

Garden River First Nation
Consolidated Financial Statements
For the year ended March 31, 2022

Garden River First Nation
Consolidated Financial Statements
For the year ended March 31, 2022

Contents

Management's Responsibility for Financial Reporting	2
Independent Auditor's Report	3
Consolidated Financial Statements	
Statement of Financial Position	5
Statement of Operations	6
Statement of Change in Net Financial Assets (Debt)	7
Statement of Cash Flows	8
Notes to Financial Statements	9
Schedule 1 - Tangible Capital Assets	22
Schedule 2 - Segment Disclosure	24

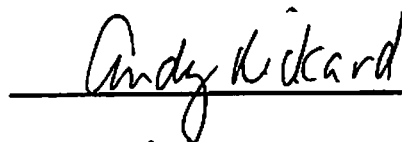
Garden River First Nation
Management's Responsibility for Financial Reporting
March 31, 2022

The accompanying consolidated financial statements of the Garden River First Nation are the responsibility of management and have been approved by the Chief and Council.

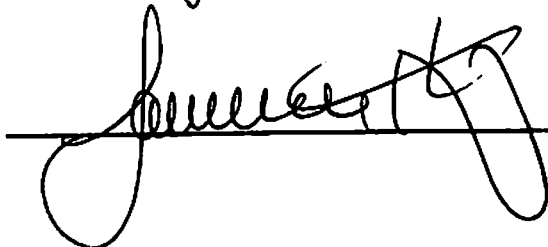
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board. Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The First Nation Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

The external auditors, BDO Canada LLP, conduct an audit in accordance with Canadian generally accepted auditing standards, and express their opinion on the consolidated financial statements. The external auditors have access to financial management of Garden River First Nation and meet when required.



Chief



Chief Executive Officer



Tel: 705-945-0990
Fax: 705-942-7979
Toll-free: 800-520-3005
www.bdo.ca

BDO Canada LLP
747 Queen Street E
PO Box 1109
Sault Ste. Marie ON P6A 5N7 Canada

Independent Auditor's Report

To the Chief and Council of Garden River First Nation

Qualified Opinion

We have audited the consolidated financial statements of Garden River First Nation and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at March 31, 2022 and the consolidated statements of operations, changes in net financial assets (debt) and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2022, and its consolidated results of operations, its consolidated changes in net financial assets (debt) and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

We were not able to observe the counting of the gravel inventories at March 31, 2020 and March 31, 2021 or satisfy ourselves concerning those inventory quantities by alternative means. Since opening inventories affect the determination of the results of operations and cash flows, we were unable to determine whether adjustments to the results of operations and cash flows might be necessary for the year ended March 31, 2021 and March 31, 2022, inventory as at March 31, 2021 and accumulated surplus as at April 1, 2020 and March 31, 2021. Our audit opinion on the financial statements for the year ended March 31, 2021 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's Report (continued)

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP


Chartered Professional Accountants, Licensed Public Accountants
Sault Ste. Marie, Ontario
September 5, 2023

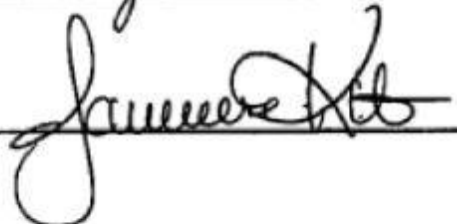
Garden River First Nation

Consolidated Statement of Financial Position

March 31	2022	2021
Financial assets		
Cash and short term securities (Note 9)	\$ 20,156,375	\$ 24,095,319
Marketable securities (Note 10)	10,999,856	-
Accounts receivable	7,194,120	5,867,409
Due from the Community Trust (Note 5)	424,727	153,106
Due from Indigenous Services Canada (Note 13)	-	93,385
Inventories held for sale	62,763	55,555
Investments in subsidiaries (Note 2)	4,269,318	3,596,215
Trust Funds held by Federal Government (Note 8)	561,382	514,981
	43,668,541	34,375,970
Liabilities		
Accounts payable	7,052,153	8,433,378
Due to Indigenous Services Canada (Note 13)	159,682	-
Due to Province	649,806	298,024
Deferred revenue (Note 3)	16,403,455	8,371,644
Post employment retirement benefits (Note 4)	5,754	28,517
Long term debt (Note 6)	8,522,807	9,874,807
	32,793,657	27,006,370
Net financial assets (debt)	10,874,884	7,369,600
Non-financial assets		
Tangible capital assets (Schedule 1)	25,458,197	26,323,086
Prepaid expenses and inventory of supplies	732,606	131,780
	26,190,803	26,454,866
Accumulated surplus (Note 7)	\$ 37,065,687	\$ 33,824,466

On behalf of Council

 _____ Chief

 _____ Chief Executive Officer

Garden River First Nation Consolidated Statement of Operations

For the year ended March 31	Budget	2022	2021
Revenue			
Indigenous Services Canada	\$ 10,985,221	\$ 18,991,792	\$ 15,380,891
Canada	4,682,095	519,844	2,155,795
Ontario	2,670,770	3,658,978	2,829,470
Other Indigenous organizations	2,728,608	2,657,274	2,930,674
Garden River First Nation trusts	22,660	255,724	271,394
OFNLP	1,313,195	905,783	1,488,152
Interest and other revenue	1,632,375	2,643,756	2,492,753
User fees, rental income, sales, fund raising and gravel royalties	17,382,073	9,880,116	9,187,590
FHIT (Note 8)	-	46,402	23,750
Business revenue	-	737,226	75,000
	41,416,997	40,296,895	36,835,469
Due (to) from Indigenous Services Canada	-	(253,067)	(7,770)
Due (to) from other funders	-	(351,781)	(208,188)
	41,416,997	39,692,047	36,619,511
Expenses			
Social and family services	3,318,903	4,712,965	4,959,710
Administration, lands and economic development	3,378,014	2,542,735	2,202,719
Education	8,134,547	8,996,487	8,426,695
Operations and maintenance	1,643,085	2,461,836	2,462,974
Housing development	3,102,345	1,510,359	1,783,460
Medical and other health services	6,606,287	5,271,946	4,776,763
Enterprises	15,828,169	9,944,846	8,341,426
Other	1,013,132	1,682,755	1,453,618
	43,024,482	37,123,929	34,407,365
	(1,607,485)	2,568,118	2,212,146
Annual surplus from enterprises			
Construction Equipment Co. (Sault) Inc.	-	622,286	618,168
2104298 Ontario Inc	-	50,817	25,986
	-	673,103	644,154
Annual surplus	(1,607,485)	3,241,221	2,856,300
Accumulated surplus, beginning of year	33,824,466	33,824,466	30,968,166
Accumulated surplus, end of year	\$ 32,216,981	\$ 37,065,687	\$ 33,824,466

The accompanying notes are an integral part of these financial statements.

Garden River First Nation Consolidated Statement of Change in Net Financial Assets (Debt)

For the year ended March 31	Budget	2022	2021
Annual surplus	\$ (1,607,485)	\$ 3,241,221	\$ 2,856,300
Acquisition of tangible capital assets	(605,853)	(1,103,994)	(2,582,691)
Amortization of tangible capital assets	-	1,968,883	1,890,907
Gain or loss on disposal of tangible capital assets	-	-	6,566
Prepaid expenses and inventory of supplies	-	(600,826)	53,937
Net change in net financial assets (debt)	(2,213,338)	3,505,284	2,225,019
Net financial assets , beginning of year	7,369,600	7,369,600	5,144,581
Net financial assets , end of year	\$ 5,156,262	\$ 10,874,884	\$ 7,369,600

The accompanying notes are an integral part of these financial statements.

Garden River First Nation Consolidated Statement of Cash Flows

For the year ended March 31	2022	2021
Cash flows from operating activities		
Annual surplus	\$ 3,241,221	\$ 2,856,300
Items not involving cash		
Net income - Construction Equipment Co. (Sault) Inc.	(622,286)	(618,168)
Net income - 2104298 Ontario Inc.	(50,817)	(25,986)
Amortization	1,968,883	1,890,907
Gain on disposal of asset	-	6,566
	<u>4,537,001</u>	<u>4,109,619</u>
Changes in non-cash working capital balances		
Accounts receivable	(1,326,711)	(1,770,692)
Due to/from Indigenous Services Canada	253,067	7,769
Inventory for resale	(7,208)	49,159
Due to/from Community Trust	(271,621)	(46,307)
Accounts payable	(1,029,443)	2,778,709
Deferred revenue	8,031,811	2,937,001
Prepaid expenses and inventory of supplies	(600,826)	53,937
Post retirement benefits	(22,763)	(119)
Trust Funds held by Federal Government	(46,401)	1,376,250
	<u>9,516,906</u>	<u>9,495,326</u>
Cash flows from capital transactions		
Acquisition of tangible capital assets	(1,103,994)	(2,582,691)
Cash flows from investing activities		
Purchase of marketable securities	(10,999,856)	-
Cash flows from financing activities		
Long term debt repaid	(1,352,000)	(437,314)
Increase (decrease) in cash	<u>(3,938,944)</u>	<u>6,475,321</u>
Cash, beginning of year	<u>24,095,319</u>	<u>17,619,998</u>
Cash, end of year	<u>\$ 20,156,375</u>	<u>\$ 24,095,319</u>

The accompanying notes are an integral part of these financial statements.

Garden River First Nation

Notes to Consolidated Financial Statements

March 31, 2022

1. Summary of significant accounting policies

- a) Basis of accounting** These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board.
- b) Reporting entity** The Garden River First Nation reporting entity includes the First Nation government and all entities that are controlled by the First Nation.
- c) Principles of consolidation** 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 transactions are eliminated upon consolidation.
- Organizations accounted for on a modified equity basis include:
- 2104298 Ontario Inc.
 - Construction Equipment Co. (Sault) Inc.
- Under the modified equity method of accounting, only Garden River First Nation's portion of the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of the First Nation, and inter-organizational balances and transactions are not eliminated.
- d) Cash and short term securities** Cash and short term securities consist of cash on hand, bank balances and guaranteed investment certificates with a duration of less than a year from the date of acquisition.
- e) Inventories for resale** Inventories of supplies and goods available for resale are recorded at the lower of cost and net realizable value.
- f) Tangible capital assets** Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing in the year the asset is available for productive use as follows:
- | | |
|-------------------------|----------------|
| Land improvements | 15 years |
| Buildings | 20 to 40 years |
| Infrastructure | 15 to 45 years |
| Vehicles | 7 years |
| Machinery and equipment | 10 to 20 years |
- In the year of acquisition tangible capital assets are amortized at one-half the above rates.
- Tangible capital assets under construction, development or that have been removed from service are not amortized until they are available to be put into service.

Garden River First Nation

Notes to Consolidated Financial Statements

March 31, 2022

1. Summary of significant accounting policies (continued)

- g) Pension plan** Garden River First Nation provides a defined contribution plan for its employees. The pension costs are charged to operations as contributions are due. Contributions are a defined amount whereby the employer matches that paid by the employee.
- h) Marketable Securities** Marketable securities are recorded at cost, unless the market value has declined below cost, in which case they are written down to market value.
- i) 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.
- j) Use of estimates** The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. Investments in subsidiaries

Garden River First Nation accounts for its investments in Construction Equipment Co. (Sault) Inc. and 2104298 Ontario Inc. by the modified equity method. The equity method initially records the investment at cost and then is increased or decreased by the First Nation's pro-rata share of income or loss and is reduced by distributions received.

Garden River First Nation Notes to Consolidated Financial Statements

March 31, 2022

2. Investments in subsidiaries (continued)

	2022	2021
Construction Equipment Co. (Sault) Inc.:		
Issued common shares - 100	\$ 502	\$ 502
Capital contributions	117,942	117,942
Accumulated surplus	3,663,226	3,040,940
	3,781,670	3,159,384
Advances receivable, interest free	198,052	198,052
	3,979,722	3,357,436
2104298 Ontario Inc.:		
Issued common shares - 1	1	1
Accumulated surplus	272,021	221,204
	272,022	221,205
Advances receivable, interest free	17,574	17,574
	289,596	238,779
	\$ 4,269,318	\$ 3,596,215

Financial information for the year ended March 31, 2022 is as follows:

	Construction Equipment Co. (Sault) Inc - 50%		2104298 Ontario Inc. - 50%	
	2022	2021	2022	2021
Assets	\$ 16,863,086	\$ 13,914,370	\$ 1,534,522	\$ 846,258
Liabilities and non-controlling interest	\$ 9,299,747	\$ 7,595,603	\$ 990,479	\$ 403,848
Revenue	\$ 12,754,002	\$ 11,252,828	\$ 104,701	\$ 104,805
Net income (loss)	\$ 1,244,572	\$ 1,236,335	\$ 101,633	\$ 51,972

3. Deferred revenue

	Balance March 31, 2021	Funding Received 2022	Revenue Recognized 2022	Balance March 31, 2022
Indigenous Affairs	\$ 7,336,958	\$ 25,786,325	\$ 18,991,792	\$ 14,131,491
Province of Ontario	128,147	4,347,905	3,658,978	817,074
North Shore Tribal Council	352,531	2,408,343	2,101,859	659,015
Union of Indians	410,784	245,774	338,486	318,072
Other	143,224	564,892	230,313	477,803
	\$ 8,371,644	\$ 33,353,239	\$ 25,321,428	\$ 16,403,455

Garden River First Nation

Notes to Consolidated Financial Statements

March 31, 2022

3. Deferred revenue (continued)

Deferred revenue by program is as follows:

Social and family support	
Niigaaniin - Administration	\$ 118,552
Homemakers	78,710
Day Care - Other Activities	318,073
Day Care Transformation	100,221
Administration, lands and economic development	
Own Source Revenue - COVID -19	412,533
Emergency Management Program	666,176
Government - Bylaw Process	79,354
Economic development	
Labour Market Info	67,879
Investing in Canada's Infrastructure	120,234
Local Food Infrastructure Fund	54,009
Employment and Social Development	12,484
Education	
Special Education	174,750
New Path Proposals	291,797
Reginal Education Agreements	72,013
Private School	4,487,260
Mentored Work Experience	723,311
Support & Ancillary	418,038
Jordan's Principal	834,573
Post Secondary	511,658
Operations and maintenance	
Community Building Capital	204,600
Health Services	
Health transfer programs	2,624,955
Community based prevention services	31,629
Human Rights Tribunal	8,889
Community Well Being	250,518
Restorative Justice	37,183
Housing	
Tiny House Project	319,689
Housing Capacity - Governance	24,952
Capital Construction	1,105,167
Planning and Design	794,413
Enterprises	
Ojibway Park	189,481
Public Works MTO	220,294
Other	
NSTC Job Training	127,593
NSTC Job Development	412,870
Rec Centre	490,160
Golf Resorts	
Golf Memberships	9,650
CMHC	9,787
	\$ 16,403,455

Garden River First Nation Notes to Consolidated Financial Statements

March 31, 2022

4. Post employment and retirement benefits

Employees are eligible to participate in a defined contribution pension plan. Employer contributions totaled \$356,221 (2021 - \$331,094) and were fully expensed.

On February 28, 2012 Garden River First Nation approved a retirement policy in recognition of employees hired prior to 1997. The policy allows employees hired before 1997 and who have had no break in employment, may upon meeting specific retirement criteria, become entitled to two week's pay at their current rate, for every continuous year of service prior and up to 1997.

The liability for these accumulated weeks, to the extent that they have vested and could be taken in cash by an employee on retirement amounted to \$5,754 (2021 - \$28,517) at the end of the year.

5. Garden River First Nation Community Trust

The funds are advanced to the First Nation as a beneficiary of the Trust and are subject to the Trust provisions governing the disbursement of such funds.

Garden River First Nation Notes to Consolidated Financial Statements

March 31, 2022

6. Long term debt

	2022	2021
CMHC rental housing mortgages		
Canada Mortgage and Housing Mortgages, payable in blended monthly payments ranging from \$978 to \$6,087, including interest at various rates from 0.27% to 2.69%, renewals on various dates from 2022 to 2026, secured by Ministerial guarantees by the Indigenous Services Canada	\$ 6,503,745	\$ 7,176,603
Canada Mortgage and Housing, loan advances	705,344	628,651
Bank loans		
Royal Bank term loan, repayable \$824 monthly plus interest at 3.53%, repaid during the year	-	6,504
Royal Bank term loan, repayable \$12,455 monthly including interest at 4.77%, due September 11, 2022	70,474	212,869
Royal Bank term loan, repayable \$6,280 per month including interest at 3.76%, secured by automotive equipment, repaid during the year	-	51,229
Royal Bank term loan, repayable \$16,740 monthly including interest at 3.12%, due September 17, 2022	1,165,653	1,324,903
Royal bank line of credit	-	5,000
Royal Bank term loan, repayable \$1,044 monthly including interest at 4.904%, secured by equipment due December 2022	9,203	20,959
Royal Bank demand loan, repayable \$35,735 monthly plus interest at 2.45%, repaid during the year	-	349,442
Equipment loans		
Nissan loan, repayable \$540 monthly including interest, at 5.79%, due October 2024, secured by equipment	20,524	25,656
Ford loan, repayable \$670 monthly interest free, due April 2022, secured by equipment	669	8,710
Ford loan, repayable \$644 monthly including interest, at 0.99%, due April 2025, secured by equipment	25,491	32,927
Ford loan, repayable \$826 monthly including interest, at 0.99%, due April 2024, secured by equipment	21,704	31,354
	\$ 8,522,807	\$ 9,874,807

Interest paid on long term debt during the year amounted to \$150,214 (2021 - \$177,274). Assuming renewal on comparable terms, principal payments required on long term debt for the next five years and thereafter are due as follows:

Year	Amount
2023	\$ 945,481
2024	860,313
2025	870,876
2026	825,608
2027	733,196
Thereafter	4,287,333
	\$ 8,522,807

Garden River First Nation

Notes to Consolidated Financial Statements

March 31, 2022

7. Accumulated surplus

	2022	2021
Reserves set aside for specific purposes by Chief and Council:		
Working capital	\$ 5,343,646	\$ 5,343,646
Education - feathers fund	64,377	64,377
GRFN initiatives	7,273	7,273
Post secondary	631,238	631,238
Private school - AIM curriculum	298,070	298,070
Daycare	4,477	4,477
Housing demonstration	67,442	67,442
Lands department	(132,927)	(132,927)
NSTC - MOU	32,978	32,978
Great lakes brushing	82,265	48,245
Economic development - AITC	-	5,072
Road capital	-	9,488
Community building capital	238,479	121,840
Housing - non-social	31,332	31,332
Food bank / Christmas Cheer	128,461	128,461
OFNLP	751,171	751,171
OFNLP - future generations	281,012	281,012
OFNLP - 2008 Limited partnership agreement	2,018,806	1,679,570
Education capital building	45,044	45,044
Grader operations	10,000	10,000
Community Trust - addition AIM	12,780	12,780
Annual golf classic	11,739	11,739
Western boundary	46,607	46,607
Education vans	186,976	147,656
Lands and trust	67,153	67,153
Library	1,778	14,718
Public works fleet	140,270	140,270
Membership	22,148	22,148
Forestry preservation	19,188	19,188
School of medicine	20,614	20,614
Niigaaniin van	1,715	1,715
Bingo	36,000	36,000
CHRT	143,802	50,752
Dialysis	74,853	74,853
ONFFS	41,104	41,104
Little NHL	7,973	7,973
National Aboriginal Day	2,100	2,100
Renovations	162,311	162,311
Ojibway Park	2,951	2,951
Tobacco Distribution	182,570	110,095
Western Boundary Settlement	8,326,342	8,304,918

Garden River First Nation Notes to Consolidated Financial Statements

March 31, 2022

7. Accumulated surplus (continued)

	2022	2021
Reserve funds:		
Health Canada - moveable asset reserve	323,621	323,621
Canada Mortgage and Housing Corporation	211,709	204,024
Squirrel Island	95,034	95,034
Funds held in trust	3,560,870	3,192,132
	23,605,352	22,540,265
Equity in tangible capital assets	16,935,428	16,453,314
General surplus (deficit)	(8,510,585)	(9,163,484)
Equity in enterprises (excludes advances receivable)	4,113,790	3,440,687
Unfunded expenditures to be recovered in future	(64,406)	(114,406)
Community Trust	424,727	153,106
Funds held in trust by Federal Government	561,382	514,981
	\$ 37,065,688	\$ 33,824,463
Allocation of annual surplus:		
Reserves	\$ 1,065,087	\$ 1,186,539
Equity in tangible capital assets	482,114	1,127,529
General surplus	652,895	1,178,022
Equity in enterprises	673,103	644,153
Unfunded expenditures to be recovered in future	50,000	50,000
Community trust reserve	271,621	46,307
Funds held in trust	46,401	(1,376,250)
	\$ 3,241,221	\$ 2,856,300

Unfunded liabilities to be recovered in future years are as follows:

Public works automotive equipment	\$ 64,406	\$ 114,406
-----------------------------------	-----------	------------

The Public works automotive equipment amounts are to be recovered from future Public Works contracts and other revenues.

8. Trust Funds held by Federal Government

	March 31, 2021	Additions 2022	Withdrawals 2022	March 31, 2022
Revenue	\$ 380,335	\$ 46,401	\$ -	\$ 426,736
Capital	134,646	-	-	134,646
	\$ 514,981	\$ 46,401	\$ -	\$ 561,382

The trust funds 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. The management of these funds is primarily governed by Section 63 to 69 of the Indian Act.

Garden River First Nation

Notes to Consolidated Financial Statements

March 31, 2022

9. Cash and short term securities

	2022	2021
Cash	\$ 18,983,516	\$ 22,217,287
Short term securities	1,172,859	1,878,032
	<u>\$ 20,156,375</u>	<u>\$ 24,095,319</u>

Cash is represented by deposits at financial institutions and cash amounts on hand at year end.

Short term securities is represented by an investment in guaranteed investment certificates with a maturity dates ranging from August 2022 to February 2023 and an interest rates of 0.80% - 1.60%.

All interest earned from the investments is recorded under the accrual method and is included in interest income.

10. Marketable securities

Marketable securities is represented by term deposits and bonds with a maturity dates ranging from April 2022 to May 2022 and interest rates of 2.05% - 4.85%.

All interest earned from the investments is recorded under the accrual method and is included in interest income.

11. Credit facilities

The First Nation has a \$500,000 operating line of credit bearing interest at prime plus 1%. As at March 31, 2022, a balance of \$NIL was outstanding on this credit facility.

The First Nation has a \$200,000 operating line of credit for Bingo Hall operations bearing interest at prime plus 1%. As at March 31, 2022, a balance of \$NIL was outstanding on this credit facility.

The First Nation has a \$2,000,000 revolving lease line of credit by way of leases bearing interest at 4%. As at March 31, 2022, a balance of \$9,202 was outstanding on this credit facility.

The above credit facilities are secured by Band Council Resolution, \$300,000 guaranteed investment certificate and a general security agreement constituting a first security interest in all assets of the Borrower except real property.

12. Commitments

The First Nation has entered into agreements to lease office and golf course equipment and solar panels for various periods until 2027. Minimum lease payments for each of the next five years are as follows:

2023	\$	94,930
2024	\$	47,012
2025	\$	23,276
2026	\$	5,174
2027	\$	1,294

Garden River First Nation Notes to Consolidated Financial Statements

March 31, 2022

13. Indigenous Services Canada funding

The Garden River First Nation has a contribution arrangement with Indigenous Services Canada (ISC). The funds are used by the First Nation to administer its operations and provide service to its members in accordance with the terms of the funding arrangement.

The following is a reconciliation of funding provided:

ISC revenue per consolidated statement of operations	\$ 18,991,792
Less: Deferred revenue, beginning of year	(7,336,958)
Add: Deferred revenue, end of year	<u>14,131,491</u>
	<u>\$ 25,786,325</u>
 Indigenous Services Canada funding per confirmation report	 <u>\$ 25,786,325</u>
 Amounts due (to) / from ISC:	
- Tuition - 2014/15 and prior	\$ (44,568)
- Tuition - 2015/16	-
- Tuition - 2017/18	148,973
- Repayable to funder	(259,152)
Homemakers (adult care)	<u>(4,935)</u>
	<u>\$ (159,682)</u>

Garden River First Nation Notes to Consolidated Financial Statements

March 31, 2022

14. Youth trust accounts

As part of the Western Boundary Settlement there was a one time "per capita" distribution in fiscal 2020 to the members of \$7,808,195. For those members who were under the age of 18 at the date of distribution, these monies are held by The Garden River First Nation Boundary Claim Settlement until such time as the member reached the age of 18. These monies will be distributed to the members as they achieve the age of 18 at the principal amount plus interest calculated at the bank rate plus one percent.

15. Contingencies

Loan guarantees

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 \$10,000,000 for qualified members of Garden River First Nation. The First Nation must guarantee the full amount of the loan, however in the event the First Nation transfers for fair market value the building or improvement in respect of which the loan was made and the fair market value is less than the amount paid by the First Nation to the Bank under the guarantee, the Bank shall reimburse to the First Nation 20% of the shortfall as subject to the provisions in the loan agreement. As of March 31, 2022 the First Nation has guaranteed loans in the amount of \$11,152,103.

The Garden River First Nation also has guaranteed housing program loans on behalf of various band members and is contingently liable to the Deposit Insurance Corporation of Ontario if band members default. As at March 31, 2022 the balance of loans outstanding is \$260,000.

The First Nation has provided a guarantee in the amount of \$507,500 in favour of the Bank of Montreal on behalf of the Robinson Huron Treaty Ojibewa (Anishinabe). This represents 7% of the total loan of \$7,250,000 being guaranteed by 21 participating First Nation Communities that are settlers and beneficiaries of the Robinson Huron Treaty Trust.

Litigation

There is a claim for a Canada Human Rights tribunal complaint, however the outcome is not presently determinable.

There is a claim for a Canada Labour Program complaint, however the outcome is not presently determinable.

There is a claim for constructive dismissal against GRFN, however the outcome is not presently determinable.

Garden River First Nation Notes to Consolidated Financial Statements

March 31, 2022

16. Segmented information

The Garden River First Nation is a diversified government institution that provides a wide range of services to its 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 department. Department were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Services are provided by departments and their activities are reported in these department. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

Social and family services

This department is responsible for administering programs focusing on improving the lives of members and families of the First Nation, including social assistance, funeral and adult care policies, and as well, providing services directed towards members including day care and employment support initiatives.

Administration, lands & trusts and economic development

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. This department also oversees economic development programs within the community.

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.

Operations and 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.

Housing development

This department oversees construction and renovation of housing in the community and as well, operates the CMHC projects and other band-owned homes.

Medical and other health services

The community wellness department provides a diverse bundle of services 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 and other projects from time to time.

Other services

The First Nation provides a wide array of other services, including youth employment projects, forestry, library, spiritual, cultural and recreation activities.

Garden River First Nation

Notes to Consolidated Financial Statements

March 31, 2022

16. Segmented information (continued)

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.

Expenses are grouped based on object. Contracted services include items such as professional fees, telephone, utilities, insurance, repairs and maintenance, advertising and subcontracts. Rentals and financial expenses includes items such as rent, equipment rental and interest and bank charges.

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. For additional information see Schedule 2 - Consolidated Segment Disclosure.

17. Comparative figures

The comparative amounts presented in the financial statements have been reclassified to conform to the current year's presentation.

18. Budget

The budget adopted by the First Nation was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards require a full accrual basis. The budget figures anticipated use of reserves to reduce current year expenditures. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense, and expensed principal payments of debt. As a result, the budget figures presented in the statements of operations and change in net financial assets represent the budget adopted by the First Nation with adjustments as follows:

Budget deficit for the year	\$ (3,158,819)
Add:	
Capital expenditures	605,853
Principal portion of loan payments	945,481
	<hr/>
Budget surplus per statement of operations	\$ (1,607,485)

Garden River First Nation
Schedule 1 - Consolidated Tangible Capital Assets

For the year ended March 31, 2022

	Land	Land Improve- ments	Buildings	Machinery and Equipment	Vehicles	Infrastructure	Construction in Progress	Total
Cost, beginning of year	\$ 2,666,993	\$ 2,753,744	\$ 28,334,878	\$ 7,093,355	\$ 4,607,604	\$ 11,576,392	\$ 628,651	\$ 57,661,617
Additions	-	-	336,792	635,509	55,000	-	76,693	1,103,994
Disposals	-	-	-	(300,000)	-	-	-	(300,000)
Cost, end of year	2,666,993	2,753,744	28,671,670	7,428,864	4,662,604	11,576,392	705,344	58,465,611
Accumulated amortization, beginning of year	-	889,591	14,637,378	4,918,206	1,842,756	9,050,600	-	31,338,531
Amortization	-	73,097	841,073	324,419	520,231	210,063	-	1,968,883
Disposals	-	-	-	(300,000)	-	-	-	(300,000)
Accumulated amortization, end of year	-	962,688	15,478,451	4,942,625	2,362,987	9,260,663	-	33,007,414
Net carrying amount, end of year	\$ 2,666,993	\$ 1,791,056	\$ 13,193,219	\$ 2,486,239	\$ 2,299,617	\$ 2,315,729	\$ 705,344	\$ 25,458,197

The net book value of tangible capital assets not being amortized because they are under construction/development or have been removed from service is \$705,344 (2021 - \$628,651).

The First Nation holds various works of art and historical treasures. These items are not recognized as tangible capital assets in the financial statements because a reasonable estimate of the future benefits association with such property cannot be made.

Garden River First Nation
Schedule 1 - Consolidated Tangible Capital Assets (continued)

For the year ended March 31, 2021 (comparative figures)

	Land	Land Improve- ments	Buildings	Machinery and Equipment	Vehicles	Infrastructure	Construction in Progress	Total
Cost, beginning of year	\$ 2,666,993	\$ 2,753,744	\$ 28,241,251	\$ 6,997,178	\$ 2,528,240	\$ 11,576,392	\$ 345,773	\$ 55,109,571
Additions	-	-	93,627	96,177	2,110,009	-	282,878	2,582,691
Disposals	-	-	-	-	(30,645)	-	-	(30,645)
Cost, end of year	<u>2,666,993</u>	<u>2,753,744</u>	<u>28,334,878</u>	<u>7,093,355</u>	<u>4,607,604</u>	<u>11,576,392</u>	<u>628,651</u>	<u>57,661,617</u>
Accumulated amortization, beginning of year	-	815,504	13,778,497	4,579,684	1,461,660	8,836,358	-	29,471,703
Amortization	-	74,087	858,881	338,522	405,175	214,242	-	1,890,907
Disposals	-	-	-	-	(24,079)	-	-	(24,079)
Accumulated amortization, end of year	<u>-</u>	<u>889,591</u>	<u>14,637,378</u>	<u>4,918,206</u>	<u>1,842,756</u>	<u>9,050,600</u>	<u>-</u>	<u>31,338,531</u>
Net carrying amount, end of year	<u>\$ 2,666,993</u>	<u>\$ 1,864,153</u>	<u>\$ 13,697,500</u>	<u>\$ 2,175,149</u>	<u>\$ 2,764,848</u>	<u>\$ 2,525,792</u>	<u>\$ 628,651</u>	<u>\$ 26,323,086</u>

The net book value of tangible capital assets not being amortized because they are under construction (or development or have been removed from service) is \$628,651 (2020 - \$345,773).

The First Nation holds various works of art and historical treasures. These items are not recognized as tangible capital assets in the financial statements because a reasonable estimate of the future benefits association with such property cannot be made.

Garden River First Nation

Schedule 2 - Consolidated Schedule of Segment Disclosure

For the year ended March 31, 2022

	Social and Family Services	Administration Lands Trusts & Economic Development	Education	Operations and Maintenance	Housing Development	Medical and Other Health Services	Enterprises	Other	Consolidated Total
Revenue									
Indigenous Services Canada	\$ 1,772,563	\$ 2,037,353	\$ 8,351,528	\$ 1,541,247	\$ 213,144	\$ 3,360,257	\$ 1,453,376	\$ 262,324	\$ 18,991,792
Canada	-	121,720	-	-	387,594	-	-	10,530	519,844
Ontario	1,087,231	85,540	-	170,340	-	835,590	43,300	1,436,977	3,658,978
Other aboriginal organizations	1,785,104	600	-	-	-	476,085	-	395,485	2,657,274
Trust income	-	-	-	-	-	-	-	302,125	302,125
OFNLP	-	-	-	-	-	-	905,783	-	905,783
Interest and other revenue	4,853	1,057,232	8,128	115,733	172,350	1,010,843	91,065	183,552	2,643,756
User fees, rental income, sales and fund raising	31,636	34,020	-	179,166	870,633	-	8,748,539	16,123	9,880,117
Transfer between segments	-	-	90,000	101,359	-	-	(324,722)	133,363	-
Business Profit Distributions	-	737,226	-	-	-	-	-	-	737,226
	4,681,387	4,073,691	8,449,656	2,107,845	1,643,721	5,682,775	10,917,341	2,740,479	40,296,895
Due from (to) Indigenous Services Canada	-	-	-	-	-	(253,067)	-	-	(253,067)
Due from (to) other funders	-	-	-	-	-	(65,520)	-	(286,261)	(351,781)
	4,681,387	4,073,691	8,449,656	2,107,845	1,643,721	5,364,188	10,917,341	2,454,218	39,692,047
Expenses									
Salaries, wages and benefits	1,752,653	1,866,206	1,292,246	920,376	148,145	3,203,871	2,629,004	712,207	12,524,708
Materials and supplies	289,941	608,431	144,994	191,571	38,519	367,695	1,312,574	296,643	3,250,368
Contracted services	1,299,874	1,622,843	642,683	657,551	587,955	1,279,426	1,210,981	364,428	7,665,741
Rents and financial expenses	-	9,902	119,771	107,161	86,141	59,802	232,628	23,293	638,698
External transfers and other	1,069,133	-	6,461,183	-	-	-	3,392,541	152,674	11,075,531
Amortization	51,435	14,653	14,145	491,330	537,658	108,720	715,726	35,216	1,968,883
Transfers between segments	249,929	(1,579,300)	321,465	93,847	111,941	252,432	451,392	98,294	-
	4,712,965	2,542,735	8,996,487	2,461,836	1,510,359	5,271,946	9,944,846	1,682,755	37,123,929
Excess (deficiency) of revenue over expenses	\$ (31,578)	\$ 1,530,956	\$ (546,831)	\$ (353,991)	\$ 133,362	\$ 92,242	\$ 972,495	\$ 771,463	\$ 2,568,118

The accompanying notes are an integral part of these financial statements.

Garden River First Nation

Schedule 2 - Consolidated Schedule of Segment Disclosure (continued)

For the year ended March 31, 2021

	Social and Family Services	Administration Lands Trusts & Economic Development	Education	Operations and Maintenance	Housing Development	Medical and Other Health Services	Enterprises	Other	Consolidated Total
Revenue									
Indigenous Services Canada	\$ 1,857,106	\$ 1,257,601	\$ 8,570,684	\$ 1,443,049	\$ 425,737	\$ 1,335,919	\$ 395,280	\$ 95,515	\$ 15,380,891
Canada	-	112,200	-	-	444,622	1,474,201	-	124,772	2,155,795
Ontario	1,180,237	189,927	-	196,902	-	545,097	100,000	617,307	2,829,470
Other aboriginal organizations	2,010,949	8,000	-	-	-	519,333	-	392,392	2,930,674
Trust income	-	-	-	-	-	-	-	295,144	295,144
OFNLP	-	-	-	-	-	-	1,488,152	-	1,488,152
Interest and other revenue	(2,066)	730,583	42,717	122,518	236,558	1,016,227	178,470	167,746	2,492,753
User fees, rental income, sales and fund raising	127,405	-	-	187,047	890,187	-	7,913,377	69,574	9,187,590
Transfers between segments	-	50,000	-	561,916	-	-	(812,457)	200,541	-
Business Profit Distribution	-	75,000	-	-	-	-	-	-	75,000
	5,173,631	2,348,311	8,613,401	2,511,432	1,997,104	4,890,777	9,262,822	1,962,991	36,835,469
Due from (to) Indigenous Services Canada	(5,673)	-	(2,097)	-	-	-	-	-	(7,770)
Due from (to) other funders	-	-	-	-	-	(77,509)	(72,763)	(57,916)	(208,188)
	5,167,958	2,423,311	8,611,304	2,511,432	1,997,104	4,813,268	9,190,059	1,905,075	36,619,511
Expenses									
Salaries, wages and benefits	2,000,865	1,625,920	1,331,705	1,096,498	266,283	2,847,853	2,391,041	725,291	12,285,456
Materials and supplies	369,525	338,527	81,143	167,952	84,603	572,106	993,074	254,786	2,861,716
Contracted services	1,203,912	939,353	457,876	494,842	703,893	1,052,282	1,260,197	202,775	6,315,130
Rents and financial expenses	38,821	16,360	95,803	205,086	119,483	11,160	197,970	109,539	794,222
External transfers and other	1,123,674	-	6,370,741	-	-	-	2,699,182	66,336	10,259,933
Amortization	49,710	12,593	11,407	469,816	532,580	124,786	657,142	32,874	1,890,908
Transfers between segments	173,203	(730,034)	78,020	28,780	76,618	168,576	142,820	62,017	-
	4,959,710	2,202,719	8,426,695	2,462,974	1,783,460	4,776,763	8,341,426	1,453,618	34,407,365
Excess (deficiency) of revenue over expenses	\$ 208,248	\$ 220,592	\$ 184,609	\$ 48,458	\$ 213,644	\$ 36,505	\$ 848,633	\$ 451,457	\$ 2,212,146

The accompanying notes are an integral part of these financial statements.