

Consolidated Financial Statements of

SAGAMOK ANISHNAWBEK

And Independent Auditor's Report thereon

Year ended March 31, 2023

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 AUDITOR'S 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, 2023
- the consolidated statement of operations and accumulated operating surplus for the year then ended
- the consolidated statement of remeasurement gains 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 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, 2023, 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.



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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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 auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, internal omissions, misrepresentations, or the override of internal control.



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- 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient audit evidence regarding the financial information of the entities or business activities within the First Nation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants
Sudbury, Canada
November 29, 2023

SAGAMOK ANISHNAWBEK

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Year ended March 31, 2023

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SAGAMOK ANISHNAWBEK

Consolidated Statement of Financial Position


March 31, 2023, with comparative information for 2022

	2023	2022
Financial Assets		
Cash and cash equivalents	\$ 14,388,144	\$ 19,452,974
Restricted cash (note 2)	1,218,056	1,273,820
Accounts receivable	5,299,267	3,169,595
Loans to Government Business Enterprises (note 3)	13,206,877	1,293,611
Investments (note 4)	2,835,961	363,322
Interests in partnerships (note 5)	101	1
Designated assets (note 6)	584,565	651,390
Investment in Government Business Enterprise (note 7)	6,391,318	5,573,399
Consolidated revenue fund	94,432	862,580
	44,018,721	32,640,692
Financial Liabilities		
Accounts payable and accrued liabilities	6,860,378	2,556,220
Deferred revenue (note 11)	19,059,808	20,704,907
Long-term debt (note 9)	19,046,535	12,342,065
	44,966,721	35,603,192
Net debt	(948,000)	(2,962,500)
Non-Financial Assets		
Prepaid expenses	2,150,679	454,250
Tangible capital assets (note 8)	52,680,065	36,695,668
	54,830,744	37,149,918
Contingent liabilities (note 12)		
Accumulated surplus (note 10)	\$ 53,882,744	\$ 34,187,418
Accumulated surplus is comprised of:		
Accumulated operating surplus	\$ 53,862,537	\$ 34,187,418
Accumulated remeasurement gains	20,207	-
	\$ 53,882,744	\$ 34,187,418

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 and Accumulated Operating Surplus

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

	2023 Budget (note 16)	2023 Actual	2022 Actual
Revenue:			
Indigenous Services Canada (note 14)	\$ 20,175,666	\$ 37,699,482	\$ 20,251,281
North Shore Tribal Council	1,178,747	1,033,912	651,178
Ontario First Nations Limited Partnership	805,968	1,261,468	889,813
Ministry of Education	529,595	572,576	550,876
Canada Mortgage and Housing Corporation	718,185	742,174	1,751,232
Ministry of Infrastructure	-	1,266,011	3,768,397
Ministry of Indigenous Affairs	85,000	857,914	803,637
Nogdawindamin	1,446,153	1,484,753	1,500,154
Ministry of Children, Community and Social Services	369,710	496,217	517,654
Ministry of Health and Long-Term Care	1,039,951	1,766,068	975,564
Ministry of the Attorney General	296,821	265,508	330,382
Other	7,262,147	7,938,351	6,597,999
Realized loss on portfolio investments	-	(6,201)	-
	33,907,943	55,378,233	38,588,167
Expenses:			
Medical Services	7,254,061	8,776,641	7,942,686
Education	10,661,591	10,139,797	8,395,157
Band Government	4,869,526	4,239,646	3,319,157
Community Infrastructure	2,472,874	2,515,504	3,127,966
First Nations Child Care Initiative	311,245	86,566	203,060
Day Nursery Program	674,702	976,850	812,463
Employment Programs	184,512	80,601	93,388
CMHC Rapid Housing Initiative	-	4,393	-
Lottery and Funeral Operations	473,500	674,064	546,185
Land and Environment - Mining Support	3,693,173	1,640,821	1,047,054
Ritchie Falls	96,614	665,390	514,613
Housing Administration	317,400	405,211	440,455
Economic Development	300,000	307,483	245,427
Infrastructure Expansion / Minor Capital	460,104	429,326	327,530
Community Hall Operations	42,058	47,984	48,753
CMHC Housing Phase 22	-	-	5,000
On-Reserve Housing	-	5,355	483,486
Housing Renovations	-	370,071	464,547
Land and Environment	271,298	2,013,992	445,074
Fisheries	25,000	-	25,000
Sagamok Development Corporation	41,601	1,189,675	265,909
Community Housing	2,163,509	1,617,353	1,542,173
Seniors Complex	306,675	328,163	248,716
Aboriginal Skill and Employment Strategy:	-	-	-
- Employment Strategy	912,415	-	422,412
- Employment Insurance	83,891	-	39,464
Restricted Funds	653,171	126,147	88,981
	36,268,920	36,641,033	31,094,656
Excess (deficiency) of revenue over expenses before undernoted items	(2,360,977)	18,737,200	7,493,511
Other income:			
Share of income from Government Business Enterprises (note 7)	-	937,919	1,103,705
Excess (deficiency) of revenue over expenses	(2,360,977)	19,675,119	8,597,216
Accumulated operating surplus, beginning of year	34,187,418	34,187,418	25,590,202
Accumulated operating surplus, end of year	\$ 31,826,441	\$ 53,862,537	\$ 34,187,418

See accompanying notes to consolidated financial statements.

SAGAMOK ANISHNAWBEK

Consolidated Statement of Changes in Net Debt

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

	2023 Budget (note 16)	2023 Actual	2022 Actual
Excess (deficiency) of revenue over expenses	\$ (2,360,977)	\$ 19,675,119	\$ 8,597,216
Acquisition of tangible capital assets	(18,430,400)	(18,156,706)	(8,001,869)
Amortization of tangible capital assets	2,078,322	2,078,322	1,963,496
Adjustment to tangible capital assets	-	93,987	-
Unrealized gain on portfolio investments	-	14,006	-
Realized loss on portfolio investments	-	6,201	-
	(18,713,055)	3,710,929	2,558,843
Use of prepaid expenses	-	454,250	557,637
Acquisition of prepaid expenses	-	(2,150,679)	(454,250)
Change in net financial assets	(18,713,055)	2,014,500	2,662,230
Net debt, beginning of year	(2,962,500)	(2,962,500)	(5,624,730)
Net debt, end of year	\$ (21,675,555)	\$ (948,000)	\$ (2,962,500)

See accompanying notes to consolidated financial statements.

SAGAMOK ANISHNAWBEK

Consolidated Statement of Accumulated Remeasurement Gains

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

	2023	2022
Accumulated remeasurement gains, beginning of year	\$ -	\$ -
Unrealized gains attributable to: Equity instruments	14,006	-
Realized losses attributable to: Equity instruments	6,201	-
Net remeasurement gains for the year	20,207	-
Accumulated remeasurement gains, end of year	\$ 20,207	\$ -

See accompanying notes to financial statements.

SAGAMOK ANISHNAWBEK

Consolidated Statement of Cash Flows

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

	2023	2022
Cash flows from operating activities:		
Excess of revenue over expenses	\$ 19,675,119	\$ 8,597,216
Adjustment for:		
Amortization of tangible capital assets	2,078,322	1,963,496
Share of earnings from Government Business Enterprises (note 7)	(937,919)	(1,103,705)
Adjustment to tangible capital assets	93,987	-
Realized loss on portfolio investments	6,201	-
	20,915,710	9,457,007
Change in non-cash working capital:		
Increase in accounts receivable	(2,129,672)	(1,734,445)
Decrease (increase) in prepaid expenses	(1,696,429)	103,387
Increase in accounts payable and accrued liabilities	4,304,158	703,189
Increase (decrease) in deferred revenue	(1,645,099)	11,454,108
	19,748,668	19,983,246
Cash flow from financing activities:		
Long-term debt issued	7,997,182	-
Principal payments on long-term debt	(1,292,712)	(1,107,590)
	6,704,470	(1,107,590)
Cash flows from capital activity:		
Purchase of tangible capital assets	(18,156,706)	(8,001,869)
Cash flow from investing activities:		
Increase in loan receivable	(11,913,266)	(1,293,611)
Purchases of portfolio investments	(2,612,238)	(1,121)
Proceeds on disposition of portfolio investments	153,605	-
Decrease (increase) in designated assets	66,825	(23,767)
Increase in interests in partnerships	(100)	-
Distributions from Government Business Enterprise (note 7)	120,000	-
	(14,185,174)	(1,318,499)
Net increase (decrease) in cash and cash equivalents	(5,888,742)	9,555,288
Cash and cash equivalents, beginning of year	21,589,374	12,034,086
Cash and cash equivalents, end of year	\$ 15,700,632	\$ 21,589,374
Represented by:		
Cash and cash equivalents	\$ 14,388,144	\$ 19,452,974
Restricted cash (note 2)	1,218,056	1,273,820
Consolidated revenue fund	94,432	862,580
	\$ 15,700,632	\$ 21,589,374

See accompanying notes to consolidated financial statements.

SAGAMOK ANISHNAWBEK

Notes to Consolidated Financial Statements

Year ended March 31, 2023

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 Construction Limited Partnership ("ZC LP")
- Robinson Huron Forestry Company Inc. ("RHF")

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 and Aki-eh Dibiniwewziwin Limited Partnership.

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 (continued)

Year ended March 31, 2023

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.

SAGAMOK ANISHNAWBEK

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

1. Significant accounting policies (continued):

(e) Financial instruments:

All financial instruments are initially recorded on the consolidated statement of financial position at fair value.

All investments held in equity instruments that trade in an active market are recorded at fair value. Management has recorded investments at fair value as they are managed and evaluated on a fair value basis. Freestanding derivative instruments that are not equity instruments that are quoted in an active market are subsequently measured at fair value.

Unrealized changes in fair value are recognized in the consolidated statement of remeasurement gains until they are realized, when they are transferred to the consolidated statement of operations and accumulated operating surplus.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and recognized in the consolidated statement of operations and accumulated operating surplus. On sale, the amount held in accumulated remeasurement gains associated with that instrument is removed from net assets and recognized in the consolidated statement of operations and accumulated operating surplus.

Financial instruments are classified into fair value hierarchy Levels 1, 2 or 3 for the purposes of describing the basis of the inputs used to determine the fair market value of those amounts recorded at fair value, as described below:

Level 1	Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	Fair value measurements are those derived from market-based inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly
Level 3	Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data

(f) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and short-term deposits which are highly liquid with original maturities of less than three months at the date of acquisition.

SAGAMOK ANISHNAWBEK

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

1. Significant accounting policies (continued):

(g) 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 \$1,292,790 (2022 - \$1,361,557). At March 31, 2023, the reserve fund accounts are underfunded by \$74,734 (2022 - \$87,737).

3. Loans to Government Business Enterprises:

The First Nation has advanced loans to Government Business Enterprises with varying terms of repayments, and annual interest rates ranging from 4.00% to 7.00%. These loans are repayable in blended payments of principal and interest and have an outstanding balance of \$5,681,525 as at March 31, 2023.

The First Nation has advanced a loan to a Government Business Enterprise with no terms of repayment and an outstanding balance of \$7,525,352 as at March 31, 2023.

4. Investments:

	2023		2022	
	Cost	Market	Cost	Market
Guaranteed investment certificates (GIC)	\$ 368,677	\$ 368,677	\$ 363,322	\$ 363,322
Equity securities	2,447,077	2,467,284	—	—
	\$ 2,815,754	\$ 2,835,961	\$ 363,322	\$ 363,322

SAGAMOK ANISHNAWBEK

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

5. Interests in partnerships:

(a) Great Lakes Hospitality Group Limited Partnership:

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.

	2023	2022
Balance, beginning of year	\$ 1	\$ 1
Share of income	11,123	64,391
Provision for impairment	(11,123)	(64,391)
Balance, end of year	\$ 1	\$ 1

(b) Aki-eh Dibiniwewziwin Limited Partnership:

The First Nation has a 16.95% ownership interest in the Aki-eh Dibiniwewziwin Limited Partnership ("ADLP"). ADLP carries on mining and development projects.

	2023	2022
Balance, beginning of year	\$ –	\$ –
Contributions	100	–
Balance, end of year	\$ 100	\$ –

6. Designated assets:

The First Nation has designated certain assets as contributions to Registered Education Savings Plans ("RESP") for band members. The assets designated with Knowledge First Financial Education Fund as at March 31, 2023 amounted to \$584,565 (2022 - \$651,390).

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Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

7. Investment in Government Business Enterprise:

The First Nation has a direct 99% interest in ZC LP and a further 1% interest in the entity by virtue of its 100% investment in ZEI and a 12.5% interest in RHF.

The investment in Government Business Enterprise consist of the following:

	RHF	ZEI	ZC LP	Total 2023	Total 2022
Balance, beginning of year	\$ 1	\$ 1,208,786	\$ 4,364,612	\$ 5,573,399	\$ 4,469,694
Share of earnings	949	-	938,918	939,867	1,103,705
Adjustments	-	(999)	-	(999)	-
Provision for impairment	(949)	-	-	(949)	-
Distributions	-	-	(120,000)	(120,000)	-
Balance, end of year	\$ 1	\$ 1,207,787	\$ 5,183,530	\$ 6,391,318	\$ 5,573,399

The following table presents condensed supplementary financial information of Government Business Enterprises for the year ended March 31, 2023:

	RHF	ZEI	ZC LP	Total 2023	Total 2022
Financial position:					
Current assets	\$ 178,759	\$ 431,889	\$ 6,263,555	\$ 6,874,203	\$ 7,405,918
Non-current assets	-	840,411	11,618,298	12,458,709	4,279,667
Total assets	178,759	1,272,300	17,881,853	19,332,912	11,685,585
Current liabilities	78,749	64,513	5,203,653	5,346,915	4,406,034
Non-current liabilities	280,878	-	7,494,042	7,774,920	1,887,350
Total liabilities	359,627	64,513	12,697,695	13,121,835	6,293,384
Retained earnings	\$ (180,868)	\$ 1,207,787	\$ 5,184,158	\$ 6,211,077	\$ 5,392,201
Results of operations:					
Revenues	\$ 21,009	\$ 838,990	\$ 18,171,995	\$ 19,031,994	\$ 13,868,850
Expenses	20,060	838,990	17,232,983	18,092,033	12,778,344
	\$ 949	\$ -	\$ 939,012	\$ 939,961	\$ 1,090,506

SAGAMOK ANISHNAWBEK

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

8. Tangible capital assets:

Cost	Balance at March 31, 2022	Additions	Disposals	Balance at March 31, 2023
Land improvements	\$ 739,065	\$ 38,970	\$ -	\$ 778,035
Buildings	42,255,737	14,916,804	(103,000)	57,069,541
Furniture and fixtures	1,252,986	41,600	-	1,294,586
Vehicles	2,841,434	298,018	-	3,139,452
Machinery and equipment	2,941,756	737,478	-	3,679,234
Roads infrastructure	11,581,435	1,560,001	-	13,141,436
Water and sewer infrastructure	2,237,960	449,445	-	2,687,405
Computer equipment	891,987	114,390	-	1,006,377
Total	\$ 64,742,360	\$ 18,156,706	\$ (103,000)	\$ 82,796,066
Accumulated Amortization	Balance at March 31, 2022	Amortization	Disposals	Balance at March 31, 2023
Land improvements	\$ 237,843	\$ 19,563	\$ -	\$ 257,406
Buildings	17,143,403	1,151,050	(9,013)	18,285,440
Furniture and fixtures	977,956	69,244	-	1,047,200
Vehicles	2,023,078	237,802	-	2,260,880
Machinery and equipment	802,408	206,483	-	1,008,891
Roads infrastructure	4,774,828	278,726	-	5,053,554
Water and sewer infrastructure	1,266,989	68,595	-	1,335,584
Computer equipment	820,187	46,859	-	867,046
Total	\$ 28,046,692	\$ 2,078,322	\$ (9,013)	\$ 30,116,001
	Net book value, March 31, 2022			Net book value, March 31, 2023
Land improvements	\$ 501,222		\$	520,629
Buildings	25,112,334			38,784,101
Furniture and fixtures	275,030			247,386
Vehicles	818,356			878,572
Machinery and equipment	2,139,348			2,670,343
Roads infrastructure	6,806,607			8,087,882
Water and sewer infrastructure	970,971			1,351,821
Computer equipment	71,800			139,331
Total	\$ 36,695,668		\$	52,680,065

SAGAMOK ANISHNAWBEK

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

8. Tangible capital assets (continued):

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 (continued)

Year ended March 31, 2023

9. Long-term debt:

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

	2023	2022
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$2,724 including interest at 1.43%, matured April 2022	\$ —	\$ 2,727
Mortgage payable to Royal Bank of Canada in monthly payments of \$2,350 including interest at 3.48%, maturing April 2023	2,154	36,614
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$2,704 including interest at 2.50%, maturing June 2023	8,098	39,975
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$9,304 including interest at 0.65%, maturing December 2024	194,326	304,383
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$7,558 including interest at 0.94%, maturing December 2025	246,320	334,327
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$4,733 including interest at 2.50%, maturing April 2028	271,509	320,998
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$3,042 including interest at 1.12%, maturing September 2031	296,170	329,201
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$3,406 including interest at 3.04%, maturing June 2032	330,285	360,982
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$5,568 including interest at 2.68%, maturing July 2033	604,233	654,362
Mortgage payable to Canada Mortgage and Housing Corporation, in monthly payments of \$4,557 including interest at 0.76%, due June 2035	639,854	689,510
Mortgage payable to Canada Mortgage and Housing Corporation, in monthly payments of \$2,603 including interest at 1.86%, maturing April 2039	418,770	442,060
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$2,186 including interest at 1.01%, maturing in January 2036	315,985	338,934
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$1,945 including interest at 1.50%, maturing January 2037	291,888	310,742
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$4,240 including interest at 3.70%, maturing December 2037	580,565	612,200
Brought forward	\$ 4,200,157	\$ 4,777,015

SAGAMOK ANISHNAWBEK

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

9. Long-term debt (continued):

	2023	2022
Carried forward	\$ 4,200,157	\$ 4,777,015
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$2,491 including interest at 0.73%, maturing July 2040	486,879	513,136
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$2,639 including interest at 0.73%, maturing July 2040	515,817	543,634
TD term loan for Vehicle Fleet with monthly payments of \$3,015 including interest at 4.40%, maturing March 2024	35,333	69,147
TD term loan for Rental Building with monthly payments of \$1,629 including interest at 3.03%, maturing May 2026	141,296	156,331
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$5,418 including interest at 3.29%, maturing September 2042	939,171	974,835
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$7,720 including interest at 2.49%, maturing May 2043	1,472,369	1,527,972
TD term loan for Vehicle with monthly payments of \$619 including interest at 4.74%, maturing May 2024	8,412	15,262
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$11,526 including interest at 1.91%, maturing June 2044	2,419,841	2,511,385
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$2,060 including Interest at 0.71%, maturing November 2045	517,835	538,820
Waubetek term loan, with monthly payments of \$1,432, interest free, maturing June 2023	4,296	21,481
RBC demand loan for operations, with monthly payments of \$2,893 Including interest at prime+1.81%, matured December 2022	—	29,333
RBC demand loan for vehicle, with monthly payments of \$838 including interest at 4.59%, due on demand	4,141	13,772
TD term loan for Equipment with monthly payments of \$7,959 including interest at 4.14%, due July 2026	303,806	384,907
TD letter of credit with no monthly payments bearing interest at 1.50%, due July 2022	—	103,000
TD letter of credit with no monthly payments bearing interest at 1.50%, due March 2023	—	162,035
Interim financing with no terms of repayment from the First Nation Financing Authority, bearing interest at 6.00%, due on demand	7,997,182	—
	\$ 19,046,535	\$ 12,342,065

SAGAMOK ANISHNAWBEK

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

9. Long-term debt (continued):

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

2024	\$ 8,930,846
2025	862,838
2026	772,200
2027	664,264
2028	637,617
Thereafter	7,178,770

10. Accumulated surplus:

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

	2023	2022
Surplus:		
Invested in tangible capital assets	\$ 41,630,712	\$ 24,618,638
FNFA financing	(7,997,182)	—
Government Business Enterprises loan receivable	7,525,352	—
Unfunded capital	(1,852,817)	(592,753)
Operating	(6,462,611)	(5,422,836)
	32,843,454	18,603,049
Reserves and Restricted Funds:		
Reserves set aside for a specific purpose	13,368,199	8,009,143
Restricted funds	1,259,465	2,001,826
	14,627,664	10,010,969
Government Business Enterprise and Partnerships:		
ZEI	1,207,787	1,208,786
ZC LP	5,183,530	4,364,612
RHF	1	1
ADLP	100	—
GLHG	1	1
	6,391,419	5,573,400
Accumulated remeasurement gains	20,207	—
Total surplus	\$ 53,882,744	\$ 34,187,418

SAGAMOK ANISHNAWBEK

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

11. Deferred revenue:

	2023	2022
Indigenous Services Canada	\$ 18,381,254	\$ 19,160,553
MCCSS	153,869	158,393
Ministry of Aboriginal Affairs	—	103,346
North Shore Tribal Council	237,262	400,094
Other	287,423	882,521
	<u>\$ 19,059,808</u>	<u>\$ 20,704,907</u>

12. 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, 2023, its proportional outstanding loan balance as part of the Trust is \$889,775 (2022 - \$889,734).

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 contingently liable for letters of credit up guaranteed by TD Bank amounting to \$265,035. The letters of credit carry an annual fee of 1.50%.
- (f) 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.

13. Comparative information:

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

SAGAMOK ANISHNAWBEK

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

14. Indigenous Services Canada:

	2023	2022
Add: Opening deferred ISC revenue	\$ 19,160,553	\$ 7,204,946
ISC funding per confirmation	35,522,109	34,335,851
Add: Prior year unearned funding receivable	2,389,033	–
Less: Ending deferred ISC revenue	(18,381,254)	(19,160,553)
Less: Unearned ISC funding receivable	(1,006,250)	(2,389,033)
Add: ISC travel authorization funding	45,291	87,035
Add: Health Canada funding	–	212,035
Less: Unspent funding repayable	(30,000)	(39,000)
	<u>\$ 37,699,482</u>	<u>\$ 20,251,281</u>

15. Financial risks and concentration of risk:

(a) Market risk:

Market risk is the risk the value of future cash flows of a financial instrument will fluctuate as a result of market factors. All of the First Nation's financial instruments are carried at fair value with fair value changes recognized in the consolidated statement of operations and accumulated surplus and consolidated statement of remeasurement gains. Market risk is managed by the First Nation through construction of a diversified portfolio of instruments traded on various markets and across various industries.

(b) 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.

(c) Foreign currency risk:

Foreign currency risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The First Nation invests in financial instruments in various currency denominations and is therefore exposed to risk that the exchange rates of various currencies may change in a manner that has an adverse effect on the value of the First Nation's assets denominated in currencies other than the Canadian dollar.

(d) Liquidity risk:

Liquidity risk is the risk that the First Nation will not be able to meet all of its cash outflow obligations as they come due. The First Nation mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash outflows arise. The terms of long-term debt are disclosed in note 9.

SAGAMOK ANISHNAWBEK

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

16. Budget figures:

The budget data presented in these consolidated financial statements is based upon the operating budget approved by Council. The reconciliation of the approved budget to the budget figures reported on these consolidated financial statements is listed below:

	2023
Approved revenue budget:	
Total revenues per budget	\$ 33,907,943
Revenue budget per financial statements	\$ 33,907,943
Approved expense budget:	
Total expenses per budget	\$ 34,190,598
Add:	
Amortization of tangible capital assets	2,078,322
Expense budget per financial statements	\$ 36,268,920

17. Changes in accounting policies:

Asset retirement obligations:

On April 1, 2022, the First Nation adopted the Public Accounting Standard PS 3280 - Asset Retirement Obligations. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in facilities. The standard was adopted on the modified retrospective basis at the date of adoption. Under the modified retrospective method, the assumptions used on initial recognition are those as of the date of adoption of the standard.

In accordance with the provisions of this new standard, the First Nation completed an analysis of all facilities, capital assets and determined there was no asset retirement obligations as of April 1, 2022.

Financial instruments:

On April 1, the First Nation adopted Public Accounting Standard PS 3450 - Financial Instruments. The standard was adopted prospectively from the date of adoption. The standard requires portfolio investments in equity instruments that are quoted in an active market to be measured at fair value. Unrealized changes in fair value are recognized in the consolidated statement of remeasurement gains and losses until they are realized, then, they are transferred to the consolidated statement of operations and accumulated operating surplus.

There were no opening adjustments required on adoption of this standard.

SAGAMOK ANISHNAWBEK

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

18. Segmented information:

Sagamok Anishnawbek is a diversified governmental institution that provides a wide range of services to its band members, including band support, medical services, education, capital, consolidated entities and reserves and restricted funds. 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.

Consolidated entities

The consolidated entities segment represent the activities associated with development corporations wholly owned by Sagamok First Nation.

SAGAMOK ANISHNAWBEK

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2023

18. Segmented information (continued):

Reserves and restricted funds

The reserves and restricted funds segment represent the activities associated with externally restricted funds and internal reserves.

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 (continued)

Year ended March 31, 2023

18. Segmented information (continued):

	Health	Education	General Band Support	Capital	Consolidated Entities	Reserves and Restricted Funds	2023 Consolidated Total
Revenue:							
Indigenous Services Canada	\$ 6,113,481	13,472,657	5,613,091	12,500,253	-	-	\$ 37,699,482
North Shore Tribal Council	30,480	345	247,907	-	755,180	-	1,033,912
Ontario First Nations Limited Partnership	-	-	-	-	-	1,261,468	1,261,468
Ministry of Education	-	-	572,576	-	-	-	572,576
Canada Mortgage and Housing Corporation	-	-	-	742,174	-	-	742,174
Ministry of Infrastructure	-	-	1,266,011	-	-	-	1,266,011
Ministry of Indigenous Affairs	143,346	-	60,000	654,568	-	-	857,914
Nogdawindamin	1,332,865	-	151,888	-	-	-	1,484,753
Ministry of Children, Community and Social Services	496,217	-	-	-	-	-	496,217
Ministry of Health and Long-Term Care	1,766,068	-	-	-	-	-	1,766,068
Ministry of the Attorney General	-	-	265,508	-	-	-	265,508
Other	655,881	111,340	2,947,557	3,220,289	974,060	29,224	7,938,351
Realized loss on investments	-	-	(6,201)	-	-	-	(6,201)
	10,538,338	13,584,342	11,118,337	17,117,284	1,729,240	1,290,692	55,378,233
Expenses:							
Salaries and benefits	4,818,373	5,294,278	5,926,427	1,108,400	754,429	-	17,901,907
Materials, supplies and subcontracts	1,586,387	140,169	880,245	1,398,739	184,304	-	4,189,844
Professional fees	179,033	1,044,191	1,354,857	2,573,617	12,755	-	5,164,453
Other	1,888,193	3,555,143	62,359	701,836	764,251	126,147	7,097,929
Interest on long-term debt	-	-	4,518	202,949	1,111	-	208,578
Amortization - tangible capital assets	304,655	106,016	344,823	1,184,613	138,215	-	2,078,322
	8,776,641	10,139,797	8,573,229	7,170,154	1,855,065	126,147	36,641,033
Excess (deficiency) of revenue over expenses	\$ 1,761,697	3,444,545	2,545,108	9,947,130	(125,825)	\$ 1,164,545	\$ 18,737,200

	Health	Education	General Band Support	Capital	Consolidated Entities	Reserves and Reserve Funds	2022 Consolidated Total
Revenue:							
Indigenous Services Canada	\$ 4,433,908	9,508,777	4,238,131	2,070,465	-	-	\$ 20,251,281
North Shore Tribal Council	94,827	-	556,351	-	-	-	651,178
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 Indigenous Affairs	428,637	-	-	375,000	-	-	803,637
Nogdawindamin	1,344,266	-	155,888	-	-	-	1,500,154
Ministry of Children, Community and Social Services	517,654	-	-	-	-	-	517,654
Ministry of Health and Long-Term Care	975,564	-	-	-	-	-	975,564
Ministry of the Attorney General	-	-	330,382	-	-	-	330,382
Other	566,795	67,987	2,663,265	2,873,626	405,517	20,809	6,597,999
	8,361,651	9,576,764	12,263,290	7,070,323	405,517	910,622	38,588,167
Expenses:							
Salaries and benefits	4,327,037	3,576,491	5,133,031	1,161,682	372,826	-	14,571,067
Materials, supplies and subcontracts	1,239,325	309,677	995,842	1,446,768	106,036	-	4,097,648
Professional fees	250,757	921,813	1,598,228	1,011,264	10,909	-	3,792,971
Interest on long-term debt	-	-	3,678	198,550	2,759	-	204,987
Other	1,862,713	3,490,395	488,302	387,046	147,050	88,981	6,464,487
Amortization - tangible capital assets	262,854	96,781	345,015	1,117,904	140,942	-	1,963,496
	7,942,686	8,395,157	8,564,096	5,323,214	780,522	88,981	31,094,656
Excess (deficiency) of revenue over expenses	\$ 418,965	1,181,607	3,699,194	1,747,109	(375,005)	\$ 821,641	\$ 7,493,511