

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

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**Contents**

<b>Management's Statement of Responsibility for the Consolidated Financial Statements</b>	<b>2</b>
<b>Independent Auditor's Report</b>	<b>3</b>
<b>Consolidated Financial Statements</b>	
Consolidated Statement of Financial Position	6
Consolidated Statement of Operations and Accumulated Surplus	7
Consolidated Statement of Changes in Net Financial Assets	8
Consolidated Statement of Cash Flows	9
Notes to the Consolidated Financial Statements	10

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**Aroland First Nation  
Management's Responsibility for the  
Consolidated Financial Statements**

**March 31, 2021**

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

On behalf of Aroland First Nation:

  
Chief

  
\_\_\_\_\_  
Councillor

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## Independent Auditor's Report

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### To the Members of Aroland First Nation

#### Qualified Opinion

We have audited the consolidated financial statements of Aroland 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 financial assets and the 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 discussed in the Basis for Qualified Opinion paragraph, 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 operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

#### Basis for Qualified Opinion

The First Nation was unable to obtain information about investments in various entities. Accordingly, verification of investments held by the First Nation 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 income from investments, annual surplus or deficit and cash flows from investing transactions for the years ended March 31, 2021 and 2020, financial assets as at March 31, 2021 and 2020 and accumulated surplus as at April 1 and March 31 for both the 2021 and 2020 years.

Section 1200, Financial Statement Presentation, of Public Sector Accounting Board Handbook requires the disclosure of budgeted information. The First Nation has not prepared or approved consolidated budgets. As a result, we are unable to present budgeted information on the consolidated financial statements for the years ended March 31, 2021 and 2020.

Our audit opinion on the financial statements for the year ended March 31, 2020 was modified accordingly because of the possible effects of these limitations in scope.

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.

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## Independent Auditor's Report (cont'd)

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### **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:

- 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.

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## Independent Auditor's Report (cont'd)

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

- 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.

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

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Thunder Bay, Ontario  
December 8, 2021

## Aroland First Nation Consolidated Statement of Financial Position

March 31	2021	2020
<b>Financial assets</b>		
Cash (Note 2)	\$ 9,873,248	\$ 4,577,082
Accounts receivable (Note 3)	505,502	669,727
Due from government (Note 4)	664,972	1,394,926
Trust funds held by federal government (Note 5)	128,698	127,101
Portfolio investments (Note 6)	163,545	163,270
	<hr/> <u>11,335,965</u>	<hr/> <u>6,932,106</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 7)	1,398,793	1,399,540
Due to government organizations (Note 8)	420,068	412,161
Deferred revenue (Note 9)	4,330,472	1,304,958
Other loans	-	6,967
Obligation under capital lease (Note 11)	110,605	166,746
Long term debt (Note 10)	2,336,718	2,615,412
	<hr/> <u>8,596,656</u>	<hr/> <u>5,905,784</u>
<b>Net financial assets</b>	<hr/> <u>2,739,309</u>	<hr/> <u>1,026,322</u>
<b>Non-financial assets</b>		
Prepaid expenses	13,985	12,985
Tangible capital assets (Note 12)	<u>13,890,321</u>	<u>14,592,612</u>
	<hr/> <u>13,904,306</u>	<hr/> <u>14,605,597</u>
<b>Accumulated surplus (Note 13)</b>	<hr/> <u>\$ 16,643,615</u>	<hr/> <u>\$ 15,631,919</u>

On behalf of the Band:

 Donald Chief

 Mark Bell Councillor

## Aroland First Nation Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31	2021	2020
<b>Revenue</b>		
Federal government transfers (Note 18)	\$ 6,685,149	\$ 7,183,721
Provincial government transfers (Note 18)	2,424,253	2,250,516
Miscellaneous	1,781,620	3,051,999
Rent	153,462	145,906
Investment income	11,250	11,250
	<b>11,055,734</b>	<b>12,643,392</b>
<b>Expenses</b>		
Administration	475,856	2,080,700
Social services	1,567,959	1,597,876
Health services	1,981,090	1,840,677
Education	3,159,183	3,384,211
Economic development	523,431	588,010
Capital and operations and maintenance programs	1,389,103	1,650,670
Other programs	954,940	637,782
	<b>10,051,562</b>	<b>11,779,926</b>
<b>Annual surplus before undernoted</b>	<b>1,004,172</b>	<b>863,466</b>
<b>Gain on disposal of tangible capital assets</b>	<b>7,524</b>	<b>18,613</b>
<b>Annual surplus</b>	<b>1,011,696</b>	<b>882,079</b>
<b>Accumulated surplus, beginning of year</b>	<b>15,631,919</b>	<b>14,749,840</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 16,643,615</b>	<b>\$ 15,631,919</b>

**Aroland First Nation**  
**Consolidated Statement of Changes in Net Financial Assets**

For the year ended March 31	2021	2020
<b>Annual surplus</b>	<b>\$ 1,011,696</b>	<b>\$ 882,079</b>
Acquisition of tangible capital assets	(55,000)	(449,055)
Amortization of tangible capital assets	749,815	819,923
Proceeds on disposal of tangible capital assets	15,000	25,000
Gain on disposal of tangible capital assets	(7,524)	(18,613)
Prepaid expenses	(1,000)	3,120
<b>Net change in net financial asset</b>	<b>1,712,987</b>	<b>1,262,454</b>
<b>Net financial assets, beginning of year</b>	<b>1,026,322</b>	<b>(236,132)</b>
<b>Net financial assets, end of year</b>	<b>\$ 2,739,309</b>	<b>\$ 1,026,322</b>

## Aroland First Nation Consolidated Statement of Cash Flows

For the year ended March 31	2021	2020
<b>Cash flows from operating activities</b>		
Annual surplus	\$ 1,011,696	\$ 882,079
Items not involving cash:		
Amortization	749,815	819,923
Gain on disposal of tangible capital assets	(7,524)	(18,613)
	<hr/>	<hr/>
	1,753,987	1,683,389
Increase (decrease) in non-cash working capital items:		
Accounts receivable	164,225	21,597
Due from government	729,954	(555,567)
Prepaid expenses	(1,000)	3,120
Accounts payable and accrued liabilities	(747)	611,401
Due to government	7,907	5,865
Deferred revenue	3,025,514	1,003,335
Other loans	(6,967)	(14,883)
	<hr/>	<hr/>
	5,672,873	2,758,257
<b>Cash used in financing activities</b>		
Repayment of long term debt	(278,694)	(267,806)
Repayment of obligations under capital lease	(56,141)	(84,862)
	<hr/>	<hr/>
	(334,835)	(352,668)
<b>Cash (used in) provided by capital activities</b>		
Purchase of tangible capital assets	(55,000)	(172,447)
Proceeds on disposal of tangible capital assets	15,000	-
	<hr/>	<hr/>
	(40,000)	(172,447)
<b>Cash used in investment activities</b>		
Increase in trust assets	(1,597)	(2,445)
Increase in portfolio investments	(275)	(1)
	<hr/>	<hr/>
	(1,872)	(2,446)
<b>Net increase in cash during the year</b>	<b>5,296,166</b>	<b>2,230,696</b>
<b>Cash, beginning of year</b>	<b>4,577,082</b>	<b>2,346,386</b>
<b>Cash, end of year</b>	<b>\$ 9,873,248</b>	<b>\$ 4,577,082</b>

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## Aroland First Nation Notes to Consolidated Financial Statements

**March 31, 2021**

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### 1. Significant Accounting Policies

<b>Basis of Accounting</b>	These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board.
<b>Reporting Entity</b>	The Aroland First Nation reporting entity includes the Aroland First Nation government and all related entities that are controlled by the First Nation.
<b>Basis of Consolidation</b>	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.
	Under the modified equity method of accounting, only Aroland First Nation's investment in the government business enterprise and the First Nation's portion of the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of Aroland First Nation and inter-organizational balances and transactions are not eliminated.
	Organizations consolidated in Aroland First Nation's financial statements include:
	<ul style="list-style-type: none"><li>• 1648973 Ontario Inc. (inactive)</li><li>• 1670719 Ontario Inc. (inactive)</li><li>• 1796651 Ontario Inc. (inactive)</li><li>• Aroland Education Authority (inactive)</li><li>• Aroland Industrial LP (inactive)</li></ul>
<b>Portfolio Investments</b>	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.
<b>Asset Classification</b>	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 operations and are not for resale. Non-financial assets include tangible capital assets and prepaid expenses.

## Aroland First Nation Notes to Consolidated Financial Statements

**March 31, 2021**

### 1. Significant Accounting Policies (cont'd)

**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.

**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 vehicles	-	30%
Buildings and housing	-	4%
Computer equipment	-	45-50%
General and heavy equipment	-	20%
Infrastructure, roads and fire protection	-	4%
Sewer system equipment	-	4%
Small tools	-	100%

Tangible capital assets are written down when conditions indicate that they no longer contribute to the 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.

## Aroland First Nation Notes to Consolidated Financial Statements

March 31, 2021

### 1. Significant Accounting Policies (cont'd)

<b>Leased Tangible Capital Assets</b>	A lease that transfers substantially all of the benefits and risks of ownership to the lessee is recorded as a tangible capital asset and the incurrence of a lease obligation. At inception, a tangible capital asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments, excluding executory costs, and the leased property's fair value at the beginning of the lease. The discount rate used to determine the present value of the lease payments is the lower of the First Nation's rate for incremental borrowing or the interest rate implicit in the lease. Leased tangible capital assets are amortized on a declining balance basis over the economic life of the leased property as follows:
	Automotive and vehicles - 30%
<b>Revenue Recognition</b>	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>
<b>Use of Estimates</b>	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 and accounts payable and accrued liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future.

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

**March 31, 2021**

**2. Cash**

	<b>2021</b>	<b>2020</b>
Petty cash	\$ 1,008	\$ 1,008
General (Co-Manager)	6,400,091	2,004,836
General (First Nation)	438,613	500,656
Tikinagan	109,308	73,389
Health Authority	1,270,237	1,002,592
Recreation	20,130	24,170
Ontario Works	647,868	357,683
Ontario First Nation Limited Partnership	506,042	273,337
CMHC - Operating	185,057	79,370
CMHC - Operating Reserve	146,938	111,939
CMHC - Replacement Reserve	128,059	128,059
1796651 Ontario Inc.	<u>19,897</u>	<u>20,043</u>
	<hr/>	<hr/>
	<b>\$ 9,873,248</b>	<b>\$ 4,577,082</b>

## Aroland First Nation Notes to Consolidated Financial Statements

**March 31, 2021**

### 2. Cash (cont'd)

The First Nation has available an operating line of credit of \$50,000 with the Royal Bank of Canada, incurring interest at the bank's prime lending rate plus 3.5% (5.95% per annum at year end). At March 31, 2021, the First Nation had utilized \$NIL (2020 - \$NIL) on this line of credit.

There is a bank overdraft facility available on the Ontario Works account of \$50,000 with the Royal Bank of Canada, incurring interest at the bank's prime lending rate plus 5.0% (7.45% per annum at year end). At March 31, 2021, the balance outstanding is \$NIL (2020 - \$NIL).

Both facilities are secured by a general security agreement as well as a specific security interest on certain heavy equipment owned by the First Nation.

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

	2021	2020
CMHC replacement reserve	\$ 128,059	\$ 128,059
Unrestricted	<u>9,745,189</u>	<u>4,449,023</u>
	<b>\$ 9,873,248</b>	<b>\$ 4,577,082</b>

### 3. Accounts Receivable

	2021	2020
Due from members:		
Advances	\$ 5,200	\$ 5,200
Other	<u>285,133</u>	<u>289,083</u>
	<b>290,333</b>	<b>294,283</b>
General receivables	<u>641,623</u>	<u>805,898</u>
	<b>931,956</b>	<b>1,100,181</b>
Less: allowance for doubtful accounts	<u>(426,454)</u>	<u>(430,454)</u>
	<b>\$ 505,502</b>	<b>\$ 669,727</b>

## Aroland First Nation Notes to Consolidated Financial Statements

**March 31, 2021**

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**4. Due from Government**

	<b>2021</b>	<b>2020</b>
<b>Federal government</b>		
Indigenous Services Canada	\$ 449,891	\$ 809,631
Canadian Environmental Assessment Agency	22,050	22,050
Canada Mortgage and Housing Corporation	10,813	77,551
Health Canada	42,231	30,911
Receiver General	-	21,010
<b>Provincial government</b>		
Ministry of Community and Social Services	15,061	29,628
Ministry of Indigenous Affairs	-	8,500
Ministry of Natural Resources and Forestry	2,521	2,521
Ministry of Energy, Northern Development and Mines	144,455	414,074
Ministry of Environment and Climate Change Resources	-	1,100
	<b>687,022</b>	<b>1,416,976</b>
Less: allowance for doubtful accounts	<b>(22,050)</b>	<b>(22,050)</b>
	<b>\$ 664,972</b>	<b>\$ 1,394,926</b>

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**5. Trust Funds Held by Federal Government**

	March 31, 2020	Additions 2021	Withdrawals 2021	March 31, 2021
Revenue	\$ 115,146	\$ 1,597	\$ -	\$ 116,743
Capital	11,955	-	-	11,955
	<b>\$ 127,101</b>	<b>\$ 1,597</b>	<b>\$ -</b>	<b>\$ 128,698</b>

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*.

## Aroland First Nation Notes to Consolidated Financial Statements

March 31, 2021

### 6. Portfolio Investments

	Ownership Percentage	2021	2020
Landmark Inn Limited Partnership	11%	\$ 147,000	\$ 147,000
Landmark Inn General Partner Limited	11%	3,000	3,000
Landmark Inn Leasing Corporation	11%	3	3
Ne-Daa-Kii-Me-Naan Inc.	14%	10	10
Agoke Development, LP	33%	3,333	3,333
Ginoogam Development Corporation	33%	100	100
Ginoogam Development, LP	33%	3,333	3,333
Kenogamisis Energy GP Corporation	25%	25	-
Kenogamisis Energy LP	25%	250	-
Minodahmun Development LP & Minodahmun Development Inc.	33%	1	1
Loan to Landmark Inn Limited Partnership		6,490	6,490
		<hr/>	<hr/>
		\$ 163,545	\$ 163,270

### 7. Accounts Payable and Accrued Liabilities

	2021	2020
Trade payables and other accrued liabilities	\$ 1,104,829	\$ 1,068,973
Accrued wages and benefits payable	95,921	74,360
Vacation and overtime payable	14,043	61,207
Due to minors	<hr/>	<hr/>
	184,000	195,000
	<hr/>	<hr/>
	\$ 1,398,793	\$ 1,399,540

As part of the 2020 Greenstone Gold Mine execution payment, there was a one time "per capita" distribution to members of \$1,000. For those members who were under the age of 18 at the date of the distribution, these monies are held by Aroland First Nation until such time the member reaches the age of 18. These monies will be distributed to the members as they achieve the age of 18. \$10,000 is expected to be distributed within one year.

### 8. Due to Government

	2021	2020
Indigenous Services Canada	\$ 397,491	\$ 397,491
Ministry of Health and Long Term Care	14,670	14,670
Receiver General	7,907	-
	<hr/>	<hr/>
	\$ 420,068	\$ 412,161

## Aroland First Nation Notes to Consolidated Financial Statements

**March 31, 2021**

### **9. Deferred Revenue**

	<b>2021</b>	<b>2020</b>
Health Canada	\$ 843,881	\$ 179,443
Indigenous Services Canada	3,090,721	835,955
Nishnawbe Aski Nation	6,900	-
Matawa - Student Support Officer	-	5,465
Ministry of Education - Journey Together	370,220	274,451
Ministry of Indigenous Affairs	741	-
Ministry of Energy, Northern Development and Mines	<u>18,009</u>	<u>9,644</u>
	<u><u>\$ 4,330,472</u></u>	<u><u>\$ 1,304,958</u></u>

### **10. Long Term Debt**

	<b>2021</b>	<b>2020</b>
<b>Royal Bank of Canada</b>		
Demand term loan repayable at \$3,075 monthly including interest at 4.29%, maturing April 2021, secured by a general security agreement as well as a specific security interest on certain heavy equipment of the First Nation. Also secured by an first ranking assignment of all rents from the lands and improvements leased to Tikinagan Child and Family Services.	\$ 24,139	\$ 59,201
Demand term loan repayable at \$14,534 monthly including interest at 2.9%, maturing October 2021, secured by a general security agreement, and an assignment of distributions from OFNLP General Partnership Limited and/or the Ontario First Nations (2008) Limited Partnership.	433,574	590,422
<b>Canada Mortgage and Housing Corporation</b>		
Housing Loan #1, repayable at \$4,738 monthly including interest at 2.41%, maturing April 2038, secured by a ministerial guarantee from Indigenous and Services Canada and a first mortgage on 7-housing units with a net book value of \$913,058.	<u>797,971</u>	<u>835,362</u>
Balance forward	<u><u>\$ 1,255,684</u></u>	<u><u>\$ 1,484,985</u></u>

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

**March 31, 2021**

**10. Long Term Debt (cont'd)**

	<b>2021</b>	<b>2020</b>
Balance forward	<u>\$ 1,255,684</u>	<u>\$ 1,484,985</u>
 <b>Canada Mortgage and Housing Corporation</b>		
Housing Loan #2, repayable at \$5,860 monthly including interest at 1.91%, maturing May 2039, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on 8-housing units with a net book value of \$1,109,424.	<u>1,081,034</u>	<u>1,130,427</u>
 Less current portion	<u>2,336,718</u>	<u>2,615,412</u>
	<u>546,000</u>	<u>736,000</u>
 <b>\$ 1,790,718</b>	<b>\$ 1,879,412</b>	

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

<b>Year</b>	<b>Amount</b>
2022	\$ 546,000
2023	90,000
2024	92,000
2025	94,000
2026	96,000
Thereafter	<u>1,418,718</u>
	<b><u>\$ 2,336,718</u></b>

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

**March 31, 2021**

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**11. Obligation Under Capital Lease**

	<b>2021</b>	<b>2020</b>
<b>RBC School Bus Lease</b> Lease, repayable at \$5,238 monthly including interest at 4.30% annually, maturing at January 2023, secured by a general security agreement as well as a specific security interest on certain vehicles with a net book value of \$123,292.	<b>\$ 110,605</b>	<b>\$ 166,746</b>

Future minimum lease payments under the capital leases for subsequent years are as follows:

<b>Year</b>	<b>Amount</b>
2022	\$ 62,855
2023	<u>51,657</u>
	\$ 114,512
Less: imputed interest	<u>3,907</u>
	<b><u>\$ 110,605</u></b>

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

For the year ended March 31, 2021

**12. Tangible Capital Assets**

	Cost				Accumulated Amortization				2021		2020	
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Amortization	Adjustments	Closing Balance	Net Book Value	Net Book Value	Net Book Value	Net Book Value
Housing	\$ 6,989,365	\$ -	\$ -	\$ 6,989,365	\$ 4,177,722	\$ 112,469	\$ -	\$ 4,290,191	\$ 2,699,174	\$ 2,699,174	\$ 2,811,643	
CMHC housing	2,784,382	-	-	2,784,382	677,630	84,270	-	761,900	2,022,482	2,022,482	2,106,752	
Four-Plex building	300,737	-	-	300,737	158,090	5,706	-	163,796	136,941	136,941	142,647	
Water systems	1,356,100	-	-	1,356,100	812,698	21,736	-	834,434	521,666	521,666	543,402	
Water system equipment	3,657	-	-	3,657	3,534	24	-	3,558	99	99	123	
Sewer system	1,577,064	-	-	1,577,064	1,020,487	22,263	-	1,042,750	534,314	534,314	556,577	
Roads	537,504	-	-	537,504	342,869	7,785	-	350,654	186,850	186,850	194,635	
Works garage	289,196	-	-	289,196	187,134	4,083	-	191,217	97,979	97,979	102,062	
Office equipment	76,487	-	-	76,487	73,433	611	-	74,044	2,443	2,443	3,054	
Heavy equipment	718,008	-	-	718,008	566,096	30,382	-	596,478	121,530	121,530	151,912	
Youth centre	134,126	-	-	134,126	68,992	2,605	-	71,597	62,529	62,529	65,134	
Furniture and equipment	765,223	-	-	765,223	552,691	41,757	-	594,448	170,775	170,775	212,532	
Computer equipment	105,366	-	-	105,366	105,127	119	-	105,246	120	120	239	
Temporary classrooms	944,309	-	-	944,309	485,734	18,343	-	504,077	440,232	440,232	458,575	
Infrastructure	203,644	-	-	203,644	108,544	3,804	-	112,348	91,296	91,296	95,100	
Automotive	999,825	55,000	(63,542)	991,283	845,451	62,812	56,066	852,197	139,086	139,086	154,374	
Housing renovation	1,038,385	-	-	1,038,385	361,965	27,057	-	389,022	649,363	649,363	676,420	
Administration building	309,055	-	-	309,055	186,612	4,898	-	191,510	117,545	117,545	122,443	
Tikinagan building	302,136	-	-	302,136	140,058	6,483	-	146,541	155,595	155,595	162,078	
Rink/storage building	88,736	-	-	88,736	53,661	1,403	-	55,064	33,672	33,672	35,075	
Buses	288,270	-	-	288,270	267,109	6,349	-	273,458	14,812	14,812	21,161	
Water system and fire protection upgrade	748,939	-	-	748,939	299,234	17,988	-	317,222	431,717	431,717	449,705	
School	7,290,072	-	-	7,290,072	2,903,423	175,466	-	3,078,889	4,211,183	4,211,183	4,386,649	
INAC duplex	902,217	-	-	902,217	70,734	33,259	-	103,993	798,224	798,224	831,483	
Cabins	144,000	-	-	144,000	11,289	5,309	-	16,598	127,402	127,402	132,711	
Leased tangible capital assets	251,608	-	-	251,608	75,482	52,834	-	128,316	123,292	123,292	176,126	
	\$ 29,148,411	\$ 55,000	\$ (63,542)	\$ 29,139,869	\$ 14,555,799	\$ 749,815	\$ 56,066	\$ 15,249,548	\$ 13,890,321	\$ 13,890,321	\$ 14,592,612	

## Aroland First Nation Notes to Consolidated Financial Statements

**March 31, 2021**

### **13. Accumulated Surplus**

	<b>2021</b>	<b>2020</b>
<b>Unrestricted</b>		
General surplus	\$ 16,202,127	\$ 15,631,919
<b>Internally restricted</b>		
Ontario First Nation Limited Partnership	<b>441,488</b>	-
Accumulated surplus	<b>16,643,615</b>	<b>15,631,919</b>

### **14. Ontario First Nation Limited Partnership Reserve**

	<b>2021</b>	<b>2020</b>
Balance, beginning of the year	\$ -	\$ -
<b>Increased by:</b>		
OFNLP distributions	<b>693,188</b>	-
<b>Decreased by:</b>		
Expenses	<b>(251,700)</b>	-
<b>Balance, end of year</b>	<b>441,488</b>	-

### **15. 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.

### **16. Contingencies**

In the normal course of operations, the First Nation becomes 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 First Nation's consolidated financial statements.

Claims are currently outstanding against the First Nation. The outcome of the claims are not yet determinable, and accordingly, no provision has been made in these consolidated financial statements with respect to these matters. Any loss with respect to the claims will be recorded as an expense of the period in which the loss becomes likely and the amount is measurable.

## Aroland First Nation Notes to Consolidated Financial Statements

**March 31, 2021**

### **17. Contaminated Sites Liability**

PSAB 3260.08 states that a liability for contaminated sites should be recognized when all of the following criteria have been met:

- a) an environmental standard exists;
- b) contamination exceeds the environmental standard;
- c) the government is directly responsible or accepts responsibility
- d) it is expected that future economic benefits will be given up; and
- e) a reasonable estimate of the amount can be made.

As at March 31, 2021, The Band has not identified any circumstances where it is directly responsible, accepted responsibility or expects that future economic benefits will be given up to address contaminated sites. Consequently no liability has been accrued in these financial statements.

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### **18. Government Transfers**

	Operating	Capital	2021 Total	Operating	Capital	2020 Total
<b>Federal</b>						
Indigenous Services Canada	\$ 5,145,762	\$ -	\$ 5,145,762	\$ 5,785,956	\$ -	\$ 5,785,956
Canada Mortgage and Housing Corporation	147,792	-	147,792	259,759	-	259,759
Health Canada	1,391,595	-	1,391,595	1,138,006	-	1,138,006
	<b>6,685,149</b>	-	<b>6,685,149</b>	<b>7,183,721</b>	-	<b>7,183,721</b>
<b>Provincial</b>						
Ministry of Children, Community and Social Services	1,544,140	-	1,544,140	1,448,464	-	1,448,464
Ministry of Health and Long-Term Care	172,603	-	172,603	157,789	-	157,789
Ministry of Indigenous Affairs	94,667	-	94,667	85,000	-	85,000
Ministry of Energy, Northern Development and Mines	524,343	-	524,343	559,263	-	559,263
Ministry of Education	88,500	-	88,500	-	-	-
	<b>2,424,253</b>	-	<b>2,424,253</b>	<b>2,250,516</b>	-	<b>2,250,516</b>
	<b>\$ 9,109,402</b>	<b>\$ -</b>	<b>\$ 9,109,402</b>	<b>\$ 9,434,237</b>	<b>\$ -</b>	<b>\$ 9,434,237</b>

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### **19. Pension Plan**

The First Nation has a defined contribution plan for eligible employees. The First Nation matches employee contributions of 5% 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 \$42,840 during the year (2020 - \$39,134).

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## Aroland First Nation Notes to Consolidated Financial Statements

**March 31, 2021**

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### **20. Impact of COVID-19**

As the impacts of COVID-19 in Canada and on the global economy continue, there could be further impact on the First Nation, and its funders. Management is actively monitoring the effect on its financial condition, liquidity, operations, suppliers, industry, and workforce. Due to Covid-19, the First Nation has had to limit its service offerings, however, additional funding has been received for wages and health and safety costs.

Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the First Nation is not able to fully estimate the effects of the COVID-19 outbreak on its operating results, financial condition, or liquidity at this time.

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### **21. Segmented Information**

Aroland 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 Aroland First Nation. The activities can also be categorized into segments. The following segments have been identified and as such are separately disclosed.

#### **Administration**

Administration contains activities that are needed to run the Aroland 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 Services**

Health Services 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.

#### **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.

#### **Capital and Operations and Maintenance Programs**

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

## Aroland First Nation Notes to Consolidated Financial Statements

**March 31, 2021**

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### **21. Segmented Information (cont'd)**

#### **Other Programs**

Other Programs contains activities of all other 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:

## Aroland First Nation

### Notes to Consolidated Financial Statements

**March 31, 2021**

#### 21. Segmented Information (cont'd)

For the year ended March 31	Administration	Social Services	Health Services	Education	Economic Development	Capital and O&M Programs	Other Programs	2021 Total
<b>Revenue</b>								
Federal government transfers	\$ 529,127	\$ 377,032	\$ 1,392,602	\$ 3,425,490	\$ 127,787	\$ 505,938	\$ 327,173	\$ 6,685,149
Provincial government transfers	18,908	1,516,536	172,603	-	241,321	47,002	427,883	2,424,253
Miscellaneous	1,052,425	1,470	412,221	5,465	116,831	-	193,208	1,781,620
Rental	-	-	-	-	-	153,462	-	153,462
Investment income	11,250	-	-	-	-	-	-	11,250
	<b>1,611,710</b>	<b>1,895,038</b>	<b>1,977,426</b>	<b>3,430,955</b>	<b>485,939</b>	<b>706,402</b>	<b>948,264</b>	<b>11,055,734</b>
<b>Expenses</b>								
Administration	(765,580)	-	240,386	367,032	43,802	37,192	77,168	-
Advertising	3,768	-	875	2,706	-	-	-	7,349
Amortization	162,242	-	5,308	59,186	2,605	516,313	4,161	749,815
Bad debt (recovery)	(4,000)	-	-	-	-	-	12,851	8,851
Bank charges and interest	6,631	2,904	1,056	296	-	1,332	-	12,219
Contract services	111,670	40,781	130,062	351,573	48,228	177,878	364,440	1,224,632
Donations	100,593	-	7,048	-	-	-	-	107,641
Dues, fees and licenses	3,263	7,228	2,909	6,481	100	1,000	-	20,981
Equipment	-	-	-	2,923	-	1,380	-	4,303
Freight	2,854	-	20,903	-	2,140	-	270	26,167
Fuel and oil	13,772	-	48,263	10,308	-	4,838	14,288	91,469
Honoraria	160,050	-	6,340	12,700	-	5,500	500	185,090
Insurance	24,776	-	25,678	10,081	-	65,441	-	125,976
Interest on long term debt	-	-	-	19,840	-	42,275	-	62,115
Interest on capital leases	-	-	-	6,713	-	-	-	6,713
Materials and supplies	161,626	45,718	563,208	66,670	48,196	24,651	17,784	927,853
Miscellaneous	-	42,581	-	-	-	-	-	42,581
Office	-	15,972	-	-	-	-	-	15,972
Professional fees	181,881	-	18,280	6,670	19,864	7,897	176,406	410,998
Program fees (recovery)	-	-	(1,661)	-	-	-	-	(1,661)
Rent	5,848	-	2,789	-	-	-	-	8,637
Repairs and maintenance	3,025	-	55,851	15,123	19,342	43,838	236	137,415
Social assistance	-	1,179,958	-	-	-	-	-	1,179,958
Telephone and utilities	21,079	1,309	24,815	11,789	2,596	125,362	5,853	192,803
Training	-	1,263	-	2,344	617	-	-	4,224
Travel (recovery)	19,982	7,288	(21,383)	3,604	-	(250)	15,148	24,389
Tuition	-	-	-	801,966	-	-	-	801,966
Wages and benefits	262,376	222,957	850,363	1,401,178	335,941	334,456	265,835	3,673,106
	<b>475,856</b>	<b>1,567,959</b>	<b>1,981,090</b>	<b>3,159,183</b>	<b>523,431</b>	<b>1,389,103</b>	<b>954,940</b>	<b>10,051,562</b>
Gain on disposal of tangible capital assets	-	7,524	-	-	-	-	-	7,524
Surplus (deficit) for the year	\$ 1,135,854	\$ 334,603	\$ (3,664)	\$ 271,772	\$ (37,492)	\$ (682,701)	\$ (6,676)	\$ 1,011,696

## Aroland First Nation

### Notes to Consolidated Financial Statements

**March 31, 2021**

#### 21. Segmented Information (cont'd)

For the year ended March 31	Administration	Social Services	Health Services	Education	Economic Development	Capital and O&M Programs	Other Programs	2020 Total
<b>Revenue</b>								
Federal government transfers	\$ 517,676	\$ 132,735	\$ 1,290,795	\$ 4,195,474	\$ 160,195	\$ 886,846	- \$	7,183,721
Provincial government transfers	-	1,424,464	157,789	-	165,350	-	502,913	2,250,516
Miscellaneous	2,302,733	2,464	325,681	78,497	162,481	-	180,143	3,051,999
Rental	-	-	-	-	-	145,906	-	145,906
Investment Income	11,250	-	-	-	-	-	-	11,250
	<b>2,831,659</b>	<b>1,559,663</b>	<b>1,774,265</b>	<b>4,273,971</b>	<b>488,026</b>	<b>1,032,752</b>	<b>683,056</b>	<b>12,643,392</b>
<b>Expenses</b>								
Administration	(707,321)	-	185,161	377,420	49,161	50,706	44,129	(744)
Advertising	-	-	-	4,634	-	-	-	4,634
Amortization	179,217	-	5,530	84,551	2,714	542,711	5,201	819,924
Bad debt expense	51,770	-	-	-	-	-	-	51,770
Bank charges and interest (recovery)	9,502	3,110	(1,752)	465	-	306	-	11,631
Contract services	263,668	67,390	256,845	352,413	31,539	346,953	222,152	1,540,960
Donations	140,486	-	18,296	-	-	-	-	158,782
Dues, fees and licenses	3,932	7,581	947	12,126	-	-	-	24,586
Equipment	-	-	-	3,445	-	1,380	-	4,825
Freight	9,952	-	43,436	33	4	-	1,469	54,894
Fuel and oil	27,513	80	45,464	18,482	964	36,259	81	128,843
Honoraria	192,393	-	12,550	16,264	36,500	6,000	20,650	284,357
Insurance	18,059	-	15,447	10,122	-	63,613	-	107,241
Interest on long term debt	-	-	-	30,521	-	46,108	-	76,629
Interest on capital leases	-	-	-	614	-	-	-	614
Materials and supplies	373,825	62,290	311,021	78,224	62,359	32,265	40,409	960,393
Miscellaneous (recovery)	(2,500)	-	-	-	-	-	-	(2,500)
Office	-	3,534	-	30	-	-	-	3,564
Professional fees	209,528	-	-	-	6,735	7,700	127,508	351,471
Program fees	850,100	-	-	-	-	-	-	850,100
Rent	8,013	-	3,757	-	-	-	-	11,770
Repairs and maintenance	3,125	-	71,477	150,133	290	130,748	-	355,773
Social assistance	-	1,175,665	-	-	-	-	-	1,175,665
Telephone and utilities	34,010	770	26,257	8,583	1,898	96,618	747	168,883
Training	5,632	35,035	4,744	43,401	-	4,065	-	92,877
Travel	121,633	16,153	56,373	49,047	12,203	6,531	59,947	321,887
Tuition	-	-	-	779,258	-	3,629	-	782,887
Wages and benefits	288,163	226,268	785,124	1,364,445	383,643	275,078	115,489	3,438,210
	<b>2,080,700</b>	<b>1,597,876</b>	<b>1,840,677</b>	<b>3,384,211</b>	<b>588,010</b>	<b>1,650,670</b>	<b>637,782</b>	<b>11,779,926</b>
Gain on disposal of tangible capital assets	-	-	-	18,613	-	-	-	18,613
Surplus (deficit) for the year	\$ 750,959	\$ (38,213)	\$ (66,412)	\$ 908,373	\$ (99,984)	\$ (617,918)	\$ 45,274	\$ 882,079