

Aroland First Nation  
Consolidated Financial Statements  
For the year ended March 31, 2024

Contents

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Management's Statement of Responsibility for the Consolidated Financial Statements	2
Independent Auditor's Report	3
Consolidated Financial Statements	
Consolidated Statement of Financial Position	6
Consolidated Statement of Operations and Accumulated Surplus	7
Consolidated Statement of Changes in Net Financial Assets	8
Consolidated Statement of Cash Flows	9
Notes to the Consolidated Financial Statements	10

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

March 31, 2024

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

On behalf of Aroland First Nation:



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Chief



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Councillor

To the Chief & Council of Aroland First Nation:

## Qualified Opinion

We have audited the consolidated financial statements of Aroland First Nation and its subsidiaries (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2024, and the consolidated statements of operations and accumulated surplus, changes in net financial assets 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 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, 2024, and the results of its consolidated operations, changes in its 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 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, 2024 and 2023, financial assets as at March 31, 2024 and 2023 and accumulated surplus as at April 1 and March 31 for both the 2024 and 2023 years. The predecessor auditor's opinion on the consolidated financial statements for the year ended March 31, 2023 was modified because of the effects of this scope limitation.

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, 2024 and 2023. The predecessor auditor's opinion on the consolidated financial statements for the year ended March 31, 2023 was modified because of the effects of this departure from Canadian public sector accounting standards.

Effective April 1, 2022, the First Nation was required to adopt PS 3280 Asset Retirement Obligations which requires the recognition of legal obligations associated with the retirement of tangible capital assets by public sector entities. Under the modified retroactive application method, the asset retirement obligation on transition is to be recorded using assumptions as of April 1, 2022. The corresponding asset retirement cost is added to the carrying value of the related tangible capital assets adjusted for amortization since the time the legal obligation was incurred. The net adjustment is charged to accumulated surplus. Comparative figures are to be restated to reflect this change in accounting policy. Management has not completed its assessment of the tangible capital assets for potential asset retirement obligations. As a result, it is not possible to quantify the impact of this departure from Canadian public sector accounting standards on expenses and annual surplus for the years ended March 31, 2024 and 2023, tangible capital assets and the asset retirement obligation as at March 31, 2024 and 2023, and accumulated surplus as at March 31, 2024 and 2023 years. The predecessor auditor's opinion on the consolidated financial statements for the year ended March 31, 2023 was modified because of the effects of this departure from Canadian public sector accounting standards.

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.

#### Other Matter

The consolidated financial statement for the year ended March 31, 2023 were audited by another auditor who expressed qualified opinion on those statements on March 1, 2024 for the reasons described in the Basis for Qualified opinion paragraph.

#### 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the First Nation as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes 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.

Thunder Bay, Ontario

January 24, 2025

*MNP LLP*

Chartered Professional Accountants

Licensed Public Accountants

## Aroland First Nation Consolidated Statement of Financial Position

March 31	2024	2023
<b>Financial assets</b>		
Cash (Note 2)	\$ 23,664,339	\$ 17,172,968
Accounts receivable (Note 3)	1,445,694	946,232
Due from government organizations (Note 4)	2,237,241	2,354,083
Trust funds held by federal government (Note 5)	140,769	134,025
Portfolio investments (Note 6)	163,545	163,545
	<u>27,651,588</u>	<u>20,770,853</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 7)	1,601,998	1,762,326
Due to government organizations (Note 8)	1,379,494	1,171,614
Deferred revenue (Note 9)	15,327,248	10,888,416
Obligation under capital lease (Note 11)	17,397	51,312
Long term debt (Note 10)	1,636,752	1,908,191
	<u>19,962,889</u>	<u>15,781,859</u>
<b>Net financial assets</b>	<u>7,688,699</u>	<u>4,988,994</u>
<b>Non-financial assets</b>		
Prepaid expenses	191,918	61,824
Tangible capital assets (Note 12)	14,966,935	14,608,726
	<u>15,158,853</u>	<u>14,670,550</u>
<b>Accumulated surplus (Note 13)</b>	<u>\$ 22,847,552</u>	<u>\$ 19,659,544</u>

On behalf of the Band:

  
\_\_\_\_\_  
Chief

  
\_\_\_\_\_  
Councillor

## Aroland First Nation Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31	2024	2023
Revenue		
Federal government transfers (Note 16)	\$10,184,743	\$ 8,594,458
Provincial government transfers (Note 16)	2,801,664	2,739,836
Miscellaneous (Note 19)	3,606,580	2,291,645
Rent	191,056	183,740
Investment income	11,250	11,250
	<u>16,795,293</u>	<u>13,820,929</u>
Expenses (Note 20)		
Administration	894,671	454,590
Social services	1,690,108	1,763,828
Health services	2,471,508	2,370,792
Education	4,070,463	3,620,038
Economic development	1,012,254	701,723
Capital and operations and maintenance programs	2,540,836	1,823,299
Other programs	927,445	1,092,695
	<u>13,607,285</u>	<u>11,826,965</u>
Annual surplus before undernoted	3,188,008	1,993,964
Gain on disposal of portfolio investments	-	135,000
Loss on disposal of tangible capital assets	-	(9,376)
	<u>3,188,008</u>	<u>2,119,588</u>
Annual surplus	3,188,008	2,119,588
Accumulated surplus, beginning of year	19,659,544	17,539,956
	<u>19,659,544</u>	<u>19,659,956</u>
Accumulated surplus, end of year	\$22,847,552	\$ 19,659,544

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	2024	2023
Annual surplus	\$ 3,188,008	\$ 2,119,588
Acquisition of tangible capital assets	(1,114,435)	(1,007,143)
Amortization of tangible capital assets	756,226	789,008
Loss on disposal of tangible capital assets	-	9,376
Prepaid expenses	(130,094)	(26,343)
Net change in net financial asset	2,699,705	1,884,486
Net financial assets, beginning of year	4,988,994	3,104,508
Net financial assets, end of year	\$ 7,688,699	\$ 4,988,994

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	2024	2023
Cash flows from operating activities		
Annual surplus	\$ 3,188,008	\$ 2,119,588
Items not involving cash:		
Amortization	756,226	789,008
Loss on disposal of tangible capital assets	-	9,376
Gain on disposal of portfolio investments	-	(135,000)
	<u>3,944,234</u>	<u>2,782,972</u>
Increase (decrease) in non-cash working capital items:		
Accounts receivable	(499,462)	101,413
Due from government organizations	116,842	(568,180)
Prepaid expenses	(130,094)	(26,343)
Accounts payable and accrued liabilities	(160,328)	(120,559)
Due to government organizations	207,880	598,551
Deferred revenue	4,438,832	3,125,453
	<u>7,917,904</u>	<u>5,893,307</u>
Cash used in financing activities		
Repayment of long term debt	(271,439)	(414,840)
Repayment of obligations under capital lease	(33,915)	(84,137)
	<u>(305,354)</u>	<u>(498,977)</u>
Cash used in capital activities		
Purchase of tangible capital assets	(1,114,435)	(1,007,143)
Cash from (used in) investment activities		
Increase in trust assets	(6,744)	(3,293)
Proceeds from sale of portfolio investments	-	165,000
	<u>(6,744)</u>	<u>161,707</u>
Net increase in cash during the year	6,491,371	4,548,894
Cash, beginning of year	17,172,968	12,624,074
Cash, end of year	<u>\$23,664,339</u>	<u>\$ 17,172,968</u>

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

## Aroland First Nation Notes to Consolidated Financial Statements

March 31, 2024

### 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"> <li>• 1648973 Ontario Inc. (inactive)</li> <li>• 1670719 Ontario Inc. (inactive)</li> <li>• 1796651 Ontario Inc. (inactive)</li> <li>• Aroland Education Authority (inactive)</li> <li>• Aroland Industrial LP (inactive)</li> </ul>
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, 2024

### 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, 2024

### 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.

## Aroland First Nation Notes to Consolidated Financial Statements

March 31, 2024

### 1. Significant Accounting Policies (cont'd)

#### Financial Instruments

Cash and equity instruments quoted in an active market are measured at fair value. Accounts receivable, portfolio investments, accounts payable, and long-term debt are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to financial instruments are reported in the statement of operations.

When investment income and realized and unrealized gains and losses from changes in the fair value of financial instruments are externally restricted, the investment income and fair value changes are recognized as revenue in the period in which the resources are used for the purpose specified.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

#### 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, 2024

### 2. Cash

	2024	2023
Petty cash	\$ 1,008	\$ 1,008
General (Financial Advisor)	5,027,826	4,941,098
General (First Nation)	11,454,250	6,101,408
Tikinagan	346,090	236,840
Health Authority	3,265,526	2,457,382
Recreation	1,041,382	1,013,093
Ontario Works	958,397	1,064,158
Ontario First Nation Limited Partnership	888,171	795,729
CMHC - Operating	229,019	187,684
CMHC - Operating Reserve	248,794	206,902
CMHC - Replacement Reserve	184,373	148,024
1796651 Ontario Inc.	19,503	19,642
	<u>\$23,664,339</u>	<u>\$ 17,172,968</u>

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% (10.45% per annum at year end). At March 31, 2024, the First Nation had utilized \$NIL (2023 - \$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% (11.95% per annum at year end). At March 31, 2024, the balance outstanding is \$NIL (2023 - \$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:

	2024	2023
CMHC replacement reserve	\$ 184,373	\$ 148,024
Unrestricted	23,479,966	17,024,944
	<u>\$23,664,339</u>	<u>\$ 17,172,968</u>

## Aroland First Nation

### Notes to Consolidated Financial Statements

March 31, 2024

#### 3. Accounts Receivable

	2024	2023
Due from members:		
Advances	\$ 5,200	\$ 5,200
Other	283,333	283,333
	288,533	288,533
General receivables	1,539,394	1,039,932
	1,827,927	1,328,465
Less: allowance for doubtful accounts	(382,233)	(382,233)
	<u>\$ 1,445,694</u>	<u>\$ 946,232</u>

#### 4. Due from Government Organizations

	2024	2023
Federal government		
Indigenous Services Canada	\$ 1,614,763	\$ 1,564,311
Canadian Environmental Assessment Agency	22,050	22,050
Canada Mortgage and Housing Corporation	10,813	10,813
Fednor	32,446	33,805
Infrastructure Canada	61,137	61,137
Receiver General	71,074	22,685
Provincial government		
Ministry of Children, Community and Social Services	4,320	4,745
Ministry of Natural Resources and Forestry	-	110,647
Ministry of Mines and Ministry of Northern Development	417,182	522,074
NOHFC	22,906	23,866
Ministry of Health and Long-Term Care	2,600	-
	2,259,291	2,376,133
Less: allowance for doubtful accounts	(22,050)	(22,050)
	<u>\$ 2,237,241</u>	<u>\$ 2,354,083</u>

## Aroland First Nation Notes to Consolidated Financial Statements

March 31, 2024

### 5. Trust Funds Held by Federal Government

	March 31, 2023	Additions 2024	Withdrawals 2024	March 31, 2024
Revenue	\$ 122,070	\$ 6,744	\$ -	\$ 128,814
Capital	11,955	-	-	11,955
	<u>\$ 134,025</u>	<u>\$ 6,744</u>	<u>\$ -</u>	<u>\$ 140,769</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	2024	2023
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
		<u>\$ 163,545</u>	<u>\$ 163,545</u>

### 7. Accounts Payable and Accrued Liabilities

	2024	2023
Trade payables and other accrued liabilities	\$ 1,355,196	\$ 1,511,420
Accrued wages and benefits payable	93,802	84,906
Due to minors	153,000	166,000
	<u>\$ 1,601,998</u>	<u>\$ 1,762,326</u>



## Aroland First Nation

### Notes to Consolidated Financial Statements

March 31, 2024

#### 7. Accounts Payable and Accrued Liabilities (cont'd)

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. \$13,000 is expected to be distributed within one year.

#### 8. Due to Government Organizations

	2024	2023
Indigenous Services Canada	\$ 414,441	\$ 414,441
Ministry of Health and Long Term Care	201,502	101,254
Ministry of Children, Community and Social Services	196,820	114,424
Ministry of Education	496,704	496,704
Ministry of Indigenous Affairs	70,027	44,791
	<u>\$ 1,379,494</u>	<u>\$ 1,171,614</u>

#### 9. Deferred Revenue

	2024	2023
Canadian Mortgage Housing Corporation	\$ 965,263	\$ 683,540
Indigenous Services Canada	11,389,657	9,984,772
Infrastructure Ontario	2,780,133	24,926
Matawa First Nation Management	94,153	106,217
Ministry of Mines and Ministry of Northern Development	53,991	56,037
Ministry of Natural Resources and Forestry	6,826	6,826
Canadian Environmental Assessment	9,597	20,025
Ontario First Nations Economic Developers Association	21,555	-
Other	6,073	6,073
	<u>\$15,327,248</u>	<u>\$ 10,888,416</u>

## Aroland First Nation Notes to Consolidated Financial Statements

March 31, 2024

### 10. Long Term Debt

	2024	2023
Canada Mortgage and Housing Corporation Housing Loan #1, repayable at \$4,978 monthly including interest at 3.12%, 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 \$807,815.	\$ 682,732	\$ 720,530
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 \$981,547.	927,265	979,474
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 \$233,340.	26,755	107,022
Term loan	-	101,165
	1,636,752	1,908,191
Less current portion	119,000	268,000
	\$ 1,517,752	\$ 1,640,191

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

Year	Amount
2025	\$ 119,000
2026	94,000
2027	97,000
2028	99,000
2029	102,000
Thereafter	1,125,752
	<u>\$ 1,636,752</u>

Subsequent to the year end, the First Nation obtained a new CMHC housing loan in the amount of \$919,000.

## Aroland First Nation Notes to Consolidated Financial Statements

March 31, 2024

### 11. Obligation Under Capital Lease

	2024	2023
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 \$25,295.	\$ 17,397	\$ 51,312

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

Year	Amount
2025	17,568
	\$ 17,568
Less: imputed interest	171
	\$ 17,397

Aroland First Nation  
Notes to Consolidated Financial Statements

For the year ended March 31, 2024

12. Tangible Capital Assets

	Cost				Accumulated Amortization				2024		2023	
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Amortization	Disposals	Closing Balance	Net Book Value		Net Book Value	
Housing	\$ 6,989,365	\$ -	\$ -	\$ 6,989,365	\$ 4,501,806	\$ 99,503	\$ -	\$ 4,601,309	\$ 2,388,056		\$ 2,487,559	
CMHC housing	2,784,382	-	-	2,784,382	920,462	74,557	-	995,019	1,789,363		1,863,920	
Four-Plex building	300,737	-	-	300,737	174,532	5,048	-	179,580	121,157		126,205	
Water systems	1,356,100	-	-	1,356,100	875,333	19,230	-	894,563	461,537		480,767	
Water system equipment	3,657	-	-	3,657	3,657	-	-	3,657	-		-	
Sewer system	1,577,064	-	-	1,577,064	1,084,640	19,697	-	1,104,337	472,727		492,424	
Roads	537,504	-	-	537,504	365,303	6,888	-	372,191	165,313		172,201	
Works garage	289,196	-	-	289,196	198,897	3,612	-	202,509	86,687		90,299	
Office equipment	76,487	-	-	76,487	76,487	-	-	76,487	-		-	
Heavy equipment	1,023,008	-	-	1,023,008	664,916	71,618	-	736,534	286,474		358,092	
Youth centre	134,126	-	-	134,126	76,499	2,305	-	78,804	55,322		57,627	
Furniture and equipment	1,026,338	-	-	1,026,338	711,029	63,062	-	774,091	252,247		315,309	
Computer equipment	105,366	-	-	105,366	105,366	-	-	105,366	-		-	
Temporary classrooms	944,309	-	-	944,309	538,591	16,229	-	554,820	389,489		405,718	
Infrastructure	203,644	-	-	203,644	119,506	3,366	-	122,872	80,772		84,138	
Automotive	1,008,780	144,990	-	1,153,770	911,282	45,249	-	956,531	197,239		97,498	
Housing renovation	1,038,385	-	-	1,038,385	439,932	23,938	-	463,870	574,515		598,453	
Administration building	309,055	-	-	309,055	200,725	4,333	-	205,058	103,997		108,330	
Tikinagan building	302,136	-	-	302,136	158,740	5,736	-	164,476	137,660		143,396	
Rink/storage building	88,736	-	-	88,736	57,704	1,241	-	58,945	29,791		31,032	
Buses	426,878	-	-	426,878	340,577	25,890	-	366,467	60,411		86,301	
Water system and fire protection upgrade	748,939	-	-	748,939	351,069	15,915	-	366,984	381,955		397,870	
School	7,290,072	-	-	7,290,072	3,409,046	155,241	-	3,564,287	3,725,785		3,881,026	
Garbage Truck	-	82,147	-	82,147	-	24,644	-	24,644	57,503		-	
INAC duplex	1,276,757	239,460	-	1,516,217	181,556	53,386	-	234,942	1,281,275		1,095,201	
Cabins	144,000	-	-	144,000	26,586	4,697	-	31,283	112,717		117,414	
Leased tangible capital assets	126,584	-	-	126,584	90,445	10,841	-	101,286	25,298		36,139	
Assets under construction	1,081,807	647,838	-	1,729,645	-	-	-	-	1,729,645		1,081,807	
	\$ 31,193,412	\$ 1,114,435	\$ -	\$ 32,307,847	\$ 16,584,686	\$ 756,226	\$ -	\$ 17,340,912	\$ 14,966,935		\$ 14,608,726	

## Aroland First Nation Notes to Consolidated Financial Statements

March 31, 2024

### 13. Accumulated Surplus

	2024	2023
Unrestricted		
General surplus	\$22,093,905	\$ 19,156,381
Internally restricted		
Ontario First Nation Limited Partnership	753,647	503,163
Accumulated surplus	\$22,847,552	\$ 19,659,544

### 14. Ontario First Nation Limited Partnership Reserve

	2024	2023
Balance, beginning of the year	\$ 503,163	\$ 367,896
Increased by:		
OFNLP distributions	843,905	595,153
Decreased by:		
Expenses	(593,421)	(459,886)
Balance, end of year	\$ 753,647	\$ 503,163

### 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, 2024

### 16. Government Transfers

	Operating	Capital	2024 Total	Operating	Capital	2023 Total
Federal						
Indigenous Services Canada	\$ 9,277,082	\$ -	\$ 9,277,082	\$ 8,295,508	\$ -	\$ 8,295,508
Canada Mortgage and Housing Corporation	892,233	-	892,233	293,975	-	293,975
Canadian Environmental Assessment Agency	15,428	-	15,428	4,975	-	4,975
	10,184,743	-	10,184,743	8,594,458	-	8,594,458
Provincial						
Ministry of Children, Community and Social Services	1,633,273	-	1,633,273	1,584,476	-	1,584,476
Ministry of Education	82,777	-	82,777	46,064	-	46,064
Ministry of Health and Long- Term Care	80,571	-	80,571	72,445	-	72,445
Ministry of Indigenous Affairs	39,899	-	39,899	175,945	-	175,945
Ministry of Natural Resources and Forestry	375,721	-	375,721	280,893	-	280,893
Ministry of Mines and Ministry of Northern Development	94,630	-	94,630	580,013	-	580,013
Infrastructure Ontario	-	494,793	494,793	-	-	-
	2,306,871	-	2,801,664	2,739,836	-	2,739,836
	\$ 12,491,614	\$ -	\$ 12,986,407	\$ 11,334,294	\$ -	\$ 11,334,294

### 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 \$122,946 during the year (2023 - \$128,224).

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## Aroland First Nation Notes to Consolidated Financial Statements

March 31, 2024

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### 18. Financial Instruments

The First Nation is exposed to credit risk, liquidity risk and interest rate risk from its financial instruments. This note describes the First Nation's objectives, policies and processes for managing those risks and the methods used to measure them. Further qualitative and quantitative information in respect of these risks is presented below and throughout these financial statements.

#### Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for another party by failing to discharge an obligation. The First Nation is exposed to credit risk from its accounts receivable and due from government balances. The First Nation mitigates its potential credit risk through proactive credit management policies that include approval and monitoring processes. Furthermore, it evaluates the collectability of accounts receivable and records an impairment allowance for doubtful accounts, which reduces the receivables to the amount management believes will be collected. At year end, The First Nation's accounts receivable and due from government are as follows: current \$1,816,361 (\$2,147,240 - 2023), 31 to 60 days \$NIL (\$16,516 - 2023), 61 to 90 days \$NIL (\$17,945 - 2023), and over 90 days \$1,866,574 (\$1,522,898 - 2023).

The Corporation is exposed to a credit risk as cash balances held with one institution exceeds the federally insured limit.

#### Liquidity Risk

Liquidity risk is the risk that the First Nation will encounter difficulty in meeting obligations associated with financial liabilities. The First Nation is exposed to liquidity risk through its accounts payable and long-term debt. The First Nation manages its liquidity risk by monitoring cash activities and expected outflows through budgeting. The First Nation measures its exposure to liquidity risk based on its cash flow activities against budget throughout the year.

#### Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The First Nation is exposed to interest rate risk through its long-term debt and operating lines.

The First Nation manages its interest rate risk by utilizing fixed-rate long term in order to limit the exposure to fluctuations in interest rates. Any changes in interest rates would not impact the annual surplus.

## Aroland First Nation Notes to Consolidated Financial Statements

March 31, 2024

### 19. Miscellaneous Revenue

	2024	2023
Ontario First Nation Limited Partnership	\$ 843,905	\$ 595,153
Matawa First Nation Management	337,908	198,453
Nishnawbe Aski Nation	273,655	190,771
Greenstone Gold	917,577	224,450
First Nations Drinking Water Settlement	202,358	500,000
Methadone Clinic	82,143	82,143
Interest	465,204	147,628
Other	483,830	353,047
	<u>\$ 3,606,580</u>	<u>\$ 2,291,645</u>

### 20. 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.



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## Aroland First Nation Notes to Consolidated Financial Statements

March 31, 2024

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### 20. Segmented Information (cont'd)

#### 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, 2024

### 20. 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	2024 Total
Revenue								
Federal government transfers	\$ 648,835	\$ 173,380	\$ 2,163,911	\$ 4,336,389	\$ 659,669	\$ 1,926,155	\$ 276,404	\$ 10,184,743
Provincial government transfers	-	1,516,728	80,571	82,777	218,087	496,667	406,834	2,801,664
Miscellaneous	2,827,292	-	398,545	-	99,934	29,899	250,910	3,606,580
Rental	-	-	-	-	-	191,056	-	191,056
Investment income	11,250	-	-	-	-	-	-	11,250
	<u>3,487,377</u>	<u>1,690,108</u>	<u>2,643,027</u>	<u>4,419,166</u>	<u>977,690</u>	<u>2,643,777</u>	<u>934,148</u>	<u>16,795,293</u>
Expenses								
Administration	(869,864)	-	279,820	417,764	35,170	100,028	37,082	-
Amortization	152,662	-	4,697	36,731	2,305	559,831	-	756,226
Bank charges and interest	14,212	2,177	722	76	1,772	115	-	19,074
Community development	-	-	-	-	-	-	1,000	1,000
Contract services	349,330	101,449	364,035	490,848	606,579	735,512	257,778	2,905,531
Donations	4,545	-	-	-	-	-	-	4,545
Dues, fees and licenses	22,292	7,540	660	13,030	1,410	1,050	3,005	48,987
Equipment	-	-	-	7,034	-	1,240	-	8,274
Freight	6,141	-	43,382	1,694	1,233	170	2,455	55,075
Fuel and oil	8,296	-	84,826	33,489	-	16,033	43	142,687
Honoraria	190,125	-	6,610	29,450	1,500	8,950	4,800	241,435
Insurance	32,478	-	28,699	10,618	-	105,337	-	177,132
Interest on long term debt	1,187	-	-	-	-	39,801	-	40,988
Interest on capital leases	-	-	-	1,228	-	-	-	1,228
Materials and supplies	228,021	8,842	365,787	60,384	33,476	69,655	271,465	1,037,630
Miscellaneous	-	-	-	-	10,628	1,842	-	12,470
Office (recovery)	-	(889)	-	-	-	-	-	(889)
Professional fees	101,020	-	78,177	2,882	59,503	8,200	15,151	264,933
Rent	57	-	17,200	-	-	-	3,000	20,257
Repairs and maintenance	245	-	49,195	31,070	-	324,014	-	404,524
Social assistance	-	1,332,510	-	-	-	-	-	1,332,510
Telephone and utilities	33,507	1,405	48,404	94,311	11,256	113,279	-	302,162
Training	-	8,843	5,553	27,790	5,000	1,738	318	49,242
Travel	201,617	13,402	125,424	19,486	19,011	8,124	42,459	429,523
Tuition	3,759	-	-	1,292,742	-	-	-	1,296,501
Wages and benefits	415,041	214,829	968,317	1,499,836	223,411	445,917	288,889	4,056,240
	<u>894,671</u>	<u>1,690,108</u>	<u>2,471,508</u>	<u>4,070,463</u>	<u>1,012,254</u>	<u>2,540,836</u>	<u>927,445</u>	<u>13,607,285</u>
Surplus (deficit) for the year	\$ 2,592,706	\$ -	\$ 171,519	\$ 348,703	\$ (34,564)	\$ 102,941	\$ 6,703	\$ 3,188,008

# Aroland First Nation

## Notes to Consolidated Financial Statements

March 31, 2024

### 20. 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	2023 Total
Revenue								
Federal government transfers	\$ 623,160	\$ 293,126	\$ 2,045,949	\$ 3,767,381	\$ 307,726	\$ 1,445,354	\$ 111,762	\$ 8,594,458
Provincial government transfers	-	1,461,801	72,445	46,064	252,736	136,637	770,153	2,739,836
Miscellaneous	1,584,312	8,901	247,503	53,747	91,282	81,450	224,450	2,291,645
Rental	-	-	-	-	-	183,740	-	183,740
Investment Income	11,250	-	-	-	-	-	-	11,250
	<u>2,218,722</u>	<u>1,763,828</u>	<u>2,365,897</u>	<u>3,867,192</u>	<u>651,744</u>	<u>1,847,181</u>	<u>1,106,365</u>	<u>13,820,929</u>
Expenses								
Administration	(901,125)	-	316,289	396,740	66,482	71,256	50,358	-
Advertising	899	-	-	-	-	-	-	899
Amortization	141,436	-	4,892	52,473	2,401	587,805	-	789,007
Bank charges and interest	11,518	2,409	827	515	74	594	-	15,937
Contract services	295,376	108,447	325,954	348,542	253,897	193,918	24,571	1,550,705
Donations	4,450	-	-	-	-	-	-	4,450
Dues, fees and licenses	15,568	4,080	801	10,631	-	1,152	-	32,232
Equipment	-	-	-	5,813	-	1,207	-	7,020
Freight	2,229	-	45,682	1,398	182	734	274	50,499
Fuel and oil	12,741	-	78,589	30,785	92	26,973	332	149,512
Honoraria	182,700	-	19,250	32,700	10,600	6,000	3,750	255,000
Insurance	12,901	-	25,200	10,667	-	109,020	-	157,788
Interest on long term debt	1,024	-	-	7,262	-	36,731	-	45,017
Interest on capital leases	-	-	-	2,362	-	-	-	2,362
Materials and supplies	160,259	83,931	437,841	46,134	43,345	80,952	117,628	970,090
Miscellaneous	-	(1,700)	-	-	-	400	-	(1,300)
Office	-	14,600	-	-	-	-	-	14,600
Professional fees	121,479	-	31,763	4,778	11,082	62,616	611,660	843,378
Rent	1,811	-	23,064	-	19,000	-	-	43,875
Repairs and maintenance	121	-	29,179	34,718	-	77,585	-	141,603
Social assistance	-	1,286,844	-	-	-	-	-	1,286,844
Telephone and utilities	19,703	715	43,456	36,254	9,545	149,031	-	258,704
Training	-	15,054	4,133	18,498	-	841	-	38,526
Travel (recovery)	63,641	10,078	80,007	24,213	23,252	7,735	38,698	247,624
Tuition	-	-	-	1,131,021	-	-	-	1,131,021
Wages and benefits	307,859	239,370	903,865	1,424,534	261,771	408,749	245,424	3,791,572
	<u>454,590</u>	<u>1,763,828</u>	<u>2,370,792</u>	<u>3,620,038</u>	<u>701,723</u>	<u>1,823,299</u>	<u>1,092,695</u>	<u>11,826,965</u>
Gain on disposal of portfolio investments	135,000	-	-	-	-	-	-	135,000
Loss on disposal of tangible capital assets	(9,376)	-	-	-	-	-	-	(9,376)
Surplus (deficit) for the year	<u>\$ 1,889,756</u>	<u>\$ -</u>	<u>\$ (4,895)</u>	<u>\$ 247,154</u>	<u>\$ (49,979)</u>	<u>\$ 23,882</u>	<u>\$ 13,670</u>	<u>\$ 2,119,588</u>