

INDIAN ISLAND FIRST NATION

**AUDITOR'S REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS**

MARCH 31, 2022

INDIAN ISLAND FIRST NATION

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MANAGEMENT'S REPORT
Year ended March 31, 2022

The accompanying consolidated financial statements of Indian Island First Nation and all the information in this annual report are the responsibility of management and have been approved by Chief and Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board and CPA Canada and as such include amounts that are the best estimates and judgments of management.

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

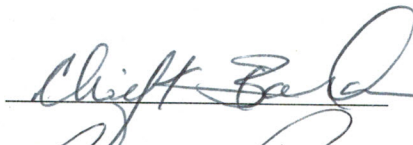
The Indian Island First Nation's Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

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

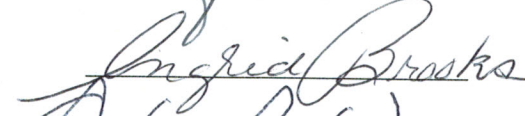
The external auditors, Nadeau Picard & Associés, CPA, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Indian Island First Nation and meet when required.

On behalf of Indian Island First Nation:

Chief



Councillor



Councillor



Date

July 27, 2022



INDEPENDENT AUDITOR'S REPORT

To the Chief and Band Councillors

Opinion

We have audited the consolidated financial statements of Indian Island First Nation (First Nation), which comprise the consolidated statement of financial position as at March 31, 2022, and the consolidated statements of operations and changes in accumulated surplus, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2022, and the results of its consolidated operations and change in accumulated surplus, change in net debt 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 Financial Statements section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

Without modifying our opinion, we draw attention to note 23 of the financial statements, saying that the budget figures are unaudited.

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 Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.



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

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

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.



Nadeau Picard & Associés, CPA

Comptables professionnels agréés
Chartered Professional Accountants

- 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 First Nation's 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.

Nadeau Picard & Associés, CPA

Nadeau Picard & Associés, CPA
Chartered Professional Accountants

Grand Falls, New Brunswick
July 27, 2022

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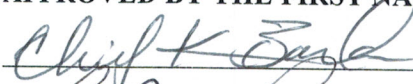
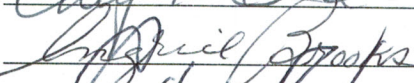
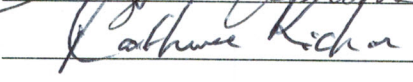
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CONSOLIDATED FINANCIAL POSITION
March 31

	2022	2021
FINANCIAL ASSETS		
Cash (note 2)	\$ -	\$ 368,914
Due from government and accounts receivable (note 3)	1,874,822	1,212,102
Inventories for resale (note 5)	107,516	128,674
Restricted cash (note 6)	<u>391,171</u>	<u>361,941</u>
	<u>2,373,509</u>	<u>2,071,631</u>
LIABILITIES		
Bank overdraft (note 2)	49,822	-
Bank loan (note 7)	155,000	-
Accounts payable and accrued liabilities (note 8)	514,296	452,820
Due to government/other government organizations (note 9)	550,957	460,033
Trust funds held by ISC (note 4)	787	767
Deferred revenue (note 10)	975,818	1,340,053
Long-term debt (note 11)	<u>1,781,513</u>	<u>1,809,190</u>
	<u>4,028,193</u>	<u>4,062,863</u>
NET DEBT	<u>(1,654,684)</u>	<u>(1,991,232)</u>
NON FINANCIAL ASSETS		
Prepaid expenses (note 14)	385,966	249,218
Deposit on tangible capital assets	579,988	133,298
Tangible capital assets (note 12)	10,160,707	8,793,533
Construction in progress (note 13)	<u>1,835,081</u>	<u>1,440,820</u>
	<u>12,961,742</u>	<u>10,616,869</u>
ACCUMULATED SURPLUS	<u>\$ 11,307,058</u>	<u>\$ 8,625,637</u>

APPROVED BY THE FIRST NATION


 _____, Chief

 _____, Councillor

 _____, Councillor

CONSOLIDATED OPERATIONS AND CHANGES IN ACCUMULATED SURPLUS

Year ended March 31	2022 Budget (Unaudited)	2022 Actual	2021 Actual
REVENUE			
Federal government transfers for operating (note 21)	\$ 4,117,079	\$ 4,000,819	\$ 3,526,734
Federal government transfers for capital (note 21)	1,415,557	1,147,627	326,983
Provincial government transfers for operating (note 21)	319,710	368,708	388,500
Provincial government transfers for capital (note 21)	-	-	16,151
Rental income	95,000	91,167	105,163
Fisheries	3,810,000	3,826,267	1,593,549
Aquaculture	70,000	67,592	71,333
Tobacco sales	250,000	248,470	299,560
Fuel sales	600,000	610,480	375,017
Boat shop and consulting income	375,000	102,739	96,219
Insurance claim proceeds	-	339,863	227,008
Other	<u>687,956</u>	<u>705,375</u>	<u>498,683</u>
	<u>11,740,302</u>	<u>11,509,107</u>	<u>7,524,900</u>
EXPENSES			
Economic Development	1,110,000	1,122,183	946,739
Education	963,900	915,560	622,636
Income Assistance	567,151	525,605	536,214
Assisted Living	31,271	39,953	73,022
Facilities - Operations and maintenance	36,890	114,567	147,391
Other Capital	173,901	308,521	231,473
Indian Government Support	1,575,374	1,478,726	1,348,544
Health	603,348	562,174	407,682
Aquaculture	70,000	134,381	179,605
Fisheries	2,269,437	2,318,135	1,425,046
Natural Resources	38,000	48,263	30,466
Consulting	446,500	334,782	341,222
Amortization	893,842	893,842	769,521
Loss on disposal of tangible capital assets	<u>-</u>	<u>30,994</u>	<u>165,358</u>
	<u>8,779,614</u>	<u>8,827,686</u>	<u>7,224,919</u>
ANNUAL SURPLUS	2,960,688	2,681,421	299,981
ACCUMULATED SURPLUS, BEGINNING OF PERIOD	<u>8,625,637</u>	<u>8,625,637</u>	<u>8,325,656</u>
ACCUMULATED SURPLUS, END OF PERIOD	<u>\$ 11,586,325</u>	<u>\$ 11,307,058</u>	<u>\$ 8,625,637</u>

CONSOLIDATED CHANGES IN NET DEBT
March 31

	2022	2021
ANNUAL SURPLUS	\$ <u>2,681,421</u>	\$ <u>299,981</u>
Tangible capital assets		
Acquisition of tangible capital assets	(2,292,011)	(2,295,090)
Amortization of tangible capital assets	893,841	769,521
Deposit on tangible capital assets	(446,690)	(133,298)
Loss on disposal of tangible capital assets	30,994	165,358
Proceeds on disposal of tangible capital assets	<u>-</u>	<u>18,000</u>
	<u>(1,813,866)</u>	<u>(1,475,509)</u>
Other non-financial assets		
Additions of construction in progress	(394,259)	452,532
Increase of prepaid expense	<u>(136,748)</u>	<u>(7,732)</u>
	<u>(531,007)</u>	<u>444,800</u>
CHANGE IN NET DEBT	336,548	(730,728)
NET DEBT, BEGINNING OF YEAR	<u>(1,991,232)</u>	<u>(1,260,504)</u>
NET DEBT, END OF YEAR	\$ <u>(1,654,684)</u>	\$ <u>(1,991,232)</u>

CONSOLIDATED CASH FLOWS

Year ended March 31

2022**2021****OPERATING ACTIVITIES**

Annual surplus	\$ 2,681,421	\$ 299,981
Add (deduct) non-cash items :		
Amortization	893,841	769,521
Loss on disposal of tangible capital assets	<u>30,994</u>	<u>165,358</u>
	3,606,256	1,234,860
Net change in non-cash working capital items		
Due from government and accounts receivable	(662,720)	288,200
Prepaid	(136,748)	(7,732)
Inventories	21,158	(63,816)
Accounts payable and accrued liabilities	61,476	79,289
Due to government and other government organizations	90,924	204,869
Deferred revenue	<u>(364,235)</u>	<u>477,266</u>
	<u>2,616,111</u>	<u>2,212,936</u>

FINANCING ACTIVITIES

Increase of long-term debt	133,426	171,000
Repayment of long-term debt	(161,103)	(119,795)
Increase in bank loan	155,000	-
Transfer to the operating replacement reserve fund	(9,653)	7,522
Transfer to the replacement reserve fund	<u>(19,557)</u>	<u>(44,418)</u>
	<u>98,113</u>	<u>14,309</u>

CAPITAL ACTIVITIES

Deposit on capital assets	(446,690)	(133,298)
Addition to capital assets	(2,292,011)	(2,295,090)
Proceeds from disposal of capital assets	-	18,000
Net increase in construction in progress	<u>(394,259)</u>	<u>452,532</u>
	<u>(3,132,960)</u>	<u>(1,957,856)</u>

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

(418,736) 269,389

CASH AND CASH EQUIVALENTS, BEGINNING368,914 99,525**CASH AND CASH EQUIVALENTS (BANK OVERDRAFT), ENDING**\$ (49,822) \$ 368,914

Cash and cash equivalents consist of the cash and bank overdraft in operating accounts.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES**Nature of Operations**

Indian Island First Nation is a First Nation government that provides a wide range of services to the members of its community. By its nature, the entity is non-taxable. The entity is governed by a board of elected Chief and Council.

Basic of Accounting

These consolidated financial statements have been prepared by Band management in accordance with Canadian public sector accounting standards for government entities, as recommended by the Public Sector Accounting Board of CPA Canada.

a) Reporting Entity and Principles of Financial Reporting

The Indian Island First Nation reporting entity includes the Indian Island First Nation Government and all related entities which are accountable to the First Nation and are either owned or controlled by it.

These consolidated financial statements consolidate the assets, liabilities and results of operations for the following entities which use accounting principles that lend themselves to consolidation:

- Indian Island First Nation Government Administration
- Indian Island First Nation Trust Funds
- Indian Island Aquaculture Development Corporation
- Indian Island Economic Development Corporation
- Indian Island First Nation Consulting Corporation

All inter-entity balances have been eliminated on consolidation.

b) Inventories

Tobacco and fuel inventories are measured at the lower of cost and net realizable value. The cost is determined using the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable variable selling costs.

The livestock inventory costs such as purchases, salaries and others are expensed in the year incurred.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (continued)**c) Tangible capital assets**

Tangible capital assets include acquired, built, developed and improved tangible capital assets, whose useful life extends beyond one year and which are intended to be used on an ongoing basis for producing goods or delivering services.

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Amortization is provided for on a straight line basis over their useful lives as follows:

Buildings	10-40 years
Roads and paving	20 years
Equipment and boat	2-10 years
Vehicle	5 years
Windtower	20-40 years

Tangible capital assets are written down when conditions indicate that they no longer contribute to Indian Island 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.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

d) Cash and Cash Equivalents

The First Nation's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and term deposits with a maturity period of three months or less from the date of acquisition. Cash and cash equivalents that the First Nation cannot use for current transactions because they are pledged as security are also excluded from cash and cash equivalents.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (continued)**e) 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.

f) Financial Instruments

The First Nation's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, due to government and other government organizations and long term debt. The fair value of these financial instruments approximate their carrying values unless otherwise noted.

g) Use of estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting periods presented. Actual results could differ from these estimates. The main estimates relate to the useful life of capital assets.

h) Trust Funds

Trust funds represent the Indian Monies Trust funds held by the Federal Government. These funds are administered by the Federal Government.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (continued)**i) Segmented Information**

The First Nation discloses segmented results of operations for the year in note 22 to the consolidated financial statements. The First Nation has segregated its activities into the following segments based on distinguishable groups of activities:

Economic Development

Contains activities of the economic development program. The First Nation is currently working on a windtower project.

Education

Provides elementary, secondary and post-secondary tuition for qualifying members along with related programs and support.

Social

Provides social assistance to qualifying members. It also includes the section 95 housing and related expenditures.

Health

Contains activities that provide medical services to band members.

Public Works

Contains all activities that relate to the maintenance of buildings and land of the First Nation.

Band Government

Includes all other activities not described in another fund. Mainly centralized and shared activities.

Other

Includes the forestry, aquaculture, fisheries and consulting activities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31
2022**2021****2. CASH (BANK OVERDRAFT)**

Cash (bank overdraft) in operating accounts	\$ (49,822)	\$ 368,914
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3. DUE FROM GOVERNMENT AND ACCOUNTS RECEIVABLE**Due from Government and Other Government Organizations**

Fisheries and Oceans Canada	\$ 127,288	\$ 239,783
Indigenous Services Canada	1,256,620	679,665
Canada Mortgage and Housing Corporation	28,025	35,890
Sales tax	2,143	-
Provincial Government	42,267	69,668
	<u>1,456,343</u>	<u>1,025,006</u>

Accounts receivable

Clients	61,921	45,998
Lease receivable ^(a)	105,500	-
Other receivables	251,058	141,098
	<u>418,479</u>	<u>187,096</u>
	<u>\$ 1,874,822</u>	<u>\$ 1,212,102</u>

(a) Lease receivable to be repaid by three annual principal payment of \$35,000 plus interest at the rate of 5%, maturing in November 2024.

4. OTTAWA TRUST MONEYS

The Ottawa Trust accounts arise from monies derived from capital or 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 and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

	Beginning balance	Additions	Withdrawals	Ending balance
Trust - capital	\$ 142	\$ -	\$ -	\$ 142
Trust - revenue	<u>625</u>	<u>15</u>	<u>-</u>	<u>645</u>
Total	<u>\$ 767</u>	<u>\$ 15</u>	<u>\$ -</u>	<u>\$ 787</u>

5. INVENTORIES FOR RESALE

Tobacco	\$ 68,769	\$ 111,465
Fuel	7,018	12,705
Other	31,729	4,504
	<u>\$ 107,516</u>	<u>\$ 128,674</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31
2022**2021****6. RESTRICTED CASH**

Cash in Ottawa Trusts	\$	787	\$	767
Operating reserve fund		34,348		24,695
Replacement reserve fund		<u>356,036</u>		<u>336,479</u>
	\$	<u>391,171</u>	\$	<u>361,941</u>

Under the terms of an agreement with Canada Mortgage and Housing Corporation, Indian Island First Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or otherwise approved by the Canada Mortgage and Housing Corporation. Under CMHC requirements the amount of cash which should be held in a separate account for Replacement and Operating reserves should total \$385,288. The actual balance in the account is \$390,384.

7. BANK LOAN

The First Nation has an authorized line of credit of \$250,000, bearing interest at prime rate plus 1%. The line of credit is secured by an assignment on accounts receivable that have a net carrying value of \$1,725,367 (2021 - \$1,212,102)

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Suppliers	\$	456,787	\$	389,001
Payroll deductions		17,816		17,153
Sales tax		-		3,571
Accrued expenses		<u>39,693</u>		<u>43,095</u>
	\$	<u>514,296</u>	\$	<u>452,820</u>

A separate bank account is not used for the purpose of payroll deductions. All payroll deductions were remitted before year-end except for those above remitted in April 2022.

9. DUE TO GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

Federal government - ISC	\$	-	\$	5,999
Provincial government		<u>550,957</u>		<u>454,034</u>
	\$	<u>550,957</u>	\$	<u>460,033</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. DEFERRED REVENUE

	Balance Beginning of year	Amount of funding received	Amount recognized as revenue	Balance end of year
<u>Federal Government</u>				
ISC - Mitigation	\$ 207,009	\$ -	\$ 124,914	\$ 82,095
ISC - Prevention	22,443	-	22,443	-
ISC - Skill Link Prog	13,917	16,684	20,455	10,146
ISC - Ventilation	-	21,000	17,222	3,778
ISC - IAFNYES	-	16,684	6,538	10,146
ISC - Emergency Mgmt Assistance	330,546	-	330,546	-
ISC - Firesmart	-	23,540	11,366	12,174
ISC - Covid-19	5,250	-	5,250	-
ISC - Planning, MTSA	11,725	-	11,725	-
ISC - Planning Design & Constr	60,000	235,000	91,717	203,283
ISC - Water Systems	823	-	823	-
ISC - Health Canada	47,435	44,042	47,435	44,042
ISC - Roads and bridges	-	95,000	40,153	54,847
ISC - Perimeter security	-	16,200	-	16,200
ISC - Need Base EMAP	-	50,465	41,765	8,700
CMHC - Rapid Housing Initiative	173,379	-	173,379	-
CMHC - On-Reserve Emergency Repair Program	15,000	-	15,000	-
Employment and Social Development Canada	9,858	58,242	20,762	47,338
Total Federal Government	897,385	576,857	981,493	492,749
<u>Other</u>				
North Shore Micmac District	27,000	103,557	110,870	19,687
Mi'gmaq Child and Family Services of New Brunswick	415,668	44,879	21,500	439,047
Other	-	115,884	91,549	24,335
Total Other	442,668	264,320	223,919	483,069
Total	\$ 1,340,053	\$ 841,177	\$ 1,205,412	\$ 975,818

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31
2022**2021****11. LONG-TERM DEBT**

Loan paid during the year	\$ -	\$ 43,519
Loan secured by a first mortgage on buildings, repayable by monthly instalments of \$313 including capital and interest at the rate of 1.30%, maturing in 2032, renewable in June 2022, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on one housing unit	35,480	38,752
Loan secured by a first mortgage on buildings, repayable by monthly instalments of \$267 including capital and interest at the rate of 1.84%, maturing in September 2022, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on one housing unit	1,590	4,729
Loan secured by a first mortgage on buildings, repayable by monthly instalments of \$301 including capital and interest at the rate of 1.84%, maturing in 2027, renewable in September 2022, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on one housing unit	18,867	22,098
Loan secured by a first mortgage on buildings, repayable by monthly instalments of \$591 including capital and interest at the rate of 1.97%, maturing in 2042, renewable in December 2022, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on one housing unit	120,760	125,430
Loan secured by a first mortgage on buildings, repayable by monthly instalments of \$338 including capital and interest at the rate of 2.39%, maturing in 2033, renewable in March 2023, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on one housing unit	38,723	41,820
Loan secured by a first mortgage on buildings, repayable by monthly instalments of \$587 including capital and interest at the rate of 2.49%, maturing in 2038, renewable in May 2023, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on one housing unit.	<u>93,763</u>	<u>98,422</u>
Subtotal carried forward	\$ 309,183	\$ 374,770

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31

2022

2021

11. LONG-TERM DEBT (continued)

Subtotal from previous page	\$ 309,183	\$ 374,770
Loan secured by a first mortgage on buildings, repayable by monthly instalments of \$303 including capital and interest at the rate of 2.52%, maturing in 2028, renewable in September 2023, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on one housing unit	21,507	24,558
Loan secured by a first mortgage on buildings, repayable by monthly instalments of \$414 including capital and interest at the rate of 2.22%, maturing in 2033, renewable in January 2024, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on one housing unit	50,739	54,541
Loan secured by a first mortgage on buildings, repayable by monthly instalments of \$252 including capital and interest at the rate of 1.86%, maturing in March 2024, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on one housing unit	5,927	8,810
Loan secured by a first mortgage on buildings, repayable by monthly instalments of \$891 including capital and interest at the rate of 1.86%, maturing in 2034, renewable in April 2024, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on on housing unit.	115,204	123,681
Loan secured by a first mortgage on buildings, repayable by monthly instalments of \$283 including capital and interest at the rate of 1.86%, maturing in 2029, renewable in April 2024, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on one housing unit	21,994	24,948
Loan secured by a first mortgage on buildings, repayable by monthly instalments of \$427 including capital and interest at the rate of 1.87%, maturing in 2039, renewable in May 2024, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on one housing unit	<u>75,261</u>	<u>78,947</u>
Subtotal carried forward	\$ 599,815	\$ 690,255

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31

2022

2021

11. LONG-TERM DEBT (continued)

Subtotal from previous page	\$ 599,815	\$ 690,255
Loan secured by a first mortgage on buildings, repayable by monthly instalments of \$260 including capital and interest at the rate of 0.65%, maturing in January 2025, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on one housing unit	8,752	11,803
Loan secured by a first mortgage on buildings, repayable by monthly instalments of \$268 including capital and interest at the rate of 0.69%, maturing in 2030, renewable in June 2025, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on one housing unit	25,569	28,603
Loan secured by a first mortgage on buildings, repayable by monthly instalments of \$422 including capital and interest at the rate of 0.69%, maturing in 2035, renewable in June 2025, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on one housing unit	63,647	68,249
Loan secured by a first mortgage on buildings, repayable by monthly instalments of \$766 including capital and interest at the rate of 0.69%, maturing in 2035, renewable in June 2025, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on one housing unit	116,411	124,773
Loan secured by a first mortgage on buildings, repayable by monthly instalments of \$414 including capital and interest at the rate of 0.68%, maturing in 2035, renewable in October 2025, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on one housing unit	60,996	65,530
Loan secured by a first mortgage on buildings, repayable by monthly instalments of \$260 including capital and interest at the rate of 1.30%, maturing in January 2026, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on one housing unit	<u>11,680</u>	<u>14,634</u>
Subtotal carried forward	\$ 886,870	\$ 1,003,847

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31
2022**2021****11. LONG-TERM DEBT (continued)**

Subtotal from previous page	\$ 886,870	\$ 1,003,847
Loan secured by a first mortgage on buildings, repayable by monthly instalments of \$470 including capital and interest at the rate of 0.74%, maturing in 2041, renewable in February 2026, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on one housing unit	99,431	104,311
Loan secured by a first mortgage on buildings, repayable by monthly instalments of \$295 including capital and interest at the rate of 1.3%, maturing in 2031, renewable in April 2026, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on one housing unit	30,340	33,470
Loan secured by a first mortgage on buildings, repayable by monthly instalments of \$409 including capital and interest at the rate of 1.22%, maturing in 2040, renewable in May 2026, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on one housing unit	80,030	83,993
Loan secured by a first mortgage on buildings, repayable by monthly instalments of \$426 including capital and interest at the rate of 1.13%, maturing in 2036, renewable in June 2026, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on one housing unit	67,618	71,940
Loan secured by a first mortgage on buildings, repayable by monthly instalments of \$829 including capital and interest at the rate of 1.51%, maturing in 2036, renewable in November 2026, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on one housing unit	130,767	-
Loan secured by a first mortgage on buildings, repayable by monthly instalments of \$527 including capital and interest at the rate of 1.57%, maturing in 2041, renewable in December 2026, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on one housing unit	<u>107,353</u>	<u>112,055</u>
Subtotal carried forward	\$ 1,402,409	\$ 1,409,616

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31
2022**2021****11. LONG-TERM DEBT (continued)**

Subtotal from previous page \$ 1,402,409 \$ 1,409,616

Loan secured by a first mortgage on buildings, repayable by monthly instalments of \$455 including capital and interest at the rate of 1.50%, maturing in 2037, renewable in January 2027, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on one housing unit

72,593 76,938

Loan secured by a first mortgage on buildings, repayable by monthly instalments of \$479 including capital and interest at the rate of 1.50%, maturing in 2042, renewable in January 2027, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on one housing unit

98,682 102,933

Loan secured by a first mortgage on buildings, repayable by monthly instalments of \$322 including capital and interest at the rate of 1.88%, maturing in 2032, renewable in February 2027, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on one housing unit

34,635 37,887

Loan secured by a first mortgage on buildings, repayable by monthly instalments of \$482 including capital and interest at the rate of 2.27%, maturing in 2037, renewable in April 2027, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on one housing unit

73,546 77,913

Loan secured by a first mortgage on buildings, repayable by monthly instalments of \$515 including capital and interest at the rate of 2.27%, maturing in 2042, renewable in April 2027, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on one housing unit

99,648 103,903
\$ 1,781,513 \$ 1,809,190

Estimated long-term debt principal repayments to be made during the next five years are :

2023 : \$122,096
 2024 : \$122,365
 2025 : \$120,689
 2026 : \$119,425
 2027 : \$118,676

The interest expense for the year on long-term debt was \$25,636 (2021 - \$26,186)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. TANGIBLE CAPITAL ASSETS

Cost	Land and Buildings	Roads and Paving	Equipment and boat	Vehicle	Total 2022	Total 2021
Opening balance	\$ 9,979,364	\$ 820,486	\$ 2,535,738	\$ 295,632	\$ 13,631,220	\$ 11,829,276
Additions	1,462,871	-	710,152	118,988	2,292,011	2,295,090
Disposals	(102,200)	-	-	-	(102,200)	(493,146)
Closing balance	<u>11,340,035</u>	<u>820,486</u>	<u>3,245,890</u>	<u>414,620</u>	<u>15,821,031</u>	<u>13,631,220</u>
Accumulated Amortization						
Opening balance	3,475,500	250,107	983,709	128,371	4,837,687	4,377,954
Amortization	423,476	26,188	384,483	59,696	893,843	769,521
Accumulated amortization on disposals	(71,206)	-	-	-	(71,206)	(309,788)
Closing balance	<u>3,827,770</u>	<u>276,295</u>	<u>1,368,192</u>	<u>188,067</u>	<u>5,660,324</u>	<u>4,837,687</u>
Net book value	<u>\$ 7,512,265</u>	<u>\$ 544,191</u>	<u>\$ 1,877,698</u>	<u>\$ 226,553</u>	<u>\$ 10,160,707</u>	<u>\$ 8,793,533</u>
Opening net book value	6,503,864	570,379	1,552,029	167,261	8,793,533	7,451,322
Closing net book value	<u>7,512,265</u>	<u>544,191</u>	<u>1,877,698</u>	<u>226,553</u>	<u>10,160,707</u>	<u>8,793,533</u>
Increase in net book value	<u>\$ 1,008,401</u>	<u>\$ (26,188)</u>	<u>\$ 325,669</u>	<u>\$ 59,292</u>	<u>\$ 1,367,174</u>	<u>\$ 1,342,211</u>

13. CONSTRUCTION IN PROGRESS

Construction in progress consists of the development costs for a windtower project, an oyster holding facility, solar pannel, a child care facility, a playground and a house. These projects are still on-going as of March 31, 2022.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31

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14. PREPAID EXPENSES

Tuition fees	\$	225,287	\$	136,210
Insurance		89,169		67,191
Lease		30,900		36,300
Other		40,610		9,517
	\$	<u>385,966</u>	\$	<u>249,218</u>

15. ECONOMIC DEPENDENCE

Indian Island First Nation receives a major portion of its revenues pursuant to a funding arrangement with Indigenous Services Canada. The nature and extent of this revenue is of such significance that the First Nation is economically dependent on this source of revenue.

16. PENSION AGREEMENT

The First Nation provides defined contribution plan for eligible members of its staff. Members are required to contribute 9% of their salary. The First Nation contributes 9% which contributions are directed to the member's contribution account. The amount of retirement benefit to be received by the employees will be the amount of 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. Indian Island First Nation contributed during the year \$20,384 (2021 - \$25,608) for retirement benefits.

17. FAIR VALUE AND RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES**a) Fair value of Financial Assets and Liabilities**

The carrying value of accounts receivable, bank overdraft, accounts payable and accrued liabilities, due to Government and other Government Organizations approximates fair market value due to their short term nature.

The carrying value of the long-term debt at the balance sheet date is a fair representation of the present value of future cash flows given that the interest rate risk is protected by an agreement with CMHC for the majority of the long-term debt.

b) Credit Risk

Credit risk is the risk that a counterparty will default on its financial liabilities.

Financial assets which potentially subject the First Nation to credit risk and concentrations of credit risk consist principally of accounts receivable.

Management manages credit risk associated with accounts receivable by pursuing collections when they are due.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**17. FAIR VALUE AND RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES
(continued)****c) Liquidity Risk**

Liquidity risk is the risk that the First Nation will encounter difficulty in meeting obligations associated with financial liabilities. The First Nation is exposed to the risk mainly in respect of its bank overdraft, accounts payable and accrued liabilities, due to government organizations and long-term debt.

d) Interest Rate Risk

The First Nation is exposed to interest rate risk on its fixed and variable interest rate financial instruments. Fixed-interest instruments subject the First Nation to a fair value risk while the variable-rate instruments subject it to a cash flow risk.

18. CONTINGENT LIABILITIES

Indian Island First Nation has entered into contribution agreements with various federal government departments. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements.

In addition, in the normal course of its operations, Indian Island First Nation becomes involved in legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and expense recorded on Indian Island First Nation's financial statements.

19. EXPENSES BY OBJECT

The following is a summary of expenses by object:

	<u>2022</u>	<u>2021</u>
Wages & employee benefits	\$ 1,672,012	\$ 1,677,434
Fees and contract services	883,173	746,617
Insurance	88,842	63,529
Interest	41,852	42,003
Office supplies and equipment	57,976	65,717
Professional services	38,465	45,400
Repairs & maintenance	287,875	230,393
Supplies & services	1,438,413	1,152,832
Telephone	18,554	16,203
Travel	31,373	20,562
Tuition	712,880	467,323
Utilities	340,173	312,867
Other	2,322,257	1,614,518
Amortization	893,841	769,521
	<u>\$ 8,827,686</u>	<u>\$ 7,224,919</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

20. RECONCILIATION OF INDIGENOUS SERVICES CANADA (ISC) FUNDING

ISC funding per consolidated financial statements	\$ 4,343,358
Less: Deferred revenue - Fn & Inuit - Summer Work Exp	13,916
Deferred revenue - Covid-19 ICSF2 - EMAP	5,250
Deferred revenue - Emergency Mgmt Assistance	330,546
Deferred revenue - Mitigation	207,008
Deferred revenue - Planning, MTSA - Ec Dev	11,725
Deferred revenue - Prevention Projects	22,442
Deferred revenue - Planning Design & Constr	60,000
Deferred revenue - Water Systems	823
Deferred revenue - Health	47,436
Accounts receivable - Education	85,186
Accounts receivable - Recovery (Amendment #34)	149,455
Accounts receivable - Response (Amendment #34)	157,600
	<u>1,091,387</u>
Plus: Deferred revenue - FNIHB_FES2020 - WENT - HF	3,778
Deferred revenue - Fns & Inuit - Skill Link Prog	10,146
Deferred revenue - Firesmart	12,174
Deferred revenue - Mitigation	82,095
Deferred revenue - Road and Bridges	20,000
Deferred revenue - Perim Secur Emap	16,200
Deferred revenue - ICSF - Need Base Emap	8,700
Deferred revenue - Local Roads & Bridges	34,848
Deferred revenue - Planning Design & Constr	203,283
Deferred revenue - Health	44,041
Deferred revenue - IAFNYES - IA	10,146
	<u>445,411</u>
Funding per ISC revenue confirmation	\$ <u>3,697,382</u>

21. GOVERNMENT TRANSFERS

	<u>Operating</u>	<u>Capital</u>	<u>2022</u> <u>Total</u>
Federal government transfers			
Indigenous Services Canada	\$ 3,562,404	\$ 780,954	\$ 4,343,358
Canada Mortgage and Housing Corporation	135,394	173,379	308,773
Department of Fisheries and Oceans	123,894	193,294	317,188
Employment and Social Development Canada	37,711	-	37,711
Canada Emergency Wage Subsidy	91,416	-	91,416
Good Food Access Fund	50,000	-	50,000
	<u>4,000,819</u>	<u>1,147,627</u>	<u>5,148,446</u>
Provincial government transfers	<u>368,708</u>	<u>-</u>	<u>368,708</u>
	<u>\$ 4,369,527</u>	<u>\$ 1,147,627</u>	<u>\$ 5,517,154</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

21. GOVERNMENT TRANSFERS (continued)

	<u>Operating</u>	<u>Capital</u>	<u>2021 Total</u>
Federal government transfers			
Indigenous Services Canada	\$ 2,643,777	\$ 193,685	\$ 2,837,462
Canada Mortgage and Housing Corporation	89,581	50,000	139,581
Department of Fisheries and Oceans	397,425	-	397,425
Employment and Social Development Canada	14,857	83,298	98,155
Canada Emergency Wage Subsidy	240,996	-	-
Canada Emergency Business Account	20,000	-	-
Local Food Infrastructure Fund	15,000	-	-
Second Harvest	20,000	-	-
Atlantic Canada Opportunities Agency	85,098	-	85,098
	<u>3,526,734</u>	<u>326,983</u>	<u>3,557,721</u>
Provincial government transfers	<u>388,500</u>	<u>16,151</u>	<u>404,651</u>
	<u>\$ 3,915,234</u>	<u>\$ 343,134</u>	<u>\$ 3,962,372</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

22. SEGMENT DISCLOSURE

Indian Island First Nation provides a range of services to its members. For each segment separately reported, the segment revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as described in the summary of significant accounting policies in Note 1. The segment results for the period are as follows :

	Economic Development		Education		Social Assistance		Health	
	2022	2021	2022	2021	2022	2021	2022	2021
Revenues								
Federal Government	\$ -	\$ -	\$ 834,040	\$ 587,739	\$ 865,778	\$ 654,153	\$ 654,087	\$ 412,924
Provincial Government	264,319	294,566	54,860	35,171	-	-	-	-
Other revenue	897,949	713,576	73,039	74,005	91,167	105,163	-	-
Total revenue	1,162,268	1,008,142	961,939	696,915	956,945	759,316	654,087	412,924
Expenses								
Salaries and benefits	103,799	92,035	113,448	105,510	57,543	36,124	327,567	250,677
Amortization	39,959	33,037	-	-	52,549	74,950	-	-
Debt servicing	-	-	-	-	25,636	26,186	-	-
Other expenses	1,018,384	854,704	802,112	517,126	750,947	705,376	234,607	157,005
Total expenses	1,162,142	979,776	915,560	622,636	886,675	842,636	562,174	407,682
Annual surplus (deficit)	\$ 126	\$ 28,366	\$ 46,379	\$ 74,279	\$ 70,270	\$ (83,320)	\$ 91,913	\$ 5,242

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

22. SEGMENT DISCLOSURE (continued)

	Public Works		Band Government		Other		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Revenues								
Federal Government	\$ 36,890	\$ 36,663	\$ 2,009,188	\$ 1,418,719	\$ 748,463	\$ 743,519	\$ 5,148,446	\$ 3,853,717
Provincial Government	-	-	1,560	7,800	47,969	67,114	368,708	404,651
Other revenue	-	-	523,836	321,140	4,405,962	2,052,648	5,991,953	3,266,532
Total revenue	<u>36,890</u>	<u>36,663</u>	<u>2,534,584</u>	<u>1,747,659</u>	<u>5,202,394</u>	<u>2,863,281</u>	<u>11,509,107</u>	<u>7,524,900</u>
Expenses								
Salaries and benefits	16,512	17,262	530,666	559,037	522,477	616,789	1,672,012	1,677,434
Amortization	-	-	414,965	420,845	386,368	240,689	893,841	769,521
Debt servicing	-	-	-	-	-	-	25,636	26,186
Other expenses	98,055	130,129	1,019,004	854,154	2,313,088	1,533,284	6,236,197	4,751,778
Total expenses	<u>114,567</u>	<u>147,391</u>	<u>1,964,635</u>	<u>1,834,036</u>	<u>3,221,933</u>	<u>2,390,762</u>	<u>8,827,686</u>	<u>7,224,919</u>
Annual surplus (deficit)	<u>\$ (77,677)</u>	<u>\$ (110,728)</u>	<u>\$ 569,949</u>	<u>\$ (86,377)</u>	<u>\$ 1,980,461</u>	<u>\$ 472,519</u>	<u>\$ 2,681,421</u>	<u>\$ 299,981</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

23. BUDGETED FIGURES

Unaudited budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the Chief and Council.

24. COMPARATIVE FIGURES

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