</u>	<u>(7,675,453)</u>
	<u>(8,972,507)</u>	<u>(21,375,453)</u>
Net increase (decrease) in cash and cash equivalents	1,509,259	(1,633,529)
Cash and cash equivalents, beginning of year	<u>2,921,546</u>	<u>4,555,075</u>
Cash and cash equivalents, end of year	<u>\$ 4,430,805</u>	<u>\$ 2,921,546</u>

Cash and cash equivalents are comprised of:

Restricted cash	\$ 3,154,177	\$ 2,311,623
Cash	<u>1,276,628</u>	<u>609,923</u>
	<u>\$ 4,430,805</u>	<u>\$ 2,921,546</u>

See accompanying notes to the consolidated financial statements.

We'koqma'q First Nation

Notes to the consolidated financial statements

March 31, 2024

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.

Revenues earned from transactions with performance obligations include fisheries and commercial revenue and are recognized when the performance obligation is satisfied by providing the promised goods and/or services to the payor. Revenue from transactions with no performance obligations, if any, are recognized when a public sector entity has the authority to claim or retain the revenue and identifies a past transaction or event that gives rise to an asset.

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, 2024

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
Intangibles	5% declining balance
Project haven	4% declining balance
We'koqma'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.

Purchased fishing licenses and permits

Purchased fishing licenses and permits assets are intangible capital assets. These indefinite-lived fishing licenses and permits are recognized at cost and are not amortized.

The First Nation's evaluates the carrying value of its licenses and permits annually for impairment. Should a permanent impairment be identified, the impairment will be recognized as a reduction in the carrying value and as a charge against income on the statement of operations in the period the impairment occurred.

The First Nation's also owns other communal fishing licenses and permits which were not purchased by the First Nation but were given to or granted to the First Nation.

We'koqma'q First Nation

Notes to the consolidated financial statements

March 31, 2024

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 2024 was \$19,540,016 (2023 - \$19,292,276). No write-down of inventories below their cost to their net realizable value was made in fiscal 2024. There were no reversals of inventories written down previously that are no longer estimated to sell below cost.

Trout farm inventory is recorded at cost. Cost 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. Change in accounting policy

Effective April 1, 2023, the First Nation adopted new Public Sector Accounting Standards Section PS 3400 *Revenues*. New Section PS 3400 *Revenue* establishes standards on how to account for and report on revenue. It does not apply to revenues for which specific standards already exist, such as government transfers, tax revenue or restricted revenues. The section distinguishes between revenue that arises from transactions that include performance obligations (i.e., exchange transactions) and transactions that do not have performance obligations (i.e., non-exchange transactions). Revenue from transactions with performance obligations will be recognized when (or as) the performance obligation is satisfied by providing the promised goods or services to the payor. Revenue from transactions with no performance obligations will be recognized when a public sector entity has the authority to claim or retain the revenue and identifies a past transaction or event that gives rise to an asset. The adoption of this new standard did not have a significant impact on the financial results of the First Nation.

We'koqma'q First Nation

Notes to the consolidated financial statements

March 31, 2024

3. Receivables	<u>2024</u>	<u>2023</u>
Atlantic Canada Opportunities Agency	\$ 27,911	\$ 108,807
Canada mortgage and Housing Corporation	18,761	-
Department of Fisheries and Oceans	1,054,510	42,474
First Nations Fisheries Interest Group Partnership	1,613,871	1,020,537
Health Canada	11,486	11,486
Indigenous Services Canada	3,724,848	2,357,855
Mi'kmaq Employment and Training Secretariat	113,967	27,108
Mi'kmaw Economic Benefits Office	66,320	111,002
Mi'kmaw Kina'matnewey	72,313	238,689
Province of Nova Scotia	138,357	157,757
Trade and sundry	<u>2,814,538</u>	<u>9,471,855</u>
	9,656,882	13,547,570
Less: allowance for doubtful accounts	<u>-</u>	<u>500,846</u>
	<u>\$ 9,656,882</u>	<u>\$ 13,046,724</u>

4. Restricted cash	<u>2024</u>	<u>2023</u>
Funds on deposit with Indigenous Services Canada (a)	\$ 39,659	\$ 38,337
Replacement reserve (b)	150,694	150,694
First Nations Finance Authority debt reserve fund (c)	<u>2,963,824</u>	<u>2,122,592</u>
	<u>\$ 3,154,177</u>	<u>\$ 2,311,623</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 \$69,583 (2023 - \$69,250). 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, 2024, with a total deficiency of \$631,133 (2023 - \$561,550).
- c) Under the terms of the lending agreement with First Nations Finance Authority (FNFA), a debt reserve of 5% of total draw amount of \$56,359,273 is required to be established and maintained under section 84 of the Act for financing secured by Other Revenues.

We'koqma'q First Nation

Notes to the consolidated financial statements

March 31, 2024

5. Promissory note receivable

	<u>2024</u>	<u>2023</u>
First Nations Fisheries Interest Group Partnership		
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	\$ 17,108,224	\$ 17,350,084
8% loan receivable with no set terms of repayment	<u>7,142,860</u>	<u>-</u>
	<u>\$ 24,251,084</u>	<u>\$ 17,350,084</u>

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

2025	\$ 1,303,588
2026	\$ 1,303,588
2027	\$ 1,303,588
2028	\$ 1,303,588
2029	\$ 1,303,588

6. Inventory

	<u>2024</u>	<u>2023</u>
We'koqma'q One Stop	\$ 168,018	\$ 168,018
Fitness Centre	1,434	1,434
Trout farm	<u>3,515,190</u>	<u>3,060,867</u>
	<u>\$ 3,684,642</u>	<u>\$ 3,230,319</u>

7. 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 \$750,000. Amounts drawn bear interest of prime plus 0.75% per annum and prime plus 0.95% per annum. The two lines of credit are secured by a general security agreement. As of March 31, 2024, Peace Hills prime rate was 6.95%.

We'koqma'q First Nation

Notes to the consolidated financial statements

March 31, 2024

8. Payables and accruals	<u>2024</u>	<u>2023</u>
Trade	\$ 2,159,597	\$ 7,461,300
Payroll remittances	1,388	52,451
Commodity taxes	916,739	929,900
Accrued liabilities	<u>330,606</u>	<u>637,211</u>
	<u>\$ 3,408,330</u>	<u>\$ 9,080,862</u>

9. Deferred revenue			<u>Total</u>	<u>Total</u>
	<u>ISC</u>	<u>Other</u>	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 3,647,146	\$ 418,523	\$ 4,065,669	\$ 4,052,228
Contributions	1,620,091	-	1,620,091	14,343,715
Amounts recognized as Revenue	<u>(184,500)</u>	<u>(282,775)</u>	<u>(467,275)</u>	<u>(14,330,274)</u>
Balance, end of year	<u>\$ 5,082,737</u>	<u>\$ 135,748</u>	<u>\$ 5,218,485</u>	<u>\$ 4,065,669</u>

10. Capital lease obligations

Canso Ford

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

\$	8,460	\$	16,427
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Tantramar Chevrolet

6.09% financial lease repaid in full during the year.

-	8,723
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Xyntax

11.5% financial lease repaid in full during the year.

<u>-</u>	<u>5,856</u>
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8,460	31,006
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Less current portion

<u>8,460</u>	<u>22,546</u>
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Due beyond one year

<u>\$ -</u>	<u>\$ 8,460</u>
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We'koqma'q First Nation

Notes to the consolidated financial statements

March 31, 2024

10. Capital lease obligations (continued)

Repayment in the next year is as follows:

2025	\$ 8,734
Less amount representing interest	<u>(274)</u>
Present value of net lease payments	8,460
Less current portion	<u>(8,460)</u>
	<u>\$ -</u>

11. Long-term debt

	<u>2024</u>	<u>2023</u>
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Canada Mortgage and Housing Corporation

Housing mortgages, bearing interest at 0.96% - 5.00%, repayable under various terms by January 2049	\$ 4,464,758	\$ 4,263,717
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Royal Bank of Canada

1.70% term loan repaid in full during the year	-	17,180
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3.99% term loan repaid in full during the year	-	8,691
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5.93% term loan, maturing in September 2025, repayable in blended monthly instalments of \$968.	15,735	26,081
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6.52% term loan, maturing in May 2024, repayable in blended monthly instalments of \$1,384.	23,527	38,405
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5.56% term loan, maturing in January 2026, repayable in blended monthly instalments of \$489.	60,910	64,013
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5.99% term loan, maturing May 2024, repayable in monthly instalments of \$1,113.	2,750	15,028
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2.00% term loan, maturing in May 2024, repayable in blended monthly instalments of \$8,627.	966,188	1,069,486
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5.99% term loan, maturing in March 2026, repayable in blended monthly instalments of \$850.	19,100	27,967
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5.69% term loan, maturing in March 2027, repayable in blended monthly instalments of \$850.	23,612	30,848
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6.39% term loan, maturing in May 2027, repayable in blended monthly instalments of \$993.	34,081	43,484
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We'koqma'q First Nation

Notes to the consolidated financial statements

March 31, 2024

11. Long-term debt (continued)	<u>2024</u>	<u>2023</u>
1.59% term loan, maturing in February 2029, repayable in monthly instalments of \$1,014.	57,487	68,659
8.99% term loan, maturing in July 2028, repayable in blended monthly instalments of \$922.	42,742	-
Peace Hills Trust		
7.20% term loan, maturing in March 2025, repayable in blended monthly instalments of \$15,843.	211,364	378,769
3.50% term loan, maturing in November 2025, repayable in blended monthly instalments of \$4,703.	860,525	898,900
3.95% term loan, maturing in June 2025, repayable in blended monthly instalments of \$1,940.	206,344	224,466
3.29% term loan, maturing in December 2026, repayable in blended monthly instalments of \$8,004.	659,644	740,182
3.95% term loan, maturing in November 2025, repayable in blended monthly instalments of \$13,884.	1,578,002	1,706,366
3.92% term loan, maturing in July 2027, repayable in blended monthly instalments of \$1,104.	98,714	108,586
3.29% term loan, maturing in December 2026, repayable in blended monthly instalments of \$349.	11,180	15,076
3.95% term loan, maturing in June 2024, repayable in blended monthly instalments of \$4,062.	552,108	587,616
4.15% term loan, maturing in May 2024, repayable in blended monthly instalments of \$1,315.	3,090	18,454
3.50% term loan, maturing in April 2026, repayable in blended monthly instalments of \$4,099.	635,057	663,991
3.95% term loan, maturing in March 2025, repayable in blended monthly instalments of \$887.	65,144	74,147
4.50% term loan, maturing in June 2026, repayable in blended monthly instalments of \$15,175.	389,552	550,183
7.20% term loan, maturing in March 2025, repayable in blended monthly instalments of \$11,520.	1,071,739	1,127,079
5.05% term loan, maturing in November 2025, repayable in blended monthly instalments of \$5,157.	2,233,798	1,740,037

We'koqma'q First Nation

Notes to the consolidated financial statements

March 31, 2024

11. Long-term debt (continued)

6.70% term loan, maturing in September 2025, repayable in blended quarterly instalments of \$77,054.	3,256,228	3,332,769
Ulnooweg Development Group Inc.		
8.50% term loan, maturing in January 2028, repayable in blended monthly instalments of \$3,788.	146,163	177,678
6.75% term loan, maturing in June 2024, repayable in blended monthly instalments of \$14,109.	13,918	123,314
Canada Emergency Business Account ("CEBA") repaid in full during the year.	-	31,945
Province of Nova Scotia		
5.35% term loan, maturing in April 2037, repayable in blended monthly instalments of \$7,053.	797,828	838,958
Kubota Canada Ltd.		
0.00% term loan, maturing in February 2029, repayable in monthly instalments of \$971.	57,299	69,924
Ford		
5.00% term loan, maturing in November 2028, repayable in monthly instalments of \$1,627.	81,098	-
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.	17,412,409	17,864,296
3.06% loan payable in equal annual principal instalments of \$204,759 and semi-annual interest instalments of \$137,539, maturing June 2032.	8,556,260	8,766,819
4.28% loan payable in equal annual principal instalments of \$391,344 and semi-annual interest instalments of \$450,556, maturing June 2034.	20,988,776	12,632,000
4.28% loan payable in equal annual principal instalments of \$139,757 and semi-annual interest instalments of \$160,902, maturing June 2034.	7,495,507	-
	73,092,637	58,345,114
Current portion of long-term debt		
Principal payments due within one year.	6,950,152	18,489,040
	\$ 66,142,485	\$ 39,856,074

We'koqma'q First Nation

Notes to the consolidated financial statements

March 31, 2024

11. 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 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.

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

2025	\$ 6,950,152
2026	\$ 6,338,881
2027	\$ 4,262,255
2028	\$ 1,741,460
2029	\$ 1,601,834

12. Purchased fishing licenses and permits

	<u>2024</u>	<u>2023</u>
Purchased fishing licenses and permits	<u>\$ 15,175,000</u>	<u>\$ 13,700,000</u>

The First Nation records all purchased commercial fishing licenses and permits as intangible assets. All other permits and licenses owned by We'koqma'q First Nation have been granted for a nil consideration and therefore have not been capitalized.

We'koqma'q First Nation

Notes to the consolidated financial statements

March 31, 2024

13. Property and equipment

	Opening Cost	Additions	Disposals	Closing Cost	Opening Accumulated Depreciation	Depreciation	Accumulated Depreciation on Disposals	Closing Accumulated Depreciation	2024 Net Book Value	2023 Net Book Value
Land	\$ 35,000	\$ 50,000	\$ -	\$ 85,000	\$ -	\$ -	\$ -	\$ -	\$ 85,000	\$ 35,000
Land improvements	125,000	-	-	125,000	-	-	-	-	125,000	125,000
Buildings										
Band office	2,385,369	-	-	2,385,369	1,279,659	44,228	-	1,323,887	1,061,482	1,105,710
School	8,850,990	-	-	8,850,990	4,041,235	192,390	-	4,233,625	4,617,365	4,809,755
Police station	322,987	-	-	322,987	190,817	5,287	-	196,104	126,883	132,170
Fisheries	2,029,355	8,000	-	2,037,355	783,421	64,402	-	847,823	1,189,532	1,245,934
Health centre	2,379,190	-	-	2,379,190	1,028,911	54,011	-	1,082,922	1,296,268	1,350,279
Fire station/Community hall	1,678,259	-	-	1,678,259	323,875	54,175	-	378,050	1,300,209	1,354,384
Fitness centre	133,768	-	-	133,768	40,853	3,717	-	44,570	89,198	92,915
Waycobah Contracting	192,044	-	-	192,044	72,655	6,453	-	79,108	112,936	119,389
Big Falls	2,215,447	71,566	-	2,287,013	246,506	80,189	-	326,695	1,960,318	1,968,941
Day care	-	212,164	-	212,164	-	4,243	-	4,243	207,921	-
Equipment and furniture	3,629,241	57,564	-	3,686,805	2,800,601	180,771	-	2,981,372	705,433	828,640
Computer	132,788	67,896	-	200,684	82,116	28,271	-	110,387	90,297	50,672
Fishing vessels	6,309,259	307,818	-	6,617,077	959,161	219,777	-	1,178,938	5,438,139	5,350,098
Fish farm	11,223,665	329,396	-	11,553,061	5,057,562	1,215,425	-	6,272,987	5,280,074	6,166,103
Vehicles	1,596,716	666,122	-	2,262,838	1,078,473	254,890	-	1,333,363	929,475	518,243
Community housing	16,959,369	698,885	-	17,658,254	3,355,997	558,112	-	3,914,109	13,744,145	13,603,372
Subdivision	9,643,729	-	-	9,643,729	4,372,428	210,852	-	4,583,280	5,060,449	5,271,301
Infrastructure	7,235,686	315,713	-	7,551,399	4,349,618	197,472	-	4,547,090	3,004,309	2,886,068
Project haven	198,931	-	-	198,931	198,931	-	-	198,931	-	-
Leased Assets	79,770	18,400	-	98,170	33,220	24,235	-	57,455	40,715	46,550
We'koqma'q One Stop	3,510,756	-	-	3,510,756	2,364,477	284,057	-	2,648,534	862,222	1,146,279
Construction in Progress	3,011,742	4,685,583	-	7,697,325	-	-	-	-	7,697,325	3,011,742
Housing Properties	13,796,496	8,400	-	13,804,896	9,039,766	436,379	-	9,476,145	4,328,751	4,756,730
	<u>\$ 97,675,557</u>	<u>\$ 7,497,507</u>	<u>\$ -</u>	<u>\$ 105,173,064</u>	<u>\$ 41,700,282</u>	<u>\$ 4,119,336</u>	<u>\$ -</u>	<u>\$ 45,819,618</u>	<u>\$ 59,353,446</u>	<u>\$ 55,975,275</u>

We'koqma'q First Nation

Notes to the consolidated financial statements

March 31, 2024

14. Accumulated surplus

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

	<u>2024</u>	<u>2023</u>
Unallocated	\$ 34,759,167	\$ 34,623,132
Funds on deposit with Indigenous Service Canada	39,658	38,337
Replacement reserve	<u>782,438</u>	<u>712,855</u>
	<u>\$ 35,581,263</u>	<u>\$ 35,374,324</u>

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

15. 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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16. 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 \$377,704 (2023 - \$342,177).

We'koqma'q First Nation

Notes to the consolidated financial statements

March 31, 2024

17. 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.

We'koqma'q First Nation

Notes to the consolidated financial statements

March 31, 2024

18. Government transfers

	2024			2023		
	Operating	Capital	Total	Operating	Capital	Total
Federal government transfers						
Atlantic Canada Opportunities Agency	\$ -	\$ 116,193	\$ 116,193	\$ -	\$ 108,807	\$ 108,807
Canada Mortgage and Housing Corporation	1,256,881	892,430	2,149,311	286,452	-	\$ 286,452
Department of Fisheries and Oceans	278,882	1,126,815	1,405,697	870,541	500,000	\$ 1,370,541
Indigenous Services Canada	10,674,838	2,163,729	12,838,567	11,460,798	2,619,476	\$ 14,080,274
Mi'kmaw Kina'matnewey	7,554,826	-	7,554,826	7,331,723	-	\$ 7,331,723
Mi'kmaw Employment Training Secretariat	645,180	200,023	845,203	481,185	-	\$ 481,185
Other	814,467	501	814,968	452,715	11,344	\$ 464,059
Subtotal	21,225,074	4,499,691	25,724,765	20,883,414	3,239,627	24,123,041
Provincial government transfers						
Province of Nova Scotia	173,357	47,929	221,286	447,139	-	447,139
Ta'n Etlit'ipitmk Association	168,625	-	168,625	-	-	-
Ulnooweg Development Group	160,000	-	160,000	-	-	-
Union of Nova Scotia Mi'kmaq	667,679	-	667,679	538,487	-	538,487
Subtotal	1,169,661	47,929	1,217,590	985,626	-	985,626
Total	\$ 22,394,735	\$ 4,547,620	\$ 26,942,355	\$ 21,869,040	\$ 3,239,627	\$ 25,108,667

19. Investments

	2024	2023
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 \$81,620 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

	Band Government			Commercial Enterprises			Education		
	Budget 2024	Actual 2024	Actual 2023	Budget 2024	Actual 2024	Actual 2023	Budget 2024	Actual 2024	Actual 2023
Revenues									
Federal government operating transfers	\$ 662,401	\$ 1,719,596	\$ 2,129,096	\$ -	\$ -	\$ -	\$ 6,645,154	\$ 7,555,026	\$ 7,260,294
Federal government capital transfers	-	316,716	108,807	-	-	-	-	-	11,345
Provincial government operating transfers	-	361,125	167,317	-	-	-	-	665,179	492,012
Provincial government capital transfers	-	27,679	-	-	-	-	-	-	-
Economic activities	-	-	-	18,581,675	16,610,919	17,403,537	-	-	-
Other	46,719	1,681,719	1,612,878	-	-	-	43,845	4,195	(13,336)
	709,120	4,106,835	4,018,098	18,581,675	16,610,919	17,403,537	6,688,999	8,224,400	7,750,314
Expenses									
Salaries and benefits	2,265,149	1,961,665	1,867,224	860,239	891,337	838,068	4,443,376	5,065,141	4,578,743
Depreciation	-	1,704,037	1,589,966	-	284,155	209,091	-	-	-
Interest	882,228	2,550,962	1,390,157	134,400	95,572	118,763	-	-	-
Other	3,342,609	3,582,802	3,367,630	15,902,554	14,181,760	14,160,815	2,176,083	2,017,421	1,830,074
	6,489,986	9,799,466	8,214,977	16,897,193	15,452,824	15,326,736	6,619,459	7,082,562	6,408,817
Surplus (deficit) for the year	\$ (5,780,866)	\$ (5,692,631)	\$ (4,196,879)	\$ 1,684,482	\$ 1,158,095	\$ 2,076,801	\$ 69,540	\$ 1,141,838	\$ 1,341,497

	Employment Development			Fisheries			Gaming		
	Budget 2024	Actual 2024	Actual 2023	Budget 2024	Actual 2024	Actual 2023	Budget 2024	Actual 2024	Actual 2023
Revenues									
Federal government operating transfers	\$ 398,475	\$ 930,158	\$ 601,407	\$ 249,000	\$ 288,786	\$ 1,785,637	\$ -	\$ -	\$ -
Federal government capital transfers	-	-	-	-	1,126,815	500,000	-	-	-
Provincial government operating transfers	38,294	5,000	65,210	-	-	46,672	-	138,357	139,416
Provincial government capital transfers	-	-	-	-	-	-	-	-	-
Economic activities	-	-	-	12,004,246	10,605,088	14,329,263	-	-	-
Other	-	11,500	800	-	1,347,929	3,444,721	-	-	-
	436,769	946,658	667,417	12,253,246	13,368,618	20,106,293	-	138,357	139,416
Expenses									
Salaries and benefits	538,270	946,029	911,252	1,292,640	4,228,947	4,363,685	-	-	-
Depreciation	-	-	-	1,371,000	1,667,630	1,647,712	-	-	-
Interest	-	-	-	80,830	2,206	173,116	-	-	-
Other	117,689	275,404	178,098	8,966,525	7,686,837	7,949,183	-	-	-
	655,959	1,221,433	1,089,350	11,710,995	13,585,620	14,133,696	-	-	-
Surplus (deficit) for the year	\$ (219,190)	\$ (274,775)	\$ (421,933)	\$ 542,251	\$ (217,000)	\$ 5,972,597	\$ -	\$ 138,357	\$ 139,416

We'koqma'q First Nation

Schedule of Segmented Disclosure

Year ended March 31

	Health Canada			Non-subsidized Housing			Recreation		
	Budget 2024	Actual 2024	Actual 2023	Budget 2024	Actual 2024	Actual 2023	Budget 2024	Actual 2024	Actual 2023
Revenues									
	\$ 709,518	\$ 4,969,732	\$ 3,909,356	\$ 1,111,363	\$ 1,020,314	\$ 580,342	\$ -	\$ 20,000	\$ -
Federal government operating transfers	-	-	-	-	3,056,159	2,619,476	-	-	-
Federal government capital transfers	-	-	-	-	-	-	-	-	75,000
Provincial government operating transfers	-	-	-	-	20,250	-	-	-	-
Provincial government capital transfers	-	-	-	-	-	-	-	16,815	14,214
Economic activities	-	18,661	1,412	-	1,156	7,000	-	-	-
Other	-	-	-	-	-	-	-	-	-
	709,518	4,988,393	3,910,768	1,111,363	4,097,879	3,206,818	-	36,815	89,214
Expenses									
	1,394,099	1,745,926	1,624,113	1,012,772	772,532	997,640	-	168,929	96,521
Salaries and benefits	-	-	-	-	5,932	3,884	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-
Interest	251,310	267,453	247,416	1,756,560	2,346,487	2,140,328	-	9,585	7,452
Other	-	-	-	-	-	-	-	-	-
	1,645,410	2,013,379	1,871,529	2,769,332	3,124,951	3,141,852	-	178,514	103,973
Surplus (deficit) for the year	\$ (935,892)	\$ 2,975,014	\$ 2,039,239	\$ (1,657,969)	\$ 972,928	\$ 64,966	\$ -	\$ (141,699)	\$ (14,759)

	Social Development			Subsidized Housing			Waycobah Contracting		
	Budget 2024	Actual 2024	Actual 2023	Budget 2024	Actual 2024	Actual 2023	Budget 2024	Actual 2024	Actual 2023
Revenues									
	\$ 3,290,853	\$ 4,303,894	\$ 4,400,834	\$ 223,342	\$ 236,568	\$ 216,447	\$ -	\$ 181,000	\$ -
Federal government operating transfers	-	-	-	-	-	-	-	-	-
Federal government capital transfers	-	-	-	-	-	-	-	-	-
Provincial government operating transfers	-	-	-	-	-	-	-	-	-
Provincial government capital transfers	-	-	-	-	-	-	-	-	-
Economic activities	-	-	-	-	-	-	756,408	290,472	276,242
Other	-	-	-	-	-	13,226	-	-	20,000
	3,290,853	4,303,894	4,400,834	223,342	236,568	229,673	756,408	471,472	296,242
Expenses									
	125,840	129,506	134,031	-	-	-	701,226	854,549	745,121
Salaries and benefits	-	-	-	-	451,128	462,340	-	6,453	6,370
Depreciation	-	-	-	36,000	134,100	89,951	120	158	10,154
Interest	2,019,200	3,036,886	2,435,430	153,066	241,993	180,769	21,713	10,348	34,191
Other	-	-	-	-	-	-	-	-	-
	2,145,040	3,166,392	2,569,461	189,066	827,221	733,060	723,059	871,508	795,835
Surplus (deficit) for the year	\$ 1,145,813	\$ 1,137,502	\$ 1,831,373	\$ 34,276	\$ (590,653)	\$ (503,387)	\$ 33,349	\$ (400,036)	\$ (499,593)

We'koqma'q First Nation

Schedule of Segmented Disclosure

Year ended March 31

	Totals		
	Budget 2024	Actual 2024	Actual 2023
Revenues			
Federal government operating transfers	\$ 13,290,106	\$ 21,225,074	\$ 20,883,413
Federal government capital transfers	-	4,499,690	3,239,628
Provincial government operating transfers	38,294	1,169,661	985,626
Provincial government capital transfers	-	47,929	-
Economic activities	31,342,329	27,523,294	32,023,256
Other	90,564	3,065,161	5,086,701
	<u>44,761,293</u>	<u>57,530,809</u>	<u>62,218,624</u>
Expenses			
Salaries and benefits	12,633,610	16,764,562	16,156,398
Depreciation	1,371,000	4,119,336	3,919,363
Interest	1,133,578	2,782,997	1,782,141
Other	34,707,310	33,656,975	32,531,387
	<u>49,845,497</u>	<u>57,323,870</u>	<u>54,389,288</u>
Surplus (deficit) for the year	<u>\$ (5,084,204)</u>	<u>\$ 206,939</u>	<u>\$ 7,829,336</u>