



Consolidated Financial Statements

Paqtnkek Mi'kmaw Nation

March 31, 2018

Contents

	<u>Page</u>
Management's Responsibility for Financial Reporting	1
Independent Auditor's Report	2 - 3
Consolidated Statement of Operations	4
Consolidated Statement of Financial Position	5
Consolidated Statement of Changes in Net Financial Liabilities	6
Consolidated Statement of Cash Flows	7
Notes to Consolidated Financial Statements	8 – 19
Segment Disclosure	20 - 22

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of the Paqtnkek Mi'kmaw 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 Canadian public sector accounting standards. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

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

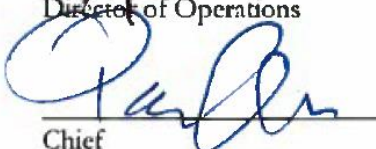
The Band Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

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

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



Director of Operations



Chief

Independent Auditor's Report

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To the Chief and Councillors of

Paqtnkek Mi'kmaw Nation

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

Management's responsibility for the financial statements

The First Nation's management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk

assessments, the auditor considers internal control relevant to the First Nation's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the First Nation's management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

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

Sydney, Canada
August 31, 2018

Grant Thornton LLP
Chartered Professional Accountants
Licensed Public Accountants

Paqtnkek Mi'kmaw Nation

Consolidated Statement of Operations

Year ended March 31	Budget	2018	2017
Revenue			
Education	\$ 1,003,934	\$ 1,103,594	\$ 1,121,857
Social services	2,130,559	2,130,559	2,150,559
Capital	591,242	1,421,094	1,279,986
Operations and maintenance	263,803	105,393	254,321
Economic development and native employment	969,393	1,410,431	1,279,387
First Nation financial management	542,143	2,484,599	575,052
Health Canada programs	801,853	766,159	873,584
CMHC subsidized housing			
- 13 537 394	16,000	21,634	15,411
- 19 042 894	225,000	204,162	206,321
Non-subsidized housing projects	159,902	174,000	210,021
Gaming	71,683	74,175	80,312
Paqtnkek Tobacco Fund	1,900,000	2,026,067	1,967,250
Paqtnkek Fisheries	614,000	1,796,515	816,526
Paqtnkek Gas Bar	858,500	994,100	861,724
Paqtnkek VLT	1,003,000	1,388,986	1,173,015
	<u>\$ 11,151,012</u>	<u>\$ 16,101,468</u>	<u>\$ 12,865,326</u>
Expenditures			
Education	\$ 1,012,604	\$ 904,710	\$ 1,132,533
Social services	2,137,095	2,123,668	2,104,434
Capital	991,727	668,132	926,218
Operations and maintenance	196,690	280,961	150,902
Economic development and native employment	1,347,488	1,241,994	1,337,895
First Nation financial management	1,008,639	1,759,167	953,633
Health Canada programs	808,414	757,563	790,763
CMHC subsidized housing			
- 13 537 394	64,000	9,206	33,219
- 19 042 894	237,500	129,674	123,138
Non-subsidized housing projects	288,500	337,527	178,419
Gaming	-	-	-
Paqtnkek Tobacco Fund	2,160,700	2,064,795	1,791,675
Paqtnkek Fisheries	638,280	1,045,592	741,477
Paqtnkek Gas Bar	1,066,135	1,069,394	929,367
Paqtnkek VLT	716,147	812,121	602,187
Depreciation	-	617,795	565,534
	<u>\$ 12,673,919</u>	<u>\$ 13,822,299</u>	<u>\$ 12,361,394</u>
Annual surplus	<u>\$ (1,522,907)</u>	<u>\$ 2,279,169</u>	<u>\$ 503,932</u>
Accumulated surplus, beginning of year		7,368,501	6,864,569
Accumulated surplus, end of year		<u>\$ 9,647,670</u>	<u>\$ 7,368,501</u>

See accompanying notes to the consolidated financial statements.

Paqtnkek Mi'kmaw Nation

Consolidated Statement of Financial Position

March 31

2018

2017

Financial assets

Cash	\$ 3,019,929	\$ 1,447,691
Receivables (Note 2)	1,022,262	1,563,164
Inventory	58,108	33,397
Restricted cash		
Replacement reserve fund (Note 3)	254,106	160,364
Debt reserve fund	80,353	-
Funds held in trust (Note 4)	<u>22,353</u>	<u>22,120</u>
	<u>4,457,111</u>	<u>3,226,736</u>

Financial liabilities

Payables and accruals (Note 6)	1,637,441	2,671,621
Deferred revenue (Note 7)	-	459,800
Long term debt (Note 8)	<u>4,209,136</u>	<u>2,419,639</u>
	<u>5,846,577</u>	<u>5,551,060</u>

Net financial liabilities (Page 6) (1,389,466) (2,324,324)

Non-financial assets

Capital assets (Note 5)	10,684,182	8,727,458
Capital projects under construction	<u>313,045</u>	<u>925,458</u>
	10,997,227	9,652,916
Prepays	<u>39,909</u>	<u>39,909</u>
	<u>11,037,136</u>	<u>9,692,825</u>

Accumulated surplus \$ 9,647,670 \$ 7,368,501

Contingencies (Note 9)

On behalf of the Band Council

Chief

Councillor

See accompanying notes to the consolidated financial statements.

Paqtnkek Mi'kmaw Nation

Consolidated Statement of Changes in Net Financial Liabilities

March 31	2018	2017
Excess of revenue over expenditure	\$ 2,279,169	\$ 503,932
Depreciation	617,795	565,534
Purchase of property and equipment	<u>(1,962,342)</u>	<u>(1,220,200)</u>
	<u>934,622</u>	<u>(150,734)</u>
Trust allocations and interest	233	403
Acquisition of prepaid expenses, net of usage	<u>-</u>	<u>(23,451)</u>
	<u>233</u>	<u>(23,045)</u>
Change in net financial liabilities	934,855	(173,779)
Net financial liabilities, beginning of year	<u>(2,324,321)</u>	<u>(2,150,542)</u>
Net financial liabilities, end of year	<u>\$ (1,389,466)</u>	<u>\$ (2,324,321)</u>

See accompanying notes to the consolidated financial statements.

Paqtnkek Mi'kmaw Nation

Consolidated Statement of Cash Flows

Year ended March 31

2018

2017

Increase in cash and cash equivalents

Operating		
Excess of revenue over expenditure	\$ 2,279,169	\$ 503,932
Depreciation	<u>617,795</u>	<u>565,534</u>
	2,896,964	1,069,466
Change in non-cash operating working capital		
Receivables	540,902	(628,591)
Inventory	(24,711)	9,833
Prepays	-	(23,451)
Payables and accruals	(1,034,180)	1,185,953
Deferred revenue	<u>(459,800)</u>	<u>430,396</u>
	<u>1,919,175</u>	<u>2,043,606</u>
Financing		
Trust contributions and interest	233	403
Receipt of long term debt	1,996,002	-
Repayment of long term debt	<u>(206,502)</u>	<u>(171,733)</u>
	<u>1,789,733</u>	<u>(171,330)</u>
Investing		
Purchase of property and equipment	<u>(1,962,342)</u>	<u>(1,220,200)</u>
	<u>(1,962,342)</u>	<u>(1,220,200)</u>
Net increase in cash and cash equivalents	1,746,566	652,076
Cash and cash equivalents, beginning of year	<u>1,630,175</u>	<u>978,099</u>
Cash and cash equivalents, end of year	<u>\$ 3,376,741</u>	<u>\$ 1,630,175</u>

Cash and cash equivalents, consists of:

Cash	\$ 3,019,929	\$ 1,447,691
Restricted cash		
Replacement reserve fund	254,106	160,364
Debt reserve fund	80,353	-
Funds in trust	<u>22,353</u>	<u>22,120</u>
	<u>\$ 3,376,741</u>	<u>\$ 1,630,175</u>

See accompanying notes to the consolidated financial statements.

Paqtnkek Mi'kmaw Nation

Notes to the Consolidated Financial Statements

March 31, 2018

1. Summary of significant accounting policies

Reporting entity and principles of financial reporting

These financial statements have been prepared in accordance with Canadian public sector accounting standards, which encompass the principles common with First Nations.

The consolidated financial statements of the Paqtnkek Mi'kmaw Nation are the representations of management prepared in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

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.

The various funds have been amalgamated for the purpose of presentation in the consolidated financial statements. The Paqtnkek Mi'kmaw Nation maintains the following funds and unincorporated entities:

- The Operating Fund which reports the general activities of the First Nation Administration, including social services, band support, education, operations capital, operating and maintenance, economic development, community health and welfare, employment training, and miscellaneous.
- The Paqtnkek Mi'kmaw Nation Canada Mortgage and Housing Projects Fund which reports the social housing assets of the First Nation, together with related activities.
- The Paqtnkek Tobacco Fund which reports the First Nation's tobacco activities.
- The Paqtnkek Fisheries which reports the First Nation's commercial fishing operation.
- The Paqtnkek Gas Bar which reports the First Nation's commercial operations.
- The Paqtnkek VLT which reports the First Nation's gaming operations.

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

Principles of consolidation

The First Nation maintains a separate self-balancing set of accounts for the Operating Fund, the Capital Fund, and the Canada Mortgage and Housing Projects Fund. The Operating Fund includes the following statement of operations:

Social development	Education program
Band government	Economic development
Capital projects	Employment development
Operations and maintenance	Health Canada programs
Band operated school	Gaming
Miscellaneous	

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks, and term deposits net of bank overdraft.

Paqtnkek Mi'kmaw Nation

Notes to the Consolidated Financial Statements

March 31, 2018

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 in these financial statements during fiscal 2018 was \$2,247,289 (2017 - \$2,033,178). There were no write downs of inventory below cost to net realizable value during the year. There were no reversals of inventories written down previously that are no longer estimated to sell below cost.

Capital assets

Capital assets are recorded at cost, which includes all amounts directly attributable to their acquisition, construction or betterment of the asset. Interest on construction is also included in cost. Depreciation, at rates noted below, is expensed in the current year.

Rates and methods of depreciation applied to write off the cost of capital assets over their estimated useful lives are as follows:

Buildings	2.5 - 5% declining balance
Housing properties	25 years, straight line
Infrastructure and roads	4 - 10% declining balance
Equipment	20% declining balance
Motor vehicles	30% declining balance
Vessels	15% declining balance

In the year of acquisition, depreciation of capital assets is calculated at half the full annual rate as stated above.

Paqtnkek Mi'kmaw Nation

Notes to the Consolidated Financial Statements

March 31, 2018

1. Summary of significant accounting policies (continued)

Revenue recognition

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

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

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

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.

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 revenue and expenses during the period. Actual results could differ from these estimates.

Income taxes

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

RRAP expenditures

Repairs and renovations incurred under the CMHC Residential Renovations Assistance Program (RRAP) are expensed in the Operating Fund in the year incurred.

Net debt

The Band's financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the Band is determined by its liabilities less its financial assets.

Paqtnkek Mi'kmaw Nation

Notes to the Consolidated Financial Statements

March 31, 2018

2. Receivables	<u>2018</u>	<u>2017</u>
Indigenous and Northern Affairs Canada	\$ 205,000	\$ 895,350
Health Canada	-	5,000
Mi'kmaq Employment Training Secretariat	95,420	180,563
Mi'kmaw Kina'matnewey	63,823	24,110
Canada Mortgage and Housing Corporation	34,000	34,000
Members	-	137,806
Province of Nova Scotia	154,487	100,312
Service Canada	-	-
Commodity taxes	-	68,472
Trade receivables	<u>492,756</u>	<u>141,100</u>
	1,045,486	1,586,713
Less: allowance for doubtful accounts	<u>(23,224)</u>	<u>(23,549)</u>
	<u>\$ 1,022,262</u>	<u>\$ 1,563,164</u>

3. Replacement reserve fund

Under the terms of the agreement with the CMHC, the replacement reserve account is to be increased by annual charges to equity. The charge in the current year is \$33,333 (2017 - \$33,250). 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 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.

As of March 31, 2018, the reserve was fully funded.

4. Funds held in trust

The Trust Fund arises from monies derived from capital or revenue sources as outlined in Section 62 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*.

The changes in net assets of the Trust Fund during the year are as follows:

	<u>2018</u>	<u>2017</u>
Net assets, beginning of year	\$ 22,120	\$ 21,717
Interest earned	<u>233</u>	<u>403</u>
Net assets, end of year	<u>\$ 22,353</u>	<u>\$ 22,120</u>

Paqtnkek Mi'kmaw Nation

Notes to the Consolidated Financial Statements

March 31, 2018

5. Capital assets			<u>2018</u>	<u>2017</u>
	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net book value</u>	<u>Net book value</u>
Land	\$ 277,176	\$ -	\$ 277,176	\$ 277,176
Buildings and housing properties	12,511,674	5,233,458	7,278,216	5,725,423
Equipment	580,388	434,457	145,931	140,025
Vehicles	764,312	583,190	181,122	128,998
Vessels	898,328	602,576	295,752	257,297
Infrastructure and roads	<u>4,210,570</u>	<u>1,704,585</u>	<u>2,505,985</u>	<u>2,198,539</u>
	<u>\$ 19,242,448</u>	<u>\$ 8,558,266</u>	<u>\$10,684,182</u>	<u>\$ 8,727,458</u>

6. Payables and accruals			<u>2018</u>	<u>2017</u>
Indigenous and Northern Affairs Canada			\$ 109,050	\$ 175,070
Health Canada			23,132	9,751
Commodity taxes			183,933	275,946
Trade payables and accruals			<u>1,321,326</u>	<u>2,210,854</u>
			<u>\$ 1,637,441</u>	<u>\$ 2,671,621</u>

7. Deferred revenue			<u>2018</u>	<u>2017</u>
CMHC			\$ -	\$ -
Indigenous and Northern Affairs Canada			-	454,800
Health Canada			<u>-</u>	<u>5,000</u>
			<u>\$ -</u>	<u>\$ 459,800</u>

Paqtnkek Mi'kmaw Nation

Notes to the Consolidated Financial Statements

March 31, 2018

8. Long term debt	<u>2018</u>	<u>2017</u>
Canada Mortgage and Housing Corporation		
1.82% mortgage maturing in May 2024, payable in equal monthly instalments of principal and interest of \$400	\$ 27,971	\$ 32,219
1.03% mortgage maturing in March 2026, payable in equal monthly instalments of principal and interest of \$370	34,070	38,135
1.43% mortgage maturing in February 2027, payable in equal monthly instalments of principal and interest of \$1,153	114,493	126,437
1.62% mortgage maturing in January 2028, payable in equal monthly instalments of principal and interest of \$363	39,643	43,333
1.92% mortgage maturing in March 2029, payable in equal monthly instalments of principal and interest of \$352	41,914	45,305
1.82% mortgage maturing in September 2029, payable in equal monthly instalments of principal and interest of \$716	89,222	96,138
1.01% mortgage maturing in December 2030, payable in equal monthly instalments of principal and interest of \$676	97,076	104,176
1.03% mortgage maturing in July 2031, payable in equal monthly instalments of principal and interest of \$407	60,765	64,996
1.71% mortgage maturing in July 2032, payable in equal monthly instalments of principal and interest of \$716	109,166	115,800
1.67% mortgage maturing in April 2033, payable in equal monthly instalments of principal and interest of \$1,035	165,644	175,226
1.67% mortgage maturing in June 2033, payable in equal monthly instalments of principal and interest of \$1,907	308,016	325,614

Paqtnkek Mi'kmaw Nation

Notes to the Consolidated Financial Statements

March 31, 2018

8. Long term debt (continued)	<u>2018</u>	<u>2017</u>
1.83% mortgage maturing in December 2034, payable in equal monthly instalments of principal and interest of \$358	62,042	65,181
1.23% mortgage maturing in April 2035, payable in equal monthly instalments of principal and interest of \$741	137,063	144,231
1.13% mortgage maturing in May 2036, payable in equal monthly instalments of principal and interest of \$1,287	253,621	266,131
1.65% mortgage maturing in May 2022, payable in equal monthly instalments of principal and interest of \$371	16,147	20,317
1.39% mortgage maturing in August 2037, payable in equal monthly instalments of principal and interest of \$299	61,041	63,686
1.62% mortgage maturing in March 2038, payable in equal monthly instalments of principal and interest of \$527	107,987	112,527
1.85% mortgage maturing in August 2039, payable in equal monthly instalments of principal and interest of \$500	105,994	109,995
1.86% mortgage maturing in August 2023, payable in equal monthly instalments of principal and interest of \$857	51,419	-
2.39% mortgage maturing in March 2043, payable in equal monthly instalments of principal and interest of \$611	138,000	-
2.39% mortgage maturing in February 2043, payable in equal monthly instalments of principal and interest of \$564	127,168	-
2.39% mortgage maturing in March 2043, payable in equal monthly instalments of principal and interest of \$531	120,000	-

Paqtnkek Mi'kmaw Nation

Notes to the Consolidated Financial Statements

March 31

8. Long term debt (continued)	<u>2018</u>	<u>2017</u>
Bank of Nova Scotia		
4.55% mortgage repaid during the year	-	60,349
4.49% mortgage maturing in February 2028, payable in equal monthly instalments of principal and interest of \$508	48,894	52,734
4.49% mortgage maturing in February 2028, payable in equal monthly instalments of principal and interest of \$508	48,894	52,734
4.49% mortgage maturing in February 2028, payable in equal monthly instalments of principal and interest of \$508	48,894	52,734
4.55% mortgage maturing in February 2029, payable in equal monthly instalments of principal and interest of \$327	33,511	35,921
4.55% mortgage maturing in February 2029, payable in equal monthly instalments of principal and interest of \$327	33,511	35,921
4.55% mortgage maturing in February 2029, payable in equal monthly instalments of principal and interest of \$327	33,511	35,921
4.55% mortgage maturing in February 2029, payable in equal monthly instalments of principal and interest of \$327	33,511	36,115
4.55% mortgage maturing in February 2029, payable in equal monthly instalments of principal and interest of \$327	33,511	35,921
4.55% mortgage maturing in February 2029, payable in equal monthly instalments of principal and interest of \$327	33,511	35,921

Paqtnkek Mi'kmaw Nation

Notes to the Consolidated Financial Statements

March 31

8. Long term debt (continued)	<u>2018</u>	<u>2017</u>
4.55% mortgage maturing in February 2029, payable in equal monthly instalments of principal and interest of \$327	33,511	35,921
First Nations Finance Authority		
3.41% loan, payable in equal annual instalments of \$58,764 plus interest, maturing December 2027	<u>1,559,415</u>	-
	4,209,136	2,419,639
Less: Current portion of long term debt		
Principal payments due within one year	<u>227,360</u>	<u>151,494</u>
	<u>\$ 3,981,776</u>	<u>\$ 2,268,145</u>

As security, the Band has provided a Band Council Resolution providing an irrevocable authorization to the Indigenous and Northern Affairs Canada to assign all funding until all loans are repaid to the bank and a floating charge on the assets of the Band Council.

The aggregate maturities of long term debt, assuming mortgages are renewed under the same terms and conditions currently in effect, for each of the next five years subsequent to March 31, 2019, are as follows:

2019	\$ 227,360
2020	\$ 229,598
2021	\$ 233,590
2022	\$ 236,538
2023	\$ 236,014

9. Contingencies

- a) The Band has entered into a one year alternative funding arrangement with the Indigenous and Northern Affairs Canada, effective April 1, 2017. These funds may be repayable if any of the following conditions are not met:
- 1) minimum program requirements are not met;
 - 2) capital funds are not expended for capital purposes; and
 - 3) any mandatory capital projects are not completed.
- b) The Band has entered into contribution agreements with various government departments. Funding received under these contribution agreements is subject to repayment if the Band fails to comply with the terms and conditions of the agreements.

Paqtnkek Mi'kmaw Nation

Notes to the Consolidated Financial Statements

March 31, 2018

10. Line of credit

The First Nation has a \$50,000 operating line of credit with Bank of Nova Scotia at a rate of prime plus 2%. The balance of the line of credit as at March 31, 2018, was nil (2017 – nil).

11. Pension costs and obligations

The First Nation is required to match contributions to a group registered retirement savings plan for certain full time employees. Total contributions during the year amounted to \$37,160 (2017 - \$36,639).

12. Expenditures by object

	<u>2018</u>	<u>2017</u>
Bad debt (recoverable) provision	\$ 48,308	\$ 64,385
Business development and promotion	39,856	165,098
Cash shortages (overage)	1,492	(1,361)
Community support	1,751,585	600,734
Contracted services	574,591	149,943
Cost of goods sold	2,493,936	2,310,432
Depreciation	617,795	565,534
Dues and fees	155,455	164,113
Education and training	867,023	1,187,052
Fuel, bait, and boat maintenance	273,763	305,833
Health programs	164,888	362,514
Infrastructure	423,586	1,006,817
Insurance	115,590	119,426
Interest	160,319	124,139
Repairs and maintenance	814,116	270,834
Salaries, wages, and benefits	2,692,843	2,499,419
Social	1,862,799	1,933,679
Supplies	501,815	222,159
Travel	<u>262,539</u>	<u>310,644</u>
	<u>\$ 13,822,299</u>	<u>\$ 12,361,394</u>

Paqtnkek Mi'kmaw Nation

Notes to the Consolidated Financial Statements

March 31, 2018

13. Segment disclosure

Paqtnkek Mi'kmaw Nation provides a wide range of services to its members, including training, education, social, health care and housing. For management reporting purposes Paqtnkek Mi'kmaw 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 services – social assistance provided to qualifying members.
- Financial management- all associated with the administration of the Band operations.
- Capital Projects – provides capital construction projects for the community.
- Operations and Maintenance – repairs and maintenance carried out during the year to the community buildings.
- Economic Development – specified development projects undertaken by the Band.
- Education – providing elementary, secondary and post-secondary tuition for qualifying members along with related programs and support.
- Health Canada – activity of the Health Centre which provides a variety of health care programs and support.
- Housing Fund – Section 95 and non-subsidized housing operations.
- Tobacco Fund – the Band's tobacco sales operation.
- Commercial Fishing – encompasses the fisheries activities of the Band.
- Gaming Commission – represents the Band's share of Casino Nova Scotia revenues.
- Gas bar – the gas bar operations of the band.
- VLT – the VLT operations of the Band.

See financial data on Pages 20 – 22.

14. Government transfers

	2018			2017		
	Operating	Capital	Total	Operating	Capital	Total
Indigenous and Northern Affairs Canada	\$ 3,919,205	\$ 454,800	\$ 4,374,005	\$ 3,660,524	\$ 854,800	\$ 4,515,324
Health Canada	766,159	-	766,159	761,020	-	761,020
Canada Mortgage and Housing Corporation	220,371	-	220,371	123,768	-	123,768
Mi'kmaw Kina'matnewey	1,096,991	-	1,096,991	1,073,346	-	1,073,346
Other	71,351	-	71,351	316,260	-	316,260
Total	6,074,077	454,800	6,528,877	5,934,918	854,800	6,789,718
Province of Nova Scotia	2,331,469	-	2,331,469	637,568	-	637,568
	<u>\$ 8,405,546</u>	<u>\$ 454,800</u>	<u>\$ 8,860,346</u>	<u>\$ 6,572,486</u>	<u>\$ 854,800</u>	<u>\$ 7,427,286</u>

Paqtnkek Mi'kmaw Nation

Notes to the Consolidated Financial Statements

March 31, 2018

15. Accumulated surplus

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

	<u>2018</u>	<u>2017</u>
Unallocated	\$ 2,557,172	\$ (226,050)
Funds on deposit with Department of Indigenous Services Canada	22,120	22,120
Operating Reserve	32,518	27,738
Replacement Reserve	254,044	311,419
Tangible Capital Asset Reserve	<u>6,781,816</u>	<u>7,233,274</u>
	<u>\$ 9,647,670</u>	<u>\$ 7,368,501</u>

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

Paqtneq Mi'kmaw Nation

Schedule of Segment Disclosure
Year ended March 31, 2018

	Social		First Nation Financial Management		Capital		Operations and Maintenance		Economic Development and Native Employment	
	Actual 2018	Actual 2017	Actual 2018	Actual 2017	Actual 2018	Actual 2017	Actual 2018	Actual 2017	Actual 2018	Actual 2017
Revenues										
Federal government operating transfers	\$ 2,130,559	\$ 2,150,559	\$ 353,714	\$ 316,052	\$ 827,204	\$ 389,597	\$ 105,393	\$ 254,321	\$ 962,689	\$ 703,311
Federal government capital transfers	-	-	-	-	454,800	888,800	-	-	-	-
Provincial government operating transfers	-	-	1,874,300	-	-	-	-	-	376,391	508,745
Provincial government capital transfers	-	-	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-	-
Economic activities	-	-	-	-	-	-	-	-	-	-
Other	-	-	256,585	259,000	139,090	1,588	-	-	71,351	67,331
	<u>\$ 2,130,559</u>	<u>\$ 2,150,559</u>	<u>\$ 2,484,599</u>	<u>\$ 575,052</u>	<u>\$ 1,421,094</u>	<u>\$ 1,279,986</u>	<u>\$ 105,393</u>	<u>\$ 254,321</u>	<u>\$ 1,410,431</u>	<u>\$ 1,279,387</u>
Expenses										
Salaries and benefits	\$ 134,876	\$ 135,043	\$ 578,500	\$ 559,813	\$ 79,806	\$ 37,741	\$ 16,202	\$ -	\$ 506,214	\$ 272,592
Amortization	-	-	-	-	-	-	-	-	-	-
Interest	-	-	40,925	-	6,019	15,173	-	-	-	-
Other	1,988,792	1,969,391	1,139,742	393,820	582,307	873,304	264,759	150,902	735,780	1,065,303
	<u>\$ 2,123,668</u>	<u>\$ 2,104,434</u>	<u>\$ 1,759,167</u>	<u>\$ 953,633</u>	<u>\$ 668,132</u>	<u>\$ 926,218</u>	<u>\$ 280,961</u>	<u>\$ 150,902</u>	<u>\$ 1,241,994</u>	<u>\$ 1,337,895</u>
Surplus (deficit) for the year	<u>\$ 6,891</u>	<u>\$ 46,125</u>	<u>\$ 725,432</u>	<u>\$ (378,581)</u>	<u>\$ 752,962</u>	<u>\$ 353,768</u>	<u>\$ (175,568)</u>	<u>\$ 103,419</u>	<u>\$ 168,437</u>	<u>\$ (58,508)</u>

Paqtnekek Mi'kmaw Nation

Schedule of Segment Disclosure
Year ended March 31, 2018

	Education		Gaming		Health Canada Programs		Tobacco Fund		Gas Bar	
	Actual 2018	Actual 2017	Actual 2018	Actual 2017	Actual 2018	Actual 2017	Actual 2018	Actual 2017	Actual 2018	Actual 2017
Revenues										
Federal government operating transfers	\$ 1,096,991	\$ 1,073,346	\$ -	\$ -	\$ 766,159	\$ 761,020	\$ -	\$ -	\$ -	\$ -
Federal government capital transfers	-	-	-	-	-	-	-	-	-	-
Provincial government operating transfers	6,603	48,511	\$ 74,175	\$ 80,312	-	-	-	-	-	-
Provincial government capital transfers	-	-	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-	-
Economic activities	-	-	-	-	-	-	-	-	-	-
Income from investment in GBE's	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	112,564	2,026,067	1,967,250	994,100	861,724
	<u>1,103,594</u>	<u>1,121,857</u>	<u>74,175</u>	<u>80,312</u>	<u>766,159</u>	<u>873,584</u>	<u>2,026,067</u>	<u>1,967,250</u>	<u>994,100</u>	<u>861,724</u>
Expenses										
Salaries and benefits	\$ 152,149	\$ 244,991	\$ -	\$ -	\$ 219,038	\$ 208,339	\$ 103,209	\$ 109,546	\$ 113,786	\$ 104,113
Amortization	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	10,805	9,925	7,877	7,125
Other	752,561	887,542	-	-	538,525	582,424	1,950,781	1,672,203	947,731	818,129
	<u>\$ 904,710</u>	<u>\$ 1,132,533</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 757,563</u>	<u>\$ 790,763</u>	<u>\$ 2,064,795</u>	<u>\$ 1,791,675</u>	<u>\$ 1,069,394</u>	<u>\$ 929,367</u>
Surplus (deficit) for the year	<u>\$ 198,884</u>	<u>\$ (10,676)</u>	<u>\$ 74,175</u>	<u>\$ 80,312</u>	<u>\$ 8,596</u>	<u>\$ 82,821</u>	<u>\$ (38,728)</u>	<u>\$ 175,575</u>	<u>\$ (75,294)</u>	<u>\$ (67,643)</u>

Paqtnkek Mi'kmaw Nation

Schedule of Segment Disclosure
Year ended March 31, 2018

	Non-Subsidized Housing		Fisheries		VLT		Subsidized Housing		Other		Total	
	Actual 2018	Actual 2017	Actual 2018	Actual 2017	Actual 2018	Actual 2017	Actual 2018	Actual 2017	Actual 2018	Actual 2017	Actual 2018	Actual 2017
Revenues												
Federal government operating transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 79,746	\$ 79,749	\$ -	\$ -	\$ 6,322,455	\$ 5,727,955
Federal government capital transfers	-	-	-	-	-	-	-	-	-	-	454,800	888,800
Provincial government operating transfers	-	-	253,042	-	-	-	-	-	-	-	2,584,511	637,568
Provincial government capital transfers	-	-	-	-	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-
Economic activities	-	-	-	-	-	-	-	-	-	-	-	-
Other	174,000	210,021	1,543,473	816,526	1,388,986	1,173,015	146,050	141,983	-	-	6,739,702	5,611,002
	\$ 174,000	\$ 210,021	\$ 1,796,515	\$ 816,526	\$ 1,388,986	\$ 1,173,015	\$ 225,796	\$ 221,732	\$ -	\$ -	\$ 16,101,468	\$ 12,865,326
Expenses												
Salaries and benefits	\$ -	\$ -	\$ 489,881	\$ 359,460	\$ 299,182	\$ 304,705	\$ -	\$ -	\$ -	\$ -	\$ 2,692,843	\$ 2,336,344
Amortization	-	-	-	-	-	-	-	-	617,795	565,534	617,795	565,534
Interest	6,019	18,544	1,699	1,291	1,239	3,475	30,529	31,161	-	-	105,112	86,694
Other	331,508	159,875	554,012	380,726	511,700	294,007	108,351	125,196	-	-	10,406,549	9,372,822
	\$ 337,527	\$ 178,419	\$ 1,045,592	\$ 741,477	\$ 812,121	\$ 602,187	\$ 138,880	\$ 156,357	\$ 617,795	\$ 565,534	\$ 13,822,299	\$ 12,361,394
Surplus (deficit) for the year	\$ (163,527)	\$ 31,602	\$ 750,923	\$ 75,049	\$ 576,865	\$ 570,828	\$ 86,916	\$ 65,375	\$ (617,795)	\$ (565,534)	\$ 2,279,169	\$ 503,932