

Consolidated Financial Statements of

# **BATCHEWANA FIRST NATION**

And Independent Auditor's Report thereon

Year ended March 31, 2022

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The accompanying consolidated financial statements of Batchewana First Nation 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.

Batchewana 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 Batchewana's assets are appropriately accounted for and adequately safeguarded.

Batchewana 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 Batchewana'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



Chief Financial Officer



## ***Responsibilities 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 public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

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

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

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

We also:

- Identify and assess the risks 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, intentional omissions, misrepresentations, or the override of internal control.

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



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## INDEPENDENT AUDITOR'S REPORT

To the Council and Members of Batchewana First Nation

### *Opinion*

We have audited the consolidated financial statements of Batchewana 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 change in net assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and 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 accumulated surplus, its consolidated changes in net assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### *Basis for Opinion*

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

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



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

*KPMG LLP*  
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Chartered Professional Accountants, Licensed Public Accountants

Sault Ste. Marie, Canada

January 31, 2023

# BATCHEWANA FIRST NATION

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Year ended March 31, 2022

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# BATCHEWANA FIRST NATION

## Consolidated Statement of Financial Position

March 31, 2022, with comparative information for 2021

	2022	2021
<b>Financial assets</b>		
Cash (note 2)	\$ 5,682,233	\$ 23,331,211
Restricted cash (note 3)	1,680,153	1,419,045
Accounts receivable (note 4)	7,365,240	4,570,209
Investment in Batchewana Band Industries Limited (note 5)	1,789,368	1,679,621
Investment in Mukwaa 2 Inc. (note 6)	686,557	688,229
Investment in Nodin Kitagan Limited Partnerships (note 7)	4	4
Investment in Chi-Wikwedong LP (note 8)	9,595,736	9,981,257
Investment in GBG-BFN Limited Partnership (note 9)	327,965	361,461
Investment and advances in Zaagate Giizis Energy Inc. (note 10)	2,958,151	3,008,638
Investment in Batchewana Telecom Holding Inc. (note 11)	2,238,244	-
Trust funds held by federal government	514,496	497,330
	32,838,147	45,537,005
<b>Liabilities</b>		
Accounts payable and accrued liabilities	3,472,998	2,864,403
Deferred revenue (note 12)	9,684,505	13,566,551
Term demand loans (note 13)	5,878,854	6,630,677
Long-term debt (note 15)	15,362,777	17,059,599
	34,399,134	40,121,230
Net (debt) assets	(1,560,987)	5,415,775
<b>Non-financial assets</b>		
Tangible capital assets (note 14)	44,666,314	32,536,910
Prepaid expenses and inventory of supplies	526,616	144,065
	45,192,930	32,680,975
Contingent liabilities (note 17)		
Accumulated surplus (note 16)	\$ 43,631,943	\$ 38,096,750

See accompanying notes to consolidated financial statements.

Approved:

  
Chief

  
Chief Financial Officer

# BATCHEWANA FIRST NATION

## Consolidated Statement of Operations and Accumulated Surplus

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

	Budget	2022	2021
	(note 19)		
<b>Revenue:</b>			
Indigenous Services Canada (note 18)	\$ 14,148,157	\$ 23,826,583	\$ 13,748,532
Province of Ontario	3,714,620	3,323,837	2,592,421
Government of Canada	3,121,779	3,020,770	2,577,094
Ontario First Nations Limited Partnership	900,000	894,055	1,463,874
North Shore Tribal Council	1,405,557	1,397,784	1,332,046
Band operated enterprises	1,011,400	961,919	182,381
Other	7,679,809	6,721,203	8,436,384
<b>Government of Canada Trust Funds</b>	<b>10,500</b>	<b>17,166</b>	<b>18,494</b>
	31,991,822	40,163,317	30,351,226
<b>Expenses:</b>			
Niigaanin	1,290,000	1,232,814	1,297,008
Government	2,436,852	1,407,956	1,336,625
Lands, Memberships and Estates	75,268	66,137	65,308
Elections	22,150	13,267	11,000
Licensing	250	-	-
Community Services	1,568,936	1,358,301	1,483,763
Education	7,358,272	7,398,699	7,006,163
Child Day Care	853,511	807,305	824,120
Cultural Education Centre	15,728	15,728	8,304
Capital Projects	361,823	419,261	775,383
Other Subsidized Programs	3,025,850	2,530,846	2,473,628
Health	6,129,299	4,334,397	3,236,482
Employment and Training	729,187	747,039	489,413
Arena Operations	675,750	685,623	716,119
Band Operated Activities - Buildings	971,857	861,486	748,513
Band Operated Activities - CMHC	793,627	1,384,722	1,162,440
Bingo Operations	1,081,650	1,403,149	581,738
Other Band Activities	1,146,628	592,733	620,706
Renewable Energy Development	134,660	75,685	96,828
Other Band Activities - Natural Resources	771,548	633,207	400,020
Band Committees	60,850	12,554	25,821
Other Band Operated Enterprises	300,500	149,518	257,153
Batchewana First Nation Housing			
Authority Incorporated	146,650	345,836	307,658
Batchewana Band Industries Ltd.	(32,000)	(109,747)	(105,435)
Renewable Energy & Telecom Enterprises	1,046,927	8,261,608	625,456
	30,965,773	34,628,124	24,444,214
<b>Excess of revenue over expenses</b>	<b>1,026,049</b>	<b>5,535,193</b>	<b>5,907,012</b>
Accumulated surplus, beginning of year	38,096,750	38,096,750	32,189,738
<b>Accumulated surplus, end of year</b>	<b>\$ 39,122,799</b>	<b>\$ 43,631,943</b>	<b>\$ 38,096,750</b>

See accompanying notes to consolidated financial statements.

# BATCHEWANA FIRST NATION

## Consolidated Statement of Changes in Net Assets (Debt)

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

	Budget	2022	2021
	(note 19)		
Excess of revenue over expenses	\$ 1,026,049	\$ 5,535,193	\$ 5,907,012
Acquisition of tangible capital assets	(2,559,873)	(13,692,344)	(4,316,022)
Amortization of tangible capital assets	1,543,672	1,562,940	1,526,617
Change in prepaid expenses and inventory of supplies	-	(382,551)	89,240
Change in net assets	9,848	(6,976,762)	3,206,847
Net assets, beginning of year	5,415,775	5,415,775	2,208,928
Net (debt) assets, end of year	\$ 5,425,623	\$ (1,560,987)	\$ 5,415,775

See accompanying notes to consolidated financial statements.

# BATCHEWANA FIRST NATION

## Consolidated Statement of Cash Flows

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

	2022	2021
<b>Operating transactions:</b>		
Excess of revenue over expenses	\$ 5,535,193	\$ 5,907,012
Adjustment for:		
Amortization of tangible capital assets	1,562,940	1,526,617
Income from Nodin Kitagan Limited Partnerships distribution above book value	- (3,090,000)	-
Expense portion of investment in Nodin Kitagan Limited Partnerships above book value	7,360,000	-
Share of operating profit from investment in Batchewana Band Industries Limited	(109,747)	(105,435)
Share of operating loss (profit) from investment in Mukwaa 2 Inc.	1,672	1,272
Share of operating profit from Chi-Wiikwedong LP	(1,090,179)	(1,192,031)
Share of operating profit from investment in GBG-BFN Limited Partnership	(17,504)	(19,684)
Share of operating loss (profit) from Zaagate Giizis Energy Inc.	(42,360)	53,907
	13,200,015	3,081,658
<b>Changes in non-cash working capital:</b>		
Increase in accounts receivable	(2,795,031)	(337,458)
Decrease (increase) in prepaid expenses and inventory of supplies	(382,551)	89,240
Increase (decrease) in accounts payable and accrued liabilities	608,595	(250,912)
(Decrease) increase in deferred revenue	(3,882,046)	11,918,148
	6,748,982	14,500,676
<b>Capital transactions:</b>		
Cash used to acquire tangible capital assets	(13,692,344)	(4,316,022)
<b>Financing transactions:</b>		
Decrease in operating lines of credit	- (2,032,822)	-
Decrease in term demand loans	(751,823)	(751,822)
Long-term debt advanced during year	- 239,067	-
Principal payments on long-term debt	(1,696,822)	(1,589,391)
	(2,448,645)	(4,134,968)
<b>Investing transactions:</b>		
Distributions from Chi-Wiikwedong LP	1,475,700	1,558,205
Distributions from Nodin Kitagan Limited Partnerships	365,000	3,090,000
Investment in Nodin Kitagan Limited Partnerships	(7,725,000)	-
Distributions from GBG-BFN Limited Partnership	51,000	-
Investment in Batchewana Telecom Holdings Inc.	(2,238,244)	-
Repayment of (investment and advances) in Zaagate Giizis Energy Inc.	92,847	(1,580,556)
Investment and advances in Mukwaa 2 Inc.	- -	-
Increase in trust funds held by federal government	(17,166)	(18,494)
	(7,995,863)	3,049,155
<b>Net (decrease) increase in cash</b>	<b>(17,387,870)</b>	<b>9,098,841</b>
<b>Cash, beginning of year</b>	<b>24,750,256</b>	<b>15,651,415</b>
<b>Cash, end of year</b>	<b>\$ 7,362,386</b>	<b>\$ 24,750,256</b>
<b>Represented by:</b>		
Cash	\$ 5,682,233	\$ 23,331,211
Restricted cash	1,680,153	1,419,045
	<b>\$ 7,362,386</b>	<b>\$ 24,750,256</b>

See accompanying notes to consolidated financial statements.

# BATCHEWANA FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2022

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The Batchewana First Nation (the “First Nation”), located in Sault Ste. Marie Ontario, administers programs and provides services to First Nation members.

## **1. Significant accounting policies:**

These consolidated financial statements of the First Nation are the representations 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) Basis of consolidation:**

These consolidated financial statements reflect the assets, liabilities, revenues and expenses of all programs under the control of Chief and Council.

All controlled entities are fully consolidated on a line-by-line basis except for commercial enterprises which meet the definition of a government business enterprise, which are included in the consolidated financial statements on a modified equity basis. Inter-organizational balances and transaction are eliminated upon consolidation.

Under the modified equity method of accounting, only Batchewana First Nation’s portion of the enterprise that are different from those of the First Nation, and inter-organizational balances and transactions are eliminated.

Organizations consolidated include:

Batchewana First Nation Housing Authority Incorporated  
Mukwaa Inc. – a bare trustee corporation  
2419656 Ontario Inc. – a bare trustee corporation  
Batchewana Telecom Holding Inc.

Organizations accounted for on a modified equity basis include:

Batchewana Band Industries Limited  
Mukwaa 2 Inc.  
6597982 Manitoba Ltd. – a bare trustee corporation  
2425771 Ontario Inc.  
Zaagate Giizis Energy Inc.  
Batchewana Telecom Limited Partnership  
2856385 Ontario Inc.

Batchewana First Nation has invested in limited partnerships through Mukwaa Inc., 2419656 Ontario Inc. and Batchewana Telecom Holding Inc. The First Nation accounts for its investment in these business partnerships using the modified equity method.

### **(b) Inventories:**

Inventories are stated at lower of cost and net realizable value. Cost is generally determined on the first-in, first-out basis.

# BATCHEWANA FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2022

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### 1. Significant accounting policies (continued):

#### (c) Cash and cash equivalents:

Cash and cash equivalents include short-term investments with a term to maturity of 90 days or less at acquisition.

#### (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 are amortized on a straight-line basis over their estimated useful lives as follows:

Assets	Useful Life - Years
Land improvements	20 years
Buildings	40 years
Infrastructure	30 years
Machinery and equipment	10 years
Furniture, computers and fixtures	4 to 10 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 consolidated 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.

#### (e) 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.

# BATCHEWANA FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2022

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### 1. Significant accounting policies (continued):

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

#### (g) Revenue recognition:

Revenue is recognized in the period in which the transactions or events occurred that gave rise to the revenue. All revenue is recorded on an accrual basis.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions, other than government transfers, are deferred when restrictions are placed on their use by the external contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

#### (h) 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) Trust funds held by federal government:

Funds held in trust are comprised of funds held in Ottawa Trust accounts and arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

# BATCHEWANA FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2022

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## 2. Cash and lines of credit:

### *Cash*

Cash consists of cash on hand, bank balances and investments in money market instruments with maturities of one year or less.

### *Lines of credit*

- (a) The First Nation has an unrestricted operating line of credit of \$1,500,000 with Scotiabank. At March 31, 2022, there is an outstanding balance of \$Nil (2021 – \$Nil).
- (b) The First Nation has an overdraft line of credit of \$50,000 with CIBC. At March 31, 2022, there is an outstanding balance of \$10,504 (2021 – \$Nil). The line of credit is due on demand and has an interest rate of prime plus 1.5%.
- (c) The First Nation has an overdraft line of credit of \$1,200,000 with the Bank of Montreal for the Renewable Energy Department. At March 31, 2022, there is an outstanding balance of \$nil (2021 – \$Nil). The line of credit is due on demand and has an interest rate of prime plus 1%.
- (d) In accordance with the terms and conditions of the BMO Loan Agreement (see note 3), 2419656 Ontario Inc. (a bare trustee corporation) has established a revolving \$1,015,000 debt service reserve loan (the "DSR Loan") arrangement bearing interest at the prime rate. At March 31, 2022, there is an outstanding balance of \$Nil (2021 – \$Nil). The DSR Loan has been established to make principal, interest and fee payments to the extent there are insufficient funds in the Proceeds Account (see note 3(a)).

## 3. Restricted cash:

- a) Pursuant to a Bank of Montreal loan agreement (the "BMO Loan Agreement") (see note 15), between the Bank of Montreal ("BMO") and 2419656 Ontario Inc. and Batchewana First Nation ("the Project Parties") distributions to the Project Parties from the Chi-Wiikwedong LP ("CWLP") are permitted via a Proceeds Account which are subject to the following conditions:
  - (i) debt service ratio for 2419656 Ontario Inc. for the previous 12 consecutive months is not less than 1:05 to 1:00 and the projected debt service ratio on a rolling 12-month basis shall not be less than 1:05 to 1:00;

# BATCHEWANA FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2022

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### 3. Restricted cash (continued):

- (ii) all amounts including accrued interest and principal and all other amounts due in respect of the BMO Loan Agreement have been paid in full;
- (iii) no balance is outstanding on the DSR Loan (see note 2(d));
- (iv) no event of default has occurred or would reasonably be expected to occur;
- (v) no breach of the Province Guarantee has occurred.

Distributions must be applied in the following order of priority.

- (i) first, to pay taxes of the Project Parties to the extent such amounts are due and payable;
- (ii) second, to pay scheduled BMO loan interest due and payable. If sufficient funds are not available, then to draw upon the DSR Loan to extent of any shortfall;
- (iii) third, to pay scheduled BMO loan principal due and payable. If sufficient funds are not available then to draw upon the DSR Loan to extent of any shortfall;
- (iv) fourth, to pay BMO an amount equal to the annual renewal fee, quarterly standby and processing fee and any account transaction fees;
- (v) fifth, to pay the Province guarantee and indemnification fees;
- (vi) sixth, to pay any interest due and payable on the DSR loan;
- (vii) seventh; to repay any balance outstanding on the DSR loan;
- (viii) eighth, only to the extent the account balance will be at least \$2,500.

If sufficient funds are not available to pay BMO principal, interest and related fees or the Province guarantee and indemnification fees then the DSR loan may be drawn upon to the extent of any shortfall.

Notwithstanding the above, BMO may block payments and retain such funds and apply such funds towards the reduction of the obligations, at any time after the occurrence of any event of default until such notice of default is revoked.

- c) In accordance with the operating agreements between the First Nation and Canada Mortgage Housing Corporation (“CMHC”), cash in the amount of \$622,785 (2021 – \$621,732) is restricted for this purpose. Under the agreement, the First Nation is required to set aside funding to maintain a replacements reserve bank account. As of March 31, 2022, the First Nation is required to have set aside \$545,219 (2021 – \$666,704).

# BATCHEWANA FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2022

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## 4. Accounts receivable:

	2022	2021
Indigenous Services Canada	\$ 3,112,223	\$ 612,519
Province of Ontario	726,606	233,365
Government of Canada	757,607	927,288
North Shore Tribal Council	489,133	500,145
Aboriginal Labour Force Development Corporation	169,134	132,851
Ontario First Nation Limited Partnership	624,183	–
Other	1,868,660	1,366,518
Investment distributions (i)	–	1,070,000
	7,747,546	4,842,686
Less: allowance for doubtful accounts	(382,306)	(272,477)
	\$ 7,365,240	\$ 4,570,209

i. Included first quarter cash distributions from the investment in Nodin Kitagan Limited Partnership of \$Nil (2021 – \$1,070,000). These amounts have been collected subsequent to March 31, 2022.

## 5. Investment – Batchewana Band Industries Limited (BBI):

Batchewana Band Industries Limited operates an industrial park on lands owned by the First Nation. Its major assets include income producing properties and investments.

	December 31, 2021	December 31, 2020
Retained earnings	\$ 1,773,768	\$ 1,664,021
Contributed surplus	15,600	15,600
	\$ 1,789,368	\$ 1,679,621

Financial information for BBI for its non-coterminous fiscal periods reflected herein is as follows:

	December 31, 2021	December 31, 2020
Assets	\$ 3,718,870	\$ 3,304,509
Liabilities	1,929,502	1,624,88
Revenues	591,709	472,207
Net earnings for the year	109,747	105,435

# BATCHEWANA FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2022

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## 6. Investment – Mukwaa 2 Inc.:

Mukwaa 2 Inc. is a wholly owned corporation of Batachewana First Nation. The corporation undertakes economic development activities on behalf of the First Nation.

	2022	2021
Share capital	\$ 255,000	\$ 255,000
Retained earnings and advances	431,557	433,229
	<hr/> <b>\$ 686,557</b>	<hr/> <b>\$ 688,229</b>

### Financial position

Total assets	\$ 686,557	\$ 688,229
Total liabilities	-	-
Revenue	-	-
Net loss for the year	(1,672)	(1,272)

## 7. Investment – Nodin Kitagan Limited Partnerships:

The First Nation has invested through Mukwaa Inc., a bare trustee corporation, into Nodin Kitagan Limited Partnership (“NKLP”) and Nodin Kitagan 2 Limited Partnership (“NK2LP”) for the purposes of designing, developing, constructing, financing and operating a 60 megawatt wind-powered electricity generating facility known as the Bow Lake Wind Farm. Mukwaa Inc.’s share is 50% of both NKLP and NK2LP. In addition, Mukwaa Inc. has a .001% equity investment in the related general partners Shongwish Nodin Kitigan GP Corp. (“SNKGP”) and Shongwish Nodin Kitigan 2 GP Corp. (“SNK2GP”).

	2022	2021
Nodin Kitagan Limited Partnerships	\$ 2	\$ 2
Shongwish Nodin Kitigan General Partners	2	2
	<hr/> <b>\$ 4</b>	<hr/> <b>\$ 4</b>

### Investments in Limited Partnerships

The investments in the partnerships are measured using the modified equity method. The investment in partnerships have been reduced to nominal value of \$4 after reflecting the Partnerships’ share of the operating profits and distributions since inception.

# BATCHEWANA FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2022

## 7. Investment – Nodin Kitagan Limited Partnerships (continued):

The investments at March 31, 2022 consist of the following:

	NKLP	NK2LP	2022	2021
Balance, beginning of year	\$ (7,951,466)	\$ (12,605,531)	\$ (20,556,997)	\$ (12,595,001)
Regular partner distributions	–	(365,000)	(365,000)	(3,090,000)
Partner contributions	2,500,000	5,225,000	7,725,000	–
First Nation's share of earnings (loss)	911,499	259,000	1,170,499	(4,871,996)
Balance, end of year	<u>\$ (4,539,967)</u>	<u>\$ (7,486,531)</u>	<u>\$ (12,026,498)</u>	<u>\$ (20,556,997)</u>

Financial information for NKLP and NK2LP for their non-coterminous December 31 fiscal periods reflected herein is as follows:

	NKLP	NK2LP	2022	2021
<b>Financial position</b>				
Current assets	\$ 3,458,000	\$ 4,834,000	\$ 8,292,000	\$ 7,465,000
Non-current assets	73,916,000	126,359,000	200,275,000	195,958,000
Total assets	<u>\$ 77,374,000</u>	<u>\$ 131,193,000</u>	<u>\$ 208,567,000</u>	<u>\$ 203,423,000</u>
Current liabilities	\$ 5,968,000	\$ 12,169,000	\$ 18,137,000	\$ 14,946,000
Non-current liabilities	82,185,000	139,348,000	221,533,000	225,601,000
Total liabilities	<u>\$ 88,153,000</u>	<u>\$ 151,517,000</u>	<u>\$ 239,670,000</u>	<u>\$ 240,547,000</u>

	NKLP	NK2LP	2022	2021
Partner's deficit	<u>\$ (10,779,000)</u>	<u>\$ (20,324,000)</u>	<u>\$ (31,103,000)</u>	<u>\$ (37,124,000)</u>

## Results of operations

Revenue	\$ 7,154,000	\$ 14,585,000	\$ 21,739,000	\$ 30,619,000
Operating expenses	(1,783,000)	(4,358,000)	(6,141,000)	(4,190,000)
Other expenses	(8,733,000)	(18,552,000)	(27,285,000)	(22,022,000)
Net income	(3,362,000)	(8,325,000)	(11,687,000)	4,407,000
Items of other comprehensive (loss) income	5,185,000	8,843,000	14,028,000	(14,151,000)
Comprehensive (loss) income	<u>\$ 1,823,000</u>	<u>\$ 518,000</u>	<u>\$ 2,341,000</u>	<u>\$ (9,744,000)</u>

# BATCHEWANA FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2022

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## 7. Investment – Nodin Kitagan Limited Partnerships (continued):

### Investments in General Partnership

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

	SNKGP	SNK2GP	2022	2021
Number of common shares Class A	\$ 1	\$ 1	\$ 2	\$ 2
Cost of investment	\$ 1	\$ 1	\$ 2	\$ 2

During the year, one of the wind turbines was severely damaged and resulted in the Bow Lake Wind Facility to be partially shut down while repairs and maintenance procedures were performed. As of the date of these statements, the full financial impact of this incident on future cash flows is still being assessed and cannot be reasonably estimated at this time.

## 8. Investment – Chi-Wiikwedong LP:

The First Nation has invested through 2419656 Ontario Inc., a bare trustee corporation (“Trustco”), a 49% equity share of Chi-Wiikwedong LP (“CWLP”). In addition, Trustco has a .001% equity interest in Chi-Wiikwedong GP Inc. (“CWGP”) the related general partner. CWLP operates a 25-megawatt wind-powered electricity generating facility known as the Goulais Wind Farm which has entered into 20-year power purchase Feed-In Tariff (FIT) agreement with the IESO expiring in 2034.

Under terms of the partnership and related agreements Trustco is entitled to 49% of annual distributions based on targets which have been pre-established by the partners for the duration of the FIT of the agreement. During the year, Trustco received distributions in the amount of \$1,475,700 (2021 – \$1,558,205) of which included income in the amount of \$1,090,179 (2021 – \$1,192,031).

# BATCHEWANA FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2022

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## 9. Investment – GBG-BFN Limited Partnership:

The First Nation has invested through 6597982 Manitoba Ltd., a bare trustee corporation, a 50.999% equity share of GBG-BFN Limited Partnership, for the purpose of designing, developing, constructing, financing, owning, maintaining and operating solar electricity generating projects in Ontario, including Solar Projects developed for commercial operation under the FIT Program and all related or ancillary activities. The Partnership is currently invested in a rooftop Solar Project in Markham, Ontario.

	2022	2021
GBG-BFN Limited Partnership	\$ 327,965	\$ 361,461

### GBG-BFN Limited Partnership

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

	2022	2021
Balance, beginning of year	\$ 361,461	\$ 341,777
Partner distributions	(51,000)	–
First Nation's share of earnings	17,504	19,684
Balance, end of year	\$ 327,965	\$ 361,461

Financial information for GBG-BFN Limited Partnership is for its March 31 fiscal year reflected herein is as follows:

	2022	2021
<b>Financial position</b>		
Total assets	\$ 801,180	\$ 815,349
Total liabilities	(158,158)	(106,648)
Partner's equity	\$ 643,022	\$ 708,701

	2022	2021
<b>Results of operations</b>		
Revenue	\$ 113,750	\$ 112,707
Expenses	(79,429)	(74,112)
Net income	\$ 34,321	\$ 38,595

# BATCHEWANA FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2022

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## 10. Investment and advances – Zaagate Giizis Energy Inc.:

The investment in Zaagate Giizis Energy Inc. (“ZGEI”) is comprised of a 100% equity interest. ZGEI constructed, operates and manages on reserve rooftop and ground mount solar electrical generating projects. In 2021, the First Nation advanced \$1,149,592 to ZGEI to repay all loans owing to a former shareholder. This advance is a loan bearing interest at 4%, repayable to the First Nation over 15 years.

	2022	2021
Zaagate Giizis Energy Inc. (100 common shares)	\$ 364,483	\$ 364,483
Advances to Zaagate Giizis Energy Inc.	1,082,584	1,420,957
Loan receivable from Zaagate Giizis Energy Inc.	1,338,269	1,111,781
Share of ZEGI's retained earnings	172,815	111,417
	<hr/> \$ 2,958,151	<hr/> \$ 3,008,638

Financial information for Zaagate is for its March 31 fiscal year reflected herein is as follows:

	2022	2021
<b>Financial position</b>		
Total assets	\$ 2,741,025	\$ 2,753,694
Total liabilities	2,568,110	2,642,177
Revenue	306,097	325,794
Net earnings (loss) for the year	42,360	(72,945)

## 11. Investment – Batchewana Telecom Holding Inc.:

The First Nation has invested through Batchewana Telecom Holding Inc., a bare trustee corporation, a 51% equity share of Batchewana Telecom Limited Partnership (“Opcos”) and 49% equity interest in 2856357 Ontario Inc. (“Assetco”) for the purpose of providing telecom services to rural areas that are currently underserved for internet connectivity. In addition, Batchewana Telecom Holding Inc. has a 1% equity interest in the related general partner, Batchewana Telecom GP Inc. The tangible capital assets of the partnership are held by 2856357 Ontario Inc. and are leased to Batchewana Telecom Limited Partnership. Lease payments are based on the number of customers.

# BATCHEWANA FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2022

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## 11. Investment – Batchewana Telecom Holding Inc. (continued):

	2022	2021
Batchewana Telecom Holding Inc.	\$ 275,780	\$ -
Batchewana Telecom Limited Partnership	175,950	-
2856385 Ontario Inc.	1,786,513	-
Batchewana Telecom GP Inc.	1	-
	<hr/> <b>\$ 2,238,244</b>	<hr/> <b>\$ -</b>

Financial information for Batchewana Telecom Holding Inc for its March 31 fiscal year reflected herein is as follows:

	2022	2021
<b>Financial position</b>		
Total assets	\$ 275,780	\$ -
Total liabilities	-	-
Revenue	-	-
Net earnings for the year	-	-

### Investment in Limited Partnership

The investment in the partnership is measured using the modified equity method.

The investments at March 31, 2022 consist of the following:

	2022	2021
Balance, beginning of year	\$ -	\$ -
Partner contributions	175,950	-
First Nation's share of income	-	-
Balance, end of year	<hr/> <b>\$ 175,950</b>	<hr/> <b>\$ -</b>

Financial information for Batchewana Telecom Limited Partnership is for its March 31 fiscal year reflected herein is as follows:

	2022	2021
<b>Financial position</b>		
Total assets	\$ 345,001	\$ -
Total liabilities	-	-
Partner's equity	<hr/> <b>\$ 345,001</b>	<hr/> <b>\$ -</b>

# BATCHEWANA FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2022

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## 11. Investment – Batchewana Telecom Holding Inc. (continued):

	2022	2021
<b>Results of operations</b>		
Revenue	\$ —	\$ —
Expenses	—	—
<b>Net income</b>	<b>\$ —</b>	<b>\$ —</b>

### Investments in General Partnership

The investments at March 31, 2022 in Batchewana Telecom GP Inc. consists of the following:

	2022	2021
<b>Number of common shares Class A</b>		
	\$ 1	\$ —
<b>Cost of investment</b>	<b>\$ 1</b>	<b>\$ —</b>

## 12. Deferred revenue:

Deferred revenue is broken down by program as follows:

	March 31, 2021	Funding received	Revenue recognized	March 31, 2022
Indigenous Services Canada	\$ 9,604,012	\$ 13,590,524	\$ (15,336,819)	\$ 7,857,717
Province of Ontario	727,513	357,400	(353,859)	731,054
Government of Canada	2,400,000	—	(2,167,000)	233,000
Other	835,026	891,503	(863,795)	862,734
<b>Balance, end of year</b>	<b>\$ 13,566,551</b>	<b>\$ 14,839,427</b>	<b>\$ (18,721,473)</b>	<b>\$ 9,684,505</b>

# BATCHEWANA FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2022

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## 13. Term demand loans:

	Operating	Investing	2022	2021
Loan 1 – Bank of Montreal, non-revolving term demand loan, related to the First Nation's equity investment in Mukwaa Inc., repayable at \$45,241 monthly plus interest at prime plus 1%, renewable December 2024	\$ 161,984	\$ 4,045,442	\$ 4,207,426	\$ 4,750,320
Loan 2 – Bank of Montreal, non-revolving term demand loan, related to the First Nation's equity investment in 2419656 Ontario Inc., used to repay amounts owing to Capstone Power Corp., repayable \$52,232 quarterly plus interest at prime plus 1%, renewable December 2024	–	\$ 1,671,428	1,671,428	1,880,357
	<b>\$ 161,984</b>	<b>\$ 5,716,870</b>	<b>\$ 5,878,854</b>	<b>\$ 6,630,677</b>

These loans are secured by a first ranking security interest over all Ontario First Nation Limited Partnership distributions.

Interest expense incurred during the year on term demand loans was \$219,069 (2021 – \$230,352).

Payments assuming annual renewals with similar amortization periods are as follows:

	Operating	Investing	Total
2022	\$ 20,901	\$ 730,922	\$ 751,823
2023	20,901	730,922	751,823
2024	20,901	730,922	751,823
2025	20,901	730,922	751,823
2026	20,901	730,922	751,823
Thereafter	57,479	2,062,260	2,119,739
	<b>\$ 161,984</b>	<b>\$ 5,716,870</b>	<b>\$ 5,878,854</b>

# BATCHEWANA FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2022

## 14. Tangible capital assets:

Cost	Balance at March 31, 2021	Additions	Disposals and transfers	Balance at March 31, 2022
Land	\$ 783,001	-	-	783,001
Land improvements	372,235	143,976	-	516,211
Buildings	19,539,255	96,995	-	19,636,250
Housing	15,200,590	-	-	15,200,590
Infrastructure	10,969,444	272,969	-	11,242,413
Machinery and equipment	1,370,238	-	-	1,370,238
Vehicles	727,225	239,395	-	966,620
Furniture and equipment	881,252	227,101	-	1,108,353
Construction in progress	3,301,592	12,711,908	-	16,013,500
<b>Total</b>	<b>\$ 53,144,832</b>	<b>13,692,344</b>	<b>-</b>	<b>66,837,176</b>

Accumulated Amortization	Balance at March 31, 2021	Disposals	Amortization	Balance at March 31, 2022
Land	\$ -	-	-	-
Land improvements	194,870	-	25,811	220,681
Buildings	7,604,804	-	490,906	8,095,710
Housing	5,231,380	-	458,328	5,689,708
Infrastructure	5,822,602	-	332,343	6,154,945
Machinery and equipment	679,486	-	96,598	776,084
Vehicles	340,192	-	77,922	418,114
Furniture and equipment	734,588	-	81,032	815,620
<b>Total</b>	<b>\$ 20,607,922</b>	<b>-</b>	<b>1,562,940</b>	<b>22,170,862</b>

	Net book value, March 31, 2021	Net book value, March 31, 2022
Land	\$ 783,001	783,001
Land improvements	177,365	295,530
Buildings	11,934,451	11,540,540
Housing	9,969,210	9,510,882
Infrastructure	5,146,842	5,087,468
Machinery and equipment	690,752	594,154
Vehicles	387,033	548,506
Furniture and equipment	146,664	292,733
Construction in progress	3,301,592	16,013,500
<b>Total</b>	<b>\$ 32,536,910</b>	<b>44,666,314</b>

# BATCHEWANA FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2022

## 14. Tangible capital assets (continued):

Cost	Balance at March 31, 2020	Additions	Disposals and transfers	Balance at March 31, 2021
Land	\$ 783,001	-	-	783,001
Land improvements	372,235	-	-	372,235
Buildings	19,499,843	39,412	-	19,539,255
Housing	15,200,590	-	-	15,200,590
Infrastructure	9,276,828	1,692,616	-	10,969,444
Machinery and equipment	1,037,443	372,575	(39,780)	1,370,238
Vehicles	550,951	176,274	-	727,225
Furniture and equipment	833,672	47,580	-	881,252
Construction in progress	1,314,027	2,296,287	(308,722)	3,301,592
<b>Total</b>	<b>\$ 48,868,590</b>	<b>4,624,744</b>	<b>(348,502)</b>	<b>53,144,832</b>

Accumulated Amortization	Balance at March 31, 2020	Disposals	Amortization	Balance at March 31, 2021
Land	\$ -	-	-	-
Land improvements	176,258	-	18,612	194,870
Buildings	7,116,763	-	488,041	7,604,804
Housing	4,758,306	-	473,074	5,231,380
Infrastructure	5,499,358	-	323,244	5,822,602
Machinery and equipment	604,682	(39,780)	114,584	679,486
Vehicles	279,891	-	60,301	340,192
Furniture and equipment	685,827	-	48,761	734,588
<b>Total</b>	<b>\$ 19,121,085</b>	<b>(39,780)</b>	<b>1,526,617</b>	<b>20,607,922</b>

	Net book value, March 31, 2020	Net book value, March 31, 2021
Land	\$ 783,001	783,001
Land improvements	195,977	177,365
Buildings	12,383,080	11,934,451
Housing	10,442,284	9,969,210
Infrastructure	3,777,470	5,146,842
Machinery and equipment	432,761	690,752
Vehicles	271,060	387,033
Furniture and equipment	147,845	146,664
Construction in progress	1,314,027	3,301,592
<b>Total</b>	<b>\$ 29,747,505</b>	<b>32,536,910</b>

# BATCHEWANA FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2022

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## 15. Long-term debt:

CMHC Project	Renewal Date	Monthly Payment	Interest Rate	2022	2021
Senior's complex	Apr. 1, 2022	\$ 3,760	1.43%	\$ 420,275	\$ 459,101
16-135-543-002	Mar. 1, 2024	4,059	2.14%	309,473	351,098
16-135-543-003	Mar. 1, 2026	3,335	0.96%	320,403	357,160
16-135-543-004	Mar. 1, 2026	5,241	0.96%	503,472	561,230
16-135-543-005	Apr. 1, 2024	4,867	1.86%	387,410	438,123
16-135-543-006	May 1, 2022	9,222	1.35%	1,050,950	1,146,762
16-135-543-007	May 1, 2022	5,475	1.35%	623,930	680,812
16-135-543-008	May 1, 2023	3,338	2.49%	390,455	420,437
16-135-543-009	Oct. 1, 2023	6,889	2.68%	817,912	877,901
16-135-543-010	May 1, 2026	1,235	1.22%	109,509	122,978
16-135-543-011	May 1, 2026	4,000	1.21%	624,368	664,513
16-135-543-012	Oct. 1, 2022	5,084	2.13%	955,690	994,683
16-135-543-013	June 1, 2023	7,391	2.50%	1,303,341	1,354,954
CMHC subtotal				7,817,188	8,429,752
All CMHC loans and advances are secured by Ministerial guarantees.					
Royal Bank, term loan, repayable \$12,986 monthly plus interest at prime + 1.75%, renewable November 2022				510,305	633,376
Royal Bank, term loan, repayable \$14,619 monthly plus interest at prime + 1.75%, renewable November 2022				804,067	964,938
Brant Tractor, term loan, repayable \$4,760 monthly including interest at 3.99%, maturing November 2027				190,536	239,067
Operating loans subtotal				9,322,096	10,267,133
Bank of Montreal, term loan, repayable at \$155,198 to \$254,528 quarterly including interest at 3.95% maturing February 2030 (a)				6,040,681	6,792,466
Investing loans subtotal				6,040,681	6,792,466
				\$ 15,362,777	\$ 17,059,599

Interest expense incurred during the year on long term debt was \$510,075 (2021 – \$558,879).

# BATCHEWANA FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2022

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## 15. Long-term debt (continued):

Payments assuming annual renewals with similar amortization periods are as follows:

	Operating	Investing	Total
2023	\$ 1,005,139	\$ 749,276	\$ 1,754,415
2024	1,017,807	757,813	1,775,620
2025	1,030,763	763,011	1,793,774
2026	903,189	776,109	1,679,298
2027	767,785	763,505	1,531,290
Thereafter	4,597,413	2,230,967	6,828,380
	<b>\$ 9,322,096</b>	<b>\$ 6,040,681</b>	<b>\$ 15,362,777</b>

(a) The Bank of Montreal loan (the “BMO Loan Agreement) borrowed through 2419656 Ontario Inc. (the “Borrower”) is secured by a security pledge agreement for the shares of Borrower held by the First Nation, a general security agreement in respect of the Borrower’s interest in CWHL and CWGP, an assignment of the Proceeds Account (see note 3) and payments made by CWHL, and a loan guarantee by the Province of Ontario for the sum of the principal amount of the loan to a maximum of \$9,611,000 and all accrued but unpaid interest.

## 16. Accumulated surplus:

Accumulated surplus is comprised of the following:

	2022	2021
Reserves	\$ 14,384,250	\$ 14,826,739
Equity in tangible capital assets	35,344,219	22,269,777
Renewable Energy & Telecom Enterprises surplus (deficit)	3,362,548	111,102
Members’ (deficit) equity	(9,973,570)	391,802
Funds held in trust	514,496	497,330
	<b>\$ 43,631,943</b>	<b>\$ 38,096,750</b>

Allocation of annual surplus:

	2022	2021
Reserves	\$ (442,489)	\$ 547,870
Equity in tangible capital assets	13,074,442	4,358,572
Operations	(110,436)	(2,744,439)
Renewable Energy & Telecom Enterprises	(7,111,565)	3,622,352
Batchewana Band Industries Limited	109,747	105,435
Mukwaa 2 Inc.	(1,672)	(1,272)
Funds held in trust	17,166	18,494
	<b>\$ 5,535,193</b>	<b>\$ 5,907,012</b>

# BATCHEWANA FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2022

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### 17. Contingent liabilities:

- (i) The First Nation has an agreement with the Royal Bank under the First Nation on Reserve Loan Program providing for an aggregate credit facility in the amount of \$2,500,000 for qualified members of the First Nation. As of March 31, 2022, the First Nation has guaranteed loans with remaining principal balances of \$1,600,254 (2021 – \$1,608,497).
- (ii) The First Nation has an agreement with the Bank of Montreal providing for an aggregate credit facility in the amount of \$2,500,000 under the First Nation on Reserve Loan Program and \$250,000 under the First Nation on Reserve Loan Program for qualified members of Batchewana First Nation. As of March 31, 2022, the First Nation has guaranteed loans with remaining principal balances of \$529,233 (2021 – \$565,337).
- (iii) 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 \$1,242,500. As of March 31, 2022, its proportional outstanding loan balance as part of the Trust is \$877,203 (2021 – \$507,500).

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

- (iv) The First Nation has provided a guarantee and postponement of claim in the amount of \$495,000 in favour of the Bank of Montreal on behalf of Batchewana Band Industries Limited (BBI). As of March 31, 2022, BBI had drawn \$362,421 on this loan with Bank of Montreal.
- (v) The First Nation has been named as defendant in various legal actions. The outcome of these actions are not determinable at this time and accordingly, no amounts have been reflected in the accounts of the First Nation for this matter.

### 18. Indigenous Services Canada revenue:

	2022	2021
Revenue per confirmation	\$ 21,901,688	\$ 21,989,602
ISC funding deferred in prior year	3,567,669	608
ISC funding receivable in prior year	(54,993)	–
ISC funding receivable	233,594	413,195
ISC funding deferred	(1,821,375)	(8,654,873)
	<hr/>	<hr/>
	\$ 23,826,583	\$ 13,748,532

# BATCHEWANA FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2022

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### **19. Budget:**

The operating budget approved by the First Nation for 2022 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget figures anticipated use of reserves to reduce current year expenditures. In addition, the budget expensed principal payments on long-term debt and reserve transfers.

The consolidated budget figures presented in the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Assets (Debt) have been restated to be comparable with the Public Sector Accounting Standards. A reconciliation of the Council approved budget and the consolidated budget presented in these consolidated financial statements is presented below:

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Budgeted surplus for the year:	\$	—
Adjustments to adopted budget:		
Acquisition of tangible capital assets	2,559,873	
Principal payments on long-term debt	851,851	
Reserves transfers and other	(2,385,675)	
 Budgeted surplus per statements of operations	 \$	 1,026,049

### **20. Comparative information:**

The consolidated financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year excess of revenue over expenses.

### **21. Financial risks and concentration of risks:**

#### a) Interest rate risk:

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

# BATCHEWANA FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2022

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## **21. Financial risks and concentration of risks (continued):**

### **b) Other risk:**

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.

## **22. Segmented information:**

Batchewana First Nation is a diversified governmental institution that provides a wide range of services to its band members, including education, infrastructure maintenance, medical and other health services, administration, capital, enterprises and other services. For management reporting purposes the First Nation's operations and activities are organized and reported by program. Programs 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 functional areas and their activities are reported in these programs. Certain functional areas that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

### **Social assistance**

The social assistance department is responsible for administering assistance payments as well as providing services directed towards members.

### **Government**

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 council.

### **Infrastructure maintenance**

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

# BATCHEWANA FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2022

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## 22. Segmented information (continued):

### **Education**

The education department provides services to elementary and secondary students primarily by entering into service contracts with provincially funded area school boards, as well as native language study. In addition, the department reimburses tuition costs and provides living and other allowances to students who are attending post-secondary institutions.

### **Capital**

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 services and building construction.

### **Medical and other health services**

The community wellness department provides a diverse bundle of service directed towards the well-being of members including such activities as long-term care, medical transportation, pre-natal and early childhood care, nursing, health representation, traditional healing, family violence prevention and many other smaller programs designed to enhance the health of members.

### **Enterprises**

Band operated enterprises are activities conducted by the First Nation with the objective of promoting economic self-sufficiency. These activities could include income generated from renting out band-owned equipment, lease income, gaming income and other projects from time to time.

### **Other services**

The First Nation provides a wide array of other services, including youth employment projects, natural resource management, economic development, housing activities, forestry and others.

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 consolidated financial statements as disclosed in the summary of significant accounting policies.

# BATCHEWANA FIRST NATION

## Note 22 - Segmented Information (continued)

Year ended March 31, 2022

	Social Assistance	Government	Infrastructure Maintenance	Education	Capital	Medical and Other Health Services	Enterprises	Other Services	2022 Total
Revenue	\$ 1,300,604	1,465,632	847,953	7,585,412	13,278,969	4,525,224	2,262,453	8,897,070	\$ 40,163,317
<b>Expenses:</b>									
Salaries and benefits	222,093	2,071,160	274,022	1,029,290	65,235	2,184,664	631,618	3,083,425	9,561,507
Materials, supplies and capital	12,062	152,176	227,192	319,167	171,020	609,936	214,792	1,182,042	2,888,387
Contracted services	-	319,906	322,271	1,107	57,815	502,838	466,581	572,053	2,242,571
Rents and financial expenses	18,538	39,560	63,828	1,418	377	53,302	527,127	274,585	978,735
External transfers and other	978,769	(1,205,460)	99,591	6,029,340	124,814	814,746	8,436,045	2,167,843	17,445,688
Amortization of tangible capital assets	1,352	30,614	371,397	18,377	-	168,911	149,902	770,683	1,511,236
	1,232,814	1,407,956	1,358,301	7,398,699	419,261	4,334,397	10,426,065	8,050,631	34,628,124
Excess (deficiency) of revenue over expenses	\$ 67,790	57,676	(510,348)	186,713	12,859,708	190,827	(8,163,612)	846,439	\$ 5,535,193

# BATCHEWANA FIRST NATION

## Note 22 - Segmented Information (continued)

Year ended March 31, 2022

	Social Assistance	Government	Infrastructure Maintenance	Education	Capital	Medical and Other Health Services	Enterprises	Other Services	2021 Total
Revenue	\$ 1,290,057	1,444,949	534,555	7,169,318	3,901,869	3,039,932	4,730,366	8,240,180	\$ 30,351,226
<b>Expenses:</b>									
Salaries and benefits	252,884	1,636,110	442,675	1,018,414	76,830	1,625,409	534,946	2,913,292	8,500,560
Materials, supplies and capital	37,851	234,776	204,215	428,395	568,123	510,551	172,152	1,065,947	3,222,010
Contracted services	-	694,308	330,325	11,137	20,870	298,144	229,757	422,595	2,007,136
Rents and financial expenses	25,751	38,114	56,912	2,143	1,380	44,991	575,248	240,248	984,787
External transfers and other	979,170	(1,297,297)	82,926	5,527,697	108,180	616,932	353,743	1,897,030	8,268,381
Amortization of tangible capital assets	1,352	30,614	366,710	18,377	-	140,455	154,295	749,537	1,461,340
	1,297,008	1,336,625	1,483,763	7,006,163	775,383	3,236,482	2,020,141	7,288,649	24,444,214
Excess (deficiency) of revenue over expenses	\$ (6,951)	108,324	(949,208)	163,155	3,126,486	(196,550)	2,710,225	951,531	\$ 5,907,012