

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

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Management's Responsibility for Financial Reporting

To the Members
Naotkamegwanning First Nation

The accompanying consolidated financial statements of Naotkamegwanning First Nation are the responsibility of the First Nation's management, and have been approved by the Chief and Council of the First Nation.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of Chartered Professional Accountants of Canada and as such include amounts that are the best estimates and judgments of management.

The Band Council is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

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

The Band Council meets periodically with management, as well as the external auditors, 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 external auditors' report.

The external auditors, BDO Canada LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of Naotkamegwanning First Nation and meet when required.



Howard _____ Chief

John _____ Councillor

John _____ Councillor

John _____ Councillor

Malcolm _____ Councillor

Independent Auditor's Report

To the Members Naotkamegwanning First Nation

Opinion

We have audited the consolidated financial statements of the Naotkamegwanning First Nation and its entities (the Group), which comprise the consolidated statement of financial position as at March 31, 2022, and the consolidated statement of operations, consolidated statement of changes in net debt and consolidated statement of 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 its consolidated results of operations, its consolidated changes in net debt, and its consolidated cash flows for the year then ended in accordance with 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 Group 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 these consolidated financial statements in accordance with 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group'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 Group'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 Group'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 Group 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 Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Kenora, Ontario
November 8, 2022

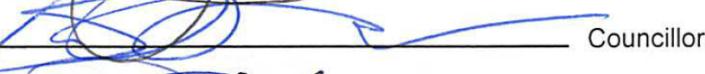
**Naotkamegwanning First Nation
Consolidated Statement of Financial Position**

March 31	2022	2021
Financial Assets		
Cash (Note 1)	\$ 14,317,133	\$ 11,408,910
Portfolio investments (Note 2)	1,545,556	1,884,054
Accounts receivable (Note 3)	4,040,098	1,596,649
Investment in government business enterprises (Note 4)	194,822	339,484
	<hr/>	<hr/>
	20,097,609	15,229,097
Liabilities		
Accounts payable and accruals (Note 6)	3,637,746	3,242,942
Deferred revenue (Note 7)	10,565,863	6,087,332
Long term debt (Note 8)	9,282,132	9,717,407
	<hr/>	<hr/>
	23,485,741	19,047,681
Net Debt	<hr/>	<hr/>
	(3,388,132)	(3,818,584)
Non-Financial Assets		
Prepaid expenses	166,474	95,347
Tangible capital assets (Note 9)	35,411,315	32,411,617
	<hr/>	<hr/>
	35,577,789	32,506,964
Accumulated Surplus (Note 10)	<hr/>	<hr/>
	\$ 32,189,657	\$ 28,688,380

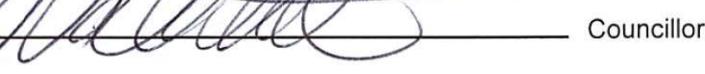
Approved on behalf of the Band Council:

 Chief

 Councillor

 Councillor

 Councillor

 Councillor

Naotkamegwanning First Nation Consolidated Statement of Operations

For the year ended March 31	Budget	2022	2021
Revenue			
Indigenous Services Canada	\$ 9,990,190	\$ 14,881,104	\$ 11,955,080
Canada Mortgage and Housing Corporation	407,812	350,446	356,717
Kenora Chiefs Advisory	595,819	635,203	550,894
Ministry of Attorney General	227,853	103,997	120,150
Ministry of Children and Youth Services	167,959	167,959	171,450
Ministry of Children, Community and Social Services	650,900	1,098,534	1,103,031
Ministry of Education	891,563	773,785	910,255
Ministry of Health and Long Term Care	2,524,076	2,523,615	2,036,191
Ontario First Nations Limited Partnership	481,344	534,458	880,145
Province of Ontario - other Ministries	460,421	365,757	533,820
Shooniyaa Wa-Biitong	441,553	284,384	236,831
Anishinaabe Abinoojii Family Services	-	1,207,928	1,326,802
Grand Council Treaty #3	-	814,033	291,766
Income (loss) from investment in government business enterprise	-	(144,662)	(54,126)
Other (Note 14)	2,034,259	2,459,126	3,328,675
	<hr/>	<hr/>	<hr/>
	18,873,749	26,055,667	23,747,681
Expenses			
Band Support Programs	1,983,199	2,338,660	3,054,475
Casino Rama Programs	-	16,797	32,695
Economic Development Programs	2,669,669	3,123,977	1,655,521
Social Services Programs	3,189,460	2,748,209	2,512,810
Infrastructure Programs	930,194	2,397,855	2,188,125
Housing Programs	459,478	761,692	825,394
Health Programs	3,057,447	3,430,546	3,021,333
Education Programs	7,246,490	6,174,845	5,660,047
Child and Family Programs	-	1,561,809	1,639,074
	<hr/>	<hr/>	<hr/>
	19,535,937	22,554,390	20,589,474
Annual surplus	(662,188)	3,501,277	3,158,207
Accumulated surplus, beginning of year	28,688,382	28,688,380	25,530,173
Accumulated surplus, end of year	\$ 28,026,194	\$ 32,189,657	\$ 28,688,380

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**Naotkamegwanning First Nation
Consolidated Statement of Changes in Net Debt**

For the year ended March 31	Budget	2022	2021
Annual surplus , for the year	\$ (662,188)	\$ 3,501,277	\$ 3,158,207
Acquisition of tangible capital assets	- (4,518,422)	(5,870,306)	
Amortization of tangible capital assets	- 1,512,182	1,374,896	
Net Disposals of tangible capital assets	- 6,542	-	
Net change in prepaid expenses	- (71,127)	(56,096)	
Net change in net debt	(662,188)	430,452	(1,393,299)
Net debt , beginning of year	(3,431,125)	(3,818,584)	(2,425,285)
Net debt , end of year	\$ (4,093,313)	\$ (3,388,132)	\$ (3,818,584)

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**Naotkamegwanning First Nation
Consolidated Statement of Cash Flows**

For the year ended March 31	2022	2021
Cash flows from operating activities		
Annual surplus	\$ 3,501,277	\$ 3,158,207
Adjustment for amortization	1,512,182	1,374,896
Changes in non-cash working capital items		
Accounts receivable	(2,443,449)	(583,917)
Accounts payable	394,804	763,774
Deferred revenue	4,478,531	4,597,588
Prepaid expenses	(71,123)	(56,096)
	7,372,222	9,254,452
Cash flows from capital activities		
Purchase of tangible capital assets	(4,518,422)	(5,870,306)
Disposal of tangible capital assets	6,542	-
	(4,511,880)	(5,870,306)
Cash flows from financing activities		
Net change in long term debt	(435,279)	1,884,210
Cash flows from investing activities		
Net change in portfolio investments	338,498	(618,248)
Decrease in investment in government business enterprise	144,662	54,126
	483,160	(564,122)
Increase in cash and cash equivalents	2,908,223	4,704,234
Cash and cash equivalents, beginning of year	11,408,910	6,704,676
Cash and cash equivalents, end of year	\$ 14,317,133	\$ 11,408,910

Naotkamegwanning First Nation Summary of Significant Accounting Policies

March 31, 2022

Basis of Accounting	These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local government entities as defined in the CPA Canada Public Sector Accounting Handbook.												
Reporting Entity	The Naotkamegwanning First Nation reporting entity includes the Naotkamegwanning First Nation government and all related entities that are controlled by the First Nation. This includes all aspects of band operations including provision of social, educational, administrative, housing, child and family, economic development and operational services.												
Basis of Consolidation	All controlled entities are fully consolidated on a line-by-line basis. Inter-organizational balances and transactions are eliminated upon consolidation. Organizations consolidated in Naotkamegwanning First Nation's consolidated financial statements include: Naotkamegwanning First Nation Naotkamegwanning Education Authority Naotkamegwanning Health and Social Services Shawendaasowin Child and Family Services												
	The government business enterprise is a separate legal entity which does not rely on the First Nation for funding. The investment in the government business enterprise is accounted for using the modified equity method. Under this method, the government business enterprise's accounting policies are not adjusted to conform with Public Sector Accounting Standards and inter-entity transactions and balances are not eliminated. The Paagitoon Limited Partnership was the only government business enterprise reflected in the consolidated statements.												
Tangible Capital Assets	Tangible capital assets are reported on the consolidated statement of financial position 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 attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset. Amortization is recorded over the estimated useful life of the tangible capital assets commencing once the asset is available for productive use with annual rates as follows: <table style="width: 100%;"><tbody><tr><td style="width: 50%;">Buildings</td><td style="width: 50%;">- 40 years straight line</td></tr><tr><td>Sewer and water</td><td>- 40 years straight line</td></tr><tr><td>Housing</td><td>- 20 years straight line</td></tr><tr><td>Roads and streets</td><td>- 10 years straight line</td></tr><tr><td>Automotive equipment</td><td>- 4 years straight line</td></tr><tr><td>Furniture and equipment</td><td>- 4 to 10 years straight line</td></tr></tbody></table>	Buildings	- 40 years straight line	Sewer and water	- 40 years straight line	Housing	- 20 years straight line	Roads and streets	- 10 years straight line	Automotive equipment	- 4 years straight line	Furniture and equipment	- 4 to 10 years straight line
Buildings	- 40 years straight line												
Sewer and water	- 40 years straight line												
Housing	- 20 years straight line												
Roads and streets	- 10 years straight line												
Automotive equipment	- 4 years straight line												
Furniture and equipment	- 4 to 10 years straight line												

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

Naotkamegwanning First Nation Summary of Significant Accounting Policies

March 31, 2022

Revenue Recognition	<p>Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.</p> <p>Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.</p> <p>Interest on investments is recognized as it is earned. Gains or losses on the disposal of investments are recognized once the transaction takes place.</p>
Portfolio Investments	<p>Portfolio investments are recorded at cost. Portfolio investments are written down where there has been a loss in value that is other than a temporary decline.</p>
Use of Estimates	<p>The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from management's best estimates as additional information becomes available in the future.</p>
Pension Plan	<p>The First Nation maintains a defined contribution pension plan for its personnel. Expenses for this plan are equal to the First Nation's required contribution for the year.</p>

Naotkamegwanning First Nation
Notes to Consolidated Financial Statements

March 31, 2022

1. Cash

	2022	2021
General Band operations	\$ 5,068,617	\$ 6,132,112
Education Authority operations	6,434,245	4,785,239
Health and Social Services operations	500,337	321,777
Child and Family Services operations	<u>2,313,934</u>	<u>169,782</u>
	<u>\$ 14,317,133</u>	<u>\$ 11,408,910</u>

Included in General Band cash is a replacement reserve fund bank account of \$340,185 (2021 - \$288,720) which is restricted under an agreement with Canada Mortgage and Housing Corporation (CMHC). The replacement reserve fund, along with the interest is to be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation. The funds in the accounts may only be drawn for authorized major housing renovations and repairs.

2. Portfolio Investments

	2022	2021
RBC Dominion Securities - balanced portfolio, recorded at cost (market value \$1,538,029)	\$ 1,545,556	\$ 1,221,554
New Gold shares, (2021 - 250,000 shares recorded at cost)	<u>-</u>	<u>662,500</u>
	<u>\$ 1,545,556</u>	<u>\$ 1,884,054</u>

3. Accounts Receivable

	2022	2021
Indigenous Services Canada	\$ 2,619,482	\$ 487,457
Shooniyaa Wa-Biitong	352,066	311,611
Other	<u>1,068,550</u>	<u>797,581</u>
	<u>\$ 4,040,098</u>	<u>\$ 1,596,649</u>

Naotkamegwanning First Nation
Notes to Consolidated Financial Statements

March 31, 2022

4. Investment in Government Business Enterprise, at modified equity

Paagitoon Limited Partnership

The First Nation owns 99.9% of Paagitoon Limited Partnership, which carries on the business of janitorial services. The following table represents condensed financial information for the commercial enterprise:

Percentage ownership	Paagitoon LP
	99.9%
Carrying value, March 31, 2020	\$ 393,610
Share of net income (loss)	<u>(54,126)</u>
Carrying value, March 31, 2021	339,484
Share of net income (loss)	<u>(144,662)</u>
Carrying value, March 31, 2022	\$ 194,822

	2022	2021
Financial position		
Current assets	\$ 290,334	\$ 395,825
Non-current assets	<u>66,557</u>	<u>66,557</u>
Total Assets	\$ 356,891	\$ 462,382
Current liabilities	\$ 122,261	\$ 77,122
Non-current liabilities	<u>140,143</u>	<u>162,813</u>
Total Liabilities	262,404	239,935
Contributions	-	-
Net Assets, end of year	77,640	222,447
	77,640	222,447
	\$ 340,044	\$ 462,382
Results of Operations		
Revenues	\$ 886,491	\$ 962,475
Operating Expenses	<u>1,031,298</u>	<u>1,016,655</u>
Net income	(144,807)	(54,180)
Contributions (distributions)	-	-
Net assets, beginning of year	222,447	276,627
Net assets, end of year	\$ 77,640	\$ 222,447

Naotkamegwanning First Nation Notes to Consolidated Financial Statements

March 31, 2022

5. Bank Overdraft

The First Nation has approved overdraft credit with the Royal Bank of Canada as follows:

General Band operations: \$200,000 overdraft
 Education Authority operations: \$100,000 overdraft
 Health and Social Services operations: \$15,000 overdraft
 Fisheries account: \$30,000 overdraft

All overdraft credit lines bear interest at prime plus 3.25%. At March 31, 2022, none of the overdraft were being utilized.

The First Nation also has approved credit facilities with the Royal Bank of Canada as follows:

\$3,000,000 non-revolving term facility for the construction of the new community centre. At year-end, \$2,763,574 of this facility is being utilized at an interest rate of 3.70%.
 \$1,240,000 multi-draw term loan with term take-out for the purchase of CP Lands. At year-end, \$248,198 of this facility is being utilized at an interest rate of 4.20%.

These credit facilities are secured by OFNLP funding payable directly to the Bank up to \$373,104 per annum.

6. Accounts Payable

	2022	2021
Accounts payable	\$ 1,089,384	\$ 1,709,878
Payroll accruals	489,109	450,258
Government contributions repayable	1,803,053	1,082,806
Advances from CMHC	256,200	-
	<hr/> \$ 3,637,746	<hr/> \$ 3,242,942

7. Deferred Revenue

	Opening Balance	Funding Received	Revenue Recognized	Closing Balance 2022	Closing Balance 2021
Indigenous Services Canada	\$ 5,913,987	\$ 19,268,346	\$ (14,902,945)	\$ 10,279,388	\$ 5,913,987
Shooniyyaa Wa-Biitong	114,554	352,384	(284,384)	182,554	114,554
Anishinaabe Abinoojii					
Family Services	11,587	1,481,302	(1,482,302)	10,587	11,587
Other	47,204	710,164	(664,034)	93,334	47,204
	<hr/> \$ 6,087,332	\$ 21,812,196	\$ (17,333,665)	\$ 10,565,863	\$ 6,087,332

**Naotkamegwanning First Nation
Notes to Consolidated Financial Statements**

March 31, 2022

8. Long Term Debt

	2022	2021
Canada Mortgage and Housing Corporation mortgage loan 22-288-898-001, 9 unit, repayable \$2,755 monthly including interest at 0.86%, maturing February 1, 2032	\$ 314,100	\$ 343,432
Canada Mortgage and Housing Corporation mortgage loan 22-288-898-002, 12 unit, repayable \$3,953 monthly including interest at 2.22%, maturing October 1, 2033	484,356	520,652
Canada Mortgage and Housing Corporation mortgage loan 22-288-898-003, 10 unit, repayable \$4,483 monthly including interest at 1.89%, maturing January 1, 2034	570,209	612,831
Canada Mortgage and Housing Corporation mortgage loan 22-288-898-004, 10 unit, repayable \$4,683 monthly including interest at 0.96%, maturing October 1, 2034	665,919	723,129
Canada Mortgage and Housing Corporation mortgage loan 22-288-898-005, 7 Unit, repayable \$2,857 monthly including interest at 1.13%, maturing May 1, 2026	139,485	164,342
Canada Mortgage and Housing Corporation mortgage loan 22-288-898-008, 8 Unit, repayable \$9,475 monthly including interest at 2.06%, maturing January 1, 2035	1,281,786	1,358,054
Promissory notes payable to Minister of Indigenous and Northern Affairs Canada, interest free unless in default, repayable the earlier of March 31, 2023 or the date on which Flooding claim is settled	1,752,836	1,596,727
Royal Bank of Canada loan 72147184-057, repayable \$8,513 monthly, including interest at 2.85%, maturing January 2, 2024	950,858	1,024,758
Royal Bank of Canada, repayable \$732 monthly plus interest at 4.17%, maturing May 03, 2022	1,441	10,315
Royal Bank of Canada loan 72147184-054, repayable \$3,048 monthly including interest at 4.20%, maturing March 31, 2023	248,198	273,714
Royal Bank of Canada loan 72147184-058, repayable \$26,343 monthly including interest at 3.70%, maturing January 31, 2023	2,763,574	2,967,579
Royal Bank of Canada loan 72147184-056, repayable \$1,042 monthly plus interest at 3.68%, maturing December 21, 2022	109,370	121,874
	\$ 9,282,132	\$ 9,717,407

Principal payments due in the next five years are as follows:

2023	\$ 5,232,376
2024	1,160,510
2025	290,588
2026	295,562
2027	271,972
Thereafter	2,031,124
Total	\$ 9,282,132

The CMHC mortgage loans are secured by a Ministerial guarantee.

Canada Mortgage and Housing Corporation mortgage loan 22-288-898-001 was renewed on August 1, 2022 with new terms as repayable \$3,338 monthly including interest at 3.45%, no changes to maturity date of February 1, 2032.

Naotkamegwanning First Nation
Notes to Consolidated Financial Statements

March 31, 2022

9. Tangible Capital Assets

	Cost				Accumulated Amortization			2022
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Amortization	Disposals and Writedowns	Closing Balance
Land	\$ 585,964	\$ 188,584	\$ -	\$ 774,548	\$ -	\$ -	\$ -	\$ 774,548
Buildings	19,988,125	155,849	-	20,143,974	7,203,491	443,145	-	7,646,636 12,497,338
Sewer and water	17,270,387	2,916,139	-	20,186,526	4,471,713	393,650	-	4,865,363 15,321,163
Housing	28,281,028	1,018,242	-	29,299,270	22,938,959	490,734	-	23,429,693 5,869,577
Roads and streets	2,085,643	(57,227)	-	2,028,416	1,971,018	6,039	-	1,977,057 51,359
Automotive equipment	2,670,189	98,530	45,790	2,722,929	2,095,931	118,210	39,248	2,174,893 548,036
Furniture and equipment	376,587	198,305	32,494	542,398	165,194	60,404	32,494	193,104 349,294
	\$ 71,257,923	\$ 4,518,422	\$ 78,284	\$ 75,698,061	\$ 38,846,306	\$ 1,512,182	\$ 71,742	\$ 40,286,746
								\$ 35,411,315

The net book value of tangible capital assets not being amortized because they are under construction is \$793,177 (2021 - \$2,316,300).

	Cost				Accumulated Amortization			2021
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Amortization	Disposals and Writedowns	Closing Balance
Land	\$ 298,013	\$ 287,951	\$ -	\$ 585,964	\$ -	\$ -	\$ -	\$ 585,964
Buildings	17,149,153	2,838,972	-	19,988,125	6,874,067	329,424	-	7,203,491 12,784,634
Sewer and water	15,666,842	1,603,545	-	17,270,387	4,145,422	326,291	-	4,471,713 12,798,674
Housing	27,424,479	856,549	-	28,281,028	22,449,807	489,152	-	22,938,959 5,342,069
Roads and streets	1,980,476	105,167	-	2,085,643	1,966,387	4,631	-	1,971,018 114,625
Automotive equipment	2,536,804	133,385	-	2,670,189	1,910,731	185,200	-	2,095,931 574,258
Furniture and equipment	331,850	44,737	-	376,587	124,996	40,198	-	165,194 211,393
	\$ 65,387,617	\$ 5,870,306	\$ -	\$ 71,257,923	\$ 37,471,410	\$ 1,374,896	\$ -	\$ 38,846,306
								\$ 32,411,617

Naotkamegwanning First Nation Notes to Consolidated Financial Statements

March 31, 2022

10. Accumulated Surplus

Naotkamegwanning First Nation segregates its accumulated surplus into the following categories:

	2022	2021
Current funds	\$ 3,263,884	\$ 3,328,173
Investment in capital assets	28,130,217	24,564,651
Replacement reserve	795,556	795,556
	<u>\$ 32,189,657</u>	<u>\$ 28,688,380</u>

11. Funds Held in Trust - Ottawa Trust Funds

	2022	2021
Revenue Account		
Balance, April 1	\$ 16,154	\$ 15,154
Interest and other income earned	<u>1,000</u>	<u>1,000</u>
Capital Account		
	17,154	16,154
	<u>24,918</u>	<u>24,918</u>
	<u>\$ 42,072</u>	<u>\$ 41,072</u>
Fund Balances		
Revenue Fund	\$ 17,154	\$ 16,154
Capital Fund	<u>24,918</u>	<u>24,918</u>
	<u>\$ 42,072</u>	<u>\$ 41,072</u>

The trust accounts arise from monies 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. These funds are restricted for their use, of which the Band is generally permitted to use for a purpose that will promote the general progress and welfare of the Band and Band members. The management of these funds is primarily governed by the sections of the Indian Act.

Trust funds administered by Indigenous Services Canada for the benefit of the First Nation have not been included in the statement of financial position nor have the operations been included in the statement of financial activities.

Naotkamegwanning First Nation
Notes to Consolidated Financial Statements

March 31, 2022

12. Government Transfers

	2022			2021		
	Operating	Capital	Total	Operating	Capital	Total
Federal						
ISC	\$ 13,893,602	\$ 987,502	\$ 14,881,104	\$ 10,339,194	\$ 1,615,886	\$ 11,955,080
CMHC	<u>350,446</u>	-	<u>350,446</u>	356,717	-	<u>356,717</u>
Subtotal	14,244,048	987,502	15,231,550	10,695,911	1,615,886	12,311,797
Provincial	<u>5,033,647</u>	-	<u>5,033,647</u>	4,608,230	266,667	<u>4,874,897</u>
Total	\$ 19,277,695	\$ 987,502	\$ 20,265,197	\$ 15,304,141	\$ 1,882,553	\$ 17,186,694

13. Budget

The budget approved by Chief and Council was not prepared on a basis consistent with that used to report actual financial statement results (Public Sector Accounting Standards). The budgets were prepared on a modified accrual basis while Public Sector Accounting Standards require a full accrual basis. The budgets expensed all capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statement of operations and changes in net debt represent the budgets adopted by Council with adjustments as follows. As well, the budget approved by Chief and Council was not prepared on a consolidated basis and does not include all of the activities of the First Nation. As a result, budget figures are only presented on where available.

Budget Shortfall	\$ (1,140,416)
Add:	-
Capital expenditures	-
Budgeted payments of long term debt	<u>478,228</u>
Budgeted surplus per statement of operations	<u>\$ (662,188)</u>

14. Other income

	2022	2021
Rent revenue	\$ 178,330	\$ 228,215
Cafe revenue	94,603	145,177
Mining revenue	1,296,974	1,037,042
Tuition revenue	262,096	326,238
Bimose Tribal Council	-	170,200
Other	<u>627,123</u>	<u>1,421,803</u>
	\$ 2,459,126	\$ 3,328,675

Naotkamegwanning First Nation Notes to Consolidated Financial Statements

March 31, 2022

15. Defined Contribution Pension Plan

Naotkamegwanning First Nation provides a defined contribution plan for eligible employees. The plan is funded equally by the First Nation and the First Nation employees at rates of 5% of the employee's salary. The funds are invested in segregated funds as directed by the First Nations' individual employees' investment directives.

The expense for the First Nation's pension plan for the year was as follows:

	2022	2021
Band employees	\$ 108,445	\$ 107,666
Education Authority employees	140,437	138,054
Health and Social Services employees	42,815	39,297
Child and Family Services employees	37,599	59,501
	<hr/> \$ 329,296	<hr/> \$ 344,518

16. Contingent Asset

The First Nation is under ongoing negotiations with the Government of Canada and Province of Ontario regarding flooding claims. In July 2022, the First Nation approved Canada's and Ontario's offer for compensation for settlement of the Flood Claim. Settlement is subject to ratification and execution of a settlement agreement with Ontario and Canada that addresses matters including but not limited to assessment, releases, return of island and addition to reserve lands. The expected combined settlement amount is \$88.4 million, plus any further increases due to further costs incurred and any changes to the settlement formula caused by delays in the finalization process.

17. Contractual Rights

The First Nation has an ongoing Impact Benefit Agreement with New Gold Inc. in which the First Nation receives metal production payments based on actual production with a minimum of \$125,000 per year, royalty payments based on New Gold Inc.'s share price with a minimum of \$125,000 annually and an annual education payment of \$50,000, until all metal production at the Rainy River Project ceases.

18. Uncertainty Due to COVID-19

During the year, the impact of COVID-19 in Canada and on the global economy continued to be significant.

The restrictions put in place by Canadian, provincial and municipal governments and the First Nation community regarding travel and social distancing has impacted the delivery of programs administered by the organization most of which are considered essential services. Indigenous Services Canada has approved the carry-forward of some unexpended funding as of March 31, 2021 for fixed funding. One time funding has also been received to assist with the additional costs associated with PPE for the safety of its employees and band members.

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

Naotkamegwanning First Nation Notes to Consolidated Financial Statements

March 31, 2022

19. Commitment

The First Nation is committed to rehabilitating the access road to the First Nation which has an estimated total cost of \$5.7 million. As of year-end, total costs incurred were \$0.1 million leaving \$5.6 million remaining to be incurred in the 2022/23 fiscal year.

20. Segmented Information

Naotkamegwanning First Nation is a diversified local government that provides a wide range of services to its citizens and members, including band support, Ontario First Nations (2008) Limited Partnership (OFNLP), economic development, education, child and family services, social services (including emergency operations, day care, social development, prevention services and native justice), health services (including community services, health care centre), infrastructure (including capital, arena, and community centre), and housing (including housing maintenance and renovations).

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. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. Operations and maintenance fee allocations have been made to each building based on a percentage of overall maintenance costs. Administrative fees, based on a percentage of revenues, have been allocated to programs where permitted by the funder.

Naotkamegwanning First Nation Segmented Disclosure

For the year ended March 31, 2022

	Band Support	OFNLP	Economic Development	Social Services	Infrastructure	Housing	Health	Education	Child & Family Services	Total
Revenue										
Government Transfers	\$ 2,659,908	\$ 534,458	\$ 1,849,155	\$ 3,075,928	\$ 3,371,217	\$ 346,409	\$ 3,784,866	\$ 6,507,453	\$ 1,622,536	\$ 23,751,930
Commercial activities	-	-	1,608,158	-	25,867	45,900	-	-	-	1,679,925
Income from Government										
Other	220,969	-	-	-	3,097	-	28,233	371,513	-	623,812
	2,880,877	534,458	3,457,313	3,075,928	3,400,181	392,309	3,813,099	6,878,966	1,622,536	26,055,667
Expenses										
Amortization	10,259	-	3,385	82,250	741,651	454,563	38,012	72,781	109,281	1,512,182
Other expenses	374,624	16,797	17,997	166,979	265,714	182,687	-	-	14,125	1,038,923
Office, equipment, supplies and program expenses	424,760	-	1,784,904	397,926	128,553	-	-	1,112,653	288,502	4,137,298
Professional	210,966	-	253,033	19,340	217,646	7,973	1,061,565	340,428	57,136	2,168,087
Travel, training and meetings	64,074	-	137,289	67,094	58,006	-	284,524	699,328	128,807	1,439,122
Utilities, fuel and maintenance	121,565	-	70,734	156,798	252,383	116,242	97,570	184,826	62,805	1,062,923
Wages, benefits and honoraria	1,132,412	-	856,635	1,857,822	733,902	227	1,948,875	3,764,829	901,153	11,195,855
	2,338,660	16,797	3,123,977	2,748,209	2,397,855	761,692	3,430,546	6,174,845	1,561,809	22,554,390
Excess of revenue (expenses)	\$ 542,217	\$ 517,661	\$ 333,336	\$ 327,719	\$ 1,002,326	\$ (369,383)	\$ 382,553	\$ 704,121	\$ 60,727	\$ 3,501,277

Naotkamegwanning First Nation Segmented Disclosure

For the year ended March 31, 2021

	Band Support	Casino Rama	Economic Development	Social Services	Infrastructure	Housing	Health	Education	Child & Family Services	Total
Revenue										
Government Transfers	\$ 2,432,425	\$ 880,145	\$ 1,471,230	\$ 2,884,212	\$ 2,340,970	\$ 356,717	\$ 3,201,529	\$ 5,423,731	\$ 1,508,721	\$ 20,499,680
Commercial activities	-	-	1,392,888	-	54,015	44,300	-	-	-	1,491,203
Income from Government Business Enterprise	-	-	(54,126)	-	-	-	-	-	-	(54,126)
Other	625,195	-	-	200,458	28,990	-	20,392	935,889	-	1,810,924
	3,057,620	880,145	2,809,992	3,084,670	2,423,975	401,017	3,221,921	6,359,620	1,508,721	23,747,681
Expenses										
Amortization	38,118	-	6,768	100,832	563,424	485,964	23,524	52,610	103,653	1,374,893
Other expenses	374,773	32,695	23,488	164,470	246,970	198,995	-	-	61,559	1,102,950
Office, equipment, supplies and program expenses	937,993	-	1,215,211	352,347	173,788	15,640	-	760,560	114,443	3,569,982
Professional	218,354	-	52,452	5,724	216,980	19,054	1,014,113	432,875	42,108	2,001,660
Travel, training and meetings	44,609	-	20,290	68,533	19,517	-	134,334	539,535	33,799	860,617
Utilities, fuel and maintenance	100,911	-	13,799	82,621	163,731	105,741	109,971	180,466	100,804	858,044
Wages, benefits and honoraria	1,339,717	-	323,513	1,738,283	803,715	-	1,739,391	3,694,001	1,182,708	10,821,328
	3,054,475	32,695	1,655,521	2,512,810	2,188,125	825,394	3,021,333	5,660,047	1,639,074	20,589,474
Excess of revenue (expenses)	\$ 3,145	\$ 847,450	\$ 1,154,471	\$ 571,860	\$ 235,850	\$ (424,377)	\$ 200,588	\$ 699,573	\$ (130,353)	\$ 3,158,207