

**MISSISSAUGAS OF SCUGOG ISLAND
FIRST NATION**

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

**MISSISSAUGAS OF SCUGOG ISLAND
FIRST NATION**

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

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MISSISSAUGAS OF SCUGOG ISLAND

FIRST NATION



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MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION

For The Year Ended March 31, 2022

MANAGEMENT REPORT

The accompanying consolidated financial statements of the Mississaugas of Scugog Island First Nation are the responsibility of management and have been approved by Council.

The consolidated financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

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

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

Council reviews and approves the First Nation financial statements for issuance to the members. Council meets periodically with management, as well as the external auditor, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities and to review the financial statements and the independent auditor's report.

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

Chief/Chair of the Finance
Advisory Committee

Date

Nov 19/2022

Finance Manager

Date

14 Nov 2022

Baker Tilly KDN LLP
272 Charlotte Street
Peterborough, ON
Canada K9J 2V4

INDEPENDENT AUDITOR'S REPORT

D: 705.742-3418
F: 705.742-9775

**To Council and the Members of Mississaugas of Scugog
Island First Nation**

www.bakertilly.ca

Opinion

We have audited the consolidated financial statements of Mississaugas of Scugog Island First Nation and its local boards (the First Nation), which comprise the consolidated statement of financial position as at March 31, 2022, the consolidated statements of operations and accumulated surplus, change in net financial assets 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, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2022, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

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

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
November 14, 2022

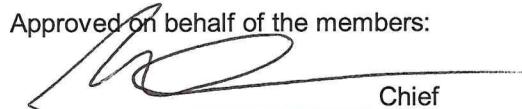
MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

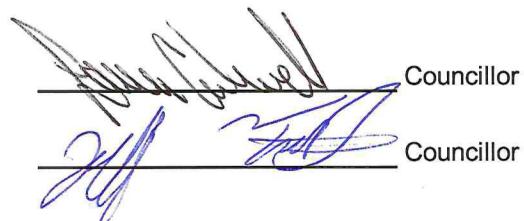
At March 31, 2022

	2022	2021
	\$	\$
FINANCIAL ASSETS		
Cash (note 2)	11,855,532	16,629,221
Investments (note 3)	124,007,294	136,833,369
Due from government and other government agencies (note 4)	83,484	1,282,042
Accounts receivable (note 5)	5,996,307	6,193,910
Mortgages due from First Nation members (note 6)	2,309,042	2,480,277
Funds held in trust by Federal Government (note 7)	11,851	11,851
TOTAL FINANCIAL ASSETS	144,263,510	163,430,670
LIABILITIES		
Accounts payable and accrued liabilities (note 8)	9,297,069	5,755,466
Deferred revenue (note 9)	3,889,066	4,043,175
Long term debt (note 11)	573,881	625,556
TOTAL LIABILITIES	13,760,016	10,424,197
NET FINANCIAL ASSETS	130,503,494	153,006,473
NON-FINANCIAL ASSETS		
Tangible capital assets (schedule 1)	59,527,573	49,956,482
Prepaid expenses (note 10)	428,014	290,678
Inventory	432,710	362,181
TOTAL NON-FINANCIAL ASSETS	60,388,297	50,609,341
ACCUMULATED SURPLUS (note 12)	190,891,791	203,615,814
Accumulated surplus is comprised of:		
Accumulated operating surplus	173,135,460	186,620,245
Accumulated remeasurement gains	17,756,331	16,995,569
	190,891,791	203,615,814

Approved on behalf of the members:



Chief



Councillor

Councillor

The accompanying notes are an integral part of these financial statements

MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended March 31, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
REVENUES			
Indigenous Services Canada (ISC) (notes 15 and 16)	2,607,948	2,920,747	2,032,010
Canada Mortgage and Housing Corporation (note 16)	104,105	56,386	79,642
Province of Ontario contributions (note 16)	374,285	343,384	254,425
Commercial operations	13,751,082	14,640,486	12,743,852
Ontario First Nations Limited Partnership	5,679,518	319,996	528,085
Other	2,374,981	2,980,809	3,318,484
Income from investments	1,657,684	2,151,543	2,132,089
Other interest income	4,020,179	4,032,030	4,099,962
TOTAL REVENUES	30,569,782	27,445,381	25,188,549
EXPENSES			
Administration	5,747,943	4,231,004	4,154,432
Community services	5,536,706	1,973,743	2,317,444
Economic development	16,315,685	28,299,979	15,813,774
Education	1,210,406	760,514	591,159
Social development	839,868	593,521	427,267
Health	953,271	805,471	708,522
Housing	1,866,473	1,693,054	1,119,307
Water/Wastewater	17,568,784	2,572,880	2,238,737
TOTAL EXPENSES	50,039,136	40,930,166	27,370,642
ANNUAL DEFICIT	(19,469,354)	(13,484,785)	(2,182,093)
ACCUMULATED SURPLUS - beginning of year		186,620,245	188,802,338
ACCUMULATED SURPLUS - end of year		173,135,460	186,620,245

The accompanying notes are an integral part of these financial statements

MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION

CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES For the Year Ended March 31, 2022

	Actual 2022 \$	Actual 2021 \$
ACCUMULATED REMEASUREMENT GAINS AND LOSSES - BEGINNING OF YEAR	16,995,569	3,895,782
Unrealized gain/(loss) on portfolio investments during the year	(380,565)	13,195,948
Realized gain/(loss) on portfolio investments reclassified to operations	1,141,327	(96,161)
NET REMEASUREMENT GAINS	760,762	13,099,787
ACCUMULATED REMEASUREMENT GAINS AND LOSSES - END OF YEAR	17,756,331	16,995,569

MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For the Year Ended March 31, 2022

	Budget 2022 \$	Actual 2022 \$	Actual 2021 \$
	(Unaudited)		
ANNUAL DEFICIT	(19,469,354)	(13,484,785)	(2,182,093)
Amortization of tangible capital assets	1,175,880	2,218,161	2,191,926
Acquisition of tangible capital assets	(12,612,572)	(11,789,252)	(5,868,603)
Loss on disposal of tangible capital assets	-	-	540,480
Increase in prepaid expenses	-	(137,336)	(161,390)
<u>Increase in inventory</u>	<u>-</u>	<u>(70,529)</u>	<u>(73,159)</u>
	(30,906,046)	(23,263,741)	(5,552,839)
ANNUAL NET REMEASUREMENT GAINS/(LOSSES) FOR THE YEAR	-	760,762	13,099,787
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(30,906,046)	(22,502,979)	7,546,948
NET FINANCIAL ASSETS - beginning of year	153,006,473	153,006,473	145,459,525
NET FINANCIAL ASSETS - end of year	122,100,427	130,503,494	153,006,473

The accompanying notes are an integral part of these financial statements

MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION

CONSOLIDATED STATEMENT OF CASH FLOWS For the Year Ended March 31, 2022

	2022	2021
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual deficit	(13,484,785)	(2,182,093)
Items not involving cash		
Amortization of tangible capital assets	2,218,161	2,191,926
Loss on disposal of tangible capital assets	-	540,480
Unrealized loss/(gain) on investments	380,565	(13,195,948)
Realized loss/(gain) on investments	9,070,202	96,161
Change in non-cash working capital		
Due from government and other government agencies	1,198,558	3,320
Accounts receivable	197,603	653,841
Prepaid expenses	(137,336)	(161,390)
Inventory	(70,529)	(73,159)
Accounts payable and accrued liabilities	3,541,603	(1,125,567)
Deferred revenue	(154,109)	713,722
<u>Net change in cash from operating activities</u>	<u>2,759,933</u>	<u>(12,538,707)</u>
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(11,789,252)	(5,868,603)
INVESTING ACTIVITIES		
Advances of mortgages due from First Nation members	(7,135)	(57,535)
Repayments of mortgages due from First Nation members	178,370	172,564
Disposal of investments	41,115,632	31,941,253
Purchase of investments	(36,979,562)	(17,789,034)
<u>Net change in cash from investing activities</u>	<u>4,307,305</u>	<u>14,267,248</u>
FINANCING ACTIVITIES		
Repayment of long term debt	(51,675)	(50,727)
NET CHANGE IN CASH	(4,773,689)	(4,190,789)
CASH - beginning of year	16,629,221	20,820,010
CASH - end of year	11,855,532	16,629,221

The accompanying notes are an integral part of these financial statements

MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended March 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies are as follows:

(a) Reporting Entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenses and accumulated surplus of the reporting entity.

The reporting entity includes the reporting entity government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation. These financial statements include:

- Noozhoo Nokiiyan GP Inc.
- Noozhoo Nokiiyan LP (NNLP)
- MSIFN (Island Road) Holdings Inc.
- 2810351 Ontario Inc.

All interdepartmental assets and liabilities and revenues and expenses have been eliminated.

(b) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Land improvements	10-20 years
Buildings	25 years
Computer equipment	5 years
Other equipment	5-10 years
Vehicles	5 years
Roads and bridges	20 years
Waste water treatment plant	13-21 years

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

Assets under construction are not amortized. When assets under construction are put into service they are transferred to the appropriate tangible capital asset classification.

MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended March 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(c) Recognition of Revenues and Expenses

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

Government funding is recognized in the financial statements as revenue 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 amounts can be made. Reimbursement for program costs is dependent ultimately upon their acceptance by the various agencies that fund the programs.

Revenues from commercial operations and other income are recorded when the services have been performed or the goods have been delivered. Income from investments and other interest income is recognized as earned over time or through changes in the fair value of financial instruments quoted in a public market.

(d) Non-financial Assets

Tangible capital and other non-financial assets are accounted for as assets by the First Nation because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the First Nation unless they are sold.

(e) Deferred Revenue

Deferred revenue represents grants, user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

(f) Use of Estimates

Certain items recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the First Nation best information and judgment. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. The First Nation significant estimates include:

- The amounts recorded for amortization and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates; and
- The amount recorded as allowance for doubtful accounts receivable is based on management's estimate of future payments on receivable account balances.

(g) Financial Instruments

The First Nation financial instruments consist of cash, investments, accounts receivable, mortgages receivable, accounts payable and accrued liabilities and long term debt. Unless otherwise noted, it is management's opinion that the carrying value of the financial instruments approximates their fair values.

MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended March 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(h) Reserves and Reserve Funds

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and/or from reserves and reserve funds are an adjustment to the respective fund when approved.

(i) Inventory

Inventory, which consists of goods available for resale, is recorded at the lower of cost or market, as determined by the first-in, first-out method.

(j) Measurement Uncertainty

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the First Nation environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the entity's operations. The extent of the impact of this outbreak and related containment measures on the First Nation operations cannot be reliably estimated at this time.

MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended March 31, 2022

2. CASH

Under the terms of an agreement with Canada Mortgage and Housing Corporation (CMHC), Mississaugas of Scugog Island First Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Apartment Replacement and Subsidy Fund.

Cash consists of the following:

	2022	2021
	\$	\$
Externally Restricted		
Housing - CMHC	107,414	97,614
	<hr/>	<hr/>
	107,414	97,614
Internally Restricted		
Community account	3,381,333	2,691,619
Sewer fees	271,945	546,317
Water fees	160,884	159,748
Commerical rent	135,190	86,037
Noozhoon Nokiiyan Limited Partnership	339,300	166,619
Noozhoon Nokiiyan General Partnership	74	-
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	4,288,726	3,650,340
Unrestricted		
General	7,106,942	2,612,455
Resource	319,459	10,012,796
Rent	21,362	244,924
General other	11,029	9,290
Petty cash	600	1,802
	<hr/>	<hr/>
	7,459,392	12,881,267
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	11,855,532	16,629,221
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MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended March 31, 2022

3. INVESTMENTS

Investments are recorded as follows:

	2022	2021
	\$	\$
Investments stated at fair value:		
RBC Guaranteed investment certificates, due June 15, 2023, 2.50%	4,596	4,596
BMO Harris Private Banking investment portfolio	56,164,931	53,160,094
CIBC Private Wealth Management investment portfolio	52,696,714	58,767,337
TD Wealth Private Investment Counsel	13,141,053	12,692,803
	<hr/> 122,007,294	124,624,830
Investments stated at amortized cost:		
Sonco Gaming UK Limited	-	10,208,539
Sky Canoe Inc	2,000,000	2,000,000
	<hr/> 2,000,000	12,208,539
	<hr/> 124,007,294	136,833,369

The BMO Harris Private Banking investment portfolio is internally restricted for the Future Generations fund (Note 13) in the amount of \$56,164,931 (2021 - \$53,160,094). A portion of the CIBC Private Wealth Management investment portfolio is internally restricted for the Islands of the Trent Settlement fund (Note 13) in the amount of \$2,811,989 (2021 - \$2,811,989).

4. DUE FROM GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

Amounts due from government and other government organizations consists of:

	2022	2021
	\$	\$
Indigenous Services Canada (ISC)		
Provincial government	28,881	5,864
HST	-	612,513
Federal government (SCF)	54,603	51,152
	<hr/> 83,484	612,513
	<hr/> 83,484	1,282,042

MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended March 31, 2022

5. ACCOUNTS RECEIVABLE

Accounts receivable consists of:

	2022 \$	2021 \$
Proceeds from the MSIFN Community Legacy Trust	3,717,498	3,704,327
Accrued investment interest	10,349	10,309
Ontario Lottery and Gaming Corporation	1,478,658	1,052,409
<u>Other receivables</u>	<u>789,802</u>	<u>1,426,865</u>
	<u>5,996,307</u>	<u>6,193,910</u>

6. MORTGAGES DUE FROM FIRST NATION MEMBERS

The amount shown as mortgages due from First Nation members of \$2,309,042 (2021 - \$2,480,277) represents the amount of funds due with respect to approved housing loans. The unexpended portion of approved loans is not recorded until an actual expenditure has been incurred. The First Nation members have a legal obligation to repay the full amount of the approved loans. The mortgages bear one time simple interest calculated in advance at 4%. The mortgages have varying maturity dates ranging up to 25 years.

7. FUNDS HELD IN TRUST BY THE FEDERAL GOVERNMENT

The funds held by the Federal Government on behalf of the First Nation of \$11,851 (2021 - \$11,851) are for the use of the First Nation for specific projects. At the request of the First Nation, these funds can be obtained. These amounts arise from funds derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the consolidated revenue fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

	2022 \$	2021 \$
Trade payables	4,785,507	1,775,282
Accrued salaries	317,973	153,917
Transfers payable	4,115,943	3,768,792
HST payable	68,642	35,195
<u>Payroll and withholding taxes payable</u>	<u>9,004</u>	<u>22,280</u>
	<u>9,297,069</u>	<u>5,755,466</u>

MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended March 31, 2022

9. DEFERRED REVENUE

Included in deferred revenue are the following amounts:

	Balance March 31, 2021 \$	Funding Received 2022 \$	Revenue Recognized 2022 \$	Balance March 31, 2022 \$
Indigenous Services Canada - health	-	129,955	77,228	52,727
Indigenous Services Canada - capital housing projects	1,586,766	187,593	-	1,774,359
Union of Ontario Indians - mental health	-	120,000	8,571	111,429
Williams Treaty First Nations	1,183,446	-	44,906	1,138,540
Indigenous Services Canada - band support	73,140	-	2,631	70,509
Indigenous Services Canada - COVID-19	64,513	64,513	65,254	63,772
Indigenous Services Canada - education and communication	35,000	-	35,000	-
Indigenous Services Canada FNWWAP	-	600,496	-	600,496
Indigenous Services Canada Climate Change	-	87,030	-	20,684
Indigenous Services Canada community based initiative	-	20,367	27,391	-
Indigenous Services Canada preparedness	-	79,200	105,218	-
Indigenous Services Canada - skills link	45,650	44,614	20,538	69,726
Central East LHIN - home and community care	-	7,293	1,082	6,211
Anishinabek Nation Diabetes Education Program	-	25,000	-	25,000
Other	267,567	632,540	621,836	278,271
	4,043,175	1,344,117	1,498,226	3,889,066

10. PREPAID EXPENSES

Prepaid expenses consist of the following:

	2022 \$	2021 \$
Insurance	409,732	268,514
Other	18,282	22,164
	428,014	290,678

MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended March 31, 2022

11. LONG TERM DEBT

- (a) The balance of long term debt reported on the Consolidated Statement of Financial Position is made up of the following:

	2022	2021
	\$	\$
Mortgage 2.52%, due September 1, 2023, repayable in blended monthly payments of \$1,792.	290,928	304,991
Mortgage 2.22%, due September 1, 2023, repayable in blended monthly payments of \$1,667.	29,528	48,680
Mortgage 0.68%, due October 1, 2025, repayable in blended monthly payments of \$1,686.	253,425	271,885
	<hr/>	<hr/>
	573,881	625,556

- (b) Interest expense on long term debt amounted to \$10,960 (2021 - \$12,173).
- (c) The above mortgages are secured by First Nation Council Resolution and guaranteed by Indigenous Services Canada (ISC).
- (d) Since it is the First Nation's intent to renew these mortgages as they mature, the future payments are based on the existing terms. Estimated future principal repayments are as follows:

	Principal	Interest	Total
	\$	\$	\$
2023	52,094	10,195	11,172
2024	43,147	9,261	10,195
2025	33,683	8,607	9,261
2026	34,263	8,026	8,607
2027	34,856	7,433	8,026
2028 and subsequent years	375,838	39,957	47,391
	<hr/>	<hr/>	<hr/>
	573,881	83,479	94,652

MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended March 31, 2022

12. ACCUMULATED SURPLUS

Accumulated surplus consists of individual fund surplus/(deficit) and reserves and reserve funds as follows:

	2022	2021
	\$	\$
Surplus/(Deficit)		
Operating	(9,473,435)	(5,898,128)
Noozhoo Nokiiyan GP Inc.	(301,935)	(264,689)
Noozhoo Nokiiyan LP (NNLP)	(16,004,809)	(5,062,486)
MSIFN (Island Road) Holdings Inc.	(34,433)	(35,918)
2810351 Ontario Inc.	(36,993)	(23,934)
	<u>(25,851,605)</u>	<u>(11,285,155)</u>
Invested In Capital Assets		
Tangible capital assets - net book value	59,527,573	49,956,482
Long term debt	(573,881)	(625,556)
Unfunded capital (see below)	(8,124,365)	(4,362,898)
	<u>50,829,327</u>	<u>44,968,028</u>
Surplus	24,977,722	33,682,873
Restricted		
Housing Capital Reserve Fund - Phases 3, 4, and 5	107,414	97,614
Future Generations Fund	56,164,931	53,160,094
Community Betterment Fund	96,817,884	99,263,161
Lawn maintenance reserve	-	4,000
OFNLP reserve	-	4,584,232
Islands of the Trent Settlement	2,811,989	2,811,989
Williams Treaty First Nations Reconciliation Fund	10,000,000	10,000,000
Total Reserves	165,902,218	169,921,090
Held in Trust by the Federal Government		
Held in Trust	11,851	11,851
	<u>190,891,791</u>	<u>203,615,814</u>

Unfunded capital represents the portion of the water treatment plant and the wastewater treatment plant that has not yet been financed.

MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended March 31, 2022

12. ACCUMULATED SURPLUS, continued

The restricted fund balances consists of funds set aside for specific purposes or to meet certain obligations as follows:

- (a) The Housing Capital Reserve Fund - Phases 3, 4 and 5 are treated as externally restricted funds. The fund balance represents amounts that have been restricted in compliance with an agreement with the Canada Mortgage and Housing Corporation.
- (b) The Future Generations Fund is treated as an externally restricted fund by the First Nation. This fund is set aside by the First Nation for the betterment of future generations.
- (c) The Community Betterment Fund is treated as an internally restricted fund by the First Nation. The First Nation sets aside the excess of revenue over expenditure from commercial operations in this fund. This fund covers the prior year operating deficit, if any.
- (d) The Lawn maintenance reserve is an internally restricted reserve to be used for future lawn maintenance expenditures.
- (e) The Islands of the Trent Settlement reserve is treated as an internally restricted fund by the First Nation to be used for future waste water treatment capital expenditures.
- (f) The OFNLP reserve is an internally restricted reserve to be used for future community projects.
- (g) The Williams Treaty First Nation Reconciliation Fund is internally restricted by the First Nation until the implementation phase of the settlement is complete.

13. PENSION AGREEMENTS

The First Nation makes contributions to Manulife Financial on behalf of its staff. The amount of retirement benefit to be received by the employees will be the amount of retirement annuity that could be purchased based on the member's share of the pension plan at the time of the member's withdrawal from the plan.

The amount contributed by the First Nation for the year ended March 31, 2022 for current service and included as an expense on the Statement of Operations and Accumulated Surplus was \$169,488 (2021 - \$177,242).

14. BUDGET FIGURES

The budget, approved by the First Nation, for 2022 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Financial Assets. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSAB reporting requirements. Budget figures are not subject to audit.

MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended March 31, 2022

15. RECONCILIATION OF ISC FUNDING TO FIRST NATION ISC REVENUE

	\$
2022 ISC Funding Per Confirmation	3,138,801
Add 2021 Deferred Revenue	
Health	600,496
Community based initiatives	20,367
Band support	73,140
Capital housing projects	1,586,840
COVID-19	64,513
Education and communication	35,000
Climate change	87,030
Preparedness	79,200
Skills link	45,650
	2,592,236
Less 2022 Deferred Revenue	
Health	52,727
Community based initiatives	47,758
Band support	70,509
Capital housing projects	1,774,359
COVID-19	63,772
Climate change	66,346
Preparedness	184,418
Skills link	69,726
	2,329,615
Less Amounts Not Received or Spent During 2022	
Holdbacks	480,675
INAC Revenue For The Year	2,920,747

MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended March 31, 2022

16. GOVERNMENT TRANSFERS

Government Transfers consist of the following:

	2022	2021
	\$	\$
Indigenous Services Canada (ISC)		
Operating	2,920,747	2,032,010
Other Government of Canada		
Provincial government transfers	343,384	254,425
Canada Mortgage and Housing Corporation	56,386	79,642
	3,320,517	2,366,077

17. FINANCIAL INSTRUMENTS

The fair value of financial instruments is the amount of consideration that would be agreed upon in an arms' length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash, due from government and other government agencies, funds held in trust by Federal Government, accounts receivable and accounts payable and accrued liabilities approximates their carrying amounts due to their short-term maturities.

Financial instruments which are recorded at fair value are to be classified using a three-level hierarchy. Each level reflects the inputs used to measure the fair valued recorded on the financial statements, and are as follows:

- Level 1: Inputs are unadjusted quoted prices of identical instruments in active markets;
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs for the liabilities that are not based on observable market data (unobservable inputs).

The First Nation's fair value hierarchy is classified as Level 1 for investments that are quoted in an active market. Investment in Sky Canoe Inc is recorded at amortized cost. Mortgages due from First Nation members are recorded at the exchange amount, equal to amortized cost. The fair values cannot be reliably determined because there is no active market for these instruments.

MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended March 31, 2022

18. FINANCIAL RISK MANAGEMENT

The First Nation has exposure to the following risks:

(a) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The First Nation's interest bearing financial instruments are subject to interest rate risk.

(b) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The First Nation has exposure to credit risk as the total of all receivables are significant. Management feels the risk is low as most of the receivables are due from various levels of government, First Nation members or rent receivables. Any receivables that management feels are uncollectible are allowed for.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issues, or factors affecting all similar financial instruments traded in the market.

(d) Other risk

The First Nation has risk with regards to the valuation of the investments recognized at amortized cost. These investments are not traded in an active market. Management assesses these investments for impairment annually and records any loss in the year the impairment is assessed.

19. CONTINGENT LIABILITIES

The First Nation, in the course of its operations, has been named in several lawsuits the outcome of which is indeterminable at this time. No amounts in connection with these items have been reflected in these financial statements.

MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended March 31, 2022

20. COMMITMENTS

Subsequent to year end, the First Nation obtained \$930,000 of financing from Canada Mortgage and Housing Corporation for the construction of a new five-plex.

As at March 31, 2022 the First Nation has committed to the following amounts for capital projects.

Wastewater and well	\$16,367,767
5 Plex	\$4,914,446
Residential buildings	\$2,666,000
New office space	\$1,750,000
Land use and asset studies	\$247,559

Subsequent to year end, the First Nations Finance Authority has authorized the issuance of \$40 million debt to the First Nation. At the auditor's report date, the First Nation has drawn \$8,605,900 of the available funds.

21. COMPARATIVE FIGURES

Certain comparative figures were restated, where required, to conform with the current year presentation.

MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended March 31, 2022

22. SEGMENTED INFORMATION

Mississaugas of Scugog Island First Nation is a territorial government institution that provides a range of services to its members. First Nation services are reported by function and their activities are separately disclosed in the segmented information.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1. For additional information see the Schedule of Segment Disclosure.

Administration

Administration consists of the activities of Council and general financial and administrative management of the First Nation and its programs and services.

Community Operations

Community Operations include police, fire, and public works.

Economic Development

Economic development includes the operations of the resource centre, cottage and small business centre rentals, various employment oriented programs of the First Nation, and the operations of Noozhoo Nokiiyan LP.

Education

Education includes the on reserve school, off reserve schools and post secondary education.

Social Development

Social development consists of General Assistance to members and inhabitants of the First Nation, homes for the aged and child care services.

Health

Health services includes operations of the health centre, medical transportation, and various other health related programs of the First Nation.

Housing

Housing services includes management of rental properties for members of the Band.

Water/Wastewater

Water/wastewater includes operation of waste management, water systems and buildings not included under other segments.

MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION

SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the Year Ended March 31, 2022

	Cost				Accumulated Amortization			Net Book Value	
	Opening Balance \$	Additions \$	Transfers \$	Closing Balance \$	Opening Balance \$	Amortization \$	Closing Balance \$	2022 \$	2021 \$
Tangible Capital Assets									
Land	10,168,464	413,152	-	10,581,616	-	-	-	10,581,616	10,168,464
Residential buildings	7,513,530	212,462	-	7,725,992	2,872,431	130,552	3,002,983	4,723,009	4,641,099
Non-residential buildings	12,899,396	467,250	-	13,366,646	3,604,380	639,448	4,243,828	9,122,818	9,295,016
Vehicles	504,384	-	-	504,384	323,072	65,721	388,793	115,591	181,312
Computer equipment	52,631	-	-	52,631	52,631	-	52,631	-	-
Other equipment	1,120,187	-	-	1,120,187	972,751	21,067	993,818	126,369	147,436
Roads and bridges	242,066	-	-	242,066	169,447	12,103	181,550	60,516	72,619
Waste water treatment plant	25,358,279	936,058	112,344	26,406,681	2,497,899	1,349,270	3,847,169	22,559,512	22,860,380
	57,858,937	2,028,922	112,344	60,000,203	10,492,611	2,218,161	12,710,772	47,289,431	47,366,326
Assets Under Construction									
Residential buildings	-	2,223,783	-	2,223,783	-	-	-	2,223,783	-
Non-residential buildings	114,669	118,374	-	233,043	-	-	-	233,043	114,669
Waste water treatment plant	2,475,487	7,418,173	(112,344)	9,781,316	-	-	-	9,781,316	2,475,487
	2,590,156	9,760,330	(112,344)	12,238,142	-	-	-	12,238,142	2,590,156
Total	60,449,093	11,789,252	-	72,238,345	10,492,611	2,218,161	12,710,772	59,527,573	49,956,482

MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended March 31, 2022

	Administration			Community Services			Economic Development		
	Actual 2022 \$	Actual 2021 \$	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$	Budget 2022 \$ (Unaudited)
Revenues									
Indigenous Services Canada (ISC)	846,408	786,128	759,561	155,266	147,458	152,315	144,507	69,465	247,945
Province of Ontario Contributions	235,956	145,192	235,956	-	-	-	-	-	-
Commercial operations	-	-	-	-	-	-	13,470,322	11,635,214	11,700,500
Ontario First Nations Limited Partnership	319,996	-	360,000	-	241,936	-	-	2,943	25,000
Other	335,809	488,401	376,808	117,564	116,069	95,532	1,369,896	905,088	37,399
Income from investments	2,151,543	2,132,089	1,657,684	-	-	-	-	-	-
Other interest income	4,032,030	4,099,962	4,020,179	-	-	-	-	-	-
	7,921,742	7,651,771	7,410,188	272,830	505,463	247,847	14,984,725	12,612,710	12,010,844
Expenses									
Salaries and benefits	2,276,024	2,269,814	2,257,994	1,139,912	907,004	1,225,452	744,494	553,669	144,213
Materials	852,475	922,758	1,161,116	261,040	251,986	3,154,163	3,661,721	3,397,038	1,887,234
Contracted services	470,476	785,541	777,928	10,597	15,596	15,500	671,874	745,892	573,900
Bank charges and interest	6,172	3,716	4,000	-	-	-	-	-	-
Program costs	442,165	146,187	1,312,810	3,324	32,089	172,141	227,409	337,593	99,288
External transfers	157,278	-	207,681	-	-	-	12,731,500	10,205,961	13,607,000
Amortization	26,414	26,416	26,414	558,870	1,110,769	969,450	54,442	33,141	4,050
Loss on disposal of investment	-	-	-	-	-	-	10,208,539	-	-
Loss on disposal of tangible capital assets	-	-	-	-	-	-	-	540,480	-
	4,231,004	4,154,432	5,747,943	1,973,743	2,317,444	5,536,706	28,299,979	15,813,774	16,315,685
Net deficit	3,690,738	3,497,339	1,662,245	(1,700,913)	(1,811,981)	(5,288,859)	(13,315,254)	(3,201,064)	(4,304,841)

MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE, continued

For the Year Ended March 31, 2022

	Actual 2022 \$	Education Actual 2021 \$	Budget 2022 \$	Actual 2022 \$	Social Development Actual 2021 \$	Budget 2022 \$	Actual 2022 \$	Health Actual 2021 \$	Budget 2022 \$
									(Unaudited)
Revenues									
Indigenous Services Canada (ISC)	20,248	-	35,000	283,921	217,117	376,176	192,772	190,908	183,440
Province of Ontario Contributions	-	-	19,851	22,739	27,027	33,789	84,689	82,206	84,689
Ontario First Nations Limited Partnership	-	46,260	275,212	-	112,413	245,555	-	37,056	84,000
Other	688,829	560,410	897,270	235,299	251,895	254,361	66,467	70,051	71,190
	709,077	606,670	1,227,333	541,959	608,452	909,881	343,928	380,221	423,319
Expenses									
Salaries and benefits	73,139	94,670	105,297	375,492	299,808	371,334	422,786	372,158	560,329
Materials	31,719	11,401	51,106	9,839	13,565	29,962	59,291	41,235	69,891
Contracted services	-	-	-	11,891	577	14,200	2,208	7,423	4,000
Program costs	655,656	485,088	1,054,003	196,299	113,317	424,372	168,130	134,651	212,052
Amortization	-	-	-	-	-	-	153,056	153,055	106,999
	760,514	591,159	1,210,406	593,521	427,267	839,868	805,471	708,522	953,271
Net deficit	(51,437)	15,511	16,927	(51,562)	181,185	70,013	(461,543)	(328,301)	(529,952)

MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE, continued

For the Year Ended March 31, 2022

	Actual 2022 \$	Housing Actual 2021 \$	Budget 2022 \$	Actual 2022 \$	Water/Wastewater Actual 2021 \$	Budget 2022 \$	Actual 2022 \$	Consolidated Actual 2021 \$	Consolidated Actual 2021 \$	Budget 2022 \$
										(Unaudited)
Revenues										
Indigenous Services Canada (ISC)	291,515	416,198	-	986,110	204,736	853,511	2,920,747	2,032,010	2,607,948	
Canada Mortgage and Housing Corporation	56,386	79,642	104,105	-	-	-	56,386	79,642	104,105	
Province of Ontario Contributions	-	-	-	-	-	-	343,384	254,425	374,285	
Commercial operations	99,513	93,622	70,309	1,070,651	1,015,017	1,980,273	14,640,486	12,743,852	13,751,082	
Ontario First Nations Limited Partnership	-	-	-	-	87,477	4,689,751	319,996	528,085	5,679,518	
Other	138,524	914,345	641,621	28,421	12,225	800	2,980,809	3,318,484	2,374,981	
Income from investments	-	-	-	-	-	-	2,151,543	2,132,089	1,657,684	
Other interest income	-	-	-	-	-	-	4,032,030	4,099,962	4,020,179	
	585,938	1,503,807	816,035	2,085,182	1,319,455	7,524,335	27,445,381	25,188,549	30,569,782	
Expenses										
Salaries and benefits	99,675	88,531	82,498	129,743	306,462	373,534	5,261,265	4,892,116	5,120,651	
Materials	1,375,018	824,693	1,573,976	796,594	806,479	12,325,251	7,047,697	6,269,155	20,252,699	
Contracted services	76,426	84,529	139,532	284,350	340,131	650,098	1,527,822	1,979,689	2,175,158	
Bank charges and interest	10,960	12,173	-	-	-	-	17,132	15,889	4,000	
Program costs	423	75	1,500	16,095	26,426	3,619,901	1,709,501	1,275,426	6,896,067	
External transfers	-	-	-	-	-	-	12,888,778	10,205,961	13,814,681	
Amortization	130,552	109,306	68,967	1,346,098	759,239	600,000	2,269,432	2,191,926	1,775,880	
Loss on disposal of investment	-	-	-	-	-	-	10,208,539	-	-	
Loss on disposal of tangible capital assets	-	-	-	-	-	-	-	540,480	-	
	1,693,054	1,119,307	1,866,473	2,572,880	2,238,737	17,568,784	40,930,166	27,370,642	50,039,136	
Net surplus/(deficit)	(1,107,116)	384,500	(1,050,438)	(487,698)	(919,282)	(10,044,449)	(13,484,785)	(2,182,093)	(19,469,354)	