

Shawanaga First Nation
Consolidated Financial Statements
For the year ended March 31, 2022

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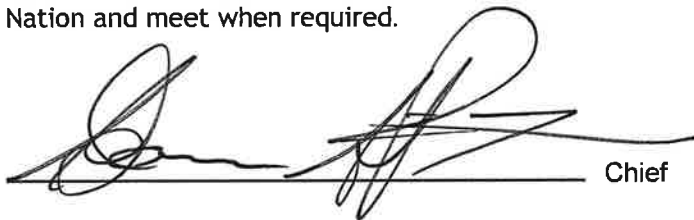
Shawanaga First Nation
Management's Responsibility for Financial Reporting
March 31, 2022

The accompanying consolidated financial statements of the Shawanaga First Nation 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 prescribed for governments as recommended by the Public Sector Accounting Board. Management is responsible 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.

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

The external auditors, BDO Canada LLP, conduct an audit in accordance with Canadian generally accepted auditing standards, and express their opinion on the consolidated financial statements. The external auditors have access to financial management of Shawanaga First Nation and meet when required.



Chief

Allan Farrell

Chief Administrative Officer



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BDO Canada LLP
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Independent Auditor's Report

To the Chief and Council of Shawanaga First Nation

Qualified Opinion

We have audited the consolidated financial statements of Shawanaga First Nation and its entities (the First Nation), which comprise the consolidated statement of financial position as at March 31, 2022 and the consolidated statements of operations, changes in net financial assets (debt) and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2022, and its consolidated results of operations, its consolidated changes in net financial assets (debt) and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

We were not able to observe the counting of the inventories at the end of the year or satisfy ourselves concerning those inventory quantities by alternative means. The First Nation was also unable to provide satisfactory audit evidence with respect to the completeness of inventory due to not having an inventory listing at the end of the year. As a result, we were unable to determine whether any adjustments might be necessary to cost of sales for the year ended March 31, 2022 or inventory as at March 31, 2022.

The First Nation was unable to provide satisfactory audit evidence with respect to the existence of approved wages as a result of employee contracts being damaged due to a basement flood in the fiscal year. Accordingly, we were unable to confirm or verify by alternate means that all payroll expenses of the First Nation have been properly recorded. As a result, we were unable to determine whether any adjustments might be necessary to payroll, annual surplus and accumulated surplus for the year ended March 31, 2022.

The First Nation was unable to provide satisfactory audit evidence with respect to the completeness and existence of gas sales for the period of April 1, 2021 to January 31, 2022 as the new gas station opened in February 2022 and the information from the previous tracking system was not retained. Accordingly, we were unable to confirm or verify by alternate means the gas sales for the period of April 1, 2021 to January 31, 2022. As a result, we were unable to determine whether any adjustments might be necessary to gas sales, annual surplus and accumulated surplus for the year ended March 31, 2022.

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 qualified audit opinion.

Other Matters

The financial statements of the First Nation for the year ended March 31, 2021, were audited by another auditor who expressed a qualified opinion on those financial statements on January 11, 2023 for government business partnerships as described in the Basis for Qualified Opinion section.

Independent Auditor's Report (continued)

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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 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.

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 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.

Independent Auditor's Report (continued)

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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Sault Ste. Marie, Ontario
September 26, 2024

Shawanaga First Nation

Consolidated Statement of Financial Position

March 31	2022	2021
Financial assets		
Cash and cash equivalents	\$ 5,268,652	\$ 3,856,161
Cash - restricted (Note 4)	705,089	99,044
Accounts receivable	2,761,299	1,921,682
Mortgages receivable (Note 8)	832,617	874,002
Investments in business partnership (Note 2)	444,220	260,396
Trust Funds held by Federal Government (Note 9)	8,424	8,424
	<u>10,020,301</u>	<u>7,019,709</u>
Liabilities		
Accounts payable	1,534,508	1,255,635
Due to Funding Agencies (Note 11)	469,624	477,964
Due to related parties	5,469	6,758
Deferred revenue (Note 3)	1,209,986	1,550,436
Loan payable (Note 10)	43,026	44,126
Long term debt (Note 6)	13,808,471	3,356,322
	<u>17,071,084</u>	<u>6,691,241</u>
Net financial assets (debt)	<u>(7,050,783)</u>	<u>328,468</u>
Non-financial assets		
Tangible capital assets (Schedule 1)	15,918,967	6,069,461
Prepaid expenses and inventory of supplies	200,396	200,396
	<u>16,119,363</u>	<u>6,269,857</u>
Accumulated surplus (Note 7)	<u>\$ 9,068,580</u>	<u>\$ 6,598,325</u>

On behalf of Council


 _____ Chief

Allan Farrell

 Chief Administrative Officer

Shawanaga First Nation Consolidated Statement of Operations

For the year ended March 31	Budget (Note 18)	2022	2021
Revenue			
Government funding (Note 16)	\$ 9,837,296	\$ 9,976,861	\$ 7,809,089
Income(loss) from investment in partnership	-	183,824	(66,406)
Interest and other revenue (Note 20)	1,902,794	1,689,927	692,491
Gas Sales	-	7,143,259	2,698,258
	<u>11,740,090</u>	<u>18,993,871</u>	<u>11,133,432</u>
Expenses			
Capital	666,346	141,134	133,199
Community operations	1,446,390	1,198,323	1,233,778
Economic development	1,653,571	1,274,123	3,254,150
Education	1,913,371	1,350,953	939,811
First Nation administration	313,076	1,089,941	2,085,123
Health services	4,282,984	3,946,524	2,610,792
Other	456,686	7,094,605	713,348
Social services	133,233	428,013	422,020
	<u>10,865,657</u>	<u>16,523,616</u>	<u>11,392,221</u>
Annual surplus (deficit)	874,433	2,470,255	(258,789)
Accumulated surplus, beginning of year	<u>6,598,325</u>	<u>6,598,325</u>	<u>6,857,114</u>
Accumulated surplus, end of year	<u>\$ 7,472,758</u>	<u>\$ 9,068,580</u>	<u>\$ 6,598,325</u>

The accompanying notes are an integral part of these financial statements.

Shawanaga First Nation Consolidated Statement of Change in Net Financial Assets (Debt)

For the year ended March 31	Budget (Note 18)	2022	2021
Annual surplus (deficit)	\$ 874,433	\$ 2,470,255	\$ (258,789)
Acquisition of tangible capital assets	(993,604)	(10,663,866)	(2,730,400)
Amortization of tangible capital assets	-	546,929	579,776
Gain or loss on disposal of tangible capital assets	-	267,431	-
Prepaid expenses and inventory of supplies	-	-	(146,984)
Net change in net debt	(119,171)	(7,379,251)	(2,556,397)
Net financial assets , beginning of year	328,468	328,468	2,884,865
Net financial assets (debt) , end of year	\$ 209,297	\$ (7,050,783)	\$ 328,468

The accompanying notes are an integral part of these financial statements.

Shawanaga First Nation Consolidated Statement of Cash Flows

For the year ended March 31	2022	2021
Cash flows from operating activities		
Annual surplus (deficit)	\$ 2,470,255	\$ (258,789)
Items not involving cash		
Amortization	546,929	579,776
Loss (earnings) from investment in business partnership	(183,824)	66,406
Gain on disposal of asset	267,431	-
	<u>3,100,791</u>	387,393
Changes in non-cash working capital balances		
Accounts receivable	(839,617)	371,566
Due to/from funding agencies	(8,340)	5,373
Inventories held for sale	-	(23,196)
Accounts payable	277,584	(290,486)
Deferred revenue	(340,450)	974,028
Loan Payable	(1,100)	-
	<u>2,188,868</u>	1,424,678
Cash flows from capital transactions		
Acquisition of tangible capital assets	(10,663,866)	(2,730,400)
Cash flows from investing activities		
Decrease (increase) in restricted cash	(606,045)	(231,822)
Payments received on mortgages receivable	41,385	43,664
Net advances of loan receivable	-	1,240
	<u>(564,660)</u>	(186,918)
Cash flows from financing activities		
Long term debt issued	10,568,859	2,112,323
Long term debt repaid	(116,710)	(84,573)
Repayment of obligation under capital lease	-	(654)
	<u>10,452,149</u>	2,027,096
Increase in cash and cash equivalents	1,412,491	534,456
Cash and cash equivalents, beginning of year	<u>3,856,161</u>	3,321,705
Cash and cash equivalents, end of year	<u>\$ 5,268,652</u>	<u>\$ 3,856,161</u>

The accompanying notes are an integral part of these financial statements.

Shawanaga First Nation

Notes to Consolidated Financial Statements

March 31, 2022

1. Summary of significant accounting policies

- a) Basis of accounting** These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board.
- b) Reporting entity** The Shawanaga First Nation reporting entity includes the First Nation government and all entities that are controlled by the First Nation.
- c) Principles of consolidation** All controlled entities are fully consolidated on a line-by-line basis except for commercial enterprises which meet the definition of a government business enterprise or a business partnership, which are included in the consolidated financial statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.
- Organizations accounted for on a modified equity basis include:
- Shwe Miikaan Limited Partnership.
- Under the modified equity method of accounting, only Shawanaga First Nation's portion of the enterprise's net income (33.33%) and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of the First Nation, and inter-organizational balances and transactions are not eliminated.
- d) Cash and cash equivalents** Cash and cash equivalents consist of cash on hand, balances with banks and short term deposits with a duration of less than a year from the date of acquisition.
- e) Inventories for use** Inventories of supplies held for consumption are recorded at the lower of cost and net realizable value.
- f) Tangible capital assets** Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing in the year the asset is available for productive use as follows:
- | | |
|----------------------------------|----------|
| Buildings | 25 years |
| Water supply/distribution system | 40 years |
| Equipment and furniture | 5 years |
| Machinery and equipment | 5 years |
| Roads | 20 years |
| Leased equipment | 5 years |
- Tangible capital assets under construction, development or that have been removed from service are not amortized until they are available to be put into service.

Shawanaga First Nation

Notes to Consolidated Financial Statements

March 31, 2022

1. Summary of significant accounting policies (continued)

- g) Government transfers** Government transfers are recognized in the financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.
- h) Revenue recognition** Revenue is recognized in the period in which the transactions or events occurred that gave rise to the revenue. All revenue is recorded on an accrual basis.
- Contributions, other than government transfers, are deferred when restrictions are placed on their use by the external contributor, and are recognized as revenue when used for the specific purpose.
- Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.
- Gas and variety store sales are recognized when goods are sold. Interest, rental and other income are recognized when earned.
- i) Use of estimates** The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.
- j) Loan receivable** Loans with significant concessionary terms are initially recorded at the present value of the amount of the loan the entity anticipates it will recover. The remainder of the original loan amount is recognized as a grant expense when the loan is made. The amount of the grant discount is amortized to revenue using the effective interest rate method over the term of the loan.
- k) Portfolio investments** All portfolio investments are recorded at cost. A write-down is recorded where there has been a loss that is other than a temporary decline.
-

2. Investments in business enterprise

Shawanaga First Nation accounts for its 33.333% interest in Shwe Miikaan Limited Partnership by the modified equity method. The equity method initially records the investment at cost and then is increased or decreased by the First Nation's pro-rata share of income or loss and is reduced by distributions received.

Shawanaga First Nation

Notes to Consolidated Financial Statements

March 31, 2022

2. Investments in business enterprise (continued)

	<u>2022</u>	<u>2021</u>
Shwe Miikaan Limited Partnership.		
Share of income	\$ 183,824	\$ 35,547
Adjustment for restatement of 2019 share of loss	-	(101,953)
	<u>183,824</u>	<u>(66,406)</u>
Change in investment balance for the year	<u>183,824</u>	<u>(66,406)</u>
Investment balance, beginning of year	<u>260,396</u>	<u>326,802</u>
	<u>\$ 444,220</u>	<u>\$ 260,396</u>

Condensed financial information in respect of Shwe Miikaan Limited Partnership for the years ended December 31 is provided below.

	<u>2021</u>	<u>2020</u>
Assets	\$ 1,545,225	\$ 1,146,362
Liabilities	\$ 1,545,225	\$ 1,146,362
Revenue	\$ 1,520,112	\$ 1,191,398
Expenses	968,634	1,084,755
Net income	<u>\$ 551,478</u>	<u>\$ 106,643</u>

3. Deferred revenue

	Balance March 31, 2021	Funding Received 2022	Revenue Recognized 2022	Balance March 31, 2022
Indigenous Affairs	\$ 623,404	\$ 6,465,200	\$ 6,410,395	\$ 678,209
Other	927,032	3,707,030	4,102,285	531,777
	<u>\$ 1,550,436</u>	<u>\$ 10,172,230</u>	<u>\$ 10,512,680</u>	<u>\$ 1,209,986</u>

Deferred revenue by program is as follows:

Indigenous Services Canada	
Healing Centre - Hospice Like Spaces	\$ 88,029
Healing Centre - Digital Health	10,516
Comprehensive Community Plan	135,000
Healing Centre - FNCFS prevention/least disruption	28,835
Healing Centre - Home and Community Care	4,633
Second Level Service	13,994
Water Systems	304,731
Community Buildings	54,700
Social Services	37,772
Department of Fisheries and Oceans	
Sturgeon Project	2,005

Shawanaga First Nation

Notes to Consolidated Financial Statements

March 31, 2022

3. Deferred revenue (continued)

Environment Canada	
Gaurdians	91,370
Indigenous Protected and Conserved Areas	59,122
First Nations Land and Management Resource Centre	
Survey Capacity	16,166
Georgain Bay Biosphere Reserve Inc.	
CNPP	32,345
Gezhtoojig Employment and Training	121,358
Ministry of Community and Social Services	
Capital Repair and Maintenance	52,000
Program Implementation	103,585
Independent First Nation	
Indigenous Early Learning Child Care	53,825
	<u>\$ 1,209,986</u>

4. Restricted cash

Restricted cash of the Operating and Replacement Reserves consist of term deposits and is required to be maintained under the terms of an agreement with Canada Mortgage and Housing Corporation for the purpose of replacing items with a capital nature.

Restricted cash of the Debt Reserve Fund consists of funds held by the First Nations Finance Authority ("the Authority") as a risk management measure in the event that the First Nation defaults on its loans with the Authority. '

	2022	2021
Debt Reserve Fund	\$ 606,323	\$ -
Operating Reserve	29,320	29,464
Replacement Reserve	69,446	69,580
	<u>\$ 705,089</u>	<u>\$ 99,044</u>

5. Defined contribution pension plan

The First Nation maintains a defined contribution pension plan for its employees. The assets of the plan are held separately from those of the First Nation in an independently administered fund. Contributions paid and expensed by the First Nation amount to \$168,030 (2021 - \$94,490).

Shawanaga First Nation

Notes to Consolidated Financial Statements

March 31, 2022

6. Long term debt

	2022	2021
CMHC mortgage, bearing interest at 1.87% per annum, repayable in blended monthly instalments of \$1,299, maturing April 2029 and renewing May 2024. As security, Indigenous Services Canada has provided a loan guarantee.	\$ 103,689	\$ 117,234
CMHC mortgage, bearing interest at 0.68% per annum, repayable in blended monthly instalments of \$1,610, maturing March 2035 and renewing October 2025. As security, Indigenous Services Canada has provided a loan guarantee.	240,680	258,315
CMHC mortgage, bearing interest at 1.88% per annum, repayable in blended monthly instalments of \$1,820, maturing January 2032 and renewing February 2027. As security, Indigenous Services Canada has provided a loan guarantee.	196,567	214,918
CMHC mortgage, bearing interest at 1.87% per annum, repayable in blended monthly instalments of \$4,652, maturing May 2034 and renewing May 2024. As security, Indigenous Services Canada has provided a loan guarantee.	609,403	653,532
CMHC mortgage, bearing interest at 2.02% per annum, repayable in blended monthly instalments of \$3,803, maturing March 2037 and renewing March 2027. As security, Indigenous Services Canada has provided a loan guarantee.	590,359	147,625
First Nations Finance Authority financing, bearing interest at 3.06% and repayable in annual payments of \$260,519, maturing June 2032. Secured by debt reserve fund starting in the current year	11,415,810	1,964,698
First Nations Finance Authority financing, bearing interest at 1.90%, and repayable in annual payments of \$15,249, maturing June 2030. Secured by debt reserve fund	651,963	-
	\$ 13,808,471	\$ 3,356,322

Interest paid on long term debt during the year amounted to \$177,274 (2021 - \$185,975). Assuming renewal on comparable terms, principal payments required on long term debt for the next five years and thereafter are due as follows:

Year	Amount
2023	\$ 396,866
2024	406,704
2025	409,014
2026	411,366
2027	413,763
Thereafter	11,770,758
	\$ 13,808,471

Shawanaga First Nation

Notes to Consolidated Financial Statements

March 31, 2022

7. Accumulated surplus

	2022	2021
Band operating fund	\$ 5,604,711	\$ 2,719,354
Investment in Shwe Miikaan Limited Partnership	189,552	260,396
Capital fund	2,110,496	2,713,139
Casino Rama fund	923,224	714,407
CMHC reserves	106,860	57,292
Trust fund	8,737	8,737
Infrastructure project fund	125,000	125,000
	\$ 9,068,580	\$ 6,598,325

8. Mortgage receivable

The mortgages are interest bearing at 1.64%, except 5 mortgages which are non-interest bearing, receivable in monthly payments ranging from \$311 to \$505 and maturing in years ranging from 2023 to 2039.

At year-end, mortgage receivables of \$97,628 (2021 - \$104,096) are due from two Council Members.

9. Trust Funds held by Federal Government

	March 31, 2022	Additions 2023	Withdrawals 2023	March 31, 2022
Capital	\$ 8,738	-	-	\$ 8,738
Other	(314)	-	-	(314)
	\$ 8,424	\$ -	\$ -	\$ 8,424

The trust funds arise from monies derived from capital 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. The management of these funds is primarily governed by Section 63 to 69 of the Indian Act.

10. Loan payable

	2022	2021
Due to Shwe Miikaan Limited Partnership, a government business enterprise, non-interest bearing and without specific terms of repayment	\$ 43,984	\$ 43,984
Due from members of Chief and Council, non-interest bearing and without specified terms of repayment	(958)	142
	\$ 43,026	\$ 44,126

During the normal course of operations, the First Nation purchased construction services from Shwe Miikaan Limited Partnership in the amount of \$nil. (2021 - \$199,081).

Shawanaga First Nation

Notes to Consolidated Financial Statements

March 31, 2022

11. Due to funding agencies

	2022	2021
Indigenous Services Canada	\$ 219,301	\$ 227,640
Health Canada	160,899	160,899
Independent First Nation	84,511	84,512
Ministry of Education	8,854	8,854
Ministry of Health and Long-term Care	(3,201)	(3,201)
Ministry of Children and Youth Services	(740)	(740)
Balance at end of year	<u>\$ 469,624</u>	<u>\$ 477,964</u>

12. Credit facilities

The First Nation has a \$100,000 operating line of credit with RBC. As at March 31, 2022, the balance was unused. As security, the First Nation has provided a general security agreement covering all assets of the First Nation. The line of credit bears interest at RBC prime plus 1.5% per annum.

13. Comparative figures

The comparative figures have been reclassified to adhere to the presentation adopted for the current year.

14. Indigenous Services Canada funding

Shawanaga First Nation has a contribution arrangement with Indigenous Services Canada (ISC). The funds are used by the First Nation to administer its operations and provide service to its members in accordance with the terms of the funding arrangement.

The following is a reconciliation of funding provided:

ISC revenue per consolidated statement of operations	\$ 6,410,395
Less: Deferred revenue, beginning of year	(623,404)
Add: Deferred revenue, end of year	<u>678,209</u>
	<u>\$ 6,465,200</u>
Indigenous Services Canada funding per confirmation report	<u>\$ 6,465,200</u>
Amounts due (to) / from ISC:	
- Tuition - 2018/19	\$ (153)
- Repayable to funder	<u>(2,596)</u>
	<u>\$ (2,749)</u>

Shawanaga First Nation

Notes to Consolidated Financial Statements

March 31, 2022

15. Portfolio investments

The First Nation has interests in the following government business partnerships:

Feed in Tariff (FiT) partnerships:	2022	2021
Hanover Solar	\$ -	\$ -
5868 Orr Lake	-	-
7550 Lasalle	-	-
Minten SFN	-	-
Boost Power II	-	-
Solback SFN	-	-
Hay Bay Solar	-	-
Great West Energy	-	-
Great West Energy II	-	-
Total	\$ -	\$ -

The Feed-in-Tariff partnerships are portfolio investments that participate in approved renewable energy projects to supply electricity generated to the electricity distribution system. These investments are carried at \$Nil with no cost base. Any distributions received from these partnerships are reported as income when received.

16. Government funding

	2022	2021
Indigenous Services Canada	\$ 6,410,395	\$ 5,645,715
Canada	316,402	57,284
Misc. Ontario	588,560	132,298
Ministry of Education	219,210	208,967
Ministry of Health	129,614	122,804
MCCSS	1,661,199	875,504
Independent First Nation	371,228	381,971
Environment Canada	280,253	384,546
	\$ 9,976,861	\$ 7,809,089

Shawanaga First Nation

Notes to Consolidated Financial Statements

March 31, 2022

17. Segmented information

The Shawanaga First Nation is a diversified government institution that provides a wide range of services to its members, including education, infrastructure maintenance, medical and other health services, administration, capital, enterprises and other services. For management reporting purposes the First Nation's operations and activities are organized and reported by department. Departments were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Services are provided by program and their activities are reported in these departments. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

Capital

This segment reports the major capital projects and activities occurring in the First Nation during the year.

Community operations

This segment includes housing, road maintenance, water, solid waste management, and fire protection services.

Economic Development

This segment reports the economic development activities of the First Nation, including programs such as fish harvesting, bush clearing as well as youth employment and other training programs.

Education

This segment includes general and special education. This segment also includes service contracts with provincially funded area school boards which are entered into for secondary students. In addition, this segment includes the reimbursement of tuition costs and living and other allowances to students who are attending post-secondary institutions.

First Nation Administration

This segment includes finance, band support and membership, and the governance activities of Chief and Council. This area oversees the delivery of all government services, including ensuring that adequate policies and procedures are in place to safeguard assets and to properly report financial activities.

Health services

This segment reports the diverse range of services provided by the First Nation directed towards the wellbeing of its members including the delivery of programming such as early childhood development, nutrition, diabetes, mental health, healthy babies, victim services, home and community care and many other programs designed to enhance the health of its members.

Social services

This segment includes the delivery of a variety of programming including Ontario Works, employment support services and national child benefit programs.

Other services

The segment includes all the other programs provided by the First Nation that are ancillary to the core services of the First Nation. Some of the more significant programs include the gas station, library and annual Pow Wow.

Shawanaga First Nation

Notes to Consolidated Financial Statements

March 31, 2022

17. Segmented information (continued)

For each reported segment, revenues and expenses include amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information, including transfers that have been apportioned based on a percentage of budgeted expenses.

18. Budget

The budget adopted by the First Nation was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards require a full accrual basis. The budget figures anticipated use of reserves to reduce current year expenditures. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense, and expensed principal payments of debt. As a result, the budget figures presented in the statements of operations and change in net financial assets (debt) represent the budget adopted by the First Nation with adjustments as follows:

Budget deficit for the year	\$ (245,645)
Add:	
Capital expenditures	993,604
Principal portion of loan payments	126,474
	<hr/>
Budget surplus per statement of operations	\$ 874,433

19. Uncertainty due to COVID-19

Subsequent to the year-end, the impact of COVID-19 in Canada and on the global economy continued.

The restrictions put in place by Canadian, provincial, and municipal and First Nation communities regarding travel and social distancing has impacted the delivery of programs administered by the organization most of which are considered essential services. Indigenous Services Canada has approved the carry-forward of unexpected funding as of March 31, 2022 for fixed funding.

At this time, it is unknown the full extent that the impact of the COVID-19 outbreak will have on the First Nation as this will depend on future developments that are highly uncertain.

Management is actively monitoring the effect on its financial condition and liquidity.

Shawanaga First Nation

Notes to Consolidated Financial Statements

March 31, 2022

20. Interest and other revenue

Interest and other revenue by program is as follows:

Community Operations:	
Rentals - Community Buildings	\$ 20,800
Rentals - Tenplex	28,761
Rentals - Houses	40,609
Parking Revenue	13,224
CMHC Operating Subsidiary	101,191
Miscellaneous (fees, interest)	14,504
Economic Development:	
Water Internship Funding	78,448
Land leases	34,150
Species at Risk - misc funding	12,110
Fish Harvestry (Casino Rama)	84,000
Health Services:	
United Way - Healing Centre	442,708
Pow Wow Donations	11,250
Deferrals	93,410
Miscellaneous	5,933
First Nation Administration:	
Casino Rama Revenue	329,412
Interest - Band Support	7,419
Miscellaneous	48,313
Social Services - interest	72
Other:	
Henvey Inlet Transmission revenues	162,997
ATM Revenue	39,360
Ontario Traders Energy	35,001
Interest	1,552
Education:	
Magnetewan First Nation tuition	84,703
CMHC	35,001
	<u>\$ 1,689,927</u>

Shawanaga First Nation
Schedule 1 - Consolidated Tangible Capital Assets

For the year ended March 31, 2022

	Land and Land Improvements	Machinery and Equipment	Leased Equipment	Buildings	Roads	Water and Distribution Systems	Equipment and Furniture	Construction in Progress	Total
Cost, beginning of year	\$ 50,000	\$ 1,410,554	\$ 54,710	\$ 3,573,707	\$ 104,471	\$ 2,785,557	\$ 1,594,974	\$ 1,838,449	\$ 11,412,422
Additions	-	139,251	-	6,825,230	2,093,059	-	292,337	1,313,989	10,663,866
Disposals	-	-	-	-	-	(267,431)	-	-	(267,431)
Capitalized construction	-	-	-	1,838,450	-	-	-	(1,838,450)	-
Cost, end of year	50,000	1,549,805	54,710	12,237,387	2,197,530	2,518,126	1,887,311	1,313,988	21,808,857
Accumulated amortization, beginning of year	-	1,201,778	54,710	1,527,979	43,472	1,248,511	1,266,511	-	5,342,961
Amortization	-	55,680	-	310,556	55,376	31,740	93,577	-	546,929
Accumulated amortization, end of year	-	1,257,458	54,710	1,838,535	98,848	1,280,251	1,360,088	-	5,889,890
Net carrying amount, end of year	\$ 50,000	\$ 292,347	\$ -	\$ 10,398,852	\$ 2,098,682	\$ 1,237,875	\$ 527,223	\$ 1,313,988	\$ 15,918,967

The accompanying notes are an integral part of these financial statements.

Shawanaga First Nation
Schedule 1 - Consolidated Tangible Capital Assets (continued)

For the year ended March 31, 2021 (comparative figures)

	Land and Land improvements	Machinery and Equipment	Leased Equipment	Buildings	Roads	Water and distribution systems	Equipment and Furniture	Construction in Progress	Total
Cost, beginning of year	\$ 50,000	\$ 1,246,307	\$ 54,710	\$ 2,543,781	\$ 104,471	\$ 2,518,126	\$ 1,407,608	\$ 757,019	\$ 8,682,022
Additions	-	164,247	-	237,413	-	267,431	187,366	1,873,943	2,730,400
Capitalized construction	-	-	-	792,513	-	-	-	(792,513)	-
Cost, end of year	50,000	1,410,554	54,710	3,573,707	104,471	2,785,557	1,594,974	1,838,449	11,412,422
Accumulated amortization, beginning of year	-	1,060,515	54,710	1,354,985	38,248	1,178,871	1,075,856	-	4,763,185
Amortization	-	141,263	-	172,994	5,224	69,640	190,655	-	579,776
Accumulated amortization, end of year	-	1,201,778	54,710	1,527,979	43,472	1,248,511	1,266,511	-	5,342,961
Net carrying amount, end of year	\$ 50,000	\$ 208,776	\$ -	\$ 2,045,728	\$ 60,999	\$ 1,537,046	\$ 328,463	\$ 1,838,449	\$ 6,069,461

The accompanying notes are an integral part of these financial statements.

Shawanaga First Nation

Schedule 2 - Consolidated Schedule of Segmented Information Disclosure

For the year ended March 31, 2022

	Capital	Community Operations	Economic Development	Education	First Nation Administration	Health Services	Other	Social Services	Consolidated Total
Revenue									
Indigenous Services Canada	\$ 467,347	\$ 540,555	\$ 611,669	\$ 1,863,783	\$ 302,761	\$ 1,673,696	\$ 862,281	\$ 88,303	\$ 6,410,395
Canada	-	-	240,058	-	-	-	76,344	-	316,402
Ontario	-	-	480,899	-	80,987	2,263,969	76,315	347,894	3,250,064
Loss from investment in business partnership	-	-	183,824	-	-	-	-	-	183,824
Interest and other revenue	-	219,089	208,708	84,702	385,145	553,302	238,909	72	1,689,927
Sales	-	-	-	-	-	-	7,143,259	-	7,143,259
	467,347	759,644	1,725,158	1,948,485	768,893	4,490,967	8,397,108	436,269	18,993,871
Expenses									
Salaries, wages and benefits	52,901	296,497	557,680	309,089	646,585	807,749	308,164	80,722	3,059,387
Materials and supplies	71,342	139,694	192,905	98,285	451,477	2,501,496	6,819,670	93,169	10,368,038
Contracted services	1,856	296,441	364,591	81,698	569,884	143,183	98,774	6,304	1,562,731
Rents and financial expenses	-	25,989	3,780	4,748	204,740	14,400	123,898	6,048	383,603
External transfers and other	-	14,693	-	645,803	-	-	(288,338)	230,770	602,928
Amortization	-	345,222	41,189	16,833	-	143,685	-	-	546,929
Transfers between segments	15,035	79,787	113,978	194,497	(782,745)	336,011	32,437	11,000	-
	141,134	1,198,323	1,274,123	1,350,953	1,089,941	3,946,524	7,094,605	428,013	16,523,616
Net surplus (deficit)	\$ 326,213	\$ (438,679)	\$ 451,035	\$ 597,532	\$ (321,048)	\$ 544,443	\$ 1,302,503	\$ 8,256	\$ 2,470,255

The accompanying notes are an integral part of these financial statements.

Shawanaga First Nation

Schedule 2 - Consolidated Schedule of Segmented Information Disclosure (continued)

For the year ended March 31, 2021

	Capital	Community Operations	Economic Development	Education	First Nation Administration	Health Services	Other	Social Services	Consolidated Total
Revenue									
Indigenous Services Canada	\$ 238,388	\$ 479,516	\$ 21,036	\$ 1,568,945	\$ 1,323,009	\$ 1,051,746	\$ 823,190	\$ 139,885	\$ 5,645,715
Canada	-	-	38,879	-	-	-	18,405	-	57,284
Ontario	-	-	-	-	-	1,722,060	79,388	304,642	2,106,090
Loss from investment in government business enterprise	-	-	-	-	-	-	(66,406)	-	(66,406)
Interest and other revenue	-	145,563	4,750	-	51,035	193,257	300,765	20	692,491
Sales	-	-	2,698,258	-	-	-	-	-	2,698,258
	238,388	625,079	2,762,923	1,568,945	1,374,044	2,967,063	1,155,342	444,547	11,133,432
Expenses									
Salaries, wages and benefits	97,966	230,038	461,804	224,528	715,253	745,648	198,357	80,133	2,752,757
Materials and supplies	10,769	305,339	401,746	22,308	728,216	1,167,532	257,349	79,357	2,970,684
Contracted services	-	268,390	2,233,852	57,452	1,259,929	270,787	80,846	6,839	4,178,095
Rents and financial expenses	-	21,947	2,441	3,564	17,201	14,400	26,832	9,643	96,028
External transfers and other	-	5,400	-	458,390	-	-	112,502	246,048	822,340
Amortization	-	365,955	43,660	17,844	-	152,317	-	-	579,776
Transfers between segments	24,464	36,709	110,647	155,725	(635,476)	260,108	40,364	-	(7,459)
	133,199	1,233,778	3,254,150	939,811	2,085,123	2,610,792	716,250	422,020	11,392,221
Excess (deficiency) of revenue over expenses	\$ 105,189	\$ (608,699)	\$ (491,227)	\$ 629,134	\$ (711,079)	\$ 356,271	\$ 439,092	\$ 22,527	\$ (258,789)

The accompanying notes are an integral part of these financial statements.