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Indigenous Services Canada
Ontario Region
100 Anemki Drive, Suite 101
Fort William First Nation
Thunder Bay, ON P7J 1A5

March 27, 2025

Re: Shawanaga First Nation

We enclose for your information and retention, one copy of the following:

1. Consolidated financial statements for the year ended March 31, 2024.
2. Schedule of Remuneration and Expenses (Chief and Council) for the year ended March 31, 2024.

Should you have any questions concerning the foregoing, please contact the writer or Kamryn Rogers of this office.

BDO Canada LLP
Chartered Professional Accountants, Licensed Public Accountants

A handwritten signature in black ink, appearing to read 'Nathan Dool'.

Nathan Dool, CPA, CA
Partner through a corporation
/sb

sent electronically to taryn.meles@sac-isc.gc.ca

Shawanaga First Nation
Consolidated Financial Statements
For the year ended March 31, 2024

Shawanaga First Nation
Consolidated Financial Statements
For the year ended March 31, 2024

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Shawanaga First Nation
Management's Responsibility for Financial Reporting
March 31, 2024

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


_____ Chief Administrative Officer



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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, 2024 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, 2024, 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

The First Nation operates a gas bar and convenience store that has inventories of fuel and other items for resale. At the beginning and end of the year, we attended an inventory count and it was determined that a full count was not completed, and inventory records were incomplete. Thus, we were unable to satisfy ourselves concerning those inventory quantities by count or 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 updated 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 and annual surplus for the years ended March 31, 2024 and 2023, inventory as at March 31, 2024 and 2023, and accumulated surplus as at April 1 and March 31 for both the 2024 and 2023 years. Our audit opinion on the consolidated financial statements for the year ended March 31, 2023 was modified accordingly because of the possible effects of this limitation in scope.

Effective April 1, 2022, the First Nation was required to adopt PS 3280 Asset Retirement Obligations which requires the recognition of legal obligations associated with the retirement of tangible capital assets by public sector entities. Under the modified retroactive application method, the asset retirement obligation on transition is to be recorded using assumptions as of April 1, 2022. The corresponding asset retirement cost is added to the carrying value of the related tangible capital assets adjusted for amortization since the time the legal obligation was incurred. The net adjustment is charged to accumulated surplus. Comparative figures are to be restated to reflect this change in accounting policy. Management has not completed its assessment of the tangible capital assets for potential asset retirement obligations. As a result, it is not possible to quantify the impact of this departure from Canadian public sector accounting standards on expenses and annual surplus for the years ended March 31, 2024 and 2023, tangible capital assets and the asset retirement obligation as at March 31, 2024 and 2023, and accumulated surplus as at April 1 and March 31 for the 2024 and 2023 years. Our audit opinion on the consolidated financial statements for the year ended March 31, 2023 was modified because of the effects of this departure from Canadian public sector accounting standards.

Independent Auditor's Report (continued)

The First Nation was unable to provide satisfactory audit evidence with respect to the completeness and existence of Cannabis sales and expenses included within the First Nation Administration segment due to Cannabis transactions and activities not being tracked. Accordingly, we were unable to confirm or verify by alternate means the Cannabis sales and expenses for the period of April 1, 2023 to November 1, 2023 and the year ended March 31, 2023. As a result, we were unable to determine whether any adjustments might be necessary to sales, expenses and annual surplus for the years ended March 31, 2024 and 2023 and inventory and accumulated surplus at March 31, 2024 and 2023. Our audit opinion on the consolidated financial statements for the year ended March 31, 2023 was modified accordingly because of the possible effects of this limitation in scope.

The First Nation was unable to provide satisfactory audit evidence with respect to the completeness and existence of gas sales for the period of December 1, 2023 to March 31, 2024. Accordingly, we were unable to confirm or verify by alternate means the gas sales for the period of December 1, 2023 to March 31, 2024. As a result, we were unable to determine whether any adjustments might be necessary to gas sales, expenses, annual surplus and accumulated surplus for the year ended March 31, 2024.

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.

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:

Independent Auditor's Report (continued)

- 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.

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
March 27, 2025

Shawanaga First Nation

Consolidated Statement of Financial Position

For the year ended March 31

2024

2023

Financial assets

Cash and cash equivalents	\$ 25,032,587	\$ 15,385,316
Cash - restricted (Note 4)	760,558	738,238
Accounts receivable	5,435,755	2,017,163
Robinson Huron Treaty Settlement receivable (Note 19)	274,145,086	-
Mortgages receivable (Note 8)	746,733	792,700
Investments in business partnership (Note 2)	923,864	789,604
Trust Funds held by Federal Government (Note 9)	-	8,424
	\$ 307,044,583	\$ 19,731,445

Liabilities

Accounts payable	5,864,335	3,059,446
Due to Funding Agencies (Note 11)	448,343	466,875
Due to related parties	176,506	5,397
Deferred revenue (Note 3)	21,071,980	10,783,601
Loan payable (Note 10)	43,726	43,226
Obligations under capital lease (Note 16)	273,005	-
Long term debt (Note 5)	13,565,441	13,401,893
	41,443,336	27,760,438

Net financial assets (debt)

265,601,247 (8,028,993)

Non-financial assets

Tangible capital assets (Schedule 1)	23,256,450	18,704,257
Prepaid expenses and inventory of supplies	255,549	289,974
	23,511,999	18,994,231

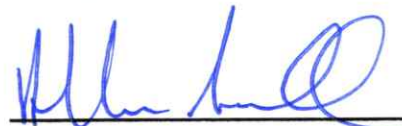
Accumulated surplus (Note 7)

\$ 289,113,246 \$ 10,965,238

On behalf of Council



Chief



Chief Administrative Officer

Shawanaga First Nation Consolidated Statement of Operations

For the year ended March 31	Budget (Note 17)	2024	2023
Revenue			
Government funding (Note 15)	\$ 15,297,262	\$ 13,841,453	\$ 9,196,060
Income(loss) from investment in partnership	-	134,260	345,384
Interest and other revenue (Note 20)	942,887	2,807,477	1,964,020
Sales of gas and supplies	-	16,983,373	19,457,624
Robinson Huron Treaty Litigation Fund (Note 18)	-	274,145,086	-
	16,240,149	307,911,649	30,963,088
Expenses			
Capital	6,773,290	191,281	72,795
Community operations	595,262	1,601,963	1,328,408
Economic development	138,200	1,203,918	981,681
Education	1,759,414	1,694,308	1,811,382
First Nation administration	1,313,043	1,363,337	1,127,556
Health services	3,825,928	4,484,352	4,287,442
Other	1,497,584	18,846,456	18,972,495
Social services	128,237	378,028	484,673
	16,030,958	29,763,643	29,066,432
Annual surplus	209,191	278,148,008	1,896,658
Accumulated surplus, beginning of year	10,965,238	10,965,238	9,068,580
Accumulated surplus, end of year	\$ 11,174,429	\$ 289,113,246	\$ 10,965,238

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 17)	2024	2023
Annual surplus	\$ 209,191	\$ 278,148,008	\$ 1,896,658
Acquisition of tangible capital assets	-	(6,257,164)	(3,697,054)
Amortization of tangible capital assets	-	1,057,143	893,616
Gain or loss on disposal of tangible capital assets	-	647,828	18,148
Prepaid expenses and inventory of supplies	-	34,425	(89,578)
Net change in net financial assets (debt)	209,191	273,630,240	(978,210)
Net financial debt , beginning of year	(8,028,993)	(8,028,993)	(7,050,783)
Net financial assets (debt) , end of year	\$ (7,819,802)	\$ 265,601,247	\$ (8,028,993)

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	2024	2023
Cash flows from operating activities		
Annual surplus	\$ 278,148,008	\$ 1,896,658
Items not involving cash		
Amortization	1,057,143	893,616
Loss (earnings) from investment in business partnership	(134,260)	(345,384)
Gain on disposal of asset	-	18,147
	<u>279,070,891</u>	<u>2,463,037</u>
Changes in non-cash working capital balances		
Accounts receivable	(3,418,592)	744,136
Due to/from funding agencies	(18,532)	(2,749)
Robinson Huron Treat Settlement Receivable	(274,145,086)	-
Accounts payable	2,975,998	1,524,866
Deferred revenue	10,288,379	9,573,615
Prepaid expenses and inventory of supplies	34,425	(89,578)
Loan Payable	500	200
Trust Funds held by Federal Government	8,424	-
	<u>14,796,407</u>	<u>14,213,527</u>
Cash flows from capital transactions		
Acquisition of tangible capital assets	(5,609,336)	(3,697,053)
Cash flows from investing activities		
Decrease (increase) in restricted cash	(22,320)	(33,149)
Payments received on mortgages receivable	45,967	39,917
	<u>23,647</u>	<u>6,768</u>
Cash flows from financing activities		
Long term debt issued	581,646	-
Long term debt repaid	(418,098)	(406,578)
Obligation under capital lease	273,005	-
	<u>436,553</u>	<u>(406,578)</u>
Increase in cash and cash equivalents	<u>9,647,271</u>	<u>10,116,664</u>
Cash and cash equivalents, beginning of year	<u>15,385,316</u>	<u>5,268,652</u>
Cash and cash equivalents, end of year	<u>\$ 25,032,587</u>	<u>\$ 15,385,316</u>

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

Shawanaga First Nation

Notes to Consolidated Financial Statements

March 31, 2024

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, 2024

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.

Shawanaga First Nation Notes to Consolidated Financial Statements

March 31, 2024

1. Summary of significant accounting policies (continued)

l) Financial Instruments Cash and equity instruments quoted in an active market are measured at fair value. Accounts receivable, accounts payable, and long-term debt are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to financial instruments are reported in the statement of operations. There is no impact on adoption of PS3450 Financial instruments which establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives.

When investment income and realized and unrealized gains and losses from changes in the fair value of financial instruments are externally restricted, the investment income and fair value changes are recognized as revenue in the period in which the resources are used for the purpose specified.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

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, 2024

2. Investments in business enterprise (continued)

	2024	2023
Shwe Miikaan Limited Partnership.		
Share of income	\$ 134,260	\$ 345,384
Change in investment balance for the year	134,260	345,384
Investment balance, beginning of year	789,604	444,220
Investment balance, end of year	\$ 923,864	\$ 789,604

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

	2023	2022
Assets	\$ 3,017,326	\$ 2,625,621
Liabilities	\$ 3,017,326	\$ 2,625,621
Revenue	\$ 1,098,147	\$ 1,955,458
Expenses	695,363	959,295
Net income	\$ 402,784	\$ 1,036,163

3. Deferred revenue

	Balance March 31, 2023	Funding Received 2024	Revenue Recognized 2024	Balance March 31, 2024
Indigenous Affairs	\$ 10,496,623	\$ 19,437,225	\$ 9,343,115	\$ 20,590,734
Other	519,473	3,803,041	3,841,268	481,246
	\$ 11,016,096	\$ 23,240,266	\$ 13,184,383	\$ 21,071,980

Deferred revenue by program is as follows:

Indigenous Services Canada	
Healing Centre - Hospice Like Spaces	\$ 98,638
Healing Centre - Digital Health	-
Comprehensive Community Plan	135,000
Healing Centre - FNCFS prevention/least disruption	97,241
Healing Centre - Home and Community Care	52,238
Healing Centre - Jordan's Principle	136,159
Second Level Service	144,377
Youth Employment Program	7,249
Water Systems/ARK19	18,076,866
Capital Program	897,819
Land Management	120,000
Survey Capacity	825,147

Shawanaga First Nation

Notes to Consolidated Financial Statements

March 31, 2024

3. Deferred revenue (continued)

Environment Canada	
Indigenous Protected and Conserved Areas	129,869
First Nations Land and Management Resource Centre	
Georgain Bay Biosphere Reserve Inc.	
CNPP	62,008
Gezhtoojig Employment and Training	118,463
Core Consultation	42,647
Independent First Nation	
Indigenous Residential Schools Community Engagement Fund	85,011
OFNEDA	
Economic Development Program	43,248
	\$ 21,071,980

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. '

	2024	2023
Debt Reserve Fund	\$ 662,339	\$ 639,749
Operating Reserve	29,041	29,176
Replacement Reserve	69,178	69,312
	\$ 760,558	\$ 738,237

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 \$158,555 (2023 - \$190,944).

Shawanaga First Nation Notes to Consolidated Financial Statements

March 31, 2024

6. Long term debt

	2024	2023
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.	\$ 75,835	\$ 89,890
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.	205,050	222,924
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.	159,507	178,207
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.	518,663	564,446
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.	521,433	556,231
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	10,866,324	11,153,934
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	620,166	636,261
CMHC mortgage, bearing interest at 4.49% per annum, repayable in blended monthly instalments of \$3,216.02, maturing October 2048 and renewing October 2028. As security, Indigenous Services Canada has provided a loan guarantee.	578,463	-
	\$ 13,565,441	\$ 13,401,893

Shawanaga First Nation

Notes to Consolidated Financial Statements

March 31, 2024

6. Long term debt (continued)

Interest paid on long term debt during the year amounted to \$403,230 (2023 - \$391,920). 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
2025	\$ 421,990
2026	424,937
2027	427,956
2028	431,048
2029	435,552
Thereafter	<u>11,423,958</u>
	<u>\$ 13,565,441</u>

7. Accumulated surplus

	2024	2023
Band operating fund	\$ 2,006,775	\$ 5,604,711
Investment in Shwe Miikaan Limited Partnership	923,863	189,552
Capital fund	9,691,009	2,110,496
Casino Rama fund	1,811,509	923,224
CMHC reserves	410,003	106,860
Trust fund	-	8,737
Infrastructure project fund	125,000	125,000
Robinson Huron Treaty Fund	<u>274,145,086</u>	<u>-</u>
	<u>\$ 289,113,246</u>	<u>\$ 9,068,580</u>

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 2024 to 2039.

At year-end, mortgage receivables of \$77,274 (2023 - \$87,485) are due from two Council Members.

Shawanaga First Nation

Notes to Consolidated Financial Statements

March 31, 2024

9. Trust Funds held by Federal Government

	March 31, 2023	Additions 2024	Withdrawals 2024	March 31, 2024
Capital	\$ 8,738	-	(8,738)	\$ -
Other	(314)	-	314	-
	<u>\$ 8,424</u>	<u>\$ -</u>	<u>\$ (8,424)</u>	<u>\$ -</u>

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

	2024	2023
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	(258)	(758)
	<u>\$ 43,726</u>	<u>\$ 43,226</u>

During the normal course of operations, the First Nation purchased construction services from Shwe Miikaan Limited Partnership in the amount of \$nil. (2023 - \$936,298).

11. Due to funding agencies

	2024	2023
Indigenous Services Canada	\$ 201,232	\$ 216,552
Health Canada	157,687	160,899
Independent First Nation	84,511	84,511
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>\$ 448,343</u>	<u>\$ 466,875</u>

12. Credit facilities

The First Nation has a \$100,000 operating line of credit with RBC. As at March 31, 2024, 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.

Shawanaga First Nation

Notes to Consolidated Financial Statements

March 31, 2024

13. 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	\$ 9,343,114
Less: Deferred revenue, beginning of year	(10,496,623)
Add: Deferred revenue, end of year	<u>20,590,734</u>
	<u>\$ 19,437,225</u>
Indigenous Services Canada funding per confirmation report	<u>\$ 19,437,225</u>

14. Portfolio investments

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

Feed in Tariff (FiT) partnerships:	2024	2023
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	<u>\$ -</u>	<u>\$ -</u>

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.

15. Government funding

	2024	2023
Indigenous Services Canada	\$ 9,343,114	\$ 5,109,743
Canada	708,470	891,189
Misc. Ontario	930,930	623,639
Ministry of Education	217,216	217,364
Ministry of Health	158,205	167,137
MCCSS	1,876,622	1,668,615
Independent First Nation	256,896	228,985
Environment Canada	350,000	289,388
	<u>\$ 13,841,453</u>	<u>\$ 9,196,060</u>

Shawanaga First Nation

Notes to Consolidated Financial Statements

March 31, 2024

16. Obligations under capital leases

	2024	2023
Obligation under a capital lease for equipment, with interest at the rate of 0%, maturing on January 2027.	\$ 273,005	-

Future minimum lease payments under the capital leases for subsequent years are as follows:

Year	Amount
2025	\$ 96,355
2026	96,355
2027	80,295
	<u>\$ 273,005</u>

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.

Shawanaga First Nation

Notes to Consolidated Financial Statements

March 31, 2024

17. Segmented information (continued)

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.

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	\$ (6,564,099)
Add:	
Capital expenditures	6,773,290
Principal portion of loan payments	-
	<hr/>
Budget deficit per statement of operations	\$ 209,191

19. Robinson Huron Treaty Litigation Fund

On August 31, 2023, the First Nation, as a member of the Robinson Huron Treaty Litigation Fund ("RHTLF") entered into a settlement agreement with the Federal Government and Ontario Provincial Government for past compensation arising from obligations to the First Nations from the Robertson Huron Treaty of 1850. The settlement arises from claims put forward by the First Nations in 2012, that the Crown breached its obligations under the treaty.

As a result, a receivable of \$274,145,086 has been recorded in these financial statements. The funds owing will be divided into tranches, paid to the First Nation over time.

Subsequent to year end, the First Nation committed to the payment of a per capita distribution to each of its members and the balance of the funds would be contributed to a trust for the benefit of the First Nation and its members.

Shawanaga First Nation
Notes to Consolidated Financial Statements

March 31, 2024

20. Interest and other revenue

Interest and other revenue by program is as follows:

Community Operations:	
Rentals - Community Buildings	\$ 5,560
Rentals - Tenplex	46,800
Rentals - Houses	46,632
Parking Revenue	11,622
CMHC Operating Subsidiary	151,233
Miscellaneous (fees, interest)	32,369
CMHC RRAP Forgivable Loan	53,260
CMHC Affordable Housing Renovations	150,000
CMHC Rents	38,554
Misc Income Roads	17,902
Trust Funds Released	(8,737)
Economic Development:	
Hydro One Tree Cutting	20,229
Land leases	11,050
Species at Risk - misc funding	16,500
Fish Harvestry (Casino Rama)	84,773
Miscellaneous	10,381
MNR - Enforcement	26,900
Health Services:	
Pow Wow Donations	21,305
Interest & Miscellaneous	77,353
Bingo Revenue	11,625
First Nation Administration:	
Casino Rama Revenue	679,124
Interest - Band Support	839,775
Miscellaneous	161,014
Social Services - interest	11,933
Other:	
Henvey Inlet Transmission revenues	238,073
Interest	14,351
Education:	
Magnetewan First Nation tuition	<u>37,896</u>
	<u>\$ 2,807,477</u>

Shawanaga First Nation
Schedule 1 - Consolidated Tangible Capital Assets

For the year ended March 31, 2024

	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	\$ 1,451,006	\$ 54,710	\$ 15,009,331	\$ 2,197,530	\$ 2,518,126	\$ 1,920,311	\$ 2,056,225	\$ 25,257,239
Additions	-	528,604	412,040	248,955	-	1,252,611	92,845	3,722,109	6,257,164
Disposals	-	-	-	-	-	-	-	(647,828)	(647,828)
Cost, end of year	50,000	1,979,610	466,750	15,258,286	2,197,530	3,770,737	2,013,156	5,130,506	30,866,575
Accumulated amortization, beginning of year	-	1,101,311	54,710	2,416,448	203,031	1,310,977	1,466,505	-	6,552,982
Amortization	-	83,287	17,336	641,957	92,456	137,407	84,700	-	1,057,143
Accumulated amortization, end of year	-	1,184,598	72,046	3,058,405	295,487	1,448,384	1,551,205	-	7,610,125
Net carrying amount, end of year	\$ 50,000	\$ 795,012	\$ 394,704	\$ 12,199,881	\$ 1,902,043	\$ 2,322,353	\$ 461,951	\$ 5,130,506	\$ 23,256,450

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, 2023 (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	\$ 1,549,805	\$ 54,710	\$ 12,237,387	\$ 2,197,530	\$ 2,518,126	\$ 1,887,311	\$ 1,313,988	\$ 21,808,857
Additions	-	136,641	-	2,785,175	-	-	33,000	742,237	3,697,053
Disposals	-	(235,440)	-	(13,231)	-	-	-	-	(248,671)
Cost, end of year	50,000	1,451,006	54,710	15,009,331	2,197,530	2,518,126	1,920,311	2,056,225	25,257,239
Accumulated amortization, beginning of year	-	1,257,458	54,710	1,838,535	98,848	1,280,251	1,360,088	-	5,889,890
Amortization	-	71,934	-	580,356	104,183	30,726	106,417	-	893,616
Disposals	-	(228,081)	-	(2,443)	-	-	-	-	(230,524)
Accumulated amortization, end of year	-	1,101,311	54,710	2,416,448	203,031	1,310,977	1,466,505	-	6,552,982
Net carrying amount, end of year	\$ 50,000	\$ 349,695	\$ -	\$ 12,592,883	\$ 1,994,499	\$ 1,207,149	\$ 453,806	\$ 2,056,225	\$ 18,704,257

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, 2024

	Capital	Community Operations	Economic Development	Education	First Nation Administration	Health Services	Other	Social Services	Consolidated Total
Revenue									
Indigenous Services Canada	\$ 217,270	\$ 5,887,326	\$ (390,459)	\$ 1,824,985	\$ 306,313	\$ 1,326,527	\$ -	\$ 171,152	\$ 9,343,114
Canada	-	-	339,033	-	-	-	369,437	-	708,470
Ontario	-	-	150,169	-	366,120	2,974,599	47,311	251,670	3,789,869
Loss from investment in business partnership	-	-	134,260	-	-	-	-	-	134,260
Robinson Huron Treaty Litigation Fund	-	-	-	-	274,145,086	-	-	-	274,145,086
Interest and other revenue	-	545,195	169,833	37,896	1,679,913	110,283	252,424	11,933	2,807,477
Sales of gas and supplies	-	-	-	-	-	-	16,983,373	-	16,983,373
	217,270	6,432,521	402,836	1,862,881	276,497,432	4,411,409	17,652,545	434,755	307,911,649
Expenses									
Salaries, wages and benefits	-	396,916	486,029	564,339	1,046,970	834,492	622,104	95,146	4,045,996
Materials and supplies	190,398	171,118	174,290	88,602	181,283	2,843,030	17,556,596	55,513	21,260,830
Contracted services	883	300,619	158,230	87,899	807,847	58,587	225,097	1,813	1,640,975
Rents and financial expenses	-	42,719	-	3,263	382,589	(14,224)	266,077	3,000	683,424
External transfers and other	-	-	-	755,245	-	-	108,472	211,556	1,075,273
Amortization	-	632,065	79,603	32,561	-	312,914	-	-	1,057,143
Transfers between segments	-	58,526	305,766	162,399	(1,055,352)	449,551	68,110	11,000	-
	191,281	1,601,963	1,203,918	1,694,308	1,363,337	4,484,352	18,846,456	378,028	29,763,641
Net surplus (deficit)	\$ 25,989	\$ 4,830,558	\$ (801,082)	\$ 168,573	\$ 275,134,095	\$ (72,943)	\$ (1,193,911)	\$ 56,727	\$ 278,148,008

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, 2023

	Capital	Community Operations	Economic Development	Education	First Nation Administration	Health Services	Other	Social Services	Consolidated Total
Revenue									
Indigenous Services Canada	\$ 161,312	\$ 770,713	\$ 367,923	\$ 1,709,444	\$ 311,909	\$ 1,574,355	\$ -	\$ 214,087	\$ 5,109,743
Canada	-	-	758,671	-	-	-	132,518	-	891,189
Ontario	-	-	287,480	-	123,864	2,465,156	32,776	285,852	3,195,128
Loss from investment in government business enterprise	-	-	345,384	-	-	-	-	-	345,384
Interest and other revenue	-	308,249	136,638	54,093	910,994	187,698	323,128	43,220	1,964,020
Sales of gas and supplies	-	-	-	-	-	-	19,457,624	-	19,457,624
	161,312	1,078,962	1,896,096	1,763,537	1,346,767	4,227,209	19,946,046	543,159	30,963,088
Expenses									
Salaries, wages and benefits		343,916	425,872	430,697	499,296	876,111	487,201	86,463	3,149,555
Materials and supplies	42,954	87,439	155,677	102,138	476,253	2,699,015	17,946,936	91,623	21,602,035
Contracted services	14,113	272,919	256,494	164,249	563,906	46,580	224,835	2,225	1,545,321
Rents and financial expenses		29,212	1	3,560	338,539	14,431	228,734	3,059	617,535
External transfers and other		-	-	903,001	-	-	65,064	290,303	1,258,368
Amortization		534,266	67,298	27,503	-	264,549	-	-	893,616
Transfers between segments	15,728	60,656	76,340	180,234	(750,438)	386,755	19,725	11,000	-
	72,795	1,328,408	981,681	1,811,382	1,127,556	4,287,442	18,972,495	484,673	29,066,430
Excess (deficiency) of revenue over expenses	\$ 88,517	\$ (249,446)	\$ 914,415	\$ (47,845)	\$ 219,211	\$ (60,233)	\$ 973,551	\$ 58,486	\$ 1,896,658

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

Shawanaga First Nation
Schedule 3 - Leagues vs Miles
Statement of Revenue and Expenses

For the year ended March 31, 2024

Revenue

Indigenous Relations and Northern Affairs Canada	\$ 366,120
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Expenses

Administration	4,058
Legal	46,745
Program expenses	74,198
Professional fees	269,817
Wages and benefits	-
	394,818

Deficiency of revenue over expenses for funding purposes	\$ (28,698)
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Shawanaga First Nation
Schedule 4 - Social Assistance Program
Statement of Revenue and Expenses

For the year ended March 31, 2024

Revenue

Indigenous Services Canada	
Income Assistance	\$ 137,161
Employment & Training	31,680
Miscellaneous	11,933
Ministry of Children, Community & Social Services	
Transitional Support Funding	108,630
Ontario Works Subsidies	138,613
Education - Informal Childcare	4,427
Opening deferrals	2,311
	<hr/>
	434,755

Expenses

Administration	11,000
Education & Training	9,731
Travel	3,481
Basic Allocation	66,798
Basic Shelter	61,779
Temporary Care	14,568
Office	6,140
Transitional Funding	28,988
Inflation Relief	64,242
Employment Related Expenses	13,285
Discretionary Health	2,870
Wages and benefits	95,146
	<hr/>
	378,028

Surplus of revenue over expenses for funding purposes	\$	56,727
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Shawanaga First Nation
Schedule of Remuneration and Expenses - Chief and Councillors
For the year ended March 31, 2024



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Independent Practitioner's Engagement Report

To the Chief and Council of Shawanaga First Nation

We have reviewed the accompanying Schedule of Remuneration and Expenses - Chief and Councillors of Shawanaga First Nation for the year ended March 31, 2024, and a summary of significant accounting policies and other explanatory information (together, the "Schedule"). The Schedule has been prepared by management, pursuant to the requirements of the Department of Indigenous Services Canada and Health Canada 2023-2024 Year-end Reporting Handbook.

Management's Responsibility for the Schedule

Management of Shawanaga First Nation is responsible for the preparation of the Schedule in accordance with the financial reporting provisions in the Department of Indigenous Services Canada and Health Canada 2023-2024 Year-end Reporting Handbook, and for such internal control as management determines is necessary to enable the preparation of the Schedule that is free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the Schedule based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which required us to comply with relevant ethical requirements.

A review of the Schedule in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on this Schedule.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Schedule is not prepared, in all material respects, in accordance with the financial reporting provisions in the Department of Indigenous Services Canada and Health Canada 2023-2024 Year-end Reporting Handbook.

Basis of Accounting and Restriction on Use

Without modifying our conclusion, we draw attention to Note 1 to the Schedule, which describes the basis of accounting. The Schedule is prepared to assist Shawanaga First Nation to meet the requirements of subsection 6(1) of the First Nations Financial Transparency Act. As a result, the Schedule may not be suitable for another purpose.

Chartered Professional Accountants, Licensed Public Accountants

Sault Ste. Marie, Ontario
March 27, 2025

Shawanaga First Nation
Schedule of Remuneration and Expenses (Chief and Councillors)
(Unaudited)

For the year ended March 31, 2024

Name of Individual	Position/Title	Number of Months	Remuneration (Note 1)	Expenses (Note 1)
Adam Pawis	Chief	12	\$51,600	\$3,252
Sherrill Judge	Councilor	12	8,600	19,968
Dan Pawis	Councilor	12	8,600	19,306
Alfred Stevens	Councilor	12	9,400	24,186
Candace Geroux	Councilor	12	9,400	35,558
Kyla Judge	Councilor	12	9,400	21,101
		Total	\$97,000	\$123,371

Shawanaga First Nation
Schedule of Remuneration and Expenses (Chief and Councillors)
Note to Schedule
(Unaudited)

For the year ended March 31, 2024

1. Definition of Remuneration and Expenses

Shawanaga First Nation follows the accrual basis of accounting using the principles of Canadian Public Sector Accounting Standards for the reporting. Remuneration is defined in the First Nation Financial Transparency Act as any salaries, wages, commissions, bonuses, fees, honoraria, and dividends and other monetary benefits - other than the reimbursement of expense - and non-monetary benefits.

Expenses as defined in the First Nation Financial Transparency Act include the costs of transportation, accommodation, meals, hospitality and incidental expenses. The remuneration and expenses presented above include remuneration paid and expenses reimbursed to the First Nation's chief and each of its councilors acting in their capacity as such and in any other capacity, including their personal capacity, by the First Nation and by any entity controlled by the First Nation.