

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

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Neskantaga First Nation Management's Responsibility for the Consolidated Financial Statements

March 31, 2022

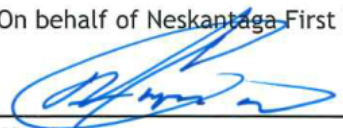
The accompanying consolidated financial statements of Neskantaga First Nation are the responsibility of management and have been approved by the Chief and Council.

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.

The 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. BDO Canada LLP have access to financial management of Neskantaga First Nation and meet when required.

On behalf of Neskantaga First Nation:


Chief
Councillor

Independent Auditor's Report

To the Members of Neskantaga First Nation

Qualified Opinion

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

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2022, and its consolidated results of operations, its changes in consolidated net debt, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

The Significant Accounting Policies describe the tangible capital asset policy with respect to the First Nation's tangible capital assets. For fiscal years commencing on or after January 1, 2009, Section 3150, Tangible Capital Assets, of the Public Sector Accounting Board Handbook requires that capital assets be capitalized and amortized over their estimated useful lives. The First Nation has not fully adopted these recommendations. Although the First Nation has recognized certain tangible capital assets and amortization as of the date of financial statement preparation, the First Nation has not gathered the necessary information to be in a position to recognize and disclose a complete inventory of any of its major classes of tangible capital assets as disclosed in Note 10. As a result, we have been unable to determine whether any adjustments to the amounts recorded are necessary for the years ended March 31, 2022 and 2021. Our audit opinion on the financial statements for the year ended March 31, 2021 was modified accordingly because of the possible effects of this limitation in scope.

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the First Nation's financial reporting process.

Independent Auditor's Report (cont'd)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

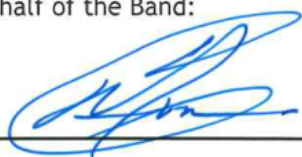
Thunder Bay, Ontario
September 11, 2023

Neskantaga First Nation

Consolidated Statement of Financial Position

March 31	2022	2021
Financial assets		
Cash	\$ 14,448,631	\$ 6,382,102
Accounts receivable (Note 2)	404,259	458,802
Due from government and government organizations (Note 3)	3,805,500	3,099,381
Trust funds held by federal government (Note 4)	9,812	9,659
Portfolio investment (Note 5)	255,000	255,000
	<u>18,923,202</u>	<u>10,204,944</u>
Liabilities		
Accounts payable and accrued liabilities (Note 6)	6,946,174	5,124,499
Due to government and government organizations (Note 7)	1,477,185	1,496,675
Demand and term loans (Note 8)	4,470,344	4,047,829
Deferred revenue (Note 9)	18,168,131	10,559,839
	<u>31,061,834</u>	<u>21,228,842</u>
Net debt	<u>(12,138,632)</u>	<u>(11,023,898)</u>
Non-financial assets		
Prepaid expenses	12,414	12,415
Tangible capital assets (Note 10)	47,760,821	39,590,092
	<u>47,773,235</u>	<u>39,602,507</u>
Accumulated surplus	<u>\$ 35,634,603</u>	<u>\$ 28,578,609</u>

On behalf of the Band:



Chief



Councillor

Neskantaga First Nation Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31	2022 Budget	2022 Actual	2021 Actual
	(Note 11)		
Revenue			
Federal government transfers (Note 9)	\$ 18,686,833	\$ 23,950,444	\$ 18,091,912
Provincial government transfers (Note 9)	225,074	2,686,326	1,171,458
Hydro One	58,080	102,744	77,189
Kiikenomaga Kikenjigewen Employment Training Services	30,000	105,374	50,000
Matawa First Nations Management	89,662	51,396	206,752
Nishnawbe Aski Nation	180,215	276,779	316,123
Ontario First Nations (2008) Limited Partnership	-	606,677	1,001,649
Other	1,318,081	2,614,523	2,799,095
Rent	72,000	121,873	139,956
	20,659,945	30,516,136	23,854,134
Expenses			
Capital projects	4,345,075	1,302,590	1,481,427
Community infrastructure	1,279,757	2,454,061	2,137,096
Economic & employment	395,577	1,374,838	1,571,727
Education	5,122,328	6,770,135	5,547,677
Governance & administration	1,695,990	5,567,372	5,558,229
Health	4,586,370	4,701,439	4,525,205
Social services	2,079,223	1,221,107	769,555
	19,504,320	23,391,542	21,590,916
Annual surplus before the following	1,155,625	7,124,594	2,263,218
Loss on disposal of tangible capital assets	-	(68,600)	-
Annual surplus	1,155,625	7,055,994	2,263,218
Accumulated surplus, beginning of year	-	28,578,609	26,315,391
Accumulated surplus, end of year	\$ 1,155,625	\$ 35,634,603	\$ 28,578,609

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

Neskantaga First Nation Consolidated Statement of Changes in Net Debt

For the year ended March 31	2022 Budget	2022 Actual	2021 Actual
	(Note 11)		
Surplus for the year	\$ 1,155,625	\$ 7,055,994	\$ 2,263,218
Acquisition of tangible capital assets	-	(3,564,476)	(2,345,247)
Acquisition of construction in progress	-	(6,389,036)	(3,525,582)
Amortization of tangible capital assets	-	1,602,782	1,472,018
Proceeds on disposal of tangible capital assets	-	111,401	-
Loss on disposal of tangible capital assets	-	68,600	-
Change in prepaid expenses	-	1	20,879
Net change in net debt	1,155,625	(1,114,734)	(2,114,714)
Net debt, beginning of year	-	(11,023,898)	(8,909,184)
Net debt, end of year	\$ 1,155,625	\$ (12,138,632)	\$ (11,023,898)

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

Neskantaga First Nation Consolidated Statement of Cash Flows

For the year ended March 31	2022	2021
Cash flows from operating activities		
Surplus for the year	\$ 7,055,994	\$ 2,263,218
Items not involving cash		
Amortization	1,602,782	1,472,018
Loss on disposal of tangible capital assets	68,600	-
	8,727,376	3,735,236
Increase (decrease) in non-cash working capital items:		
Accounts receivable	54,543	82,150
Due from government and government organizations	(706,119)	(2,104,726)
Prepaid expenses	1	20,879
Accounts payable and accrued liabilities	1,821,675	(1,224,661)
Due to government and government organizations	(19,490)	487,217
Deferred revenue	7,608,292	5,005,332
	17,486,278	6,001,427
Cash used in financing activities		
Repayment of long term debt	(300,365)	(74,111)
Advances of long term debt	722,880	403,278
	422,515	329,167
Cash used in capital activities		
Acquisition of tangible capital assets	(3,564,476)	(2,345,247)
Acquisition of construction in progress	(6,389,036)	(3,525,582)
Proceeds on disposal of tangible capital assets	111,401	-
	(9,842,111)	(5,870,829)
Cash used in investment activity		
Interest earned on trust assets	(153)	(120)
	(9,842,264)	(5,870,949)
Net increase in cash during the year	8,066,529	459,645
Cash, beginning of year	6,382,102	5,922,457
Cash, end of year	\$ 14,448,631	\$ 6,382,102

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

Neskantaga First Nation Notes to Consolidated Financial Statements

March 31, 2022

1. Significant Accounting Policies

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.												
Reporting Entity	The Neskantaga First Nation reporting entity includes the Neskantaga First Nation government and all related entities that are controlled by the First Nation.												
Basis of Consolidation	<p>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.</p> <p>Organizations consolidated in Neskantaga First Nation's financial statements include:</p> <ul style="list-style-type: none"> • Neskantaga Economic Development Corporation 												
Cash and Cash Equivalents	Cash and cash equivalents consist of cash on hand, bank balances and bank overdrafts with maturities of three months or less.												
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.												
Tangible Capital Assets	<p>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.</p> <p>Amortization is provided for on a declining balance basis as follows:</p> <table> <tr> <td>Buildings</td><td>4 - 5%</td></tr> <tr> <td>Equipment and furniture</td><td>20%</td></tr> <tr> <td>Heavy equipment</td><td>20%</td></tr> <tr> <td>Housing</td><td>5%</td></tr> <tr> <td>Infrastructure</td><td>4 - 20%</td></tr> <tr> <td>Vehicles</td><td>20%</td></tr> </table>	Buildings	4 - 5%	Equipment and furniture	20%	Heavy equipment	20%	Housing	5%	Infrastructure	4 - 20%	Vehicles	20%
Buildings	4 - 5%												
Equipment and furniture	20%												
Heavy equipment	20%												
Housing	5%												
Infrastructure	4 - 20%												
Vehicles	20%												

Neskantaga First Nation Notes to Consolidated Financial Statements

March 31, 2022

1. Significant Accounting Policies (cont'd)

Tangible Capital Assets (Cont'd)

Contributed capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value. Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets.

Assets under construction are not amortized until the asset is available to be put into service.

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

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

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

Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. The principal estimates used in the preparation of these consolidated financial statements are the useful lives of tangible capital assets, deferred revenue and amounts due to government and government organizations. Actual results could differ from management's best estimates as additional information becomes available in the future.

Neskantaga First Nation

Notes to Consolidated Financial Statements

March 31, 2022

2. Accounts Receivable

	2022	2021
Trade and other	\$ 53,974	\$ 128,748
Kiikenomaga Kikenjigewen Employment and Training Services (KKETS)	25,000	12,500
Matawa First Nations Management	137,826	214,066
Nishnawbe Aski Nation	201,188	117,217
	417,988	472,531
Less: allowance for doubtful accounts	(13,729)	(13,729)
	<u>\$ 404,259</u>	<u>\$ 458,802</u>

3. Due from Government and Government Organizations

	2022	2021
Federal government		
Indigenous Services Canada	\$ 2,629,164	\$ 2,454,701
Canada Mortgage and Housing Corporation	275,210	-
Canada Revenue Agency	562,497	497,451
Provincial government		
Ministry of Indigenous Affairs	9,000	9,000
Ministry of Energy, Northern Development and Mines	166,629	138,229
Ministry of Solicitor General	163,000	-
	<u>\$ 3,805,500</u>	<u>\$ 3,099,381</u>

4. Trust Funds Held by Federal Government

	March 31, 2021	Additions 2022	Withdrawals 2022	March 31, 2022
Revenue	\$ 8,536	\$ 153	\$ -	\$ 8,689
Capital	1,123	-	-	1,123
	<u>\$ 9,659</u>	<u>\$ 153</u>	<u>\$ -</u>	<u>\$ 9,812</u>

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*.

Neskantaga First Nation Notes to Consolidated Financial Statements

March 31, 2022

5. Portfolio Investment

On October 4, 2018, the First Nation acquired 2,865 Class C common shares of 2317186 Ontario Limited o/a Happy Time Tours and Travel, a full service travel agency 100% owned by First Nations, for consideration of \$255,000. The shares represent an ownership interest of approximately 15%.

6. Accounts Payable and Accrued Liabilities

	2022	2021
Trade payables and other accrued liabilities	\$ 6,868,197	\$ 5,046,523
Accrued wages and benefits payable	77,977	77,976
	<u>\$ 6,946,174</u>	<u>\$ 5,124,499</u>

7. Due to Government and Government Organizations

	2022	2021
Federal government		
Indigenous Services Canada	\$ 1,019,730	\$ 1,019,730
Receiver General for Canada	455,188	438,559
Canada Mortgage and Housing Corporation	2,267	2,267
Provincial government		
Ministry of Education	-	36,119
	<u>\$ 1,477,185</u>	<u>\$ 1,496,675</u>

Neskantaga First Nation Notes to Consolidated Financial Statements

March 31, 2022

8. Demand and Term Loans

	2022	2021
Royal Bank of Canada		
Term loan repayable at \$1,791 monthly including interest at 2.93%, maturing March 31, 2022 and secured by an assignment of Tikinagan lease payments. Subsequent to year-end, the loan was renewed at an interest rate of 4.38% with monthly payments of \$1,901 including interest.	\$ 165,623	\$ 182,010
Term loan repayable at \$2,722 monthly including interest at 2.93%, maturing March 31, 2022 and secured by an assignment of rents and insurance of the Nishnawbe-Aski Police Service. Subsequent to year-end, the loan was renewed at an interest rate of 5.48% with monthly payments of \$3,024 including interest.	251,765	276,675
Term loan repayable at \$10,123 monthly plus interest at 4.7% (2022 - RBC prime plus 2%), maturing March 2023 and secured by a certificate of insurance evidencing fire and other perils coverage on specific properties	1,094,315	-
Bridge financing	-	1,200,000
Canada Mortgage and Housing Corporation		
Mortgage payable at \$17,140 monthly including interest at 1.88%, maturing February 2027	2,674,721	1,958,223
Caterpillar Financial Services		
Term loan repayable at \$6,537 monthly including interest at 4.99%, maturing February 2026 and secured by a specific piece of heavy equipment with a net book value of \$311,845	283,920	346,494
Term loan	-	84,427
	<u>\$ 4,470,344</u>	<u>\$ 4,047,829</u>

Anticipated annual principal payments due in the next five years and thereafter, assuming refinancing at similar terms, are as follows:

Year	Amount
2023	\$ 386,517
2024	394,109
2025	401,967
2026	410,100
2027	338,256
Thereafter	<u>2,539,395</u>
	<u>\$ 4,470,344</u>

Neskantaga First Nation Notes to Consolidated Financial Statements

March 31, 2022

8. Demand and Term Loans (cont'd)

The First Nation has available an operating line of credit of \$50,000 with the Royal Bank of Canada, incurring interest at the bank's prime lending rate plus 2.5% (5.20% per annum at March 31, 2022). At March 31, 2022, the First Nation had utilized \$NIL (2021 - \$NIL) on this line of credit.

9. Deferred Revenue and Government Transfers

	Balance March 31, 2021	Funding Received 2022	Revenue Recognized 2022	Funding Recoveries	Balance March 31, 2022
Federal					
Indigenous Services Canada	\$ 10,274,726	\$ 24,855,985	\$ 21,166,808	\$ -	\$ 13,963,903
Canada Mortgage and Housing Corporation	-	5,534,083	1,379,087	-	4,154,996
Public Safety Canada	-	1,404,549	1,404,549	-	-
Total Federal	10,274,726	31,794,617	23,950,444	-	18,118,899
Provincial					
MSG	-	1,459,506	1,459,506	-	-
MCCSS	-	239,720	239,720	-	-
MEDU	101,741	171,546	273,287	-	-
MENDM	60,000	353,598	413,598	-	-
MOHLTC	-	112,038	65,695	46,343	-
MIA	123,372	160,380	234,520	-	49,232
Total Provincial	285,113	2,496,788	2,686,326	46,343	49,232
	10,559,839	34,291,405	26,636,770	46,343	18,168,131

MSG = Ministry of Solicitor General

MCCSS = Ministry of Children, Community and Social Services

MENDM = Ministry of Energy, Northern Development and Mines

MIA = Ministry of Indigenous Affairs

MEDU = Ministry of Education

MOHLTC = Ministry of Health and Long-Term Care

Neskantaga First Nation Notes to Consolidated Financial Statements

March 31, 2022

9. Deferred Revenue and Government Transfers (cont'd)

Deferred revenue is broken down by program as follows:

	2022	2021
Indigenous Services Canada		
Aboriginal Diabetes Initiative	\$ 40,052	\$ -
Aboriginal Head Start On-Reserve	393,337	236,758
Band Operated Schools	3,454,149	1,934,158
Child & Family Services / National Child Benefit	953,636	1,705,083
Community Health Representative	307,324	-
COVID-19 / Pandemic - Health	-	309,419
Early Childhood Education	10,208	-
Economic Development	23,868	78,435
Health Facility - O&M	1,552,727	392,013
Home & Community Care	10,827	5,814
Jordan's Principle	280,614	204,124
NAPS Building	536,330	-
New Water Treatment Plant	3,567,596	1,935,998
Pandemic	-	151,048
Planning, Design & Construction	843,267	1,178,608
Remediation	1,145,757	1,407,968
Roads & Bridges	384,954	-
Social Services - Service delivery	109,843	-
Student Accommodation	306,220	735,300
Wastewater & Solid Waste	43,194	-
CMHC		
Rapid Housing	4,154,996	-
Ministry of Education		
Journey Together	-	101,741
Ministry of Energy, Northern Development and Mines		
Participant Fund - Community Access Road	-	30,000
Participant Fund - Webequie Supply Road	-	30,000
Ministry of Indigenous Affairs		
Participant Fund	49,232	123,372
	\$ 18,168,131	\$ 10,559,839

Neskantaga First Nation
Notes to Consolidated Financial Statements

March 31, 2022

10. Tangible Capital Assets

	Cost			Accumulated Amortization					2022 Net Book Value	2021 Net Book Value
	Opening Balance	Additions/ Transfers	Disposal	Closing Balance	Opening Balance	Amortization	Adjustment on Disposal	Closing Balance		
Buildings	\$ 17,894,421	\$ 60,134	-	\$ 17,954,555	\$ 10,890,961	\$ 312,842	-	\$ 11,203,803	\$ 6,750,752	\$ 7,003,460
Construction in progress - water treatment plant	15,191,566	4,496,989	-	19,688,555	-	-	-	-	19,688,555	15,191,566
Construction in progress - bridges	921,031	-	-	921,031	-	-	-	-	921,031	921,031
Construction in progress - Section 95 housing	2,192,489	(2,192,489)	-	-	-	-	-	-	-	2,192,489
Construction in progress - police detachment	-	2,199,056	-	2,199,056	-	-	-	-	2,199,056	-
Construction in progress - CMHC rapid housing	-	1,885,480	-	1,885,480	-	-	-	-	1,885,480	-
Equipment and furniture	1,695,993	180,000	(185,550)	1,690,443	557,567	228,585	(100,049)	686,103	1,004,340	1,138,426
Heavy equipment	3,915,081	85,000	(105,000)	3,895,081	3,129,716	146,674	(10,500)	3,265,890	629,191	785,365
Housing	13,755,814	2,341,988	-	16,097,802	6,884,164	365,591	-	7,249,755	8,848,047	6,871,650
Infrastructure	8,626,591	388,233	-	9,014,824	4,605,052	205,265	-	4,810,317	4,204,507	4,021,539
Vehicles	3,161,125	509,121	-	3,670,246	1,696,559	343,825	-	2,040,384	1,629,862	1,464,566
	\$ 67,354,111	\$ 9,953,512	(290,550)	\$ 77,017,073	\$ 27,764,019	\$ 1,602,782	(110,549)	\$ 29,256,252	\$ 47,760,821	\$ 39,590,092

The First Nation is undertaking a review of their capital assets to identify and fully implement Section 3150, Tangible Capital Assets.

Neskantaga First Nation Notes to Consolidated Financial Statements

March 31, 2022

11. Budget Figures

Budget figures have been provided for comparison purposes and have been derived from the estimates approved by Chief and Council.

12. Impact of COVID-19

As the impacts of COVID-19 in Canada and around the world continue, there could be further impacts on the First Nation. To offset any negative financial impacts, funding has been provided by the Federal and Provincial governments through a variety of grants. The community has experienced lockdowns and travel restrictions on a periodic basis when local breakouts have occurred or regional case counts have surged. These restrictions have slowed down the progress of capital projects significantly, as well as making it difficult to run certain programs which resulted in surpluses that have needed to be deferred. Funders have provided increased flexibility and allowed revenue to be deferred to future years.

Given the dynamic nature of these circumstances and the duration of business disruptions, the related financial impact cannot be reasonably estimated at this time. The First Nation's ability to continue to service debt and meet other obligations as they come due is dependent on the continued support of Indigenous Services Canada and all the other various funders of the First Nation.

13. Comparative Figures

The comparative figures presented in the consolidated financial statements have been reclassified to conform with the current year's presentation.

Neskantaga First Nation Notes to Consolidated Financial Statements

March 31, 2022

14. Segmented Information

Neskantaga First Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by Program. Programs were created for the purpose of recording specific activities to attain certain objectives in accordance with specific regulations, restrictions or limitations. The services are provided by several entities of Neskantaga First Nation. The activities can also be categorized into segments. The following segments have been identified and as such are separately disclosed.

Governance and Administration

Governance and Administration contains the activity related to the delivery of all government services.

Social Services

Social Services contains activities that provide financial support or support by other means to band members that are aimed at developing both the individual as well as the community.

Education

Education Services contains activities that provide education to band members for primary, secondary schooling and sponsorship to attend post secondary institutions.

Community Infrastructure

Community Infrastructure contains all the activities that provide maintenance to the community and its infrastructure including road maintenance, sewer and water, community buildings and public utilities.

Health

Health contains activities that provide medical services to band members. Furthermore, the community wellness department provides a diverse bundle of services directed towards transportation, pre-natal and early childhood care, nursing, health representation, traditional healing, family violence prevention and many other smaller programs designed to enhance the health of members.

Capital Projects

Capital Projects includes capital construction projects and activities for the First Nation, as well as remediation projects.

Economic & Employment

Economic & Employment includes activities to increase the economic opportunities for the First Nation.

For each segment separately reported, the segment revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as described in the summary of significant accounting policies as described in Note 1. The segment results for the period are as follows:

Neskantaga First Nation

Notes to Consolidated Financial Statements

March 31, 2022

14. Segmented Information (cont'd)

For the year ended March 31, 2022	Governance & Administration	Social Services	Education	Community Infrastructure	Health	Capital Projects	Economic & Employment	2022 Total
Revenue								
Federal government transfers	\$ 1,561,389	\$ 981,387	\$ 6,390,828	\$ 2,141,439	\$ 4,197,051	\$ 8,487,005	\$ 191,345	\$ 23,950,444
Provincial government transfers	-	239,720	-	353,598	338,982	1,459,506	294,520	2,686,326
Hydro One	102,744	-	-	-	-	-	-	102,744
KKETS	-	-	-	-	-	-	105,374	105,374
Matawa First Nations Management	-	-	-	-	51,396	-	-	51,396
Nishnawbe Aski Nation	-	-	-	-	276,779	-	-	276,779
OFNLP	606,677	-	-	-	-	-	-	606,677
Other	1,634,572	-	-	20,000	-	62,836	897,115	2,614,523
Rent	121,873	-	-	-	-	-	-	121,873
	4,027,255	1,221,107	6,390,828	2,515,037	4,864,208	10,009,347	1,488,354	30,516,136
Expenses								
Administration	134,864	-	602,130	243,543	413,329	1,381	70,031	1,465,278
Amortization	811,676	-	138,516	101,454	185,826	258,187	107,123	1,602,782
Community projects	403,021	-	44,672	-	-	-	-	447,693
Contracts	-	-	-	-	-	685,365	-	685,365
Donations	-	-	-	6,000	15,000	-	-	21,000
Equipment	-	-	-	49,310	-	-	-	49,310
Graduation expense	1,500	-	38,526	-	-	-	-	40,026
Honoraria	72,438	14,000	2,600	-	180,654	18,000	20,750	308,442
Insurance	238,367	-	-	339	-	-	30,302	269,008
Interest and bank charges	16,209	-	(3,517)	(359)	4,129	35,625	22,974	75,061
Interest on long term debt	19,750	-	-	-	-	-	-	19,750
Meals and entertainment	2,800	-	-	-	1,494	-	-	4,294
Miscellaneous	4,500	-	21,749	-	-	-	41,925	68,174
Office	18,329	25,927	-	17,519	17,538	-	89,186	168,499
Professional services	266,344	55,000	1,215,825	-	174,835	132,189	37,273	1,881,466
Program expense	998,522	387,005	551,828	408,038	456,761	28,887	151,879	2,982,920
Repairs and maintenance	19,266	-	22,271	80,210	-	2,645	34,566	158,958
Social assistance	-	285,640	-	-	-	-	-	285,640
Student board, lodging and tuition	-	-	1,614,654	-	-	-	-	1,614,654
Supplies	99,266	-	301,231	152,857	379,326	6,743	12,929	952,352
Training	-	-	5,950	581	120	-	-	6,651
Travel	667,517	78,870	215,323	35,019	403,355	4,113	45,044	1,449,241
Utilities and telephone	172,582	9,466	344,511	317,578	27,997	7,997	6,949	887,004
Vehicle	17,416	23,326	152,324	79,326	45,776	2,078	298,037	618,283
Wages and benefits	1,603,005	341,873	1,501,542	962,646	2,395,375	119,380	405,870	7,329,691
	5,567,372	1,221,107	6,770,135	2,454,061	4,701,439	1,302,590	1,374,838	23,391,542
Surplus (deficit) before the following	(1,540,117)	-	(379,307)	60,976	162,769	8,706,757	113,516	7,124,594
Gain (loss) on disposal of tangible capital assets	-	-	-	(72,000)	-	-	3,400	(68,600)
Surplus (deficit) for the year	\$ (1,540,117)	\$ (379,307)	\$ (11,024)	\$ 162,769	\$ 8,706,757	\$ 116,916	\$ 7,055,994	

Neskantaga First Nation Notes to Consolidated Financial Statements

March 31, 2022

14. Segmented Information (cont'd)

For the year ended March 31, 2021	Governance & Administration	Social Services	Education	Community Infrastructure	Health	Capital Projects	Economic & Employment	2021 Total
Revenue								
Federal government transfers	\$ 1,220,370	\$ 446,548	\$ 5,355,552	\$ 1,893,437	\$ 4,332,965	\$ 4,198,567	\$ 644,473	\$ 18,091,912
Provincial government transfers	-	359,027	-	353,598	202,917	-	255,916	1,171,458
Hydro One	77,189	-	-	-	-	-	-	77,189
Kiikenomaga Kikenjigewen								
Employment & Training Services	-	-	-	-	-	-	50,000	50,000
Matawa First Nations Management	-	-	94,820	-	111,932	-	-	206,752
Nishnawbe Aski Nation	-	-	-	-	316,123	-	-	316,123
Ontario First Nations Limited Partnership	1,001,649	-	-	-	-	-	-	1,001,649
Other	1,850,964	-	18,000	-	5,345	46,906	877,880	2,799,095
Rent	139,956	-	-	-	-	-	-	139,956
	<u>4,290,128</u>	<u>805,575</u>	<u>5,468,372</u>	<u>2,247,035</u>	<u>4,969,282</u>	<u>4,245,473</u>	<u>1,828,269</u>	<u>23,854,134</u>
Expenses								
Administration	193,993	-	670,383	137,579	441,403	-	89,225	1,532,583
Amortization	748,705	-	95,624	119,834	156,861	252,544	98,450	1,472,018
Community projects	249,100	-	31,225	-	-	-	-	280,325
Contracts	-	-	-	-	-	45,610	150	45,760
Equipment	114,805	-	-	55,070	-	-	-	169,875
Graduation expense	2,800	-	350	-	-	-	-	3,150
Honoraria	46,475	-	36,287	-	16,200	6,000	5,600	110,562
Insurance	221,080	-	-	339	-	-	27,342	248,761
Interest and bank charges	1,363	9,938	(2,572)	48	4,997	151	12,610	26,535
Interest on long term debt	80,591	-	-	-	-	-	-	80,591
Meals and entertainment	28,292	-	843	-	1,000	-	-	30,135
Miscellaneous	2,797	-	10,500	-	-	-	19,706	33,003
Office	22,625	43,354	-	6,064	2,098	-	58,245	132,386
Professional services	216,203	22,500	1,030,947	1,329	7,374	4,593	176,841	1,459,787
Program expense	1,027,072	125,512	437,090	37,589	1,655,173	1,119,515	146,291	4,548,242
Repairs and maintenance	34,994	-	7,221	267,164	20,104	7,582	3,294	340,359
Social assistance	-	290,347	-	-	-	-	-	290,347
Student board, lodging and tuition	-	-	1,169,995	-	-	-	-	1,169,995
Supplies	67,824	-	583,093	229,782	50,059	1,101	30,216	962,075
Training	598	-	5,257	-	497	-	-	6,352
Travel	1,006,718	97,682	55,395	40,934	150,592	892	41,385	1,393,598
Utilities and telephone	149,913	-	196,131	559,220	94,532	1,122	25,697	1,026,615
Vehicle	29,208	21,794	626	16,641	40,943	-	216,634	325,846
Wages and benefits	1,313,073	158,428	1,219,282	665,503	1,883,372	42,317	620,041	5,902,016
	<u>5,558,229</u>	<u>769,555</u>	<u>5,547,677</u>	<u>2,137,096</u>	<u>4,525,205</u>	<u>1,481,427</u>	<u>1,571,727</u>	<u>21,590,916</u>
Surplus (deficit) for the year	<u>\$ (1,268,101)</u>	<u>\$ 36,020</u>	<u>\$ (79,305)</u>	<u>\$ 109,939</u>	<u>\$ 444,077</u>	<u>\$ 2,764,046</u>	<u>\$ 256,542</u>	<u>\$ 2,263,218</u>