
KITCHENUHMAYKOOSIB INNINUWUG
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

KITCHENUHMAYKOOSIB INNINUWUG

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Kitchenuhmaykoosib Inninuwig are the responsibility of management and have been approved by Chief and Council.

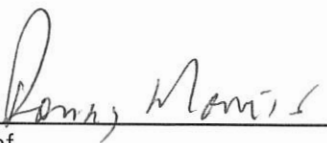
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

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

Chief and Council meets periodically with management, as well as the external auditors, 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, and to review the consolidated financial statements and the external auditors' report.

The external auditors, Baker Tilly HMA LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to the financial management of Kitchenuhmaykoosib Inninuwig and meet when required.



Chief

Councillor



Councillor

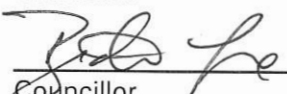


Councillor

Councillor



Councillor



Councillor



Councillor

INDEPENDENT AUDITOR'S REPORT

To the Chief, Council and Membership
Kitchenuhmaykoosib Inninuwug

Opinion

We have audited the accompanying consolidated financial statements of Kitchenuhmaykoosib Inninuwug, which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statements of operations and accumulated surplus, consolidated statement of change in net 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, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Kitchenuhmaykoosib Inninuwug as at March 31, 2023, and its consolidated statements of operations and accumulated surplus, consolidated statement of change in net debt, and its consolidated statement of cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We have 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 Kitchenuhmaykoosib Inninuwug in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the 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 Kitchenuhmaykoosib Inninuwug'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 Kitchenuhmaykoosib Inninuwug or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Kitchenuhmaykoosib Inninuwug's financial reporting process.

(continued.....)

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Kitchenuhmaykoosib Inninuwug'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 Kitchenuhmaykoosib Inninuwug's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Kitchenuhmaykoosib Inninuwug to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Baker Tilly HMA LLP

Chartered Professional Accountants

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31

2023

2022

FINANCIAL ASSETS

| | | |
|------------------------------|-------------------|-------------------|
| Unrestricted cash | \$ 35,367,727 | \$ 36,868,322 |
| Restricted cash (Note 4) | 156,998 | 121,742 |
| Accounts receivable (Note 5) | 13,788,655 | 6,379,583 |
| Investments (Note 6) | <u>5,217,172</u> | <u>5,459,590</u> |
| Total financial assets | <u>54,530,552</u> | <u>48,829,237</u> |

LIABILITIES

| | | |
|---|-------------------|-------------------|
| Accounts payable and accrued liabilities (Note 7) | 8,791,282 | 11,048,211 |
| Deferred revenue (Note 8) | 41,617,001 | 37,078,170 |
| Replacement reserve (Note 9) | 488,052 | 450,587 |
| Long-term debt (Note 10) | <u>4,585,271</u> | <u>2,580,050</u> |
| Total liabilities | <u>55,481,606</u> | <u>51,157,018</u> |
| Net debt | (951,054) | (2,327,781) |


NON-FINANCIAL ASSETS


| | | |
|-----------------------------------|----------------------|----------------------|
| Tangible capital assets (Note 11) | 93,601,167 | 74,714,416 |
| Inventory | 995,064 | 716,547 |
| Prepaid expenses | <u>154,425</u> | <u>166,442</u> |
| Total non-financial assets | <u>94,750,656</u> | <u>75,597,405</u> |
| Accumulated surplus | \$ <u>93,799,602</u> | \$ <u>73,269,624</u> |

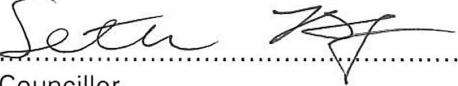
Contingent liabilities (Note 13)

Approved by Chief and Council


 Chief


 Councillor


 Councillor


 Councillor

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
YEAR ENDED MARCH 31

| | BUDGET (UNAUDITED) | 2 0 2 3 | 2 0 2 2 |
|---|-----------------------|----------------------|----------------------|
| REVENUE | | | |
| Indigenous Services Canada | \$ | \$ 52,212,781 | \$ 42,873,000 |
| Health Canada | | 13,645,501 | 11,214,530 |
| Canada Mortgage and Housing Corporation | | 250,426 | 522,609 |
| Canada Post | | 337,963 | 586,324 |
| Province of Ontario | | 2,269,961 | 4,056,424 |
| Other revenue | | 15,077,296 | 9,831,566 |
| Ontario First Nations Limited Partnership | | 1,231,644 | 876,620 |
| Sioux Lookout Area Aboriginal Management Board | | 175,603 | 162,452 |
| Deferred revenue from prior year | | 37,078,170 | 31,594,606 |
| Deferred revenue to following year | - | (41,617,001) | (37,078,170) |
| | - | <u>80,662,344</u> | <u>64,639,961</u> |
| EXPENDITURES | | | |
| Band Support and Administration | | 14,994,072 | 11,050,945 |
| Education | | 9,955,969 | 6,759,272 |
| Public Works | | 7,369,635 | 5,374,721 |
| Capital Projects | | 3,075,545 | 1,708,833 |
| Lands and Environment | | 463,149 | 334,221 |
| Economic Development | | 132,171 | 201,284 |
| Health | | 14,977,052 | 8,998,245 |
| Housing | | 459,380 | 1,056,970 |
| Socio Economics and Development | | 6,265,414 | 6,645,995 |
| First Nation program | | 1,060,607 | 1,237,433 |
| Equay Wuk Women's Shelter | - | 1,379,372 | 1,407,281 |
| | - | <u>60,132,366</u> | <u>44,775,200</u> |
| ANNUAL SURPLUS | | 20,529,978 | 19,864,761 |
| ACCUMULATED SURPLUS, beginning of year | <u>73,269,624</u> | <u>73,269,624</u> | <u>53,404,863</u> |
| ACCUMULATED SURPLUS, end of year | \$ <u>73,269,624</u> | \$ <u>93,799,602</u> | \$ <u>73,269,624</u> |

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

YEAR ENDED MARCH 31

| | BUDGET (UNAUDITED) | 2 0 2 3 | 2 0 2 2 |
|--|-----------------------|---------------|----------------|
| Annual surplus | \$ - | \$ 20,529,978 | \$ 19,864,761 |
| Acquisition of tangible capital assets and construction in progress | | (24,322,433) | (23,273,540) |
| Disposition of capital assets | | 8,448 | |
| Amortization of tangible capital assets | - | 5,427,234 | 1,820,564 |
| | - | (18,886,751) | (21,452,976) |
| Acquisition of fuel inventory | | (995,064) | (716,547) |
| Acquisition of prepaid expenses | | (154,425) | (166,442) |
| Use of prepaid expenses | | 166,442 | 9,000 |
| Use of fuel inventory | - | 716,547 | 210,286 |
| | - | (266,500) | (663,703) |
| CHANGE IN NET DEBT FOR YEAR | | 1,376,727 | (2,251,918) |
| NET DEBT, <i>beginning of year</i> | (2,327,781) | (2,327,781) | (75,863) |
| NET DEBT, <i>end of year</i> | \$(2,327,781) | \$(951,054) | \$(2,327,781) |

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

| | 2 0 2 3 | 2 0 2 2 |
|---|----------------------|----------------------|
| CASH FLOW FROM | | |
| <i>OPERATING ACTIVITIES</i> | | |
| Cash received from funding and other sources | \$ 77,792,103 | \$ 64,616,364 |
| Cash paid to suppliers and employees | (57,191,096) | (37,141,880) |
| | <u>20,601,007</u> | <u>27,474,484</u> |
| <i>INVESTING ACTIVITIES</i> | | |
| Acquisition of tangible capital assets and construction in progress | (24,322,433) | (23,273,540) |
| Proceeds from disposition of tangible capital assets | 8,448 | |
| Proceeds from investments | <u>242,418</u> | <u>-</u> |
| | <u>(24,071,567)</u> | <u>(23,273,540)</u> |
| <i>FINANCING ACTIVITIES</i> | | |
| Acquisition of long-term debt | 2,347,342 | |
| Repayment of bank loan | (342,121) | (304,264) |
| NET INCREASE (DECREASE) IN CASH DURING YEAR | (1,465,339) | 3,896,680 |
| CASH, <i>beginning of year</i> | <u>36,990,064</u> | <u>33,093,384</u> |
| CASH, <i>end of year</i> | <u>\$ 35,524,725</u> | <u>\$ 36,990,064</u> |
| CASH COMPRISED OF | | |
| Unrestricted cash | 35,367,727 | 36,868,322 |
| Restricted cash | <u>156,998</u> | <u>121,742</u> |
| | <u>\$ 35,524,725</u> | <u>\$ 36,990,064</u> |

KITCHENUHMAYKOOSIB INNINUWUG

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

1. NATURE OF OPERATIONS

The Kitchenuhmaykoosib Inninuwig ("the Nation") is located in the province of Ontario and provides various services to its members.

The Nation reporting entity includes all related entities which are accountable to the Nation and are either owned or controlled by the Nation.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards, as defined by the Chartered Professional Accountants of Canada Public Sector Accounting Handbook, which encompasses the following principles:

REPORTING ENTITY

The Nation reporting entity includes the Kitchenuhmaykoosib Inninuwig Nation government and all related entities which are accountable to The Nation and are either owned or controlled by The Nation.

PRINCIPLES OF CONSOLIDATION

These consolidated financial statements combine the assets, liabilities and results of operations for the following entities which use accounting principles which lend themselves to consolidation. All inter-entity balances have been eliminated on consolidation.

- Kitchenuhmaykoosib Inninuwig Band Admin Support and Administration
- Kitchenuhmaykoosib Inninuwig Lands and Environment
- Kitchenuhmaykoosib Inninuwig Public Works
- Kitchenuhmaykoosib Inninuwig Housing
- Kitchenuhmaykoosib Inninuwig Capital Projects
- Kitchenuhmaykoosib Inninuwig Education
- Kitchenuhmaykoosib Inninuwig Socio Economics and Development
- Kitchenuhmaykoosib Inninuwig First Nation Program
- Kitchenuhmaykoosib Inninuwig Equay Wuk Shelter

Incorporated and unincorporated business entities which are owned and controlled by the Nation but which are not dependent on the Nation for their continuing operations are included in the consolidated financial statements using the modified equity method. The financial information for these entities included in the financial statements is for the year ended December 31, 2022. These include:

- Wasaya Group 8%
- Wasaya Partnership 7%
- Happy Time Real Estate LP 16.66%

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, construction in progress and prepaid expenses.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)**CASH UNRESTRICTED*

Cash - unrestricted includes cash on hand, balances with banks net of bank overdrafts and short-term investments having a maturity of three months or less at acquisition which are held for the purpose of meeting short term cash commitments.

RESTRICTED CASH

Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

INVESTMENTS

Portfolio investments are recorded at cost, less an allowance to reflect any decline in value. The Nation invest in various commercial enterprises which are accounted for using the modified equity method. Under the modified equity method, the cost of the investments are adjusted for the Nation's share of the commercial enterprises' income or loss less dividends.

INVENTORY

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated selling costs.

NET ASSETS (DEBT)

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

NON-FINANCIAL ASSETS

The Nation's tangible capital assets and other non-financial assets are accounted for as assets because they can be used to provide government services in future periods.

These assets do not normally provide resources to discharge the liabilities of the Nation unless they are sold.

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 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 group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the asset's carrying amount.

Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value.

Any impairment is included in the statement of operations and accumulated surplus for the year in which the asset becomes impaired.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)**TANGIBLE CAPITAL ASSETS*

Tangible capital assets are initially recorded at cost based on historical cost accounting records. Social housing assets acquired under Canada Mortgage and Housing Corporation ("CMHC") sponsored programs are amortized over their estimated useful lives at a rate equivalent to the annual principal reduction in the related long-term debt. Tangible capital assets are amortized annually using the straight-line method (except where noted) at rates intended to amortize the cost of the assets over their estimated useful lives. Amortization of tangible capital assets is recorded on a straight-line basis at the following annual rates:

| | |
|----------------|-----|
| Infrastructure | 4% |
| Buildings | 20% |
| Housing | 5% |
| Equipment | 20% |
| Vehicles | 20% |

Amortization is computed at one-half of the annual amortization in the year of acquisition.

SEGMENTS

The Nation conducts its business through eleven reportable segments as identified in Note 22.

These operating segments are established by senior management to facilitate the achievement of the Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each segment separately reported, the segment revenue and expenditures 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.

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

ASSET RETIREMENT OBLIGATION

Liabilities are recognized for statutory, contractual or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The obligations are measured initially at management's best estimate at the present fair value of the estimated future cash flows required to settle the retirement obligation. In subsequent periods, the liability is adjusted for the accretion of discount and any changes in the amount or timing of the underlying future cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and the discount accretion is included in determining the results of operations.

REVENUE RECOGNITION

Revenue is recognized in the year in which the transactions or events occurred that gave rise to the revenue.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

All revenue is recorded on the accrual basis whereby amounts received or recorded as receivable but not earned by the end of the fiscal year are recorded as deferred revenue.

Funding received under the terms of contribution agreements with the federal government is recognized as revenue once eligibility criteria have been met. Funding is recorded as deferred revenue if it has been restricted by the federal government for a stated purpose, such as a specific program or the purchase of tangible capital assets. Deferred revenue is recognized in revenue over time as the recognition criteria are met.

*FINANCIAL INSTRUMENTS**Measurement*

Financial instruments include cash, accounts receivable, investments, accounts payable and accrued liabilities and long-term debt. Unless otherwise stated, it is management's opinion that the Nation is not exposed to significant interest, currency, or credit risks arising from these financial instruments. Unless otherwise stated, the carrying value of the Nation's financial assets and liabilities approximates their fair value.

Transaction Cost

Transaction costs attributable to financial instruments measured at fair value are recognized in the Statement of Operations in the period incurred. Transaction costs for financial instruments measured at cost or amortized cost are recognized in the original cost of the instrument.

Impairment

At the end of each reporting period, management assesses financial assets or groups of financial assets for evidence of objective impairment. An impairment loss is recognized in the statement of operations when there is a loss in value that is other than temporary. Future recoveries of impaired financial assets are recognized in the statement of operations when received.

FAIR VALUE

Due to the short-term nature of all financial instruments other than long-term debt and investments, the carrying value as presented in the financial statements is a reasonable estimate of fair value. Management has estimated fair value by reference to established financial markets. As is true for all estimates, actual fair value could differ from this estimate, and if so any difference would be accounted for in the period in which it becomes known. For long-term investments and debt it is not practicable within constraints of timeliness or cost to determine the fair value with sufficient reliability because the instruments are not traded in an organized financial market.

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 certain assets and liabilities at the date of financial statements and the reported amounts of certain revenue and expenses during the year. Actual results could differ from those estimates.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

3. CHANGE IN ACCOUNTING POLICY

ASSET RETIREMENT OBLIGATIONS

On April 1, 2022, the Nation adopted the PSAS Section (PS 3280) "Asset Retirement Obligations". The new standard includes the requirement for the recognition, measurement, presentation and disclosure of asset retirement obligations and is effective for year beginning on or after April 1, 2022. There was no significant impact on these consolidated financial statements as a result of the adoption of this standard as no legal or constructive obligations were identified.

FINANCIAL INSTRUMENTS

On April 1, 2022, the Nation adopted the PSAS Section (PS 3450) "Financial Instruments". The new standard establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. There was no significant impact on these consolidated financial statements as a result of the adoption of these standards.

As part of the adoption of PSAS 3450, on April 1, 2022, the Nation was also required to adopt PSAS Section (PS 3041) "Portfolio Investments" which has removed the distinction between temporary and portfolio investments, PSAS Section (PS 2601) "Foreign Currency Translation" which requires unrealized gains and losses to be presented on the statement of re-measurement gains and losses and PSAS Section (PS 1201) "Financial Statement Presentation" which requires a new statement of remeasurement gains and losses separate from the statement of operations. The adoption of these standards or amendments had no significant impact on the Nation's consolidated financial statements and there are no remeasurement gains and losses, so no statement has been presented.

4. RESTRICTED CASH

CMHC Replacement Reserve

As required, as part of the Nation's Canada Mortgage and Housing Corporation ("C.M.H.C.") Housing program, a separate bank account has been established for replacement of capital equipment and for major repairs to tangible capital assets. 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, 2023, \$144,921 (2022 - \$109,963) had been deposited into separate accounts leaving an unfunded balance of \$343,130 (2022 - \$340,624).

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 primarily 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 collection is reasonably assured. Capital and revenue trust monies are transferred to The Nation on the authorization of the Minister of Indigenous Services Canada, with the consent of The Nation's Council.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

4. RESTRICTED CASH *(continued)*

| | 2 0 2 3 | 2 0 2 2 |
|----------------------------------|-------------------|-------------------|
| CMHC Replacement Reserve account | \$ <u>144,921</u> | \$ <u>109,963</u> |
| Ottawa Trust Fund | | |
| Balance, beginning of year | 11,779 | 11,674 |
| Interest | <u>298</u> | <u>105</u> |
| Balance, end of year | <u>12,077</u> | <u>11,779</u> |
| | \$ <u>156,998</u> | \$ <u>121,742</u> |

5. ACCOUNTS RECEIVABLE

| | 2 0 2 3 | 2 0 2 2 |
|--|----------------------|---------------------|
| Indigenous Services Canada | | |
| First Nation School Formula | \$ | \$ 734,002 |
| Roads and Bridges | 472,977 | 620,205 |
| Community Buildings | | 537,740 |
| Construction | 437,000 | 437,000 |
| Planning Design and Construction | 105,502 | 146,045 |
| Water Systems | | 109,436 |
| Wastewater Systems | | 103,537 |
| B17 P2 Energy Systems | | 100,000 |
| Skill Link Program | | 67,725 |
| Capacity Innovation Housing | | 44,389 |
| Special Services | 38,780 | 38,965 |
| Construction | 7,094,858 | 36,318 |
| FNWWAP Water > \$1.5M | 30,000 | 30,000 |
| Fire Protection | | 27,343 |
| Education Planning Design and Construction | 5,456 | 5,259 |
| Asset Management Plan | 3,000 | |
| Band Support Funding | 47,596 | |
| KI Agreement - Initial Start-up | <u>2,500,000</u> | - |
| Subtotal | 10,735,169 | 3,037,964 |
| Health Canada | | 256,874 |
| Province of Ontario | 338,906 | 1,851,434 |
| Independent Electricity System Operator | 125,325 | 240,325 |
| Independent First Nation | 402,982 | 83,067 |
| Replacement Reserve | 451,917 | 450,587 |
| Other sources | <u>1,734,356</u> | <u>459,332</u> |
| | \$ <u>13,788,655</u> | \$ <u>6,379,583</u> |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

6. INVESTMENTS

| | 2 0 2 3 | 2 0 2 2 |
|------------------------------------|---------------------|---------------------|
| Wasaya Group of Companies | \$ 4,910,150 | \$ 5,126,590 |
| Happy Time Real Estate Holdings LP | <u>307,022</u> | <u>333,000</u> |
| | <u>\$ 5,217,172</u> | <u>\$ 5,459,590</u> |

Wasaya Group of companies investment represent The Nation investment in Wasaya Airway Limited Partnership with principal activities include commercial aircraft operations and Wasaya Petroleum Limited Partnership with principal activities of selling and arrange deliveries of petroleum products with ownership of 7% and Wasaya Group Incorporation as holding company by 8%.

Happy Time Real Estate Holding LP represents The Nation 16.66% ownership for the AVID-FN Motel One LP in Thunder Bay, Ontario. The principal activities will be daily operations including check in or out, housekeeping, maintenance, facility management and food and beverages vending services. This motel is owned by the six First Nations to handles the majority travels needs.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | 2 0 2 3 | 2 0 2 2 |
|---------------------------|---------------------|----------------------|
| CMHC accountable advances | \$ 544,183 | \$ 526,000 |
| Trade and other payables | <u>8,247,099</u> | <u>10,522,211</u> |
| | <u>\$ 8,791,282</u> | <u>\$ 11,048,211</u> |

During the 2020 year CMHC approved a loan for an amount of \$1,052,000 for the construction of a 4 unit housing project. As per the term of the loan, CMHC has released \$544,183 as at year end March 31, 2023, as half advance payment. The remaining balance will be released upon receiving ministerial guarantee. As per CMHC, the total loan amount has not been fully released and is not under repayment as at March 31, 2023.

8. DEFERRED REVENUE

| | Balance, beginning of year | Funding received 2023 | Revenue recognized 2023 | Balance, end of year |
|---|----------------------------------|-----------------------------|-------------------------------|-------------------------|
| Indigenous Services Canada | | | | |
| Child and Family Advocacy | | | | |
| Band Rep | \$ 1,624,196 | \$ 2,327,794 | \$ 1,624,196 | \$ 2,327,794 |
| Child and Family Services - Prevention | | 1,971,996 | | 1,971,996 |
| COVID-19 Emergency Fund | 4,424,649 | 2,200,831 | 4,424,649 | 2,200,831 |
| Education Consolidated Funding | 4,096,572 | 4,407,534 | 4,096,572 | 4,407,534 |
| Skills Link Program | 67,725 | | 67,725 | |
| Special Education High Cost | 225,000 | | 225,000 | |
| School Emergencies COVID-19 | 980,425 | 198,184 | 980,425 | 198,184 |
| Fire Protection | 25,792 | | 25,792 | |
| Fire Training | <u>3,984</u> | <u>11,716</u> | <u>3,984</u> | <u>11,716</u> |
| Subtotal carry forward | <u>\$ 11,448,343</u> | <u>\$ 11,118,055</u> | <u>\$ 11,448,343</u> | <u>11,118,055</u> |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

8. DEFERRED REVENUE *(continued)*

| | Balance, beginning of year | Funding received 2023 | Revenue recognized 2023 | Balance, end of year |
|--|----------------------------------|-----------------------------|-------------------------------|-------------------------|
| Subtotal carry forward from previous page | \$ 11,448,343 | \$ 11,118,055 | \$ 11,448,343 | 11,118,055 |
| Roads and Bridges | 566,483 | 2,814 | 566,483 | 2,814 |
| Q34X-001 Acquisition and Construction Water - < \$1.5M | 108,395 | | 108,395 | |
| Q34X-002 Acquisition and Construction Water - < \$1.5M | 451,755 | 252,951 | 451,755 | 252,951 |
| Q351-001 Acquisition and Construction -Wastewater - < \$1.5M | 370,472 | | 370,472 | |
| Acquisition and Construction Sewer System Upgrades | 343,850 | | 343,850 | |
| Wastewater System Operation and Management | 1,170,630 | 1,694,084 | 1,170,630 | 1,694,084 |
| Wastewater Contribution | 119,000 | 119,000 | 119,000 | 119,000 |
| Wastewater > \$1.5M System Repairs and Upgrade | 204,054 | | 204,054 | |
| Water Systems | 994,198 | 561,002 | 994,198 | 561,002 |
| Winter Road | 125,804 | | 125,804 | |
| Capital School Construction | 4,052,504 | | 4,052,504 | |
| First Nation Water and Wastewater Action Plan Water > \$1.5M | 150,000 | 120,628 | 150,000 | 120,628 |
| Vulnerable Systems | 60,300 | | 60,300 | |
| Planning Design and Construction | 461,683 | | 461,683 | |
| Energy Systems B17 P2 | 511,273 | 118,623 | 511,273 | 118,623 |
| Fuel - Assets and Diesel Generation Site | 2,000 | | 2,000 | |
| Water and Wastewater over \$1.5M KI School Project | 5,157,659 | | 5,157,659 | |
| Water and Wastewater over \$1.5M Upgrades and Repairs | 1,059,512 | | 1,059,512 | |
| Income Assistance Service Delivery | 95,221 | 95,221 | 95,221 | 95,221 |
| Housing Construction 2 Units | 322,977 | | 322,977 | |
| Consolidated Tikinagan Child Family Services Law | 2,629,456 | 3,268,187 | 2,629,456 | 3,268,187 |
| ESE Implementation/Expansion | | 6,348 | | 6,348 |
| Energy System | | 3,191,195 | 2,101,154 | 1,090,041 |
| Water Under \$1.5M | | 987,714 | 775,903 | 211,811 |
| Wastewater Over \$1.5M - Wastewater System | | 435,509 | | 435,509 |
| Undrip Engagement | | 110,000 | 87,799 | 22,201 |
| Asset Management Plan | | 30,000 | | 30,000 |
| Subtotal carry forward | \$ 30,405,569 | \$ 22,111,331 | \$ 33,370,425 | 19,146,475 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

8. DEFERRED REVENUE *(continued)*

| | Balance, beginning of year | Funding received 2023 | Revenue recognized 2023 | Balance, end of year |
|--|----------------------------------|-----------------------------|-------------------------------|-------------------------|
| Subtotal carry forward | \$ 30,405,569 | \$ 22,111,331 | \$ 33,370,425 | 19,146,475 |
| First Nation Child and Family Services Capital | | 3,416,714 | 774,710 | 2,642,004 |
| Design and Construction | | 6,395,385 | | 6,395,385 |
| Water under \$1.5M - Backup Power Project | | 628,336 | | 628,336 |
| Water Feasibility Study Under \$1.5M | | 55,000 | | 55,000 |
| Water over \$1.5M - KI School Project Revenue | | 5,261,031 | | 5,261,031 |
| KI Equaygamik | - | 3,721,447 | 2,369,714 | 1,351,733 |
| | <u>30,405,569</u> | <u>41,589,244</u> | <u>36,514,849</u> | <u>35,479,964</u> |
| Health Canada | | | | |
| Allied Funding | 200,281 | | 200,281 | |
| Nutrition North Canada | 33,655 | 67,810 | 33,655 | 67,810 |
| Health Canada Suicide Prevention | 21,355 | 29,248 | 21,355 | 29,248 |
| Communicable Disease Control | 140 | | 140 | |
| Drinking Water | 9,000 | 9,000 | 9,000 | 9,000 |
| Canadian Prenatal Nutrition Program | 10,685 | 18,316 | 10,685 | 18,316 |
| Jordan's Principle | | 323,594 | | 323,594 |
| Jordan's Principle Healthy Child Development | 90,000 | | 90,000 | |
| Jordan's Principle Medical Supplies and Equipment | 67,500 | | 67,500 | |
| Jordan's Principle Cultural Act and Supplies | 128,579 | | 128,579 | |
| Clinical Client Care | 130,833 | 130,833 | 130,833 | 130,833 |
| Mental Wellness - Prescription Drug Abuse | 140,400 | 201,048 | 140,400 | 201,048 |
| Mental Wellness Expanded Trauma Health Support | 96,803 | 96,803 | 96,803 | 96,803 |
| Building Healthy Communities | 88,004 | 88,004 | 88,004 | 88,004 |
| Brighter Futures | 57,386 | | 57,386 | |
| National Native Alcohol and Drug Abuse Program | 144,610 | 274,704 | 144,610 | 274,704 |
| Aboriginal Diabetes Initiative | 100,323 | 59,348 | 100,323 | 59,348 |
| Home and Community Care- Hospice like space | 63,327 | 10,391 | 63,327 | 10,391 |
| Tobacco Control Strategy | 13,509 | 27,018 | 13,509 | 27,018 |
| Home and Community Care | 8,352 | | 8,352 | |
| Tuberculosis Preventive Promotion and Education | 3,615 | | 3,615 | |
| HIV/AIDS | 10,413 | | 10,413 | |
| Subtotal carry forward | <u>\$ 1,418,770</u> | <u>\$ 1,336,117</u> | <u>\$ 1,418,770</u> | <u>1,336,117</u> |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

8. DEFERRED REVENUE *(continued)*

| | Balance, beginning of year | Funding received 2023 | Revenue recognized 2023 | Balance, end of year |
|---|----------------------------------|-----------------------------|-------------------------------|-------------------------|
| Subtotal carry forward from previous page | \$ 1,418,770 | \$ 1,336,117 | \$ 1,418,770 | 1,336,117 |
| Jordan's Principle - Special Needs | 105,584 | | 105,584 | |
| Safe House | 770,531 | | 770,531 | |
| Nursing Station Project | 149,544 | | 149,544 | |
| Communicable Disease Control and Management | 434,649 | 445,299 | 434,649 | 445,299 |
| Healthy Child Development | | 33,664 | | 33,664 |
| Mental Wellness Papal Visit Revenue | | 52,332 | | 52,332 |
| EPHS-DR Water and Wastewater | | 9,000 | | 9,000 |
| Jordan's Principle Healthy Child Development | | 90,000 | | 90,000 |
| Jordan's Principle Medical Supplies and Equipment | | 67,500 | | 67,500 |
| Jordan's Principle Cultural Act and Supplies | | 128,579 | | 128,579 |
| Jordan's Principle - Special Needs | | 213,088 | | 213,088 |
| Safe House | | 488,102 | | 488,102 |
| Indigenous Early Learning and Child Safe Start - Aboriginal Head Start on Revenue Minor Projects | | 10,000 | | 10,000 |
| Child and Youth Program | - | 41,337 | - | 41,337 |
| | <u>2,879,078</u> | <u>2,915,018</u> | <u>2,879,078</u> | <u>2,915,018</u> |
| Other Programs | | | | |
| Independent First Nation Youth Cultural | 42,640 | | 42,640 | |
| Independent First Nation Youth Life Promotions | | 130,745 | | 130,745 |
| IESO - Education Capacity Building | 14,129 | | 14,129 | |
| IESO - Indigenous Energy Projects Solar | 145,630 | | 145,630 | |
| IESO - Community Energy Champion | 131,319 | 131,319 | 131,319 | 131,319 |
| Harvesters Program | 9,404 | 9,404 | 9,404 | 9,404 |
| KI Policing Infrastructure Project | 621,583 | | 621,583 | |
| Sawmill Project | 13,458 | | 13,458 | |
| Work At Height Safety Association | 77,144 | | 77,144 | |
| Land and Environment | 396,011 | 104,724 | 396,011 | 104,724 |
| Subtotal carry forward | \$ <u>1,451,318</u> | \$ <u>376,192</u> | \$ <u>1,451,318</u> | <u>376,192</u> |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

8. DEFERRED REVENUE *(continued)*

| | Balance, beginning of year | Funding received 2023 | Revenue recognized 2023 | Balance, end of year |
|--|----------------------------------|-----------------------------|-------------------------------|-------------------------|
| Subtotal carry forward from previous page | \$ 1,451,318 | \$ 376,192 | \$ 1,451,318 | 376,192 |
| Revitalization Indigenous Legal Systems | 44,319 | 44,319 | 44,319 | 44,319 |
| Indigenous Protected Area Watershed - IBCC | 85,000 | 85,000 | 85,000 | 85,000 |
| Indigenous Protected Area Watershed - Metcalf | 71,591 | 70,626 | 71,591 | 70,626 |
| KI Permits | 14,098 | 14,098 | 14,098 | 14,098 |
| Crisis Team | 93,343 | 217,172 | 93,343 | 217,172 |
| Healthy Babies Healthy Children | 117,898 | 203,144 | 117,898 | 203,144 |
| Health and Long Term Care | 141,285 | 284,463 | 141,285 | 284,463 |
| Aboriginal Language Initiative | 17,323 | 30,112 | 17,323 | 30,112 |
| KI Preparation Homecoming | 94,753 | 124,270 | 94,753 | 124,270 |
| KI Rapid Housing Program CMHC | 1,297,505 | 947,994 | 1,297,505 | 947,994 |
| KI Family Law - System Planning Funding | 365,090 | | 365,090 | |
| Ontario First Nations Limited | | 722,997 | | 722,997 |
| Rehabilitation Nanook Bridge | | 101,632 | | 101,632 |
| | <u>3,793,523</u> | <u>3,222,019</u> | <u>3,793,523</u> | <u>3,222,019</u> |
| | <u>\$ 37,078,170</u> | <u>\$ 47,726,281</u> | <u>\$ 43,187,450</u> | <u>\$ 41,617,001</u> |

9. REPLACEMENT RESERVE

| | 2 0 2 3 | 2 0 2 2 |
|---|-------------------|-------------------|
| Balance, beginig of the year | \$ 450,587 | \$ 413,122 |
| Annual allocation to replacement reserve: | | |
| Elder care home - 7 units | 7,000 | 7,000 |
| New family housing - 7 units | 7,000 | 7,000 |
| New family housing - 11 units | 11,000 | 11,000 |
| New family housing - 9 units | <u>12,465</u> | <u>12,465</u> |
| Subtotal | <u>37,465</u> | <u>37,465</u> |
| | <u>\$ 488,052</u> | <u>\$ 450,587</u> |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

10. LONG-TERM DEBT

| | 2023 | 2022 |
|--|---------------------|---------------------|
| John Deere Financial, 8.99%, repayable in monthly installments of \$10,109 (including interest), secured by equipment purchased, due March 2028. | \$ 487,111 | \$ |
| John Deere Financial, 6.40%, repayable in monthly installments of \$9,685 (including interest), secured by equipment purchased, due February 2028. | 489,161 | |
| John Deere Financial, 6.40%, repayable in monthly installments of \$4,469 (including interest), secured by equipment purchased, due February 2028. | 225,702 | |
| John Deere Financial, 6.40%, repayable in monthly installments of \$5,484 (including interest), secured by equipment purchased, due February 2028. | 276,964 | |
| John Deere Financial, 6.40%, repayable in monthly installments of \$11,535 (including interest), secured by equipment purchased, due February 2028. | 582,567 | |
| John Deere Financial, 5.75%, repayable in monthly installments of \$5,014 (including interest), secured by equipment purchased, due February 2028. | 257,186 | |
| John Deere Financial, 2.90%, repayable in monthly installments of \$4,826 (including interest), secured by equipment purchased, due March 2023. | | 57,296 |
| John Deere Financial, repayable in monthly installments of \$7,179 (including interest) due March 2023. | | 83,484 |
| C.M.H.C. mortgage, 1.87%, repayable in monthly installments of \$3,049 (including interest), due March 2029, secured by Ministerial Guarantee. | 207,589 | 239,984 |
| C.M.H.C. mortgage, 2.49%, repayable in monthly installments of \$2,352 (including interest), due January 2033, secured by Ministerial Guarantee. | 246,085 | 267,915 |
| C.M.H.C. mortgage, 1.69%, repayable in monthly installments of \$6,791 (including interest), due August 2039, secured by Ministerial Guarantee. | 1,168,039 | 1,229,298 |
| C.M.H.C. mortgage, 2.49%, repayable in monthly installments of \$6,163 (including interest), due January 2033 secured by Ministerial Guarantee and assignment of fire insurance. | <u>644,867</u> | <u>702,073</u> |
| | <u>\$ 4,585,271</u> | <u>\$ 2,580,050</u> |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

10. LONG-TERM DEBT *(continued)*

The scheduled principal amounts payable within the next five years to meet retirement provisions, assuming long-term debt subject to refinancing is reviewed are estimated to be as follows:

| | |
|----------------|---------------------|
| March 31, 2024 | \$ 585,004 |
| 2025 | 617,598 |
| 2026 | 652,367 |
| 2027 | 689,471 |
| 2028 | 692,961 |
| Thereafter | <u>1,347,870</u> |
| | <u>\$ 4,585,271</u> |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

11. TANGIBLE CAPITAL ASSETS

| | Cost | | | | Accumulated Amortization | | | | Net Book Value | |
|---------------------------------------|----------------------|----------------------|---|-----------------------|--------------------------|---------------------|---|----------------------|----------------------|----------------------|
| | Opening Balance | Additions | Disposals, Write-offs & Adjustments | Closing Balance | Opening Balance | Amortization | Disposals, Write-offs & Adjustments | Closing Balance | Total | Total |
| | | | | | | | | | 2 0 2 3 | 2 0 2 2 |
| Construction in progress (Note 12) | \$ 46,028,151 | \$ 17,393,975 | \$ | \$ 63,422,126 | \$ | \$ | \$ | \$ | \$ 63,422,126 | \$ 46,028,151 |
| Infrastructure | 35,728,791 | 715,190 | | 36,443,981 | 13,540,976 | 3,882,884 | | 17,423,860 | 19,020,121 | 22,187,815 |
| Buildings | 138,520 | | | 138,520 | 67,459 | 5,542 | | 73,001 | 65,519 | 71,061 |
| Housing | 5,825,321 | | | 5,825,321 | 3,298,877 | 172,688 | | 3,471,565 | 2,353,756 | 2,526,444 |
| Equipment | 4,866,815 | 2,307,520 | | 7,174,335 | 2,528,403 | 700,181 | | 3,228,584 | 3,945,751 | 2,338,412 |
| Vehicles | 3,998,958 | 3,905,748 | 84,237 | 7,820,469 | 2,436,425 | 665,939 | 75,789 | 3,026,575 | 4,793,894 | 1,562,533 |
| | <u>\$ 96,586,556</u> | <u>\$ 24,322,433</u> | <u>\$ 84,237</u> | <u>\$ 120,824,752</u> | <u>\$ 21,872,140</u> | <u>\$ 5,427,234</u> | <u>\$ 75,789</u> | <u>\$ 27,223,585</u> | <u>\$ 93,601,167</u> | <u>\$ 74,714,416</u> |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

12. CONSTRUCTION IN PROGRESS

| | 2 0 2 3 | 2 0 2 2 |
|--|----------------------|----------------------|
| Nursing station project | \$ 75,095 | \$ 75,095 |
| School project | 53,714,891 | 42,779,281 |
| Rapid housing project | 2,636,980 | 2,287,469 |
| Housing - 2 units | 551,023 | 551,023 |
| Renovations - Women Shelter | 1,329,183 | 335,283 |
| Lagoon repair project | 1,325,488 | |
| Former school renovation - east wing | 454,737 | |
| KI generator replacement | 731,000 | |
| Wapekeka School | 2,101,154 | |
| Former school renovation - east wing (OMI) | 319,973 | |
| Nanook Bridge Rehabilitation | 182,602 | - |
| | <u>\$ 63,422,126</u> | <u>\$ 46,028,151</u> |

13. CONTINGENT LIABILITIES

The Nation receives funding from various government agencies based on specified program needs and budgets and allocates certain expenses to the various programs.

In many cases the funding agent has the right to review the accounting records to ensure compliance with the terms and conditions of their funding agreements.

At this time, it was not yet determined to what extent any funding amounts related to the fiscal year ended March 31, 2023, might be recovered.

For accounting purposes, any amounts assessed or claims paid will be accounted for in the year of determination.

14. RECONCILIATION OF INDIGENOUS SERVICES CANADA REVENUE

| | 2 0 2 3 | 2 0 2 2 |
|---|----------------------|----------------------|
| Agreement: #2021-ON-000023 | \$ <u>65,858,282</u> | \$ <u>54,087,530</u> |
| Indigenous Service Canada (statement 2) | \$ 52,212,781 | \$ 42,873,000 |
| Health Canada (statement 2) | \$ <u>13,645,501</u> | \$ <u>11,214,530</u> |
| | <u>\$ 65,858,282</u> | <u>\$ 54,087,530</u> |

15. ECONOMIC DEPENDENCE

The Nation receives a majority of its revenue from Indigenous Services Canada (ISC) and Health Canada, pursuant to funding arrangements with the Government of Canada.

The ability of the Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by the funding arrangements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

16. RELATED PARTY TRANSACTIONS

In the normal course of business the Nation enters into transactions with related parties. Related party transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Due to the significant volume of transactions between the Nation and related parties, aggregate revenue and expenditures derived from related parties is not determinable.

17. BUDGET INFORMATION

Section 1202, Financial Statement Presentation, of the Chartered Professional Accountants of Canada Public Sector Accounting Board Handbook requires the disclosure of the budgeted information. The Nation has not prepared or approved consolidated budgets. As a result, the Nation was unable to present budgeted information on the consolidated financial statements for the year ended March 31, 2023.

18. ACCUMULATED SURPLUS

| | 2 0 2 3 | 2 0 2 2 |
|---|----------------------|----------------------|
| Accumulated (deficit) from operations | \$ (788,673) | \$ (4,676,735) |
| Equity in tangible capital asset and construction in progress | 89,015,896 | 72,134,366 |
| Equity in long-term investment | 5,217,172 | 5,459,590 |
| Ottawa Trust Fund | 12,077 | 11,779 |
| Replacement reserve required allocation | <u>343,130</u> | <u>340,624</u> |
| | <u>\$ 93,799,602</u> | <u>\$ 73,269,624</u> |

19. FINANCIAL INSTRUMENTS

Management of risks arising from financial instruments

The Nation's principal financial liabilities comprise of trade and other payables, loans and borrowings. The main purpose of these financial liabilities is to finance and support the Nation's operations. The Nation has trade and other receivables, cash, and restricted cash that are derived directly from its operations. It also holds deposits and investments in government business partnerships as part of its investing activities.

The Nation's activities expose it to a variety of financial risks: credit risk, liquidity risk, market risk (including interest risk) and fair value risk. The Nation's overall management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Nation's financial performance. Risk management is the responsibility of the financial management team who have the appropriate skills, experience, and supervision. The financial management team identify, evaluate, and, where appropriate, mitigate financial risks. Material risks are monitored and are discussed regularly with Chief and Council.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

19. FINANCIAL INSTRUMENTS *(continued)*

The risks associated with the Nation's financial instruments are as follows:

CREDIT RISK

Credit risk arises from the potential that a counter party will fail to perform its obligations.

The Nation is exposed to credit risk from the possibility that parties may default on their financial obligations, or if the government fails to meet its obligations in accordance with agreed terms. The Nation considers a financial asset in default when internal or external information indicates that it is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Cash and cash equivalents, restricted cash, and portfolio investments are subject to credit risk however it is substantially reduced from these assets being held by low-risk institutions such as governments, and high-credit quality financial institutions that have been graded by third party agencies.

The credit risk associated with balances outstanding is minimized as the larger part of the balances would be from provincial and federal government funding, the Nation partners, and parties that sustain a good relationship with the organization. Security arrangements to secure funding are also arranged through multi year agreements between the government and the Nation. Additionally, accounts receivable is measured at amortized cost and analyzed by means of aging analysis. The maximum exposure to credit risk is represented by the carrying value of financial assets in the balance sheet.

LIQUIDITY RISK

Liquidity risk is the risk that the Nation will not be able to provide sufficient cash and cash equivalents to meet its financial obligations when they come due. The Nation meets its liquidity requirements by preparing cash flows from operations, anticipating investing and financing activities, and holding assets that can be readily converted into cash. As of year-end March 31, 2023, the Nation does not have sufficient assets from cash and cash equivalents and accounts receivable to cover the total outstanding accounts payable, deferred revenue, and demand loan payable, respectively. The Nation has investments that are not readily convertible into cash, as well as no credit facilities available to meet temporary fluctuations in cash requirements. To address the potential liquidity risk, management is actively working with evaluating new economic development initiatives.

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 is composed of currency risk, interest rate risk, and equity price risk.

FOREIGN CURRENCY RISK

Foreign currency risk refers to the changes in cash flows or fair values as a result of fluctuations in the value of various foreign currencies and exposure. The functional currency of the Nation is the Canadian dollar. The Nation does not engage in significant foreign currency transactions, nor does it hold any foreign investments; therefore, foreign currency risk is minimal and the Nation has not entered into any foreign exchange hedging contracts.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

19. FINANCIAL INSTRUMENTS *(continued)**INTEREST RATE RISK*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Nation's exposure to rate risk primarily stems from holdings of debt instruments with a variable rate component.

EQUITY RISK

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market price of equity instruments. The Nation has investments in government business partnerships that are accounted for using the equity method however, equity price risk is minimal as these are privately held entities.

FAIR VALUE

The Nation accounts for its portfolio investments at fair value. Financial instruments reported at fair value are then categorized under a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

The three levels of the fair value hierarchy are as follows:

- Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that management has the ability to access at the measurement date
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 - Inputs that are not observable. There is little if any market activity. Inputs into the determination of fair value require significant judgement or estimation.

All financial instruments accounted for at fair value on the statement of financial position are Level 1.

20. COMPARATIVE FIGURES

Certain prior year comparative figures have been reclassified where necessary to conform to the financial statement presentation adopted for the current year.

21. COVID-19

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in a widespread health crisis that has affected economies and financial markets around the world resulting in an economic downturn. This outbreak may also cause staff shortages, increased or reduced funding availability, increased or decreased demand for services, increased government regulations or interventions, all of which may negatively impact the financial conditions or results of operations of the Nation..

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

22. EXPENSES BY OBJECT

The following is a summary of expenses by object:

| | 2 0 2 3 | 2 0 2 2 |
|---------------------------|----------------------|----------------------|
| Administration fees | \$ 1,660,318 | \$ 1,835,633 |
| Amortization | 5,427,234 | 1,820,564 |
| Bad debts | 1,791,391 | 1,072,842 |
| Bank and interest charges | 90,259 | 25,020 |
| Community contributions | 1,420,234 | 1,164,333 |
| Income assistance | 468,865 | 76,440 |
| Office | 1,600,423 | 1,607,928 |
| Professional fees | 5,596,500 | 3,055,289 |
| Program expenditures | 12,267,452 | 10,403,934 |
| Rent | 531,200 | 73,006 |
| Repairs and maintenance | 2,800,083 | 1,317,142 |
| Salaries and benefits | 17,210,459 | 15,466,627 |
| Social assistance | 109,751 | |
| Travel | 5,701,680 | 4,817,425 |
| Utilities | 2,919,551 | 1,830,983 |
| Workshops and training | <u>536,966</u> | <u>208,034</u> |
| | <u>\$ 60,132,366</u> | <u>\$ 44,775,200</u> |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

22. SEGMENT DISCLOSURE

The Nation provides a range of services to its members. For management reporting purposes, operations and activities are reported by department. The presentation by segment is based on the same accounting policies as described in the summary of Significant Accounting Policies in Note 1. The segment results for the year are as follows:

| | Band Support and Administration | | Education | | Public Works | | Capital | | Lands and Environment | |
|-----------------------|------------------------------------|--------------------|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|-----------------------|--------------------|
| | <u>2023</u> | <u>2022</u> | <u>2023</u> | <u>2022</u> | <u>2023</u> | <u>2022</u> | <u>2023</u> | <u>2022</u> | <u>2023</u> | <u>2022</u> |
| Revenues | | | | | | | | | | |
| Federal Government | | | | | | | | | | |
| ISC | \$ 7,796,843 | \$ 9,848,851 | \$ 11,111,239 | \$ 12,252,169 | \$ 5,719,627 | \$ 5,310,257 | \$ 21,925,860 | \$ 9,879,459 | \$ 50,000 | \$ |
| Health Canada | | 2,764,417 | | | | | | | | |
| CMHC | | | | | | | | | | |
| Other | 4,082,493 | 5,280,075 | 292,715 | 360,253 | 2,457,278 | 1,136,370 | 300,052 | 796 | 168,098 | 546,018 |
| Deferred revenue | | | | | | | | | | |
| from prior year | 7,227,291 | 1,356,784 | 5,446,866 | 1,078,787 | 4,484,416 | 2,552,272 | 11,454,930 | 22,359,364 | 706,240 | 422,035 |
| Deferred revenue to | | | | | | | | | | |
| following year | <u>(6,641,344)</u> | <u>(7,227,291)</u> | <u>(4,605,718)</u> | <u>(5,446,866)</u> | <u>(3,324,903)</u> | <u>(4,484,416)</u> | <u>(16,413,013)</u> | <u>(11,454,930)</u> | <u>(436,188)</u> | <u>(706,240)</u> |
| Total revenue | <u>12,465,283</u> | <u>12,022,836</u> | <u>12,245,102</u> | <u>8,244,343</u> | <u>9,336,418</u> | <u>4,514,483</u> | <u>17,267,829</u> | <u>20,784,689</u> | <u>488,150</u> | <u>261,813</u> |
| Expenses | | | | | | | | | | |
| Amortization | 5,232,765 | 1,618,540 | | | | | | | | |
| Other | 6,500,252 | 6,344,029 | 4,754,388 | 2,597,517 | 5,608,809 | 3,834,166 | 2,628,370 | 1,111,561 | 326,940 | 92,030 |
| Salaries and benefits | <u>3,261,055</u> | <u>3,088,376</u> | <u>5,201,581</u> | <u>4,161,755</u> | <u>1,760,826</u> | <u>1,540,555</u> | <u>447,175</u> | <u>597,272</u> | <u>136,209</u> | <u>242,191</u> |
| Total expenses | <u>14,994,072</u> | <u>11,050,945</u> | <u>9,955,969</u> | <u>6,759,272</u> | <u>7,369,635</u> | <u>5,374,721</u> | <u>3,075,545</u> | <u>1,708,833</u> | <u>463,149</u> | <u>334,221</u> |
| Surplus (Deficit) | <u>\$(2,528,789)</u> | <u>\$ 971,891</u> | <u>\$ 2,289,133</u> | <u>\$ 1,485,071</u> | <u>\$ 1,966,783</u> | <u>\$(860,238)</u> | <u>\$ 14,192,284</u> | <u>\$ 19,075,856</u> | <u>\$ 25,001</u> | <u>\$(72,408)</u> |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2023
22. SEGMENT DISCLOSURE (continued)

| | Economic Development | | Health | | Housing | | Socio Economics and Development | | First Nation Program | |
|------------------------------------|----------------------|-------------------|-----------------------|-----------------------|-------------------|--------------------|---------------------------------|---------------------|----------------------|---------------------|
| | <u>2023</u> | <u>2022</u> | <u>2023</u> | <u>2022</u> | <u>2023</u> | <u>2022</u> | <u>2023</u> | <u>2022</u> | <u>2023</u> | <u>2022</u> |
| Revenues | | | | | | | | | | |
| Federal Government | | | | | | | | | | |
| ISC | \$ 112,700 | \$ 986,700 | \$ | \$ | \$ | \$ | \$ 2,561,719 | \$ 3,296,789 | \$ | \$ |
| Health Canada | | | 13,645,501 | 8,450,113 | | | | | | |
| CMHC | | | | | 250,426 | 522,609 | | | | |
| Other | 78,072 | 169,733 | 1,747,108 | 1,228,970 | 187,083 | 191,193 | 7,723,111 | 5,521,075 | 976,532 | 684,869 |
| Deferred revenue from prior year | 322,977 | | 3,031,323 | 1,289,776 | 1,297,505 | 2,279,138 | 2,994,546 | 228,496 | 112,076 | 27,954 |
| Deferred revenue to following year | <u>-</u> | <u>(322,977)</u> | <u>(4,473,539)</u> | <u>(3,031,323)</u> | <u>(947,994)</u> | <u>(1,297,505)</u> | <u>(3,268,187)</u> | <u>(2,994,546)</u> | <u>(154,382)</u> | <u>(112,076)</u> |
| Total revenue | <u>513,749</u> | <u>833,456</u> | <u>13,950,393</u> | <u>7,937,536</u> | <u>787,020</u> | <u>1,695,435</u> | <u>10,011,189</u> | <u>6,051,814</u> | <u>934,226</u> | <u>600,747</u> |
| Expenses | | | | | | | | | | |
| Amortization | | | | | 172,689 | 169,137 | | | | |
| Other | 132,171 | 201,284 | 10,446,250 | 4,790,981 | 286,691 | 835,516 | 5,704,140 | 6,380,222 | 406,013 | 587,435 |
| Salaries and benefits | <u>-</u> | <u>-</u> | <u>4,530,802</u> | <u>4,207,264</u> | <u>-</u> | <u>52,317</u> | <u>561,274</u> | <u>265,773</u> | <u>654,594</u> | <u>649,998</u> |
| Total expenses | <u>132,171</u> | <u>201,284</u> | <u>14,977,052</u> | <u>8,998,245</u> | <u>459,380</u> | <u>1,056,970</u> | <u>6,265,414</u> | <u>6,645,995</u> | <u>1,060,607</u> | <u>1,237,433</u> |
| Surplus (Deficit) | \$ <u>381,578</u> | \$ <u>632,172</u> | \$ <u>(1,026,659)</u> | \$ <u>(1,060,709)</u> | \$ <u>327,640</u> | \$ <u>638,465</u> | \$ <u>3,745,775</u> | \$ <u>(594,181)</u> | \$ <u>(126,381)</u> | \$ <u>(636,686)</u> |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

22. SEGMENT DISCLOSURE (continued)

| | Women Shelter | | TOTAL | |
|------------------------------------|---------------------|-------------------|----------------------|----------------------|
| | <u>2023</u> | <u>2022</u> | <u>2023</u> | <u>2022</u> |
| Revenues | | | | |
| Federal Government | | | | |
| ISC | \$ 2,934,793 | \$ 1,298,775 | \$ 52,212,781 | \$ 42,873,000 |
| Health Canada | | | 13,645,501 | 11,214,530 |
| CMHC | | | 250,426 | 522,609 |
| Other | 1,079,925 | 394,034 | 19,092,467 | 15,513,386 |
| Deferred revenue from prior year | | | 37,078,170 | 31,594,606 |
| Deferred revenue to following year | (1,351,733) | - | (41,617,001) | (37,078,170) |
| Total revenue | <u>2,662,985</u> | <u>1,692,809</u> | <u>80,662,344</u> | <u>64,639,961</u> |
| Expenses | | | | |
| Amortization | 21,780 | 32,887 | 5,427,234 | 1,820,564 |
| Other | 700,649 | 713,268 | 37,494,673 | 27,488,009 |
| Salaries and benefits | <u>656,943</u> | <u>661,126</u> | <u>17,210,459</u> | <u>15,466,627</u> |
| Total expenses | <u>1,379,372</u> | <u>1,407,281</u> | <u>60,132,366</u> | <u>44,775,200</u> |
| Surplus | \$ <u>1,283,613</u> | \$ <u>285,528</u> | \$ <u>20,529,978</u> | \$ <u>19,864,761</u> |