

Consolidated Financial Statements of

SAGAMOK ANISHNAWBEK

And Independent Auditors' Report thereon

Year ended March 31, 2022

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Sagamok Anishnawbek are the responsibility of management and have been approved by the Chief and Council.

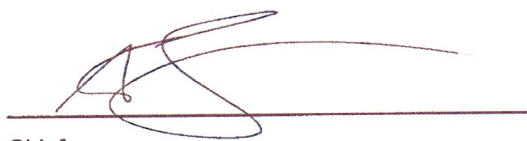
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management 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.

Sagamok maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and Sagamok's assets are appropriately accounted for and adequately safeguarded.

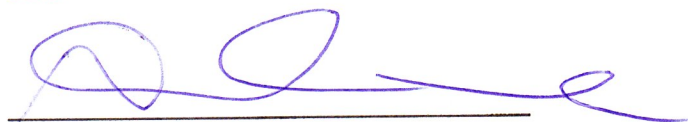
Sagamok is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Chief and Council reviewed Sagamok's consolidated financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, 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.

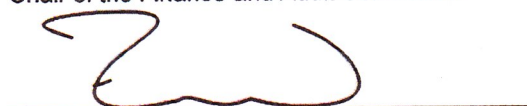
The consolidated financial statements have been audited by KPMG LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. KPMG LLP has full access to the Council.



Chief



Chair of the Finance and Audit Committee



Director of Finance



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INDEPENDENT AUDITORS' REPORT

To the Chief and Council of Sagamok Anishnawbek

Opinion

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

- the consolidated statement of financial position as at March 31, 2022
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net debt for the year then ended
- the consolidated statement of cash flows for the year then ended
- and the consolidated notes and schedules to the 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, 2022, and its consolidated results of operations 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 (PSAB).

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 "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Those charged with governance are responsible for overseeing the First Nation's financial reporting. 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 auditors' 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.



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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.
- 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 auditors' 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 auditors' 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants
Sudbury, Canada
July 29, 2022

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Year ended March 31, 2022

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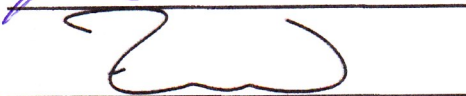
Consolidated Statement of Financial Position

March 31, 2022, with comparative information for 2021

	2022	2021
Financial Assets		
Cash and cash equivalents	\$ 19,816,296	\$ 10,608,195
Restricted cash (note 2)	1,273,820	946,322
Accounts receivable	3,169,595	1,435,150
Loan receivable (note 3)	1,293,611	-
Investments (note 4)	651,391	627,624
Interests in partnerships (note 5)	1	1
Investment in Government Business Enterprise (note 6)	5,573,398	4,469,693
Consolidated revenue fund	862,580	841,770
	<u>32,640,692</u>	<u>18,928,755</u>
Financial Liabilities		
Accounts payable and accrued liabilities	2,556,220	1,853,031
Deferred revenue (note 10)	20,704,907	9,250,799
Long-term debt (note 8)	12,342,065	13,449,655
	<u>35,603,192</u>	<u>24,553,485</u>
Net debt	(2,962,500)	(5,624,730)
Non-Financial Assets		
Prepaid expenses	454,250	557,637
Tangible capital assets (note 7)	36,695,668	30,657,295
	<u>37,149,918</u>	<u>31,214,932</u>
Contingent liabilities (note 11)		
Accumulated surplus (note 9)	\$ 34,187,418	\$ 25,590,202

See accompanying notes to consolidated financial statements.

Approved on behalf of Council:


 _____ Chief

 _____ Chair of the Finance and Audit Committee

 _____ Director of Finance

SAGAMOK ANISHNAWBEK

Consolidated Statement of Operations

Year end March 31, 2022, with comparative information for 2021

	2022 Budget (note 15)	2022 Actual	2021 Actual
Revenue:			
Indigenous Services Canada (note 13)	\$ 15,896,615	\$ 20,118,448	\$ 18,842,758
North Shore Tribal Council	789,041	784,011	1,133,986
Ontario First Nations Limited Partnership	1,440,000	889,813	1,473,654
Ministry of Education	529,595	550,876	582,358
Canada Mortgage and Housing Corporation	727,267	1,751,232	1,088,135
Ministry of Infrastructure	-	3,768,397	71,331
Ministry of Aboriginal Affairs	85,000	803,637	145,789
Nogdawindamin	2,268,286	1,500,154	1,369,153
Other	5,540,697	8,421,599	8,162,734
	27,276,501	38,588,167	32,869,898
Expenses:			
Medical Services	7,066,667	7,942,686	8,263,664
Education	8,597,072	8,250,882	9,221,615
Band Government	3,844,979	3,319,157	2,595,493
Community Infrastructure	1,945,175	3,127,966	2,715,457
First Nations Child Care Initiative	237,322	203,060	304,597
Day Nursery Program	674,702	812,463	733,999
Employment Programs	163,000	93,388	183,128
Lottery and Funeral Operations	-	546,185	49,324
Land and Environment - Mining Support	841,300	1,047,054	750,995
Ritchie Falls	-	514,613	487,987
Housing Administration	312,468	440,455	330,729
Economic Development	197,280	245,427	504,649
Infrastructure Expansion / Minor Capital	113,849	327,530	265,475
Federal School Capital	42,767	144,275	32,056
Community Hall Operations	45,558	48,753	51,368
CMHC Housing Phase 22	-	5,000	-
On-Reserve Housing	-	483,486	120,299
Housing Renovations	-	464,547	532,126
Land and Environment	111,000	445,074	120,415
Fisheries	25,000	25,000	25,000
Sagamok Development Corporation	-	265,909	386,465
Community Housing	1,480,048	1,542,173	1,526,722
Seniors Complex	175,993	248,716	194,138
Aboriginal Skills and Employment Training Strategy - Employment Strategy	535,855	422,412	508,706
Aboriginal Skills and Employment Training Strategy - Employment Insurance	82,097	39,464	115,891
Restricted Funds	872,399	88,981	654,515
	27,364,531	31,094,656	30,674,813
Excess (deficiency) of revenue over expenses before undernoted items	(88,030)	7,493,511	2,195,085
Other income:			
Share of income from Government Business Enterprises (note 6)	-	1,103,705	2,398,963
Excess (deficiency) of revenue over expenses	(88,030)	8,597,216	4,594,048
Accumulated surplus, beginning of year	25,590,202	25,590,202	20,996,154
Accumulated surplus, end of year	\$ 25,502,172	\$ 34,187,418	\$ 25,590,202

See accompanying notes to consolidated financial statements.

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Consolidated Statement of Changes in Net Debt

Year end March 31, 2022, with comparative information for 2021

	2022 Budget (note 15)	2022 Actual	2021 Actual
Excess (deficiency) of revenue over expenses	\$ (88,030)	\$ 8,597,216	\$ 4,594,048
Acquisition of tangible capital assets	(17,375,000)	(8,001,869)	(1,319,612)
Amortization of tangible capital assets	1,963,496	1,963,496	2,004,605
	(15,499,534)	2,558,843	5,279,041
Use of prepaid expenses	-	557,637	350,104
Acquisition of prepaid expenses	-	(454,250)	(557,637)
Change in net financial assets (net debt)	(15,499,534)	2,662,230	5,071,508
Net debt, beginning of year	(5,624,730)	(5,624,730)	(10,696,238)
Net debt, end of year	\$ (21,124,264)	\$ (2,962,500)	\$ (5,624,730)

See accompanying notes to consolidated financial statements.

SAGAMOK ANISHNAWBEK

Consolidated Statement of Cash Flows

Year end March 31, 2022, with comparative information for 2021

	2022	2021
Cash flows from operating activities:		
Excess of revenue over expenses	\$ 8,597,216	\$ 4,594,048
Adjustment for:		
Amortization of tangible capital assets	1,963,496	2,004,605
Share of earnings from Government Business Enterprises (note 6)	(1,103,705)	(2,398,963)
	9,457,007	4,199,690
Change in non-cash working capital:		
(Increase) decrease in accounts receivable	(1,734,445)	1,536,352
Decrease (increase) in prepaid expenses	103,387	(207,533)
Increase (decrease) in accounts payable and accrued liabilities	703,189	(839,966)
Increase in deferred revenue	11,454,108	2,871,903
	19,983,246	7,560,446
Cash flow from financing activities:		
Long-term debt issued	-	566,250
Principal payments on long-term debt	(1,107,590)	(982,867)
	(1,107,590)	(416,617)
Cash flows from capital activity:		
Purchase of tangible capital assets	(8,001,869)	(1,319,612)
Cash flow from investing activities:		
Increase in loan receivable	(1,293,611)	-
Increase in investments	(23,767)	(30,315)
Contributions to Government Business Enterprise (note 6)	-	(359,834)
	(1,317,378)	(390,149)
Net increase in cash	9,556,409	5,434,068
Cash and cash equivalents, beginning of year	12,396,287	6,962,219
Cash and cash equivalents, end of year	\$ 21,952,696	\$ 12,396,287
Represented by:		
Cash and cash equivalents	\$ 19,816,296	\$ 10,608,195
Restricted cash (note 2)	1,273,820	946,322
Consolidated revenue fund	862,580	841,770
	\$ 21,952,696	\$ 12,396,287

See accompanying notes to consolidated financial statements.

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Notes to Consolidated Financial Statements

Year ended March 31, 2022

1. Significant accounting policies:

These consolidated financial statements of Sagamok Anishnawbek ("the First Nation") 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 consolidated financial statements:

(a) Reporting entity:

(i) Consolidated entities:

These consolidated financial statements reflect the assets, liabilities, revenues 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.

Organizations consolidated in these financial statements include Sagamok Development Corporation ("SDC") and 2344827 Ontario Inc. operating as Ritchie Falls Resort ("RFR").

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

(ii) Investment in Government Business Enterprise:

Government Business Enterprise is accounted for using the modified equity method. The Government Business Enterprise includes the following organizations:

- Z'gamok Enterprises Inc. ("ZEI")
- Z'gamok Enterprises Limited Partnership ("ZEI LP")
- Z'gamok Construction Limited Partnership ("ZC LP")

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

(iii) Interests in partnerships:

The investment in partnerships is accounted for using the modified equity method and includes the Great Lakes Hospitality Group.

Under the modified equity method, the organization's accounting principles are not adjusted to conform with those of the First Nation and inter-organizational 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 measureable. Expenses are recognized as they are incurred and measureable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

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Notes to Consolidated Financial Statements

Year ended March 31, 2022

1. Significant accounting policies (continued):

(c) Government transfers and other revenue recognition:

Government transfers are recognized in the financial statements as revenues in the period in which events give rise to the transfer, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made.

Revenue from fees, contracts and sales of publications is recognized when the services are provided or the goods are sold.

(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.

(i) 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 is amortized on a straight-line basis over the estimated useful lives of the assets as follows:

Asset	Estimated Life - Years
Land improvements	10-40 Years
Computer equipment	4 years
Vehicles	15 years
Furniture and fixtures	5 - 10 years
Machinery and equipment	6 - 25 years
Water and sewer infrastructure	10 - 50 years
Roads	25 - 50 years
Buildings	25 - 40 years

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) Natural resources:

Natural resources that have not been purchased are not recognized as assets in the financial statements.

(iii) Works of art and cultural and historic assets:

Works of art and cultural and historic assets are not recorded as assets in these consolidated financial statements.

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Notes to Consolidated Financial Statements

Year ended March 31, 2022

1. Significant accounting policies (continued):

(e) Use of estimates:

The preparation of 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 dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Significant items subject to such estimates and assumptions include the carrying value 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.

2. Restricted cash:

The terms of the Canadian Mortgage and Housing Corporation ("CMHC") agreement require that the replacement reserves be funded in the amount of \$1,361,557 (2021 - \$1,008,335). At March 31, 2022, the reserve fund accounts are underfunded by \$87,737 (2021 - \$62,013).

3. Loan receivable:

The First Nation has advanced a loan with a principal balance of \$1,150,000. The loan is repayable in monthly blended payments of \$20,843 bearing interest at 3.35% and matures in September 2026. The loan is secured by specified equipment pledged as collateral.

The First Nation has advanced a loan with a principal balance of \$250,000. The loan is non-interest bearing with no scheduled terms of repayment.

4. Investments:

	2022	2021
Knowledge First Financial Education Fund	\$ 651,390	\$ 627,623
Robinson Huron Forestry Company Inc.	1	1
	<u>\$ 651,391</u>	<u>\$ 627,624</u>

5. Interests in partnerships:

The First Nation has a 11.78% ownership interest in the Great Lakes Hospitality Group Limited Partnership ("GLHG"). GLHG owns and manages a hotel that provides accommodation, restaurant, catering and event services.

	2022	2021
Balance, beginning of year	\$ 1	\$ 1
Share of income	64,391	3,716
Provision for impairment	(64,391)	(3,716)
Balance, end of year	<u>\$ 1</u>	<u>\$ 1</u>

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Notes to Consolidated Financial Statements

Year ended March 31, 2022

6. Investment in Government Business Enterprise:

The First Nation has a direct 99% interest in ZEI LP and ZC LP and a further 1% interest in both entities by virtue of its 100% investment in ZEI.

The investment in Government Business Enterprise consist of the following:

	ZEI LP	ZEI	ZC LP	Total 2022	Total 2021
Balance, beginning of year	\$ 1,195,765	\$ -	\$ 3,273,928	\$ 4,469,693	\$ 1,710,896
Share of earnings	12,484	111	1,091,110	1,103,705	2,398,963
Adjustments	(84)	510	(426)	-	-
Contributions	-	-	-	-	359,834
	\$ 1,208,165	\$ 621	\$ 4,364,612	\$ 5,573,398	\$ 4,469,693

The following table presents condensed supplementary financial information of Government Business Enterprises for the year ended March 31, 2022:

	ZEI LP	ZEI	ZC LP	Total 2022	Total 2021
Financial position:					
Current assets	\$ 1,282,365	\$ 622	\$ 5,952,901	\$ 7,235,888	\$ 4,297,393
Non-current assets	-	-	4,279,667	4,279,667	3,684,472
Total assets	1,282,365	622	10,232,568	11,515,555	7,981,865
Current liabilities	74,114	1	4,260,950	4,335,065	2,303,994
Non-current liabilities	-	-	1,606,472	1,606,472	1,207,995
Total liabilities	74,114	1	5,867,422	5,941,537	3,511,989
Retained earnings	\$ 1,208,251	\$ 621	\$ 4,365,146	\$ 5,574,018	\$ 4,469,876
Results of operations:					
Revenues	\$ 715,924	\$ 111	\$ 13,152,815	\$ 13,868,850	\$ 13,647,097
Expenses	703,439	-	12,061,596	12,765,035	11,248,118
	\$ 12,485	\$ 111	\$ 1,091,219	\$ 1,103,815	\$ 2,398,979

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Notes to Consolidated Financial Statements

Year ended March 31, 2022

7. Tangible capital assets:

Cost	Balance at March 31, 2021	Additions	Disposals	Balance at March 31, 2022
Land improvements	\$ 622,573	\$ 116,492	\$ -	\$ 739,065
Buildings	39,689,424	2,566,313	-	42,255,737
Furniture and fixtures	1,252,986	-	-	1,252,986
Vehicles	2,248,107	593,327	-	2,841,434
Machinery and equipment	2,941,756	-	-	2,941,756
Roads infrastructure	6,890,191	4,691,244	-	11,581,435
Water and sewer infrastructure	2,237,960	-	-	2,237,960
Computer equipment	857,494	34,493	-	891,987
Total	\$ 56,740,491	\$ 8,001,869	\$ -	\$ 64,742,360

Accumulated Amortization	Balance at March 31, 2021	Amortization	Disposals	Balance at March 31, 2022
Land improvements	\$ 219,995	\$ 17,848	\$ -	\$ 237,843
Buildings	15,996,191	1,147,212	-	17,143,403
Furniture and fixtures	890,804	87,152	-	977,956
Vehicles	1,803,135	219,943	-	2,023,078
Machinery and equipment	624,545	177,863	-	802,408
Roads infrastructure	4,567,580	207,248	-	4,774,828
Water and sewer infrastructure	1,209,055	57,934	-	1,266,989
Computer equipment	771,891	48,296	-	820,187
Total	\$ 26,083,196	\$ 1,963,496	\$ -	\$ 28,046,692

	Net book value, March 31, 2021	Net book value, March 31, 2022
Land improvements	\$ 402,578	\$ 501,222
Buildings	23,693,233	25,112,334
Furniture and fixtures	362,182	275,030
Vehicles	444,972	818,356
Machinery and equipment	2,317,211	2,139,348
Roads infrastructure	2,322,611	6,806,607
Water and sewer infrastructure	1,028,905	970,971
Computer equipment	85,603	71,800
Total	\$ 30,657,295	\$ 36,695,668

SAGAMOK ANISHNAWBEK

Notes to Consolidated Financial Statements

Year ended March 31, 2022

7. Tangible capital assets (continued):

Cost	Balance at March 31, 2020	Additions	Disposals	Balance at March 31, 2021
Land improvements	\$ 622,573	\$ -	\$ -	\$ 622,573
Buildings	38,846,885	842,539	-	39,689,424
Furniture and fixtures	1,252,986	-	-	1,252,986
Vehicles	2,110,507	137,600	-	2,248,107
Machinery and equipment	2,773,174	168,582	-	2,941,756
Roads infrastructure	6,734,528	155,663	-	6,890,191
Water and sewer infrastructure	2,237,960	-	-	2,237,960
Computer equipment	842,266	15,228	-	857,494
Total	\$ 55,420,879	\$ 1,319,612	\$ -	\$ 56,740,491

Accumulated Amortization	Balance at March 31, 2020	Amortization	Disposals	Balance at March 31, 2021
Land improvements	\$ 203,376	\$ 16,619	\$ -	\$ 219,995
Buildings	14,857,396	1,138,795	-	15,996,191
Furniture and fixtures	785,198	105,606	-	890,804
Vehicles	1,535,788	267,347	-	1,803,135
Machinery and equipment	425,045	199,255	-	624,300
Roads infrastructure	4,419,841	147,984	-	4,567,825
Water and sewer infrastructure	1,151,121	57,934	-	1,209,055
Computer equipment	700,826	71,065	-	771,891
Total	\$ 24,078,591	\$ 2,004,605	\$ -	\$ 26,083,196

	Net book value, March 31, 2020	Net book value, March 31, 2021
Land improvements	\$ 419,197	\$ 402,578
Buildings	23,989,489	23,693,233
Furniture and fixtures	467,788	362,182
Vehicles	574,719	444,972
Machinery and equipment	2,348,129	2,317,456
Roads infrastructure	2,314,687	2,322,366
Water and sewer infrastructure	1,086,839	1,028,905
Computer equipment	141,440	85,603
Total	\$ 31,342,288	\$ 30,657,295

SAGAMOK ANISHNAWBEK

Notes to Consolidated Financial Statements

Year ended March 31, 2022

8. Long-term debt:

The details of the long-term debt are as follows:

	2022	2021
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$2,724 including interest at 1.43%, maturing April 2022	\$ 2,727	\$ 35,160
Mortgage payable to Royal Bank of Canada in monthly payments of \$2,350 including interest at 3.48%, maturing February 2023	36,614	62,935
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$2,704 including interest at 2.50%, maturing June 2023	39,975	71,070
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$9,304 including interest at 0.65%, maturing December 2024	304,383	413,729
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$7,558 including interest at 0.94%, maturing December 2025	334,327	421,836
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$4,733 including interest at 2.50%, maturing April 2028	320,998	369,273
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$3,042 including interest at 1.12%, maturing September 2031	329,201	361,930
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$3,132 including interest at 1.30%, maturing June 2032	360,982	393,700
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$5,568 including interest at 2.68%, maturing July 2033	654,362	703,175
Mortgage payable to Canada Mortgage and Housing Corporation, in monthly payments of \$4,557 including interest at 0.76%, due June 2035	689,510	738,790
Mortgage payable to Canada Mortgage and Housing Corporation, in monthly payments of \$2,603 including interest at 1.86%, maturing April 2039	442,060	464,922
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$2,186 including interest at 1.01%, maturing in January 2036	338,934	361,949
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$1,945 including interest at 1.50%, maturing January 2037	310,742	329,337
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$3,762 including interest at 1.97%, maturing December 2037	612,200	645,055
Brought forward	\$ 4,777,015	\$ 5,372,861

SAGAMOK ANISHNAWBEK

Notes to Consolidated Financial Statements

Year ended March 31, 2022

8. Long-term debt (continued):

	2022	2021
Carried forward	\$ 4,777,015	\$ 5,372,861
Term loan payable to Royal Bank of Canada in monthly payments of \$2,904 including interest at 4.60%, matured October 2021	–	57,412
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$2,491 including interest at 0.73%, maturing July 2040	513,136	539,202
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$2,639 including interest at 0.73%, maturing July 2040	543,634	571,249
TD term loan for Vehicle Fleet with monthly payments of \$3,015 including interest at 4.40%, maturing March 2024	69,147	101,508
TD term loan for Rental Building with monthly payments of \$1,629 including interest at 3.03%, maturing May 2026	156,331	170,775
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$4,750 including interest at 1.84%, maturing September 2042	974,835	1,013,663
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$7,720 including interest at 2.49%, maturing May 2043	1,527,972	1,582,215
TD term loan for Vehicle with monthly payments of \$619 including interest at 4.74%, maturing May 2024	15,262	21,795
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$11,526 including interest at 1.91%, maturing June 2044	2,511,385	2,601,205
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$2,060 including interest at 0.71%, maturing November 2045	538,820	566,250
Waubetek term loan, with monthly payments of \$1,432, interest free, maturing June 2023	21,481	38,666
RBC demand loan for operations, with monthly payments of \$2,893 including interest at prime+1.81%, due on demand	29,333	62,042
RBC demand loan for vehicle, with monthly payments of \$838 including interest at 4.59%, due on demand	13,772	23,051
TD term loan for Equipment with monthly payments of \$7,959 including interest at 4.14%, due July 2026	384,907	462,726
TD letter of credit with no monthly payments bearing interest at 1.50%, due July 2022	103,000	103,000
TD letter of credit with no monthly payments bearing interest at 1.50%, due March 2023	162,035	162,035
	\$ 12,342,065	\$ 13,449,655

SAGAMOK ANISHNAWBEK

Notes to Consolidated Financial Statements

Year ended March 31, 2022

8. Long-term debt (continued):

Principal payments required on long-term debt are as follows:

2023	\$ 1,301,830
2024	943,168
2025	873,104
2026	781,015
2027	747,651
Thereafter	7,695,297

9. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	2022	2021
Surplus:		
Invested in tangible capital assets	\$ 24,618,638	\$ 17,472,675
Unfunded capital	(592,753)	(7,250)
Operating	(5,422,835)	(4,953,576)
	18,603,050	12,511,849
Reserves and Restricted Funds:		
Reserves set aside for a specific purpose	8,009,143	6,494,025
Restricted funds	2,001,826	2,114,634
	10,010,969	8,608,659
Government Business Enterprise and Partnerships:		
ZEI LP	1,208,165	1,195,681
ZEI	621	510
ZCLP	4,364,612	3,273,502
GLHG	1	1
	5,573,399	4,469,694
Total surplus	\$ 34,187,418	\$ 25,590,202

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Notes to Consolidated Financial Statements

Year ended March 31, 2022

10. Deferred revenue:

	2022	2021
Canadian Mortgage and Housing Corporation	\$ —	\$ 723,813
Indigenous Services Canada	19,020,747	6,932,307
MCCSS	158,393	122,593
Ministry of Aboriginal Affairs	103,346	19,211
North Shore Tribal Council	400,094	22,414
Other	1,022,327	1,430,461
	<u>\$ 20,704,907</u>	<u>\$ 9,250,799</u>

11. Contingent liabilities:

- (a) The First Nation has entered into accountable contribution arrangements with several government funding agencies. All such programs are subject to audit by the various governments, with audit adjustments repayable to the governments.
- (b) The First Nation has endorsed CMHC loans made to various members under the Rural Rehabilitation Assistance Program and is contingently liable under the terms of the loan program.
- (c) The Department of Indigenous Services Canada (ISC) has guaranteed loans to various members. If any loans are in default and require payment by the Department, the amount paid will be charged back to the First Nation.
- (d) 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 \$1,260,250. As of March 31, 2022, its proportional outstanding loan balance as part of the Trust is \$889,734 (2021 - \$514,750).

The loan guarantee is secured by an assignment of the First Nation's cash through their facility with the Bank of Montreal.

- (e) The First Nation is involved in a certain legal matter and litigation, the outcome of which is not presently determinable. The loss, if any, from this litigation will be accounted for in the period in which the matter is resolved.

12. Comparative information:

Certain 2021 comparative information have been reclassified to conform to the presentation adopted in 2022.

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Notes to Consolidated Financial Statements

Year ended March 31, 2022

13. Indigenous Services Canada:

	2022	2021
Add: Opening deferred ISC revenue	\$ 6,932,307	\$ 5,912,645
ISC funding per confirmation	34,335,851	19,646,517
Less: Ending deferred ISC revenue	(19,020,747)	(6,932,307)
Less: Unearned ISC funding receivable	(2,389,033)	–
Add: ISC travel authorization funding	87,035	37,280
Add: Health Canada funding	212,035	178,623
Less: Unspent funding repayable	(39,000)	–
	<u>\$ 20,118,448</u>	<u>\$ 18,842,758</u>

14. Financial risks and concentration of risk:

(a) Interest rate risk:

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of debt instruments because of changes in market interest rates. The First Nation is exposed to this risk through its long-term debt. The First Nation monitors interest rate risk on a continuing basis.

(b) Other risk:

The First Nation's main sources of revenue are government grant revenues. In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in the Canadian and Provincial governments enacting emergency measures to combat the spread of the virus.

The impact of COVID-19 is expected to negatively impact operations for a duration that cannot be reasonably predicted. The further overall operational and financial impact is highly dependent on the duration of COVID-19, including the potential occurrence of additional waves of the pandemic, and could be affected by other factors that are not known at this time. Management is actively monitoring the effect of the pandemic on its financial condition, liquidity, operations, suppliers, and workforce. Given the daily evolution of the pandemic and the global responses to curb its spread, the First Nation is not able to fully estimate the effects of the pandemic on its results of operations, financial condition, or liquidity at this time.

15. Budget figures:

The budget data presented in these consolidated financial statements is based upon the operating and capital budgets approved by Council.

SAGAMOK ANISHNAWBEK

Notes to Consolidated Financial Statements

Year ended March 31, 2022

16. Segmented information:

Sagamok Anishnawbek is a diversified governmental institution that provides a wide range of services to its band members, including band support, health services, education, social assistance, and capital. For management reporting purposes, the First Nation's operations and activities are organized and reported by fund. Funds were created for the purpose 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 funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

Band Support

The band support 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 and management and assistance for computer and communications related projects and services.

Medical Services

The medical services department provides a diverse bundle of services directed toward the well-being of the members of the member First Nations including such activities as long-term care, health centers, diabetes, fetal alcohol syndrome, mental health, smoke free programs, traditional healing and training designed to enhance the health of member communities.

Education

The education department provides education management services to the member First Nations as well as overseeing various small incentives on behalf of the communities.

Capital

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

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

SAGAMOK ANISHNAWBEK

Notes to Consolidated Financial Statements

Year ended March 31, 2022

16. Segmented information (continued):

	Health	Education	General Band Support	Capital	Consolidated Entities	Reserves and Reserve Funds	2022 Consolidated Total
Revenue:							
Indigenous Services Canada	\$ 4,433,908	9,364,502	4,314,276	2,005,762	-	-	\$ 20,118,448
North Shore Tribal Council	94,827	-	689,184	-	-	-	784,011
Ontario First Nations Limited Partnership	-	-	-	-	-	889,813	889,813
Ministry of Education	-	-	550,876	-	-	-	550,876
Canada Mortgage and Housing Corporation	-	-	-	1,751,232	-	-	1,751,232
Ministry of Infrastructure	-	-	3,768,397	-	-	-	3,768,397
Ministry of Aboriginal Affairs	428,637	-	-	375,000	-	-	803,637
Nogdawindamin	1,344,266	-	155,888	-	-	-	1,500,154
Other	2,060,013	67,987	2,993,647	2,873,626	405,517	20,809	8,421,599
	8,361,651	9,432,489	12,472,268	7,005,620	405,517	910,622	38,588,167
Expenses:							
Salaries and benefits	4,327,037	3,576,491	5,133,029	1,161,682	298,981	-	14,497,220
Materials, supplies and subcontracts	881,868	217,992	611,089	1,174,985	57,912	-	2,943,846
Professional fees	253,520	804,007	1,588,184	977,635	5,909	-	3,629,255
Interest on long-term debt	-	-	3,678	198,551	-	-	202,229
Other	2,480,261	3,652,392	1,228,115	1,954,637	417,720	88,981	9,822,106
	7,942,686	8,250,882	8,564,095	5,467,490	780,522	88,981	31,094,656
Excess (deficiency) of revenue over expenses	\$ 418,965	1,181,607	3,908,173	1,538,130	(375,005)	\$ 821,641	\$ 7,493,511

	Health	Education	General Band Support	Capital	Consolidated Entities	Reserves and Reserve Funds	2021 Consolidated Total
Revenue:							
Indigenous Services Canada	\$ 4,670,418	8,742,716	4,193,495	1,236,129	-	-	\$ 18,842,758
North Shore Tribal Council	29,439	-	1,104,547	-	-	-	1,133,986
Ontario First Nations Limited Partnership	-	-	-	-	-	1,473,654	1,473,654
Ministry of Education	-	-	582,358	-	-	-	582,358
Canada Mortgage and Housing Corporation	-	-	-	1,088,135	-	-	1,088,135
Ministry of Infrastructure	-	-	71,331	-	-	-	71,331
Ministry of Aboriginal Affairs	60,789	-	-	85,000	-	-	145,789
Nogdawindamin	1,294,265	-	74,888	-	-	-	1,369,153
Other	2,232,906	1,510,847	1,371,056	2,310,276	712,266	25,383	8,162,734
	8,287,817	10,253,563	7,397,675	4,719,540	712,266	1,499,037	32,869,898
Expenses:							
Salaries and benefits	4,276,740	2,904,124	4,222,608	208,060	187,844	-	11,799,376
Materials, supplies and subcontracts	1,100,087	325,955	1,841,751	1,154,908	128,203	-	4,550,904
Professional fees	139,949	1,092,287	778,257	345,550	6,637	-	2,362,680
Interest on long-term debt	-	-	4,190	280,729	-	-	284,919
Other	2,746,888	4,899,249	359,789	2,464,725	551,768	654,515	11,676,934
	8,263,664	9,221,615	7,206,595	4,453,972	874,452	654,515	30,674,813
Excess (deficiency) of revenue over expenses	\$ 24,153	1,031,948	191,080	265,568	(162,186)	\$ 844,522	\$ 2,195,085