

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:

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Chief

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Melanie Beaudy
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Councillor

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Councillor

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 |
|--|---------------------|---------------------|
| 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) | 1,021,217 | 979,494 |
| Total Financial Assets | 6,676,689 | 5,854,904 |
| Liabilities | | |
| Accounts payable (Note 5) | 1,596,013 | 1,343,915 |
| Deferred revenue (Note 6) | 1,209,515 | 1,079,075 |
| Total Liabilities | 2,805,528 | 2,422,990 |
| Net Financial Assets | 3,871,161 | 3,431,914 |
| Non-financial Assets | | |
| Inventory | 83,351 | 132,527 |
| Tangible capital assets (Note 7) | 1,153,937 | 1,214,651 |
| Total Non-financial Assets | 1,237,288 | 1,347,178 |
| Accumulated Surplus (Note 10) | \$ 5,108,449 | \$ 4,779,092 |

Approved on Behalf

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 Chief

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 Councillor

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 Councillor

The accompanying summary of significant accounting policies and notes are an integral part to these financial statements.

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 |
| | <u>3,098,212</u> | <u>2,449,353</u> | <u>1,612,675</u> |
| 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 |
| | <u>2,847,726</u> | <u>2,119,996</u> | <u>1,392,211</u> |
| Annual surplus | <u>\$ 250,486</u> | 329,357 | 220,464 |
| Accumulated surplus, beginning of year | | <u>4,779,092</u> | <u>4,558,628</u> |
| Accumulated surplus, end of year | | <u>\$ 5,108,449</u> | <u>\$ 4,779,092</u> |

The accompanying summary of significant accounting policies and notes are an integral part to these financial statements.

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

| For the year ended March 31 | Budget | 2023 | 2022 |
|---|-------------------|------------------|------------------|
| 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 | | 49,176 | (49,176) |
| 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> | <u>3,194,545</u> |
| Net financial assets, end of year | | \$ 3,871,161 | \$ 3,431,914 |

The accompanying summary of significant accounting policies and notes are an integral part to these financial statements.

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 | (34,643) | (38,700) |
| | 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 | 49,176 | (49,176) |
| | 777,362 | 828,981 |
| Investing transactions | | |
| Increase in investment in Government Business Enterprises | (7,080) | (14,317) |
| Increase in short term investment | (19,545) | (4,675) |
| | (26,625) | (18,992) |
| Capital transactions | | |
| Acquisition of tangible capital assets | (29,886) | (27,417) |
| Increase in cash and cash equivalents during the year | 720,851 | 782,572 |
| Cash, beginning of year | 2,960,162 | 2,177,590 |
| Cash, end of year | \$ 3,681,013 | \$ 2,960,162 |

The accompanying summary of significant accounting policies and notes are an integral part to these financial statements.

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 | <p>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.</p> <p>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.</p> <p>Magnus James Enterprises LP and Magnus James Enterprises Inc. are the only government business enterprises reflected in the consolidated financial statements.</p> | | | | | | | | | | | | | | | | | | | |
| Capital Assets | <p>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:</p> <table> <tr> <th>Asset</th><th>Basis</th><th>Rate</th></tr> <tr> <td>Buildings</td><td>Straight-line</td><td>40 years</td></tr> <tr> <td>Equipment</td><td>Straight-line</td><td>5 and 25 years</td></tr> <tr> <td>Docks</td><td>Straight-line</td><td>15 years</td></tr> <tr> <td>Boats and motors</td><td>Straight-line</td><td>15 years</td></tr> <tr> <td>Leaseholds</td><td>Straight-line</td><td>10 years</td></tr> </table> <p>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.</p> | | 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 |
| 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 | | | | | | | | | | | | | | | | | | |

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 | \$ 1,651,960 | \$ 1,632,415 |
| 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 | 1 | 1 |
| | \$ 23,677 | \$ 23,677 |
| | <u>\$ 1,675,637</u> | <u>\$ 1,656,092</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 | 82,277 | 73,766 |
| | <u>\$ 298,822</u> | <u>\$ 259,156</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 | 1,021,249 | 979,526 |
| | <u>\$ 1,021,217</u> | <u>\$ 979,494</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 | 589,617 | 601,149 |

| | | |
|--------------|---------------------|-------------------|
| Total Assets | <u>\$ 1,046,751</u> | <u>\$ 996,012</u> |
|--------------|---------------------|-------------------|

| | | |
|-------------|-----------|-----------|
| Liabilities | \$ 19,449 | \$ 14,715 |
| Net Assets | 1,027,302 | 981,297 |

| | | |
|--|---------------------|-------------------|
| | <u>\$ 1,046,751</u> | <u>\$ 996,012</u> |
|--|---------------------|-------------------|

| | | |
|----------|------------|------------|
| Revenue | \$ 133,441 | \$ 133,441 |
| Expenses | 94,509 | 94,351 |

| | | |
|------------|------------------|------------------|
| Net Income | <u>\$ 38,932</u> | <u>\$ 39,090</u> |
|------------|------------------|------------------|

5. Accounts Payable

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

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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 | 1,021,249 | 979,526 |
| | <u>\$ 5,108,449</u> | <u>\$ 4,779,093</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 | \$ 1,468,860 | \$ - | \$ 1,468,860 |
| Provincial government transfers | | | |
| Ministry of Health and Long Term Care | 82,054 | - | 82,054 |
| Total revenue | <u>\$ 1,550,914</u> | <u>\$ -</u> | <u>\$ 1,550,914</u> |
| | 2022 | | |
| | Operating | Capital | Total |
| Government Transfers | | | |
| Federal government transfers | | | |
| Indigenous Services Canada | \$ 945,344 | \$ - | \$ 945,344 |
| Provincial government transfers | | | |
| Ministry of Natural Resources | 46,237 | - | 46,237 |
| Ministry of Health and Long Term Care | 9,479 | - | 9,479 |
| | <u>55,716</u> | <u>-</u> | <u>55,716</u> |
| Total revenue | <u>\$ 1,001,060</u> | <u>\$ -</u> | <u>\$ 1,001,060</u> |

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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.