

**Sheshatshiu Innu First Nation
Consolidated Financial Statements**

March 31, 2022

Sheshatshiu Innu First Nation
Contents
For the year ended March 31, 2022

	Page
Management's Responsibility	
Independent Auditor's Report	
Consolidated Financial Statements	
Consolidated Statement of Financial Position.....	1
Consolidated Statement of Operations and Accumulated Surplus.....	2
Consolidated Statement of Change in Net Financial Assets.....	3
Consolidated Statement of Cash Flows.....	4
Notes to the Consolidated Financial Statements.....	5
Schedule	
Schedule 1 - Consolidated Schedule of Tangible Capital Assets.....	19
Schedule 2 - Consolidated Schedule of Segment Disclosure.....	21



Sheshatshiu Innu First Nation

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To the Members of Sheshatshiu Innu First Nation

The accompanying financial statements of Sheshatshiu Innu First Nation are the responsibility of management and have been approved by the Chief and Council ("Council").

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Sheshatshiu Innu First Nation Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial statements. The Council fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditor. The Council is also responsible for recommending the appointment of the First Nation's external auditor.

MNP LLP is appointed by the Members to audit the financial statements and report directly to them; their report follows. The external auditor has full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

Band Manager

To the Members of Sheshatshiu Innu First Nation:

Opinion

We have audited the financial statements of Sheshatshiu Innu First Nation (the "First Nation"), which comprise the statement of financial position as at March 31, 2022, and the statements of operations and accumulated surplus, changes in net financial assets, cash flows and the related schedules for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2022, and the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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 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 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 opinion.

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

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 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 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 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.

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- 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 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 financial statements, including the disclosures, and whether the 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.

Mount Pearl, Newfoundland and Labrador

July 17, 2023

MNP LLP

Chartered Professional Accountants

MNP

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

	2022	2021
Financial assets		
Cash and cash equivalents (Note 3)	27,176,376	22,669,226
Accounts receivable (Note 4)	1,762,884	1,337,890
Due from governments (Note 5)	4,243,103	4,763,323
Advances to related Nation entities	14,467	13,173
Restricted cash (Note 6)	757,449	757,349
Investments in Nation business enterprise (Note 7)	17,610,241	17,338,960
Funds held by the Ottawa Trust (Note 8)	161,970	255,862
Total of financial assets	51,726,490	47,135,783
Liabilities		
Accounts payable and accruals (Note 9)	2,849,026	1,714,204
Deferred revenue (Note 10)	21,104,878	13,525,519
Advances from related Nation entities (Note 11)	1,941	471,296
Retirement obligation	-	1,596,145
Due to governments	101,735	15,745
Debt (Note 12)	9,267,576	7,492,612
Total of financial liabilities	33,325,156	24,815,521
Net financial assets	18,401,334	22,320,262
Guarantees (Note 13)		
Contingencies (Note 14)		
Subsequent event (Note 15)		
Non-financial assets		
Tangible capital assets (Schedule 1)	67,810,404	66,535,614
Prepaid expenses	2,251	246,110
Total non-financial assets	67,812,655	66,781,724
Accumulated surplus (Note 16)	86,213,989	89,101,986

Approved on behalf of the Chief and Council:



Chief



Councillor

Sheshatshiu Innu First Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2022

	2022 Budget (Note 19)	2022	2021
Revenue			
Sheshatshiu and Mushuau Innu First Nations Trust	7,077,828	4,725,964	8,246,255
Infrastructure Park	612,000	612,000	612,000
Innu Development Limited Partnership	527,737	102,992	26,000
Federal government operating transfers (Note 17)	46,025,603	18,312,344	13,431,967
Federal government capital transfers (Note 17)	-	4,124,556	1,172,463
Provincial government operating transfers (Note 17)	6,239,043	5,565,658	5,459,655
Share of earnings from investments in Nation business enterprises (Note 7)	1,653,000	2,884,599	4,980,691
Innu nation	1,000,800	1,132,806	1,179,251
Rental income	553,171	791,345	693,734
Interest income	-	99,505	75,998
Other	6,659,302	984,218	933,307
	70,348,484	39,335,987	36,811,321
Expenses (Note 18)			
Band support	16,557,559	8,686,560	6,121,963
Capital	14,289,951	6,117,155	5,519,250
Community services	4,293,455	2,761,213	1,462,927
Community assistance	4,969,169	4,851,890	2,848,508
Shushepeshipan Ishpitentamun Mitshuap Inc.	5,689,149	4,996,542	4,467,143
Community justice	350,539	309,674	353,009
Economic development	465,319	283,035	194,188
Health	14,073,941	8,298,748	11,874,061
Housing	2,898,855	1,908,536	1,347,905
Program education	2,823,552	1,892,634	1,210,723
Public works	2,781,796	1,504,007	1,123,890
Recreation	543,201	613,990	502,590
	69,736,486	42,223,984	37,026,157
Annual surplus (deficit)	611,998	(2,887,997)	(214,836)
Accumulated surplus, beginning of year	89,101,986	89,101,986	89,316,822
Accumulated surplus, end of year (Note 16)	89,713,984	86,213,989	89,101,986

Sheshatshiu Innu First Nation
Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2022

	2022 <i>Budget</i> <i>(Note 19)</i>	2022	2021
Annual surplus (deficit)	611,998	(2,887,997)	(214,836)
Purchases of tangible capital assets	-	(7,724,075)	(4,333,926)
Amortization of tangible capital assets	-	6,449,284	5,828,454
Acquisition of prepaid expenses	-	-	(83,547)
Use of prepaid expenses	-	243,860	-
Increase (decrease) in net financial assets	611,998	(3,918,928)	1,196,145
Net financial assets, beginning of year	22,320,262	22,320,262	21,124,117
Net financial assets, end of year	22,932,260	18,401,334	22,320,262

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

	2022	2021
Cash provided by (used for) the following activities		
Operating activities		
Annual surplus (deficit)	(2,887,997)	(214,836)
Non-cash items		
Share of earnings from investments in Nation business enterprises	(2,884,599)	(4,980,691)
Amortization of tangible capital assets	6,449,285	5,828,454
	676,689	632,927
Changes in working capital accounts		
Accounts receivable	(424,994)	484,793
Prepaid expenses	243,860	(83,547)
Due from governments	520,220	403,350
Accounts payable and accruals	1,134,821	(766,181)
Deferred revenue	7,579,359	3,368,288
Retirement obligation	(1,596,145)	62,848
Due to government	85,990	(97,799)
Trust funds held by the Ottawa Trust	93,892	(183,159)
	8,313,692	3,821,520
Financing activities		
Advances of long-term debt	3,000,000	-
Repayment of long-term debt	(1,225,036)	(1,205,832)
Net advances from related Nation entities & department	(470,649)	(174,768)
	1,304,315	(1,380,600)
Capital activities		
Purchases of tangible capital assets	(7,724,075)	(4,333,926)
Investing activities		
Restricted Cash	(100)	-
Distribution of earnings from business enterprises	2,613,318	2,818,890
	2,613,218	2,818,890
Increase in cash resources	4,507,150	925,884
Cash resources, beginning of year	22,669,226	21,743,342
Cash resources, end of year	27,176,376	22,669,226

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

1. Operations

The Sheshatshiu Innu First Nation (the "First Nation") is located in the province of Newfoundland and Labrador, and provides various services to its members. Sheshatshiu Innu First Nation includes the First Nation's members, government and all related entities that are accountable to the First Nation and are controlled by the First Nation.

Impact on operations of COVID-19 (coronavirus)

In early March 2020 the impact of the global outbreak of COVID-19 (coronavirus) began to have a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders.

The organization's operations were impacted by COVID-19 due to closure of the organization's operations.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the organization as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

2. Significant accounting policies

These financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and including the following significant accounting policies:

Fund accounting

The First Nation uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary action. These funds have been amalgamated for the purpose of presentation in the summary consolidated financial statements. All interfund balances have been eliminated.

- The Operating Fund, which reports on the general activities of the Nation administration.
- The Ottawa Trust Fund, which reports on trust monies owned by the Band and held by third parties.
- The Canada Mortgage and Housing Corporation ("CMHC") Social Housing Fund, which reports the CMHC funded social housing operation of the Nation.
- The Capital Fund which reports on the tangible capital assets of the Nation, less any related capital financing.
- The Enterprise Fund, which reports on the activities of the Nation business enterprises controlled by Sheshatshiu Innu Nation First on a modified equity basis.

Reporting entities consolidated

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

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

- Sheshatshiu Innu First Nation Operations
- Shushepeshipan Ishpitentamun Mitshuap Inc

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

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

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

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

- Innu Development Limited Partnership (49.559% owned)

Basis of accounting

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Funds held in Ottawa Trust Fund

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the statement of financial position as restricted cash. Trust moneys consist of:

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

Asset classification

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

Cash and cash equivalents

Cash and cash equivalent include balances with banks and short-term investments. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Tangible capital assets

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

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

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

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

Amortization

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

In the first year of use capital assets are amortized at 50% of the normal rate.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

	Method	Rate
Buildings	straight-line	20 years
Housing	straight-line	20 years
Equipment	straight-line	3 years
Roads	straight-line	10 years
Water and sewer	straight-line	25 years
Cemetery	straight-line	30 years
Vehicles	straight-line	10 years
Recreation	straight-line	10 years
Leasehold improvements	straight-line	15 years

Net financial assets

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

Revenue recognition

i) Non-Government Funding

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

ii) Government Transfers

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

iii) Other Revenue

Investment and interest income are recognized when earned. Rent, lease, and other revenue is recognized when the related services are provided or over the term of the rental lease.

Employee future benefits

The First Nation's employee future benefit programs consist of a defined contribution pension plan.

First Nation contributions to the defined contribution plan are expensed as incurred.

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

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

Inter-entity transactions

The First Nation recognizes and records all transactions with entities within the First Nation reporting entity ("inter-entity transactions") at their carrying amount as determined at the transaction date.

The First Nation's purchases of supplies from related Nation entities is undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length and is therefore recorded at the exchange amount.

Contaminated sites

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

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

As at March 31, 2022, no liability for contaminated site exists.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

Amortization is based on the estimated useful lives of tangible capital assets.

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

Segments

The First Nation conducts its business through twelve reportable segments: Band supports, Capital, Community Services, Community Assistance, Shushepeshipan Ishpitentamun Mitshuap Inc, Community Justice, Economic Development, Health, Housing, Program Education, Public Works, and Recreation. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives, to aid in resource allocation decisions, and to assess operational performance.

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

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements. Inter-segment transfers are recorded at their exchange amount.

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

3. Cash and cash equivalents

	2022	2021
Cash	22,137,742	14,669,226
Funds held in trust	-	8,000,000
Guaranteed investment certificates	5,038,634	-
	27,176,376	22,669,226

4. Accounts receivable

	2022	2021
Members	23,655	20,106
Non-members	1,762,884	1,337,890
	1,786,539	1,357,996
Less: Allowance for doubtful accounts	23,655	20,106
	1,762,884	1,337,890

5. Due from Governments

	2022	2021
Canada Revenue Agency - HST	887,822	772,441
Indigenous Services Canada	2,475,125	3,095,378
Service Canada	217,338	130,174
Government of Newfoundland and Labrador	401,954	451,595
Health Canada	125,320	207,231
Justice Canada	26,750	-
Atlantic Canada Opportunities Agency	108,794	106,504
	4,243,103	4,763,323

6. Restricted Cash

	2022	2021
Replacement reserve		
Balance, beginning of year	715,616	644,953
Additions to reserve	102,000	108,450
Eligible expenditures	(42,524)	(37,787)
Interest	7,156	-
	782,248	715,616

Use of the CMHC reserve funds are restricted to the replacement and renovation of the CMHC rental properties as directed by the Canada Mortgage and Housing Corporation. Under the terms of the agreement the First Nation is required to hold funds in a specified bank account to fund this reserve. At year end the replacement reserve was underfunded by \$24,799 (2021 - adequately funded).

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

7. Investments in Nation business enterprise

The commercial government business enterprise that is included in the First Nation reporting entity is Innu Development Limited Partnership. The First Nation has a 49.995% ownership position in this limited partnership.

The First Nation's investment in the government business enterprise consists of the following:

	2022			
	<i>Opening balance</i>	<i>Cumulative share of earnings</i>	<i>Distributions</i>	<i>Ending Balance</i>
Business Partnerships – Modified Equity:				
Innu Development Limited Partnership - 49.995%	17,338,960	2,884,599	(2,613,318)	17,610,241
Business Partnerships – Modified Equity:				
Innu Development Limited Partnership - 49.995%	13,100,977	4,980,691	(2,818,890)	17,338,960

8. Funds held by the Ottawa Trust

The trust funds arise from monies derived from 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. The additions are recognized as revenue when funds are transferred to the trust.

	2022	2021
Balance, beginning of year	255,862	72,703
Additions	157,774	183,159
Less: transfers to Nation	251,666	-
Balance, end of year	161,970	255,862

9. Accounts payable and accruals

	2022	2021
Trade payables and accrued liabilities	2,546,813	1,224,838
Accrued salaries and benefits payable	302,213	489,366
	2,849,026	1,714,204

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

10. Deferred revenue

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

	<i>Balance, beginning of year</i>	<i>Current year</i>	<i>Used</i>	<i>Balance, end of year</i>
Indigenous Services Canada	8,059,696	12,582,380	5,877,410	14,764,666
Government of Newfoundland and Labrador	140,134	248,400	270,200	118,334
Public Health Agency	94,849	188,251	192,055	91,045
Atlantic Canada Opportunities Agency	72,206	-	72,206	-
Service Canada	648,669	470,706	332,607	786,768
Sheshatshiu and Mushuau Innu First Nation Trust	1,031,673	-	671,861	359,812
Health Canada	3,478,292	7,705,171	6,199,210	4,984,253
	13,525,519	21,194,908	13,615,549	21,104,878

11. Advances from related Nation entities

	2022	2021
Advances from Innu Development Limited Partnership	-	464,477
Advances from Labrador Innu Round Table Secretariat	1,941	6,819
Advances to Sheshatshiu Tourism Inc.	(282,892)	(282,892)
Allowance for Doubtful Accounts for Related Party	282,892	282,892
	1,941	471,296

The above amounts are interest free, unsecured, with no specific terms of repayment.

The First Nation holds 100% of the shares in Sheshatshiu Innu Tourism Inc.

The First Nation is a limited partner with a 49.995% holding in the Innu Development Limited Partnership.

The First Nation appoints all of the board of Shushepeshipan Ishpitentamin Mitsuap Inc.

The First Nation has significant influence over Labrador Round Table Secretariat as it appoints a significant number of board members.

Expenses include \$1,031,605 (2021 - \$60,659) paid or payable to a related party. Revenue includes \$3,137,775 (2021 - \$5,471,724) received or receivable from a related party. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

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

12. Debt

	2022	2021
Royal Bank of Canada Demand Loan bearing interest at prime plus 1%	3,000,000	-
Royal Bank of Canada loan bearing interest at 3.16% per annum, repayable in monthly blended payments of \$50,211. The loan matures on June 4, 2022.	1,328,365	1,853,218
CMHC loan bearing interest at 1.84% per annum, repayable in monthly blended payments of \$5,938. The loan is renewable on September 1, 2022 and matures on July 1, 2032.	671,330	729,812
CMHC loan bearing interest at 1.84% per annum, repayable in monthly blended payments of \$3,554. The loan is renewable on September 1, 2022 and matures on July 1, 2032.	401,800	436,801
CMHC loan bearing interest at 1.69% per annum, repayable in monthly blended payments of \$2,876. The loan is renewable on September 1, 2024 and matures on September 1, 2034.	389,353	417,107
CMHC loan bearing interest at 0.96% per annum, repayable in monthly blended payments of \$2,096. The loan is renewable on March 1, 2026 and matures on September 1, 2035.	318,796	340,811
CMHC loan bearing interest at 1.84% per annum, repayable in monthly blended payments of \$2,678. The loan is renewable on September 1, 2022 and matures on July 1, 2032.	302,826	329,205
CMHC loan bearing interest at 1.88% per annum, repayable in monthly blended payments of \$2,196. The loan is renewable on February 1, 2027 and matures on July 1, 2031.	225,828	248,937
CMHC loan bearing interest at 1.69% per annum, repayable in monthly blended payments of \$1,866. The loan is renewable on September 1, 2024 and matures on June 1, 2034.	248,085	266,169
CMHC loan bearing interest at 1.69% per annum, repayable in monthly blended payments of \$1,670. The loan is renewable on September 1, 2024 and matures on September 1, 2034.	226,002	242,111
CMHC loan bearing interest at 1.12% per annum, repayable in monthly blended payments of \$1,335. The loan is renewable on October 1, 2026 and matures on March 1, 2036.	207,756	221,845
CMHC loan bearing interest at 1.88% per annum, repayable in monthly blended payments of \$1,756. The loan is renewable on February 1, 2027 and matures on July 1, 2031.	180,647	199,132
CMHC loan bearing interest at 1.5% per annum, repayable in monthly blended payments of \$1,094. The loan is renewable on July 1, 2022 and matures on June 1, 2037.	179,235	189,622
CMHC loan bearing interest at 1.69% per annum, repayable in monthly blended payments of \$1,257. The loan is renewable on September 1, 2024 and matures on June 1, 2034.	167,138	179,321
CMHC loan bearing interest at 1.57% per annum, repayable in monthly blended payments of \$970. The loan is renewable on December 1, 2026 and matures on July 1, 2036.	149,619	159,372
CMHC loan bearing interest at 2.27% per annum, repayable in monthly blended payments of \$960. The loan is renewable on April 1, 2027 and matures on April 1, 2037.	147,242	155,930
CMHC loan bearing interest at 0.96% per annum, repayable in monthly blended payments of \$961. The loan is renewable on March 1, 2026 and matures on September 1, 2035.	146,174	156,268
CMHC loan bearing interest at 1.69% per annum, repayable in monthly blended payments of \$740. The loan is renewable on September 1, 2024 and matures on August 1, 2039.	134,182	140,757

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

12. Debt (Continued from previous page)

CMHC loan bearing interest at 1.5% per annum, repayable in monthly blended payments of \$722. The loan is renewable on July 1, 2022 and matures on June 1, 2037.	118,180	125,028
CMHC loan bearing interest at 1.88% per annum, repayable in monthly blended payments of \$1,043. The loan is renewable on February 1, 2027 and matures on July 1, 2031.	107,282	118,260
CMHC loan bearing interest at 2.27% per annum, repayable in monthly blended payments of \$456. The loan is renewable on April 1, 2027 and matures on April 1, 2042.	88,544	92,326
CMHC loan bearing interest at 1.50% per annum, repayable in monthly blended payments of \$420. The loan is renewable on January 1, 2027 and matures on July 1, 2041.	84,602	88,619
CMHC loan bearing interest at 1.87% per annum, repayable in monthly blended payments of \$1,036. The loan is renewable on May 1, 2024 and matures on May 1, 2029.	83,484	94,272
CMHC loan bearing interest at 0.52% per annum, repayable in monthly blended payments of \$1,365. The loan is renewable on June 1, 2022 and matures on September 1, 2026.	72,865	88,627
CMHC loan bearing interest at 2.48% per annum, repayable in monthly blended payments of \$400. The loan is renewable on August 1, 2023 and matures on August 1, 2038.	64,797	67,960
CMHC loan bearing interest at 1.97% per annum, repayable in monthly blended payments of \$1,001. The loan is renewable on December 1, 2022 and matures on October 1, 2027.	63,562	74,230
CMHC loan bearing interest at 1.5% per annum, repayable in monthly blended payments of \$364. The loan is renewable on July 1, 2022 and matures on June 1, 2037.	59,746	63,208
Bank of Montreal loan bearing interest at prime plus 1.5% per annum, repayable in monthly principal payments of \$25,000. The loan matures in July 2022.	57,415	358,624
CMHC loan bearing interest at 0.67% per annum, repayable in monthly blended payments of \$1,054. The loan and is renewable on August 1, 2025 and matures on August 1, 2025.	42,721	55,042
	9,267,576	7,492,612

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

	Total
2023	1,148,652
2024	1,129,670
2025	773,845
2026	577,034
2027	577,230
	<hr/>
	4,206,431
	<hr/>
Thereafter	5,061,145

Prime rate as at March 31, 2022 was 2.45% (2021 - 2.45%).

The First Nation has provided a general security agreement and assignment of the First Nations net proceeds of the Innu Infrastructure Park Trust as security for the RBC term loan. The First Nation has assigned band revenues to support the \$3,000,000 RBC loan.

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

12. Debt *(Continued from previous page)*

The CMHC loans are covered by a ministerial guarantee.

The First Nation has provided as assignment of fire insurance on a building and an assignment of leases for space in this building as security for the Bank of Montreal prime plus 1.5% demand loan.

13. Guarantees

Canada Mortgage and Housing Corporation has provided forgivable loans for home renovations. These loans are guaranteed by the individual homeowners and the First Nation. These loans are forgiven over a three-year period. As at March 31, 2022 these loans have unforgiven balances of \$64,368 (2021 - \$136,747).

Canada Mortgage and Housing Corporation has provided a forgivable loan for the safe house. This loan is forgiven over a fifteen-year period commencing July 1, 2007 as long as the First Nation is not in default under the terms and conditions of the loan agreement and continues to operate the property as a safe house. The unforgiven balance as of March 31, 2022 is \$7,779 (2021 - \$31,111).

14. Contingencies

a) In the past years, the First Nation has built houses and provided them to community members. The utility bills for some of these houses remain in the name of the First Nation. No payments have been made on these accounts and as of March 31, 2022 the total balance of these accounts is \$703,422 (2021 - \$519,710).

The First Nation does not intend to pay these bills and Newfoundland Hydro has not taken action to collect these accounts. No provision for this matter has been made in these financial statements.

b) The First Nation is subject to funding recoveries according to their agreement with the federal government agencies. It has not been determined to what extent any funding amount related to the year ended March 31, 2022 might be recovered.

c) The financial results of the CMHC Social Housing program are subject to review by CMHC. There is a potentiality for adjustments to be made based on the result of the financial review.

15. Subsequent event

On April 18, 2022, the \$3,000,000 demand loan was converted to a 4.36% loan due in monthly payments of \$22,743 renewable in April 2027 and due in April 2037.

On August 16, 2022, the gas station and contents were transferred to Innu Nikan Grocery Store Corporation for the consideration of \$5,833,520 which was paid by way of a \$2,833,520 promissary note and agreement by Innu Nikan Grocery Corporation to pay interest and principal payments on the First Nation's \$3,000,000 loan.

16. Accumulated surplus

Accumulated surplus consists of the following:

	2022	2021
Equity in Ottawa Trust funds	161,970	255,862
Equity in tangible capital assets	58,542,828	59,043,002
Investment in Nation business entities (enterprise fund)	17,610,241	17,338,960
Replacement reserve (social housing fund)	782,248	715,616
Surplus in operating funds	<u>9,116,702</u>	<u>11,748,546</u>
	<hr/> <u>86,213,989</u>	<hr/> <u>89,101,986</u>

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

17. Government transfers

	2022	2021
Federal government operating transfer:		
Indigenous Services Canada	9,060,129	6,530,352
Atlantic Canada Opportunities Agency	108,460	35,515
Justice Canada	100,000	101,260
Public Health Canada	209,800	248,305
Canada Mortgage and Housing Company	385,058	374,723
Health Canada	7,192,932	5,219,952
Service Canada	1,255,965	921,860
	18,312,344	13,431,967
Federal government capital transfers:		
Indigenous Service Canada	3,928,325	-
Health Canada	196,231	134,990
Royal Bank of Canada Housing	-	990,097
Canada Mortgage and Housing Company	-	47,376
	4,124,556	1,172,463
Provincial government operating and capital transfer:		
Government of Newfoundland and Labrador	5,565,658	5,459,655
	28,002,558	20,064,085

18. Consolidated expenses by object

	2022	2021
Salaries and wages	18,065,405	16,044,189
Other	7,849,318	9,040,539
Amortization	6,449,284	5,828,454
Repairs and maintenance	2,339,801	1,021,312
Travel	2,203,880	1,468,803
Community payouts	2,039,500	1,017,500
Professional fees	1,598,145	1,036,087
Supplies	718,278	612,670
Insurance	524,746	490,036
Telephone	304,390	294,872
Interest	131,237	171,695
	42,223,984	37,026,157

19. Budget information

The disclosed budget information has been approved by the Chief and Council of the Sheshatshiu Innu First Nation at the meeting held on April 13, 2021.

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

20. Pension plan

Sheshatshiu Innu First Nation provides a defined contribution pension plan ("DCPP") for its eligible members. Participation in the DCPP is mandatory. Each plan year members are required to contribute 5.5% of earnings. A member may make additional voluntary contributions up to the maximum permitted under the applicable legislation. Each plan year Sheshatshiu Innu First Nation (plan sponsor) is required to contribute on behalf of each member 5.5% of a member's earnings. The amount of retirement benefit to be received by eligible members will be the amount of the retirement annuity that could be purchased based on the member's share of the pension plan at the time of the member's withdrawal from the plan.

Sheshatshiu Innu First Nation contributed \$354,790 (2021 - \$345,326) to the DCPP during the fiscal period ending March 31, 2022.

Sheshatshiu Innu First Nation does not have any other obligation with regards to the DCPP as at March 31, 2022.

21. Segments

During 2022, the First Nation had 12 of reportable segments: Band supports, Capital, Community Services, Community Assistance, Shushepeshipan Ishpitentamun Mitshuap Inc, Community Justice, Economic Development, Health, Housing, Program Education, Public Works, and Recreation. These segments are differentiated by factors such as major activities, services lines, accountability and control relationships. For management and reporting purposes, the revenue, expenses, surplus (deficits) are organized by the following segments:

Band support:

This segments reflect funding and expenses related to the administration of the Nation.

Capital:

This segments includes projects related to the infrastructure, buildings and other assets.

Community Services:

This segments includes revenue and expenses related to services provided to community members.

Community Assistance:

This segments includes revenue and expenses related to support provided to community members.

Shushepeshipan Ishpitentamun Mitshuap Inc.:

This segment includes revenue and expenses relating to the consolidated Nation business enterprise.

Community Justice:

This segment includes activities related to the application of justice activities in the community.

Economic Development:

This segments include activities related to the growth of revenue producing projects for the Nation.

Health:

This segments includes projects related to provision of health services to the members.

Housing:

This segments includes revenue and expenses related to members housing needs.

Program Education:

This segment reflect funding and expenses related to the provisions of education to the members.

Public Works:

This segment reflects funding and expenses related to the maintenance of the community services such as water and sewer.

Recreation:

This segments includes revenue and expenses for activities for the community members.

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

22. Comparative figures

Certain comparative figures have been reclassified to conform with current year's presentation.