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Indigenous Services Canada
Sudbury Business Center
760 Notre Dame Ave Unit M
Sudbury, ON P3A 2T4

Attention: Taryn Meles, Sr. Funding Services Officer

July 28, 2025

Re: Serpent River First Nation

We enclose herewith for your information and retention, copies of the following documents to be published on the internet:

1. Consolidated financial statements for the year ended March 31, 2024.
2. Schedule of Remuneration and Expenses for Chief and Council along with an accompanying Review Engagement Report for the year ended March 31, 2024.

Should you have any questions concerning the foregoing, please contact the writer or Megan Sherwood of this office.

Yours sincerely

BDO Canada LLP
Chartered Professional Accountants, Licensed Public Accountants

A handwritten signature in black ink, appearing to read 'J Archambault', with a stylized flourish at the end.

Jennifer Archambault, CPA, CA
Partner through a corporation
/hm

Sent via email - taryn.meles@sac-isc.gc.ca

Serpent River First Nation
Consolidated Financial Statements
For the year ended March 31, 2024

Serpent River First Nation
Consolidated Financial Statements
For the year ended March 31, 2024

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Management's Responsibility for Financial Reporting

March 31, 2024

The accompanying consolidated financial statements of the Serpent 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 Serpent River First Nation and meet when required.

Signed by:

C4545757F5627437... Chief

DocuSigned by:

B84275E66F6D4B7... Director of Operations



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Independent Auditor's Report

To the Chief and Council of Serpent River First Nation

Qualified Opinion

We have audited the consolidated financial statements of Serpent River First Nation and its entities (the First Nation), which comprise the consolidated statement of financial position as at March 31, 2024 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 matters 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 First Nation as at March 31, 2024, 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

As in the previous year, the First Nation was unable to provide satisfactory audit evidence with respect to the existence of approved wage expenses as a result of employee timesheets and supervisor approvals being inappropriately stored in the year and unavailable for audit verification. Accordingly, we were unable to confirm or verify by alternate means that all payroll expenses of the First Nation have been properly recorded. As a result, we were unable to determine whether any adjustments might be necessary to wages, annual surplus and cash flows for the years ended March 31, 2024 and 2023, and financial assets as at March 31, 2024 and 2023, and accumulated surplus as at April 1, and March 31 for both the 2024 and 2023 years. Our audit opinion on the financial statements for the year ended March 31, 2023 was modified accordingly because of the possible effects of this limitation in scope.

Effective April 1, 2022, the First Nation was required to adopt PS 3280 Asset Retirement Obligations which requires the recognition of legal obligations associated with the retirement of tangible capital assets by public sector entities. Under the modified retroactive application method, the asset retirement obligation on transition is to be recorded using assumptions as of April 1, 2022. The corresponding asset retirement cost is added to the carrying value of the related tangible capital assets adjusted for amortization since the time the legal obligation was incurred. The net adjustment is charged to accumulated surplus. Comparative figures are to be restated to reflect this change in accounting policy. Management has not completed its assessment of the tangible capital assets for potential asset retirement obligations. As a result, it is not possible to quantify the impact of this departure from Canadian public sector accounting standards on expenses and annual surplus for the years ended March 31, 2024 and 2023, tangible capital assets and the asset retirement obligation as at March 31, 2024 and 2023, and accumulated surplus as at April 1 and March 31 for both the 2024 and 2023 years. Our audit opinion on the financial statements for the year ended March 31, 2023 was modified accordingly because of the possible effects of this.

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 First Nation 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.

Independent Auditor's Report

In preparing the consolidated 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 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 First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to 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 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 First Nation 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 First Nation 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.



Chartered Professional Accountants, Licensed Public Accountants

Sault Ste. Marie, Ontario
July 28, 2025



Serpent River First Nation Consolidated Statement of Financial Position

March 31	2024	2023
Financial assets		
Cash (Note 2)	\$ 12,996,120	\$ 4,481,379
Accounts receivable (Note 3)	4,148,413	5,858,596
Robinson Huron Treaty Settlement receivable (Note 15)	377,961,380	-
Inventory for resale	359,326	766,530
Investments (Note 4)	524,771	-
Related party balances (Note 6)	420,473	-
Trust Funds held by Federal Government (Note 5)	236,806	229,335
	396,647,289	11,335,840
Liabilities		
Accounts payable and accrued liabilities (Note 7)	2,156,781	814,498
Due to funders (Note 8)	346,170	467,538
Deferred revenue (Note 9)	11,251,014	5,425,733
Long term debt (Note 10)	1,073,198	2,784,830
	14,827,163	9,492,599
Net financial assets	381,820,126	1,843,241
Non-financial assets		
Tangible capital assets (Schedule 1)	25,062,024	21,710,703
Prepaid expenses and inventory of supplies	38,803	238,213
	25,100,827	21,948,916
Accumulated surplus (Note 11)	\$ 406,920,953	\$ 23,792,157

On behalf of Council:

Signed by:

 _____ Chief

DocuSigned by:

 _____ Director of Operations

Serpent River First Nation Consolidated Statement of Operations

For the year ended March 31	2024	2023
Revenue		
Indigenous Services Canada	\$ 13,351,545	\$ 11,066,149
Government of Canada	3,444,247	317,111
Government of Canada Trust Funds	7,471	5,637
Province of Ontario	2,091,937	2,551,101
North Shore Tribal Council	340,520	384,039
OFNLP	1,159,966	805,112
Union of Ontario Indians	491,056	497,021
Interest and other	1,599,591	507,325
Rent, residence, parent and user fees	564,368	761,090
Sales revenue	7,780,880	10,017,723
Robinson Huron Treaty Litigation Fund	377,961,380	-
Recovery of prior years	120,962	133,363
	<u>408,913,923</u>	<u>27,045,671</u>
Expenses		
Administration	2,751,087	1,737,759
Capital	1,738,813	928,442
Community Infrastructure	1,744,431	1,785,467
Education	4,054,252	3,551,427
Enterprises	9,015,193	10,421,532
Lands and Environment	326,896	1,735,433
Medical	2,405,356	2,553,660
Other subsidized programs	1,345,058	2,500,024
Social Services and Culture	2,404,041	969,463
	<u>25,785,127</u>	<u>26,183,207</u>
	<u>383,128,796</u>	<u>862,464</u>
Annual surplus	383,128,796	862,464
Accumulated surplus, beginning of year	<u>23,792,157</u>	<u>22,929,693</u>
Accumulated surplus, end of year	<u>\$ 406,920,953</u>	<u>\$ 23,792,157</u>

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

Serpent River First Nation Consolidated Statement of Changes in Net Debt

For the year ended March 31	2024	2023
Annual surplus	\$ 383,128,796	\$ 862,464
Acquisition of tangible capital assets	(6,054,050)	(1,291,599)
Amortization of tangible capital assets	1,440,078	1,388,945
Loss on disposal of tangible capital assets	1,262,651	7,359
Proceeds on sale of tangible capital assets	-	43,479
Prepaid expenses and inventory of supplies	199,410	25,455
Net change in net debt	379,976,885	1,036,103
Net financial assets, beginning of year	1,843,241	807,138
Net financial assets, end of year	\$ 381,820,126	\$ 1,843,241

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

Serpent River First Nation Consolidated Statement of Cash Flows

For the year ended March 31

2024

2023

Operating transactions

Annual surplus	\$ 383,128,796	\$ 862,464
Items not involving cash		
Amortization	1,440,078	1,388,945
Loss on disposal of tangible capital assets	1,262,651	7,359
	<u>385,831,525</u>	<u>2,258,768</u>

Changes in non-cash working capital balances

Accounts receivable	(376,251,197)	(772,687)
Inventory for resale	407,204	64,848
Investment in government business partnership	(524,771)	-
Funds held in trust with Government of Canada	(7,471)	(5,638)
Accounts payable	1,342,283	(400,254)
Deferred revenue	5,825,281	244,685
Due to funders	(121,368)	(39,583)
Prepaid expenses and inventory of supplies	199,410	25,455
	<u>16,700,896</u>	<u>1,375,594</u>

Capital transactions

Acquisition of tangible capital assets	(6,054,050)	(1,291,599)
Proceeds on sale of tangible capital assets	-	43,479
	<u>(6,054,050)</u>	<u>(1,248,120)</u>

Financing transactions

Repayment of long term debt	(1,711,632)	(565,198)
Advances from related parties	(420,473)	-
	<u>(2,132,105)</u>	<u>(565,198)</u>

Net change in cash and equivalents

8,514,741 (437,724)

Cash and cash equivalents, beginning of year

4,481,379 4,919,103

Cash and cash equivalents, end of year

\$ 12,996,120 \$ 4,481,379

Serpent River First Nation

Notes to Consolidated Financial Statements

March 31, 2024

1. Summary of significant accounting policies

Accounting Principles These consolidated financial statements of the Serpent River First Nation have been prepared in accordance with Canadian public sector accounting standards prescribed for governments, as recommended by the Public Sector Accounting Board.

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

All controlled entities are consolidated according to the First Nation's percentage ownership except for entities that meet the definition of a government business enterprise, which are included in the financial statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Organizations consolidated include:

- Serpent River First Nation Economic Development Corporation
- Serpent River First Nation Non-Profit Housing
- 2863895 Ontario Inc
- Serpent River First Nation Limited Partnership
- Serpent River Land Holding Inc.

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 once the asset is available for productive use as follows:

Land improvements	10 to 20 years
Buildings	25 to 40 years
Housing	25 years
Machinery and equipment	10 to 20 years
Vehicles	5 years
Furniture and equipment	4 to 10 years
Power generating station	30 to 50 years
Infrastructure	10 to 100 years

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

Serpent River First Nation

Notes to Consolidated Financial Statements

March 31, 2024

1. Summary of significant accounting policies *(continued)*

Revenue Recognition

Revenue from transactions with performance obligations is recognized when the service is performed or over the period when Serpent River First Nation satisfies the performance obligations, which occurs when control of the benefits associated with the promised goods or services has passed to the payor.

Revenue from transactions without performance obligation is recognized at realizable value when Serpent River First Nation has the authority to claim or retain an inflow of economic resources received or receivable and there is a past transaction or event that gives rise to the economic resources. 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.

Financial Instruments

Cash and equity instruments quoted in an active market are measured at fair value. Accounts receivable, accounts payable, and long-term debt are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to financial instruments are reported in the statement of operations.

When investment income and realized and unrealized gains and losses from changes in the fair value of financial instruments are externally restricted, the investment income and fair value changes are recognized as revenue in the period in which the resources are used for the purpose specified.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

Serpent River First Nation

Notes to Consolidated Financial Statements

March 31, 2024

1. Summary of significant accounting policies *(continued)*

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. Cash

The First Nation has a Bank of Nova Scotia line of credit limit of \$750,000 at prime plus 1%. Of the \$750,000 limit, \$200,000 has been carved-out to be utilized by Serpent River First Nation Economic Development Corporation, of which \$NIL was outstanding at March 31, 2024.

The First Nation has a Bank of Montreal demand loan limit of \$1,500,000 at prime plus 1%. On March 31, 2024, nothing was drawn on the loan.

3. Accounts receivable

	2024	2023
Indigenous Services Canada	\$ 1,916,146	\$ 2,097,604
Province of Ontario	780,517	922,946
CMHC	108,776	66,629
North Shore Tribal Council / Niigaaniin	88,867	264,469
Ontario First Nations Limited Partnership	773,019	1,201,755
Due from members	1,017,822	1,037,209
Other	1,511,513	1,440,759
	6,196,660	7,031,371
Less: allowance for doubtful accounts	(2,048,247)	(1,172,775)
	\$ 4,148,413	\$ 5,858,596

Serpent River First Nation Notes to Consolidated Financial Statements

March 31, 2024

4. Investments

	2024	2023
Waasmoowin Energy Inc, 1 share for 12.5% equity, at cost	\$ 1	-
Agawa Crafts and the Canadian Carver Limited Partnership (Agawa LP) 100 limited partner units, 99.99% modified equity	524,770	-
	\$ 524,771	-

Serpent River First Nation holds the limited partner units in SRFN LP, while its fully consolidated subsidiary, 2862895 Ontario Inc, holds the 1 general partner unit in SRFN LP.

5. Trust Funds held by Federal Government

	March 31, 2023	Additions 2024	Withdrawals 2024	March 31, 2024
Revenue	\$ 122,964	\$ 7,471	-	\$ 130,435
Capital	106,371	-	-	106,371
	\$ 229,335	\$ 7,471	-	\$ 236,806

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.

Serpent River First Nation

Notes to Consolidated Financial Statements

March 31, 2024

6. Due to (from) related parties

	2024	2023
Agawa Crafts and The Canadian Carver Limited Partnership	\$ (260,378)	\$ -
Mississauga Park Foundation	(160,096)	-
Waasmoowin Energy Inc.	1	-
	<u>\$ (420,473)</u>	<u>-</u>

(i) Related party transactions are in the normal course of business and measured at the exchange amount, which is the amount of consideration established and agreed by the related parties.

(ii) The Serpent River First Nation Limited Partnership is operating on Reserve from a set of buildings which are owned by Serpent River First Nation. The First Nation is providing the space free of charge to the Partnership and no amount related to this transaction was recognized in the financial statements. The Partnership is charged the insurance expenses of the locations \$25,359.

7. Accounts payable and accrued liabilities

	2024	2023
Trade payables	\$ 1,410,049	\$ 529,894
Elementary and Secondary tuition payables	287,569	112,471
Accrued wages and employee benefits payable	459,163	172,133
	<u>\$ 2,156,781</u>	<u>\$ 814,498</u>

8. Due to (from) funders

	2024	2023
Indigenous Services Canada	\$ (69,441)	\$ (39,818)
Government of Canada - CMHC	-	40,456
Province of Ontario	274,305	325,594
Union of Ontario Indians	141,306	141,306
	<u>\$ 346,170</u>	<u>\$ 467,538</u>

Serpent River First Nation Notes to Consolidated Financial Statements

March 31, 2024

9. Deferred revenue and government transfers

	Balance March 31, 2023	Funding Received 2024	Revenue Recognized 2024	Balance March 31, 2024
Indigenous Services Canada\$	5,023,002 \$	12,615,380 \$	13,351,545 \$	4,286,837
Government of Canada	-	9,302,887	3,444,247	5,858,640
Province of Ontario	-	3,055,348	2,091,937	963,411
North Shore Tribal Council	94,844	245,676	340,520	-
Other	307,887	389,391,480	389,557,241	142,126
Recovery of prior years	-	120,962	120,962	-
Government of Canada	-	-	-	-
Trust Funds	-	7,471	7,471	-
	\$ 5,425,733	\$ 414,739,204	\$ 408,913,923	\$ 11,251,014

Deferred revenue is broken down by department as follows:

	2024	2023
Administration	\$ 905,688	\$ 1,821,895
Capital	6,703,586	1,332,332
Community Infrastructure	108,149	277,589
Education	123,907	213,019
Lands and Environment	427,737	240,039
Medical	459,457	578,358
Other Subsidized	2,471,201	-
Social Services and Culture	51,289	962,501
	\$ 11,251,014	\$ 5,425,733

Deferred revenue amounts relate to performance obligations that Serpent River First Nation has not yet satisfied in order to recognize the related revenue. All amounts above relate to revenue that will be recognized in future periods when those remaining performance obligations are satisfied.

Serpent River First Nation
Notes to Consolidated Financial Statements

March 31, 2024

10. Long term debt

	<u>2024</u>	<u>2023</u>
Bank of Nova Scotia		
Prime plus 1.50% mortgage due in monthly instalments of \$6,024 including principal and interest, maturing January 22, 2026 secured by general security agreement	122,033	184,800
Prime plus 1.00% loan due in monthly instalments of \$6,429 including principal and interest, maturing December 27, 2026 secured by general security agreement	192,098	255,500
Canada Mortgage and Housing Corporation		
0.71% mortgage due in monthly instalments of \$1,983 including principal and interest, maturing March 1, 2025, secured by Government of Canada guarantee	23,709	47,251
0.94% mortgage due in monthly instalments of \$2,588 including principal and interest, maturing December 1, 2025, secured by Government of Canada guarantee	53,880	84,271
3.04% mortgage due in monthly instalments of \$2,750 including principal and interest, maturing July 1, 2026, secured by Government of Canada guarantee	74,264	104,514
3.93% mortgage due in monthly instalments of \$1,699 including principal and interest, maturing February 1, 2028, secured by Government of Canada guarantee	73,949	159,760
0.79% mortgage due in monthly instalments of \$1,171 including principal and interest, maturing January 1, 2026, secured by Government of Canada guarantee	138,345	151,250
1.12% mortgage due in monthly instalments of \$2,291 including principal and interest, maturing October 1, 2026, secured by Government of Canada guarantee	310,661	334,533
Royal Bank of Canada		
3.52% mortgage due in monthly instalments of \$1,815 including principal and interest, matured in May 2023, secured by Government of Canada guarantee	-	2,029
RBC Mortgage, repayable \$17,660 monthly including interest at 7.42%, restructured to Agawa Crafts and The Canadian Carver Limited Partnership	-	1,121,657
RBC loan, repayable \$727 monthly including interest at 0%, secured by equipment, restructured to Agawa Crafts and The Canadian Carver Limited Partnership	-	26,919
RBC demand loan payable, \$1,943 monthly including interest at 3.99%, maturing March 2027	65,830	86,083

Serpent River First Nation

Notes to Consolidated Financial Statements

March 31, 2024

10. Long term debt (continued)

	<u>2024</u>	<u>2023</u>
Other		
Waubetek Business Development Corporation mortgage, repayable \$2,887 monthly including interest at prime 7.45%, restructured to Agawa Crafts and The Canadian Carver Limited Partnership	-	157,928
Capital lease payable, \$1,695 monthly payments, secured by machinery and equipment, payments including principal and interest at 7.96%, matured in August 2023	-	6,668
Ford Credit loan payable, \$642 monthly including principal and interest at 2.49%, matured in March 2024	-	7,598
John Deere loan payable, \$3,112 monthly including interest at 4.50%, maturing September 2024	<u>18,429</u>	<u>54,069</u>
	\$ 1,073,198	\$ 2,784,830

Assuming refinancing of mortgages under similar terms, principal payments due within the next five years are approximately as follows:

Year	Amount
2025	\$ 313,086
2026	259,383
2027	144,373
2028	57,510
2029	38,488
Thereafter	<u>260,358</u>
	\$ 1,073,198

The First Nation paid interest on its long-term debt in the amount of \$37,719 in the year (2023 - \$127,801).

Serpent River First Nation

Notes to Consolidated Financial Statements

March 31, 2024

11. Accumulated surplus

	2024	2023
Reserves set aside for specific purposes by the First Nation		
Non-Profit Housing replacement reserve	\$ 728,304	\$ 829,002
Casino & gaming	5,004,501	4,615,970
Health transfers replacement reserve (MAR)	26,008	26,008
Health transfers	13,044	13,044
Quality of life	2,095	2,095
Band support funding	407,817	407,817
Niigaaniin	31,013	31,013
Education	1,367,638	1,367,638
Fire protection	168,752	168,752
Capital plan	35,520	35,520
Office complex	577,269	577,269
Food bank	53,846	53,846
Library	62,132	62,132
Lands research	68,895	68,895
Daycare	123,645	123,645
Daycare - fundraising	20,539	20,539
Domicile	64,676	64,676
Band housing	395,142	238,075
Robinson Huron Treaty Litigation reserve	377,961,380	-
Reserves	387,112,216	8,705,936
Equity in tangible capital assets	23,988,841	18,925,873
Funds held in trust	236,806	229,332
Members' equity (deficit)	(4,416,910)	(4,068,984)
	\$ 406,920,953	\$ 23,792,157
Allocation of annual surplus (deficit):		
Reserves	\$ 378,406,280	109,188
Equity in tangible capital assets	5,062,968	417,014
Funds held in trust	7,474	5,637
Members' equity (deficit)	(347,926)	330,625
	383,128,796	\$ 862,464

Serpent River First Nation

Notes to Consolidated Financial Statements

March 31, 2024

12. Pension plan costs

Employees are eligible to participate in a Registered Pension Plan, administered by London Life, with contribution levels determined by formula. Employer contributions totalled \$157,835 (2023 - \$101,825) during the current period and were fully expensed.

13. Contingencies

- (a) The First Nation has an agreement with the Bank of Montreal providing for an aggregate credit facility in the amount of \$2,400,000 under the First Nation on Reserve Loan Program for qualified members of Serpent River First Nation. As of March 31, 2024 the First Nation has not guaranteed any loans under this agreement.
 - (b) The First Nation has provided a guarantee in the amount of \$763,250 in favour of the Bank of Montreal on behalf of Robinson Huron Treaty Ojibewa (Anishinabe). This represents 4.56% of the total loan of \$16,727,500 being guaranteed by 21 participating First Nation Communities that are settlors and beneficiaries of the Robinson Huron Treaty Trust. The negotiations have arrived at a settlement of \$10 billion by the federal and provincial governments, which was approved by the First Nations on November 1, 2023. Effective September 9, 2024, the guarantee has been discharged by the Bank of Montreal.
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14. Funding reconciliation

Indigenous Services Canada funding per the financial statements	\$ 13,351,545
Add: Deferred revenue, end of year	4,286,837
Less: Deferred revenue, beginning of year	(5,023,002)
Add: Fiscal 2023 Waste Management claims on fiscal 2024 confirmation	194,329
Less: Fiscal 2024 Waste Management claims on fiscal 2025 confirmation	<u>(185,837)</u>
	<u>\$ 12,623,872</u>
 Indigenous Services Canada funding per funding confirmation Arrangement: 2122-ON-000028	 <u>\$ 12,623,872</u>

15. Robinson Huron Treaty Litigation Fund

On August 31, 2023, the First Nation, as a member of the Robinson Huron Treaty Litigation Fund ("RHTLF") entered into a settlement agreement with the Federal Government and Ontario Provincial Government for past compensation arising from obligations to the First Nations from the Robinson Huron Treaty of 1850. The settlement arises from claims put forward by the First Nations in 2012, that the Crown breached its obligations under the treaty.

As a result, a receivable of \$377,961,380 has been recorded in these financial statements. The funds owing will be divided into tranches, paid to the First Nation over time.

Subsequent to year end, the First Nation committed to the payment of a per capita distribution to each of its members and the balance of the funds would be contributed to a trust for the benefit of the First Nation and its members.

Serpent River First Nation

Notes to Consolidated Financial Statements

March 31, 2024

16. Financial instruments

The First Nation's financial instruments consist of cash, accounts receivable, accounts payable, accrued liabilities, and loans payable. The nature of the risks to which The First Nation may be subject to are as follows:

a) Credit risk

Credit risk is the risk that one party to a financial transaction will fail to discharge a financial obligation and cause the other party to incur a financial loss. The First Nation is exposed to this risk relating to its cash and accounts receivable.

The First Nation holds its cash accounts with large reputable financial institutions, from which management believes the risk of loss due to credit risk to be remote.

The First Nation is exposed to credit risk in accounts receivable which includes government and other receivables. The First Nation measures its exposure to credit risk with respect to accounts receivable based on how long the amounts have been outstanding and management's analysis of accounts including management's on-going monitoring of outstanding accounts, collections, and allowance for doubtful accounts. In the opinion of management, the credit risk exposure in accounts receivable is considered to be moderate.

b) Liquidity risk

Liquidity risk is the risk that the organization cannot repay its obligations when they become due to its creditors. The First Nation is exposed to this risk relating to its accounts payable, accrued liabilities, and loans payable.

The First Nation reduces its exposure to liquidity risk by monitoring cash and investing activities and expected outflow through maintaining enough cash and investments to repay trade creditors as payables become due. In the opinion of management, the liquidity risk exposure to the Corporation is low.

c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and other price risk.

i) Interest rate risk

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

The First Nation holds long-term debt with fixed interest rates; which therefore, limits the exposure to interest rate risk for the Corporation.

ii) Other price risk

Other price risk is the uncertainty associated with the valuation of financial assets arising from changes in equity markets. The First Nation is not exposed to this risk.

There have not been significant changes from the previous year in the exposure to all of the above risks or policies, procedures and methods used to measure these risks.

Serpent River First Nation Notes to Consolidated Financial Statements

March 31, 2024

17. Subsidiary Restructuring

During the year under audit, on April 1, 2023, entities consolidated by Serpent River First Nation were restructured to better represent their function and contribution to the Band's economy.

Prior to restructuring, SRFN held 100% ownership of SRFN Economic Development Corporation, which held 100% ownership in Agawa Crafts and the Canadian Carver Corporation (Agawa Corp).

Subsequent to restructuring, SRFN holds 100% share ownership of SRFN Economic Development Corporation (EDC) and 99% limited partnership shares in SRFN Limited Partnership. The SRFN Limited Partnership (SRFN LP) holds 100% share ownership in Agawa Corporation and 99% limited partnership shares in Agawa Limited Partnership.

The EDC transferred all assets and liabilities to SRFN LP, excluding bank accounts and loans tied to the EDC legal name. The restructuring transaction was undertaken to create a partnership operational structure for the Gas Bar and Trading Post to operate under whereas the EDC will only have not-for profit operations. The restructuring also transferred the share investment owned in the Agawa Crafts and the Canadian Carver Corporation. The entities are not able to stand on their own and do not constitute a GBE at this time; they remain fully consolidated.

Serpent River First Nation

Notes to Consolidated Financial Statements

March 31, 2024

18. Segmented information

The Serpent 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. Departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

Administration

The administration department oversees the delivery of all governmental services. The department is responsible for ensuring that there are adequate policies and procedures in place to safeguard assets and to properly report financial activities. In addition, this department includes the governance activities of chief and council.

Capital

This department is responsible for all capital asset activities occurring in the First Nation during the year, including housing construction and renovations.

Community Infrastructure

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 and community buildings.

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 operates a daycare, library, and afterschool program, and reimburses tuition costs and provides living and other allowances to students who are attending post-secondary institutions.

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, economic development and other projects from time to time.

Lands and Environment

The lands and environment department oversees the management of natural resources, land development, and emergency preparedness within the First Nation.

Serpent River First Nation

Notes to Consolidated Financial Statements

March 31, 2024

17. Segmented information (continued)

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 (Domicile), medical transportation, pre-natal and early childhood care, nursing, health representation, traditional healing, and many other smaller programs designed to enhance the health of members.

Other services

The First Nation provides a wide array of other services, including distribution of Casino Rama proceeds, a community garden project, and others.

Social Services and Culture

The social services department collaborates with the medical department to provide services to promote the well-being of members from a community, social, and cultural perspective including such activities as mental health support, family violence prevention, land-based cultural programming, and many other smaller programs designed to enhance quality of life for community members.

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. For additional information see the Consolidated Schedule of Segment Disclosure (Schedule 2).

19. Budget

The First Nation has not prepared a budget for the March 31, 2024 year-end, accordingly no budget figures have been presented for comparison purposes on the consolidated statements of operations and change in net debt.

20. Subsequent land purchase

Subsequent to the year end the First Nation through its wholly owned subsidiary Serpent River Land Holding Inc. purchased property in the amount of \$11,630,000. The initial deposit of \$5,000,000 due in varying amounts between April 2024 and June 2024 was financed through a line of credit and OFNLP revenues.

Serpent River First Nation
Schedule 1 - Consolidated Tangible Capital Assets

For the year ended March 31, 2024

	Land	Land Improve- ments	Buildings	Housing	Machinery and Equipment	Vehicles	Furniture and Equipment	Power Generating Station	Infra- structure	Construction in Progress	Total
Cost, beginning of year	\$ 180,001	\$ 636,123	\$ 11,543,602	\$ 13,260,599	\$ 1,114,990	\$ 1,004,247	\$ 1,635,683	\$ 352,986	\$ 17,030,570	\$ 47,590	\$ 46,806,391
Additions	-	-	261,340	4,364,800	-	461,908	448,960	-	488,905	28,137	6,054,050
Disposals	(180,000)	-	(990,173)	-	-	(134,152)	(256,082)	-	-	(23,500)	(1,583,907)
Cost, end of year	1	636,123	10,814,769	17,625,399	1,114,990	1,332,003	1,828,561	352,986	17,519,475	52,227	51,276,534
Accumulated amortization, beginning of year	-	560,580	5,589,623	11,013,126	361,789	727,161	978,196	282,388	5,582,825	-	25,095,688
Amortization	-	34,761	227,544	306,414	62,172	179,593	139,345	11,766	478,483	-	1,440,078
Disposals	-	-	(138,624)	-	-	(91,595)	(91,037)	-	-	-	(321,256)
Accumulated amortization, end of year	-	595,341	5,678,543	11,319,540	423,961	815,159	1,026,504	294,154	6,061,308	-	26,214,510
Net carrying amount, end of year	\$ 1	\$ 40,782	\$ 5,136,226	\$ 6,305,859	\$ 691,029	\$ 516,844	\$ 802,057	\$ 58,832	\$ 11,458,167	\$ 52,227	\$ 25,062,024

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

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

For the year ended March 31, 2023 (comparative figures)

	Land	Land Improve- ments	Buildings	Housing	Machinery and Equipment	Vehicles	Furniture and Equipment	Power Generating Station	Infra- structure	Construction in Progress	Total
Cost, beginning of year	\$ 180,001	\$ 636,123	\$ 11,383,944	\$ 12,882,592	\$ 1,054,269	\$ 887,879	\$ 1,449,506	\$ 352,986	\$ 17,009,532	\$ 16,250	\$ 45,853,082
Additions	-	-	159,658	378,007	359,251	116,368	209,687	-	21,038	47,590	1,291,599
Disposals	-	-	-	-	(298,530)	-	(23,510)	-	-	(16,250)	(338,290)
Cost, end of year	180,001	636,123	11,543,602	13,260,599	1,114,990	1,004,247	1,635,683	352,986	17,030,570	47,590	46,806,391
Accumulated amortization, beginning of year	-	525,819	5,326,880	10,699,594	567,786	595,372	855,664	270,622	5,152,458	-	23,994,195
Amortization	-	34,761	262,743	313,532	62,172	131,789	141,815	11,766	430,367	-	1,388,945
Disposals	-	-	-	-	(268,169)	-	(19,283)	-	-	-	(287,452)
Accumulated amortization, end of year	-	560,580	5,589,623	11,013,126	361,789	727,161	978,196	282,388	5,582,825	-	25,095,688
Net carrying amount, end of year	\$ 180,001	\$ 75,543	\$ 5,953,979	\$ 2,247,473	\$ 753,201	\$ 277,086	\$ 657,487	\$ 70,598	\$ 11,447,745	\$ 47,590	\$ 21,710,703

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

Serpent River First Nation

Schedule 2 - Consolidated Segment Disclosure

For the year ended March 31, 2024

	Administration	Capital	Community Infrastructure	Education	Enterprises	Lands and Environment	Medical	Other	Social Services and Culture	Consolidated Total
Revenue										
Indigenous Services Canada	\$ 2,800,399	\$ 3,144,585	\$ 1,128,408	\$ 3,282,438	\$ 42,000	\$ 147,720	\$ 1,287,077	\$ -	\$ 1,518,918	\$ 13,351,545
Government of Canada	20,064	3,233,717	-	-	120,876	-	77,061	-	-	3,451,718
Province of Ontario	11,952	-	115,200	522,399	-	85,000	796,485	560,901	-	2,091,937
North Shore Tribal Council	-	-	-	288,098	-	-	13,788	-	38,634	340,520
OFNLP	-	-	-	-	-	-	-	1,159,966	-	1,159,966
Union of Ontario Indians	19,645	-	-	204,345	-	-	54,040	-	213,026	491,056
Interest and other	378,019,801	1,734	23,486	22,497	747,078	59,700	20,511	11,704	654,460	379,560,971
Rent, residence, parent, and user fees	5,585	272,174	28,505	23,942	148,638	-	81,408	-	4,116	564,368
Sales revenue	-	-	-	-	7,780,880	-	-	-	-	7,780,880
Recovery (return) of prior years	40,050	-	-	80,912	-	-	-	-	-	120,962
	380,917,496	6,652,210	1,295,599	4,424,631	8,839,472	292,420	2,330,370	1,732,571	2,429,154	408,913,923
Expenses										
Salaries, wages and benefits	1,431,019	588,771	373,229	1,006,769	576,830	189,225	1,593,292	102,140	886,831	6,748,106
Materials and supplies	359,724	237,620	328,838	371,127	7,009,799	28,079	328,335	2,439	322,000	8,987,961
Contracted services	923,136	669,980	223,548	40,716	105,186	16,370	21,247	437,438	117,935	2,555,556
Rents and financial expenses	619,350	(12,911)	335,780	191,388	819,132	6,753	101,026	876	391,437	2,452,831
External transfers and other	-	-	-	2,221,662	-	-	-	346,549	-	2,568,211
Travel and training	153,444	4,905	8,304	545,266	79,274	35,003	108,935	17,260	79,993	1,032,384
Amortization	59,303	215,448	464,732	66,978	409,988	34,476	138,200	1,019	49,934	1,440,078
Transfers between segments	(794,889)	35,000	10,000	(389,654)	14,984	16,990	114,321	437,337	555,911	-
	2,751,087	1,738,813	1,744,431	4,054,252	9,015,193	326,896	2,405,356	1,345,058	2,404,041	25,785,127
Excess (deficiency) of revenue over expenses	\$ 378,166,409	\$ 4,913,397	\$ (448,832)	\$ 370,379	\$ (175,721)	\$ (34,476)	\$ (74,986)	\$ 387,513	\$ 25,113	\$ 383,128,796

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

Serpent River First Nation
Schedule 2 - Consolidated Segment Disclosure (continued)

For the year ended March 31, 2023 (comparative figures)

	Administration	Capital	Community Infrastructure	Education	Enterprises	Lands and Environment	Medical	Other	Social Services and Culture	Consolidated Total
Revenue										
Indigenous Services Canada	\$ 1,472,035	\$ 1,204,631	\$ 1,541,546	\$ 2,908,353	\$ 42,000	\$ 1,608,584	\$ 1,394,953	\$ 637,394	\$ 256,653	\$ 11,066,149
Government of Canada	5,637	131,997	-	-	128,649	-	56,465	-	-	322,748
Province of Ontario	103,121	-	156,841	457,196	-	85,000	848,943	900,000	-	2,551,101
North Shore Tribal Council	96,987	-	1,947	116,071	-	70,000	79,115	-	19,919	384,039
OFNLP	-	-	-	-	-	-	-	805,112	-	805,112
Union of Ontario Indians	21,029	-	-	80,070	-	-	63,040	-	332,882	497,021
Interest and other	43,510	2,415	10,559	13,419	48,774	10,000	9,800	15,249	353,599	507,325
Rent, residence, parent, and user fees	975	179,655	26,953	67,322	421,826	-	64,359	-	-	761,090
Sales revenue	-	-	-	-	10,017,723	-	-	-	-	10,017,723
Recovery (return) of prior years	144,016	-	-	1,839	-	(10,100)	-	-	(2,392)	133,363
	1,887,310	1,518,698	1,737,846	3,644,270	10,658,972	1,763,484	2,516,675	2,357,755	960,661	27,045,671
Expenses										
Salaries, wages and benefits	809,337	459,052	270,009	695,011	1,016,167	129,731	1,657,094	294,920	587,258	5,918,579
Materials and supplies	255,464	207,317	665,442	231,717	8,595,049	14,369	358,073	64,619	256,595	10,648,645
Contracted services	508,937	128,699	194,073	219,701	81,820	1,511,823	38,238	1,429,783	7,119	4,120,193
Rents and financial expenses	127,265	36,095	220,090	23,168	289,839	64,618	118,394	55	9,761	889,285
External transfers and other	-	-	-	2,142,663	-	-	-	241,546	-	2,384,209
Travel and training	57,262	9,666	1,607	350,622	63,912	4,062	98,955	95,064	152,201	833,351
Amortization	35,634	77,946	484,742	33,991	541,905	14,051	153,719	1,019	45,938	1,388,945
Transfers between segments	(56,140)	9,667	(50,496)	(145,446)	(167,160)	(3,221)	129,187	373,018	(89,409)	-
	1,737,759	928,442	1,785,467	3,551,427	10,421,532	1,735,433	2,553,660	2,500,024	969,463	26,183,207
Excess (deficiency) of revenue over expenses	\$ 149,551	\$ 590,256	\$ (47,621)	\$ 92,843	\$ 237,440	\$ 28,051	\$ (36,985)	\$ (142,269)	\$ (8,802)	\$ 862,464

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