

Consolidated Financial Statements of

M'CHIGEENG FIRST NATION

And Independent Auditors' Report thereon

Year ended March 31, 2022

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of M'Chigeeng First Nation (the "First Nation") are the responsibility of management and have been approved by M'Chigeeng First Nation and the undersigned Chief and Council of the First Nation.


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 judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

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

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

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

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


Chief
Councilor
Councilor
Councilor
Councilor
Councilor
Councilor
Howard Debassign
Councilor



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INDEPENDENT AUDITORS' REPORT

To the Members of M'Chigeeng First Nation

Opinion

We have audited the consolidated financial statements of M'Chigeeng First Nation (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 financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and the consolidated notes and schedules to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 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 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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.

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the First Nation's internal control.



Page 3

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to the events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Group 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 28, 2022

M'CHIGEENG FIRST NATION



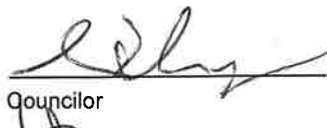


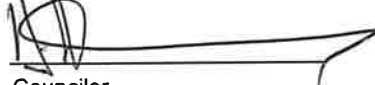


Exhibit A - Consolidated Statement of Financial Position

March 31, 2022, with comparative information for 2021

	2022	2021
Financial assets		
Cash	\$ 18,750,555	\$ 14,531,735
Restricted cash (note 2)	1,723,656	1,674,261
Accounts receivable	5,205,810	3,511,446
Investments (note 3)	1,045,474	816,690
Investment in HIAH entities (note 7)	3,706,019	2,894,976
Investment in MERE General Partner Inc. (note 4)	2,239,451	2,015,278
Advances to MERE General Partner Inc. (note 5)	3,799,609	3,799,609
Loan receivable from MERE General Partner Inc. (note 6)	565,677	565,677
Consolidated revenue fund (note 12)	346,409	317,261
	<u>37,382,660</u>	<u>30,126,933</u>
Financial liabilities		
Accounts payable and accrued liabilities	2,460,217	3,125,387
Deferred revenue (note 8)	10,803,424	4,790,324
Long-term debt (note 9)	6,184,945	6,688,924
	<u>19,448,586</u>	<u>14,604,635</u>
Net financial assets	<u>17,934,074</u>	<u>15,522,298</u>
Non-financial assets		
Tangible capital assets (note 10)	34,222,761	35,804,297
Prepaid expenses	181,718	222,117
	<u>34,404,479</u>	<u>36,026,414</u>
Contingent liabilities (note 11)		
Effects of COVID-19 (note 16)		
Accumulated surplus (note 13)	<u>\$ 52,338,553</u>	<u>\$ 51,548,712</u>

See accompanying notes to consolidated financial statements.

On behalf of the First Nation:

 Chief	 Councilor	 Councilor
 Councilor	 Councilor	 Councilor
 Councilor	 Councilor	

M'CHIGEENG FIRST NATION

Exhibit B - Consolidated Statement of Operations and Accumulated Surplus

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

	2022 Budget (note 14)	2022 Actual	2021 Actual
Revenue:			
Government transfers - Provincial	\$ 4,027,304	\$ 3,898,183	\$ 4,285,592
- Federal	12,379,435	14,773,014	14,548,985
Investment income	-	138,088	133,548
Rental income	1,084,598	802,247	783,519
Business enterprises	-	416,379	496,490
Business operation	-	183,252	86,202
Other	5,204,704	5,820,359	4,711,334
	22,696,041	26,031,522	25,045,670
Expenses:			
Education	8,198,146	7,676,983	7,091,798
Public Works and Facilities	1,677,227	2,641,786	2,279,022
Community Services	1,159,905	1,144,436	1,220,048
Economic Advancement	808,533	451,114	464,346
Health Services	1,264,416	1,960,416	1,475,276
Health Agreement	1,939,872	2,050,117	1,518,860
Administration	3,504,641	3,277,275	2,863,167
Rentals	183,865	149,883	122,576
Social Services	1,860,362	1,994,251	1,808,585
Employment and Training	734,843	684,273	651,290
Community Property	791,004	2,099,208	390,668
Subsidized Housing	1,230,275	936,988	803,949
Business Operations	-	174,951	123,914
Total expenses	23,353,089	25,241,681	20,813,499
Excess (deficiency) of revenue over expenses	(657,048)	789,841	4,232,171
Accumulated surplus, beginning of year	51,548,712	51,548,712	47,316,541
Accumulated surplus, end of year	\$ 50,891,664	\$ 52,338,553	\$ 51,548,712

See accompanying notes to consolidated financial statements.

M'CHIGEENG FIRST NATION

Exhibit C - Consolidated Statement of Changes in Net Financial Assets

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

	2022 Budget (note 14)	2022 Actual	2021 Actual
Excess (deficit) of revenue over expenses	\$ (657,048)	\$ 789,841	\$ 4,232,171
Acquisition of tangible capital assets	(306,212)	(306,212)	(1,715,346)
Amortization of tangible capital assets	1,709,861	1,709,861	1,649,329
Loss on disposal of tangible capital assets	-	26,750	-
Proceeds on sale of tangible capital assets	-	151,137	-
	746,601	2,371,377	4,166,154
Acquisition of prepaid expenses	-	(181,718)	(222,117)
Use of prepaid expenses	-	222,117	183,751
Change in net financial assets	746,601	2,411,776	4,127,788
Net financial assets, beginning of year	15,522,298	15,522,298	11,394,510
Net financial assets, end of year	\$ 16,268,899	\$ 17,934,074	\$ 15,522,298

See accompanying notes to consolidated financial statements.

M'CHIGEENG FIRST NATION

Exhibit D - Consolidated Statement of Cash Flows

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

	2022	2021
Operating transactions:		
Excess of revenue over expenses	\$ 789,841	\$ 4,232,171
Adjustment for:		
Amortization of tangible capital assets	1,709,861	1,649,329
Gain on sale of tangible capital assets	26,750	-
Share of earnings from business enterprises	(452,957)	(262,465)
	2,073,495	5,619,035
Change in non-cash working capital:		
Decrease (increase) in accounts receivable	(1,694,364)	(281,434)
Increase in accounts payable and accrued liabilities	(665,170)	546,844
Increase (decrease) in deferred revenue	6,013,100	2,549,860
Decrease (increase) in prepaid expenses	40,399	(38,368)
	5,767,460	8,395,937
Capital transactions:		
Proceeds on sale of tangible capital assets	151,137	-
Purchase of tangible capital assets	(306,212)	(1,715,346)
	(155,075)	(1,715,346)
Financing transactions:		
Principal payments on long-term debt	(503,979)	(495,804)
	(503,979)	(495,804)
Investing transactions:		
Decrease in loan receivable from MERE General Partner Inc.	-	36,605
Investment in HIAH entities	(811,043)	(277,237)
Increase in advances to MFN Grocery Store LP	-	-
Increase in consolidated revenue fund	(29,148)	(18,825)
	(840,191)	(259,457)
Net increase in cash	4,268,215	5,925,330
Cash, beginning of year	16,205,996	10,280,666
Cash, end of year	\$ 20,474,211	\$ 16,205,996
Cash is represented by:		
Cash	\$ 18,750,555	14,531,735
Restricted cash	1,723,656	1,674,261
	\$ 20,474,211	16,205,996

See accompanying notes to consolidated financial statements.

M'CHIGEENG FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2022

The M'Chigeeng First Nation (the "First Nation"), located on Manitoulin Island, administers programs and provides services to First Nation members.

1. Significant accounting policies:

These consolidated financial statements of the First Nation are the representation of management and have been prepared in accordance with Canadian generally accepted accounting principles for 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) The reporting entity includes the activities of all committees of Council and related entities under the control of the First Nation.
- ii) Investment in MERE General Partner Inc. ("MERE") and HIAH Economic Dev LP ("HIAH"):

The investments in MERE and HIAH are accounted for by the modified equity method. Under the modified equity method, the accounting principles are not adjusted to conform with those of the First Nation and inter-organization transactions and balances are not eliminated.

(b) Investments:

Investments are recorded at cost. Temporary declines in the market value of the long-term investments are not adjusted.

(c) Revenue recognition:

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements which relate to a subsequent fiscal period is reflected as deferred revenue.

(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.

M'CHIGEENG FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2022

1. Significant accounting policies (continued):

(e) Tangible capital assets:

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

Asset	Useful Life - Years
Land improvements	10 - 30 years
Buildings	10 - 40 years
Infrastructure	10 - 40 years
Machinery and equipment	5 - 15 years
Furniture, computers and fixtures	4 - 10 years
Assets under construction	—

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.

(f) Use of estimates:

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant items subject to such estimates and assumptions include the carrying amount of tangible 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.

M'CHIGEENG FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2022

1. Significant accounting policies (continued):

(g) Prior year funding adjustments:

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 government.

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

2. Cash:

In accordance with various operating agreements between the First Nation and Canada Mortgage and Housing Corporation ("CMHC"), cash in the amount of \$1,629,803 (2021 - \$1,580,408) is restricted for this purpose.

Additionally, cash in the amount of \$93,853 (2021 - \$93,853) is restricted for the purposes of an endowed education fund which is being held with Community Foundation Grey Bruce.

3. Investments:

	2022	2021
Investment in U.C.C.M. Building Material Supply Limited Partnership	\$ 675,670	\$ 607,863
Investment in M'Nidoo M'Nising Limited Partnership	1	1
Investment in Robinson Huron Forestry Inc.	1	1
Investment in Sun Life Financial Inc.	145,992	145,992
Investment - Great Lakes Hospitality Group Partnership	223,810	62,833
	<u>\$ 1,045,474</u>	<u>\$ 816,690</u>

The investment in U.C.C.M. Building Material Supply Limited Partnership represents a 14.28% ownership interest and is accounted for using the equity method.

The investment in M'Nidoo M'Nising Limited Partnership represents a 16.55% ownership interest and is accounted for using the equity method.

The investment in Robinson Huron Forestry Inc. represents a 12.5% ownership interest and is accounted for using the equity method.

The investment in Sun Life Financial Inc. represents 6,636 shares and is reflected as the value assigned to the shares upon demutualization of the enterprise. The fair market value of the shares as at March 31, 2022 is \$463,193 (2021 - \$421,452).

The investment in the Great Lakes Hospitality Group Partnership represents a 29.44% ownership interest and is accounted for using the equity method.

M'CHIGEENG FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2022

4. Investment in MERE General Partner Inc.:

The MERE General Partner Inc. is owned and controlled by the First Nation and is accounted for on a modified equity basis.

(a) The following table provides condensed supplementary financial information for the period ended March 31, 2022:

	2022	2021
Financial Position:		
Current assets	\$ 460,053	\$ 296,438
Non-current assets	9,257,176	9,648,425
	9,717,229	9,944,863
Current liabilities	874,588	829,649
Advances from M'Chigeeng First Nation	3,799,608	3,799,608
Long-term debt	4,449,398	3,300,328
	7,477,778	7,929,585
Net assets	\$ 2,239,451	\$ 2,015,278
Results of operations:		
Revenue	\$ 1,432,873	\$ 1,331,416
Expenses	1,208,700	997,012
Net earnings	\$ 224,173	\$ 334,404

(b) The investment at March 31, 2022 consists of the following:

	2022	2021
Balance, beginning of year	\$ 2,015,278	\$ 1,680,874
First Nation's share of operating income for the year	224,173	334,404
Balance, end of year	\$ 2,239,451	\$ 2,015,278

5. Advances to MERE General Partner Inc.:

The advances to MERE General Partner Inc. are unsecured, non-interest bearing and have no specified terms of repayment.

M'CHIGEENG FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2022

6. Loan receivable from MERE General Partner Inc.:

	2022	2021
Loan receivable, bearing interest at 6.0% per annum and is repayable in 180 monthly blended payments of \$8,399 commencing on the date of commercial operation. No interest payable from the date of advance to the commercial operation date. The loan is secured by a promissory note.	\$ 565,677	\$ 565,677

7. Investment in HIAH entities:

The First Nation has a 99.99% interest in HIAH Economic Dev LP ("HIAH") and a further 0.01% interest by virtue of its 100% investment in HIAH Corp. (the general partner for HIAH). HIAH is engaged in business ventures, partnerships or enterprises which the Partners pursue in Canada for the general welfare or development of M'Chigeeng First Nation.

During the year, the First Nation provided HIAH with labour, contract support, accounting services and other operating expenses totaling \$274,441 (2021 - \$260,383). These transactions were entered into during the normal course of operations and were recorded at their exchange amount.

	2022	2021
Financial Position :		
Current assets	\$ 2,303,421	\$ 2,317,290
Non-current assets	2,643,180	1,948,454
	4,946,601	4,265,744
Current liabilities	686,832	672,024
Non-current liabilities	553,750	698,750
	1,240,582	1,370,774
Net assets	\$ 3,706,019	\$ 2,894,970

M'CHIGEENG FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2022

7. Investment in HIAH entities (continued):

Results of operations:	2022	2021
Revenue	\$ 3,774,823	\$ 3,022,172
Expenses	3,922,218	3,195,275
Net loss	\$ (147,395)	\$ (173,103)

The investment at March 31, 2022 consists of the following:

	2022	2021
Balance, beginning of year	\$ 2,894,976	\$ 2,790,842
Share of operating loss for the year	(147,395)	(173,103)
Capital contribution	958,438	277,237
Balance, end of year	\$ 3,706,019	\$ 2,894,976

	2022	2020
Investment in business enterprises:		
100% interest in HIAH Corp.	\$ 10	\$ 10
99% interest in HIAH Economic Dev LP	3,706,009	2,894,966
	\$ 3,706,019	\$ 2,894,976

8. Deferred revenue:

	2022	2021
Indigenous Services Canada	\$ 9,376,351	\$ 4,259,719
Kenjgewin Teg Educational Institute	650,751	297,004
Union of Ontario Indians	199,865	231,811
Other	579,457	1,790
	\$10,803,424	\$ 4,790,324

M'CHIGEENG FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2022

9. Long-term debt:

	2022	2021
1.30% Mortgage payable in monthly payments of \$3,453, including interest maturing April 2022	\$ —	\$ 41,144
0.82% Mortgage payable in monthly payments of \$3,026 including interest maturing November 2024	92,410	127,679
1.84% Mortgage payable in monthly payments of \$5,135 including interest maturing July 2027	308,195	363,615
1.88% Mortgage payable in monthly payments of \$3,215 including interest maturing February 2032	346,189	378,617
1.30% Mortgage payable in monthly payments of \$3,891 including interest maturing June 2032	444,519	485,161
2.50% Mortgage payable in monthly payments of \$5,311 including interest maturing January 2033	600,630	648,771
2.52% Mortgage payable in monthly payments of \$4,210 including interest maturing August 2033	497,906	535,429
1.83% Mortgage payable in monthly payments of \$3,189 including interest maturing June 2034	417,335	447,695
0.74% Mortgage payable in monthly payments of \$3,118 including interest maturing July 2035	472,135	505,929
0.68% Mortgage payable in monthly payments of \$3,731 including interest maturing April 2040	758,464	797,945
2.50% Mortgage payable in monthly payments of \$4,377 including interest maturing June 2043	863,608	894,233
2.49% Mortgage payable in monthly payments of \$2,843, including interest maturing May 2043	559,895	579,872
1.69% Mortgage payable in monthly payments of \$6,133, including interest maturing September 2043	823,659	882,834
	\$ 6,184,944	\$ 6,688,924

Debt servicing payments are subsidized by CMHC in the amount of \$560,506 (2021 - \$606,969).

Principal repayments over the next five years are estimated as follows:

2023	470,780
2024	478,640
2025	471,665
2026	458,763
2027	466,883
Thereafter	3,838,213

M'CHIGEENG FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2022

10. Tangible capital assets:

Cost	Balance at March 31, 2021	Additions	Transfers	Disposals	Balance at March 31, 2022
Land	\$ 1,372,640	-	-	-	1,372,640
Land improvements	980,720	-	-	-	980,720
Buildings	36,227,344	-	-	-	36,227,344
Infrastructure	17,843,655	175,275	-	-	18,018,930
Machinery and equipment	4,701,969	140,937	-	(236,500)	4,606,406
Furniture, computers and fixtures	1,377,261	-	-	-	1,377,261
Total	\$ 62,503,589	316,212	-	(236,500)	62,583,301

Accumulated amortization	Balance at March 31, 2021	Additions	Transfers	Disposals	Balance at March 31, 2022
Land	\$ -	-	-	-	-
Land improvements	319,927	26,748	-	-	346,675
Buildings	13,210,957	882,748	-	-	14,093,705
Infrastructure	9,336,145	402,612	-	-	9,738,757
Machinery and equipment	2,950,346	267,166	-	(48,613)	3,168,899
Furniture, computers and fixtures	881,917	130,587	-	-	1,012,504
Total	\$ 26,699,292	\$ 1,709,861	-	(48,613)	28,360,540

	Net book value, March 31, 2021	Net book value, March 31, 2022
Land	\$ 1,372,640	1,372,640
Land improvements	660,793	634,045
Buildings	23,016,387	22,133,639
Infrastructure	8,507,510	8,280,173
Machinery and equipment	1,751,623	1,437,507
Furniture, computers and fixtures	495,344	364,757
Total	\$ 35,804,297	34,222,761

M'CHIGEENG FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2021

10. Tangible capital assets (continued):

Cost	Balance at March 31, 2020	Additions	Transfers	Disposals	Balance at March 31, 2021
Land	\$ 1,372,640	-	-	-	1,372,640
Land improvements	980,720	-	-	-	980,720
Buildings	34,143,769	136,213	1,947,362	-	36,227,344
Infrastructure	17,843,655	-	-	-	17,843,655
Machinery and equipment	4,206,600	495,369	-	-	4,701,969
Furniture, computers and fixtures	1,180,658	196,603	-	-	1,377,261
Assets under construction	1,060,201	887,161	(1,947,362)	-	-
Total	\$ 60,788,243	1,715,346	-	-	62,503,589

Accumulated amortization	Balance at March 31, 2020	Additions	Transfers	Disposals	Balance at March 31, 2021
Land	\$ -	-	-	-	-
Land improvements	292,503	27,424	-	-	319,927
Buildings	12,346,973	863,984	-	-	13,210,957
Infrastructure	8,933,486	402,659	-	-	9,336,145
Machinery and equipment	2,705,589	244,757	-	-	2,950,346
Furniture, computers and fixtures	771,412	110,505	-	-	881,917
Assets under construction	-	-	-	-	-
Total	\$ 25,049,963	\$ 1,649,329	-	-	26,699,292

	Net book value, March 31, 2020	Net book value, March 31, 2021
Land	\$ 1,372,640	1,372,640
Land improvements	688,217	660,793
Buildings	21,796,796	23,016,387
Infrastructure	8,910,169	8,507,510
Machinery and equipment	1,501,011	1,751,623
Furniture, computers and fixtures	409,246	495,344
Assets under construction	1,060,201	-
Total	\$ 35,738,280	35,804,297

M'CHIGEENG FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2022

11. Contingent liabilities:

Loan guarantees and commitments:

- (i) The First Nation has endorsed CMHC loans made to various Band members under the Rural Rehabilitation Assistance Program and is contingently liable.
- (ii) Indigenous Services Canada ("ISC") has guaranteed certain CMHC Section 9 loans to various First Nation members, the balance of which is \$xxx (2021 - \$170,999). If any of the loans are in default and require payment by ISC, the amount will be charged back to the First Nation.
- (iii) The First Nation, by Band Council Resolution, has guaranteed on behalf of First Nation members housing and business loans from RBC in the amount of \$2,127,982 (2021 - \$323,268).
- (iv) The First Nation, by Band Council Resolution, has guaranteed on behalf of First Nation members housing and business loans from BMO in the amount of \$xxx (2021 - \$1,596,045).
- (v) Under terms of a loan facility agreement between the Bank of Montreal and the Great Lakes Hospitality Limited Partnership (the "GLHLP") the First Nation has guaranteed an amount proportional to its 29.44% equity interest in the partnership. The principal amount of the loan was for \$4,309,552. In addition, the First Nation in conjunction with the other limited partners has guaranteed on a joint and several basis obligations to make any payments due by the GLHLP under terms of the loan facility.
- (vi) In accordance with terms and conditions of a financing arrangement between the Bank of Montreal and the Robinson Huron Treaty (the "Trust"), the First Nation as a beneficiary of the Trust has guaranteed borrowing in proportion to its beneficial interest in the Trust in the amount of \$478,500. As at March 31, 2022, its proportional outstanding loan balance as part of the Trust is \$xxx (2021 - \$476,736).

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

- (vii) Under terms of a loan facility agreement between the Bank of Montreal and HIAH Economic Dev LP the First Nation has guaranteed loans in the amount of \$1,450,000. The outstanding balance of the loan as of March 31, 2022 is \$698,750 (2021 - \$843,750).

12. Consolidated revenue fund:

The following schedule details the receipt and expenditure for the consolidated revenue fund:

	Revenue	Capital	Total
Balance, beginning of year	\$ 244,746	72,515	\$ 317,261
Interest	29,149	—	29,149
Balance, end of year	\$ 273,895	72,515	\$ 346,410

M'CHIGEENG FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2022

13. Accumulated surplus:

	2022	2021
Surplus:		
Invested in tangible capital assets	\$ 27,606,198	\$ 28,532,618
Business enterprises	10,251,797	9,946,235
Unfinanced capital lagoon	(441,476)	(441,476)
Unfinanced business development centre equipment	(160,233)	(160,233)
Unfinanced business development centre	(1,214,708)	(1,214,708)
Endowed education fund	93,853	93,853
Other	2,636,715	2,409,227
	38,772,146	40,808,446
Reserves	13,566,407	10,740,266
	\$ 52,338,553	\$ 51,548,712

14. Budget information:

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

Approved expense budget:	
Total expenses per budget	\$ 23,914,909
Less:	
Capital acquisition	(1,715,346)
Principal payments on long-term debt	(495,803)
	(2,211,149)
Add:	
Amortization of tangible capital assets	1,649,329
Expense budget per financial statements	\$ 23,353,089

15. Comparative information:

Certain 2021 comparative information have been reclassified where necessary to conform to the current year presentation.

M'CHIGEENG FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2022

16. Effects of COVID-19:

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the First Nation's operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect to the First Nation's business is not known at this time.

17. Segmented information:

M'Chigeeng First Nation is a diversified governmental institution that provides a wide range of services to its Members, including education, public works, community services, economic and community development, health services, administration, housing, capital, social services and She'ndwin Teg Gaming. 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.

The accompanying Schedules of Financial Activity and Change in Program Balances (the "Schedules") detail the programming delivered by the First Nation.

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.

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

M'Chigeeng First Nation is a diversified governmental institution that provides a wide range of services to its Members, including education, public works, community services, economic and community development, health services, administration, housing, capital, social services and She'ndwin Teg Gaming. 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.

M'CHIGEENG FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2022

17. Segmented information (continued):

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:

Education

The education department provides services to elementary students through the operation of an on-reserve elementary school. Service contracts with provincially funded area school boards are entered into for secondary students. In addition, the department reimburses tuition costs and provides living and other allowances to students who are attending post-secondary institutions. The department also operates and provides the community with day-care services.

Public Works

The public works department provides public services that contribute to sustainability through the provision of maintenance and operating services such as roads, water and sanitation, fire protection, electrical and community buildings.

Community Services

The community service department provides a wide range of support services for children and families.

Economic Advancement

This department is responsible for identifying and developing economic opportunities for the benefit of the First Nation and its Members such as the MERE project. The department also secures and delivers employment training funding for the First Nation.

Health Services

The health services department provides a diverse bundle of services directed towards the well being of the members including the delivery of programming such as long-term care, diabetes, mental health, healthy babies, home and community care and many other smaller programs designed to enhance the health of members. The health department also manages the operations of the Health Centre and Wellness Centre.

Administration

The administration 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 manages the operations of the Post Office

Subsidized Housing

The housing department manages the operations of the various rental housing stock owned by the First Nation including both CMHC and other housing. This includes tenant identification, rent collection and maintenance management.

M'CHIGEENG FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2022

17. Segmented information (continued):

Employment and Training

The employment and training department delivers a variety of programming including Ontario works and offers employment support services. In addition, the department manages the homemakers and national child benefit programs.

Community Property

This department is responsible for all capital asset activities occurring in the First Nation during the year, including housing construction and renovations as well as major projects such as water and building construction.

Business Operations

Business Operations commission is responsible for the implementation and delivery of all gaming related activities on the First Nation.

For each reported segment, revenues and expenses include amounts that are directly attributable to the segment and amounts that are allocated on 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 the consolidated financial statements as disclosed in the summary of significant accounting policies.

17. Segmented information:

M'Chigeeng First Nation is a diversified governmental institution that provides a wide range of services to its Members, including education, public works, community services, economic and community development, health services, administration, housing, capital, social services and She'ndwin Teg Gaming. 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.

The accompanying Schedules of Financial Activity and Change in Program Balances (the "Schedules") detail the programming delivered by the First Nation.

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.

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

M'CHIGEENG FIRST NATION

Note 17 - Segmented Information (continued)

Year ended March 31, 2022

	Education	Public Works	Community Services	Economic Advancement	Health Services	Administration	Subsidized Housing	Social Services	Community Property	Business Operations	2022 Total
Revenue	\$ 7,511,691	1,697,703	849,846	557,616	3,896,852	5,624,661	1,212,990	2,614,640	1,882,271	183,252	26,031,522
Expenses:											
Salaries, benefits and honorarium	3,259,158	567,800	626,827	233,552	2,047,413	2,021,116	-	413,007	141,638	42,374	9,352,885
Materials, supplies and rentals	348,610	143,554	36,559	-	320,143	291,228	689	7,514	159,814	114,096	1,422,207
Contractual and professional	307,710	188,987	113,955	29,174	810,046	253,396	(6,423)	-	1,316,825	7,857	3,021,527
Travel and training	35,241	7,388	8,646	2,079	167,471	48,640	-	480,756	125	1,586	751,932
Other	3,551,103	1,247,251	355,868	176,742	524,601	561,594	536,724	1,742,084	480,806	9,038	9,185,811
Interest on long-term debt	-	-	-	-	-	-	114,766	-	-	-	114,766
Amortization	175,161	793,018	2,581	9,567	151,955	101,301	441,115	35,163	-	-	1,709,861
Investment in tangible capital assets	-	(306,212)	-	-	(11,096)	-	-	-	-	-	(317,308)
	7,676,983	2,641,786	1,144,436	451,114	4,010,533	3,277,275	1,086,871	2,678,524	2,099,208	174,951	25,241,681
Excess (deficit) of revenue over expenses	\$ (165,292)	(944,083)	(294,590)	106,502	(113,681)	2,347,386	126,119	(63,884)	(216,937)	8,301	789,841