

**Shawanaga First Nation
Consolidated Financial Statements
For the year ended March 31, 2025**

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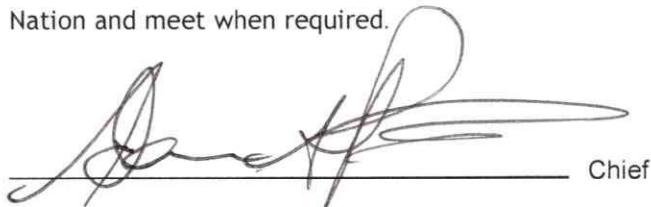
Shawanaga First Nation
Management's Responsibility for Financial Reporting
March 31, 2025

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

Candace Heroux Finance and Audit Committee

Lacey Miller Finance Manager

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, 2025 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, 2025, 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 of the year ended March 31, 2025, we were unable to obtain sufficient appropriate audit evidence over the opening inventory balances, as the inventory count and related records from the prior year (March 31, 2024) were incomplete. Specifically, the 2024 inventory count was not finalized during our attendance, and the inventory listing provided was not updated, with substantially all items showing negative balances. Selling prices for inventory items were also not obtained, and we were unable to satisfy ourselves through alternative procedures. However, during the current year, the First Nation implemented improvements to its inventory processes and record keeping. These improvements provided sufficient appropriate audit evidence to support the closing inventory balance for fiscal 2025. Accordingly, our audit opinion for the year ended March 31, 2025 is qualified with respect to opening inventory balances only. As a result, we were unable to determine whether any adjustments might be necessary to cost of sales, annual surplus, and accumulated surplus for the year ended March 31, 2024, and opening accumulated surplus as at April 1 for the year ended March 31, 2025.

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, 2025 and 2024, tangible capital assets and the asset retirement obligation as at March 31, 2025 and 2024, and accumulated surplus as at April 1 and March 31 for the 2025, and 2024 years. Our audit opinion on the consolidated financial statements for the year ended March 31, 2024 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 of Cannabis sales included within the First Nation due to all Cannabis sales being received as cash. In the current year, the client began recording transactions in its accounting system, which allowed us to obtain sufficient appropriate audit evidence over purchases, cost of sales, payroll, and inventory. Despite these improvements, we were unable to confirm or verify by alternate means the completeness of Cannabis sales revenue for the period of April 1, 2024 to March 31, 2025. There is no independent evidence to support that all cash received has been accurately recorded in the accounting system. As a result, we were unable to determine whether any adjustments might be necessary to sales and annual surplus for the years ended March 31, 2025 and 2024 and accumulated surplus at March 31, 2025 and 2024.

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. As a result, we were unable to determine whether any adjustments might be necessary to opening accumulated surplus for the year ended March 31, 2025. Sufficient appropriate audit evidence was obtained to support the completeness of gas sales revenue for the year ended March 31, 2025.

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.

The logo for BDO Canada LLP, featuring the letters 'BDO' in a bold, black, sans-serif font, followed by 'Canada' in a smaller, black, sans-serif font, and 'LLP' in a bold, black, sans-serif font.

Chartered Professional Accountants, Licensed Public Accountants

Sault Ste. Marie, Ontario

November 5, 2025

Shawanaga First Nation
Consolidated Statement of Financial Position

<u>For the year ended March 31</u>	<u>2025</u>	<u>2024</u>
Financial assets		
Cash and cash equivalents	\$ 184,184,421	\$ 25,032,587
Cash - restricted (Note 4)	984,331	760,558
Accounts receivable	2,169,904	5,435,755
Robinson Huron Treaty Settlement receivable	-	274,145,086
Mortgages receivable (Note 8)	647,311	746,733
Investments in business partnership (Note 2)	986,862	923,864
	<u>\$ 188,972,829</u>	<u>\$ 307,044,583</u>
Liabilities		
Accounts payable	4,302,921	6,040,841
Due to funding agencies (Note 10)	164,665	448,343
Deferred revenue (Note 3)	9,236,315	21,071,980
Loan payable (Note 9)	43,983	43,726
Obligations under capital lease (Note 15)	176,651	273,005
Long term debt (Note 6)	13,133,089	13,565,441
	<u>27,057,624</u>	<u>41,443,336</u>
Net financial assets (debt)	<u>161,915,205</u>	<u>265,601,247</u>
Non-financial assets		
Tangible capital assets (Schedule 1)	46,255,393	23,256,450
Prepaid expenses and inventory of supplies	352,912	255,549
	<u>46,608,305</u>	<u>23,511,999</u>
Accumulated surplus (Note 7)	<u>\$ 208,523,510</u>	<u>\$ 289,113,246</u>

On behalf of Council



Chief



Chief Administrative Officer

Shawanaga First Nation
Consolidated Statement of Operations

For the year ended March 31	Budget (Note 17)	2025	2024
Revenue			
Government funding (Note 14)	\$ 25,097,005	\$ 31,295,211	\$ 13,841,453
Income from investment in partnership	-	62,999	134,260
Interest and other revenue (Note 20)	2,960,348	4,325,589	2,807,477
Sales of gas and supplies	-	15,972,759	16,983,373
Robinson Huron Treaty Litigation Fund	-	10,778,047	274,145,086
	<hr/>	<hr/>	<hr/>
	28,057,353	62,434,605	307,911,649
Expenses			
Capital	14,727,323	228,733	191,281
Community operations	708,609	1,996,040	1,601,963
Economic development	159,720	1,257,747	1,213,918
Education	1,864,803	1,721,287	1,694,308
First Nation administration	2,951,372	747,112	1,363,337
Health services	5,258,432	4,841,371	4,487,352
Other	1,774,750	131,927,396	18,833,456
Social services	599,774	304,655	378,028
	<hr/>	<hr/>	<hr/>
	28,044,783	143,024,341	29,763,643
Annual surplus (deficit)	12,570	(80,589,736)	278,148,008
Accumulated surplus, beginning of year	289,113,246	289,113,246	10,965,238
Accumulated surplus, end of year	\$ 289,125,816	\$ 208,523,510	\$ 289,113,246

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

For the year ended March 31	Budget (Note 17)	2025	2024
Annual surplus (deficit)	\$ 12,570	\$ (80,589,736)	\$ 278,148,008
Acquisition of tangible capital assets	-	(24,134,241)	(6,257,164)
Amortization of tangible capital assets	-	1,120,298	1,057,143
Gain or loss on disposal of tangible capital assets	-	15,000	647,828
Prepaid expenses and inventory of supplies	-	(97,363)	34,425
Net change in net financial assets (debt)	12,570	(103,686,042)	273,630,240
Net financial assets (debt), beginning of year	<u>265,601,247</u>	<u>265,601,247</u>	<u>(8,028,993)</u>
Net financial assets, end of year	<u>\$ 265,613,817</u>	<u>\$ 161,915,205</u>	<u>\$ 265,601,247</u>

Shawanaga First Nation
Consolidated Statement of Cash Flows

For the year ended March 31	2025	2024
Cash flows from operating activities		
Annual surplus (deficit)	\$ (80,589,736)	\$ 278,148,008
Items not involving cash		
Amortization	1,120,298	1,057,143
Loss (earnings) from investment in business partnership	(62,999)	(134,260)
Gain on disposal of asset	15,000	-
	<hr/>	<hr/>
Changes in non-cash working capital balances	(79,517,437)	279,070,891
Accounts receivable	3,265,851	(3,418,592)
Due to/from funding agencies	(283,678)	(18,532)
Robinson Huron Treat Settlement Receivable	274,145,086	(274,145,086)
Accounts payable	(1,737,920)	2,975,998
Deferred revenue	(11,835,665)	10,288,379
Prepaid expenses and inventory of supplies	(97,363)	34,425
Loan Payable	257	500
Trust Funds held by Federal Government	-	8,424
	<hr/>	<hr/>
	183,939,131	14,796,407
Cash flows from capital transactions		
Acquisition of tangible capital assets	<hr/>	<hr/>
	(24,134,241)	(5,609,336)
Cash flows from investing activities		
Decrease (increase) in restricted cash	<hr/>	<hr/>
Payments received on mortgages receivable	<hr/>	<hr/>
	(223,774)	(22,320)
	99,422	45,967
	<hr/>	<hr/>
	(124,352)	23,647
Cash flows from financing activities		
Long term debt issued	<hr/>	<hr/>
Long term debt repaid	<hr/>	<hr/>
Obligation under capital lease	<hr/>	<hr/>
	(432,350)	(418,098)
	(96,354)	273,005
	<hr/>	<hr/>
	(528,704)	436,553
Increase in cash and cash equivalents	<hr/>	<hr/>
	159,151,834	9,647,271
Cash and cash equivalents , beginning of year	<hr/>	<hr/>
	25,032,587	15,385,316
Cash and cash equivalents , end of year	\$ 184,184,421	\$ 25,032,587

Shawanaga First Nation

Notes to Consolidated Financial Statements

March 31, 2025

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, 2025

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, 2025

1. Summary of significant accounting policies (continued)

I) 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.

	2025	2024
Shwe Miikaan Limited Partnership.		
Share of income	\$ 62,999	\$ 134,260
Change in investment balance for the year	62,999	134,260
Investment balance, beginning of year	923,863	789,604
Investment balance, end of year	\$ 986,862	\$ 923,864

Shawanaga First Nation Notes to Consolidated Financial Statements

March 31, 2025

2. Investments in business enterprise (continued)

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

	2024	2023
Assets	<u>\$ 3,038,076</u>	<u>\$ 3,017,326</u>
Liabilities	<u>\$ 3,038,076</u>	<u>\$ 3,017,326</u>
Revenue	<u>\$ 966,602</u>	<u>\$ 1,098,147</u>
Expenses	<u>777,602</u>	<u>695,363</u>
Net income	<u>\$ 189,000</u>	<u>\$ 402,784</u>

3. Deferred revenue

	Balance March 31, 2024	Funding Received 2025	Revenue Recognized 2025	Balance March 31, 2025
Indigenous Affairs	\$ 20,590,734	\$ 11,477,463	\$ 23,290,926	\$ 8,777,272
Other	481,246	8,538,345	8,560,548	459,043
	<u>\$ 21,071,980</u>	<u>\$ 20,015,808</u>	<u>\$ 31,851,474</u>	<u>\$ 9,236,315</u>

Deferred revenue by program is as follows:

Indigenous Services Canada				
Healing Centre - Hospice Like Spaces			\$ 110,000	
Healing Centre - FNCFS prevention/least disruption			337,957	
Healing Centre - Home and Community Care			51,989	
Healing Centre - Jordan's Principle			433,894	
Second Level Service			144,377	
Youth Employment Program			14,398	
Water Systems/ARK19			4,062,460	
Capital Program			2,330,798	
Survey Capacity			237,240	
General Education Program			413,350	
Early on Phase 1			40,359	
Indigenous Health Equity			98,045	
Estate Planning			94,832	
Indigenous Early Learning			193,533	

Shawanaga First Nation Notes to Consolidated Financial Statements

March 31, 2025

3. Deferred revenue (continued)

Indigenous Services Canada (continued)		
Early Childhood Development	79,043	
Comprehensive Community Plan	135,000	
Environment Canada		
Sturgeon Project	48,903	
Indigenous Protected and Conserved Areas	200,000	
Gaurdians	84,416	
First Nations Land and Management Resource Centre		
CNPP	78,713	
Core Consultation	17,008	
Independent First Nation		
OFNEDA		
Economic Development Program	<u>30,000</u>	
		<hr/>
	<u>\$ 9,236,315</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.¹

Restricted cash of the FNFA surplus consists of funds held in the FNFA SRTA account. This surplus resulted from more funds being deposited into the ComputerShare Trust than what the annual FNFA loan payments amount to. The FNFA loan advisor was able to confirm the amount of the funds held at year-end and that the surplus was kept to be applied to future loan instalments.

	2025	2024
FNFA Surplus	\$ 297,841	-
Debt Reserve Fund	686,490	662,339
Operating Reserve	-	29,041
Replacement Reserve	-	69,178
	<hr/>	
	<u>\$ 984,331</u>	<u>\$ 760,558</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 \$182,354 (2024 - \$158,555).

Shawanaga First Nation
Notes to Consolidated Financial Statements

March 31, 2025

6. Long term debt

	2025	2024
CMHC mortgage, bearing interest at 4.08% per annum, repayable in blended monthly instalments of \$1,370 maturing April 2029 and renewing April 2029. As security, Indigenous Services Canada has provided a loan guarantee.	\$ 62,155	75,835
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.	187,049	205,050
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.	140,442	159,507
CMHC mortgage, bearing interest at 4.08% per annum, repayable in blended monthly instalments of \$5,164, maturing May 2034 and renewing May 2029. As security, Indigenous Services Canada has provided a loan guarantee.	476,722	518,663
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.	485,886	521,433
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	10,612,024	10,886,324
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	603,670	620,166
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.	565,141	578,463
	\$ 13,133,089	\$ 13,565,441

Shawanaga First Nation Notes to Consolidated Financial Statements

March 31, 2025

6. Long term debt (continued)

Interest paid on long term debt during the year amounted to \$423,788 (2024 - \$403,230). 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
2026	\$ 424,938
2027	427,956
2028	431,048
2029	435,552
2030	422,656
Thereafter	<u>10,990,939</u>
	 <u>\$ 13,133,089</u>

7. Accumulated surplus

	2025	2024
Band operating fund	\$ 7,256,757	\$ 2,006,775
Investment in Shwe Miikaan Limited Partnership	1,721,173	923,863
Capital fund	33,122,304	9,691,009
Casino Rama fund	2,810,191	1,811,509
CMHC reserves	279,003	410,003
Infrastructure project fund	125,000	125,000
Robinson Huron Treaty Fund	<u>163,209,082</u>	<u>274,145,086</u>
	 <u>\$ 208,523,511</u>	<u>\$ 289,113,246</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 \$600 and maturing in years ranging from 2025 to 2047.

At year-end, mortgage receivables of \$67,194 (2024 - \$77,274) are due from two Council Members.

9. Loan payable

	2025	2024
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)
	 <u>\$ 43,984</u>	<u>\$ 43,726</u>

During the normal course of operations, the First Nation purchased construction services from Shwe Miikaan Limited Partnership in the amount of \$nil. (2024 - \$nil).

Shawanaga First Nation Notes to Consolidated Financial Statements

March 31, 2025

10. Due to funding agencies

	2025	2024
Indigenous Services Canada	\$ -	\$ 201,232
Health Canada	157,687	160,899
Independent First Nation	10,919	84,511
Ministry of Education	-	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	 \$ 164,665	 \$ 451,555

11. Credit facilities

The First Nation has a \$100,000 operating line of credit with RBC. As at March 31, 2025, 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.

12. 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	\$ 22,853,374
Less: Deferred revenue, beginning of year	(20,590,734)
Add: Deferred revenue, end of year	<u>8,615,283</u>
	\$ 10,877,923
 Indigenous Services Canada funding per confirmation report	 \$ 11,039,913

13. Portfolio investments

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

Feed in Tariff (FiT) partnerships:	2025	2024
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	 \$ -	 \$ -

Shawanaga First Nation Notes to Consolidated Financial Statements

March 31, 2025

13. Portfolio investments (continued)

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.

14. Government funding

	2025	2024
Indigenous Services Canada	\$ 22,853,374	\$ 9,343,114
Canada	<u>5,116,991</u>	708,470
Misc. Ontario	416,788	930,930
Ministry of Education	217,216	217,216
Ministry of Health	179,210	158,205
MCCSS	<u>1,849,525</u>	1,876,622
Independent First Nation	171,135	256,896
Environment Canada	<u>490,972</u>	350,000
	<hr/> <u>\$ 31,295,211</u>	<hr/> <u>\$ 13,841,453</u>

15. Obligations under capital leases

	2025	2024
Obligation under a capital lease for equipment, with interest at the rate of 0%, maturing on January 2027.	<u>\$ 176,651</u>	273,005

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

Year	Amount
2026	\$ 96,355
2027	<u>80,296</u>
	<hr/> <u>\$ 176,651</u>

16. 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:

Shawanaga First Nation Notes to Consolidated Financial Statements

March 31, 2025

16. Segmented information (continued)

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.

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.

17. 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.

Shawanaga First Nation
Notes to Consolidated Financial Statements

March 31, 2025

17. Budget (continued)

As a result, the budget figures presented in the statements of operations and change in net financial assets represent the budget adopted by the First Nation with adjustments as follows:

Budget deficit for the year	\$ (21,636,967)
Add:	
Capital expenditures	21,649,537
Principal portion of loan payments	<hr/>
Budget surplus per statement of operations	\$ 12,570

18. Contingent asset

Shawanaga First Nation (SFN) is party to an oral agreement with the Kanata Companies, under which Kanata agreed to indemnify SFN for costs incurred in the Bodkin Coffee Lease. The principal of Kanata has acknowledged the existence of this agreement and confirmed that there are amounts owing to SFN.

The lease arrangement is on-going and is expected to conclude in early 2027. As at March 31, 2025, the estimated value of the potential claim, less amounts already recovered is \$205,123.66.

Negotiations between the parties regarding repayment are currently in progress. While management believes the realization of economic benefits from this claim is likely, the outcome remains subject to uncertainty and is not considered virtually certain at this time. Accordingly, no asset has been recognized in the financial statements.

The potential claim will be monitored for developments and will be assessed for recognition criteria in future reporting periods.

Shawanaga First Nation
Notes to Consolidated Financial Statements

March 31, 2025

19. Interest and other revenue

Interest and other revenue by program is as follows:

Community Operations:	
Rentals - Community Buildings	\$ 1,100
Rentals - Tenplex	53,323
Rentals - Houses	42,448
CMHC Operating Subsidiary	175,835
Miscellaneous (fees, interest)	48,182
CMHC RRAP Proceeds	47,500
CMHC Arrears	6,870
CMHC Rents	36,202
Hydro One Reimbursement	593,187
Storage Revenue	232,475
Economic Development:	
Land leases	25,100
Species at Risk - misc funding	54,200
Fish Harvestry (Casino Rama)	90,473
Miscellaneous	26,218
Health Services:	
Pow Wow Donations	27,739
Deferrals	118,463
Interest & Miscellaneous	120,550
Bingo Revenue	9,090
First Nation Administration:	
Casino Rama Revenue	1,042,641
Interest - Band Support	840,959
Miscellaneous	89,225
Unidentified Receipts	249,616
Rent (HC, G&V, Cannabis)	113,290
Social Services - interest	11,807
Other:	
Henvey Inlet Transmission revenues	242,890
Misc funding	2,149
Interest	12,430
Education:	
Misc Funding - Education and Nutrition	<u>11,627</u>
	<u>\$ 4,325,589</u>

Shawanaga First Nation
Schedule 1 - Consolidated Tangible Capital Assets

For the year ended March 31, 2025

	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	\$ 1,979,610	\$ 466,750	\$ 15,258,286	\$ 2,197,530	\$ 3,770,737	\$ 2,013,156	\$ 5,130,506	\$ 30,866,575
Additions	-	563,196	-	360,926	-	-	110,949	23,099,170	24,134,241
Disposals	-	-	-	-	-	-	-	(15,000)	(15,000)
Cost, end of year	50,000	2,542,806	466,750	15,619,212	2,197,530	3,770,737	2,124,105	28,214,676	54,985,816
 Accumulated amortization,									
beginning of year	-	1,184,598	72,046	3,058,405	295,487	1,448,384	1,551,205	-	7,610,125
Amortization	-	196,791	67,575	621,273	94,703	45,412	94,544	-	1,120,298
 Accumulated amortization,									
end of year	-	1,381,389	139,621	3,679,678	390,190	1,493,796	1,645,749	-	8,730,423
 Net carrying amount, end									
of year	\$ 50,000	\$ 1,161,417	\$ 327,129	\$ 11,939,534	\$ 1,807,340	\$ 2,276,941	\$ 478,356	\$ 28,214,676	\$ 46,255,393

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

For the year ended March 31, 2024 (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	\$ 1,451,006	\$ 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
<hr/>									
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 2 - Consolidated Schedule of Segmented Information Disclosure

For the year ended March 31, 2025

	Capital	Community Operations	Economic Development	Education	First Nation Administration	Health Services	Other	Social Services	Social Consolidated Total
Revenue									
Indigenous Services Canada	\$ 523,323	\$ 17,342,113	\$ 1,192,813	\$ 1,672,040	\$ 453,644	\$ 1,618,296	\$ 290,427	\$ 51,145	\$ 22,853,374
Canada	-	3,693,279	957,321	-	-	175,964	55,796	-	5,116,991
Ontario	-	-	316,942	-	181,692	2,529,812	-	240,604	3,324,846
Loss from investment in business partnership	-	-	62,999	-	-	-	-	-	62,999
Robinson Huron Treaty Litigation Fund	-	-	-	-	10,778,047	-	-	-	10,778,047
Interest and other revenue	-	1,232,922	200,191	11,627	2,335,732	275,842	257,468	11,807	4,325,589
Sales of gas and supplies	-	-	-	-	-	-	15,972,759	-	15,972,759
	523,323	22,268,314	2,730,266	1,683,667	13,749,115	4,599,914	16,576,450	303,556	62,434,605
Expenses									
Salaries, wages and benefits	-	446,319	598,553	493,507	725,731	716,168	601,909	84,075	3,666,262
Materials and supplies	87,733	378,686	291,081	108,989	290,220	2,793,749	16,162,646	48,113	20,161,187
Contracted services	-	296,910	277,573	102,243	946,734	133,400	363,945	4,312	2,125,117
Rents and financial expenses	-	61,145	(155,619)	2,405	345,234	30,063	431,85	59	711,072
External transfers and other	-	-	-	749,128	-	-	32,249	157,096	938,473
Amortization	-	669,825	84,359	34,506	-	331,608	-	-	1,120,298
Transfers between segments	141,000	143,155	165,800	230,539	(1,560,807)	836,383	32,930	11,000	-
RHT Payouts	-	-	-	-	-	-	114,301,932	-	114,301,932
	228,733	1,996,040	1,257,747	1,721,287	747,112	4,841,371	131,927,396	304,655	143,024,341
Net surplus (deficit)	\$ 294,590	\$ 20,272,274	\$ 1,472,519	\$ (37,620)	\$ 13,002,003	\$ (241,457)	\$ (115,350,946)	\$ (1,099)	\$ (80,589,736)

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, 2024

	Capital	Community Operations	Economic Development	Education	First Nation Administration	Health Services	Other	Social Services	Social Consolidated Total
Revenue									
Indigenous Services Canada	\$ 217,270	\$ 5,887,326	\$ (390,459)	\$ 1,824,985	\$ 306,313	\$ 1,326,527	\$ 369,437	\$ 171,152	\$ 9,343,114
Canada	-	-	339,033	-	-	-	47,311	-	708,470
Ontario	-	-	150,169	-	366,120	2,974,599	-	251,670	3,789,869
Loss from investment in government business enterprise	-	-	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	170,218	174,290	88,602	181,283	2,843,030	17,556,596	55,513	21,259,930
Contracted services	883	301,519	158,230	87,899	807,847	58,587	225,097	1,813	1,641,875
Rents and financial expenses	42,719	-	-	3,263	382,589	(14,224)	266,077	3,000	683,424
External transfers and other	-	632,065	79,603	755,245	-	-	108,472	211,556	1,075,273
Amortization	-	58,526	315,766	32,561	(1,055,352)	312,914	-	-	1,057,143
Transfers between segments	-	-	-	162,399	452,551	55,110	-	11,000	-
	191,281	1,601,963	1,213,918	1,694,308	1,363,337	4,487,352	18,833,456	378,028	29,763,641
Excess (deficiency) of revenue over expenses	\$ 25,989	\$ 4,830,558	\$ (811,082)	\$ 168,573	\$ 275,134,095	\$ (75,943)	\$ (1,180,911)	\$ 56,727	\$ 278,148,008

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

For the year ended March 31, 2025

Revenue

Indigenous Relations and Northern Affairs Canada	\$ <u>181,692</u>
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Expenses

Administration	5,808
Program expenses	59,863
Professional fees	<u>101,689</u>
	<u>167,360</u>

Deficiency of revenue over expenses for funding purposes	\$ 14,332
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Shawanaga First Nation
Schedule 4 - Social Assistance Program
Statement of Revenue and Expenses

For the year ended March 31, 2025

Revenue

Indigenous Services Canada	
Income assistance	\$ 51,145
Miscellaneous	32,069
Ministry of Children, Community & Social Services	
Transitional Support funding	108,700
Ontario Works subsidies	107,215
	<hr/>
	303,556

Expenses

Administration	11,000
Education & training	8,179
Travel	548
Basic allocation	55,420
Basic shelter	51,185
Temporary care	18,612
Program expenses	2,822
Office	9,652
Transitional funding	26,401
Inflation relief	21,678
Employment related expenses	8,586
Discretionary health	3,650
Funerals and burials	2,789
Wages and benefits	84,075
	<hr/>
	304,597

Deficiency of revenue over expenses for funding purposes

\$ (1,041)

Shawanaga First Nation
Schedule 5 - IPCA
Statement of Revenue and Expenses

For the year ended March 31, 2025

Revenue

Environment Canada	\$ 329,869
Donations	<u>250</u>
	<u>330,119</u>

Expenses

Administration	32,675
Program expenses	17,222
Professional fees	101,689
Training	1,197
Travel and meetings	575
Wages and benefits	<u>62,573</u>
	<u>114,242</u>

Deferred revenue, end of year

(200,000)

Surplus of revenue over expenses for funding purposes

\$ 15,877