

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

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

March 31, 2022

The accompanying consolidated financial statements of Aroland 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 Council is 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 Aroland First Nation and meet when required.

On behalf of Aroland First Nation:

A blue ink signature of the Chief, written in a cursive style.

Chief

A black ink signature of a Councillor, written in a cursive style.

Councillor

Independent Auditor's Report

To the Members of Aroland First Nation

Qualified Opinion

We have audited the consolidated financial statements of Aroland 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 financial assets and the 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 matters discussed in the Basis for Qualified Opinion paragraph, 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 consolidated results of its operations, consolidated changes in net financial assets and consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

The First Nation was unable to obtain information about investments in various entities. Accordingly, verification of investments held by the First Nation was limited to the amounts recorded in the records of the First Nation. Therefore, we were not able to determine whether any adjustments might be necessary to income from investments, annual surplus or deficit and cash flows from investing transactions for the years ended March 31, 2022 and 2021, financial assets as at March 31, 2022 and 2021 and accumulated surplus as at April 1 and March 31 for both the 2022 and 2021 years.

Section 1200, Financial Statement Presentation, of Public Sector Accounting Board Handbook requires the disclosure of budgeted information. The First Nation has not prepared or approved consolidated budgets. As a result, we are unable to present budgeted information on the consolidated financial statements for the years ended March 31, 2022 and 2021.

Our audit opinion on the financial statements for the year ended March 31, 2022 was modified accordingly because of the possible effects of these limitations 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.

Independent Auditor's Report (cont'd)

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.

Independent Auditor's Report (cont'd)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (cont'd)

- 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
January 27, 2023

Aroland First Nation Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31	2022	2021
Revenue		
Federal government transfers (Note 16)	\$ 8,624,422	\$ 6,685,149
Provincial government transfers (Note 16)	2,282,894	2,424,253
Miscellaneous	1,520,852	1,781,620
Rent	159,100	153,462
Investment income	11,250	11,250
	<u>12,598,518</u>	<u>11,055,734</u>
Expenses		
Administration	440,134	475,856
Social services	1,556,419	1,567,959
Health services	2,302,556	1,981,090
Education	3,842,164	3,159,183
Economic development	793,197	523,431
Capital and operations and maintenance programs	2,058,224	1,389,103
Other programs	709,040	954,940
	<u>11,701,734</u>	<u>10,051,562</u>
Annual surplus before undernoted	896,784	1,004,172
Gain (loss) on disposal of tangible capital assets	(443)	7,524
Annual surplus	896,341	1,011,696
Accumulated surplus, beginning of year	16,643,615	15,631,919
Accumulated surplus, end of year	\$ 17,539,956	\$ 16,643,615

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

Aroland First Nation

Consolidated Statement of Changes in Net Financial Assets

For the year ended March 31	2022	2021
Annual surplus	\$ 896,341	\$ 1,011,696
Acquisition of tangible capital assets	(1,370,188)	(55,000)
Amortization of tangible capital assets	832,599	749,815
Proceeds on disposal of tangible capital assets	27,500	15,000
(Gain) loss on disposal of tangible capital assets	443	(7,524)
Prepaid expenses	(21,496)	(1,000)
Net change in net financial asset	365,199	1,712,987
Net financial assets, beginning of year	2,739,309	1,026,322
Net financial assets, end of year	\$ 3,104,508	\$ 2,739,309

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

Aroland First Nation Consolidated Statement of Cash Flows

For the year ended March 31	2022	2021
Cash flows from operating activities		
Annual surplus	\$ 896,341	\$ 1,011,696
Items not involving cash:		
Amortization	832,599	749,815
(Gain) loss on disposal of tangible capital assets	443	(7,524)
Noront Resources Ltd. non-cash receipt of investments	(30,000)	-
	1,699,383	1,753,987
Increase (decrease) in non-cash working capital items:		
Accounts receivable	(542,143)	164,225
Due from government	(1,120,931)	729,954
Prepaid expenses	(21,496)	(1,000)
Accounts payable and accrued liabilities	484,092	(747)
Due to government	152,995	7,907
Deferred revenue	3,432,491	3,025,514
Other loans	-	(6,967)
	4,084,391	5,672,873
Cash used in financing activities		
Repayment of long term debt	(254,486)	(278,694)
Repayment of obligations under capital lease	(75,240)	(56,141)
	(329,726)	(334,835)
Cash (used in) provided by capital activities		
Purchase of tangible capital assets	(1,001,805)	(55,000)
Proceeds on disposal of tangible capital assets	-	15,000
	(1,001,805)	(40,000)
Cash used in investment activities		
Increase in trust assets	(2,034)	(1,597)
Increase in portfolio investments	-	(275)
	(2,034)	(1,872)
Net increase in cash during the year	2,750,826	5,296,166
Cash, beginning of year	9,873,248	4,577,082
Cash, end of year	\$ 12,624,074	\$ 9,873,248

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

Aroland 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 Aroland First Nation reporting entity includes the Aroland 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>Under the modified equity method of accounting, only Aroland First Nation's investment in the government business enterprise and the First Nation's portion of the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of Aroland First Nation and inter-organizational balances and transactions are not eliminated.</p> <p>Organizations consolidated in Aroland First Nation's financial statements include:</p> <ul style="list-style-type: none"> • 1648973 Ontario Inc. (inactive) • 1670719 Ontario Inc. (inactive) • 1796651 Ontario Inc. (inactive) • Aroland Education Authority (inactive) • Aroland Industrial LP (inactive)
Portfolio Investments	Portfolio investments are recorded at cost. Portfolio investments are written down where there has been a loss in value that is other than a temporary decline.
Cash and Cash Equivalents	Cash and cash equivalents consist of cash on hand, bank balances and term deposits having a maturity of three months or less, and bank overdrafts.

Aroland First Nation

Notes to Consolidated Financial Statements

March 31, 2022

1. Significant Accounting Policies (cont'd)

Tangible Capital Assets

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

Amortization is provided for on a declining balance basis as follows:

Automotive and vehicles	- 30%
Buildings and housing	- 4%
Computer equipment	- 45-50%
General and heavy equipment	- 20%
Infrastructure, roads and fire protection	- 4%
Sewer system equipment	- 4%
Small tools	- 100%

Tangible capital assets are written down when conditions indicate that they no longer contribute to the First Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value.

The net write-downs are accounted for as expenses in the consolidated statement of operations.

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.

Aroland First Nation

Notes to Consolidated Financial Statements

March 31, 2022

1. Significant Accounting Policies (cont'd)

Leased Tangible Capital Assets

A lease that transfers substantially all of the benefits and risks of ownership to the lessee is recorded as a tangible capital asset and the incurrence of a lease obligation. At inception, a tangible capital asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments, excluding executory costs, and the leased property's fair value at the beginning of the lease. The discount rate used to determine the present value of the lease payments is the lower of the First Nation's rate for incremental borrowing or the interest rate implicit in the lease. Leased tangible capital assets are amortized on a declining balance basis over the economic life of the leased property as follows:

Automotive and vehicles	- 30%
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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 financial statements are the useful lives of tangible capital assets, deferred revenue and accounts payable and accrued liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future.

Aroland First Nation

Notes to Consolidated Financial Statements

March 31, 2022

2. Cash

	2022	2021
Petty cash	\$ 1,008	\$ 1,008
General (Financial Advisor)	5,158,420	6,400,091
General (First Nation)	3,649,321	438,613
Tikinagan	164,010	109,308
Health Authority	701,871	1,270,237
Recreation	1,001,753	20,130
Ontario Works	808,965	647,868
Ontario First Nation Limited Partnership	660,545	506,042
CMHC - Operating	153,414	185,057
CMHC - Operating Reserve	176,937	146,938
CMHC - Replacement Reserve	128,059	128,059
1796651 Ontario Inc.	19,771	19,897
	\$ 12,624,074	\$ 9,873,248

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 3.5% (6.20% per annum at year end). At March 31, 2022, the First Nation had utilized \$NIL (2021 - \$NIL) on this line of credit.

There is a bank overdraft facility available on the Ontario Works account of \$50,000 with the Royal Bank of Canada, incurring interest at the bank's prime lending rate plus 5.0% (7.70% per annum at year end). At March 31, 2022, the balance outstanding is \$NIL (2021 - \$NIL).

Both facilities are secured by a general security agreement as well as a specific security interest on certain heavy equipment owned by the First Nation.

Included in the total cash balance are externally restricted and unrestricted balances as follows:

	2022	2021
CMHC replacement reserve	\$ 128,059	\$ 128,059
Unrestricted	12,496,015	9,745,189
	\$ 12,624,074	\$ 9,873,248

Aroland First Nation

Notes to Consolidated Financial Statements

March 31, 2022

3. Accounts Receivable

	2022	2021
Due from members:		
Advances	\$ 5,200	\$ 5,200
Other	283,333	285,133
	<u>288,533</u>	<u>290,333</u>
General receivables	1,141,345	641,623
	<u>1,429,878</u>	<u>931,956</u>
Less: allowance for doubtful accounts	(382,233)	(426,454)
	<u>\$ 1,047,645</u>	<u>\$ 505,502</u>

4. Due from Government

	2022	2021
Federal government		
Indigenous Services Canada	\$ 1,420,941	\$ 449,891
Canadian Environmental Assessment Agency	22,050	22,050
Canada Mortgage and Housing Corporation	10,813	10,813
Health Canada	245,855	42,231
Provincial government		
Ministry of Children, Community and Social Services	67,890	15,061
Ministry of Natural Resources and Forestry	2,521	2,521
Ministry of Northern Development, Mines, Natural Resources and Forestry	<u>37,883</u>	<u>144,455</u>
	1,807,953	687,022
Less: allowance for doubtful accounts	(22,050)	(22,050)
	<u>\$ 1,785,903</u>	<u>\$ 664,972</u>

Aroland First Nation Notes to Consolidated Financial Statements

March 31, 2022

5. Trust Funds Held by Federal Government

	March 31, 2021	Additions 2022	Withdrawals 2022	March 31, 2022
Revenue	\$ 116,743	\$ 2,034	\$ -	\$ 118,777
Capital	11,955	-	-	11,955
	<u>\$ 128,698</u>	<u>\$ 2,034</u>	<u>\$ -</u>	<u>\$ 130,732</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*.

6. Portfolio Investments

	Ownership Percentage	2022	2021
Landmark Inn Limited Partnership	11%	\$ 147,000	\$ 147,000
Landmark Inn General Partner Limited	11%	3,000	3,000
Landmark Inn Leasing Corporation	11%	3	3
Ne-Daa-Kii-Me-Naan Inc.	14%	10	10
Agoke Development, LP	33%	3,333	3,333
Ginoogam Development Corporation	33%	100	100
Ginoogam Development, LP	33%	3,333	3,333
Kenogamisis Energy GP Corporation	25%	25	25
Kenogamisis Energy LP	25%	250	250
Minodahmun Development LP & Minodahmun Development Inc.	33%	1	1
Loan to Landmark Inn Limited Partnership		6,490	6,490
Noront Resources Ltd. (150,000 common shares, market value \$163,500)		30,000	-
		<u>\$ 193,545</u>	<u>\$ 163,545</u>

The First Nation and Noront Resources Ltd. signed a Memorandum of Understanding (MOU) as part of the planning process for the development of the Eagle's Nest nickel-copper-palladium deposit in the Ring of Fire. As part of the MOU, the First Nation became a shareholder of Noront Resources Ltd., with the issuance of 150,000 common shares.

Subsequent to the year end, Wyloo Metals Pty. Ltd. and Noront Resources Ltd. entered into a binding agreement whereas Wyloo Metals Pty. Ltd. acquired Noront Resources Ltd. at a price of \$1.10 per share. At the time of the acquisition, the First Nation sold their shares for the amount of \$165,000.

Aroland First Nation

Notes to Consolidated Financial Statements

March 31, 2022

7. Accounts Payable and Accrued Liabilities

	2022	2021
Trade payables and other accrued liabilities	\$ 1,601,615	\$ 1,104,829
Accrued wages and benefits payable	106,682	95,921
Vacation and overtime payable	588	14,043
Due to minors	174,000	184,000
	<u>\$ 1,882,885</u>	<u>\$ 1,398,793</u>

As part of the 2020 Greenstone Gold Mine execution payment, there was a one time "per capita" distribution to members of \$1,000. For those members who were under the age of 18 at the date of the distribution, these monies are held by Aroland First Nation until such time the member reaches the age of 18. These monies will be distributed to the members as they achieve the age of 18. \$8,000 is expected to be distributed within one year.

8. Due to Government

	2022	2021
Indigenous Services Canada	\$ 556,630	\$ 397,491
Ministry of Health and Long Term Care	14,670	14,670
Receiver General	1,763	7,907
	<u>\$ 573,063</u>	<u>\$ 420,068</u>

9. Deferred Revenue

	2022	2021
Canadian Mortgage Housing Corporation	\$ 784,040	\$ -
Health Canada	1,416,806	843,881
Indigenous Services Canada	5,004,683	3,090,721
Nishnawbe Aski Nation	-	6,900
Matawa - Student Support Officer	20,915	-
Ministry of Education - Journey Together	456,494	370,220
Ministry of Indigenous Affairs	2,986	741
Ministry of Northern Development, Mines, Natural Resources and Forestry	70,966	18,009
Other	6,073	-
	<u>\$ 7,762,963</u>	<u>\$ 4,330,472</u>

Aroland First Nation Notes to Consolidated Financial Statements

March 31, 2022

10. Long Term Debt

	2022	2021
Royal Bank of Canada		
Demand term loan repayable at \$2,238 monthly including interest at 3.5%, maturing August 2025, secured by a general security agreement, and an assignment of distributions from OFNLP General Partnership Limited and/or the Ontario First Nations (2008) Limited Partnership.	\$ 345,292	\$ 433,574
Canada Mortgage and Housing Corporation		
Housing Loan #1, repayable at \$4,738 monthly including interest at 2.41%, maturing April 2038, secured by a ministerial guarantee from Indigenous and Services Canada and a first mortgage on 7-housing units with a net book value of \$876,535.	759,714	797,971
Housing Loan #2, repayable at \$5,860 monthly including interest at 1.91%, maturing May 2039, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on 8-housing units with a net book value of \$1,065,047.	1,030,737	1,081,034
Brandt Tractor		
Term Loan, repayable at \$6,689 monthly including interest at 0%, maturing July 2024, secured by specific assets with a net book value of \$364,674.	187,288	-
Term loan	-	24,139
	2,323,031	2,336,718
Less current portion	185,000	546,000
	\$ 2,138,031	\$ 1,790,718

Anticipated annual principal payments due in the next five years and thereafter are as follows:

Year	Amount
2023	\$ 185,000
2024	188,000
2025	137,000
2026	395,000
2027	98,000
Thereafter	1,320,031
	\$ 2,323,031

Aroland First Nation Notes to Consolidated Financial Statements

March 31, 2022

11. Obligation Under Capital Lease

	2022	2021
RBC School Bus Lease		
Lease #1, repayable at \$5,238 monthly including interest at 4.30% annually, maturing at January 2023, secured by a general security agreement as well as a specific security interest on certain vehicles with a net book value of \$86,302.	\$ 51,355	\$ 110,605
RBC School Bus Lease		
Lease #2, repayable at \$2,929 monthly including interest at 3.41% annually, maturing at September 2024, secured by a general security agreement as well as a specific security interest on certain vehicles with a net book value of \$88,609.	\$ 84,094	\$ -
	<u>\$ 135,449</u>	<u>\$ 110,605</u>

Future minimum lease payments under the capital leases for subsequent years are as follows:

Year	Amount
2023	\$ 86,801
2024	35,143
2025	<u>17,572</u>
	\$ 139,516
Less: imputed interest	<u>4,067</u>
	<u>\$ 135,449</u>

Aroland First Nation
Notes to Consolidated Financial Statements

For the year ended March 31, 2022

12. Tangible Capital Assets

	Cost				Accumulated Amortization				2022 Net Book Value	2021 Net Book Value
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Amortization	Disposals	Closing Balance		
Housing	\$ 6,989,365	\$ -	\$ -	\$ 6,989,365	\$ 4,290,191	\$ 107,967	\$ -	\$ 4,398,158	\$ 2,591,207	\$ 2,699,174
CMHC housing	2,784,382	-	-	2,784,382	761,900	80,899	-	842,799	1,941,583	2,022,482
Four-Plex building	300,737	-	-	300,737	163,796	5,477	-	169,273	131,464	136,941
Water systems	1,356,100	-	-	1,356,100	834,434	20,867	-	855,301	500,799	521,666
Water system equipment	3,657	-	-	3,657	3,558	99	-	3,657	-	99
Sewer system	1,577,064	-	-	1,577,064	1,042,750	21,372	-	1,064,122	512,942	534,314
Roads	537,504	-	-	537,504	350,654	7,474	-	358,128	179,376	186,850
Works garage	289,196	-	-	289,196	191,217	3,918	-	195,135	94,061	97,979
Office equipment	76,487	-	-	76,487	74,044	2,443	-	76,487	-	2,443
Heavy equipment	718,008	460,000	(155,000)	1,023,008	596,478	117,272	138,357	575,393	447,615	121,530
Youth centre	134,126	-	-	134,126	71,597	2,501	-	74,098	60,028	62,529
Furniture and equipment	765,223	-	-	765,223	594,448	37,754	-	632,202	133,021	170,775
Computer equipment	105,366	-	-	105,366	105,246	120	-	105,366	-	120
Temporary classrooms	944,309	-	-	944,309	504,077	17,609	-	521,686	422,623	440,232
Infrastructure	203,644	-	-	203,644	112,348	3,652	-	116,000	87,644	91,296
Automotive	991,283	73,285	-	1,064,568	852,197	63,711	-	915,908	148,660	139,086
Housing renovation	1,038,385	-	-	1,038,385	389,022	25,975	-	414,997	623,388	649,363
Administration building	309,055	-	-	309,055	191,510	4,702	-	196,212	112,843	117,545
Tikinagan building	302,136	-	-	302,136	146,541	6,224	-	152,765	149,371	155,595
Rink/storage building	88,736	-	-	88,736	55,064	1,347	-	56,411	32,325	33,672
Buses	288,270	-	(113,000)	175,270	273,458	3,512	101,700	175,270	-	14,812
Water system and fire protection upgrade	748,939	-	-	748,939	317,222	17,269	-	334,491	414,448	431,717
School	7,290,072	-	-	7,290,072	3,078,889	168,448	-	3,247,337	4,042,735	4,211,183
INAC duplex	902,217	-	-	902,217	103,993	31,929	-	135,922	766,295	798,224
Cabins	144,000	-	-	144,000	16,598	5,096	-	21,694	122,306	127,402
Leased tangible capital assets	251,608	126,584	-	378,192	128,316	74,962	-	203,278	174,914	123,292
Assets under construction	-	710,319	-	710,319	-	-	-	-	710,319	-
	\$ 29,139,869	\$ 1,370,188	\$ (268,000)	\$ 30,242,057	\$ 15,249,548	\$ 832,599	\$ 240,057	\$ 15,842,090	\$14,399,967	\$ 13,890,321

Aroland First Nation

Notes to Consolidated Financial Statements

March 31, 2022

13. Accumulated Surplus

	2022	2021
Unrestricted		
General surplus	\$ 17,172,060	\$ 16,202,127
Internally restricted		
Ontario First Nation Limited Partnership	367,896	441,488
Accumulated surplus	17,539,956	16,643,615

14. Ontario First Nation Limited Partnership Reserve

	2022	2021
Balance, beginning of the year	\$ 441,488	\$ -
Increased by:		
OFNLP distributions	420,110	693,188
Decreased by:		
Expenses	(493,702)	(251,700)
Balance, end of year	367,896	441,488

15. Contingencies

In the normal course of operations, the First Nation becomes involved in legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded on the First Nation's consolidated financial statements.

Claims are currently outstanding against the First Nation. The outcome of the claims are not yet determinable, and accordingly, no provision has been made in these consolidated financial statements with respect to these matters. Any loss with respect to the claims will be recorded as an expense of the period in which the loss becomes likely and the amount is measurable.

Aroland First Nation

Notes to Consolidated Financial Statements

March 31, 2022

16. Government Transfers

	Operating	Capital	2022 Total	Operating	Capital	2021 Total
Federal						
Indigenous Services Canada	\$ 6,758,638	\$ -	\$ 6,758,638	\$ 5,145,762	\$ -	\$ 5,145,762
Canada Mortgage and Housing Corporation	187,369	-	187,369	147,792	-	147,792
Health Canada	1,678,415	-	1,678,415	1,391,595	-	1,391,595
	8,624,422	-	8,624,422	6,685,149	-	6,685,149
Provincial						
Ministry of Children, Community and Social Services	1,620,915	-	1,620,915	1,544,140	-	1,544,140
Ministry of Health and Long- Term Care	157,789	-	157,789	172,603	-	172,603
Ministry of Indigenous Affairs	155,303	-	155,303	94,667	-	94,667
Ministry of Northern Development, Mines, Natural Resources and Forestry	348,887	-	348,887	524,343	-	524,343
Ministry of Education	-	-	-	88,500	-	88,500
	2,282,894	-	2,282,894	2,424,253	-	2,424,253
	\$10,907,316	\$ -	\$ 10,907,316	\$ 9,109,402	\$ -	\$ 9,109,402

17. Pension Plan

The First Nation has a defined contribution plan for eligible employees. The First Nation matches employee contributions of 5% of the employee's salary. As a defined contribution plan, the First Nation has no further liability or obligation for future contributions to fund future benefits to plan members. The First Nation contributed \$148,825 during the year (2021 - \$42,840).

Aroland First Nation Notes to Consolidated Financial Statements

March 31, 2022

18. Segmented Information

Aroland 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 Aroland First Nation. The activities can also be categorized into segments. The following segments have been identified and as such are separately disclosed.

Administration

Administration contains activities that are needed to run the Aroland First Nation organization.

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.

Health Services

Health Services contains activities that provide medical services to band members.

Education

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

Economic Development

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

Capital and Operations and Maintenance Programs

Capital and Operations and Maintenance Programs contains activities in delivering capital and community service programs.

Other Programs

Other Programs contains activities of all other programs.

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:

Aroland First Nation Notes to Consolidated Financial Statements

March 31, 2022

18. Segmented Information (cont'd)

For the year ended March 31	Administration	Social Services	Health Services	Education	Economic Development	Capital and O&M Programs	Other Programs	2022 Total
Revenue								
Federal government transfers	\$ 583,352	\$ 413,148	\$ 1,863,909	\$ 4,246,294	\$ 219,943	\$ 1,040,149	\$ 257,627	\$ 8,624,422
Provincial government transfers	94,540	1,361,915	157,789	-	384,156	17,262	267,232	2,282,894
Miscellaneous	709,464	2,138	350,826	13,928	141,596	101,847	201,053	1,520,852
Rental	-	-	-	-	-	159,100	-	159,100
Investment income	11,250	-	-	-	-	-	-	11,250
	<u>1,398,606</u>	<u>1,777,201</u>	<u>2,372,524</u>	<u>4,260,222</u>	<u>745,695</u>	<u>1,318,358</u>	<u>725,912</u>	<u>12,598,518</u>
Expenses								
Administration	(833,753)	-	256,621	402,617	55,235	54,240	65,040	-
Amortization	159,165	-	5,096	78,474	2,501	587,363	-	832,599
Bank charges and interest	14,043	2,998	3,005	384	-	1,702	-	22,132
Contract services	56,313	61,477	199,188	958,419	123,203	387,175	219,110	2,004,885
Donations	88,945	-	-	1,500	-	-	-	90,445
Dues, fees and licenses	18,807	6,131	722	11,000	125	-	-	36,785
Equipment	-	-	-	6,561	-	1,380	-	7,941
Freight	748	-	41,727	-	2,999	92	769	46,335
Fuel and oil	14,037	-	48,858	17,304	89	14,926	4,872	100,086
Honoraria	209,238	-	7,250	19,100	24,750	7,089	37,450	304,877
Insurance	26,753	-	24,175	10,370	-	77,065	-	138,363
Interest on long term debt	-	-	-	12,353	-	38,717	-	51,070
Interest on capital leases	-	-	-	5,186	-	-	-	5,186
Materials and supplies	67,618	35,294	634,385	89,526	165,699	31,814	64,015	1,088,351
Miscellaneous	-	43,820	-	-	-	2,657	-	46,477
Office	-	9,840	-	-	-	-	-	9,840
Professional fees	236,169	-	364	4,016	10,008	64,335	5,250	320,142
Program fees (recovery)	-	-	(1,317)	-	-	-	-	(1,317)
Rent	-	-	12,100	-	14,300	2,875	-	29,275
Repairs and maintenance	4,228	-	58,985	13,598	388	130,862	-	208,061
Social assistance	-	1,134,818	-	-	-	-	-	1,134,818
Telephone and utilities	37,222	3,402	42,164	17,934	6,579	160,825	-	268,126
Training	-	748	-	1,248	-	-	-	1,996
Travel	18,088	1,854	37,106	1,002	90	1,205	8,571	67,916
Tuition	-	-	-	782,327	-	-	-	782,327
Wages and benefits	322,513	256,037	932,127	1,409,245	387,231	493,902	303,963	4,105,018
	<u>440,134</u>	<u>1,556,419</u>	<u>2,302,556</u>	<u>3,842,164</u>	<u>793,197</u>	<u>2,058,224</u>	<u>709,040</u>	<u>11,701,734</u>
Loss on disposal of tangible capital assets	-	-	-	(443)	-	-	-	(443)
Surplus (deficit) for the year	\$ 958,472	\$ 220,782	\$ 69,968	\$ 417,615	\$ (47,502)	\$ (739,866)	\$ 16,872	\$ 896,341

Aroland First Nation Notes to Consolidated Financial Statements

March 31, 2022

18. Segmented Information (cont'd)

For the year ended March 31

	Administration	Social Services	Health Services	Education	Economic Development	Capital and O&M Programs	Other Programs	2021 Total
Revenue								
Federal government transfers	\$ 529,127	\$ 377,032	\$ 1,392,602	\$ 3,425,490	\$ 127,787	\$ 505,938	\$ 327,173	\$ 6,685,149
Provincial government transfers	18,908	1,516,536	172,603	-	241,321	47,002	427,883	2,424,253
Miscellaneous	1,052,425	1,470	412,221	5,465	116,831	-	193,208	1,781,620
Rental	-	-	-	-	-	153,462	-	153,462
Investment Income	11,250	-	-	-	-	-	-	11,250
	<u>1,611,710</u>	<u>1,895,038</u>	<u>1,977,426</u>	<u>3,430,955</u>	<u>485,939</u>	<u>706,402</u>	<u>948,264</u>	<u>11,055,734</u>
Expenses								
Administration	(765,580)	-	240,386	367,032	43,802	37,192	77,168	-
Advertising	3,768	-	875	2,706	-	-	-	7,349
Amortization	162,242	-	5,308	59,186	2,605	516,313	4,161	749,815
Bad debt expense (recovery)	(4,000)	-	-	-	-	-	12,851	8,851
Bank charges and interest	6,631	2,904	1,056	296	-	1,332	-	12,219
Contract services	111,670	40,781	130,062	351,573	48,228	177,878	364,440	1,224,632
Donations	100,593	-	7,048	-	-	-	-	107,641
Dues, fees and licenses	3,263	7,228	2,909	6,481	100	1,000	-	20,981
Equipment	-	-	-	2,923	-	1,380	-	4,303
Freight	2,854	-	20,903	-	2,140	-	270	26,167
Fuel and oil	13,772	-	48,263	10,308	-	4,838	14,288	91,469
Honoraria	160,050	-	6,340	12,700	-	5,500	500	185,090
Insurance	24,776	-	25,678	10,081	-	65,441	-	125,976
Interest on long term debt	-	-	-	19,840	-	42,275	-	62,115
Interest on capital leases	-	-	-	6,713	-	-	-	6,713
Materials and supplies	161,626	45,718	563,208	66,670	48,196	24,651	17,784	927,853
Miscellaneous	-	42,581	-	-	-	-	-	42,581
Office	-	15,972	-	-	-	-	-	15,972
Professional fees	181,881	-	18,280	6,670	19,864	7,897	176,406	410,998
Program fees (recovery)	-	-	(1,661)	-	-	-	-	(1,661)
Rent	5,848	-	2,789	-	-	-	-	8,637
Repairs and maintenance	3,025	-	55,851	15,123	19,342	43,838	236	137,415
Social assistance	-	1,179,958	-	-	-	-	-	1,179,958
Telephone and utilities	21,079	1,309	24,815	11,789	2,596	125,362	5,853	192,803
Training	-	1,263	-	2,344	617	-	-	4,224
Travel (recovery)	19,982	7,288	(21,383)	3,604	-	(250)	15,148	24,389
Tuition	-	-	-	801,966	-	-	-	801,966
Wages and benefits	262,376	222,957	850,363	1,401,178	335,941	334,456	265,835	3,673,106
	<u>475,856</u>	<u>1,567,959</u>	<u>1,981,090</u>	<u>3,159,183</u>	<u>523,431</u>	<u>1,389,103</u>	<u>954,940</u>	<u>10,051,562</u>
Gain on disposal of tangible capital assets	-	7,524	-	-	-	-	-	7,524
Surplus (deficit) for the year	\$ 1,135,854	\$ 334,603	\$ (3,664)	\$ 271,772	\$ (37,492)	\$ (682,701)	\$ (6,676)	\$ 1,011,696