

Consolidated Financial Statements of

ZHIIBAAHAASING FIRST NATION

And Independent Auditor's Report thereon

Year ended March 31, 2023

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

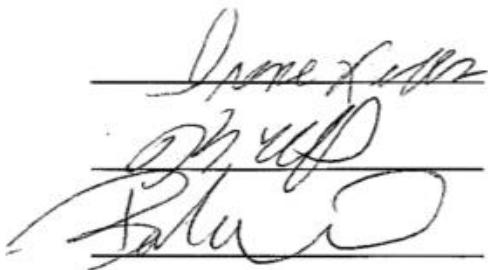
The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist,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

The First Nation maintains a system of internal accounting and administrative controls. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the First Nation's assets are appropriately accounted for and adequately safeguarded.

The Chief and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and are ultimately responsible for reviewing and approving the consolidated financial statements.

The Chief and Council review the First Nation's consolidated financial statements and recommend their approval. The Chief and Council meet periodically to discuss and to review the consolidated financial statements and the external auditors' report. The Chief and Council takes this information into consideration when approving the consolidated financial statements for issuance to the Members. The Chief and Council also consider the engagement of the external auditors.

The consolidated financial statements have been audited by KPMG LLP in accordance with Canadian generally accepted auditing standards on behalf of the First Nation.

Handwritten signatures of the Chief and Council, consisting of two lines of cursive script. The top line starts with a signature that appears to read 'Dene' or 'Dene First Nation' and ends with 'COUNCIL'. The bottom line starts with a signature that appears to read 'Chief' and ends with 'COUNCIL'.



KPMG LLP
Times Square
1760 Regent Street, Unit 4
Sudbury, ON P3E 3Z8
Canada
Telephone 705 675 8500
Fax 705 675 7586

INDEPENDENT AUDITOR'S REPORT

To the Members of Zhiibaahaasing First Nation

Opinion

We have audited the consolidated financial statements of Zhiibaahaasing First Nation (the "First Nation"), which comprise:

- the consolidated statement of financial position as at March 31, 2023
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net assets (net debt) for the year then ended
- the consolidated statement of cash flows for the year then ended
- and the notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2023, and its consolidated results of operations and accumulated surplus and its consolidated cash flows for the year then ended in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board.

Basis for Opinion

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



Responsibility of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 the 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 risk of material misstatement of the 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, internal 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 purposes of expressing an opinion on the effectiveness of the First Nation's internal control.



Page 3

- 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 the 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient audit evidence regarding the financial information of the entities or business activities within the First Nation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada
November 15, 2024

ZHIIBAAHAASING FIRST NATION

Index to Consolidated Financial Statements

Year ended March 31, 2023

Consolidated Financial Statements

| | | |
|-----------|--|--------|
| Exhibit A | Consolidated Statement of Financial Position | 1 |
| Exhibit B | Consolidated Statement of Operations and Accumulated Surplus | 2 |
| Exhibit C | Consolidated Statement of Changes in Net Assets (Net Debt) | 3 |
| Exhibit D | Consolidated Statement of Cash Flows | 4 |
| | Notes to Consolidated Financial Statements | 5 - 15 |

ZHIIBAAHAASING FIRST NATION

Exhibit A - Consolidated Statement of Financial Position

March 31, 2023, with comparative information for 2022

| | 2023 | 2022 |
|--|----------------------|---------------------|
| Financial assets | | |
| Cash | \$ 3,182,512 | \$ 4,167,003 |
| Restricted cash (note 2) | 189,111 | 189,157 |
| Accounts receivable (note 3) | 2,447,337 | 1,643,742 |
| Consolidated revenue trust fund (note 4) | 47,510 | 46,342 |
| Investments in Government Business Partnerships (note 5) | 89,093 | 46,330 |
| | <u>5,955,563</u> | <u>6,092,574</u> |
| Financial liabilities | | |
| Accounts payable and accrued liabilities | 790,789 | 533,213 |
| Deferred revenue (note 7) | 3,580,599 | 4,480,335 |
| Long-term debt (note 8) | 440,458 | 486,026 |
| | <u>4,811,846</u> | <u>5,499,574</u> |
| Net assets | 1,143,717 | 593,000 |
| Non-financial assets | | |
| Tangible capital assets (note 9) | 9,544,247 | 6,852,409 |
| Prepaid expenses | 23,589 | 19,097 |
| | <u>9,567,836</u> | <u>6,871,506</u> |
| Contingent liabilities (note 10) | | |
| Subsequent events (note 15) | | |
| Accumulated surplus (note 11) | \$ 10,711,553 | \$ 7,464,506 |

See accompanying notes to consolidated financial statements.

On behalf of the First Nation:

Chief Isreal Kella
 Councilor JMP
 Councilor Bru

ZHIIBAAHAASING FIRST NATION

Exhibit B - Consolidated Statement of Operations and Accumulated Surplus

Year ended March 31, 2023, with comparative information for 2022

| | 2023 | 2022 |
|--|----------------------|---------------------|
| Revenue | | |
| Federal funding (note 12) | \$ 3,214,366 | \$ 1,154,973 |
| Kinoomaadziwin Education Body | 565,236 | 514,291 |
| Government Business Enterprises | 176,828 | 130,851 |
| Other | 2,343,131 | 1,040,982 |
| Rental | 104,018 | 105,746 |
| | <u>6,403,579</u> | <u>2,946,843</u> |
| Expenses | | |
| Band Government | 457,304 | 370,779 |
| Medical Transportation | 108,915 | 97,579 |
| Community Health Services | 673,860 | 633,120 |
| Education | 565,996 | 510,416 |
| Band Housing | 207,414 | 74,248 |
| Public Works and Facilities | 561,888 | 478,050 |
| Employment and Economic Development | 238,825 | 183,848 |
| Equipment Rental | 37,314 | 27,394 |
| Social Housing | 80,582 | 63,486 |
| Community Property | 224,434 | 131,859 |
| | <u>3,156,532</u> | <u>2,570,779</u> |
| Excess of revenue over expenses | 3,247,047 | 376,064 |
| Accumulated surplus, beginning of year | 7,464,506 | 7,088,442 |
| Accumulated surplus, end of year | <u>\$ 10,711,553</u> | <u>\$ 7,464,506</u> |

See accompanying notes to consolidated financial statements.

ZHIIBAAHAASING FIRST NATION

Exhibit C - Consolidated Statement of Changes in Net Assets (Net Debt)

Year ended March 31, 2023, with comparative information for 2022

| | 2023 | 2022 |
|---|---------------------|-------------------|
| Excess of revenue over expenses | \$ 3,247,047 | \$ 376,064 |
| Acquisition of tangible capital assets | (3,152,106) | (1,048,849) |
| Amortization of tangible capital assets | 460,268 | 300,740 |
| Loss on disposal of tangible capital assets | - | 20,233 |
| Proceeds on sale of tangible capital assets | - | 25,000 |
| | 555,209 | (326,812) |
| Use of prepaid expenses | (4,492) | 31,423 |
| Change in net financial assets (net debt) | 550,717 | (295,389) |
| Net assets, beginning of year | 593,000 | 888,389 |
| Net assets, end of year | \$ 1,143,717 | \$ 593,000 |

See accompanying notes to consolidated financial statements.

ZHIIBAAHAASING FIRST NATION

Exhibit D - Consolidated Statement of Cash Flows

Year ended March 31, 2023, with comparative information for 2022

| | 2023 | 2022 |
|--|---------------------|---------------------|
| Cash flows from operating activities: | | |
| Excess of revenue over expenses | \$ 3,247,047 | \$ 376,064 |
| Adjustments for: | | |
| Amortization of tangible capital assets | 460,268 | 300,740 |
| <u>Loss on disposal of property, plant and equipment</u> | <u>-</u> | <u>20,233</u> |
| | <u>3,707,315</u> | <u>697,037</u> |
| Changes in non-cash working capital: | | |
| Decrease (increase) in accounts receivable | (803,595) | 725,350 |
| Decrease (increase) in prepaid expenses | (4,492) | 31,423 |
| Increase in accounts payable and accrued liabilities | 257,576 | 99,133 |
| <u>Increase in deferred revenue</u> | <u>(899,736)</u> | <u>2,733,690</u> |
| | <u>2,257,068</u> | <u>4,286,633</u> |
| Cash flows from financing activities: | | |
| Proceeds of long term debt | - | 71,000 |
| <u>Principal repayments on long-term debt</u> | <u>(45,568)</u> | <u>(43,827)</u> |
| | <u>(45,568)</u> | <u>27,173</u> |
| Cash flows from investing activities: | | |
| Purchase of tangible capital assets | (3,152,106) | (1,048,849) |
| Increase in investment in U.C.C.M Building LP | (42,763) | (9,618) |
| Increase in consolidated revenue trust fund | (1,168) | (414) |
| <u>Proceeds from disposal of tangible capital asset</u> | <u>-</u> | <u>25,000</u> |
| | <u>(3,196,037)</u> | <u>(1,033,881)</u> |
| Net increase (decrease) in cash | (984,537) | 3,279,925 |
| Cash, beginning of year | 4,356,160 | 1,076,235 |
| Cash, end of year | \$ 3,371,623 | \$ 4,356,160 |
| Cash is comprised of the following items: | | |
| Cash | \$ 3,182,512 | \$ 4,167,003 |
| Restricted cash | 189,111 | 189,157 |
| | <u>\$ 3,371,623</u> | <u>\$ 4,356,160</u> |

See accompanying notes to consolidated financial statements.

ZHIIBAAHAASING FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2023

Zhiibaahaasing First Nation (the “First Nation”), located on Manitoulin Island, administers programs and provides services on behalf of its members.

1. Significant accounting policies:

These consolidated financial statements (the “financial statements”) of the First Nation are the representation of management and have been prepared in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (“PSAB”) of the Chartered Professional Accountants of Canada. The following is a summary of the significant accounting policies followed in the preparation of these financial statements:

(a) Reporting entity:

(i) Consolidated entities:

These consolidated financial statements reflect the assets, liabilities, revenue and expenses of the reporting entity. The reporting entity is comprised of all organizations accountable for the administration of their financial affairs and resources to the First Nation and are owned and controlled by the First Nation.

All interdepartmental and inter-organizational assets and liabilities, revenues and expenses have been eliminated.

(ii) Investment in Government Business Partnerships:

Government Business Partnerships are accounted for using the modified equity method. Government Business Partnerships include the following organizations:

- U.C.C.M Building Material Supply Limited Partnership and U.C.C.M Building Material Supply Partnership Inc. (“UCCMLP”).
- M’Nidoo M’Nising Power General Partners Inc. and M’Nidoo M’Nising Power Limited Partnership (“MMPLP”).

Under the modified equity method, the accounting principles are not adjusted to conform with those of the First Nation and inter-organization transactions and balances are not eliminated.

(b) Basis of accounting:

The First Nation follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

(c) Revenue recognition:

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements which relate to a subsequent fiscal period is reflected as deferred revenue in the year of receipt and classified as such on the consolidated statement of financial position.

(d) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

ZHIIBAAHAASING FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2023

1. Significant accounting policies (continued):

(e) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land are amortized on a straight-line basis over their estimated useful lives as follows:

| Asset | Estimated Life – Years |
|-----------------------------------|------------------------|
| Buildings and band housing | 10 - 50 years |
| Infrastructure | 10 - 40 years |
| Land improvements | 10 – 15 years |
| Water treatment plant | 40 years |
| Machinery and equipment | 5 - 15 years |
| Furniture, computers and fixtures | 4 - 10 years |

- (i) Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.
- (ii) Works of art and cultural and historic assets are not recorded as assets in these consolidated financial statements.

(f) Use of estimates:

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 revenues and expenses during the reporting periods. Significant items subject to such estimates and assumptions include the carrying amount of capital assets and valuation allowances for receivables. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

(g) Consolidated revenue trust funds:

Trust funds 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 and are subject to audit by the office of the Auditor General of Canada.

Funds held by the Government of Canada on behalf of the First Nation are included on the consolidated statement of financial position.

(h) Prior year funding adjustments:

The First Nation has entered into accountable contribution agreements with several funding agencies. All such programs are subject to audit by the various governments, with audit adjustments repayable to the government.

Adjustments made under funding arrangements relating to prior years are charged to operations in the year which the adjustments are made.

ZHIIBAAHAASING FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2023

2. Restricted cash:

In accordance with the operating agreements between the First Nation and Canada Mortgage and Housing Corporation (“CMHC”), the First Nation is required to set aside funding to maintain a replacement and surplus reserve bank account. As of the fiscal year end, the First Nation was required to have set aside \$210,248 (2022 - \$213,672), cash in the amount of \$189,111 (2022 - \$189,157) is restricted for this purpose.

3. Accounts receivable:

| | 2023 | 2022 |
|--|---------------------------|--------------------------|
| Indigenous Services Canada (“ISC”) | \$ 955,904 | \$ 914,876 |
| Ontario First Nation Limited Partnership | 284,192 | 214,550 |
| Canada Mortgage and Housing Corporation | 2,714 | 2,714 |
| Other | 1,204,527 | 511,602 |
| | <hr/> \$ 2,447,337 | <hr/> \$1,643,742 |

4. Consolidated revenue trust fund:

| | Revenue | Capital | 2023 | 2022 |
|----------------------------|------------------------|------------------------|------------------------|------------------------|
| Balance, beginning of year | \$ 22,556 | \$ 23,786 | \$ 46,342 | \$ 45,928 |
| Interest | 1,168 | — | 1,168 | 414 |
| Balance, end of year | <hr/> \$ 23,724 | <hr/> \$ 23,786 | <hr/> \$ 47,510 | <hr/> \$ 46,342 |

5. Investments in Government Business Partnerships:

The First Nation has a 14.28% equity interest in UCCMLP and a 16.66% equity interest in MMPLP. These organizations are government business partnerships of the First Nation and are accounted for on the modified equity method in these consolidated financial statements.

The investments in Government Business Partnerships consists of the following:

| | MMPLP | UCCMLP | 2023 | 2022 |
|-------------------------------|-------------------|------------------------|------------------------|------------------------|
| Balance, at beginning of year | \$ 2 | \$ 46,328 | \$ 46,330 | \$ 36,712 |
| Share of earnings | 158,726 | 42,763 | 201,489 | 168,344 |
| Provision for impairment | (158,726) | — | (158,726) | (158,726) |
| Balance, end of year | <hr/> \$ 2 | <hr/> \$ 89,091 | <hr/> \$ 89,093 | <hr/> \$ 46,330 |

ZHIIBAAHAASING FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2023

6. Line of credit:

Under its credit agreement, the First Nation has a demand operating facility to a maximum of \$100,000, bearing interest at prime plus 2.5% (2022 - prime plus 2.5%).

Borrowings under the credit facility are secured by a general security agreement and an assignment of fire insurance.

The balance on the line of credit at March 31, 2023 is \$Nil (2022 - \$Nil).

7. Deferred revenue:

| | 2023 | 2022 |
|---|-----------------------|----------------------|
| Indigenous Services Canada ("ISC") | \$ 1,878,145 | \$ 2,032,710 |
| Union of Ontario Indians | 237,560 | 193,071 |
| Kinoomaadziwin Education Body | 1,464,894 | 995,454 |
| Canadian Mortgage and Housing Corporation | - | 1,259,100 |
| | <hr/> \$ 3,580,599 | <hr/> \$4,480,335 |

8. Long-term debt:

| | 2023 | 2022 |
|--|---------------------|---------------------|
| Mortgage payable to CMHC in monthly payments of \$593 including interest at 1.67%, due February 2029 | \$ 40,128 | \$ 46,528 |
| Mortgage payable to CMHC in monthly payments of \$1,439 including interest at 0.71%, due March 2035 | 198,770 | 214,584 |
| Mortgage payable to CMHC in monthly payments of \$498 including interest at 0.71%, due September 2030 | 43,653 | 49,300 |
| Mortgage payable to CMHC in monthly payments of \$511 including interest at 0.76%, due December 2040 | 101,954 | 107,300 |
| Loan payable to Toronto Dominion loan, in monthly payments of \$1,439 including interest of 4.91%, due September 1, 2026 | 55,953 | 68,314 |
| | <hr/> \$ 440,458 | <hr/> \$ 486,026 |

Scheduled principal repayments are estimated as follows:

| | |
|------------|-----------|
| 2024 | \$ 48,416 |
| 2025 | 49,475 |
| 2026 | 50,562 |
| 2027 | 41,795 |
| Thereafter | 250,210 |

ZHIIBAAHAASING FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2023

9. Tangible capital assets:

| Cost | Balance at March 31, 2022 | Additions | Disposals | Balance at March 31, 2023 |
|---------------------------|---------------------------------|---------------------|-------------|---------------------------------|
| Buildings | \$ 944,349 | \$ 17,900 | \$ - | \$ 962,249 |
| Land improvement | 170,113 | - | - | 170,113 |
| Water treatment plant | 1,500,482 | - | - | 1,500,482 |
| Band housing | 3,452,810 | 2,548,579 | - | 6,001,389 |
| Infrastructure | 852,303 | - | - | 852,303 |
| Machinery and equipment | 1,530,472 | 454,092 | - | 1,984,564 |
| Computers | 25,373 | - | - | 25,373 |
| Assets under construction | 1,897,853 | 131,535 | - | 2,029,388 |
| Total | \$ 10,373,755 | \$ 3,152,106 | \$ - | \$ 13,525,861 |

| Accumulated Amortization | Balance at March 31, 2022 | Disposals | Amortization | Balance at March 31, 2023 |
|-----------------------------|---------------------------------|-------------|-------------------|---------------------------------|
| Buildings | \$ 567,890 | \$ - | \$ 30,432 | \$ 598,322 |
| Land improvement | 11,175 | - | 11,495 | 22,670 |
| Water treatment plant | 259,697 | - | 31,099 | 290,796 |
| Band housing | 1,203,025 | - | 223,081 | 1,426,106 |
| Infrastructure | 553,163 | - | 36,496 | 589,659 |
| Machinery and equipment | 902,586 | - | 127,317 | 1,029,903 |
| Computers | 23,810 | - | 348 | 24,158 |
| Assets under construction | - | - | - | - |
| Total | \$ 3,521,346 | \$ - | \$ 460,268 | \$ 3,981,614 |

| | Net book value, March 31, 2022 | Net book value, March 31, 2023 |
|---------------------------|--------------------------------------|--------------------------------------|
| Buildings | \$ 376,459 | \$ 363,927 |
| Land improvement | 158,938 | 147,443 |
| Water treatment plant | 1,240,785 | 1,209,686 |
| Band housing | 2,249,785 | 4,575,283 |
| Infrastructure | 299,140 | 262,644 |
| Machinery and equipment | 627,886 | 954,661 |
| Computers | 1,563 | 1,215 |
| Assets under construction | 1,897,853 | 2,029,388 |
| Total | \$ 6,852,409 | \$ 9,544,247 |

ZHIIBAAHAASING FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2023

9. Tangible capital assets:

| Cost | Balance at March 31, 2021 | Additions | Disposals | Balance at March 31, 2022 |
|---------------------------|---------------------------------|---------------------|--------------------|---------------------------------|
| Buildings | \$ 944,349 | \$ - | \$ - | \$ 944,349 |
| Land improvement | 25,225 | 144,888 | - | 170,113 |
| Water treatment plant | 1,243,944 | 256,538 | - | 1,500,482 |
| Band housing | 3,134,447 | 318,363 | - | 3,452,810 |
| Infrastructure | 852,303 | - | - | 852,303 |
| Machinery and equipment | 1,295,150 | 327,322 | (92,000) | 1,530,472 |
| Computers | 23,635 | 1,738 | - | 25,373 |
| Assets under construction | 1,897,853 | - | - | 1,897,853 |
| Total | \$ 9,416,906 | \$ 1,048,849 | \$ (92,000) | \$ 10,373,755 |

| Accumulated Amortization | Balance at March 31, 2021 | Disposals | Amortization | Balance at March 31, 2022 |
|-----------------------------|---------------------------------|--------------------|-------------------|---------------------------------|
| Buildings | \$ 538,353 | \$ - | \$ 29,537 | \$ 567,890 |
| Land improvement | 2,899 | - | 8,276 | 11,175 |
| Water treatment plant | 228,598 | - | 31,099 | 259,697 |
| Band housing | 1,106,614 | - | 96,411 | 1,203,025 |
| Infrastructure | 532,217 | - | 20,946 | 553,163 |
| Machinery and equipment | 835,057 | (46,767) | 114,296 | 902,586 |
| Computers | 23,635 | - | 175 | 23,810 |
| Assets under construction | - | - | - | - |
| Total | \$ 3,267,373 | \$ (46,767) | \$ 300,740 | \$ 3,521,346 |

| | Net book value, March 31, 2021 | Net book value, March 31, 2022 |
|---------------------------|--------------------------------------|--------------------------------------|
| Buildings | \$ 405,996 | \$ 376,459 |
| Land improvement | 22,326 | 158,938 |
| Water treatment plant | 1,015,346 | 1,240,785 |
| Band housing | 2,027,833 | 2,249,785 |
| Infrastructure | 320,086 | 299,140 |
| Machinery and equipment | 460,093 | 627,886 |
| Computers | - | 1,563 |
| Assets under construction | 1,897,853 | 1,897,853 |
| Total | \$ 6,149,533 | \$ 6,852,409 |

ZHIIBAAHAASING FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2023

10. Contingent liabilities:

In accordance with terms and conditions of a financing arrangement between the Bank of Montreal and the Robinson Huron Treaty Trust (the “Trust”), the First Nation as a beneficiary of the Trust has guaranteed borrowings in proportion to its beneficial interest in the Trust in the amount of \$426,000 (2022 - \$426,000). As of March 31, 2023, its proportion outstanding loan balance of part of the Trust is \$300,755 (2022 - \$300,755).

The loan guarantee is secured by an assignment of the First Nation’s distributions from Ontario First Nation Limited Partnership.

11. Accumulated surplus:

Accumulated surplus consists of individual program surplus and reserves as follows:

| | 2023 | 2022 |
|---|------------------|------------------|
| Surplus: | | |
| Invested in tangible capital assets | \$ 9,149,029 | \$ 6,411,621 |
| Unfunded Capital Operations | (847,076) | – |
| | 896,888 | (32,367) |
| | 9,198,841 | 6,379,254 |
| Reserve funds set aside for specific purpose by Council: | | |
| CMHC Section 95 Replacement Reserve | 58,508 | 68,706 |
| Consolidated revenue trust fund | 47,510 | 46,342 |
| Ontario First Nation Limited Partnership | 1,406,694 | 970,204 |
| | 1,512,712 | 1,085,252 |
| | \$10,711,553 | \$ 7,464,506 |

12. Federal funding:

| | 2023 | 2022 |
|--|------------------|------------------|
| Indigenous Services Canada, per confirmation | \$ 1,735,625 | \$ 2,036,689 |
| Deferred revenue, beginning of year | 2,032,703 | 928,463 |
| Deferred revenue, end of year | (1,878,145) | (2,032,703) |
| Indigenous Services Canada | 1,890,183 | 932,449 |
| Deferred revenue, beginning of year | 1,259,100 | – |
| Canada Mortgage and Housing Corporation | 32,562 | 1,481,624 |
| Deferred revenue, end of year | – | (1,259,100) |
| Canada Mortgage and Housing Corporation | 1,291,662 | 222,524 |
| Health Canada | 14,266 | – |
| ECCC | 18,255 | – |
| | \$ 3,214,366 | \$ 1,154,973 |

ZHIIBAAHAASING FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2023

13. Comparative information:

Certain 2022 comparative information have been reclassified to conform to the presentation adopted in 2023.

14. Change in accounting policies:

On April 1, 2022, the First Nation adopted the Public Accounting Standard PS 3280 – Asset Retirement Obligations. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in facilities. The standard was adopted on the modified retrospective basis at the date of adoption. Under the modified retrospective method, the assumptions used on initial recognition are those as of the date of adoption of the standard. In accordance with the provisions of this new standard, the First Nation completed an analysis of all facilities, capital assets and lease agreements and determined there was no asset retirement obligations that existed as of April 1, 2022.

15. Subsequent events

Subsequent to year-end, the First Nation received their share of the compensation from the Robinson Huron Treaty settlement from the Government of Canada and the Province of Ontario in the amount of \$187,122,603.

16. Segmented information:

The First Nation is a diversified governmental institution that provides a wide range of services to its Members, including band government, community health services, education, band housing, public works and facilities, employment and economic development, community property and business enterprises. For management reporting purposes the First Nation's operations and activities are organized and reported by programs. Programs were created for the purposes of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Services are provided by departments and their activities are reported in these programs. Certain functional areas that have been separately disclosed in the segmented information, along with the services they provide.

Band Government

The band government department oversees the delivery of all governmental services. The department is responsible for ensuring that there are adequate policies and procedures in place to safeguard assets and to properly report financial activities. In addition, this department includes the governance activities of Chief and Council.

Medical Transportation and Community Health Services

The medical and community services department provides medical transportation and delivers other programming designed to enhance the health and wellness of members.

ZHIIBAAHAASING FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2023

16. Segmented information (continued):

Education

The education department provides student transportation and manages the education requirements of the First Nation's members.

Band and Social Housing

The band and social housing department manages the various on-reserve housing operations of the First Nation including CMHC housing.

Public Works and Facilities

The infrastructure or public works department provides the First Nation with support services for the repair and maintenance of all First Nation owned assets including buildings, roads, water systems and equipment. In addition, the department arranges for fire protection services to be provided to the First Nation.

Employment and Economic Development

The community development department is responsibility for identifying economic development and employment opportunities for the First Nation

Community Property

The community property department provides services for the longevity of the First Nation through the acquisition and development of equipment, roads and housing. Revenue and expenses included in this department are generally long-term in nature, capitalized in the accounts of the First Nation and amortized over their useful life.

Business Enterprises and Other

Business ventures undertaken by the First Nation are managed through the business enterprise department of the First Nation.

For each reported segment, revenues and expenses include amounts that are directly attributable to the segment and amounts that are allocated on the reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information, including transfers that have been apportioned based on a percentage of budgeted expenses.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in the summary of significant accounting policies.

ZHIBAAHSING FIRST NATION

Notes to Consolidated Financial Statements

Note 16 - Segmented Information (continued)

Year ended March 31, 2023

| | Band Government | Band Community Health Services | Band and Social Housing | Public Works and Facilities | Employment and Economic Development | Community Property | Business Enterprises and Other | 2023 Total |
|---|---------------------|--------------------------------------|----------------------------------|-----------------------------------|--|-----------------------|--------------------------------------|-------------------|
| Revenue | \$ 1,481,443 | \$ 828,809 | \$ 565,236 | \$ 122,049 | \$ 718,735 | \$ 222,968 | \$ 2,008,347 | \$ 455,990 |
| Expenses: | | | | | | | | \$ 6,403,577 |
| Salaries, wages and benefits | 302,640 | 193,753 | 27,548 | 15,762 | 128,215 | 39,768 | — | 707,686 |
| Materials, supplies, rentals and general | 120,433 | 231,871 | 13,770 | 63,947 | 140,616 | 147,352 | 2,509,866 | 3,245,251 |
| Contractual and professional services | 148,454 | 64,168 | 91,234 | 8,957 | 126,771 | 23,940 | 389,005 | 852,529 |
| Travel | 98,898 | 171,974 | 18,496 | 69 | 14,559 | — | — | 303,996 |
| Interest on long-term debt | — | — | 3,589 | — | — | — | — | 3,589 |
| Other | 27,058 | 134,569 | 289,376 | — | 235,284 | 3,000 | 5,805 | 698,775 |
| Administration (recovery) | (238,882) | 41,480 | 124,067 | — | 73,335 | — | — | — |
| Investment in tangible capital assets | (10,635) | (94,869) | — | (24,842) | (251,696) | 17,897 | (2,752,164) | (3,116,309) |
| Amortization of tangible capital assets | 9,314 | 36,828 | 1,507 | 220,535 | 94,804 | 9,868 | 71,922 | 16,235 |
| | 457,280 | 779,774 | 565,998 | 288,017 | 561,888 | 241,825 | 224,434 | 37,314 |
| Excess (deficiency) of revenue over expenses | \$ 1,024,163 | \$ 49,035 | \$ (762) | \$ (165,968) | \$ 156,847 | \$ (18,857) | \$ 1,783,913 | \$ 418,676 |
| | | | | | | | | \$ 3,247,047 |

ZHIBAAHAASING FIRST NATION

Notes to Consolidated Financial Statements

Note 16 - Segmented Information (continued)

Year ended March 31, 2023

| | Band Government | Band and Community Health Services | Medical Transportation and Community Services | Band and Social Housing | Public Works and Facilities | Employment and Economic Development | Community Property | Business Enterprises and Other | 2022 Total |
|--|--------------------|---|---|----------------------------------|-----------------------------------|--|-----------------------|--------------------------------------|---------------|
| Revenue | \$ 295,540 | \$ 798,528 | \$ 514,290 | \$ 123,003 | \$ 395,467 | \$ 192,762 | \$ 301,769 | \$ 325,483 | \$ 2,946,842 |
| Expenses: | | | | | | | | | |
| Salaries, wages and benefits | 220,013 | 223,270 | 43,600 | - | 134,180 | 79,446 | - | - | 700,509 |
| Materials, supplies, rentals and general | 128,572 | 317,407 | 20,259 | 48,723 | 184,457 | 251,297 | 312,899 | 12,190 | 1,275,804 |
| Contractual and professional services | 141,575 | 11,461 | 97,530 | 29,695 | 30,445 | 9,814 | 275,393 | 142,419 | 738,302 |
| Travel | 65,730 | 107,772 | 6,908 | 920 | 9,603 | 3,966 | 180 | - | 195,079 |
| Interest on long-term debt | - | - | 179 | 3,593 | - | - | - | - | 3,772 |
| Other | 2,362 | 10,891 | 273,055 | - | 20,233 | - | - | 1,336 | 307,877 |
| Administration (recovery) | (178,915) | 76,415 | 72,000 | - | 30,500 | - | - | - | - |
| Investment in tangible capital assets | (17,857) | (136,392) | (7,622) | (25,614) | (10,379) | (166,429) | (535,939) | (142,419) | (1,042,651) |
| Amortization of tangible capital assets | 9,299 | 119,875 | 4,507 | 80,417 | 79,041 | 5,754 | 79,325 | 13,868 | 392,086 |
| | 370,779 | 730,699 | 510,416 | 137,734 | 478,050 | 183,848 | 131,858 | 27,394 | 2,570,778 |
| Excess (deficiency) of revenue over expenses | \$ (75,239) | \$ 67,829 | \$ 3,874 | \$ (14,731) | \$ (82,583) | \$ 8,914 | \$ 169,911 | \$ 298,089 | \$ 376,064 |