

Consolidated Financial Statements of
Wiikwemkoong Unceded Territory

Year ended March 31, 2022

Wiikwemkoong Unceded Territory

**CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2022**

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of the **Wiikwemkoong Unceded Territory** are the responsibility of management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 2 to these consolidated financial statements. The preparation of the consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Wiikwemkoong Unceded Territory's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Chief and Council meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by Freelandt Caldwell Reilly LLP, independent external auditors appointed by the Wiikwemkoong Unceded Territory. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Wiikwemkoong Unceded Territory's consolidated financial statements.

Duke Peltier

Duke Peltier (Aug 12, 2022 15:47 EDT)

Chief

Margaret Manitowabi

Margaret Manitowabi (Aug 15, 2022 09:49 EDT)

Councillor

Brian Peltier

Brian Peltier (Aug 12, 2022 19:23 EDT)

Councillor

Joseph Wabegijig

Joseph Wabegijig (Aug 12, 2022 16:11 EDT)

Councillor

Councillor

Tim Ominika

Tim Ominika (Aug 14, 2022 09:32 EDT)

Councillor

Maina Jules-Bontang

Councillor

Rachel Manitowabi

Rachel Manitowabi (Aug 15, 2022 10:02 EDT)

Councillor

Councillor

Sylvia Recollet

Sylvia Recollet (Aug 13, 2022 10:02 EDT)

Councillor

John Dube

John Dube (Aug 12, 2022 19:24 EDT)

Councillor

Robert Shawana

Robert Shawana (Aug 12, 2022 21:20 EDT)

Councillor

Councillor



INDEPENDENT AUDITORS' REPORT

To: Chief and Council of
Wiikwemkoong Unceded Territory

Opinion

We have audited the accompanying consolidated financial statements of the **Wiikwemkoong Unceded Territory**, which comprise the consolidated statement of financial position as at **March 31, 2022**, and the consolidated statements of operations, accumulated surplus, change in net debt, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Wiikwemkoong Unceded Territory as at March 31, 2022 and the results of its 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 entity in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate or 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.

INDEPENDENT AUDITORS' REPORT, continued

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 scepticism throughout the audit.

We also:

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

INDEPENDENT AUDITORS' REPORT, continued

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.

Freelandt Caldwell Reilly LLP

FREELANDT CALDWELL REILLY LLP

Chartered Professional Accountants
Licensed Public Accountants

Sudbury, Canada
August 8, 2022

WIIKWEMKOONG UNCEDED TERRITORY

Consolidated Statement of Financial Position

March 31, 2022, with comparative figures for 2021

	2022	2021
Financial assets		
Cash	\$ 21,032,427	\$ 9,722,141
Restricted cash (note 3)	4,480,833	4,456,337
Short-term investments (note 4)	26,792,050	22,111,933
Restricted funds held in trust in Ottawa (note 5)	11,028	153,665
Resident funds held in trust - Nursing Home residents (note 6)	237,700	220,891
Accounts receivable	9,019,998	8,849,839
Due from Indigenous Services Canada (note 7)	4,932,647	167,324
Note receivable (note 8)	453,782	436,310
Economic development loans receivable (note 9)	56,352	41,048
Mortgages receivable (note 10)	2,811,801	2,476,159
Investment in and advances to Your Dollar Store with More (note 11)	109,390	123,322
Other investments (notes 12, 13, and 14)	1,303,022	899,086
Total financial assets	71,241,030	49,658,055
Financial liabilities		
Accounts payable and accrued liabilities	12,401,046	8,779,598
Resident funds held in trust - Nursing Home residents (note 6)	237,700	220,891
Deferred contributions (note 16)	27,648,521	17,510,171
Promissory note payable to Indigenous Services Canada (note 17)	2,804,385	2,738,027
Payable to Ontario Ministry of Health and Long-Term Care (note 18)	1,868,667	1,633,513
Long-term debt (note 19)	27,764,349	29,456,357
Total financial liabilities	72,724,668	60,338,557
Net debt	(1,483,638)	(10,680,502)
Non-financial assets (note 20)		
Tangible capital assets (note 23)	71,675,309	72,793,016
Prepaid expenses	1,258,429	768,028
Total non-financial assets	72,933,738	73,561,044
Accumulated surplus (note 21)	\$ 71,450,100	\$ 62,880,542
Contingent liabilities (note 22)		

Approved on behalf of the Wiikwemkoong Unceded Territory Council:

Duke Peltier

Duke Peltier (Aug 12, 2022 15:47 EDT)

Chief

WIJKWEMKOONG UNCEDED TERRITORY

Consolidated Statement of Operations

March 31, 2022, with comparative figures for 2021

	2022	2021
Revenues:		
Indigenous Services Canada (note 24)		
Block contribution funding	\$ 29,334,644	\$ 27,229,217
Fixed contribution funding	20,417,116	18,311,232
Flexible contribution funding	4,359,831	6,827,496
Set contribution funding	1,668,455	982,070
Total Indigenous Services Canada	55,780,046	53,350,015
Other revenues	45,885,848	46,071,870
Deferred contributions, beginning of year (note 16)	17,510,171	7,360,319
Deferred contributions, end of year (note 16)	(27,718,149)	(17,510,171)
Funding repaid or repayable to funders	(641,501)	(765,983)
Total revenues	90,816,415	88,506,050
Expenditures:		
Band Government	4,060,223	4,167,909
Social Assistance and Income Support	7,933,286	8,181,981
Social Development and Health Services	20,095,001	20,513,069
Community Operations and Maintenance	11,563,494	11,163,788
Employment Development	480,674	231,997
Housing and Other Projects	1,897,514	1,330,981
Other Programs	269,076	266,242
Wiikwemkoong Board of Education operations	22,643,767	21,006,768
Wikwemikong Development Commission operations	3,455,666	3,038,447
Social Housing Rentals	4,329,892	4,312,456
First Nation Enterprise Initiatives including Government Business Enterprises	3,064,986	2,979,255
Capital Projects and Major Repairs	2,329,327	360,046
Ontario First Nations Limited Partnership Distributions	123,951	40,830
Total expenditures (note 25)	82,246,857	77,593,769
Excess of revenues over expenditures for the year	\$ 8,569,558	\$ 10,912,281

Budget information (note 27)

WIJKWEMKOONG UNCEDED TERRITORY

Consolidated Statement of Accumulated Surplus

March 31, 2022, with comparative figures for 2021

	2022	2021
Accumulated surplus, beginning of year	\$ 62,880,542	\$ 51,968,261
Excess of revenues over expenditures for the year	8,569,558	10,912,281
Accumulated surplus, end of year	\$ 71,450,100	\$ 62,880,542

Budget information (note 27)

WIHKWEMKOONG UNCEDED TERRITORY

Consolidated Statement of Change in Net Debt

March 31, 2022, with comparative figures for 2021

	2022	2021
Excess of revenues over expenditures for the year	\$ 8,569,558	\$ 10,912,281
Amortization of tangible capital assets	4,608,876	4,217,721
Acquisition of tangible capital assets	(5,466,981)	(11,951,633)
Losses on disposals and write-downs of tangible capital assets	1,975,811	26,810
Change in prepaid expenses	(490,401)	456,478
Decrease in net debt for the year	9,196,864	3,661,657
Net debt, beginning of year	(10,680,502)	(14,342,159)
Net debt, end of year	\$ (1,483,638)	\$ (10,680,502)

Budget information (note 27)

WIJKWEMKOONG UNCEDED TERRITORY

Consolidated Statement of Cash Flows

March 31, 2022, with comparative figures for 2021

	2022	2021
Cash flows from operating activities:		
Excess of revenues over expenditures for the year	\$ 8,569,558	10,912,281
Items not involving cash:		
Losses on disposals and write-downs of tangible capital assets	1,975,811	26,810
Loss (gain) on investment in Your Dollar Store with More	11,203	(82,022)
U.C.C.M. Building Material Supply Limited Partnership gain in investment	(403,935)	(898,910)
Amortization of tangible capital assets	4,608,876	4,217,721
	<u>14,761,514</u>	<u>14,175,880</u>
Change in non-cash items relating to operations:		
Accounts receivable and Due from Indigenous Services Canada	(4,935,482)	(3,249,907)
Prepaid expenses	(490,401)	456,478
Accounts payable and accrued liabilities	3,621,447	1,027,412
Payable to Ontario Ministry of Health and Long-Term Care	235,154	480,641
Deferred contributions	10,138,350	10,149,852
	<u>23,330,582</u>	<u>23,040,356</u>
Cash flows from (for) capital activities:		
Cash used to acquire tangible capital assets	(5,466,981)	(11,951,633)
Cash flows from (for) financing activities:		
Promissory note payable to Indigenous Services Canada	66,358	210,561
Proceeds of long-term debt	753,023	3,937,376
Principal repayments of long-term debt	(2,445,031)	(2,530,198)
	<u>(1,625,650)</u>	<u>1,617,739</u>
Cash flows from (for) investing activities:		
Net recovery of (investment in) economic development loans receivable	(15,304)	4,901
Net receipts (advances) on mortgages receivable	(335,642)	84,038
Recovery of investment in and advances to Your Dollar Store With More (net funds invested)	2,729	(10,945)
Note receivable	(17,472)	27,542
Net transfers from (to) restricted cash accounts	(24,496)	(192,587)
Funds received from restricted funds held in trust in Ottawa (reinvested funds)	142,637	(7,895)
Redemption of (investment in) short-term investments	(4,680,117)	(10,892,507)
	<u>(4,927,665)</u>	<u>(10,987,453)</u>
Net change in cash for the year	11,310,286	1,719,009
Cash, beginning of year	9,722,141	8,003,132
Cash, end of year	\$ 21,032,427	\$ 9,722,141

WIIKWEMKOONG UNCEDED TERRITORY

Notes to Consolidated Financial Statements

March 31, 2022

1. Nature of operations:

The Wiikwemkoong Unceded Territory is a First Nation located at the eastern end of Manitoulin Island in the Province of Ontario. The First Nation, under the direction of its Chief and Council and management, operate various programs for the benefit of its members, including municipal services, health services, economic development, housing, education and other services. The Wiikwemkoong Unceded Territory is a not-for-profit entity and is not taxable under the Canadian Income Tax Act.

2. Basis of presentation and significant accounting policies:

These consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards for local government entities established by the Public Sector Accounting Board (“PSAB”) of the Chartered Professional Accountants of Canada. The significant accounting policies are summarized as follows:

(a) Reporting entity and basis of consolidation:

These consolidated financial statements include the assets, liabilities, accumulated surplus, revenues and expenditures of the First Nation government functions that have been determined to be accountable to the Wiikwemkoong Unceded Territory, (“the First Nation”) and are either owned or under the control of the First Nation through its’ Chief and Council. They include the Wiikwemkoong Board of Education, Wikwemikong Development Commission, the Wikwemikong Tribal Police Service, the Wikwemikong Nursing Home, the Wikwemikong Property Management Company Limited (operating as Rainbow Ridge Golf Course) and FirstTEL Communications Corporation.

The following entities have been accounted for in these consolidated financial statements using the modified equity method: 2404383 Ontario Ltd. (operating as Your Dollar Store With More), Great Lakes Hospitality Group Limited Partnership, N’Swakamok Forestry Corporation, 2228293 Ontario Limited and U.C.C.M Building Supply Limited Partnership.

All inter-entity balances have been eliminated on consolidation.

Other investments in non-controlled entities are recorded at the lower of cost and net realizable value.

WIJKWEMKOONG UNCEDED TERRITORY

Notes to Consolidated Financial Statements

March 31, 2022

2. Basis of presentation and significant accounting policies, continued:

(b) Basis of accounting:

Revenues and expenditures are reported using the accrual basis of accounting. Revenues are recognized as they are earned and measurable. Expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(c) Cash:

Cash and cash equivalents consist of unrestricted cash on hand and balances held by major financial institutions.

(d) Short-term investments:

Short-term investments are recorded at the lower of cost and fair market value. The investments are held for short-term unspecified purposes and are generally comprised of monthly interest paying investment accounts, term deposits and guaranteed investment certificates with major financial institutions, and have maturities within one year.

(e) Tangible capital assets:

Tangible capital assets are recorded at cost. The First Nation provides for amortization using the straight-line method designed to amortize the cost, less any residual value, of the tangible capital asset over the estimated useful life of the asset. The annual amortization rates are as follows:

Asset	Basis	Rate
Buildings and building additions	straight-line	10 - 40 years
Water and electrical systems	straight-line	10 & 50 years
Roads	straight-line	10 - 40 years
Vehicles	straight-line	3 - 10 years
Furniture, equipment and other	straight-line	1 - 10 years
Computer hardware and software	straight-line	2 - 5 years
Infrastructure projects	straight-line	10 years

WIJKWEMKOONG UNCEDED TERRITORY

Notes to Consolidated Financial Statements

March 31, 2022

2. Basis of presentation and significant accounting policies, continued:

(f) Financial instruments:

Measurement of financial instruments

The First Nation initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. Amounts due to and from related parties are measured at the exchange amount, being the amount agreed upon by the related parties.

The First Nation subsequently measures its financial assets and financial liabilities at amortized cost, except for investments in equity securities that are quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in the consolidated statement of operations in the period they occur.

Financial assets measured at amortized cost include cash, restricted cash, short-term investments, restricted funds held in trust in Ottawa, resident funds held in trust (Nursing Home residents), accounts receivable, due from Indigenous Services Canada, note receivable, economic development loans receivable, and mortgages receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, resident funds held in trust (Nursing Home residents), promissory note payable to Indigenous Services Canada, payable to Ontario Ministry of Health and Long-term Care, and long-term debt.

Impairment

Financial assets measured at other than fair value are tested for impairment at each financial statement date. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in the consolidated statement of operations.

When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in the consolidated statement of operations, in the period it is identified and measurable, up to the amount of the previously recognized impairment.

The First Nation has tested two Micro Automated Gasification System (MAGS) units for impairment and recognized an impairment loss of \$1,955,106 on the consolidated statement of operations for the fiscal period ended March 31, 2022.

WIJKWEMKOONG UNCEDED TERRITORY

Notes to Consolidated Financial Statements

March 31, 2022

2. Basis of presentation and significant accounting policies, continued:

(g) Revenue recognition and deferred contributions:

Revenue from government grants and contributions are recognized in the period that the events giving rise to the government transfer have occurred as long as the transfer is authorized, the eligibility criteria, if any, have been met, and the amount can reasonably be estimated. Funding received under the funding arrangements, which relates to a subsequent fiscal period and the unexpended portions of contributions received for specific purposes are reflected as deferred contributions in the year of receipt and are recognized as revenue in the period in which all the recognition criteria have been met. Other revenues including certain user fees, rents and interest are recorded on the accrual basis when earned and the amounts can be reasonably estimated, and collection is reasonably assured.

(h) Retirement and Post-Employment Benefits:

The First Nation provides retirement and post-employment benefits to certain employee groups. These benefits include pension, health and dental benefits. The First Nation has adopted the following policies with respect to accounting for these employee benefits:

- i) The liability for post-employment benefits is determined using management's best estimate of health care costs, employee turnover rates and discount rates. Adjustments to these costs arising from plan amendments and changes in estimates are accounted for in the period of the amendment or change.
- ii) The expense related to the multi-employer defined benefit pension plan is the employer's contributions to the plan in the year.
- iii) The discount rate used in the determination of post-employment benefits is equal to the First Nation's internal rate of borrowing.

(i) 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 certain assets and liabilities at the date of the consolidated financial statements and reported amounts of certain revenues and expenditures during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the consolidated financial statements in future periods could be significant. Accounts specifically affected by estimates in these consolidated financial statements are certain accounts receivable, allowance for doubtful accounts, certain deferred contributions, amounts repayable to certain funders, impairment of certain long-term investments, and estimated useful lives and impairment of tangible capital assets.

WIHKWEMKOONG UNCEDED TERRITORY

Notes to Consolidated Financial Statements

March 31, 2022

3. **Restricted cash:**

Restricted cash is comprised of bank account balances supporting Canada Mortgage and Housing Corporation (CMHC) replacement reserves, subsidy surplus reserves and operating reserves.

Under the terms of agreements with CMHC amounts are to be credited annually to replacement reserves and, where applicable, may be credited to the subsidy surplus and operating reserves. These funds must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by Canada Mortgage and Housing Corporation. Withdrawals are credited to interest first and then principal.

4. **Short-term investments:**

Short-term investments are presented at their cost value and consist of:

	2022	2021
Toronto Dominion - interest bearing current account	\$ 22,119,305	\$ 21,570,226
Bank of Montreal - business account	4,667,621	536,583
Other	5,124	5,124
	<hr/> \$ 26,792,050	<hr/> \$ 22,111,933

The fair market values of the investments approximate their carrying value.

5. **Restricted funds held in trust in Ottawa:**

Funds held in trust are comprised of funds held in Ottawa trust accounts and 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. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

6. **Resident funds held in trust – Nursing Home residents:**

The resident funds held in trust are funds held by the Wikwemikong Nursing Home in trust for residents, for resident fees and for purchases made by the residents.

WIJKWEMKOONG UNCEDED TERRITORY

Notes to Consolidated Financial Statements

March 31, 2022

7. Due from Indigenous Services Canada

Due from Indigenous Services Canada (ISC) represents funding receivable from ISC in accordance with funding arrangements between the First Nation and ISC. The amounts are unsecured and non-interest bearing.

8. Note receivable:

The note receivable is from Great Lakes Hospitality Group Limited Partnership (GLHGLP), bears interest at prime plus 2% per annum and is due on demand. The note is secured by the First Nation's registered mortgage of the hotel property to a maximum \$1,000,000, (4th ranking). See note 12 and note 22 for additional details of the First Nation's investment in GLHGLP.

During the year, the First Nation was not required to make any partner capital contributions to the GLHGLP (2021 - \$45,014).

	2022	2021
Opening balance	\$ 436,310	\$ 463,852
Interest accrual	17,472	17,472
Capital contributions to GLHGLP	-	(45,014)
	<u>\$ 453,782</u>	<u>\$ 436,310</u>

9. Economic development loans receivable:

The loans are unsecured, bear interest at 0% - 5% per annum, and contain repayment terms which vary between 1 and 10 years. The loans are administered by the Wikwemikong Development Commission. Outstanding loans total \$1,530,371 with an allowance for doubtful accounts of \$1,474,019. During the year, a total of \$28,952 (2021 - \$20,000) of new loans were provided to First Nation members for the purpose of economic development.

10. Mortgages receivable:

The First Nation issues mortgages to qualifying band members. The mortgages are secured by specific property, bear interest at 2.34% to 4.64% per annum, and are amortized over 25 years, with a 5 year term. During the year, two new mortgages was issued totalling \$484,724, which includes a mortgage addition for renovations of \$99,162 (2021 – one new mortgage totalling \$75,000). The balance consists of loans of \$2,959,790 and an allowance for doubtful accounts of \$147,989 (2021 - \$2,609,129 in loans and \$132,970 allowance for doubtful accounts).

WIHKWEMKOONG UNCEDED TERRITORY

Notes to Consolidated Financial Statements

March 31, 2022

11. Investment in and advances to Your Dollar Store With More:

The First Nation holds a 100% ownership interest in 2404383 Ontario Ltd., operating as Your Dollar Store With More. The corporation operates a retail operation on the First Nation.

	2022	2021
Common shares	\$ 100	\$ 100
Advances	103,226	105,955
Cumulative share of earnings	6,064	17,267
	\$ 109,390	\$ 123,322

The investment is accounted for using the modified equity method reflecting the First Nation's 100% ownership share of the corporation's operations for the current and prior years.

	2022	2021
Opening balance	\$ 123,322	\$ 30,355
First Nation's share of net income (loss) of Your Dollar Store With More	(11,203)	82,022
Advances to (repayment from) Your Dollar Store With More during the year, and other adjustments	(2,729)	10,945
	\$ 109,390	\$ 123,322

The following summarizes the assets, liabilities, shareholder's equity (deficit), revenues, and expenses of Your Dollar Store With More at March 31, 2022 with comparative information for 2021:

	2022	2021
Assets:		
Current assets	\$ 187,407	\$ 215,809
Equipment and leasehold improvements	25,258	31,615
Incorporation costs	1,651	1,651
Franchise fee	4,000	6,000
	\$ 218,316	\$ 225,075

WIJKWEMKOONG UNCEDED TERRITORY

Notes to Consolidated Financial Statements

March 31, 2022

11. Investment in and advances to Your Dollar Store With More, continued:

	2022	2021
Liabilities and shareholder's equity:		
Current liabilities	\$ 109,777	\$ 102,604
Advances from Wikwemikong Development Commission	103,226	105,955
Loan payable	-	30,000
Share capital	100	100
Shareholder's equity	5,213	16,416
	<hr/> \$ 218,316	<hr/> \$ 225,075

	2022	2021
Revenues	\$ 731,902	\$ 753,440
Expenses	(743,105)	(671,418)
Net earnings (loss)	<hr/> \$ (11,203)	<hr/> \$ 82,022

12. Investment in and advances to Great Lakes Hospitality Group Limited Partnership:

The First Nation holds a non-controlling limited partnership interest in Great Lakes Hospitality Group Limited Partnership (GLHGLP). This partnership operates a hotel in Little Current, Ontario, which commenced operations in May 2013. The partnership is between 7043821 Canada Inc., the First Nation who holds an 11.5% interest and other First Nations from in and around the Manitoulin Island area. See note 8 and note 22 for additional information on the First Nation's investment in GLHGLP. The carrying value of the investment of \$1,205,358 has been adjusted to its estimated net recoverable amount.

	2022	2021
Investment in Great Lakes Hospitality Group		
Limited Partnership	\$ 1,205,358	\$ 1,205,358
Provision for adjustment to estimated net recoverable amount	(1,205,358)	(1,205,358)
	<hr/> \$ -	<hr/> \$ -

WIJKWEMKOONG UNCEDED TERRITORY

Notes to Consolidated Financial Statements

March 31, 2022

12. Investment in and advances to Great Lakes Hospitality Group Limited Partnership (continued):

The following summarizes the assets, liabilities, partner's deficit, revenues and expenses of Great Lakes Hospitality Group Limited Partnership at December 31, 2021 with comparative information for 2020:

	2021	2020
Financial position		
Current assets	\$ 827,497	\$ 405,622
<u>Property and equipment</u>	2,673,955	2,805,630
<u>Total assets</u>	<u>\$ 3,501,452</u>	<u>\$ 3,211,252</u>

	2021	2020
Liabilities		
Current	\$ 2,431,622	\$ 2,502,415
Long-term debt	569,706	755,323
<u>Partners' surplus (deficit)</u>	<u>500,124</u>	<u>(46,486)</u>
	<u>\$ 3,501,452</u>	<u>\$ 3,211,252</u>

	2021	2020
Results of operations		
Revenues	\$ 1,911,116	\$ 1,785,257
<u>Expenses</u>	<u>2,033,581</u>	<u>2,037,244</u>
Earnings (loss) before undernoted item	(122,465)	(251,987)
Other income	669,075	283,531
<u>Net Earnings</u>	<u>\$ 546,610</u>	<u>\$ 31,544</u>

WIJKWEMKOONG UNCEDED TERRITORY

Notes to Consolidated Financial Statements

March 31, 2022

13. Investment in U.C.C.M. Building Material Supply Limited Partnership:

The investment in U.C.C.M. Building Material Supply Limited Partnership represents a 36.5% ownership interest and is accounted for using the modified equity method of accounting.

The following summarizes the assets, liabilities, partner's capital, revenues and expenses of U.C.C.M Building Material Supply Limited Partnership at November 30, 2021 with comparative information for 2020:

	2021	2020
Financial position		
Current assets	\$ 2,829,024	\$ 2,364,923
Investments and advances	2,780	2,780
Property and equipment	366,697	355,268
<u>Loan receivable</u>	32,500	32,500
Total assets	<u>\$ 3,481,001</u>	<u>\$ 2,755,471</u>

	2021	2020
Liabilities		
Current	\$ 560,928	\$ 429,820
Loan payable	1,164	13,799
Partners' Capital	2,918,909	2,311,852
	<u>\$ 3,481,001</u>	<u>\$ 2,755,471</u>

	2021	2020
Results of operations		
Revenues	\$ 5,905,447	\$ 4,472,552
Cost of sales	4,554,187	3,483,372
Gross Profit	1,351,260	989,180
Expenses	878,247	848,654
Earnings before undernoted item	473,013	140,526
<u>Other Income</u>	134,044	114,067
Net Earnings	<u>\$ 607,057</u>	<u>\$ 254,593</u>

WIJKWEMKOONG UNCEDED TERRITORY

Notes to Consolidated Financial Statements

March 31, 2022

14. Other investments:

The First Nation holds an interest in N'Swakamok Forestry Corporation. The investment has been reflected in the accompanying consolidated financial statements using the modified equity method and has been written down to a nominal amount of \$1 for permanent decline in value related to ongoing operating losses.

The First Nation holds a 100% controlling interest in 2228293 Ontario Limited. The corporation's operations have had no significant activities and the investment has been reflected in the accompanying consolidated financial statements using the modified equity method.

The First Nation and 2228293 Ontario Limited together hold a 100% controlling interest in Wikwemikong Renewable Energy Limited Partnership. The partnership holds several interests in other partnerships that invest in solar energy projects. The investment has been reflected in the accompanying consolidated financial statements using the modified equity method at \$172. During the year, there were no contributions made to the Partnership. Also, the First Nation received minimal distributions from the Partnership, which are included in income.

The First Nation holds one share of the Ontario First Nations Asset Management Corporation, and a 2.2337% interest in the Ontario First Nations Sovereign Wealth Limited Partnership. The Partnership and Corporation control other partnerships that own shares of Hydro One and hold capital wealth funds. These investments have been reflected in the accompanying consolidated financial statements using the cost method at \$2 respectively. During the year, there were no other contributions made to the Partnership. The First Nation did not receive any distributions from the Partnership during the year.

WIJKWEMKOONG UNCEDED TERRITORY

Notes to Consolidated Financial Statements

March 31, 2022

15. Bank indebtedness:

- a) An operating line of credit, for the Wiikwemkoong Unceded Territory, has been approved by TD Canada Trust to a maximum of \$250,000. The operating line bears interest at the bank's prime lending rate plus 0.50% per annum, interest payable monthly and is payable on demand. The operating line is secured by a general security agreement. At March 31, 2022, no funds have been drawn on this operating line (2021 - \$Nil). See subsequent event note 30 for details of the new TD banking agreement dated April 12, 2022.
- b) An operating line of credit, for the Wikwemikong Development Commission, has been approved by TD Canada Trust to a maximum of \$200,000, payable in monthly blended payments of principal and interest. The amount of each payment and the rate of interest to be determined at the discretion of TD Canada Trust at time of drawdown. At March 31, 2022, there were no amounts outstanding on this operating line of credit (2021 - \$Nil).
- c) An equipment financing term facility, for the Wikwemikong Development Commission, has been approved by TD Canada Trust to a maximum of \$500,000. The equipment financing term facility is payable in monthly blended payments of principal and interest, bearing interest at the bank's prime lending rate plus 0.75% per annum. The equipment financing term facility is secured by a general security agreement and is guaranteed by the Wiikwemkoong Unceded Territory. At March 31, 2022, the outstanding balance drawn on the facility is \$289,975 (2021 - \$329,972).
- d) An operating line of credit, for Wii Ni'Guch Tood (a program of the First Nation), has been approved by TD Canada Trust to a maximum of \$300,000. The operating line bears interest at the bank's prime lending rate plus 0.50% per annum, interest payable monthly and is payable on demand. The operating line is secured by a general security agreement. At March 31, 2022, no funds have been drawn on this operating line, (2021 - \$Nil).
- e) Your Dollar Store With More has operating lines of credit with TD Canada Trust authorized to a maximum of \$175,000. The operating lines bear interest at the bank's prime lending rate plus 1.00% per annum, interest payable monthly and is payable on demand. The operating line is secured by an unlimited guarantee of the advances by the Wikwemikong Development Commission. At March 31, 2022 \$27,666 (2021 – \$33,667) had been drawn on this operating line.
- f) An operating line of credit, for the Wikwemikong Tribal Police Service, has been approved by TD Canada Trust to a maximum of \$150,000. The operating line bears interest at the bank's prime lending rate plus 0.50% per annum, interest payable monthly and is payable on demand. The operating line is secured by a general security agreement. At March 31, 2022, no funds have been drawn on this operating line, (2021 - \$Nil).

WIJKWEMKOONG UNCEDED TERRITORY

Notes to Consolidated Financial Statements

March 31, 2022

16. Deferred contributions:

Deferred contributions consist of the following:

	2022	2021
Indigenous Services Canada	\$18,050,792	\$ 12,298,825
Human Resource and Skills Development Canada	2,796,520	1,670,764
Ministry of Children and Youth Services	1,688,422	-
Other Funding Agencies	1,576,968	2,560,831
Ministry of Health	1,107,935	-
Union of Ontario Indians	628,278	-
Federal Funding - Policing	515,066	190,035
Provincial Funding - Policing	475,445	177,704
Ministry of Indigenous Affairs	360,609	-
Ministry of Oceans and Fisheries	206,503	438,544
Ministry of Attorney General	160,966	173,468
Department of Justice	50,000	-
Public Service Canada	31,017	-
	<hr/> \$ 27,648,521	<hr/> \$ 17,510,171

17. Promissory note payable to Indigenous Services Canada

The promissory note payable to Indigenous Services Canada, funds native land claim expenditures and is non-interest bearing, unsecured, with no specified terms of repayment.

18. Payable to the Ontario Ministry of Health and Long-term Care:

Amounts payable to the Ontario Ministry of Health and Long-term Care are comprised of contribution funding received in excess of eligible expenditures incurred at the Wikwemikong Nursing Home. The repayable amounts are unsecured and non-interest bearing. The amounts payable have no specified terms of repayment. The breakdown of the cumulative December 31 year end totals, by year, are as follows:

2017	460,461
2018	217,622
2019	167,087
2020	523,199
2021	500,298
<hr/> Cumulative year end totals	<hr/> \$ 1,868,667

WIJKWEMKOONG UNCEDED TERRITORY

Notes to Consolidated Financial Statements

March 31, 2022

19. Long-term debt:

	2022	2021
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$4,084, including interest at 1.30% per annum, due October 2022. Insured by Canada Mortgage and Housing Corporation.	240,938	286,314
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$4,980, including interest at 1.46% per annum, due March 2022. Insured by Canada Mortgage and Housing Corporation.	1,035,679	1,080,773
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$7,244, including interest at 1.43% per annum, due April 2022. Insured by Canada Mortgage and Housing Corporation.	7,244	93,393
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$2,847, including interest at 1.35% per annum, due May 2022. Insured by Canada Mortgage and Housing Corporation.	567,504	593,840
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$5,938, including interest at 1.30% per annum, due June 2022. Insured by Canada Mortgage and Housing Corporation.	673,126	735,212
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$5,466, including interest at 1.30% per annum, due June 2022. Insured by Canada Mortgage and Housing Corporation.	332,736	393,550
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$10,085, including interest at 1.30% per annum, due June 2022. Insured by Canada Mortgage and Housing Corporation.	1,673,636	1,772,254
Subtotal carried forward to next page	\$ 4,530,863	\$ 4,955,336

WIHKWEMKOONG UNCEDED TERRITORY

Notes to Consolidated Financial Statements

March 31, 2022

19. Long-term debt, continued:

	2022	2021
Balance carried forward from prior page	\$ 4,530,863	\$ 4,955,336
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$7,398, including interest at 2.13% per annum, due October 2022. Insured by Canada Mortgage and Housing Corporation.	823,055	893,555
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$4,153, including interest at 1.97% per annum, due December 2022. Insured by Canada Mortgage and Housing Corporation.	848,765	881,590
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$5,311, including interest at 1.97% per annum, due December 2022. Insured by Canada Mortgage and Housing Corporation.	617,220	668,297
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$6,617, including interest at 2.39% per annum, due March 2023. Insured by Canada Mortgage and Housing Corporation.	432,144	500,387
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$4,678, including interest at 2.50% per annum, due April 2023. Insured by Canada Mortgage and Housing Corporation.	59,950	113,867
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$1,722, including interest at 2.50% per annum, due June 2023. Insured by Canada Mortgage and Housing Corporation.	117,788	134,104
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$4,858, including interest at 2.50% per annum, due June 2023. Insured by Canada Mortgage and Housing Corporation.	571,589	615,083
Subtotal carried forward to next page	\$ 8,001,374	\$ 8,762,219

WIJKWEMKOONG UNCEDED TERRITORY

Notes to Consolidated Financial Statements

March 31, 2022

19. Long-term debt, continued:

	2022	2021
Balance carried forward from prior page	\$ 8,001,374	\$ 8,762,219
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$3,448, including interest at 2.52% per annum, due September 2023. Insured by Canada Mortgage and Housing Corporation.	407,732	438,460
Royal Bank of Canada vehicle loans. Repayable by monthly instalments totalling \$3,062, including interest at 4.99% per annum, due October 2023, secured by specific vehicles with combined NBVs of \$30,402	27,747	44,175
TD Canada Trust equipment finance loan. Repayable by monthly instalments of \$5,594, plus interest at 4.90% per annum, due March 2024, secured by specific equipment with a net book value of \$204,305.	127,648	186,940
TD Canada Trust equipment finance loan. Repayable by monthly instalments of \$767, plus interest at 5.33% per annum, due April 2024, secured by a specific vehicle with a net book value of \$34,666.	18,147	26,832
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$4,862, plus interest at 1.87% per annum, due May 2024. Insured by Canada Mortgage and Housing Corporation.	620,423	666,474
TD Canada Trust equipment finance loan. Repayable by monthly instalments of \$777, plus interest at 5.25% per annum, due May 2024, secured by a specific vehicle with a net book value of \$28,153.	18,373	26,505
TD Canada Trust term loan. Repayable by monthly instalments of \$3,333, plus interest at prime plus 0.75% per annum, due June 2024, secured by a general security agreement and an assignment of insurance.	289,975	329,972
Subtotal carried forward to next page	\$ 9,511,419	\$ 10,481,577

WIHKWEMKOONG UNCEDED TERRITORY

Notes to Consolidated Financial Statements

March 31, 2022

19. Long-term debt, continued:

	2022	2021
Balance carried forward from prior page	\$ 9,551,419	\$ 10,481,577
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$8,972, including interest at 1.91% per annum, due June 2024. Insured by Canada Mortgage and Housing Corporation.	673,569	767,439
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$1,569, including interest at 1.91% per annum, due June 2024. Insured by Canada Mortgage and Housing Corporation.	116,572	134,203
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$11,192, including interest at 1.69% per annum, due September 2024. Insured by Canada Mortgage and Housing Corporation.	1,485,536	1,593,823
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$7,107, including interest at 1.69% per annum, due September 2024. Insured by Canada Mortgage and Housing Corporation.	524,699	600,450
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$2,862, including interest at 1.83% per annum, due September 2024. Insured by Canada Mortgage and Housing Corporation.	83,869	116,363
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$1,500, including interest at 1.83% per annum, due December 2024. Insured by Canada Mortgage and Housing Corporation.	128,708	144,210
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$6,724, including interest at 0.68% per annum, due April 2025. Insured by Canada Mortgage and Housing Corporation.	246,132	324,860
Subtotal carried forward to next page	\$ 12,770,504	\$ 14,162,925

WIJKWEMKOONG UNCEDED TERRITORY

Notes to Consolidated Financial Statements

March 31, 2022

19. Long-term debt, continued:

	2022	2021
Balance carried forward from prior page	\$ 12,770,504	\$ 14,162,925
Canada Mortgage and Housing Corporation, construction advances. Expected to be converted to a mortgage with terms that include monthly payments of \$4,463 plus interest at 0.69% per annum, due June 2025. 640,079	688,780	
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$4,500, including interest at 0.68% per annum, due August 2025. Insured by Canada Mortgage and Housing Corporation.	441,647	492,462
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$4,588, including interest at 0.68% per annum, due October 2025. Insured by Canada Mortgage and Housing Corporation.	428,593	480,549
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$4,838, including interest at 0.76% per annum, due December 2025. Insured by Canada Mortgage and Housing Corporation.	731,527	783,811
TD Equipment Finance Canada loan. Repayable by blended monthly payments of \$1,660, including interest at 4.32% per annum, maturing January 2026. Secured by equipment with a net book value of \$76,001.	70,240	86,733
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$2,934, including interest at 1.53% per annum, due March 2026. Insured by Canada Mortgage and Housing Corporation.	136,569	170,035
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$1,434, including interest at 0.98% per annum, due March 2026. Insured by Canada Mortgage and Housing Corporation.	67,516	84,130
Subtotal carried forward to next page	\$ 15,286,675	\$ 16,949,425

WIHKWEMKOONG UNCEDED TERRITORY

Notes to Consolidated Financial Statements

March 31, 2022

19. Long-term debt, continued:

	2022	2021
Balance carried forward from prior page	\$ 15,286,675	\$ 16,949,425
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$4,821, including interest at 0.98% per annum, due April 2026. Insured by Canada Mortgage and Housing Corporation.	231,476	287,258
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$2,242, including interest at 1.30% per annum, due April 2026. Insured by Canada Mortgage and Housing Corporation.	431,719	453,025
TD Equipment Finance vehicle loans. Repayable by monthly instalments totalling \$3,650, including interest at 4.19% per annum, due August 2026, secured by specific vehicles by specific vehicles with combined NBVs of \$161,764	176,326	-
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$2,829, including interest at 1.06% per annum, due September 2026. Insured by Canada Mortgage and Housing Corporation.	583,982	612,669
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$4,694, including interest at 1.57% per annum, due December 2026. Insured by Canada Mortgage and Housing Corporation.	479,753	531,086
TD Canada Trust operating loan. Repayable by monthly instalments of \$10,339, plus interest at prime plus 0.50% per annum, due January 2029, secured by a general security agreement and an assignment of insurance.	827,154	951,227
Waubetek Business Development Corporation loan. Repayable by monthly instalments of \$2,580, plus interest at 4.45% per annum, due March 2029, secured by a corporate guarantee.	186,375	217,333
Subtotal carried forward to next page	\$ 18,203,460	\$ 20,002,023

WIJKWEMKOONG UNCEDED TERRITORY

Notes to Consolidated Financial Statements

March 31, 2022

19. Long-term debt, continued:

	2022	2021
Balance carried forward from prior page	\$ 18,203,460	\$ 20,002,023
Waubetek Business Development Corporation loan. Repayable by monthly instalments of \$1,187, plus interest at 4.45% per annum, due July 2029, secured by specific equipment with a net book value of \$129,525.	90,502	83,281
TD Canada Trust operating loan. Repayable by monthly instalments of \$4,074, plus interest at the bank's prime rate plus 0.50% per annum, due November 2029, secured by a general security agreement and an assignment of insurance.	479,224	508,065
TD Canada Trust operating loan. Repayable by monthly instalments of \$16,708, plus interest at prime plus 0.50% per annum, due November 2029, secured by a general security agreement and an assignment of insurance.	1,295,858	1,440,770
Canada Mortgage and Housing Corporation forgivable loan. To be forgiven over 15 years at the rate of \$156,565 per annum, maturing May 31, 2034.	2,035,341	2,191,905
TD Canada Trust operating loan. By way of construction advances bearing interest at the bank's prime rate plus 0.50% per annum to be converted to fixed or floating rate term loans on the completion of the construction project.	5,659,964	5,124,658
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$6,630, including interest at 2.05% per annum, due December 2021, Insured by Canada Mortgage and Housing Corporation. Paid in full during the year.	-	59,162
Subtotal carried forward to next page	\$ 27,764,349	\$ 29,409,864

WIHKWEMKOONG UNCEDED TERRITORY

Notes to Consolidated Financial Statements

March 31, 2022

19. Long-term debt, continued:

	2022	2021
Balance carried forward from prior page	\$ 27,764,349	\$ 29,409,864
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$1,321, including principal and interest at 7.9% per annum, due November 2021, secured by specific property. Paid in full during the year.	- 14,003	
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$3,577, including interest at 1.31% per annum, due November 2021. Insured by Canada Mortgage and Housing Corporation. Paid in full during the year.	- 28,477	
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$2,009, including interest at 1.14% per annum, due May 2021. Insured by Canada Mortgage and Housing Corporation. Paid in full during the year.	- 4,013	
Total	\$ 27,764,349	\$ 29,456,357

Principal payments required to retire outstanding long-term debt are as follows:

2023	\$ 2,515,080
2024	2,488,837
2025	2,423,397
2026	2,692,214
<u>2027 and subsequent years</u>	<u>17,644,821</u>
	\$ 27,764,349

Certain mortgage loans are due and are to be renegotiated within the next year. The full balances of these loans have been shown as repayable in 2023. Management has no reason to believe that the loans will not be renewed or that the creditor will demand repayment of these loans during the next fiscal year.

WIJKWEMKOONG UNCEDED TERRITORY

Notes to Consolidated Financial Statements

March 31, 2022

20. Non-financial assets:

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

21. Accumulated surplus:

The accumulated surplus is comprised of the following surpluses (deficits):

	2022	2021
Equity in tangible capital assets	\$ 46,520,323	\$ 46,048,179
Restricted social housing reserves	3,588,041	3,810,438
First Nation enterprise initiatives	(4,513,555)	(5,172,106)
Internally restricted economic development loans	437,981	409,029
Restricted Ontario First Nations Limited		
Partnership distributions	17,733,596	17,169,597
Ontario First Nations Limited Partnership		
Distributions, loans	37,226	79,443
Restricted funds held in trust in Ottawa	11,028	153,665
Internally restricted deferred revenue	2,174,402	87,601
Unrestricted band operations accumulated		
surplus	5,461,058	294,696
	\$ 71,450,100	\$ 62,880,542

22. Contingent liabilities:

(a) Government funding:

The First Nation has entered into accountable contribution arrangements with various government funding agencies. All such programs are subject to audit by the various governments, with repayable audit adjustments to the funding agency government. Audit adjustments, if any, are recorded in the accounts in the year in which the liability is determined.

WIHKWEMKOONG UNCEDED TERRITORY

Notes to Consolidated Financial Statements

March 31, 2022

22. Contingent liabilities, continued:

(b) Guarantees:

The First Nation is contingently liable for the following items:

	2022	2021
Loan guarantees to various financial institutions in favour of individual Band Members	\$ 1,242,880	\$ 1,328,591
Proportionate loan guarantee for Robinson Huron Treaty Litigation Fund	2,786,750	1,138,250
Loan guarantee to Bank of Montreal in favour of Great Lakes Hospitality Group Limited Partnership (i)	538,996	538,996
Letter of credit to a major supplier of the UCCM Building Material Supply Limited Partnership	140,000	140,000
Guarantees to Bell Canada in favour of FirstTel Communications Corporation	40,000	40,000
	\$ 4,748,626	\$ 3,185,837

(i) The First Nation, as a limited partner (note 12), has provided a guarantee to a maximum of \$538,996 in favour of a loan from the Bank of Montreal advanced to Great Lakes Hospitality Group Limited Partnership (GLHGLP). As at December 31, 2021, the balance outstanding on the loan is \$1,628,610 (2020 - \$1,778,943).

The guarantee continues to provide that each of the limited partners, on a joint and several basis, cover all and any shortfalls of the debt covenants of the borrower. The loan agreement requires GLHGLP to maintain compliance with certain financial covenants, including maintaining a debt service coverage ratio of 1.55:1 as well as a maximum loan to value ratio of 50%. As at December 31, 2021, GLHLP was in breach of these covenants.

(c) Legal claims against the First Nation:

The First Nation is a defendant in a claim in the amount of approximately \$50,000 regarding a labour dispute matter. At the present time, neither the outcome nor a possible settlement, if any, can be determined, therefore, no provision regarding any payable with respect to these matters that has been recorded in the accompanying consolidated financial statements.

WIIKWEMKOONG UNCEDED TERRITORY

Notes to Consolidated Financial Statements

March 31, 2022

22. Contingent liabilities, continued:

(c) Legal claims against the First Nation, continued:

In a prior year, the Wikwemikong Nursing Home was named as a defendant in two statements of claim arising from the same incident. The claims allege negligence and breach of duty. Damages claimed are in the amounts of \$2,800,000 and \$9,000,000, respectively. At the present time, neither the outcome nor a possible settlement, if any, can be determined. Therefore, no provision regarding any payable with respect to this matter has been recorded in the accompanying consolidated financial statements.

In the prior year, an employee of the Wikwemikong Tribal Police Service was accused of misconduct. As part of the employee's employment agreement, the organization has agreed to indemnify the individual for damages, penalties, interest, and costs awarded against the employee in civil, criminal, or other proceedings, provided that the proceedings do not result in a finding of misconduct. In addition, the employment agreement also provides for legal costs incurred in the reasonable defence of such charges or allegations to be paid by the organization. Total legal fees related to this matter recorded in the accompanying financial statements amount to \$121,818. Subsequent to year-end, the employee in question was convicted, and terminated. As such, the organization's indemnification of costs as well as payment of legal fees for the individual are no longer applicable as of the effective date of termination. At this time, the organization is not named in any claim as a result of the above noted misconduct and as such, no provision regarding any payable with respect to this matter has been recorded in the accompanying financial statements. Should an amount become payable, recognition of an amount will be recorded in the period in which it becomes known.

In a prior fiscal year, Wiikwemkoong Board of Education was named as a defendant in two separate statements of claim where the plaintiffs were alleging wrongful dismissal. As of March 31, 2022, both claims remained outstanding with damages claimed in the amounts of \$265,678 and \$80,000, respectively. Subsequent to year-end, the first of the claims was settled for \$10,060. Also, subsequent to year-end, an additional claim was filed against Wiikwemkoong Board of Education, as well as two other related parties, claiming harassment and damages in the amount of \$35,000. At the present time, neither the outcomes nor the possible settlements, if any, of the two claims that remain unresolved as of the audit report date can be determined. Therefore, no provisions regarding any payables with respect to these matters have been recorded in the accompanying financial statements. Should an amount become payable, recognition of an amount will be recorded in the period in which it becomes known.

WIJKWEMKOONG UNCEDED TERRITORY

Notes to Consolidated Financial Statements

March 31, 2022

(d) Legal claims in favour of the First Nation:

The First nation is a plaintiff in a claim in the amount of approximately \$15,000,000 regarding damages arising from oil and gas wells on the lands of the First Nation. At the present time, neither the outcome nor a possible settlement, if any, can be determined. Therefore, no provision regarding any receivable with respect to this matter that has been recorded in the accompanying consolidated financial statement.

On April 18th, 2022, subsequent to year end, the First Nation is a plaintiff in a claim filed for approximately \$5,000,000 against Ignite Infrastructure Association Inc. The claim is for damages and losses related to the WETT-S (Wastewater Electrochemical Treatment Technology system) and two MAGS units (Micro Auto Gasification Systems). At the present time, neither the outcome nor a possible settlement, if any, can be determined. Therefore, no provision regarding any receivable with respect to this matter that has been recorded in the accompanying consolidated financial statement.

WIJKWEMKOONG UNCEDED TERRITORY
Notes to Consolidated Financial Statements

March 31, 2021

23. Tangible capital assets:

2022														
	Land	Buildings	Water & Electrical Systems	Roads	Vehicles	Furniture, Equipment and Other	Computer Software & Hardware	Infrastructure Projects	Assets under construction	CMHC Rental Buildings	Property Management Vehicles		Totals 2022	
Cost														
Balance, beginning of year	\$ 1,076,800	\$ 41,871,821	\$ 15,568,925	\$ 22,603,532	\$ 8,121,514	\$ 5,719,737	\$ 1,559,466	\$ 680,560	\$ 7,905,173	\$ 36,087,019	\$ 229,814	\$ 141,424,361		
Transfers	-	3,664,719	-	-	-	2,730,314	-	-	(7,500,494)	1,105,460	-	-		
Additions	-	297,324	44,740	1,471,416	627,730	1,804,598	-	-	1,154,471	-	66,702	5,466,982		
(i) Write-Down	-	-	-	-	-	(1,955,106)	-	-	-	-	-	(1,955,106)		
Disposals	-	-	-	-	(90,673)	(37,850)	-	-	-	-	-	(128,523)		
Balance, end of year	1,076,800	45,833,865	15,613,664	24,074,948	8,658,570	8,261,693	1,559,466	680,560	1,559,151	37,192,478	296,516	144,807,712		
Accumulated Amortization														
Balance, beginning of year	-	17,150,028	5,023,535	16,339,930	5,468,512	3,457,998	828,171	374,044	-	19,851,705	137,422	68,631,345		
Disposals	-	-	-	-	(69,967)	(37,850)	-	-	-	-	-	(107,817)		
Amortization expense	-	1,005,320	354,186	579,645	704,570	558,075	50,631	52,893	-	1,271,407	32,149	4,608,876		
Balance, end of year	-	18,155,347	5,377,721	16,919,575	6,103,115	3,978,223	878,802	426,938	-	21,123,113	169,571	73,132,404		
Net book value	\$ 1,076,800	\$ 27,678,516	\$ 10,235,944	\$ 7,155,374	\$ 2,555,456	\$ 4,283,471	\$ 680,664	\$ 253,622	\$ 1,559,151	\$ 16,069,367	\$ 126,945	\$ 71,675,309		

(i) As a result of a technical feasibility and economic potential study and review performed by a third party, the First Nation tested the Micro Automated Gasification System (MAGS) units for impairment. The cost of the MAGS units was \$2,730,314. The First Nation recognized an impairment loss of \$1,955,106, the full cost of the units, on the statement of operations.

2021														
	Land	Buildings	Water & Electrical Systems	Roads	Vehicles	Furniture, Equipment and Other	Computer Software & Hardware	Infrastructure Projects	Assets under construction	CMHC Rental Buildings	Property Management Vehicles		Totals 2021	
Cost														
Balance, beginning of year	\$ 860,515	\$ 38,132,240	\$ 15,287,216	\$ 22,603,532	\$ 6,955,567	\$ 5,126,693	\$ 1,408,655	\$ 680,560	\$ 2,391,286	\$ 36,061,969	\$ 179,914	\$ 129,688,147		
Transfers	-	2,805,257	-	-	-	-	-	-	-	(2,805,257)	-	-		
Additions	216,285	961,136	281,709	-	1,165,947	781,651	150,811	-	8,319,144	25,050	49,900	11,951,633		
Disposals	-	(26,812)	-	-	-	(188,607)	-	-	-	-	-	(215,419)		
Balance, end of year	1,076,800	41,871,821	15,568,925	22,603,532	8,121,514	5,719,737	1,559,466	680,560	7,905,173	36,087,019	229,814	141,424,361		
Accumulated Amortization														
Balance, beginning of year	-	16,310,136	4,629,714	15,776,180	4,886,754	3,231,102	783,125	324,385	-	18,543,558	117,279	64,602,233		
Disposals	-	-	-	-	-	(188,609)	-	-	-	-	-	(188,609)		
Write-Down	-	-	-	-	-	-	-	-	-	-	-	-		
Amortization expense	-	839,892	393,821	563,750	581,758	415,505	45,046	49,659	-	1,308,147	20,143	4,217,721		
Balance, end of year	-	17,150,028	5,023,535	16,339,930	5,468,512	3,457,998	828,171	374,044	-	19,851,705	137,422	68,631,345		
Net book value	\$ 1,076,800	\$ 24,721,793	\$ 10,545,390	\$ 6,263,602	\$ 2,653,002	\$ 2,261,739	\$ 731,295	\$ 306,516	\$ 7,905,173	\$ 16,235,314	\$ 92,392	\$ 72,793,016		

WIIKWEMKOONG UNCEDED TERRITORY

Notes to Consolidated Financial Statements

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24. Indigenous Services Canada:

Reconciliation Indigenous Services Canada (ISC) funding confirmation:

	2022	2021
Revenue reported per consolidated financial statements:	\$ 55,780,046	\$ 53,350,015
Revenue per ISC funding confirmation/agreement with Wiikwemkoong Unceded Territory	\$ 55,780,046	\$ 53,350,015

25. Expenditures by object:

As required by the Canadian public sector accounting standards, these consolidated financial statements report on expenditures by functions. The First Nation's expenditures by object are as follows:

	2022	2021
Salaries, wages, and benefits	\$ 36,800,783	\$ 38,107,985
Amortization	4,608,876	4,217,721
Interest on long-term debt	561,918	452,939
Other	40,275,280	34,815,124
	\$ 82,246,858	\$ 77,593,769

26. Employee benefits plans:

Certain employees of the First Nation are members of defined contribution pension plans and/or multi-employer defined benefit pension plans. Contributions by the First Nation to the plans during the year on behalf of the employees in the amount of \$1,489,411 (2021 – \$1,456,740) were expensed when due.

WIJKWEMKOONG UNCEDED TERRITORY

Notes to Consolidated Financial Statements

March 31, 2022

27. Budget information:

The First Nation does not prepare a consolidated budget, does not prepare budgets for all programs and consolidated entities, and certain program budgets have not been prepared in a format consistent with the accompanying consolidated financial statements; accordingly, budget information has not been presented in these consolidated financial statements as it would not represent meaningful financial information.

28. Financial instruments:

Transactions in financial instruments may result in an organization assuming or transferring risks to another party. The First Nation is exposed to the following risks in respect of certain financial instruments and transactions it is a party to:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The First Nation's main credit risks relate to its cash, restricted cash, resident funds held in trust (Nursing Home residents), short-term investments, accounts receivable, due from Indigenous Services Canada, note receivable, economic development loans receivable, mortgages receivable, and investment in and advances to Your Dollar Store With More.

Credit risk associated with cash, restricted cash, resident funds held in trust (Nursing Home residents), and short-term investments is minimized by ensuring these financial assets are placed with large reputable financial institutions with high credit ratings.

The First Nation is exposed to credit risk through its accounts receivable and due from Indigenous Services Canada in a total amount of \$13,952,645 (2021 - \$9,017,163), of which the majority is comprised of amounts due from governments, and government funded organizations, but also includes amounts due from First Nation members and other receivables. The First Nation measures its exposure to credit risk to accounts receivable based on how long the accounts have been outstanding and manages this risk through management's ongoing analysis and monitoring of the accounts. An allowance for bad debts is recorded when applicable.

Refer to note 2(f) "Impairment" regarding the First Nation's accounting policies for assessing impairment of financial instruments measured at other than fair value, which includes economic development loans receivable, mortgages receivable, and investment in and advances to Your Dollar Store With More.

WIJKWEMKOONG UNCEDED TERRITORY

Notes to Consolidated Financial Statements

March 31, 2022

28. Financial instruments, continued:

Liquidity risk

Liquidity risk is the risk that the First Nation cannot repay its obligations when they become due to its creditors. The First Nation is exposed to this risk relating to its accounts payable and accrued liabilities of \$12,401,046 (2021 - \$8,779,598), its promissory note payable to Indigenous Services Canada, payable to Ministry of Health and Long-Term Care and long-term debt.

The First Nation reduces its exposure to liquidity risk through its ongoing program budgeting and expenditure monitoring processes, documenting when authorized payments become due, and maintaining adequate cash balances and lines of credit to repay creditors as the liabilities become due.

Interest rate risk

The First Nation is exposed to interest rate risk in respect of interest earned on its short-term investments which fluctuate from time to time due to a variety of financial market factors.

The First Nation is exposed to interest rate risk in respect of its operating lines of credit and certain long-term debts, the interest rates of which are variable based on bank prime rates that fluctuate from time to time due to a variety of financial market factors, and would result in changes in payments on account of interest.

The First Nation is also exposed to interest rate risk in respect of certain long-term debt credit facilities which will mature and be renewed in future periods at interest rates that will be determined in future periods. Changes in interest rates would result in changes in payments on account of interest.

Other risks

The First Nation is exposed to the risk of not realizing the value of its investments in Wiky Property Management Company Ltd., and Great Lakes Hospitality Group Limited Partnership. Refer to note 2(f) "Impairment" regarding the First Nation's accounting policies for assessing impairment of financial instruments measured at other than fair value, which includes these investments.

WIJKWEMKOONG UNCEDED TERRITORY

Notes to Consolidated Financial Statements

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29. Economic dependence:

The First Nation receives a major portion of its revenues pursuant to funding agreements with several agencies, including the Indigenous Services Canada, Health Canada, Ministry of Children, Community and Social Services and Human Resources Development Canada.

The Wikwemikong Nursing Home has contribution arrangements with the Ontario Ministry of Health and Long-term Care to provide funds to administer operations and provide services. The Wikwemikong Nursing Home is obligated to repay to the Ontario Ministry of Health and Long-Term Care contribution funding received in excess of eligible expenditures incurred. The repayment of these amounts could impede the nursing home's ability to continue operations.

As these contribution agreements provide the First Nation's major source of revenue, its ability to continue viable operations is dependent upon maintaining these funding arrangements.

30. Subsequent events:

Subsequent to year end on April 12, 2022, the First Nation entered into an updated banking agreement with the Toronto Dominion (TD) Bank. The agreement provides the following facilities to the First Nation:

- \$10,513,231 in term facilities
- \$2,500,000 in revolving demand facilities
- \$1,750,000 in operating loans
- \$590,000 in ancillary facilities

WIHKWEMKOONG UNCEDED TERRITORY

Notes to Consolidated Financial Statements

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31. Covid -19 pandemic:

The Covid-19 global outbreak was declared a pandemic by the World Health Organization in March 2020. The negative impact of Covid-19 in Canada and on the global economy has been significant. The global pandemic has disrupted economic activities and supply chains resulting in governments worldwide, and in Canada, enacting emergency measures to combat the spread of the virus and protect the economy.

These financial statements have been prepared based upon conditions existing at March 31, 2022 and consider those events occurring subsequent to that date, that provide evidence of conditions that existed at that date.

Although the disruption from the pandemic is expected to be temporary, given the dynamic nature of these circumstances, the duration and severity of the disruption and related financial impact cannot be reasonably estimated at this time. Government interventions and public health authority recommendations have resulted in changes to how and what services the First Nation delivers to its members. The Chief and Council and management of the First Nation will continue to monitor the situation and adjust as they see necessary to maintain the health and safety of their employees and members.

At this time, the full potential impact of the Covid-19 pandemic on the First Nation is not known.