

**Lac La Croix First Nation
Consolidated Financial Statements
For the year ended March 31, 2021**

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Consolidated Financial Statements
For the year ended March 31, 2021**

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Lac La Croix First Nation Management's Responsibility for the Consolidated Financial Statements

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

The consolidated financial statements have been prepared by management in accordance with Public Sector Accounting Principles. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. When 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 systems 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.

Lac La Croix First Nation Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

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

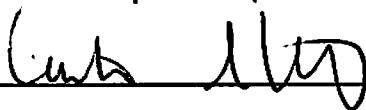
The consolidated financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. BDO Canada LLP have full and free access to the Council.



Chief



Councilor



Councilor

Independent Auditor's Report

To the Chief and Council of Lac La Croix First Nation

Disclaimer of Opinion

We have audited the consolidated financial statements of Lac La Croix First Nation and its subsidiaries (the Group), which comprise the Consolidated Statement of Financial Position as at March 31, 2021, and the Consolidated Statement of Operations, the Consolidated Statement of Changes in Accumulated Surplus, the Consolidated Statement of Changes in Net Financial Assets (Debt) and the Consolidated Statement of Cash Flows for the year then ended, and notes to consolidated financial statements, including a summary of significant accounting policies.

Due to the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements.

Basis for Disclaimer of Opinion

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

The First Nation was not able to provide satisfactory audit evidence with respect to the completeness or existence of expenses, payroll and other revenue due to lack of supporting documentation. Accordingly, we were unable to confirm or verify by alternative means that all expenses, payroll and other revenue of the First Nation have been properly recorded, nor whether the classification of expenses, payroll and other revenue is appropriate. As a result we were unable to determine whether any adjustments might be necessary to expenses, accounts payable, payroll, other revenue and accumulated surplus.

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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to

issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants, Licensed Public Accountants

Fort Frances, Ontario
August 12, 2024

**Lac La Croix First Nation
Consolidated Statement of Financial Position**

| March 31 | 2021 | 2020 |
|---|--------------|--------------|
| Financial assets | | |
| Cash and cash equivalents (Note 2) | \$ 2,897,184 | \$ 2,025,599 |
| Accounts and loans receivable (Note 3) | 1,844,560 | 1,233,997 |
| Investments held in trust (Note 6) | 187,150 | 153,450 |
| Portfolio investments (Note 4) | 367 | 367 |
| Government business enterprises and partnerships (Note 5) | 1 | 1 |
| | <hr/> | <hr/> |
| | 4,929,262 | 3,413,414 |
| Liabilities | | |
| Accounts payable and accrued liabilities | 3,085,673 | 1,978,627 |
| Deferred revenue (Note 7) | 3,494,253 | 1,551,861 |
| Long-term debt (Note 8) | 1,551,430 | 1,674,362 |
| | <hr/> | <hr/> |
| | 8,131,356 | 5,204,850 |
| Net financial assets (debt) | <hr/> | <hr/> |
| | (3,202,094) | (1,791,436) |
| Non-financial assets | | |
| Tangible capital assets (Note 11) | 5,728,983 | 4,466,040 |
| Tangible capital assets under construction (Note 11) | 191,040 | 727,167 |
| | <hr/> | <hr/> |
| | 5,920,023 | 5,193,207 |
| Accumulated surplus (Note 10) | <hr/> | <hr/> |
| | \$ 2,717,929 | \$ 3,401,771 |

Commitments and contingencies (Note 12)

Approved on behalf of Council:

 _____

Chief

 _____

Councilor

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Councilor

Lac La Croix First Nation Consolidated Statement of Operations

| March 31 | Budget | 2021 | 2020 |
|--|--------------------|---------------------|------------------|
| (Note 17) | | | |
| Revenue | | | |
| Indigenous Services Canada (Note 15) | \$ 4,234,579 | \$ 4,122,609 | \$ 3,764,277 |
| Health Canada | 559,941 | 839,943 | 586,568 |
| Canada Mortgage and Housing Corporation (CMHC) | 110,104 | 78,908 | 80,104 |
| Ministry of Community and Social Services | 166,052 | 219,510 | 307,188 |
| Ministry of Indigenous Affairs | - | 73,712 | 172,631 |
| Ministry of Natural Resources | 351,000 | 389,361 | 393,765 |
| Ministry of Health and Long-term Care | 21,173 | 155,358 | 160,227 |
| Ontario First Nations Limited Partnership | 617,689 | 900,494 | 333,767 |
| Weechi-It-Te-Win Family Services Inc. | - | 1,003,029 | 712,754 |
| Fort Frances Tribal Area Health Services | 114,201 | 114,499 | 140,009 |
| Shooniyaa Wa-Biitong | - | 128,153 | 126,739 |
| Other | 65,102 | 1,292,422 | 866,825 |
| | 6,239,841 | 9,317,998 | 7,644,854 |
| Expenses | | | |
| Education | 2,072,607 | 1,506,276 | 1,684,058 |
| Welfare | 226,425 | 462,670 | 416,133 |
| Band support/administration | 574,478 | 2,976,734 | 2,104,162 |
| Operations and maintenance | 138,444 | 748,059 | 9,352 |
| Minor capital | 1,324,019 | 834,845 | 386,371 |
| Medical transportation | 99,330 | 168,235 | 134,513 |
| Economic development | 42,000 | 48,151 | 5,362 |
| Community care | - | 1,003,029 | 929,754 |
| Casino Rama | 617,689 | 115,778 | 187,128 |
| Fort Frances Tribal Area Health Services | 114,201 | 215,992 | 225,158 |
| Water and sewer | 153,883 | 213,534 | 149,140 |
| Treaty land entitlement | - | 73,712 | 162,092 |
| CMHC | 110,104 | 147,437 | 150,605 |
| Health Canada | 476,662 | 951,051 | 402,540 |
| Ministry of Natural Resources | 351,000 | 452,065 | 413,487 |
| Majilshkaa Community Organization | - | 84,272 | 221,064 |
| | 6,300,842 | 10,001,840 | 7,580,919 |
| Annual surplus (deficit) | \$ (61,001) | \$ (683,842) | \$ 63,935 |

Lac La Croix First Nation
Consolidated Statement of Changes in Accumulated Surplus

| March 31 | 2021 | 2020 |
|--|---------------------|--------------|
| Accumulated surplus, beginning of year | \$ 3,401,771 | \$ 3,337,836 |
| Annual surplus (deficit) | <u>(683,842)</u> | 63,935 |
| Accumulated surplus, end of year | <u>\$ 2,717,929</u> | \$ 3,401,771 |

Lac La Croix First Nation
Consolidated Statement of Changes in Net Financial Assets (Debt)

| March 31 | 2021 | 2020 |
|---|-----------------------|-----------------------|
| Annual surplus (deficit) | \$ (683,842) | \$ 63,935 |
| Acquisition of tangible capital assets | (1,921,919) | (929,105) |
| Amortization of tangible capital assets | <u>1,195,103</u> | <u>1,155,141</u> |
| Change in net financial assets | (1,410,658) | 289,971 |
| Net financial assets (debt), beginning of year | (1,791,436) | (2,081,407) |
| Net financial assets (debt), end of year | \$ (3,202,094) | \$ (1,791,436) |

**Lac La Croix First Nation
Consolidated Statement of Cash Flows**

| March 31 | 2021 | 2020 |
|---|---------------------|---------------------|
| Cash flows from operating activities | | |
| Annual surplus (deficit) | \$ (683,842) | \$ 63,935 |
| Items not affecting cash | | |
| Amortization of tangible capital assets | <u>1,195,103</u> | <u>1,155,141</u> |
| | <u>511,261</u> | <u>1,219,076</u> |
| Changes in non-cash working capital balances | | |
| Accounts and loans receivable | (610,563) | 448,232 |
| Trust funds | (33,700) | (35,202) |
| Accounts payable | 1,107,046 | (92,279) |
| Deferred revenue | <u>1,942,392</u> | <u>(229)</u> |
| | <u>2,405,175</u> | <u>320,522</u> |
| | <u>2,916,436</u> | <u>1,539,598</u> |
| Cash flows from capital activities | | |
| Acquisition of tangible capital assets | <u>(1,921,919)</u> | <u>(929,105)</u> |
| Cash flows from financing activities | | |
| Advances of long-term debt | 132,598 | 160,032 |
| Repayment of long-term debt | <u>(255,530)</u> | <u>(206,559)</u> |
| | <u>(122,932)</u> | <u>(46,527)</u> |
| Net change in cash and cash equivalents | 871,585 | 563,966 |
| Cash and cash equivalents, beginning of year | 2,025,599 | 1,461,633 |
| Cash and cash equivalents, end of year | \$ 2,897,184 | \$ 2,025,599 |
| Supplementary information | | |
| Interest received | \$ - | \$ 864 |
| Interest paid | <u>\$ 10,667</u> | <u>\$ 13,336</u> |

Lac La Croix First Nation Notes to Consolidated Financial Statements

March 31, 2021

1. Summary of Significant Accounting Policies

Basis of Accounting

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local government Entities, as defined in the Canadian Institute of Chartered Accountants Public Sector Accounting and Auditing Handbook, and include all Organizations, operations and activities that are:

- 1) accountable for the administration of their financial affairs and resources directly to the First Nation; and
- 2) owned or controlled by the First Nation.

This includes all aspects of band operations including provision of social, educational, administration and operational services, as well as, the results of First Nation enterprises on a modified equity method as disclosed in Note 5 to these consolidated financial statements.

Other long-term investments are reflected at cost as disclosed in Note 4.

Government business enterprises are separate legal Entities which do not rely on the government for funding. The First Nation's government business enterprises consist of investments in Ten Clans Development Corporation. These investments are accounted for using the modified equity basis of accounting.

Basis of Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of all government Organizations which are owned or controlled by the First Nation. All interfund assets, liabilities, revenues and expenditures have been eliminated on consolidation.

Organizations consolidated in the First Nation's financial statements include:

Lac La Croix Majiishkaa Community Organization

Cash and Cash Equivalents

Management considers all highly liquid investments with maturities of three months or less at acquisition to be cash equivalents.

Lac La Croix First Nation Notes to Consolidated Financial Statements

March 31, 2021

1. Summary of Significant Accounting Policies (continued)

Tangible Capital Assets Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Certain tangible capital assets for which historical cost information is not available have been recorded at current fair market values discounted by a relevant inflation factor. The First Nation does not capitalize interest charges as part of the cost of its tangible capital assets.

Certain assets which have historical or cultural value including works of art, historical documents, as well as, historical and cultural artifacts are not recognized as tangible capital assets because a reasonable estimate of the future benefits associated with such property cannot be made. Intangibles, Crown lands that have not been purchased by the First Nation, forests, water and other natural resources are not recognized as tangible capital assets.

Amortization Amortization is calculated on the cost, net of contributions on a straight-line basis over the following number of years:

| | |
|----------------|---------------|
| Buildings | 20 years |
| Equipment | 5 years |
| Vehicles | 3 years |
| Computers | 3 years |
| Infrastructure | 10 - 50 years |

Program Surplus Programs funded by government agencies may be subject to recovery by the contributing agencies in accordance with funding arrangements and could result in adjustments to prior year funding.

Long-term Loans Receivable Loans are carried at the unpaid principal less allowances for doubtful loans.

Allowance for Doubtful Loans The First Nation maintains specific allowances for doubtful loans that reduces the carrying value of loans identified as impaired to their estimated realizable amounts.

Lac La Croix First Nation Notes to Consolidated Financial Statements

March 31, 2021

1. Summary of Significant Accounting Policies (continued)

Investments

The modified equity method of accounting is used to account for investments in the First Nation's business enterprises which the First Nation owns and controls. Under this method, the investment is initially recorded at cost and the carrying value is adjusted annually thereafter to include the First Nation's pro rata share of post acquisition earnings.

Other investments (where control does not exist) are accounted for following the cost method of accounting. Under this method, the investment is recorded at cost and earnings from the investment are recognized only to the extent received or receivable.

Replacement Reserves

The replacement reserve accounts are funded by an annual allocation based on amounts specified in agreements with CMHC.

Government Transfers

Government transfers, which include legislative grants, are recognized as revenue in the consolidated financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. When transfer stipulations give rise to a liability, government transfers are recognized as deferred revenue and recognized as revenue when the stipulations are settled.

Lac La Croix First Nation Notes to Consolidated Financial Statements

March 31, 2021

1. Summary of Significant Accounting Policies (continued)

Revenue Recognition

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

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

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

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

Financial Instruments

The First Nation's financial instruments consist of accounts and loans receivable, portfolio investments, accounts payable and accrued liabilities and long-term debt. Unless otherwise noted, it is management's opinion that the First Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values unless otherwise noted.

Trust Funds

Trust funds are held in trust by Indigenous Services Canada (ISC). Revenue on trust funds is recognized in accordance with terms of the related instrument.

Lac La Croix First Nation Notes to Consolidated Financial Statements

March 31, 2021

1. Summary of Significant Accounting Policies (continued)

Measurement Uncertainty Estimates are used to accrue revenues and expenses in circumstances where the actual accrued revenues are unknown at the time the consolidated financial statements are prepared. Uncertainty in the determination of the amount at which an item is recognized in the consolidated financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonable possible amount, as there is whenever estimates are used.

Use of Estimates The preparation of consolidated financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

The estimates used in the preparation of these consolidated financial statements are the useful lives of tangible capital assets and accrued liabilities.

Lac La Croix First Nation Notes to Consolidated Financial Statements

March 31, 2021

2. Cash and Cash Equivalents

Under the terms of an agreement with Canada Mortgage and Housing Corporation, Lac La Croix First Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by Canada Deposit Insurance Corporation or as otherwise approved by Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Capital Improvement Fund. Cash and cash equivalents is comprised of the following:

| | 2021 | 2020 |
|---|---------------------|---------------------|
| Externally restricted Replacement reserve | \$ - | \$ - |
| Unrestricted Operating | <u>2,897,184</u> | <u>2,025,599</u> |
| Total cash and cash equivalents | <u>\$ 2,897,184</u> | <u>\$ 2,025,599</u> |

3. Accounts and Loans Receivable

| | 2021 | 2020 |
|---------------------------------|---------------------|---------------------|
| Accounts receivable | \$ 1,849,080 | \$ 1,238,017 |
| Advances to Band members | <u>244,891</u> | <u>244,891</u> |
| | 2,093,971 | 1,482,908 |
| Allowance for doubtful accounts | <u>(249,411)</u> | <u>(248,911)</u> |
| | <u>\$ 1,844,560</u> | <u>\$ 1,233,997</u> |

Lac La Croix First Nation
Notes to Consolidated Financial Statements

March 31, 2021

4. Portfolio Investments

| | 2021 | 2020 |
|---|---------------|---------------|
| Portfolio investments held at CIBC Wood Gundy | \$ 367 | \$ 367 |

Portfolio investments are valued at cost. The fair market value of the investments held at CIBC Wood Gundy is \$367 (2020 - \$367).

5. Government Business Enterprises and Partnerships, at modified equity

Ten Clans Development Corporation

Ten Clans Development Corporation is a Corporation that was created for the purpose of developing business activities for Lac La Croix First Nation.

| | 2021 | 2020 |
|------------------------------------|-------------|-------------|
| Carrying value, beginning of year | \$ 1 | \$ 1 |
| Share of net income | - | - |
| Carrying value, end of year | \$ 1 | \$ 1 |

Lac La Croix First Nation Notes to Consolidated Financial Statements

March 31, 2021

6. Investments Held in Trust

| | Balance March 31, 2020 | Additions 2021 | Withdrawals 2021 | Balance March 31, 2021 |
|---|------------------------------|-------------------|---------------------|------------------------------|
| Held by Federal Government Capital | \$ 44,874 | \$ - | \$ - | \$ 44,874 |
| Held by Rainy River District First Nations Trust | 108,576 | 33,700 | \$ - | 142,276 |
| | \$ 153,450 | \$ 33,700 | \$ - | \$ 187,150 |

Held by Federal Government Capital

The trust funds 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. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

Held by Rainy River District First Nations Trust

The trust funds arise from monies derived from a resource sharing agreement. The monies are intended to fund educational and training initiatives within the First Nation community.

**Lac La Croix First Nation
Notes to Consolidated Financial Statements**

March 31, 2021

7. Deferred Revenue

| | Balance March 31, 2020 | Funding Received 2021 | Revenue Recognized 2021 | Balance March 31, 2021 |
|---|------------------------------|-----------------------------|-------------------------------|------------------------------|
| Federal Government | | | | |
| ISC - welfare | \$ 17,782 | \$ 41,000 | \$ 58,782 | \$ - |
| ISC - minor capital | 469,482 | 449,882 | 919,364 | - |
| ISC - prev/least disruptive measures | 181,430 | 135,297 | 13,500 | 303,227 |
| ISC - education | 480,037 | 2,069,780 | 1,440,950 | 1,108,867 |
| ISC - economic development | 32,438 | 42,000 | 52,351 | 22,087 |
| ISC - Water systems | - | 262,018 | 239,734 | 22,284 |
| CMHC | - | 1,917,413 | - | 1,917,413 |
| | 1,181,169 | 4,917,390 | 2,724,681 | 3,373,878 |
| Provincial Government | | | | |
| MIA | - | 100,000 | 73,713 | 26,287 |
| Other | | | | |
| Weechi-It-Te-Win | 41,790 | 983,645 | 1,003,029 | 22,406 |
| FFTAHS | 38,776 | 248,898 | 215,992 | 71,682 |
| OFNLP | 290,126 | 610,368 | 900,494 | - |
| | 370,692 | 1,842,911 | 2,119,515 | 94,088 |
| | \$ 1,551,861 | \$ 6,860,301 | \$ 4,917,909 | \$ 3,494,253 |

Lac La Croix First Nation
Notes to Consolidated Financial Statements

March 31, 2021

8. Long-term Debt

| | 2021 | 2020 |
|---|----------------------------|----------------------------|
| CMHC mortgage with interest at 0.33%, repayable in monthly instalments of \$4,880 principal and interest, maturing October 1, 2029. | \$ 495,475 | \$ 550,396 |
| CMHC mortgage with interest at 0.46%, repayable in monthly instalments of \$2,884 principal and interest, maturing March 1, 2033. | 403,993 | 435,050 |
| ISC loan, interest free, repayable in full on March 31, 2025. | 126,518 | 126,518 |
| ISC loan, interest free, repayable in full on March 31, 2024. | 136,833 | 136,833 |
| ISC loan, interest free, repayable in full on March 31, 2026. | 50,481 | 50,481 |
| Promissory note, repayable to Dr. Michael Dan, interest free, no terms of repayment. | 150,000 | 150,000 |
| Bank of Montreal demand loan with interest at BMO prime plus 2.5%, repayable in monthly instalments of \$793 principal plus interest, maturing February 28, 2027. | 55,532 | 65,052 |
| Bank of Montreal demand loan with interest at BMO prime plus 3.5%, repayable in monthly instalments of \$2,871 principal plus interest, maturing March 31, 2026. | <u>132,598</u> | <u>160,032</u> |
| | <u>\$ 1,551,430</u> | <u>\$ 1,674,362</u> |

Mortgages are secured by a first charge mortgage against rental properties and Ministerial Guarantees from Indigenous Services Canada.

Lac La Croix First Nation
Notes to Consolidated Financial Statements

March 31, 2021

9. Long-term Debt (continued)

Principal repayments required over the next five years and thereafter are as follows:

| | Principal Repayments | Interest | Total |
|---|----------------------------|-------------------------|----------------------------|
| 2022 | \$ 277,062 | \$ 12,730 | \$ 289,792 |
| 2023 | 127,121 | 10,568 | 137,689 |
| 2024 | 127,462 | 8,123 | 135,585 |
| 2025 | 127,804 | 5,678 | 133,482 |
| 2026 | 123,575 | 3,242 | 126,817 |
| Thereafter | <u>768,406</u> | <u>5,342</u> | <u>773,748</u> |
| | <u><u>\$ 1,551,430</u></u> | <u><u>\$ 45,683</u></u> | <u><u>\$ 1,597,113</u></u> |
| | | 2021 | 2020 |
| Interest expense for the year on long-term debt | | <u><u>\$ 10,667</u></u> | <u><u>\$ 13,336</u></u> |

Lac La Croix First Nation
Notes to Consolidated Financial Statements

March 31, 2020

9. Replacement Reserve

| | Phase I 22-049-373/1 | Phase II 22-049-373/2 | Total |
|--------------------------------|---------------------------------------|--|--------------------------|
| Balance March 31, 2019 | \$ 136,282 | \$ 68,143 | \$ 204,425 |
| Expenditures for the year | - | - | - |
| Allocation to restricted funds | <u>10,200</u> | <u>5,100</u> | <u>15,300</u> |
| Balance March 31, 2020 | 146,482 | 73,243 | 219,725 |
| Expenditures for the year | - | - | - |
| Allocation to restricted funds | <u>15,115</u> | <u>185</u> | <u>15,300</u> |
| Balance March 31, 2021 | <u>\$ 161,597</u> | <u>\$ 73,428</u> | <u>\$ 235,025</u> |

CMHC requires that the replacement reserve be fully funded at the end of the fiscal year. The total CMHC replacement reserve is \$235,025. The amount held in a restricted bank account in relation to this reserve is \$NIL; therefore, the reserve is underfunded by \$235,025 (2020 - \$219,725) as of March 31, 2021.

10. Accumulated Surplus

The First Nation segregates its accumulated surplus in the following categories:

| | 2021 | 2020 |
|---|----------------------------|----------------------------|
| Investment in tangible capital assets | | |
| Tangible capital assets | \$ 5,728,983 | \$ 4,466,040 |
| Tangible capital assets under construction | 191,040 | 727,167 |
| Debt relating to tangible capital assets | <u>(899,468)</u> | <u>(985,446)</u> |
| Total investment in tangible capital assets | 5,020,555 | 4,207,761 |
| Operations | (2,611,079) | (1,079,660) |
| Operating reserves | 73,428 | 53,945 |
| Replacement reserves | <u>235,025</u> | <u>219,725</u> |
| | <u>\$ 2,717,929</u> | <u>\$ 3,401,771</u> |

**Lac La Croix First Nation
Notes to Consolidated Financial Statements**

March 31, 2020

11. Tangible Capital Assets

| | 2021 | | | | | |
|--|----------------------------------|-----------------------|-------------------|-------------------|-------------------|---------------------|
| | Buildings and housing | Infrastructure | Vehicles | Equipment | Computers | Total |
| Cost, beginning of year | \$ 17,525,671 | \$ 4,628,305 | \$ 980,666 | \$ 683,536 | \$ 249,290 | \$24,067,468 |
| Additions | 2,327,046 | - | 55,000 | 76,000 | - | 2,458,046 |
| Disposals | - | - | - | - | - | - |
| Cost, end of year | 19,852,717 | 4,628,305 | 1,035,666 | 759,536 | 249,290 | 26,525,514 |
| Accumulated amortization, beginning of year | 14,906,493 | 3,191,641 | 703,644 | 567,256 | 232,394 | 19,601,428 |
| Amortization | 872,162 | 123,866 | 136,667 | 53,960 | 8,448 | 1,195,103 |
| Disposals | - | - | - | - | - | - |
| Accumulated amortization, end of year | 15,778,655 | 3,315,507 | 840,311 | 621,216 | 240,842 | 20,796,531 |
| Net carrying amount, end of year | \$ 4,074,062 | \$ 1,312,798 | \$ 195,355 | \$ 138,320 | \$ 8,448 | \$ 5,728,983 |

The net book value of tangible capital assets not being amortized because they are under construction is \$191,040 (2020 - \$727,167). These items are recognized separately as tangible capital assets under construction on the consolidated statement of financial position. This relates to the new band office project.

**Lac La Croix First Nation
Notes to Consolidated Financial Statements**

March 31, 2020

11. Tangible Capital Assets (continued)

| | | | | | | 2020 |
|--|----------------------------------|-----------------------|-------------------|-------------------|-------------------|---------------------|
| | Buildings and housing | Infrastructure | Vehicles | Equipment | Computers | Total |
| Cost, beginning of year | \$ 17,412,171 | \$ 4,583,305 | \$ 834,027 | \$ 683,536 | \$ 223,946 | \$23,736,985 |
| Additions | 113,500 | 45,000 | 146,639 | - | 25,344 | 330,483 |
| Disposals | - | - | - | - | - | - |
| Cost, end of year | 17,525,671 | 4,628,305 | 980,666 | 683,536 | 249,290 | 24,067,468 |
| Accumulated amortization, beginning of year | 14,049,333 | 3,063,351 | 581,161 | 528,496 | 223,946 | 18,446,287 |
| Amortization | 857,160 | 128,290 | 122,483 | 38,760 | 8,448 | 1,155,141 |
| Disposals | - | - | - | - | - | - |
| Accumulated amortization, end of year | 14,906,493 | 3,191,641 | 703,644 | 567,256 | 232,394 | 19,601,428 |
| Net carrying amount, end of year | \$ 2,619,178 | \$ 1,436,664 | \$ 277,022 | \$ 116,280 | \$ 16,896 | \$ 4,466,040 |

Lac La Croix First Nation Notes to Consolidated Financial Statements

March 31, 2021

12. Commitments and Contingencies

The First Nation is involved in several claims and counter claims, over disputed payable balances. The consolidated financial statements include provisions for these payables based on management's assessment of the claims.

13. Economic Dependence

Lac La Croix First Nation receives a major portion of its revenue pursuant to a funding arrangement with Indigenous Services Canada.

14. Federal Assistance Payments

The CMHC projects have received federal assistance through CMHC pursuant to Section 56.1 of the National Housing Act to enable the project to provide housing to low income individuals. The amount of assistance received in 2021 was \$78,908 (2020 - \$80,104).

15. ISC Funding Reconciliation

| | 2021 | 2020 |
|---|---------------------|---------------------|
| ISC revenue per funding confirmation | \$ 4,397,905 | \$ 3,632,672 |
| Deferred revenue, beginning of year | 1,181,169 | 1,312,774 |
| Deferred revenue, end of year | <u>(1,456,465)</u> | <u>(1,181,169)</u> |
| ISC revenue per the consolidated financial statements | <u>\$ 4,122,609</u> | <u>\$ 3,764,277</u> |

16. Expenditure by Object

| | 2021 | 2020 |
|---------------------------------------|----------------------------|----------------------------|
| Salaries, wages and employee benefits | \$ 4,063,082 | \$ 3,303,916 |
| Materials and supplies | 4,001,561 | 2,535,842 |
| Contracted services | 245,260 | 160,168 |
| Rents and financial expenses | 291,117 | 100,630 |
| Travel | 205,717 | 325,222 |
| Amortization | <u>1,195,103</u> | <u>1,155,141</u> |
| | <u>\$10,001,840</u> | <u>\$ 7,580,919</u> |

Lac La Croix First Nation Notes to Consolidated Financial Statements

March 31, 2021

17. Budget Information

The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated recovering deficits. In addition, the budget did not include amortization expense. As a result, the budget figures presented in the consolidated statement of operations represent the Financial Plan adopted by Council, with adjustments as follows:

| | <u>2021</u> |
|---|------------------------|
| Financial Plan (budget) by-law surplus for the year | \$ - |
| Add: | |
| Transfers | 1,094,140 |
| Less: | |
| Amortization | <u>(1,155,141)</u> |
| Budget deficit per consolidated statement of operations | <u>\$ (61,001)</u> |

Lac La Croix First Nation Notes to Consolidated Financial Statements

March 31, 2021

18. Segmented Information

Lac La Croix First Nation is a First Nation government that provides a wide range of services to the members of its community. For management reporting purposes the First Nation's operations and activities are organized and reported by Program. Programs were created for the purpose of recording specific activities in accordance with specific regulations, restrictions or limitations. These activities can also be categorized into segments. The following significant segments have been identified and as such are separately disclosed:

Education

The education department provides services to elementary and secondary students primarily by entering into service contracts with provincially funded area school boards, as well as native language study. In addition, the department reimburses tuition costs and provides living and other allowances to students who are attending post-secondary institutions.

Operations and Maintenance

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

Social Services

This segment contains activities that provide financial support or support by other means to Band members that is aimed at developing both the individual as well as the community.

Band Support

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 Council.

Capital

This department is responsible for all capital asset activities occurring on the First Nation during the year, including housing construction and renovations.

Lac La Croix First Nation Notes to Consolidated Financial Statements

March 31, 2021

19. Segmented Information (continued)

Other Services

The First Nation provides a wide array of other services, including youth employment projects, economic development, housing activities and others.

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 and 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 of the consolidated financial statements as disclosed in the summary of significant accounting policies.

19. Comparative Figures

The comparative amounts presented in the consolidated financial statements have been reclassified to conform to the current year's presentation.

**Lac La Croix First Nation
2021 Segment Disclosure**

| <u>For the year ended March 31, 2021</u> | <u>Band Support</u> | <u>Operations and Maintenance</u> | <u>Education</u> | <u>Social Services</u> | <u>Capital</u> | <u>Other</u> | <u>Total</u> |
|---|-----------------------------|---|--------------------|----------------------------|--------------------------|----------------------------|----------------------------|
| Revenue | | | | | | | |
| ISC | \$1,167,568 | \$ 160,493 | \$ 1,440,951 | \$ 128,649 | \$ 919,364 | \$ 305,584 | \$ 4,122,609 |
| Canada | - | - | - | - | - | 918,851 | 918,851 |
| Ontario | - | - | - | 374,868 | - | 463,073 | 837,941 |
| Casino Rama | - | - | - | - | - | 900,494 | 900,494 |
| Trust income | 33,700 | - | - | - | - | - | 33,700 |
| Other Aboriginal Organizations | 128,153 | - | 7,000 | - | - | 1,219,021 | 1,354,174 |
| Interest, rentals and other | 270,341 | - | 58,326 | - | 600,766 | 220,796 | 1,150,229 |
| Administration | 113,314 | - | - | (48,500) | - | (64,814) | - |
| Transfers | - | 611,435 | - | - | - | (611,435) | - |
| | 1,713,076 | 771,928 | 1,506,277 | 455,017 | 1,520,130 | 3,351,570 | 9,317,998 |
| Expenditures | | | | | | | |
| Salaries, wages and benefits | 683,525 | 537,375 | 976,869 | 157,860 | 285,169 | 1,422,284 | 4,063,082 |
| Materials, supplies and capital | 974,349 | 109,213 | 508,221 | 294,705 | 511,896 | 1,603,177 | 4,001,561 |
| Contracted services | 17,601 | 88,803 | 7,567 | - | 32,152 | 99,137 | 245,260 |
| Rents and financial expenses | 140,510 | 8,772 | - | - | 2,233 | 139,602 | 291,117 |
| Travel | 82,217 | 3,893 | 13,620 | 10,105 | 3,394 | 92,488 | 205,717 |
| Amortization | 1,078,533 | - | - | - | - | 116,570 | 1,195,103 |
| | 2,976,735 | 748,056 | 1,506,277 | 462,670 | 834,844 | 3,473,258 | 10,001,840 |
| Excess (deficiency) of revenue over expenditures | | | | | | | |
| | <u>\$(1,263,659)</u> | <u>\$ 23,872</u> | <u>\$ -</u> | <u>\$ (7,653)</u> | <u>\$ 685,286</u> | <u>\$ (121,688)</u> | <u>\$ (683,842)</u> |

**Lac La Croix First Nation
2020 Segment Disclosure**

| For the year ended March 31, 2020 | Band Support | Operations and Maintenance | Education | Social Services | Capital | Other | Total |
|---|-------------------------|---|-------------------|----------------------------|-------------------|--------------------|------------------|
| Revenue | | | | | | | |
| ISC | \$ 643,873 | \$ 138,712 | \$ 1,594,836 | \$ 21,418 | \$ 984,993 | \$ 380,445 | \$ 3,764,277 |
| Canada | - | - | - | - | - | 666,672 | 666,672 |
| Ontario | - | - | - | 444,415 | - | 589,396 | 1,033,811 |
| Casino Rama | - | - | - | - | - | 333,767 | 333,767 |
| Trust income | 34,338 | - | - | - | - | - | 34,338 |
| Other Aboriginal Organizations | 500,912 | - | 70,305 | - | - | 933,035 | 1,504,252 |
| Interest, rentals and other | 152,027 | - | 132,417 | - | - | 23,293 | 307,737 |
| Administration | 121,291 | - | - | (49,700) | - | (288,591) | (217,000) |
| Transfers | 112,966 | 25,273 | - | - | - | 78,761 | 217,000 |
| | 1,565,407 | 163,985 | 1,797,558 | 416,133 | 984,993 | 2,716,778 | 7,644,854 |
| Expenditures | | | | | | | |
| Salaries, wages and benefits | 477,995 | 59,547 | 1,019,398 | 111,575 | 209,031 | 1,426,370 | 3,303,916 |
| Materials, supplies and capital | 496,156 | 57,548 | 604,858 | 296,543 | 104,123 | 976,614 | 2,535,842 |
| Contracted services | 23,257 | 775 | 44,015 | - | 64,092 | 28,029 | 160,168 |
| Rents and financial expenses | 55,502 | - | - | 850 | 7,050 | 37,228 | 100,630 |
| Travel | 125,647 | 1,115 | 15,787 | 7,165 | 2,075 | 173,433 | 325,222 |
| Amortization | 1,038,571 | - | - | - | - | 116,570 | 1,155,141 |
| | 2,217,128 | 118,985 | 1,684,058 | 416,133 | 386,371 | 2,758,244 | 7,580,919 |
| Excess (deficiency) of revenue over expenditures | | | | | | | |
| | \$ (651,721) | \$ 45,000 | \$ 113,500 | \$ - | \$ 598,622 | \$ (41,466) | \$ 63,935 |