

**Aamjiwnaang First Nation
Consolidated Financial Statements
For the Year Ended March 31, 2023**

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Consolidated Financial Statements
For the Year Ended March 31, 2023**

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Independent Auditor's Report

To the council of Aamjiwnaang First Nation

Opinion

We have audited the consolidated financial statements of Aamjiwnaang First Nation and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at March 31, 2023, the consolidated statements of operations and accumulated surplus, change in net financial assets, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group as at March 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian Public Sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the 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 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 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.

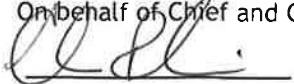
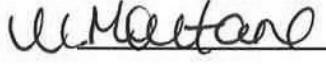
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

London, Ontario
July 26, 2023

Aamjiwnaang First Nation Consolidated Statement of Financial Position

March 31	2023	2022
Financial Assets		
Cash	\$17,678,179	\$ 18,483,981
Trust funds in Ottawa (Note 2)	6,660,140	6,287,004
Restricted assets (Note 3)	1,824,596	1,074,151
Portfolio investments	34,837,015	29,552,250
Accounts receivable (Note 4)	6,330,227	6,890,350
Loans to Band members (Note 5)	673,514	669,317
Investment in related parties (Note 6)	2,994,638	4,108,013
Net investment in energy projects (Note 7)	33,713,862	27,413,755
Mortgage receivable from related party (Note 6)	<u>5,706,066</u>	<u>7,873,235</u>
	<u>\$110,418,237</u>	<u>\$102,352,056</u>
Liabilities		
Accounts payable and accrued charges	\$ 1,541,993	\$ 1,498,346
Deferred revenue (Note 8)	12,309,178	9,663,946
Long-term debt (Note 9)	<u>8,192,387</u>	<u>10,712,798</u>
	<u>22,043,558</u>	<u>21,875,090</u>
Net Financial Assets	<u>\$88,374,679</u>	<u>\$ 80,476,966</u>
Non-Financial Assets		
Tangible capital assets (Note 10)	\$21,725,967	\$ 18,750,880
Prepaid assets	<u>353,117</u>	<u>459,770</u>
	<u>22,079,084</u>	<u>19,210,650</u>
Accumulated Surplus (Note 11)	<u>\$110,453,763</u>	<u>\$ 99,687,616</u>
Contingent liability (Note 12)		
Asset Retirement Obligations (Note 13)		
On behalf of Chief and Council:		
 Chief	 Finance Coordinator	

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

Aamjiwnaang First Nation Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31	2023 Budget	2023	2022
Revenue			
Indigenous Services Canada			
Grant	\$ -	\$ 368,376	\$ 820,589
Fixed contribution	1,670,104	3,864,600	1,275,980
Set contribution	174,075	293,948	297,409
Health Canada	2,296,721	2,524,458	1,899,878
Canadian Mortgage and Housing Corporation	172,994	309,964	286,039
Other federal funding	38,525	422,945	-
Province of Ontario	2,336,978	2,197,930	2,349,802
Southern First Nations Secretariat	547,270	452,486	630,924
Ontario First Nations Limited Partnership	1,200,000	1,092,437	774,753
Union of Ontario Indians	477,709	620,367	588,887
Stepping Stones Support Services	1,319,193	1,465,006	1,375,959
Kinomaadswin Education Body Inc.	4,715,363	6,266,145	5,319,862
Adelaide wind project	-	800,000	1,500,000
Donation	15,000	145,868	300
Lease and management fee revenue	3,008,962	2,838,581	3,171,476
Grand Bend wind project	3,250,000	2,465,768	2,572,325
Romney wind project revenue	-	125,000	-
Catering	20,000	14,259	500
Rental income	509,490	675,713	731,220
Interest income	305,000	1,664,633	1,471,701
Independent Electricity System Operator	-	58,598	62,666
Other revenue	1,098,509	1,900,416	2,010,907
User fees	60,000	70,469	60,870
Southwest Ontario Aboriginal Health Access Centre	72,813	72,813	103,359
	23,288,706	30,710,780	27,305,406
Expenses			
Community Services - Schedule 1	15,176,617	17,103,439	15,094,038
Economic Development - Schedule 2	958,458	1,062,858	1,030,483
Housing - Schedule 3	619,477	999,413	1,327,409
General - Schedule 4	4,709,971	6,635,134	9,884,106
	21,464,523	25,800,844	27,336,036
Excess of revenue over expenses from operations before net earnings from government enterprises	1,824,183	4,909,936	(30,630)
Net earnings from investment in energy projects	-	6,300,107	6,642,170
Transfer of CMHC units	-	(443,896)	(310,782)
Annual surplus for the year (Note 11)	1,824,183	10,766,147	6,300,758
Accumulated surplus, beginning of year (Note 11)	-	99,687,616	93,386,858
Accumulated surplus, end of year (Note 11)	\$ -	\$ 110,453,763	\$ 99,687,616

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

Aamjiwnaang First Nation
Consolidated Statement of Change in Net Financial Assets

For the year ended March 31	2023 Budget	2023	2022
Annual surplus	\$ 3,178,801	\$10,766,147	\$ 6,300,758
Acquisition of tangible capital assets	-	(4,319,165)	(967,169)
Transfer of CMHC units	-	443,896	310,782
Amortization of tangible capital assets	-	900,182	913,408
	3,178,801	7,791,060	6,557,779
Acquisition of prepaid assets	-	(353,117)	(459,770)
Utilization of prepaid assets	3,178,801	459,770	51,896
	-	106,653	(407,874)
Net change in financial assets	-	7,897,713	6,149,905
Net Financial Assets, Beginning of Year	60,830,477	80,476,966	74,327,061
Net Financial Assets, End of Year	\$ -	\$88,374,679	\$ 80,476,966

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

Aamjiwnaang First Nation Consolidated Statement of Cash Flows

For the year ended March 31	2023	2022
Cash flows from operating activities		
Annual surplus	\$10,766,147	\$ 6,300,758
Items not affecting cash:		
Amortization	900,182	913,408
Net earnings from investment in energy projects	(6,300,107)	(6,642,170)
Net increase in trust funds in Ottawa	<u>(373,136)</u>	<u>(297,360)</u>
	4,993,086	274,636
Changes in non-cash working capital:		
Accounts receivable	560,123	(1,889,054)
Prepaid expenses	106,657	(407,875)
Accounts payable and accrued liabilities	43,647	(242,390)
Deferred revenue	<u>2,645,233</u>	<u>3,227,710</u>
	8,348,746	963,027
Cash flows from investing activities		
Net change of portfolio investments	(5,284,765)	(3,525,576)
Advances to related parties	1,113,375	537,366
Net decrease in housing loans to Band members	(4,198)	11,178
Repayments on mortgage receivable from 2479793 Ontario	2,167,169	2,102,475
Investment in restricted assets	<u>(750,445)</u>	<u>539,173</u>
	(2,758,864)	(335,384)
Cash flows from financing activities		
Repayment of long-term debt	<u>(2,520,411)</u>	<u>(2,624,404)</u>
Cash flows from capital activities		
Acquisition of tangible capital assets	(4,319,169)	(967,169)
Transfer of CMHC units	<u>443,896</u>	<u>310,782</u>
	(3,875,273)	(656,387)
Change in Cash	(805,802)	(2,653,148)
Cash, beginning of the year	18,483,981	21,137,129
Cash, end of the year	\$17,678,179	\$ 18,483,981

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

Aamjiwnaang First Nation Notes to Consolidated Financial Statements

March 31, 2023

1. Significant Accounting Policies

Nature of Business	The Aamjiwnaang First Nation is located in Sarnia, Ontario. The elected government consists of a Chief and nine members of Council. The organization manages and administers all political, social and economic programs of this First Nation.
Management's Responsibility	These financial statements of the First Nation are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards for local government entities.
Basis of Presentation	The financial statements have been prepared in accordance with Canadian public sector accounting standards for local government entities.
Revenue Recognition	<p>Revenues are recognized in the period in which the transactions or events give rise to the revenues. All revenues are recorded on an accrual basis.</p> <p>Government transfers are recognized as revenue in the financial statements 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>Contributions, other than government transfers, are deferred when restrictions are placed on their use by the external contributor, and are recognized in revenue when used for the specific purpose.</p> <p>Investment income is recognized as revenue of the appropriate reserve on an accrual basis.</p> <p>Rental revenue and interest on loans is recognized when it is due in accordance with the respective agreements.</p> <p>Investment income earned is recognized as revenue of the appropriate reserve on an accrual basis.</p> <p>Revenue related to fees or services received in advance of the fee being earned or the services performed is deferred and recognized when the fee is earned or service provided.</p> <p>Settlement proceeds are recognized as revenue in the period in which the settlement occurred that gave rise to the revenues and the amount to be received can be reasonably estimated and collection is reasonably assured.</p>

Aamjiwnaang First Nation Notes to Consolidated Financial Statements

March 31, 2023

1. Significant Accounting Policies (continued)

Tangible Capital Assets Tangible capital assets have been recorded at cost and amortized over their useful lives. Amortization is computed using the following annual rates and methods:

	Method	Rate
Buildings	Diminishing balance	4%
Infrastructure	Diminishing balance	4%
Furniture and equipment	Diminishing balance	20%
Vehicles and machinery	Diminishing balance	30%
Computers	Diminishing balance	30%

Tangible capital assets under construction, development or that have been removed from service are not amortized until they are available to be put into service.

Management estimates The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in operations in the period in which they become known.

Portfolio investments Portfolio investments are recorded at cost. The market value of the portfolio investments that are publicly traded is \$32,561,636 (2022 - \$29,763,367).

Principal of consolidation Commercial enterprises that meet the definition of a government business enterprise are included in the consolidated financial statements on a modified equity basis. Under the modified equity method of accounting, only Aamjiwnaang First Nation's investment in the government business enterprise and the First Nation's portion of the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of Aamjiwnaang First Nation and inter-organizational balances and transactions are not eliminated.

Organizations accounted for on a modified equity basis include:

Chippewa Industrial Developments Limited
Ojibwe Legends Trading Company Ltd.
Ojibwe Filters and Industrial Supplies Ltd.

Aamjiwnaang First Nation Notes to Consolidated Financial Statements

March 31, 2023

1. Significant Accounting Policies (continued)

Loans to Band Members Funding received for the purpose of building and renovating houses is recorded as revenue of a specific program. The commitment of the funds to a particular First Nation member for the purchase of approved housing is recorded as an expenditure of the program and as a commitment to that First Nation member. Commitments outstanding at the end of the year are reported as liabilities.

Agreements exist between the Council and the members regarding the terms of repayment of various expenses. The portion of the expenses determined to be repayable are recorded as loans due from the members on the Consolidated Statement of Financial Position.

Loans to band members are recorded at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt as assessed by management. When the loss is known with sufficient precision and there is no realistic prospect of recovery, the loan receivable is reduced by the amount of the loss. Loans are reviewed on an annual basis by management.

Aamjiwnaang First Nation Notes to Consolidated Financial Statements

March 31, 2023

1. Significant Accounting Policies (continued)

Reserve Accounting	<p>The First Nation records accounting transactions using the reserve accounting method generally in use for government organizations. A reserve is determined for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The various funds have been amalgamated for the purpose of presentation in the financial statements. The First Nation maintains the following reserves:</p> <p>Operating - the operating reserve reports the general activity of the First Nation administration</p> <p>Enterprise - the enterprise reserve reports the activity of the various investments in government business enterprises. These government business enterprises include wholly owned subsidiaries Chippewa Industrial Developments Limited, Ojibwe Legends Trading Company Ltd., and Ojibwe Filters and Industrial Supplies Ltd.</p> <p>Internally restricted - the internally restricted reserve reports the designated assets, as established by the First Nation's council, which requires Band Council motion to release any portion of these reserves for expenses.</p> <p>Externally restricted - the externally restricted reserve reports the activities and assets of all externally restricted assets, including the Trust funds in Ottawa and Ontario First Nations Limited Partnership.</p>
Asset Retirement Obligations	<p>A liability for an asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset; 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 liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.</p>

Aamjiwnaang First Nation Notes to Consolidated Financial Statements

March 31, 2023

2. Trust Funds in Ottawa

	2023	2022
Revenue trust fund	\$ 4,853,727	\$ 4,480,591
Capital trust fund	<u>1,806,413</u>	<u>1,806,413</u>
	<u>\$ 6,660,140</u>	<u>\$ 6,287,004</u>

3. Restricted Assets

The externally restricted assets represent the assets of the operating surplus and replacement reserves for the CMHC housing projects and the Romney project.

	2023	2022
CMHC		
Cash	\$ 1,214,922	\$ 1,201,544
Due from operating account - replacement reserve	(112,683)	(106,684)
Due to operating account - operating reserve	<u>(460,307)</u>	<u>(145,774)</u>
	<u>641,932</u>	<u>949,086</u>
Romney Project		
Restricted cash for loan receivable	<u>1,182,664</u>	<u>125,065</u>
	<u>\$ 1,824,596</u>	<u>\$ 1,074,151</u>

Restricted cash for loan receivable is an amount held in the bank account required as part of the lending agreement for RBC loan payable outlined in Note 6.

Aamjiwnaang First Nation

Notes to Consolidated Financial Statements

March 31, 2023

4. Accounts receivable

	2023	2022
Federal Government	\$ 2,958,878	\$ 3,817,089
Provincial Government programs	157,880	274,339
Other funders		
Kinomaadswin Education Body Inc.	449,590	668,694
Independent Electricity System Operator	137,529	78,931
Mnaasged Child and Family Services	701	701
Nuclear Waste Management Organization	40,000	40,000
Right to Play	15,938	5,468
Southern First Nations Secretariat	123,315	54,835
Southwest Ontario Aboriginal Heath Access Centre	45,581	45,581
Stepping Stones Support Services	14,838	109,034
Union of Ontario Indians	532,074	441,178
Rent net of allowance	6,767	22,713
Lease receivables	824,890	598,152
Employee restitution order	63,304	63,304
Suncor Energy Inc.	825	102,075
Hydro One	20,212	12,310
Bioindustrial Innovation Canada	32,855	-
Walpole Island First Nation	125	125
Accrued interest	315,519	227,630
Due from CMHC account	460,307	145,774
Miscellaneous	129,099	182,417
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	\$ 6,330,227	\$ 6,890,350

5. Loans to Band Members

	2023	2022
Loans		
Housing	\$ 1,325,120	\$ 1,262,399
Special	13,928	13,928
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	1,339,048	1,276,327
Less: allowance for doubtful loans	<hr/>	<hr/>
	(665,534)	(607,010)
	<hr/>	<hr/>
	\$ 673,514	\$ 669,317

Housing loans bear interest at various rates from 2.5% to 5%. An allowance for doubtful accounts has been created to allow for loans which may not ultimately be collectible. Interest on the special loans has not been recorded as these loans may not ultimately be collectible.

Aamjiwnaang First Nation Notes to Consolidated Financial Statements

March 31, 2023

6. Investment in Related Parties

The investment in related parties is made up of investments in government business enterprises through advances to and shares in these corporations. The advances to these corporations are non-interest bearing, unsecured and are due on demand.

	2023	2022
Investment in related parties		
Chippewa Industrial Developments Ltd.	\$ 4,137,781	\$ 4,191,417
Ojibwe Filters and Industrial Supplies Ltd.	-	2,140
Shares in Ojibwe Legends Trading Company Ltd.	-	1
2479793 Ontario Inc.	<u>(1,143,143)</u>	<u>(85,545)</u>
	<u>2,994,638</u>	<u>4,108,013</u>
 Mortgage receivable from related party		
Mortgage receivable from 2479793 Ontario Inc.	5,706,066	7,873,235
3.01%, repayable in blended quarterly installments of \$594,527, due July 2025.		
	<u>\$ 8,700,704</u>	<u>\$ 11,981,248</u>

The shares in Chippewa Industrial Developments Ltd. are owned and controlled by the Band is considered an investment in government business enterprises and is accounted for using the modified equity method as indicated in Note 1. During the year Ojibwe Filters and Industrial Supply Ltd. and Ojibwe Legends Trading Company Ltd. were both dissolved.

Financial statements for each of the corporations have been prepared for the year ended December 31, 2022. These financial statements may provide additional information as to the financial affairs and resources of these government business enterprises.

Aamjiwnaang First Nation Notes to Consolidated Financial Statements

March 31, 2023

7. Net Investment in Energy Projects

December 31,	2022	2021
Giiwedin Noodin FN Energy Corporation		
Total assets	<u>\$13,236,274</u>	<u>\$ 12,802,771</u>
Total liabilities	<u>3,326,849</u>	<u>3,507,516</u>
	<u>9,909,425</u>	<u>9,295,255</u>
2401077 Ontario Inc.		
Total assets	<u>43,708,531</u>	<u>46,425,015</u>
Total liabilities	<u>30,463,092</u>	<u>32,246,813</u>
	<u>13,245,439</u>	<u>14,178,202</u>
2479793 Ontario Inc.		
Total assets	<u>87,230,046</u>	<u>85,795,164</u>
Total liabilities	<u>76,671,048</u>	<u>81,854,866</u>
	<u>10,558,998</u>	<u>3,940,298</u>
Total net investments in energy projects	<u>\$33,713,862</u>	<u>\$ 27,413,755</u>

The net investment in energy projects is accounted for on a net basis due to the limited recourse debt noted in each arrangement. Each debt agreement with the lenders for each project contains a waterfall clause that limits distributions. In addition, each corporation's investment in a wind energy partnership is pledged as security for the related debt.

Aamjiwnaang First Nation

Notes to Consolidated Financial Statements

March 31, 2023

8. Deferred Revenue

	2023	2022
Health Canada		
Aboriginal diabetes	\$ 19,000	\$ 24,903
Building healthy communities	149,125	231,419
Community health representative	132,273	263,535
Health centre O&M	10,618	33,031
Healthy child development	39,919	43,103
Home and community care	383,316	349,964
Jordan's Principle	170,232	77,979
Medical transportation	192,025	149,204
Indigenous Services Canada		
Administration	45,698	60,000
Band rep services	180,685	-
CFS Build	-	1,079,068
COVID-19 Relief	139,135	217,619
Housing - enhanced	-	14,762
Economic Development	-	36,132
Environment	-	81,165
Governance	167,300	92,300
Land and Memberships	36,904	-
Minor Capital	633,957	499,382
New Housing Construction	774,500	309,600
Prevention	2,763,452	562,108
Special education	12,893	72,468
Youth experience	20,790	87,040
Canada Mortgage and Housing Corporation	162,000	-
Client Base Career Counselling	-	4,399
Economic development	82,508	-
Enbridge capacity	12,114	-
Environment and Climate Change Canada	42,373	-
Environment - miscellaneous projects	18,231	79,425
Hydro One capacity	9,228	-
Ministry of Environment		
Standards	71,372	148,862
NALMA	-	46,831
National Child Benefits	-	412
Nova capacity	44,911	29,311
IOL	77,500	77,500
Residential school monument	97,693	-
Shell		
Community benefit fund	-	58,824
Pipeline lease advance payout	252,037	336,050

Aamjiwnaang First Nation Notes to Consolidated Financial Statements

March 31, 2023

8. Deferred Revenue (continued)

	2023	2022
Southern First Nation Secretariat		
Client base, CRF	807,412	683,400
Employment Insurance	174,001	139,251
Stepping Stones - COVID support	131,473	-
Styrolution	-	8,303
Suncor		
Capacity	-	175,278
PSW program	-	6,769
Union of Ontario Indians		
Early learning and child care	31,927	-
Prevention	1,409	9,000
Wheelchair ramp	114,164	-
Other Revenue	45,192	116,249
Kinomaadswin Education Body Inc.		
ABKM	12,748	469,024
Education	3,257,233	2,074,732
Language and culture	-	82,620
Niigaan Gdizhaami	66,149	33,951
Post Secondary education	925,681	509,634
Provincial tuition	-	134,275
Special education	-	10,147
Student supports	-	144,917
	<hr/>	<hr/>
	\$12,309,178	\$ 9,663,946

Aamjiwnaang First Nation Notes to Consolidated Financial Statements

March 31, 2023

9. Long-term Debt

	2023	2022
Housing Projects Loans		
1.30%, repayable in blended monthly instalments of \$3,703, repaid in the year - Phase 7	\$ -	\$ 11,087
0.62%, repayable in blended monthly instalments of \$16,190, repaid in the year - Phase 8	-	193,620
1.43%, repayable in blended monthly instalments of \$3,454, repaid in the year - Phase 9	-	3,434
1.92%, repayable in blended monthly instalments of \$5,790, due May 2024 - Phase 10	960,573	1,011,326
1.92%, repayable in blended monthly instalments of \$5,560, due July 2024 - Phase 11	931,524	980,747
1.89%, repayable in blended monthly instalments of \$4,731, due November 2024 - Phase 12	594,224	639,349
RBC Loan Payable		
3.01%, repayable in blended quarterly instalments of \$594,527, due July 2025	<u>5,706,066</u>	7,873,235
	<u>\$ 8,192,387</u>	<u>\$ 10,712,798</u>

Principal amounts due in the next four years are as follows:

2024	2,378,788
2025	4,637,910
2026	1,175,689
<u>\$ 8,192,387</u>	

The RBC Loan is secured by a Band Council resolution signed by the First Nation in the amount of \$3,000,000 in respect to the terms of the On-Reserve Housing Loan Program as well as security agreement on the lender's form 1032 signed by the First Nation constituting a first ranking security interest in securities held in an account maintained with RBC Dominion Securities Inc.

Aamjiwnaang First Nation Notes to Consolidated Financial Statements

March 31, 2023

10. Tangible Capital Assets

****This is a placeholder. To use excel version of note****

	2023		2022	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Buildings - CMHC	\$ 12,492,090	\$ 6,554,686	\$ 13,787,628	\$ 7,136,113
Land - CMHC	40,437	-	40,437	-
Buildings	15,996,203	5,586,744	13,303,752	5,238,279
Land	1,939,728	-	1,939,728	-
Infrastructure	3,182,727	823,319	2,222,748	748,502
Vehicles and machinery	1,468,995	1,323,905	1,418,706	1,272,502
Furniture and equipment	2,678,244	1,847,371	2,091,225	1,713,030
Computers	597,913	534,345	568,489	513,407
	38,396,337	16,670,370	35,372,713	16,621,833
		\$21,725,967		\$ 18,750,880

Aamjiwnaang First Nation Notes to Consolidated Financial Statements

March 31, 2023

11. Accumulated Surplus

	2023	2022
Operating reserves		
Investment in tangible capital assets	\$19,239,646	\$ 15,911,317
Unrestricted accumulated surplus	22,404,029	21,725,559
Enterprise reserve		
Investment in government business enterprise and government business partnership	2,994,638	4,108,013
Net investment in energy projects	33,713,862	27,413,755
Internal restricted reserves		
OFNLP - Gaming	8,792,885	8,666,913
Clench Settlement	5,833,445	5,914,445
Community Enhancement	4,071,066	3,952,491
Environmental Stewardship	1,070,000	1,070,000
Fines and Levies	200,000	200,000
Future Generations	1,916,547	1,860,726
Housing Loans	101,492	97,276
Special Projects	1,631,416	1,531,031
External restricted reserves		
Trust Funds in Ottawa	6,660,140	6,287,004
CMHC	641,933	949,086
2479793 Ontario Inc.	1,182,664	125,066
	<u>\$ 110,453,763</u>	<u>\$ 99,687,616</u>
The funding for the internal reserve is the following:		
Short-term and portfolio investments	<u>\$ 23,616,851</u>	<u>\$ 17,530,863</u>

Aamjiwnaang First Nation Notes to Consolidated Financial Statements

March 31, 2023

12. Contingent Liabilities

- (a) The First Nation is contingently liable as guarantor of 12 (2022 - 10) bank loans for Band members to a maximum of \$1,397,207. As at March 31, 2023, the amount of the loans outstanding was \$1,397,207 (2022 - \$1,168,050). The property the loans were used to purchase will be forfeited to the Band if the Band is required to repay the loans and is not reimbursed in full. The total amount available under this First Nations On Reserve Loan Program is not to exceed \$3,000,000.
- (b) The First Nation received a claim for damages in the amount of \$21,500,000. Subsequent to year-end, an additional claim for damages of \$4,500,000 was made against the First Nation. The First Nation has evaluated payment as unlikely at this time.
- (c) The First Nation is occasionally named as a defendant in various lawsuits arising in the ordinary course of operations. The First Nation has contested these claims. Legal counsel for the First Nation has advised that it is premature to make any evaluation of the possible outcome or possible settlement amount of these claims. Consequently, no provision for these claims has been made in the financial statements.

13. Change in Accounting Policy - Asset Retirement Obligations

Effective April 1, 2022, the First Nation adopted new Public Sector Accounting Handbook Standard, PS Section 3280, Asset Retirement Obligations. The Standard requires the recognition of a liability for an asset retirement obligation when there is a legal obligation to incur retirement costs in relation to a tangible capital asset or leased asset; the past transactions 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 First Nation completed a detailed assessment of the Group's tangible capital assets and concluded that there were no legal obligations to incur retirement costs in relation to these assets. Therefore, the First Nation has not recognized an asset retirement obligation.

14. Pension Plan

It is mandatory that, after three months, all permanent employees of the Band who work at least 25 hours per week become members of a private pension plan that is a defined contribution plan. The employee has the option to contribute either 5% or 8.2% which is matched by the Band. Contributions to the plan made during the year by the Band on behalf of its employees amounted to \$395,941 (2022 - \$372,910) and are included in salaries and benefits in expenses.

Aamjiwnaang First Nation Notes to Consolidated Financial Statements

March 31, 2023

15. Classification of Expenditure by Object (Type of Expense)

The consolidated statement of operations presents the expenditures by function. The following classifies the same expenditures by object.

	2023	2022
Allocation to replacement reserves	\$ 47,142	\$ 57,302
Amortization	900,182	913,408
Bad debts	20,705	-
Bank charges and interest	224,274	303,056
Catering	14,499	500
Cemetery and funerals	189,141	157,411
Childcare initiative	119,521	99,097
Communication upgrades	21,293	58,959
Construction and renovations	15,272	84,303
Consultants	1,406,871	1,350,829
COVID-19 relief	-	-
Distribution to members	2,608,928	6,057,472
Donations	42,981	40,382
Election costs	22,000	-
Employee benefits	1,545,708	1,409,768
CRF	206,142	213,062
EI	103,870	142,647
Equipment	274,411	32,032
Fire protection	109,492	82,760
Garbage collection and recycling	138,037	113,760
Honoraria		
Community	31,830	43,715
Council	167,823	163,794
Staff	56,300	70,815
Infrastructure services	86,216	35,673
Insurance	198,253	184,528
Medical travel	81,255	64,980
Mortgage interest	46,696	29,819
Office administration	235,167	272,640
Ontario works employment related expenses	83,770	137,264
Pipeline lease payments	395,475	355,643
Police protection	128,714	122,819
Professional services	291,421	296,099
Program administration	607,582	526,366
Program resources	2,638,161	1,875,786
Repairs and maintenance		
Buildings	316,973	489,194
Roads	-	225,431
Vehicles and equipment	149,045	87,663
CMHC enhanced	18,950	182,790
Salaries and wages	7,482,510	6,680,528
Sports fees	8,395	6,065

Aamjiwnaang First Nation Notes to Consolidated Financial Statements

March 31, 2023

15. Classification of Expenditure by Object (Type of Expense) (continued)

	2023	2022
Social assistance benefits	1,059,876	973,062
Student awards	83,156	50,100
Student transportation	216,450	209,867
Training and professional development	228,418	101,453
Travel		
Community	13,885	7,454
Council	59,090	913
Staff	72,643	10,909
Tuition fees	3,221,787	3,179,352
Utilities	263,755	232,785
Program administration	(453,221)	(398,219)
 Total expenses by object	 25,800,844	 27,336,036
 Band contribution to programs	 3,289,056	 2,729,377
 Total expenses by object	 <u>\$29,089,900</u>	 <u>\$ 30,065,413</u>
