

Fort Severn First Nation
Consolidated Financial Statements
For the year ended March 31, 2021

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Fort Severn First Nation Management's Responsibility for the Consolidated Financial Statements

March 31, 2021

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

These consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board. Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

On behalf of Fort Severn First Nation:

Chief

Cheryl Thomas
Councillor

Cheryl Thomas

Levius Miles
Councillor

Levius Miles

Dennis Bluecoat
Councillor

Dennis Bluecoat

To the Chief and Council of Fort Severn First Nation:

Qualified Opinion

We have audited the consolidated financial statements of Fort Severn First Nation and its subsidiaries (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2021, and the consolidated statements of operations and accumulated surplus, changes in net assets (liabilities) and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2021, and the results of its consolidated operations, changes in its net assets (liabilities) and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

The Significant Accounting Policies describe the tangible capital asset policy with respect to the First Nation's tangible capital assets. For fiscal years commencing on or after January 1, 2009, Section 3150, Tangible Capital Assets, of the Public Sector Accounting Board Handbook requires that capital assets be capitalized and amortized over their estimated useful lives. The First Nation has not fully adopted these recommendations. Although the First Nation has recognized certain tangible capital assets and amortization as of the date of financial statement preparation, the First Nation has not gathered the necessary information to be in a position to recognize and disclose a complete inventory of any of its major classes of tangible capital assets as disclosed in Note 12. As a result, we have been unable to determine whether any adjustments to the amounts recorded are necessary for the years ended March 31, 2021 and 2020. The predecessor auditor's opinion on the consolidated financial statements for the year ended March 31, 2020 was modified because of the effects of this departure from Canadian public sector accounting standards.

The First Nation was unable to obtain information about fuel inventory. Accordingly, verification of fuel inventory was limited to the amounts recorded in the records of the First Nation. Therefore, we were not able to determine whether any adjustments might be necessary to annual surplus, changes to net assets (liabilities), and cash flows from operating activities for the year ended March 31, 2021, non-financial assets as at March 31, 2021 and accumulated surplus as at April 1, 2020 and March 31, 2021. The predecessor auditor's opinion on the consolidated financial statements for the year ended March 31, 2020 was modified because of the effects of this scope limitation.

The First Nation was unable to obtain information about Ontario Works expenditures. Accordingly, verification of Ontario works expenditures was limited to the amounts recorded in the records of the First Nation. Therefore, we were not able to determine whether any adjustments might be necessary to annual surplus, changes to net assets (liabilities), and cash flows from operating activities for the year ended March 31, 2021, financial assets as at March 31, 2021 and accumulated surplus as at April 1, 2020 and March 31, 2021. The predecessor auditor's opinion on the consolidated financial statements for the year ended March 31, 2020 was modified because of the effects of this scope limitation.

Basis for Qualified Opinion (cont'd)

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matter

We draw attention to Note 2 of the consolidated financial statements, which explains that certain comparative information for the year ended March 31, 2020 has been restated. The consolidated financial statements for the year ended March 31, 2020 (prior to the adjustment applied to restate certain comparative information explained in Note 2) were audited by another auditor who expressed a qualified opinion on those consolidated financial statements on February 22, 2023. Our opinion is not modified in respect of this.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (cont'd)

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the First Nation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the First Nation as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes 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.

Thunder Bay, Ontario

April 23, 2025

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

Fort Severn First Nation
Consolidated Statement of Financial Position

March 31	2020	As Restated
	2021	(Note 2)
Financial assets		
Cash (Note 3)	\$ 4,818,383	\$ 612,443
Accounts receivable (Note 4)	3,066,998	1,696,446
Due from government (Note 5)	2,039,306	2,246,834
Trust funds held by federal government (Note 6)	11,979	11,830
Portfolio investments (Note 7)	847,246	847,246
	<hr/>	<hr/>
	10,783,912	5,414,799
Liabilities		
Accounts payable and accrued liabilities (Note 8)	605,001	2,229,836
Due to government organizations (Note 9)	801,435	441,513
Deferred revenue (Note 10)	5,512,992	1,565,953
Long term debt (Note 11)	1,932,809	2,109,161
	<hr/>	<hr/>
	8,852,237	6,346,463
Net assets (liabilities)	<hr/>	<hr/>
	1,931,675	(931,664)
Non-financial assets		
Prepaid expenses	33,934	204,805
Tangible capital assets (Note 12)	23,039,190	22,910,140
Fuel inventory	106,821	935,656
	<hr/>	<hr/>
	23,179,945	24,050,601
Accumulated surplus (Note 13)	<hr/>	<hr/>
	\$25,111,620	\$ 23,118,937

On behalf of the Band:

Chief

Cheryl Thomas Councillor Cheryl Thomas

Levius Miles Signature Levius Miles, Councillor

Dennis Bluecoat Signature Dennis Bluecoat, Councillor

Fort Severn First Nation Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31	2021	2020 As Restated (Note 2)
Revenue		
Federal government transfers (Note 19)	\$ 12,251,057	\$ 11,441,400
Provincial government transfers (Note 19)	1,708,591	1,649,222
Ontario First Nation Limited Partnership	1,209,624	1,248,273
Fuel sale	2,507,458	1,011,858
Miscellaneous	886,608	889,599
Rent	211,409	360,428
	18,774,747	16,600,780
Expenses		
Administration	2,300,136	3,570,197
Social services	1,064,120	1,138,290
Health services	3,494,688	3,699,304
Education	3,403,821	3,250,225
Economic development	3,141,228	2,666,585
Capital and operations and maintenance programs	2,007,336	1,544,613
Community support	1,274,809	653,220
Housing authority	135,135	112,478
	16,821,273	16,634,912
Annual surplus (deficiency) before undernoted	1,953,474	(34,132)
Gain on disposal of tangible capital assets	39,209	-
Annual surplus (deficiency)	1,992,683	(34,132)
Accumulated surplus, beginning of year	23,118,937	23,153,069
Accumulated surplus, end of year	\$ 25,111,620	\$ 23,118,937

Fort Severn First Nation
Consolidated Statement of Changes in Net Assets (Liabilities)

For the year ended March 31	2020 As Restated (Note 2)	2021
Annual surplus (deficiency)	\$ 1,992,683	\$ (34,132)
Acquisition of tangible capital assets	(1,568,378)	(3,815,246)
Amortization of tangible capital assets	1,418,439	1,676,766
Change in fuel inventory	828,835	264,344
Proceeds on disposal of tangible capital assets	60,098	-
Gain on disposal of tangible capital assets	(39,209)	-
Change in prepaid expenses	170,871	(203,805)
Change in net financial assets (liabilities)	2,863,339	(2,112,073)
Net assets (liabilities), beginning of year	(931,664)	1,180,409
Net assets (liabilities), end of year	\$ 1,931,675	\$ (931,664)

Fort Severn First Nation Consolidated Statement of Cash Flows

	2020	As Restated (Note 2)
For the year ended March 31	2021	
Cash flows from operating activities		
Annual surplus (deficiency)	\$ 1,992,683	\$ (34,132)
Items not involving cash:		
Amortization	1,418,439	1,676,766
Gain on disposal of tangible capital assets	(39,209)	-
	<hr/>	<hr/>
	3,371,913	1,642,634
Increase (decrease) in non-cash working capital items:		
Accounts receivable	(1,370,552)	(30,736)
Due from government	207,528	2,193,494
Fuel inventory	828,835	264,344
Prepaid expenses	170,871	(203,805)
Accounts payable and accrued liabilities	(1,624,835)	(722,543)
Due to government	359,922	153,709
Deferred revenue	3,947,039	60,883
	<hr/>	<hr/>
	5,890,721	3,357,980
Cash used in financing activities		
Repayment of long term debt	(176,352)	(171,003)
Advances of long term debt	-	132,887
	<hr/>	<hr/>
	(176,352)	(38,116)
Cash used in capital activities		
Purchase of tangible capital assets	(1,568,378)	(3,815,246)
Proceeds on disposal of tangible capital assets	60,098	-
	<hr/>	<hr/>
	(1,508,280)	(3,815,246)
Cash used in investment activities		
Increase in trust assets	(149)	(228)
	<hr/>	<hr/>
Net increase (decrease) in cash during the year		
Cash, beginning of year	4,205,940	(495,610)
	612,443	1,108,053
	<hr/>	<hr/>
Cash, end of year	\$ 4,818,383	\$ 612,443
	<hr/>	<hr/>

Fort Severn First Nation Notes to Consolidated Financial Statements

March 31, 2021

1. Significant Accounting Policies

Basis of Accounting	These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board.
Reporting Entity	The Fort Severn First Nation reporting entity includes the Fort Severn First Nation government and all related entities that are controlled by the First Nation.
Basis of Consolidation	All controlled entities are fully consolidated on a line-by-line basis except for commercial enterprises which meet the definition of a government business enterprise, which are included in the consolidated financial statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation. Organizations consolidated in Fort Severn First Nation's financial statements include:
	<ul style="list-style-type: none">• Washaho Socio Economic Development Department
Portfolio Investments	Portfolio investments are recorded at cost. Portfolio investments are written down where there has been a loss in value that is other than a temporary decline.
Cash and Cash Equivalents	Cash and cash equivalents consist of cash on hand, bank balances and term deposits having a maturity of three months or less, and bank overdrafts.

Fort Severn First Nation Notes to Consolidated Financial Statements

March 31, 2021

1. Significant Accounting Policies (cont'd)

Tangible Capital Assets Tangible capital assets are recorded at cost less accumulated amortization. Cost includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Amortization is provided for on a declining balance basis as follows:

Automotive and heavy equipment	-	30%
Infrastructure	-	30%
Housing	-	5%
Community buildings	-	5%
Tank farm	-	5%
Computer equipment	-	30%
Office and other equipment	-	20%

Tangible capital assets are written down when conditions indicate that they no longer contribute to Fort Severn First Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value.

The net write-downs are accounted for as expenses in the consolidated statement of operations.

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

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets.

Assets under construction are not amortized until the asset is available to be put into service.

Fuel Inventory Inventory is recorded at the lower of cost and net realizable value.

Revenue Recognition Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis.

Fort Severn First Nation Notes to Consolidated Financial Statements

March 31, 2021

1. Significant Accounting Policies (cont'd)

Revenue Recognition (cont'd) Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions, other than government transfers, are deferred when restrictions are placed on their use by the external contributor, and are recognized as revenue when used for the specific purpose.

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

Use of Estimates The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. The principal estimates used in the preparation of these financial statements are the useful lives of tangible capital assets, deferred revenue, allowance for doubtful accounts, amounts due to government and other government organizations and accounts payable and accrued liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. Prior Period Adjustment

During the current year, the First Nation determined that accounts payable and accrued liabilities was understated by \$979,931 in the prior period. As such, accounts payable and accrued liabilities and economic development expenses were both understated. This error has been corrected retroactively.

The prior period figures have been retroactively adjusted as follows:

	Previously Reported	Adjustment	As Restated
Accounts payable and accrued liabilities	\$ 1,249,905	\$ 979,931	\$ 2,229,836
Economic development expenses	1,686,654	979,931	2,666,585
Annual surplus (deficiency)	945,799	(979,931)	(34,132)
Accumulated surplus, end of year	<u>24,098,868</u>	<u>(979,931)</u>	<u>23,118,937</u>

Fort Severn First Nation Notes to Consolidated Financial Statements

March 31, 2021

3. Cash

	2021	2020
Administration	\$ 4,116,474	\$ 44,401
CMHC - Operating	25,774	2,035
CMHC - Operating and Replacement Reserve	31,001	31,001
Capital Projects	50,475	50,475
Health Authority	(54,870)	(449,209)
Ontario First Nation Limited Partnership	99	99
Social Services	239,011	447,164
Treaty Land Entitlement	44,959	48,195
Washaho Education Authority	69,275	(360,584)
Washaho Socio Economic Development	296,185	798,866
	<hr/>	<hr/>
	\$ 4,818,383	\$ 612,443

Included in the total cash balance are externally restricted and unrestricted balances as follows:

	2021	2020
CMHC replacement reserve	\$ 31,001	\$ 31,001
Unrestricted	<hr/>	<hr/>
	\$ 4,787,382	581,442
	<hr/>	<hr/>
	\$ 4,818,383	\$ 612,443

4. Accounts Receivable

	2021	2020
Due from members:		
Band members	\$ 1,437,967	\$ 1,402,337
Less allowance for doubtful accounts	<hr/>	<hr/>
	(1,255,691)	(1,255,691)
	<hr/>	<hr/>
	182,276	146,646
	<hr/>	<hr/>
General receivables	842,364	717,066
Ontario First Nation Limited Partnership	<hr/>	<hr/>
	2,042,358	832,734
	<hr/>	<hr/>
	\$ 3,066,998	\$ 1,696,446

Fort Severn First Nation Notes to Consolidated Financial Statements

March 31, 2021

5. Due from Government

	2021	2020
Federal government		
Indigenous Services Canada	\$ 1,174,733	\$ 1,109,472
Canada Mortgage and Housing Corporation	316,207	117,133
Department of Canadian Heritage	-	71,769
Department of Natural Resources Canada	94,083	344,589
Receiver General	123,391	103,221
Provincial government		
Ministry of Indigenous Affairs	44,058	9,500
Ministry of Children, Community and Social Services	194,604	-
Ministry of Energy, Northern Development and Mines	92,230	89,543
Ontario Trillium Foundation	-	396,107
Northern Ontario Heritage Foundation Corporation	-	5,500
	<hr/>	<hr/>
	\$ 2,039,306	\$ 2,246,834
	<hr/>	<hr/>

6. Trust Funds Held by Federal Government

	March 31, 2020	Additions 2021	Withdrawals 2021	March 31, 2021
Revenue	\$ 11,496	\$ 149	\$ -	\$ 11,645
Capital	334	-	-	334
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 11,830	\$ 149	\$ -	\$ 11,979
	<hr/>	<hr/>	<hr/>	<hr/>

The trust funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the *Indian Act*. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the *Indian Act*.

Fort Severn First Nation Notes to Consolidated Financial Statements

March 31, 2021

7. Portfolio Investments

	2021	2020
Crescent Point Energy Corp. (47 common shares, market value \$228)	\$ 500	\$ 500
Exchange Income Corporation (32,519 common shares, market value \$1,122,992)	846,746	846,746
Wasaya Group Inc.	219,000	219,000
Less: Impairment in Wasaya Group Inc.	<u>(219,000)</u>	<u>(219,000)</u>
	\$ 847,246	\$ 847,246

8. Accounts Payable and Accrued Liabilities

	2020		
	As Restated		
	2021		(Note 2)
Trade payables and other accrued liabilities	\$ 511,723	\$ 2,155,374	
Accrued wages and benefits payable	<u>93,278</u>	<u>74,462</u>	
	\$ 605,001	\$ 2,229,836	

9. Due to Government

	2021	2020
Provincial government		
Ministry of Education	\$ 270,335	\$ 174,913
Ministry of Health and Long-Term Care	<u>531,100</u>	<u>266,600</u>
	\$ 801,435	\$ 441,513

10. Deferred Revenue

	2021	2020
Indigenous Services Canada	\$ 4,823,618	\$ 1,307,488
Department of Canadian Heritage	63,764	71,769
Ministry of Indigenous Affairs	94,448	-
Ministry of Health and Long Term Care	43,720	-
Other	<u>487,442</u>	<u>186,696</u>
	\$ 5,512,992	\$ 1,565,953

Fort Severn First Nation Notes to Consolidated Financial Statements

March 31, 2021

11. Long Term Debt

	2021	2020
Canada Mortgage and Housing Corporation		
Housing Loan #1, repayable at \$3,935 monthly including interest at 2.39%, maturing November 1, 2027.	\$ 291,412	\$ 331,288
Housing Loan #2, repayable at \$3,686 monthly including interest at 2.50%, maturing June 1, 2028.	293,760	330,298
Housing Loan #3, repayable at \$2,761 monthly including interest at 0.46%, maturing November 1, 2029.	281,511	312,260
Housing Loan #4, repayable at \$2,324 monthly including interest at 1.48%, maturing November 1, 2036.	390,269	412,264
Housing Loan #5, repayable at \$2,437 monthly including interest at 0.96%, maturing February 1, 2040.	506,226	530,946
Housing Loan #6, repayable at \$1,970 monthly including interest at 2.51%, maturing October 1, 2022.	36,744	59,218
Department of Crown-Indigenous Relations and Northern Affairs		
Promissory note payable on the earlier of March 31, 2024, or the date on which the Land Claim is settled	132,887	132,887
Less current portion	1,932,809 (180,000)	2,109,161 (174,000)
	\$ 1,752,809	\$ 1,935,161

Anticipated annual principal payments due in the next five years and thereafter are as follows:

Year	Amount
2022	\$ 180,000
2023	173,000
2024	295,000
2025	165,000
2026	168,000
Thereafter	<u>951,809</u>
	<u>\$ 1,932,809</u>

Fort Severn First Nation
Notes to Consolidated Financial Statements

For the year ended March 31, 2021

12. Tangible Capital Assets

	Cost			Accumulated Amortization				2021 Net Book Value	2020 Net Book Value	
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Amortization	Adjustments	Closing Balance		
Automotive	\$ 2,670,678	\$ 68,300	\$ -	\$ 2,738,978	\$ 2,375,853	\$ 98,693	\$ -	\$ 2,474,546	\$ 264,432	\$ 294,825
Infrastructure	13,247,182	-	-	13,247,182	9,789,166	630,755	-	10,419,921	2,827,261	3,458,016
Housing	9,772,821	1,176,378	-	10,949,199	5,135,898	242,231	-	5,378,129	5,571,070	4,636,923
Heavy equipment	3,071,010	264,000	(87,000)	3,248,010	2,831,387	84,970	(66,111)	2,850,246	397,764	239,623
Tank farm	895,364	-	-	895,364	329,446	28,296	-	357,742	537,622	565,918
Computer equipment	283,688	-	-	283,688	282,280	422	-	282,702	986	1,408
Office and other equipment	202,896	-	-	202,896	183,031	3,973	-	187,004	15,892	19,865
Community buildings	14,610,438	59,700	-	14,670,138	8,058,300	329,099	-	8,387,399	6,282,739	6,552,138
Construction in progress	7,141,424	-	-	7,141,424	-	-	-	-	7,141,424	7,141,424
	\$ 51,895,501	\$ 1,568,378	\$ (87,000)	\$ 53,376,879	\$ 28,985,361	\$ 1,418,439	\$ (66,111)	\$ 30,337,689	\$ 23,039,190	\$ 22,910,140

Fort Severn First Nation Notes to Consolidated Financial Statements

March 31, 2021

13. Accumulated Surplus

	2021	2020	
			As Restated (Note 2)
Unrestricted			
General surplus	\$ 6,170,749	\$ 4,589,221	
Internally restricted			
Capital (Note 14)	18,440,729	18,290,790	
Ontario First Nation Limited Partnership (Note 15)	239,236	-	
Trust	11,339	11,339	
Externally restricted			
Replacement Reserve - CMHC (Note 16)	<u>249,567</u>	227,587	
Accumulated surplus	<u><u>\$ 25,111,620</u></u>	\$ 23,118,937	

14. Capital Reserve

	2021	2020
Balance, beginning of year	\$ 18,290,790	\$ 16,152,310
Increased by:		
Additions to capital assets	1,568,378	3,815,246
Decreased by:		
Amortization of tangible capital assets	<u>(1,418,439)</u>	(1,676,766)
Balance, end of year	<u><u>\$ 18,440,729</u></u>	\$ 18,290,790

15. Ontario First Nation Limited Partnership Reserve

	2021	2020
Balance, beginning of year	\$ -	\$ 1,431,821
Increased by:		
OFNLP distributions	1,209,624	1,248,273
Decreased by:		
Expenses	<u>(970,388)</u>	(2,680,094)
Balance, end of year	<u><u>\$ 239,236</u></u>	\$ -

Fort Severn First Nation Notes to Consolidated Financial Statements

March 31, 2021

16. Replacement Reserve

Under the terms of agreements with Canada Mortgage and Housing Corporation, the Rental Housing Replacement Reserve account is to be credited in the amounts of \$4,000, \$4,400, \$4,400, \$8,000, \$3,000, \$4,080 and \$2,100 annually until it accumulates to the maximum stated in the agreements plus interest. These funds, along with accumulated interest, must be held in separate bank accounts and may only be used as approved by Canada Mortgage and Housing Corporation. As at March 31, 2021 included in the restricted fund balance is cash and deposits held in a separate bank account for the replacement reserve of \$31,001 (2020 - \$31,001) and an actual reserve balance of \$249,567 (2020 - \$227,587).

17. Comparative Figures

Certain of the comparative figures presented in the accompanying consolidated financial statements have been reclassified to conform with the current year's presentation.

18. Pension Plan

The First Nation has a defined contribution plan for eligible employees. The First Nation matches employee contributions of 3% of the employee's salary. As a defined contribution plan, the First Nation has no further liability or obligation for future contributions to fund future benefits to plan members. The First Nation contributed \$178,433 during the year (2020 - \$110,862).

Fort Severn First Nation Notes to Consolidated Financial Statements

March 31, 2021

19. Government Transfers

	Operating	Capital	2021 Total	Operating	Capital	2020 Total
Federal						
Indigenous Services Canada	\$11,918,585	\$ -	\$ 11,918,585	\$10,843,322	\$ -	\$ 10,843,322
Canada Mortgage and Housing Corporation	199,074	-	199,074	200,799	-	200,799
Natural Resources Canada	-	-	-	344,589	-	344,589
Other	133,398	-	133,398	52,690	-	52,690
	12,251,057	-	12,251,057	11,441,400	-	11,441,400
Provincial						
Ministry of Children, Community and Social Services	861,256	-	861,256	777,594	-	777,594
Ministry of Health and Long- Term Care	115,190	-	115,190	168,368	-	168,368
Ministry of Indigenous Affairs	253,154	-	253,154	95,000	-	95,000
Ontario Trillium Foundation	23,493	-	23,493	224,506	-	224,506
Ministry of Energy, Northern Development and Mines	368,920	-	368,920	358,173	-	358,173
Other	86,578	-	86,578	25,581	-	25,581
	1,708,591	-	1,708,591	1,649,222	-	1,649,222
	\$13,959,648	\$ -	\$ 13,959,648	\$13,090,622	\$ -	\$13,090,622

20. Subsequent Event

Subsequent to the year end, the First Nation has been named as a defendant in a lawsuit arising in the ordinary course of operations. The First Nation has contested the claim. Legal counsel for the First Nation has advised that it is premature to make any evaluation of the possible outcome or possible settlement amount of this claim.

Subsequent to the year end, a fire occurred in the First Nation resulting in a total loss of a six-plex housing unit. The property was insured and the claim is under review by the insurance company, at this time an estimate of insurance proceeds cannot be made.

Fort Severn First Nation Notes to Consolidated Financial Statements

March 31, 2021

21. Segmented Information

Fort Severn First Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by Program. Programs were created for the purpose of recording specific activities to attain certain objectives in accordance with specific regulations, restrictions or limitations. The services are provided by several entities of Fort Severn First Nation. The activities can also be categorized into segments. The following segments have been identified and as such are separately disclosed.

Band Administration

Administration contains activities that are needed to run the Fort Severn First Nation organization.

Social Services

Social Services contains activities that provide financial support or support by other means to band members that are aimed at developing both the individual as well as the community.

Health

Health contains activities that provide medical services to band members

Education

Education Services contains activities that provide education to band members for primary, secondary schooling and sponsorship to attend post secondary institutions.

Community Support

Community support contains activities including delivering community support programs.

Capital and Operations and Maintenance Programs

Capital and Operations and Maintenance Programs contains activities in delivering capital and community service programs

Housing Authority

Housing contains all the activities that provide operation and maintenance of the housing assets.

Economic Development

Economic Development contains all the activities that provide maintenance to the community and its infrastructure including road maintenance, sewer and water, community buildings and public utilities, as well as other economic activities and programs.

For each segment separately reported, the segment revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as described in the summary of significant accounting policies as described in Note 1. The segment results for the period are as follows:

Fort Severn First Nation

Notes to Consolidated Financial Statements

March 31, 2021

21. Segmented Information (cont'd)

For the year ended March 31	Band Administration	Social Services	Health	Education	Community Support	Capital & OM	Housing Authority	Economic Development	2021 Total
Revenue									
Federal government transfers	\$ 938,206	\$ 186,046	\$ 3,212,004	\$ 3,224,811	\$ 824,623	\$ 2,288,195	\$ 730,712	\$ 846,460	\$ 12,251,057
Provincial government transfers	-	887,459	88,987	-	185,089	-	-	547,056	1,708,591
Ontario First Nations Limited Partnership	-	-	16,616	-	248,885	329,402	341,430	273,291	1,209,624
Fuel sale	-	-	-	-	-	-	-	2,507,458	2,507,458
Miscellaneous (recovery)	(61,837)	144,916	97,804	277,551	14,367	12,000	-	401,807	886,608
Rental	-	-	-	-	45,722	165,687	-	-	211,409
	876,369	1,218,421	3,415,411	3,502,362	1,272,964	2,675,319	1,237,829	4,576,072	18,774,747
Expenses									
Administration (recovery)	(934,632)	9,711	344,221	306,279	24,588	539,345	18,960	(375,012)	(66,540)
Advertising	-	-	2,741	1	-	-	-	-	2,742
Amortization	1,418,439	-	-	-	-	-	-	-	1,418,439
Bad debt	48,359	-	-	-	-	-	-	-	48,359
Bank charges and interest	9,423	1,785	2,828	2,534	-	-	-	1,799	18,369
Community events	-	-	-	50,941	-	-	-	-	56,381
Contracts and consulting	63,356	-	42,623	86,229	8,000	216,122	-	466,114	882,444
Donations	1,092	-	-	-	345	-	-	-	1,437
Dues, fees & licenses	-	1,500	-	-	-	-	-	-	1,500
Freight	10,854	464	147,868	19,287	48,380	17,408	-	211,328	455,589
Fuel and oil	7,823	301	77,864	249,518	206	19,860	-	1,317,909	1,673,481
Honoraria	338,424	1,100	48,944	145,226	8,345	400	-	68,089	610,528
Insurance	273,879	-	2,200	48,873	-	10,819	50,494	84,506	470,771
Interest on long term debt	-	-	-	-	-	-	30,035	-	30,035
Materials & supplies	22,552	59,633	208,171	215,338	326,429	12,496	2,790	81,435	928,844
Miscellaneous	10,556	350	4,082	34,118	749	3,172	-	7,602	60,629
Office	66,438	6,522	116,101	79,991	23,292	300	-	22,823	315,467
Professional fees	282,783	-	9,375	87,244	-	178,682	7,950	91,912	657,946
Program fees	1,840	812,322	586,580	33,043	502,069	182,588	-	135,340	2,253,782
Rent	-	9,825	41,195	5,857	-	48,517	-	10,340	115,734
Repairs and maintenance	13,084	-	9,770	15,712	-	31,530	2,950	76,791	149,837
Telephone and utilities	39,475	1,246	72,459	339,438	1,800	140,806	1,500	21,592	618,316
Training	2,200	-	3,182	151,190	-	-	-	50	156,622
Travel	61,454	480	7,677	38,154	153,898	1,142	-	26,118	288,923
Wages and benefits	562,737	158,881	1,766,807	1,494,848	176,708	604,149	15,016	892,492	5,671,638
	2,300,136	1,064,120	3,494,688	3,403,821	1,274,809	2,007,336	135,135	3,141,228	16,821,273
Gain on disposal of tangible capital asset	39,209	-	-	-	-	-	-	-	39,209
Surplus (deficit) for the year	\$ (1,384,558)	\$ 154,301	\$ (79,277)	\$ 98,541	\$ (1,845)	\$ 667,983	\$ 1,102,694	\$ 1,434,844	\$ 1,992,683

Fort Severn First Nation

Notes to Consolidated Financial Statements

March 31, 2021

21. Segmented Information (cont'd)

For the year ended March 31	Band Administration	Social Services	Health	Education	Community Support	Capital & OM	Housing Authority	Economic Development	2020 Total As Restated (Note 2)
Revenue									
Federal government transfers	\$ 1,011,505	\$ 363,618	\$ 3,481,559	\$ 3,289,672	\$ 63,974	\$ 1,564,398	\$ 566,186	\$ 1,100,488	\$ 11,441,400
Provincial government transfers	-	827,909	118,053	-	224,506	20,081	-	458,673	1,649,222
Ontario First Nations Limited Partnership	-	137,756	22,906	-	346,968	566,854	128,863	44,926	1,248,273
Fuel sale	9,677	-	-	-	-	-	-	1,002,181	1,011,858
Miscellaneous	(23,301)	134,088	165,339	230,757	17,770	-	-	364,946	889,599
Rental	17,000	-	-	-	-	126,700	196,728	20,000	360,428
	1,014,881	1,463,371	3,787,857	3,520,429	653,218	2,278,033	891,777	2,991,214	16,600,780
Expenses									
Administration (recovery)	(709,614)	6,404	307,655	341,478	-	204,896	-	(177,694)	(26,875)
Advertising	-	-	7,200	138	-	-	-	-	7,338
Amortization	1,676,766	-	-	-	-	-	-	-	1,676,766
Bad debt expense	308,080	731	907	-	4,800	-	-	-	314,518
Bank charges and interest	11,872	2,141	2,694	9,881	21	-	-	57,266	83,875
Community events	3,858	-	-	1,936	8,954	1,080	1,000	-	16,828
Contracts and consulting	24,880	24,635	362,504	107,617	74,006	66,230	-	49,971	709,843
Donations	894	691	672	-	41,235	1,025	-	-	44,517
Freight	(26,443)	86	2,293	16,307	-	39,762	-	17,552	49,557
Fuel and oil	57,526	2,910	138,218	182,345	2,437	36,105	-	1,652,886	2,072,427
Honoraria	333,118	900	57,691	173,663	39,857	600	-	64,645	670,474
Insurance	254,536	-	1,325	47,688	-	7,597	60,518	42,006	413,670
Interest on long term debt	-	-	-	-	-	-	36,897	-	36,897
Materials & supplies	64,165	4,453	281,466	76,337	9,364	75,231	10,500	62,261	583,777
Miscellaneous	3,832	600	18,211	22,236	-	-	-	-	44,879
Office	321,749	2,607	61,036	40,916	3,705	15,911	-	6,883	452,807
Professional fees	314,378	-	78,334	10,685	-	1,660	-	35,583	440,640
Program fees	71,648	916,013	693,530	156,307	216,988	194,087	1,450	19,207	2,269,230
Rent	597	3,600	82,750	89,496	-	4,050	-	10,895	191,388
Repairs and maintenance (recovery)	14,186	-	(835)	14,898	-	60,396	1,758	143,193	233,596
Telephone and utilities	47,691	-	101,630	417,207	-	269,535	-	73,483	909,546
Training	1,929	-	948	15,632	-	-	-	102	18,611
Travel	164,348	19,604	114,221	128,619	178,397	1,981	-	50,951	658,121
Wages and benefits	630,201	152,915	1,386,854	1,396,839	73,456	564,467	355	557,395	4,762,482
	3,570,197	1,138,290	3,699,304	3,250,225	653,220	1,544,613	112,478	2,666,585	16,634,912
Surplus (deficit) for the year	\$ (2,555,316)	\$ 325,081	\$ 88,553	\$ 270,204	\$ (2)	\$ 733,420	\$ 779,299	\$ 324,629	\$ (34,132)