

**Pic Mober First Nation
Consolidated Financial Statements**

March 31, 2020

**Pic Mober First Nation
Contents**

For the year ended March 31, 2020

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Management's Responsibility

To the Chief and Council and Members of Pic Mober First Nation:

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

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Pic Mober First Nation Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Chief and Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Chief and Council is also responsible for recommending the appointment of the First Nation's external auditors.

MNP LLP is appointed by the Chief and Council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Chief and Council and management to discuss their audit findings.

July 23, 2021



CEO

To the Chief and Council and Members of Pic Mobert First Nation:

Qualified Opinion

We have audited the consolidated financial statements of Pic Mobert First Nation and its subsidiaries (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of operations and accumulated surplus, change in net debt 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 possible 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 consolidated financial position of the First Nation as at March 31, 2020, and the results of its consolidated operations, change in its net debt and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

We were unable to obtain sufficient, appropriate audit evidence relating to the carrying amount recorded in accounts receivable of a controlled entity recorded under the modified equity method. Further we were unable to obtain certain corroborating evidence concerning the collectability of the receivable balances. Consequently, we are unable to determine if any adjustments were necessary to investments in government business partnership and enterprise and accumulated surplus as at March 31, 2020 and to earnings (loss) from investment government business enterprise for the year ended March 31, 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 First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the 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 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 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 First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the First Nation 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.

MNP LLP

Thunder Bay, Ontario

Chartered Professional Accountants

July 23, 2021

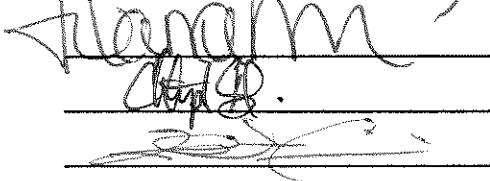
Licensed Public Accountants

MNP
LLP

Pic Mober First Nation
Consolidated Statement of Financial Position
As at March 31, 2020

| | 2020 | 2019 |
|--|-------------------------|---------------------|
| | (Restated) - Note 24 | |
| Financial assets | | |
| Cash resources (Note 3) | 1,837,992 | 1,822,516 |
| Portfolio investments (Note 4) | 73,244,558 | 73,140,484 |
| Accounts receivable (Note 5) | 1,258,093 | 1,088,262 |
| Due from government and other government organizations (Note 6) | 685,375 | 608,512 |
| Investments in government business partnership and enterprise (Note 7) | 2,562,114 | 2,501,778 |
| Trust funds held by federal government (Note 8) | 78,373 | 76,864 |
| Total financial assets | 79,666,505 | 79,238,416 |
| Liabilities | | |
| Accounts payable and accruals (Note 9) | 1,503,933 | 1,074,891 |
| Deferred revenue (Note 10) | 799,264 | 596,597 |
| Due to government and other government organizations (Note 11) | 129,030 | 64,196 |
| Due to EE Solar Partners Inc. (Note 12) | 1,702,173 | 1,748,311 |
| Due to Regional Power Inc. (Note 13) | 84,765,731 | 82,576,284 |
| Long-term debt (Note 14) | 3,660,849 | 3,203,254 |
| Total liabilities | 92,560,980 | 89,263,533 |
| Net debt | (12,894,475) | (10,025,117) |
| Contingent liabilities (Note 15) | | |
| Non-financial assets | | |
| Tangible capital assets (Schedule 1) | 25,552,111 | 24,095,097 |
| Intangible capital assets | 1,986 | 1,986 |
| Prepaid expenses | 55,456 | 53,156 |
| Total non-financial assets | 25,609,553 | 24,150,239 |
| Accumulated surplus | 12,715,078 | 14,125,122 |

Approved on behalf of the Council



Chief
Councillor
Councillor



Councillor
Councillor

Pic Mobert First Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2020

| | 2020 Budget | 2020 | 2019 (Restated) - Note 24 |
|---|-------------------|--------------------|---------------------------------|
| Revenue | | | |
| Indigenous Services Canada (Note 16), (Note 18) | 1,548,592 | 1,747,798 | 1,914,973 |
| Dilico Ojibway Child and Family Services | 458,151 | 227,917 | 311,328 |
| Ontario First Nations Limited Partnership | 720,000 | 816,685 | 942,144 |
| Ministry of Health (Note 18) | 137,532 | 94,032 | 143,276 |
| First Nations and Inuit Health Branch (Note 18) | 682,157 | 547,628 | 891,619 |
| Ministry of Community, Family and Children's Services (Note 18) | 776,706 | 1,472,547 | 1,307,473 |
| Union of Ontario Indians | 432,612 | 504,359 | 330,136 |
| Anishinabek Employment and Training Services | 34,000 | 97,356 | 110,380 |
| Canada Mortgage and Housing Corporation (Note 18) | 215,726 | 215,726 | 212,953 |
| Ministry of Natural Resources (Note 18) | - | - | 12,556 |
| Ministry of Indigenous Affairs (Note 18) | 85,000 | 310,044 | 315,016 |
| Ministry of Transportation (Note 18) | 30,804 | 38,500 | 38,500 |
| Ministry of Education (Note 18) | 288,418 | 244,636 | 192,087 |
| Kinomaadswin Education Body | 3,413,114 | 3,076,533 | 2,903,580 |
| Northern Ontario Heritage Fund Corporation | 45,000 | 43,020 | - |
| Industry Canada (Note 18) | 90,000 | 85,975 | - |
| Ontario Trillium Foundation | - | 6,700 | 31,024 |
| Contract revenue - Barrick Gold | 2,219,000 | 3,109,854 | 2,783,692 |
| Regional Power Inc. | - | 722,545 | 2,193,147 |
| Independent Electricity System Operator | - | 39,986 | 100,000 |
| Miscellaneous revenue | 529,599 | 840,520 | 1,051,799 |
| Rent revenue | 557,440 | 641,583 | 615,354 |
| Administration fees | 304,582 | 304,582 | 579,819 |
| Fundraising revenue | 15,000 | 24,300 | 22,320 |
| Inter-department cost recoveries | 771,472 | 1,038,828 | 373,915 |
| Deferred revenue - prior year | - | 596,597 | - |
| Deferred revenue - current year | - | (799,264) | (596,597) |
| Recovery of funding | - | 90,398 | - |
| Total revenue | 13,354,905 | 16,139,385 | 16,780,494 |
| Expenses | | | |
| Administration and Chief and Council | 1,305,567 | 1,860,521 | 1,506,428 |
| Infrastructure Programs | 817,281 | 1,360,685 | 1,317,786 |
| Social, Cultural, Spiritual and Recreational Programs | 2,114,308 | 1,019,467 | 1,003,245 |
| Education Programs | 3,294,236 | 2,963,658 | 2,643,309 |
| Health Programs | 1,065,262 | 2,579,079 | 2,361,069 |
| Capital Programs | 1,353,094 | 981,877 | 1,504,075 |
| Economic Development Programs | 3,705,674 | 3,392,842 | 3,050,429 |
| Business Enterprise Projects | - | 3,107,104 | 3,085,685 |
| OFNLP2008 Fund | - | 713,495 | 108 |
| Total expenses | 13,655,422 | 17,978,728 | 16,472,134 |
| Surplus (deficit) before other items | (300,517) | (1,839,343) | 308,360 |

Continued on next page

Pic Mober First Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2020

| | 2020 Budget | 2020 | 2019 |
|---|------------------------|--------------------|-------------|
| Surplus (deficit) before other items <i>(Continued from previous page)</i> | (300,517) | (1,839,343) | 308,360 |
| Other income | | | |
| Earnings (loss) from investment in government business partnership <i>(Note 7)</i> | - | (119,240) | 133,715 |
| Earnings from investment in government business enterprise <i>(Note 7)</i> | - | 548,539 | 503,259 |
| Gain on disposal of government partnership | - | - | 2,426,979 |
| Recognition of prior years' deferred revenue | - | - | 441,050 |
| | - | 429,299 | 3,505,003 |
| Surplus (deficit) | (300,517) | (1,410,044) | 3,813,363 |
| Accumulated surplus, beginning of year | 14,065,358 | 14,125,122 | 10,335,453 |
| Prior year surplus recoveries | - | - | (23,694) |
| Accumulated surplus, end of year | 13,764,841 | 12,715,078 | 14,125,122 |

Pic Mober First Nation
Consolidated Statement of Change in Net Debt
For the year ended March 31, 2020

| | 2020 Budget | 2020 | 2019 (Restated) - Note 24 |
|--|------------------------|---------------------|--|
| Annual surplus (deficit) | (300,517) | (1,410,044) | 3,813,363 |
| Purchases of tangible capital assets | - | (2,479,286) | (246,314) |
| Amortization of tangible capital assets | 493,964 | 1,022,272 | 1,000,686 |
| Prior year surplus recoveries | - | - | (23,694) |
| Change in government partnership tangible capital assets | - | - | 750,857 |
| Acquisition of prepaid expenses | - | (2,300) | - |
| Use of prepaid expenses | - | - | 7,079 |
| Change in government partnership prepaid expenses | - | - | 521,034 |
| (Increase) decrease in net debt | 193,447 | (2,869,358) | 5,823,011 |
| Net debt, beginning of year | (10,084,881) | (10,025,117) | (15,848,128) |
| Net debt, end of year | (9,891,434) | (12,894,475) | (10,025,117) |

Pic Mober First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2020

2020 **2019**
(Restated) -
Note 24

Cash provided by (used for) the following activities

Operating activities

| | | |
|--|--------------------|-------------|
| Surplus (deficit) | (1,410,044) | 3,813,363 |
| Prior year surplus recoveries | - | (23,691) |
| Non-cash items | | |
| Amortization | 1,022,272 | 1,000,687 |
| Net income from government business partnership and enterprise | (429,299) | (636,974) |
| Gain on disposal of government partnership | - | (2,426,979) |
| Adjustment on disposal of government partnership | - | 266,473 |
| Changes in working capital accounts | | |
| Accounts receivable | (169,831) | (159,394) |
| Due from government and other government organizations | (76,863) | 91,265 |
| Trust funds held by federal government | (1,509) | (1,745) |
| Prepaid expenses | (2,300) | 7,079 |
| Deferred revenue | 202,667 | (390,481) |
| Accounts payable and accruals | 429,045 | (807,488) |
| Due to government and other government organizations | 64,834 | 14,635 |
| | (371,028) | 746,750 |

Financing activities

| | | |
|---|----------------|-----------|
| Advances of long-term debt | 729,924 | 156,966 |
| Repayment of long-term debt | (272,329) | (266,663) |
| Decrease in due to EE Solar Partners Inc. | (46,138) | - |
| | 411,457 | (109,697) |

Capital activities

| | | |
|--------------------------------------|--------------------|-----------|
| Purchases of tangible capital assets | (2,479,286) | (246,314) |
|--------------------------------------|--------------------|-----------|

Investing activities

| | | |
|---|------------------|-------------|
| Proceeds on disposal of temporary investments | - | 362,871 |
| Distributions received from government business partnership | 368,961 | 100,000 |
| Increase in due to Regional Power Inc. | 2,189,447 | 666,966 |
| Increase in due to EE Solar Partners Inc. | - | 1,748,311 |
| Purchase of portfolio investments | (104,075) | (2,173,118) |
| | 2,454,333 | 705,030 |

Increase in cash resources

| | | |
|--|------------------|---------|
| Cash resources, beginning of year | 1,822,516 | 726,747 |
|--|------------------|---------|

| | | |
|------------------------------------|------------------|-----------|
| Cash resources, end of year | 1,837,992 | 1,822,516 |
|------------------------------------|------------------|-----------|

Supplementary cash flow information

| | | |
|---------------|----------------|---------|
| Interest paid | 116,501 | 125,487 |
|---------------|----------------|---------|

Pic Mobert First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

1. Operations

Pic Mobert First Nation (the "First Nation") is located in the province of Ontario, and provides various services to its members. Pic Mobert First Nation includes the First Nation's members, government and all related entities that are accountable to the First Nation and are either owned or controlled by the First Nation.

Impact on operations of COVID-19

In early March 2020 the impact of the global outbreak of COVID-19 began to have a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders.

The First Nation's operations were impacted by COVID-19 due to closure of the Band office, increased demand from members for assistance and cancellation of events.

The impact of COVID-19 has been partially offset by announcements from Government funding agencies releasing held funds for immediate use for COVID-19 related expenses and announcements that unspent program funding may be used to offset COVID-19 related expenses in future periods. Eligibility under these announcements have evolved since first announced and can be subject to changes in legislation or administrative positions, further, there is significant uncertainty of the period of time into the future that the Government will continue these programs.

At this time, it is unknown the extent the impact of the COVID-19 outbreak may have on the First Nation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may cause increased support requests from members, supply chain disruptions, staff shortages, and increased government regulations, all of which may negatively impact the First Nation's business and financial condition.

2. Significant accounting policies

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

Reporting entity consolidated

The Pic Mobert First Nation reporting entity includes the Pic Mobert First Nation and all related entities that are controlled by the First Nation.

Pic Mobert First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

2. Significant accounting policies *(Continued from previous page)*

Principles of consolidation

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of government business enterprise, which are included in the consolidated financial statements on a modified equity basis.

Government partnerships are proportionately consolidated on a line-by-line basis except for the partnerships which meet the definition of government business partnership, which are included in the consolidated financial statements on a modified equity basis.

Under the modified equity method of accounting, only the Pic Mobert First Nation's investment in the government business enterprise and the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of Pic Mobert First Nation.

Organizations consolidated in Pic Mobert First Nation's consolidated financial statements include:

- White Lake Resources Corporation
- Gitchi Animki Energy Limited Partnership
- Gitchi Animki Energy Corporation
- Gitchi Animki Finance Corp.
- Maygwayyawk Forestry Services Corp.
- Giizis Power LP
- Giizis Power GP Corp.

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

Organizations accounted for on a modified equity basis include:

- White Lake Limited Partnership
- BMI-Maamwigaaboo Contracting (2017) Limited Partnership

Pic Mober First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

2. Significant accounting policies *(Continued from previous page)*

Cash and cash equivalents

Cash and cash equivalents include 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.

Portfolio investments

Long-term investments in entities that are not owned, controlled or influenced by the First Nation reporting entity are accounted for using the cost method. They are recorded at cost, less any provision for other than temporary impairment.

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.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and the First Nation's incremental cost of borrowing.

Tangible capital assets are written down when conditions indicate they no longer contribute to the First Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations and accumulated surplus.

Contributed capital assets are recorded into revenue at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

Pic Mober First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

2. Significant accounting policies *(Continued from previous page)*

Amortization

Tangible capital assets are amortized annually using the declining balance and straight-line methods at rates intended to amortize the cost of the assets over their estimated useful lives as follows:

| | Method | Rate |
|--|-------------------|-------------|
| Office equipment | declining balance | 20 % |
| General equipment | declining balance | 20 % |
| Police office trailer | declining balance | 30 % |
| Computer hardware | declining balance | 30 % |
| Computer software | declining balance | 100 % |
| Automotive | declining balance | 30 % |
| Housing - Section 10 | straight-line | 35 years |
| Infrastructure | straight-line | 35 years |
| Gymnasium/Auditorium | straight-line | 35 years |
| CMHC Housing - Section 95 | straight-line | 35 years |
| Administration office | straight-line | 35 years |
| Housing renovations | straight-line | 35 years |
| Skating rink | straight-line | 35 years |
| Health clinic | straight-line | 35 years |
| CMHC Housing - Section 95 (2008/2010) | straight-line | 35 years |
| School building | straight-line | 35 years |
| Dilico building | straight-line | 35 years |
| Elders' residences | straight-line | 35 years |
| Water treatment facility | straight-line | 35 years |
| OW building | straight-line | 35 years |
| Pow-Wow Arbour | straight-line | 35 years |
| Cultural Centre | straight-line | 35 years |
| Dilico Building - 2017 | straight-line | 35 years |
| ISC Housing - 2017 | straight-line | 35 years |
| Daycare | straight-line | 35 years |

Long-term debt and capital lease obligations

Long-term financing received to fund tangible capital asset purchases is recognized in the period the financing is acquired and recorded as an increase in long-term debt or capital lease obligation.

Repayments of long-term financing are recognized as a decrease in long-term debt.

Capital lease repayments are recognized as a decrease in capital lease obligations.

Long-lived assets

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The First Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the asset's carrying amount. Impairment is measured as the amount by which the asset's carrying value exceeds its fair value.

Pic Mober First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

2. Significant accounting policies *(Continued from previous page)*

Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets and prepaid expenses.

Loan guarantees

The First Nation records a provision for losses on loan guarantees when it determines that a loss is likely.

The provision is determined based on the current circumstances of the individual borrowers and is reviewed on an ongoing basis as new events occur, as more experience is acquired, or as additional information is obtained. Any changes in the provision is charged or credited to expenses. A provision for loss on a loan guarantee is removed from the First Nation's consolidated statement of financial position when the guaranteed loan has been discharged or the term of the loan guarantee has expired.

Net financial assets (net debt)

The First Nation's consolidated financial statements are presented so as to highlight net financial assets (net debt) as the measurement of financial position. The financial assets (net debt) of the First Nation is determined by its financial assets less its liabilities. Net financial assets (net debt) combined with non-financial assets comprise a second indicator of financial position, accumulated surplus (deficit).

Revenue recognition

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

Government transfers are recognized as revenue 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 the transfer stipulations give rise to a liability. Transfer revenue is recognized in the consolidated statement of operations and accumulated surplus as the stipulations are settled.

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

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

Pic Mober First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

2. Significant accounting policies *(Continued from previous page)*

Measurement uncertainty

The preparation of consolidated financial statements for the First Nation in conformity 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 consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

Amortization is based on the estimated useful lives of tangible capital assets.

Inventory is stated after evaluation of its original cost and any applicable selling costs, less an amount for obsolete materials, if applicable.

Accounts payable and accruals are estimated based on historical charges for unbilled goods and services at year-end.

Deferred revenue is estimated based on management's review of revenue received, but unspent at year-end.

Segments

The First Nation conducts its business through nine reportable segments: Administration and Chief and Council, Infrastructure Programs, Social, Cultural, Spiritual and Recreational Programs, Education Programs, Health Programs, Capital Programs, Economic Development Programs, Business Enterprise Projects, and OFNLP2008 Fund. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue 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.

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

Funds held by federal government

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the consolidated statement of financial position with an offsetting amount in revenue on the consolidated statement of operations and accumulated surplus. Trust monies consist of:

- Capital trust monies derived from non-renewable resource transactions on the sale of land or other First Nation tangible capital assets; and
- Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

Loans receivable

Loans 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. Interest income is accrued on loans receivable to the extent it is deemed collectable.

Administration fees

It is the First Nation's policy to allocate certain administrative costs to various programs. Such allocations are recorded as administration fees revenue on the consolidated administration program schedule of revenue and expenses.

Pic Mober First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

2. Significant accounting policies *(Continued from previous page)*

Expense allocation

Certain expenses which pertain to the operations as a whole have been allocated to various programs at the discretion of Chief and Council.

3. Cash resources

| | 2020 | 2019 |
|---|------------------|------------------|
| HST account | 80,160 | 20,291 |
| Petty cash | (376) | 500 |
| General account | 421,549 | (59,470) |
| Water Treatment account | 106 | 85,483 |
| Welfare account | 234,348 | 77,199 |
| Equity Trust account | 415,334 | 717,249 |
| OFNLP2008 account | 275,122 | 229,958 |
| CMHC Replacement Reserve account (restricted) | 325,626 | 290,507 |
| Land Claims account | (429,433) | (128,692) |
| AES Education account | 484,305 | 573,694 |
| Gitchi Animki Energy Limited Partnership | 31,251 | 15,797 |
| | 1,837,992 | 1,822,516 |

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.

The general account has an overdraft available of up to \$500,000 (2019 - \$500,000) with interest at bank prime plus 1.5% (2019 - 1.5%) (3.95% at March 31, 2020) (2019 - 5.45%) which is secured by a general security agreement (\$Nil outstanding at March 31, 2020 and March 31, 2019).

The welfare bank account has an overdraft available of up to \$10,000 (2019 - \$10,000) with interest at bank prime plus 1.5% (2019 - 1.5%) (3.95% at March 31, 2020) (2019 - 5.45%) which is secured by a general security agreement (\$Nil outstanding at March 31, 2020 and March 31, 2019).

The land claims account has an overdraft available of up to \$490,000 (2019 - \$490,000) with interest at bank prime plus 1.5% (2019 - 1.5%) (3.95% at March 31, 2020) (2019 - 5.45%) which is secured by a general security agreement. The balance outstanding at year-end was \$345,489 (2019 - \$73,843).

Pic Mober First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

4. Portfolio investments

| | 2020 | 2019 |
|--|-------------------|---------------------------------|
| | | <i>(Restated) - Note 24</i> |
| Bank of Montreal 1 year GIC, redeemed in 2019 | - | 149,565 |
| Bank of Montreal 1 year GIC, redeemed in 2019 | - | 25,692 |
| Bank of Montreal 1 year GIC, redeemed in 2019 | - | 20,000 |
| Bank of Montreal 1 year GIC, redeemed in 2019 | - | 40,511 |
| Bank of Montreal 1 year GIC, redeemed in 2020 | - | 10,292 |
| Bank of Montreal 1 year GIC, redeemed in 2020 | - | 7,671 |
| Bank of Montreal 1 year GIC, redeemed in 2020 | - | 91,018 |
| Bank of Montreal 1 year GIC, redeemed in 2020 | - | 20,249 |
| Bank of Montreal 2 year GIC, bearing interest at 0.5% maturing May 2021 | 150,907 | - |
| Bank of Montreal 2 year GIC, bearing interest at 0.4% maturing June 2021 | 25,923 | - |
| Bank of Montreal 1 year GIC, bearing interest at 1.0% maturing November 2020 | 20,554 | - |
| Bank of Montreal 1 year GIC, bearing interest at 1.0% maturing December 2020 | 40,915 | - |
| Bank of Montreal 1 year GIC, bearing interest at 1.0% maturing January 2021 | 10,395 | - |
| Bank of Montreal 1 year GIC, bearing interest at 1.0% maturing February 2021 | 7,747 | - |
| Bank of Montreal 1 year GIC, bearing interest at 1.0% maturing February 2021 | 91,925 | - |
| Bank of Montreal 1 year GIC, bearing interest at 1.0% maturing February 2021 | 20,450 | - |
| Bamkushwada Limited Partnership | 1 | 1 |
| Pic Mober Hydro Inc. | 70,977,621 | 70,977,621 |
| Muskoka Solar LP | 1,797,788 | 1,797,788 |
| Bamkushwada GP Inc. | 1 | 1 |
| AETS Property LP | 10 | 10 |
| AETS Property GP Inc. | 10 | 10 |
| Supercom Industries Limited Partnership | 1 | 1 |
| Supercom Industries Ltd. | 1 | 1 |
| Northeast Superior First Nation Investment LP | 100,257 | 1 |
| Northeast Superior First Nation Investment GP Inc. | 1 | 1 |
| Ontario First Nations Sovereign Wealth Limited Partnership | 1 | 1 |
| OFN Asset Management GP Corp. | 1 | 1 |
| Maygwayyawk Forestry Services Limited Partnership | 49 | 49 |
| | 73,244,558 | 73,140,484 |

5. Accounts receivable

| | 2020 | 2019 |
|--|------------------|---------------------------------|
| | | <i>(Restated) - Note 24</i> |
| Members rent | 311,213 | 219,117 |
| Members advances | 10,061 | 17,413 |
| Barrick Gold | 715,851 | 409,514 |
| Dilico Ojibway Child and Family Services | 81,470 | 116,425 |
| Anishinabek Employment and Training Services | 77,831 | 17,458 |
| Union of Ontario Indians | 34,809 | - |
| Kinomaadswin Education Body | - | 58,139 |
| Northern Ontario Heritage Fund Corporation | 34,863 | - |
| Other miscellaneous receivables | 377,554 | 457,777 |
| Less: allowance for doubtful accounts | (385,559) | (207,581) |
| | 1,258,093 | 1,088,262 |

Pic Mober First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

6. Due from government and other government organizations

| | 2020 | 2019 |
|---|----------------|----------------|
| Federal government | | |
| Indigenous Services Canada | 529,894 | 242,672 |
| First Nations and Inuit Health Branch | 23,604 | 84,829 |
| HST recoverable | 23,001 | 73,013 |
| Industry Canada | 7,449 | - |
| Canadian Environmental Assessment Agency | 18,080 | 18,080 |
| Provincial government | | |
| Ministry of Community, Family and Children's Services | 52,338 | 40,335 |
| Ministry of Health | 5 | 8,825 |
| Ministry of Indigenous Affairs | 31,004 | 121,508 |
| Ministry of Transportation | - | 19,250 |
| | 685,375 | 608,512 |

7. Investments in government partnership and enterprise

The First Nation owns 99.99% of the partnership units of White Lake Limited Partnership and 50% of the partnership units of BMI-Maamwigaaboo Contracting (2017) Limited Partnership.

The First Nation's investment in government business enterprise consists of the following:

| | 2020 | 2019 |
|--------------------------------|-------------|-------------|
| White Lake Limited Partnership | 2,162,824 | 1,983,248 |

The First Nation's investment in government business partnership consists of the following:

| | 2020 | 2019 |
|---|------------------|------------------|
| BMI-Maamwigaaboo Contracting (2017) Limited Partnership | 399,290 | 518,530 |
| Investments in government partnership and enterprise | 2,562,114 | 2,501,778 |

Pic Mobert First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

7. Investments in government partnership and enterprise *(Continued from previous page)*

The following table presents condensed financial information for White Lake Limited Partnership for the years ended March 31, 2020 and March 31, 2019 is shown below.

| | As at March 31, 2020 | As at March 31, 2019 |
|--------------------------------------|---------------------------------------|---------------------------------------|
| Assets | | |
| Current | | |
| Cash | 507,094 | 112,313 |
| Accounts receivable | 1,668,597 | 1,904,618 |
| Government remittances receivable | - | - |
| Prepaid expenses | 9,473 | 9,473 |
| Due from related parties | 676,713 | 584,841 |
| | 2,861,877 | 2,611,245 |
| Equipment | 109,691 | 139,915 |
| Investment in related parties | 350 | 350 |
| | 2,971,918 | 2,751,510 |
| Liabilities | | |
| Current | | |
| Accounts payable | 213,393 | 243,483 |
| Government remittances payable | 325,344 | 138,395 |
| Term loan due on demand | - | 6,550 |
| Due to related parties | 3,832 | 7,766 |
| Current portion of long-term debt | 28,207 | 33,864 |
| Current portion of deferred revenue | 238,419 | 100,000 |
| | 809,195 | 530,058 |
| Long-term debt | - | 28,207 |
| Deferred revenue | - | 200,000 |
| | 809,195 | 758,265 |
| Partners' capital | 2,162,723 | 1,993,245 |
| | 2,971,918 | 2,751,510 |
| | Year ending March 31, 2020 | Year ending March 31, 2019 |
| Revenue | 1,706,735 | 2,308,418 |
| Expenses | 1,158,196 | 1,805,159 |
| Net earnings | 548,539 | 503,259 |

White Lake Limited Partnership was formed in February 2009, to hold, manage and otherwise deal with all business ventures, joint ventures, which the partners have developed or engaged in business relationships for the improvement of the general welfare of Pic Mobert First Nation.

Pic Mobert First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

7. Investments in government partnership and enterprise *(Continued from previous page)*

The partnership is related to Pic Mobert First Nation by virtue of the fact that Pic Mobert First Nation owns 99.99% of the units of the Partnership. The partnership is related to Pic Mobert Hydro Inc. by virtue of the fact it is controlled by Pic Mobert First Nation.

Included in accounts receivable for the current year is \$99,256 (2019 - \$258,553) from Pic Mobert First Nation, \$6,368 (2019 - \$45,082) from Pic Mobert Hydro Inc.

Included in accounts payable for the current year is \$51,600 (2019 - \$79,602) to Pic Mobert First Nation.

Included in revenue for the current year is \$Nil (2019 - \$6,368) to Pic Mobert Hydro Inc. and \$120,053 (2019 - \$18,295) to Pic Mobert First Nation.

Included in contract work expenses for the current year is \$Nil (2019 - \$1,000) paid to Pic Mobert First Nation.

Included in donation expenses for the current year is \$9,000 (2019 - \$3,500) paid to Pic Mobert First Nation.

Included in rent expenses for the current year is \$3,600 (2019 - \$14,500) paid to Pic Mobert First Nation.

Included in salaries, wages and benefits is \$200 (2019 - \$1,900) paid to Pic Mobert First Nation.

Included in travel expenses is \$2,576 (2019 - \$Nil) paid to Pic Mobert First Nation.

The revenue and expenses were conducted in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Pic Mober First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

7. Investments in government partnership and enterprise *(Continued from previous page)*

The following table presents condensed financial information for BMI-Maamwigaaboo Contracting (2017) Limited Partnership for the year ended March 31, 2020 and for the period ended March 31, 2019 is shown below.

| | As at March 31, 2020 | As at March 31, 2019 |
|-----------------------------------|---------------------------------------|---------------------------------------|
| Financial assets | | |
| Cash | 85,373 | 127,395 |
| Accounts receivable | 159,822 | 19,958 |
| Government remittances receivable | - | 1,598 |
| Due from related parties | 331,163 | 521,163 |
| Investments | 250,000 | 250,000 |
| Restricted cash | 200,000 | 200,000 |
| Total financial assets | 1,026,358 | 1,120,114 |
| Liabilities | | |
| Accounts payable and accruals | 107,132 | 29,294 |
| Government remittances payable | 23,924 | 1,114 |
| Wages payable | 8,863 | - |
| Term loans due on demand | 735,547 | 913,282 |
| Total liabilities | 875,466 | 943,690 |
| Net financial assets | 150,892 | 176,424 |
| Non-financial assets | | |
| Tangible capital assets | 645,697 | 858,651 |
| Prepaid expenses | 2,154 | 2,195 |
| Partners' capital | 798,743 | 1,037,270 |
| | Year ending March 31, 2020 | Year ending March 31, 2019 |
| Revenue | 1,279,799 | 1,681,350 |
| Expenses | 1,518,326 | 1,413,866 |
| Net earnings (loss) | (238,527) | 267,484 |

Pic Mober First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

7. Investments in government partnership and enterprise *(Continued from previous page)*

BMI-Maamwigaaboo Contracting (2017) Limited Partnership's main business activity is general contracting.

The partnership is related to Biigtigong Nishnaabeg by virtue that the entity holds 48% of the units of the partnership. The partnership is related to Pic Mober First Nation by virtue that the entity holds 48% of the units of the partnership. The partnership is related to White Lake Limited Partnership by virtue of common control, as Pic Mober First Nation, a limited partner, holds 99.99% of the units of White Lake Limited Partnership. The partnership is related to MKWA Timber Limited Partnership by virtue of common control, as Biigtigong Nishnaabeg, a limited partner, controls MKWA Timber Limited Partnership.

Included in salaries and benefits expense is \$Nil (2019 - \$2,100) paid to Pic Mober First Nation.

Included in equipment rental expense is \$67,880 (2019 - \$5,000) paid to MKWA Timber Limited Partnership.

Included in subcontractor expense is \$218,813 (2019 - \$176,321) paid to MKWA Timber Limited Partnership and \$Nil (2019 - \$4,206) paid to White Lake Limited Partnership.

Included in management fees expense is \$21,000 (2019 - \$15,000) paid to White Lake Limited Partnership.

The transactions were conducted in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

8. Trust funds held by federal government

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.

Capital and revenue trust monies are transferred to the First Nation on the authorization of the Minister of Indigenous Services Canada, with the consent of the First Nation's Council.

| | 2020 | 2019 |
|----------------------------|---------------|-------------|
| Capital Trust | | |
| Balance, beginning of year | 4,619 | 4,619 |
| Balance, end of year | 4,619 | 4,619 |
| Revenue Trust | | |
| Balance, beginning of year | 72,245 | 70,500 |
| Interest | 1,509 | 1,745 |
| Balance, end of year | 73,754 | 72,245 |
| | 78,373 | 76,864 |

Pic Mobert First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

9. Accounts payable and accruals

| | 2020 | 2019 |
|---------------------------------------|------------------|------------------|
| Trade payables | 1,191,441 | 790,386 |
| Accrued salaries and benefits payable | 247,378 | 198,992 |
| Other accruals | 65,114 | 85,513 |
| | 1,503,933 | 1,074,891 |

10. Deferred revenue

The following table represents changes in the deferred revenue balance attributable to each major category of external restrictions:

| | <i>Balance, beginning of year</i> | <i>Revenue received</i> | <i>Revenue recognized</i> | <i>Balance, end of year</i> |
|---|---|-----------------------------|-------------------------------|-------------------------------------|
| Kinoomaadziwin Education Body - Education Funding | 432,581 | 2,985,190 | 3,175,787 | 241,984 |
| Ontario Power Authority - Hydro Project | 55,000 | - | - | 55,000 |
| Northern Neighbours | 63,840 | - | - | 63,840 |
| Hornepayne First Nation - in trust | 15,000 | - | - | 15,000 |
| Ontario Trillium Foundation - Outdoor equipment | 30,176 | 6,700 | 36,876 | - |
| Williams Mine - H&S Coordinator | - | 32,500 | - | 32,500 |
| Williams Mine - Youth Training | - | 10,000 | - | 10,000 |
| Williams Mine - Scholarships | - | 2,500 | - | 2,500 |
| Williams Mine - AGM | - | 25,000 | 10,360 | 14,640 |
| Williams Mine - Lands and Resource Research | - | 60,000 | 18,613 | 41,387 |
| Wood for Community | - | 18,890 | 7,200 | 11,690 |
| Indigenous Services Canada - Band Rep | - | 32,801 | 6,649 | 26,152 |
| Indigenous Services Canada - Tobacco Strategy | - | 6,698 | - | 6,698 |
| Indigenous Services Canada - Special Services | - | 111,645 | 2,000 | 109,645 |
| Indigenous Services Canada - Planning Design and Construction | - | 68,228 | - | 68,228 |
| Harte Gold Closure Money per IBA | - | 100,000 | - | 100,000 |
| | 596,597 | 3,460,152 | 3,257,485 | 799,264 |

11. Due to government and other government organizations

| | 2020 | 2019 |
|---------------------------|-------------|-------------|
| Federal government | | |
| Receiver General | 129,030 | 64,196 |

12. Due to EE Solar Partners Inc.

The balance due to EE Solar Partners Inc. ("EESPI") represents development costs incurred on behalf of Giizis Power LP ("GPLP") by EESPI, the other partner in the Muskoka Solar LP. Under the partnership agreement, EESPI has a commitment to loan GPLP amounts equal to its share of qualifying projects costs. Interest on the loan is accrued monthly and bears interest at 8% per annum, maturing in January 2037. Monthly payments of \$15,361 are applied against the loan balance through the use of project revenue.

The loan is collateralized by GPLP's interest in the Muskoka Solar LP. GPLP is under no obligation to repay the loan and interest. However, GPLP will forfeit its interest in the partnership, and any potential future profits thereof, if the loan is not repaid.

Pic Mober First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

13. Due to Regional Power Inc.

The balance due to Regional Power Inc. represents development costs incurred on behalf of Gitchi Animki Finance Corp. ("GAFC") by White River Hydro Limited Partnership ("WRHLP"), the other joint venture partner. Under the joint venture agreement, Regional Power Inc. has a commitment to loan GAFC amounts equal to its share of qualifying projects costs. Interest on the loan is accrued monthly and bears interest at varying interest rates of up to 3.45% per annum. The balance owing at March 31, 2020 includes \$15,003,336 (March 31, 2019 - \$12,813,889) in cumulative accrued interest.

The loan is collateralized by GAFC's interest in the Pic Mober Hydro Power Joint Venture ("PMHPJV"). GAFC is under no obligation to repay the loan and interest. However, GAFC will forfeit its interest in the joint venture, and any potential future profits thereof, if the loan is not repaid. Per the loan agreement, loan repayments are to be financed through the use of future project revenue.

14. Long-term debt

| | 2020 | 2019 |
|---|------------------|-----------|
| Mortgage #19151315001 payable to Canada Mortgage and Housing Corporation ("CMHC") with payments of \$2,075 (2019 - \$2,075) per month including interest at 1.08% (2019 - 1.08%) per annum maturing May 2025, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on 6 housing units. | 125,210 | 148,647 |
| Mortgage #19151315002 payable to CMHC with payments of \$5,225 (2019 - \$5,225) per month including interest at 2.5% (2019 - 2.5%) per annum maturing January 2028, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on 8 housing units. | 446,798 | 497,802 |
| Mortgage #19151315003 payable to CMHC with payments of \$5,053 (2019 - \$5,053) per month including interest at 2.52% (2019 - 2.52%) per annum maturing August 2023, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on 10 housing units. | 198,758 | 253,776 |
| Mortgage #19151315004 payable to CMHC with payments of \$4,680 (2019 - \$4,680) per month including interest at 1.08% (2019 - 1.08%) per annum maturing August 2025, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on 9 housing units. | 291,196 | 343,949 |
| Mortgage #19151315005 payable to CMHC with payments of \$4,256 (2019 - \$4,256) per month including interest at 2.5% (2019 - 2.5%) per annum maturing June 2023, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on 5 housing units. | 879,746 | 908,035 |
| Mortgage payable to Bank of Montreal with principal payments of \$4,415 (2019 - \$4,415) plus interest at prime plus 1% (3.95% at March 31, 2020) (2019 - 4.45%). A fixed term loan contract will be negotiated at the completion of the project. Loan is secured by an assignment of lease revenue. | 989,218 | 1,051,045 |
| CMHC Section 95 loan #1915135006. Terms to be determined when construction is complete. | 513,838 | - |
| CMHC Section 95 loan #1915135007. Terms to be determined when construction is complete. | 216,085 | - |
| | 3,660,849 | 3,203,254 |

Pic Mobert First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

14. Long-term debt (continued from previous page)

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed, are estimated as follows:

| | <i>Principal</i> | <i>Interest</i> | <i>Total</i> |
|------------|------------------|-----------------|--------------|
| 2021 | 276,283 | 88,571 | 364,854 |
| 2022 | 280,587 | 81,207 | 361,794 |
| 2023 | 284,987 | 73,746 | 358,733 |
| 2024 | 253,881 | 66,409 | 320,290 |
| 2025 | 231,847 | 60,130 | 291,977 |
| | <hr/> | <hr/> | <hr/> |
| | 1,327,585 | 370,063 | 1,697,648 |
| | <hr/> | <hr/> | <hr/> |
| Thereafter | 2,333,264 | 376,333 | 2,709,597 |

Interest on long-term debt amounted to \$69,325 (2019 - \$49,939).

15. Contingent liabilities

The First Nation has been named as a defendant in a lawsuit by a former employee. The lawsuit is seeking to recover damages allegedly sustained by them as a result of Pic Mobert First Nation cancelling the plaintiff's short-term and long-term disability benefits, life insurance benefits and health benefits without the consent of the plaintiff. The lawsuit remains at an early stage, and as litigation is subject to many uncertainties, it is not possible to predict the ultimate outcome of this lawsuit or to estimate the loss, if any, which may result. Any amount awarded as a result of this action will be recorded when reasonably estimable. Total damages being claimed by the plaintiff is \$1,050,000.

The First Nation has entered into contribution agreements with various federal government departments and other entities. 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.

In addition, in the normal course of its operations, the First Nation may become involved in legal actions or payroll liability disputes. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded on the First Nation's consolidated financial statements. As of March 31, 2020, no contingent liabilities have been recorded in the consolidated financial statements.

16. ISC funding reconciliation

| | <i>2020</i> | <i>2019</i> |
|---|-------------|-------------|
| ISC revenue per consolidated financial statements | 1,747,798 | 1,914,973 |
| Change in deferred revenue | - | (115,774) |
| Basic Needs funding, not on confirmation | (4,482) | - |
| | <hr/> | <hr/> |
| ISC revenue per confirmation | 1,743,316 | 1,799,199 |

Pic Mobert First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

17. Segments

The First Nation has nine reportable segments. These segments are differentiated by the major activities or services they provide. The First Nation's segments are as follows:

Administration and Chief and Council - includes administration and governance activities.

Infrastructure Programs - includes Band programs and maintenance.

Social, Cultural, Spiritual and Recreational Programs - includes activities delivering social programs.

Education Programs - includes the operations of education programs.

Health Programs - includes the operations of health programs.

Capital Programs - includes the operations of capital programs.

Economic Development Programs - includes the operations of economic development programs.

Business Enterprise Projects - includes the operations of significantly influenced business enterprises for consolidation.

OFNLP2008 Fund - reports on the First Nation's Ontario First Nations Limited Partnership funding.

Inter-segment transfers are recorded at their exchange amount. The accounting policies are the same as those described in Note 2.

18. Government transfers

Pic Mobert First Nation receives a significant portion of its revenue pursuant to a funding agreement with Indigenous Services Canada ("ISC"). Under the terms of the agreement, funding from the agreement can be suspended if the First Nation does not comply with the terms of the agreement.

| | <i>Operating</i> | <i>Capital</i> | 2020 | 2019 |
|---|------------------|----------------|------------------|------------------|
| Federal government transfers | | | | |
| Indigenous Services Canada | 1,747,798 | - | 1,747,798 | 1,914,973 |
| First Nations and Inuit Health Branch | 547,628 | - | 547,628 | 891,619 |
| Canada Mortgage and Housing Corporation | 215,726 | - | 215,726 | 212,953 |
| Industry Canada | 85,975 | - | 85,975 | - |
| | 2,597,127 | - | 2,597,127 | 3,019,545 |
| Provincial government transfers | | | | |
| Ministry of Health | 94,032 | - | 94,032 | 143,276 |
| Ministry of Community, Family and Children's Services | 1,472,547 | - | 1,472,547 | 1,307,473 |
| Ministry of Natural Resources | - | - | - | 12,556 |
| Ministry of Indigenous Affairs | 310,044 | - | 310,044 | 315,016 |
| Ministry of Transportation | 38,500 | - | 38,500 | 38,500 |
| Ministry of Education | 244,636 | - | 244,636 | 192,087 |
| | 2,159,759 | - | 2,159,759 | 2,008,908 |
| | 4,756,886 | - | 4,756,886 | 5,028,453 |

19. Defined contribution plans

Defined contribution pension plan

The First Nation has a defined contribution pension plan covering substantially all full-time employees. Members are required to contribute 5.5% of their basic salary. The First Nation contributes 5.5% which is directed to the members' contribution account. The amount of retirement benefit to be received by the employees will be the amount of 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 contributions and corresponding expense totalled \$119,363 in 2020 (2019 - \$117,442). ISC provides funding to the First Nation for its share of pension contributions for full-time employees.

Pic Mober First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

20. Loan guarantees

As at March 31, 2020, the First Nation has guaranteed the credit facility overdraft of Maygwayyawk Forestry Services Limited Partnership, a limited partnership portfolio investment to the First Nation, up to a maximum amount of \$500,000 (2019 - \$500,000) that bears interest at prime plus 3% (5.45% at March 31, 2020) (2019 - 6.95%) and is collateralized by a general security agreement. As at March 31, 2020, no liability has been recorded associated with this guarantee.

As at March 31, 2020, the First Nation has guaranteed the credit facility term loan of Northeast Superior First Nation Investment LP, a limited partnership portfolio investment to the First Nation, up to a maximum amount of \$1,416,667 (2019 - \$1,416,667). As at March 31, 2020, no liability has been recorded associated with this guarantee.

21. Budget information

The disclosed budget information has been approved by the Chief and Council of the Pic Mober First Nation at the Chief and Council meeting held on August 8, 2019. The budget was prepared on an unconsolidated basis and as a result does not include the activity of the business enterprise projects.

22. Economic dependence

Pic Mober First Nation receives a significant portion of its revenue from Indigenous Services Canada as a result of treaties entered into with the Government of Canada. These treaties are administered by ISC under the terms and conditions of the Indian Act. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

23. Comparative figures

Certain comparative figures have been reclassified to conform with current year's presentation.

24. Correction of an error

During the year, the First Nation determined that the investment in EE Solar Partners Inc. and the related debt associated with the Muskoka Solar LP were understated in the prior year. For 2019, the impact of this correction has resulted in an increase of \$1,797,789 in portfolio investments, an increase of \$10,284 in accounts receivable, an increase of \$1,748,311 in due to EE Solar Partners Inc., a decrease in net debt of \$59,764, an increase in accumulated surplus of \$59,764, an increase in miscellaneous revenue of \$225,441, an increase in interest on long-term debt of \$165,680 and an increase in surplus of \$59,764.

Pic Mober First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2020

| | <i>Housing - Section 10</i> | <i>CMHC Housing - Section 95</i> | <i>CMHC Housing - Section 95 (2008/2010)</i> | <i>Infrastructure</i> | <i>Water Treatment Facility</i> | <i>Housing Renovations</i> | <i>Subtotal</i> |
|--|---------------------------------|--|--|-----------------------|---|--------------------------------|-------------------|
| Cost | | | | | | | |
| Balance, beginning of year | 2,654,332 | 853,499 | 2,739,628 | 2,676,489 | 12,655,540 | 763,684 | 22,343,172 |
| Acquisition of tangible capital assets | 13,614 | 50,189 | - | - | 164,225 | - | 228,028 |
| Construction-in-progress | - | - | - | - | - | - | - |
| Disposal of tangible capital assets | - | - | - | - | - | - | - |
| Balance, end of year | 2,667,946 | 903,688 | 2,739,628 | 2,676,489 | 12,819,765 | 763,684 | 22,571,200 |
| Accumulated amortization | | | | | | | |
| Balance, beginning of year | 1,603,365 | 755,972 | 915,612 | 1,115,885 | 1,082,534 | 229,056 | 5,702,424 |
| Annual amortization | 76,227 | 25,820 | 78,275 | 76,472 | 366,277 | 21,819 | 644,890 |
| Accumulated amortization on disposals | - | - | - | - | - | - | - |
| Balance, end of year | 1,679,592 | 781,792 | 993,887 | 1,192,357 | 1,448,811 | 250,875 | 6,347,314 |
| Net book value of tangible capital assets | 988,354 | 121,896 | 1,745,741 | 1,484,132 | 11,370,954 | 512,809 | 16,223,886 |
| Net book value of tangible capital assets 2019 | 1,050,967 | 97,527 | 1,824,016 | 1,560,604 | 11,573,006 | 534,628 | 16,640,748 |

Pic Mober First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2020

| | <i>Subtotal</i> | <i>OW Building</i> | <i>Dilico Building</i> | <i>School Building</i> | <i>Gymnasium / Auditorium</i> | <i>Police Office Trailer</i> | <i>Subtotal</i> |
|--|------------------------|---------------------------|-------------------------------|-------------------------------|--------------------------------------|-------------------------------------|------------------------|
| Cost | | | | | | | |
| Balance, beginning of year | 22,343,172 | 296,911 | 201,300 | 1,773,911 | 156,174 | 5,670 | 24,777,138 |
| Acquisition of tangible capital assets | 228,028 | - | 29,360 | 225,000 | - | - | 482,388 |
| Construction-in-progress | - | - | - | - | - | - | - |
| Disposal of tangible capital assets | - | - | - | - | - | - | - |
| Balance, end of year | 22,571,200 | 296,911 | 230,660 | 1,998,911 | 156,174 | 5,670 | 25,259,526 |
| Accumulated amortization | | | | | | | |
| Balance, beginning of year | 5,702,424 | 59,381 | 123,653 | 915,685 | 91,472 | 5,670 | 6,898,285 |
| Annual amortization | 644,890 | 8,483 | 6,590 | 58,735 | 4,462 | - | 723,160 |
| Accumulated amortization on disposals | - | - | - | - | - | - | - |
| Balance, end of year | 6,347,314 | 67,864 | 130,243 | 974,420 | 95,934 | 5,670 | 7,621,445 |
| Net book value of tangible capital assets | 16,223,886 | 229,047 | 100,417 | 1,024,491 | 60,240 | - | 17,638,081 |
| Net book value of tangible capital assets 2019 | 16,640,748 | 237,530 | 77,647 | 858,226 | 64,702 | - | 17,878,853 |

Pic Mober First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2020

| | <i>Subtotal</i> | <i>Office Equipment</i> | <i>Computer Hardware</i> | <i>Computer Software</i> | <i>General Equipment</i> | <i>Administration Office</i> | <i>Subtotal</i> |
|--|-------------------|-------------------------|--------------------------|--------------------------|--------------------------|------------------------------|-------------------|
| Cost | | | | | | | |
| Balance, beginning of year | 24,777,138 | 59,315 | 116,317 | 43,405 | 101,685 | 715,423 | 25,813,283 |
| Acquisition of tangible capital assets | 482,388 | - | 54,748 | - | - | - | 537,136 |
| Construction-in-progress | - | - | - | - | - | - | - |
| Disposal of tangible capital assets | - | - | - | - | - | - | - |
| Balance, end of year | 25,259,526 | 59,315 | 171,065 | 43,405 | 101,685 | 715,423 | 26,350,419 |
| Accumulated amortization | | | | | | | |
| Balance, beginning of year | 6,898,285 | 56,829 | 109,906 | 35,880 | 54,654 | 388,378 | 7,543,932 |
| Annual amortization | 723,160 | 497 | 10,136 | 7,525 | 9,406 | 20,441 | 771,165 |
| Accumulated amortization on disposals | - | - | - | - | - | - | - |
| Balance, end of year | 7,621,445 | 57,326 | 120,042 | 43,405 | 64,060 | 408,819 | 8,315,097 |
| Net book value of tangible capital assets | 17,638,081 | 1,989 | 51,023 | - | 37,625 | 306,604 | 18,035,322 |
| Net book value of tangible capital assets 2019 | 17,878,853 | 2,486 | 6,411 | 7,525 | 47,031 | 327,045 | 18,269,351 |

Pic Mober First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2020

| | <i>Subtotal</i> | <i>Elders' Residences</i> | <i>Automotive</i> | <i>Skating Rink</i> | <i>Assets under capital lease</i> | <i>Health Clinic</i> | <i>Subtotal</i> |
|--|------------------------|----------------------------------|--------------------------|----------------------------|--|-----------------------------|------------------------|
| Cost | | | | | | | |
| Balance, beginning of year | 25,813,283 | 803,665 | 576,661 | 229,596 | 21,706 | 2,009,202 | 29,454,113 |
| Acquisition of tangible capital assets | 537,136 | - | - | - | - | - | 537,136 |
| Construction-in-progress | - | - | - | - | - | - | - |
| Disposal of tangible capital assets | - | - | - | - | - | - | - |
| Balance, end of year | 26,350,419 | 803,665 | 576,661 | 229,596 | 21,706 | 2,009,202 | 29,991,249 |
| Accumulated amortization | | | | | | | |
| Balance, beginning of year | 7,543,932 | 436,277 | 397,425 | 91,660 | 20,288 | 516,654 | 9,006,236 |
| Annual amortization | 771,165 | 22,962 | 53,771 | 6,560 | 284 | 57,406 | 912,148 |
| Accumulated amortization on disposals | - | - | - | - | - | - | - |
| Balance, end of year | 8,315,097 | 459,239 | 451,196 | 98,220 | 20,572 | 574,060 | 9,918,384 |
| Net book value of tangible capital assets | 18,035,322 | 344,426 | 125,465 | 131,376 | 1,134 | 1,435,142 | 20,072,865 |
| Net book value of tangible capital assets 2019 | 18,269,351 | 367,388 | 179,236 | 137,936 | 1,418 | 1,492,548 | 20,447,877 |

Pic Mober First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2020

| | <i>Subtotal</i> | <i>Pow-Wow Arbour</i> | <i>Mining Claims</i> | <i>Other fully amortized assets</i> | <i>Cultural Centre</i> | <i>Dilico Building - 2017</i> | <i>Subtotal</i> |
|--|------------------------|----------------------------------|-----------------------------|--|-----------------------------------|--|------------------------|
| Cost | | | | | | | |
| Balance, beginning of year | 29,454,113 | 25,714 | 30,000 | 1 | 183,200 | 1,128,314 | 30,821,342 |
| Acquisition of tangible capital assets | 537,136 | - | - | - | - | - | 537,136 |
| Construction-in-progress | - | - | - | - | - | - | - |
| Disposal of tangible capital assets | - | - | - | - | - | - | - |
| Balance, end of year | 29,991,249 | 25,714 | 30,000 | 1 | 183,200 | 1,128,314 | 31,358,478 |
| Accumulated amortization | | | | | | | |
| Balance, beginning of year | 9,006,236 | 4,410 | - | - | 20,936 | 90,554 | 9,122,136 |
| Annual amortization | 912,148 | 735 | - | - | 5,234 | 32,238 | 950,355 |
| Accumulated amortization on disposals | - | - | - | - | - | - | - |
| Balance, end of year | 9,918,384 | 5,145 | - | - | 26,170 | 122,792 | 10,072,491 |
| Net book value of tangible capital assets | 20,072,865 | 20,569 | 30,000 | 1 | 157,030 | 1,005,522 | 21,285,987 |
| Net book value of tangible capital assets 2019 | 20,447,877 | 21,304 | 30,000 | 1 | 162,264 | 1,037,760 | 21,699,206 |

Pic Mober First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2020

| | <i>Subtotal</i> | <i>CMHC Housing - Section 95 (2017)</i> | <i>ISC Housing (2017)</i> | <i>Daycare</i> | <i>CMHC S95 - 5 Units 2020</i> | <i>CMHC S95 - 4 Units 2020</i> | <i>Subtotal</i> |
|--|------------------------|--|--------------------------------------|-----------------------|---|---|------------------------|
| Cost | | | | | | | |
| Balance, beginning of year | 30,821,342 | 993,000 | 1,204,200 | 313,806 | - | - | 33,332,348 |
| Acquisition of tangible capital assets | 537,136 | - | - | 6,085 | - | - | 543,221 |
| Construction-in-progress | - | - | - | - | 415,633 | 1,520,432 | 1,936,065 |
| Disposal of tangible capital assets | - | - | - | - | - | - | - |
| Balance, end of year | 31,358,478 | 993,000 | 1,204,200 | 319,891 | 415,633 | 1,520,432 | 35,811,634 |
| Accumulated amortization | | | | | | | |
| Balance, beginning of year | 9,122,136 | 28,371 | 68,812 | 17,932 | - | - | 9,237,251 |
| Annual amortization | 950,355 | 28,371 | 34,406 | 9,140 | - | - | 1,022,272 |
| Accumulated amortization on disposals | - | - | - | - | - | - | - |
| Balance, end of year | 10,072,491 | 56,742 | 103,218 | 27,072 | - | - | 10,259,523 |
| Net book value of tangible capital assets | 21,285,987 | 936,258 | 1,100,982 | 292,819 | 415,633 | 1,520,432 | 25,552,111 |
| Net book value of tangible capital assets 2019 | 21,699,206 | 964,629 | 1,135,388 | 295,874 | - | - | 24,095,097 |

Pic Mober First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2020

| | <i>Subtotal</i> | 2020 | 2019 |
|--|-------------------|-------------------|-------------------|
| Cost | | | |
| Balance, beginning of year | 33,332,348 | 33,332,348 | 33,904,152 |
| Acquisition of tangible capital assets | 543,221 | 543,221 | 246,314 |
| Construction-in-progress | 1,936,065 | 1,936,065 | - |
| Disposal of tangible capital assets | - | - | (818,118) |
| Balance, end of year | 35,811,634 | 35,811,634 | 33,332,348 |
| Accumulated amortization | | | |
| Balance, beginning of year | 9,237,251 | 9,237,251 | 8,303,827 |
| Annual amortization | 1,022,272 | 1,022,272 | 1,000,687 |
| Accumulated amortization on disposals | - | - | (67,263) |
| Balance, end of year | 10,259,523 | 10,259,523 | 9,237,251 |
| Net book value of tangible capital assets | | | |
| | 25,552,111 | 25,552,111 | 24,095,097 |
| Net book value of tangible capital assets 2019 | 24,095,097 | 24,095,097 | |

Pic Mober First Nation
Schedule 2 - Consolidated Schedule of Expenses by Object
For the year ended March 31, 2020

| | 2020 Budget | 2020 | 2019 (Restated) - Note 24 |
|--|------------------------|-------------------|--|
| Consolidated expenses by object | | | |
| Administration | 516,265 | 636,906 | 571,719 |
| Advertising | 500 | 96 | 5,549 |
| Amortization | 493,964 | 1,022,272 | 1,000,687 |
| Bad debts | 193,572 | 42,484 | 77,748 |
| Bank charges and interest | 78,310 | 47,444 | 76,956 |
| Community donations | - | 720 | - |
| Community events | 6,000 | - | - |
| Contract work | - | 64,983 | - |
| Food supplies | - | 10,443 | 5,107 |
| Fuel | 9,000 | - | - |
| Funeral expense | 30,000 | 24,709 | 73,516 |
| Garbage disposal fees | 63,000 | 60,098 | 32,781 |
| General welfare assistance | 544,800 | 1,172,767 | 975,358 |
| Honoraria | 161,750 | 177,109 | 185,298 |
| Insurance | 217,780 | 252,051 | 205,768 |
| Interest on Regional Power Inc. | - | 2,893,496 | 2,860,113 |
| Interest on long-term debt | 52,200 | 207,522 | 215,619 |
| Management fees | - | 1,902 | 1,480 |
| Materials and supplies | 645,506 | 644,970 | 507,846 |
| Medical travel | 128,100 | 135,207 | 143,701 |
| Meeting expenses | 11,600 | 3,220 | 3,643 |
| Miscellaneous | - | 488 | 40 |
| Office expenses | 191,018 | 234,799 | 208,534 |
| Post-secondary allowances | 302,577 | 351,136 | 339,839 |
| Professional fees | 716,444 | 1,392,034 | 1,237,583 |
| Program expense | 1,459,225 | 1,696,832 | 1,291,426 |
| Project costs | - | - | 650 |
| Repairs and maintenance | 598,236 | 514,377 | 386,588 |
| Salaries and benefits | 5,898,687 | 5,196,149 | 4,734,147 |
| Student transportation | 178,849 | 171,770 | 153,936 |
| Telephone | - | 27,083 | 33,692 |
| Training | 38,290 | 46,750 | 72,952 |
| Travel | 207,948 | 281,669 | 266,291 |
| Tuition - special education | 40,000 | - | 27,825 |
| Tuition fees | 509,369 | 305,009 | 452,799 |
| CMHC Replacement Reserve Allocation | 28,736 | - | - |
| Utilities | 272,896 | 299,859 | 270,831 |
| Vehicle expenses | 13,000 | - | - |
| Vehicle fuel | 47,800 | 62,374 | 52,112 |
| | 13,655,422 | 17,978,728 | 16,472,134 |

Pic Mober First Nation
Schedule 3 - Consolidated Schedule of Revenue and Expenses and Surplus (Deficit)
For the year ended March 31, 2020

| | <i>ISC Revenue</i> | <i>Other Revenue</i> | <i>Deferred Revenue</i> | <i>Total Revenue</i> | <i>Total Expenses</i> | <i>Current Surplus (Deficit)</i> |
|---|--------------------|----------------------|-------------------------|----------------------|-----------------------|----------------------------------|
| Administration and Chief and Council | 368,404 | 1,509,267 | (14,641) | 1,863,030 | 1,860,521 | 2,509 |
| Infrastructure Programs | 273,097 | 340,445 | - | 613,542 | 1,360,685 | (747,143) |
| Social, Cultural, Spiritual and Recreational Programs | 249,661 | 1,010,482 | (37,842) | 1,222,301 | 1,019,467 | 202,834 |
| Education Programs | - | 3,080,946 | 190,598 | 3,271,544 | 2,963,658 | 307,886 |
| Health Programs | 116,282 | 2,278,881 | (6,698) | 2,388,465 | 2,579,079 | (190,614) |
| Capital Programs | 423,384 | 1,045,786 | (177,873) | 1,291,297 | 981,877 | 309,420 |
| Economic Development Programs | 316,970 | 3,466,188 | (156,211) | 3,626,947 | 3,392,842 | 234,105 |
| Business Enterprise Projects | - | 1,045,584 | - | 1,045,584 | 3,107,104 | (2,061,520) |
| OFNLP2008 Fund | - | 816,685 | - | 816,685 | 713,495 | 103,190 |
| Total | 1,747,798 | 14,594,264 | (202,667) | 16,139,395 | 17,978,728 | (1,839,333) |