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Services aux Autochtones Canada  
Thunder Bay

**Michipicoten First Nation  
Consolidated Financial Statements  
For the year ended March 31, 2022**

**Michipicoten First Nation  
Consolidated Financial Statements  
For the year ended March 31, 2022**

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## **Michipicoten First Nation**

### **Management's Responsibility for Financial Reporting**

**March 31, 2022**

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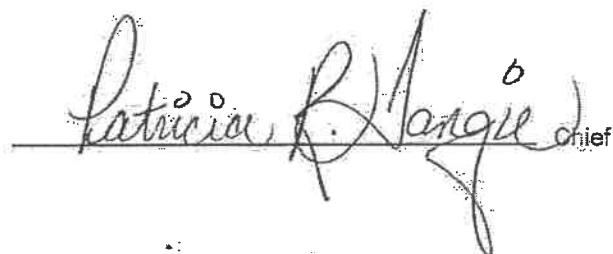
The accompanying consolidated financial statements of Michipicoten First Nation are the responsibility of management and have been approved by Chief and Council.

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

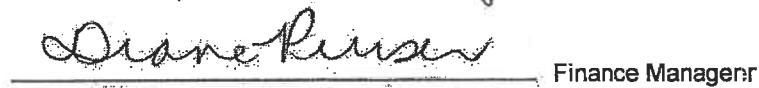
Chief and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

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

On behalf of Michipicoten First Nation:

  
\_\_\_\_\_  
Patricia B. Manguie

Chief

  
\_\_\_\_\_  
Diane Ruisen

Finance Manager

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## Independent Auditor's Report

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### To the Members of Michipicoten First Nation

#### Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2022, and the results of its operations, changes in net assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

#### Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of these 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 financial statements.

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## Independent Auditor's Report (continued)

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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.

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

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants  
Sault Ste. Marie, Ontario  
September 20, 2022

**Michipicoten First Nation**  
**Consolidated Statement of Financial Position**

| <u>March 31</u>   | <u>2022</u>          | <u>2021</u>          |
|---|----------------------|----------------------|
| <b>Financial assets</b>                                 |                      |                      |
| Cash  | \$ 7,305,564         | \$ 7,071,177         |
| Short term deposit receipts                             | 18,000,000           | 4,200,000            |
| Accounts receivable                                     | 2,315,317            | 2,118,089            |
| Investments (Note 2)                                    | 3,999,979            | 2,006,073            |
| Funds held in trust with Government of Canada (Note 3)  | <u>260,508</u>       | <u>41,846</u>        |
|   | <u>31,881,368</u>    | <u>15,437,185</u>    |
| <b>Liabilities</b>                                      |                      |                      |
| Accounts payable and accrued liabilities                | 879,496              | 937,387              |
| Deferred revenue (Note 4)                               | 5,989,869            | 3,781,596            |
| Long term debt (Note 5)                                 | 520,175              | 590,715              |
| Future landfill closure and post-closure costs (Note 6) | <u>12,645</u>        | <u>4,632</u>         |
|   | <u>7,402,185</u>     | <u>5,314,330</u>     |
| <b>Net financial assets</b>                             | <u>24,479,183</u>    | <u>10,122,855</u>    |
| <b>Non-financial assets</b>                             |                      |                      |
| Tangible capital assets (Schedule 1)                    | 13,544,509           | 13,723,342           |
| Prepaid expenses  | <u>47,692</u>        | <u>40,498</u>        |
|   | <u>13,592,201</u>    | <u>13,763,840</u>    |
| <b>Accumulated surplus (Note 7)</b>                     | <u>\$ 38,071,384</u> | <u>\$ 23,886,695</u> |

On behalf of the First Nation:

Patricia B. Songil Chief  
Diane Pusun Finance Manager

**Michipicoten First Nation  
Consolidated Statement of Operations**

| <b>For the year ended March 31</b>               | <b>Budget</b>        | <b>2022</b>          | <b>2021</b>          |
|--|----------------------|----------------------|----------------------|
| <b>Revenue</b>                                   |                      |                      |                      |
| Indigenous Services Canada                       | \$ 2,898,086         | <b>1,370,557</b>     | \$ 1,328,491         |
| Canada   | 1,237,073            | <b>1,081,209</b>     | 399,658              |
| Ontario  | 886,678              | <b>448,394</b>       | 418,349              |
| Ontario First Nations (2008) Limited Partnership | 935,208              | <b>516,339</b>       | 847,773              |
| Michipicoten First Nation trusts                 | 516,561              | <b>762,777</b>       | 719,072              |
| Aboriginal organizations                         | 3,352,285            | <b>1,956,717</b>     | 1,749,182            |
| Rentals, interest and other                      | 1,340,999            | <b>15,504,763</b>    | 6,422,634            |
|  | <hr/>                | <hr/>                | <hr/>                |
|  | 11,166,890           | <b>21,640,756</b>    | 11,885,159           |
| <b>Expenses</b>                                  |                      |                      |                      |
| Community and membership                         | 1,558,063            | <b>899,931</b>       | 1,310,565            |
| Education  | 2,236,302            | <b>1,519,893</b>     | 1,336,622            |
| Infrastructure & asset management                | 1,051,735            | <b>746,992</b>       | 544,088              |
| Health and social services                       | 1,185,475            | <b>999,969</b>       | 730,055              |
| Administration and governance                    | 899,878              | <b>453,443</b>       | 645,465              |
| Housing  | 337,993              | <b>293,458</b>       | 395,215              |
| Enterprises and economic development             | 1,323,961            | <b>736,855</b>       | 914,378              |
| Other  | 518,047              | <b>1,805,526</b>     | 1,519,840            |
|  | <hr/>                | <hr/>                | <hr/>                |
|  | 9,111,454            | <b>7,456,067</b>     | 7,396,228            |
| <b>Annual surplus</b>                            | <b>2,055,436</b>     | <b>14,184,689</b>    | 4,488,931            |
| <b>Accumulated surplus, beginning of year</b>    | <b>23,886,695</b>    | <b>23,886,695</b>    | 19,397,764           |
| <b>Accumulated surplus, end of year</b>          | <b>\$ 25,942,131</b> | <b>\$ 38,071,384</b> | <b>\$ 23,886,695</b> |

**Michipicoten First Nation**  
**Consolidated Statement of Change in Net Financial Assets**

| <u>For the year ended March 31</u>             | <u>Budget</u>        | <u>2022</u>              | <u>2021</u>          |
|--|----------------------|--------------------------|----------------------|
| <b>Annual surplus</b>                          | \$ 2,055,436         | <b>\$ 14,184,689</b>     | \$ 4,488,931         |
| Acquisition of tangible capital assets         | -                    | (140,000)                | (18,776)             |
| Amortization of tangible capital assets        | 318,830              | <b>318,833</b>           | 318,696              |
| Loss on disposal of tangible capital assets    | -                    | -                        | 52,667               |
| Proceeds on sale of tangible capital assets    | -                    | -                        | 6,000                |
| Prepaid expenses                               | -                    | <b>(7,194)</b>           | (2,901)              |
| <b>Net change in net financial assets</b>      | 2,374,266            | <b>14,356,328</b>        | 4,844,617            |
| <b>Net financial assets, beginning of year</b> | <u>10,122,855</u>    | <u><b>10,122,855</b></u> | <u>5,278,238</u>     |
| <b>Net financial assets, end of year</b>       | <u>\$ 12,497,121</u> | <u>\$ 24,479,183</u>     | <u>\$ 10,122,855</u> |

**Michipicoten First Nation**  
**Consolidated Statement of Cash Flows**

| <u>For the year ended March 31</u>          | <u>2022</u>         | <u>2021</u>         |
|---|---------------------|---------------------|
| <b>Operating transactions</b>               |                     |                     |
| Annual surplus                              | \$ 14,184,689       | \$ 4,488,931        |
| Items not involving cash                    |                     |                     |
| Amortization                                | 318,833             | 318,696             |
| Loss on disposal of tangible capital assets | -                   | 52,667              |
| Unfunded landfill site costs                | <u>8,013</u>        | <u>735</u>          |
|   | <u>14,511,535</u>   | <u>4,861,029</u>    |
| Changes in non-cash operating balances      |                     |                     |
| Accounts receivable                         | (197,229)           | 582,487             |
| Prepaid expenses                            | (7,194)             | (2,901)             |
| Accounts payable and accrued liabilities    | (57,891)            | 701,148             |
| Deferred revenue                            | <u>2,208,273</u>    | <u>1,378,000</u>    |
|   | <u>16,457,494</u>   | <u>7,519,763</u>    |
| <b>Investing activities</b>                 |                     |                     |
| Short term deposit receipts                 | (13,800,000)        | (744,794)           |
| Investments                                 | (1,993,906)         | (1,202,744)         |
| Increase in funds held in trust             | <u>(218,662)</u>    | <u>(507)</u>        |
|   | <u>(16,012,568)</u> | <u>(1,948,045)</u>  |
| <b>Capital transactions</b>                 |                     |                     |
| Acquisition of tangible capital assets      | (140,000)           | (18,776)            |
| Proceeds on sale of tangible capital assets | -                   | 6,000               |
|   | <u>(140,000)</u>    | <u>(12,776)</u>     |
| <b>Financing activities</b>                 |                     |                     |
| Long term debt repaid                       | <u>(70,540)</u>     | <u>(68,458)</u>     |
| <b>Net change in cash</b>                   | <b>234,386</b>      | <b>5,490,484</b>    |
| <b>Cash, beginning of year</b>              | <b>7,071,178</b>    | <b>1,580,694</b>    |
| <b>Cash, end of year</b>                    | <b>\$ 7,305,564</b> | <b>\$ 7,071,178</b> |

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# Michipicoten First Nation

## Notes to Consolidated Financial Statements

March 31, 2022

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### 1. Significant accounting policies

#### a. Basis of Accounting

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

#### b. Reporting Entity

The Michipicoten First Nation reporting entity includes the First Nation government and all entities that are controlled by the First Nation.

#### c. Principles of Consolidation

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

Under the modified equity method of accounting, only the First Nation's investment in the government business enterprise and its portion of the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of the First Nation and inter-organizational balances and transactions are not eliminated.

Organizations consolidated in the First Nation's financial statements include:

The First Nation of Michipicoten Cultural Association  
Michipicoten First Nation Economic Development Corporation

#### d. Revenue Recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis.

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

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

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

#### e. Measurement uncertainty

In preparing the consolidated financial statements of the First Nation, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

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## Michipicoten First Nation Notes to Consolidated Financial Statements

**March 31, 2022**

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

#### **f. Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, balances with banks and term deposits having a maturity of three months or less at acquisition which are held for the purposes of meeting short term cash commitments.

#### **g. Portfolio Investments**

Portfolio investments are recorded at cost. Portfolio investments are written down when there has been a loss in value that is other than a temporary decline.

#### **h. Pension Plan**

The First Nation provides a defined contribution pension plan for its employees. The pension costs are charged to operations as contributions are due. Contributions are a defined amount whereby the employer matches that paid by the employee.

#### **i. Tangible Capital Assets**

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Amortization is provided for on a straight-line basis over the the following years, which approximate estimated useful life of the tangible capital asset:

|                         |          |
|-------------------------|----------|
| Land improvements       | 10 to 30 |
| Buildings               | 10 to 40 |
| Housing                 | 10 to 40 |
| Machinery and equipment | 10 to 40 |
| Vehicles                | 3 to 10  |
| Infrastructure          | 10 to 50 |

Tangible capital assets are written down when conditions indicate that they no longer contribute to Michipicoten First Nation's ability to provide goods and service, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write downs are accounted for as expenses in the consolidated financial statements.

Contributed tangible capital assets are recorded into revenues at their fair values on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case, they are recognized at nominal value.

Leased assets that transfer substantially all the benefits and risks of ownership are recorded as the acquisition of a tangible capital asset and the incurrence of an obligation. The asset is amortized in a manner consistent with tangible capital assets owned by the First Nation, and the obligation, including interest thereon, is repaid over the term of the lease. All other leases are accounted for as operating leases, and the rental costs are expensed as incurred.

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

Assets under construction are not amortized until the asset is available for service.

**Michipicoten First Nation**  
**Notes to Consolidated Financial Statements**

**March 31, 2022**

**2. Investments**

|   | <b>2022</b>         | <b>2021</b>         |
|---|---------------------|---------------------|
| Bamkushwada Limited Partnership   | \$ 1                | \$ 1                |
| Supercom Industries LP  | 1                   | 1                   |
| Michipicoten Development Limited Partnership  | <u>10,099</u>       | -                   |
|   | <b>10,101</b>       | 2                   |
| Investment in Argonaut Gold Inc., a publicly traded company<br>(Market value - \$4,386,350; 2021 - \$2,255,449) | <u>3,989,878</u>    | 2,006,071           |
|   | <b>\$ 3,999,979</b> | <b>\$ 2,006,073</b> |

Since the end of the year, the market value of the shares of Argonaut Gold Inc. have declined significantly to approximately \$860,000. Canadian public sector accounting standards require portfolio investments to be written down when there has been a loss in value that is other than a temporary decline. At this point of time, it is not possible to determine whether the \$3,130,000 decline in value is other than a temporary decline.

**3. Trust funds**

|         | <b>Beginning</b> | <b>Additions</b>  | <b>Withdrawals</b> | <b>Ending</b>     |
|---------|------------------|-------------------|--------------------|-------------------|
| Revenue | \$ 39,362        | \$ 678,662        | \$ 460,000         | \$ 258,024        |
| Capital | <u>2,484</u>     | -                 | -                  | <u>2,484</u>      |
|         | <b>\$ 41,846</b> | <b>\$ 678,662</b> | <b>\$ 460,000</b>  | <b>\$ 260,508</b> |

The trust funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

**4. Deferred revenue**

|                            | <b>2022</b>         | <b>2021</b>         |
|----------------------------|---------------------|---------------------|
| Indigenous Services Canada | \$ 2,413,399        | \$ 1,218,000        |
| Canada                     | 474,300             | 448,237             |
| Ontario                    | 687,541             | 407,805             |
| Aboriginal organizations   | 1,952,859           | 1,671,824           |
| Other revenues             | <u>461,770</u>      | 35,730              |
|                            | <b>\$ 5,989,869</b> | <b>\$ 3,781,596</b> |

**Reconciliation of deferred revenue**

|                                       |                     |                     |
|---------------------------------------|---------------------|---------------------|
| Balance, beginning of year            | \$ 3,781,596        | \$ 2,403,596        |
| Additions during the year             | <u>5,989,869</u>    | 3,781,596           |
| Applied to operations during the year | <u>(3,781,596)</u>  | <u>(2,403,596)</u>  |
| Balance, end of year                  | <b>\$ 5,989,869</b> | <b>\$ 3,781,596</b> |

**Michipicoten First Nation**  
**Notes to Consolidated Financial Statements**

**March 31, 2022**

**5. Long term debt**

|  | <b>2022</b>              | <b>2021</b>              |
|--|--------------------------|--------------------------|
| Mortgage, Canada Mortgage and Housing Corporation, repayable \$5,625 monthly including interest at 0.70%, due September 2025 | \$ 498,412               | \$ 562,189               |
| Vehicle loan, Ford Credit, repayable \$638 monthly including interest at 3.49%, maturing March 2025                          | 21,763                   | 28,526                   |
|  | <b><u>\$ 520,175</u></b> | <b><u>\$ 590,715</u></b> |

Interest paid on long term debt during the year amounted to \$4,614 (2021 - \$8,164). Assuming renewal on comparable terms, principal payments required on long term debt for the next five years are as follows:

| <b>Year</b> | <b>Amount</b>            |
|-------------|--------------------------|
| 2023        | \$ 71,227                |
| 2024        | 71,920                   |
| 2025        | 72,642                   |
| 2026        | 65,617                   |
| 2027        | 66,055                   |
| Thereafter  | <u>172,714</u>           |
|             | <b><u>\$ 520,175</u></b> |

**6. Accrued landfill closure and post-closure costs**

Landfill closure and post-closure requirements include final covering and landscaping of the landfill, storm water management, creation of buffer lands, monitoring wells, fees, ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a one hundred year period using the best information currently available to management. Future events may result in significant changes to total estimated expenditures, capacity used or total capacity and estimated liability. Any such changes would be applied prospectively as a change in estimate, when applicable.

An engineering study has determined that the landfill site can accommodate eight trenches of which two have already been used. The engineers have also recommended adopting "best practices" to further extend the life of the whole landfill site to over 70 years. The estimated remaining useful life of the the landfill site is 26 years, after which the period for post-closure care costs is estimated to be 30 years. The estimated liability for landfill closure and post-closure costs is recognized as the landfill site's capacity is used.

The estimated total net present value of expenditures to close and maintain the landfill site is approximately \$33,718 (2021 - \$32,421). As at March 31, 2022, \$12,645 (2021 - \$4,632) of the total estimated expenditures have been recognized based on the cumulative capacity of 38% (2021 - 25%) of the active trench utilized at that date compared to the total estimated landfill capacity. The First Nation has not designated any source of revenue to fund the cost of closing and maintaining the landfill site.

**Michipicoten First Nation**  
**Notes to Consolidated Financial Statements**

**March 31, 2022**

**7. Accumulated surplus**

|   | <b>2022</b>              | <b>2021</b>    |
|---|--------------------------|----------------|
| <b>Accumulated surplus, end of year</b>                       |                          |                |
| Reserves set aside for specific purposes by Chief and Council |                          |                |
| Land acquisition  | \$ 871,599               | \$ 871,599     |
| Wealth generation strategy                                    | 21,625,235               | 8,287,794      |
| CMHC reserves   | 329,042                  | 17,461         |
| Better living policies  | <u>1,092,457</u>         | <u>678,482</u> |
| <br>Total reserves  | <br><u>23,918,333</u>    | <br>9,855,336  |
| Equity in tangible capital assets                             | 13,024,334               | 13,132,627     |
| General surplus   | 880,853                  | 861,518        |
| Unfunded landfill liabilities                                 | (12,645)                 | (4,632)        |
| Funds held in trust   | <u>260,509</u>           | <u>41,846</u>  |
| <br>\$ 38,071,384   | <br><u>\$ 23,886,695</u> |                |

**8. Boundary claim settlement trust**

As beneficiary, the First Nation is entitled to receive all taxable income of the boundary claim settlement trust. Income distributions are recognized as revenue when received or receivable and the amount can be reasonably estimated.

**9. Pension agreement**

The First Nation provides defined contribution plan for eligible members of its staff. The First Nation matches employees' contributions. The amount to be received by employees will be the amount of retirement gratuity that could be purchased based on the employees share of the pension plan at the time of the employee's withdrawal from the plan. The First Nation contributed \$57,511 (2021 - \$55,871) during the year for retirement benefits.

**10. Contingent liability**

The First Nation is contingently liable to Canada Mortgage and Housing Corporation for housing renovation loans extended to band members. Loans are forgivable on a straight line basis over four years, as long as the occupant remains the same. Any outstanding balance becomes payable by the First Nation if the terms of forgiveness are not met.

**11. Comparative figures**

Comparative figures have been restated where necessary to conform to the presentation adopted during the current fiscal year.

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## Michipicoten First Nation Notes to Consolidated Financial Statements

March 31, 2022

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### **12. Segmented information**

The Michipicoten First Nation is a diversified government institution that provides a wide range of services to its members, including education, infrastructure maintenance, medical and other health services, administration, capital, enterprises and other services. For management reporting purposes the First Nation's operations and activities are organized and reported by Fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

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

#### *Community and membership*

This department is responsible for administering programs focusing on improving the lives of members and families of the First Nation, including: better living, education and funeral policies; promoting awareness of cultural ties by gathering together youth and elders; youth employment projects; and distribution of trust settlement proceeds to members.

#### *Education*

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

#### *Infrastructure & asset management - shop and public works*

The infrastructure and asset management department provides public services that contribute to community development and sustainability through the provision of maintenance services for roads, water and sanitation, fire protection, electrical, information technology and community buildings.

#### *Health and social services*

This department provides a diverse bundle of services directed towards the well-being of members including such activities as medical transportation, pre-natal and early childhood care, brighter futures, building healthy communities, traditional healing, family violence prevention, band representation and other programs designed to enhance the health and social well-being of members.

#### *Administration and governance*

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

#### *Housing*

This department oversees construction and renovation of housing in the community and as well, operates the CMHC project and other band-owned homes. This department undertakes planning activities to ensure the long-term improvement of the community's homes.

#### *Enterprises and economic development*

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

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## Michipicoten First Nation Notes to Consolidated Financial Statements

**March 31, 2022**

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### **12. Segmented information (continued)**

#### *Other programs*

The First Nation provides other services, including administrating Ontario First Nations (2008) Limited Partnership funding and resource revenues.

For each reported segment, revenues and expenses include amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in the summary of significant accounting policies. For additional information see Schedule 2 - Consolidated Segment Disclosure.

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### **13. Budget**

The Financial Plan (Budget) By-Law adopted by Council on September 23, 2021 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards require a full accrual basis. The budget figures anticipated use of reserves and/or surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of operations and change in net financial assets represent the Financial Plan adopted by Council with adjustments as follows:

|  |                     |
|--|---------------------|
| Budget surplus (deficit) for the year                | \$ 2,311,725        |
| Add:   |                     |
| Principal payment on long term debt                  | 70,541              |
| Less:  |                     |
| Amortization   | (318,830)           |
| Unfunded liability for future landfill closure costs | <u>(8,000)</u>      |
| Budget surplus (deficit) per statement of operations | <u>\$ 2,055,436</u> |

**Michipicoten First Nation**  
**Schedule 1 - Consolidated Tangible Capital Assets**

For the year ended March 31, 2022

|  | Land                | Land Improvements | Buildings         | Housing             | Machinery and Equipment | Vehicles          | Infrastructure      | Construction in Progress | Total                |
|--|---------------------|-------------------|-------------------|---------------------|-------------------------|-------------------|---------------------|--------------------------|----------------------|
| <b>Cost, beginning of year</b>                     | \$ 8,951,177        | \$ 484,800        | \$ 1,832,238      | \$ 3,385,537        | \$ 1,050,114            | \$ 530,473        | \$ 2,931,818        | \$ -                     | \$ 19,166,157        |
| Additions  | -                   | -                 | -                 | -                   | -                       | -                 | -                   | 140,000                  | 140,000              |
| Disposals  | -                   | -                 | -                 | -                   | -                       | -                 | -                   | -                        | -                    |
| <b>Cost, end of year</b>                           | <b>8,951,177</b>    | <b>484,800</b>    | <b>1,832,238</b>  | <b>3,385,537</b>    | <b>1,050,114</b>        | <b>530,473</b>    | <b>2,931,818</b>    | <b>140,000</b>           | <b>19,306,157</b>    |
| <hr/>  |                     |                   |                   |                     |                         |                   |                     |                          |                      |
| <b>Accumulated amortization, beginning of year</b> | <b>184,620</b>      | <b>1,075,282</b>  | <b>1,648,129</b>  | <b>568,220</b>      | <b>125,980</b>          | <b>1,840,584</b>  | <b>-</b>            | <b>5,442,815</b>         |                      |
| Amortization                                       | 40,652              | 45,556            | 80,546            | 45,227              | 51,647                  | 55,205            | -                   | -                        | 318,833              |
| Disposals  | -                   | -                 | -                 | -                   | -                       | -                 | -                   | -                        | -                    |
| <b>Accumulated amortization, end of year</b>       | <b>225,272</b>      | <b>1,120,838</b>  | <b>1,728,675</b>  | <b>613,447</b>      | <b>177,627</b>          | <b>1,895,789</b>  | <b>-</b>            | <b>5,761,648</b>         |                      |
| <b>Net carrying amount, end of year</b>            | <b>\$ 8,951,177</b> | <b>\$ 259,528</b> | <b>\$ 711,400</b> | <b>\$ 1,656,862</b> | <b>\$ 436,667</b>       | <b>\$ 352,846</b> | <b>\$ 1,036,029</b> | <b>\$ 140,000</b>        | <b>\$ 13,544,509</b> |

The notes are an integral part of these financial statements.

**Michipicoten First Nation**  
**Schedule 1 - Consolidated Tangible Capital Assets**

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

|  | Land                | Land Improvements | Buildings         | Housing             | Machinery and Equipment | Vehicles          | Infrastructure      | Construction in Progress | Total                |
|--|---------------------|-------------------|-------------------|---------------------|-------------------------|-------------------|---------------------|--------------------------|----------------------|
| <b>Cost, beginning of year</b>                     | \$ 8,951,177        | \$ 484,800        | \$ 1,832,238      | \$ 3,385,537        | \$ 1,111,338            | \$ 530,473        | \$ 2,931,818        | \$ -                     | \$ 19,227,381        |
| Additions  | -                   | -                 | -                 | -                   | 18,776                  | -                 | -                   | -                        | 18,776               |
| Disposals  | -                   | -                 | -                 | -                   | (80,000)                | -                 | -                   | -                        | (80,000)             |
| <b>Cost, end of year</b>                           | <b>8,951,177</b>    | <b>484,800</b>    | <b>1,832,238</b>  | <b>3,385,537</b>    | <b>1,050,114</b>        | <b>530,473</b>    | <b>2,931,818</b>    | <b>-</b>                 | <b>19,166,157</b>    |
| <hr/>  |                     |                   |                   |                     |                         |                   |                     |                          |                      |
| <b>Accumulated amortization, beginning of year</b> | <b>-</b>            | <b>143,968</b>    | <b>1,029,726</b>  | <b>1,567,583</b>    | <b>545,264</b>          | <b>73,532</b>     | <b>1,785,379</b>    | <b>-</b>                 | <b>5,145,452</b>     |
| Amortization                                       | -                   | 40,652            | 45,556            | 80,546              | 44,289                  | 52,448            | 55,205              | -                        | 318,696              |
| Disposals  | -                   | -                 | -                 | -                   | (21,333)                | -                 | -                   | -                        | (21,333)             |
| <b>Accumulated amortization, end of year</b>       | <b>-</b>            | <b>184,620</b>    | <b>1,075,282</b>  | <b>1,648,129</b>    | <b>568,220</b>          | <b>125,980</b>    | <b>1,840,584</b>    | <b>-</b>                 | <b>5,442,815</b>     |
| <b>Net carrying amount, end of year</b>            | <b>\$ 8,951,177</b> | <b>\$ 300,180</b> | <b>\$ 756,956</b> | <b>\$ 1,737,408</b> | <b>\$ 481,894</b>       | <b>\$ 404,493</b> | <b>\$ 1,091,234</b> | <b>\$ -</b>              | <b>\$ 13,723,342</b> |

**Michipicoten First Nation**  
**Schedule 2 - Consolidated Segment Disclosure**

**For the year ended March 31, 2022**

|   | Community and Membership | Education         | Infrastructure & Asset Management - Shop and Public Works | Health and Social Services | Administration and Governance | Housing           | Enterprises and Economic Development | Other                | Consolidated Total      |
|---|--------------------------|-------------------|---|----------------------------|-------------------------------|-------------------|--------------------------------------|----------------------|-------------------------|
| <b>Revenue</b>                                      |                          |                   |   |                            |                               |                   |                                      |                      |                         |
| Indigenous Services Canada                          | \$ 10,620                | \$ 19,453         | -   | \$ 390,935                 | \$ 108,385                    | \$ 404,341        | \$ 246,187                           | \$ 97,784            | \$ 112,305 \$ 1,370,557 |
| Canada  |                          |                   |   |                            | 454,434                       | -                 | 408,833                              | 73,074               | 125,415 1,081,209       |
| Ontario   | -                        | 13,903            | -   | 71,600                     | 64,304                        | -                 | -                                    | 277,082              | 21,505 448,394          |
| Ontario First Nations (2008) Limited Partnership    | -                        | -                 | -   | -                          | -                             | -                 | -                                    | -                    | 516,339 516,339         |
| Trust income  | 762,777                  | 28,377            | 1,425,765   | -                          | 352,801                       | 35,236            | -                                    | -                    | - 762,777               |
| Aboriginal organizations                            | 68                       | 46,772            | 92,307  | 7,500                      | 238,721                       | 73,073            | 213,304                              | 14,833,018           | 52,655 1,956,717        |
| Interest, rentals and other                         | 484,086                  | 32,253            | -   | -                          | -                             | -                 | -                                    | -                    | 15,504,763              |
| Transfers between segments                          | -                        | -                 | -   | -                          | -                             | -                 | -                                    | -                    | (516,339) -             |
|   | 1,305,381                | 1,518,693         | 554,842   | 987,424                    | 678,298                       | 728,093           | 723,127                              | 15,144,898           | 21,640,756              |
| <b>Expenses</b>                                     |                          |                   |   |                            |                               |                   |                                      |                      |                         |
| Salaries, wages and benefits                        | 55,561                   | 268,962           | 409,552   | 269,881                    | 498,431                       | 64,455            | 258,692                              | 80,747               | 1,906,281               |
| Materials and supplies                              | 2,126                    | 23,978            | 91,506  | 291,413                    | 62,279                        | 43,449            | 85,942                               | 86,115               | 686,808                 |
| Contracted services                                 | -                        | 5,441             | 162,725   | 124,524                    | 311,936                       | 49,310            | 199,271                              | 1,455,584            | 2,308,791               |
| Rents and financial expenses                        | 54                       | 1,000             | 72,399  | 24,784                     | 89,340                        | 21,390            | 20,025                               | -                    | 228,992                 |
| External transfers                                  | 781,199                  | 942,022           | -   | 137,416                    | -                             | -                 | -                                    | 145,728              | 2,006,365               |
| Amortization  | 8,163                    | 1,534             | 183,976   | 12,601                     | 28,504                        | 80,546            | 3,506                                | -                    | 318,830                 |
| Transfers between segments                          | 52,828                   | 276,956           | (173,166)   | 139,350                    | (537,047)                     | 34,308            | 169,419                              | 37,352               | -                       |
|   | 899,931                  | 1,519,893         | 746,992   | 999,969                    | 453,443                       | 293,458           | 736,855                              | 1,805,526            | 7,456,067               |
| <b>Excess (deficiency) of revenue over expenses</b> | <b>\$ 405,450</b>        | <b>\$ (1,200)</b> | <b>\$ (192,150)</b>                                       | <b>\$ (12,545)</b>         | <b>\$ 224,855</b>             | <b>\$ 434,635</b> | <b>\$ (13,728)</b>                   | <b>\$ 13,339,372</b> | <b>\$ 14,184,689</b>    |

The notes are an integral part of these financial statements.

**Michipicoten First Nation**  
**Schedule 2 - Consolidated Segment Disclosure**

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

|   | Community and Membership | Education     | Infrastructure & Asset Management - Shop and Public Works | Health and Social Services | Administration and Governance | Housing           | Development      | Enterprises and Economic Development | Other               | Consolidated Total |
|---|--------------------------|---------------|---|----------------------------|-------------------------------|-------------------|------------------|--------------------------------------|---------------------|--------------------|
| <b>Revenue</b>                                      |                          |               |   |                            |                               |                   |                  |                                      |                     |                    |
| Indigenous Services Canada                          | \$ 10,435                | \$ -          | \$ 192,318  | \$ 103,406                 | \$ 510,048                    | \$ 193,141        | \$ 143,308       | \$ 175,835                           | \$ 1,328,491        |                    |
| Canada  | -                        | -             | -   | 156,802                    | -                             | 126,312           | 81,720           | 34,824                               | 399,658             |                    |
| Ontario   | -                        | 13,903        | 97,931  | 83,674                     | -                             | -                 | 171,500          | 51,341                               | 418,349             |                    |
| Ontario First Nations (2008) Limited Partnership    | -                        | -             | -   | -                          | -                             | -                 | -                | 847,773                              | 847,773             |                    |
| Trust Income  | 719,072                  | -             | -   | -                          | -                             | -                 | -                | -                                    | -                   | 719,072            |
| Aboriginal organizations                            | -                        | 1,257,759     | -   | 359,010                    | 11,270                        | -                 | 42,300           | 78,843                               | 1,749,182           |                    |
| Interest, rentals and other                         | 2,873                    | 42,316        | 15,807  | 11,208                     | 44,397                        | 71,056            | 544,197          | 5,690,780                            | 6,422,634           |                    |
| Transfers between segments                          | 474,477                  | 23,475        | -   | -                          | 349,821                       | -                 | -                | (847,773)                            | -                   |                    |
|   | 1,206,857                | 1,337,453     | 306,056   | 714,100                    | 915,536                       | 390,509           | 983,025          | 6,031,623                            | 11,885,159          |                    |
| <b>Expenses</b>                                     |                          |               |   |                            |                               |                   |                  |                                      |                     |                    |
| Salaries, wages and benefits                        | 9,392                    | 297,300       | 297,248   | 298,562                    | 512,150                       | 53,268            | 183,380          | 59,894                               | 1,701,802           |                    |
| Materials and supplies                              | -                        | 102,828       | 96,841  | 166,445                    | 58,963                        | 115,623           | 34,205           | 61,694                               | 645,991             |                    |
| Contracted services                                 | -                        | 6,760         | 139,520   | 29,632                     | 443,563                       | 49,614            | 520,506          | 1,258,959                            | 2,448,554           |                    |
| Rents and financial expenses                        | -                        | 1,000         | 60,721  | 23,457                     | 84,903                        | 28,032            | 70,279           | 10,064                               | 278,456             |                    |
| External transfers and other                        | 1,137,485                | 681,215       | -   | 85,550                     | -                             | -                 | -                | 98,479                               | 2,002,729           |                    |
| Amortization  | 8,167                    | 1,534         | 184,776   | 12,601                     | 27,566                        | 80,546            | 3,506            | -                                    | 318,696             |                    |
| Transfers between segments                          | 155,521                  | 245,985       | (235,018)   | 113,808                    | (481,680)                     | 68,132            | 102,502          | 30,750                               | -                   |                    |
|   | 1,310,565                | 1,336,622     | 544,088   | 730,055                    | 645,465                       | 395,215           | 914,378          | 1,519,840                            | 7,396,228           |                    |
| <b>Excess (deficiency) of revenue over expenses</b> | <b>\$ (103,708)</b>      | <b>\$ 831</b> | <b>\$ (238,032)</b>                                       | <b>\$ (15,955)</b>         | <b>\$ 270,071</b>             | <b>\$ (4,706)</b> | <b>\$ 68,647</b> | <b>\$ 4,511,783</b>                  | <b>\$ 4,488,931</b> |                    |