

Iskatewizaagegan No. 39 Independent
First Nation
Consolidated Financial Statements
For the year ended March 31, 2021

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Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of the Iskatewizaagegan No. 39 Independent First Nation are the responsibility of management and have been approved by the Chief and Council of the Band.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. 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.

The 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 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 annual report, the financial statements and the external auditor's report. The Chief and Council takes this information into consideration when approving the financial statements for issuance to the Members. The Chief and Council also consider the engagement of the external auditors.

The financial statements have been audited by BDO Canada LLP in accordance with Canadian auditing standards on behalf of the members. BDO Canada LLP has full access to the First Nation Council.

~~Chief~~

Councilor

Councilor

Councilors

Councilor

Independent Auditor's Report

To the Chief and Council of Iskatewizaagegan No. 39 Independent First Nation

Qualified Opinion

We have audited the consolidated financial statements of Iskatewizaagegan No. 39 Independent First Nation and its entities (the Group), which comprise the consolidated statement of financial position as at March 31, 2021, and the consolidated statement of operations, consolidated statement of changes in net debt and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2021, and its consolidated results of operations, its consolidated changes in net debt, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

The Summary of Significant Accounting Policies describes the policy with respect to accounting for the First Nation's investments in business enterprises. The First Nation has not completed an assessment of these investments and whether they still meet the criteria in PS 1300.28-31 Government Reporting Entity to be considered government business enterprises, and accounted for using the modified equity method, or whether they no longer meet this criteria and should be fully consolidated. Accordingly, we were unable to determine whether any adjustment might be necessary to financial assets, liabilities, net debt, non-financial assets and accumulated surplus as at March 31, 2021, and revenues, expenses and annual surplus (deficit) for the year ended March 31, 2021.

The Summary of Significant Accounting Policies describes the capitalization policies with respect to the First Nation's tangible capital assets. The First Nation has not completed an assessment of their tangible capital assets with respect to PS 3150 Tangible Capital Assets adoption. The capital assets recorded are only those assets that have been acquired since 1996 and as such the tangible capital asset amounts reported may not be complete. The First Nation has not reviewed the remaining useful lives or condition of recorded capital assets which may impact the valuation of capital assets and the accuracy and completeness of accumulated amortization. This caused us to modify our audit opinion on the financial statements relating to the years ended March 31, 2021 and 2020. Accordingly, we were unable to determine whether any adjustments might be necessary to tangible capital assets, accumulated amortization and accumulated surplus as at April 1, 2020 and 2019 and March 31, 2021 and 2020 and amortization expense and annual surplus (deficit) for the years ended March 31, 2021 and 2020.

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the 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 Responsibility 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Kenora, Ontario
January 22, 2024

Iskatewizaagegan No. 39 Independent First Nation
Consolidated Statement of Financial Position

<u>As at March 31</u>	<u>2021</u>	<u>2020</u>
Financial Assets		
Cash and bank (Note 1)	\$ 2,748,661	\$ 2,399,048
Temporary investments (Note 2)	1,207,144	983,760
Accounts receivable (Note 3)	2,765,337	2,026,661
Inventories for resale	238,778	212,414
Due from related parties and investment in government business enterprise (Note 7)	1,916,059	1,804,965
Funds held in trust (Note 4)	<u>68,571</u>	<u>67,720</u>
	<u>8,944,550</u>	<u>7,494,568</u>
Liabilities		
Bank indebtedness (Note 5)	805,000	1,003,210
Accounts payable and accruals (Note 6)	1,956,508	1,764,768
Deferred revenue (Note 8)	3,190,957	2,979,694
Long term debt (Note 9)	3,460,777	2,293,157
Obligations under capital leases (Note 10)	<u>1,307,035</u>	<u>1,646,221</u>
	<u>10,720,277</u>	<u>9,687,050</u>
Net Debt	<u>(1,775,727)</u>	<u>(2,192,482)</u>
Non Financial Assets		
Prepaid expenses and other current assets	366,367	85,631
Tangible capital assets (Note 11)	<u>16,399,589</u>	<u>15,554,096</u>
	<u>16,765,956</u>	<u>15,639,727</u>
Accumulated surplus (Note 12)	<u>\$ 14,990,229</u>	<u>\$ 13,447,245</u>

Approved on behalf of the Band Council:

Iskatewizaagegan No. 39
 Chief
Barb D
 Councilor
John D
 Councilor

Aldrophie
 Councilor
Jan
 Councilor

Iskatewizaagegan No. 39 Independent First Nation
Consolidated Statement of Operations

For the year ended March 31	Budget	2021	2020
	(Note 17)		
Revenue (Note 15)			
Indigenous Services Canada	\$ 10,190,460	\$ 6,968,029	\$ 5,755,834
Anishinaabe Abinoojii Family Services	248,973	225,373	215,379
Bimose Tribal Council	271,769	173,952	67,200
Ontario First Nations (2008) Limited Partnership	690,000	671,406	688,743
Canada Mortgage and Housing Corporation	15,750	51,076	69,970
Health Canada	1,181,920	2,536,735	1,870,052
Independent Electricity Systems Operator	-	-	2,090
Independent First Nations	393,378	445,663	211,659
Ministry of Indigenous Relations and Reconciliation	103,148	103,148	85,000
Ministry of Community and Social Services/Children and Youth Services	845,728	1,282,462	1,356,156
Ministry of Tourism, Culture and Sport	13,842	13,842	13,842
Ministry of Health and Long-Term Care	156,048	138,481	135,312
Ministry of Education	874,852	725,472	478,980
Ministry of Advanced Education and Skills	135,421	36,655	80,413
Ministry of Transportation	288,524	235,675	139,661
Other revenue	191,036	418,927	483,279
Rent	54,125	77,806	71,603
Sales	-	1,399,975	2,114,680
Shooniya Wa-Biitong	87,989	(11,087)	298,112
Net loss from government business enterprise (Note 7)	<u>-</u>	<u>(152,414)</u>	<u>(64,423)</u>
	<u>15,742,963</u>	<u>15,341,176</u>	<u>14,073,542</u>
Expenses			
Band Support Programs	1,264,472	945,726	1,193,962
Casino Rama Programs	-	2	2,160
Economic Development Programs	883,432	648,120	780,241
Social Service Programs	1,873,164	2,142,084	1,415,081
Infrastructure Programs	1,069,597	1,954,619	1,871,120
Training Programs	110,445	6,565	2,252
Education Programs	4,135,306	3,806,624	3,940,319
Health Programs	1,369,943	1,935,468	1,349,026
Child Care Programs	716,003	484,284	673,841
Commercial and Other Enterprises	1,695,000	1,874,700	2,405,601
	<u>13,117,362</u>	<u>13,798,192</u>	<u>13,633,603</u>
Annual surplus	<u>\$ 2,625,601</u>	<u>1,542,984</u>	<u>439,939</u>
Accumulated surplus, beginning of year		<u>13,447,245</u>	<u>13,007,306</u>
Accumulated surplus, end of year	<u>\$ 14,990,229</u>	<u>\$ 13,447,245</u>	

Iskatewizaagegan No. 39 Independent First Nation
Consolidated Statement of Changes in Net Debt

For the year ended March 31	Budget	2021	2020
	(Note 17)		
Annual surplus	\$ 2,625,601	\$ 1,542,984	\$ 439,939
Acquisition of tangible capital assets	(4,039,580)	(2,306,094)	(3,429,745)
Amortization of tangible capital assets	-	1,460,601	1,209,167
	<u>(1,413,979)</u>	<u>697,491</u>	<u>(1,780,639)</u>
Acquisition of prepaid expenses	-	(366,367)	(85,631)
Use/consumption of prepaid expenses	-	85,631	62,311
	<u>-</u>	<u>(280,736)</u>	<u>(23,320)</u>
Net change in net debt	(1,413,979)	416,755	(1,803,959)
Net debt, beginning of year	<u>(2,192,482)</u>	<u>(2,192,482)</u>	<u>(388,523)</u>
Net debt, end of year	<u>\$ (3,606,461)</u>	<u>\$ (1,775,727)</u>	<u>\$ (2,192,482)</u>

Iskatewizaagegan No. 39 Independent First Nation
Consolidated Statement of Cash Flows

For the year ended March 31	2021	2020
Operating activities		
Annual surplus	\$ 1,542,984	\$ 439,939
Items not affecting cash		
Amortization	1,460,601	1,209,167
Changes to non-cash operating balances		
Temporary investments	(223,384)	(513,281)
Accounts receivable	(738,676)	(128,845)
Accounts payable and accruals	191,740	402,807
Deferred revenue	211,263	882,370
Inventories for resale	(26,364)	(61,517)
Prepaid expense and other current assets	(280,736)	(23,323)
Funds held in trust	<u>(851)</u>	<u>(1,304)</u>
	<u>2,136,577</u>	<u>2,206,013</u>
Financing activities		
Increase (decrease) in demand loan	(195,000)	1,000,000
Repayment of long term debt	(115,619)	(76,217)
Proceeds from long term debt	1,283,239	1,546,694
Repayment of obligations under capital leases	<u>(339,186)</u>	<u>(150,816)</u>
	<u>633,434</u>	<u>2,319,661</u>
Investing activities		
Investment in government business enterprise	-	(10,099)
Loss from government business enterprise	152,414	64,423
Due from related entities	<u>(263,508)</u>	<u>(1,859,289)</u>
	<u>(111,094)</u>	<u>(1,804,965)</u>
Capital activities		
Purchase of capital assets net of financing	<u>(2,306,094)</u>	<u>(1,743,699)</u>
 Increase in cash	 352,823	 977,010
Cash, beginning of year	<u>2,395,838</u>	<u>1,418,828</u>
Cash, end of year	<u>\$ 2,748,661</u>	<u>\$ 2,395,838</u>
 Consists of:		
Cash and bank	\$ 2,748,661	\$ 2,399,048
Bank overdraft	<u>-</u>	<u>(3,210)</u>
	<u>\$ 2,748,661</u>	<u>\$ 2,395,838</u>

Iskatewizaagegan No. 39 Independent First Nation Summary of Significant Accounting Policies

March 31, 2021

Basis of Accounting	<p>These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local government entities, as defined in the CPA Canada Public Sector Accounting Handbook.</p> <p>These consolidated financial statements were prepared using the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.</p>
Reporting Entity	<p>The Iskatewizaagegan No. 39 Independent First Nation reporting entity includes the Iskatewizaagegan No. 39 Independent First Nation government and all related entities which are accountable to the First Nation and are either owned or controlled by the Iskatewizaagegan No. 39 Independent First Nation.</p> <p>All controlled entities are consolidated in the First Nation's financial statements according to the First Nation's percentage ownership except for entities that meet the definition of a government business enterprise or a business partnership, which are included in the financial statements on a modified equity basis. Accounting policies of consolidated and proportionately consolidated entities are conformed to those of the First Nation and inter-organizational balances and transactions are eliminated upon consolidation.</p> <p>Under the modified equity method of accounting, only the First Nation's investment in the entity and the First Nation's portion of the entity's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the entity that are different from those of the First Nation and inter-organization balances and transactions are not eliminated. The First Nation's investments in IIFN39 Holdings LP and IIFN39 Holdings Inc. are accounted for on the modified equity basis.</p>
Revenue Recognition	<p>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.</p> <p>Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.</p> <p>Contributions, other than government transfers, are deferred when restrictions are placed on their use by the external contributor, and are recognized as revenue when used for the specific purpose.</p> <p>Revenue from the Shoal Lake Landing and Mr. Bubbles Laundromat is recognized at point of sale.</p>

Iskatewizaagegan No. 39 Independent First Nation Summary of Significant Accounting Policies

March 31, 2021

Non-coterminous Fiscal Periods	The First Nation's investment in IIFN39 Holdings LP is included in these financial statements using financial information of IIFN39 Holdings LP as of December 31, 2020.																
Use of Estimates	The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make assumptions and estimates that have an effect on the reported amounts of assets and liabilities and disclosure at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could be different from those estimates. Accounts subject to significant estimates include allowance for doubtful accounts receivable, useful lives of tangible capital assets and surpluses repayable.																
Inventories for Resale	Inventories consist of goods for resale at Shoal Lake Landing and are valued at the lower of cost and net realizable value.																
Capital Assets	<p>Prior to April 1, 1996, acquired tangible capital assets were recognized as operating expenses and were not reported in the consolidated statement of financial position.</p> <p>Subsequent to March 31, 1996, capital assets are stated at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital assets including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Tangible capital assets under construction, development or that have been removed from service, if any, are not amortized until they are available to be put into service.</p> <p>Amortization is recorded over the estimated useful life of the tangible capital asset commencing once the asset is available for productive use using the declining balance basis at the following annual rates:</p> <table><tbody><tr><td>Housing</td><td>5% and 10%</td></tr><tr><td>Infrastructure</td><td>4 and 10%</td></tr><tr><td>Community buildings and renovations</td><td>10%</td></tr><tr><td>Equipment</td><td>10%</td></tr><tr><td>Laundromat investment</td><td>5 and 6%</td></tr><tr><td>Computer equipment</td><td>30%</td></tr><tr><td>Gravel pit</td><td>10%</td></tr><tr><td>Vehicles</td><td>30%</td></tr></tbody></table>	Housing	5% and 10%	Infrastructure	4 and 10%	Community buildings and renovations	10%	Equipment	10%	Laundromat investment	5 and 6%	Computer equipment	30%	Gravel pit	10%	Vehicles	30%
Housing	5% and 10%																
Infrastructure	4 and 10%																
Community buildings and renovations	10%																
Equipment	10%																
Laundromat investment	5 and 6%																
Computer equipment	30%																
Gravel pit	10%																
Vehicles	30%																
Pension Plan	The First Nation maintains a defined contribution pension plan for its personnel. Expenses for this plan are equal to the First Nation's required contribution for the year.																
Temporary Investments	Temporary investments are recorded at cost, unless the market value has declined below cost, in which case they are written down to market value.																

Iskatewizaagegan No. 39 Independent First Nation
Notes to Consolidated Financial Statements

March 31, 2021

1. Cash and Bank

	2021	2020
Unrestricted		
General	\$ 281,589	\$ 25,588
ATM	56,021	52,310
Casino Rama	318,061	620,821
Shoal Lake Landing	87,737	288,361
Ombigi Aawasoon Childcare Centre	25,541	129,983
Social Services	<u>1,859,487</u>	<u>1,162,462</u>
Externally Restricted		
Debt reserve - First Nations Finance Authority	<u>2,628,436</u>	<u>2,279,525</u>
	<u>\$ 2,748,661</u>	<u>\$ 2,399,048</u>

Iskatewizaagegan No. 39 Independent First Nation
Notes to Consolidated Financial Statements

March 31, 2021

2. Temporary Investments

	2021	2020
Externally Restricted		
GIC, interest earned at 0.50%, maturing January 2022, held as cash collateral on general operating line of credit	\$ 64,637	\$ -
GIC, interest earned at 2.0%, maturing January 2025, held as cash collateral on general operating line of credit	81,588	79,988
GIC, interest earned at 1.50%, matured January 2021, held as cash collateral on general operating line of credit	-	63,682
GIC, interest earned at 1.45%, maturing January 2022, held as cash collateral on general operating line of credit	63,556	62,648
GIC, interest earned at 1.60%, maturing January 2023, held as cash collateral on general operating line of credit	62,926	61,935
GIC, interest earned at 2.20%, maturing January 2024, held as cash collateral on general operating line of credit	62,669	61,320
GIC, interest earned at 0.50%, maturing January 2022, held as cash collateral on landing operating line of credit	12,927	-
GIC, interest earned at 1.50%, matured January 2021, held as cash collateral on landing operating line of credit	-	12,736
GIC, interest earned at 1.45%, maturing January 2022, held as cash collateral on landing operating line of credit	12,711	12,530
GIC, interest earned at 1.6%, maturing January 2024, held as cash collateral on general landing operating line of credit	12,585	12,387
GIC, interest earned at 2.20%, maturing January 2024, held as cash collateral on landing operating line of credit	12,534	12,264
GIC, interest earned at 2.0%, maturing January 2025, held as cash collateral on landing operating line of credit	16,318	15,998
Cashable GIC, interest earned at 0.40%, maturing December 2021, represents CMHC reserve funds	90,293	86,107
Unrestricted		
GIC, interest earned at 1.95%, matured August 2020	-	502,165
GIC, interest earned at 0.35%, maturing March 2022	714,400	-
	\$ 1,207,144	\$ 983,760

Iskatewizaagegan No. 39 Independent First Nation
Notes to Consolidated Financial Statements

March 31, 2021

3. Accounts Receivable

	2021	2020
Indigenous Services Canada	\$ 90,436	\$ 274,723
Canada Mortgage and Housing Corporation	-	43,363
Health Canada	13,497	30,694
Independent First Nations	88,093	126,835
Ministry of Education	1,150,501	639,000
Shooniyaa Wa-Biitong	54,652	281,300
Other government funding	295,553	261,672
Members	20,086	22,946
HST rebates	336,161	81,571
Ontario First Nations Limited Partnership	446,918	-
Other	286,548	281,665
Allowance for doubtful accounts	<u>(17,108)</u>	<u>(17,108)</u>
	<hr/>	<hr/>
	\$ 2,765,337	\$ 2,026,661

4. Funds Held in Trust

	Revenue	Capital	2021	2020
Ottawa Trust Fund				
Balance, beginning of year	\$ 64,347	\$ 3,373	\$ 67,720	\$ 66,416
Interest for the year	851	-	851	1,304
Balance, end of year	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 65,198	\$ 3,373	\$ 68,571	\$ 67,720

The Ottawa Trust accounts arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. These funds are restricted in their use. The First Nation is permitted to use its revenue for any purpose that will promote the general progress and welfare of the First Nation and First Nation members. The expenditure of capital funds requires the consent of Indigenous and Northern Affairs Canada and generally must be for projects of a capital nature.

Iskatewizaagegan No. 39 Independent First Nation
Notes to Consolidated Financial Statements

March 31, 2021

5. Bank Indebtedness

	2021	2020
General operating account (i)	\$ -	\$ 3,210
RBC term loan (ii)	805,000	-
First Nations Finance Authority - demand loan (iii)	-	1,000,000
	<hr/>	<hr/>
	\$ 805,000	\$ 1,003,210

(i) The General - RBC business operating line of credit is a revolving demand facility with a maximum credit capacity of \$300,000 and bears interest at prime plus 0.90%. The unused credit capacity at year end was \$300,000.

(ii) The RBC term loan is a non-revolving term facility with a maximum limit of \$805,000 and bears interest at prime plus 2.10%, repayable in full on September 30, 2021.

Other RBC facilities are:

- an additional line of credit for the landing that is a revolving demand facility with a maximum credit capacity of \$60,000 and bears interest at prime plus 0.90%. The unused credit capacity at year end was \$60,000.
- a \$300,000 revolving lease line of credit to finance the acquisition of capital assets.
- Visa Business to a maximum amount of \$30,000.

Security consists of a general security agreement and cash collateral agreements assigning GICs in the amount of \$300,000 against the general line, \$60,000 against the Landing line and specific equipment against the lease line.

(iii) The First Nations Finance Authority (FNFA) interim financing, repaid during the year, was due on demand, repayable interest only at daily rates of 2.45-3.75%, secured by federal and provincial government transfers. See Note 9 for details on funds held by FNFA for debt retirement.

Iskatewizaagegan No. 39 Independent First Nation
Notes to Consolidated Financial Statements

March 31, 2021

6. Accounts Payable and Accruals

	2021	2020
Trade and other payables	\$ 1,204,816	\$ 1,134,464
Payroll payables	165,438	147,604
Surpluses repayable	586,254	482,700
	<u>\$ 1,956,508</u>	<u>\$ 1,764,768</u>

7. Due from Related Parties and Investment in Government Business Enterprise

	2021	2020
Advances to Shoal Lake Lodge LP, a First Nation controlled entity through IIFN39 Holdings LP, interest free, unsecured, no specific terms of repayment at this time	\$ 1,888,805	\$ 1,700,444
Advances to Ambe Arts and Crafts LP, a First Nation controlled entity through IIFN39 Holdings LP, interest free, unsecured, no specific terms of repayment at this time	12,480	8,393
Advances to IIFN39 Holdings LP, a First Nation controlled entity, interest free, unsecured, no specific terms of repayment at this time	71,983	150,452
Advances to Shoal Lake Lodge GP Inc., a First Nation controlled entity through IIFN39 Holdings Inc., interest free, unsecured, no specific terms of repayment at this time	898	-
Advances to Amik II Barge LP, a First Nation controlled entity through IIFN39 Holdings LP, interest free, unsecured, no specific terms of repayment at this time	145,796	-
Advances to Amik II Barge GP Inc., a First Nation controlled entity through IIFN39 Holdings Inc., interest free, unsecured, no specific terms of repayment at this time	1,937	-
Advances to Ambe Arts and Crafts GP Inc, a First Nations controlled entity through IIFN39 Holdings Inc., interest free, unsecured, no specific terms of repayment at this time	898	-
Investment in government business enterprise (i)	<u>2,122,797</u> <u>(206,738)</u>	<u>1,859,289</u> <u>(54,324)</u>
	<u>\$ 1,916,059</u>	<u>\$ 1,804,965</u>

Iskatewizaagegan No. 39 Independent First Nation
Notes to Consolidated Financial Statements

March 31, 2021

7. Due from Related Parties and Investment in Government Business Enterprise (continued)
(i) The First Nation owns 100% of IIFN39 Holdings LP, which is a limited partnership carrying on various economic development and commercial enterprises.

Summary financial information for IIFN39 Holdings LP for the year ended December 31, 2020 is as follows (comparatives are for the period from August 2019, the date of formation of the limited partnership, to December 31, 2019):

	2020	2019
Assets	\$ 1,899,012	\$ 1,762,506
Liabilities	2,105,847	1,816,927
Partners' equity (deficit)	(206,835)	(54,421)
Revenues	7,005	13,007
Expenses	159,419	77,430
Net loss for the period	(152,414)	(64,423)

Iskatewizaagegan No. 39 Independent First Nation
Notes to Consolidated Financial Statements

March 31, 2021

8. Deferred Revenue

	Opening balance	Funding received	Revenue recognized	Closing balance 2021	Closing balance 2020
Indigenous Services Canada					
- Economic strategic plan	\$ 10,599	\$ 59,065	\$ (10,599)	\$ 59,065	\$ 10,599
- Lift station emergency repair	11,815	-	(11,815)	-	11,815
- Welfare administration	-	62,812	-	62,812	-
- Band housing	-	203,616	-	203,616	-
- Governance	47,657	36,341	(47,657)	36,341	47,657
- Family violence	4,931	-	(4,931)	-	4,931
- Waste water	546,334	602,058	(546,334)	602,058	546,334
- Waste management	27,500	27,500	(27,500)	27,500	27,500
- Prevention/community wellness	149,414	254,586	(149,414)	254,586	149,414
- Comprehensive community plan	106,901	106,760	(106,901)	106,760	106,901
- Pandemic	-	222,310	-	222,310	-
- Education	421,081	-	(421,081)	-	421,081
- Child care centre	-	64,041	-	64,041	-
- Environmental research	52,422	52,422	(52,422)	52,422	52,422
- Band services and safe home	1,287,920	370,892	(1,287,920)	370,892	1,287,920
- Emergency management	86,762	66,580	(86,762)	66,580	86,762
Health Canada					
- Pandemic	-	2,048	-	2,048	-
- Jordan's Principles	86,727	3,604	(86,727)	3,604	86,727
- Medical transportation	2,344	-	(2,344)	-	2,344
- Community health representative	3,687	25,989	(3,687)	25,989	3,687
- Communicable disease	1,099	-	(1,099)	-	1,099
- Health and homecare	14,283	86,556	(14,283)	86,556	14,283
Independent First Nations - early years	78,524	-	(78,524)	-	78,524
Shooniyaa Wa-Biitong	39,694	35,189	(17,174)	57,709	39,694
Ministry of Children, Community and Social Services					
- Family well-being	-	106,708	-	106,708	-
- Children and youth strategy	-	46,879	-	46,879	-
Canada Mortgage and Housing Corporation - RHI	-	600,000	-	600,000	-
Anishinaabe Abinoojii Family Services - Prevention and Enhanced Prevention	-	23,600	-	23,600	-
Ministry of Education - Early Years special projects	-	67,881	-	67,881	-
Ministry of Health - COVID-19	-	41,000	-	41,000	-
	\$2,979,694	\$ 3,168,437	\$(2,957,174)	\$ 3,190,957	\$ 2,979,694

Iskatewizaagegan No. 39 Independent First Nation
Notes to Consolidated Financial Statements

March 31, 2021

9. Long Term Debt

	2021	2020
CMHC mortgage, repayable in monthly installments of \$4,666 including interest at 1.97%, secured by BCR and Ministerial guarantee, maturing March 1, 2023	\$ 109,911	\$ 163,007
Promissory note payable to Minister of Indigenous and Northern Affairs Canada, interest free unless in default, repayable on the earlier of March 31, 2024 or a date on which the Garden Island Claim is settled, with a five year extension period if the claim is still in negotiation.	371,819	371,819
Promissory note payable to Minister of Indigenous and Northern Affairs Canada, interest free unless in default, repayable on the earlier of March 31, 2020 or a date on which the Flooding Claim is settled	218,572	218,572
Promissory note payable to Minister of Indigenous and Northern Affairs Canada, interest free unless in default, repayable on the earlier of March 31, 2024 or the date the claim is settled, with a five year extension period if the claim is still in negotiation.	470,697	187,458
Loan repayable to First Nations Finance Authority, monthly installments of \$6,443 including interest at 2.72%, secured by General Security Agreement, maturing June 1, 2028 (i)	<u>2,289,778</u>	<u>1,352,301</u>
	<u>\$ 3,460,777</u>	<u>\$ 2,293,157</u>

(i) First Nation Finance Authority (FNFA) holds on deposit 5% of this loan and the interim financing included in bank indebtedness in a debt reserve fund that is restricted towards paying down this debt. Upon extinguishment of the loan, the debt reserve of \$118,450 plus daily interest will be repaid to the First Nation. The restricted cash set aside by FNFA at year end and included in restricted cash is \$120,225. Maximum borrowing under this borrowing agreement is \$4,383,000. At year-end, \$2,030,699 of this borrowing capacity was unused.

The estimated principal repayments on the above long term debt over the next five years and thereafter are follows:

2022	\$ 286,990
2023	127,277
2024	632,757
2025	358,556
2026	77,200
Thereafter	<u>1,977,997</u>
	<u>\$ 3,460,777</u>

Iskatewizaagegan No. 39 Independent First Nation
Notes to Consolidated Financial Statements

March 31, 2021

10. Obligations Under Capital Leases

	2021	2020
Obligation under capital lease, repayable in monthly installments of \$1,106 including interest at 5.287%, secured by specific equipment with net book value of \$15,306, maturing 2021	\$ 3,289	\$ 16,022
Obligation under capital lease, repayable in monthly installments of \$2,296 including interest at 4.486%, secured by specific equipment with net book value of \$32,154, maturing 2021	6,837	33,431
Obligation under capital lease, repayable in monthly installments of \$2,220 including interest at 5.2%, secured by specific automotive equipment with net book value of \$69,945, maturing 2025	81,352	103,138
Obligation under capital lease, repayable in monthly installments of \$8,470 including interest at 7.968%, secured by specific heavy equipment with net book value of \$250,344, maturing 2025	328,556	400,863
Obligation under capital lease, repayable in monthly installments of \$8,470 including interest at 7.968%, secured by specific heavy equipment with net book value of \$250,344, maturing 2025	328,556	400,863
Obligation under capital lease, repayable in monthly installments of \$6,950 including interest at 4.574%, secured by specific heavy equipment with net book value of \$222,233, maturing 2025	286,901	355,469
Obligation under capital lease, repayable in monthly installments of \$6,579 including interest at 4.578%, secured by specific heavy equipment with net book value of \$210,333, maturing 2025	<u>271,544</u>	<u>336,435</u>
	<u>\$ 1,307,035</u>	<u>\$ 1,646,221</u>

Future minimum lease payments under the capital leases for subsequent years are as follows:

2022	\$ 402,470
2023	392,263
2024	392,263
2025	<u>283,099</u>
	<u>1,470,095</u>
Less: amounts representing interest	<u>(163,060)</u>
	<u>\$ 1,307,035</u>

Iskatewizaagegan No. 39 Independent First Nation Notes to Consolidated Financial Statements

March 31, 2021

11. Tangible Capital Assets

	Cost				Accumulated Amortization				2021	2020
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Amortization	Disposals	Closing Balance	Net Book Value	Net Book Value
Housing Infrastructure	\$ 8,363,068	\$ -	\$ -	\$ 8,363,068	\$ 3,517,275	\$ 224,638	\$ -	\$ 3,741,913	\$ 4,621,155	\$ 4,845,793
Community buildings	13,416,668	173,554	-	13,590,222	8,285,635	298,853	-	8,584,488	5,005,734	5,131,033
Equipment	4,866,367	1,595,094	-	6,461,461	1,872,778	167,641	-	2,040,419	4,421,042	2,993,589
Laundromat investment	1,110,094	252,822	-	1,362,916	576,182	120,541	-	696,723	666,193	533,912
Computer equipment	51,069	-	-	51,069	47,309	226	-	47,535	3,534	3,760
Gravel pit	145,787	55,117	-	200,904	106,148	20,160	-	126,308	74,596	39,639
Motor vehicles	30,000	-	-	30,000	27,110	289	-	27,399	2,601	2,890
	2,938,277	229,507	-	3,167,784	934,797	628,253	-	1,563,050	1,604,734	2,003,480
	<u>\$ 30,921,330</u>	<u>\$ 2,306,094</u>	<u>\$ -</u>	<u>\$ 33,227,424</u>	<u>\$ 15,367,234</u>	<u>\$ 1,460,601</u>	<u>\$ -</u>	<u>\$ 16,827,835</u>	<u>\$ 16,399,589</u>	<u>\$ 15,554,096</u>

Motor vehicles include assets under capital lease obligation with an original cost of \$1,799,996 (2020 - \$1,799,996.)

The net book value of tangible capital assets not being amortized because they are under construction or development or otherwise not yet available for use is \$1,615,455 (2020 - \$818,236).

For the year ending March 31, 2011, the First Nation was required to comply with Section 3150, Tangible capital assets of the Public Sector Accounting Board Handbook. Section 3150 requires the capitalization and amortization of tangible capital assets in the financial statements. As at March 31, 2021, this has not been completed. As a transitional provision, Public Sector Guideline - 7, Tangible Capital Assets of Local Governments, requires disclosure of information for each major class of tangible capital assets for which all the relevant information can be provided for the complete stock of tangible capital assets of that category. The First Nation has completed inventories of several categories of tangible capital assets, however total amounts for cost and accumulated amortization have not been completed.

Iskatewizaagegan No. 39 Independent First Nation

Notes to Consolidated Financial Statements

March 31, 2021

12. Accumulated Surplus

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

	2021	2020
Current funds	\$ (85,392)	\$ (372,160)
Investment in capital assets	14,982,643	13,713,464
Replacement reserve	24,407	38,221
Ottawa Trust Funds (Note 4)	68,571	67,720
	<hr/> <u>\$ 14,990,229</u>	<hr/> <u>\$ 13,447,245</u>

Current funds represent the general activities of the First Nation.

The investment in capital assets represents amounts already spent and invested in capital assets.

The replacement reserve reports on the CMHC replacement reserve activities.

13. Defined Contribution Pension Plan

The expense for the First Nation's pension plan for the year was \$142,185 (2020 - \$110,822). The plan is funded equally by the organization and the First Nation's employees at rates of 3%, 5% or 8% of the employee's salary.

14. Segmented Information

Iskatewizaagegan No. 39 Independent First Nation is a local government that provides a wide range of services to its citizens and members, including band support, economic development, social services, infrastructure, training and education, health, child care and commercial enterprises. The Casino Rama segment includes the use of funds received under Ontario First Nations Limited Partnership agreements.

For each reported segment, revenues and expenses represent both 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. Operations and maintenance fee allocations have been made to each building based on a percentage of overall maintenance costs. Administrative fees, based on a percentage of revenues, have been allocated to programs where permitted by the funder.

Iskatewizaagegan No. 39 Independent First Nation
Notes to Consolidated Financial Statements

March 31, 2021

15. Government Transfers

	2021			2020		
	Operating	Capital	Total	Operating	Capital	Total
Federal						
ISC	\$ 6,685,936	\$ 282,093	\$ 6,968,029	\$ 5,577,778	\$ 178,056	\$ 5,755,834
Health Canada	2,536,735	-	2,536,735	1,870,052	-	1,870,052
CMHC	51,076	-	51,076	69,970	-	69,970
Sub-total	9,273,747	282,093	9,555,840	7,517,800	178,056	7,695,856
Provincial						
2,535,735	-	2,535,735		2,401,891	-	2,401,891
Total	\$11,809,482	\$ 282,093	\$12,091,575	\$ 9,919,691	\$ 178,056	\$10,097,747

Funding reconciliation:

	Confirmed	Deferred from prior	Deferred to subsequent	Repayable/ repaid	Net per statement of operations
ISC	\$ 6,354,652	\$ 2,753,336	\$ (2,128,981)	\$ (10,978)	\$ 6,968,029
Health Canada	\$ 2,546,792	\$ 108,140	\$ (118,197)	\$ -	\$ 2,536,735

16. Contingent Assets

The First Nation is under ongoing negotiations with the Government of Canada and Province of Ontario regarding farming lands, Garden Islands and flooding claims. It is likely that these claims will result in a financial settlement in favour of the First Nation but the amount remains uncertain. Contingent assets are not recorded in these consolidated financial statements.

17. Budget

The program budgets approved by Chief and Council were not prepared on a basis consistent with that used to report actual financial statement results (Public Sector Accounting Standards). The budgets were prepared on a modified accrual basis while Public Sector Accounting Standards require a full accrual basis. The budgets expensed all capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statement of operations and changes in net debt represent the budgets adopted by Council with adjustments as follows. As well, the budget approved by Chief and Council was not prepared on a consolidated basis and does not include all of the activities of the First Nation. As a result, budget figures are only presented on where available.

Budget deficit	\$ (1,468,171)
Add:	
Capital expenditures	4,039,580
Budgeted payments of long term debt	<u>54,192</u>
Budget surplus per statement of operations	<u>\$ 2,625,601</u>

Iskatewizaagegan No. 39 Independent First Nation
Notes to Consolidated Financial Statements

March 31, 2021

18. Subsequent Events

Subsequent to the year-end, Canada Mortgage and Housing Corporation committed to providing mortgage funds to a maximum of \$805,000 for the construction of three new units, contingent upon ministerial loan guarantee approval by Indigenous Services Canada. In the interim, Royal Bank of Canada has committed to bridge financing consisting of a non-revolving term facility to a maximum of \$805,000 bearing interest at prime plus 2.1%, repayable in full on or before September 30, 2021.

Iskatewizaagegan No. 39 Independent First Nation
Segmented Disclosure
For the year ended March 31, 2021

	Band Support	Casino Rama	Economic Development	Social Services	Infrastructure	Training and Education	Health	Child Care	Commercial Enterprises and Other	Consolidated 2021
Revenue										
Government transfers, net of deferrals/repayable	\$ 486,312	\$ -	\$ 399,187	\$ 2,439,331	\$ 1,067,290	\$ 5,563,414	\$ 1,410,570	\$ 725,471	\$ -	\$ 12,091,575
Sales	-	-	-	-	-	-	-	-	1,399,975	1,399,975
Other	227,940	672,388	-	68,386	146,236	60,003	511,971	308,619	(145,917)	1,849,626
	714,252	672,388	399,187	2,507,717	1,213,526	5,623,417	1,922,541	1,034,090	1,254,058	15,341,176
Expenses										
Amortization	57,572	-	87,987	144,236	577,458	254,146	139,676	33,901	165,625	1,460,601
Purchases for resale	-	-	-	-	-	-	-	-	1,178,948	1,178,948
Salaries and benefits	282,034	-	147,100	83,639	197,238	1,492,422	569,127	335,425	170,537	3,277,522
Other expenses	606,120	2	413,033	1,914,209	1,179,923	2,066,621	1,226,665	114,958	359,590	7,881,121
	945,726	2	648,120	2,142,084	1,954,619	3,813,189	1,935,468	484,284	1,874,700	13,798,192
Excess of revenue (expense)										
Transfer from other segment	(231,474)	672,386	(248,933)	365,633	(741,093)	1,810,228	(12,927)	549,806	(620,642)	1,542,984
Transfer to other segment	82,845	-	-	-	377,410	1,826	-	-	210,305	672,386
	-	(672,386)	-	-	-	-	-	-	-	(672,386)
Excess of revenue (expense) for the year	\$ (148,629)	\$ -	\$ (248,933)	\$ 365,633	\$ (363,683)	\$ 1,812,054	\$ (12,927)	\$ 549,806	\$ (410,337)	\$ 1,542,984

Iskatewizaagegan No. 39 Independent First Nation
Segmented Disclosure
For the year ended March 31, 2020

	Band Support	Casino Rama	Economic Development	Social Services	Infrastructure	Training and Education	Health	Child Care	Commercial Enterprises and Other	Consolidated 2020
Revenue										
Government transfers, net of deferrals/repayable	\$ 528,368	\$ -	\$ 353,512	\$ 1,399,821	\$ 1,454,469	\$ 4,197,641	\$ 1,030,868	\$ 657,451	\$ 475,617	\$ 10,097,747
Sales	-	-	-	-	-	-	-	-	2,114,680	2,114,680
Other	128,164	690,195	11,092	63,897	209,198	395,948	358,514	55,009	(50,902)	1,861,115
	656,532	690,195	364,604	1,463,718	1,663,667	4,593,589	1,389,382	712,460	2,539,395	14,073,542
Expenses										
Amortization	61,838	111	92,434	76,124	572,083	206,641	93,122	41,053	65,761	1,209,167
Purchases for resale	-	-	-	-	-	-	-	-	1,927,945	1,927,945
Salaries and benefits	565,370	-	129,221	222,456	412,355	1,295,062	570,998	524,576	173,513	3,893,551
Other expenses	566,754	2,049	558,586	1,116,501	886,682	2,440,868	684,906	108,212	238,382	6,602,940
	1,193,962	2,160	780,241	1,415,081	1,871,120	3,942,571	1,349,026	673,841	2,405,601	13,633,603
Excess of revenue (expense)	(537,430)	688,035	(415,637)	48,637	(207,453)	651,018	40,356	38,619	133,794	439,939
Transfer from other segment	197,563	-	163,301	-	78,481	34,896	-	-	213,905	688,146
Transfer to other segment	-	(688,146)	-	-	-	-	-	-	-	(688,146)
Excess of revenue (expense) for the year	\$ (339,867)	\$ (111)	\$ (252,336)	\$ 48,637	\$ (128,972)	\$ 685,914	\$ 40,356	\$ 38,619	\$ 347,699	\$ 439,939