

PIKANGIKUM FIRST NATION
INDEPENDENT AUDITOR'S REPORT
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2024

PIKANGIKUM FIRST NATION

MARCH 31, 2024

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Members of Pikangikum First Nation:

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

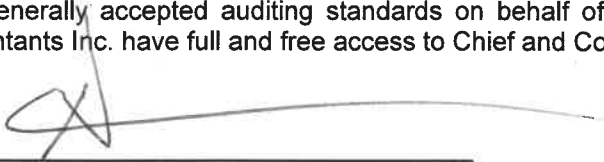
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of Chartered Professional Accountants of Canada and as such include certain amounts based on estimates or judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

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

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

The Chief and Council review the First Nation's consolidated financial statements and recommends their approval to the membership. Chief and Council meet periodically with management, as well as the external auditor, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, to review the consolidated financial statements and the external auditor's report. The Chief and Council also consider and submit for approval by the Members, the engagement of the external auditor.

The consolidated financial statements have been audited by Fort Group Chartered Professional Accountants Inc. in accordance with Canadian generally accepted auditing standards on behalf of the members. Fort Group Chartered Professional Accountants Inc. have full and free access to Chief and Council.

A handwritten signature in dark ink, appearing to be 'Paddy Peters', is written over a horizontal line.

Chief Paddy Peters

INDEPENDENT AUDITOR'S REPORT

To the Members of Pikangikum First Nation and Chief and Council:

Qualified Opinion

We have audited the accompanying consolidated financial statements of Pikangikum First Nation (the "First Nation"), which comprise the consolidated financial position as at March 31, 2024, and the consolidated statements of operations and accumulated surplus, changes in net financial assets, remeasurement gains and cash flow for the year then ended, and the notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects and possible effects of the matters described in the *Basis for Qualified Opinion* section of this report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Pikangikum First Nation as at March 31, 2024, and the results of its consolidated operations and its consolidated cash flow for the year then ended, in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

The First Nation has identified and deferred revenue for surpluses to select programs with fixed contribution funding. Canadian public sector accounting standards require that program revenue that has no fixed timeline for use or stipulations for repayment, be included in surplus for the year. In these respects, the consolidated financial statements are not in accordance with Canadian public sector accounting standards. Had the revenue not been deferred, the following adjustments would be recorded: increase in total revenue of \$9,913,693 (2023 - decrease of \$8,532,752), a decrease of deferred revenue of \$42,454,535 (2023 - \$32,540,842), increase in surplus of \$9,913,693 (2023 - decrease of \$8,532,752), increase in accumulated surplus of \$42,454,535 (2023 - \$32,540,842), and an increase in net financial assets of \$42,454,535 (2023 - \$32,540,842). Our audit opinion on the financial statements for the year ended March 31, 2023, was modified accordingly because of the possible effects of this departure from Canadian public sector accounting standards.

The First Nation is required to follow PS 3280 asset retirement obligations. Asset retirement obligations are legal obligations associated with the retirement of tangible capital assets. The First Nation has identified its landfill would represent a liability under the standard. However, the First Nation has not provided sufficient appropriate audit evidence regarding the valuation of the amounts that should be recorded and the omitted disclosures in respect of this liability. Consequently, we were unable to determine the impact of this scope limitation on the asset retirement obligation, tangible capital assets and accumulated surplus as at March 31, 2024 and 2023, and the related expenses for the March 31, 2024, and 2023 years ended.

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 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 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 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.



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- 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.

**Winnipeg, Manitoba
January 27, 2025**

Fort Group
**CHARTERED PROFESSIONAL
ACCOUNTANTS INC.**



**PIKANGIKUM FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
MARCH 31, 2024**

	<u>2024</u>	<u>2023</u>
FINANCIAL ASSETS		
Cash (Note 3)	\$ 59,016,384	53,517,676
Accounts receivable (Note 4)	5,039,189	2,128,720
Due from government and other government organizations (Note 5)	16,940,326	4,984,235
Portfolio investments (Note 6)	1,514,126	1,000,023
Restricted cash (Note 7)	741,494	694,562
Deposits (Note 8)	<u>916,667</u>	<u>916,667</u>
	<u>84,168,186</u>	<u>63,241,883</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 9)	10,725,200	8,115,819
Due to government and other government organizations (Note 10)	3,089,934	2,767,047
Deferred revenue (Note 11)	63,429,781	44,204,590
Debt (Note 12)	<u>5,780,122</u>	<u>3,864,083</u>
	<u>83,025,037</u>	<u>58,951,539</u>
NET FINANCIAL ASSETS	<u>1,143,149</u>	<u>4,290,344</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 14) (Schedule 1)	84,032,364	83,420,720
Inventories held for use (Note 15)	1,546,236	824,024
Prepaid expenses	<u>63,751</u>	<u>66,254</u>
	<u>85,642,351</u>	<u>84,310,998</u>
ACCUMULATED SURPLUS (Note 16)	<u>\$ 86,785,500</u>	<u>88,601,342</u>
ACCUMULATED SURPLUS IS COMPRISED OF:		
Accumulated surplus	\$ 86,271,397	88,601,342
Accumulated remeasurement gains	<u>514,103</u>	<u>-</u>
	<u>\$ 86,785,500</u>	<u>88,601,342</u>

APPROVED BY THE FIRST NATION:

 _____ Chief	 _____ Deputy Chief
 _____ Councillor	 _____ Councillor
 _____ Councillor	 _____ Councillor

PIKANGIKUM FIRST NATION
CONSOLIDATED SCHEDULE OF OPERATIONS AND ACCUMULATED SURPLUS
YEAR ENDED MARCH 31, 2024

	<u>2024</u> <u>Budget</u>	<u>2024</u> <u>Actual</u>	<u>2023</u> <u>Actual</u>
REVENUES			
Federal government transfers			
Canada Mortgage and Housing Corporation	\$ 11,890,592	494,635	376,891
Federal Economic Development Agency for Northern Ontario	13,496	-	153,987
Indigenous Services Canada	122,110,727	89,804,635	71,891,264
Public Safety Canada	1,150,000	1,150,000	40,306
Provincial government transfers			
Government of Ontario	1,264,578	1,252,870	60,500
Ministry of Children, Community and Social Service	10,687,870	10,185,300	9,765,123
Ministry of Health and Long-Term Care	356,197	463,806	335,650
Ministry of the Attorney General	803,564	653,743	648,600
Ministry of Indigenous Affairs	100,000	-	-
Ministry of Energy, Northern Development and Mines	52,027	55,710	52,027
Administration fees	6,268,520	112,193	102,295
Agriculture and Agrifood Canada	115,452	115,449	285,447
Cando	1,422,642	-	184,739
Fuel sales	127,990	26,908	86,768
Hotel revenue	249,400	221,186	118,504
Independent Electricity System Operator	358,645	179,625	111,222
Interest income	1,300,991	1,687,929	-
Lumber sales revenue	60,000	77,826	55,171
Nishnawbe Aski Development Fund	293,665	53,166	-
Nishnawbe Aski Nation	635,276	649,715	861,353
North West Company	330,480	443,154	232,129
Ontario First Nations Limited (2008) Partnership	1,562,019	2,291,604	1,616,784
Opiikapawiin Services Limited Partnership	50,637	81,302	59,800
Ontario Trillium Foundation	-	14,700	132,900
Other revenue	19,733,046	3,754,671	5,110,500
Ottawa Trust Fund revenue	-	7,716	5,547
Recovery of funding	(379,004)	(460,108)	(80,740)
Rental income	2,079,376	1,641,915	1,490,533
Sioux Lookout Area Aboriginal Management Board	1,505,987	1,487,874	322,090
Tikinagan income	433,050	939,860	126,300
User fees	54,710	59,385	46,710
Whitefeather IT revenue	799,296	754,125	666,219
Deferred revenue - prior year (Note 11)	36,360,480	44,161,734	47,459,029
Deferred revenue - current year (Note 11)	<u>(1,368,043)</u>	<u>(63,386,925)</u>	<u>(44,156,972)</u>
	<u>\$220,423,666</u>	<u>98,975,703</u>	<u>98,160,676</u>

(Continued on next page)

**PIKANGIKUM FIRST NATION
CONSOLIDATED SCHEDULE OF OPERATIONS AND ACCUMULATED SURPLUS
YEAR ENDED MARCH 31, 2024**

	<u>2024 Budget</u>	<u>2024 Actual</u>	<u>2023 Actual</u>
TOTAL REVENUE	\$220,423,666	98,975,703	98,160,676
<i>(Continued from previous page)</i>			
SEGMENT EXPENSES			
Administration	13,074,415	8,225,687	7,423,072
Capital Management	67,971,232	3,605,870	6,103,470
Canada Mortgage and Housing Corporation	779,380	438,593	306,854
Education	68,346,168	35,191,793	28,788,988
Family and Child Care	18,450,082	5,463,535	5,621,490
Health Authority	28,157,678	14,620,541	12,719,521
Hotel	452,548	330,144	417,334
IT	793,701	831,879	743,551
Laundromat	128,000	74,203	69,303
Public Works	17,385,063	4,307,346	4,133,500
Social Administration	6,868,380	6,225,832	5,694,424
Social Welfare	<u>10,136,490</u>	<u>8,627,171</u>	<u>8,129,512</u>
	<u>232,543,137</u>	<u>87,942,594</u>	<u>80,151,019</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER ITEMS	<u>(12,119,471)</u>	<u>11,033,109</u>	<u>18,009,657</u>
OTHER ITEMS			
Amortization of tangible capital assets	<u>-</u>	<u>(13,363,055)</u>	<u>(14,141,835)</u>
ANNUAL SURPLUS (DEFICIT)	(12,119,471)	(2,329,945)	3,867,822
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>88,601,342</u>	<u>88,601,342</u>	<u>84,733,520</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 76,481,871</u>	<u>86,271,397</u>	<u>88,601,342</u>

**PIKANGIKUM FIRST NATION
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
YEAR ENDED MARCH 31, 2024**

	<u>Budget</u>	<u>2024 Actual</u>	<u>2023 Actual</u>
ANNUAL SURPLUS (DEFICIT)	\$ <u>(12,119,471)</u>	<u>(2,329,945)</u>	<u>3,867,822</u>
Tangible capital assets			
Purchase of tangible capital assets	-	(14,714,554)	(17,231,464)
Amortization of tangible capital assets - not in segments	-	13,363,055	14,141,835
Amortization of tangible capital assets - in segments	<u>304,289</u>	<u>739,855</u>	<u>707,248</u>
	<u>304,289</u>	<u>(611,644)</u>	<u>(2,382,381)</u>
Other non-financial assets			
Change in prepaid expenses	-	2,503	608
Change in inventory	-	(722,212)	(414,877)
Net remeasurement gains	<u>-</u>	<u>514,103</u>	<u>-</u>
	<u>-</u>	<u>(205,606)</u>	<u>(414,269)</u>
CHANGE IN NET FINANCIAL ASSETS	(11,815,182)	(3,147,195)	1,071,172
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>4,290,344</u>	<u>4,290,344</u>	<u>3,219,172</u>
NET FINANCIAL ASSETS (DEBT), END OF YEAR	\$ <u>(7,524,838)</u>	<u>1,143,149</u>	<u>4,290,344</u>

**PIKANGIKUM FIRST NATION
CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS
YEAR ENDED MARCH 31, 2024**

	<u>2024</u>	<u>2023</u>
ACCUMULATED REMEASUREMENT GAINS, BEGINNING OF YEAR	\$ _____ -	_____ -
Unrealized gains attributed to:		
Portfolio investments	_____ 514,103	_____ -
Amounts reclassified to the Statement of Operations		
Portfolio investments	_____ -	_____ -
Net remeasurement gains for the year	_____ 514,103	_____ -
ACCUMULATED REMEASUREMENT GAINS, END OF YEAR	\$ <u>_____ 514,103</u>	<u>_____ -</u>

**PIKANGIKUM FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOW
YEAR ENDED MARCH 31, 2024**

	<u>2024</u>	<u>2023</u>
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ (2,329,945)	3,867,822
Add back non-cash item(s):		
Amortization of tangible capital assets	<u>14,102,910</u>	<u>14,849,083</u>
	11,772,965	18,716,905
Change in non-cash working capital:		
Accounts receivable	(2,910,469)	283,717
Due from government and other government organizations	(11,956,091)	2,271,383
Accounts payable and accrued liabilities	2,609,381	3,057,081
Due to government and other government organizations	322,887	290,686
Deferred revenue	19,225,191	(3,394,001)
Inventory held for use	(722,212)	(414,877)
Prepaid expenses	<u>2,503</u>	<u>608</u>
	<u>18,344,155</u>	<u>20,811,502</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	<u>(14,714,554)</u>	<u>(17,231,464)</u>
FINANCING ACTIVITIES		
Repayment of debt	(295,881)	(267,347)
Proceeds from debt	<u>2,211,920</u>	<u>-</u>
	<u>1,916,039</u>	<u>(267,347)</u>
CHANGE IN CASH	5,545,640	3,312,691
CASH, BEGINNING OF YEAR	<u>54,212,238</u>	<u>50,899,547</u>
CASH, END OF YEAR	<u><u>59,757,878</u></u>	<u><u>54,212,238</u></u>
CASH IS REPRESENTED BY:		
Unrestricted cash	\$ 59,016,384	53,517,676
Restricted cash	<u>741,494</u>	<u>694,562</u>
	<u><u>\$ 59,757,878</u></u>	<u><u>54,212,238</u></u>

**PIKANGIKUM FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2024**

1. ACCOUNTING ENTITY

The Pikangikum First Nation (the "First Nation") is located in the Province of Ontario and provides various services to its members. Pikangikum First Nation includes the First Nation government and all related entities that are accountable to the First Nation and are either owned or controlled by the First Nation.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The First Nation follows the Indigenous Services Canada ("ISC") accounting guidelines as set out in the "Year End Reporting Handbook" for funding agreements covering fiscal year 2023-2024 which requires that the consolidated financial statements be prepared in accordance with Canadian generally accepted accounting principles for governments, as defined in the Chartered Professional Accountants of Canada Public Sector Accounting Handbook.

(b) Reporting Entity

The First Nation is a non-profit Indian Band as defined by ISC. The objective of the First Nation is to operate as the governing entity in providing services on the reserve in all areas. The First Nation reporting entity includes all related entities, which are accountable to the First Nation and are either owned or controlled by the First Nation.

(c) Basis of Consolidation

All controlled entities are fully consolidated on a line-by-line basis. This method combines the accounts of distinct organizations. It requires uniform accounting policies for the organizations. Inter-organizational balances and transactions are eliminated under this method. This method reports the organizations as if they were one organization. These financial statements include the financial assets, liabilities, net financial assets, non-financial assets, accumulated surplus, revenue and expenses for the following entities controlled or owned by the First Nation:

- Pikangikum Health Authority
- Pikangikum CMHC Housing Authority
- Whitefeather Forest Management Corporation

(d) Basis of Presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

(e) Asset Classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets, inventories held for use, and prepaid expenses.

(f) Cash Resources

Cash resources include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purpose is included in restricted cash.

**PIKANGIKUM FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2024**

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Portfolio Investments

Portfolio investments include investments in common shares, guaranteed investment certificates and investments in entities that are not controlled by the First Nation. Investments in entities that are not controlled by the First Nation are recorded at cost, less any provision for other than temporary impairment.

(h) Funds Held in Trust

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the consolidated statement of financial position with an offsetting amount in accumulated surplus. Trust monies consist of:

- Capital trust monies derived from non-renewable resource transactions on the sale of land or other First Nation tangible capital assets; and
- Revenue trust monies generated primarily through land leasing transactions or interest earned on deposits held in trust.

(i) Deferred Revenue

Deferred revenue represents funding received or receivable under the terms of their respective funding arrangements for specified purposes and for which the related expenses have not been incurred. Unspent funding or expenses made which are not in accordance with the terms of the funding arrangements may constitute a debt to the funding authority upon review of the funding agreement. Note 11 contains a summary of deferred revenue by project.

(j) Net Financial Assets

The First Nation's financial statements are presented so as to highlight net financial assets as the measurement of financial position. The net financial assets of the First Nation is determined by its financial assets less its liabilities. Net financial assets combined with non-financial assets comprise a second indicator of financial position, accumulated surplus.

(k) Tangible Capital Assets

Tangible capital assets include acquired, built, developed and improved tangible capital assets, whose useful life extends beyond one year and which are intended to be used on an ongoing basis for producing goods or delivering services.

Tangible capital assets are reported at gross cost.

Certain assets, which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts are not recognized as tangible capital assets.

**PIKANGIKUM FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2024**

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Amortization

Amortization of tangible capital assets is recognized as an expense in the Statement of Operations.

Amortization is provided for on a straight-line basis at the rates in the table that follows. One-half of the annual amortization is charged in the year of acquisition and in the year of disposal.

Buildings	4-20 years
Vehicles	2-5 years
Housing	4-25 years
Equipment	4 years
Database	5 years
Infrastructure	25 years
Roads	20 years

(m) Assets under Construction

Assets under construction represent the total cost of assets being constructed that are not available for use. When the construction phase has been completed and the assets are available for use, they are amortized according to the rates indicated above.

(n) Inventories Held for Use

Inventory of supplies held for consumption are recorded at the lower of cost and replacement cost.

(o) Long-lived Assets

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The First Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or a group of assets, exceeds the value of future economic benefits associated with the asset(s). Impairment is measured as the amount by which the asset's carrying value exceeds the residual value of the asset's service potential to the First Nation. Any impairment is included in the consolidated statement of operations during the year in which the asset becomes impaired.

(p) Intangible Assets

The First Nation owns various intangible assets inherited by the right of the Crown, such as Crown lands, forests, water, and mineral resources. These items are not recognized in the First Nation's consolidated financial statements in accordance with public sector accounting standards.

(q) Revenue Recognition

Government transfers

Government transfer revenues, including, but not limited to, Indigenous Services Canada, First Nations and Inuit Health, Province of Ontario and Canada Mortgage and Housing Corporation Funding, are recognized as the funding becomes receivable under the terms of applicable funding agreements. Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that the 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 revenues are recognized in the statement of operations as the stipulation liabilities are settled.

**PIKANGIKUM FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2024**

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Revenue Recognition (continued)

Other revenue

Rent and resident fees are recorded in the year they are earned. At the end of each year, management evaluates the extent of the collectability of its rent revenue and records a bad debt and allowance for doubtful accounts for amounts designated as unlikely to be collected.

Investment and interest revenue is recognized on an accrual basis in the year that it is earned.

All other types of revenues are recognized by the First Nation when the services are provided, or the goods are shipped, and collectability is reasonably assured.

(r) Measurement Uncertainty

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting periods presented. Actual results could differ from these estimates.

Accounts receivables are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of tangible capital assets. Deferred revenue is recorded based on management analysis of the extent to which eligibility requirements have been met on government transfer revenue.

These estimates are reviewed periodically, and, as adjustment becomes necessary, they are reported in the consolidated statement of operations in the year in which they become known.

(s) Expense Allocation

Certain expenses which pertain to the operations as a whole have been allocated to various programs at the discretion of Chief and Council.

(t) Financial Instruments

Financial instruments include cash, accounts receivable, due from government and other government organizations, portfolio investments, restricted cash, deposits, accounts payable and accrued liabilities, due to government and other government organizations and debt.

The First Nation recognizes its financial instruments when the First Nation becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value. At initial recognition, the First Nation may irrevocably elect to subsequently measure any financial instrument at fair value. The First Nation subsequently measures its financial instruments in equity instruments quoted in an active market and all derivative instruments, at fair value.

Fair value is determined by published price quotations. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost. Except for those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

Transaction costs directly attributable to the origination, acquisition, issuance, or assumption of financial instruments subsequently measured at fair value are immediately recognized in the statement of operations. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

**PIKANGIKUM FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2024**

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Financial Instruments (Continued)

All financial assets except derivatives are tested annually for impairment. Management considers whether the investee has experienced continued losses for a period of years or recent collection experience for the loan, such as a default or delinquency in interest or principal payments, in determining whether objective evidence of impairment exists. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the statement of remeasurement gains and losses. Upon derecognition, the cumulative gain or loss previously recognized in the statement of accumulated remeasurement gains is transferred to the statement of operations.

(u) Segmented Information

As at year end the First Nation conducts its business through seven reportable segments as identified below. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions and to assess operational performance. For each reported segment, revenue and expenses represent both 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. These segments are differentiated by the major activities or services they provide. The First Nation's segments are as follows:

Administration - includes administration, governance activities, and Band operations (inclusive of Family & Child Care, Hotel, IT, and Laundromat)

Public Works - includes activities for the operation and maintenance of the First Nation's infrastructure

Education - includes activities delivering education and student success programming

Social Services - includes activities delivering social and employment assistance programming

Capital Management - includes capital construction project activities for the First Nation

Canada Mortgage and Housing Corporation - includes activities operating the First Nations under CMHC's Section 95 subsidy program

Health Authority - includes the operations of the nursing station

(v) Asset Retirement Obligation

Asset retirement obligations reflect the legal obligations arising from the retirement of the First Nation's tangible capital assets, and are recognized when a) there is a legal obligation for the First Nation to incur costs in relation to a specific tangible capital asset; b) there is a past transaction or event causing the liability that has occurred; c) when economic benefits will need to be given up to remediate the liability; and d) when a reasonable estimate of the liability can be made.

Tangible capital assets that are in use, no longer in use, or that are leased may all give rise to asset retirement obligations.

When a liability for an asset retirement obligation is initially recognized, a corresponding adjustment to the related tangible capital asset is also recognized. Through the passage of time in subsequent reporting periods, the carrying value of the liability is adjusted to reflect accretion expenses incurred in the current period. This expense ensures that the time value of money is considered when recognizing outstanding liabilities at each reporting date. The capitalized asset retirement cost within tangible capital assets is also simultaneously depreciated on the same basis as the underlying asset to which it relates.

**PIKANGIKUM FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2024**

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Asset Retirement Obligation (continued)

At remediation, the First Nation derecognizes the liability that was established. In some circumstances, gains or losses may be incurred upon settlement related to the ongoing measurement of the liability and corresponding estimates that were made and are recognized in the statement of operations.

(w) New Accounting Policies Adopted During the Year

PS 3400 - Revenue

Effective April 1, 2023, the First Nation adopted the new standard for the recognition, measurement and disclosure of revenue under PS 3400. The new standard establishes when to recognize and how to measure revenue and provides the related financial statement presentation and disclosure requirements. The policy was applied prospectively, and prior periods have not been restated. There was no material impact on the financial statements from the prospective application of the new accounting recommendations.

PSG-8 - Purchased intangibles

Effective April 1, 2023, the First Nation adopted the new guideline on accounting for and reporting on purchased intangibles. The guideline provides clarity on the recognition criteria along with instances of assets that would not meet the definition of such. The policy was applied prospectively, and prior periods have not been restated. There was no material impact on the financial statements from the prospective application of the new accounting recommendations.

3. CASH

	<u>2024</u>	<u>2023</u>
Unrestricted - Cash	\$ 58,176,906	52,711,665
Unrestricted - GIC	<u>839,478</u>	<u>806,011</u>
	<u>\$ 59,016,384</u>	<u>53,517,676</u>

4. ACCOUNTS RECEIVABLE

	<u>2024</u>	<u>2023</u>
Ontario First Nations Limited (2008) Partnership receivable	\$ 3,267,320	1,047,104
Trade receivables	1,566,211	683,664
Nishnawbe Aski Nation	222,363	407,750
Due from members	15,370	16,664
First Nation Student Success Program	-	5,613
Allowance for doubtful accounts	<u>(32,075)</u>	<u>(32,075)</u>
	<u>\$ 5,039,189</u>	<u>2,128,720</u>

**PIKANGIKUM FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2024**

5. DUE FROM GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

	<u>2024</u>	<u>2023</u>
Federal		
Indigenous Services Canada	\$ 12,713,652	2,440,465
Harmonized Sales Tax receivable	919,041	325,637
Canada Mortgage and Housing Corporation - subsidy	<u>44,940</u>	<u>31,408</u>
	<u>13,677,633</u>	<u>2,797,510</u>
Provincial		
Ministry of Children, Community and Social Service	3,050,986	2,039,883
Federal Economic Development Agency for Northern Ontario	101,000	146,842
Province of Ontario	<u>110,707</u>	<u>-</u>
	<u>3,262,693</u>	<u>2,186,725</u>
	<u><u>\$ 16,940,326</u></u>	<u><u>4,984,235</u></u>

6. PORTFOLIO INVESTMENTS

	<u>2024</u>	<u>2023</u>
Portfolio investments		
Investment in 2472881 Ontario Ltd.	\$ 10	10
Investment in OFN Asset Management GP Corporation	1	1
Investment in Sovereign Wealth LP	1	1
Investment in First Nation LP	10	10
Investment in Exchange Income Corporation	<u>1,514,103</u>	<u>1,000,000</u>
	<u>1,514,125</u>	<u>1,000,022</u>
Investments in First Nation business partnerships and business entities		
Ontario First Nation Limited Partnership	1	1
Investment in Wasaya Airways Limited Partnership	296,321	296,321
Investment in Wasaya Group Inc.	40,290	40,290
Less: provision for impairment	<u>(336,611)</u>	<u>(336,611)</u>
	<u>1</u>	<u>1</u>
	<u><u>\$ 1,514,126</u></u>	<u><u>1,000,023</u></u>

**PIKANGIKUM FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2024**

7. RESTRICTED CASH

	<u>2024</u>	<u>2023</u>
Ottawa trust funds		
Revenue account	\$ 87,527	79,811
Other		
CMHC replacement reserve - cash	-	553,810
CMHC operating reserve - cash	-	9,676
CMHC replacement reserve - GIC	<u>653,967</u>	<u>51,265</u>
	<u>653,967</u>	<u>614,751</u>
	<u>\$ 741,494</u>	<u>694,562</u>

Ottawa Trust Fund

The Ottawa Trust Fund arises from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is similarly governed by Sections 63 to 69 of the Indian Act. Revenue from the Ottawa Trust Fund is recognized in the year in which it is earned, when it is measurable and when collection is reasonably assured. Capital and Revenue trust monies are transferred to the First Nation on the authorization of the Minister of Indigenous Services Canada, with consent of the First Nation's Chief and Council. Interest revenue earned in the Revenue account amounted to \$7,716 (2023 - \$5,547). Interest revenue earned in the Capital account amounted to \$Nil (2023 - \$Nil).

CMHC replacement reserve

As required as part of the First Nation's Canada Mortgage and Housing Corporation ("CMHC") Housing program, a separate bank account has been established for replacement of capital equipment and for major repairs to the homes with any interest earned credited as revenue to the reserve fund. Under the terms of the agreements with CMHC, the replacement reserve must either be held in a separate bank account or invested in accounts or instruments secured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. At March 31, 2024, the replacement reserve bank account was underfunded by \$272,409 (2023 - \$688,752).

CMHC operating reserve

In accordance with the terms of the agreements with Canada Mortgage and Housing Corporation ("CMHC"), the First Nation established an operating surplus reserve. The operating surplus reserve is a component of accumulated surplus and is increased by interest revenue and increased or decreased by the annual surplus (deficit) from operations. The operating surplus reserve must be held or invested only in accounts or instruments guaranteed by Canada Deposit Insurance Corporation, or as otherwise approved by CMHC. At March 31, 2024, the operating reserve account of \$nil (2023 - \$9,676) was fully funded.

**PIKANGIKUM FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2024**

8. DEPOSITS

	<u>2024</u>	<u>2023</u>
Deposit to purchase shares of L.K.G.H. Group of Companies	\$ 1,000,000	1,000,000
Impairment of deposit	<u>(83,333)</u>	<u>(83,333)</u>
	<u>\$ 916,667</u>	<u>916,667</u>

In 2010, the First Nation entered into an agreement to purchase the shares of the L.K.G.H. Group of Companies. The terms of the purchase agreement detailed that if the First Nation could not complete the remainder of the purchase by April 1, 2012, they would be entitled to a right of a 1/6 interest in the proceeds of any subsequent sale to a third party.

In a prior year, the L.K.G.H. Group of Companies completed a valuation of its assets. It determined that the fair market value of its assets and timber rights was equal to \$5,500,000, which was greater than the value of operating the sawmill operations. As such, the value of the First Nation's deposit has decreased to 1/6 of the fair market value of the tangible capital assets and timber rights.

In the current year, there has been no action to dispose of the sawmill assets.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2024</u>	<u>2023</u>
Trade payables	\$ 7,413,989	5,646,392
Wages and benefits payable	1,758,631	995,555
Holdbacks payable	1,260,493	1,134,299
Accrued liabilities	<u>292,087</u>	<u>339,573</u>
	<u>\$ 10,725,200</u>	<u>8,115,819</u>

10. DUE TO GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

	<u>2024</u>	<u>2023</u>
Ministry of Children, Community and Social Service	\$ 1,990,882	1,847,120
Ministry of Health and Long-Term Care	488,628	488,628
Indigenous Services Canada	315,324	172,625
Other payables	<u>295,100</u>	<u>258,674</u>
	<u>\$ 3,089,934</u>	<u>2,767,047</u>

**PIKANGIKUM FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2024**

11. DEFERRED REVENUE

	<u>2024</u>	<u>2023</u>
Indigenous Services Canada		
Administration - ATR	\$ 325,006	172,614
Administration - Band Support	3,308,083	1,118,689
Administration - DGS Capacity Upgrade	-	123,312
Administration - PDIP - Admin and HR Policies	147,750	-
Administration - PDIP - Community Planning	69,639	-
Administration - Peacekeepers	470,514	-
Capital Management - 12 Unit Housing Project	-	383,249
Capital Management - Backup Power Project	258,426	227,270
Capital Management - CMHC Renovations	315,642	-
Capital Management - Comprehensive Road Repairs	-	7,019
Capital Management - Fire Hall Design	1,201,713	50,000
Capital Management - Group Home	290,000	200,000
Capital Management - Housing Renovations	365,395	-
Capital Management - ISC Housing Management Subsidy	14,669	-
Capital Management - Immediate Needs Renovations	-	462,000
Capital Management - Landfill Planning	83,001	83,001
Capital Management - Roof Replacements	-	151,370
Capital Management - Soil Remediation	496,344	498,844
Capital Management - Water & Sewer OJCP	247,671	-
Capital Management - Water & Wastewater Servicing Study	2,726	3,308
Education - COVID-19	-	67,497
Education - Instruction	20,663,725	21,209,131
Education - Jordan's Principle - Allied Services	354,073	16,388
Education - Jordan's Principle - Audiology	15,975	21,484
Education - REA	100,123	131,814
Education - School Air Conditioning	3,355,817	-
Education - Skills Link	-	308,842
Education - Structural Readiness	-	51,069
Family & Child Care - CFS Operations	10,270	-
Family & Child Care - Community Prevention	6,912,757	281,470
Family & Child Care - FCNFS Emergency Top-up	192,090	-
Family & Child Care - FCNFS IT Top-up	562,599	-
Family & Child Care - FCNFS Poverty Top-up	299,088	-
Family & Child Care - FCNFS Results Top-up	480,226	-
Family & Child Care - Family Violence Prevention	-	33,236
Family & Child Care - Housing	1,905,581	-
Family & Child Care - Law Development	296,990	447,731
Health - Aboriginal Diabetes Initiative	6,023	34,802
Health - BHC - Mental Health	224,285	264,174
Health - CHR - CDC	4,965	1,721
Health - CHR - Healthy Living	23,028	73,009
Health - CHR - Mental Wellness	18,358	1,020
Health - Dental Care	913	19,897
Health - Early Childhood Development	2,127,626	1,419,693
Health - Elders Complex	608,124	-
Health - FNIHCC Palliative Care Hospice	26,759	-
Health - Family Violence Prevention	43,307	-
	<u>\$ 45,829,281</u>	<u>27,863,654</u>

(Continued on next page)

**PIKANGIKUM FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2024**

11. DEFERRED REVENUE (Continued)

	<u>2024</u>	<u>2023</u>
Indigenous Services Canada		
<i>(Continued from previous page)</i>	\$ 45,829,281	27,863,654
Health - Federal Tobacco Control Study	76,011	49,309
Health - Home and Community Care	247,929	200,538
Health - Jordan's Principle - Choose Life	502,270	594,457
Health - Jordan's Principle - Early Childhood	119,836	142,042
Health - Jordan's Principle - Winter Gear	77,968	-
Health - Management Formula	117,924	18,010
Health - Medical Transport Clerk	-	28,518
Health - Nursing Station Feasibility Study	7,065	94,135
Health - Nursing and Health Transformation	335,641	-
Health - Nutrition North	61,323	64,867
Health - Oral Health	700,954	398,102
Health - Palliative Care	-	11,731
Health - Pandemic COVID-19	-	391,506
Health - Pathways Safe Indigenous Communities	325,625	144,295
Health - Prenatal Nutrition	65,505	54,278
Health - Security services	-	219,802
Health - Transition Facilitator	48,497	29,235
Health - Vision Care	3,667	2,729
Health - Women and Children Shelter	2,155,922	1,977,975
Public Works - Administration	83,333	-
Public Works - Asset Management Program	-	37,724
Public Works - Fire Protection	39,982	41,053
Public Works - Fire Training	42,755	-
Public Works - Garage Construction	-	575,122
Public Works - O&M - Community Buildings	320,439	258,842
Public Works - O&M - Teacher Residence	-	156,943
Public Works - O&M - Water & Sewage	-	121,376
Public Works - Professional Accommodation Building	60,409	177,716
Public Works - Roads & Heavy Equipment	282,943	39,484
Public Works - Training - Fire Protection	-	32,702
Public Works - Wastewater Systems	764,930	447,140
Social Administration - Administration	196,734	466,349
Welfare - Social Services - Regular Cases	<u>1,319,939</u>	<u>1,371,633</u>
	<u>\$ 53,786,882</u>	<u>36,011,267</u>

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**PIKANGIKUM FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2024**

11. DEFERRED REVENUE (Continued)

	<u>2024</u>	<u>2023</u>
<i>(Continued from previous page)</i>	\$ <u>53,786,882</u>	<u>36,011,267</u>
Other		
Administration - Arena	344,603	213,942
Administration - Band Admin	21,188	-
Administration - Casinorama	538,403	272,342
Administration - Clan and Governance	9,398	-
Administration - Community Centre	126,198	165,545
Administration - Culinary Hub	162,997	193,725
Administration - Drinking Water Settlement	7,009	-
Administration - EISO - IEP 0883 Solar Project	7,500	-
Administration - Economic Development	105,692	87,203
Administration - Elder Gathering - Alcohol Law	-	10,500
Administration - Emergency Search & Rescue	63,416	63,416
Administration - Local Food Infrastructure	-	135,375
Administration - Northern Store Lease	166,445	377,479
Administration - Policing Transformation	2,007	19,947
Administration - Revitalize Anishhinaabeg Inakon	187,662	151,620
Administration - Solar System	-	19,353
Administration - Youth Center Feasibility	37,497	-
Administration - Youth Sawmill	20,900	-
Administration - Youth Sawmill - Education & Capital	58,779	39,552
Administration - Youth Sawmill - NOHFC	22,450	-
Administration - Youth Sawmill Program	27,091	68,617
Capital Management - Fire Loss - 104 Sandy Bay Road	-	167,686
Capital Management - Fire Loss - 7 Little Balmer Road	127,253	-
Capital Management - Quarry Expansion Project	-	180,689
Capital Management - RHI Senior's Res & 2nd Stage Housing	3,041,526	4,233,793
Family & Child Care - Administration	124,877	-
Health - Administration	3,254,535	1,635,467
Health - MCCSS Childcare	87,211	87,211
Health - MCCSS Hub & Community Support	54,602	-
Health - NAN Nursing Transformation	-	69,861
Health - RNAO BPSO	50,000	-
Health - SLAAMB ADI Build	888,040	-
Hotel	<u>105,620</u>	<u>-</u>
	<u>9,642,899</u>	<u>8,193,323</u>
	\$ <u>63,429,781</u>	<u>44,204,590</u>

**PIKANGIKUM FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2024**

12. DEBT

	<u>2024</u>	<u>2023</u>
Phase 1 - CMHC mortgage for a seven unit rental housing project, interest at 0.74%, repayable in blended monthly payments of \$5,162, maturing July 1, 2034 with a renewal date of February 1, 2026, secured by a Ministerial Guarantee and assignment of fire insurance.	\$ 616,059	673,211
Phase 2 - CMHC mortgage for a ten unit rental housing project, interest at 0.68%, repayable in blended monthly payments of \$6,079, maturing January 1, 2035 with a renewal date of October 1, 2025, secured by a Ministerial Guarantee and assignment of fire insurance.	761,724	829,241
Phase 3 - CMHC mortgage for a nine unit rental housing project, interest at 1.57%, repayable in blended monthly payments of \$7,025, maturing June 1, 2036 with a renewal date of December 1, 2026, secured by a Ministerial Guarantee and assignment of fire insurance.	939,179	1,008,161
Phase 4 - CMHC mortgage for a ten unit rental housing project, interest at 4.49%, repayable in blended monthly payments of \$10,436 maturing December 1, 2037 with a renewal date of October 1, 2028, secured by a Ministerial Guarantee and assignment of fire insurance.	1,286,292	1,353,470
Phase 5 - CMHC mortgage for a five unit rental housing project, interest at 3.96%, repayable in blended monthly payments of \$6,234 maturing July 1, 2048 with a renewal date of July 1, 2028, secured by a Ministerial Guarantee and assignment of fire insurance.	1,171,142	-
Phase 6 - CMHC mortgage for a six unit rental housing project, interest at 3.96%, repayable in blended monthly payments of \$5,353 maturing July 1, 2048 with a renewal date of July 1, 2028, secured by a Ministerial Guarantee and assignment of fire insurance.	<u>1,005,726</u>	<u>-</u>
	<u>\$ 5,780,122</u>	<u>3,864,083</u>

The principal portion of debt is repayable for the years ended as follows:

March 31, 2025	\$ 320,092
2026	326,834
2027	334,433
2028	342,297
2029	350,438
Thereafter	<u>4,106,028</u>
	<u>\$ 5,780,122</u>

13. CONTINGENT LIABILITIES

The First Nation is subject to funding recoveries according to their agreement with federal agencies. It has not yet been determined to what extent any funding amounts related to the year ended March 31, 2024, might be recovered.

In the normal course of its operations, the First Nation may become involved in legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded on the First Nation's consolidated financial statements. As of March 31, 2024, no contingent liabilities have been recorded in the consolidated financial statements.

**PIKANGIKUM FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2024**

14. CONSTRUCTION IN PROGRESS

Included in tangible capital assets are costs totalling \$21,044,970 (2023 - \$20,496,224) related to construction in progress.

15. INVENTORIES HELD FOR USE

	<u>2024</u>	<u>2023</u>
Fuel - Public works	\$ 201,436	330,024
Gravel - Public works	<u>1,344,800</u>	<u>494,000</u>
	<u>\$ 1,546,236</u>	<u>824,024</u>

16. ACCUMULATED SURPLUS

	<u>2024</u>	<u>2023</u>
Ottawa trust funds	\$ 87,527	79,811
Invested in tangible capital assets	78,252,242	79,556,637
Canada Mortgage and Housing Corporation Operating reserve	-	9,676
Canada Mortgage and Housing Corporation Replacement reserve	926,376	1,293,827
Share capital	100	100
Unrestricted accumulated surplus	7,005,152	7,661,291
Remeasurement gain on investments	<u>514,103</u>	<u>-</u>
	<u>\$ 86,785,500</u>	<u>88,601,342</u>

17. INDIGENOUS SERVICES CANADA FUNDING

The Indigenous Services Canada ("ISC") revenue of \$89,804,635 (2023 – \$71,891,264) on the consolidated statement of operations and accumulated surplus agrees to the ISC confirmation.

18. ECONOMIC DEPENDENCE

The First Nation receives a significant portion of its revenue from Indigenous Services Canada ("ISC") and First Nations and Inuit Health as a result of Treaties entered into with the Government of Canada. These Treaties are administered by ISC under the terms and conditions of the Indian Act. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these Treaties.

19. PENSION PLAN

The First Nation operates three defined contribution pension plans for which employees of the First Nation are eligible. Members are required to contribute 5% of their salary. The First Nation contributed 5% which is directed to the member's contribution account. The amount of the retirement benefit to be received by the employees will be the amount of the retirement annuity that could be purchased based on the members' share of the pension plan at the time of the members' withdrawal from the plan.

Employer contributions for the Education employees pension plan during the year were \$710,735 (2023 - \$638,223).

Employer contributions for the Ontario Works pension plan during the year were \$59,001 (2023 - \$66,952).

Employer contributions for the Public Works pension plan during the year were \$88,134 (2023 - \$60,255).

The First Nation does not have any other obligations with regards to the pension plan as at March 31, 2024.

**PIKANGIKUM FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2024**

20. BUDGET INFORMATION

The disclosed budget information was approved by the Chief and Council of the Pikangikum First Nation.

21. COMPLIANCE WITH LAWS AND REGULATIONS

First Nations Financial Transparency and Accountability Act

The First Nation is required by the First Nations Financial Transparency and Accountability Act to post its consolidated financial statements on a website and submit the consolidated financial statements to Indigenous Services Canada by July 31, 2024. As the audit report is dated after this date, the First Nation is not in compliance with this requirement. The possible effect of this non-compliance has not yet been determined.

22. SUBSEQUENT EVENTS

Subsequent to year-end the First Nation incorporated a profit-oriented company, Beegaanjeegaameeng Beemeeweejeekaywin Inc., for the purpose of carrying out the purchase of both land and building in Winnipeg, Manitoba. The combined purchase price of both land and building totalled \$3,500,000 and was fully executed on September 18, 2024, with a possession date of February 1, 2025. The building is expected to provide office space for education staff who reside in Winnipeg and generate rental income for a portion of the building that is expected to be leased out to other third parties.

Additionally, subsequent to year-end the First Nation entered into a loan facility on October 10, 2024, with the Royal Bank of Canada in the amount of \$9,512,619. The purpose of the loan is to assist the First Nation with a new motel and diner project.

23. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to reflect the financial statement presentation adopted for the current year.

SCHEDULE 1

PIKANGIKUM FIRST NATION CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS YEAR ENDED MARCH 31, 2024

	COST				ACCUMULATED AMORTIZATION				NET BOOK VALUE	
	Opening Balance	Additions	Transfers and Disposals	Closing Balance	Opening Balance	Amortization	Disposals and Write Offs	Closing Balance	Total 2024	Total 2023
Tangible Capital Assets										
Land	\$ 197,250	-	-	197,250	-	-	-	-	197,250	197,250
Buildings	121,737,091	989,786	1,161,474	123,888,351	77,332,671	6,864,557	-	84,197,228	39,691,123	44,404,420
Vehicles	5,675,824	1,517,085	-	7,192,909	4,766,719	923,224	-	5,689,943	1,502,966	909,105
Housing	83,910,821	-	8,389,175	92,299,996	70,129,291	4,230,418	-	74,359,709	17,940,287	13,781,530
Equipment	10,566,884	2,108,288	-	12,675,172	8,701,492	1,548,375	-	10,249,867	2,425,305	1,865,392
Database	43,000	-	-	43,000	43,000	-	-	43,000	-	-
Infrastructure	24,993,445	-	-	24,993,445	23,226,646	536,336	-	23,762,982	1,230,463	1,766,799
Roads	7,686,364	-	-	7,686,364	7,686,364	-	-	7,686,364	-	-
	<u>254,810,679</u>	<u>4,615,159</u>	<u>9,550,649</u>	<u>268,976,487</u>	<u>191,886,183</u>	<u>14,102,910</u>	<u>-</u>	<u>205,989,093</u>	<u>62,987,394</u>	<u>62,924,496</u>
Assets under construction	<u>20,496,224</u>	<u>10,099,395</u>	<u>(9,550,649)</u>	<u>21,044,970</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,044,970</u>	<u>20,496,224</u>
TOTAL	<u>\$ 275,306,903</u>	<u>14,714,554</u>	<u>-</u>	<u>290,021,457</u>	<u>191,886,183</u>	<u>14,102,910</u>	<u>-</u>	<u>205,989,093</u>	<u>84,032,364</u>	<u>83,420,720</u>

SCHEDULE 2

**PIKANGIKUM FIRST NATION
CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT
YEAR ENDED MARCH 31, 2024**

	<u>2024</u>	<u>2023</u>
CONSOLIDATED EXPENSES BY OBJECT		
Administration	\$ 82,166	56,095
Amortization of tangible capital assets - in segments	739,855	707,248
Bad debts (recovery)	24,152	(586,858)
Bank charges and interest	52,261	31,724
Client COVID support and income assistance	-	1,636,775
Client inflation relief and assistance	3,070,241	1,386,196
Community donations	287,944	206,889
Consulting	804,200	654,622
Contingency	189,647	342,194
Contracted services	1,666,553	1,827,884
Employment related expenses	990,352	908,242
Food and beverage	310,907	37,587
Fuel and oil	600,729	252,374
Funeral	100,213	108,434
Furniture and equipment	119,710	22,621
Honourariums	1,749,541	1,538,804
Insurance	941,233	782,989
Interest on debt	149,169	60,570
Materials	1,833,184	854,942
Miscellaneous	90,163	46,614
Mobilizations	244,951	-
Office supplies	212,158	202,770
Postage	276	6,964
Professional development	124,026	58,994
Professional fees	2,475,685	3,019,741
Program education	15,630	8,796
Program expenses	3,389,558	4,964,240
Rent	194,813	108,861
Repairs and maintenance	2,093,233	3,828,461
Salaries and benefits	42,900,558	39,582,422
Social assistance	7,877,528	7,360,091
Special projects	946,680	-
Student expenses	669,094	549,175
Subcontract	98,800	-
Supplies and equipment	5,708,984	3,873,692
Telephone and internet	473,168	738,952
Training	254,433	181,640
Travel	5,160,226	3,633,278
Utilities	1,151,002	1,044,283
Vehicle	149,571	112,713
	<u>\$ 87,942,594</u>	<u>80,151,019</u>

SCHEDULE 3

**PIKANGIKUM FIRST NATION
CONSOLIDATED SCHEDULE OF SEGMENT OPERATIONS
YEAR ENDED MARCH 31, 2024**

	<u>ISC Revenue</u>	<u>Other Revenue</u>	<u>Deferred Revenue in (out)</u>	<u>Total Revenue</u>	<u>Total Expenses</u>	<u>Transfers From (To)</u>	<u>Surplus (Deficit)</u>
SEGMENTS SUMMARY							
Administration	\$ 2,721,722	7,759,226	(2,996,994)	7,483,954	8,225,687	2,711,703	(3,453,436)
Capital Management	3,096,152	(123,246)	203,863	3,176,769	3,605,870	(1,939,799)	1,510,698
Canada Mortgage and Housing Corporation	-	755,142	-	755,142	438,593	(77,820)	394,369
Education	46,520,331	1,487,990	(2,526,546)	45,481,775	35,191,793	(52,380)	10,342,362
Family and Child Care	16,434,355	756,769	(10,022,043)	7,169,081	5,463,535	-	1,705,546
Health Authority	13,484,167	6,012,196	(4,235,528)	15,260,835	14,620,541	-	640,294
Hotel	40,380	232,616	(105,620)	167,376	330,144	(162,768)	-
IT	-	754,125	-	754,125	831,879	-	(77,754)
Laundromat	-	110,950	-	110,950	74,203	-	36,747
Public Works	2,811,328	515,191	136,368	3,462,887	4,307,346	(478,936)	(365,523)
Social Administration	1,888,337	2,280,337	269,615	4,438,289	6,225,832	(2,086,144)	298,601
Social Welfare	<u>2,807,863</u>	<u>7,854,963</u>	<u>51,694</u>	<u>10,714,520</u>	<u>8,627,171</u>	<u>2,086,144</u>	<u>1,205</u>
TOTAL	<u>\$ 89,804,635</u>	<u>28,396,259</u>	<u>(19,225,191)</u>	<u>98,975,703</u>	<u>87,942,594</u>	<u>-</u>	<u>11,033,109</u>