

ALDERVILLE FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2021

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ALDERVILLE FIRST NATION



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Chief: Dave Mowat
Councillor: Wes Marsden Sr
Councillor: Nora Sawyer
Councillor: Sean Crowe
Councillor: Jason Marsden

ALDERVILLE FIRST NATION

For The Year Ended March 31, 2021

MANAGEMENT REPORT

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

The consolidated financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the 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's Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving financial statements.

Council reviews and approves the First Nation's financial statements for issuance to the members. Council meets periodically with management, as well as the external auditor, 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 and to review the financial statements and the independent auditor's report.

The consolidated financial statements have been audited by Baker Tilly KDN LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. Baker Tilly KDN LLP has full and free access to Council.

Chief

Date

First Nation Administrator

Date

Proudly working together to build a prosperous and healthy environment that promotes independence, honours and respects our values, and enhances our way of life.

INDEPENDENT AUDITOR'S REPORT

D: 705.742-3418
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To Council and the Members of Alderville First Nation

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Opinion

We have audited the consolidated financial statements of Alderville First Nation (the First Nation), which comprise the consolidated statement of financial position as at March 31, 2021, the consolidated statements of operations and accumulated surplus, change in net financial assets 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, 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 and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

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 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.

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.

ASSURANCE • TAX • ADVISORY

Baker Tilly KDN LLP is a member of Baker Tilly Canada Cooperative, which is a member of the global network of Baker Tilly International Limited. All members of Baker Tilly Canada Cooperative and Baker Tilly International Limited are separate and independent legal entities.

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

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

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

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

Baker Tilly KDN LLP

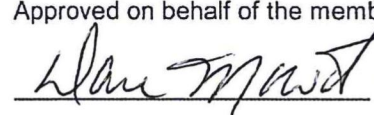
Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
October 15, 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At March 31, 2021

	2021 \$	2020 \$
FINANCIAL ASSETS		
Cash (note 2)	13,710,008	13,835,005
Investments (note 3)	14,251,462	11,602,467
Due from government and other government organizations (note 4)	323,361	234,668
Other accounts receivable (note 5)	116,769	151,379
Mortgages due from First Nation members (note 6)	2,298,803	2,422,135
Funds held in trust by Federal Government (note 7)	11,930	9,171
Investment in government business enterprise (note 11)	7,314,064	7,645,248
Assets held for sale	7,072	-
TOTAL FINANCIAL ASSETS	38,033,469	35,900,073
LIABILITIES		
Due to government and other government organizations (note 12)	280,518	171,748
Accounts payable and accrued liabilities (note 13)	1,526,091	624,720
Deferred revenue (note 14)	2,274,342	561,560
Long term debt (note 15)	3,041,535	3,359,499
TOTAL LIABILITIES	7,122,486	4,717,527
NET FINANCIAL ASSETS	30,910,983	31,182,546
NON-FINANCIAL ASSETS		
Tangible capital assets (schedule 1)	9,809,744	9,575,230
Prepaid expenses (note 16)	14,033	33,588
TOTAL NON-FINANCIAL ASSETS	9,823,777	9,608,818
ACCUMULATED SURPLUS (note 20)	40,734,760	40,791,364

Approved on behalf of the members:

 Chief

 Councillor

The accompanying notes are an integral part of these financial statements

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Year Ended March 31, 2021

	Budget 2021 \$ (Unaudited)	Actual 2021 \$	Actual 2020 \$
REVENUES			
Indigenous Services Canada (ISC) (notes 21 and 22)	6,411,436	5,533,713	4,540,686
Other Federal grants (note 22)	115,343	115,343	205,580
Province of Ontario (note 22)	1,810,159	1,556,250	1,609,260
Ontario First Nations Limited Partnership	-	856,876	877,659
Other government and non-government	8,350,479	5,522,335	2,190,250
Investment income	181,000	188,602	1,561,326
Amounts earned & held in trust by Federal government (note 7)	-	2,759	2,692
Income from government business enterprise (GBE) (note 11)	1,050,298	719,219	402,767
TOTAL REVENUES	17,918,715	14,495,097	11,390,220
EXPENSES			
Administration	2,418,181	2,263,883	1,307,926
Economic development	1,409,808	1,216,213	1,513,056
Education	2,302,352	1,864,134	1,469,589
Lands and membership	6,058,564	2,104,087	70,963,157
Social development	1,542,551	1,123,936	1,194,882
Health	6,546,637	4,939,190	1,762,945
Maintenance of facilities	2,387,119	926,034	636,156
Community centre	243,948	114,224	207,188
TOTAL EXPENSES	22,909,160	14,551,701	79,054,899
ANNUAL DEFICIT	<u>(4,990,445)</u>	(56,604)	(67,664,679)
ACCUMULATED SURPLUS - beginning of year		40,791,364	108,456,043
ACCUMULATED SURPLUS - end of year		40,734,760	40,791,364

The accompanying notes are an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the Year Ended March 31, 2021

	Budget 2021 \$ (Unaudited)	Actual 2021 \$	Actual 2020 \$
ANNUAL DEFICIT	(4,990,445)	(56,604)	(67,664,679)
Amortization of tangible capital assets	466,758	514,743	466,758
Acquisition of tangible capital assets	(927,060)	(1,335,003)	(1,554,942)
Loss on disposal of tangible capital assets	-	585,746	-
(Increase)/decrease in prepaid expenses	-	19,555	(159)
CHANGE IN NET FINANCIAL ASSETS	(5,450,747)	(271,563)	(68,753,022)
NET FINANCIAL ASSETS - beginning of year	31,182,546	31,182,546	99,935,568
NET FINANCIAL ASSETS - end of year	25,731,799	30,910,983	31,182,546

The accompanying notes are an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended March 31, 2021

	2021 \$	2020 \$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual deficit	(56,604)	(67,664,679)
Items not involving cash		
Amortization of tangible capital assets	514,743	466,758
Loss on disposal of tangible capital assets	585,746	-
Income from GBE	(719,219)	(402,767)
Change in non-cash assets and liabilities		
Due from government and other government organizations	(88,693)	117,402
Other accounts receivable	34,610	(84,357)
Assets held for sale	(7,072)	-
Prepaid expenses	19,555	(159)
Due to government and other government organizations	108,770	(46,904)
Accounts payable and accrued liabilities	901,371	(702,297)
Deferred revenue	1,712,782	303,385
Net change in cash from operating activities	3,005,989	(68,013,618)
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(1,335,003)	(1,554,942)
INVESTING ACTIVITIES		
Redemption of investments	51,275,203	21,269,075
Purchase of investments	(53,924,093)	(28,470,660)
Mortgages due from First Nation members advanced	-	(24,122)
Mortgages due from First Nation members collected	123,332	236,824
Change in funds held in trust by Federal Government	(2,759)	(2,692)
Contributions from government business enterprise	1,050,298	1,003,910
Net change in cash from investing activities	(1,478,019)	(5,987,665)
FINANCING ACTIVITIES		
Debt principal repayments	(317,964)	(3,249,540)
NET CHANGE IN CASH	(124,997)	(78,805,765)
CASH - beginning of year	13,835,005	92,640,770
CASH - end of year	13,710,008	13,835,005

The accompanying notes are an integral part of these financial statements

1. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies are as follows:

(a) Reporting Entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenses and accumulated surplus of the reporting entity.

The reporting entity includes the reporting entity government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation. These financial statements include:

- Alderville Solar Inc.
- Alderville Community Development Corporation

All interdepartmental assets and liabilities and revenues and expenses have been eliminated.

Alderville Solar Limited Partnership ("ASLP") met all the characteristics to be considered a government business enterprise. Accordingly, the investment in ASLP is accounted for on a modified equity basis, consistent with the Canadian Public Sector Accounting Standards treatment for government business enterprises. Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform to those of the First Nation, and inter-organizational transactions and balances are not eliminated.

(b) Cash

Cash consists of cash on hand and balances with Canadian Chartered banks.

(c) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Land improvements	20-30 years
Buildings	40 years
Equipment	10-15 years
Vehicles	5 years
Computer hardware and software	4 years
Roads and street lights	20 years

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

Assets under construction are not amortized. When assets under construction are put into service they are transferred to the appropriate tangible capital asset classification.

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Recognition of Revenues and Expenses

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue. Funding received under the terms of contribution agreements with the federal government is recognized as revenue once eligibility criteria have been met. Funding is recorded as deferred revenue if it has been externally restricted for a stated purpose, such as a specific program or the purchase of tangible capital assets. Other revenues are recognized as revenue as they are earned. Ontario First Nations Limited Partnership funding is recognized as revenue in the year the amounts are collected. Expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

(e) Deferred Revenue

Deferred revenue represents grants and contributions which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenue in the fiscal year the services are performed.

(f) Government Funding

Government funding is recognized in the financial statements as revenue in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made. Reimbursement for program costs is dependent ultimately upon their acceptance by the various agencies that fund the programs.

(g) Use of Estimates

Certain items recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the First Nation's best information and judgment. Such amounts are not expected to change materially in the near term. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. The First Nation's significant estimates include:

- The amounts recorded for amortization and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates; and
- The amount recorded as allowance for doubtful accounts receivable is based on management's estimate of future payments on receivable account balances.

(h) Mortgages Due From First Nation Members

Mortgages due from First Nation members are recorded at cost and are repayable interest free.

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(i) Measurement uncertainty

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the First Nation's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential operations, imposition of quarantines and social distancing) could have a material impact on the entity's operations. The extent of the impact of this outbreak and related containment measures on the First Nation's operations cannot be reliably estimated at this time.

As an emerging risk, the duration and full financial effect of the COVID-19 pandemic is unknown at this time, as is the efficacy of the government and central bank interventions, and other mitigating measures. Any estimate of the length and severity of these developments is therefore subject to significant uncertainty, and accordingly estimates of the extent to which the COVID-19 pandemic may materially and adversely affect the First Nation's operations, financial results and condition in future periods are also subject to significant uncertainty. Therefore, uncertainty about judgements, estimates, and assumptions made by management during the preparation of the First Nation's financial statements related to potential impacts of the COVID-19 outbreak on revenue, expenses, assets, liabilities, and note disclosures could result in a material adjustment to the carrying value of the asset or liability affected.

ALDERVILLE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2021



2. CASH

Cash consists of the following:

	2021	2020
	\$	\$
Externally restricted		
Housing - CMHC	63,373	52,803
Unrestricted and internally restricted		
General - unrestricted	9,218,129	10,784,887
Social assistance - internally restricted	84,101	44,797
Ontario First Nations (2008) Limited Partnership and Thurlow Settlement - internally restricted	4,236,251	2,809,544
Community Centre - internally restricted	2,022	2,013
Housing - internally restricted	106,132	80,240
Rice Lake Wireless - internally restricted	-	60,721
	13,646,635	13,782,202
	13,710,008	13,835,005

Under the terms of an agreement with Canada Mortgage and Housing Corporation, Alderville First Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Apartment Replacement and Subsidy Fund. These funds are reported as externally restricted cash above in the amount of \$63,373 (2020 - \$52,803).

3. INVESTMENTS

Investments are comprised of the following:

	2021 \$	2020 \$
Guaranteed Investment Certificates		
GIC maturing June 19, 2022, with interest rate of 2.00%	50,000	50,000
GIC maturing May 4, 2021 with interest rate of 0.60%	10,014,137	-
GIC maturing April 28, 2021 with interest rate of 0.59%	1,389,726	-
GIC maturing April 30, 2021 with interest rate of 0.50%	1,388,908	-
3 year GICs maturing November 16, 2020, with interest rates of 1.00% in year 1, 1.10% in year 2 and 1.65% in year 3	-	10,681
5 year GICs maturing November 16, 2022, with interest rates of 1.00% in year 1, 1.10% in year 2, 1.15% in year 3, 1.25% in year 4 and 3.00% in year 5	12,874	12,755
GIC maturing April 4, 2020 with interest rate of 2.18%	-	1,405,414
GIC maturing May 4, 2020 with interest rate of 2.18%	-	10,123,615
GIC maturing May 21, 2021 with interest rate of 0.50%	1,388,506	-
GIC maturing November 16, 2021 with interest rate of 0.60%	7,309	-
	14,251,460	11,602,465
Other investments		
OFN Asset Management GP Corp. common share	1	1
Ontario First Nations Sovereign Wealth LP limited partnership share	1	1
	2	2
	14,251,462	11,602,467

4. DUE FROM GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

Amounts due from government and other government organizations consist of:

	2021	2020
	\$	\$
Federal government		
ISC	212,360	42,345
Canada Mortgage and Housing Corporation	46,402	71,015
Environment Canada	-	13,042
Other federal organizations	-	1,275
	258,762	127,677
Province of Ontario	64,599	106,991
	323,361	234,668

5. OTHER ACCOUNTS RECEIVABLE

Other accounts receivables consist of the following:

	2021	2020
	\$	\$
Due from members:		
Education	15,607	9,175
RRAP loans	62,498	31,801
Small business loans	11,750	11,000
Daycare	6,400	7,500
Shelter	-	30,000
	96,255	89,476
Due from others:		
Services - non members	75,827	109,350
Other	2,509	2,508
	78,336	111,858
	174,591	201,334
Less: allowance for doubtful accounts	(57,822)	(49,955)
	116,769	151,379

6. MORTGAGES DUE FROM FIRST NATION MEMBERS

The amount shown as mortgages due from First Nation members represents the amount of funds due from First Nation members with respect to approved housing loans. The unexpended portion of approved loans is not recorded until a payment is made by the First Nation on behalf of the member. The First Nation members have a legal obligation to repay the full amount of the approved loans. No interest is charged on these mortgages.

Mortgages due from First Nation members are as follows:

	2021	2020
	\$	\$
Mortgages due from First Nation members	2,298,803	2,422,135

7. FUNDS HELD IN TRUST

The funds held by the Federal Government on behalf of the First Nation are for the use of the First Nation for specific projects. At the request of the First Nation, these funds can be obtained.

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.

The continuity of the funds held in trust by the Federal Government is as follows:

	Opening Balance \$	Additions \$	Withdrawals \$	Closing Balance \$
Revenue	9,171	2,759	-	11,930

8. CREDIT FACILITY AGREEMENT

The First Nation has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$250,000 via an operating loan. Any balance borrowed will accrue interest at the bank's prime lending rate plus 0.5% per annum. Council authorized the temporary borrowing limit through a Band Council Resolution. At March 31, 2021 there was a balance outstanding of \$Nil. (2020 - \$Nil).

9. PENSION AGREEMENTS

The First Nation makes contributions to Great West Life on behalf of its staff. The amount of retirement benefit to be received by the employees will be the amount of retirement annuity that could be purchased based on the member's share of the pension plan at the time of the member's withdrawal from the plan.

Contributions required on account of current service in 2021 were \$142,527 (2020 - \$109,881).

10. ECONOMIC DEPENDENCE

The First Nation receives a significant portion of its revenue from ISC. The nature and extent of this revenue is of such significance that the First Nation is economically dependent on this source of revenue.

11. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISE

The following provides condensed supplementary financial information for the operations of Alderville Solar Limited Partnership ("ASLP"). Alderville First Nation owns 99.99% of ASLP and Alderville Solar Inc., which is 100% consolidated, owns the remaining 0.01%.

The equity in Government Business Enterprise is comprised of the following:

	2021	2020
	\$	\$
Investment in government business enterprise	7,314,064	7,645,248
Long term debt (note 15)	(2,199,960)	(2,472,551)
	5,114,104	5,172,697

The financial position of the Government Business Enterprise is comprised of the following:

	2021	2020
	\$	\$
Current assets	816,333	655,097
Other assets	20,927,455	22,386,535
Total Assets	21,743,788	23,041,632
Current liabilities	1,085,072	1,035,096
Long term liabilities	13,344,651	14,361,288
Total Liabilities	14,429,724	15,396,384
Partners' capital	7,314,064	7,645,248
Total Liabilities and Partners' Capital	21,743,788	23,041,632

The results of operations of the Government Business Enterprise is comprised of the following:

	2021	2020
	\$	\$
Revenues	3,426,630	3,153,385
Expenses	2,707,411	2,750,618
Income of Government Business Enterprise	719,219	402,767

12. DUE TO GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

Due to government and other government organizations consists of the following:

	2021	2020
	\$	\$
Federal government - other	-	165
Province of Ontario	280,518	171,583
	280,518	171,748

13. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

	2021	2020
	\$	\$
Trade payables	197,546	113,240
Accrued salaries and employee benefits	61,996	145,034
Due to School Boards	138,029	122,333
Due to GBE	51,262	36,498
Williams Treaty Trust	1,000,000	-
Rent deposits	19,409	13,655
Other accrued liabilities	57,849	193,960
	1,526,091	624,720

14. DEFERRED REVENUE

Deferred revenue is comprised of the following:

	2021 \$	2020 \$
ISC - specific programs	833,833	369,983
Williams Treaty trust	1,071,668	-
Provincial	141,776	106,945
Other programs	227,065	84,632
	2,274,342	561,560

The continuity of deferred revenue is as follows:

	2021 \$	2020 \$
Balance - beginning of year	561,560	258,175
Add amounts received:		
ISC - specific programs	2,841,505	1,167,843
Provincial	469,310	295,495
Williams Treaty Trust	3,796,250	-
Other	330,967	107,501
	7,438,032	1,570,839
Less transfer to operations:		
ISC - specific programs	2,377,655	987,830
Provincial	434,479	196,572
Williams Treaty Trust	2,724,582	-
Other	188,534	83,052
	5,725,250	1,267,454
Balance - end of year	2,274,342	561,560

15. LONG TERM DEBT

- (a) The balance of long term debt reported on the Consolidated Statement of Financial Position is made up of the following:

	2021 \$	2020 \$
Mortgage payable to CMHC, interest at 1.46% per annum, due March 1, 2022 payable in blended monthly payments of \$1,895.	227,742	247,005
Mortgage payable to CMHC, interest at 2.52% per annum, due September 1, 2023 payable in blended monthly payments of \$2,976.	613,651	633,695
Loan payable to Scotiabank, interest at 0% per annum, monthly principal payments of \$233, due April 5, 2021, secured by a vehicle.	182	6,248
Loan payable to TD, interest at a floating interest rate, monthly principal payments of \$22,684 plus interest, due 2029.	2,199,960	2,472,551
	3,041,535	3,359,499

- (b) Interest paid on long term debt amounted to \$101,148 (2020 - \$182,455).
- (c) The above CMHC mortgages are approved by First Nation Council Resolution and guaranteed by ISC.
- (d) The long term debt reported in (a) of this note has the following principal repayments based on the same repayment terms:

	Principal \$	Interest \$	Total \$
2022	312,423	124,007	436,430
2023	313,050	109,349	422,399
2024	313,877	94,677	408,554
2025	314,721	79,982	394,703
2026	315,583	65,271	380,854
2027 and subsequent years	1,471,881	193,793	1,665,674
	3,041,535	667,079	3,708,614

16. PREPAID EXPENSES

Prepaid expenses consist of the following:

	2021	2020
	\$	\$
Insurance	4,357	3,960
Tuition	9,676	28,628
Land deposit	-	1,000
	14,033	33,588

17. CONTINGENT LIABILITIES

The First Nation, in the course of its operations, has been named in several lawsuits the outcome of which is indeterminable at this time. No amounts in connection with these items have been reflected in these financial statements.

The First Nation has an obligation to pay a one-time per capita distribution of the William's Treaty settlement funds to adult members whose membership was eligible up to December 31, 2018. All amounts known by the First Nation have been paid as of March 31, 2021, but there could be additional members unknown to the First Nation at this time.

18. SUBSEQUENT EVENT

Subsequent to year end, the First Nation purchased a plot of land for \$150,596 which is expected to be funded through reserves.

19. BUDGET FIGURES

The budget, approved by the First Nation, for 2021 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Financial Assets. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

ALDERVILLE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2021



20. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2021 \$	2020 \$
Surplus/(Deficit)		
First Nation - operating	63,810	153,696
First Nation - solar operating	(5,130,335)	(5,107,744)
Alderville Solar Inc.	(40,958)	(31,475)
Alderville Community Development Corporation	(2,501)	(2,501)
Equity in GBE - note 11	5,114,104	5,172,697
	4,120	184,673
Invested In Tangible Capital Assets		
Tangible capital assets - net book value	9,809,744	9,575,230
Long term debt	(841,575)	(886,948)
Unfunded capital (below)	(780,089)	(804,859)
	8,188,080	7,883,423
Surplus	8,192,200	8,068,096
Restricted		
Housing	3,529,607	3,480,067
Small business loans	37,500	37,500
Education	231,308	231,308
General	7,878,290	7,099,146
CMHC Section 95	167,984	157,219
Thurlow Settlement	121,129	124,629
Ontario First Nation Limited Partnership	5,030,456	4,959,736
Solar	1,776,894	1,177,003
Williams Treaty settlement	3,757,462	5,447,489
Williams Treaty Reconciliation fund	10,000,000	10,000,000
Total Restricted	32,530,630	32,714,097
Held in Trust by the Federal Government		
Revenue	11,930	9,171
	40,734,760	40,791,364

20. ACCUMULATED SURPLUS, continued

The restricted fund balances consist of funds set aside for specific purposes or to meet certain obligations as follows:

- (a) The Housing program is treated as an internally restricted fund. The fund balance represents Federal Government contributions to the Housing program net of grants or loans provided to First Nation members and forgiven by the First Nation under the program. The fund balance has also been reduced by the purchase of tangible capital assets, which are used as housing rentals.
- (b) The Small Business Loans program is treated as an internally restricted fund. The fund balance represents transfers from the Economic Development Department. The purpose of this fund is to provide venture capital to First Nation members. The loans are required to be repaid.
- (c) The Education Fund is treated as an internally restricted fund. The fund was established to finance future education programs.
- (d) The general fund is treated as an internally restricted fund. The fund was established to finance future operating programs.
- (e) The CMHC Section 95 fund is treated as an externally restricted fund. The fund was established to accumulate any surplus from the program.
- (f) The Thurlow Settlement fund is treated as an internally restricted fund and was established with the funds received from the lands claim settlement.
- (g) The Ontario First Nation Limited Partnership fund is treated as an internally restricted fund. The fund was established with the funds received from the 35% escrow funds.
- (h) The Solar fund is treated as an internally restricted fund. The fund was established with the excess funds received from distributions from the GBE.
- (i) The Williams Treaty Settlement fund is treated as an internally restricted fund and was established with the funds received from the Williams Treaty claim settlement.
- (j) The Williams Treaty Reconciliation fund is treated as an internally restricted fund and was established with the reconciliation funds received from the Williams Treaty claim settlement.

The unfunded capital noted above consists of the new rent-to-own properties which is expected to be funded from future rent-to-own rental payments. Each rent-to-own agreement has a term of 25 years and if all conditions are met by the end of the term of the agreement, the ownership of the property transfers to the tenant.

21. RECONCILIATION OF ISC FUNDING TO FIRST NATION ISC REVENUE

	\$
ISC Funding Per Confirmation	6,000,812
Add 2020 Deferred Revenue and Uncollected and Unspent Amounts	
Prevention and least disruptive measures	104,014
Community based initiatives	95,200
Health Canada	84,216
Additions to reserves	3,758
Special education	8,936
Projects & capacity - climate	16,908
Projects & capacity - fire	29,848
Firesmart	15,000
Skills Link	12,103
	369,983
Less 2021 Deferred Revenue	
COVID community infrastructure	301,742
Projects & capacity - water	104,816
First Nation land management	38,408
Systems & data	40,000
Special education	22,338
Governance & capacity	36,050
INAP summer work experience	12,200
Health Canada	278,279
	833,833
Less Amounts Recovered/Repayable	
Social Services	3,249
ISC Revenue For The Year	5,533,713

22. GOVERNMENT TRANSFERS

Government transfers consist of the following:

	2021 \$	2020 \$
Federal government operating transfers		
ISC	5,533,713	4,253,671
Canada Mortgage and Housing Corporation	40,575	40,575
Other	74,768	165,005
	5,649,056	4,459,251
Federal government capital transfers		
ISC	-	287,015
Provincial government operating transfers	1,556,250	1,609,260
	7,205,306	6,355,526

23. SEGMENTED INFORMATION

Alderville First Nation is a territorial government that provides a range of services to its members. First Nation services are reported by function and their activities are separately disclosed in the segmented information.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1. For additional information see the Schedule of Segment Disclosure.

Administration

Administration consists of the activities of Council and general financial and administrative management of the First Nation and its programs and services.

Economic Development

Economic development includes the operations of the resource centre, Black Oak Savannah and small business centre rentals and the various employment oriented programs of the First Nation as well as the activities of Alderville Solar Inc. and Alderville Community Development Corporation and income from the investment in a government business enterprise.

Education

Education includes the off reserve schools and post secondary education.

23. SEGMENTED INFORMATION, continued

Lands and Memberships

Lands and memberships includes the First Nation housing, estates, and membership functions including lot purchases and the Williams Treaty settlement and distributions.

Health

Social development consists of assistance to members and inhabitants of the First Nation including Ontario Works, seniors complex and child care services.

Maintenance of Facilities

Health services includes operations of the health centre, medical transportation, and various other health related programs of the First Nation.

Maintenance of Facilities

Maintenance of facilities includes public works, fire agreement and buildings not included in other segments.

24. COMPARATIVE FIGURES

Certain comparative figures were restated, where required, to conform with the current year presentation.

ALDERVILLE FIRST NATION



SCHEDULE OF TANGIBLE CAPITAL ASSETS For the Year Ended March 31, 2021

	Cost				Closing Balance \$	Accumulated Amortization			Net Book Value	
	Opening Balance \$	Additions \$	Disposals \$	Transfers \$		Opening Balance \$	Amortization \$	Closing Balance \$	2021 \$	2020 \$
Tangible Capital Assets										
Land	1,412,420	656,461	-	-	2,068,881	-	-	-	2,068,881	1,412,420
Land improvements	87,261	-	-	-	87,261	7,448	5,471	12,919	74,342	79,813
Residential buildings	3,581,226	17,188	-	492,217	4,090,631	940,414	102,244	1,042,658	3,047,973	2,640,812
Non-residential buildings	4,756,586	56,755	-	-	4,813,341	2,528,700	116,207	2,644,907	2,168,434	2,227,886
Vehicles	887,918	51,322	-	-	939,240	576,239	107,150	683,389	255,851	311,679
Computer equipment	176,117	41,711	-	-	217,828	155,787	5,454	161,241	56,587	20,330
Other equipment	2,344,987	127,758	-	5,000	2,477,745	704,407	159,611	864,018	1,613,727	1,640,580
Roads and street lights	872,804	355,248	-	-	1,228,052	714,057	18,606	732,663	495,389	158,747
Assets Under Construction										
Land improvements	-	17,860	-	-	17,860	-	-	-	17,860	-
Residential buildings	492,217	-	-	(492,217)	-	-	-	-	-	492,217
Non-residential buildings	585,746	-	585,746	-	-	-	-	-	-	585,746
Vehicles	5,000	-	-	(5,000)	-	-	-	-	-	5,000
Other equipment	-	10,700	-	-	10,700	-	-	-	10,700	-
	1,082,963	28,560	585,746	(497,217)	28,560	-	-	-	28,560	1,082,963
Total	15,202,282	1,335,003	585,746	-	15,951,539	5,627,052	514,743	6,141,795	9,809,744	9,575,230

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE
For the Year Ended March 31, 2021

	Actual 2021 \$	Administration Actual 2020 \$	Budget 2021 \$ (Unaudited)	Actual 2021 \$	Economic Development Actual 2020 \$	Budget 2021 \$ (Unaudited)	Actual 2021 \$	Education Actual 2020 \$	Budget 2021 \$ (Unaudited)
Revenues									
ISC	1,320,501	568,962	1,407,201	529,466	413,608	829,052	1,812,337	1,727,317	1,856,362
Other operating Federal contributions	-	-	-	74,768	165,005	74,768	-	-	-
Province of Ontario - operating	-	-	-	72,914	99,329	99,329	-	-	-
OFNLP - Administration	856,876	877,659	-	-	-	-	-	-	-
Other	255,657	304,592	695,701	472,028	668,722	558,924	82,615	98,602	114,031
Other investment income	142,005	1,561,326	181,000	46,597	-	-	-	-	-
Amounts earned & held in Trust by Federal government	2,759	2,692	-	-	-	-	-	-	-
Investment in government business enterprise	-	-	-	719,219	402,767	1,050,298	-	-	-
	2,577,798	3,315,231	2,283,902	1,914,992	1,749,431	2,612,371	1,894,952	1,825,919	1,970,393
Expenses									
Salaries and benefits	837,464	769,243	837,148	632,521	631,516	622,500	332,098	344,400	391,172
Materials	137,906	247,952	699,874	116,359	113,054	247,652	44,396	44,991	71,343
Occupancy costs	64,254	49,088	67,000	17,924	10,153	20,050	5,425	10,062	22,201
Contracted services	477,255	179,440	651,077	49,597	55,630	49,660	-	229	8,205
Bank charges and interest	1,990	2,895	3,400	86,759	397,464	82,022	2,643	2,201	2,400
Program costs	121,847	13,761	122,855	259,652	249,431	332,116	1,452,471	1,039,171	1,778,496
External transfers	3,500	8,720	-	-	-	-	-	-	-
Amortization	33,922	36,827	36,827	53,401	55,808	55,808	27,101	28,535	28,535
Loss on disposal of assets	585,746	-	-	-	-	-	-	-	-
	2,263,883	1,307,926	2,418,181	1,216,213	1,513,056	1,409,808	1,864,134	1,469,589	2,302,352
Net surplus/(deficit)	313,915	2,007,305	(134,279)	698,779	236,375	1,202,563	30,818	356,330	(331,959)

ALDERVILLE FIRST NATION



CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE, continued For the Year Ended March 31, 2021

	Lands and Membership			Social Development				Health	
	Actual 2021 \$	Actual 2020 \$	Budget 2021 \$ (Unaudited)	Actual 2021 \$	Actual 2020 \$	Budget 2021 \$ (Unaudited)	Actual 2021 \$	Actual 2020 \$	Budget 2021 \$ (Unaudited)
Revenues									
ISC	251,196	209,481	363,136	178,566	113,410	182,820	1,090,108	1,278,580	1,515,909
Other Federal contributions	40,575	40,575	40,575	-	-	-	-	-	-
Province of Ontario	-	-	-	913,682	1,017,393	1,093,836	537,611	437,538	564,494
Other	3,704,652	225,957	5,871,203	362,204	314,992	286,406	361,585	301,290	461,984
	3,996,423	476,013	6,274,914	1,454,452	1,445,795	1,563,062	1,989,304	2,017,408	2,542,387
Expenses									
Salaries and benefits	235,136	180,007	335,051	681,979	659,445	774,614	910,654	827,576	1,060,844
Materials	79,775	93,113	172,934	179,507	184,363	459,445	3,221,058	330,547	3,833,059
Occupancy costs	19,432	17,590	21,540	69,121	80,558	59,300	36,984	27,162	39,260
Contracted services	6,650	6,650	6,650	(17,268)	(5,149)	22,787	31,097	25,585	47,178
Bank charges and interest	19,141	19,945	21,392	-	-	-	-	-	-
Program costs	53,925	73,665	53,508	193,496	257,959	203,814	542,944	366,709	1,380,930
External transfers	1,690,028	70,572,187	5,447,489	-	-	4,885	84,600	84,600	84,600
Amortization	-	-	-	17,101	17,706	17,706	111,853	100,766	100,766
	2,104,087	70,963,157	6,058,564	1,123,936	1,194,882	1,542,551	4,939,190	1,762,945	6,546,637
Net surplus/(deficit)	1,892,336	(70,487,144)	216,350	330,516	250,913	20,511	(2,949,886)	254,463	(4,004,250)

ALDERVILLE FIRST NATION



CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE, continued For the Year Ended March 31, 2021

	Maintenance of Facilities			Community Centre			Consolidated Totals		
	Actual 2021 \$	Actual 2020 \$	Budget 2021 \$ (Unaudited)	Actual 2021 \$	Actual 2020 \$	Budget 2021 \$ (Unaudited)	Actual 2021 \$	Actual 2020 \$	Budget 2021 \$ (Unaudited)
Revenues									
ISC	351,539	229,328	256,956	-	-	-	5,533,713	4,540,686	6,411,436
Other operating Federal contributions	-	-	-	-	-	-	115,343	205,580	115,343
Province of Ontario - operating	-	4,500	4,500	32,043	50,500	48,000	1,556,250	1,609,260	1,810,159
OFNLP - Administration	-	-	-	-	-	-	856,876	877,659	-
Other	228,896	155,881	288,830	54,698	120,214	73,400	5,522,335	2,190,250	8,350,479
Other investment income	-	-	-	-	-	-	188,602	1,561,326	181,000
Amounts earned & held in Trust by Federal government	-	-	-	-	-	-	2,759	2,692	-
Investment in government business enterprise	-	-	-	-	-	-	719,219	402,767	1,050,298
	580,435	389,709	550,286	86,741	170,714	121,400	14,495,097	11,390,220	17,918,715
Expenses									
Salaries and benefits	182,613	132,817	170,983	58,185	123,410	124,687	3,870,650	3,668,414	4,316,999
Materials	293,625	231,095	1,539,361	195	12,419	15,160	4,072,821	1,257,534	7,038,828
Occupancy costs	24,542	16,540	61,650	3,000	4,640	15,500	240,682	215,793	306,501
Contracted services	121,683	66,549	122,582	-	-	-	669,014	328,934	908,139
Bank charges and interest	74,793	-	306,661	-	-	-	185,326	422,505	415,875
Program costs	-	3,274	-	10,257	25,484	47,366	2,634,592	2,029,454	3,919,085
External transfers	-	-	-	-	-	-	1,778,128	70,665,507	5,536,974
Amortization	228,778	185,881	185,882	42,587	41,235	41,235	514,743	466,758	466,759
Loss on disposal of capital assets	-	-	-	-	-	-	585,745	-	-
	926,034	636,156	2,387,119	114,224	207,188	243,948	14,551,701	79,054,899	22,909,160
Net surplus/(deficit)	(345,599)	(246,447)	(1,836,833)	(27,483)	(36,474)	(122,548)	(56,604)	(67,664,679)	(4,990,445)