

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

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Thessalon First Nation Management's Responsibility for Financial Reporting

March 31, 2021

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.

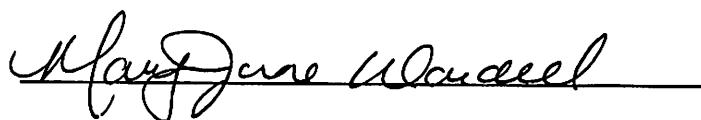
Chief and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

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



Mary Jane Mandell 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 consolidated statement of financial position as at March 31, 2021, the consolidated statements of operations and accumulated surplus, changes in net financial 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 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 consolidated financial position of the First Nation as at March 31, 2021, and the consolidated 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 conducted on a cash basis is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues 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 and annual surplus related to this operation for the years ended March 31, 2021 and 2020, financial assets and liabilities as at March 31, 2021 and March 31, 2020 and accumulated surplus as at April 1 and March 31 for both the 2021 and 2020 years. Our audit opinion on the consolidated financial statements for the year ended March 31, 2020 was modified accordingly because of the possible effects of this limitation in scope.

In addition, in the prior year the cash disbursements of the First Nation dispensary was on a cash basis. Since the cash disbursements of the dispensary are in 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, 2020. Our audit opinion on the financial statements for the year ended March 31, 2020 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 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 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 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.

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



Chartered Professional Accountants, Licensed Public Accountants
Sault Ste. Marie, Ontario
October 26, 2021

**Thessalon First Nation
Consolidated Statement of Financial Position**

March 31, 2021	2021	2020
Financial assets		
Cash	\$ 1,688,064	\$ 488,739
Short term investment (Note 2)	321,140	316,550
Accounts receivable	964,136	1,801,055
Trust funds held by federal government (Note 3)	245,781	243,912
Inventories held for sale	<u>33,601</u>	<u>44,365</u>
	<u><u>3,252,722</u></u>	<u><u>2,894,621</u></u>
Liabilities		
Accounts payable and accrued liabilities	567,098	662,517
Deferred revenue (Note 4)	2,044,805	1,583,308
Long term debt (Note 5)	63,314	55,191
Future landfill closure and post-closure costs (Note 6)	<u>1,238,411</u>	<u>1,168,838</u>
	<u><u>3,913,628</u></u>	<u><u>3,469,854</u></u>
Net financial debt	<u><u>(660,906)</u></u>	<u><u>(575,233)</u></u>
Non-financial assets		
Tangible capital assets (Schedule 1)	4,734,548	4,304,252
Prepaid expenses	<u>64,708</u>	<u>100,008</u>
	<u><u>4,799,256</u></u>	<u><u>4,404,260</u></u>
Accumulated surplus (Note 8)	\$ 4,138,350	\$ 3,829,027

On behalf of the First Nation:



Chief



Band Manager

Thessalon First Nation
Consolidated Statement of Operations and Accumulated Surplus

<u>For the year ended March 31</u>	(see Note 11)		
	Budget	2021	2020
Revenue			
Canada	\$ 3,346,758	\$ 3,663,070	\$ 3,596,549
Ontario	498,073	515,579	705,534
Ontario First Nations (2008) Limited Partnership	734,000	739,185	739,494
Aboriginal organizations	1,036,703	1,136,753	1,029,155
Sales, rentals and other	1,051,898	1,180,101	1,088,741
	<hr/>	<hr/>	<hr/>
	6,667,432	7,234,688	7,159,473
Expenses			
Social programs	525,346	532,462	646,752
Administration and governance	319,412	233,241	314,384
Infrastructure maintenance	567,445	527,874	810,192
Education	969,278	1,057,496	1,094,537
Housing and community development	627,407	586,965	493,817
Enterprises and economic development	2,018,925	2,137,476	1,905,089
Medical and other health services	1,138,287	1,247,036	1,393,402
Other programs	542,477	602,815	228,874
	<hr/>	<hr/>	<hr/>
	6,708,577	6,925,365	6,887,047
Annual surplus (deficit)	(41,145)	309,323	272,426
Accumulated surplus, beginning of year	3,829,027	3,829,027	3,556,601
Accumulated surplus, end of year	\$ 3,787,882	\$ 4,138,350	\$ 3,829,027

**Thessalon First Nation
Consolidated Statement of Change in Net Financial Debt**

<u>For the year ended March 31</u>	(see Note 11) Budget	2021	2020
Annual surplus (deficit)	\$ (41,145)	\$ 309,323	\$ 272,426
Acquisition of tangible capital assets	(96,000)	(688,958)	(909,439)
Amortization of tangible capital assets	259,000	258,662	244,792
Return of land acquisition cost	-	-	290,000
Prepaid expenses	-	35,300	91,092
Net change in net financial assets (debt)	121,855	(85,673)	(11,129)
Net debt, beginning of year	(575,233)	(575,233)	(564,104)
Net debt, end of year	\$ (453,378)	\$ (660,906)	\$ (575,233)

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

For the year ended March 31	2021	2020
Cash flows from operating activities		
Annual surplus	\$ 309,323	\$ 272,426
Adjustment for non-cash items		
Amortization of capital assets	258,662	244,792
Amount to be recovered in future	<u>69,573</u>	<u>285,891</u>
	637,558	803,109
Changes in non-cash working capital balances		
Accounts receivable	836,919	(345,137)
Inventories held for sale	10,764	(44,365)
Prepaid expenses	35,300	91,092
Accounts payable and accrued liabilities	(95,419)	99,482
Deferred revenue	<u>461,497</u>	<u>(432,117)</u>
	1,886,619	172,064
Investing activities		
Short term investments	(4,590)	(4,371)
Increase in funds held in trust	<u>(1,869)</u>	<u>(4,641)</u>
	(6,459)	(9,012)
Capital transactions		
Return of land acquisition cost	-	290,000
Purchase of tangible capital assets	<u>(688,958)</u>	<u>(909,439)</u>
	(688,958)	(619,439)
Financing activities		
Long term debt obtained	56,745	-
Payments on long term debt	<u>(48,622)</u>	<u>(60,642)</u>
	8,123	(60,642)
Increase (decrease) in cash	1,199,325	(517,029)
Cash, beginning of year	488,739	1,005,768
Cash, end of year	\$ 1,688,064	\$ 488,739

Thessalon First Nation

Notes to Consolidated Financial Statements

March 31, 2021

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.

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.

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

TFN Economic Development Corporation

Elite Bio-Centre Productions Inc.

Goganonganga Limited Partnership

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. Revenue from the dispensary are recognized as revenue at point of sale.

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.

h. 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, 2021

1. Significant accounting policies (continued)

g. 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	7 to 10
Infrastructure	7 to 100

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. 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. The First Nation also has a \$321,140 GIC which matures October 2021 earning interest at 0.15% as security on the facility. At March 31, 2021, nothing has been drawn on this credit facility. In addition, the First Nation has credit card coverage to maximum of \$60,000.

Thessalon First Nation
Notes to Consolidated Financial Statements

March 31, 2021

3. Trust funds held by federal government

	Beginning	Additions	Withdrawals	Ending
Revenue	\$ 229,246	\$ 1,869	\$ -	\$ 231,115
Capital	<u>14,666</u>	<u>-</u>	<u>-</u>	<u>14,666</u>
	\$ 243,912	\$ 1,869	\$ -	\$ 245,781

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. Deferred revenue

	2021	2020
Post-secondary education	\$ 183,200	\$ 82,076
Guidance, allowances and supplies	96,000	62,423
Transportation for education	37,500	48,414
Special education	-	29,845
Emergency preparedness review	91,430	-
Firesmart program	62,570	-
Duplex housing construction	135,300	596,388
Landfill remediation study	50,617	81,902
Multi-purpose service facility	-	47,000
Land negotiations	-	24,200
Community support worker/family preservation programs	313,600	222,000
Family well being program	88,700	59,000
Start-up/expansion initial funding	-	18,000
Community integrated health programs	71,033	32,000
Least disruptive measures	162,350	111,000
Community well being	192,300	159,060
Other medical programs	-	10,000
Early Learning and Child Care	210,955	-
Covid-19 pandemic response	<u>349,250</u>	<u>-</u>
	\$ 2,044,805	\$ 1,583,308

Reconciliation of deferred revenue

Balance, beginning of year	\$ 1,583,308	\$ 2,015,425
Additions during the year	2,044,805	1,583,308
Applied to operations during the year	<u>(1,583,308)</u>	<u>(2,015,425)</u>
Balance, end of year	\$ 2,044,805	\$ 1,583,308

**Thessalon First Nation
Notes to Consolidated Financial Statements**

March 31, 2021

5. Long term debt

	2021	2020
6.53% loan, secured by roads grader, repayable \$4,105 monthly including interest, maturing May 2021	\$ 8,143	\$ 55,191
7.12% loan, secured by roads truck, repayable \$1,127 monthly including interest, maturing January 2026	<u>55,171</u>	-
	<u>\$ 63,314</u>	<u>\$ 55,191</u>

Interest paid on long term debt during the year was \$2,892 (2020 - \$5,358). Principal payments required on long term debt for the five next years are due as follows:

Year	Amount
2022	\$ 18,062
2023	10,648
2024	11,432
2025	12,273
2026	<u>10,899</u>
	<u>\$ 63,314</u>

6. 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 \$1,263,684 (2020 - \$1,217,540). As at March 31, 2021, 98% (2020 - 96%) 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 2022-2023 to close the site.

7. 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 \$58,651 (2020 - \$52,858) during the year for retirement benefits.

Thessalon First Nation
Notes to Consolidated Financial Statements

March 31, 2021

8. Accumulated surplus

	2021	2020
Allocation of annual surplus (deficit)		
Equity in tangible capital assets	\$ 430,296	\$ 374,647
General surplus (deficit)	(45,147)	118,387
Unfunded landfill liabilities	(69,573)	(285,891)
Unfunded long term debt	(8,123)	60,642
Funds held in trust	1,870	4,641
	<u>\$ 309,323</u>	<u>\$ 272,426</u>
Accumulated surplus, end of year		
	2021	2020
Reserve set aside for specific purposes		
OFN(2008)LP - future generations fund	\$ 465,857	\$ 465,857
Equity in tangible capital assets	4,734,548	4,304,252
General surplus (deficit)	(6,112)	39,035
Unfunded landfill liabilities	(1,238,411)	(1,168,838)
Unfunded long term debt	(63,314)	(55,191)
Funds held in trust	245,782	243,912
	<u>\$ 4,138,350</u>	<u>\$ 3,829,027</u>

9. 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, \$152,060 has been advanced under this arrangement.

The First Nation is disputing the assessment of municipal taxes, interest and penalties of approximately \$1,137,000 at March 31, 2021 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 \$585,750 to Robinson Huron Treaty Trust to finance costs of legal action against the governments of Canada and Ontario. This amount represents 3.50% of the total budgeted amount of \$16,727,500 being supported by the 21 participating First Nation Communities that are settlors and beneficiaries of the Robinson Huron Treaty Trust. The matter is presently at Stage Three Trial before the court.

Thessalon First Nation Notes to Consolidated Financial Statements

March 31, 2021

10. 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 department. Departments 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 as such. 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, pre-natal 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, 2021

10. 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.

11. 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	\$ 57,855
Add:	
Capital expenditures	96,000
Unfunded liabilities	70,000
Principal portion of loan payments	50,000
Less:	
Loan proceeds	(56,000)
Amortization	<u>(259,000)</u>
Budget surplus per statement of operations	\$ (41,145)

12. Uncertainty due to COVID-19

During the year, the impact of COVID-19 in Canada and on the global economy increased significantly. This has resulted in worldwide emergency measures to combat the spread of the virus. Due to the pandemic, the First Nation incurred additional expenses relating to COVID-19 prevention, however they also received additional one-time funding to help offset these expenses. There was no interruption to regular funding received from ISC.

At this time, it is unknown the full extent the impact the COVID-19 outbreak will have on the First Nation as this will depend on future developments that are highly uncertain. Management is actively monitoring the effect on its financial condition and liquidity.

Thessalon First Nation
Schedule 1 - Consolidated Tangible Capital Assets

For the year ended March 31, 2021

	Land	Improvements	Buildings	Housing	Machinery and Equipment	Vehicles	Infrastructure	Construction in Progress	Total
Cost, beginning of year	\$ 40,001	\$ 166,565	\$ 3,317,493	\$ 794,432	\$ 1,251,643	\$ 327,206	\$ 1,519,518	\$ 647,191	\$ 8,064,049
Additions	-	-	-	-	-	96,745	-	592,213	688,958
Cost, end of year	40,001	166,565	3,317,493	794,432	1,251,643	423,951	1,519,518	1,239,404	8,753,007
Accumulated amortization, beginning of year	-	22,822	1,394,907	199,496	728,183	246,463	1,167,926	-	3,759,797
Amortization	-	15,130	104,107	26,555	50,526	22,578	39,766	-	258,662
Accumulated amortization, end of year	-	37,952	1,499,014	226,051	778,709	269,041	1,207,692	-	4,018,459
Net carrying amount, end of year	\$ 40,001	\$ 128,613	\$ 1,818,479	\$ 568,381	\$ 472,934	\$ 154,910	\$ 311,826	\$ 1,239,404	\$ 4,734,548

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

For the year ended March 31, 2020 (comparative figures)

	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 2 - Consolidated Segment Disclosure

For the year ended March 31, 2021

	Social Programs	Education	Infra- structure	Medical/ Health	Admin- istration Governance	Housing/ Community	Enterprises/ Economic	Other	Consolidated Total
Revenue									
Canada	\$ 26,881	\$ 1,057,255	\$ 269,145	\$ 485,678	\$ 166,985	\$ 992,478	\$ 192,175	\$ 472,473	\$ 3,663,070
Ontario	273,720	-	-	-	-	217,446	-	24,413	515,579
Ontario First Nations Limited Partnership	-	-	-	-	-	-	-	739,185	739,185
Aboriginal organizations	210,964	-	5,494	727,446	-	-	130,866	61,983	1,136,753
Sales, rentals and other	310	-	-	1,240	10,571	20,190	1,143,602	4,188	1,180,101
Transfers between segments	14,400	-	64,220	-	126,389	10,900	483,476	(699,385)	-
	526,275	1,057,255	338,859	1,214,364	303,945	1,241,014	1,950,119	602,857	7,234,688
Expenses									
Salaries, wages and benefits	341,576	206,449	152,966	696,952	417,547	79,026	1,034,314	356,678	3,285,508
Materials and supplies	44,699	23,517	90,568	198,315	86,773	58,879	790,692	137,668	1,431,111
Contracted services	-	-	65,006	240,724	99,870	355,550	147,114	3,879	912,143
Rents and financial expenses	2,400	-	90,908	7,366	17,968	2,892	17,616	-	139,150
External transfers	130,886	764,400	9,004	-	-	-	-	-	904,290
Amortization	5,729	-	119,422	32,715	7,052	26,555	67,190	-	258,663
Transfers between segments	7,172	63,130	-	70,964	(395,969)	64,063	80,550	104,590	(5,500)
	532,462	1,057,496	527,874	1,247,036	233,241	586,965	2,137,476	602,815	6,925,365
Excess (deficiency) of revenue over expenses	\$ (6,187)	\$ (241)	\$ (189,015)	\$ (32,672)	\$ 70,704	\$ 654,049	\$ (187,357)	\$ 42	\$ 309,323

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

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

For the year ended March 31, 2020 (comparative figures)

	Social Programs	Education	Infra- structure	Medical/ Health	Admin- istration Governance	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
Sales, 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

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