

Timiskaming First Nation
Consolidated financial statements
March 31, 2023

Timiskaming First Nation

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Management's Statement of Responsibility

The consolidated financial statements of the Timiskaming First Nation as of March 31, 2023, are the responsibility of management and have been approved by the Chief and Council.

These consolidated financial statements have been prepared by management in accordance with the Canadian public sector accounting standards ("PSAS") and, as such, include amounts that are the best estimates and judgments of management.

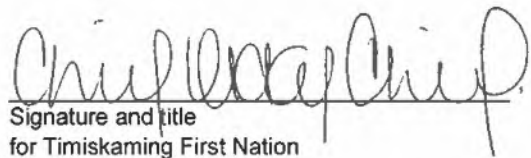
Management is responsible for the integrity and objectivity of these consolidated financial statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

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

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

The external auditor, MNP LLP, conducts an independent examination, in accordance with Canadian auditing standards, and expresses their opinion on the consolidated financial statements. The external auditor has full and free access to financial management of Timiskaming First Nation and meets when required.

On behalf of Timiskaming First Nation:


Signature and title
for Timiskaming First Nation

Independent Auditor's Report

To the Chief and Council of
Timiskaming First Nation

Qualified Opinion

We have audited the consolidated financial statements of Timiskaming First Nation (the "Organization"), which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statements of operations, cumulative operating surplus, net investment in capital assets, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as at March 31, 2023, and the results of its consolidated operations, its changes in net financial assets and its consolidated cash flows for the year then ended in accordance with the Canadian public sector accounting standards ("PSAS").

Basis for Qualified Opinion

In connection with the April 1, 2022 application of CPA Canada Public Sector Accounting Handbook Section PS 3280, "Asset Retirement Obligations", the Organization did not identify and measure its liabilities for asset retirement obligations as at April 1, 2022 and March 31, 2023, which constitutes a departure from Canadian public sector accounting standards. The Organization should have identified the assets or components at risk of an asset retirement obligation liability, estimated and recorded the amount of this liability, and provided disclosures about the obligations. Since the identification, estimation, recognition and disclosure of the obligations have not been performed, we were unable to determine whether any adjustments might be required to the capital assets, liabilities for asset retirement obligations as at March 31, 2023, consolidated surplus for the year and consolidated cash flows from operating activities, as well as to the change in net consolidated financial assets and disclosures of the obligations for the year ended March 31, 2023.

In addition, as explained in Note 2, the Organization has not accounted for the investment in Widjikiwe Gas Bar LP because it has not yet been able to obtain data related to this entity. Under Canadian public sector accounting standards, the Organization should have accounted for this entity using the equity method. Had Widjikiwe Gas Bar LP been properly accounted for, the surplus for the year ended March 31, 2023 and 2022 and financial assets as at March 31, 2023 and 2022 should have been adjusted. The amount of the adjustments linked to this departure has not been determined. Our audit opinion on the financial statements for the year ended March 31, 2022 was modified because of the effects of this departure from PSAS.

The Organization has not recognized a government transfer for funding of policing infrastructure as a receivable even though the transfer is authorized, the eligibility criteria are met, the inflow of resources is expected to occur and the value can be reliably measured as at March 31, 2022. Under Canadian public sector accounting standards, the Organization should have recognized the receivable and deferred income because the transfer is subject to stipulations. The transfer proceeds are recognized in the income statement as the liability associated with the stipulation is settled. If the transfer had been properly accounted for, the accounts receivable would have been increased by \$2 441 400 as at March 31, 2022 and deferred revenue would have been increased by the same amount. As a result, our opinion on the current year's balance sheet is modified because of the possible effects of this matter on the comparability of the current period's figures and the comparative information.

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

MNP S.E.N.C.R.L., s.r.l./LLP

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Emphasis of Matter

We draw attention to the fact that the Organization includes, in its consolidated financial statements, certain financial information that is not required by the PSAS. This information, prepared in accordance with the requirements of Indigenous Services Canada ("ISC"), addresses the conciliation to ISC financial reporting requirement on page 2. The Organization also choose to present a consolidated statement of cumulative operating surplus on page 3 and a consolidated statement of net investment in capital assets in page 4. Also, the Organization did not presented Budget in consolidated statement of operations and consolidated statement of changes in net financial assets. Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the PSAS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian GAAS, 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 Organization'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 Organization'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 Organization 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 Organization 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.

MNP LLP¹

MNP LLP

Amos (Quebec)
December 19, 2023

¹ CPA auditor, public accountancy permit No.A121190

Timiskaming First Nation
Consolidated statement of operations
Year ended March 31, 2023

	2023	2022
Revenues		
ISC - Fixed Contribution	9,983,497	11,923,280
ISC - Block Contribution	13,910,287	10,973,868
ISC - Flexible Contribution	2,982,364	10,426,898
ISC - Set Contribution	442,500	422,000
Administration fees	751,221	609,995
Canadian Mortgage and Housing Corporation (CMHC)	209,272	176,111
First Nations Education Council (FNEC)	383,824	833,777
ANHRSDC	170,221	106,327
Ministère de la Culture et des Communications	300,000	60,000
Ministère des Forêts, de la Faune et des Parcs	284,000	110,000
Rent revenues	336,949	335,361
Review letters and (refundable surplus) recoverable deficit	(184,371)	(245,884)
Secrétariat aux Relations avec les Premières Nations et les Inuit (SRPNI)	95,388	224,592
Sécurité publique du Québec	2,008,801	395,571
Public Safety and Emergency Preparedness Canada	3,676,096	428,535
Transfer from (to) Social Assistance program	(2,012)	(14,625)
Western Quebec School Board Invoicing	158,143	167,858
Economic Development Agency of Canada	750,000	-
Minister of Northern Development, Mines, Natural Resources and Forestry	439,914	84,858
First Nations of Quebec and Labrador Health and Social Services Commission (FNQLHSSC)	351,311	62,730
Withdrawal from replacement reserve	28,540	26,433
Other revenues	1,528,937	2,149,030
Deferred revenue from previous year	18,893,144	5,630,689
Deferred revenue to following year	(22,709,335)	(18,893,144)
	34,788,691	25,994,260

Timiskaming First Nation
Consolidated statement of operations
Year ended March 31, 2023

	2023	2022
Expenses (Note 21)		
Band government	74,487	78,967
Administration	2,057,459	1,830,891
Education	6,115,400	5,078,238
Health	6,104,705	5,501,962
Public works	2,385,734	2,100,710
Public security	2,174,902	797,459
Social assistance	1,570,435	1,017,486
Housing	850,656	441,480
Economic development	1,600,415	2,046,500
Natural resources	918,461	679,026
Other	106,318	79,553
	23,958,972	19,652,272
Surplus of the year	10,829,719	6,341,988
Conciliation to ISC financial reporting requirements		
Surplus for the year under PSAS	10,829,719	6,341,988
Proceeds from long-term debt	149,545	663,500
Reimbursement of long-term debt	(349,374)	(466,239)
Acquisition of capital assets	(11,509,614)	(7,640,924)
Deficit under ISC financial reporting requirements (1)	(879,724)	(1,101,675)

(1) The operating surplus under ISC financial reporting requirements before amortization, loss on disposal and proceeds from disposal of capital assets is \$1,122,164 (surplus of \$415,735 in 2022).

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

Timiskaming First Nation
Consolidated statement of cumulative operating surplus
Year ended March 31, 2023

	2023	2022
Balance at beginning of year	3,046,571	2,811,358
Surplus of the year	10,829,719	6,341,988
Transfer to net investment in capital assets		
Acquisition of capital assets	(11,509,614)	(7,640,924)
Amortization, (gain) loss on disposal of capital assets and proceeds from disposal of capital assets	2,001,888	1,517,410
Proceeds from long-term debt	149,545	663,500
Reimbursement of long-term debt	(349,374)	(466,239)
Adjustment of reserves funds - Article 95	2,715	(180,522)
Balance at end of year	4,171,450	3,046,571

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

Timiskaming First Nation
Consolidated statement of net investment in capital assets
Year ended March 31, 2023

	2023	2022
Net investment in capital assets at beginning of year	31,236,556	25,310,303
Variation of net investment in capital assets		
Plus:		
Acquisition of capital assets	11,509,614	7,640,924
Reimbursement of long-term debt	349,374	466,239
	11,858,988	8,107,163
Less:		
Proceeds from long-term debt	149,545	663,500
Amortization, (gain) loss on disposal of capital assets and proceeds from disposal of capital assets	2,001,888	1,517,410
	2,151,433	2,180,910
Net investment in capital assets at end of year	40,944,111	31,236,556

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

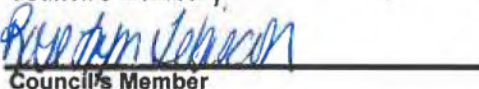
Timiskaming First Nation
Consolidated statement of financial position
As at March 31, 2023

	2023	2022
Financial assets		
Cash	22,397,022	12,405,311
Accounts receivable (Note 3)	15,790,125	15,961,805
Restricted cash and deposits (Note 5)	850,728	837,011
	39,037,875	29,204,127
Liabilities		
Bank loan (Note 7)	70,000	-
Accounts payable and accrued liabilities (Note 8)	4,790,571	2,416,904
ISC 2023 - 2024 received in advance	2,718,689	-
Due to ISC (Note 9)	165,010	226,945
Deferred revenue (Note 10)	22,709,335	18,893,144
Due to Widjikiwe Gas Bar	163,157	156,657
Current portion of long term debt (Note 11)	460,583	344,179
Long-term debt (Note 11)	3,336,829	3,803,062
	34,414,174	25,840,891
Net financial assets	4,623,701	3,363,236
Non-financial assets		
Prepaid expenses (Note 4)	269,844	165,346
Capital assets (Note 6)	44,741,526	35,233,800
	45,011,370	35,399,146
Accumulated surplus (Note 13)	49,635,071	38,762,382

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

Approved by the First Nation's Council


 Council's Member


 Council's Member

Timiskaming First Nation
Consolidated statement of changes in net financial assets
Year ended March 31, 2023

	2023	2022
Surplus for the year	10,829,719	6,341,988
Changes in capital assets		
Acquisition of capital assets	(11,509,613)	(7,640,923)
Proceeds from disposal of capital assets	436,301	33,500
Amortization	1,565,938	1,442,911
Loss (gain) from disposal of capital assets	(351)	40,999
	(9,507,725)	(6,123,513)
Changes in other non financial assets		
Change in the prepaid expenses	(104,498)	(68,847)
Changes in non-operational surpluses and reserves		
Transfer to replacement reserve - Article 95	57,650	44,650
Use of replacement reserve - Article 95	(28,540)	(26,433)
Interests added to replacement and operating reserve funds - Article 95	7,650	7,491
Increase in in-trust fund	6,209	3,832
	42,969	29,540
Changes in net financial assets	1,260,465	179,168
Net financial assets at beginning of year	3,363,236	3,184,068
Net financial assets at end of year	4,623,701	3,363,236

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

Timiskaming First Nation
Consolidated statement of changes in net financial assets
Year ended March 31, 2023

	2023	2022
Surplus for the year	10,829,719	6,341,988
Changes in capital assets		
Acquisition of capital assets	(11,509,613)	(7,640,923)
Proceeds from disposal of capital assets	436,301	33,500
Amortization	1,565,938	1,442,911
Loss (gain) from disposal of capital assets	(351)	40,999
	(9,507,725)	(6,123,513)
Changes in other non financial assets		
Change in the prepaid expenses	(104,498)	(68,847)
Changes in non-operational surpluses and reserves		
Transfer to replacement reserve - Article 95	57,650	44,650
Use of replacement reserve - Article 95	(28,540)	(26,433)
Interests added to replacement and operating reserve funds - Article 95	7,650	7,491
Increase in in-trust fund	6,209	3,832
	42,969	29,540
Changes in net financial assets	1,260,465	179,168
Net financial assets at beginning of year	3,363,236	3,184,068
Net financial assets at end of year	4,623,701	3,363,236

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

Timiskaming First Nation
Consolidated statement of cash flows
Year ended March 31, 2023

	2023	2022
Operating activities		
Surplus for the year	10,829,719	6,341,988
Items not affecting cash		
Amortization	1,565,938	1,442,911
Loss (gain) from disposal of capital assets	(351)	40,999
	12,395,306	7,825,898
Changes in non-cash operating working capital items (Note 15)	8,920,294	2,066,721
	21,315,600	9,892,619
Investing activities		
Acquisition of capital assets	(11,509,613)	(7,640,923)
Proceeds on disposal of capital assets	436,301	33,500
Increase of the restricted cash and deposit	(13,717)	(11,182)
	(11,087,029)	(7,618,605)
Financing activities		
Transfer to replacement reserve - Article 95	57,650	44,650
Use of replacement reserve - Article 95	(28,540)	(26,433)
Interests added to replacement and operating reserve funds - Article 95	7,650	7,491
Increase in in-trust fund from ISC	6,209	3,832
Increase of bank loan	70,000	-
Proceeds from long-term debt	149,545	663,500
Reimbursement of long-term debt	(499,379)	(466,239)
	(236,865)	226,801
Net increase in cash and cash equivalents	9,991,706	2,500,815
Cash and cash equivalents, beginning of year	12,405,311	9,904,496
Cash and cash equivalents, end of year	22,397,017	12,405,311

See additional information presented in Note 15.

The accompanying notes are an integral part of the financial statements.

1. Description of the Organization

Timiskaming First Nation (the "First Nation") is an unincorporated legal body as defined in the Indian Act. A band council is considered a form of local government consisting of a Chief and two or more councillors who are chosen by election or band custom to carry out the functions of government for the First Nation.

2. Significant accounting policies

The consolidated financial statements have been prepared in accordance with the Canadian public sector accounting standards with the exception of the investment in Widjikiwe Gas Bar L.P. and asset retirement obligations that have not been recognized, which constitute deviations from PSAS and are including the following significant accounting policies :

Change in accounting policies

PS 3450 - Financial Instruments

Effective April 1, 2022, the First Nation adopted the Public Sector Accounting Board's (PSAB) new recommendations for the recognition, measurement, presentation and disclosure of financial assets, financial liabilities and derivatives under Section PS 3450 Financial Instruments. The new Section is applied prospectively, and prior periods have not been restated. There was no material impact on the financial statements from the prospective application of the new accounting recommendations.

PS 3280 - Asset Retirement Obligations

On April 1, 2022, the Public Sector Accounting Board's (PSAB) new recommendations on the recognition, measurement and disclosure of a liability for an asset retirement obligation, under Section PS 3280, Asset Retirement Obligations, came effective. The new standard establishes when to recognize and measure a liability for an asset retirement obligation, and provides related financial statement presentation and disclosure requirements. The First Nation has not adopted this new standard, as it has not identified and measured its liabilities for asset retirement obligations at either April 1, 2022 or March 31, 2023, which is a departure from Canadian public sector standards. The First Nation should have identified the assets or components presenting a risk of liability for asset retirement obligations, estimated and recorded the amount of this liability, and provided information on these obligations.

Significant accounting policies

Principle of consolidation

The consolidated financial statements include the accounts of the First Nation and the organizations under its control. The First Nation controls 100% of Widjikiwe Holdings Corp. (WHC - company incorporated under the Canada Business Corporation Act) which is fully responsible of Widjikiwe L.P., TFN Construction L.P. (TFNCLP) and Widjikiwe Gas Bar L.P. (WGB) as general partner of this limited partnership. The First Nation is the limited partner. Transactions concluded between these organizations and reciprocal balances are eliminated. Nevertheless, the reciprocal balances have not been eliminated in the information of the schedules neither than in the segment disclosure (Note 22). In addition, WGB has not been properly accounted by using the equity method.

Cash and cash equivalents

Cash and cash equivalents include cash, bank overdraft, bank loan and short-term investments with a term to maturity of three months or less at the date of acquisition. In addition, cash and term deposits that the First Nation cannot use for current transaction because they are pledged as collateral are excluded from cash and cash equivalents.

2. Significant accounting policies (continued)

Financial instruments

On initial recognition, all financial instruments are initially recognized at fair value, and are classified as either financial instruments measured at cost or amortized cost, or as financial instruments measured at fair value. Transactions that are not contractual in nature do not generate items considered as financial instruments.

Cash and cash equivalents and accounts receivable (excluding commodity taxes receivable) are classified as financial assets at cost or market value. Financial assets measured at cost or amortized cost using the effective interest method. Bank loans, accounts payable and accrued liabilities, excluding commodity taxes payable and employee benefits payable and debts are classified as financial liabilities measured at cost or amortized cost using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset to its carrying amount.

Transaction costs are added to the carrying amount of financial instruments measured at cost or amortized cost on initial recognition.

All financial assets are tested annually for impairment. Management takes into consideration whether the issuing company has suffered continuous losses over a number of years, recent experience in collecting the receivable, such as a default or delay in interest or principal payments, and so on. Any impairment that is not considered temporary is recognized in the income statement. Reductions in the value of financial assets measured at cost and/or amortized cost to reflect impairment losses are not reversed for subsequent increases in value.

Capital assets

Capital assets are accounted for at cost. Amortization is calculated using the following method at the following rate and over the following periods:

	Methods	Rate and periods
Community buildings	Declining balance	2.50%
Private Housing	Straight-line	25 years
Motorized equipment	Declining balance	10.00%, 20.00% and 30.00%
Roadway system	Declining balance	2.50%
Office and other equipment	Declining balance	20.00% and 30.00%
Water and sanitation systems	Declining balance	2.50%

Assets under construction are not depreciated since they are in use.

Tangible capital assets are written down when conditions indicate that they no longer contribute to Timiskaming First Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Loans

Loans with significant concessionary terms are presented at initial fair value discounted by the amount of the grant portion.

2. Significant accounting policies (continued)

Revenue recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

Other revenues are recognized when persuasive evidence of an arrangement exists, price is fixed or determinable and collection is reasonably assured.

Revenues and expenses related to the acquisition of capital assets

Revenues and expenses related to the acquisition of capital assets are primarily recorded in the net investment in capital assets when the related capital expenses are recorded, provided that the First Nation meets the eligibility criteria.

Use of estimates

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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Key components of the financial statements requiring management to make estimates include the provision for doubtful accounts in respect of receivables, the useful lives of long-lived assets, the deferred revenue, the evaluation of certain accrued liabilities and liabilities under legal contingencies. Actual results could differ from these estimates.

Pension plan

The cost of the defined pension plan is equal to the pension plan expense.

The pension plan is a multiemployer defined benefit pension plan that is accounted for as a defined contribution plan.

Timiskaming First Nation
Notes to the consolidated financial statements
March 31, 2023

3. Accounts receivable

	2023	2022
ISC receivable	10,589,897	12,773,642
CMHC receivable	494,522	697,807
First Nations Education Council receivable	8,912	164,584
Public Safety and Emergency Preparedness Canada receivable	1,321,756	226,631
Insurance receivable	350,000	-
SRPNI receivable	330,000	482,000
Rent receivable - Article 95	16,295	19,313
Rent receivable - Band housing	106,808	113,238
Western Quebec School Board receivable	115,577	100,213
Other accounts receivable	709,556	1,037,231
Sécurité pulique du Québec receivable	464,833	14,052
Canada Emergency Wage Subsidy	-	55,194
Ministère de la Culture et des Communications	300,000	-
FNQLHSSC receivable	310,613	58,509
Harmonization receivable	1,042,678	553,302
	16,161,447	15,683,905
Allowance for doubtful accounts	(371,322)	(333,911)
	15,790,125	15,349,994

4. Prepaid expenses

	2023	2022
Prepaid expenses - Post-secondary	51,689	51,689
Prepaid expenses - Other	218,155	113,657
	269,844	165,346

5. Restricted cash and deposits

	2023	2022
In-trust fund - Capital and revenues accounts	252,586	246,377
Replacement reserve fund (Note 14)*	520,080	513,606
Operating reserve fund*	78,062	77,028
	850,728	837,011

* Under the agreement with CMHC, an annual amount for housing units must be invested for the replacement reserve in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. Withdrawals are credited to interest first and then capital. As at March 31, 2023, the Organization underfunded the combined minimal amounts to be invested in the replacement reserve (\$553,525) and in the operating reserve (\$114,642) by \$70,025.

Timiskaming First Nation
Notes to the consolidated financial statements
March 31, 2023

6. Capital assets

			2023	2022
	Cost	Accumulated amortization	Net book value	Net book value
Land	431,501	-	431,501	809,842
Community buildings	32,266,189	6,548,846	25,717,343	17,143,170
Private Housing	11,005,294	4,421,821	6,583,473	5,071,433
Motorized equipment	4,346,671	2,511,975	1,834,696	1,859,577
Roadway system	8,552,464	6,193,917	2,358,547	2,419,022
Office and other equipment	2,514,966	1,693,269	821,697	778,062
Water and sanitation systems	9,634,685	2,640,416	6,994,269	7,152,694
	68,751,770	24,010,244	44,741,526	35,233,800

Assets under construction, included in Community buildings and Private housing for an amount of \$5,937,061 (\$8,784,734 as of March 31, 2022) are not amortized as at March 31, 2023.

7. Bank loan

TFN Construction L.P. has an authorized bank loan for an amount of \$75,000, bearing interests at prime rate (6.70% as at March 31, 2023) plus 1.25%. An amount has been used of \$70,000 as of March 31, 2023.

8. Accounts payable and accrued liabilities

	2023	2022
Suppliers	3,864,146	1,740,535
Salaries, vacation and pension plan	363,960	331,308
Remittances payable	82,311	38,492
Other	480,154	306,569
	4,790,571	2,416,904

9. Due to ISC

	2023	2022
Medical Transportation	124,388	185,016
Water Quality	-	12,060
Travel/Accommodation Expenses For Health Professionals	9,912	-
Housing - Rehabilitation of 3 Saltings	841	-
Advisory Services - Housing	23,954	23,954
Culture	5,915	5,915
	165,010	226,945

Timiskaming First Nation
Notes to the consolidated financial statements
March 31, 2023

10. Deferred revenue

	<i>Project</i>	2023	2022
Additions to Reserve (ATR)	3572000	47,585	-
ISC - Block Unexpended funding	4100000	2,818,817	757,350
Capacity Development - Electoral Code	4000002	6,755	10,000
Mentorship & Capacity Building	4000011	51,387	51,387
HR Software & Training	4000012	-	8,930
Food Storage Shelter	4000014	7,265	18,950
Emergency Management Assistance - COVID-19	4000008	195,137	205,531
EMA COVID-19 - ICSF 3 - ISC	4000010	52,702	52,702
Capacity Development- Band Office IT Upgrade	4000015	6,599	-
Burwash Claim - Negotiations	3309000	104,204	-
Skills Link // Youth Programs - Science and Technology	2137000	15,132	12,992
Skills Link // Youth Programs - Career Promotion and Awareness	2136000	13,935	20,037
Continuous School Improvement - FNEC	2142000	-	59,510
Partnership Initiative	2143000	34,905	49,528
Storytelling Spaces	2062000	-	4,121
Land Base Education - FNEC	2105001	6,305	-
Instruction Services - Administration - COVID-19	2110000	-	30,637
Indigenous Language Preservation	2238000	-	135,272
Expansion of Adult Education	2258000	94,664	-
ISC Health - Block Unexpended Funding	1005000	1,275,576	955,099
Water Quality	1000460	-	10,872
Health Services Integration Fund (HSIF)	1000300	2,211	91,035
Jordan's Principle	1000150	166,775	554,976
Indian Residential Schools	1003750	63,084	-
Health Careers (HCR)	1000400	1,105	4,509
First Line Project	1008600	387,673	93,519
Tobacco Reduction Program	1003360	-	46,782
Mental Health & Suicide Prevention	1000550	37,443	-
Mental Health - MHC - Traditionnal Healer	1004000	2,630	22,142
Immunization	1001300	10,657	-
Infrastructure - Renovation	1002300	-	12,080
Expanded Trauma-Informed Health Supports	1004400	150,624	-
Jordan's Principle - Coordination	1000130	33,898	-
After Care Unit - start up	1001500	30,559	-
After care unit - Infrastructure	1001600	74,293	135,490
Family Violence Prevention - FNQLHSSC	1002700	34,485	-
Cancer Control - FNQLHSSC	1002800	-	19,379
OAT Funding - FNQLHSSC	1001400	260,000	-
Second Harvest	1008700	-	13,151
First Nation Representative Services	1008900	186,497	-
Sports Participation - FNQLHSSC	1002400	15,301	6,498
FNCFS - CWJI - Retro	1008300	155,781	155,781
FNCFS - CWJI	1008500	-	21,325
Eco center - Upgrade	4220000	-	15,811
Other Community Infrastructure (OCI)	4243000	288,818	205,386
Ventilation System - Band Office	4246000	14,743	55,360
Kiwetin Extension	4270000	680,362	3,715,835
Amounts to be carried forward		7,327,907	7,551,977

Timiskaming First Nation
Notes to the consolidated financial statements
March 31, 2023

10. Deferred revenue (continued)

	<i>Project</i>	2023	2022
Amounts carried forward		7,327,907	7,551,977
Drinking Water Upgrade	4227000	-	20,651
Road Reconstruction - phase 1	4211000	7,671,475	5,511,459
Community Hall/Youth Center Construction	2625000	278,814	2,647,119
Generator Acquisition	2620000	226,440	-
By-Law Coordinator / Enforcement Officer	4249000	46,759	74,138
Water / Wastewater	4267000	306,535	307,434
Increase of Wastewater Treatment Capacity	4274000	50,000	-
Police Operations	4127200	308,224	85,565
Police Station Construction	1009600	2,759,518	415,893
Combat Conjugal Violence	4127220	196,639	-
Stabilization of services - Equipment	4207000	511,350	-
Pre-Employment Support Program	2320000	672,277	535,204
Basic Needs - COVID-19	2301000	-	204,422
Basic Needs (Inflationary environment)	2313000	188,670	-
Service Delivery - COVID-19	2337000	-	28,787
Basic needs COVID-19 - FNQLHSSC	2312000	-	119,263
Housing construction 18 Chevrier ST.	3000015	-	185,108
Housing construction 20 Makwa	3000017	-	183,566
Capital Planning Project Infrastructure - Housing	4248000	-	-
RRAP - 22 Polson Street	4000071	13,170	11,335
Housing Renovations 2020-21	3000010	-	43,147
Housing construction 18 Makwa	3000016	-	183,843
Housing Construction & Renovation 2022-23	3000009	552,352	-
Duplex (22 & 24 Makwa)	3000018	36,024	-
Duplex (26 & 28 Makwa)	3000019	51,695	-
Duplex (30 & 32 Makwa)	3000020	72,044	-
Duplex (34 & 36 Makwa)	3000021	83,784	-
Duplex (4 & 6 Nibi)	3000022	81,245	-
Sixplex (10 Nibi)	3000024	282,696	-
Housing - Rehabilitation of 3 Saltings	4000020	-	15,125
Radio Station (CHNT 92.3)	4007000	64,763	97,059
Natural Resources & Heritage	2806000	201,500	-
Ministry of Northern Development and Mines (MNDM)	2809000	347,514	-
CEAA	2808000	258,581	391,362
Impact Assessment Agency Canada	2807000	49,686	229,193
Emergency Preparedness	2000000	-	15,100
FNQ - Initiative to Combat Poverty	2430000	69,673	36,394
		22,709,335	18,893,144

Timiskaming First Nation
Notes to the consolidated financial statements
March 31, 2023

11. Long-term debt

	2023	2022
Loans from CMHC, 0.69% to 3.81%, guaranteed by ISC, payable by monthly instalments of \$302 to \$2,008, capital and interests, maturing from 2028 to 2046	2,338,368	2,312,311
Loan, 5.55%, guaranteed by a construction and excavating equipment with a net book value of \$65,599, payable by monthly instalments of \$2,712, capital and interest, maturing in 2026	68,683	96,568
Loan from Société de Crédit Commercial Autochtone (SOCCA), 5.50%, guaranteed and repaid by the Secrétariat aux relations avec les Premières Nations et les Inuit by semi-annual repayments of \$46,296 principal and interest, maturing in 2024	45,175	131,707
Loan from SOCCA, 6.50%, no guarantee, payable by monthly instalments of \$3,542, capital and interests, maturing in 2035	333,579	353,673
Loan, 5.99%, guaranteed by a motorized equipment with a net book value of \$17,905, payable by monthly instalments of \$1,081, capital and interests, maturing in 2024	10,535	22,548
Loan, 5.99%, guaranteed by a motorized equipment with a net book value of \$18,565, payable by monthly instalments of \$1,121, capital and interests, maturing in 2024	7,733	20,313
Loan from SOCCA, 6.50%, guaranteed by a chattel mortgage on the universality of all present and future assets and by Timiskaming First Nation, payable by monthly instalments of \$6,359, capital and interest, maturing in 2029	356,294	407,621
Temporary loan, reimbursable at the reception of a subsidy, reimbursed in 2023	-	150,000
Loans in progress, approved by CMHC, with a term of 5 years, interest and other terms to be determinated	487,500	652,500
Loan in progress, terms to be determinated	149,545	-
	3,797,412	4,147,241
Current portion	460,583	344,179
	3,336,829	3,803,062

Capital payments due within each of the next five years are as follow:

	\$
2024	460,583
2025	257,129
2026	242,312
2027	242,963
2028	250,930

12. Reserves

These reserves are created from the cumulative operating surplus. When events for which they were created occur, they shall be returned to the cumulative operating surplus.

	2023	2022
Reserve for health contingencies	20,074	20,074
Reserve for Community Hall/Youth Center Construction	3,578,682	3,578,682
	3,598,756	3,598,756

Timiskaming First Nation
Notes to the consolidated financial statements
March 31, 2023

13. Accumulated surplus

		2023	2022
Reserve for health contingencies	(Note 12)	20,074	20,074
Reserve for Community Hall/Youth Center Construction	(Note 12)	3,578,683	3,578,683
In-trust fund	(Note 5)	252,586	246,377
Operating reserve fund	(Note 5)	114,642	116,251
Replacement reserve	(Note 5 and 14)	553,525	517,870
Net investment in capital assets		40,944,111	31,236,556
Cumulative operating surplus		4,171,450	3,046,571
		49,635,071	38,762,382

14. Replacement reserve

The main categories of external restrictions related to fund balances are as follows:

	2023	2022
Balance at beginning of the year	517,870	343,680
Add: Current year addition	57,650	44,650
Adjustment from CMHC	-	149,566
Use of replacement reserve	(28,540)	(26,433)
Interests earned	6,545	6,407
Balance at end of the year	553,525	517,870

Under the terms of the agreement with CMHC, the replacement reserve account is to be credited annually. These funds along with accumulated interests must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. Withdrawals are credited to interests first and then capital.

15. Additional information relating to the statement of cash flows

Changes in non-cash operating working capital items:

	2023	2022
Accounts receivable	171,680	(10,099,587)
Prepaid expenses	(104,498)	(68,847)
Accounts payable and accrued liabilities	2,373,667	(1,030,746)
Due to ISC	(61,935)	106,596
Due to Widjikiwe Gas Bar	6,500	(103,150)
Deferred revenue	3,816,191	13,262,455
Revenues received in advance	2,718,689	-
	8,920,294	2,066,721

16. Cumulative operating and funds balances

The cumulative operating and funds balances as at March 31, 2023, do not take in consideration possible modifications following the review and analysis of the present consolidated financial statements by the ISC, CMHC, FNEC, SRPNI, Public Safety and Emergency Preparedness Canada and Sécurité publique du Québec. Any adjustment, including deferred revenue, resulting from this analysis will be recorded in the current year as an adjustment in the funds or the results.

17. Budget

Budget results are provided for comparison purposes; they present estimates approved by the First Nation's Council. Budget figures are presented in each statement of revenues and expenses by project, when available.

18. Pension plan

The First Nation supports the contributory defined benefit pension plan for substantially all of its employees (rates for the police department are described below). It is a multiemployer plan that is administered by the Native Benefit Plan. The pension for native employees is 8.50% of the gross salary and the employer contributes 1.82 times the employee contribution, for the non-native it is 6.80% of the gross salary and the employer contributes 1.82 times the employee contribution.

For the police department, the rate is 9.50% of the gross salary for the native employees and 8.00% for the non-native employees. The employer's contribution is 2 times the amount.

An expense of \$788,275 (\$636,352 in 2022) is included in salaries and fringe benefits of various departments.

19. Financial instruments

Fair value of financial assets and liabilities

The fair value represents approximately the amounts of the financial instruments that would be exchanged between the consenting parties, according to the current market value of instruments for which the risk, capital and duration are the same. Certain estimates and decisions were required to arrive at the fair value of financial instruments which was based upon actualization and other evaluation methods which depend largely on hypothesis of estimated cash flows and the actualization rate depending on different degrees of risk.

The fair value of cash, accounts receivable, restricted cash and deposits, accounts payable and accrued liabilities, due to ISC and due to Widjikiwe Gas Bar is approximately equal to their carrying value due to their short-term maturity date.

As at March 31, 2023, the net book value of all financial instruments corresponded approximately to their fair value with the exception of the following item:

	Net book value	Fair value
Long-term debt	3,797,411	3,327,749

Credit risk

The First Nation provides credit to its tenants in the normal course of its operations. It carries out, on a continuing basis, credit checks on its clients and maintains provisions for potential credit losses.

Interest rate risk

The long-term debt mainly bears interest at fixed rates. Consequently, the cash flows exposure is not significant. However, the fair value of loans having fixed rates of interest could fluctuate with changes in market interest rates. The short-term loans represent a limited exposure to interest rate risk due to their short-term maturity.

20. Contingencies, guaranties and contractual rights and obligations

The First Nation entered into forgivable loans agreements with CMHC for the Residential Rehabilitation Assistance Program On-Reserve (RRAP). If the same person owns and occupies the house for the term of the loan, which could vary for periods from two to five years, ending different dates, the loan will be earned of the full amount. Failing which, the unearned portion of this forgivable loan plus interests will become due and payable. The First Nation must notify CMHC if the property is sold, rented or transferred before the loan being fully earned. In that case, CMHC, at its sole discretion, could approve an assignment of this forgivable loan if the property is sold to a Band member who is eligible and meets the RRAP program criteria. As at March 31, 2023, the amount that should be reimbursed if the conditions are not respected is \$82,267.

In March 2022, a new policing infrastructure funding agreement was signed by the provincial government and the First Nation. The contribution is in the form of a capital repayment of a loan not exceeding \$2,793,600 or 48% of the project.

For the purposes of the community hall/youth Center construction project, a grant with Le Secrétariat aux relations avec les Premières Nations et les Inuit was signed in March 2022 to conclude funding for a maximum amount of \$1,490,926 through a reimbursement of a loan contracted for this purpose by the organization.

The First Nation has guaranteed a credit line from Widjikiwe Gas Bar L.P. for a maximum of \$150,000 and a debt of \$601,585.85 as of March 31, 2023.

A situation concerning the RBA pension plan was discovered after the end of the financial year concerning the fact that the pension plan is compulsory and not voluntary. This implies, when certain conditions are met, that the employee must contribute as well as the employer. It turns out that several individuals should have been covered by this plan but were not. The First Nation is currently assessing the amounts involved and analyzing the various options available. It is currently impossible to assess the outcome of this situation and the amount that the First Nation could, if necessary, have to pay. No provision has been recorded in the consolidated financial statements.

As previously described, the First Nation is the limited partner of Widjikiwe Gas Bar L.P. (WGB). Without limitation, this entity has certain commitments of which here are a few:

WGB have entered into a supply contract for the purchase of gasoline stocks from an exclusive supplier. This ten (10) years contract will expire in November 2030.

WGB have also entered into a supply contract for the purchase of general merchandise, dry goods and food products from an exclusive supplier. In return, the supplier shall advance to Widjikiwe Gas Bar L.P. \$80,000 in the form of cash, gratuities, rebates or incentive. This seven (7) years contract will expire in November 2027.

Timiskaming First Nation
Notes to the consolidated financial statements
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21. Expenses by object

	2023	2022
Salaries	8,283,201	7,181,700
Fringe benefits	1,460,659	1,447,313
Administration fees	580,261	480,552
Amortization	1,565,938	1,442,911
Allocations	1,668,407	1,389,119
Bad debt (recovery)	39,831	(18,632)
Council - Honoraries	68,413	62,379
Contracts	1,225,908	1,442,503
Contracts - Rental of equipment	76,689	36,393
Election expenses	20,068	13,300
Electricity	190,714	178,824
Emergency (covid)	136,037	163,103
Insurances	309,687	284,956
Interests an bank charges	23,609	50,753
Interests on long-term debt	100,061	116,143
Loss (gain) on disposal of capital assets	(351)	40,999
Maintenance	439,146	357,831
Material and supplies	3,170,288	2,139,188
Medical transportation	698	6,443
Professional fees	1,207,476	769,722
Professional fees (legal)	348,597	270,883
Purchase of fuel	226,425	173,164
Telecommunication	150,808	112,803
Training	427,661	73,228
Transfer to replacement reserve	57,650	44,650
Travel expenses	529,634	197,074
Tuition fees	1,163,456	928,583
Workshops	310,482	188,807
Other expenses	177,519	77,580
	23,958,972	19,652,272

Timiskaming First Nation
Notes to the financial statements
March 31, 2023

22. Segment disclosure

	Band government		Administration	
	2023	2022	2023	2022
Revenues				
Federal government transfers	115,852	50,207	1,237,592	1,253,014
Other revenues	(2,108,411)	(729,672)	853,390	643,577
	(1,992,559)	(679,465)	2,090,982	1,896,591
Expenses				
Salaries and fringe benefits	55,082	52,376	1,013,781	964,188
Amortization	-	-	19,784	16,086
Other expenses	19,405	26,591	1,027,896	850,615
	74,487	78,967	2,061,461	1,830,889
	(2,067,046)	(758,432)	29,521	65,702
	Education		Health	
	2023	2022	2023	2022
Revenues				
Federal government transfers	8,025,490	5,613,316	6,476,293	5,605,854
Provincial governments transfers	158,143	167,858	2,800	102,000
Other revenues	331,864	308,587	(413,185)	(280,332)
	8,515,497	6,089,761	6,065,908	5,427,522
Expenses				
Salaries and fringe benefits	2,922,148	2,714,681	2,718,957	2,366,045
Amortization	378,862	186,589	160,070	187,832
Other expenses	2,819,990	2,178,318	3,240,670	2,967,668
	6,121,000	5,079,588	6,119,697	5,521,545
	2,394,497	1,010,173	(53,789)	(94,023)

Timiskaming First Nation
Notes to the financial statements
March 31, 2023

22. Segment disclosure (continued)

	Public works		Public security	
	2023	2022	2023	2022
Revenues				
Federal government transfers	6,809,161	19,392,261	3,676,096	405,811
Provincial governments transfers	92,588	92,592	2,008,801	395,571
Other revenues	4,182,251	(10,833,852)	(3,273,348)	108,011
	11,084,000	8,651,001	2,411,549	909,393
Expenses				
Salaries and fringe benefits	730,283	781,188	930,012	571,469
Interests on long-term debt	6,060	10,654	-	-
Amortization	398,360	436,320	50,929	42,293
Other expenses	1,254,631	900,143	1,193,961	183,697
	2,389,334	2,128,305	2,174,902	797,459
	8,694,666	6,522,696	236,647	111,934
	Social assistance		Housing	
	2023	2022	2023	2022
Revenues				
Federal government transfers	1,835,042	1,763,845	2,800,688	486,586
Other revenues	23,475	(246,037)	(221,904)	(114,936)
	1,858,517	1,517,808	2,578,784	371,650
Expenses				
Salaries and fringe benefits	117,665	106,039	171,032	130,946
Interests on long-term debt	-	-	38,777	33,527
Amortization	-	-	402,666	388,640
Other expenses	1,452,770	911,447	328,344	280,854
	1,570,435	1,017,486	940,819	833,967
	288,082	500,322	1,637,965	(462,317)

Timiskaming First Nation
Notes to the financial statements
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22. Segment disclosure (continued)

	Economic development		Natural resources	
	2023	2022	2023	2022
Revenues				
Federal government transfers	431,191	404,092	165,785	69,926
Provincial governments transfers	-	90,000	284,000	110,000
Other revenues	2,827,678	1,331,665	541,390	499,100
	3,258,869	1,825,757	991,175	679,026
Expenses				
Salaries and fringe benefits	1,290,142	617,070	399,690	284,950
Interests on long-term debt	55,224	71,962	-	-
Amortization	113,107	149,976	-	-
Other expenses	2,175,474	1,500,940	518,771	394,076
	3,633,947	2,339,948	918,461	679,026
	(375,078)	(514,191)	72,714	-
	Other		Total	
	2023	2022	2023	2022
Revenues				
Federal government transfers	500	-	31,573,690	35,044,912
Provincial governments transfers	-	-	2,546,332	958,021
Other revenues	77,358	39,680	2,820,558	(9,274,209)
	77,858	39,680	36,940,580	26,728,724
Expenses				
Salaries and fringe benefits	42,015	40,061	10,390,807	8,629,013
Interests on long-term debt	-	-	100,061	116,143
Amortization	42,160	35,175	1,565,938	1,442,911
Other expenses	22,143	4,320	14,054,055	10,198,669
	106,318	79,556	26,110,861	20,386,736
	(28,460)	(39,876)	10,829,719	6,341,988

The segment disclosure is presented before elimination of revenues and expenses for consolidation purpose.

23. Comparative figures

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year.