

Consolidated Financial Statements of

M'CHIGEENG FIRST NATION

And Independent Auditor's Report thereon

Year ended March 31, 2025

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of M'Chigeeng First Nation (the "First Nation") are the responsibility of management and have been approved by the Chief and Council of the First Nation.




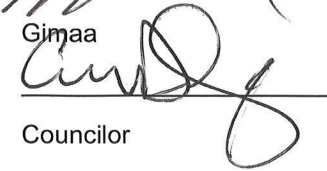
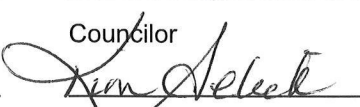
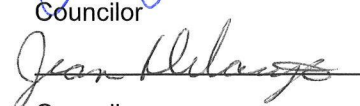

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. Where alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The First Nation maintains a system of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the First Nation's assets are appropriately accounted for and adequately safeguarded.

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

The Chief and Council review the First Nation's consolidated financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the 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 Chief and Council takes this information into consideration when approving the consolidated financial statements for issuance to the Members. The Chief and Council also consider the engagement of the external auditors.

The consolidated financial statements have been audited by KPMG LLP in accordance with Canadian generally accepted auditing standards on behalf of the First Nation.

 _____ Gimaa	 _____ Councilor	 _____ Councilor
 _____ Councilor	 _____ Councilor	 _____ Councilor
	 _____ Councilor	



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INDEPENDENT AUDITOR'S REPORT

To the Members of M'Chigeeng First Nation

Opinion

We have audited the consolidated financial statements of M'Chigeeng First Nation (the First Nation), which comprise:

- the consolidated statement of financial position as at March 31, 2025
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and the notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2025, and its consolidated results of operations, and its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibility under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Responsibility of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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 risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- 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.



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- 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 the events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

March 25, 2026

M'CHIGEENG FIRST NATION

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Year ended March 31, 2025

Consolidated Financial Statements

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M'CHIGEENG FIRST NATION

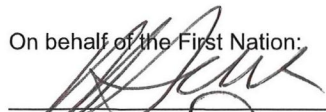

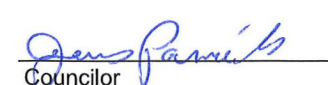

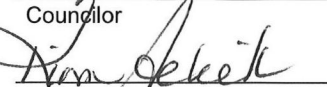
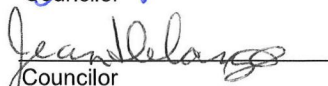
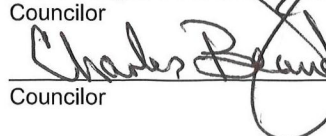
Exhibit A - Consolidated Statement of Financial Position

March 31, 2025, with comparative information for 2024

	2025	2024
Financial assets		
Cash	\$ 53,935,138	\$ 26,142,979
Restricted cash (note 2)	1,953,826	1,860,067
Accounts receivable	3,865,592	7,095,867
Due from M'Chigeeng First Nation Custodial Trust (note 15)	2,317,226	-
Investments (note 3)	145,992	145,992
Interests in partnerships (note 4)	1,160,910	1,127,261
Investment in government business enterprise (note 5)	8,356,038	7,980,721
Advances to MERE General Partner Inc. (note 6)	3,758,673	3,799,608
Loan receivable from MERE General Partner Inc. (note 7)	324,780	404,065
Consolidated revenue fund (note 12)	414,433	407,561
	<u>76,232,608</u>	<u>48,964,121</u>
Financial liabilities		
Accounts payable and accrued liabilities	5,727,328	2,638,454
Deferred revenue (note 8)	31,614,794	22,021,683
Long-term debt (note 9)	5,588,764	5,286,439
	<u>42,930,886</u>	<u>29,946,576</u>
Net financial assets	33,301,722	19,017,545
Non-financial assets		
Tangible capital assets (note 10)	50,357,329	42,634,367
Prepaid expenses	223,395	150,990
	<u>50,580,724</u>	<u>42,785,357</u>
Contingent liabilities (note 11)		
Subsequent event (note 17)		
Accumulated surplus (note 13)	\$ 83,882,446	\$ 61,802,902

See accompanying notes to consolidated financial statements.

On behalf of the First Nation:

 Girmaa	 Councilor	 Councilor
 Councilor	 Councilor	 Councilor
 Councilor		

M'CHIGEENG FIRST NATION

Exhibit B - Consolidated Statement of Operations and Accumulated Surplus

Year ended March 31, 2025, with comparative information for 2024

	2025 Budget (note 14)	2025 Actual	2024 Actual
Revenue:			
Government transfers - Provincial	\$ 7,705,850	\$ 6,051,607	\$ 4,988,641
- Federal (note 16)	58,645,469	23,468,212	25,542,819
Investment income	1,551,118	1,639,973	1,785,762
Rental income	121,200	802,951	1,044,931
Share of income from government business enterprises	139,675	408,966	749,155
Business operation	314,346	597,297	372,978
Ontario First Nations Limited Partnership	1,875,570	2,149,847	1,469,304
Trust income (note 15)	-	2,317,226	-
Other	3,227,368	5,898,804	3,880,875
	<u>73,580,596</u>	<u>43,334,883</u>	<u>39,834,465</u>
Expenses:			
Education	10,298,962	9,944,735	10,199,779
Public Works and Facilities	2,866,898	3,872,991	3,954,121
Community Services	1,659,903	1,878,407	1,243,911
Economic Advancement	655,748	350,108	535,442
Health Services	5,330,481	1,952,709	1,634,481
Health Agreement	-	1,442,036	1,583,340
Mental Health	2,426,295	1,191,179	2,421,112
Administration	6,911,592	3,198,196	3,012,098
Rentals	544,815	374,104	526,135
Social Services	3,403,887	3,161,694	2,650,805
Employment and Training	576,802	430,811	504,116
Community Property	21,470,198	2,145,041	2,273,093
Subsidized Housing	-	1,076,108	1,407,071
She'ndwin Teg Gaming Commission	-	431,144	293,240
	<u>56,145,581</u>	<u>31,449,263</u>	<u>32,238,744</u>
Excess of revenue over expenses before the undernoted	17,435,015	11,885,620	7,595,721
Robinson Huron Treaty Settlement:			
Robinson Huron Treaty Income	-	548,260,741	-
Robinson Huron Treaty distribution and expenses (note 15)	-	(538,066,817)	-
	-	<u>10,193,924</u>	-
Excess of revenue over expenses	17,435,015	22,079,544	7,595,721
Accumulated surplus, beginning of year	61,802,902	61,802,902	54,207,181
Accumulated surplus, end of year	<u>\$ 79,237,917</u>	<u>\$ 83,882,446</u>	<u>\$ 61,802,902</u>

See accompanying notes to consolidated financial statements.

M'CHIGEENG FIRST NATION

Exhibit C - Consolidated Statement of Changes in Net Financial Assets

Year ended March 31, 2025, with comparative information for 2024

	2025	2024
Excess of revenue over expenses	\$ 22,079,544	\$ 7,595,721
Acquisition of tangible capital assets	(9,804,016)	(8,459,658)
Amortization of tangible capital assets	2,081,054	1,847,945
	14,356,582	984,008
Acquisition of prepaid expenses	(223,395)	(150,990)
Use of prepaid expenses	150,990	129,976
	(72,405)	(21,014)
Change in net financial assets	14,284,177	962,994
Net financial assets, beginning of year	19,017,545	18,054,551
Net financial assets, end of year	\$ 33,301,722	\$ 19,017,545

See accompanying notes to consolidated financial statements.

M'CHIGEENG FIRST NATION

Exhibit D - Consolidated Statement of Cash Flows

Year ended March 31, 2025, with comparative information for 2024

	2025	2024
Operating transactions:		
Excess of revenue over expenses	\$ 22,079,544	\$ 7,595,721
Adjustment for:		
Amortization of tangible capital assets	2,081,054	1,847,945
Share of earnings from business enterprises	(408,966)	(749,155)
	23,751,632	8,694,511
Change in non-cash working capital:		
Decrease (increase) in accounts receivable	3,230,275	(4,147,660)
Increase in Due from M'Chigeeng First Nation Custodial Trust	(2,317,226)	-
Increase in accounts payable and accrued liabilities	3,088,874	331,240
Decrease in Advances to MERE General Partner Inc.	40,935	-
Increase in deferred revenue	9,593,111	844,168
Increase in prepaid expenses	(72,405)	(21,014)
	37,315,196	5,701,245
Financing transactions:		
Decrease in loan receivable from MERE General Partner Inc.	79,285	74,230
Issuance of long-term debt	795,470	-
Principal payments on long-term debt	(493,145)	(431,726)
	381,610	(357,496)
Investing transactions:		
Acquisition of tangible capital assets	(9,804,016)	(8,459,658)
Increase in consolidated revenue fund	(6,872)	(61,152)
	(9,810,888)	(8,520,810)
Net increase (decrease) in cash	27,885,918	(3,177,061)
Cash, beginning of year	28,003,046	31,180,107
Cash, end of year	\$ 55,888,964	\$ 28,003,046
Cash is represented by:		
Cash	\$ 53,935,138	\$ 26,142,979
Restricted cash	1,953,826	1,860,067
	\$ 55,888,964	\$ 28,003,046

See accompanying notes to consolidated financial statements.

M'CHIGEENG FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2025

The M'Chigeeng First Nation (the "First Nation"), located on Manitoulin Island, administers programs and provides services to First Nation members.

1. Significant accounting policies:

These consolidated financial statements of the First Nation are the representation of management and have been prepared in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. The following is a summary of the significant accounting policies followed in the preparation of these consolidated financial statements:

(a) Reporting entity:

These consolidated financial statements reflect the assets, liabilities, revenue and expenses of the reporting entity. The reporting entity is comprised of all organizations accountable for the administration of their financial affairs and resources to the First Nation and are owned and controlled by the First Nation. Control exists when the First Nation has the power to govern the financial and operating policies of another entity on an ongoing basis and expects to benefit from the entity's activity or bear the risk of loss.

Entities that are not controlled by the First Nation are not consolidated in these financial statements.

i) Investment in Government Business Enterprise:

Government Business Enterprise is accounted for using the modified equity method. The Government Business Enterprise include MERE General Partner ("MERE"), HIAH Corp ("HIAH") and HIAH Economic Development LP ("HIAH LP").

Under the modified equity method, the business enterprise's accounting principles are not adjusted to conform with those of the First Nation and inter-organizational transactions and balances are not eliminated.

ii) Interests in partnerships:

The investment in partnerships is accounted for using the modified equity method and includes U.C.C.M. Building Material Supply Limited Partnership ("UCCM"), M'Nidoo M'Nising Limited Partnership ("MMLP"), Robinson Huron Forestry Inc. ("RHFI") and Great Lakes Hospital Group Partnership ("GLHGP").

Under the modified equity method, the organization's accounting principles are not adjusted to conform with those of the First Nation and inter-organizational transactions and balances are not eliminated.

M'CHIGEENG FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2025

1. Significant accounting policies (continued):

(b) Basis of accounting:

The First Nation follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

(c) Investments:

Investments are recorded at cost. Temporary declines in the market value of the long-term investments are not adjusted.

(d) Revenue recognition:

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

(e) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(f) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land and landfill sites, are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Land improvements	10 - 30 years
Buildings	10 - 40 years
Infrastructure	10 - 50 years
Machinery and equipment	5 - 20 years
Furniture, computers and fixtures	4 - 10 years
Assets under construction	—

Amortization is charged on a pro-rated basis in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

M'CHIGEENG FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2025

1. Significant accounting policies (continued):

(g) Use of estimates and significant judgments:

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

Significant items subject to such estimates, assumptions, and judgments include the carrying amount of tangible capital assets, valuation allowances for receivables, and the assessment of whether the First Nation controls certain entities, including trusts established during the year, for purposes of consolidation.

Actual results could differ from these estimates. Estimates are reviewed periodically, and, as adjustments become necessary, they are recognized in the period in which they become known.

(h) Financial instruments:

All financial instruments are initially recorded on the statement of financial position at fair value.

All investments held in equity instruments that trade in an active market are recorded at fair value. Management has recorded equity investments at fair value as they are managed and evaluated on a fair value basis.

Unrealized changes in fair value are recognized in the consolidated statement of remeasurement gains and losses until they are realized, when they are transferred to the consolidated statement of operations. There are no unrealized changes in fair value as a result, no consolidated statement of remeasurement gains and losses have been presented in these consolidated financial statements.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

On sale, the amount held in accumulated remeasurement gains and losses associated with that instrument is removed from the accumulated remeasurement gain or loss and recognized in the consolidated statement of operations and accumulated surpluses.

Financial instruments are classified into fair value hierarchy Levels 1, 2 or 3 for the purposes of describing the basis of the inputs used to determine the fair market value of those amounts recorded a fair value, as described below:

M'CHIGEENG FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2025

1. Significant accounting policies (continued):

(h) Financial instruments (continued):

Level 1 Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Fair value measurements are those derived from market-based inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Level 3 Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

A financial instrument asset and financial instrument liability are recorded on a net basis when the First Nation intends to settle the transactions on a net basis.

(i) Consolidated revenue funds:

Funds held in trust are comprised of funds held in Ottawa Trust accounts and 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.

(j) Asset retirement obligations:

The First Nation recognizes the fair value of an Asset Retirement obligation ("ARO") when all of the following criteria have been met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

A liability for asset retirement obligations has not been recorded in these financial statements.

(k) Prior year funding adjustments:

The First Nation has entered into accountable contribution arrangements with several government funding agencies. All such programs are subject to audit by the various governments with audit adjustments repayable to the government.

Adjustments made under funding arrangements relating to prior years are charged to operations in the year during which the adjustments are made.

M'CHIGEENG FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2025

2. Cash:

In accordance with various operating agreements between the First Nation and Canada Mortgage and Housing Corporation ("CMHC"), cash in the amount of \$1,819,462 (2024 - \$1,744,353) is restricted for this purpose.

Additionally, cash in the amount of \$134,364 (2024 - \$115,714) is restricted for the purposes of an endowed education fund which is being held with Community Foundation Grey Bruce.

3. Investments:

The investment in Sun Life Financial Inc. represents 6,636 shares and is reflected as the value assigned to the shares upon demutualization of the enterprise.

4. Interests in partnerships:

(a) U.C.C.M Building Material Supply Limited Partnership:

The First Nation has a 14.28% ownership interest in UCCM.

	2025	2024
Balance, beginning of year	\$ 854,286	\$ 779,649
Share of income	65,634	74,637
	\$ 919,920	\$ 854,286

(b) M'Nidoo M'Nising Limited Partnership:

The First Nation has a 16.55% ownership interest in MMLP.

	2025	2024
Balance, beginning of year	\$ 1	\$ 1
Share of income	554,367	365,270
Provision for impairment	(554,367)	(365,270)
	\$ 1	\$ 1

M'CHIGEENG FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2025

4. Interests in partnerships (continued):

(c) Robinson Huron Forestry Inc.:

The First Nation has a 12.5% ownership interest in RHF1.

	2025		2024	
Balance, beginning of year	\$	1	\$	1
Share of income		–		–
	\$	1	\$	1

(d) Great Lakes Hospitality Group Partnership:

The First Nation has a 29.44% ownership interest in GLHGP.

	2025		2024	
Balance, beginning of year	\$	272,973	\$	250,869
Adjustments		(8,243)		–
Share of income (loss)		(23,742)		22,104
	\$	240,988	\$	272,973

M'CHIGEENG FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2025

5. Investment in Government Business Enterprise:

The First Nation has a 99.99% interest in HIAH LP and a further 0.01% interest by virtue of its 100% investment in HIAH Corp and a 100% interest in MERE.

The investment in Government Business Enterprise consist of the following:

	HIAH Corp	HIAH LP	MERE	Total 2025	Total 2024
Balance, beginning of year	\$ 10	\$ 4,486,222	\$ 3,494,489	\$ 7,980,721	\$ 7,328,307
Share of earnings (loss)	-	(102,147)	484,887	382,740	652,414
Adjustments	-	2,332	(9,755)	(7,423)	-
Balance, end of year	\$ 10	\$ 4,386,407	\$ 3,969,621	\$ 8,356,038	\$ 7,980,721

The following table presents condensed supplementary financial information of Government Business Enterprises for the year ended March 31, 2025:

	HIAH Corp	HIAH LP	MERE	Total 2025	Total 2024
Financial position:					
Current assets	\$ 1,884	\$ 2,798,752	\$ 1,163,884	\$ 3,964,520	\$ 3,360,722
Non-current assets	-	2,421,432	7,624,052	10,045,484	10,965,298
Total assets	1,884	5,220,184	8,787,936	14,010,004	14,326,020
Current liabilities	-	173,399	99,305	272,704	1,038,357
Advances from M'Chigeeng First Nation	-	538,875	3,758,673	4,297,548	3,799,608
Other long-term liabilities	1,874	118,750	960,337	1,080,961	1,312,265
Total liabilities	1,874	831,024	4,818,315	5,651,213	6,150,230
Retained earnings	\$ 10	\$ 4,389,160	\$ 3,969,621	\$ 8,358,791	\$ 8,175,790
Results of operations:					
Revenues	\$ 10	\$ 641,947	\$ 1,381,973	\$ 2,023,930	\$ 2,030,026
Expenses	10	744,104	897,086	1,641,200	1,377,585
	\$ -	\$ (102,157)	\$ 484,887	\$ 382,730	\$ 652,441

M'CHIGEENG FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2025

6. Advances to MERE General Partner Inc.:

The advances to MERE General Partner Inc. are unsecured, non-interest bearing and have no specified terms of repayment.

7. Loan receivable from MERE General Partner Inc.:

	2025	2024
Loan receivable, bearing interest at 6.0% per annum and is repayable in 180 monthly blended payments of \$8,399 commencing on the date of commercial operation. No interest payable from the date of advance to the commercial operation date. The loan is secured by a promissory note.	\$ 324,780	\$ 404,065

8. Deferred revenue:

	2025	2024
Indigenous Services Canada	\$ 28,202,831	\$ 18,129,209
Union of Ontario Indians	2,366,203	1,875,683
Ministry of Community and Social Services	–	751,618
Ministry of Education	–	390,226
Service Canada	161,239	–
Ministry of Health	47,628	84,686
Other	836,893	790,261
	<hr/> \$ 31,614,794	<hr/> \$ 22,021,683

M'CHIGEENG FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2025

9. Long-term debt:

	2025	2024
Canada Mortgage and Housing Corporation construction financing, payable in monthly instalments of \$3,014 including interest at 0.82%, matured November 2024	\$ —	\$ 24,037
Canada Mortgage and Housing Corporation construction financing, payable in monthly instalments of \$5,315 including interest at 3.29% maturing July 2027	143,085	201,167
Canada Mortgage and Housing Corporation construction financing, payable in monthly instalments of \$3,215 including interest at 1.88% maturing February 2032	250,049	283,612
Canada Mortgage and Housing Corporation construction financing, payable in monthly instalments of \$4,349 including interest at 3.70% maturing June 2032	331,733	370,984
Canada Mortgage and Housing Corporation construction financing, payable in monthly instalments of \$5,618 including interest at 3.74% maturing January 2033	457,594	507,058
Canada Mortgage and Housing Corporation construction financing, payable in monthly instalments of \$4,530 including interest at 4.02% maturing August 2033	388,141	426,235
Canada Mortgage and Housing Corporation construction financing, payable in monthly instalments of \$3,442 including interest at 3.51% maturing June 2034	326,140	357,574
Canada Mortgage and Housing Corporation construction financing, payable in monthly instalments of \$3,118 including interest at 0.74% maturing July 2035	372,128	406,664
Canada Mortgage and Housing Corporation construction financing, payable in monthly instalments of \$3,731 including interest at 0.68% maturing April 2040	641,761	682,042
Canada Mortgage and Housing Corporation construction financing, payable in monthly instalments of \$4,881 including interest at 3.74% maturing June 2043	775,551	804,805
Canada Mortgage and Housing Corporation construction financing, payable in monthly instalments of \$3,374 including interest at 4.66% maturing May 2043	497,251	514,408
Canada Mortgage and Housing Corporation construction financing, payable in monthly instalments of \$6,353 including interest at 3.30% maturing September 2034	621,520	707,853
Canada Mortgage and Housing Corporation construction financing, payable in monthly instalments of \$4,031 including interest at 3.64% maturing August 2039	783,811	—
	\$ 5,588,764	\$ 5,286,439

Debt servicing payments are subsidized by CMHC in the amount of \$548,122 (2024 -\$513,461).

Principal repayments over the next five years are estimated as follows:

2026	\$ 456,844
2027	470,817
2028	442,250
2029	433,963
2030	447,224
Thereafter	3,337,666

M'CHIGEENG FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2025

10. Tangible capital assets:

Cost	Balance at March 31, 2024	Additions	Disposals	Balance at March 31, 2025
Land	\$ 1,807,934	\$ -	\$ -	\$ 1,807,934
Land improvements	1,239,420	-	-	1,239,420
Buildings	38,333,067	1,862,215	-	40,195,282
Infrastructure	24,283,293	1,135,653	-	25,418,946
Machinery and equipment	5,838,798	483,868	-	6,322,666
Furniture, computers and fixtures	3,198,592	103,966	-	3,302,558
Assets under construction	-	6,218,314	-	6,218,314
Total	\$ 74,701,104	\$ 9,804,016	\$ -	\$ 84,505,120

Accumulated amortization	Balance at March 31, 2024	Additions	Disposals	Balance at March 31, 2025
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	399,958	34,008	-	433,966
Buildings	16,035,347	933,306	-	16,968,653
Infrastructure	10,540,997	523,560	-	11,064,557
Machinery and equipment	3,845,086	516,034	-	4,361,120
Furniture, computers and fixtures	1,245,349	74,146	-	1,319,495
Total	\$ 32,066,737	\$ 2,081,054	\$ -	\$ 34,147,791

	Net book value, March 31, 2024	Net book value, March 31, 2025
Land	\$ 1,807,934	\$ 1,807,934
Land improvements	839,462	805,454
Buildings	22,297,720	23,226,629
Infrastructure	13,742,296	14,354,389
Machinery and equipment	1,993,712	1,961,546
Furniture, computers and fixtures	1,953,243	1,983,063
Assets under construction	-	6,218,314
Total	\$ 42,634,367	\$ 50,357,329

M'CHIGEENG FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2025

10. Tangible capital assets (continued):

Cost	Balance at March 31, 2023	Additions	Disposals	Balance at March 31, 2024
Land	\$ 1,431,640	\$ 376,294	\$ -	\$ 1,807,934
Land improvements	980,720	258,700	-	1,239,420
Buildings	38,100,711	232,356	-	38,333,067
Infrastructure	18,018,931	6,264,362	-	24,283,293
Machinery and equipment	4,601,000	1,237,798	-	5,838,798
Furniture, computers and fixtures	3,108,444	90,148	-	3,198,592
Total	\$ 66,241,446	\$ 8,459,658	\$ -	\$ 74,701,104

Accumulated amortization	Balance at March 31, 2023	Additions	Disposals	Balance at March 31, 2024
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	372,773	27,185	-	399,958
Buildings	15,119,181	916,166	-	16,035,347
Infrastructure	10,144,537	396,460	-	10,540,997
Machinery and equipment	3,450,895	394,191	-	3,845,086
Furniture, computers and fixtures	1,131,406	113,943	-	1,245,349
Total	\$ 30,218,792	\$ 1,847,945	\$ -	\$ 32,066,737

	Net book value, March 31, 2023	Net book value, March 31, 2024
Land	\$ 1,431,640	\$ 1,807,934
Land improvements	607,947	839,462
Buildings	22,981,530	22,297,720
Infrastructure	7,874,394	13,742,296
Machinery and equipment	1,150,105	1,993,712
Furniture, computers and fixtures	1,977,038	1,953,243
Total	\$ 36,022,654	\$ 42,634,367

M'CHIGEENG FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2025

11. Contingent liabilities:

Loan guarantees and commitments:

- (i) The First Nation has endorsed CMHC loans made to various Band members under the Rural Rehabilitation Assistance Program and is contingently liable.
- (ii) Indigenous Services Canada ("ISC") has guaranteed certain CMHC Section 9 loans to various First Nation members. If any of the loans are in default and require payment by ISC, the amount will be charged back to the First Nation.
- (iii) The First Nation, by Band Council Resolution, has guaranteed on behalf of First Nation members housing and business loans from the Royal Bank of Canada and the Bank of Montreal.
- (iv) Under terms of a loan facility agreement between the Bank of Montreal and the Great Lakes Hospitality Limited Partnership (the "GLHLP") the First Nation has guaranteed an amount proportional to its 29.44% equity interest in the partnership. The principal amount of the loan was for \$4,309,552 (the First Nation's share - \$1,268,732). In addition, the First Nation in conjunction with the other limited partners has guaranteed on a joint and several basis obligations to make any payments due by the GLHLP under terms of the loan facility.
- (v) Under terms of a loan facility agreement between the Bank of Montreal and HIAH Economic Dev LP the First Nation has guaranteed loans in the amount of \$1,450,000. The outstanding balance of the loan as of March 31, 2025 is \$263,750 (2024 - \$408,750).

12. Consolidated revenue fund:

The following schedule details the receipt and expenditure for the consolidated revenue fund:

	Revenue	Capital	Total
Balance, beginning of year	\$ 335,046	\$ 72,515	\$ 407,561
Interest	6,872	—	6,872
Balance, end of year	\$ 341,918	\$ 72,515	\$ 414,433

M'CHIGEENG FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2025

13. Accumulated surplus:

	2025	2024
Surplus:		
Invested in tangible capital assets	\$ 44,768,565	\$ 37,347,928
Operations	15,938,806	1,851,619
Unfinanced capital	(2,306,938)	(1,816,417)
	58,400,433	37,383,130
Reserves set aside for a specific purpose:		
Consolidated revenue trust	414,433	407,561
Ontario First Nations Limited Partnership	4,965,647	4,326,381
CMHC replacement reserve	1,158,422	1,151,285
Endowed education fund	115,713	115,713
Other internally restricted reserves	9,310,850	9,310,850
	15,965,065	15,311,790
Government Business Enterprise and Partnerships:		
HIAH Corp	10	10
HIAH Economic Dev LP	4,386,407	4,486,222
MERE General Partner Inc.	3,969,621	3,494,489
Great Lakes Hospitality Group Partnership	240,988	272,973
M'Nidoo M'nising Limited Partnership	1	1
U.C.C.M. Building Material Supply Limited Partnership	919,920	854,286
Robinson Huron Forestry Inc.	1	1
	9,516,948	9,107,982
	\$ 83,882,446	\$ 61,802,902

M'CHIGEENG FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2025

14. Budget information:

The budget data presented in these consolidated financial statements is based upon the operating and capital budgets approved by Council. The reconciliation of the approved budget to the budget figures reported on these consolidated financial statements is listed below.

Approved revenue budget:	
Total revenues per budget	\$ 73,580,596
<hr/>	
Revenue budget per financial statements	<u>\$ 73,580,596</u>
Approved expense budget:	
Total expenses per budget	\$ 63,868,543
Less: Acquisition of tangible capital assets	(9,804,016)
Add: Amortization of tangible capital assets	2,081,054
<hr/>	
Expense budget per financial statements	<u>\$ 56,145,581</u>

15. M'Chigeeng First Nation Custodial Trust:

During the year, the First Nation established a trust (the "Trust") for the purpose of administering per capita distributions to eligible members arising from proceeds received in connection with the Robinson Huron Treaty settlement. The Trust is governed by a trust agreement that sets out the roles and responsibilities of the trustee and the First Nation.

At the reporting date, the Trust has not been consolidated into the financial statements. Management has determined that the criteria for consolidation under Public Sector Accounting Standards have not been met, as it is currently unclear whether the First Nation controls the Trust and whether the First Nation will retain a residual financial interest in the net assets of the Trust after it has fulfilled its obligations to beneficiaries.

Accordingly, the assets, liabilities, revenues, and expenses of the Trust are not included in these financial statements.

During the period, the First Nation contributed \$538,066,817 of the Robinson Huron Treaty Settlement proceeds to the Trust.

At period end, the First Nation recorded a receivable from the Trust representing income earned by the Trust during the period that is attributable to the First Nation and payable under the terms of the Trust agreement.

M'CHIGEENG FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2025

16. Government Transfers – Federal:

	2025	2024
Total funding per ISC confirmation	\$ 31,623,430	\$ 22,774,093
Deferred revenue – beginning	18,129,209	19,011,122
Prior year ISC funding recognized	85,527	350,094
Deferred revenue – ending	(28,202,831)	(18,129,209)
Funding received, not on the confirm	1,005,920	–
Other federal funding	826,957	1,536,719
	<u>\$ 23,468,212</u>	<u>\$ 25,542,819</u>

17. Subsequent event:

Subsequent to year-end, the First Nation's Chief and Council approved resolutions to contribute certain funds to the M'Chigeeng First Nation Custodial Trust. Specifically, the First Nation resolved to contribute interest proceeds received from the Robinson Huron Treaty Settlement in the amount of \$10,196,899. In addition, the First Nation resolved to re-contribute income previously allocated from the M'Chigeeng First Nation Custodial Trust back to the Trust in the amount of \$2,317,226.

18. Segmented information:

M'Chigeeng First Nation is a diversified governmental institution that provides a wide range of services to its Members, including education, public works, community services, economic and community development, health services, administration, housing, capital, social services and She'ndwin Teg Gaming. 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:

Education

The education department provides services to elementary students through the operation of an on-reserve elementary school. Service contracts with provincially funded area school boards are entered into for secondary students. In addition, the department reimburses tuition costs and provides living and other allowances to students who are attending post-secondary institutions. The department also operates and provides the community with day-care services.

Public Works

The public works department provides public services that contribute to sustainability through the provision of maintenance and operating services such as roads, water and sanitation, fire protection, electrical and community buildings.

M'CHIGEENG FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2025

18. Segmented information (continued):

Community Services

The community service department provides a wide range of support services for children and families.

Economic Advancement

This department is responsible for identifying and developing economic opportunities for the benefit of the First Nation and its Members such as the MERE project. The department also secures and delivers employment training funding for the First Nation.

Health Services

The health services department provides a diverse bundle of services directed towards the well being of the members including the delivery of programming such as long-term care, diabetes, healthy babies, home and community care and many other smaller programs designed to enhance the health of members. The health department also manages the operations of the Health Centre and Wellness Centre.

Administration

The administration department oversees the delivery of all governmental services. The department is responsible for ensuring that there are adequate policies and procedures in place to safeguard assets and to properly report financial activities. In addition, this department includes the governance activities of chief and manages the operations of the Post Office

Subsidized Housing

The housing department manages the operations of the various rental housing stock owned by the First Nation including both CMHC and other housing. This includes tenant identification, rent collection and maintenance management.

Employment and Training

The employment and training department delivers a variety of programming including Ontario works and offers employment support services. In addition, the department manages the homemakers and national child benefit programs.

Community Property

This department is responsible for all capital asset activities occurring in the First Nation during the year, including housing construction and renovations as well as major projects such as water and building construction.

Mental Health

The First Nation provides a range of services to its members relating to mental health and wellness, including substance abuse programs.

M'CHIGEENG FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2025

18. Segmented information (continued):

Business Operations

Business Operations commission is responsible for the implementation and delivery of all gaming related activities on the First Nation.

For each reported segment, revenues and expenses include amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis.

Therefore, certain allocation methodologies are employed in the preparation of segmented financial information, including transfers that have been apportioned based on a percentage of budgeted expenses.

The accounting policies used in these segments are consistent with those followed in the preparation the consolidated financial statements as disclosed in the summary of significant accounting policies.

M'CHIGEENG FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2025

18. Segmented information (continued):

	Education	Public Works	Community Services	Economic Advancement	Health Services	Administration	Subsidized Housing	Social Services	Community Property	Business Operations	2025 Total
Revenue	\$ 11,655,134	1,831,105	1,872,388	357,713	4,437,166	556,760,548	1,499,818	3,505,066	9,079,389	597,297	\$ 591,595,624
Expenses:											
Salaries, benefits and honorarium	4,360,283	987,857	445,695	-	2,761,032	2,056,808	157,978	535,868	87,780	76,189	11,469,490
Materials, supplies and rentals	3,703,806	750,498	206,480	292,781	587,648	2,089,837	401,065	2,762,767	887,070	337,427	12,019,379
Contractual and professional	1,429,768	1,148,940	1,075,175	178,270	683,522	696,788	704,763	183,782	8,847,777	16,168	14,964,953
Travel and training	151,544	37,274	18,674	-	215,075	97,376	-	30,116	5,829	1,360	557,248
Distribution of RHT settlement proceeds	-	-	-	-	-	538,066,817	-	-	-	-	538,066,817
Administration charges (recoveries)	321,327	310,546	126,501	26,635	229,917	(1,797,456)	59,119	61,961	661,450	-	-
Interest on long-term debt	-	-	-	-	-	-	161,155	-	-	-	161,155
Amortization	246,180	869,763	5,882	6,880	108,730	98,190	491,553	18,011	235,865	-	2,081,054
Investment in tangible capital assets	(268,173)	(231,887)	-	(154,458)	-	(43,347)	(525,421)	-	(8,580,730)	-	(9,804,016)
	9,944,735	3,872,991	1,878,407	350,108	4,585,924	541,265,013	1,450,212	3,592,505	2,145,041	431,144	569,516,080
Excess (deficiency) of revenue over expenses	\$ 1,710,399	(2,041,886)	(6,019)	7,605	(148,758)	15,495,535	49,606	(87,439)	6,934,348	166,153	\$ 22,079,544

M'CHIGEENG FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2024

18. Segmented information (continued):

	Education	Public Works	Community Services	Economic Advancement	Health Services	Administration	Subsidized Housing	Social Services	Community Property	Business Operations	2024 Total
Revenue	\$ 10,308,281	2,980,764	1,271,004	750,174	5,396,752	5,812,254	1,718,336	3,128,981	8,094,941	372,978	\$ 39,834,465
Expenses:											
Salaries, benefits and honorarium	4,786,090	989,453	590,581	295,528	3,340,692	2,171,248	288,639	540,897	126,069	80,552	13,209,749
Materials, supplies and rentals	3,707,715	1,057,284	285,136	60,752	778,069	1,062,132	631,119	2,474,774	261,786	174,938	10,493,705
Contractual and professional	1,454,780	1,428,831	154,212	148,917	973,714	907,725	391,671	9,559	8,704,052	36,319	14,209,780
Travel and training	135,000	48,811	36,154	9,981	278,429	260,820	1,833	29,575	1,149	1,431	803,183
Administration charges (recoveries)	222,730	95,439	171,946	17,562	212,051	(930,633)	60,037	69,775	81,093	-	-
Interest on long-term debt	-	-	-	-	-	-	134,040	-	-	-	134,040
Amortization	207,491	857,723	5,882	2,702	129,336	90,397	490,438	30,341	33,635	-	1,847,945
Investment in tangible capital assets	(314,027)	(523,420)	-	-	(73,358)	(549,591)	(64,571)	-	(6,934,691)	-	(8,459,658)
	10,199,779	3,954,121	1,243,911	535,442	5,638,933	3,012,098	1,933,206	3,154,921	2,273,093	293,240	32,238,744
Excess (deficiency) of revenue over expenses	\$ 108,502	(973,357)	27,093	214,732	(242,181)	2,800,156	(214,870)	(25,940)	5,821,848	79,738	\$ 7,595,721