

**LAC SEUL FIRST NATION
INDEPENDENT AUDITOR'S REPORT
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2020**

LAC SEUL FIRST NATION

MARCH 31, 2020

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Members of Lac Seul First Nation

The accompanying consolidated financial statements of the Lac Seul First Nation (the "First Nation") are the responsibility of management and have been approved by the Chief and Council of Lac Seul First Nation.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of Chartered Professional Accountants of Canada and as such include certain amounts based on estimates or judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The First Nation maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the First Nation's assets are appropriately accounted for and adequately safeguarded.

The First Nation is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Chief and Council review the First Nation's consolidated financial statements and recommends their approval to the membership. Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, to review the consolidated financial statements and the external auditor's report. The Chief and Council also consider and submit for approval by the Members, the engagement of the external auditors.

The consolidated financial statements have been audited by Fort Group Chartered Professional Accountants Inc. in accordance with Canadian generally accepted auditing standards on behalf of the members. Fort Group Chartered Professional Accountants Inc. have full and free access to Chief and Council.

Director of Finance

INDEPENDENT AUDITOR'S REPORT

To The Members of Lac Seul First Nation and Chief and Council:

Opinion

We have audited the accompanying consolidated financial statements of Lac Seul First Nation (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, changes in net financial assets and cash flow for the year then ended, and the notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated statement of financial position of Lac Seul First Nation as at March 31, 2020, and the results of its consolidated operations and its consolidated cash flow for the year then ended, in accordance with Canadian public sector accounting standards.

Basis for Opinion

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 organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The consolidated financial statements for the year ended March 31, 2019 were audited by another auditor who expressed an unqualified opinion on those financial statements on January 31, 2020.

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

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

In preparing the financial statements, management is responsible for assessing the organization'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 organization or to cease operations, or has no realistic alternative but to do so.

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

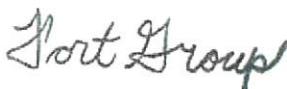
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization'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 organization'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 organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements including the disclosures, and whether the financial statements representing the underlying transactions and events in a manner that achieved fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the organization to express an opinion on the non-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.



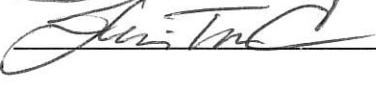
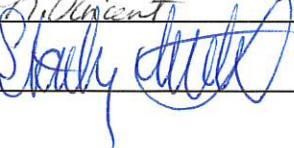
**CHARTERED PROFESSIONAL
ACCOUNTANTS INC.**

WINNIPEG, MANITOBA
March 8, 2021

LAC SEUL FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
MARCH 31, 2020

	2020	2019
		(Restated)
FINANCIAL ASSETS		
Cash	\$ 9,737,763	9,276,116
Accounts receivable (Note 3)	4,957,199	2,848,043
Restricted cash (Note 4)	3,145,958	1,795,921
Portfolio investments (Note 5)	4,819,133	4,051,242
Flood claim settlement cash and portfolio investments (Note 6)	1,350,295	7,042,292
Investments restricted in Lac Seul First Nation Trust (Note 7)	<u>21,355,717</u>	<u>20,595,891</u>
	<u>45,366,065</u>	<u>45,609,505</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 8)	3,493,336	2,503,887
Deferred revenue (Note 9)	7,694,768	5,154,656
Long-term debt (Note 10)	11,210,474	10,978,490
Trust liabilities (Note 6)	<u>750,829</u>	-
	<u>23,149,407</u>	<u>18,637,033</u>
NET FINANCIAL ASSETS		
	<u>22,216,658</u>	<u>26,972,472</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 12) (Schedule 1)	59,092,513	54,458,694
Prepaid expenses	<u>11,917</u>	<u>10,475</u>
	<u>59,104,430</u>	<u>54,469,169</u>
ACCUMULATED SURPLUS (Note 13)	\$ 81,321,088	81,441,641

APPROVED BY THE FIRST NATION:

	
_____ Councillor	_____ Chief
	
_____ Councillor	_____ Councillor
	
_____ Councillor	_____ Councillor

LAC SEUL FIRST NATION
CONSOLIDATED SCHEDULE OF OPERATIONS AND ACCUMULATED SURPLUS
YEAR ENDED MARCH 31, 2020

	Schedules	2020 Budget	2020 Actual	2019 Actual (Restated)
REVENUES				
Indigenous Services Canada (Note 14)		\$ 14,443,220	\$ 12,963,574	14,214,280
Other revenue		23,057,957	11,396,199	12,727,110
Province of Ontario		10,137,201	8,094,343	5,122,918
First Nations and Inuit Health (Note 15)		3,116,344	3,195,973	3,426,216
Ontario First Nations Limited Partnership		1,952,886	1,969,982	2,275,889
Canada Mortgage and Housing Corporation		617,364	719,182	616,780
Investment income earned on portfolio investments		445,681	1,549,670	1,024,113
Revenue deferred in prior year (Note 9)		4,850,680	5,154,656	2,290,031
Revenue deferred to subsequent year (Note 9)		<u>(406,613)</u>	<u>(7,694,768)</u>	<u>(5,154,656)</u>
		<u><u>58,214,720</u></u>	<u><u>37,348,811</u></u>	<u><u>36,542,681</u></u>
SEGMENT EXPENSES				
Band Management	4	12,233,820	8,999,875	7,005,748
Social Services	5	4,430,040	4,511,128	4,211,784
Capital	6	16,328,996	588,673	1,208,034
Lac Seul Education Authority	7	8,942,886	5,864,108	4,708,291
Economic Development	8	1,841,733	336,961	77,238
Operations and Maintenance	9	3,969,633	2,735,131	1,990,861
Health Services	10	5,992,058	4,710,650	3,365,131
Operating Programs	11	4,055,154	1,684,940	3,129,328
Ontario First Nations Limited Partnership	12	367,860	284,244	283,167
Flood Claim Settlement	13	-	3,402,256	-
Ke-nawind Housing Development Authority	14	1,307,066	1,055,476	1,155,582
Obishikokaang Resources Corporation	15	1,990,013	1,974,313	3,012,632
2361701 Ontario Inc	16	-	1,500	2,500
Waaninaawagaang Developments LP	17	-	(4,025)	1,466,682
Lac Seul CMHC Housing Authority	18	1,097,260	1,126,958	1,017,914
Lac Seul First Nations Trust	19	<u>187,700</u>	<u>197,176</u>	<u>44,855</u>
		<u><u>62,744,219</u></u>	<u><u>37,469,364</u></u>	<u><u>32,679,747</u></u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER ITEM		(4,529,499)	(120,553)	3,862,934
OTHER ITEM				
Gain on disposal of tangible capital assets		-	-	98,013
ANNUAL SURPLUS (DEFICIT)		(4,529,499)	(120,553)	3,960,947
ACCUMULATED SURPLUS, BEGINNING OF YEAR		-	81,441,641	77,480,694
ACCUMULATED SURPLUS, END OF YEAR		\$ (4,529,499)	\$ 81,321,088	\$ 81,441,641

LAC SEUL FIRST NATION
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
YEAR ENDED MARCH 31, 2020

	<u>Budget</u>	<u>2020 Actual</u>	<u>2019 Actual (Restated)</u>
ANNUAL SURPLUS (DEFICIT)	\$ (4,529,499)	(120,553)	3,960,947
Tangible capital assets			
Purchase of tangible capital assets	-	(10,116,593)	(4,940,266)
Amortization of tangible capital assets	-	5,482,774	4,064,743
Gain on sale of tangible capital assets	-	-	(98,013)
Proceeds of disposal of tangible capital assets	-	-	867,426
	<hr/>	<hr/>	<hr/>
Other non-financial assets			
Change in prepaid expenses	-	(1,442)	40,625
CHANGE IN NET FINANCIAL ASSETS	(4,529,499)	(4,755,814)	3,895,462
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>26,972,472</u>	<u>26,972,472</u>	<u>23,077,010</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 22,442,973</u>	<u>22,216,658</u>	<u>26,972,472</u>

LAC SEUL FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOW
YEAR ENDED MARCH 31, 2020

	<u>2020</u>	<u>2019</u>
		(Restated)
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ (120,553)	3,960,947
Add back non-cash item(s):		
Amortization of tangible capital assets	5,482,774	4,064,743
Gain on disposal of capital assets	-	<u>(98,013)</u>
	<u>5,362,221</u>	7,927,677
Change in non-cash working capital:		
Accounts receivable	(2,109,156)	(734,181)
Accounts payable and accrued liabilities	989,449	<u>(462,135)</u>
Deferred revenue	2,540,112	2,864,624
Prepaid expenses	<u>(1,442)</u>	<u>40,625</u>
	<u>6,781,184</u>	<u>9,636,610</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(10,116,593)	(4,940,266)
Proceeds of disposal of tangible capital assets	-	<u>867,426</u>
	<u>(10,116,593)</u>	<u>(4,072,840)</u>
INVESTING ACTIVITIES		
Change in restricted cash	(1,350,037)	(595,733)
Cash proceeds from portfolio investments	4,778,805	23,705,478
Purchase of investments	(614,525)	<u>(20,000,000)</u>
Change in trust liabilities	<u>750,829</u>	-
	<u>3,565,072</u>	<u>3,109,745</u>
FINANCING ACTIVITIES		
Advances of long-term debt	2,605,652	293,785
Repayment of long-term debt	<u>(2,373,668)</u>	<u>(4,977,325)</u>
	<u>231,984</u>	<u>(4,683,540)</u>
CHANGE IN CASH	<u>461,647</u>	<u>3,989,975</u>
CASH, BEGINNING OF YEAR	<u>9,276,116</u>	<u>5,286,141</u>
CASH, END OF YEAR	<u>9,737,763</u>	<u>9,276,116</u>
CASH IS REPRESENTED BY:		
Obishikokaang Resources Corporation	\$ 909,482	801,659
Ke-nawind Housing Development Authority	900,025	953,345
Lac Seul CMHC Housing Authority	175,174	159,160
Waaninaawagaang Developments Limited Partnership	235,920	271,174
2361701 Ontario Inc.	100	-
Lac Seul First Nation - Admin - CIBC Operating	2,724,590	1,632,027
Lac Seul First Nation - Admin - Settlement	1,033,412	2,395,956
Lac Seul First Nation - Admin - LS Ear Falls Generating Station	476,434	900,406
Lac Seul First Nation - Admin - CIBC Casino Rama	909,857	151,715
Lac Seul First Nation - Admin - RBC Casino Rama	1,385,824	964,851
Lac Seul First Nation - Social - CIBC Operating	407,185	580,819
Lac Seul First Nation - Admin - Other	<u>579,760</u>	<u>465,004</u>
	<u>\$ 9,737,763</u>	<u>9,276,116</u>

LAC SEUL FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020

1. ACCOUNTING ENTITY

The Lac Seul First Nation (the "First Nation") is located in the Province of Ontario, and provides various services to its members. Lac Seul First Nation includes the First Nation government and all related entities that are accountable to the First Nation and are either owned or controlled by the First Nation.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The First Nation follows the Indigenous Services Canada ("ISC") accounting guidelines as set out in the "Year End Reporting Handbook for funding agreements covering fiscal year 2019-2020" which requires that the consolidated financial statements be prepared in accordance with Canadian generally accepted accounting principles for governments, as defined in the Chartered Professional Accountants of Canada Public Sector Accounting Handbook.

(b) Reporting Entity

The First Nation is a non-profit Indian Band as defined by ISC. The objective of the First Nation is to operate as the governing entity in providing services on the reserve in all areas. The First Nation reporting entity includes all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

(c) Basis of Consolidation

All controlled entities are fully consolidated on a line-by-line basis. This method combines the accounts of distinct organizations. It requires uniform accounting policies for the organizations. Inter-organizational balances and transactions are eliminated under this method. This method reports the organizations as if they were one organization. These financial statements include the financial assets, liabilities, net debt, non-financial assets, accumulated surplus, revenue and expenses for the following entities controlled or owned by the First Nation:

- Lac Seul First Nation
- Flood Claim Settlement
- Ke-nawind Housing Development Authority (which oversees Social and Band housing)
- Obishikokaang Resources Corporation
- 2361701 Ontario Inc. (the General Partner in Waaninaawagaang Developments Limited Partnership)
- Waaninaawagaang Developments Limited Partnership
- Lac Seul CMHC Housing Authority (which manages operating activities for houses financed by CMHC)
- Lac Seul First Nation Trust
- 2245350 Ontario Inc. (incorporated for the purpose of owning particular assets on behalf of Lac Seul First Nation)
- Lac Seul Holdings Inc. (which owns land used as a cemetery)
- Lac Seul Ear Falls GP Ltd. (which owns .01% of Lac Seul Generating Station Limited Partnership)

LAC SEUL FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Basis of Consolidation (Continued)

- Lac Seul Training Centre of Excellence (formerly 1871032 Ontario Inc.)
- Lac Seul Mining & Exploration General Partner (formerly 1433808 Ontario Inc.)
- Lac Seul Limited Partnership (venturer in Lac Seul Domco Catering and Housekeeping Joint Venture)

(d) Basis of Presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

(e) 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 provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets and prepaid expense.

(f) Cash Resources

Cash resources include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purpose is included in restricted cash.

(g) Portfolio Investments

Portfolio investments include investments in common shares, guaranteed investment certificates and investments in entities that are not controlled by the First Nation. Investments in common shares and guaranteed investment certificates are recorded at known market value. Investments in entities that are not controlled by the First Nation are recorded at cost, less any provision for other than temporary impairment.

(h) Funds Held in Trust

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 accumulated surplus. Trust months 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 monies generated primarily through land leasing transactions or interest earned on deposits held in trust.

(i) Net Financial Assets

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

LAC SEUL FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Deferred Revenue

Deferred revenue represents funding received or receivable under the terms of their respective funding arrangements for specified purposes and for which the related expenses have not been incurred. Unspent funding or expenses made which are not in accordance with the terms of the funding arrangements may constitute a debt to the funding authority upon review of the funding agreement. Note 9 contains a summary of deferred revenue by project.

(k) Tangible Capital Assets

Tangible capital assets include acquired, built, developed and improved tangible capital assets, whose useful life extends beyond one year and which are intended to be used on an ongoing basis for producing goods or delivering services.

Tangible capital assets are reported at gross cost.

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.

(l) Amortization

Amortization of tangible capital assets is recognized as an expense in the Statement of Operations.

Amortization is provided for on a straight-line basis at the rates in the table that follows. One-half of the annual amortization is charged in the year of acquisition and in the year of disposal.

Buildings	25 years
Infrastructure	25 years
Band housing	20 years
Social housing	20 years
Roads and bridges	25 years
Equipment and vehicles	5 years
Land improvements	25 years
Water treatment plant	20 years

(m) Construction in Progress

Construction in progress represents the total cost of assets being constructed that are not available for use. When the construction phase has been completed and the assets are available for use they are amortized according to the rates indicated above.

(n) 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 amount of an asset, group of assets, exceeds the value of future economic benefits associated with the asset. Impairment is measured as the amount by which the asset's carrying value exceeds the residual value of the asset's service potential to the First Nation. Any impairment is included in the consolidated statement of operations during the year in which the asset becomes impaired.

(o) Intangible Assets

The First Nation owns various intangible assets inherited by the right of the Crown, such as Crown lands, forests, water, and mineral resources. These items are not recognized in the First Nation's consolidated financial statements in accordance with PS 1200 Financial Statement Presentation.

LAC SEUL FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Revenue Recognition

Government transfers

Government transfer revenue, including, but not limited to, Indigenous Services Canada, First Nations and Inuit Health, Province of Ontario and Canada Mortgage and Housing Corporation Funding, is recognized as the funding becomes receivable under the terms of applicable funding agreements. Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that the 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.

Other revenue

Rent and resident fees are recorded in the year they are earned. At the end of each year, management evaluates the extent of the collectability of its rent revenue and records a bad debt and allowance for doubtful accounts for amounts designated as unlikely to be collected.

Investment and interest revenue is recognized on an accrual basis in the year that it is earned.

All other types of revenue are recognized by the First Nation when the services are provided or the goods are shipped and collectability is reasonably assured.

(q) Measurement Uncertainty

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting periods presented. Actual results could differ from these estimates.

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. Deferred revenue is recorded based on management analysis of the extent to which eligibility requirements have been met on government transfer revenue.

These estimates are reviewed periodically, and, as adjustment becomes necessary, they are reported in the consolidated statement of operations in the year in which they become known.

(r) Financial Instruments

Financial instruments include cash resources, accounts receivable, restricted cash, portfolio investments, flood claim settlement portfolio investments, investments in Lac Seul First Nation Trust, accounts payable and accrued liabilities, and long-term debt.

The First Nation initially measures its financial instruments at fair value when the asset or liability is first recognized. The First Nation subsequently measures its financial instruments at cost or amortized cost. Amortized cost is the amount at which the financial instrument is measured at initial recognition less principal repayments, plus or minus the cumulative of any difference between that initial amount and the maturity amount, and minus any reduction for impairment.

Unless otherwise stated, it is management's opinion that the First Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

LAC SEUL FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Liability for Contaminated Site

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2020.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made

(t) Segmented Information

The First Nation conducts its business through fifteen reportable segments as identified below. 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. These segments are differentiated by the major activities or services they provide. The First Nation's segments are as follows:

Band Management - activities include the governance function related to decisions that define expectations, grant power or verify performance consisting of decision-making and leadership processes. The planning, managing and delivery of large scale infrastructure and capital projects to the community.

Social Services - activities include satisfying the economic, social or health related needs of members of the community who require assistance

Capital - activities include the planning, managing and delivery of infrastructure and capital projects to the community.

Lac Seul Education Authority - activities include overseeing many aspects of educational opportunities to its members at all levels of learning both within the community and externally.

Economic Development - activities include the planning, managing and delivery of various business projects.

Operations and Maintenance - activities include the development and maintenance of the community's infrastructure, buildings, roads, bridges and related equipment and the provision of other more specialized community services.

Health Services - delivers health services to the First Nation.

Operating Programs - activities include managing and delivery of other First Nations operating programs.

Ke-nawind Housing Development Authority - activities include the provision of residential housing opportunities for community members.

LAC SEUL FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Segmented Information (Continued)

Obishikokaang Resources Corporation - activities include managing forestry operations.

Ontario First Nations Limited Partnership - includes the funding received from Ontario First Nation Limited Partnership and its distribution of other programs.

2361701 Ontario Inc. - general Partner of Tim Horton's franchise operations.

Waaninaawagaang Developments Limited Partnership - Tim Horton's operations.

Lac Seul CMHC Housing Authority - activities include the management and maintenance of CMHC houses for community members.

Lac Seul First Nation Trust - the purpose of the Trust is to establish a long-term investment strategy to support the priorities of the First Nation, pursuant to the Lac Seul Flood Claim Settlement agreement, in which the First Nation was authorized to receive certain compensation from the Government of Canada.

3. ACCOUNTS RECEIVABLE

	2020	2019
Indigenous Services Canada	\$ 1,481,258	1,322,081
Canada Mortgage and Housing Corporation	160,143	51,445
Province of Ontario	2,556,082	589,965
Trade	<u>759,716</u>	<u>884,552</u>
	<u>\$ 4,957,199</u>	<u>2,848,043</u>

4. RESTRICTED CASH

	2020	2019
Ottawa Trust Funds		
Revenue account	\$ 90,456	87,055
Capital account	<u>86,234</u>	<u>86,234</u>
	176,690	173,289
Other		
CMHC replacement reserve	770,597	294,609
CMHC operating reserve	97,403	97,475
Funds held in trust by project financial account manager (WTP)	<u>2,101,268</u>	<u>1,230,548</u>
	<u>2,969,268</u>	<u>1,622,632</u>
	<u>\$ 3,145,958</u>	<u>1,795,921</u>

LAC SEUL FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020

4. RESTRICTED CASH (Continued)

Ottawa Trust Fund

The Ottawa Trust Fund arises from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is similarly governed by Sections 63 to 69 of the Indian Act. Revenue from the Ottawa Trust Fund is recognized in the year in which it is earned, when it is measurable and when collection is reasonably assured. Capital and Revenue trust monies are transferred to the First Nation on the authorization of the Minister of Indigenous Services Canada, with consent of the First Nation's Chief and Council. Interest revenue earned in the Revenue account amounted to \$3,401 (2019 - \$3,933). Interest revenue earned in the Capital account amounted to \$Nil (2019 - \$Nil).

CMHC replacement reserve

As required as part of the First Nation's Canada Mortgage and Housing Corporation ("CMHC") Housing program, a separate bank account has been established for replacement of capital equipment and for major repairs to the houses. Under the terms of the agreements with CMHC, the replacement reserve must either be held in a separate bank account or invested in accounts or instruments secured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. At March 31, 2020, the replacement reserve bank account was under funded by \$52,173 (2019 - \$482,062).

CMHC operating reserve

In accordance with the terms of the agreements with Canada Mortgage and Housing Corporation ("CMHC"), the First Nation established an operating surplus reserve. The operating surplus reserve is a component of accumulated surplus and is increased by interest revenue and increased or decreased by the annual surplus (deficit) from operations. The operating surplus reserve must be held or invested only in accounts or instruments guaranteed by Canada Deposit Insurance Corporation, or as otherwise approved by CMHC. The operating reserve account was under funded by \$1,132,233 (2019 - \$940,745).

Funds held in trust by project financial account manager (WTP)

The First Nation has a chequing account that require a co-signature from a representative from Keewatin-Aski Ltd. As at March 31, 2020, funds held in this account have been restricted for the purpose of settling all liabilities related to the Water Treatment Plant.

LAC SEUL FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020

5. PORTFOLIO INVESTMENTS

	2020	2019
RBC Dominion Securities - cash account	\$ 65	291
Rubicon Minerals Corp. - common shares	377,857	284,711
Aurcrest Gold Inc. - common shares	236,081	126,081
Advance Aurcrest Gold Inc. - common shares	101,351	75,000
First Nations Limited Partnership - 1 unit (4.55% interest)	10	10
2472881 Ontario Inc. - 100 units (4.55% interest)	10	10
Landmark Inn Limited Partnership - 3 common shares (11.54% interest)	147,000	147,000
Ontario First Nation Sovereign Wealth LP - 1 unit (0.77% interest)	1	1
Ontario First Nation Asset Management GP Corp. - 1 share (0.01% interest)	1	1
Landmark Inn General Partner Ltd. - 30 common shares (11.11% interest)	-	3,000
Ontario First Nations Limited Partnership - 1 unit (1.77% interest)	1	1
Lac Seul Generating Station Limited Partnership (25.00% interest)	3,341,721	3,414,626
Obish Construction LP - 510 units (51.00% non-controlling interest)	510	510
Guaranteed investment certificate (Ears Falls Capital Reserve)	<u>614,525</u>	<u>-</u>
	<u>\$ 4,819,133</u>	<u>4,051,242</u>

Other than the following investments: RBC Dominion Securities cash account, Rubicon Minerals Corp., Aurcrest Gold Inc., Advance Aurcrest Gold Inc., and the guaranteed investment certificate which have quoted market values at March 31, 2020, each of the portfolio investments listed above represents an investment for which there is no reasonable method to determine an approximate market value because of one or more of the following reasons: a quoted market value is not available, there is infrequent activity in the market, the market is not well established or small volumes are traded relative to the number of trading units of the investment held by the First Nation. For each of the investments where market values are not reasonably determined, no major changes in the equity or financial position of the investee, since the investments were acquired, are known.

6. FLOOD CLAIM SETTLEMENT CASH AND PORTFOLIO INVESTMENTS

	2020	2019
Funds held for per capita distribution to First Nation Members	\$ 599,466	2,000,472
Flood claim settlement funds held in trust	750,829	-
GIC, maturing April 2019, bearing interest at 1.82% per year	<u>-</u>	<u>5,041,820</u>
	<u>\$ 1,350,295</u>	<u>7,042,292</u>

In the current year, the First Nation began to carry out a decision made by the Chief and Council on December 19, 2018 regarding the Flood Claim Settlement portfolio investments. A process was initiated to make a one-time per capita payment in the amount of \$1,250 to all eligible First Nation members. The total estimated payout is \$4,275,000. Eligible members who are 18 years of age and older were able to receive payment in the form of a cheque or direct deposit. Eligible members under the age of 18 had their funds placed in trust until the individual turns 18 years of age. To March 31, 2020, \$3,402,256 has been disbursed to eligible First Nation members

**LAC SEUL FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020**

7. INVESTMENTS RESTRICTED IN LAC SEUL FIRST NATION TRUST

	2020
	Cost
	Market Value
Equity Investments	\$ 12,307,872
Bonds	8,389,150
Money Market Funds	<u>658,695</u>
	<u>\$ 21,355,717</u>
	<u>20,662,173</u>

	2019
	Cost
	Market Value
Equity Investments	\$ 10,815,198
Bonds	9,368,586
Money Market Funds	<u>412,107</u>
	<u>\$ 20,595,891</u>
	<u>21,193,046</u>

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2020	2019
Trade payables	\$ 2,546,087	2,000,872
Ontario Works advance payable	886,905	-
Canada Revenue Agency	34,942	163,635
Indigenous Services Canada	<u>25,402</u>	<u>339,380</u>
	<u>\$ 3,493,336</u>	<u>2,503,887</u>

LAC SEUL FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020

	2020	2019
		(Restated)
9. DEFERRED REVENUE		
Indigenous Services Canada		
Waste Management Study	\$ 13,740	16,470
Frenchman's Head Water Feasibility Study	125,390	160,000
Kejick Bay Water Treatment Plant Construction	-	696,073
Education - Instructional Services	4,061,987	1,730,604
Education - Counselling	-	117,684
Education - Special Education	-	426,963
Education - Transportation	-	81,419
Education - Accommodation	113,879	129,345
Economic Development - Comprehensive Planning	75,000	75,000
Public Works - Education Facility Operations and Maintenance	-	201,128
Community Based Prevention	784,319	617,259
Housing - Elders Assisted Living Project	<u>592,533</u>	<u>-</u>
	<u>5,766,848</u>	<u>4,251,945</u>
First Nations and Inuit Health		
Youth Suicide Prevention	-	4,986
National Native Alcohol and Drug Abuse Program	93,902	76,116
Jordan's Principle - Choose Life	340,403	705,548
Healthy Child Development	16,999	-
Brighter Futures	<u>35,707</u>	<u>-</u>
	<u>487,011</u>	<u>786,650</u>
Other		
Ontario Power Authority	4,625	13,647
Nuclear Waste Management Organization	-	100,000
Other	14,119	2,414
911 Project & Pikangikum	48,000	-
Hydro One - Community Road Brushcutting	40,000	-
Natural Resource Canada Biomass Project	355,586	-
Grand Council Treaty #3 - Resource Sharing	374,173	-
Grand Council Treaty #3 - Fire and Emergency Response	113,500	-
Tiny Home	5,850	-
Housing - Elders Assisted Living Project	<u>430,609</u>	<u>-</u>
	<u>1,386,462</u>	<u>116,061</u>
Social		
COVID-19 funding	<u>54,447</u>	<u>-</u>
	<u>\$ 7,694,768</u>	<u>5,154,656</u>

LAC SEUL FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020

10. LONG-TERM DEBT	2020	2019
CMHC mortgage for a five-unit rental housing project, interest at 1.82%, repayable in blended monthly payments of \$2,128, maturing September 1, 2023, secured by a Ministerial Guarantee and assignment of fire insurance.	\$ 86,608	110,285
CMHC mortgage for a thirteen-unit rental housing project, interest at 1.86%, repayable in blended monthly payments of \$5,217, maturing May 1, 2032 with a renewal date of August 1, 2022, secured by a Ministerial Guarantee and assignment of fire insurance.	681,409	730,853
CMHC mortgage for a ten-unit rental housing project, interest at 1.84%, repayable in blended monthly payments of \$3,185, maturing September 1, 2032 with a renewal date of September 1, 2022, secured by a Ministerial Guarantee and assignment of fire insurance.	426,660	456,740
CMHC mortgage for a twelve-unit rental housing project, interest at 1.67%, repayable in blended monthly payments of \$3,731, maturing March 1, 2034 with a renewal date of July 1, 2024, secured by a Ministerial Guarantee and assignment of fire insurance.	558,861	593,663
CMHC mortgage for a ten-unit rental housing project, interest at 1.05%, repayable in blended monthly payments of \$5,370, maturing April 1, 2035 with a renewal date of April 1, 2020, secured by a Ministerial Guarantee and assignment of fire insurance.	898,753	953,445
CMHC mortgage for a six-unit rental housing project, interest at 1.11%, repayable in blended monthly payments of \$3,241, maturing March 1, 2036 with a renewal date of April 1, 2021, secured by a Ministerial Guarantee and assignment of fire insurance.	569,962	602,327
CMHC mortgage for a ten-unit rental housing project, interest at 2.70%, repayable in blended monthly payments of \$7,158, maturing March 1, 2038 with a renewal date of November 1, 2023, secured by a Ministerial Guarantee and assignment of fire insurance.	1,224,957	1,277,123
CMHC mortgage for a ten-unit rental housing project, interest at 2.70%, repayable in blended monthly payments of \$7,237, maturing September 1, 2038 with a renewal date of November 1, 2023, secured by a Ministerial Guarantee and assignment of fire insurance.	1,264,978	1,317,011
CMHC mortgage for a six-unit rental housing project, interest at 2.01%, repayable in blended monthly payments of \$2,953, maturing October 1, 2039 with a renewal date of May 1, 2020, secured by a Ministerial Guarantee and assignment of fire insurance.	573,729	597,397
CMHC mortgage for a ten-unit rental housing project, interest at 1.03%, repayable in blended monthly payments of \$6,580, maturing November 1, 2041 with a renewal date of November 1, 2021, secured by a Ministerial Guarantee and assignment of fire insurance.	<u>1,532,946</u>	<u>1,595,756</u>
Subtotal	\$ 7,818,863	8,234,600

LAC SEUL FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020

10. LONG-TERM DEBT (Continued)	2020	2019
Subtotal from previous page	\$ 7,818,863	8,234,600
CMHC mortgage for a four-unit rental housing project, interest at 1.03%, repayable in blended monthly payments of \$2,768, maturing November 1, 2041 with a renewal date of November 1, 2021, secured by a Ministerial Guarantee and assignment of fire insurance.	644,894	671,318
CMHC mortgage for a ten-unit rental housing project, interest at 1.89%, repayable in blended monthly payments of \$6,365, maturing August 1, 2044 with a renewal date of November 1, 2024, secured by a Ministerial Guarantee and assignment of fire insurance.	1,506,174	-
CMHC mortgage for a five-unit rental housing project, interest at 1.89%, repayable in blended monthly payments of \$6,128, maturing August 1, 2034 with a renewal date of November 1, 2024, secured by a Ministerial Guarantee and assignment of fire insurance.	941,731	-
Loan repayable in monthly payments of \$9,967, interest at RBC prime rate plus 1.72%, maturing August 31, 2019, secured by Band Council Resolution. This loan was fully repaid upon maturity.	-	510,000
Advances from CMHC for a 10 unit project to be converted to CMHC loan once project is completed.	-	1,308,032
Loan repayable in monthly principal payments of \$2,933, financing charge incurred at commencement, interest at 7.89% annually, maturing June 15, 2023, secured by a dump truck.	114,388	-
Loan repayable in monthly payments of \$6,780, interest at 5.10%, maturing August 29, 2022, secured by a tractor trailer.	184,424	254,540
	<u>\$ 11,210,474</u>	<u>10,978,490</u>

The principal portion of long-term debt is repayable for the years ended as follows:

March 31, 2021	\$ 664,273
2022	677,901
2023	643,505
2024	581,350
2025	569,784
Thereafter	<u>8,073,661</u>
	<u>\$ 11,210,474</u>

11. CONTINGENT LIABILITIES

The First Nation is subject to funding recoveries according to their agreement with federal agencies. It has not yet been determined to what extent any funding amounts related to the year ended March 31, 2020 might be recovered.

LAC SEUL FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020

12. TANGIBLE CAPITAL ASSETS

2020

2019

Included in tangible capital assets are the following costs of construction in progress:

Water Treatment Plant and Lagoon	\$ -	4,093,683
CMHC financed housing construction (10-unit project) - phase 13	- -	1,753,500
CMHC financed housing construction (5-unit project) - phase 14	- -	975,612
CMHC financed housing construction (10-unit project) - phase 15	1,440,484	300,000
Lagoon project	240,532	-
Round House architectural design plans	11,000	-
Road improvements	3,061,419	320,849
Biomass heating plants	<u>273,000</u>	<u>-</u>
	<u>\$ 5,026,435</u>	<u>7,443,644</u>

2020

2019

13. ACCUMULATED SURPLUS

(Restated)

Ottawa Trust Funds	\$ 176,690	173,289
Invested in tangible capital assets	47,882,039	43,480,202
CMHC operating reserve required amount	1,231,157	1,043,839
CMHC replacement reserve required amount	822,769	770,872
Funds held in trust by project financial account manager (WTP)	2,101,268	1,230,548
Flood claim settlement investments*	21,478,786	27,699,175
Unrestricted accumulated surplus	<u>7,628,379</u>	<u>7,043,716</u>
	<u>\$ 81,321,088</u>	<u>81,441,641</u>

*Includes \$21,355,717 (2019 - \$20,662,173) held in the Lac Seul First Nation Trust

14. INDIGENOUS SERVICES CANADA FUNDING

The Indigenous Services Canada ("ISC") revenue of \$12,963,574 (2019 - \$14,214,280) on the consolidated statement of operations and accumulated surplus agrees to the ISC confirmation.

15. FIRST NATIONS AND INUIT HEALTH FUNDING

The First Nations and Inuit Health revenue of \$3,195,973 (2019 - \$3,426,216) on the consolidated statement of operations and accumulated surplus agrees to the First Nations and Inuit Health confirmation.

16. ECONOMIC DEPENDENCE

Lac Seul First Nation receives a significant portion of its revenue from Indigenous Services Canada ("ISC") and First Nations and Inuit Health 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.

17. PENSION LIABILITIES

The First Nation remits its pension liabilities on a monthly basis and remittances were current at year end. Pension liabilities are not maintained in a separate bank account.

LAC SEUL FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020

18. BUDGET INFORMATION

The disclosed budget information was approved by the Chief and Council of the Lac Seul First Nation on April 12, 2019.

19. COMPLIANCE WITH LAWS AND REGULATIONS

First Nations Financial Transparency and Accountability Act

The First Nation is required by the First Nations Financial Transparency and Accountability Act to post its consolidated financial statements on a website and submit the consolidated financial statements to Indigenous Services Canada by July 31, 2020. As the audit report is dated after this date, the First Nation is not in compliance with this requirement. The possible effect of this non-compliance has not yet been determined.

Provision for site rehabilitation

The Ontario Environmental Protection Act sets out the regulatory requirements to properly disclose and maintain active and inactive landfill sites. Under this environmental law, there is a requirement for closure and post-closure care of solid waste sites including covering and landscaping and ongoing environmental monitoring, site inspection and maintenance. As directed by PS 3270, a liability must be recognized beginning when the landfill first accepts waste to the date the landfill stops accepting waste. The liability for closure and post-closure care is recognized as the site capacity is used to the extent of the proportion of site capacity used compared to the estimated total expenditure required for closure and post-closure care.

The estimated total expenditure represents the sum of discontinued future cash flows associated with closure and post-closure care considering current technology, the length of the post-closure care period and current environmental regulations. Expenditures that relate to an existing condition caused by past operations, and which do not contribute to future asset service potential, are expensed in the current year.

At year-end, the extent to which the First Nation is bound by environmental laws of the Ontario Environmental Protection Act was not determinable; therefore, no liability has been recorded in these consolidated financial statements.

20. INTERNALLY RESTRICTED FUNDS

The First Nation has internally set aside the following funds:

Economic Development

The First Nation has internally set aside \$439,908 for Economic Development purposes. These funds are intended for equity or capital investments where favourable return on equity can be demonstrated. The money is included in cash.

Ear Falls Generating Station

The First Nation has internally set aside \$614,525 relating to the Ear Falls Generating Station. The money has been invested in a GIC and is recorded in portfolio investments. The Ear Falls Generating Station agreement requires that the return on capital distributions be set aside for further capital upgrades to the facility. As at March 31, 2020, the total return on capital distributions were \$788,122. The return on capital funds can be called by Ear Falls Generating Station should a capital upgrade be required.

21. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to reflect the financial statement presentation adopted for the current year.

**LAC SEUL FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020**

22. PRIOR PERIOD CORRECTION OF ERROR - BAND MANAGEMENT

In the fiscal year ending March 31, 2019, \$261,810 of ISC Community Based funding was recognized as revenue in the Band Management segment. It was later determined by management that this funding should have been recorded in the Health Services segment and deferred until the March 31, 2020 fiscal year. The net effect of this correction results in a decrease in revenue, an increase in deferred revenue and a decrease in accumulated surplus of \$261,810.

23. UNCERTAINTY DUE TO COVID-19

The safety measures to combat COVID-19 (Coronavirus) and the government response continue to evolve and change quickly. It is management's opinion that the First Nation has adequately adapted to the impact of this pandemic and will continue to maintain operations for the foreseeable future. Management is currently accessing government financial assistance programs for which it is eligible. While management will continue to monitor and evaluate the implications of the pandemic, it is difficult to predict the extent and duration this pandemic could have on the future finances and operations of the First Nation.

SCHEDULE 1

LAC SEUL FIRST NATION
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
YEAR ENDED MARCH 31, 2020

	COST			ACCUMULATED AMORTIZATION			NET BOOK VALUE		
	Opening Balance	Additions	Transfers and Disposals	Closing Balance	Opening Balance	Amortization	Disposals and Write Offs	Closing Balance	Total 2020
Tangible Capital Assets									
Buildings	\$ 31,741,147	158,923	-	31,900,070	12,746,055	1,272,824	-	14,018,879	17,881,191
Infrastructure	13,613,427	-	-	13,613,427	9,041,366	680,671	-	9,722,037	3,891,390
Band housing	21,290,533	-	-	21,290,533	12,309,819	841,134	-	13,150,953	8,139,580
Social housing	12,477,200	88,574	2,729,112	15,294,886	8,187,258	698,744	-	8,886,002	6,408,884
Road and bridges	11,561,063	-	-	11,561,063	3,956,848	462,443	-	4,419,291	7,141,772
Equipment and vehicles	6,811,752	734,493	-	7,546,245	5,237,418	1,431,253	-	6,668,671	877,574
Land improvements	1,178,872	-	-	1,178,872	500,182	58,944	-	559,126	1,574,334
Water treatment plant	-	4,729,017	4,093,683	8,822,700	-	36,761	-	36,761	678,690
Land	320,002	-	-	320,002	-	-	-	-	320,002
	98,993,996	5,711,007	6,822,795	97,882,208	51,978,946	5,482,774	-	57,461,720	54,066,078
Construction in progress	7,443,644	4,405,586	(6,822,795)	5,026,435	-	-	-	-	47,015,050
TOTAL	\$ 106,437,640	10,116,593	-	116,554,233	51,978,946	5,482,774	-	57,461,720	54,092,513
									54,458,694

SCHEDULE 2

**LAC SEUL FIRST NATION
CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT
YEAR ENDED MARCH 31, 2020**

CONSOLIDATED EXPENSES BY OBJECT	<u>2020</u>	<u>2019</u>
Advertising	\$ 325	62,836
Amortization	5,482,774	4,064,743
Bad debt	27,724	-
Bank charges and interest	70,064	62,245
Community events	48,936	86,464
Flood claim settlement	3,398,750	-
Honorarium	736,530	578,558
Insurance	431,082	401,289
Interest on long-term debt	173,944	254,807
Other	217,489	101,070
Professional development	293,518	241,466
Professional fees	1,221,554	1,307,972
Program costs	4,596,132	5,937,973
Property tax	59,589	20,544
Rent	40,001	252,712
Repairs and maintenance	1,862,552	1,618,547
Salaries and benefits	10,601,794	10,226,655
Social assistance	3,717,198	3,470,733
Supplies	630,034	492,662
Telephone and internet	335,725	266,087
Travel and meetings	725,161	637,515
Tuition	1,378,499	1,169,770
Utilities	943,788	820,129
Vehicle	<u>476,201</u>	<u>604,970</u>
	<u>\$ 37,469,364</u>	<u>32,679,747</u>

SCHEDULE 3

LAC SEUL FIRST NATION
CONSOLIDATED SCHEDULE OF SEGMENT OPERATIONS
YEAR ENDED MARCH 31, 2020

SEGMENTS SUMMARY	Schedule #	2020		2019	
		Total Revenue and Other Income	Total Expenses	Transfers From (To)	Surplus (Deficit)
Band Management	4	\$ 2,668,336	8,999,875	1,643,983	(4,687,556)
Social Services	5	4,428,287	4,511,128	(158,475)	(241,316)
Capital	6	4,631,086	588,673	1,435,694	5,478,107
Lac Seul Education Authority	7	6,817,773	5,864,108	(667,198)	286,467
Economic Development	8	691,361	336,961	(133,082)	221,318
Operations and Maintenance	9	1,719,121	2,735,131	1,386,181	(113,647)
Health Services	10	5,560,824	4,710,650	(730,330)	389,075
Operating Programs	11	3,051,467	1,684,940	(550,742)	(108,377)
Ontario First Nations Limited Partnership	12	1,969,982	284,244	(1,659,738)	815,785
Flood Claim Settlement	13	-	3,402,256	-	(17,617)
Ke-nawind Housing Development Authority	14	1,397,415	1,055,476	(30,492)	(3,402,256)
Obishikokaang Resources Corporation	15	2,148,238	1,974,313	-	-
2361701 Ontario Inc	16	-	1,500	-	(1,500)
Waaninaawagaang Developments LP	17	(625)	(4,025)	-	3,400
Lac Seul CMHC Housing Authority	18	1,314,493	1,126,958	-	187,535
Lac Seul First Nations Trust	19	951,053	197,176	(535,801)	(160,871)
TOTAL		\$ 37,348,811	37,469,364	-	20,057,246
				(120,553)	3,960,947

SCHEDULE 4

**LAC SEUL FIRST NATION
CONSOLIDATED SCHEDULE OF SEGMENT OPERATIONS
YEAR ENDED MARCH 31, 2020**

BAND MANAGEMENT

	2020	2019
REVENUES		
Indigenous Services Canada	\$ 1,240,112	1,147,490
Other revenue	1,620,901	1,176,089
Province of Ontario	-	29,960
Income earned on portfolio investments	229,496	126,013
Revenue deferred to subsequent year	<u>(422,173)</u>	<u>-</u>
	<u>2,668,336</u>	<u>2,479,552</u>
EXPENSES		
Amortization	4,973,787	3,438,496
Bank charges and interest	14,943	22,959
Community events	16,272	39,661
Honorarium	724,330	560,308
Insurance	39,457	33,467
Other	99,326	715
Professional development	86,087	81,335
Professional fees	688,811	482,194
Program costs	529,775	104,216
Rent	66	-
Repairs and maintenance	40,721	47,983
Salaries and benefits	1,259,555	1,383,741
Supplies	227,282	302,762
Telephone and internet	182,559	189,083
Travel and meetings	137,898	171,585
Utilities	3,587	1,017
Vehicle	<u>(24,581)</u>	<u>146,226</u>
	<u>8,999,875</u>	<u>7,005,748</u>
DEFICIT BEFORE TRANSFERS	(6,331,539)	(4,526,196)
TRANSFERS BETWEEN PROGRAMS	<u>1,643,983</u>	<u>2,347,682</u>
DEFICIT	<u>\$ (4,687,556)</u>	<u>(2,178,514)</u>

SCHEDULE 5

**LAC SEUL FIRST NATION
CONSOLIDATED SCHEDULE OF SEGMENT OPERATIONS
YEAR ENDED MARCH 31, 2020**

SOCIAL SERVICES

	2020	2019
REVENUES		
Indigenous Services Canada	\$ 382,276	482,958
Other revenue	(29,368)	48,653
Province of Ontario	4,129,826	4,630,536
Revenue deferred to subsequent year	<u>(54,447)</u>	<u>-</u>
	<u>4,428,287</u>	<u>5,162,147</u>
EXPENSES		
Bad debt	(350)	-
Bank charges and interest	1,510	2,439
Insurance	11,470	10,780
Professional fees	35,802	25,619
Program costs	168,089	114,183
Salaries and benefits	418,526	383,500
Social assistance	3,717,198	3,524,449
Supplies	110,025	54,653
Telephone and internet	200	1,242
Travel and meetings	<u>48,658</u>	<u>94,919</u>
	<u>4,511,128</u>	<u>4,211,784</u>
SURPLUS (DEFICIT) BEFORE TRANSFERS	(82,841)	950,363
TRANSFERS BETWEEN PROGRAMS	<u>(158,475)</u>	<u>(233,721)</u>
SURPLUS (DEFICIT)	<u>\$ (241,316)</u>	<u>716,642</u>

SCHEDULE 6

**LAC SEUL FIRST NATION
CONSOLIDATED SCHEDULE OF SEGMENT OPERATIONS
YEAR ENDED MARCH 31, 2020**

CAPITAL

	2020	2019
REVENUES		
Indigenous Services Canada	\$ 1,777,194	978,866
Other revenue	74,933	41,819
Province of Ontario	3,188,037	23,227
Revenue deferred in prior year	872,544	112,873
Revenue deferred to subsequent year	<u>(1,281,622)</u>	<u>(872,544)</u>
	<u>4,631,086</u>	<u>284,241</u>
EXPENSES		
Advertising	325	-
Bank charges and interest	-	9
Honorarium	4,900	-
Interest on long-term debt	-	7,435
Other	(278)	47,374
Professional development	1,000	14,963
Program costs	258,784	588,374
Repairs and maintenance	44,365	180,985
Salaries and benefits	260,470	357,065
Supplies	5,000	-
Travel and meetings	6,707	985
Vehicle	<u>7,400</u>	<u>10,844</u>
	<u>588,673</u>	<u>1,208,034</u>
SURPLUS (DEFICIT) BEFORE TRANSFERS	4,042,413	(923,793)
TRANSFERS BETWEEN PROGRAMS	<u>1,435,694</u>	<u>1,104,827</u>
SURPLUS	<u>\$ 5,478,107</u>	<u>181,034</u>

SCHEDULE 7

**LAC SEUL FIRST NATION
CONSOLIDATED SCHEDULE OF SEGMENT OPERATIONS
YEAR ENDED MARCH 31, 2020**

LAC SEUL EDUCATION AUTHORITY

	2020	2019
REVENUES		
Indigenous Services Canada	\$ 7,939,150	4,886,813
Other revenue	445,780	859,388
Province of Ontario	134,400	134,400
Revenue deferred in prior year	2,488,428	1,725,879
Revenue deferred to subsequent year	<u>(4,189,985)</u>	<u>(2,488,428)</u>
	<u>6,817,773</u>	<u>5,118,052</u>
EXPENSES		
Community events	4,189	6,104
Insurance	995	1,123
Other	60,000	-
Professional development	51,609	45,731
Professional fees	9,000	-
Program costs	1,043,557	661,227
Salaries and benefits	3,115,362	2,643,365
Supplies	27,305	38,897
Telephone and internet	20,801	19,303
Travel and meetings	28,223	18,078
Tuition	1,378,499	1,169,770
Vehicle	<u>124,568</u>	<u>104,693</u>
	<u>5,864,108</u>	<u>4,708,291</u>
SURPLUS BEFORE TRANSFERS	953,665	409,761
TRANSFERS BETWEEN PROGRAMS	<u>(667,198)</u>	<u>(93,315)</u>
SURPLUS	<u>\$ 286,467</u>	<u>316,446</u>

SCHEDULE 8

**LAC SEUL FIRST NATION
CONSOLIDATED SCHEDULE OF SEGMENT OPERATIONS
YEAR ENDED MARCH 31, 2020**

ECONOMIC DEVELOPMENT

	2020	2019
REVENUES		
Indigenous Services Canada	\$ 89,500	164,500
Other revenue	752,024	-
Province of Ontario	136,401	-
Revenue deferred in prior year	188,647	-
Revenue deferred to subsequent year	<u>(475,211)</u>	<u>(188,647)</u>
	<u>691,361</u>	<u>(24,147)</u>
EXPENSES		
Professional development	1,454	1,219
Professional fees	7,640	-
Program costs	36,810	250
Repairs and maintenance	51,850	-
Salaries and benefits	167,415	70,263
Supplies	9,886	-
Telephone and internet	700	-
Travel and meetings	55,606	3,106
Vehicle	<u>5,600</u>	<u>2,400</u>
	<u>336,961</u>	<u>77,238</u>
SURPLUS (DEFICIT) BEFORE TRANSFERS	354,400	(101,385)
TRANSFERS BETWEEN PROGRAMS	<u>(133,082)</u>	<u>(12,262)</u>
SURPLUS (DEFICIT)	<u>\$ 221,318</u>	<u>(113,647)</u>

SCHEDULE 9

**LAC SEUL FIRST NATION
CONSOLIDATED SCHEDULE OF SEGMENT OPERATIONS
YEAR ENDED MARCH 31, 2020**

OPERATIONS AND MAINTENANCE

	2020	2019
REVENUES		
Indigenous Services Canada	\$ 970,253	1,630,819
Other revenue	456,540	250,674
Province of Ontario	91,200	-
Revenue deferred in prior year	201,128	80,000
Revenue deferred to subsequent year	-	(201,128)
	<u>1,719,121</u>	<u>1,760,365</u>
EXPENSES		
Bank charges and interest	11,239	8,998
Insurance	123,588	121,847
Professional development	11,343	33,470
Repairs and maintenance	891,385	451,248
Salaries and benefits	1,063,689	863,541
Supplies	75,154	74,034
Telephone and internet	22,111	7,560
Travel and meetings	5,410	2,450
Utilities	353,359	293,809
Vehicle	177,853	133,904
	<u>2,735,131</u>	<u>1,990,861</u>
DEFICIT BEFORE TRANSFERS	(1,016,010)	(230,496)
TRANSFERS BETWEEN PROGRAMS	<u>1,386,181</u>	<u>619,571</u>
SURPLUS	<u>\$ 370,171</u>	<u>389,075</u>

SCHEDULE 10

**LAC SEUL FIRST NATION
CONSOLIDATED SCHEDULE OF SEGMENT OPERATIONS
YEAR ENDED MARCH 31, 2020**

HEALTH SERVICES

	2020	2019
REVENUES		
Indigenous Services Canada	\$ 565,090	510,810
Other revenue	1,266,540	1,165,351
Province of Ontario	400,642	-
First Nations and Inuit Health	3,195,973	3,426,216
Revenue deferred in prior year	1,403,909	371,280
Revenue deferred to subsequent year	<u>(1,271,330)</u>	<u>(1,403,909)</u>
	<u>5,560,824</u>	<u>4,069,748</u>
EXPENSES		
Community events	12,833	13,973
Honorarium	3,000	1,000
Insurance	31,864	25,598
Professional development	102,508	36,927
Professional fees	4,318	23,033
Program costs	950,535	753,753
Repairs and maintenance	26,789	23,274
Salaries and benefits	3,019,305	2,184,393
Supplies	111,782	18,420
Telephone and internet	79,937	53,562
Travel and meetings	182,956	75,562
Utilities	34,687	25,673
Vehicle	<u>150,136</u>	<u>129,963</u>
	<u>4,710,650</u>	<u>3,365,131</u>
SURPLUS BEFORE TRANSFERS	850,174	704,617
TRANSFERS BETWEEN PROGRAMS	<u>(730,330)</u>	<u>(812,994)</u>
SURPLUS (DEFICIT)	<u>\$ 119,844</u>	<u>(108,377)</u>

SCHEDULE 11

**LAC SEUL FIRST NATION
CONSOLIDATED SCHEDULE OF SEGMENT OPERATIONS
YEAR ENDED MARCH 31, 2020**

OPERATING PROGRAMS

	2020	2019
REVENUES		
Indigenous Services Canada	\$ -	4,412,024
Other revenue	2,668,508	3,237,395
Province of Ontario	85,500	304,795
Income earned on portfolio investments	369,121	273,629
Revenue deferred to subsequent year	<u>(71,662)</u>	-
	<u>3,051,467</u>	<u>8,227,843</u>
EXPENSES		
Bank charges and interest	23,041	2,307
Community events	1,706	14,089
Honorarium	1,000	14,550
Insurance	54,933	51,760
Interest on long-term debt	-	89,144
Other	-	31,075
Professional development	21,729	8,427
Professional fees	185,864	649,936
Program costs	245,538	828,352
Rent	1,535	-
Repairs and maintenance	246,956	289,856
Salaries and benefits	465,261	719,437
Supplies	28,327	55,182
Telephone and internet	19,560	8,742
Travel and meetings	40,910	24,936
Utilities	280,396	301,491
Vehicle	8,595	40,044
Property tax	<u>59,589</u>	-
	<u>1,684,940</u>	<u>3,129,328</u>
SURPLUS BEFORE TRANSFERS	1,366,527	5,098,515
TRANSFERS BETWEEN PROGRAMS	<u>(550,742)</u>	<u>(20,133,555)</u>
SURPLUS (DEFICIT)	<u>\$ 815,785</u>	<u>(15,035,040)</u>

SCHEDULE 12

**LAC SEUL FIRST NATION
CONSOLIDATED SCHEDULE OF SEGMENT OPERATIONS
YEAR ENDED MARCH 31, 2020**

ONTARIO FIRST NATIONS LIMITED PARTNERSHIP

	<u>2020</u>	<u>2019</u>
REVENUES		
Ontario First Nations Limited Partnership	\$ 1,969,982	2,275,889
EXPENSES		
Program costs	284,244	283,167
SURPLUS BEFORE TRANSFERS	1,685,738	1,992,722
TRANSFERS BETWEEN PROGRAMS	(1,659,738)	(1,975,105)
SURPLUS	\$ 26,000	17,617

SCHEDULE 13

**LAC SEUL FIRST NATION
CONSOLIDATED SCHEDULE OF SEGMENT OPERATIONS
YEAR ENDED MARCH 31, 2020**

FLOOD CLAIM SETTLEMENT

	<u>2020</u>	<u>2019</u>
EXPENSES		
Adults off reserve	\$ 1,573,750	-
Adults on reserve	661,250	-
Bank charges and interest	3,506	-
Children in care	23,750	-
Children off reserve	408,750	-
Children on reserve	327,500	-
Elders off reserve	273,750	-
Elders on reserve	<u>130,000</u>	<u>-</u>
DEFICIT	<u>\$ (3,402,256)</u>	<u>-</u>

SCHEDULE 14

**LAC SEUL FIRST NATION
CONSOLIDATED SCHEDULE OF SEGMENT OPERATIONS
YEAR ENDED MARCH 31, 2020**

KE-NAWIND HOUSING DEVELOPMENT AUTHORITY

	2020	2019
REVENUES		
Other revenue	\$ 1,397,415	625,338
EXPENSES		
Amortization	10,636	10,636
Bank charges and interest	11,549	14,931
Community events	12,936	4,797
Honorarium	3,300	2,700
Insurance	67,148	84,375
Professional development	14,234	13,979
Professional fees	52,746	50,393
Rent	14,400	-
Repairs and maintenance	177,626	261,990
Salaries and benefits	338,438	426,331
Supplies	28,000	44,293
Telephone and internet	8,165	10,050
Travel and meetings	21,498	16,630
Utilities	268,169	175,651
Vehicle	26,631	38,826
	<u>1,055,476</u>	<u>1,155,582</u>
SURPLUS (DEFICIT) BEFORE TRANSFERS	341,939	(530,244)
TRANSFERS BETWEEN PROGRAMS	<u>(30,492)</u>	<u>(84,064)</u>
SURPLUS (DEFICIT)	<u>\$ 311,447</u>	<u>(614,308)</u>

SCHEDULE 15

**LAC SEUL FIRST NATION
CONSOLIDATED SCHEDULE OF SEGMENT OPERATIONS
YEAR ENDED MARCH 31, 2020**

OBISHIKOKAANG RESOURCES CORPORATION

	2020	2019
REVENUES		
Other revenue	\$ 2,148,238	<u>3,384,606</u>
EXPENSES		
Amortization	23,000	23,000
Bad debt	28,074	-
Bank charges and interest	1,928	2,245
Community events	1,000	9,513
Insurance	15,068	5,071
Other	2,912	1,367
Professional development	3,555	945
Professional fees	11,754	10,735
Program costs	1,078,802	1,996,418
Rent	24,000	22,000
Repairs and maintenance	95,417	50,722
Salaries and benefits	484,632	692,110
Supplies	7,162	7,282
Telephone and internet	1,692	974
Travel and meetings	<u>195,317</u>	<u>190,250</u>
	<u>1,974,313</u>	<u>3,012,632</u>
SURPLUS BEFORE TRANSFERS	173,925	371,974
TRANSFERS BETWEEN PROGRAMS	<u>-</u>	<u>(205,762)</u>
SURPLUS	<u>\$ 173,925</u>	<u>166,212</u>

SCHEDULE 16

**LAC SEUL FIRST NATION
CONSOLIDATED SCHEDULE OF SEGMENT OPERATIONS
YEAR ENDED MARCH 31, 2020**

2361701 ONTARIO INC

	<u>2020</u>	<u>2019</u>
EXPENSES		
Professional fees	\$ 1,500	2,500
DEFICIT	<u>\$ (1,500)</u>	<u>(2,500)</u>

SCHEDULE 17

LAC SEUL FIRST NATION
CONSOLIDATED SCHEDULE OF SEGMENT OPERATIONS
YEAR ENDED MARCH 31, 2020

WAANINAAWAGAANG DEVELOPMENTS LP

	<u>2020</u>	<u>2019</u>
REVENUES		
Other revenue	\$ (625)	1,698,601
EXPENSES		
Advertising	-	62,836
Bank charges and interest	2,123	8,156
Insurance	-	1,928
Interest on long-term debt	-	7,868
Other	(22,643)	(908)
Professional fees	3,652	11,422
Program costs	-	517,679
Rent	-	230,712
Repairs and maintenance	-	55,130
Salaries and benefits	9,142	496,844
Supplies	111	23,237
Travel and meetings	-	3,222
Utilities	<u>3,590</u>	<u>48,556</u>
	<u>(4,025)</u>	<u>1,466,682</u>
SURPLUS BEFORE OTHER ITEMS	3,400	231,919
GAIN ON DISPOSAL OF TANGIBLE CAPITAL ASSETS	-	98,013
SURPLUS	<u>\$ 3,400</u>	<u>329,932</u>

SCHEDULE 18

**LAC SEUL FIRST NATION
CONSOLIDATED SCHEDULE OF SEGMENT OPERATIONS
YEAR ENDED MARCH 31, 2020**

LAC SEUL CMHC HOUSING AUTHORITY

	<u>2020</u>	<u>2019</u>
REVENUES		
Other revenue	\$ 595,311	239,195
Canada Mortgage and Housing Corporation	<u>719,182</u>	<u>616,780</u>
	<u>1,314,493</u>	<u>855,975</u>
EXPENSES		
Amortization	475,351	592,611
Bank charges and interest	219	205
Insurance	86,560	65,340
Interest on long-term debt	173,944	150,360
Other	78,171	-
Professional fees	25,270	25,270
Repairs and maintenance	<u>287,443</u>	<u>184,128</u>
	<u>1,126,958</u>	<u>1,017,914</u>
SURPLUS (DEFICIT) BEFORE TRANSFERS	187,535	(161,939)
TRANSFERS BETWEEN PROGRAMS	<u>-</u>	<u>1,068</u>
SURPLUS (DEFICIT)	\$ 187,535	(160,871)

SCHEDULE 19

**LAC SEUL FIRST NATION
CONSOLIDATED SCHEDULE OF SEGMENT OPERATIONS
YEAR ENDED MARCH 31, 2020**

LAC SEUL FIRST NATIONS TRUST

	<u>2020</u>	<u>2019</u>
REVENUES		
Investment income earned on portfolio investments	\$ 951,053	624,471
EXPENSES		
Other	-	17,987
Professional fees	195,196	26,868
Travel and meetings	<u>1,980</u>	-
	<u>197,176</u>	<u>44,855</u>
SURPLUS BEFORE TRANSFERS	753,877	579,616
TRANSFERS BETWEEN PROGRAMS	<u>(535,801)</u>	<u>19,477,630</u>
SURPLUS	<u>\$ 218,076</u>	<u>20,057,246</u>