

**LAC SEUL FIRST NATION  
INDEPENDENT AUDITOR'S REPORT  
CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2024**

# LAC SEUL FIRST NATION

**MARCH 31, 2024**

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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.



Chief, Clifford Bull

## INDEPENDENT AUDITOR'S REPORT

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

### Qualified 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, 2024, and the consolidated statements of operations and accumulated surplus, changes in net financial assets, remeasurement gains 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, except for the effects and possible effects of the matters described in the *Basis for Qualified Opinion* section of this report, 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, 2024, 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 Qualified Opinion

The First Nation has identified and deferred revenue for surpluses to select programs with fixed contributions and own sourced funding. Canadian public sector accounting standards require that program revenue that has no fixed timeline for use or stipulations for repayment, be included in surplus for the year. In these respects, the consolidated financial statements are not in accordance with Canadian public sector accounting standards. Had the revenue not been deferred, the following adjustments would be recorded: increase in total revenue of \$96,875 (2023 decrease - \$2,403,559), a decrease of deferred revenue of \$22,469,236 (2023 - \$22,372,361), increase in annual surplus of \$96,875 (2023 decrease - \$2,403,559), increase in accumulated surplus of \$22,469,236 (2023 - \$22,372,361), and a increase in net financial assets of \$22,469,236 (2023 - \$22,372,361).

The First Nation is required to follow PS 3280 asset retirement obligations. Asset retirement obligations are legal obligations associated with the retirement of tangible capital assets. The First Nation has identified its landfill would represent a liability under the standard. However, the First Nation has not provided sufficient appropriate audit evidence regarding the valuation of the amounts that should be recorded and the omitted disclosures in respect of this liability. Consequently, we were unable to determine the impact of this scope limitation on the asset retirement obligation, tangible capital assets and accumulated surplus as at March 31, 2024 and 2023, and the related expenses for the March 31, 2024, and 2023 years ended.

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

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

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

## **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements (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 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 First Nation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



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

**Winnipeg, Manitoba**  
**December 5, 2024**

*Fort Group*  
**CHARTERED PROFESSIONAL  
ACCOUNTANTS INC.**



**LAC SEUL FIRST NATION**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

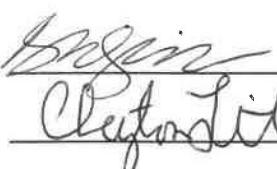
	<u>2024</u>	<u>2023</u>
<b>FINANCIAL ASSETS</b>		
Cash	\$ 24,568,727	30,092,332
Accounts receivable (Note 3)	12,301,582	7,901,568
Flood claim settlement receivable (Note 22(ii))	204,000,000	-
Restricted cash and GICs (Note 4)	8,395,363	4,653,271
Portfolio investments (Note 5)	7,349,878	6,871,026
Income taxes receivable	-	5,186
Portfolio investments held in Lac Seul First Nation Trust (Note 7)	<u>22,554,635</u>	<u>21,576,664</u>
	<u>279,170,185</u>	<u>71,100,047</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 8)	12,671,325	8,099,062
Deferred revenue (Note 9)	23,476,995	23,548,668
Debt (Note 10)	13,264,301	11,369,027
Trust liabilities (Note 6)	<u>652,946</u>	<u>657,059</u>
	<u>50,065,567</u>	<u>43,673,816</u>
<b>NET FINANCIAL ASSETS</b>	<u>229,104,618</u>	<u>27,426,231</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 1)	85,116,412	71,027,028
Prepaid expenses	<u>267,847</u>	<u>67,866</u>
	<u>85,384,259</u>	<u>71,094,894</u>
<b>ACCUMULATED SURPLUS (Note 13)</b>	<u>\$314,488,877</u>	<u>98,521,125</u>
<b>ACCUMULATED SURPLUS IS COMPRISED OF:</b>		
Accumulated surplus	\$313,288,060	98,093,960
Accumulated remeasurement gains	<u>1,200,817</u>	<u>427,165</u>
	<u>\$314,488,877</u>	<u>98,521,125</u>

**APPROVED BY THE FIRST NATION:**

 Chief

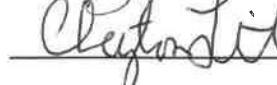
Councillor

Councillor



Councillor

Councillor



Councillor

Councillor



Councillor

Councillor

**LAC SEUL FIRST NATION**  
**CONSOLIDATED SCHEDULE OF OPERATIONS AND ACCUMULATED SURPLUS**  
**YEAR ENDED MARCH 31, 2024**

	<u>Schedule</u>	<u>2024 Budget (Note 19)</u>	<u>2024 Actual</u>	<u>2023 Actual</u>
<b>REVENUES</b>				
Indigenous Services Canada (Note 15)	\$ 40,892,990	28,438,084	31,259,424	
Other revenue (Note 14)	15,002,381	14,590,022	12,092,028	
Canada Mortgage and Housing Corporation				
Rapid housing project	9,847,844	8,947,844	-	
Subsidy revenue	1,095,354	1,106,291	937,001	
Province of Ontario	10,158,154	6,005,865	10,340,781	
First Nations and Inuit Health (Note 16)	3,956,034	4,089,197	4,762,103	
Rent revenue	966,752	2,080,241	2,019,763	
Investment income earned on portfolio investments	402,250	1,532,951	544,908	
Ontario First Nations Limited Partnership	1,591,860	1,336,542	2,399,617	
HR and Finance Revenue	<u>899,808</u>	<u>-</u>	<u>-</u>	
	<u>102,677,039</u>	<u>68,127,037</u>	<u>64,355,625</u>	
<b>SEGMENT EXPENSES</b>				
Band Management	4	19,682,744	17,502,884	17,076,403
Social Services	5	6,242,170	6,012,709	5,659,129
Capital	6	42,208,723	1,772,248	2,705,666
Lac Seul Education Authority	7	17,514,034	9,738,120	9,810,670
Economic Development	8	5,595,999	2,901,593	3,208,025
Operations and Maintenance	9	5,463,602	4,183,952	4,097,656
Health Services	10	4,567,042	3,537,028	3,504,609
Operating Programs	11	5,045,425	2,892,916	2,210,922
Ontario First Nations Limited Partnership	12	760,485	381,443	708,947
Flood Claim Settlement	13	-	34,481	12,996
Ke-nawind Housing Development Authority	14	-	1,384,315	960,063
Obishikokaang Resources Corporation	15	-	2,239,780	2,397,935
2361701 Ontario Inc.	16	-	2,403	2,509
Waaninaawagaang Developments LP	17	-	2,788	63,439
Lac Seul CMHC Housing Authority	18	1,673,873	1,926,311	1,773,843
Lac Seul First Nations Trust	19	-	182,998	181,591
Lac Seul First Nations Bare Trust (Note 22(ii))	20	<u>-</u>	<u>4,000,000</u>	<u>-</u>
	<u>108,754,097</u>	<u>58,695,969</u>	<u>54,374,403</u>	
<b>ANNUAL SURPLUS (DEFICIT) BEFORE OTHER ITEMS</b>		<b>(6,077,058)</b>	<b>9,431,068</b>	<b>9,981,222</b>
<b>OTHER ITEMS</b>				
Settlement proceeds (Note 22(i))	-	1,763,032	-	-
Flood claim settlement proceeds (Note 22(ii))	<u>-</u>	<u>204,000,000</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>205,763,032</u>	<u>-</u>	<u>-</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>		<b>(6,077,058)</b>	<b>215,194,100</b>	<b>9,981,222</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>		<b>98,093,960</b>	<b>98,093,960</b>	<b>88,112,738</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>		<b>\$ 92,016,902</b>	<b>313,288,060</b>	<b>98,093,960</b>

**LAC SEUL FIRST NATION**  
**CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**  
**YEAR ENDED MARCH 31, 2024**

	<b>2024 <u>Budget</u></b>	<b>2024 <u>Actual</u></b>	<b>2023 <u>Actual</u></b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ <u>(6,077,058)</u>	<u>215,194,100</u>	<u>9,981,222</u>
Tangible capital assets			
Purchase of tangible capital assets	- (20,749,197)	(17,124,800)	
Amortization of tangible capital assets	- 6,522,568	5,886,937	
Loss on sale of tangible capital assets	- 39,942	23,000	
Disposal of construction in progress	- 97,303	-	
	<u>-</u>	<u>(14,089,384)</u>	<u>(11,214,863)</u>
Other non-financial assets			
Change in prepaid expenses	- (199,981)	(60,760)	
Net remeasurement gains	- 773,652	427,165	
	<u>-</u>	<u>573,671</u>	<u>366,405</u>
<b>CHANGE IN NET FINANCIAL ASSETS</b>	(6,077,058)	201,678,387	(867,236)
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<u>27,426,231</u>	<u>27,426,231</u>	<u>28,293,467</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<u>\$ 21,349,173</u>	<u>229,104,618</u>	<u>27,426,231</u>

**LAC SEUL FIRST NATION**  
**CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS**  
**YEAR ENDED MARCH 31, 2024**

	<u>2024</u>	<u>2023</u>
<b>ACCUMULATED REMEASUREMENT GAINS, BEGINNING OF YEAR</b>	<u>\$ 427,165</u>	-
Unrealized gains attributed to:		
Portfolio investments held in Lac Seul First Nation Trust	693,785	427,165
Portfolio investments	<u>424,137</u>	-
	<u>1,117,922</u>	427,165
Amounts reclassified to the Statement of Operations		
Portfolio investments held in Lac Seul First Nation Trust	(206,739)	-
Portfolio investments	<u>(137,531)</u>	-
	<u>(344,270)</u>	-
Net remeasurement gains for the year	<u>773,652</u>	427,165
<b>ACCUMULATED REMEASUREMENT GAINS, END OF YEAR</b>	<u>\$ 1,200,817</u>	427,165

**LAC SEUL FIRST NATION**  
**CONSOLIDATED STATEMENT OF CASH FLOW**  
**YEAR ENDED MARCH 31, 2024**

	<u>2024</u>	<u>2023</u>
<b>CASH PROVIDED BY (USED IN):</b>		
<b>OPERATING ACTIVITIES</b>		
Annual surplus	\$215,194,100	9,981,222
Add back non-cash item(s):		
Amortization of tangible capital assets	6,522,568	5,886,937
Loss on sale of tangible capital assets	39,942	23,000
Unrealized gain on investments	1,117,922	427,165
Disposal of construction in progress	<u>97,303</u>	<u>-</u>
	222,971,835	16,318,324
Change in non-cash working capital:		
Accounts receivable	(4,400,014)	(1,426,008)
Flood claim settlement receivable	<u>(204,000,000)</u>	<u>-</u>
Income taxes payable	5,186	(11,798)
Accounts payable and accrued liabilities	4,572,263	3,764,708
Deferred revenue	(71,673)	(2,855,421)
Prepaid expenses	<u>(199,981)</u>	<u>(60,760)</u>
	<u>18,877,616</u>	<u>15,729,045</u>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	<u>(20,749,197)</u>	<u>(17,124,800)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of portfolio investments	(1,801,093)	(208,293)
Payment of trust liabilities	<u>(4,113)</u>	<u>(27,308)</u>
	<u>(1,805,206)</u>	<u>(235,601)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from debt	2,718,379	-
Principal repayment of debt	<u>(823,105)</u>	<u>(725,673)</u>
	<u>1,895,274</u>	<u>(725,673)</u>
<b>CHANGE IN CASH</b>		
<b>CASH, BEGINNING OF YEAR</b>	(1,781,513)	(2,357,029)
<b>CASH, END OF YEAR</b>	<u>34,745,603</u>	<u>37,102,632</u>
	<u>\$ 32,964,090</u>	<u>34,745,603</u>
<b>CASH IS REPRESENTED BY:</b>		
Obishikokaang Resources Corporation	\$ 882,459	1,004,533
Ke-nawind Housing Development Authority	961,355	2,429,362
Lac Seul CMHC Housing Authority	419,628	411,725
Waaninaawagaang Developments Limited Partnership	68,693	69,531
2361701 Ontario Inc.	100	100
Lac Seul First Nation - OPG	1,208,965	1,232,559
Lac Seul First Nation - Admin - CIBC Operating	688,999	6,174,325
Lac Seul First Nation - Admin - Settlement	6,868,661	5,314,106
Lac Seul First Nation - Admin - LS Ear Falls Generating Station	1,795,414	1,408,884
Lac Seul First Nation - Admin - CIBC Casino Rama	50,932	332,588
Lac Seul First Nation - Admin - RBC Casino Rama	5,566,246	6,323,404
Lac Seul First Nation - Social - CIBC Operating	(122,649)	335,578
Lac Seul First Nation - Admin - RBC Annual Income	3,853,152	3,184,172
Lac Seul First Nation - Admin - Other	2,326,772	1,871,465
Lac Seul First Nation - Admin - Ottawa Trust Funds - Restricted cash (Note 4)	192,387	186,317
Lac Seul First Nation - Admin - Restricted cash and GICs (Note 4)	<u>8,202,976</u>	<u>4,466,954</u>
	<u>\$ 32,964,090</u>	<u>34,745,603</u>

**LAC SEUL FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2024**

**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 2023-2024 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
- Lac Seul First Nation Bare 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, 2024**

**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 guaranteed investment certificates, common shares, mutual funds and investments in entities that are not controlled by the First Nation. Investments in guaranteed investment certificates, common shares, mutual funds 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 to highlight net financial assets as a measurement of financial position. The net financial assets of the First Nation are determined by 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, 2024**

**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	20 years
Band housing	20 years
Social housing	20 years
Roads and bridges	25 years
Equipment and vehicles	5 years
Land improvements	20 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 1201 Financial Statement Presentation.

**LAC SEUL FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2024**

**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, Ontario First Nations Limited Partnership 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 is recognized in the year it is 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 income earned on portfolio investments 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, 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 receivables 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, accounts receivable, flood claim settlement receivable, restricted cash and GICs, portfolio investments, portfolio investments held in Lac Seul First Nation Trust, accounts payable and accrued liabilities, and 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 investments in equity instruments quoted in an active market and all derivative instruments, except those that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations that are available in an open market. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses. Upon derecognition, the cumulative gain or loss previously recognized in the statement of accumulated remeasurement gains is transferred to the statement of operations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost.

**LAC SEUL FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2024**

**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(r) Financial Instruments (continued)**

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

All financial assets except derivatives are tested annually for impairment. Any impairment, which is not considered temporary, is recorded in the statement of operations and accumulated surplus. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements can occur, provided they are not greater than the amount that would have been reported at the date of reversal had the impairment not been previously recognized. In such instances, these reversals are recognized in the statement of operations and accumulated surplus.

**(s) Segmented Information**

The First Nation conducts its business through sixteen 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, 2024**

**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(s) 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 a former Tim Horton's franchise operations.

*Waaninaawagaang Developments Limited Partnership* - former 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.

*Lac Seul First Nation Bare Trust* - the purpose of the Bare Trust is to hold the flood claim settlement proceeds, pursuant to the Lac Seul Flood Claim Settlement agreement.

**(t) Asset Retirement Obligation**

Asset retirement obligations reflect the legal obligations arising from the retirement of the First Nation's tangible capital assets, and are recognized when a) there is a legal obligation for the First Nation to incur costs in relation to a specific tangible capital asset; b) there is a past transaction or event causing the liability that has occurred; c) when economic benefits will need to be given up to remediate the liability; and d) when a reasonable estimate of the liability can be made.

Tangible capital assets that are in use, no longer in use, or that are leased may all give rise to asset retirement obligations.

When a liability for an asset retirement obligation is initially recognized, a corresponding adjustment to the related tangible capital asset is also recognized. Through the passage of time in subsequent reporting periods, the carrying value of the liability is adjusted to reflect accretion expenses incurred in the current period. This expense ensures that the time value of money is considered when recognizing outstanding liabilities at each reporting date. The capitalized asset retirement cost within tangible capital assets is also simultaneously depreciated on the same basis as the underlying asset to which it relates.

At remediation, the First Nation derecognizes the liability that was established. In some circumstances, gains or losses may be incurred upon settlement related to the ongoing measurement of the liability and corresponding estimates that were made and are recognized in the statement of operations.

**LAC SEUL FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2024**

**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(u) New Accounting Policies Adopted During the Year**

*PS 3400 - Revenue*

Effective April 1, 2023, the First Nation adopted the new standard for the recognition, measurement and disclosure of revenue under PS 3400. The new standard establishes when to recognize and how to measure revenue and provides the related financial statement presentation and disclosure requirements. The policy was applied prospectively, and prior periods have not been restated. There was no material impact on the financial statements from the prospective application of the new accounting recommendations.

*PSG-8 - Purchased intangibles*

Effective April 1, 2023, the First Nation adopted the new guideline on accounting for and reporting on purchased intangibles. The guideline provides clarity on the recognition criteria along with instances of assets that would not meet the definition of such. The policy was applied prospectively, and prior periods have not been restated. There was no material impact on the financial statements from the prospective application of the new accounting recommendations.

**3. ACCOUNTS RECEIVABLE**

	<b>2024</b>	<b>2023</b>
Indigenous Services Canada	\$ 5,031,622	2,944,676
Ontario First Nations Limited Partnership	2,427,967	1,289,001
Province of Ontario	2,411,593	1,641,131
Trade	1,623,202	1,478,887
Shared Spirits Limited Partnership	357,916	346,138
GST and HST receivable	276,412	24,665
Canada Mortgage and Housing Corporation	<u>172,870</u>	<u>177,070</u>
	<u>\$ 12,301,582</u>	<u>7,901,568</u>

**4. RESTRICTED CASH AND GICS**

	<b>2024</b>	<b>2023</b>
Ottawa Trust Funds		
Capital account	\$ 86,234	86,234
Revenue account	<u>106,153</u>	<u>100,083</u>
	<u>192,387</u>	<u>186,317</u>
Other		
CMHC replacement reserve	1,738	1,197
CMHC operating reserve	943	102
CMHC GIC - replacement - maturing March 11, 2024 at 4.70%	-	1,045,607
CMHC GIC - operating - maturing March 11, 2024 at 4.70%	-	1,565,182
CMHC GIC - replacement - maturing March 11, 2025 at 5.20%	1,098,767	-
CMHC GIC - operating- maturing March 11, 2025 at 5.20%	1,644,758	-
Funds held in trust by project financial account manager (WTP)	-	1,854,866
Funds held in trust by project financial account manager (RHI)	<u>5,456,770</u>	<u>-</u>
	<u>8,202,976</u>	<u>4,466,954</u>
	<u>\$ 8,395,363</u>	<u>4,653,271</u>

**LAC SEUL FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2024**

**4. RESTRICTED CASH AND GICS (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 \$6,070 (2023 - \$2,827). Interest revenue earned in the Capital account amounted to \$Nil (2023 - \$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, 2024, the replacement reserve bank account was over funded by \$21,912 (2023 - \$68,970).

*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 over funded by \$196,672 (2023 - \$54,775).

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

The First Nation had a chequing account that require a co-signature from a representative from Keewatin-Aski Ltd. The funds held in this account were restricted for the purpose of settling all liabilities related to the Water Treatment Plant. As the Water Treatment Plant was substantially complete at the end of the 2023 fiscal year, the chequing account was closed during the year.

*Funds held in trust by project financial account manager (RHI)*

As at March 31, 2024, funds held in this account have been restricted for the purpose of settling all liabilities related to the Rapid Housing Project.

**LAC SEUL FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2024**

**5. PORTFOLIO INVESTMENTS**

	<b>2024</b>	<b>2023</b>
Guaranteed investment certificate (Ears Falls Capital Reserve)	\$ 1,150,610	1,070,610
Kinross Gold Corporation - common shares	1,602,334	1,226,335
Mutual funds	1,090,728	1,001,335
Indigenous Transmission Limited Partnership - 100 units (12.5% interest)	100	100
Sioux Lookout Friendship Accord Limited Partnership - 2,497 units (24.97% interest)	25	25
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
Shared Spirits Limited Partnership	305,480	305,480
Ontario First Nations Limited Partnership - 1 unit (1.77% interest)	1	1
Lac Seul Generating Station Limited Partnership (25.00% interest)	3,053,068	3,119,608
Obish Construction LP - 510 units (51.00% non-controlling interest)	<u>510</u>	<u>510</u>
	<u>\$ 7,349,878</u>	<u>6,871,026</u>

**6. TRUST LIABILITIES**

	<b>2024</b>	<b>2023</b>
Flood claim settlement funds held in trust	\$ 652,946	657,059

Eligible members under the age of 18 had their funds placed in trust until the individual turns 18 years of age. The funds are held in this trust account until members turn 18, at which time the money is moved to the funds held for per capita distribution to First Nation members account and paid to the member.

**7. PORTFOLIO INVESTMENTS HELD IN LAC SEUL FIRST NATION TRUST**

	<b>2024</b>	
	<b>Cost</b>	<b>Market Value</b>
Equities	\$ 8,940,190	11,260,130
Bonds	12,043,708	10,844,718
Money market funds	<u>449,787</u>	<u>449,787</u>
	<u>\$ 21,433,685</u>	<u>22,554,635</u>

	<b>2023</b>	
	<b>Cost</b>	<b>Market Value</b>
Equities	\$ 9,437,376	10,965,962
Bonds	11,291,528	10,190,107
Money market funds	<u>420,595</u>	<u>420,595</u>
	<u>\$ 21,149,499</u>	<u>21,576,664</u>

**8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>2024</b>	<b>2023</b>
Trade payables and accrued liabilities	\$ 5,213,871	5,510,223
Government of Canada settlement negotiation costs payable	4,000,000	-
Holdbacks payable	1,972,915	915,274
Ontario Works advance payable	909,820	938,158
Indigenous Services Canada	463,292	500,079
Source deductions payable	83,475	174,295
HST payable	<u>27,952</u>	<u>61,033</u>
	<u>\$ 12,671,325</u>	<u>8,099,062</u>

**LAC SEUL FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2024**

**9. DEFERRED REVENUE**

	<b><u>2024</u></b>	<b><u>2023</u></b>
Indigenous Services Canada		
Waste Management Study	\$ 96,193	122,565
Frenchman's Head Water Feasibility Study	228,060	-
Band Administration	1,080,972	1,180,086
Education - Instructional Services	2,687,576	6,121,914
Education - Accommodations	112,504	-
CFS Top-up	616,695	-
Economic Development - Transportation	-	69,579
Lac Seul Career Fair	-	14,439
Public Works - Education Facility Operations and Maintenance	53,361	89,000
Public Works - Water Systems	-	162,456
Public Works - Community Based Prevention	1,217,819	713,806
Public Works - Community Building	48,195	40,970
Public Works - Road and Bridges	111,066	-
Public Works - Asset Management	13,985	-
Roundhouse	-	168,983
COVID-19 Funding	-	129,638
CFS Bands Services	-	348,547
Sewer Treatment and Collection	40,773	4,634,704
Bring Our Children Home	4,257,659	3,354,800
Modular Housing Units	-	204,849
Communications Policy	161,858	-
Short-term System Upgrades	1,305,754	1,382,505
UNDRIp Consulting and Engagement	5,787	24,115
Strip Mall Feasibility	77,528	-
HCC Policy	204,738	-
Housing Management	32,000	-
10 Unit Housing	424,401	-
Rapid Housing	5,057,655	-
Immediate Needs Housing	<u>1,412,500</u>	<u>1,412,500</u>
Subtotal	<u>\$ 19,247,079</u>	<u>18,762,956</u>

**LAC SEUL FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2024**

Subtotal from previous page	<u>\$ 19,247,079</u>	<u>18,762,956</u>
<b>First Nations and Inuit Health</b>		
National Native Alcohol and Drug Abuse Program	34,686	34,686
Jordan's Principle - Choose Life	134,321	-
Healthy Child Development	-	14,281
Brighter Futures	121,318	142,377
Health	500	27,622
Youth Solvent Abuse	-	13,204
Public Health Nursing	342,774	428,793
Prenatal Nutrition Program	3,189	29,578
Health Planning and Management	1,471	5,928
Facilities O&M	15,616	-
HIV/AIDS	870	13,618
Home & Community	40,594	86,577
Dental Treatment	-	5,051
Building Healthy Communities	329,441	329,441
Jordan's Principle - LNHL	13,588	-
Jordan's Principle - Incident Report	10,000	-
Tobacco Control Strategy	484	34,761
Vision Care	<u>1,688</u>	<u>1,688</u>
	<u>1,050,540</u>	<u>1,167,605</u>
<b>Other</b>		
Community Events	18,505	7,322
Drinking Water Settlement	265,439	296,384
Other	-	14,119
Accommodations Building	-	11,250
Litigation - Farmlands Claim	98,434	29,125
Economic Strategic Plan	-	52,036
Grand Council Treaty #3 - Resource Sharing	261,137	928,821
Grand Council Treaty #3 - Fire and Emergency Response	282,191	91,700
POW Camp Study	13,780	27,645
Communications	-	36,668
Fall Fishing Derby	20,609	13,300
United Ice Fishing Derby	23,018	3,713
OFNLP Casino-rama funding	1,270,117	282,497
COVID-19 funding - Province of Ontario	-	33,568
Abinoojii	-	29,100
Grand Council Treaty #3 - Abinoojii	267,040	315,745
Province of Ontario - Gravesite Remediation	149,098	418,108
Tobacco & Fuel Initiative	<u>-</u>	<u>49,042</u>
	<u>2,669,368</u>	<u>2,640,143</u>
<b>Social</b>		
COVID-19 funding	473,453	918,601
Employment Assistance	<u>36,555</u>	<u>59,363</u>
	<u>510,008</u>	<u>977,964</u>
	<u>\$ 23,476,995</u>	<u>23,548,668</u>

**LAC SEUL FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2024**

**10. DEBT**

	<u>2024</u>	<u>2023</u>
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.	\$ -	12,711
CMHC mortgage for a thirteen-unit rental housing project, interest at 3.45%, repayable in blended monthly payments of \$5,617, maturing May 1, 2032 with a renewal date of August 1, 2027, secured by a Ministerial Guarantee and assignment of fire insurance.	479,548	529,544
CMHC mortgage for a ten-unit rental housing project, interest at 3.81%, repayable in blended monthly payments of \$3,496, maturing September 1, 2032 with a renewal date of March 1, 2028, secured by a Ministerial Guarantee and assignment of fire insurance.	304,615	334,410
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.	412,238	449,796
CMHC mortgage for a ten-unit rental housing project, interest at 0.68%, repayable in blended monthly payments of \$5,229, maturing April 1, 2035 with a renewal date of October 1, 2025, secured by a Ministerial Guarantee and assignment of fire insurance.	669,696	727,667
CMHC mortgage for a six-unit rental housing project, interest at 1.12%, repayable in blended monthly payments of \$3,236, maturing March 1, 2036 with a renewal date of October 1, 2026, secured by a Ministerial Guarantee and assignment of fire insurance.	435,953	469,702
CMHC mortgage for a ten-unit rental housing project, interest at 5.57% (2023 - 2.70%), repayable in blended monthly payments of \$8,597 (2023 - \$7,158), maturing March 1, 2038 with a renewal date of May 1, 2024 (2023 - November 1, 2023), secured by a Ministerial Guarantee and assignment of fire insurance.	1,005,132	1,059,486
CMHC mortgage for a ten-unit rental housing project, interest at 5.57% (2023 - 2.70%), repayable in blended monthly payments of \$8,740 (2023 - \$7,237), maturing September 1, 2038 with a renewal date of May 1, 2024 (November 1, 2023), secured by a Ministerial Guarantee and assignment of fire insurance.	1,045,831	1,099,917
CMHC mortgage for a six-unit rental housing project, interest at 0.70%, repayable in blended monthly payments of \$2,621, maturing October 1, 2039 with a renewal date of September 1, 2025, secured by a Ministerial Guarantee and assignment of fire insurance.	464,226	492,318
CMHC mortgage for a ten-unit rental housing project, interest at 3.06%, repayable in blended monthly payments of \$7,894, maturing November 1, 2041 with a renewal date of May 1, 2027, secured by a Ministerial Guarantee and assignment of fire insurance.	<u>1,293,566</u>	<u>1,347,960</u>
<b>Subtotal</b>	<b>\$ 6,110,805</b>	<b>6,523,511</b>

**LAC SEUL FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2024**

**10. DEBT (Continued)**

	<b>2024</b>	<b>2023</b>
Subtotal from previous page	\$ 6,110,805	6,523,511
CMHC mortgage for a four-unit rental housing project, interest at 3.06%, repayable in blended monthly payments of \$3,321, maturing November 1, 2041 with a renewal date of May 1, 2027, secured by a Ministerial Guarantee and assignment of fire insurance.	544,190	567,072
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.	1,306,814	1,358,011
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.	710,084	769,607
CMHC mortgage for a ten-unit rental housing project, interest at 0.70%, repayable in blended monthly payments of \$12,819, maturing September 1, 2035 with a renewal date of September 1, 2025, secured by a Ministerial Guarantee and assignment of fire insurance.	1,699,297	1,840,683
CMHC mortgage for a ten-unit rental housing project, interest at 3.96%, repayable in blended monthly payments of \$8,304, maturing July 1, 2048 with a renewal date of July 1, 2028, secured by a Ministerial Guarantee and assignment of fire insurance.	1,560,080	-
CMHC mortgage for a ten-unit rental housing project, interest at 4.07%, repayable in blended monthly payments of \$10,539, maturing August 1, 2038 with a renewal date of August 1, 2028, secured by a Ministerial Guarantee and assignment of fire insurance.	1,095,770	-
Shared Spirits loan repayable in monthly payments of \$2,943 interest at RBC prime rate plus 1.72%, maturing June 1, 2031, secured by Band Council Resolution.	186,945	243,543
Loan repayable in monthly principal payments of \$1,700, financing charge incurred at commencement, interest at 6.95% annually, maturing Dec 1, 2025, secured by a garbage truck.	50,316	66,600
	<u>\$ 13,264,301</u>	<u>11,369,027</u>

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

March 31, 2025	\$ 872,590
2026	894,694
2027	911,700
2028	919,823
2029	922,982
Thereafter	<u>8,742,512</u>
	<u>\$ 13,264,301</u>

**LAC SEUL FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2024**

**11. CONTINGENCIES**

Lac Seul First Nation has entered into contribution agreements with various federal government departments. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements.

In the normal course of its operations, the First Nation may become involved in legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded on the consolidated financial statements. As of March 31, 2024, no contingent liabilities have been recorded in these consolidated financial statements.

The First Nation has claims outstanding against a variety of parties. The claims are ongoing and there is no likely outcome or determinable amount known at this time.

**12. CONSTRUCTION IN PROGRESS**

**2024**

**2023**

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

Biomass heating plants	\$ 1,568,629	1,006,582
CMHC financed housing construction (2-5-unit project) - phase 16	- -	1,467,193
Elders assisted living	3,895,699	2,783,132
Housing	- -	357,273
Human resource building	- -	229,433
Kejick Bay office	- -	97,302
Kejick Bay outdoor rink	126,601	126,601
Lagoon project	14,304,256	9,258,591
Log homes pilot project	4,037,020	669,151
Menoyawin Biomass	187,897	- -
Rapid housing	4,036,846	- -
Round House architectural design plans	2,558,276	1,694,264
School expansions	1,456,859	23,098
Teacherages	2,856,427	964,637
Tourism camp	484,212	484,212
Water system upgrades	193,421	116,670
WFB firehall	<u>892,952</u>	<u>774,433</u>
	<u>\$ 36,599,095</u>	<u>20,052,572</u>

**13. ACCUMULATED SURPLUS**

**2024**

**2023**

CMHC operating reserve required amount	\$ 1,449,029	1,510,509
CMHC replacement reserve required amount	1,078,593	977,833
Portfolio investments held in Lac Seul First Nation Trust	22,554,635	21,576,664
Flood claim settlement proceeds - LSFN Bare Trust	200,000,000	- -
Funds held in trust by project financial account manager (WTP)	- -	1,854,866
Funds held in trust by project financial account manager (RHI)	5,456,770	- -
Ottawa Trust Funds	192,387	186,317
Invested in tangible capital assets	71,852,111	59,658,004
Unrestricted accumulated surplus	8,685,567	11,483,661
Internally restricted accumulated surplus (Note 21)	2,018,968	846,106
Remeasurement gain on investments	<u>1,200,817</u>	<u>427,165</u>
	<u>\$314,488,877</u>	<u>98,521,125</u>

**LAC SEUL FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2024**

**14. OTHER REVENUE**

	<b>2024</b>	<b>2023</b>
Non-government organizational funding	\$ 4,453,357	4,485,598
Joint venture exploration and royalty revenue	2,890,215	2,957,357
Silviculture and roads	2,267,433	2,304,408
Miscellaneous revenue	1,888,432	1,559,876
Minister of Indigenous Affairs	838,863	714,461
Internet revenue	610,203	495,988
Interest income	372,658	65,087
Donations	127,079	29,480
Ticket sales	100,660	72,800
Income assistance (recovery)	69,300	(59,090)
Utility revenue	13,428	11,093
Revenue deferred in prior year	2,354,470	1,809,440
Revenue deferred to subsequent year	<u>(1,396,076)</u>	<u>(2,354,470)</u>
	<u>\$ 14,590,022</u>	<u>12,092,028</u>

**15. INDIGENOUS SERVICES CANADA FUNDING**

	<b>2024</b>	<b>2023</b>
Revenue per Indigenous Services Canada confirmation	\$ 28,886,463	28,624,195
Adjustments:		
Accounts receivable	-	432,212
Revenue applied to prior year accounts receivable	(432,212)	-
Revenue deferred in prior year	19,740,920	21,943,937
Revenue deferred to subsequent year	<u>(19,757,087)</u>	<u>(19,740,920)</u>
	<u>(448,379)</u>	<u>2,635,229</u>
	<u>\$ 28,438,084</u>	<u>31,259,424</u>

**16. FIRST NATIONS AND INUIT HEALTH FUNDING**

	<b>2024</b>	<b>2023</b>
Revenue per First Nations and Inuit Health Funding	\$ 3,972,133	4,359,390
Adjustments:		
Revenue deferred in prior year	1,167,605	1,570,318
Revenue deferred to subsequent year	<u>(1,050,541)</u>	<u>(1,167,605)</u>
	<u>117,064</u>	<u>402,713</u>
	<u>\$ 4,089,197</u>	<u>4,762,103</u>

**17. 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.

**LAC SEUL FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2024**

**18. 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.

**19. BUDGET INFORMATION**

The disclosed budget information was approved by the Chief and Council of the Lac Seul First Nation.

**20. 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, 2024. 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.

**21. INTERNALLY RESTRICTED FUNDS**

The First Nation has internally set aside the following funds:

*Economic Development*

The First Nation has internally set aside \$1,823,531 (2023 - \$515,935) 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 \$195,437 (2023 - \$330,171) relating to the Ear Falls Generating Station. 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, 2024, the total return on capital distributions were \$1,045,510 (2023 - \$978,970). The return on capital funds can be called by Ear Falls Generating Station should a capital upgrade be required.

**22. SETTLEMENTS**

*(i) Dispute Resolution Proceeds*

During the year, the First Nation resolved an outstanding dispute with one of its Partners in a joint venture agreement. As part of the resolution, the First Nation was awarded \$1,763,032 in settlement proceeds. The settlement proceeds were received after year-end.

*(ii) Flood Claim Settlement*

On March 8, 2024, the First Nation settled the long-standing Flood Claim against the Government of Canada due to the unauthorized use of the First Nations land for water storage purposes and flooding due to the construction of the Ear Falls Dam. The First Nation was awarded gross proceeds of \$204,000,000 less \$4,000,000 relating to the settlement negotiating costs. The net proceeds of \$200,000,000 were paid on April 16, 2024 to the Lac Seul First Nation Bare Trust which is controlled by Chief and Council.

**23. COMPARATIVE FIGURES**

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

**SCHEDULE 1**

**LAC SEUL FIRST NATION**  
**CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS**  
**YEAR ENDED MARCH 31, 2024**

	<b>COST</b>			<b>ACCUMULATED AMORTIZATION</b>			<b>NET BOOK VALUE</b>		
	Opening Balance	Additions	Disposals	Transfers	Closing Balance	Opening Balance	Amortization	Disposals and Write Offs	Closing Balance
<b>Tangible Capital Assets</b>									
Buildings	\$ 32,797,002	578,555	-	593,977	33,969,534	17,867,183	1,335,331	-	19,202,514
Infrastructure	13,742,281	32,400	-	-	13,774,681	11,779,703	687,924	-	12,467,627
Band housing	21,536,046	-	-	-	21,536,046	17,721,733	1,076,802	-	18,798,535
Social housing	17,484,683	-	-	846,693	18,331,376	9,940,631	521,459	-	10,462,090
Road and bridges	16,202,203	-	-	-	16,202,203	6,177,910	648,088	-	6,825,998
Equipment and vehicles	12,764,533	1,428,746	(93,121)	625,000	14,725,158	8,348,781	1,749,739	(53,179)	10,045,341
Land improvements	1,178,872	-	-	-	1,178,872	735,958	58,944	-	794,902
Water treatment plant	8,885,627	-	-	-	8,885,627	1,364,894	444,281	-	1,809,175
Land	320,002	-	-	-	320,002	-	-	-	320,002
<b>TOTAL</b>	<b>124,911,249</b>	<b>2,039,701</b>	<b>(93,121)</b>	<b>2,065,670</b>	<b>126,857,829</b>	<b>73,936,793</b>	<b>6,522,568</b>	<b>(53,179)</b>	<b>80,406,182</b>
<b>Construction in progress (Note 12)</b>	<b>20,052,572</b>	<b>18,709,496</b>	<b>(97,303)</b>	<b>(2,065,670)</b>	<b>36,599,095</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36,599,095</b>
<b>TOTAL</b>	<b>\$ 144,963,821</b>	<b>20,749,197</b>	<b>(190,424)</b>	<b>—</b>	<b>165,717,200</b>	<b>73,936,793</b>	<b>6,522,568</b>	<b>(53,179)</b>	<b>80,406,182</b>

**Construction in progress (Note 12)**

<b>20,052,572</b>	<b>18,709,496</b>	<b>(97,303)</b>	<b>(2,065,670)</b>	<b>36,599,095</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36,599,095</b>	<b>20,052,572</b>	
<b>TOTAL</b>	<b>\$ 144,963,821</b>	<b>20,749,197</b>	<b>(190,424)</b>	<b>—</b>	<b>165,717,200</b>	<b>73,936,793</b>	<b>6,522,568</b>	<b>(53,179)</b>	<b>80,406,182</b>	<b>85,116,412</b>	<b>71,027,028</b>

**SCHEDULE 2**

**LAC SEUL FIRST NATION  
CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT  
YEAR ENDED MARCH 31, 2024**

<b>CONSOLIDATED EXPENSES BY OBJECT</b>	<b>2024</b>	<b>2023</b>
Adults on reserve	\$ 16,250	3,750
Adults off reserve	15,000	10,000
Amortization of tangible capital assets	6,522,568	5,886,937
Bad debt	46,602	-
Bank charges and interest	95,960	52,271
Building repairs and maintenance	3,115,322	3,547,830
Children off reserve	2,500	(1,250)
Community events	190,131	186,057
Equipment repairs and maintenance	395,291	940,528
Honorarium	1,023,595	1,255,773
Insurance	770,072	598,255
Interest on debt	326,386	218,978
Loss on disposal of capital asset	39,941	23,000
Negotiation costs (Note 22(ii))	4,000,000	-
Office	2,584	8,019
Other	1,217,807	2,051,789
Professional development	431,324	651,394
Professional fees	2,901,254	3,763,144
Program costs	9,739,850	8,827,380
Property tax (refund)	(49,145)	22,349
Rent	119,657	232,801
Salaries and benefits	18,193,007	15,957,245
Social assistance	3,843,037	3,851,450
Supplies	764,412	671,458
Telephone and internet	657,717	649,119
Travel and meetings	1,578,911	1,545,105
Tuition	996,525	1,617,486
Utilities	784,771	769,463
Vehicle	954,640	1,034,072
	<u>\$ 58,695,969</u>	<u>54,374,403</u>

**SCHEDULE 3**

**LAC SEUL FIRST NATION**  
**CONSOLIDATED SCHEDULE OF SEGMENT OPERATIONS**  
**YEAR ENDED MARCH 31, 2024**

<b>SEGMENTS SUMMARY</b>	<b>Schedule #</b>	<b>2024</b>		<b>2023</b>	
		<b>Total Revenue and Other Income</b>	<b>Total Expenses</b>	<b>Transfers From (To)</b>	<b>Surplus (Deficit)</b>
Band Management	4	\$ 12,100,538	17,502,884	2,826,388	(2,575,958)
Social Services	5	6,211,041	6,012,709	(326,270)	(127,938)
Capital	6	11,626,279	1,772,248	(84,562)	9,769,469
Lac Seul Education Authority	7	15,170,736	9,738,120	(846,426)	4,586,190
Economic Development	8	5,632,627	2,901,593	(744,628)	1,986,406
Operations and Maintenance	9	3,169,078	4,183,952	1,580,999	566,125
Health Services	10	4,198,826	3,537,028	(508,008)	153,790
Operating Programs	11	3,885,629	2,892,916	(586,965)	405,748
Ontario First Nations Limited Partnership	12	1,336,542	381,443	(758,874)	196,225
Flood Claim Settlement	13	-	34,481	-	(34,481)
Ke-nawind Housing Development Authority	14	1,207,823	1,384,315	-	(12,996)
Obishikokaang Resources Corporation	15	2,278,045	2,239,780	-	(59,166)
2361701 Ontario Inc.	16	-	2,403	-	181,664
Waaninaawagaang Developments LP	17	-	2,788	-	38,265
Lac Seul CMHC Housing Authority	18	1,936,729	1,926,311	-	(93,527)
Lac Seul First Nations Trust	19	1,136,176	182,998	(668,980)	(2,403)
Lac Seul First Nations Bare Trust	20	204,000,000	4,000,000	-	(2,509)
<b>TOTAL</b>		<b>\$273,890,069</b>	<b>58,695,969</b>	<b>-</b>	<b>9,981,222</b>