

**Sheshatshiu Innu First Nation
Consolidated Financial Statements**

March 31, 2024

Sheshatshiu Innu First Nation Contents

For the year ended March 31, 2024

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To the Members of Sheshatshiu Innu First Nation:

Opinion

We have audited the consolidated consolidated financial statements of Sheshatshiu Innu First Nation (the "First Nation"), which comprise the consolidated consolidated statement of financial position as at March 31, 2024, and the consolidated consolidated statements of operations and accumulated operating surplus, changes in net financial assets, cash flows and the related schedules for the year then ended, and notes to the consolidated consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2024, and the results of its consolidated operations, changes in its net financial assets and its consolidated 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 Consolidated 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 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 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 consolidated consolidation 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 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 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.

Mount Pearl, Newfoundland and Labrador

October 16, 2024

MNP LLP

Chartered Professional Accountants

Sheshatshiu Innu First Nation
Consolidated Statement of Financial Position
As at March 31, 2024

	2024	2023
Financial assets		
Cash	16,555,665	22,112,447
Accounts receivable (Note 4)	5,174,736	3,455,018
Portfolio investments	19,001,668	6,142,211
Advances to related Nation entities (Note 5)	417,708	246,472
Due from governments (Note 6)	10,236,602	13,881,146
Restricted cash (Note 7)	757,028	757,028
Investments in Nation business enterprise (Note 8)	22,212,055	20,244,944
Funds held by the Ottawa Trust (Note 9)	348,942	226,265
	74,704,404	67,065,531
Total financial assets		
Liabilities		
Accounts payable and accruals (Note 10)	6,023,460	3,292,973
Deferred revenue (Note 11)	31,418,180	31,626,477
Advances from related Nation entities (Note 12)	-	4,300
Due to governments	2,669	154,833
Debt (Note 13)	6,967,485	8,118,390
	44,411,794	43,196,973
Total financial liabilities		
Net financial assets	30,292,610	23,868,558
Guarantees (Note 14)		
Contingencies (Note 15)		
Non-financial assets		
Tangible capital assets (Schedule 1)	86,554,662	70,661,085
Prepaid expenses	351,737	405,596
	86,906,399	71,066,681
Total non-financial assets		
Accumulated surplus (Note 16)	117,199,009	94,935,239

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, 2024

	2024 <i>Budget</i> <i>(Note 19)</i>	2024	2023
Revenue			
Sheshatshiu and Mushuau Innu First Nations Trust	5,777,701	4,462,109	4,357,907
Infrastructure Park	-	395,875	612,000
Innu Development Limited Partnership donations	100,000	100,000	49,971
Federal government capital transfers <i>(Note 17)</i>	-	23,210,791	9,057,456
Federal government operating transfers <i>(Note 17)</i>	74,227,961	18,617,516	22,241,173
Provincial government operating transfers <i>(Note 17)</i>	6,029,645	5,828,816	5,505,903
Share of earnings from investments in Nation business enterprises <i>(Note 8)</i>	907,472	4,102,984	5,635,742
Innu Nation	980,000	1,228,809	1,267,299
Interest income	502,391	1,728,804	700,179
Rental income	681,710	918,725	845,589
Other	14,884,441	2,757,970	2,555,005
	104,091,321	63,352,399	52,828,224
Expenses <i>(Note 18)</i>			
Band support	8,081,492	8,010,561	8,084,750
Capital	30,191,912	6,598,886	5,987,215
Community services	6,372,867	3,088,794	3,510,553
Community assistance	3,372,472	3,574,476	3,801,041
Shushepeshipan Ishpitentamun Mitshuap Inc.	5,548,445	5,555,702	5,571,013
Innu Nikan General Store	-	361,110	251,706
Community justice	414,473	282,389	252,903
Economic development	376,597	226,569	235,394
Health	16,969,509	11,673,862	9,500,983
Housing	22,219,990	1,791,316	3,023,054
Program education	4,172,456	1,788,228	1,873,186
Public works	4,290,236	1,830,183	1,886,746
Recreation	2,080,872	429,196	167,641
	104,091,321	45,211,272	44,146,185
Surplus before other items			
Other income	-	18,141,127	8,682,039
Gain on disposal of tangible capital assets	-	4,122,643	39,211
Annual surplus	-	22,263,770	8,721,250
Accumulated surplus, beginning of year	94,935,239	94,935,239	86,213,989
Accumulated surplus, end of year <i>(Note 16)</i>	94,935,239	117,199,009	94,935,239

Sheshatshiu Innu First Nation
Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2024

	2024 <i>Budget</i> <i>(Note 19)</i>	2024	2023
Annual surplus			
Purchases of tangible capital assets	-	22,263,770	8,721,250
Amortization of tangible capital assets	-	(24,754,423)	(10,159,170)
Gain on sale of tangible capital assets	-	8,457,489	7,248,200
Proceeds on disposal of tangible capital assets	-	(4,122,643)	(39,211)
Acquisition of prepaid expenses	-	4,526,001	99,500
Use of prepaid expenses	-	(351,737)	(405,596)
		405,595	2,251
Increase in net financial assets		-	6,424,052
Net financial assets, beginning of year	22,868,558	23,868,558	18,401,334
Net financial assets, end of year	22,868,558	30,292,610	23,868,558

Sheshatshiu Innu First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2024

	2024	2023
Cash provided by (used for) the following activities		
Operating activities		
Annual surplus	22,263,770	8,721,250
Non-cash items		
Gain on disposal of capital assets	(4,122,643)	(39,211)
Share of earnings from investments in Nation business enterprises	(4,102,984)	(5,635,742)
Amortization of tangible capital assets	8,457,489	7,248,200
	22,495,632	10,294,497
Changes in working capital accounts		
Accounts receivable	(1,719,718)	(1,692,133)
Prepaid expenses	53,858	(403,345)
Due from governments	3,644,544	(9,638,043)
Accounts payable and accruals	2,730,487	443,947
Deferred revenue	(208,297)	10,521,599
Due to government	(152,164)	53,098
	26,844,342	9,579,620
Financing activities		
Repayment of debt	(1,150,905)	(1,149,187)
Net advances from related Nation entities	(175,536)	(229,646)
	(1,326,441)	(1,378,833)
Capital activities		
Purchases of tangible capital assets	(24,754,423)	(10,159,170)
Proceeds on disposal of tangible capital assets	4,526,001	99,500
	(20,228,422)	(10,059,670)
Investing activities		
Purchase of portfolio investments	(12,859,457)	(1,103,577)
Restricted Cash	-	421
Distribution of earnings from Nation business enterprises	2,135,873	3,001,039
Trust funds held by the Ottawa Trust	(122,677)	(64,295)
	(10,846,261)	1,833,588
Decrease in cash resources	(5,556,782)	(25,295)
Cash resources, beginning of year	22,112,447	22,137,742
Cash resources, end of year	16,555,665	22,112,447

Sheshatshiu Innu First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

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.

2. Change in accounting policy

Revenue

Effective April 1, 2023, the First Nation adopted the Public Sector Accounting Board's ("PSAB") new standard for the recognition, measurement and disclosure of revenue under PS 3400 *Revenue*. The new standard establishes when to recognize and how to measure revenue, and provides the related consolidated financial statement presentation and disclosure requirements. Pursuant to these recommendations, the change was not applied retroactively, and prior periods have not been restated.

Previously, the First Nation recognizes revenue on the basis of cash receipts and the completion of specific milestones or deliverables. Under the new standard, revenue is differentiated between revenue arising from transactions that include performance obligations, referred to as "exchange transactions", and transactions that do not have performance obligations, referred to as "non exchange transactions" described in Note 3.

There was no material impact on the consolidated financial statements from the application of the new accounting recommendations.

3. Significant accounting policies

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

Reporting entities consolidated

The consolidated 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.
- Innu Nikan General Store Corporation
- Innu Assi Leasing Corporation

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 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 consolidated 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.

Sheshatshiu Innu First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

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

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 consolidated 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

Cash includes balances with banks with maturities of three months or less. 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.

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 consolidated 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 annual surplus.

Sheshatshiu Innu First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

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

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 consolidated 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) Non-exchange transactions - Transaction with no performance obligation(s)

The First Nation recognizes revenues from investments, interests, Infrastructure park, donations, etc. These non-exchange transactions have no performance obligation and are recognized at their realizable value when the First Nation has the authority to claim or retain the economic inflows based on a past transaction or event giving rise to an asset.

iv) Exchange transactions - Transactions with a performance obligation(s)

Revenue such as Administration fees, rental and other own source revenue from transactions with a performance obligation are recognized when the First Nation satisfies the performance obligation by providing the promised good or services to a payer. The performance obligation is evaluated as being satisfied either over a period of time or at a point in time.

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.

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.

Measurement uncertainty

The preparation of consolidated consolidated 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 consolidated 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.

Liabilities for contaminated sites are estimated on based on the best information available regarding potential contaminated sites that the Nation is responsible for.

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.

Sheshatshiu Innu First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

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

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 consolidated financial statements. Inter-segment transfers are recorded at their exchange amount.

Asset retirement obligation

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial reporting date when there is a legal obligation for the First Nation to incur retirement costs in relation to a tangible capital asset (or component thereof), the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at March 31, 2024. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset (or component thereof). The asset retirement cost is amortized over the useful life of the related asset.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. The First Nation recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset.

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, 2024, no liability for Asset Retirement Obligation is recognized.

Liability for contaminated site

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, 2024.

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, 2024, no liability for contaminated sites exist.

Financial instruments

The First Nation recognizes its financial instruments when the First Nation becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the First Nation may irrevocably elect to subsequently measure any financial instrument at fair value. The First Nation has not made such an election during the year

Sheshatshiu Innu First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

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

The First Nation subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the consolidated statement of remeasurement gains and losses. The First Nation has not presented a consolidated statement of remeasurement gains and losses as it does not have any items giving rise to remeasurement gains (losses). Interest income is recognized in the consolidated statement of operations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in operating annual surplus. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets except derivatives are tested annually for impairment. Management considers whether the investee has experienced continued losses for a period of years, recent collection experience for the loan, such as a default or delinquency in interest or principal payments, etc. in determining whether objective evidence of impairment exists. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the statement of remeasurement gains and losses.

4. Accounts receivable

	2024	2023
Members	5,933	5,403
Non-members	5,212,271	3,503,688
	5,218,204	3,509,091
Less: Allowance for doubtful accounts	43,468	54,073
	5,174,736	3,455,018

5. Advances to related nation entities and departments

	2024	2023
Due from Innu Development Limited Partnership	-	246,472
Due from Labrador Innu Round Table Secretariat	417,708	-
	417,708	246,472

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

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

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

Revenue includes \$3,019,842 (2023 - \$3,374,480) 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, 2024

6. Due from Governments

	2024	2023
Canada Revenue Agency - Harmonized Sales Tax	1,778,014	1,101,267
Indigenous Services Canada	3,902,559	11,930,599
Service Canada	1,677,216	31,557
Government of Newfoundland and Labrador	592,222	342,288
Health Canada	1,458,656	445,413
Justice Canada	63,902	23,518
Atlantic Canada Opportunities Agency	6,504	6,504
Public Health Agency	31,795	-
Department of Natural Resources	746,020	-
	10,256,888	13,881,146
Less: Allowance for doubtful accounts	(20,286)	-
	10,236,602	13,881,146

7. Restricted Cash

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. The balance in the account at year end is 757,028 (2023 - 757,028).

8. 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:

	2024			
	Opening balance	Cumulative share of earnings	Distributions	Ending Balance
Business Partnerships – Modified Equity:				
Innu Development Limited Partnership - 49.995%	20,244,944	4,330,925	(2,135,873)	22,439,996
Business Partnerships – Modified Equity:				
Innu Development Limited Partnership - 49.995%	17,610,241	5,635,742	(3,001,039)	20,244,944

The investment in Innu Development Limited Partnership was established for the purpose of providing returns from businesses located in Labrador.

Sheshatshiu Innu First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

7. Investments in partnerships and government business entities *(Continued from previous page)*

Summary financial information for each business partnership, accounted for using the modified equity method, for their respective year-end is as follows:

	<i>Innu Development Limited Partnership As at March 31, 2024</i>
Assets	
Cash and cash equivalents	15,297,032
Trade and other receivables	944,804
Inventory	72,282
Harmonized sales tax recoverable	168,109
Prepaid expenses	130,299
Property and equipment	3,530,745
Intangible assets	4,516,828
Long-term investments	21,802,321
Due from related parties	129,780
Total assets	46,592,200
Liabilities	
Accounts payable and accruals	815,573
Deferred revenue	851,619
Due to related parties	900
Total liabilities	1,668,092
Partners' Capital	44,924,108
Total revenue	17,799,061
Total expenses	9,681,374
	8,117,687
Other income	89,922
Comprehensive income	8,207,609

9. 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.

	2024	2023
Balance, beginning of year	226,265	161,970
Additions	122,677	64,295
Balance, end of year	348,942	226,265

Sheshatshiu Innu First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

10. Accounts payable and accruals

	2024	2023
Trade payables and accrued liabilities	4,180,984	2,826,338
Accrued salaries and benefits payable	479,290	466,635
Holdbacks payable	1,363,186	-
	6,023,460	3,292,973

11. 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	22,894,719	13,815,818	22,553,362	14,157,175
Government of Newfoundland and Labrador	139,597	343,594	365,012	118,179
Public Health Agency	100,972	317,960	394,401	24,531
Service Canada	1,271,427	1,971,523	1,374,582	1,868,368
Sheshatshiu and Mushuau Innu First Nation Trust	2,033,869	36,000	13,322	2,056,547
Health Canada	5,112,742	9,290,303	9,620,687	4,782,358
Justice Canada	50,269	198,900	202,505	46,664
Other	22,882	20,000	-	42,882
CMHC	-	9,608,718	1,287,242	8,321,476
Department of Natural Resources	-	746,020	746,020	-
	31,626,477	36,348,836	36,557,133	31,418,180

12. Advances from related Nation entities

	2024	2023
Advances from Labrador Innu Round Table Secretariat	-	4,300

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

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

13. Debt

	2024	2023
Royal Bank of Canada term loan bearing interest at 4.36% per annum, repayable in monthly payments of \$22,743. The loan matures on April 18, 2027.	2,716,661	2,867,870
Royal Bank of Canada loan bearing interest at 4.73% per annum, repayable in monthly blended payments of \$50,211. The loan matures on June 4, 2024.	158,131	760,964
CMHC loan bearing interest at 3.29% per annum, repayable in monthly blended payments of \$6,356. The loan is renewable on September 1, 2027 and matures on July 1, 2032.	557,281	614,496
CMHC loan bearing interest at 3.29% per annum, repayable in monthly blended payments of \$3,804. The loan is renewable on September 1, 2027 and matures on July 1, 2032.	333,540	367,785

Sheshatshiu Innu First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

13. Debt (Continued from previous page)

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.	332,437	361,129
CMHC loan bearing interest at 0.96% per annum, repayable in monthly blended payments of \$2,097. The loan is renewable on March 1, 2026 and matures on September 1, 2035.	274,135	296,570
CMHC loan bearing interest at 3.29% per annum, repayable in monthly blended payments of \$2,867. The loan is renewable on September 1, 2027 and matures on July 1, 2032.	251,380	277,189
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.	180,703	203,473
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.	210,999	229,694
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.	192,964	209,619
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.	180,032	193,970
CMHC loan bearing interest at 1.88% per annum, repayable in monthly blended payments of \$1,757. The loan is renewable on February 1, 2027 and matures on July 1, 2031.	144,550	162,765
CMHC loan bearing interest at 3.24% per annum, repayable in monthly blended payments of \$1,235. The loan is renewable on January 1, 2028 and matures on June 1, 2037.	160,135	169,666
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.	142,152	154,747
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.	130,704	140,233
CMHC loan bearing interest at 2.27% per annum, repayable in monthly blended payments of \$959. The loan is renewable on April 1, 2027 and matures on April 1, 2037.	130,534	139,007
CMHC loan bearing interest at 0.96% per annum, repayable in monthly blended payments of \$962. The loan is renewable on March 1, 2026 and matures on September 1, 2035.	125,696	135,983
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.	120,669	127,495
CMHC loan bearing interest at 3.24% per annum, repayable in monthly blended payments of \$814.42. The loan is renewable on January 1, 2028 and matures on June 1, 2037.	105,586	111,870
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.	85,844	96,662
CMHC loan bearing interest at 2.27% per annum, repayable in monthly blended payments of \$457. The loan is renewable on April 1, 2027 and matures on April 1, 2042.	81,451	85,053
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.	76,941	80,799

Sheshatshiu Innu First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

13. Debt *(Continued from previous page)*

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.	61,299	72,493
CMHC loan bearing interest at 3.03% per annum, repayable in monthly blended payments of \$1,440. The loan is renewable on September 1, 2026 and matures on September 1, 2026.	41,658	57,459
CMHC loan bearing interest at 4.07% per annum, repayable in monthly blended payments of \$400. The loan is renewable on August 1, 2028 and matures on August 1, 2038.	58,537	61,555
CMHC loan bearing interest at 4.13% per annum, repayable in monthly blended payments of \$1,055. The loan is renewable on October 1, 2027 and matures on October 1, 2027.	42,256	52,970
CMHC loan bearing interest at 3.24% per annum, repayable in monthly blended payments of \$412. The loan is renewable on January 1, 2028 and matures on June 1, 2037.	53,379	56,556
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.	17,831	30,318
	6,967,485	8,118,390

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
2025	759,142
2026	576,934
2027	577,621
2028	578,182
2029	583,880
	<hr/>
	3,075,759
Thereafter	<hr/>
	3,891,726

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.

The CMHC loans are covered by a ministerial guarantee.

14. 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, 2024 these loans have unforgiven balances of \$5,922 (2023 - \$26,474).

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. There was no remaining unforgiven balance as of March 31, 2024.

Sheshatshiu Innu First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

15. 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, 2024 the total balance of these accounts is \$1,020,937 (2023 - \$837,768).

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, 2024 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.

16. Accumulated surplus

Accumulated surplus consists of the following:

	2024	2023
Equity in Ottawa Trust funds	348,942	226,265
Equity in tangible capital assets	79,587,174	62,542,696
Investment in Nation business entities	22,210,359	20,244,944
Replacement reserve	828,658	828,658
<u>Surplus in operating funds</u>	<u>14,270,315</u>	<u>11,092,676</u>
	117,245,448	94,935,239

17. Government transfers

	2024	2023
Federal government operating transfer:		
Indigenous Services Canada	6,723,909	13,564,545
Justice Canada	202,505	105,666
Public Health Canada	394,401	322,981
Canada Mortgage and Housing Company	508,991	385,006
Health Canada	9,406,596	6,530,432
Service Canada	1,374,582	1,332,543
Aboriginal Head Start	6,532	-
	18,617,516	22,241,173
Federal government capital transfers:		
Indigenous Service Canada	20,480,693	6,149,684
Health Canada	696,836	2,905,196
Canada Mortgage and Housing Company	1,287,242	2,576
Department of Natural Resources	746,020	-
	23,210,791	9,057,456
Provincial government operating and capital transfer:		
Government of Newfoundland and Labrador	5,828,816	5,505,903
	47,657,123	36,804,532

Sheshatshiu Innu First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

18. Consolidated expenses by object

	2024	2023
Salaries and wages	18,227,573	17,378,316
Other	9,376,901	10,403,230
Amortization	8,457,489	7,248,200
Repairs and maintenance	1,793,368	2,544,272
Travel	2,861,965	2,482,517
Community payout's	1,033,197	1,073,770
Professional fees	1,064,412	1,016,702
Supplies	908,062	817,734
Insurance	811,355	626,970
Telephone	333,538	295,422
Interest	243,412	259,052
	45,111,272	44,146,185

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 March 30, 2023.

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 the 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.

The First Nation contributed \$349,722 (2023 - \$353,665) to the DCPP during the fiscal period ending March 31, 2024.

The First Nation does not have any other obligation with regards to the DCPP as at March 31, 2024.

21. Segments

During 2024, 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.

Sheshatshiu Innu First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

20. Segments *(Continued from previous page)*

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 segment includes revenue and expenses for activities for the community members.

22. Commitments

The Nation has entered in to a contract related to the school expansion contract. The contract is expected to extend over multiple years. At year end, there was an estimated cost to complete of \$4,718,472.

The Nation has entered in to a contract related to the construction of 33 homes under the CMHC Rapid Housing Initiative. The contract is expected to extend over multiple years. At year end, there was an estimated cost to complete of \$7,960,509.

23. Comparative figures

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

Sheshatshiu Innu First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2024

	<i>Building</i>	<i>Housing</i>	<i>Equipment</i>	<i>Roads</i>	<i>Water and Sewer</i>	<i>Cemetery</i>	<i>Subtotal</i>
Cost							
Balance, beginning of year	49,740,273	54,716,356	2,887,476	3,488,358	27,440,603	510,400	138,783,466
Acquisition of tangible capital assets	11,622,971	10,622,805	1,154,083	60,602	477,140	328,529	24,266,130
Disposal of tangible capital assets	(2,221,292)	-	-	-	-	-	(2,221,292)
Balance, end of year	59,141,952	65,339,161	4,041,559	3,548,960	27,917,743	838,929	160,828,304
Accumulated amortization							
Balance, beginning of year	26,193,917	28,429,653	1,355,249	2,091,036	17,206,384	24,244	75,300,483
Annual amortization	2,372,957	2,893,161	890,954	301,718	1,137,574	22,489	7,618,853
Accumulated amortization on disposals	(1,830,694)	-	-	-	-	-	(1,830,694)
Balance, end of year	26,736,180	31,322,814	2,246,203	2,392,754	18,343,958	46,733	81,088,642
Net book value of tangible capital assets	32,405,772	34,016,347	1,795,356	1,156,206	9,573,785	792,196	79,739,662
Net book value of tangible capital assets 2023	23,546,356	26,286,702	1,532,228	1,397,322	10,234,219	486,156	63,482,983

Sheshatshiu Innu First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2024

	<i>Subtotal</i>	<i>Vehicles</i>	<i>Recreation</i>	<i>Leasehold Improvements</i>	<i>Gas station</i>	2024	2023
Cost							
Balance, beginning of year	138,783,466	3,620,992	111,542	14,214	5,170,252	147,700,466	137,707,117
Acquisition of tangible capital assets	24,266,130	437,493	50,800	-	-	24,754,423	10,159,166
Disposal of tangible capital assets	(2,221,292)	(42,518)	-	-	-	(2,263,810)	(165,816)
Balance, end of year	160,828,304	4,015,967	162,342	14,214	5,170,252	170,191,079	147,700,467
Accumulated amortization							
Balance, beginning of year	75,300,483	1,533,184	83,657	1,421	120,639	77,039,384	69,896,709
Annual amortization	7,618,853	619,470	16,234	948	201,984	8,457,489	7,248,200
Accumulated amortization on disposals	(1,830,694)	(29,762)	-	-	-	(1,860,456)	(105,527)
Balance, end of year	81,088,642	2,122,892	99,891	2,369	322,623	83,636,417	77,039,382
Net book value of tangible capital assets	79,739,662	1,893,075	62,451	11,845	4,847,629	86,554,662	70,661,085
Net book value of tangible capital assets 2023	63,482,983	2,087,809	27,886	12,793	5,049,614	70,661,085	

Sheshatshiu Innu First Nation
Schedule 2 - Consolidated Schedule of Segment Disclosure
For the year ended March 31, 2024

The presentation by segment is based on the same accounting policies as described in the summary of Significant Accounting Policies as described in Note 1. The following table presents the expenses incurred and the revenue generated by main object of expense and by major revenue type. The segment results for the period are as follows:

	Education			Health			Economic Development		
	Budget 2024	Actual 2024	Actual 2023	Budget 2024	Actual 2024	Actual 2023	Budget 2024	Actual 2024	Actual 2023
Revenue									
Federal operating transfer	\$ 3,683,025	\$ 2,206,134	\$ 2,094,184	\$ 16,468,127	\$ 11,477,068	\$ 9,533,897	\$ 236,418	\$ 214,223	\$ 184,595
Provincial government	-	-	-	277,189	154,144	162,313	-	-	-
Other revenue	489,431	-	-	224,193	65,120	186,450	140,179	-	67,888
Share of income in business enterprises	-	-	-	-	-	-	-	-	-
Total Revenue	4,172,456	2,206,134	2,094,184	16,969,509	11,696,332	9,882,660	376,597	214,223	252,483
Expenditures									
Wages and benefits	1,035,710	1,142,767	1,058,289	9,226,777	5,801,756	5,222,426	143,389	121,942	124,756
Amortization	-	-	-	-	493,133	489,746	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-
Other expense	3,136,746	645,461	814,897	7,742,732	5,378,973	3,788,812	233,208	104,628	110,639
Total Expenses	4,172,456	1,788,228	1,873,186	16,969,509	11,673,862	9,500,984	376,597	226,570	235,395
Gain on disposal of tangible capital asset									
Annual Surplus (deficit)	\$ -	\$ 417,906	\$ 220,998	\$ -	\$ 22,470	\$ 381,676	\$ -	\$ (12,347)	\$ 17,088

Sheshatshiu Innu First Nation
Schedule 2 - Consolidated Schedule of Segment Disclosure
For the year ended March 31, 2024

	Capital		Community Services			Governance			
	Budget 2024	Actual 2024	Actual 2023	Budget 2024	Actual 2024	Actual 2023	Budget 2024	Actual 2024	Actual 2023
Revenue									
Federal operating transfer	\$ 41,321,127	\$ 21,166,156	\$ 11,944,606	\$ 8,476,817	\$ 3,792,455	\$ 5,131,658	\$ 4,042,449	\$ 2,972,271	\$ 2,409,689
Provincial government	-	16,928	-	5,606,053	5,562,045	5,123,979	146,403	95,699	219,612
Other revenue	11,090,775	3,890,606	5,148,564	6,674,551	3,825,335	3,879,010	4,307,112	3,829,366	1,106,037
Share of income in business enterprises	-	2,009,465	3,265,742	907,472	750,000	859,538	-	1,341,823	1,510,462
Total Revenue	52,411,902	27,083,155	20,358,912	21,664,893	13,929,835	14,994,185	8,495,964	8,239,159	5,245,800
Expenditures									
Wages and benefits	949,618	668,966	632,033	9,270,296	7,118,894	6,898,001	3,538,119	3,373,248	3,442,812
Amortization	-	5,779,136	4,995,299	-	601,685	473,827	-	1,583,535	1,289,328
Interest expense	-	119,451	141,316	-	123,961	117,735	-	-	-
Other expense	51,462,284	1,822,649	3,241,620	12,394,597	6,994,921	7,699,136	4,957,845	3,336,166	3,605,513
Total Expenses	52,411,902	8,390,202	9,010,268	21,664,893	14,839,461	15,188,699	8,495,964	8,292,949	8,337,653
Gain on disposal of tangible capital asset	-	-	-	-	-	-	-	4,122,643	39,211
Annual Surplus (deficit)	\$ -	\$ 18,692,953	\$ 11,348,644	\$ -	\$ (909,626)	\$ (194,514)	\$ -	\$ 4,068,853	\$ (3,052,642)

Sheshatshiu Innu First Nation
Schedule 2 - Consolidated Schedule of Segment Disclosure
March 31, 2024

	Budget 2024	Actual 2024	Total Actual 2023
Revenue			
Federal operating transfer	\$ 74,227,963	\$ 41,828,307	\$ 31,298,629
Provincial government	6,029,645	5,828,816	5,505,903
Other revenue	22,926,241	11,610,427	10,387,950
Share of income in business enterprises	<u>907,472</u>	<u>4,101,288</u>	<u>5,635,742</u>
Total Revenue	<u>104,091,321</u>	<u>63,368,838</u>	<u>52,828,224</u>
Expenditures			
Wages and benefits	24,163,909	18,227,573	17,378,316
Amortization	-	8,457,489	7,248,200
Interest expense	-	243,412	259,052
Other expense	<u>79,927,412</u>	<u>18,282,798</u>	<u>19,260,617</u>
Total Expenses	<u>104,091,321</u>	<u>45,211,272</u>	<u>44,146,185</u>
Gain on disposal of tangible capital asset	-	4,122,643	39,211
Annual Surplus (deficit)	<u>\$ -</u>	<u>\$ 22,280,209</u>	<u>\$ 8,721,250</u>