

Consolidated Financial Statements of

HENVEY INLET FIRST NATION

And Independent Auditor's Report thereon

Year ended March 31, 2024

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

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

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

The Chief and Council review the First Nation's consolidated financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditor's report. The Chief and Council take this information into consideration when approving the consolidated financial statements for issuance to the Members. The Chief and Council also consider the engagement of the external auditors.

The consolidated financial statements have been audited by KPMG LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. KPMG LLP has full access to the First Nation.

Wayne Mchulh

Melvin Adams



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INDEPENDENT AUDITOR'S REPORT

To the Members of Henvey Inlet First Nation

Opinion

We have audited the consolidated financial statements of Henvey Inlet First Nation (the "First Nation"), which comprise:

- the consolidated statement of financial position as at March 31, 2024
- the consolidated statement of operations and accumulated operating surplus for the year then ended
- the consolidated statement of changes in net assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of remeasurement gains for the year then ended
- and the notes and schedules to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2024, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibility under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's 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.



Responsibility of Management and those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB), and 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.

In preparing the 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 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 the 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 risk 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, internal 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 purposes 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 the 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.
- Obtain sufficient audit evidence regarding the financial information of the entities or business activities within the Group First Nation 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

February 3, 2024

HENVEY INLET FIRST NATION

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Year ended March 31, 2024

Consolidated Financial Statements

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HENVEY INLET FIRST NATION

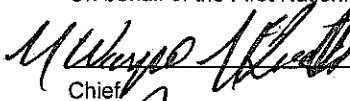
Exhibit A - Consolidated Statement of Financial Position

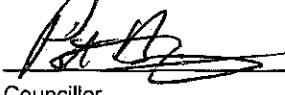
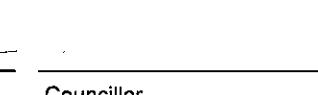
March 31, 2024, with comparative information for 2023

	2024	2023
Financial assets		
Cash and cash equivalents	\$ 39,974,875	\$ 59,257,475
Restricted cash (note 2)	2,105,362	1,990,137
Accounts receivable	5,185,834	3,349,239
Consolidated revenue fund	90,573	90,573
Investment in Government Business Enterprise (note 3)	64,940,027	49,706,523
Investment in non-controlled entities (note 4)	945,594	821,290
Restricted assets - Henvey Inlet First Nation Key Harbour Settlement Trust (note 5)	3,001,716	2,836,438
	116,243,981	118,051,675
Financial liabilities		
Accounts payable and accrued liabilities	3,323,098	5,190,757
Deferred revenue (note 7)	4,154,664	3,772,512
Long-term debt (note 8)	92,402,128	97,934,320
	99,879,890	106,897,589
Net assets	16,364,091	11,154,086
Non-financial assets		
Tangible capital assets (note 6)	48,044,220	36,953,735
Prepaid expenses	164,501	1,373,649
Inventory	291,986	29,161
	48,500,707	38,356,545
Contingent liabilities (note 12)		
Subsequent events (note 17)		
Accumulated surplus (note 9)	\$ 64,864,798	\$ 49,510,631
Accumulated surplus is comprised of:		
Accumulated operating surplus	\$ 64,610,102	\$ 49,445,831
Accumulated remeasurement gains	254,696	64,800
	\$ 64,864,798	\$ 49,510,631

See accompanying notes to consolidated financial statements.

On behalf of the First Nation:

  
 Chief Councillor Councillor

  
 Councillor Councillor Councillor

 Councillor

HENVEY INLET FIRST NATION

Exhibit B - Consolidated Statement of Operations and Accumulated Operating Surplus

Year ended March 31, 2024, with comparative information for 2023

	2024 Budget	2024 Actual	2023 Actual
(note 16)			
Revenue:			
Federal funding (note 10)	\$ 2,799,992	\$ 5,734,024	\$ 5,514,000
Provincial funding	2,118,104	1,371,442	1,261,946
Grants and other subsidies	-	863,528	405,098
Kinoomaadziwin Education Body	2,097,603	1,343,388	1,605,070
Henvey Inlet Wind LP	2,067,875	6,913,396	7,407,305
Interest income	-	2,720,410	1,046,641
Other	3,090,555	3,626,255	3,071,171
Realized gains on restricted assets	-	-	54,371
	12,174,129	22,572,443	20,365,602
Expenses:			
Band Government	3,215,811	2,079,212	1,071,596
Social Assistance	147,600	482,101	567,291
Education	2,133,866	1,387,071	1,541,901
Community Infrastructure	2,380,857	6,328,045	2,959,990
Health Services - Patient Transportation	25,020	112,031	182,720
Health Services	128,224	2,130,131	1,896,724
Community Services	1,709,043	2,196,334	1,761,365
Employment, Economic & Environment Development	1,415,060	3,478,547	2,629,862
Day Care	476,846	274,576	300,222
Band Housing	89,462	143,250	192,290
CMHC Housing	361,770	213,363	177,316
Gas Bar	14,021	1,304,093	1,192,958
Pickerel Contracting Limited	4,067	(31,724)	69,296
Henvey Inlet First Nation Key Harbour Settlement Trust	-	129,052	67,049
Government Business Enterprise	-	-	19,091
	12,101,647	20,226,082	14,629,671
Excess of revenue over expenses			
before undernoted items	72,482	2,346,361	5,735,931
Other income (expenses) (note 11):			
Promissory note	-	(1,836,717)	(1,965,506)
Contributions to Windfarm Legacy Trust	-	(13,824,112)	(17,003,250)
Asset impairment	-	-	188,860
Income from Windfarm Legacy Trust	-	2,963,508	-
Share of income from Government Business Enterprise	-	25,393,927	24,726,704
Share of gain from interests in partnerships	-	124,304	631,739
	-	12,820,910	6,578,547
Excess of revenue over expenses	72,482	15,167,271	12,314,478
Accumulated operating surplus, beginning of year	49,442,831	49,442,831	37,128,353
Accumulated operating surplus, end of year	\$ 49,515,313	\$ 64,610,102	\$ 49,442,831

See accompanying notes to consolidated financial statements.

HENVEY INLET FIRST NATION

Exhibit C - Consolidated Statement of Changes in Net Financial Assets

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Excess of revenue over expenses	\$ 15,167,271	\$ 12,317,478
Acquisition of tangible capital assets	(12,954,156)	(12,513,963)
Amortization of capital assets	1,863,671	1,488,367
Remeasurement gain on restricted assets	189,896	64,800
	4,266,682	1,356,682
Acquisition of prepaid expenses	1,209,148	(1,323,998)
Acquisition (use) of inventory	(265,825)	7,747
Change in net financial assets	5,210,005	40,431
Net financial assets, beginning of year	11,154,086	11,113,655
Net financial assets, end of year	\$ 16,364,091	\$ 11,154,086

See accompanying notes to consolidated financial statements.

HENVEY INLET FIRST NATION

Exhibit D - Consolidated Statement of Cash Flows

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Cash flows from operating activities:		
Excess of revenue over expenses	\$ 15,167,271	\$ 12,317,478
Adjustment for:		
Amortization of tangible capital assets	1,863,671	1,488,367
Share of gain from Government Business Enterprises and non-controlled entities	<u>(25,518,231)</u>	<u>(25,358,443)</u>
	(8,487,289)	(11,552,598)
Cash flows from operating activities:		
Decrease (increase) in accounts receivable	(1,836,595)	1,193,008
Decrease (increase) in inventory	(265,825)	7,747
Increase (decrease) in accounts payable and accrued liabilities	(1,867,659)	1,171,769
Increase (decrease) in deferred revenue	382,152	(124,365)
Decrease (increase) in prepaid expenses	<u>1,209,148</u>	<u>(1,323,998)</u>
	(10,866,068)	(10,628,437)
Cash flows from capital activities:		
Acquisition of tangible capital assets	(12,954,156)	(12,513,963)
Cash flows from financing activities:		
Principal payments on long-term debt	(5,532,192)	(5,510,418)
Cash flows from investing activities:		
Increase in Restricted Assets Henvey Inlet First Nation		
Key Harbour Settlement Trust	24,618	28,503
Dividends from Government Business Enterprise	<u>10,160,423</u>	<u>26,472,441</u>
	10,185,041	26,500,944
Net decrease in cash	(19,167,375)	(2,151,874)
Cash, beginning of year	61,247,612	63,399,486
Cash, end of year	\$ 42,080,237	\$ 61,247,612
Cash is represented by:		
Cash	\$ 39,974,875	\$ 59,257,475
Restricted cash	2,105,362	1,990,137
	<u>\$ 42,080,237</u>	<u>\$ 61,247,612</u>

See accompanying notes to consolidated financial statements.

HENVEY INLET FIRST NATION

Exhibit E Consolidated Statement of Remeasurement Gains

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Accumulated remeasurement gains, beginning of year	\$ 64,800	\$ -
Adjustment to accumulated remeasurement gains	- -	301,451
Unrealized gains (losses) attributable to:		
Fixed income	- -	(117,149)
Equity instruments	189,896	(60,559)
<u>Exchange loss</u>	<u>- -</u>	<u>(4,572)</u>
	189,896	(182,280)
Realized gains attributable to:		
Equity instruments	- -	(54,195)
<u>Exchange</u>	<u>- -</u>	<u>(176)</u>
	- -	(54,371)
Net remeasurement gains for the year	189,896	64,800
Accumulated remeasurement gains, end of year	\$ 254,696	\$ 64,800

See accompanying notes to consolidated financial statements.

HENVEY INLET FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2024

Henvey Inlet First Nation (the “First Nation”) located in the Parry Sound district administers programs and provides services on behalf of its members.

1. Significant accounting policies:

These consolidated financial statements of the First Nation are the representation of management and have been prepared in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. The following is a summary of the significant accounting policies followed in the preparation of these financial statements:

(a) Reporting entity:

(i) Consolidated entities:

These consolidated financial statements reflect the assets, liabilities, revenue and expenses of the reporting entity. The reporting entity is comprised of all organizations accountable for the administration of their financial affairs and resources to the First Nation and are owned and controlled by the First Nation.

Organizations consolidated in these financial statements include Henvey Inlet First Nation Key Harbour Settlement Trust, Adtores Properties GP Ltd. (“APGP”), HIW Property Holdings LP, HIW Property Holdings GP Inc (together “HIWP”) and Pickerel Contracting Limited (“PCL”).

All interdepartmental and inter-organizational assets, liabilities, revenues and expenses have been eliminated.

(ii) Investment in Government Business Enterprise:

Government Business Enterprise is accounted for using the modified equity method. The Government Business Enterprise includes Nigig Power Corporation (“NPC”).

Under the modified equity method, the business enterprise’s accounting principles are not adjusted to conform with those of the First Nation and inter-organizational transactions and balances are not eliminated.

(iii) Investment in partnerships:

The investment in non-controlled entities are accounted for using the modified equity method and include the following organizations:

- Shwe Miikaan Corp and Shwe Miikaan Limited Partnership (together “SMLP”)

Under the modified equity method, the organization’s accounting principles are not adjusted to conform with those of the First Nation and inter-organizational transactions and balances are not eliminated.

HENVEY INLET FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2024

1. Significant accounting policies (continued):

(b) Revenue recognition:

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under the funding arrangements which relates to a subsequent fiscal period is reflected as deferred revenue on the statement of financial position.

(c) Prior year funding adjustments:

The First Nation has entered into accountable contribution arrangements with several government funding agencies. All such programs are subject to audit by the various governments, with audit adjustments repayable to the government. These adjustments are charged to operations in the year during which the adjustments become known.

(d) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful Life in Years
Land improvements	10 - 30
Buildings and building improvements	10 - 40
Vehicles	5
Machinery and equipment	10
Furniture, computers, and fixtures	4 - 10
Hydro, water and wastewater infrastructure	10 - 50
Roads infrastructure	75

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

HENVEY INLET FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2024

1. Significant accounting policies (continued):

(d) Non-financial assets (continued):

(ii) Inventories:

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

(e) Ottawa trust funds:

The Ottawa Trust Funds are held in trust by the Government of Canada and are included on the statement of financial position.

(f) Financial instruments:

All financial instruments are initially recorded on the consolidated statement of financial position at fair value.

All investments held in equity instruments that trade in an active market are recorded at fair value. Management has elected to record investments at fair value as they are managed and evaluated on a fair value basis. Freestanding derivative instruments that are not equity instruments that are quoted in an active market are subsequently measured at fair value.

Unrealized changes in fair value are recognized in the consolidated statement of remeasurement gains and losses until they are realized, when they are transferred to the consolidated statement of operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the consolidated statement of operations. On sale, the amount held in accumulated remeasurement gains and losses associated with that instrument is removed from net assets and recognized in the consolidated statement of operations.

Financial instruments are classified into fair value hierarchy Levels 1, 2 or 3 for the purposes of describing the basis of the inputs used to determine the fair market value of those amounts recorded a fair value, as described below:

Level 1	Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	Fair value measurements are those derived from market-based inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly
Level 3	Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data

HENVEY INLET FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2024

1. Significant accounting policies (continued):

(g) Use of estimates:

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods. Significant items subject to such estimates and assumptions include the carrying value of capital assets and valuation allowances for receivables. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

In addition, the First Nation's implementation of the Public Sector Accounting Handbook PS3150 has required management to make estimates of historical cost and useful lives of tangible capital assets.

Actual results could differ from these estimates.

(h) Defined contribution plan:

The First Nation provides pension benefits under a defined contribution pension plan. The cost of the defined contribution plan is recognized based on the contributions required to be made during each year.

2. Restricted cash:

In accordance with the operating agreements between the First Nation and Canada Mortgage and Housing Corporation ("CMHC"), cash in the amount of \$75,712 (2023 - \$68,841) is restricted for this purpose. Under the agreement, the First Nation is required to set aside cash to maintain a replacement reserve bank account. As of fiscal year end, this First Nation is required to have set aside \$56,763 (2023 - \$43,024).

In accordance with the secured revenue trust account management agreement between the First Nation and the First Nations Finance Authority ("FNFA"), cash in the amount of \$1,921,296 (2023 - \$1,921,296) is restricted for principal and interest payments for long term debt owing to the FNFA.

HENVEY INLET FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2024

3. Investments in Government Business Enterprise:

NPC is wholly owned and controlled by the First Nation. This organization is a government business enterprise of the First Nation and is accounted for on a modified equity basis in these consolidated financial statements.

The investment in Government Business Enterprise consists of the following:

	2024	2023
Balance, at beginning of year	\$ 49,706,523	\$ 51,452,260
Share of earnings	25,393,927	24,726,704
Dividends	(10,160,423)	(26,472,441)
<hr/> Balance, end of year	<hr/> \$ 64,940,027	<hr/> \$ 49,706,523

The following tables provide condensed supplementary financial information for the year ended March 31, 2024:

	2024	2023
Financial position:		
Current assets	\$ 7,067,452	\$ 492,791
Other assets	65,573,116	64,255,168
<hr/> Total assets	<hr/> 72,640,568	<hr/> 64,747,959
Liabilities	7,700,541	15,041,436
<hr/> Net assets	<hr/> \$ 64,940,027	<hr/> \$ 49,706,523

	2024	2023
Results of operations:		
Revenue	\$ 328,720	\$ 193,310
Expenses	2,352,816	12,592,708
Share of equity in joint ventures	(27,418,023)	(37,126,102)
	(25,065,207)	(24,533,394)
<hr/> Net income	<hr/> \$ 25,393,927	<hr/> \$ 24,726,704

HENVEY INLET FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2024

4. Interests in non-controlled entities:

The following organizations are interests in non-controlled entities of the First Nation and have been accounted for on a modified equity basis in these consolidated financial statements:

a) Shwe Miikaan Limited Partnership: The First Nation has a 33.33% ownership interest in SMLP which operates a business in the construction industry.

The investments are comprised of the following:

	2024	2023
Balance, at beginning of year	\$ 821,290	\$ 189,551
Share of gain	155,990	377,073
Adjustments	(31,686)	254,666
 Balance, end of year	 \$ 945,594	 \$ 821,290

The following tables provide condensed supplementary financial information for the year ended March 31, 2024:

	2024	2023
 Financial Position:		
Current assets	\$ 548,951	\$ 335,606
Other assets	2,537,202	2,089,770
 Total assets	 3,086,153	 2,425,376
 Liabilities	 249,353	 114,757
 Net position	 \$ 2,836,800	 \$ 2,310,619

	2024	2023
 Results of operations:		
Revenue	\$ 406,879	\$ 589,577
Share of partnership income	700,002	1,419,881
	1,106,881	2,009,458
 Expenses	 638,903	 878,283
 Net income	 \$ 467,978	 \$ 1,131,175

HENVEY INLET FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2024

5. Restricted assets – Henvey Inlet First Nation Key Harbour Settlement Trust:

Restricted assets – Henvey Inlet First Nation Key Harbour Settlement Trust consists of the following:

2024	Cost	Fair Market Value
Cash	\$ 67,180	\$ 67,160
Canadian fixed income	1,186,573	1,186,573
Canadian equities	884,633	884,988
Foreign equities	608,631	862,995
	\$ 2,747,017	\$ 3,001,716

2023	Cost	Fair Market Value
Cash	\$ 43,218	\$ 43,218
Canadian fixed income	1,457,179	1,296,029
Canadian equities	723,292	812,225
Foreign equities	547,952	684,966
	\$ 2,771,641	\$ 2,836,438

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Notes to Consolidated Financial Statements

Year ended March 31, 2024

6. Tangible capital assets:

Cost	Balance at March 31, 2023	Additions	Adjustments and Transfers	Disposals	Balance at March 31, 2024
Land	\$ 2,359,345	\$ -	\$ -	\$ -	\$ 2,359,345
Land improvements	640,432	-	-	-	640,432
Buildings	15,012,896	539,214	-	-	15,552,110
Roads infrastructure	1,920,064	4,523,786	-	-	6,443,850
Machinery and equipment	6,607,113	1,523,731	-	-	8,130,844
Furniture, computers and fixtures	487,871	66,640	-	-	554,511
Water infrastructure	5,387,332	-	-	-	5,387,332
Assets under construction	14,215,342	6,300,785	-	-	20,516,127
Total	\$ 46,630,395	\$ 12,954,156	\$ -	\$ -	\$ 59,584,551

Accumulated Amortization	Balance at March 31, 2022	Disposals	Adjustments and Transfers	Amortization	Balance at March 31, 2023
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Land improvements	237,001	-	-	21,619	258,620
Buildings	3,514,750	-	-	495,032	4,009,782
Roads infrastructure	614,547	-	-	226,044	840,591
Machinery and equipment	2,935,788	-	-	949,688	3,885,476
Furniture, computers and fixtures	294,517	-	-	47,557	342,074
Water infrastructure	2,080,057	-	-	123,731	2,203,788
Assets under construction	-	-	-	-	-
Total	\$ 9,676,660	\$ -	\$ -	\$ 1,863,671	\$ 11,540,331

	Net book value, March 31, 2022	Net book value, March 31, 2023
Land	\$ 2,359,345	\$ 2,359,345
Land improvements	403,431	381,812
Buildings	11,498,146	11,542,328
Roads infrastructure	1,305,517	5,603,259
Machinery and equipment	3,671,325	4,245,368
Furniture, computers and fixtures	193,354	212,437
Water infrastructure	3,307,275	3,183,544
Assets under construction	14,215,342	20,516,127
Total	\$ 36,953,735	\$ 48,044,220

HENVEY INLET FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2024

6. Tangible capital assets (continued):

Cost	Balance at March 31, 2022	Additions	Adjustments and Transfers	Disposals	Balance at March 31, 2023
Land	\$ 2,259,345	\$ 100,000	\$ -	\$ -	\$ 2,359,345
Land improvements	640,432	-	-	-	640,432
Buildings	14,999,708	13,188	-	-	15,012,896
Roads infrastructure	1,920,064	-	-	-	1,920,064
Machinery and equipment	5,044,581	1,562,532	-	-	6,607,113
Furniture, computers and fixtures	349,326	138,545	-	-	487,871
Water infrastructure	5,353,709	33,623	-	-	5,387,332
Assets under construction	3,549,267	10,666,075	-	-	14,215,342
Total	\$ 34,116,432	\$ 12,513,963	\$ -	\$ -	\$ 46,630,395

Accumulated Amortization	Balance at March 31, 2022	Disposals	Adjustments and Transfers	Amortization	Balance at March 31, 2023
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Land improvements	215,382	-	-	21,619	237,001
Buildings	3,031,229	-	-	483,521	3,514,750
Roads infrastructure	585,845	-	-	28,702	614,547
Machinery and equipment	2,150,881	-	-	784,907	2,935,788
Furniture, computers and fixtures	247,957	-	-	46,560	294,517
Water infrastructure	1,956,999	-	-	123,058	2,080,057
Assets under construction	-	-	-	-	-
Total	\$ 8,188,293	\$ -	\$ -	\$ 1,488,367	\$ 9,676,660

	Net book value, March 31, 2022	Net book value, March 31, 2023
Land	\$ 2,259,345	\$ 2,359,345
Land improvements	425,050	403,431
Buildings	11,968,472	11,498,146
Roads infrastructure	1,334,219	1,305,517
Machinery and equipment	2,893,762	3,671,325
Furniture, computers and fixtures	101,369	193,354
Water infrastructure	3,396,710	3,307,275
Assets under construction	3,549,267	14,215,342
Total	\$ 25,928,194	\$ 36,953,735

HENVEY INLET FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2024

7. Deferred revenue:

	2024	2023
Indigenous Services Canada	\$ 1,116,994	\$ 1,692,899
Kinoomaadziwin Education Body	2,876,858	1,916,115
Trailer park fees	7,594	7,594
Other	153,218	155,904
	<hr/> \$ 4,154,664	<hr/> \$ 3,772,512

8. Long-term debt:

The details of the long-term debt are as follows:

	2024	2023
Canada Mortgage and Housing Corporation mortgage payable \$1,710 monthly including principal and interest, bearing interest at 2.50 % per annum, due May 1, 2028	\$ 81,480	\$ 99,370
Canada Mortgage and Housing Corporation mortgage payable \$2,386 monthly including principal and interest, bearing interest at 1.73% per annum, due August 1, 2034	272,779	296,470
Canada Mortgage and Housing Corporation mortgage payable \$1,231 monthly including principal and interest, bearing interest at 1.51% per annum, due October 1, 2036	169,212	181,330
Canada Mortgage and Housing Corporation mortgage payable \$1,734 monthly including principal and interest, bearing interest at 3.98% per annum, due November 1, 2037	219,496	231,363
Canada Mortgage and Housing Corporation mortgage payable \$742 monthly including principal and interest, bearing interest at 2.48% per annum, due August 1, 2043	135,849	142,723
FNFA loan payable \$617,069 monthly including principal and interest, bearing interest at 2.15% per annum, due June 2030. Secured by other revenues regulations under borrowing agreement law	91,523,312	96,983,064
	<hr/> \$ 92,402,128	<hr/> \$ 97,934,320

Principal repayments due are estimated as follows:

2025	\$ 4,962,791
2026	4,964,295
2027	4,965,829
2028	4,967,396
2029	4,952,144
Thereafter	67,589,673

HENVEY INLET FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2024

9. Accumulated surplus:

	2024	2023
Surplus:		
Invested in tangible capital assets	\$ 47,166,344	\$ 36,002,480
Operating	40,917,151	56,593,068
FNFA financing	(91,524,312)	(96,984,065)
Land claim	75,446	75,446
Unfinanced capital	(2,380,002)	(706,220)
	(5,745,373)	(5,019,291)
Reserves:		
Reserve funds set aside for specific purpose by Council	1,832,723	1,343,452
Committed reserves	208,945	208,945
	2,041,668	1,552,397
Government Business Enterprises and Partnerships:		
Nigig Power Corporation	64,940,028	49,706,524
Shwe Miikaan Limited Partnership	945,595	821,291
	65,885,623	50,527,815
Henvey Inlet First Nation Key Harbour Settlement Trust	2,428,184	2,384,910
Accumulated remeasurement gains	254,696	64,800
	\$ 64,864,798	\$ 49,510,631

10. Federal government funding:

	2024	2023
Add: Opening deferred ISC revenue	\$ 1,692,899	\$ 2,450,388
ISC funding per confirmation	4,704,989	4,514,916
Less: Ending deferred ISC revenue	(1,116,994)	(1,692,899)
Less: Amounts not earned or received	(103,633)	–
Less: Prior year ISC Medical Centre relocation revenue	–	(197,356)
Add: ISC Medical Centre relocation revenue	304,223	229,308
Add: Justice Canada funding	–	105,625
Health Canada – Prior Approvals	22,113	14,312
Add: Other federal government funding	230,427	89,706
	\$ 5,734,024	\$ 5,514,000

HENVEY INLET FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2024

11. Gross revenues and expenses:

	2024	2023
Revenues:		
Revenue per consolidated statement of operations and accumulated surplus	\$ 22,572,443	\$ 20,694,419
Income from Windfarm Legacy Trust	2,963,508	–
Share of gain from Government Business Enterprises	25,393,927	24,726,704
Share of gain from interests in partnerships	124,304	631,739
Gross revenues	\$ 51,054,182	\$ 46,052,862
Expenses:		
Expenses per consolidated statement of operations and accumulated surplus	\$ 20,226,082	\$ 14,626,671
Promissory note expenditures	1,836,717	1,965,506
Contribution to Windfarm Legacy Trust	13,824,112	17,003,250
Asset impairment	–	(188,860)
Gross expenses	\$ 35,886,911	\$ 33,406,567

12. Contingent liabilities:

- (a) The First Nation has endorsed CMHC loans made to various members under the Rural Rehabilitation Assistance Program and is contingently liable.
- (b) The First Nation is contingently liable for loan guarantees to various chartered banks in favour of individual Band members. The guarantees total \$284,149 (2023 - \$394,912) and the principle outstanding on the loans as of the consolidated financial statement date is \$18,351 (2023 - \$283,609).
- (c) The First Nation is involved in a certain legal matter and litigation, the outcome of which is not presently determinable. The loss, if any, from this litigation will be accounted for in the period in which the matter is resolved.

13. Commitments:

The First Nation has entered into an agreement dated March 25, 2021 to provide the Robinson Huron Treaty Litigation Fund with \$63,000 annually over the five-year period from 2022 until 2026 for a total commitment amount of \$315,000.

14. Comparative information:

Certain 2023 comparative information have been reclassified to conform to the presentation adopted in 2024.

HENVEY INLET FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2024

15. Financial risks and concentration of risks:

a) Interest rate risk:

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

b) Market risk:

Market risk is the risk the value of future cash flows of a financial instrument will fluctuate as a result of market factors. All of the First Nation's financial instruments are carried at fair value with fair value changes recognized in the consolidated statement of operations and accumulated surplus and consolidated statement of remeasurement gains. Market risk is managed by the First Nation through construction of a diversified portfolio of instruments traded on various markets and across various industries.

c) Foreign currency risk:

Foreign currency risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The First Nation invests in financial instruments in various currency denominations and is therefore exposed to risk that the exchange rates of various currencies may change in a manner that has an adverse effect on the value of the First Nation's assets denominated in currencies other than the Canadian dollar.

d) Liquidity risk:

Liquidity risk is the risk that the First Nation will not be able to meet all of its cash outflow obligations as they come due. The First Nation mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash outflows arise. The terms of long-term debt are disclosed in note 8.

16. Budget figures:

The budget data presented in these consolidated financial statements is based upon the operating and capital budgets approved by Council. The reconciliation of the approved budget to the budget figures reported on these consolidated financial statements is listed below:

2024	
Approved revenue budget:	
Total revenues per budget	\$ 12,174,129
<hr/>	
Revenue budget per financial statements	\$ 12,174,129
<hr/>	
Approved expense budget:	
Total expenses per budget	\$ 10,237,976
Add:	
Amortization of tangible capital assets	1,863,671
Expense budget per financial statements	\$ 12,101,647

HENVEY INLET FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2024

17. Defined contribution plan:

The contributions to the defined contribution pension plan were \$116,545 (2023 - \$97,234). There have been no significant changes to the contribution plan during the period.

18. Subsequent events:

Subsequent to year-end, the First Nation received their share of the compensation from the Robinson Huron Treaty settlement between the Government of Canada and the Province of Ontario in the amount of \$340,083,000.

Subsequent to year end, the First Nation passed a motion to distribute \$265,400,000 of the Robinson Huron Treaty settlement to eligible members of the First Nation.

19. Segmented information:

Henvey Inlet First Nation is a diversified governmental institution that provides a wide range of services to its band members, including band support, health services, education, social assistance, and community property. 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:

Band Support

The band support 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, administrating the Henvey Inlet First Nation Key Harbour Settlement Trust, administering community services, economic development initiatives, environmental development initiatives, management of the trailer park, management of the gas bar and assistance for computer and communications related projects and services.

Health Services

The health services department provides a diverse bundle of services directed toward the well-being of the members of the member First Nations including such activities as long-term care, health centers, diabetes, fetal alcohol syndrome, mental health, smoke free programs, traditional healing, and training designed to enhance the health of member communities.

Education

The education department provides education management services to the member First Nations as well as overseeing various small incentives on behalf of the communities.

Social Assistance

The social assistance department provides services under the Provincial Ontario Works Program including both active measures such as employment training and financial assistance components.

HENVEY INLET FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2024

19. Segmented information (continued):

Community Property

The community property department provides services for the longevity of the First Nation by the acquisition, development, and maintenance of land resources, equipment, roads and housing.

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 allocations methodologies are employed in the preparation of segmented financial information, including transfers that have been apportioned based on a percentage of budgeted expenses.

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