



Consolidated Financial Statements

Paqtnkek Mi'kmaw Nation

March 31, 2025

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


Katie Boyle
Chief Financial Officer


Kustay Thompson
Chief Administrative Officer

Independent auditor's report

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To the Chief and Councillors of the
Paqtnkek Mi'kmaw Nation

Opinion

We have audited the consolidated financial statements of Paqtnkek Mi'kmaw Nation ("the First Nation"), which comprise the consolidated statement of financial position as at March 31, 2025, and the consolidated statements of operations, changes in net financial liabilities 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 Paqtnkek Mi'kmaw Nation as at March 31, 2025, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – restated comparative information

We draw attention to note 17 which describes certain comparative information for the year ended March 31, 2024, that has been restated. Our opinion has not been modified in respect of this matter.

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.

Independent auditor's report (continued)

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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
February 5, 2026


Chartered Professional Accountants

Paqtnkek Mi'kmaw Nation

Consolidated Statement of Operations

Year ended March 31	Budget	2025	Restated (Note 17) 2024
Revenue			
Education	\$ 1,918,575	\$ 2,620,726	\$ 2,198,822
Social services	2,331,362	3,788,874	2,492,674
Capital	677,143	713,389	335,478
Operations and maintenance	465,000	277,899	235,541
Economic development and native employment	921,511	780,498	1,293,587
First Nation financial management	346,632	6,069,557	3,470,270
Health Canada programs	1,308,505	1,803,370	771,799
CMHC subsidized housing			
- 13 537 394	-	-	690
- 19 042 894	301,414	398,476	224,862
Non-subsidized housing projects	-	471,314	900,153
Gaming	86,000	87,171	85,754
Paqtnkek Tobacco Fund	1,831,455	2,023,472	1,918,533
Paqtnkek Fisheries	1,280,809	2,140,401	1,480,061
Paqtnkek VLT	1,672,000	2,192,464	1,927,926
Bayside Development Corporation	265,527	1,114,003	966,944
Bayside Operations	16,656,640	12,857,181	12,064,512
	<u>\$ 30,062,573</u>	<u>\$ 37,338,795</u>	<u>\$ 30,367,606</u>
Expenditures			
Education	1,918,575	1,936,421	1,675,817
Social services	2,647,577	2,510,007	1,834,103
Capital	448,873	881,273	650,579
Operations and maintenance	169,705	277,899	113,531
Economic development and native employment	936,715	898,521	1,074,059
First Nation financial management	1,861,176	4,993,123	2,932,912
Health Canada programs	937,356	1,800,728	873,909
CMHC subsidized housing			
- 13 537 394	-	-	(7,725)
- 19 042 894	328,900	307,803	207,560
Non-subsidized housing projects	-	471,314	252,760
Paqtnkek Tobacco Fund	1,710,210	2,188,155	1,702,159
Paqtnkek Fisheries	1,089,778	1,327,416	1,039,455
Paqtnkek VLT	988,226	905,737	766,113
Bayside Development Corporation	424,500	1,639,743	1,189,488
Bayside Operations	14,254,045	12,854,744	11,628,724
Depreciation		1,632,076	1,327,485
	<u>\$ 27,715,636</u>	<u>\$ 34,624,960</u>	<u>\$ 27,260,929</u>
Loss on transfer/disposal (Note 19)	\$ -	\$ (7,547)	\$ (2,148,059)
Annual surplus	<u>\$ 2,346,937</u>	<u>\$ 2,706,288</u>	<u>\$ 958,618</u>
Accumulated surplus, beginning of year			
As previously stated		24,688,506	22,981,658
Restated comparative information (Note 17)		<u>(1,847,290)</u>	<u>(1,099,060)</u>
As restated		22,841,216	21,882,598
Accumulated surplus, end of year		<u>\$ 25,547,504</u>	<u>\$ 22,841,216</u>

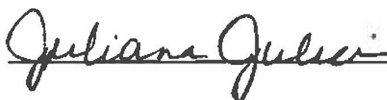

See accompanying notes to the consolidated financial statements.

Paqtnkek Mi'kmaw Nation
Consolidated Statement of Financial Position

March 31	2025	Restated (Note 17) 2024
Financial assets		
Cash	\$ 16,286,518	\$ 12,737,365
Receivables (Note 2)	9,719,200	9,564,112
Inventory	512,443	620,752
Restricted cash		
Replacement reserve fund (Note 3)	526,475	519,135
Debt reserve fund (Note 3)	5,541,314	3,590,750
Investment (Note 16)	34,180,060	-
Promissory note receivable (Note 4)	47,944,346	48,464,229
	<u>114,710,356</u>	<u>75,496,343</u>
Financial liabilities		
Payables and accruals (Note 5)	3,718,066	2,708,460
Deferred revenue (Note 6)	15,660,268	13,790,569
Long-term debt (Note 7)	98,578,373	63,597,983
	<u>117,956,707</u>	<u>80,097,012</u>
Net financial liabilities	<u>(3,246,351)</u>	<u>(4,600,669)</u>
Non-financial assets		
Tangible capital assets (Note 8)	28,765,111	27,412,581
Prepays	28,744	29,304
	<u>28,793,855</u>	<u>27,441,885</u>
Accumulated surplus	<u>\$ 25,547,504</u>	<u>\$ 22,841,216</u>

Contingencies (Note 10)

On behalf of the First Nation

 Chief  Councillor

See accompanying notes to the consolidated financial statements.

Paqtnkek Mi'kmaw Nation
Consolidated Statement of Changes in Net Debt

March 31	2025	Restated (Note 17) 2024
Annual surplus	\$ 2,706,288	\$ 958,618
Depreciation	1,632,076	1,327,485
Gain/loss on sale of property and equipment	7,547	(130,871)
Proceeds on sale of property and equipment	12,000	300,000
Loss on transfer of water assets to AFNWA	-	2,148,059
Purchase of property and equipment, net	<u>(3,004,152)</u>	<u>(4,966,308)</u>
	<u>1,353,759</u>	<u>(363,017)</u>
Acquisition of prepaid expenses, net of usage	<u>559</u>	<u>(3)</u>
Change in net financial liabilities	1,354,318	(363,020)
Net financial liabilities Beginning of year (restated - Note 17)	<u>(4,600,669)</u>	<u>(4,237,649)</u>
Net financial liabilities, end of year	<u>\$ (3,246,351)</u>	<u>\$ (4,600,669)</u>

See accompanying notes to the consolidated financial statements

Paqtnkek First Nation

Consolidated Statement of Cash Flows

March 31	2025	Restated (Note 17) 2024
Increase in cash and cash equivalents		
Operating		
Annual surplus	\$ 2,706,288	\$ 958,618
Gain on sale of property and equipment	7,547	(130,871)
Loss on transfer of water assets to AFNWA	-	2,148,059
Depreciation	<u>1,632,076</u>	<u>1,327,485</u>
	4,345,911	4,303,291
Change in non-cash operating working capital		
Receivables	(155,088)	(3,772,049)
Inventory	108,309	(144,028)
Prepays	560	(3)
Payables and accruals	1,009,606	1,027,925
Deferred revenue	<u>1,869,699</u>	<u>6,095,349</u>
	7,178,997	7,510,485
Capital		
Purchase of property and equipment, net	(3,004,152)	(4,966,308)
Proceeds on disposal of property and equipment	<u>12,000</u>	<u>300,000</u>
	(2,992,152)	(4,666,308)
Financing		
Change in restricted cash	(1,957,904)	(884,901)
Receipt of long-term debt	35,894,800	15,037,600
Repayment of long-term debt	(914,411)	(1,318,565)
Receivable from First Nation Fisheries Interest Group	<u>519,883</u>	<u>(13,802,000)</u>
	33,542,368	(967,866)
Investing		
Investment in portfolio investments (note 16)	<u>(34,180,060)</u>	-
	(34,180,060)	-
Net increase in cash and cash equivalents	3,549,153	1,876,311
Cash and cash equivalents, beginning of year	<u>12,737,365</u>	<u>10,861,054</u>
Cash and cash equivalents, end of year	\$ 16,286,518	\$ 12,737,365

See accompanying notes to the consolidated financial statements.

Paqtnkek Mi'kmaw Nation

Notes to the Consolidated Financial Statements

March 31, 2025

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.
- Bayside Development Corporation reports the assets of the Bayside site.
- Bayside Operations reports the First Nation's operations at the Bayside site (retail gas outlet, convenience store and cardlock fuel facility).

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, the Canada Mortgage and Housing Projects Fund and the Bayside Operations and Development Corporation. 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.

Paqtnekek Mi'kmaw Nation

Notes to the Consolidated Financial Statements

March 31, 2025

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 2025 was \$14,176,289 (2024 - \$12,166,618). 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.

Tangible capital assets

Tangible 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 tangible 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
Radio equipment	5% declining balance

Capital projects under construction

Costs related to specific capital projects under construction and development are identified as capital projects under construction until projects are completed (see Note 8). Once completed, the costs are transferred to tangible capital assets and amortized in accordance with the rates and methods of depreciation as set forth above.

Revenue recognition

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.

Paqtnkek Mi'kmaw Nation

Notes to the Consolidated Financial Statements

March 31, 2025

1. Summary of significant accounting policies (continued)

Revenue recognition (continued)

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

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.

Revenues earned from transactions with performance obligations include fisheries, tobacco, 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 the entity has the authority to claim or retain the revenue and identifies a past transaction or event that gives rise to an asset.

Revenue from housing is recognized on a monthly basis as rents are received. Rents are based on the First Nation's established market rent for on reserve housing programs.

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.

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.

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 First Nation 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.

Trust Funds

The Trust Funds being administered by the First Nation are not considered to be part of the government reporting entity and therefore not consolidated with the accounts of the Nation. Trust Funds administered by the First Nation are disclosed in Note 9 to the consolidated financial statements.

Paqtnkek Mi'kmaw Nation

Notes to the Consolidated Financial Statements

March 31, 2025

1. Summary of significant accounting policies (continued)

Asset retirement obligation

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

- a) There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- b) The part transaction or event giving rise to the liability has occurred;
- c) Is it expected that future economic benefits will be given up;
- d) A reasonable estimate of the amount can be made.

The liability is measured at the First Nation's best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date. The estimate includes costs directly attributable to the asset retirement activities. The costs also include post-retirement operation, maintenance and monitoring that are an integral part of the retirement of the tangible capital asset and the costs of tangible capital assets acquired as part of asset retirement activities to the extent those assets have no alternative use.

Upon initial recognition of the liability for an asset retirement obligation, the carrying amount of the corresponding tangible capital asset (or component thereof) is increased by the same amount. The capitalized asset retirement cost is expensed in a rational and systematic manner over the useful life of the tangible capital asset (or a component thereof). For obligations for which there is no tangible capital asset recognized or for tangible capital assets that are no longer in productive use, the asset retirement costs are expensed immediately. Subsequently, the liability is reviewed at each financial statement reporting date and adjusted for (1) changes as a result of the passage of time with corresponding accretion expense and (2) adjusted for any revisions to the timing, amount of the original estimate of undiscounted cash flows, or the discount rate. Adjustments to the liability as a result of revisions to the timing, amount of the estimate of undiscounted cash flows or the discount rate are adjusted to the cost of the related tangible capital asset and the revised carrying amount of the related tangible capital asset is amortized except for adjustments related to tangible capital assets that are not recognized or no longer in productive use, which are expensed in the period they are incurred.

The asset retirement costs are amortized in accordance with the amortization accounting policies described above.

Financial instruments

All financial instruments are recorded at their cost or amortized cost, including portfolio investments not traded in an active market (Note 3).

Transaction costs related to financial instruments measured at cost or amortized cost are added to the carrying value of the financial instrument.

Financial liabilities (or part of a financial liability) are removed from the statement of financial position when, and only when, they are discharged or cancelled or expire.

Paqtnkek Mi'kmaw Nation

Notes to the Consolidated Financial Statements

March 31, 2025

2. Receivables	<u>2025</u>	<u>2024</u> (Restated – Note 17)
Indigenous Services Canada	\$ 4,118,778	\$ 4,390,213
Mi'kmaq Employment Training Secretariat	40,809	158,388
Canada Mortgage and Housing Corporation	86,095	68,253
Province of Nova Scotia	87,171	172,925
Trade receivables	329,510	1,263,570
Interest receivable	<u>5,084,446</u>	<u>3,538,372</u>
	9,746,809	9,591,721
Less: allowance for doubtful accounts	<u>(27,609)</u>	<u>(27,609)</u>
	<u>\$ 9,719,200</u>	<u>\$ 9,564,112</u>

3. Restricted Cash	<u>2025</u>	<u>2024</u>
CMHC replacement reserve (a)	\$ 526,475	\$ 519,135
First Nations Finance Authority debt reserve fund (b)	<u>5,541,314</u>	<u>3,590,750</u>
	<u>\$ 6,067,789</u>	<u>\$ 4,109,885</u>

(a) 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 \$64,775 (2024 - \$36,800). 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.

(b) Under the terms of the lending agreement with First Nations Finance Authority (FNFA), a debt reserve is required to be established and maintained under section 84 of the Act for financing secured by Other Revenues.

4. Promissory note receivable	<u>2025</u>	<u>2024</u>
6.14% loan to First Nations Fisheries Interest Group Partnership, repayable in equal annual blended instalments of principal plus interest in the amount of \$2,607,176 payable quarterly on each of March 1, June 1, September 1, December 1, maturing in fiscal 2051.	\$ 33,658,626	\$ 34,178,509
8% loan receivable with no set terms of repayment	<u>14,285,720</u>	<u>14,285,720</u>
	<u>\$ 47,944,346</u>	<u>\$ 48,464,229</u>

Paqtnekek Mi'kmaw Nation

Notes to the Consolidated Financial Statements

March 31, 2025

4. Promissory note receivable (continued)

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

2026	\$ 2,607,176
2027	\$ 2,607,176
2028	\$ 2,607,176
2029	\$ 2,607,176
2030	\$ 2,607,176

The entity has a portfolio investment, not traded in an active market, in First Nations Fisheries Interest Group recognized at \$nil cost.

5. Payables and accruals

	<u>2025</u>	<u>2024</u> (Restated - Note 17)
Indigenous Services Canada	\$ 109,050	\$ 109,050
Commodity taxes	2,532,702	1,557,338
Trade payables and accruals	<u>1,076,314</u>	<u>1,042,072</u>
	<u>\$ 3,718,066</u>	<u>\$ 2,708,460</u>

6. Deferred revenue

	<u>2025</u>	<u>2024</u>
Indigenous Services Canada	\$ 13,819,721	\$ 11,574,252
Fisheries	87,426	1,045,272
Canadian Mortgage and Housing Corporation	505,573	313,250
First Nation Land Management	560,915	560,915
Husky	247,400	296,880
Public Safety Canada	379,233	-
Confederacy of Mainland Mi'kmaq	<u>60,000</u>	<u>-</u>
	<u>\$ 15,660,268</u>	<u>\$ 13,790,569</u>

Paqtnekek Mi'kmaw Nation

Notes to the Consolidated Financial Statements

March 31, 2025

7. Long-term debt	<u>2025</u>	<u>2024</u>
Canada Mortgage and Housing Corporation		
Housing mortgages, maturing in 2026 to 2049, bearing interest at 1.01% to 4.18%, repayable under various terms	\$ 2,399,988	\$ 1,576,264
Bank of Nova Scotia		
7.85% mortgages maturing in February 2028, payable in equal monthly instalments of principal and interest of \$549	51,427	64,759
7.85% mortgages maturing in February 2029, payable in equal monthly instalments of principal and interest of \$358	95,581	114,091
First Nations Finance Authority		
2.72% loan, payable in equal annual instalments of principal and interest of \$457,267, maturing June 2028	7,982,926	8,215,124
3.41% loan, payable in equal annual instalments of principal and interest of \$85,700, maturing June 2028	1,307,409	1,346,248
2.15% loan, payable in equal annual instalments of principal and interest of \$116,539, maturing June 2030	2,333,180	2,399,014
1.90% loan, payable in equal annual instalments of principal and interest of \$1,570,588, maturing June 2030	33,898,450	34,824,817
4.28% loan, payable in equal annual instalments of principal and interest of \$923,123, maturing June 2034	14,708,590	14,991,014
4.0% loan, payable on demand. As of year end, the First Nation is making interest only payments	4,210,600	-
4.3% loan, payable in equal annual instalments of Principal and interest of \$420,157, maturing June 2035	31,553,947	-
Ulnooweg Development Group Inc.		
4.00% term loan, maturing in August 2031 repayable in blended monthly instalments of \$867	<u>36,275</u>	<u>66,652</u>
	<u>\$ 98,578,373</u>	<u>\$ 63,597,983</u>

Paqtnkek Mi'kmaw Nation

Notes to the Consolidated Financial Statements

March 31, 2025

7. Long-term debt (continued)

As security, the Band has provided a Band Council Resolution providing an irrevocable authorization to the Indigenous Services 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, 2025, are as follows:

2026	\$	1,862,639
2027	\$	1,858,970
2028	\$	1,846,781
2029	\$	1,824,922
2030	\$	1,791,809

Paqtnek Mi'ikmaw Nation

Notes to the consolidated financial statements

March 31, 2025

8. Tangible capital assets

	Opening Cost	Additions	Disposals	Transfers	Closing Cost	Opening		2025		2024	
						Accumulated Depreciation	Depreciation	Accumulated Depreciation	Net Book Value	Accumulated Depreciation	Net Book Value
Land	1,708,483	-	-	-	1,708,483	-	-	-	1,708,483	-	1,708,483
Buildings	22,798,907	1,079,515	-	559,414	24,437,836	4,259,280	775,200	5,184,660	19,253,176	18,539,630	18,539,630
Computer	6,668	-	-	-	6,668	5,125	768	5,893	775	1,542	1,542
Construction in Progress	640,664	79,200	-	(336,117)	383,747	-	-	-	383,747	640,664	640,664
Equipment	2,616,650	333,181	-	4,000	2,953,831	714,231	399,940	1,118,171	1,835,660	1,902,418	1,902,418
Fishing equipment	508,126	40,000	-	-	548,126	257,623	52,924	310,547	237,579	250,503	250,503
Fishing vessels	888,293	859,526	-	-	1,747,819	668,555	101,038	769,593	978,226	219,737	219,737
Housing properties	7,890,921	314,603	-	(227,297)	7,978,227	4,460,760	167,237	4,473,817	3,504,410	3,430,161	3,430,161
Infrastructure & roads	645,430	77,500	-	-	722,930	310,704	64,882	375,586	347,344	334,726	334,726
Radio equipment	412,416	-	-	-	412,416	110,752	15,083	125,835	286,581	301,664	301,664
Vehicles	936,333	220,627	(32,888)	-	1,124,072	853,280	55,004	894,942	229,130	83,053	83,053
	<u>39,052,891</u>	<u>3,004,152</u>	<u>(32,888)</u>	<u>-</u>	<u>42,024,155</u>	<u>11,640,310</u>	<u>1,632,076</u>	<u>13,259,044</u>	<u>28,765,111</u>	<u>27,412,581</u>	<u>27,412,581</u>

Paqtnkek Mi'kmaw Nation

Notes to the consolidated financial statements

March 31, 2025

9. 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*.

	<u>2025</u>	<u>2024</u>
Assets		
Indigenous Services Canada	<u>\$ 538,350</u>	<u>\$ 538,350</u>
Equity		
Trust Equity	<u>\$ 538,350</u>	<u>\$ 538,350</u>

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

	<u>2025</u>	<u>2024</u>
Net assets, beginning of year	<u>\$ 538,350</u>	<u>\$ 538,350</u>
Contributions	-	-
Interest earned	-	-
Net assets, end of year	<u>\$ 538,350</u>	<u>\$ 538,350</u>

10. Contingencies

During the year, the Band identified that HST collected on fuel sales in prior years had not been recognized as a liability and remitted. The Band has recognized the total HST previously collected as a liability and has recognized a liability for the anticipated interest and penalties (Note 17). It is possible that the assessed interest and penalties could be in excess of what has been estimated. It is not anticipated that the total interest and penalties will be significant to these financial statements.

11. Standby letter of credit

The First Nation has a \$350,000 and \$100,000 standby letter of credit with Bank of Nova Scotia at a 1% commission rate. The balance of the standby letter of credit's as at March 31, 2025, was nil (2024 – nil).

12. 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 \$166,306 (2024 - \$141,465).

Paqtnkek Mi'kmaw Nation

Notes to the consolidated financial statements

March 31, 2025

13. Expenditures by object	<u>2025</u>	<u>2024</u> Restated - Note 17)
Business development and promotion	\$ 29,342	\$ 28,590
Cash shortages (overage)	56,821	3,771
Community support	1,518,839	577,959
Contracted services	1,108,841	779,556
Depreciation	1,632,076	1,327,485
Dues and fees	228,162	205,690
Education and training	966,907	814,765
Fuel, bait, and boat maintenance	173,471	551,498
Infrastructure	924,296	955,267
Insurance	457,598	351,955
Interest	2,361,662	1,353,902
Purchases	14,176,289	12,166,618
Repairs and maintenance	919,292	430,020
Salaries, wages, and benefits	7,230,671	5,677,647
Social	2,130,639	1,595,264
Supplies	387,908	146,336
Travel	322,146	294,606
	<u>\$ 34,624,960</u>	<u>\$ 27,260,929</u>

14. Government transfers

	2025			2024		
	<u>Operating</u>	<u>Capital</u>	<u>Total</u>	<u>Operating</u>	<u>Capital</u>	<u>Total</u>
Federal government transfers						
Indigenous Services Canada	\$ 6,335,902	\$ 546,052	\$ 6,881,954	\$ 4,174,570	\$ 245,658	\$ 4,420,228
Canada Mortgage and Housing Corporation	152,075	334,927	487,002	101,044	-	101,044
Confederacy of Mainland Mi'kmaw	122,699		122,699	220,457	-	220,457
Department of Fisheries and Oceans	1,085,304		1,085,304	825,472	-	825,472
Employment and Social Development			-	-	-	-
Mi'kmaw Kina'matnewey	2,597,568		2,597,568	2,128,302	-	2,128,302
Mi'kmaw Employment Training Secretariat	238,260		238,260	516,634	-	516,634
Government Canada Solar Funding			-	-	89,899	89,899
Subtotal	<u>10,531,808</u>	<u>880,979</u>	<u>11,412,787</u>	<u>7,966,479</u>	<u>335,557</u>	<u>8,302,036</u>
Provincial government transfers						
Province of Nova Scotia	87,171		87,171	135,654	-	135,654
Province of Nova Scotia Solar Funding		485,811	485,811	-	527,611	527,611
Provincial School Board	22,703		22,703	25,308	-	25,308
Subtotal	<u>109,874</u>	<u>485,811</u>	<u>595,685</u>	<u>160,962</u>	<u>527,611</u>	<u>688,573</u>
Total	<u>\$ 10,641,682</u>	<u>\$ 1,366,790</u>	<u>\$ 12,008,472</u>	<u>\$ 8,127,441</u>	<u>\$ 863,168</u>	<u>\$ 8,990,609</u>

Paqtnkek Mi'kmaw Nation

Notes to the consolidated financial statements

March 31, 2025

15. Accumulated surplus

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

	<u>2025</u>	<u>2024</u> (Restated - Note 17)
Unallocated	\$ 933,929	\$ 584,423
Operating Reserve	32,518	32,518
Replacement Reserve	546,950	476,655
Tangible Capital Asset Reserve	<u>24,034,107</u>	<u>21,747,620</u>
	<u>\$ 25,547,504</u>	<u>\$ 22,841,216</u>

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

16. Investments

	<u>2025</u>	<u>2024</u>
E'sukutimkewey Limited Partnership	\$ 1	\$ 1
Mi'kmaq Resource Development Partnership	1	1
Pure Casino Entertainment Limited Partnership	<u>34,180,060</u>	-
	<u>\$ 34,180,062</u>	<u>\$ 2</u>

The First Nation, together with 12 other First Nation entities in the Province of Nova Scotia, has entered into the E'sukutimkewey and Mi'kmaq Resource Development partnerships.

The First Nation, together with five other First Nation entities in the Province of Nova Scotia, has entered into the Pure Casino Entertainment Limited Partnership.

No First Nation within these groups controls the Partnerships and, 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 \$67,900 (2024 – \$65,393) from E'sukutimkewey Limited Partnership which has been included in other revenue of the First Nation financial management department.

No distributions have been received from Pure Casino Entertainment Limited Partnership in fiscal 2025.

Paqtnkek Mi'kmaw Nation

Notes to the Consolidated Financial Statements

March 31, 2025

17. Restated comparative information

During the year, management noted they have been recording fuel sales at the gross amount including HST, rather than accruing as a liability and remitting the sales tax collected.

As a result of correcting these errors, the following financial statement line items at March 31, 2024, have been increased (decreased) as follows:

<u>Consolidated statement of financial position</u>	<u>Previously Reported</u>	<u>Adjustments</u>	<u>Restated</u>
Accounts receivable	\$ 9,854,065	\$ (289,953)	\$ 9,564,112
Accounts payable	1,151,122	1,557,338	2,708,460
Accumulated surplus	24,688,506	(1,847,290)	22,841,216
<u>Consolidated statement of changes in Net Debt</u>			
Net financial liabilities, beginning of year	3,138,589	1,099,060	4,237,649
<u>Consolidated Statement of Operations</u>			
Bayside Operations revenue (fuel sales)	12,777,992	(713,480)	12,064,512
Bayside Operations expenses (interest expense)	11,593,974	34,750	11,628,724
Annual surplus	1,706,848	(748,230)	958,618
Opening surplus	22,981,658	(1,099,060)	21,882,598

18. Comparative figures

Certain comparative figures have been reclassified to conform to the current years financial statements.

19. Sale of water assets

In the previous year, management entered a Community Arrangement with the Atlantic First Nations Water Authority to facilitate operating the water assets of the First Nation. As of April 1, 2024, the water assets of the First Nation were no longer controlled by the Band as part of this arrangement. As a result of this restructuring, the water assets have been derecognized.

Paqtnkek Mi'kmaw Nation

Notes to the Consolidated Financial Statements

March 31, 2025

20. Segmented information

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 Development - social assistance provided to qualifying members.
- Band Government – all associated with the administration of the First Nation operations.
- Capital Projects – provides capital construction projects for the community.
- Operations and Maintenance – repairs and maintenance carried out during the year to the community building.
- Economic Development – specified development projects undertaken by the First Nation.
- Education – providing elementary, secondary and post-secondary tuition for qualifying members along with related programs and support.
- Gaming – Monies received from the Province of Nova Scotia from casino profits.
- Health Canada – activity of Health Centre which provides a variety of health care programs.
- Housing Fund – Section 95 and non-subsidized operations.
- Fisheries – management of the DFO fisheries operations.
- Tobacco – operating results from commercial enterprise.
- VLT – operating results from commercial enterprise.
- Bayside Development – operating results from commercial enterprise.
- Bayside Operations – operating results from commercial enterprise.

Paqtnekek Mi'kmaq Nation Notes to the Consolidated Financial Statements

March 31, 2025

20. Segmented information (continued)

	Social		First Nation Financial Management		Capital		Operations and Maintenance		Economic Development and Native Employment		Education	
	Actual 2025	Actual 2024	Actual 2025	Actual 2024	Actual 2025	Actual 2024	Actual 2025	Actual 2024	Actual 2025	Actual 2024	Actual 2025	Actual 2024
Revenues												
Federal government operating transfers	\$ 3,592,501	\$ 2,492,674	\$ 424,049	\$ 396,575	\$ -	\$ -	\$ 277,899	\$ 230,285	\$ 694,573	\$ 1,178,551	\$ 2,597,568	\$ 2,128,302
Federal government capital transfers	-	-	-	9,900	703,200	240,552	-	5,106	-	-	-	-
Provincial government operating transfers	-	-	-	-	-	-	-	-	-	-	22,703	65,308
Provincial government capital transfers	-	-	-	-	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-
Economic activities	-	-	-	-	-	-	-	-	-	-	-	-
Other	196,373	-	5,645,508	3,063,795	10,189	94,926	-	150	85,925	115,037	455	5,212
	\$ 3,788,874	\$ 2,492,674	\$ 6,069,557	\$ 3,470,270	\$ 713,389	\$ 335,478	\$ 277,899	\$ 235,541	\$ 780,498	\$ 1,293,588	\$ 2,620,726	\$ 2,198,822
Expenses												
Salaries and benefits	\$ 278,665	\$ 217,546	\$ 1,059,455	\$ 789,310	\$ 352,814	\$ 288,352	\$ 236,089	\$ 70,699	\$ 567,765	\$ 588,268	\$ 1,070,657	\$ 868,560
Amortization	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	2,113,729	1,206,945	-	-	-	-	-	-	-	-
Other	2,231,342	1,616,557	1,819,939	936,657	526,469	362,227	41,810	42,832	330,756	485,791	865,764	807,257
	\$ 2,510,007	\$ 1,834,103	\$ 4,893,123	\$ 2,932,912	\$ 881,273	\$ 650,579	\$ 277,899	\$ 113,531	\$ 898,521	\$ 1,074,059	\$ 1,936,421	\$ 1,675,817
Surplus (deficit) for the year	\$ 1,278,867	\$ 658,571	\$ 1,076,434	\$ 537,358	\$ (167,884)	\$ (315,101)	\$ 0	\$ 122,010	\$ (118,023)	\$ 219,529	\$ 684,305	\$ 523,005

Paqtneq Mi'kmaw Nation Notes to the Consolidated Financial Statements

March 31, 2025

20. Segmented information (continued)

	Gaming		Health Canada Programs		Non-Subsidized Housing		Subsidized Housing		Fisheries		Tobacco Fund	
	Actual 2025	Actual 2024	Actual 2025	Actual 2024	Actual 2025	Actual 2024	Actual 2025	Actual 2024	Actual 2025	Actual 2024	Actual 2025	Actual 2024
Revenues												
Federal government operating transfers	\$ -	\$ -	\$ 1,513,742	\$ 613,577	\$ -	\$ -	\$ 152,075	\$ 101,044	\$ 1,085,304	\$ 825,472	\$ -	\$ -
Federal government capital transfers	-	-	-	-	-	-	-	-	-	-	-	-
Provincial government operating transfers	87,171	85,754	-	-	-	-	-	-	-	-	-	-
Provincial government capital transfers	-	-	-	-	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-
Economic activities	-	-	289,628	158,222	-	-	246,401	124,508	796,709	462,516	2,023,472	1,918,533
Other	-	-	277,218	900,153	900,153	900,153	398,476	225,552	2,140,401	1,480,061	2,023,472	1,918,533
\$ 87,171	\$ 85,754	\$ 1,803,370	\$ 771,799	\$ 471,314	\$ 471,314	\$ 900,153	\$ 398,476	\$ 225,552	\$ 2,140,401	\$ 1,480,061	\$ 2,023,472	\$ 1,918,533
Expenses												
Salaries and benefits	\$ -	\$ -	\$ 1,171,170	\$ 757,473	\$ -	\$ -	\$ -	\$ -	\$ 606,483	\$ 576,443	\$ 185,224	\$ 68,871
Amortization	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	17,948	9,290	83,196	45,102	-	-	14,669	6,021
Other	-	-	629,558	116,436	453,366	243,470	224,607	154,733	720,833	463,011	1,988,262	1,627,267
\$ -	\$ -	\$ 1,800,728	\$ 873,909	\$ 471,314	\$ 252,760	\$ 307,803	\$ 199,835	\$ 199,835	\$ 1,327,416	\$ 1,039,454	\$ 2,188,155	\$ 1,702,159
\$ 87,171	\$ 85,754	\$ 2,642	\$ (102,110)	\$ 0	\$ 647,393	\$ 90,673	\$ 25,717	\$ 812,985	\$ 440,607	\$ (164,883)	\$ 216,374	
Surplus (deficit) for the year												

Paqtneq Mi'kmaw Nation Notes to the Consolidated Financial Statements

March 31, 2025

20. Segmented information (continued)

	VLT		Bayside Development		Bayside Operations		Other		Total	
	Actual 2025	Actual 2024	Actual 2025	Actual 2024	Actual 2025	Actual (restated note 17) 2024	Actual 2025	Actual 2024	Actual 2025	Actual 2024
Revenues										
Federal government operating transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,531,808	\$ 7,966,479
Federal government capital transfers	-	-	177,779	89,899	-	-	-	-	880,979	335,557
Provincial government operating transfers	-	-	-	-	-	-	-	-	109,874	160,962
Provincial government capital transfers	-	-	485,811	527,611	-	-	-	-	485,811	527,611
Contributed assets	-	-	-	-	-	-	-	-	-	-
Economic activities	2,020,571	1,783,093	-	-	12,857,181	12,064,512	-	-	17,697,333	16,228,654
Other	171,893	144,833	450,413	349,434	-	-	-	-	7,632,391	5,148,344
	\$ 2,192,464	\$ 1,927,926	\$ 1,114,003	\$ 966,944	\$ 12,857,181	\$ 12,064,512	\$ -	\$ -	\$ 37,338,795	\$ 30,367,606
Expenses										
Salaries and benefits	\$ 243,495	\$ 194,421	\$ 1,008,451	\$ 828,913	\$ 450,401	\$ 430,790	\$ -	\$ -	\$ 7,230,671	\$ 5,677,647
Amortization	-	-	-	-	-	-	1,632,076	1,327,485	1,632,076	1,327,485
Interest	9,948	5,253	11,271	3,029	75,454	59,716	-	-	2,326,214	1,335,365
Other	652,293	566,439	620,021	359,546	12,328,889	11,132,218	-	-	23,435,999	18,914,443
	\$ 905,737	\$ 766,113	\$ 1,639,743	\$ 1,189,488	\$ 12,854,744	\$ 11,622,724	\$ 1,632,076	\$ 1,327,485	\$ 34,624,960	\$ 27,254,930
Surplus (deficit) for the year	\$ 1,286,727	\$ 1,161,813	\$ (525,740)	\$ (222,544)	\$ 2,437	\$ 441,788	\$ (1,632,076)	\$ (1,327,485)	\$ 2,713,835	\$ 3,112,677