

**Shoal Lake #40 First Nation
Consolidated Financial Statements**

March 31, 2023

Shoal Lake #40 First Nation Contents

For the year ended March 31, 2023

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Management's Responsibility

To the Members and Chief and Council of Shoal Lake 40 First Nation:

The accompanying consolidated financial statements of Shoal Lake 40 First Nation are the responsibility of management and have been approved by the Chief and Council.

Management is responsible for the preparation and fair presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Shoal Lake 40 First Nation Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for recommending the appointment of the First Nation's external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, are appointed by the Chief and Council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

March 9, 2024

Original Signed By:
VERN FAIR

Vern Fair, Band Manager

To the Members and to the Chief and Council of Shoal Lake 40 First Nation:

Qualified Opinion

We have audited the consolidated financial statements of Shoal Lake 40 First Nation (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2023, and 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, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2023, and the results of its consolidated operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

Section PS 3280 Asset Retirement Obligation of the Canadian Public Sector Accounting Standard ("PSAS") was adopted by the First Nation on April 1, 2022 with prospective application. This standard requires the recognition of an asset retirement obligation ("ARO") liability when there is a legal obligation that established a clear responsibility to incur retirement costs in relation to a tangible capital asset. The First Nation has not identified any ARO liabilities as of March 31, 2023 and we were unable to satisfy ourselves concerning those liabilities by alternative means. Consequently, we were not able to determine whether any adjustments would be necessary to liabilities, net-debt, tangible capital asset, accumulated surplus, expenses, operating surplus (deficit), or changes in net debt as at and for the year-ended March 31, 2023.

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 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 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 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.

Kenora, Ontario

March 9, 2024

MNP_{LLP}

Chartered Professional Accountants

Licensed Public Accountants

MNP_{LLP}

Shoal Lake #40 First Nation
Consolidated Statement of Financial Position
As at March 31, 2023

| | 2023 | 2022 |
|--|-------------------|-------------|
| Financial assets | | |
| Cash (Note 4) | 14,041,049 | 13,803,240 |
| Amounts due from government (Note 5) | 2,288,145 | 2,753,250 |
| Trade and other receivables (Note 6) | 1,170,202 | 769,619 |
| Due from related parties (Note 7) | 611,836 | 152,171 |
| Funds held in Ottawa Trust Fund (Note 8) | 37,266 | 36,350 |
| Funds held in Community Development account (Note 9) | 66,480 | - |
| Portfolio investments (Note 10) | 6,918,019 | 6,533,965 |
| Total financial assets | 25,132,997 | 24,048,595 |
| Liabilities | | |
| Accounts payable and accruals (Note 12) | 9,910,148 | 8,608,786 |
| Deferred revenue (Note 13) | 2,683,034 | 4,231,593 |
| Unexpended funding (Note 14) | 262,659 | 267,687 |
| Repayable to funder (Note 15) | 457,541 | 457,541 |
| Debt (Note 16) | 5,253,061 | 4,365,524 |
| Total liabilities | 18,566,443 | 17,931,131 |
| Net financial assets | 6,566,554 | 6,117,464 |
| Contingent liabilities (Note 19) | | |
| Commitments (Note 10) | | |
| Non-financial assets | | |
| Tangible capital assets (Note 11) (Schedule 1) | 59,976,683 | 60,623,885 |
| Prepaid expenses | 85,929 | 151,956 |
| Total non-financial assets | 60,062,612 | 60,775,841 |
| Accumulated surplus | 66,629,166 | 66,893,305 |

Approved on behalf of Chief and Council

Original Signed By:
KEVIN REDSKY

Chief

Original Signed By:
BRENDA FREEL

Councillor

Original Signed By:
TANIA BRUYERE

Councillor

Original Signed By:
BILLY-JOE WAHPAY

Councillor

Shoal Lake #40 First Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2023

| | <i>Schedules</i> | <i>2023 Budget (Note 21)</i> | <i>2023</i> | <i>2022</i> |
|---|-------------------|--------------------------------------|-------------------|-------------|
| Revenue | | | | |
| Indigenous Services Canada (Note 17), (Note 18) | 9,709,816 | 7,992,444 | 9,089,549 | |
| Environmental and Climate Change Canada (Note 18) | - | - | 60,000 | |
| Canada Mortgage and Housing Corporation (Note 18) | 24,931 | 24,931 | 24,931 | |
| Indigenous Services Canada - Trust | - | 916 | 325 | |
| Ministry of Education (Note 18) | 734,068 | 734,168 | 734,068 | |
| Ministry of Indigenous Affairs (Note 18) | 155,000 | 108,086 | 356,580 | |
| Ministry of Community and Social Services (Note 18) | 184,593 | 383,204 | 332,886 | |
| Ministry of Health and Long-Term Care (Note 18) | 110,328 | 130,820 | 170,641 | |
| Ministry of Labour, Training and Skills Development (Note 18) | - | 672,045 | 120,865 | |
| Ministry of Transportation (Note 18) | 378,269 | 1,197,936 | - | |
| Ministry of Child and Youth Services (Note 18) | 21,600 | 27,000 | - | |
| Grand Council Treaty #3 | 1,082,984 | 1,095,320 | 659,531 | |
| Ontario First Nations Limited Partnership | 775,087 | 800,279 | 565,092 | |
| Other revenue | 1,180,931 | 731,866 | 145,981 | |
| Kekekooziibii Development Corporation | 700,000 | 700,000 | - | |
| Kenora Chiefs Advisory | 324,594 | 538,334 | 376,241 | |
| Investment income | 396,395 | 372,715 | 633,969 | |
| Shooniyaa Wa-Biitong | 81,837 | 223,497 | 81,837 | |
| Interest income | - | 222,769 | - | |
| Bimose Tribal Council | 100,000 | 100,000 | 113,571 | |
| Debt forgiveness | - | 100,000 | 100,000 | |
| Aboriginal Strategies Limited Partnership | 53,982 | 53,982 | 3,000 | |
| User fees | 41,500 | 41,500 | 48,500 | |
| Four Winds | 91,000 | 40,167 | 60,000 | |
| HST and Sales Tax rebates | 67,357 | 33,357 | 101,028 | |
| Rental revenue | 17,500 | 17,500 | 60,000 | |
| City of Winnipeg | 4,000 | 4,000 | - | |
| Ontario Air Ambulance | 3,500 | 3,500 | 3,500 | |
| Shibogama First Nations Council | - | - | 17,752,945 | |
| Second Harvest Canada | - | - | 45,000 | |
| Unexpended funding - prior year (Note 14) | 267,867 | 267,687 | 267,687 | |
| Unexpended funding - current year (Note 14) | - | (262,659) | (267,687) | |
| Deferred revenue - prior year (Note 13) | 3,550,817 | 4,170,587 | 17,552,794 | |
| Deferred revenue prior year - COVID (Note 13) | - | 61,006 | 203,131 | |
| Deferred revenue - current year (Note 13) | 859,500 | (2,683,034) | (4,170,587) | |
| Deferred revenue - current year - COVID (Note 13) | - | - | (61,006) | |
| Repayment of funding | - | - | (91,295) | |
| | 20,917,456 | 17,903,923 | 45,073,077 | |

Continued on next page

Shoal Lake #40 First Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2023

| | <i>Schedules</i> | <i>2023 Budget (Note 21)</i> | <i>2023</i> | <i>2022</i> |
|--|------------------|--------------------------------------|-------------------|-------------|
| Revenue <i>(Continued from previous page)</i> | | 20,917,456 | 17,903,923 | 45,073,077 |
| Expenses | | | | |
| Administration | 4 | 4,258,964 | 2,612,881 | 2,766,310 |
| Capital | 5 | 2,864,575 | 3,082,839 | 10,121,645 |
| Economic Development | 6 | 271,195 | 1,433,076 | 67,528 |
| Education | 7 | 4,033,130 | 2,931,138 | 2,161,993 |
| Health | 8 | 3,530,592 | 3,254,933 | 2,112,474 |
| Operations and Maintenance | 9 | 4,064,859 | 1,730,765 | 1,469,517 |
| Daycare | 10 | 872,295 | 869,775 | 770,622 |
| Social Services | 11 | 257,693 | 632,305 | 461,355 |
| Ontario First Nations Limited Partnership | 12 | - | 1,565 | - |
| Total expenses (Schedule 2) | | 20,153,303 | 16,549,277 | 19,931,444 |
| Surplus before other income (expense) | | 764,153 | 1,354,646 | 25,141,633 |
| Other income (expense) | | | | |
| Gain (loss) on disposal of tangible capital assets | | - | (1,618,784) | - |
| Surplus (deficit) | | 764,153 | (264,139) | 25,141,632 |
| Accumulated surplus, beginning of year | | 66,893,305 | 66,893,305 | 41,751,673 |
| Accumulated surplus, end of year | | 67,657,458 | 66,629,166 | 66,893,305 |

Shoal Lake #40 First Nation
Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2023

| | 2023 Budget (Note 21) | 2023 | 2022 |
|--|--------------------------------------|------------------|-------------------|
| Surplus (deficit) | 764,153 | (264,139) | 25,141,632 |
| Amortization of tangible capital assets | - | 2,003,604 | 2,035,735 |
| (Gain) loss on sale of tangible capital assets | - | 1,618,784 | - |
| Construction in progress | - | (1,770,744) | 24,275,760 |
| Assets put into use | - | - | (32,090,333) |
| Purchases of tangible capital assets | - | (1,204,442) | (17,896,530) |
| | - | 647,202 | (23,675,368) |
| Acquisition of prepaid expenses | - | - | (66,477) |
| Use of prepaid expenses | - | 66,027 | 47,432 |
| | - | 66,027 | (19,045) |
| Increase in net financial assets | 764,153 | 449,090 | 1,447,219 |
| Net financial assets, beginning of year | 6,117,464 | 6,117,464 | 4,670,245 |
| Net financial assets, end of year | 6,881,617 | 6,566,554 | 6,117,464 |

Shoal Lake #40 First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2023

2023 2022

| Cash provided by (used for) the following activities | | |
|--|-------------------|--------------------|
| Operating activities | | |
| Surplus (deficit) | (264,139) | 25,141,632 |
| Non-cash items | | |
| Amortization | 2,003,604 | 2,035,735 |
| Debt forgiveness | - | (100,000) |
| Capital assets received through contribution from Shibogama Tribal Council | - | (17,752,945) |
| Changes in working capital accounts | 1,739,465 | 9,324,422 |
| Amounts due from government | 465,105 | (1,105,113) |
| Trade and other receivables | (400,583) | (140,618) |
| Due from related parties | (459,665) | (15,080) |
| Prepaid expenses | 66,027 | (19,045) |
| Accounts payable and accruals | 1,301,362 | 6,744,723 |
| Deferred revenue | (1,548,559) | (13,524,332) |
| Unexpended funding | (5,028) | - |
| Repayable to funder | - | 91,294 |
| | 1,158,124 | 1,356,251 |
| Financing activities | | |
| Advances of long-term debt | 1,070,357 | 212,911 |
| Repayment of long-term debt | (182,820) | (59,539) |
| Repayment of term loan due on demand | - | (14,370) |
| | 887,537 | 139,002 |
| Capital activities | | |
| Construction in progress | (1,770,744) | 24,275,760 |
| Assets put into use | - | (32,090,334) |
| Purchases of tangible capital assets | (1,204,442) | (143,585) |
| Gain (loss) on disposal of tangible capital assets | 1,618,784 | - |
| | (1,356,402) | (7,958,159) |
| Investing activities | | |
| Funds held in Ottawa Trust Fund | (916) | (325) |
| Funds held in Community Development Account | (66,480) | - |
| Purchase of portfolio investments | 91,443 | (299,667) |
| Purchase of investment in related parties | (475,497) | - |
| | (451,450) | (299,992) |
| Increase (decrease) in cash resources | 237,809 | (6,762,898) |
| Cash resources, beginning of year | 13,803,240 | 20,566,138 |
| Cash resources, end of year | 14,041,049 | 13,803,240 |
| Supplementary cash flow information | | |
| Interest paid | 43,989 | 14,907 |

The accompanying notes are an integral part of these financial statements

Shoal Lake #40 First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

1. Operations

The Shoal Lake 40 First Nation (the "First Nation") is located in the Provinces of Ontario and Manitoba, and provides various services to its members.

2. Change in accounting policy

Effective April 1, 2022, the First Nation adopted the following Canadian public sector accounting standards:

- 1) PS 3450 Financial Instruments
- 2) PS 3280 Asset Retirement Obligations
- 3) PS 3041 Portfolio Investments
- 4) PS 1201 Financial Statement Presentation

The related impact on the First Nation's significant accounting policies is described in Note 3.

3. Significant accounting policies

These consolidated financial statements are the representations of management, prepared in accordance with Canadian Public Sector Accounting Standards and include the following significant accounting policies:

Reporting entity

The Shoal Lake 40 First Nation reporting entity includes the First Nation Government and all related enterprises that are accountable to the First Nation and are either owned or controlled by the First Nation.

The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity, except for government business entities.

The First Nation has consolidated the assets, liabilities, revenue and expenses of the following entities and departments:

- Shoal Lake 40 First Nation
- CMHC Housing

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

Cash resources

Cash resources includes balances with banks and temporary investments maturing in the next fiscal year. Cash subject to restrictions are recorded as restricted cash.

Funds held in Ottawa Trust Fund

The funds held in trust are held in the consolidated revenue fund of the Government of Canada and are subject to audit by the office of the Auditor General of Canada. Revenue from the funds held in trust is recognized in the year in which it is earned when it is measurable and collection is reasonably assured. Trust monies consist of:

- Capital trust monies derived from non-renewable resource transactions on the sale of land or other First Nation capital assets; and
- Revenue trust monies generated primarily through land leasing transactions or interest earned on deposits held in trust.

Shoal Lake #40 First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

3. Significant accounting policies *(Continued from previous page)*

Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributed to construction and development, as well as interest costs that are directly attributable to the acquisition and construction of the asset.

Tangible capital assets are written down when the conditions indicate they no longer contribute to the First Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital asset are less than their net book value. The net write-downs are accounted for as an expense in the consolidated statement of operations and accumulated surplus.

Contributed capital assets are recorded into revenue at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets.

Assets under construction are not amortized until the asset is available to be put into service.

Tangible capital assets are amortized annually using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

| | Term |
|--------------------------------|---------------|
| Sewer and water infrastructure | straight-line |
| Community buildings | 40 years |
| Landfill | straight-line |
| Band housing | 40 years |
| CMHC Housing | straight-line |
| Vehicles | 25 years |
| Boats | straight-line |
| Equipment | 10 years |
| Waste Service / Freedom Road | straight-line |
| | 10 years |
| | 40 years |

Long-lived assets

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The First Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the asset's carrying amount. Impairment is measured as the amount by which the asset's carrying value exceeds its fair value. Any impairment is included in the consolidated statement of operations for the year in which the asset becomes impaired.

Prices for similar items are used to measure fair value of long-lived assets.

Shoal Lake #40 First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

3. Significant accounting policies *(Continued from previous page)*

Portfolio investments

The First Nation's investments consist of mutual funds and long-term investments from entities that are not owned, controlled, or influenced by the First Nation and are accounted for at cost, less any provision for other than temporary impairment.

Revenue recognition

Government Transfers

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period are reflected as deferred revenue on the consolidated statement of financial position in the year of receipt, and is matched with the related department expenses in the year of their occurrence.

Investment and other revenue are recognized on an accrual basis as earned and collection is reasonably assured.

Measurement uncertainty

The preparation of consolidated 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 and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses and due from related parties during the reporting period.

Accounts receivable and due from related parties are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

Amortization is based on the estimated useful lives of tangible capital assets.

Accounts payable and accruals are based on historical charges for unbilled goods and services at year-end.

Deferred revenue is estimated based on management's review of revenue received, but unspent as of year end.

Surplus repayable is based on the agreements in place with funding agencies.

Provisions for funding recoveries and site rehabilitations costs are recorded in accordance with management's estimate of future costs.

These estimates are reviewed periodically, and as adjustments become necessary, they are reported on the consolidated statement of operations in the period in which they become known.

Shoal Lake #40 First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

3. Significant accounting policies *(Continued from previous page)*

Asset retirement obligation

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the consolidated financial statement date when there is a legal obligation for the First Nation to incur retirement costs in relation to a tangible capital asset (or component thereof), the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at March 31, 2023. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset (or component thereof). The asset retirement cost is amortized over the useful life of the related asset.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. The First Nation recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset.

The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

Liability for contaminated site

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2023.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

Non-financial assets

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

Net financial assets

The First Nation's consolidated financial statements are presented so as to highlight net financial assets as the measurement of financial position. The net financial assets of the First Nation is determined by its financial assets less its liabilities. Net financial assets combined with non-financial assets comprise a second indicator of financial position, accumulated surplus.

Shoal Lake #40 First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

3. Significant accounting policies *(Continued from previous page)*

Segments

The First Nation conducts its business through nine reportable segments: Administration, Capital, Economic Development, Education, Health, Operations and Maintenance, Daycare, Social Services and Ontario First Nations Limited Partnership. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both 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. Administration fees have been apportioned based on a percentage of budgeted revenue, where permitted by the funder.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in the Significant Accounting Policies.

Administration - Activities include the governance function relating to decisions that define expectations, grant power or verify performance consisting of decision-making and leadership processes. The planning, managing and delivery of large scale infrastructure and capital projects to the community.

Capital - Activities include building Housing in addition to drafting and submitting reports on capital projects.

Economic Development - Activities include drafting and submitting reports on the economic development of the First Nation and related entities.

Education - Activities include overseeing many aspects of education opportunities for its members at all levels of learning both within the community and externally.

Health - Activities include the delivery of Health related services to the First Nation.

Operations and Maintenance - Activities include the development and maintenance of the community's infrastructure, buildings, roads, bridges, and related equipment and the provision of other more specialized community service.

Daycare - Activities include providing daycare services for the members of the community.

Social Services - Activities include satisfying the economic, social or health related needs of members of the community who require assistance.

Ontario First Nation Limited Partnership (OFNLP) - Activities Include the funding received from Ontario First Nation Limited Partnership.

Statement of Remeasurement Gains and Losses

By presenting remeasurement gains (losses) separately, changes in the carrying value of financial instruments arising from fair value measurement, unrealized foreign exchange gains (losses) and other comprehensive income arising from investments in government business entities are distinguished from revenues and expenses reported in the consolidated statement of operations. The consolidated statement of operations reports the extent to which revenues raised in the period were sufficient to meet the expenses incurred. Remeasurement gains (losses) do not affect this assessment as they are recognized in the statement of remeasurement gains and losses. Taken together, the two statements account for changes in the First Nation's net debt in the period.

Upon settlement, the cumulative gain (loss) is reclassified from the consolidated statement of remeasurement gains and losses and recognized in the consolidated statement of operations. Interest and dividends attributable to all financial instruments are reported in the consolidated statement of operations.

As the First Nation did not have any items to be included on the consolidated statement of remeasurement gains (losses), the statement has been excluded in these consolidated financial statements.

Shoal Lake #40 First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

3. Significant accounting policies *(Continued from previous page)*

Financial instruments

Amortized cost

The First Nation has classified the following financial assets in the amortized cost category: cash, accounts receivable, and restricted cash. These assets are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the trade date.

Cash, accounts receivable, marketable securities/portfolio investments, and restricted cash are subsequently measured at their amortized cost, using the effective interest rate method. Under this method, estimated future cash receipts are exactly discounted over the asset's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial asset is measured at initial recognition less principal payments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and less any reduction for impairment or uncollectability.

The First Nation subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses. Interest income is recognized in the statement of operations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in operating surplus. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets except derivatives are tested annually for impairment. Management considers, whether the investee has experienced continued losses for a period of years, recent collection experience for the loan, such as a default or delinquency in interest or principal payments, etc. in determining whether objective evidence of impairment exists. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the statement of remeasurement gains and losses.

The First Nation has classified the following liabilities in the amortized cost category: accounts payable and accruals and debt. These liabilities are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the trade date.

Accounts payable and accruals and debt are subsequently measured at amortized cost using the effective interest rate method. Under this method, estimated future cash payments are exactly discounted over the liability's expected life, or other appropriate period, to their net carrying value. Amortized cost is the amount at which the financial liability is measured at initial recognition less principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount.

Shoal Lake #40 First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

4. Cash

| | 2023 | 2022 |
|---|-------------------|------------|
| Guaranteed investment certificate bearing interest of 5.15%, maturing November 2024 | 7,979,140 | 7,121,526 |
| Operating | 3,091,073 | 4,125,014 |
| Guaranteed investment certificate bearing interest of 5.15%, maturing January 2024 | 2,218,625 | - |
| Daycare | 296,058 | 1,781,305 |
| Social Services | 326,939 | 522,808 |
| Freedom Road | 16,820 | 120,786 |
| Economic Development Trust | 99,702 | 99,852 |
| Water Supply Project | 12,692 | 31,949 |
| | 14,041,049 | 13,803,240 |

5. Amounts due from government

| | 2023 | 2022 |
|----------------------------|------------------|-----------|
| Federal | | |
| Indigenous Services Canada | 1,836,123 | 2,265,620 |
| Natural Resources Canada | 500 | 500 |
| Province of Ontario | 451,522 | 487,130 |
| | 2,288,145 | 2,753,250 |

6. Trade and other receivables

| | 2023 | 2022 |
|------------------------|------------------|---------|
| Trade receivables | 185,546 | 262,390 |
| Four Winds | 386,475 | - |
| Shooniyaa Wa Bii tong | 198,946 | 90,021 |
| Kenora Chiefs Advisory | 269,993 | 291,659 |
| Bimose Tribal Council | 100,000 | 106,000 |
| Members | 29,242 | 19,549 |
| | 1,170,202 | 769,619 |

Shoal Lake #40 First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

7. Due from related parties

The outstanding balance from Kekekozibii Development Corporation of \$10,816 as at March 31, 2023 (2022 - \$152,171) is unsecured, non-interest bearing and has no fixed terms of repayment.

The outstanding balance from Social Services of \$11,536 as at March 31, 2023 is unsecured, non-interest bearing and has no fixed terms of repayment.

The outstanding balance from Waa Bong Resources of \$696,954 as at March 31, 2023 is unsecured, non-interest bearing and has no fixed terms of repayment.

The outstanding balance from Shoal Lake #40 Contractors Limited Partnership of \$23,490 as at March 31, 2023 is unsecured, non-interest bearing and has no fixed terms of repayment.

The outstanding balance to Shoal Lake #40 Camp Services Limited Partnership of \$130,960 as at March 31, 2023 is unsecured, non-interest bearing and has no fixed terms of repayment.

8. Funds held in Ottawa Trust Fund

Capital and revenue trust monies are transferred to the First Nation on the authorization of Indigenous Services Canada, with the consent of the First Nation's Council.

| | 2023 | 2022 |
|------------------------------------|---------------|--------|
| Capital Trust | | |
| Balance, beginning and end of year | 11,769 | 11,769 |
| Revenue Trust | | |
| Balance, beginning of year | 24,581 | 24,256 |
| Interest | 916 | 325 |
| | 25,497 | 24,581 |
| | 37,266 | 36,350 |

9. Funds held in Community Development account

RBC Community accounts are held in trust bank accounts. The Community Investment Account is reinvested back into the Trust. The Community Development Accounts are for membership distributions based upon where the member lives. An Advisory Board separate of Chief and Council is set up to receive and approve requests from members.

| | 2023 | 2022 |
|------------------------------|---------------|------|
| RBC Trust | | |
| Community Investment Account | 25,793 | - |
| Community Investment Account | 40,687 | - |
| | 66,480 | - |

RBC trust monies are transferred to the First Nation annually. The Annual Payment is the amount that equals the greater of the following calculations:

The sum of all the Fiscal Year's Annual Income less any Authorized Loan Payments plus the value of any applicable PCD distribution for that current Fiscal Year and any outstanding PCD Obligation from a previous year, or;

The sum of three (3%) percent of the closing market value of all the Authorized Investments as of December 31st of the previous Fiscal Year, less any Authorized Loan Payments plus the value of any applicable PCD Distribution for that current Fiscal Year and any outstanding PCD Obligation from a previous year.

Shoal Lake #40 First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

10. Portfolio investments/Commitments

In June 1989, the First Nation entered into a 60 year agreement with the Province of Manitoba and the City of Winnipeg for the preservation of water quality on Shoal Lake. The Province of Manitoba and the City of Winnipeg each paid \$3,000,000 to a Trustee for investment, with the First Nation being entitled to the income earned subject to the terms and conditions of the agreement. The principal sum of the trust is to be disbursed to the First Nation upon the expiry of the agreement after 60 years, or upon termination of the agreement prior to the full term, the sum calculated as the principal multiplied by the expired term divided by 60 years, 2023 - \$2,600,000 (2022 - \$2,700,000). The investment balance consists of the following:

| | 2023 | 2022 |
|---|------------------|-----------|
| Province of Manitoba and City of Winnipeg | | |
| Mutual Fund - Enhanced Total Return Bond Fund (FMV \$3,078,910) | 3,462,200 | 3,357,101 |
| Mutual Fund - Overseas Equity Fund (FMV \$1,996,916) | 1,765,363 | 1,866,725 |
| Mutual Fund - Canadian Equity Value Fund (FMV \$1,348,969) | 1,056,805 | 1,013,140 |
| Mutual Fund - Canadian Money Market Fund (FMV \$22,944) | 22,944 | 31,155 |
| | 6,307,312 | 6,268,121 |
| Closing cash account balance | 134,905 | 265,539 |
| Investments in First Nation Partnerships | | |
| Investment in Kakina Economic Development Group GP (100 shares, 10% interest) | 100 | 100 |
| Investment in Kakina Economic Development Group LP (99,999 partnership units, 10% interest) | 1 | 1 |
| Niiwin Wendaanimok Construction LP (100 partnership units, 25% interest) | 400,100 | - |
| Niiwin Wendaanimok Management LP (100 partnership units, 25% interest) | 75,100 | 100 |
| Niiwin Wendaanimok Construction Inc. (100 Class A shares, 25% interest) | 100 | - |
| Niiwin Wendaanimok Management Inc. (100 Class A shares, 25% interest) | 100 | 100 |
| Shoal Lake #40 Camp Services Limited Partnership (999 partnership units) | 99 | - |
| Shoal Lake #40 Consulting Services Limited Partnership (999 partnership units) | 99 | - |
| Shoal Lake #40 Contractor Services Limited Partnership (999 partnership units) | 99 | - |
| Ontario First Nations Limited Partnership (1 partnership unit) | 1 | 1 |
| Ontario First Nations Limited Partnership (1 partnership unit) | 1 | 1 |
| Ontario First Nations Asset Management GP Corporation (1 common share) | 1 | 1 |
| Ontario First Nations Sovereign Wealth LP (1 common share, 0.65% interest) | 1 | 1 |
| | 475,802 | 305 |
| 6,918,019 | 6,533,965 | |

11. Tangible capital assets

At March 31, 2023 the First Nation had under construction several new houses and a Daycare. At March 31, 2023, \$3,737,154 (2022 - \$1,966,410), and \$84,950 (2022 - \$84,950) respectively in costs had been capitalized to "construction in progress" on Schedule 1.

None of the assets were available for use at March 31, 2023, and no amortization was recorded for the year.

As at March 31, 2023 the First Nation had under construction housing projects. The First Nation estimates costs to complete this capital project at \$1,000,000 respectively.

Shoal Lake #40 First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

12. Accounts payable and accruals

| | 2023 | 2022 |
|---|------------------|-----------|
| Province of Manitoba | 7,747,710 | 7,747,710 |
| Trade payables | 2,160,904 | 860,157 |
| Canada Revenue Agency - employee deductions | 1,534 | 919 |
| | 9,910,148 | 8,608,786 |

13. Deferred revenue

| | <i>Balance March 31, 2022</i> | <i>Funding Received 2023</i> | <i>Revenue Recognized 2023</i> | <i>Balance March 31, 2023</i> |
|----------------------------|-----------------------------------|----------------------------------|--|-----------------------------------|
| Federal | | | | |
| Administration | 581,373 | 1,303,027 | 1,393,148 | 491,252 |
| Capital | 1,350,989 | 641,926 | 1,522,217 | 470,698 |
| Education | - | 3,076,328 | 3,076,328 | - |
| Economic Development | - | 50,000 | 50,000 | - |
| Health | 1,070,493 | 2,147,040 | 2,998,845 | 218,688 |
| Operations and Maintenance | 98,241 | 611,686 | 709,927 | - |
| Daycare | 133,289 | 50,900 | 142,318 | 41,871 |
| Social Services | 210,463 | 170,740 | 340,232 | 40,971 |
| | 3,444,848 | 8,051,647 | 10,233,015 | 1,263,480 |
| Provincial | | | | |
| Administration | 71,947 | 163,243 | 235,190 | - |
| Economic Development | - | 1,197,936 | 1,197,936 | - |
| Education | - | 699,045 | 699,045 | - |
| Health | - | 110,328 | 110,328 | - |
| Operations and Maintenance | 12,644 | - | 12,644 | - |
| Daycare | - | 734,168 | 734,168 | - |
| Social Services | - | 403,696 | 152,278 | 251,418 |
| | 84,591 | 3,308,416 | 3,141,589 | 251,418 |
| Other | | | | |
| Administration | 447,964 | 2,663,595 | 2,136,040 | 975,517 |
| Capital | - | 64,984 | 57,034 | 7,950 |
| Economic Development | - | 700,000 | 700,000 | - |
| Education | 26,787 | 109,167 | 70,832 | 65,122 |
| Health | 6,955 | 336,684 | 313,570 | 30,069 |
| Operations and Maintenance | 129,949 | 112,982 | 242,931 | - |
| Daycare | 85,632 | 84,837 | 110,080 | 60,389 |
| Social | 4,867 | 86,064 | 61,842 | 29,089 |
| | 702,154 | 4,158,313 | 3,692,329 | 1,168,136 |
| | 4,231,593 | 15,518,376 | 17,066,933 | 2,683,034 |

Shoal Lake #40 First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

14. Unexpended funding

Unexpended funding consists of funding received from Indigenous Services Canada in connection with the Band Operated School. It is expected that this funding will be spent within the next year. \$262,659 remained unexpended as at March 31, 2023 (2022 - \$267,687).

15. Repayable to funder

| | 2023 | 2022 |
|---|----------------|---------|
| Indigenous Services Canada - Jordan's Principle | 153,867 | 153,867 |
| Indigenous Services Canada - Tuition Agreements | 146,416 | 146,416 |
| First Nations and Inuit Health | 65,963 | 65,963 |
| Ministry of Health and Long-Term Care | 40,337 | 40,337 |
| Ministry of Education | 37,231 | 37,231 |
| Ontario Arts Council | 13,727 | 13,727 |
| | 457,541 | 457,541 |

16. Debt

| | 2023 | 2022 |
|---|-------------|-----------|
| Debt payable to the Province of Manitoba, non-interest bearing, unsecured, matures June 2049 (see Note 10). | 1,300,000 | 1,350,000 |
| Debt payable to the City of Winnipeg, non-interest bearing, unsecured, matures June 2049 (see Note 10). | 1,300,000 | 1,350,000 |
| First Nations Financial Management Board Loan, interest only payments currently at 6.00%, secured by each years OFNLP funding equalling \$913,318 in 2023. | 794,740 | - |
| CMHC Triplex loan, repayable in monthly instalments of \$2,010 plus interest at 1.72% per annum, secured by Ministerial guarantee, matures March 2045. | 384,842 | 409,266 |
| ISC Flood Claim loan, unsecured, repayable when flood claim is settled, interest free, maturing in March 2026 unless the claim is still in negotiations at which time the term will be extended for up to another five years. | 248,739 | 248,739 |
| ISC Garden Island Land Claim loan, unsecured, repayable when land claim is settled, interest free, maturing in March 2027 unless the claim is still in negotiations at which time the term will be extended for up to another five years. | 177,986 | 177,986 |
| ISC Garden Island Land Claim loan, unsecured, repayable when land claim is settled, interest free, maturing in March 2025 unless the claim is still in negotiations at which time the term will be extended for up to another five years. | 142,314 | 142,314 |
| ISC Garden Island Land Claim loan, unsecured, repayable when land claim is settled, interest free, maturing in March 2026 unless the claim is still in negotiations at which time the term will be extended for up to another five years. | 126,549 | 126,549 |
| ISC Garden Island Land Claim loan, unsecured, repayable when land claim is settled, interest free, maturing in March 2028 unless the claim is still in negotiations at which time the term will be extended for up to another five years. | 125,998 | 125,998 |

Shoal Lake #40 First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

16. Debt *(Continued from previous page)*

| | 2023 | 2022 |
|---|------------------|------------------|
| ISC Garden Island Land Claim loan, unsecured, repayable when land claim is settled, interest free, maturing in March 2026 unless the claim is still in negotiations at which time the term will be extended for up to another five years. | 101,518 | 101,518 |
| ISC Garden Island Land Claim loan, unsecured, repayable when land claim is settled, interest free, maturing in March 2025 unless the claim is still in negotiations at which time the term will be extended for up to another five years. | 89,599 | 89,599 |
| ISC Flood Claim loan, unsecured, repayable when flood claim is settled, interest free, maturing in March 2028 unless the claim is still in negotiations at which time the term will be extended for up to another five years. | 78,243 | - |
| Vehicle loan payable, repayable in monthly instalments of \$1,749 including interest at 4.99% per annum, secured by specific vehicles with a net book value of \$68,220. Matures April 2026. | 64,313 | - |
| Vehicle loan payable, repayable in monthly instalments of \$1,706 including interest at 4.99% per annum, secured by specific vehicles with a net book value of \$66,560. Matures April 2026. | 59,862 | - |
| ISC Flood Claim loan, unsecured, repayable when land claim is settled, interest free, maturing in March 2023 unless the claim is still in negotiations at which time the term will be extended for up to another five years. | 59,170 | 59,170 |
| ISC Flooding Claim loan, unsecured, repayable when flood claim is settled, interest free, maturing in March 2025 unless the claim is still in negotiations at which time the term will be extended for up to another five years. | 51,714 | 51,714 |
| ISC Garden Island Land Claim loan, unsecured, repayable when land claim is settled, interest free, maturing in March 2027 unless the claim is still in negotiations at which time the term will be extended for up to another five years. | 47,618 | - |
| ISC Garden Island Land Claim loan, unsecured, repayable when land claim is settled, interest free, maturing in March 2024 unless the claim is still in negotiations at which time the term will be extended for up to another five years. | 33,356 | 33,356 |
| Vehicle loan payable, repayable in monthly instalments of \$2,714 including interest at 4.08% per annum, secured by specific vehicles with a net book value of \$86,474 (2022 - \$86,474). Matures June 2025. | 39,579 | 69,899 |
| ISC Flood Claim loan, unsecured, repayable when flood claim is settled, interest free, maturing in March 2027 unless the claim is still in negotiations at which time the term will be extended for up to another five years. | 26,921 | 26,921 |
| <u>Vehicle loan payable repaid during the year.</u> | <u>-</u> | <u>2,495</u> |
| | 5,253,061 | 4,365,524 |

Shoal Lake #40 First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

16. Debt *(Continued from previous page)*

| | 2023 | 2022 |
|---|------|------|
| Principal repayments on debt in each of the next five years, assuming all debt is subject to contractual terms of repayment and debt subject to refinancing is renewed, are estimated as follows: | | |

| | Principal | |
|------|-----------|--|
| 2024 | 173,007 | |
| 2025 | 149,571 | |
| 2026 | 139,858 | |
| 2027 | 101,349 | |
| 2028 | 100,000 | |
| | 663,785 | |

17. Indigenous Services Canada Reconciliation

| | 2023 | 2022 |
|--|------------------|------------------|
| Indigenous Services Canada revenue per Consolidated Financial Statements | 7,992,444 | 9,089,549 |
| Indigenous Services Canada revenue per funding confirmation | <u>7,992,444</u> | <u>9,089,549</u> |

18. Government transfers

| | 2023 | 2022 |
|--|-------------------|-------------------|
| Federal government transfers | | |
| Indigenous Services Canada | 7,992,444 | 9,089,549 |
| Environmental and Climate Change Canada | - | 60,000 |
| Canada Mortgage and Housing Corporation | 24,931 | 24,931 |
| Total Federal | <u>8,017,375</u> | <u>9,174,480</u> |
| Provincial government transfers | | |
| Ministry of Education | 734,168 | 734,068 |
| Ministry of Indigenous Affairs | 108,086 | 356,580 |
| Ministry of Community and Social Services | 383,204 | 332,886 |
| Ministry of Health and Long-Term Care | 130,820 | 170,641 |
| Ministry of Labour Training and Skills Development | 672,045 | 120,865 |
| Ministry of Transportation | 1,197,936 | - |
| Ministry of Child and Youth Services | 27,000 | - |
| Total Provincial | <u>3,253,259</u> | <u>1,715,040</u> |
| | <u>11,270,634</u> | <u>10,889,520</u> |

19. Contingent liabilities

The First Nation has signed funding agreements with Indigenous Services Canada and other governmental bodies for funding of programs which state that the funding party may require surpluses to be returned. The total of such surpluses were indeterminable and the amount could be material. Payment or recoveries of prior year surpluses will be recorded in the year recovered or paid.

Shoal Lake #40 First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

20. Economic dependence

The First Nation receives 45% (2022 - 20%) of its revenue from Indigenous Services Canada ("ISC") as a result of treaties entered into with the Government of Canada. These treaties are administered by ISC under the terms and conditions of the Indian Act. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

21. Budget information

The disclosed budget information has been approved by the Chief and Council of the Shoal Lake 40 First Nation.

22. Comparative figures

Certain comparative figures have been reclassified to conform with current year's presentation.

23. First Nations Financial Transparency Act

The First Nation is required by the First Nations Financial Transparency Act to post its consolidated financial statements on a website and submit the consolidated financial statements to ISC by July 29, 2023. As the audit report date is after this date, the First Nation is not in compliance with the requirement. The possible effect of this non-compliance has not yet been determined.

24. Restricted cash

Under agreements with Canada Mortgage and Housing Corporation (CMHC) the First Nation established the following:

- A replacement reserve established by an annual allocation of \$3,705, to ensure replacement of buildings financed by CMHC.
- A subsidy surplus reserve established by retaining excess federal assistance payments received plus interest. Reserve funds may be used to meet future subsidy requirements of income test occupants, over and above the maximum federal assistance.

In accordance with terms of the agreements, CMHC reserve moneys must be held or invested only in accounts or instruments guaranteed by the Canada Deposit Insurance Corporation, or as otherwise approved by CMHC. Reserve withdrawals are credited first to interest and then to principal. As at March 31, 2023, the replacement reserve was underfunded and the underfunded portion at March 31, 2023 was \$11,115 (March 31, 2022 - \$7,410).

| | 2023 | 2022 |
|---------------------------------------|---------------|--------------|
| Opening CMHC replacement reserve | 7,410 | 3,705 |
| Annual replacement reserve allocation | 3,705 | 3,705 |
| | 11,115 | 7,410 |

Shoal Lake #40 First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

25. Financial Instruments

The First Nation as part of its operations carries a number of financial instruments. It is management's opinion that the First Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Credit risk

Credit risk is the risk of financial loss because a counter party to a financial instrument fails to discharge its contractual obligations. The First Nation manages its credit risk by Provides allowances for potentially uncollectible accounts receivable, consider credit ratings of counterparties etc.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. In seeking to minimize the risks from interest rate fluctuations, the First Nation manages exposure through interest rate swaps, which modify the repricing characteristics of financial assets and liabilities

The First Nation is exposed to interest rate risk with respect to cash, accounts receivable and accounts payable, all of which are expected to be realized within one year, and which are subject to floating interest rates ranging from 1% - 3% (2022 – 1% - 4%). The First Nation's loans all vary in rate and are disclosed in Note 16.

Liquidity Risk

Liquidity risk is the risk that the First Nation will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivery of cash or another financial asset. The First Nation enters into transactions to purchase goods and services on credit; borrow funds from financial institutions or other creditors; lease office equipment from various creditors; etc., for which repayment is required at various maturity dates. Liquidity risk is measured by reviewing the First Nation's future net cash flows for the possibility of negative net cash flow.

Contractual maturities of long-term debt are disclosed in Note 16.

The First Nation manages the liquidity risk resulting from its accounts payable; long-term debt; by applying a technique of asset-liability management and by diversifying its sources of funding.

Shoal Lake #40 First Nation

Schedule 1 - Consolidated Schedule of Tangible Capital Assets

For the year ended March 31, 2023

| | Sewer and water infrastructure | Community buildings | Landfill | Band housing | CMHC Housing | Vehicles | Boats | <i>Subtotal</i> |
|--|--------------------------------|---------------------|---------------|------------------|----------------|----------------|---------------|-------------------|
| Cost | | | | | | | | |
| Balance, beginning of year | 948,035 | 56,359,191 | 253,846 | 7,820,759 | 493,765 | 1,012,882 | 219,140 | 67,107,618 |
| Purchase of tangible capital assets | - | 895,207 | - | - | - | 309,235 | - | 1,204,442 |
| Construction-in-progress | - | - | - | - | - | - | - | - |
| Disposal of tangible capital assets | - | - | - | (1,841,159) | - | - | - | (1,841,159) |
| Assets put into use | - | - | - | - | - | - | - | - |
| Balance, end of year | 948,035 | 57,254,398 | 253,846 | 5,979,600 | 493,765 | 1,322,117 | 219,140 | 66,470,901 |
| Accumulated amortization | | | | | | | | |
| Balance, beginning of year | 672,550 | 5,791,855 | 222,115 | 4,626,621 | 39,502 | 622,703 | 121,817 | 12,097,163 |
| Annual amortization | 23,701 | 1,423,771 | 6,346 | 217,282 | 19,751 | 122,384 | 17,914 | 1,831,149 |
| Accumulated amortization on disposals | - | - | - | (222,375) | - | - | - | (222,375) |
| Balance, end of year | 696,251 | 7,215,626 | 228,461 | 4,621,528 | 59,253 | 745,087 | 139,731 | 13,705,937 |
| Net book value of tangible capital assets | 251,784 | 50,038,772 | 25,385 | 1,358,072 | 434,512 | 577,030 | 79,409 | 52,764,964 |
| Net book value of tangible capital assets 2022 | 275,485 | 50,567,336 | 31,731 | 3,194,138 | 454,263 | 390,179 | 97,323 | 55,010,455 |

Shoal Lake #40 First Nation

Schedule 1 - Consolidated Schedule of Tangible Capital Assets

For the year ended March 31, 2023

| | Subtotal | Equipment | Construction in progress | Waste Service /Freedom Road | 2023 | 2022 |
|--|--------------------|----------------|--------------------------|-----------------------------|--------------------|---------------------|
| Cost | | | | | | |
| Balance, beginning of year | 67,107,618 | 879,394 | 2,051,360 | 3,380,633 | 73,419,005 | 47,707,902 |
| Purchase of tangible capital assets | 1,204,442 | - | - | - | 1,204,442 | 17,896,530 |
| Construction-in-progress | - | - | 1,770,744 | - | 1,770,744 | (24,275,760) |
| Disposal of tangible capital assets | (1,841,159) | - | - | - | (1,841,159) | - |
| Assets put into use | - | - | - | - | - | 32,090,333 |
| Balance, end of year | 66,470,901 | 879,394 | 3,822,104 | 3,380,633 | 74,553,032 | 73,419,005 |
| Accumulated amortization | | | | | | |
| Balance, beginning of year | 12,097,163 | 296,703 | - | 401,254 | 12,795,120 | 10,759,385 |
| Annual amortization | 1,831,149 | 87,939 | - | 84,516 | 2,003,604 | 2,035,735 |
| Accumulated amortization on disposals | (222,375) | - | - | - | (222,375) | - |
| Balance, end of year | 13,705,937 | 384,642 | - | 485,770 | 14,576,349 | 12,795,120 |
| Net book value of tangible capital assets | | | | | | |
| Net book value of tangible capital assets 2022 | 52,764,964 | 494,752 | 3,822,104 | 2,894,863 | 59,976,683 | 60,623,885 |

Shoal Lake #40 First Nation
Schedule 2 - Consolidated Schedule of Expenses by Object
For the year ended March 31, 2023

| | 2023 <i>Budget</i> <i>(Note 21)</i> | 2023 | 2022 |
|--|--|-------------------|------------|
| Consolidated expenses by object | | | |
| Administrative expenses | 2,642,196 | 1,753,119 | 809,298 |
| Amortization | 24,156 | 2,003,604 | 2,035,735 |
| Bad debts | - | 103,602 | - |
| Bank charges and interest | 14,000 | 12,103 | 13,726 |
| Community development | 424,281 | 393,778 | 834,473 |
| Consulting fees | 163,375 | 80,919 | 67,228 |
| Contracting services | 5,943,194 | 2,235,445 | 8,306,231 |
| Education/school | 444,164 | 362,759 | 405,953 |
| Equipment purchase and rentals | 1,326,398 | 251,863 | 314,799 |
| Honoraria, salaries and benefits | 5,164,379 | 5,044,587 | 4,208,819 |
| Interest on debt | - | 31,887 | 14,907 |
| Materials and supplies | 400,604 | 602,195 | 842,947 |
| Office and utilities | 1,012,678 | 998,667 | 573,326 |
| Repairs and maintenance | 1,027,617 | 824,978 | 523,235 |
| Social assistance | 2,000 | 330,041 | 179,714 |
| Student expenses | 420,000 | 374,693 | 427,430 |
| Training and travel | 1,144,261 | 1,145,037 | 373,623 |
| | 20,153,303 | 16,549,277 | 19,931,444 |

Shoal Lake 40 First Nation
Schedule 3 - Summary of Consolidated Schedules of Revenue and Expenses by Segment

For the year ended March 31, 2023

| | Schedule # | IS/C Revenue | Other Revenue | Deferred/ Unexpended Revenue | Total Revenue | Total Expenses | Transfers From (To) | Current Surplus (Deficit) |
|---|------------------|------------------|------------------|------------------------------------|-------------------|----------------|------------------------|---------------------------------|
| Administration | 4 | 1,268,754 | 1,187,169 | (420,612) | 2,035,311 | 2,612,881 | (547,034) | (1,124,605) |
| Capital | 5 | 616,995 | 89,916 | 927,465 | 1,634,376 | 3,082,839 | 1,588,888 | 140,425 |
| Economic Development | 6 | 50,000 | 1,897,936 | - | 1,947,936 | 1,433,076 | (679,000) | (164,140) |
| Education | 7 | 3,076,329 | 895,050 | (33,306) | 3,938,073 | 2,931,138 | (383,329) | 623,606 |
| Health | 8 | 2,147,040 | 447,012 | 828,693 | 3,422,745 | 3,254,933 | 19,932 | 187,744 |
| Operations and Maintenance | 9 | 611,686 | 112,982 | 240,834 | 965,502 | 1,730,765 | 799,258 | 33,995 |
| Daycare | 10 | 50,900 | 819,005 | 116,661 | 986,566 | 869,775 | - | 116,791 |
| Social Services | 11 | 170,740 | 489,760 | (106,148) | 554,352 | 632,305 | - | (77,954) |
| Ontario First Nations Limited Partnership | 12 | - | 800,279 | - | 800,279 | 1,565 | (798,715) | (1) |
| Total | 7,992,444 | 6,739,109 | 1,555,587 | 16,285,140 | 16,549,277 | - | (264,139) | |

The accompanying notes are integral part of these financial statements

Shoal Lake #40 First Nation
Administration
Schedule 4 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2023

| | 2023 Budget (Note 21) | 2023 | 2022 |
|---|--|------------------|------------------|
| Revenue | | | |
| Indigenous Services Canada | 1,208,754 | 1,268,754 | 1,879,510 |
| Environmental and Climate Change Canada | - | - | 60,000 |
| Indigenous Services Canada - Trust | - | 916 | 325 |
| Ministry of Indigenous Affairs | 155,000 | 108,086 | 356,580 |
| Grand Council Treaty #3 | 996,145 | 1,008,482 | 621,263 |
| Other revenue | 917,085 | 662,682 | 131,080 |
| Investment income | 396,395 | 372,715 | 633,969 |
| Interest income | - | 222,769 | - |
| Shooniyaa Wa-Biitong | - | 141,660 | - |
| Kenora Chiefs Advisory | - | 116,786 | 25,000 |
| Debt forgiveness | - | 100,000 | 100,000 |
| HST and Sales Tax rebates | 67,357 | 33,357 | 101,028 |
| Four Winds | 91,000 | 31,000 | 60,000 |
| City of Winnipeg | 4,000 | 4,000 | - |
| Ontario Air Ambulance | 3,500 | 3,500 | 3,500 |
| Second Harvest Canada | - | - | 45,000 |
| Aboriginal Strategies Limited Partnership | - | - | 3,000 |
| Bimose Tribal Council | - | - | 7,071 |
| Deferred revenue - prior year (Note 13) | 934,376 | 1,101,284 | 922,802 |
| Deferred revenue - current year (Note 13) | - | (1,521,896) | (1,101,284) |
| | 4,773,612 | 3,654,095 | 3,848,844 |

Continued on next page

Shoal Lake #40 First Nation
Administration
Schedule 4 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2023

| | 2023 Budget (Note 21) | 2023 | 2022 |
|--|-----------------------------|------------------|------------------|
| (Continued from previous page) | 4,773,612 | 3,654,095 | 3,848,844 |
| Expenses | | | |
| Administration (recovery) | (597,190) | (654,731) | (835,026) |
| Bad debts | - | 103,602 | - |
| Bank charges and interest | 13,500 | 11,841 | 14,342 |
| Bursary expense | 4,000 | 3,990 | 1,500 |
| COVID enhancements | 280 | 280 | 284,007 |
| Community distributions | 163,000 | 146,322 | 154,661 |
| Community donations | - | 1,050 | - |
| Community events | 107,541 | 108,093 | 132,995 |
| Community safety | 23,340 | 24,210 | 234,995 |
| Consulting fees | 10,000 | 66,387 | 67,228 |
| Contracted services | 5,000 | 5,000 | - |
| Culture and recreation | 2,000 | - | - |
| Economic development | - | (75,000) | 75,000 |
| Elders support | 135,000 | 141,940 | 131,950 |
| Equipment purchases | 1,030,378 | 1,867 | 55,173 |
| Equipment rentals | - | 300 | - |
| Honouraria - Elders | - | (550) | 18,337 |
| Honourarium | 74,050 | 97,450 | 61,100 |
| Insurance | 20,000 | 25,929 | 17,341 |
| Interest on long-term debt | - | 31,887 | (832) |
| Internet | - | 9,655 | - |
| Materials and supplies | 148,832 | 172,227 | 147,595 |
| Meeting costs | 315,856 | 185,711 | 32,642 |
| Miscellaneous | 37,500 | 4,442 | 3,805 |
| Office | 278 | 1,444 | - |
| Professional fees | 1,111,947 | 538,931 | 277,414 |
| Program expense | - | 24,717 | 112,711 |
| Project coordination | 105,400 | 105,000 | 298,618 |
| Repairs and maintenance | 6,761 | 3,276 | 49,912 |
| Salaries and benefits | 1,218,553 | 1,063,077 | 1,033,718 |
| Supplies | 55,953 | 73,778 | 175,299 |
| Telephone | 38,000 | 52,142 | 38,600 |
| Training | 17,000 | 123,860 | - |
| Travel | 94,767 | 107,295 | 39,807 |
| Travel - Chief and Council | 98,494 | 82,785 | 33,496 |
| Utilities | 7,724 | 14,069 | - |
| Water delivery | - | - | 73,500 |
| Website development | 11,000 | 10,605 | 10,792 |
| Youth activities | - | - | 25,630 |
| | 4,258,964 | 2,612,881 | 2,766,310 |
| Surplus before other income and transfers | 514,648 | 1,041,214 | 1,082,534 |

Continued on next page

Shoal Lake #40 First Nation
Administration
Schedule 4 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2023

| | 2023 <i>Budget</i> <i>(Note 21)</i> | 2023 | 2022 |
|--|--|--------------------|-----------|
| Surplus before other income and transfers <i>(Continued from previous page)</i> | 514,648 | 1,041,214 | 1,082,534 |
| Other income (expense) | | | |
| Gain (loss) on disposal of tangible capital assets | - | (1,618,784) | - |
| Surplus (deficit) before transfers | 514,648 | (577,570) | 1,082,534 |
| Transfers between segments | (209,760) | (547,035) | 22,707 |
| Surplus (deficit) | 304,888 | (1,124,605) | 1,105,241 |

Shoal Lake #40 First Nation
Capital
Schedule 5 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2023

| | 2023 Budget (Note 21) | 2023 | 2022 |
|---|--------------------------------------|--------------------|-------------------|
| Revenue | | | |
| Indigenous Services Canada | 616,995 | 616,995 | 1,357,024 |
| Canada Mortgage and Housing Corporation - Subsidy | 24,931 | 24,931 | 24,931 |
| Shibogama First Nations Council | - | - | 17,752,945 |
| Other revenue | - | 64,984 | 1,721 |
| Kekekoziibii Development Corporation | 700,000 | - | - |
| Deferred revenue - prior year (Note 13) | 890,620 | 1,350,989 | 15,900,598 |
| Deferred revenue prior year - COVID (Note 13) | - | - | 83,730 |
| Deferred revenue - current year (Note 13) | - | (423,523) | (1,350,989) |
| | 2,232,546 | 1,634,376 | 33,769,960 |
| Expenses | | | |
| Administration | 2,275 | 2,275 | 2,275 |
| Amortization | 24,156 | 2,003,604 | 2,028,506 |
| Contracted services | 2,326,004 | - | 7,747,710 |
| Equipment purchases | - | 1,182 | - |
| Equipment rentals | - | 102,603 | 70,684 |
| Insurance | 2,800 | 6,838 | 3,138 |
| Interest on long-term debt | - | - | 8,004 |
| Materials and supplies | - | 107,885 | - |
| Miscellaneous | 4,420 | 57,033 | - |
| Professional fees | 100,720 | 60,675 | 8,400 |
| Repairs and maintenance | 404,200 | 429,041 | 117,780 |
| Salaries and benefits | - | 225,204 | 118,753 |
| Supplies | - | 80,034 | 16,293 |
| Travel | - | 6,465 | 102 |
| | 2,864,575 | 3,082,839 | 10,121,645 |
| Surplus (deficit) before transfers | (632,029) | (1,448,463) | 23,648,315 |
| Transfers between segments | 631,994 | 1,588,888 | 56,637 |
| Surplus (deficit) | (35) | 140,425 | 23,704,952 |

Shoal Lake #40 First Nation
Economic Development
Schedule 6 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2023

| | 2023 <i>Budget</i> <i>(Note 21)</i> | 2023 | 2022 |
|--|--|------------------|-------------|
| Revenue | | | |
| Indigenous Services Canada | 50,000 | 50,000 | 261,961 |
| Ministry of Transportation | - | 1,197,936 | - |
| Kekekoziibii Development Corporation | - | 700,000 | - |
| Deferred revenue - prior year <i>(Note 13)</i> | - | - | 13,727 |
| Repayment of funding | - | - | (13,727) |
| | 50,000 | 1,947,936 | 261,961 |
| Expenses | | | |
| Administration | - | 92,000 | - |
| Business development | 200,000 | 160,176 | - |
| Professional fees | - | 1,105,936 | - |
| Salaries and benefits | 71,195 | 74,964 | 66,923 |
| Training | - | - | 150 |
| Travel | - | - | 455 |
| | 271,195 | 1,433,076 | 67,528 |
| Surplus (deficit) before transfers | (221,195) | 514,860 | 194,433 |
| Transfers between segments | 21,000 | (679,000) | (82,472) |
| Surplus (deficit) | (200,195) | (164,140) | 111,961 |

Shoal Lake #40 First Nation
Education
Schedule 7 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2023

| | 2023 Budget (Note 21) | 2023 | 2022 |
|---|--------------------------------------|------------------|------------------|
| Revenue | | | |
| Indigenous Services Canada | 2,954,044 | 3,076,329 | 2,721,461 |
| Ministry of Labour, Training and Skills Development | - | 672,045 | 120,865 |
| Bimose Tribal Council | 100,000 | 100,000 | 106,000 |
| Grand Council Treaty #3 | 86,839 | 86,839 | 38,268 |
| Ministry of Child and Youth Services | 21,600 | 27,000 | - |
| Four Winds | - | 9,167 | - |
| Unexpended funding - prior year (Note 14) | 267,867 | 267,687 | 267,687 |
| Unexpended funding - current year (Note 14) | - | (262,659) | (267,687) |
| Deferred revenue - prior year (Note 13) | 26,787 | 26,787 | 66,618 |
| Deferred revenue - current year (Note 13) | - | (65,122) | (26,787) |
| | 3,457,137 | 3,938,073 | 3,026,425 |
| Expenses | | | |
| Administration | 230,663 | 183,891 | 148,789 |
| Advertising | 10,000 | 1,178 | - |
| Culture and recreation | - | 10,800 | - |
| Equipment purchases | 109,500 | 39,792 | 3,140 |
| Extracurricular activities | 25,000 | (1,434) | - |
| Field trips | 45,000 | 14,348 | 6,050 |
| Honourarium | 1,000 | 350 | 5,900 |
| Insurance | 6,500 | 5,067 | 5,067 |
| Interest on long-term debt | - | - | 6,903 |
| Materials and supplies | 108,508 | 70,569 | 8,004 |
| Meeting costs | 16,000 | 1,606 | 2,282 |
| Miscellaneous | 160,000 | 10,470 | - |
| Oil and gas | 6,000 | 6,886 | 2,228 |
| Professional development | 70,000 | 25,947 | 74,211 |
| Professional fees | 257,687 | 90,056 | 65,000 |
| Program expense | 10,000 | 17,900 | 39,950 |
| Rental expense | 60,000 | 15,000 | - |
| Repairs and maintenance | 5,000 | 1,565 | 4,599 |
| Salaries and benefits | 1,242,208 | 1,076,081 | 803,280 |
| Student expenses | 420,000 | 374,693 | 427,431 |
| Supplies | 157,000 | 179,541 | 116,286 |
| Teacher replacements | 27,400 | 30,260 | 12,385 |
| Telephone | 10,000 | 7,766 | 10,521 |
| Training | 502,000 | 275,441 | 339 |
| Travel | 121,500 | 137,062 | 40,804 |
| Tuition | 432,164 | 356,303 | 378,824 |
| | 4,033,130 | 2,931,138 | 2,161,993 |
| Surplus (deficit) before transfers | (575,993) | 1,006,935 | 864,432 |
| Transfers between segments | (383,329) | (383,329) | (221,448) |
| Surplus (deficit) | (959,322) | 623,606 | 642,984 |

Shoal Lake #40 First Nation
Health
Schedule 8 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2023

| | 2023 Budget (Note 21) | 2023 | 2022 |
|---|--------------------------------------|------------------|------------------|
| Revenue | | | |
| Indigenous Services Canada | 2,133,873 | 2,147,040 | 1,992,886 |
| Kenora Chiefs Advisory | 324,594 | 336,684 | 292,038 |
| Ministry of Health and Long-Term Care | 110,328 | 110,328 | 110,328 |
| Other revenue | - | - | 4,180 |
| Deferred revenue - prior year (Note 13) | 1,083,081 | 1,016,442 | 184,048 |
| Deferred revenue prior year - COVID (Note 13) | - | 61,006 | 119,401 |
| Deferred revenue - current year (Note 13) | - | (248,755) | (1,016,442) |
| Deferred revenue - current year - COVID (Note 13) | - | - | (61,006) |
| Repayment of funding | - | - | (40,337) |
| | 3,651,876 | 3,422,745 | 1,585,096 |
| Expenses | | | |
| Administration | 252,948 | 252,201 | 248,221 |
| Amortization | - | - | 7,229 |
| COVID enhancements | - | 62,660 | - |
| Contracted services | 80,000 | 33,745 | 32,400 |
| Culture and recreation | 89,385 | 92,878 | 81,941 |
| Economic development | - | - | 1,255 |
| Equipment purchases | 25,000 | 55,839 | 54,361 |
| Equipment rentals | - | 1,650 | - |
| Honourarium | 43,000 | 13,600 | 41,250 |
| Insurance | 7,262 | 10,493 | 11,611 |
| Materials and supplies | 232,307 | 248,274 | 69,678 |
| Medical/Diabetes initiative | - | 993 | 250 |
| Meeting costs | - | 41,051 | - |
| Miscellaneous | 65,000 | 26,491 | 30,819 |
| Office | 17,500 | 17,500 | 17,500 |
| Professional development | 28,000 | 300 | 700 |
| Professional fees | 164,000 | 73,824 | 17,201 |
| Program expense | 207,275 | 175,870 | 103,994 |
| Rental expense | 39,000 | 10,800 | - |
| Repairs and maintenance | 246,956 | 2,255 | 53,202 |
| Salaries and benefits | 1,486,646 | 1,407,123 | 873,784 |
| Short term respite | - | 10,537 | 13,205 |
| Social assistance | 2,000 | 579 | 600 |
| Special projects | 48,578 | 92,466 | 12,881 |
| Supplies | 76,041 | 168,371 | 166,184 |
| Telephone | 44,680 | 25,322 | 5,039 |
| Training | 35,000 | 56,070 | - |
| Travel | 164,000 | 257,478 | 149,678 |
| User fees | 11,500 | 11,500 | 10,000 |
| Utilities | 11,514 | 8,121 | 8,461 |
| Womens workshops/teachings | 145,000 | 94,476 | 101,030 |
| Youth activities | 8,000 | 2,466 | - |
| | 3,530,592 | 3,254,933 | 2,112,474 |
| Surplus (deficit) before transfers | 121,284 | 167,812 | (527,378) |
| Transfers between segments | (6,240) | 19,932 | (10,000) |
| Surplus (deficit) | 115,044 | 187,744 | (537,378) |

Shoal Lake #40 First Nation
Operations and Maintenance
Schedule 9 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2023

| | 2023 Budget (Note 21) | 2023 | 2022 |
|---|--------------------------------------|------------------|------------------|
| Revenue | | | |
| Indigenous Services Canada | 2,563,593 | 611,686 | 659,521 |
| Ministry of Transportation | 378,269 | - | - |
| Aboriginal Strategies Limited Partnership | 53,982 | 53,982 | - |
| User fees | 41,500 | 41,500 | 48,500 |
| Rental revenue | 17,500 | 17,500 | 60,000 |
| Other revenue | 260,846 | - | 9,000 |
| Bimose Tribal Council | - | - | 500 |
| Deferred revenue - prior year (Note 13) | 240,834 | 240,834 | 254,544 |
| Deferred revenue - current year (Note 13) | - | - | (240,834) |
| | 3,556,524 | 965,502 | 791,231 |
| Expenses | | | |
| Administration | 16,480 | 14,231 | 24,172 |
| Consulting fees | 153,375 | 14,532 | - |
| Contracted services | 1,641,900 | 88,341 | 135,067 |
| Equipment rentals | 42,500 | 20,320 | 53,771 |
| Field trips | - | - | 10,781 |
| Insurance | 112,045 | 195,494 | 92,266 |
| Materials and supplies | 45,260 | 20,060 | 23,564 |
| Miscellaneous | 245,820 | - | - |
| Oil and gas | 36,000 | - | - |
| Professional fees | 202,359 | 142,352 | - |
| Program expense | 330,000 | - | 6,700 |
| Repairs and maintenance | 345,700 | 377,787 | 279,993 |
| Salaries and benefits | 428,665 | 387,449 | 289,168 |
| Supplies | 39,000 | 27,799 | 254,792 |
| Telephone | 4,000 | 121,621 | 9,426 |
| Training | - | - | 1,418 |
| Travel | 9,500 | 16,915 | 12,785 |
| User fees | 12,000 | 12,000 | 12,000 |
| Utilities | 400,255 | 291,864 | 263,614 |
| | 4,064,859 | 1,730,765 | 1,469,517 |
| Surplus (deficit) before transfers | (508,335) | (765,263) | (678,286) |
| Transfers between segments | 717,381 | 799,258 | 678,286 |
| Surplus (deficit) | 209,046 | 33,995 | - |

Shoal Lake #40 First Nation
Daycare
Schedule 10 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2023

| | 2023 Budget (Note 21) | 2023 | 2022 |
|---|--|----------------|----------------|
| Revenue | | | |
| Indigenous Services Canada | 50,900 | 50,900 | 50,900 |
| Ministry of Education | 734,068 | 734,168 | 734,068 |
| Shooniyaa Wa-Biitong | 81,837 | 81,837 | 81,837 |
| Other revenue | 3,000 | 3,000 | - |
| Deferred revenue - prior year (Note 13) | 205,852 | 218,921 | 152,461 |
| Deferred revenue - current year (Note 13) | - | (102,260) | (218,921) |
| Repayment of funding | - | - | (37,231) |
| | 1,075,657 | 986,566 | 763,114 |
| Expenses | | | |
| Administration | 59,676 | 81,690 | 57,224 |
| Bank charges and interest | 500 | 42 | 42 |
| COVID enhancements | 11,669 | - | - |
| Capital purchases | 10,020 | 2,510 | 9,392 |
| Culture and recreation | 12,000 | 10,826 | 2,316 |
| Equipment purchases | 10,000 | - | 8,277 |
| Field trips | 15,000 | 22,875 | 17,619 |
| Food and beverage | 10,000 | 7,930 | 4,664 |
| Insurance | 8,500 | 9,177 | 10,385 |
| Materials and supplies | 5,000 | 10,417 | 5,567 |
| Office | 18,000 | 18,000 | 18,000 |
| Professional fees | 5,000 | - | 3,831 |
| Program expense | 90,000 | 10,243 | 8,270 |
| Repairs and maintenance | 14,000 | 9,470 | 16,429 |
| Salaries and benefits | 458,593 | 471,496 | 485,111 |
| Supplies | 61,837 | 128,383 | 35,995 |
| Telephone | 5,500 | 3,986 | 6,303 |
| Training | - | 1,200 | 10,112 |
| Travel | 62,000 | 63,298 | 59,741 |
| Utilities | 15,000 | 18,232 | 11,344 |
| | 872,295 | 869,775 | 770,622 |
| Surplus (deficit) | 203,362 | 116,791 | (7,508) |

Shoal Lake #40 First Nation
Social Services
Schedule 11 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2023

| | 2023 Budget (Note 21) | 2023 | 2022 |
|---|--------------------------------------|-----------------|----------------|
| Revenue | | | |
| Indigenous Services Canada | 131,657 | 170,740 | 166,287 |
| Ministry of Community and Social Services | 184,593 | 383,204 | 332,886 |
| Ministry of Health and Long-Term Care | - | 20,492 | 60,313 |
| Kenora Chiefs Advisory | - | 84,864 | 59,203 |
| Other revenue | - | 1,200 | - |
| Deferred revenue - prior year (Note 13) | 169,267 | 215,330 | 57,996 |
| Deferred revenue - current year (Note 13) | - | (321,478) | (215,330) |
| | 485,517 | 554,352 | 461,355 |
| Expenses | | | |
| Administration | 51,700 | 1,006 | 57,620 |
| Bank charges and interest | - | 219 | 174 |
| Miscellaneous | - | 44,265 | - |
| Office | 2,500 | - | - |
| Professional fees | - | 4,120 | 6,328 |
| Program expense | - | 27,300 | 1,730 |
| Purchase of services | 19,200 | 23,480 | - |
| Rental expense | - | - | 60,000 |
| Repairs and maintenance | 5,000 | 1,584 | 1,320 |
| Salaries and benefits | 128,520 | 165,405 | 127,485 |
| Social assistance | - | 329,463 | 179,114 |
| Supplies | 10,773 | 18,296 | 2,847 |
| Training | 10,000 | 6,123 | 10,877 |
| Travel | 30,000 | 11,044 | 13,860 |
| | 257,693 | 632,305 | 461,355 |
| Surplus (deficit) | 227,824 | (77,953) | - |

Shoal Lake #40 First Nation
Ontario First Nations Limited Partnership
Schedule 12 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2023

| | 2023 <i>Budget</i> <i>(Note 21)</i> | 2023 | 2022 |
|---|--|------------------|-------------|
| Revenue | | | |
| Ontario First Nations Limited Partnership | 775,087 | 800,279 | 565,092 |
| Expenses | | | |
| Meeting costs | - | 1,565 | - |
| Surplus (deficit) before transfers | 775,087 | 798,714 | 565,092 |
| Transfers between segments | (775,087) | (798,715) | (443,710) |
| Surplus (deficit) | - | (1) | 121,382 |