

Nibinamik First Nation
Consolidated Financial Statements
March 31, 2022

Nibinamik First Nation

Contents

For the year ended March 31, 2022

Page

Management's Responsibility

Independent Auditor's Report

Consolidated Financial Statements

| | |
|---|---|
| Consolidated Statement of Financial Position..... | 1 |
| Consolidated Statement of Operations and Accumulated Operating Surplus..... | 2 |
| Consolidated Statement of Change in Net Debt..... | 3 |
| Consolidated Statement of Cash Flows..... | 4 |

| | |
|---|----------|
| Notes to the Consolidated Financial Statements | 5 |
|---|----------|

Schedules

| | |
|--|----|
| Schedule 1 - Consolidated Schedule of Tangible Capital Assets..... | 16 |
| Schedule 2 - Consolidated Schedule of Consolidated Expenses by Object..... | 19 |
| Schedule 3 - Consolidated Summary Schedule of Program Reconciliation for Government Reporting..... | 20 |
| Schedule 4 - 13 - Consolidated Schedules of Revenue and Expenses by Segment..... | 21 |

To the Ogamakanuck of Nibinamik First Nation:

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of Nibinamik First Nation and its subsidiaries (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2022, and the consolidated statements of operations and accumulated operating 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 effects of the matters 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 the results of its consolidated operations, changes in its 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

We were not able to satisfy ourselves concerning the observation of physical inventories with a carrying value of \$1,200,000 (2021 - \$850,900) at the end of the year. Due to quarantine/isolation measures, we were not able to observe quantities at all locations. Since closing inventories enter into the determination of the results from the consolidated operations and consolidated cash flows, we were unable to determine whether any adjustments might be necessary to non-financial assets, program expenses and accumulated surplus (deficit).

The First Nation has investments in First Nation partnership and business entities as disclosed in Note 7 which are accounted for by the modified equity method and which have a carrying value of \$175,915 (2021 - \$175,915) on the consolidated statement of financial position. The First Nation also holds portfolio investments in Exchange Income Corporation ("EIC"), which is accounted for at cost and which has a carrying value of \$182,721 (2021 - \$182,721) on the consolidated statement of financial position. We were unable to obtain sufficient and appropriate audit evidence regarding the carrying value of the First Nation's investment in First Nation partnerships and business entities and the First Nation's share of net income for the year or the value of the First Nation's investment in EIC. In addition, the related disclosures of summary consolidated financial statement information of the First Nation's investments in First Nation partnerships and business entities has been omitted from the notes to the consolidated financial statements.

We were not able to obtain sufficient appropriate audit evidence supporting Program Expenses for the Social Services department totaling \$984,593 at the end of the year. We were unable to determine whether any adjustments might be necessary to program expenses and accumulated surplus (deficit).

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.

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.

Fort Frances, Ontario

October 23, 2024

MNP LLP

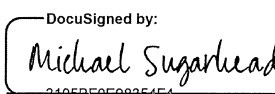
Chartered Professional Accountants

Licensed Public Accountants

Nibinamik First Nation
Consolidated Statement of Financial Position
As at March 31, 2022

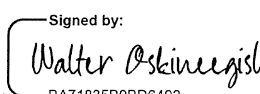
| | 2022 | 2021 |
|--|--------------------|--------------------|
| Financial assets | | |
| Cash (Note 3) | 12,987,363 | 2,376,455 |
| Accounts receivable (Note 5) | 3,543,233 | 4,931,569 |
| Portfolio investments (Note 6) | 316,056 | 182,723 |
| Investments in Nation partnership (Note 7) | 179,486 | 179,486 |
| Funds held in trust (Note 8) | 14,160 | 13,767 |
| Total of financial assets | 17,040,298 | 7,684,000 |
| Liabilities | | |
| Accounts payable and accruals | 4,357,927 | 3,926,281 |
| Deferred revenue (Note 9) | 12,406,183 | 4,499,843 |
| Long-term debt (Note 10) | 3,980,471 | 5,633,335 |
| Total of liabilities | 20,744,581 | 14,059,459 |
| Net debt | (3,704,283) | (6,375,459) |
| Contingencies (Note 12) | | |
| Guarantees (Note 13) | | |
| Non-financial assets | | |
| Tangible capital assets (Note 14) (Schedule 1) | 40,277,907 | 35,975,148 |
| Inventory (Note 15) | 1,200,000 | 850,900 |
| Prepaid expenses | 1,535,730 | 401,325 |
| Total non-financial assets | 43,013,637 | 37,227,373 |
| Accumulated surplus | 39,309,354 | 30,851,914 |

Approved on behalf of the Ogamakanuck

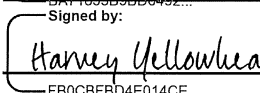
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Ogamakan

Councillor

Signed by:

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Councillor

Signed by:

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Councillor

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

Nibinamik First Nation

Consolidated Statement of Operations and Accumulated Operating Surplus

For the year ended March 31, 2022

| | Schedules | 2022 Budget | 2022 | 2021 |
|---|-----------|-------------------|-------------------|-------------------|
| Revenue | | | | |
| Indigenous Services Canada (Note 19) | | 18,602,733 | 25,440,993 | 20,010,842 |
| Canada Mortgage and Housing Corporation (Note 19) | | 423,906 | 6,316,039 | 127,642 |
| Other revenue | | 1,251,596 | 1,191,607 | 961,835 |
| Nibinamik Power Authority | | 970,000 | 935,622 | 968,104 |
| Ministry of Children, Community and Social Services (Note 19) | | - | 756,610 | 1,019,241 |
| Ontario First Nations Limited Partnership | | 553,235 | 615,572 | 1,018,175 |
| Ministry of Health (Note 19) | | 507,269 | 507,118 | 566,345 |
| Nishnawbe Aski Nation | | - | 407,289 | 205,895 |
| Matawa First Nations | | 297,511 | 163,764 | 275,635 |
| Ministry of Indigenous Affairs (Note 19) | | 154,110 | 223,220 | 305,642 |
| Ministry of Energy, Northern Development and Mines (Note 19) | | 271,582 | 217,109 | 246,742 |
| KKETS | | 63,860 | 109,422 | 76,240 |
| Investment income | | - | 97,763 | 12,487 |
| Ministry of Education (Note 19) | | 127,032 | 52,472 | 139,100 |
| Band housing - user fees | | 165,600 | 67,350 | - |
| Ministry of Tourism and Culture (Note 19) | | 51,723 | 36,818 | 2,500 |
| Nishnawbe Aski Development Fund | | 322,209 | - | - |
| Deferred revenue, prior year (Note 9) | | - | 4,499,843 | 3,211,813 |
| Deferred revenue, end of year (Note 9) | | - | (12,406,183) | (4,499,843) |
| | | 23,762,366 | 29,232,428 | 24,648,395 |
| Program expenses | | | | |
| Administration | 4 | 290,023 | 1,685,821 | 1,429,078 |
| Casino Rama | 5 | 307,850 | 490,434 | 361,401 |
| Community Support | 6 | 997,324 | 1,352,493 | 1,885,136 |
| Lands & Resources | 7 | 257,194 | 205,735 | 355,042 |
| Band Operations and Maintenance | 8 | 8,271,948 | 3,754,773 | 2,030,598 |
| Medical Services | 9 | 4,590,179 | 4,279,606 | 5,149,214 |
| Social Services | 10 | 1,359,275 | 2,133,700 | 2,545,545 |
| Economic/Employment Development | 11 | 1,659,181 | 792,705 | 1,210,506 |
| Housing Authority | 12 | 556,259 | 169,934 | 87,251 |
| Education | 13 | 6,156,470 | 5,909,787 | 4,653,805 |
| Total expenditures (Schedule 2) | | 24,445,703 | 20,774,988 | 19,707,576 |
| Operating surplus before other items | | (683,337) | 8,457,440 | 4,940,819 |
| Transfers between programs | | 280,941 | - | - |
| Operating surplus | | (402,396) | 8,457,440 | 4,940,819 |
| Accumulated operating surplus, beginning of year | | - | 30,851,914 | 25,911,095 |
| Accumulated operating surplus, end of year | | (402,396) | 39,309,354 | 30,851,914 |

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

Nibinamik First Nation
Consolidated Statement of Change in Net Debt
For the year ended March 31, 2022

| | <i>2022 Budget</i> | <i>2022</i> | <i>2021</i> |
|--|------------------------|--------------------|-------------|
| Annual surplus | (402,396) | 8,457,440 | 4,940,819 |
| Purchases of tangible capital assets | - | (5,972,388) | (8,195,078) |
| Amortization of tangible capital assets | - | 1,609,919 | 1,465,040 |
| Loss on disposal of tangible capital assets | - | 59,710 | - |
| Acquisition of inventory | - | (349,100) | - |
| Net acquisition of prepaid expenses | - | (1,535,730) | - |
| Net use of prepaid expenses | - | 401,325 | 300,449 |
| Increase in net financial assets (net debt) | (402,396) | 2,671,176 | (1,488,770) |
| Net debt, beginning of year | (6,375,459) | (6,375,459) | (4,886,689) |
| Net debt, end of year | (6,777,855) | (3,704,283) | (6,375,459) |

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

Nibinamik First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2022

| | 2022 | 2021 |
|---|--------------------|-------------|
| Cash provided by (used for) the following activities | | |
| Operating activities | | |
| Operating surplus | 8,457,440 | 4,940,819 |
| Non-cash items | | |
| Amortization | 1,609,919 | 1,465,040 |
| Loss on disposal of tangible capital asset | 59,710 | - |
| | 10,127,069 | 6,405,859 |
| Changes in working capital accounts | | |
| Accounts receivable | 1,388,336 | 2,255,451 |
| Prepaid expenses | (1,134,405) | 300,449 |
| Accounts payable and accruals | 431,646 | (3,604,049) |
| Deferred revenue | 7,906,340 | 1,288,030 |
| Inventory | (349,100) | - |
| | 18,369,886 | 6,645,740 |
| Financing activities | | |
| Advances of long-term debt | - | 2,454,709 |
| Repayment of long-term debt | (1,652,864) | (203,538) |
| Forgiveness of loans | - | (4,750) |
| | (1,652,864) | 2,246,421 |
| Capital activities | | |
| Purchases of tangible capital assets | (5,972,388) | (8,195,078) |
| Investing activities | | |
| Investment in limited partnership | (133,333) | - |
| Increase in funds held in trust | (393) | - |
| | (133,726) | - |
| Increase in cash resources | 10,610,908 | 697,083 |
| Cash resources, beginning of year | 2,376,455 | 1,679,372 |
| Cash resources, end of year | 12,987,363 | 2,376,455 |

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

1. Operations

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

Impact on operations of COVID-19

The COVID-19 outbreak, which has had a significant impact on operations through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the First Nation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may cause delayed or deferred undertaking of capital projects and/or reduced funding levels, which will negatively impact the First Nation's operations and financial condition.

2. Significant accounting policies

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and including the following 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 of the Chartered Professional Accountants of Canada.

Principles of consolidation consolidated

The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity, except for government business entities. Trusts administered on behalf of third parties by Nibinamik First Nation are excluded from the First Nation reporting entity.

The First Nation has consolidated the assets, liabilities, revenue and expenses of the following entities and departments:

- Nibinamik First Nation
- Nibinamik Power Authority
- Nibinamik Education Authority

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

Government business entities, owned or controlled by the First Nation's Council but not dependent on the First Nation for their continuing operations, are included in the financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the government business entity accounting principles are not adjusted to conform to those of the First Nation. Thus, the First Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. Entities accounted for by the modified equity basis include:

- Wasaya Partnership

Asset classification

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

2. Significant accounting policies *(Continued from previous page)*

Cash

Cash and cash equivalent include balances with banks net of bank overdrafts.

Funds held in Ottawa Trust Fund

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

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

Net financial assets (net debt)

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

Tangible capital assets

Tangible capital assets are initially recorded at cost based on historical cost accounting records. Contributed tangible assets are recorded at their fair value at the date of contribution.

When conditions indicate that a tangible capital asset no longer contributes to the First Nation's ability to provide goods and services, or that the value of future economic benefits associated with a tangible capital asset is less than its net book value, the First Nation reduces the cost of the asset to reflect the decline in its value. Write-downs of tangible capital assets are not reversed.

Amortization

Tangible capital assets are amortized annually using the declining balance method at rates intended to amortize the cost of the assets over their estimated useful lives:

| | Method | Rate |
|---------------------------|-------------------|-------------|
| Band vehicles | declining balance | 30 % |
| Computer equipment | declining balance | 30 % |
| Office equipment | declining balance | 20 % |
| Housing | declining balance | 5 % |
| Arena building | declining balance | 5 % |
| Community buildings | declining balance | 5 % |
| Electrical infrastructure | declining balance | 4 % |
| Roads | declining balance | 4 % |
| Sewer infrastructure | declining balance | 4 % |
| Heavy equipment | declining balance | 20 % |
| Arena equipment | declining balance | 20 % |

Long-term debt

Long-term financing received to fund tangible capital asset purchases is recognized in the period the financing is acquired and recorded as an increase in long-term debt.

Repayments of long-term financing are recognized as a decrease in long-term debt.

Long-lived assets

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

2. Significant accounting policies *(Continued from previous page)*

Long-lived assets *(Continued from previous page)*

The First Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using quoted market prices. Any impairment is included in surplus for the year.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the first-in, first-out method. Cost of inventories of items that are segregated for specific projects is assigned by using specific identification of their individual costs. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

Inventory held for resale is classified as a financial asset when all of the following criteria are met:

- Prior to March 31, 2022, the First Nation has committed to sell the asset;
- The asset is in a condition to be sold;
- The asset is publicly seen to be for sale;
- There is an active market for the asset;
- A plan exists for selling the asset; and
- A sale to a party external to the First Nation can reasonably be expected within one year.

Liability for contaminated site

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2022.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

Revenue recognition

Funding

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period are reflected as deferred revenue on the statement of financial position in the year of receipt.

Government Transfers

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Funds held in Ottawa Trust Fund

Due to measurement uncertainty, revenue related to the receipt of funds held in the Ottawa Trust Fund is recognized when it is received.

Other Revenue

The First Nation recognizes revenue from investment income (loss) as the First Nation's annual proportionate share of earnings or losses.

2. Significant accounting policies *(Continued from previous page)*

Revenue recognition *(Continued from previous page)*

These non-exchange transactions have no performance obligations and are recognized at their realizable value when the First Nation has the authority to claim or retain economic inflows based on a past transaction or event giving rise to an asset.

Revenue from transactions with performance obligations is recognized when the First Nation satisfies a performance obligation by providing the promised goods or services to a payor. The performance obligation is evaluated as being satisfied either over a period of time or at a point in time.

The First Nation recognizes network revenue and retail sales when the sale is made and the customer takes possession of the merchandise or receives the services provided. Other revenue is earned from other services provided by the First Nation and is recognized when the service has been provided and collection is reasonably assured.

The First Nation recognizes rental revenue over the rental term.

Financial instruments

The First Nation recognizes its financial instruments when the First Nation becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the First Nation may irrevocably elect to subsequently measure any financial instrument at fair value. The First Nation has not made such an election during the year.

The First Nation subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses. The First Nation has not presented a statement of remeasurement gains and losses as it does not have any items giving rise to remeasurement gains (losses). Interest income is recognized in the statement of operations; however, investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

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

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

Use of estimates

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards 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 date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the consolidated financial statements of changes in such estimates and assumptions in future years could be significant. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the years in which they become known.

Nibinamik First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

2. Significant accounting policies *(Continued from previous page)*

Segments

The First Nation conducts its business through eleven reportable segments: Administration, Band Operations and Maintenance, Economic/Employment Development, Education, Housing Authority, Medical Services, Social Services, Community Support, Lands & Resources, Casino Rama and Investment Fund. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

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

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 2 the *Significant accounting policies*.

3. Cash

| | 2022 | 2021 |
|----------------------|-------------------|------------------|
| General account | (11,891) | (757,815) |
| Housing (Note 4) | 414,162 | 157,603 |
| Health and Social | (20,185) | (69,170) |
| Economic Development | 524,095 | 175,581 |
| Education Authority | 27,671 | 1,977 |
| Power Authority | 9,669 | 27,206 |
| Lands & Resources | 22,028 | 126,416 |
| Ontario Works | 141,466 | 151,736 |
| Trust Savings | 11,524,388 | 2,220,516 |
| Other cash resources | 355,768 | 342,213 |
| Investment | 192 | 192 |
| | 12,987,363 | 2,376,455 |

At March 31, 2022, the First Nation had lines of credit available totaling \$325,000 bearing interest at bank prime rate plus 3.25%. At March 31, 2022 \$1,631 (2021 - \$77,858) was drawn and is recorded as a part of cash. A general security agreement has been collateralized in connection with the line of credit.

4. Restricted cash

Under agreements with Canada Mortgage and Housing Corporation ("CMHC") the First Nation established the following:

- A replacement reserve established by an annual allocation of \$12,510, to ensure replacement of buildings financed by CMHC.
- A subsidy surplus reserve established by retaining excess federal assistance payments received plus interest. Reserve funds may be used to meet future subsidy requirements of income test occupants, over and above the maximum federal assistance.

In accordance with terms of the agreements, CMHC reserve monies must be held or invested only in accounts or instruments guaranteed by the Canada Deposit Insurance Corporation, or as otherwise approved by CMHC. Reserve withdrawals are credited first to interest and then to principal. As at March 31, 2022, the replacement reserve was fully funded and the funded amount was \$20,195 (March 31, 2021 - \$7,685).

| | 2022 | 2021 |
|---------------------------------------|---------------|--------------|
| Opening CMHC replacement reserve | 7,685 | 2,100 |
| Annual replacement reserve allocation | 12,510 | 5,585 |
| | 20,195 | 7,685 |

Nibinamik First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

5. Accounts receivable

| | 2022 | 2021 |
|---------------------------------|------------------|------------------|
| Indigenous Services Canada | 745,901 | 2,371,165 |
| Fuel sales | 109,912 | 113,807 |
| Harmonized Sales Tax rebates | - | 214,998 |
| Employee/Member advances | 1,065,694 | 1,060,777 |
| Commercial hydro | 577,938 | 406,517 |
| General | 2,701,863 | 2,303,496 |
| Allowance for doubtful accounts | (1,658,075) | (1,539,191) |
| | 3,543,233 | 4,931,569 |

6. Portfolio investments

| | 2022 | 2021 |
|---|----------------|----------------|
| Ontario First Nations Sovereign Wealth LP | 1 | 1 |
| Ontario First Nations Asset Management LP | 1 | 1 |
| Exchange Income Corporation | 182,721 | 182,721 |
| Happy Time Real Estate Holdings LP | 133,333 | - |
| | 316,056 | 182,723 |

7. Investments in partnerships and government business entities

The First Nation has investments in the following entities:

| | <i>Investment cost</i> | <i>Cumulative share of earnings (loss)</i> | 2022 <i>Total investment</i> |
|---|------------------------|--|--|
| Business Partnerships – Modified Equity: | | | |
| Wasaya Partnership | 179,486 | - | 179,486 |
| | | | |
| | | | 2021 |
| | <i>Investment cost</i> | <i>Cumulative share of earnings (loss)</i> | <i>Total investment</i> |
| Business Partnerships – Modified Equity: | | | |
| Wasaya Partnership | 179,486 | - | 179,486 |

Nibinamik First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

8. Funds held in trust

Capital and revenue trust monies are transferred to the First Nation on the authorization of the Minister of Indigenous Services Canada, with the consent of the First Nation's Council.

| | 2022 | 2021 |
|----------------------------|---------------|-------------|
| Capital Trust | | |
| Balance, beginning of year | 1,710 | 1,710 |
| Balance, end of year | 1,710 | 1,710 |
| Revenue Trust | | |
| Balance, beginning of year | 12,057 | 12,057 |
| Interest | 393 | - |
| Balance, end of year | 12,450 | 12,057 |
| | 14,160 | 13,767 |

9. Deferred revenue

The following table represents changes in the deferred revenue balance attributable to each major category of external restrictions:

| | <i>Balance, beginning of year</i> | <i>Revenue Received</i> | <i>Revenue Recognized</i> | <i>Balance, end of year</i> |
|----------------------------|---|-----------------------------|-------------------------------|---------------------------------|
| Indigenous Services Canada | 4,088,280 | 11,196,737 | 3,723,783 | 11,561,234 |
| Other | 411,563 | 838,005 | 404,619 | 844,949 |
| | 4,499,843 | 12,034,742 | 4,128,402 | 12,406,183 |

Nibinamik First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

10. Long-term debt

| | 2022 | 2021 |
|---|------------------|------------------|
| Canada Mortgage and Housing Corporation ("CMHC") housing loan repayable in monthly instalments of \$11,476 including interest at 0.74%, due February 2036. | 1,820,581 | 1,944,340 |
| Canada Mortgage and Housing Corporation ("CMHC") housing loan repayable in monthly instalments of \$6,049 including interest at 1.75%, due October 2044. | 1,354,120 | 1,402,632 |
| Royal Bank of Canada Heavy Equipment loan repayable in monthly instalments of \$9,385 including interest at the bank's prime rate plus 2.33%, due March 2022. | 409,760 | 500,000 |
| Royal Bank of Canada loan repayable in monthly instalments of \$3,426 including interest at 4.51%, due November 2022. | 396,010 | 418,686 |
| Royal Bank of Canada Fuel loan repaid January 2022. | - | 1,326,990 |
| Royal Bank of Canada equipment loan repaid March 2022. | - | 20,911 |
| Royal Bank of Canada equipment loan repaid July 2021. | - | 19,776 |
| | 3,980,471 | 5,633,335 |

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed, are estimated as follows:

| | Principal |
|------|-----------|
| 2023 | 292,802 |
| 2024 | 300,338 |
| 2025 | 308,174 |
| 2026 | 315,826 |
| 2027 | 209,658 |

Interest on long-term debt amounted to \$107,967 (2021 - \$92,098).

All loans are secured by a general security agreement, a first ranking and specific security interest on specific equipment of the First Nation, and an irrevocable letter of direction in respect to Ontario First Nations Limited Partnership funding due to the First Nation being forwarded to RBC.

11. Commitments

The First Nation has entered into a contract for construction of rapid housing units with expected payments totaling \$3,583,370 over the next year.

12. Contingent liabilities

The First Nation has agreements with Indigenous Services Canada ("ISC") and other government bodies for each restricted fund which states that the First Nation may be required to return any surplus which may arise. The First Nation is solely responsible for any deficits. Recoveries are recorded in the year in which they are determined.

Nibinamik First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

13. Guarantees

The First Nation has guaranteed up to \$130,000 (2021 - \$Nil) to suppliers of the Nibinamik Community Store. As at March 31, 2022 no liability has been recorded associated with this guarantee.

The First Nation has agreed to act as a guarantor in connection with borrowings present and future of 2317186 Ontario Limited (Operating as Happy Time Tours & Travel). As at March 31, 2022 no liability has been recorded associated with this guarantee.

14. Tangible capital assets

The tangible capital assets reconciliation is included in Schedule 1. The consolidated schedule of tangible capital assets presents all balances and charges in the year relating to the tangible capital assets owned by the First Nation. Tangible capital assets acquired after March 31, 1997 are recorded at cost less amortization on the consolidated statement of financial position. Tangible capital assets acquired prior to April 1, 1997 are deemed to have been fully amortized and are recorded at a nominal value.

15. Inventory

| | 2022 | 2021 |
|------|-----------|---------|
| Fuel | 1,200,000 | 850,900 |

The cost of inventories recognized as an expense and included in fuel amount to \$2,076,716.

16. Accumulated surplus

Accumulated surplus consists of the following:

| | 2022 | 2021 |
|----------------------------|-------------------|-------------------|
| Operating Fund | | |
| Balance, beginning of year | 30,489,707 | 25,548,888 |
| Surplus | 8,457,440 | 4,940,819 |
| | 38,947,147 | 30,489,707 |
| Investment Fund | | |
| Balance, beginning of year | 362,207 | 362,207 |
| | 39,309,354 | 30,851,914 |

17. Economic dependence

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

Nibinamik First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

18. Segments

The First Nation has eleven reportable segments. These segments are differentiated by the major activities or services they provide. The First Nation's segments are as follows:

Administration - includes administration and governance activities.

Band Operations and Maintenance - includes Band programs and maintenance.

Economic/Employment Development - includes activities for the maintenance of the community and its infrastructure.

Education - includes the operations of education programs.

Housing Authority - includes operations relating to community housing development and operations.

Medical Services - reports on the First Nation and Inuit Health funding.

Social Services - activities include delivering social programs.

Community Support - activities include delivering community support programs.

Lands & Resources - includes activities for the maintenance of the community.

Casino Rama - reports on the Ontario First Nations Limited Partnership funding.

Investment Fund - reports on gains and losses of the First Nation's investment in Wasaya Partnership.

Inter-segment transfers are recorded at their exchange amount. The accounting policies are the same as those described in Note 2.

19. Government transfers

Nibinamik First Nation receives a significant portion of its revenue pursuant to a funding agreement with Indigenous Services Canada. Under the terms of the agreement, funding can be suspended if the First Nation does not comply with the terms of the agreement.

During the year, the First Nation recognized the following government transfers:

| | 2022 | 2021 |
|---|-------------------|-------------|
| Indigenous Services Canada | 25,440,993 | 20,010,842 |
| Canada Mortgage and Housing Corporation | 6,316,039 | 127,642 |
| Ministry of Tourism and Culture | 36,818 | 2,500 |
| Ministry of Energy, Northern Development and Mines | 217,109 | 246,742 |
| Ministry of Children, Community and Social Services | 756,610 | 1,019,241 |
| Ministry of Health | 507,118 | 556,345 |
| Ministry of Indigenous Affairs | 223,220 | 305,642 |
| Ministry of Education | 52,472 | 139,100 |
| | 33,550,379 | 22,408,054 |

20. Budget information

The disclosed budget information has been prepared by the management of Nibinamik First Nation.

21. Financial Instruments

The First Nation as part of its operations carries a number of financial instruments. It is management's opinion that the First Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

22. First Nations Transparency Act

The First Nation is required by the First Nations Transparency Act to post its consolidated financial statements on a website and submit the consolidated financial statements to ISC by July 29, 2022. As the audit report is after this date, the First Nation is not in compliance with the requirement. The possible effect of non-compliance has not yet been determined.

Nibinamik First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2022

| | <i>Band vehicles</i> | <i>Computer equipment</i> | <i>Office equipment</i> | <i>Housing</i> | <i>Arena building</i> | <i>Community buildings</i> | <i>Subtotal</i> |
|--|----------------------|---------------------------|-------------------------|-------------------|-----------------------|----------------------------|-------------------|
| Cost | | | | | | | |
| Balance, beginning of year | 1,971,633 | 511,253 | 188,827 | 18,852,587 | 3,135,658 | 8,064,915 | 32,724,873 |
| Acquisition of tangible capital assets | 43,653 | - | - | 759,916 | - | 138,500 | 942,069 |
| Disposal of tangible capital assets | - | - | - | - | - | - | - |
| Balance, end of year | 2,015,286 | 511,253 | 188,827 | 19,612,503 | 3,135,658 | 8,203,415 | 33,666,942 |
| Accumulated amortization | | | | | | | |
| Balance, beginning of year | 1,345,145 | 509,720 | 183,031 | 7,446,590 | 1,868,787 | 5,135,972 | 16,489,245 |
| Annual amortization | 194,494 | 460 | 1,159 | 589,298 | 63,344 | 136,421 | 985,176 |
| Balance, end of year | 1,539,639 | 510,180 | 184,190 | 8,035,888 | 1,932,131 | 5,272,393 | 17,474,421 |
| Net book value of tangible capital assets | 475,647 | 1,073 | 4,637 | 11,576,615 | 1,203,527 | 2,931,022 | 16,192,521 |
| 2021 Net book value of tangible capital assets | 626,488 | 1,533 | 5,796 | 11,405,997 | 1,266,871 | 2,928,943 | 16,235,628 |

Nibinamik First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2022

| | Subtotal | Electrical infrastructure | Roads | Sewer infrastructure | Heavy equipment | Arena equipment | Subtotal |
|--|-------------------|--------------------------------------|----------------|---------------------------------|----------------------------|----------------------------|-------------------|
| Cost | | | | | | | |
| Balance, beginning of year | 32,724,873 | 10,726,261 | 322,124 | 18,979,856 | 1,512,647 | 58,875 | 64,324,636 |
| Acquisition of tangible capital assets | 942,069 | 816,526 | 59,257 | 4,015,697 | 138,840 | - | 5,972,389 |
| Disposal of tangible capital assets | - | - | - | - | (59,710) | - | (59,710) |
| Balance, end of year | 33,666,942 | 11,542,787 | 381,381 | 22,995,553 | 1,591,777 | 58,875 | 70,237,315 |
| Accumulated amortization | | | | | | | |
| Balance, beginning of year | 16,489,245 | 4,003,774 | 215,014 | 6,968,804 | 850,433 | 58,281 | 28,585,551 |
| Annual amortization | 985,176 | 285,230 | 5,470 | 199,540 | 134,385 | 119 | 1,609,920 |
| Balance, end of year | 17,474,421 | 4,289,004 | 220,484 | 7,168,344 | 984,818 | 58,400 | 30,195,471 |
| Net book value of tangible capital assets | 16,192,521 | 7,253,783 | 160,897 | 15,827,209 | 606,959 | 475 | 40,041,844 |
| 2021 Net book value of tangible capital assets | 16,235,628 | 6,722,487 | 107,110 | 12,011,052 | 662,214 | 594 | 35,739,085 |

Nibinamik First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2022

| | <i>Subtotal</i> | <i>Land</i> | <i>2022</i> | <i>2021</i> |
|--|-------------------|----------------|-------------------|-------------|
| Cost | | | | |
| Balance, beginning of year | 64,324,636 | 236,063 | 64,560,699 | 56,365,621 |
| Acquisition of tangible capital assets | 5,972,389 | - | 5,972,389 | 8,195,078 |
| Disposal of tangible capital assets | (59,710) | - | (59,710) | - |
| Balance, end of year | 70,237,315 | 236,063 | 70,473,378 | 64,560,699 |
| Accumulated amortization | | | | |
| Balance, beginning of year | 28,585,551 | - | 28,585,551 | 27,120,511 |
| Annual amortization | 1,609,920 | - | 1,609,920 | 1,465,040 |
| Balance, end of year | 30,195,471 | - | 30,195,471 | 28,585,551 |
| Net book value of tangible capital assets | 40,041,844 | 236,063 | 40,277,907 | 35,975,148 |
| 2021 Net book value of tangible capital assets | 35,739,085 | 236,063 | 35,975,148 | |