

Consolidated Financial Statements of
AUNDECK-OMNI-KANING
Year ended March 31, 2024

AUNDECK-OMNI-KANING
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

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MANAGEMENT'S RESPONSIBILITY STATEMENT

The accompanying consolidated financial statements of **Aundeck-Omni-Kaning First Nation** are the responsibility of the First Nation's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 to these consolidated financial statements. The preparation of the consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Aundeck-Omni-Kaning's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Chief and Council meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by Freelandt Caldwell Reilly LLP, independent external auditors appointed by the Aundeck-Omni-Kaning Chief and Council. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on Aundeck-Omni-Kaning's consolidated financial statements.



Chief

Finance Manager

INDEPENDENT AUDITOR'S REPORT

To: **The Members of Aundeck-Omni-Kaning**

Opinion

We have audited the consolidated financial statements of the Aundeck-Omni-Kaning First Nation, which comprise the statement of financial position as at March 31, 2024, and the statements of operations and accumulated surplus, 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Aundeck-Omni-Kaning First Nation as at March 31, 2024, and its financial performance and 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 Auditors' 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.

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 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Freelandt Caldwell Reilly LLP

FREELANDT CALDWELL REILLY LLP

Chartered Professional Accountants
Licensed Public Accountants

Sudbury, Canada
July 15, 2024

AUNDECK-OMNI-KANING

Consolidated Statement of Financial Position

March 31, 2024 with comparative figures for 2023

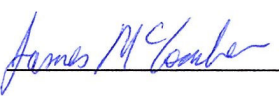
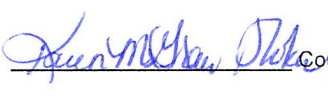
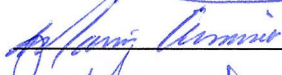
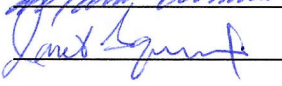
	2024	2023
Financial assets:		
Cash	\$ 12,556,494	\$ 9,225,491
Restricted cash - CMHC replacement and operating surplus reserves (note 2)	115,110	115,110
Funds held in trust by Indigenous Services Canada (note 3)	2,023	2,023
Accounts receivable (note 4)	2,242,125	2,173,972
Band member loans (note 5)	128,056	101,205
Investment in Great Lakes Hospitality Group Limited Partnership (note 6)	1	1
Investment in UCCM Building Material Supply Company Ltd. (note 7)	613,245	578,659
Investment in Mnidoo Mnising Power Limited Partnership (note 8)	1	1
Investment in Ontario First Nation Sovereign Wealth L.P. (Note 9)	1	1
Investment in OFN Asset Management GP Corp. (Note 9)	1	1
Robinson Huron Treaty settlement receivable (note 23)	294,367,940	-
Total financial assets	310,024,997	12,196,464
Financial liabilities:		
Accounts payable and accrued liabilities	631,006	458,751
Deferred contributions (note 10)	4,905,149	2,504,529
Long-term debt (note 11)	955,337	1,039,245
Total financial liabilities	6,491,492	4,002,525
Net financial assets	303,533,505	8,193,939
Non-financial assets (note 12):		
Tangible capital assets (note 21)	21,519,539	21,404,274
Prepaid expenses	238,699	193,060
Total non-financial assets	21,758,238	21,597,334
Accumulated surplus (note 13)	\$ 325,291,743	\$ 29,791,273

Contingent liabilities (note 14)

Economic dependence (note 15)

See accompanying notes to consolidated financial statements

Approved on behalf of the Chief and Council of Aundeck-Omni-Kaning:

	Chief		Councillor		Councillor
	Councillor		Councillor		Councillor
	Councillor		Councillor		Councillor
	Councillor				

AUNDECK-OMNI-KANING

Consolidated Statement of Operations and Accumulated Surplus

Year ended March 31, 2024 with comparative figures for 2023

	Budget	2024	2023
Revenues:			
Other	\$ 10,160,308	\$ 9,792,092	\$ 8,734,263
Indigenous Services Canada (Note 18)	2,522,306	4,593,492	3,519,025
Deferred contributions, beginning of year	1,643,349	2,504,529	2,065,297
Total Revenues	14,325,963	16,890,113	14,318,585
Expenditures (by program area):			
Education	3,527,270	2,818,177	2,594,223
Community Infrastructure - O & M	1,156,115	2,323,305	2,195,114
Community Services	2,858,846	1,703,056	1,166,540
Social Development	1,774,482	1,602,134	1,603,808
Band Government	1,769,224	1,455,257	1,316,196
Economic Development	346,382	228,600	191,942
Social Housing Rentals	175,822	197,103	156,340
Enterprise Program	67,000	67,388	268,955
Economic Development Loans	108,993	50,000	19,500
COVID-19 Response	11,042	-	322,450
Ontario First Nations Limited Partnership Distributions	1,015,677	-	7,340
Total expenditures	12,810,853	10,445,020	9,842,408
Excess of revenues over expenditures from operations	1,515,110	6,445,093	4,476,177
Deferred contributions, end of year	-	(4,905,149)	(2,504,529)
Excess of revenues over expenditures before undernoted item	1,515,110	1,539,944	1,971,648
Settlement of Robinson Huron Treaty (note 23)	-	293,925,940	-
Equity in UCCM Building Material Supply Company Ltd.	-	34,586	99,030
Excess of revenues over expenditures for the year	1,515,110	295,500,470	2,070,678
Accumulated surplus, beginning of year	29,791,273	29,791,273	27,720,595
Accumulated surplus, end of year	\$ 31,306,383	\$ 325,291,743	\$ 29,791,273

See accompanying notes to consolidated financial statements

AUNDECK-OMNI-KANING

Consolidated Statement of Changes in Net Financial Assets

Year ended March 31, 2024 with comparative figures for 2023

	Budget	2024	2023
Excess of revenues over expenditures for the year	\$ 1,789,347	\$ 295,500,470	\$ 2,070,678
Amortization of tangible capital assets	-	981,059	1,000,654
Loss on disposal of tangible capital assets	-	-	396
Acquisition of tangible capital assets	-	(1,096,324)	(2,639,820)
Change in prepaid expenses	-	(45,639)	(42,695)
Increase in net financial assets for the year	1,789,347	295,339,566	389,213
Net financial assets, beginning of year	8,193,939	8,193,939	7,804,726
Net financial assets, end of year	\$ 9,983,286	\$ 303,533,505	\$ 8,193,939

See accompanying notes to consolidated financial statements

AUNDECK-OMNI-KANING

Consolidated Statement of Cash Flows

Year ended March 31, 2024 with comparative figures for 2023

	2023	2022
Cash flows from operating activities:		
Excess of revenues over expenditures for the year	\$ 295,500,470	\$ 2,070,678
Non-cash charges to operations:		
Amortization of tangible capital assets	981,059	1,000,654
Equity in UCCM Building Material Supply Company Ltd.	(34,586)	(99,030)
	296,446,943	2,972,698
Change in financial assets and liabilities relating to operations:		
Accounts receivable	(68,153)	69,710
Prepaid expenses	(45,639)	(42,695)
Robinson Huron Treaty settlement receivable	(294,367,940)	-
Accounts payable and accrued liabilities	172,255	88,680
Deferred contributions	2,400,620	439,232
Net change in cash from operating activities	4,538,086	3,527,625
Cash flows from capital activities:		
Cash used to acquire tangible capital assets	(1,096,324)	(2,639,820)
Cash flows from financing activities:		
Repayment of long-term debt	(83,908)	(82,939)
Cash flows from investing activities:		
Band member loans	(26,851)	(25,100)
Net change in cash for the year	3,331,003	779,766
Cash, beginning of year	9,225,491	8,445,725
Cash, end of year	\$ 12,556,494	\$ 9,225,491

See accompanying notes to consolidated financial statements

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Notes to the Consolidated Financial Statements

March 31, 2024 with comparative figures for 2023

Aundeck-Omni-Kaning is a First Nation located on the North Channel on Manitoulin Island. The First Nation, under the direction of its Chief and Council and management, operate various programs for the benefit of its members, including municipal services, health services, economic development, housing, education, and other services. Aundeck-Omni-Kaning is a not-for-profit entity and is not taxable under the Canadian Income Tax Act.

1. Significant accounting policies

These consolidated financial statements have been prepared using Canadian public sector accounting standards for local government entities established by the Public Sector Accounting Board (“PSAB”) of the Chartered Professional Accountants of Canada. The significant accounting policies are summarized as follows:

(a) Reporting entity and basis of consolidation:

These consolidated financial statements include the assets, liabilities, accumulated surpluses/deficits, revenues and expenditures of the entities that have been determined to be accountable to Aundeck-Omni-Kaning, (“the First Nation”) and are either owned or under the control of the First Nation.

All inter-entity balances have been eliminated on consolidation but in order to present the results of operations for specific functional areas, transactions amongst functional areas have not necessarily been eliminated in the individual supplementary schedules.

Long-term investments in non-controlled entities are recorded using the modified equity method of accounting.

(b) Basis of accounting:

Revenues and expenditures are reported using the accrual basis of accounting. Revenues are recognized as they are earned and measurable. Expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(c) Cash:

Cash consist of balances held with TD Canada Trust and Bank of Montreal.

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Notes to the Consolidated Financial Statements

March 31, 2024 with comparative figures for 2023

1. Significant accounting policies, continued

(d) Tangible capital assets:

Tangible capital assets are recorded at cost. The First Nation provides for amortization using the straight-line method designed to amortize the cost, less any residual value, of the tangible capital assets over their estimated useful lives. The annual amortization rates are as follows:

Asset	Rate
Buildings	25 – 40 years
Water & Sewer	10 – 25 years
Roads	40 years
Vehicles	12 – 30 years
Machinery & Equipment	4 – 30 years
Furniture & Miscellaneous	20 – 40 years
CMHC Housing	40 years
Band Housing	40 years
Land improvements	15 years
Other Rental Units	40 years

(e) Revenue recognition and deferred contributions:

Revenues from government grants and contributions are recognized in the period that the events giving rise to the government transfer have occurred as long as: the transfer is authorized; the eligibility criteria, if any, have been met; and the amount can reasonably be estimated. Funding received under the funding arrangements, which relates to a subsequent fiscal period and the unexpended portions of contributions received for specific purposes are reflected as deferred contributions in the year of receipt and are recognized as revenue in the period in which all of the recognition criteria have been met. Other revenues are recorded on the accrual basis when earned and the amount can be reasonably estimated, and collection is reasonably assured.

(f) Use of estimates:

The preparation of the consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the consolidated financial statements and reported amounts of certain revenues and expenditures during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the consolidated financial statements in future periods could be significant. Amounts specifically affected by estimates in these consolidated financial statements are certain accounts receivable, allowance for doubtful accounts, useful lives of tangible capital assets, certain deferred contributions, amounts repayable to certain funders and fair value determinations.

AUNDECK-OMNI-KANING

Notes to the Consolidated Financial Statements

March 31, 2024 with comparative figures for 2023

1. Significant accounting policies, continued

(g) Financial instruments:

Measurement of financial instruments

The First Nation initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The First Nation subsequently measures its financial assets and financial liabilities at amortized cost, except for investments in equity securities that are quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in operations in the period they occur.

Financial assets measured at amortized cost include cash, restricted cash, funds held in trust by Indigenous Services Canada, accounts receivable, band member loans receivable, and Robinson Huron Treaty (RHT) settlement receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and long-term debt.

Impairment

Financial assets measured at other than fair value are tested for impairment at each financial statement date. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in the consolidated statement of operations.

When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in the consolidated statement of operations, in the period it is identified and measurable, up to the amount of the previously recognized impairment.

(h) Investments

The First Nation accounts for its investments in Great Lakes Hospitality Group Limited Partnership, UCCM Building Material Supply Company Ltd., and Mnídoo Mníising Power Limited Partnership using the modified equity method of accounting.

The First Nation accounts for its investment in Ontario First Nation Sovereign Wealth L.P., and OFN Asset Management GP Corp using the cost method of accounting.

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Notes to the Consolidated Financial Statements

March 31, 2024 with comparative figures for 2023

2. Restricted Cash - CMHC replacement and operating surplus reserves

Under the terms of agreements with Canada Mortgage and Housing Corporation (“CMHC”) amounts are to be credited annually to replacement reserves and, where applicable, may be credited to the subsidy surplus and operating reserves. These funds 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 Canada Mortgage and Housing Corporation. Withdrawals are credited to interest first and then principal.

3. Funds Held in Trust by Indigenous Services Canada

Funds Held in Trust by Indigenous Services Canada 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.

4. Accounts Receivable

Accounts receivable consist of the following:

	2024	2023
Indigenous Services Canada	\$ 1,402,916	\$ 1,413,069
Union of Ontario Indians	479,580	322,988
Other receivables	153,131	192,489
Kinoomaadziwin Education Body	131,693	151,909
Ministry of Indigenous Relations and Reconciliation	58,740	58,740
Ministry of Community and Social Services	16,065	34,777
	<u>\$ 2,242,125</u>	<u>\$ 2,173,972</u>

5. Band Member Loans

Included in band member loans is an allowance for doubtful accounts for \$1,368,869 (2023 - \$1,240,938).

AUNDECK-OMNI-KANING

Notes to the Consolidated Financial Statements

March 31, 2024 with comparative figures for 2023

6. Investment in Great Lakes Hospitality Group Limited Partnership

The First Nation holds a non-controlling limited partnership interest in Great Lakes Hospitality Group Limited Partnership. This partnership operates a hotel in Little Current, Ontario, which commenced operations in May 2013. The partnership is between 7043821 Canada Inc. and other First Nation's and related organizations from in and around the Manitoulin Island area. The investment is currently being accounted for using the modified equity method at a value of \$1 (2023 - \$1).

The financial statements for the year ended December 31, 2023 are not available at the time of the consolidated financial statement issue date. The following summarizes the assets, liabilities, deficiency, revenues and expenses of Great Lakes Hospitality Group Limited Partnership at December 31, 2022 with comparative information for 2021:

	2022	2021
Financial position		
Current assets	\$ 874,580	\$ 827,497
Property and equipment	2,560,155	2,673,955
Total assets	\$ 3,434,735	\$ 3,501,452
Liabilities		
Current	\$ 2,378,234	\$ 2,431,622
Long-term debt	464,497	569,706
Partners' equity	592,004	500,124
	\$ 3,434,735	\$ 3,501,452
Results of operations		
Revenues	\$ 2,515,612	\$ 1,911,116
Expenses	2,588,041	2,033,581
Earnings before undernoted item	(72,429)	(122,465)
Other income	164,310	669,075
Net earnings	\$ 91,881	\$ 546,610

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Notes to the Consolidated Financial Statements

March 31, 2024 with comparative figures for 2023

7. Investment in U.C.C.M. Building Material Supply Company Ltd.

The investment in U.C.C.M. Building Material Supply Company Ltd. represents a 16.67% ownership interest and is accounted for using the modified equity method of accounting at a value of \$613,245 (2023 - \$578,659) see Note 13. Income is allocated to partner's capital each year based on a prorated participation of purchases among the partners.

The following summarizes the assets, liabilities, deficiency, revenues and expenses of U.C.C.M Building Material Supply Company Ltd. at November 30, 2023 with comparative information for 2022:

	2023	2022
Financial position		
Current assets	\$ 3,853,711	\$ 3,656,904
Investments and advances	2,780	2,780
Property and equipment	582,971	310,867
Loan receivable	32,500	32,500
Advances to Castle Building Centres Group Ltd.	250,000	250,000
Total assets	\$ 4,721,962	\$ 4,253,051
Liabilities		
Current	\$ 687,565	\$ 687,895
Partners' capital	4,034,397	3,565,156
	\$ 4,721,962	\$ 4,253,051
Results of operations		
Revenues	\$ 6,200,684	\$ 5,787,372
Cost of sales	4,788,969	4,470,116
Gross profit	1,411,715	1,317,256
Expenses	1,105,077	858,766
Earnings before undernoted item	306,638	458,490
Other income	162,603	187,757
Net earnings	\$ 469,241	\$ 646,247

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Notes to the Consolidated Financial Statements

March 31, 2024 with comparative figures for 2023

8. Investment in Mnidoo Mnising Power Limited Partnership

The investment in Mnidoo Mnising Power Limited Partnership (MMPLP) represents a 16.665% ownership interest and is accounted for using the modified equity method at a value of \$1 (2023 - \$1).

The following summarizes the assets, liabilities, deficiency, revenues and expenses of Mnidoo Mnising Power Limited Partnership at December 31, 2023 with comparative information for 2022:

	2023	2022
Financial position		
Current assets	\$ 435,653	\$ 426,654
Investments and restricted cash	2,539,997	2,064,358
Total assets	\$ 2,975,650	\$ 2,491,012
Liabilities		
Current	\$ 1,916,258	\$ 1,788,455
Obligations under M'Nidoo M'Nising Power Ltd.	7,161,069	9,077,756
Partners' deficit	(6,101,677)	(8,375,199)
	\$ 2,975,650	\$ 2,491,012
Results of operations		
Revenues	\$ 385,561	\$ 335,168
Expenses	305,647	296,647
Earnings before undernoted item	79,914	38,521
Other income	2,299,735	2,711,178
Net earnings	\$ 2,379,649	\$ 2,749,699

9. Investment in Ontario First Nations Sovereign Wealth L.P. and OFN Asset Management GP Corp.

The First Nation has invested in 1 share of the Ontario First Nations Asset Management Corporation, and a 0.5024% interest in the Ontario First Nations Sovereign Wealth Limited Partnership. The Partnership and Corporation control a partnership that owns shares of Hydro One and holds capital wealth funds. These investments have been reflected in the accompanying consolidated financial statements using the cost method at \$1 respectively. During the year, there were no other contributions made to the Partnership. The First Nation did not receive any distributions from the Partnership during the year.

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Notes to the Consolidated Financial Statements

March 31, 2024 with comparative figures for 2023

10. Deferred contributions

Deferred contributions consist of the following:

	2024	2023
Indigenous Services Canada		
Prevention Funding	\$ 1,524,080	\$ 690,478
Water	606,425	-
Sanitation	187,003	-
Daycare	120,512	62,034
Economic Support Coordinator	84,885	84,782
Little NHL	52,399	-
Membership Clerk	43,415	21,884
Prenatal	8,156	-
Community Wellness Worker	6,565	-
Band Rep funding	-	125,226
Social Assistance	-	17,130
Homemakers	-	1,915
Kinoomaadziwin Education Body		
Elementary and secondary education	1,367,372	957,406
Post-Secondary funding	180,269	271,804
Union of Ontario Indians		
Daycare	231,402	-
Governance	44,823	68,425
Kina Gbezhgomi		
Family Support	230,611	203,445
Band Rep funding	11,254	-
CMHC		
Social Housing	79,994	-
RRAP	35,700	-
Mnaamodzawin Health Services - Health Services	58,655	-
Ministry of Tourism – Community Activator	31,629	-
	\$ 4,905,149	\$ 2,504,529

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Notes to the Consolidated Financial Statements

March 31, 2024 with comparative figures for 2023

11. Long-term debt

	2024	2023
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly blended payments of \$2,970 including interest at 4.02% per annum, maturing October 2028. Insured by Canada Mortgage and Housing Corporation. Guaranteed by Indigenous Services Canada.	\$ 149,096	\$ 179,722
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly blended payments of \$3,250 including interest at 1.57% per annum, maturing December 2026. Insured by Canada Mortgage and Housing Corporation. Guaranteed by Indigenous Services Canada.	447,959	479,659
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly blended payments of \$2,736 including interest at 3.04% per annum, maturing June 2027. Insured by Canada Mortgage and Housing Corporation. Guaranteed by Indigenous Services Canada.	358,282	379,864
	\$ 955,337	\$ 1,039,245

Estimated principal re-payments assuming renewals at similar terms are as follows:

2025	\$ 85,727
2026	87,647
2027	89,493
2028	91,443
2029	79,502
Subsequent years	521,525
	<u>\$ 955,337</u>

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Notes to the Consolidated Financial Statements

March 31, 2024 with comparative figures for 2023

12. Non-financial assets

Tangible capital assets and prepaid expenses are accounted for as assets by the First Nation because they can be used to provide services to members in future periods. These assets do not normally provide resources to discharge the liabilities of the First Nation unless they are sold.

13. Accumulated Surplus

	2024	2023
Unrestricted operating accumulated surplus	\$ 2,414,187	\$ 1,928,601
Internally restricted deferred expenditures	(3,975,436)	(3,595,034)
Internally restricted – Little NHL	46,555	46,555
Specific claims	250,000	250,000
Special education	33,573	33,573
First Nation Enterprises	1,028,442	1,037,572
Restricted Ontario First Nations Limited Partnership		
Distributions, 11.1 reporting, regular funds	1,028,258	991,093
Restricted Ontario First Nations Limited Partnership		
Distributions, 11.1 reporting, Future Generations' funds	1,547,220	1,491,298
Restricted Ontario First Nations Limited Partnership		
Distributions, 9.1 reporting	7,168,547	6,034,817
Robinson Huron Treaty Settlement (note 23)	293,925,940	-
Restricted funds held in trust in Ottawa	2,024	2,024
Internally restricted community development	196,897	196,897
Internally restricted economic development loans	250,084	250,084
Restricted social housing operating surplus reserve (CMHC)	457	457
Restricted social housing replacement reserve (CMHC)	189,730	171,830
Equity in UCCM Building Supply Company Ltd. (note 7)	613,245	578,659
Equity in tangible capital assets	20,564,202	20,365,029
Internally restricted auxiliary fund	7,818	7,818
	\$ 325,291,743	\$ 29,791,273

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Notes to the Consolidated Financial Statements

March 31, 2024 with comparative figures for 2023

14. Contingent liabilities

a) Loan guarantees:

The First Nation is contingently liable as guarantor of the bank indebtedness of U.C.C.M. Building Material Supply Company Ltd. At March 31, 2024, U.C.C.M. Building Material Supply Company Ltd.'s letter of credit amounted to \$250,000. At the consolidated financial statement date, no funds have been drawn on this letter of credit.

The First Nation, as a limited partner, has provided a proportionate guarantee in favour of a loan from the Bank of Montreal to a maximum of \$250,375, advanced to Great Lakes Hospitality Group Limited Partnership in the total amount of \$2,003,000. The guarantee provides that the limited partners will provide the necessary funds to the GLHGLP to meet its debt covenants. The First Nation's portion of the loan in which it would be exposed through this guarantee at December 31, 2023 is \$153,711. This guarantee is provided jointly and severally with the other limited partners.

The First Nation is contingently liable as a limited guarantor of the credit facilities of the Robinson Huron Treaty Litigation Fund to a maximum of \$336,000 through an assignment of monies of Ontario First Nation Limited Partnership (OFNLP) gaming revenues. The guarantee provides that Robinson Huron Treaty Litigation Fund meets its debt covenants. The First Nation's portion in which it would be exposed through this guarantee at March 31, 2024 is \$336,000. This guarantee is provided jointly and severally with other First Nations

The First Nation has an agreement with the Bank of Montreal for an aggregate credit facility in the amount of \$1,800,000 under the First Nation on Reserve Loan Program and \$200,000 under the On-Reserve Housing Renovation Loan Program for qualified members of the Aundeck-Omni-Kaning First Nation. As of March 31, 2024, the First Nation has guaranteed loans with an outstanding amount of \$148,473 (2023 - \$49,566).

b) Government funding:

The First Nation has entered into accountable contribution arrangements with several government funding agencies. All such programs are subject to audit by the various government agencies. Should these audits result in recoveries of grants, the amount of these recoveries would be recorded in the accounts in the year in which they are determined.

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Notes to the Consolidated Financial Statements

March 31, 2024 with comparative figures for 2023

15. Economic dependence

The First Nation has a funding arrangement with Indigenous Services Canada which provides funds to administer operations and provide services to its members in accordance with the terms of the funding arrangement.

As this funding arrangement provides the First Nation's major source of revenue, its ability to continue viable operations are dependent upon maintaining this funding arrangement.

16. Bank indebtedness

An operating line of credit has been approved by the TD Canada Trust to a maximum of \$50,000. The operating line is payable on demand, bears interest at the bank's prime lending rate plus 1% per annum and interest is payable monthly. The operating line is secured by a general security agreement. At the consolidated financial statement date, no funds have been drawn on this operating line.

17. Financial instruments

Transactions in financial instruments may result in an organization assuming or transferring financial risks to another party. The First Nation is exposed to the following risks associated with financial instruments and transactions it is a party to:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The First Nation's main credit risk relate to its cash and accounts receivable.

Credit risk associated with cash is minimized by ensuring these financial assets are placed with large reputable financial institutions with high credit ratings.

The First Nation is exposed to credit risk through its accounts receivable and band member loans of \$2,370,181 (2023 - \$2,275,177). The First Nation manages this risk through management's on-going monitoring of accounts receivable balances and collections and following up on overdue accounts.

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17. Financial instruments, continued

Liquidity risk

Liquidity risk is the risk that the First Nation cannot repay its obligations when they become due to its creditors. The First Nation has liquidity risk associated with its accounts payable and accrued liabilities of \$631,006 (2023 - \$458,751). The First Nation reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due and maintaining adequate cash resources including a line of credit to repay creditors including required interest and principal payments on long-term debt as those liabilities become due.

18. Contribution arrangement funding provided by Indigenous Services Canada

Included in the total funding of \$4,593,492 provided to the First Nation by Indigenous Services Canada is \$122,808 of funding provided under SET contribution funding arrangements. This contribution funding comprises part of the program funding of the following programs:

	Contribution Funding	Program Expenditures and Transfers
Medical Transportation	\$ 103,796	\$ 182,640
Funerals and Burials	19,012	42,192
	\$ 122,808	\$ 224,832

19. Comparative Figures

Certain comparative figures have been reclassified, where applicable, to conform to the presentation used in the current year. These changes do not affect prior year excess of revenues over expenditures.

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Notes to the Consolidated Financial Statements

March 31, 2024 with comparative figures for 2023

20. Segmented information

The Aundeck-Omni-Kaning First Nation is a diversified government institution that provides a wide range of services to its members, including band government, community infrastructure, economic development, education, social development, community services, housing, and other services. For management reporting purposes the First Nation's operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide are as follows:

Band Government

The band government function is responsible for carrying out all general band related services. This includes the setting of policies and procedures to be carried out throughout the First Nation's operations as well as overseeing the financial reporting activities of each department. The band government function also includes the activities of the Chief and Council.

Community Infrastructure

The community infrastructure department is responsible for providing public services, which include fire protection, road construction and maintenance, sanitation, water and recycling programs and the operation and upkeep of many of the buildings within the First Nation.

Economic Development

The economic development department is responsible for the identification and development of economic opportunities that will benefit the First Nation and its members. It also obtains funding for training and development opportunities to be carried out by its members, the employment of summer students and a lands researcher. This segment also includes the First Nation's share of activities in ventures such as the Manitoulin Hotel and Conference Centre Limited Partnership and Mnidoo Mnising Power Limited Partnership.

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Notes to the Consolidated Financial Statements

March 31, 2024 with comparative figures for 2023

20. Segmented information, continued

Education

The education department is responsible for services provided to elementary and secondary students primarily through service contracts with provincially funded school boards. The education is also responsible for the tutoring of members and providing funding for post-secondary initiatives undertaken by students of the First Nation.

Social Development

The social development department provides services under the Provincial Ontario Works Program which include financial support initiatives as well as employment training initiatives.

Community Services

The community services department is responsible for the management of health and long-term care programs as well as programs for the development and engagement of the youth of the First Nation.

Housing

The housing segment reports the activities of the CMHC projects, including revenues, subsidies and expenses of the operation of each of the three phases currently in operation.

Capital

The capital department is responsible for the construction and purchasing of capital items to be used by the various departments within the First Nation. This department utilizes labour within the First Nation as well as contracts with third party entities.

OFNLP

The OFNLP (Ontario First Nations Limited Partnership) segment reports the activities of the Casino Rama Program and includes the distributions received and the disbursements incurred related to section 11.1 of the Ontario First Nation Limited Partnership agreement, and section 9.1 of OFNLP2008 partnership agreement.

COVID-19

The COVID-19 department is responsible for the planning and execution of all COVID-19 related initiatives.

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Notes to the Consolidated Financial Statements

March 31, 2024

20. Segmented information (Continued)

2024											
	Revenue	Band Government	Community Infrastructure	Economic Development	Education	Social Development	Community Services	Housing	Capital	OFNLP	Totals
Indigenous Services Canada	\$ 465,099	\$ 1,745,880	\$ 73,392	\$ -	\$ 286,973	\$ 1,563,111	\$ -	\$ -	\$ 459,037	\$ -	\$ 4,593,492
Kinoomadziwin Education Body	-	-	-	3,119,436	-	-	-	-	-	-	3,119,436
Ontario First Nations Limited Partnership	-	-	-	-	-	-	-	-	-	907,430	907,430
CMHC	-	-	-	-	-	-	-	166,485	-	-	166,485
Ministry of Community and Social Services	-	-	-	-	-	650,516	-	-	-	-	650,516
Ministry of Education	-	-	-	-	-	554,589	-	-	-	-	554,589
Deferred revenue, beginning of the year	90,309	-	84,782	1,229,210	81,079	1,019,149	-	-	-	-	2,504,529
Other	1,849,993	567,762	255,075	17,172	247,545	944,863	97,776	94,063	319,387	-	4,393,636
	2,405,401	2,313,642	413,249	4,365,818	1,820,702	3,527,123	264,261	553,100	1,226,817	-	16,890,113
Expenses											
Wages and benefits	767,073	443,649	176,889	62,144	578,380	560,978	-	-	-	-	2,589,113
Materials and program costs	383,823	1,115,989	160,879	719,654	1,004,162	1,128,413	137,008	-	-	-	4,649,928
Contracted services	172,535	-	-	2,036,379	-	-	-	-	-	-	2,208,914
Rents and financial expenses	-	-	-	-	-	-	16,006	-	-	-	16,006
Amortization expense	131,825	763,667	8,220	-	19,592	13,666	44,089	-	-	-	981,059
	1,455,256	2,323,305	345,988	2,818,177	1,602,134	1,703,057	197,103	-	-	-	10,445,020
Program transfers and administration	(137,911)	18,548	4,702	-	-	(48,161)	-	162,822	-	-	-
Deferred revenue, end of the year	(88,238)	(829,128)	(84,885)	(1,547,641)	(351,914)	(1,923,349)	(79,994)	-	-	-	(4,905,149)
Total	\$ 723,996	\$ (820,243)	\$ (12,922)	\$ -	\$ (133,346)	\$ (147,444)	\$ (12,836)	\$ 715,922	\$ 1,226,817	\$ -	\$ 1,539,944
2023											
	Revenue	Band Government	Community Infrastructure	Economic Development	Education	Social Development	Community Services	Housing	Capital	OFNLP	Totals
Indigenous Services Canada	\$ 442,020	\$ 711,870	\$ 70,054	\$ -	\$ 391,456	\$ 1,229,445	\$ -	\$ -	\$ 485,696	\$ -	\$ 3,519,025
Kinoomadziwin Education Body	-	-	-	3,314,506	-	-	-	-	-	-	3,314,506
Ontario First Nations Limited Partnership	-	-	-	-	-	-	-	-	-	636,081	636,081
CMHC	-	-	-	-	-	-	-	84,912	-	-	84,912
Ministry of Community and Social Services	-	-	-	-	-	558,828	-	-	-	-	558,828
Ministry of Education	-	-	-	-	-	578,107	-	-	-	-	578,107
Deferred revenue, beginning of the year	46,874	76,405	108,692	492,000	10,375	135,413	-	-	309,600	-	2,065,297
Other	1,071,251	480,291	461,222	16,927	319,384	1,012,118	104,291	93	96,252	-	3,561,829
	1,560,145	1,268,566	639,968	3,823,433	1,858,150	2,376,976	189,203	795,389	732,333	1,074,422	14,318,585
Expenses											
Wages and benefits	604,894	467,776	153,997	112,287	615,853	538,922	-	-	-	-	2,493,729
Materials and program costs	511,519	948,116	318,180	532,273	968,363	613,952	90,127	-	7,340	239,616	4,229,486
Contracted services	146,752	-	-	1,949,663	-	-	-	-	-	-	2,096,415
Rents and financial expenses	-	-	-	-	-	-	22,124	-	-	-	22,124
Amortization expense	53,031	779,222	8,220	-	19,592	13,666	44,089	-	-	82,834	1,000,654
	1,316,196	2,195,114	480,397	2,594,223	1,603,808	1,166,540	156,340	-	7,340	322,450	9,842,408
Program transfers and administration	(40,000)	(63,077)	(14,931)	-	(173,263)	(182,686)	-	1,430,883	-	(956,926)	-
Deferred revenue, end of the year	(90,309)	-	(84,782)	(1,229,210)	(81,079)	(1,019,149)	-	-	-	-	(2,504,529)
Total	\$ 113,640	\$ (989,625)	\$ 59,858	\$ -	\$ -	\$ 8,601	\$ 32,863	\$ 2,226,272	\$ 724,993	\$ (204,954)	\$ 1,971,648

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Notes to the Consolidated Financial Statements
March 31, 2024

21. Tangible capital assets

2024												
	Land	Land Improvements	Buildings	Water & Sewer	Roads	Vehicles	Machinery & Equipment	Furniture & Miscellaneous	CMHC Housing	Band Housing	Other Rental Units	Totals
Cost												
Balance, beginning of year	\$ 1,294,026	\$ 115,586	\$ 11,099,905	\$ 5,597,861	\$ 725,800	\$ 2,351,633	\$ 3,040,359	\$ 883,021	\$ 1,959,490	\$ 4,004,997	\$ 3,592,979	\$ 34,665,657
Additions	-	-	68,200	-	-	94,622	40,368	-	-	893,134	-	1,096,324
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
Balance, end of year	1,294,026	115,586	11,168,105	5,597,861	725,800	2,446,255	3,080,727	883,021	1,959,490	4,898,131	3,592,979	35,761,981
Accumulated Amortization												
Balance, beginning of year	-	76,682	2,719,402	4,012,812	457,358	1,092,842	1,837,192	524,597	625,023	949,081	966,394	13,261,383
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
Amortization expense	-	6,668	237,893	161,258	10,627	122,964	187,684	39,594	44,089	90,112	80,170	981,059
Balance, end of year	-	83,350	2,957,295	4,174,070	467,985	1,215,806	2,024,876	564,191	669,112	1,039,193	1,046,564	14,242,442
Net book value	\$ 1,294,026	\$ 32,236	\$ 8,210,810	\$ 1,423,791	\$ 257,815	\$ 1,230,449	\$ 1,055,851	\$ 318,830	\$ 1,290,378	\$ 3,858,938	\$ 2,546,415	\$ 21,519,539
2023												
	Land	Land Improvements	Buildings	Water & Sewer	Roads	Vehicles	Machinery & Equipment	Furniture & Miscellaneous	CMHC Housing	Band Housing	Other Rental Units	Totals
Cost												
Balance, beginning of year	\$ 1,294,026	\$ 115,586	\$ 10,013,955	\$ 5,597,861	\$ 725,800	\$ 1,464,226	\$ 2,815,982	\$ 883,021	\$ 1,959,490	\$ 3,662,317	\$ 3,563,092	\$ 32,095,356
Additions	-	-	1,085,950	-	-	956,926	224,377	-	-	342,680	29,887	2,639,820
Disposals	-	-	-	-	-	(69,519)	-	-	-	-	-	(69,519)
Balance, end of year	1,294,026	115,586	11,099,905	5,597,861	725,800	2,351,633	3,040,359	883,021	1,959,490	4,004,997	3,592,979	34,665,657
Accumulated Amortization												
Balance, beginning of year	-	70,014	2,494,267	3,851,554	442,490	1,030,310	1,630,087	485,003	580,934	858,969	886,224	12,329,852
Disposals	-	-	-	-	-	(69,123)	-	-	-	-	-	(69,123)
Amortization expense	-	6,668	225,135	161,258	14,868	131,655	207,105	39,594	44,089	90,112	80,170	1,000,654
Balance, end of year	-	76,682	2,719,402	4,012,812	457,358	1,092,842	1,837,192	524,597	625,023	949,081	966,394	13,261,383
Net book value	\$ 1,294,026	\$ 38,904	\$ 8,380,503	\$ 1,585,049	\$ 268,442	\$ 1,258,791	\$ 1,203,167	\$ 358,424	\$ 1,334,467	\$ 3,055,916	\$ 2,626,585	\$ 21,404,274

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23. Robinson Huron Treaty Settlement Receivable

During the year, the First Nation, as a member of the Robinson Huron Treaty Litigation Fund (“RHTLF”) entered into a settlement agreement with the Federal Government and Ontario Provincial Government for past compensation arising from obligations to the First Nations from the Robinson Huron Treaty of 1850. The settlement arises from claims put forward by the First Nations in 2014, that the Crown breached its obligations under the treaty. Specifically, the Crown’s failure to augment the perpetual six-hundred-pound annuity to be paid to each nation, representing a collective amount and a share of the resource revenues of the territory that the Crown could pay without incurring a loss.

The First Nation’s share in the settlement is governed by the Compensation Distribution Agreement (“CDA”), an agreement entered into by the 21 First Nations of the RHTLF prior to commencing legal action, to calculate and determine the share of the compensation each First Nation would receive upon settlement or judgement. As a result, a receivable of \$294,367,940 has been recorded in these financial statements.

Subsequent to the year end, the First Nation committed to the payment of a per capita distribution to each of its members and the balance of funds would be contributed to a trust for the benefit of the First Nation and the members.