



Moravian Of The Thames First Nation

Independent Auditor's Report

Consolidated Financial Statements

March 31, 2021

Moravian Of The Thames First Nation

March 31, 2021

Table of Contents

Management's Responsibility for the Consolidated Financial Statements

Independent Auditor's Report

Consolidated Financial Statements

Consolidated Statement of Financial Position	1
Consolidated Statement of Operations and Accumulated Surplus	2
Consolidated Statement of Changes In Net Financial Assets	3
Consolidated Statement of Cash Flows	4
Notes to the Consolidated Financial Statements	5 - 21

Management's Responsibility

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of Moravian Of The Thames First Nation are the responsibility of management and have been approved by Chief and Council.

The consolidated financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants and as such include amounts that are the best estimates and judgments of management.

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

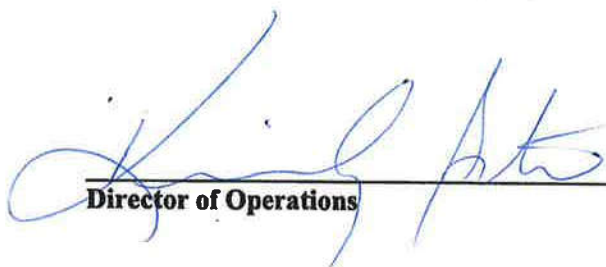
The Chief and Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

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

The external auditors, Baker Tilly Sarnia LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Moravian Of The Thames First Nation and meet when required.

On Behalf of Moravian Of The Thames First Nation:


Chief


Director of Operations

January 18, 2022

Independent Auditor's Report

To The Members Of Moravian Of The Thames First Nation

Qualified Opinion

We have audited the consolidated financial statements of Moravian of the Thames First Nation, (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2021 and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2021, and results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Qualified Opinion

Under Section 3150 of the Public Sector Accounting Handbook, the First Nation is required to capitalize tangible capital assets and record the appropriate amortization on those assets. Tangible capital assets acquired prior to 1998 have not been capitalized, and as a result, no amortization has been recorded on these assets. Accordingly, we are unable to determine whether any adjustments might be necessary to tangible capital assets, net assets, expenses and revenue over expenditures.

The First Nation has investments in Naahii Inc. and Naahii Grocery Store Inc. which are accounted for under the modified equity method but do not meet the criteria of a government business enterprise. In addition the First Nation is the general partner of Lunaapeew Developments LP which is accounted for under the modified equity method but does not meet the criteria of a government business partnership. Both constitute departures from Canadian Public Section Accounting Standards. In addition, we did not audit the assets and liabilities of these entities as at March 31, 2021 and March 31, 2020 and the reported income for year then ended March 31, 2021 and March 31, 2020 as disclosed in note 2. Consequently we were unable to determine whether any adjustments to those amounts were necessary.

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 Financial Statements* section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the 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 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.

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**Independent
Auditor's Report cont'd....**

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

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.

A handwritten signature in black ink that reads "Baker Tilly Sarnia LLP".

**Sarnia, Ontario
January 18, 2022**

**Chartered Professional Accountants
Licensed Public Accountants**

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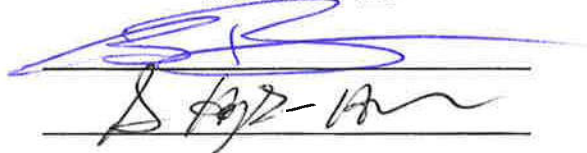
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**Moravian Of The Thames First Nation
Consolidated Statement Of Financial Position
March 31, 2021**

	2021	2020
Financial Assets		
Cash (note 3)	\$ 13,934,607	\$ 11,463,727
Trust funds in Ottawa (note 4)	192,006	187,763
Accounts receivable (note 5)	2,173,371	1,114,825
Investment in related parties (note 6)	<u>594,555</u>	<u>790,330</u>
Total Financial Assets	<u>16,894,539</u>	<u>13,556,645</u>
Liabilities		
Accounts payable and accrued liabilities (note 8)	459,495	469,995
Payable to funding source (note 9)	242,067	156,908
Deferred revenue (note 10)	4,893,155	3,072,104
Deposits on hand	11,568	11,293
Long-term debt (note 11)	<u>1,417,738</u>	<u>1,568,660</u>
Total Liabilities	<u>7,024,023</u>	<u>5,278,960</u>
Net Financial Assets	<u>9,870,516</u>	<u>8,277,685</u>
Non-Financial Assets		
Tangible capital assets (note 12)	6,304,498	6,276,067
Prepaid expenses	<u>102,436</u>	<u>91,104</u>
Total Non-Financial Assets	<u>6,406,934</u>	<u>6,367,171</u>
Accumulated Surplus (note 16)	<u>\$ 16,277,450</u>	<u>\$ 14,644,856</u>

Contingencies (note 18)

On Behalf Of Moravian Of The Thames First Nation



Moravian Of The Thames First Nation
Consolidated Statement Of Operations and Accumulated Surplus
For The Year Ended March 31, 2021

	2021 Budget (unaudited)	2021	2020
Revenue			
ISC - Fixed	\$ 2,502,374	\$ 2,918,941	\$ 2,252,491
ISC - Set	195,587	195,587	35,300
ISC - Grant	236,697	236,697	259,529
Health Canada	299,493	1,533,379	1,260,580
OFNLP	884,481	888,238	918,187
AIAI	654,475	665,181	460,791
Stepping Stones	785,830	785,830	680,009
Provincial	(368,984)	761,967	624,370
Education	406,700	473,999	558,289
MOHLTC	(261,537)	244,872	224,187
SFNS	1,061,424	1,196,739	1,055,961
CMHC	122,632	122,579	122,794
Other	665,897	685,701	1,143,424
Rental	477,925	353,970	397,332
Administration	961,426	961,426	764,167
Repayable to Funding Source	-	(94,884)	(43,613)
Adjustment Prior Year	-	-	9,818
Deferred Revenue- Beginning	1,343,997	3,072,104	1,748,409
Deferred Revenue- Ending	<u>(3,087,645)</u>	<u>(4,893,155)</u>	<u>(3,072,104)</u>
	<u>6,880,772</u>	<u>10,109,171</u>	<u>9,399,921</u>
Expenditures			
Administration	1,646,544	1,242,017	1,299,652
Economic development	196,847	152,807	163,489
Education	2,438,036	1,746,655	2,009,228
Childcare	471,505	427,316	392,099
Social services	740,142	740,676	677,304
Land and trust services	302,297	235,295	227,684
Health	2,002,257	1,723,164	1,409,479
Employment assistance	364,153	121,245	174,215
Community infrastructure	571,751	341,004	250,977
Community development	1,339,217	1,044,533	1,224,026
OFNLP	427,677	105,758	829,099
Amortization	285,000	389,148	381,277
	<u>10,785,426</u>	<u>8,269,618</u>	<u>9,038,529</u>
Annual Surplus (Deficit)	\$ (3,904,654)	1,839,553	361,392
Loss on Business Enterprises and Partnerships (note 6)		(238,800)	(303,468)
CMHC Operating Surplus Deferral		23,364	16,662
CMHC Replacement Reserve		8,477	39,650
Accumulated Surplus		1,632,594	114,236
Accumulated Surplus at Beginning of the Year		14,644,856	14,530,620
Accumulated Surplus at End of the Year (note 16)		\$ 16,277,450	\$ 14,644,856

**Moravian Of The Thames First Nation
Consolidated Statement Of Changes In Net Financial Assets
For The Year Ended March 31, 2021**

	2021 Budget (unaudited)	2021	2020
Annual Surplus (Deficit)	\$(3,904,654)	\$ 1,632,594	\$ 114,236
Tangible Capital Assets			
Acquisition of tangible capital assets (note 12)	-	(417,580)	(106,711)
Disposal of tangible capital asset	-	-	23,154
Amortization of tangible capital assets (note 12)	-	<u>389,148</u>	<u>381,277</u>
	(3,904,654)	<u>1,604,162</u>	<u>411,956</u>
Change in prepaid expenditures	-	<u>(11,331)</u>	<u>(55,054)</u>
Change in Net Financial Assets	(3,904,654)	1,592,831	356,902
Net Financial Assets at Beginning of Year	<u>8,277,685</u>	<u>8,277,685</u>	<u>7,920,783</u>
Net Financial Assets at End of Year	<u>\$ 4,373,031</u>	<u>\$ 9,870,516</u>	<u>\$ 8,277,685</u>

**Moravian Of The Thames First Nation
Consolidated Statement Of Cash Flows
For The Year Ended March 31, 2021**

	2021	2020
Cash Provided By (Used For)		
Operating Activities		
Surplus	\$ 1,632,594	\$ 114,236
Items not requiring cash:		
Loss on business enterprises and partnerships	238,800	303,468
Amortization	389,148	381,277
Gain on sale of tangible capital assets	-	(36,846)
Increase in trust funds in Ottawa	<u>(4,243)</u>	<u>(4,208)</u>
	2,256,299	757,927
Change in non-cash working capital items affecting operations:		
Accounts receivable	(1,058,546)	5,191
Prepaid expenses	(11,331)	(55,054)
Accounts payable and accrued liabilities	(10,500)	22,518
Deposits on hand	275	(15,992)
Deferred revenue	1,821,051	1,322,907
Payable to funding source	<u>85,159</u>	<u>29,413</u>
	<u>3,082,407</u>	<u>2,066,910</u>
Capital Activities		
Purchase of tangible capital assets	(417,580)	(106,711)
Sale of tangible capital assets	<u>-</u>	<u>60,000</u>
	<u>(417,580)</u>	<u>(46,711)</u>
Investing Activities		
Advances to related parties	<u>(43,025)</u>	<u>(356,852)</u>
Financing Activities		
Repayment of long-term debt	<u>(150,922)</u>	<u>(196,088)</u>
Increase In Cash Position	2,470,880	1,467,259
Cash Position, Beginning	<u>11,463,727</u>	<u>9,996,468</u>
Cash Position, Ending	<u>\$ 13,934,607</u>	<u>\$11,463,727</u>

Moravian Of The Thames First Nation
Notes To The Consolidated Financial Statements
March 31, 2021

1. Operations

Moravian Of The Thames First Nation (the "First Nation") is located in the province of Ontario, it manages and administers various services to its members.

2. Significant Accounting Policies

Basis of Accounting

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants, except for the accounting for Naahii Inc., Naahii Grocery Store Inc. and Lunaapeew Developments LP as described below in principles of consolidation.

Reporting Entity

The First Nation reporting entity includes the Moravian of the Thames First Nation government and all related entities that are controlled by the First Nation.

Principles of Consolidation

The investment in Naahii Inc., Naahii Grocery Store Inc. and Lunaapeew Developments LP are accounted for using the modified equity method which reflects the First Nation's investment in this enterprise and are carried at -\$1,054,417 (2020 -\$815,617). Under the modified equity basis, the enterprise's accounting principles are not adjusted to conform with those of the First Nation and inter-organizational transactions and balances are not eliminated. Naahii Inc. and Naahii Grocery Store Inc. do not meet the criteria for a government business enterprise and Lunaapeew Developments LP does not meet the criteria of a government business partnership as they all cannot, in the normal course of operations, meet their liabilities without sources of funding from the First Nation. This constitutes a departure from Canadian public sector accounting standards as the entities should be consolidated in the financial statements. The entity's records indicate that, had management consolidated with these entities, revenues would increase by \$2,391,837 (2020 - \$4,383,277), expenses would increase by \$2,391,837 (2020 - \$4,383,277), cash would decrease by \$201,704 (2020 - \$113,123), accounts receivable would increase by \$NIL (2020 - \$26,921), inventory would increase by \$45,105 (2020 - \$45,105), tangible capital assets would increase by \$2,034,450 (2020 - \$2,167,965), intangible assets would increase by \$10,833 (2020 - \$12,833), related party balances would decrease by \$1,648,972 (2020 - \$1,605,947), investment in business enterprises would increase by \$1,054,416 (2020 - \$815,617), accounts payable would increase by \$24,087 (2020 - \$28,535) and long-term debt would increase by \$1,270,041 (2020 - \$1,320,836).

Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, balances with banks net of bank overdrafts and term deposits having a maturity of three months or less at acquisition which are held for the purpose of meeting short-term cash commitments.

Loans Receivable

Loans receivable are recorded at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt as assessed by management. Loans are reviewed on an annual basis by management.

Revenue Recognition

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

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

Moravian Of The Thames First Nation
Notes To The Consolidated Financial Statements
March 31, 2021

2. Significant Accounting Policies cont'd...

Revenue Recognition cont'd...

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

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

Tangible Capital Assets

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

Amortization of tangible capital assets is calculated by the declining balance method using the following rates, except where indicated otherwise:

Computers	30%
Equipment	20%
Furniture and fixtures	20%
Land improvements - straight-line	20 years
Roads	8%
Fencing	10%
CMHC buildings	Per Section 95 First Nation Housing agreement
Band buildings	4%
Water system	4%
Infrastructure	4%
Vehicles	30%
Internet towers	10%

Amortization for assets supported by long-term debt per Section 95 agreement is at a rate equivalent to the long-term debt principal repayment.

Use Of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant estimates and assumptions include those related to useful lives of assets, valuation of allowance for doubtful accounts for receivables and estimates for accounts payable and accrued liabilities. While management believes these estimates and assumptions are reasonable, actual results could differ from those estimates.

Financial Instruments

The First Nation recognizes its financial instruments when the First Nation becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at fair value. At initial recognition, the First Nation may irrevocably elect to subsequently measure any financial instrument at fair value. The First Nation has not made much an election during the year. Fair value is determined by reference to recent arm's length transactions.

Transaction cost directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in surplus. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Continued on page 7....

Moravian Of The Thames First Nation
Notes To The Consolidated Financial Statements
March 31, 2021

2. Significant Accounting Policies cont'd...

Financial Instruments cont'd...

All financial assets are tested annually for impairment. Any impairment, which is not considered temporary, is recorded in the consolidated statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the statement of remeasurement gains or losses. There has not been a reversal of such remeasurement during the year and thus no separate statement is disclosed.

3. Cash and Cash Equivalents

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

	2021	2020
Externally Restricted		
CMHC Replacement Reserve	\$ 326,173	\$ 294,332
Unrestricted		
Operating	<u>13,608,434</u>	<u>11,169,395</u>
Total Cash and Cash Equivalents	<u>\$ 13,934,607</u>	<u>\$ 11,463,727</u>

4. Funds Held in Trust by Government of Canada

	March 31, 2020	Additions 2021	March 31, 2021
Revenue	\$ 77,749	\$ 4,243	\$ 81,992
Capital	<u>110,014</u>	<u>-</u>	<u>110,014</u>
	<u>\$ 187,763</u>	<u>\$ 4,243</u>	<u>\$ 192,006</u>

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.

Moravian Of The Thames First Nation
Notes To The Consolidated Financial Statements
March 31, 2021

5. Accounts Receivable

2021

2020

Federal Funding

Indigenous Services Canada
Canada Mortgage and Housing Corporation
Other Grants

\$ 590,487
175,393
92,256
858,136

\$ 550,427
76,027
-
626,454

Provincial Funding

Ministry of Education
Ministry of Health & Long-Term Care
Ontario Power Authority
Other Grants

87,538
270,644
60,807
142,957
561,946

120,289
126,092
60,807
35,807
342,995

Other Receivables

Association of Iroquois and Allied Indians
Miscellaneous
OFNLP
Southern First Nations Secretariat
Stepping Stones
Water fees from members

12,902
98,368
591,250
54,879
69,978
18,025
254,152

10,714
96,953
-
44,460
76,993
23,179
252,299

2,265,484

1,221,748

Allowance for Doubtful Accounts

92,113

106,923

\$ 2,173,371

\$ 1,114,825

Continued on page 9....

Moravian Of The Thames First Nation
Notes To The Consolidated Financial Statements
March 31, 2021

6. Investment in Related Parties

The First Nation controls 100% of Naahii Inc., Naahii Grocery Store Inc. and Lunaapeew Developments LP. Naahii Inc. owns and operates a commercial real estate development. Naahii Grocery Store Inc. use to operate a grocery store (no longer active) and Lunaapeew Developments LP operates a gas station and Tim Hortons.

The First Nation has accounted for these entities using the modified equity method as indicated in note 2.

The First Nation's advance and the amounts due from related parties are interest-free with no set terms of repayment. As of March 31, 2021, the balance owing (to)/from are as follows:

	2021	2020
Due from Related Companies		
Naahii Grocery Store Inc.	\$ 102,320	\$ 102,320
Lunaapeew Developments LP	1,457,253	1,414,228
Naahii Inc.	<u>89,399</u>	<u>89,399</u>
	<u>1,648,972</u>	<u>1,605,947</u>
Investment in Business Enterprises		
Naahii Grocery Store Inc.	(745,871)	(723,946)
Lunaapeew Developments LP	(966,677)	(772,074)
Naahii Inc.	<u>658,131</u>	<u>680,403</u>
	<u>(1,054,417)</u>	<u>(815,617)</u>
	<u>\$ 594,555</u>	<u>\$ 790,330</u>

	Naahii Inc.	Naahii Grocery Store Inc.	Lunaapeew Development LP	Total	Total
Balance (deficit), beginning of year	\$ 680,403	\$ (723,946)	\$ (772,074)	\$ (815,617)	\$ (512,149)
Share of net (loss)	<u>(22,272)</u>	<u>(21,925)</u>	<u>(194,603)</u>	<u>(238,800)</u>	<u>(303,468)</u>
Balance (deficit), end of year	<u>\$ 658,131</u>	<u>\$ (745,871)</u>	<u>\$ (966,677)</u>	<u>\$ (1,054,417)</u>	<u>\$ (815,617)</u>

Continued on page 10....

Moravian Of The Thames First Nation
Notes To The Consolidated Financial Statements
March 31, 2021

6. Investment in Related Parties cont'd...	2021	2020
<i>Naahii Inc.</i>		
Financial Position		
Assets	\$ <u>1,131,147</u>	\$ <u>1,167,566</u>
Liabilities	\$ 473,017	\$ 487,163
Equity	<u>658,130</u>	<u>680,403</u>
	\$ <u>1,131,147</u>	\$ <u>1,167,566</u>
Results of Operations		
Revenue	\$ 26,128	\$ 26,128
Expenditures	<u>48,400</u>	<u>111,437</u>
Deficiency Of Revenues Over Expenditures	\$ <u>(22,272)</u>	\$ <u>(85,309)</u>
<i>Naahii Grocery Inc.</i>		
Financial Position		
Assets	\$ <u>117,420</u>	\$ <u>138,897</u>
Liabilities	\$ 863,290	\$ 862,843
Deficit	<u>(745,870)</u>	<u>(723,946)</u>
	\$ <u>117,420</u>	\$ <u>138,897</u>
Results of Operations		
Revenue	\$ -	\$ 2,759
Expenditures	<u>21,925</u>	<u>40,235</u>
Deficiency Of Revenues Over Expenditures	\$ <u>(21,925)</u>	\$ <u>(37,476)</u>
<i>Lunaapeew Development LP</i>		
Financial Position		
Assets	\$ <u>1,154,320</u>	\$ <u>1,258,860</u>
Liabilities	\$ 2,120,996	\$ 2,030,934
Capital	<u>(966,676)</u>	<u>(772,074)</u>
	\$ <u>1,154,320</u>	\$ <u>1,258,860</u>
Results of Operations		
Revenue	\$ 2,365,709	\$ 4,354,390
Expenditures	<u>2,560,312</u>	<u>4,535,073</u>
Deficiency Of Revenues Over Expenditures	\$ <u>(194,603)</u>	\$ <u>(180,683)</u>

The financial statements of Naahii Inc., Naahii Grocery Inc. and Lunaapeew Developments LP are not audited.

Continued on page 11....

Moravian Of The Thames First Nation
Notes To The Consolidated Financial Statements
March 31, 2021

7. Loans Receivable	2021	2020
Housing loans	\$ 557,351	\$ 558,226
Sanitation loans	115,813	117,843
100% repayable	196,700	203,630
Custom and miscellaneous loans	<u>(4,586)</u>	<u>(4,586)</u>
	865,278	875,113
Allowance for doubtful accounts	<u>865,278</u>	<u>875,113</u>
	\$ <u>-</u>	\$ <u>-</u>

Due to the history of poor collections and accountability, the above loans have been recognized as substantially doubtful. During the year, \$9,836 (2020 - \$22,917) was collected or adjustments made on these loans and \$NIL (2020 - \$3,500) were new loans added. Payments were applied to the appropriate loans and an adjustment was made to reduce the allowance. This recovery to the allowance is recognized as revenue in the housing loan repayment program.

8. Accounts Payable and Accrued Liabilities	2021	2020
Trades payable	\$ 457,874	\$ 468,156
Other accrued liabilities	<u>1,621</u>	<u>1,839</u>
	\$ <u>459,495</u>	\$ <u>469,995</u>

9. Payable to Funding Source	2021	2020
Federal government	\$ 44,103	\$ 45,818
Provincial government	152,810	103,081
Other	<u>45,154</u>	<u>8,009</u>
	\$ <u>242,067</u>	\$ <u>156,908</u>

10. Deferred Revenue	2021	2020
Association of Iroquois and Allied Indians	\$ -	\$ 43,291
Indigenous Services Canada & Health Canada	3,489,936	2,194,404
MCCSS	76,911	-
Ministry of the Attorney General	152,211	76,911
Other	824,371	542,659
Southern First Nations Secretariat	<u>349,726</u>	<u>214,839</u>
	\$ <u>4,893,155</u>	\$ <u>3,072,104</u>

Notes continued on page 12....

Moravian Of The Thames First Nation
Notes To The Consolidated Financial Statements
March 31, 2021

11. Long-Term Debt	2021	2020
BMO letter of credit. No terms of repayment.	\$ -	\$ 40,000
Residential Housing Loan by CMHC under Section 95 of the National Housing Act - 1.50%, due July 1, 2022, monthly payments of \$1,641 principal and interest, secured by a Ministerial Guarantee from Indigenous Services Canada.	359,584	373,801
Residential Housing Loan by CMHC under Section 95 of the National Housing Act - 1.87%, due May 1, 2024, monthly payments of \$1,094 principal and interest, secured by a Ministerial Guarantee from Indigenous Services Canada.	201,463	210,756
Residential Housing Loan by CMHC under Section 95 of the National Housing Act - 0.76%, due December 1, 2025, monthly payments of \$1,309 principal and interest, secured by a Ministerial Guarantee from Indigenous Services Canada.	217,887	231,439
Residential Housing Loan by CMHC under Section 95 of the National Housing Act - 0.27%, due October 1, 2021, monthly payments of \$4,696 principal and interest, secured by a Ministerial Guarantee from Indigenous Services Canada. Subsequent to year-end this mortgage was renewed for another 54 months at 0.98%.	284,340	338,426
Residential Housing Loan by CMHC under Section 95 of the National Housing Act - 1.46%, due March 1, 2022, monthly payments of \$2,090 principal and interest, secured by a Ministerial Guarantee from Indigenous Services Canada.	<u>354,464</u>	<u>374,238</u>
	1,417,738	1,568,660
Current portion	<u>447,654</u>	<u>328,785</u>
	<u>\$ 970,084</u>	<u>\$ 1,239,875</u>

The principal reduction required over the next five years and thereafter are as follows:

2022	\$ 447,654
2023	424,277
2024	79,930
2025	243,349
2026	217,760
Thereafter	<u>4,768</u>
	<u>\$ 1,417,738</u>

Notes continued on page 13....

Moravian Of The Thames First Nation
Notes To The Consolidated Financial Statements
March 31, 2021

12. Tangible Capital Assets

	Cost		Accumulated Amortization		Net Book Value			
	Opening Balance	Net Additions	Closing Balance	Opening Balance	Amortization	Closing Balance	Total 2021	Total 2020
Tangible Capital Assets								
Computers	\$ 347,543	\$ 16,238	\$ 363,781	\$ 286,209	\$ 23,271	\$ 309,480	\$ 54,301	\$ 61,334
Equipment	759,344	65,867	825,211	599,837	45,076	644,913	180,298	159,507
Furniture and fixtures	110,453	-	110,453	88,028	4,485	92,513	17,940	22,425
Land improvements	25,009	-	25,009	8,752	1,251	10,003	15,006	16,257
Roads	384,617	-	384,617	265,462	9,533	274,995	109,622	119,155
Fencing	48,724	39,323	88,047	18,046	6,998	25,044	63,003	30,678
Band and CMHC buildings	6,128,655	57,202	6,185,857	2,582,696	193,900	2,776,596	3,409,261	3,545,960
Water system	4,888,661	238,950	5,127,611	2,791,863	93,430	2,885,293	2,242,318	2,096,798
Infrastructure	349,373	-	349,373	146,354	8,123	154,477	194,896	203,019
Vehicles	335,121	-	335,121	330,166	1,486	331,652	3,469	4,955
Internet towers	40,129	-	40,129	24,151	1,595	25,746	14,383	15,978
Prior to March 31, 1998	1	-	1	-	-	-	1	1
Total	\$ 13,417,630	\$ 417,580	\$ 13,835,210	\$ 7,141,564	\$ 389,148	\$ 7,530,712	\$ 6,304,498	\$ 6,276,067

Notes continued on page 14....

Moravian Of The Thames First Nation
Notes To The Consolidated Financial Statements
March 31, 2021

13. Budgeted Figures

The budget, approved by the First Nation for 2021, is reflected on the consolidated statement of operations and accumulated surplus and the consolidated statement of changes in net financial assets. Budget figures have been reclassified for the purpose of these financial statements to comply with PSAB reporting requirements. Budget figures are not subject to audit.

14. COVID-19

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic and has had a significant impact on the First Nation.

At the time of approval of these consolidated financial statements, the First Nation has undertaken the following activities in relation to the COVID-19 pandemic:

- Closure of all First Nation facilities at various times subsequent to year end.
- Working from home requirements have been setup for those able to do so, as well as segregated work units.
- Cancellation of events and public gatherings.

At this time, these factors present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. The extent of the impact of this outbreak and related containment measures on the First Nation's operations cannot be reliably estimated at this time.

15. Pension Plan

The First Nation provides a defined contribution plan for eligible members of its staff. Members can voluntarily contribute a portion of their salary in which contributions are matched by First Nation up to 5% (2020 - 5%). The amount of retirement benefit to be received by the employees will be the amount of the retirement annuity that could be purchased based on the member's share of the pension plan at the time of the member's withdrawal from the plan. The First Nation contributed \$74,516 (2020 - \$81,201) during the year for retirement benefits.

**Moravian Of The Thames First Nation
Notes To The Consolidated Financial Statements
March 31, 2021**

16. Accumulated Surplus	2021	2020
Accumulated surplus consists of the following individual surplus funds, reserves and reserve funds:		
Internally restricted		
Investment in Lunaapeew Development LP	\$ (966,677)	\$ (772,074)
Investment in Naahii Inc.	658,131	680,403
Investment In Naahii Grocery Store Inc	(745,871)	(723,946)
	<u>(1,054,417)</u>	<u>(815,617)</u>
Externally restricted		
Ottawa Trust Fund reserve	192,006	187,763
Replacement reserve	<u>326,173</u>	<u>294,332</u>
	<u>518,179</u>	<u>482,095</u>
Unappropriated members' equity		
Operating	10,509,190	8,702,311
Invested in tangible capital assets	<u>6,304,498</u>	<u>6,276,067</u>
	<u>16,813,688</u>	<u>14,978,378</u>
Accumulated Surplus	\$ <u>16,277,450</u>	\$ <u>14,644,856</u>

17. Expenses By Object	2021	2020
Administration	\$ 961,426	\$ 690,297
Amortization	389,148	381,277
Bad debt (recovery)	(50,310)	(65,115)
Interest on debt	25,679	22,422
Interest and bank charges	5,337	2,596
Office and other	223,474	275,127
Operations and maintenance	424,544	525,427
Professional services	125,896	199,429
Utilities	158,596	94,207
Program delivery	3,016,326	3,080,576
Travel	234,746	344,025
Wages and benefits	2,653,180	2,659,162
Community support	<u>101,576</u>	<u>829,099</u>
	\$ <u>8,269,618</u>	\$ <u>9,038,529</u>

Notes continued on page 16....

Moravian Of The Thames First Nation
Notes To The Consolidated Financial Statements
March 31, 2021

18. Contingencies

The First Nation has entered into contribution agreements with various federal and provincial government departments. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements. Any resulting adjustment will be recognized in the year in which the changes are confirmed by the funding agency and will be recorded as a prior year recovery on the consolidated statement of operations.

The First Nation is in the process of decommissioning a waste site. Accruals are made in instances where it is probable that liabilities may be incurred and where such liabilities can be reasonably estimated. Although it is possible that liabilities may be incurred in instances for which no accruals have been made, the First Nation has no reason to believe that the ultimate outcome will have a significant impact on its financial position. Decommissioning cost of \$17,327 (2020 - \$8,486) were paid during the year.

A lawsuit has been filed against the First Nation for incidents which arose in the ordinary course of operations. In the opinion of management and legal counsel, the outcome of the lawsuit, now pending, is not determinable. Should any loss result from the resolution of these claims, such loss will be charged to operations in the year of resolution.

19. Financial Instruments Risks Disclosures

The main risks the First Nation's financial instruments are exposed to are credit risk, liquidity risk, and market risk each of which is discussed below.

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The First Nation has exposure to credit risk as the total of all receivables are significant. Management feels the risk is low as most of the receivables are due from various levels of government, First Nation members or rent receivables. Any receivable that management feels are uncollectable are allowed for.

Liquidity Risk

Liquidity risk relates to the risk the First Nation will encounter difficulty in meeting its obligations associated with financial liabilities. The financial liabilities on its balance sheet consist of accounts payable and accrued liabilities and payable to funding source. Management closely monitors cash flow requirements to ensure that it has sufficient cash on demand to meet operational and financial obligations.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and other price risk.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The First Nation has \$25,129 of U.S. cash at Canadian dollar equivalent converted at the year end exchange rate. Consequently, this asset is exposed to foreign exchange fluctuations.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The First Nation's interest bearing financial instruments are subject to interest rate risk.

Notes continued on page 17....

Moravian Of The Thames First Nation
Notes To The Consolidated Financial Statements
March 31, 2021

19. Financial Instruments Risks Disclosures cont'd...

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk and interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The First Nation is not exposed to other price risk.

Changes in Financial Instruments Risks Disclosures

There have been no significant changes in these risk exposures from the prior year.

20. Segmented Information

Moravian of the Thames First Nation is a diversified local government that provides a wide range of services to its members, including water, fire protection, technical services, recreation, social services, health services, education, social housing and economic development among others. 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 specific regulations, requirements and limitations.

The First Nation's services are provided by departments and their activities are recorded in these funds. Certain departments that have been disclosed in the segmented information, along with the service they provide, are as follows:

Administration

Manages the administrative operations of the First Nation. Those costs that relate directly to the administration of the various segments have been allocated to the appropriate segment.

Economic Development

Manages the development of the First Nation for the members, such as an energy plan, and tourism.

Education

Provides elementary and secondary education instructional services and provides financial support to students.

Childcare

Manages the activities of the First Nation's children's daycare program.

Social Services

Administers the provision of social assistance to qualifying members.

Land and Trust Services

Provides housing for members of the First Nation.

Notes continued on page 18....

**Moravian Of The Thames First Nation
Notes To The Consolidated Financial Statements
March 31, 2021**

20. Segmented Information cont'd...

Health

Provides a variety of health care programs and support to First Nation members.

Employment Assistance

Provides employment assistance to members of the First Nation.

Community Infrastructure

Manages First Nation infrastructure programs including facilities operations and maintenance, capital projects, water and waste water plant operations and other related activities.

Community Development

Manages the activities of the First Nation's community services.

OFNLP

Undertakes activities of the Ontario First Nation Limited Partnership fund, which derives revenue from gaming facilities located in the Province of Ontario.

28. Segmented Information

	Administration		Economic Development		Education		Children	
	Budget	2021	Budget	2021	Budget	2021	Budget	2021
REVENUES								
ISC	\$ 1,233,806	\$ 1,127,680	\$ 590,708	\$ 590,708	\$ 942,172	\$ 914,708	\$ 1,045,545	\$ 1,045,545
AUI					66,977	66,977	49,690	49,690
Health Canada	85,760	85,760						
Provincial			86,000	86,000				
Ministry of Education					120,289	120,289	120,289	120,289
MOHLTC								
Seapoint Homes								
CMHC								
Adm'n Fees	961,436	961,436						
Rental	343,424	343,424						
SPNS								
CRNLP								
Other								
Repayable to funding source	241,310	235,039	235,039	235,039	215,482	181,638	352,484	352,484
Deferred revenue - beginning of year	2,665,726	2,602,854	1,501,559	1,501,559	2,085,880	2,042,270	2,297,916	2,297,916
Deferred revenue - end of year	444,783	444,783	282,556	282,556	459,562	459,562	175,875	175,875
	(474,453)	(724,130)	(444,759)	(444,759)	(430,389)	(775,127)	(459,562)	(459,562)
Total revenues	2,636,060	2,293,533	1,729,756	1,729,756	2,115,053	1,726,696	2,009,228	2,009,228
EXPENDITURES								
Administration	15,334	15,334	38,226	38,226				
Amortization	285,000	278,226	381,277	381,277				
Bad debt (recovery)	4,500	(52,400)	(67,000)	(67,000)				
Interest on debt								
Interest and bank charges	2,500	2,279	2,356	2,356				
Office, supplies and other	186,138	142,721	148,804	148,804				
Operations and maintenance	382,775	137,734	300,304	300,304				
Professional services	97,000	83,246	80,394	80,394				
Social assistance payments								
Utilities	39,500	40,419	10,756	10,756				
Program delivery	401,516	372,639	213,317	213,317				
Travel	48,083	4,340	33,489	33,489				
Wages and benefits	489,197	485,766	540,781	540,781				
Total expenses	1,931,543	1,530,345	1,680,978	1,680,978				
Loss on investment		(288,600)	(303,469)	(303,469)				
Excess surplus (deficiency) of revenue over expenses	\$ 704,517	\$ 854,488	\$ 214,638	\$ 214,638	\$ (113,147)	\$ (4,277)	\$ (14,789)	\$ (14,789)
Notes continued on page 20 ...								

20. Segmented Information cont.

	Social Services		Land and Trust Services		Health		Employment Assistance	
	Budget	2021	Budget	2021	Budget	2021	Budget	2021
REVENUES								
BC	\$	\$	\$	\$	\$	\$	\$	\$
AAAI								
Health Canada								
Provincial								
Ministry of Education								
MOHLTC								
Stapling Stores								
-CHMC	785,830	785,830						
Admin Fee								
Rental								
SPHS								
ORNLIP								
Other								
Prior year adjustment								
Repayable to funding source								
Deferred revenue - beginning of year								
Deferred revenue - end of year								
Total revenues	785,830	785,830	13,126	13,551	78,153	78,285	254,369	277,569
EXPENDITURES								
Administration								
Amortization								
Bad debt (recovery)								
Interest on debt								
Interest and bank charges								
Office and other								
Operations and maintenance								
Professional services								
Social assistance payments								
Utilities								
Program delivery								
Travel								
Wages and benefits								
Total expenses	785,830	785,830	13,126	13,551	78,153	78,285	254,369	277,569
Loss on Investment								
Excess Surplus (Deficiency) of Revenue Over Expenses	\$ 45,608	\$	\$ 208,376	\$ (4,872)	\$ (1,187,854)	\$ 36,812	\$ (256,578)	\$ (1)

Notes continued on page 21 ...

20. Segmented Information cont.

	Community Infrastructure			Community Development			OFILP			Total		
	Budget	2021	2020	Budget	2021	2020	Budget	2021	2020	Budget	2021	2020
REVENUES												
ISC	\$ 489,931	\$ 489,931	\$ 131,444	\$ (44,130)	\$ 368,094	\$ 356,834	\$ -	\$ -	\$ -	\$ 2,894,659	\$ 3,351,234	\$ 2,541,321
AMAI	-	-	-	-	-	-	-	-	-	854,475	645,181	460,791
Health Canada	-	-	-	-	-	-	-	-	-	385,253	1,530,379	1,260,580
Provincial	-	52,500	52,500	(368,884)	824,467	486,870	-	-	-	(360,984)	781,967	624,370
Ministry of Education	-	-	-	(63,847)	123,741	112,530	-	-	-	406,700	473,999	558,289
MOHTE	-	-	-	(261,537)	244,472	234,187	-	-	-	(261,537)	244,472	244,187
Shipping Stores	-	-	-	-	-	-	-	-	-	785,830	680,009	680,009
CEHC	-	-	-	-	-	-	-	-	-	122,632	122,579	122,579
Admin Fees	-	-	-	-	-	-	-	-	-	951,426	764,167	764,167
Rental	-	-	-	-	-	-	-	-	-	477,925	353,870	397,332
SPNS	-	-	-	-	15,000	28,500	-	-	-	1,061,434	1,196,739	1,055,961
OFILP	-	-	-	(2,500)	-	-	-	-	-	884,481	884,481	918,187
Other	27,378	21,578	18,148	(22,763)	321,408	360,519	32,441	32,791	120,668	580,137	655,701	1,143,424
	517,309	564,009	252,092	(763,760)	1,488,382	1,609,440	316,922	321,029	1,039,855	8,524,421	12,025,105	10,757,412
Adjustment to prior year surplus	-	-	-	-	-	-	-	-	-	-	-	-
Repayable to funding source	-	-	-	-	(49,729)	(43,613)	-	-	-	-	(94,884)	(43,613)
Deferred revenue - beginning of year	2,163	2,163	888	(681,007)	755,177	401,159	-	-	-	1,341,907	3,072,104	1,748,409
Deferred revenue - end of year	-	-	(2,163)	(639,233)	(1,142,108)	(755,177)	-	-	-	(3,087,645)	(4,088,185)	(3,072,104)
Total revenues	519,471	566,171	250,817	(2,083,999)	1,083,726	1,211,810	916,922	921,029	1,039,855	6,880,772	10,005,171	9,399,521
EXPENDITURES												
Administration	42,315	46,421	35,305	120,140	141,028	140,843	-	-	-	777,068	961,426	690,297
Amortization	-	-	-	-	-	-	-	-	-	285,000	385,148	381,277
Bad debt (recovery)	-	2,100	1,886	-	-	-	-	-	-	4,500	(58,310)	(65,115)
Interest on debt	-	-	-	-	-	-	-	-	-	120,653	23,679	22,422
Interest and loan charges	-	-	-	-	-	-	42	3,658	-	2,542	5,337	2,586
Office and other	12,879	12,898	11,558	5,542	2,685	15,157	-	-	-	261,998	223,474	275,127
Operations and maintenance	335,100	56,237	40,907	38,410	31,947	31,669	-	-	-	998,313	404,544	525,427
Professional services	-	-	-	-	-	-	-	-	-	240,277	125,886	135,429
Social assistance payments	-	-	-	-	-	-	-	-	-	-	-	-
Utilities	12,214	13,211	13,064	26,562	23,459	31,288	-	-	-	165,075	138,598	94,207
Program delivery	-	-	933	477,467	254,076	353,211	-	-	-	3,512,485	3,016,536	3,080,574
Travel	4,078	9,413	-	26,504	11,428	28,133	-	-	-	332,483	234,746	344,025
Wages and benefits	165,166	160,388	147,323	64,131	579,111	615,725	1,124	1,124	-	3,258,572	2,653,180	2,659,162
Community support	-	-	-	-	-	-	-	-	-	426,511	101,570	829,089
Total expenses	571,751	941,004	750,977	1,339,217	1,644,533	1,224,026	427,677	165,758	829,099	10,785,427	8,259,618	9,838,529
Loss on investment	-	-	-	-	-	-	-	-	-	-	(238,800)	(303,460)
Excess Surplus (Deficiency) of Revenue Over Expenses	\$ (52,280)	\$ 225,168	\$ (161)	\$ (3,423,216)	\$ 37,193	\$ (12,217)	\$ 489,244	\$ 815,271	\$ 209,756	\$ (3,904,654)	\$ 1,000,293	\$ 57,294