

McDowell Lake First Nation
Consolidated Financial Statements
For the year ended March 31, 2023

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McDowell Lake First Nation Management's Responsibility for Financial Reporting

**To the Members of
McDowell Lake First Nation**

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of McDowell Lake First Nation for the year ended March 31, 2023 are the responsibility of management and have been approved by Chief and Council.

The 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 of the Chartered Professional Accountants of Canada and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

Chief and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditor's report.

The external auditors, BDO Canada LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of McDowell Lake First Nation and meet when required.

On behalf of McDowell Lake First Nation:

DocuSigned by:

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Chief

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Melanie Beardy

Councillor

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Councillor

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Independent Auditor's Report

To the Members of
McDowell Lake First Nation

Qualified Opinion

We have audited the consolidated financial statements of the McDowell Lake First Nation (the First Nation), which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statements of operations, changes in net financial assets, remeasurement gains and losses 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 paragraph, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2023, and its results of operations, its change in net financial assets, and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Qualified Opinion

We were not able to observe the counting of physical inventories at March 31, 2023 and March 31, 2022, nor were we able to satisfy ourselves concerning those inventory quantities by alternative means. Since inventories enter into the determination of the results of operations and cash flows, we were unable to determine whether adjustments to expenses, annual surplus and cash flows from operations for the years ended March 31, 2023 and 2022, inventory as of March 31, 2023 and 2022, and accumulated surplus as at March 31, 2023, April 1, 2022 and March 31, 2022 might be necessary. Our audit opinion on the financial statements for the year ended March 31, 2022 was modified accordingly because of the possible effects of this limitation in scope.

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

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

Management is responsible for the preparation and fair presentation of these 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

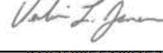
Kenora, Ontario
December 12, 2023

McDowell Lake First Nation
Consolidated Statement of Financial Position

March 31	2023	2022
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Financial Assets		
Cash (Note 1)	\$ 3,681,013	\$ 2,960,162
Portfolio investments (Note 2)	1,675,637	1,656,092
Accounts receivable (Note 3)	298,822	259,156
Investment in Government Business Enterprises (Note 4)	<u>1,021,217</u>	<u>979,494</u>
 Total Financial Assets	 <u>6,676,689</u>	 <u>5,854,904</u>
 Liabilities		
Accounts payable (Note 5)	1,596,013	1,343,915
Deferred revenue (Note 6)	<u>1,209,515</u>	<u>1,079,075</u>
 Total Liabilities	 <u>2,805,528</u>	 <u>2,422,990</u>
 Net Financial Assets	 <u>3,871,161</u>	 <u>3,431,914</u>
 Non-financial Assets		
Inventory	83,351	132,527
Tangible capital assets (Note 7)	<u>1,153,937</u>	<u>1,214,651</u>
 Total Non-financial Assets	 <u>1,237,288</u>	 <u>1,347,178</u>
 Accumulated Surplus (Note 10)	 <u>\$ 5,108,449</u>	 <u>\$ 4,779,092</u>

Approved on Behalf

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<p>Chief DocuSigned by:</p> <p>Melanie Beardy</p>	<p>C38C9A542457492...</p>
<p>Councillor DocuSigned by:</p> 	<p>2A3750DEFA934E7...</p>

**McDowell Lake First Nation
Consolidated Statement of Operations**

For the year ended March 31	Budget	2023	2022
Revenue			
Government Transfers (Note 11)			
Federal	\$ 2,171,387	\$ 1,468,860	\$ 945,344
Provincial	149,707	82,054	55,716
Other Grants	775,878	247,730	178,684
Other Revenues	1,240	616,066	394,231
Net income from government business enterprise (Note 4)	-	34,643	38,700
	<hr/>	<hr/>	<hr/>
	3,098,212	2,449,353	1,612,675
Expenses			
Band administration	49,613	110,610	101,937
Education	52,940	27,271	17,695
Community and Economic Development	1,104,986	900,285	459,930
Health	1,640,187	1,081,830	812,649
	<hr/>	<hr/>	<hr/>
	2,847,726	2,119,996	1,392,211
Annual surplus	<hr/>	<hr/>	<hr/>
	\$ 250,486	329,357	220,464
Accumulated surplus, beginning of year		4,779,092	4,558,628
Accumulated surplus, end of year		<hr/>	<hr/>
	\$ 5,108,449	\$ 4,779,092	

McDowell Lake First Nation
Consolidated Statement of Changes in Net Financial Assets

<u>For the year ended March 31</u>	<u>Budget</u>	<u>2023</u>	<u>2022</u>
Annual surplus	\$ 250,486	\$ 329,357	\$ 220,464
Addition to capital assets	-	(29,886)	(27,416)
Amortization of capital assets	-	90,600	93,497
(Increase) decrease in inventory	<u>49,176</u>	<u>(49,176)</u>	
Net change in net financial assets	<u>\$ 250,486</u>	439,247	237,369
Net financial assets, beginning of year		<u>3,431,914</u>	3,194,545
Net financial assets, end of year		<u>\$ 3,871,161</u>	<u>\$ 3,431,914</u>

**McDowell Lake First Nation
Consolidated Statement of Cash Flows**

For the year ended March 31	2023	2022
Operating Transactions		
Annual surplus	\$ 329,357	\$ 220,464
Amortization	90,600	93,497
Net income from Government Business Enterprises	<u>(34,643)</u>	<u>(38,700)</u>
	385,314	275,261
Changes in non-cash operating balances		
Accounts receivable	(39,666)	264,084
Accounts payable	252,098	208,613
Deferred revenue	130,440	130,199
Prepays	-	-
Inventory	<u>49,176</u>	<u>(49,176)</u>
	777,362	828,981
Investing transactions		
Increase in investment in Government Business Enterprises	(7,080)	(14,317)
Increase in short term investment	<u>(19,545)</u>	<u>(4,675)</u>
	(26,625)	(18,992)
Capital transactions		
Acquisition of tangible capital assets	<u>(29,886)</u>	<u>(27,417)</u>
Increase in cash and cash equivalents during the year	720,851	782,572
Cash, beginning of year	<u>2,960,162</u>	<u>2,177,590</u>
Cash, end of year	<u>\$ 3,681,013</u>	<u>\$ 2,960,162</u>

McDowell Lake First Nation Summary of Significant Accounting Policies

March 31, 2023

General	McDowell Lake First Nation (the "First Nation") is a local government whose primary objective is to provide a variety of services to its members.
Basis of Preparation	The consolidated financial statements of the First Nation are the representations of management. They have been prepared in accordance with generally accepted accounting principles for local governments as prescribed by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and as recommended by Indigenous Services Canada.
Reporting Entity	The reporting entity includes the First Nation and all entities that are controlled by the First Nation. All controlled entities are consolidated according to the First Nation's percentage ownership except for entities that meet the definition of a government business enterprise or a government business partnership, which are included in the consolidated financial statements on a modified equity basis.
	Under the modified equity method of accounting, only the First Nation's investment in the entity and the First Nation's portion of the entity's net income and other changes in equity are recorded. No adjustment is made for inter-organizational balances and transactions are not eliminated.
	Magnus James Enterprises LP and Magnus James Enterprises Inc. are the only government business enterprises reflected in the consolidated financial statements.
Capital Assets	Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installment costs, design and engineering fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Asset	Basis	Rate
Buildings	Straight-line	40 years
Equipment	Straight-line	5 and 25 years
Docks	Straight-line	15 years
Boats and motors	Straight-line	15 years
Leaseholds	Straight-line	10 years

When a capital asset no longer contributes to the First Nation's ability to provide services, its carrying amount is written-down to its residual value.

McDowell Lake First Nation Summary of Significant Accounting Policies

March 31, 2023

Revenue Recognition	<p>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, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.</p> <p>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.</p> <p>Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purposes.</p>
Use of Estimates	<p>The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the consolidated financial statements, and the reported amounts of certain revenues and expenses during the reported period. Actual results could differ from those estimated.</p>
Pension Plan	<p>The First Nation maintains a defined contribution pension plan for its personnel. Expenses for this plan are equal to the First Nations required contribution for the year.</p>
Portfolio Investments	<p>Cash and equity instruments quoted in an active market are measured at fair value. Accounts receivable, taxes receivable, 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.</p> <p>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.</p> <p>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.</p>

McDowell Lake First Nation Summary of Significant Accounting Policies

March 31, 2023

Portfolio Investments (cont'd) Term deposits are measured at amortized cost. For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

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.

All other financial assets and financial liabilities are measured at cost or amortized cost.

McDowell Lake First Nation
Notes to Consolidated Financial Statements

March 31, 2023

1. Cash

Included in cash are bank accounts at CIBC of \$1,126,687 (2022 - \$746,990) and Scotia Bank of \$2,556,316 (2022 - \$2,213,072). The cash held at CIBC is designated for OFNLP programming.

2. Portfolio Investments

	2023	2022
At cost:		
Term deposits	<u>\$ 1,651,960</u>	<u>\$ 1,632,415</u>
At fair value:		
Investment in K-Net LP - 165 of 1,990 Common Units	23,675	23,675
Investment in First Nation LP - 100 of 2,001 Common Units	1	1
Investment in NCC Development LP - 165 of 1,000 Common Units	<u>1</u>	<u>1</u>
	<u>\$ 23,677</u>	<u>\$ 23,677</u>
	<u><u>\$ 1,675,637</u></u>	<u><u>\$ 1,656,092</u></u>

The following provides an analysis of financial instruments that are measured at fair value, using a fair value hierarchy of levels 1, 2 and 3. The levels reflect the significance of the inputs used in making the fair value measurements, as described below:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The investments in other entities are all considered level 3. During the year, there have been no transfers between levels.

3. Accounts Receivable

	2023	2022
Indigenous Services Canada	\$ 56,001	\$ 56,001
HST	160,544	129,389
Other	<u>82,277</u>	<u>73,766</u>
	<u><u>\$ 298,822</u></u>	<u><u>\$ 259,156</u></u>

McDowell Lake First Nation
Notes to Consolidated Financial Statements

March 31, 2023

4. Investment in Government Business Enterprises

	2023	2022
<u>Investment in Government Business Enterprise</u>		
Investment in Magnus James Enterprises Inc.		
- 100 of 100 Common shares	(32)	(32)
Investment in Magnus James Enterprises LP		
- 99 of 100 Common Units	<u>1,021,249</u>	<u>979,526</u>
	<u><u>\$ 1,021,217</u></u>	<u><u>\$ 979,494</u></u>

The Magnus James Enterprise LP is owned and controlled by McDowell Lake First Nation. The following information provides condensed supplementary information for the enterprise for the year ended March 31, 2023.

Financial Position

Current assets	\$ 457,134	\$ 394,863
Non-current assets	<u>589,617</u>	<u>601,149</u>
 Total Assets	 <u><u>\$ 1,046,751</u></u>	 <u><u>\$ 996,012</u></u>
 Liabilities	 <u><u>\$ 19,449</u></u>	 <u><u>\$ 14,715</u></u>
Net Assets	<u>1,027,302</u>	<u>981,297</u>
 Revenue	 <u><u>\$ 133,441</u></u>	 <u><u>\$ 133,441</u></u>
Expenses	<u>94,509</u>	<u>94,351</u>
 Net Income	 <u><u>\$ 38,932</u></u>	 <u><u>\$ 39,090</u></u>

5. Accounts Payable

	2023	2022
Trade and other		
Contributions repayable	<u>327,139</u>	<u>95,346</u>
	<u>1,268,874</u>	<u>1,248,569</u>
	<u><u>\$ 1,596,013</u></u>	<u><u>\$ 1,343,915</u></u>

McDowell Lake First Nation
Notes to Consolidated Financial Statements

March 31, 2023

6. Deferred Revenue

Deferred contributions related to expenses of future periods represent unspent funding.

	2023	2022
Balance, beginning of year	\$ 1,079,075	\$ 948,876
Add: Amount received during the year	1,599,300	1,174,528
Less: Amount recognized as revenue in the year	(1,468,860)	(945,344)
Less: Amount of contributions repayable	-	(98,985)
 Balance, end of year	 <u>\$ 1,209,515</u>	 <u>\$ 1,079,075</u>
 The balance at year end is made up of the following:		
Indigenous Services Canada	 <u>\$ 1,209,515</u>	 <u>\$ 1,079,075</u>

McDowell Lake First Nation
Notes to Consolidated Financial Statements

March 31, 2023

7. Tangible Capital Assets

2023

	Buildings	Equipment	Docks	Leaseholds	Boats/Motors	Total
Cost, Beginning of Year	\$ 704,877	\$ 780,066	\$ 15,000	\$ 93,328	\$ 11,600	\$ 1,604,871
Additions	-	-	15,933	-	13,952	29,885
Cost, End of Year	704,877	780,066	30,933	93,328	25,552	1,634,756
Accumulated Amortization, Beginning of Year	75,642	244,109	11,000	54,829	4,640	390,220
Amortization	24,570	51,849	2,062	9,333	2,785	90,599
Accumulated Amortization, End of Year	100,212	295,958	13,062	64,162	7,425	480,819
Net Carrying Amount, End of Year	\$ 604,665	\$ 484,108	\$ 17,871	\$ 29,166	\$ 18,127	\$ 1,153,937

2022

	Buildings	Equipment	Docks	Leaseholds	Boats/Motors	Total
Cost, Beginning of Year	\$ 704,877	\$ 752,649	\$ 15,000	\$ 93,328	\$ 11,600	\$ 1,577,454
Additions	-	27,417	-	-	-	27,417
Cost, End of Year	704,877	780,066	15,000	93,328	11,600	1,604,871
Accumulated Amortization, Beginning of Year	51,072	187,835	10,000	45,496	2,320	296,723
Amortization	24,570	56,274	1,000	9,333	2,320	93,497
Accumulated Amortization, End of Year	75,642	244,109	11,000	54,829	4,640	390,220
Net Carrying Amount, End of Year	\$ 629,235	\$ 535,957	\$ 4,000	\$ 38,499	\$ 6,960	\$ 1,214,651

McDowell Lake First Nation
Notes to Consolidated Financial Statements

March 31, 2023

8. Segmented Information

For the year ended March 31, 2023

	Administration	Education	Community & Economic Development	Health	Total
Revenue					
Grants	\$ 135,558	\$ 48,885	\$ 472,083	\$ 1,142,118	\$ 1,798,644
Other	60,677	-	555,389	-	616,066
Net income from government business enterprise	34,643	-	-	-	34,643
	-	-	-	-	-
	-	-	-	-	-
	230,878	48,885	1,027,472	1,142,118	2,449,353
Expenses					
Administration, office and other	8,960	-	147,929	20,440	177,329
Supplies and program expenses	8,598	-	159,946	446,960	615,504
Rent and utilities	(421)	-	24,475	85,336	109,390
Travel and training	2,873	-	27,610	278,213	308,696
Salaries and benefits	-	27,271	540,325	250,881	818,477
Amortization	90,600	-	-	-	90,600
	110,610	27,271	900,285	1,081,830	2,119,996
Annual surplus	\$ 120,268	\$ 21,614	\$ 127,187	\$ 60,288	\$ 329,357

For the year ended March 31, 2022

	Administration	Education	Community & Economic Development	Health	Total
Revenue					
Grants	\$ 141,844	\$ 1,130	\$ 397,845	\$ 638,186	\$ 1,179,005
Other	54,136	-	340,835	-	394,971
Net loss from government business enterprise	38,700	-	-	-	38,700
	234,680	1,130	738,680	638,186	1,612,676
Expenses					
Administration, office and other	1,209	-	14,031	2,074	17,314
Supplies and program expenses	5,717	656	1,904	428,524	436,801
Rent and utilities	419	-	7,826	119,308	127,553
Travel and training	1,095	143	13,765	91,038	106,041
Salaries and benefits	-	16,896	422,404	171,705	611,005
Amortization	93,497	-	-	-	93,497
	101,937	17,695	459,930	812,649	1,392,211
Annual Surplus	\$ 132,743	\$ (16,565)	\$ 278,750	\$ (174,463)	\$ 220,465

McDowell Lake First Nation Notes to Consolidated Financial Statements

March 31, 2023

8. Segmented Information - continued

McDowell Lake First Nation is a diversified local government that provides a wide range of services to its citizens and members, including administration, education, community and economic development and health services.

For each reported segment, revenues 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. Operations and maintenance fee allocations have been made to each building based on a percentage of overall maintenance costs. Administrative fees, based on a percentage of revenues, have been allocated to programs where permitted by the funder.

Administration

Administration is comprised of the administration and finance department. This department performs a management and administrative role by holding Council Meetings to administer the delivery of programs and services and to help develop a strategy for the future.

Education

Education includes the activities of the Sioux Lookout Area Aboriginal Management Board ("SLAAMB") program and other educational activities that enhance the educational development of community members.

Community and Economic Development

Community and economic development includes governance activities, land use planning initiatives and environmental planning to improve the economic and social well-being of community members.

Health

The First Nation health programs provide health awareness and prevention and assistance programs for community members.

9. Budget

The program budgets approved by Chief and Council were not prepared on a basis consistent with that used to report actual financial statement results (Public Sector Accounting Standards). The budgets were prepared on a modified accrual basis while Public Sector Accounting Standards require a full accrual basis. The budgets expensed all capital expenditures rather than including amortization expense. As well, the budget approved by Chief and Council was not prepared on a consolidated basis and does not include all of the activities of the First Nation. As a result, budget figures are only presented where available.

McDowell Lake First Nation
Notes to Consolidated Financial Statements

March 31, 2023

10. Accumulated Surplus

The First Nation segregates its accumulated surplus into the following categories:

	2023	2022
Current funds	\$ 154,635	\$ 205,531
Investment in capital assets	1,153,937	1,214,651
Ontario First Nations Limited Partnership	2,778,628	2,379,385
Magnus James	<u>1,021,249</u>	<u>979,526</u>
	<u><u>\$ 5,108,449</u></u>	<u><u>\$ 4,779,093</u></u>

The investment in capital assets represents amounts already spent and invested in capital assets. Current funds represent the general activities of the First Nation.

11. Government Transfers

	2023		
	Operating	Capital	Total
Government Transfers			
Federal government transfers			
Indigenous Services Canada	<u>\$ 1,468,860</u>	<u>\$ -</u>	<u>\$ 1,468,860</u>
Provincial government transfers			
Ministry of Health and Long Term Care	<u>82,054</u>	<u>\$ -</u>	<u>82,054</u>
Total revenue	<u><u>\$ 1,550,914</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,550,914</u></u>
	2022		
	Operating	Capital	Total
Government Transfers			
Federal government transfers			
Indigenous Services Canada	<u>\$ 945,344</u>	<u>\$ -</u>	<u>\$ 945,344</u>
Provincial government transfers			
Ministry of Natural Resources	<u>46,237</u>	<u>\$ -</u>	<u>46,237</u>
Ministry of Health and Long Term Care	<u>9,479</u>	<u>\$ -</u>	<u>9,479</u>
	<u><u>55,716</u></u>	<u><u>\$ -</u></u>	<u><u>55,716</u></u>
Total revenue	<u><u>\$ 1,001,060</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,001,060</u></u>

McDowell Lake First Nation
Notes to Consolidated Financial Statements

March 31, 2023

12. Commitments

The First Nation is committed to a two year lease for premises at \$4,600 a month plus HST expiring April 2025.

The First Nation is committed to a two year capital planning study project for a total cost of \$300,000. Indigenous Services Canada (ISC) has provided funds for this project of \$300,000, of which \$125,000 has been received. The remaining amount will be allocated within the next fiscal year.

13. Defined Contribution Pension Plan

The expense for the First Nation's pension plan for the year was \$17,011 (2022 - \$12,517). The plan is funded equally by the organization and the First Nation's employees at rates of 5% of the employee's salary.

14. Subsequent Event

Subsequent to year end, was a legal claim settlement with a former employee for approximately \$65,000.