

**Thessalon First Nation
Consolidated Financial Statements
For the year ended March 31, 2020**

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Thessalon First Nation Management's Responsibility for Financial Reporting

March 31, 2020

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

These 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. Management is responsible 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.

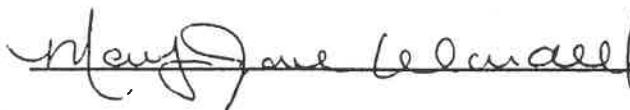
Chief and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

The external auditors, BDO Canada LLP, conduct an audit in accordance with Canadian generally accepted auditing standards, and express their opinion on the consolidated financial statements. The external auditors have access to financial management of Thessalon First Nation and meet when required.

On behalf of Thessalon First Nation:



Chief



Band Manager

Independent Auditor's Report

To the Members of Thessalon First Nation

Qualified Opinion

We have audited the consolidated financial statements of Thessalon First Nation (the First Nation), which comprise the statement of financial position as at March 31, 2020, the statements of operations and accumulated surplus, changes in net financial debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters 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, 2020, and the results of its operations, changes in net debt and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

The First Nation operated a dispensary retail store during the year partially on a cash basis. The completeness of revenues and the existence of expenditures conducted on a cash basis are not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues and expenditures was limited to the amounts recorded in the records of the First Nation. Therefore, we were not able to determine whether any adjustments might be necessary to revenues, expenses and annual surplus related to this operation for the years ended March 31, 2020 and 2019, financial assets and liabilities as at March 31, 2020 and March 31, 2019 and accumulated surplus as at April 1 and March 31 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended March 31, 2019 was modified accordingly because of the possible effects of this limitation in scope.

In addition, the First Nation did not perform an inventory count of the dispensary inventory at March 31, 2019. Since opening inventories affect the determination of the results of operations and cash flows, we were unable to determine whether adjustments to the results of operations and cash flows might be necessary for the year ended March 31, 2019. Our audit opinion on the financial statements for the year ended March 31, 2019 was modified accordingly because of the possible effects of this limitation in scope. As a result, our opinion on the current year's results of operations and cash flows is modified because of the possible effects of this matter on the comparability of the current period's figures and the comparative information.

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 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 Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Independent Auditor's Report (continued)

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 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 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 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 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.

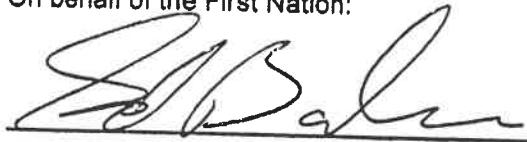
BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Sault Ste. Marie, Ontario
November 16, 2020

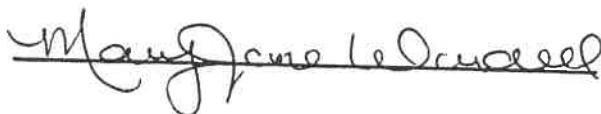
Thessalon First Nation
Consolidated Statement of Financial Position

March 31, 2020	2020	2019
Financial assets		
Cash	\$ 488,739	\$ 1,005,768
Short term investment (Note 4)	316,550	312,179
Accounts receivable	1,766,287	1,421,150
Trust funds held by federal government (Note 3)	243,912	239,271
Due from Indigenous Services Canada	34,768	-
Inventories held for sale	44,365	-
	<hr/>	<hr/>
	2,894,621	2,978,368
Liabilities		
Accounts payable and accrued liabilities	662,517	314,629
Due to Indigenous Services Canada	-	213,638
Deferred revenue (Note 5)	1,583,308	2,015,425
Long term debt (Note 6)	55,191	115,833
Future landfill closure and post-closure costs (Note 7)	1,168,838	882,947
	<hr/>	<hr/>
	3,469,854	3,542,472
Net financial debt	<hr/>	<hr/>
	(575,233)	(564,104)
Non-financial assets		
Tangible capital assets (Schedule 1)	4,304,252	3,929,605
Prepaid expenses	100,008	191,100
	<hr/>	<hr/>
	4,404,260	4,120,705
Accumulated surplus (Note 9)	<hr/>	<hr/>
	\$ 3,829,027	\$ 3,556,601

On behalf of the First Nation:



Chief



Band Manager

Thessalon First Nation
Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31	Budget	2020	2019
Revenue			
Canada	\$ 3,854,875	\$ 3,596,549	\$ 2,911,867
Ontario	548,073	705,534	637,815
Ontario First Nations (2008) Limited Partnership	734,000	739,494	850,620
Aboriginal organizations	1,010,703	1,029,155	922,939
Interest, rentals and other	1,051,898	1,088,741	533,859
	<hr/>	<hr/>	<hr/>
	7,199,549	7,159,473	5,857,100
Expenses			
Social programs	575,346	646,752	617,266
Administration and governance	318,412	314,384	365,349
Infrastructure maintenance	454,445	810,192	487,058
Education	971,278	1,094,537	1,089,378
Housing and community development	620,407	493,817	734,976
Enterprises and economic development	1,389,925	1,905,089	916,731
Medical and other health services	1,136,287	1,393,402	1,047,025
Other programs	242,477	228,874	299,002
	<hr/>	<hr/>	<hr/>
	5,708,577	6,887,047	5,556,785
Annual surplus	1,490,972	272,426	300,315
Accumulated surplus, beginning of year	3,556,601	3,556,601	3,256,286
Accumulated surplus, end of year	\$ 5,047,573	\$ 3,829,027	\$ 3,556,601

Thessalon First Nation
Consolidated Statement of Change in Net Financial Debt

<u>For the year ended March 31</u>	<u>Budget</u>	<u>2020</u>	<u>2019</u>
Annual surplus	\$ 1,490,972	\$ 272,426	\$ 300,315
Acquisition of tangible capital assets	(1,200,000)	(909,439)	(901,113)
Amortization of tangible capital assets	243,000	244,792	208,427
Return of land acquisition cost	-	290,000	-
Prepaid expenses	91,000	91,092	(22,071)
Net change in net financial assets (debt)	624,972	(11,129)	(414,442)
Net financial assets (debt), beginning of year	(564,104)	(564,104)	(149,662)
Net financial assets (debt), end of year	\$ 60,868	\$ (575,233)	\$ (564,104)

**Thessalon First Nation
Consolidated Statement of Cash Flows**

For the year ended March 31	2020	2019
Cash flows from operating activities		
Annual surplus (deficit)	\$ 272,426	\$ 300,315
Adjustment for non-cash items		
Amortization of capital assets	244,792	208,427
Amount to be recovered in future	<u>285,891</u>	-
	803,109	508,742
Changes in non-cash working capital balances		
Accounts receivable	(345,137)	(777,473)
Inventories held for sale	(44,365)	-
Due from (to) Indigenous Services Canada	(248,406)	48,214
Prepaid expenses	91,092	(22,071)
Accounts payable and accrued liabilities	347,888	(26,366)
Deferred revenue	<u>(432,117)</u>	<u>1,295,073</u>
	172,064	1,026,119
Investing activities		
Short term investments	(4,371)	(2,784)
Increase in funds held in trust	<u>(4,641)</u>	<u>(6,169)</u>
	(9,012)	(8,953)
Capital transactions		
Return of land acquisition cost	290,000	-
Purchase of tangible capital assets	<u>(909,439)</u>	<u>(901,113)</u>
	(619,439)	(901,113)
Financing activities		
Long term debt obtained	-	145,000
Reduction in long term debt	<u>(60,642)</u>	<u>(84,244)</u>
	(60,642)	60,756
Increase (decrease) in cash	(517,029)	176,809
Cash, beginning of year	1,005,768	828,959
Cash, end of year	\$ 488,739	\$ 1,005,768

Thessalon First Nation

Notes to Consolidated Financial Statements

March 31, 2020

1. Significant accounting policies

a. 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 Accountants.

b. Reporting entity

The Thessalon First Nation reporting entity includes the First Nation government and all entities that are controlled by the First Nation.

c. Principles of consolidation

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

d. 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 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 transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

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

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

e. Measurement uncertainty

In preparing the consolidated financial statements of the First Nation, management is required 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 period. Actual results could differ from these estimates.

f. Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and term deposits having a maturity of three months or less at acquisition which are held for the purposes of meeting short term cash commitments.

g. Inventories held for sale

Inventories held for sale are recorded at the lower of cost and net realizable value.

Thessalon First Nation Notes to Consolidated Financial Statements

March 31, 2020

1. Significant accounting policies (continued)

h. Pension plan

The First Nation provides a defined contribution pension plan for its employees. The pension costs are charged to operations as contributions are due. Contributions are a defined amount whereby the employer matches that paid by the employee.

i. Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost 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 are recorded as the acquisition of a tangible capital asset and the incurrence of an obligation. The asset is amortized in a manner consistent with tangible capital assets owned by the First Nation, and the obligation, including interest thereon, is repaid over the term of the lease. All other leases are accounted for as operating leases and rental costs are expensed as incurred.

Amortization is provided for on a straight-line basis over the estimated lives as follows:

Land improvements	10 to 30
Buildings	30 to 40
Housing	30
Machinery and equipment	5 to 30
Vehicles	10
Infrastructure	7 to 100
Automotive	7

Tangible capital assets are written down when conditions indicate that they no longer contribute to Thessalon First Nation's ability to provide goods and service, 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 financial statements.

Contributed tangible capital assets are recorded into revenues at their fair values on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case, they are recognized at nominal 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.

2. Uncertainty due to COVID-19

Subsequent to the year end, the impact of the COVID-19 pandemic in Canada and on the global economy continues to be significant and is causing uncertainties for many entities. The full financial implications of this pandemic cannot be determined and as the impacts of COVID-19 continue, there could be further impact on the organization and its funders. Management is actively monitoring the affect on its financial condition and liquidity of the organization.

Thessalon First Nation
Notes to Consolidated Financial Statements

March 31, 2020

3. Trust funds held by federal government

	<u>Beginning</u>	<u>Additions</u>	<u>Withdrawals</u>	<u>Ending</u>
Revenue	\$ 224,605	\$ 4,641	\$ -	\$ 229,246
Capital	14,666	-	-	14,666
	<u>\$ 239,271</u>	<u>\$ 4,641</u>	<u>\$ -</u>	<u>\$ 243,912</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.

4. Bank indebtedness

The First Nation has available a \$300,000 revolving demand credit facility at prime plus 1.4%, secured by general security agreement constituting a first ranking security interest in all personal property of the borrower. At March 31, 2020, nothing has been drawn on this credit facility. In addition, the First Nation has credit card coverage to maximum of \$60,000.

5. Deferred revenue

	<u>2020</u>	<u>2019</u>
Special education	\$ 29,845	\$ 41,353
Post-secondary education	82,076	72,668
Guidance counsellor	53,753	32,593
Transportation for education	48,414	67,294
Education allowances and supplies	8,670	2,092
Duplex housing construction	596,388	1,243,579
Landfill remediation study	81,902	124,626
Strategic plan	-	44,000
Multi-purpose service facility	47,000	-
Land negotiations	24,200	-
Community support worker/family preservation programs	222,000	144,000
Family well being program	59,000	89,000
Start-up/expansion initial funding	18,000	-
Community integrated health programs	32,000	-
Least disruptive measures	111,000	81,860
Community well being	159,060	72,360
Other medical programs	10,000	-
	<u>\$ 1,583,308</u>	<u>\$ 2,015,425</u>

Reconciliation of deferred revenue

Balance, beginning of year	\$ 2,015,425	\$ 720,352
Additions during the year	1,583,308	2,015,425
Applied to operations during the year	(2,015,425)	(720,352)
Balance, end of year	\$ 1,583,308	\$ 2,015,425

Thessalon First Nation
Notes to Consolidated Financial Statements

March 31, 2020

6. Long term debt

	2020	2019
6.53% loan, secured by roads grader, repayable \$4,105 monthly including interest, maturing May 2021	\$ 55,191	\$ 99,273
Term loan, secured by general security agreement, repayable \$3,348 monthly including interest at 4.40%, repaid in full	-	16,560
	\$ 55,191	\$ 115,833

Interest paid on long term debt during the year was \$5,358 (2019 - \$7,677). Principal payments required on long term debt for the next two years are due as follows:

Year	Amount
2021	\$ 47,048
2022	<u>8,143</u>
	\$ 55,191

7. Accrued landfill closure and post-closure costs

Landfill closure and post-closure requirements include final covering and landscaping of the landfill, storm water management, creation of buffer lands, monitoring wells, fees, ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a twenty-eight year period using the best information currently available to management. Future events may result in significant changes to total estimated expenditures, capacity used or total capacity and estimated liability. Any such changes would be applied prospectively as a change in estimate, when applicable.

Based on an updated site assessment, the estimated remaining useful life of the landfill site is two years, after which the period for post-closure care costs is estimated to be 25 years. The estimated liability for landfill closure and post-closure costs is recognized as the landfill site's capacity is used.

The estimated total net present value of expenditures to close and maintain the landfill site is approximately \$1,217,540 (2019 - \$891,865). As at March 31, 2020, 96% (2019 - 99% as previously estimated) of the total estimated expenditures have been recognized based on the cumulative capacity used at that date compared to the total estimated landfill capacity. The First Nation has not designated any source of revenue to fund the cost of closing and maintaining the landfill site, but anticipates federal funding to be available in fiscal 2021-2022 to close the site.

8. Pension agreement

The First Nation provides a defined contribution plan for eligible members of its staff. The First Nation matches employees' contributions. The amount to be received by employees will be the amount of retirement gratuity that could be purchased based on the employees share of the pension plan at the time of the employee's withdrawal from the plan. The First Nation contributed \$52,858 (2019 - \$44,373) during the year for retirement benefits.

Thessalon First Nation
Notes to Consolidated Financial Statements

March 31, 2020

9. Accumulated surplus

	2020	2019
Allocation of annual surplus (deficit)		
Reserves	\$ -	\$ (141,233)
Equity in tangible capital assets	374,647	692,686
General surplus (deficit)	118,387	(196,549)
Unfunded landfill liabilities	(285,891)	-
Unfunded long term debt	60,642	(60,756)
Funds held in trust	4,641	6,167
	<hr/>	<hr/>
	\$ 272,426	\$ 300,315

Accumulated surplus, end of year

	2020	2019
Reserve set aside for specific purposes		
OFN(2008)LP - future generations fund	\$ 465,857	\$ 465,857
Equity in tangible capital assets	4,304,252	3,929,605
General surplus (deficit)	39,035	(79,352)
Unfunded landfill liabilities	(1,168,838)	(882,947)
Unfunded long term debt	(55,191)	(115,833)
Funds held in trust	243,912	239,271
	<hr/>	<hr/>
	\$ 3,829,027	\$ 3,556,601

10. Contingencies and commitments

The First Nation is contingently liable to Canada Mortgage and Housing Corporation for housing renovations loans extended to band members. Loans are forgivable on a straight-line basis over four years as long as the occupant remains the same over the term. Any outstanding balance becomes payable by the First Nation if the terms of forgiveness are not met.

The First Nation is negotiating a land claim with Canada which is providing funding by way of loans for the First Nation's costs. Generally, these loan transfers are forgiven by Canada should they end negotiations or the First Nation is successful in its claim. This funding may need to be repaid should the First Nation end negotiations. To date, \$43,200 has been advanced under this arrangement.

The First Nation is disputing the assessment of municipal taxes, interest and penalties of approximately \$1,060,000 at March 31, 2020 on property it acquired from a land claim settlement. The outcome of this matter is not presently determinable. Any loss resulting therefrom will be recorded in the year of settlement.

The First Nation has committed to providing financial support of \$239,250 to Robinson Huron Treaty Trust to finance costs of legal action against the governments of Canada and Ontario. This amount represents 3.30% of the total budgeted amount of \$7,250,000 being supported by the 21 participating First Nation Communities that are settlors and beneficiaries of the Robinson Huron Treaty Trust.

Thessalon First Nation Notes to Consolidated Financial Statements

March 31, 2020

11. Segmented information

The Thessalon First Nation is a diversified government institution that provides a wide range of services to its members. For management reporting purposes the First Nation's operations and activities are organized and reported by Fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

Social programs

The social programs department is responsible for administering assistance payments as well as providing homemaking and other services directed towards members.

Education

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

Infrastructure maintenance

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

Medical and other health services

The health services department provides a diverse bundle of services directed towards the well-being of members including such activities as long term care, medical transportation, prenatal and early childhood care, nursing, health representation, traditional healing, family violence prevention and many other smaller programs designed to enhance the health of members.

Administration and governance

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

Housing and community development

This department is responsible for community development activities occurring in the First Nation during the year, including housing renovations and other activities benefiting the community.

Enterprises and economic development

Band operated enterprises are activities conducted by the First Nation with the objective of promoting economic self-sufficiency. These activities could include income generated from renting out band-owned equipment, lease income and other projects from time to time.

Other programs

The First Nation provides a wide array of other services, including the library, summer employment programs, Ontario First Nations Limited Partnership distributions and other activities.

Thessalon First Nation Notes to Consolidated Financial Statements

March 31, 2020

11. Segmented information (continued)

For each reported segment, revenues and expenses include amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information, including transfers that have been apportioned based on a percentage of budgeted expenses.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in the summary of significant accounting policies. For additional information see Schedule 2 - Consolidated Segment Disclosure.

12. Budget

Budgets are adopted by the First Nation based on the terms of agreements which do not vary significantly from year to year. This basis of preparation is not consistent with that used to report actual results. The budget was prepared on a modified accrual basis while Public Sector Accounting Board standards require a full accrual basis. The budget figures anticipated use of reserves to reduce current year expenditures. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense, and expensed principal payments of debt. As a result, the budget figures presented in the statements of operations and change in net financial assets (debt) represent the budget adopted by the First Nation with adjustments as follows:

Budget surplus for the year	\$ 487,972
Add:	
Capital expenditures	1,200,000
Unfunded liabilities	46,000
Less:	
Amortization	<u>(243,000)</u>
Budget surplus per statement of operations	<u>\$ 1,490,972</u>

13. Indigenous Services Canada funding

The First Nation has a comprehensive funding arrangement with Indigenous Services Canada (ISC). The funds are used by the First Nation to administer its operations and provide service to its members in accordance with the terms of the funding arrangement. The following is a reconciliation of ISC funding:

ISC funding per confirmation	\$ 3,132,243
Adjustments	
Funding appearing on confirmation related to prior years programs	(174,418)
Deferred revenue, beginning of year	1,782,425
Deferred revenue, end of year	(1,274,308)
Amounts due from ISC for set contribution programs	62,311
Claw back of prior year funding	(64,034)
Band representation - claim based funding	62,160
Other funding from federal government	<u>70,170</u>
Canada revenue per financial statements	<u>\$ 3,596,549</u>

Thessalon First Nation
Schedule 1 - Consolidated Tangible Capital Assets

For the year ended March 31, 2020

		Land	Land Improvements	Buildings	Housing	Machinery and Equipment	Vehicles	Infrastructure	Construction in Progress	Total
Cost, beginning of year	\$ 330,001	\$ 15,257	\$ 3,003,138	\$ 683,898	\$ 978,099	\$ 279,206	\$ 1,519,518	\$ 635,493	\$ 7,444,610	
Additions	-	-	82,350	110,534	21,364	48,000	-	-	647,191	909,439
Disposals	(290,000)	-	-	-	-	-	-	-	-	(290,000)
Capitalized construction	-	151,308	232,005	-	252,180	-	-	-	-	(635,493)
Cost, end of year	40,001	166,565	3,317,493	794,432	1,251,643	327,206	1,519,518	647,191	8,064,049	
 Accumulated amortization,										
beginning of year	-	15,257	1,298,147	174,783	711,536	206,133	1,109,149	-	-	3,515,005
Amortization	-	7,565	96,760	24,713	16,647	40,330	58,777	-	-	244,792
 Accumulated amortization,										
end of year	-	22,822	1,394,907	199,496	728,183	246,463	1,167,926	-	-	3,759,797
 Net carrying amount,										
end of year	\$ 40,001	\$ 143,743	\$ 1,922,586	\$ 594,936	\$ 523,460	\$ 80,743	\$ 351,592	\$ 647,191	\$ 4,304,252	

Thessalon First Nation
Schedule 1 - Consolidated Tangible Capital Assets (continued)

For the year ended March 31, 2019 (comparative figures)

	Land	Land Improvements	Buildings	Housing	Machinery and Equipment	Vehicles	Infrastructure	Construction in Progress	Total
Cost, beginning of year	\$ 330,001	\$ 15,257	\$ 2,929,268	\$ 683,898	\$ 786,349	\$ 279,206	\$ 1,519,518	\$ -	\$ 6,543,497
Additions	-	-	73,870	-	191,750	-	-	-	635,493 901,113
Cost, end of year	330,001	15,257	3,003,138	683,898	978,099	279,206	1,519,518	635,493	7,444,610
Accumulated amortization, beginning of year	-	15,257	1,211,092	151,913	687,365	190,579	1,050,372	-	3,306,578
Amortization	-	-	87,055	22,870	24,171	15,554	58,777	-	208,427
Accumulated amortization, end of year	-	15,257	1,298,147	174,783	711,536	206,133	1,109,149	-	3,515,005
Net carrying amount, end of year	\$ 330,001	\$ -	\$ 1,704,991	\$ 509,115	\$ 266,563	\$ 73,073	\$ 410,369	\$ 635,493	\$ 3,929,605

Thessalon First Nation
Schedule 2 - Consolidated Segment Disclosure

For the year ended March 31, 2020

	Social Programs	Education	Infra- structure	Medical/ Health	Admini- stration	Housing/ Community	Enterprises/ Economic	Other	Consolidated Total
Revenue									
Canada	\$ 37,326	\$ 1,092,009	\$ 221,316	\$ 909,298	\$ 165,670	\$ 954,017	\$ 154,372	\$ 62,541	\$ 3,596,549
Ontario	330,627	-	12,000	-	15,000	294,202	40,000	13,705	705,534
Ontario First Nations Limited Partnership	-	-	-	-	-	-	-	739,494	739,494
Aboriginal organizations	262,004	-	-	499,095	13,500	-	155,959	98,597	1,029,155
Interest, rentals and other	-	-	-	2,119	10,807	53,362	1,012,084	10,369	1,088,741
Transfers between segments	10,800	-	156,426	-	128,511	(14,426)	413,183	(694,494)	-
	640,757	1,092,009	389,742	1,410,512	333,488	1,287,155	1,775,598	230,212	7,159,473
Expenses									
Salaries, wages and benefits	422,782	207,734	154,955	806,769	430,646	217,859	1,016,860	140,900	3,398,505
Materials and supplies	120,152	38,065	344,588	218,198	75,800	86,647	527,512	53,377	1,464,339
Contracted services	-	-	78,127	310,550	73,930	137,840	200,101	3,857	804,405
Rents and financial expenses	2,400	-	88,737	7,083	23,518	5,358	41,108	-	168,204
External transfers	84,626	784,161	9,053	-	-	-	-	-	877,840
Amortization	6,060	2,527	134,732	31,622	6,652	24,713	38,488	-	244,794
Transfers between segments	10,732	62,050	-	19,180	(296,162)	21,400	81,020	30,740	(71,040)
	646,752	1,094,537	810,192	1,393,402	314,384	493,817	1,905,089	228,874	6,887,047
Excess (deficiency) of revenue over expenses	\$ (5,995)	\$ (2,528)	\$ (420,450)	\$ 17,110	\$ 19,104	\$ 793,338	\$ (129,491)	\$ 1,338	\$ 272,426

Thessalon First Nation
Schedule 2 - Consolidated Segment Disclosure (continued)

For the year ended March 31, 2019 (comparative figures)

	Social Programs	Education	Infrastructure	Medical/ Health	Administration	Housing/ Community	Enterprises/ Economic	Other	Consolidated Total
Revenue									
Canada	\$ 27,804	\$ 1,084,946	\$ 200,106	\$ 640,272	\$ 207,375	\$ 373,585	\$ 263,228	\$ 114,551	\$ 2,911,867
Ontario	277,957	-	24,000	-	15,000	187,640	85,640	47,578	637,815
Ontario First Nations Limited Partnership	-	-	-	-	-	-	-	850,620	850,620
Aboriginal organizations	253,244	-	1,992	550,416	-	22,500	60,685	34,102	922,939
Interest, rentals and other	-	-	131	11,891	15,745	31,467	400,473	74,152	533,859
Transfers between segments	52,000	-	131,435	-	138,115	180,943	461,790	(964,283)	-
	611,005	1,084,946	357,664	1,202,579	376,235	796,135	1,271,816	156,720	5,857,100
Expenses									
Salaries, wages and benefits	472,887	197,694	134,752	667,950	457,291	415,327	484,570	160,926	2,991,397
Materials and supplies	35,782	25,916	67,437	252,125	68,417	192,290	349,591	108,940	1,100,498
Contracted services	-	-	36,667	40,699	76,254	73,912	22,865	4,046	254,443
Rents and financial expenses	2,400	-	94,961	5,737	19,791	7,677	-	-	130,566
External transfers	90,883	791,764	8,807	-	-	-	-	-	891,454
Amortization	5,622	5,054	129,394	29,449	6,253	22,870	9,785	-	208,427
Transfers between segments	9,692	68,950	15,040	51,065	(262,657)	22,900	49,920	25,090	(20,000)
	617,266	1,089,378	487,058	1,047,025	365,349	734,976	916,731	299,002	5,556,785
Excess (deficiency) of revenue over expenses	\$ (6,261)	\$ (4,432)	\$ (129,394)	\$ 155,554	\$ 10,886	\$ 61,159	\$ 355,085	\$ (142,282)	\$ 300,315

The accompanying notes are an integral part of these financial statements.