

2190774 Ontario Limited
Financial Statements
March 31, 2023

2190774 Ontario Limited

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For the year ended March 31, 2023

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To the Shareholder of 2190774 Ontario Limited:

Opinion

We have audited the financial statements of 2190774 Ontario Limited (the "Corporation"), which comprise the balance sheet as at March 31, 2023, and the statements of earnings and retained earnings and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Basis for Opinion

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

Other Matter – Restriction on Distribution or Use

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes the basis of accounting. These financial statements have been prepared to assist the Corporation in meeting its reporting requirements to its financial institution. Our report is intended solely for the Corporation and its financial institution and should not be distributed to or used by parties other than the Corporation or its financial institution.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

November 27, 2023

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

2190774 Ontario Limited
Balance Sheet
As at March 31, 2023

	2023	2022
Assets		
Current		
Cash	628,449	629,135
Accounts receivable	-	11,359
Prepaid expenses and deposits	35,055	13,566
	663,504	654,060
Property held for leasing (Note 3)	1,187,082	1,233,315
Due from related parties (Note 4)	91,735	1,624,874
	1,942,321	3,512,249
Liabilities		
Current		
Accounts payable and accruals	18,760	29,194
Government remittances payable	9,439	5,535
Deferred revenue	41,297	-
Current portion of long-term debt (Note 5)	-	200,679
	69,496	235,408
Long-term debt (Note 5)	-	1,604,404
	69,496	1,839,812
Shareholder's Equity		
Share capital (Note 6)	100	100
Retained earnings	1,872,725	1,672,337
	1,872,825	1,672,437
	1,942,321	3,512,249

Approved on behalf of the Board

Director

PLEASE SIGN
& RETURN

2190774 Ontario Limited
Statement of Earnings and Retained Earnings
For the year ended March 31, 2023

	2023	2022
Revenue		
Rental income	437,322	431,325
Interest	5,162	1,592
	442,484	432,917
Expenses		
Amortization	46,233	48,712
Business fees and licences	447	-
Computer	1,731	336
Insurance	27,458	22,390
Interest and bank charges	625	1,132
Interest on long-term debt	25,805	38,034
Office	1,512	-
Professional fees	16,373	13,702
Property taxes	11,115	14,884
Repairs and maintenance	61,941	47,939
Supplies	1,294	6,013
Travel and entertainment	6,805	4,890
Utilities	2,070	1,910
Wages and benefits (Note 4)	38,687	47,194
	242,096	247,136
Net earnings	200,388	185,781
Retained earnings, beginning of year	1,672,337	1,486,556
Retained earnings, end of year	1,872,725	1,672,337

The accompanying notes are an integral part of these financial statements.

2190774 Ontario Limited
Statement of Cash Flows
For the year ended March 31, 2023

	2023	2022
Cash provided by (used for) the following activities		
Operating activities		
Net earnings	200,388	185,781
Amortization	46,233	48,712
	246,621	234,493
Changes in working capital accounts		
Accounts receivable	11,359	2,797
Government remittances payable	3,904	(11,677)
Prepaid expenses	(21,489)	(714)
Accounts payable and accruals	(10,434)	6,823
Deferred revenue	41,297	-
	271,258	231,722
Financing activities		
Repayments of long-term debt	(1,805,083)	(196,728)
Investing activities		
Repayment of advances to related parties	1,533,139	-
Increase (decrease) in cash resources	(686)	34,994
Cash resources, beginning of year	629,135	594,141
Cash resources, end of year	628,449	629,135

The accompanying notes are an integral part of these financial statements.

1. Incorporation and operations

2190774 Ontario Limited (the "Corporation") was incorporated under the laws of the Province of Ontario on November 19, 2008. The Corporation holds and leases commercial real estate under various bare trust agreements with Red Rock Indian Band. No provision has been made for corporate income taxes as all income is attributed to Red Rock Indian Band under the terms of the bare trust agreements.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for private enterprises and include the following significant accounting policies:

Revenue recognition

Revenue from rental of commercial property is recognized in the statement of earnings and retained earnings on a straight-line basis over the lease term.

Cash and cash equivalents

The Corporation's policy is to disclose cash on hand and on deposit with financial institutions under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn.

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

Property held for leasing is stated at historical cost less accumulated amortization using amortization rates based on the estimated useful life of the property.

Accounts payable and accruals are estimated based on historical charges for unbilled goods and services at year-end.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the years in which they become known.

Property held for leasing

Property held for leasing is recorded at cost. The Corporation provides for amortization using the declining balance method at rates designed to amortize the cost of the property over their estimated useful lives. One half of the year's amortization is recorded in the year of acquisition. No amortization is recorded in the year of disposal. The annual amortization rates are as follows:

	<i>Method</i>	<i>Rate</i>
Buildings	declining balance	5 %
Paved surfaces	declining balance	8 %

Long-lived assets

Long-lived assets consist of property held for leasing. Long-lived assets held for leasing are measured and amortized as described in the applicable accounting policies.

The Corporation performs impairment testing on long-lived assets held for leasing whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from their use and disposal. If the carrying amount is not recoverable, impairment is then measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using discounted future cash flows. Any impairment is included in earnings for the year.

2. Significant accounting policies *(Continued from previous page)*

Financial instruments

The Corporation recognizes its financial instruments when the Corporation becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Corporation may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Corporation has not made such an election during the year. Fair value is determined by reference to recent arm's length transactions.

The Corporation subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Corporation's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

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

Related party financial instruments

The Corporation initially measures the following financial instruments originated/acquired or issued/assumed in a related party transaction ("related party financial instruments") at fair value:

- Investments in equity instruments quoted in an active market.
- Debt instruments quoted in an active market.
- Debt instruments when the inputs significant to the determination of its fair value are observable (directly or indirectly).
- Derivative contracts.

All other related party financial instruments are measured at cost on initial recognition. When the financial instrument has repayment terms, cost is determined using the undiscounted cash flows, excluding interest, dividend, variable and contingent payments, less any impairment losses previously recognized by the transferor. When the financial instrument does not have repayment terms, but the consideration transferred has repayment terms, cost is determined based on the repayment terms of the consideration transferred. When the financial instrument and the consideration transferred both do not have repayment terms, the cost is equal to the carrying or exchange amount of the consideration transferred or received (refer to Note 4).

At initial recognition, the Corporation may elect to subsequently measure related party debt instruments that are quoted in active market, or that have observable inputs significant to the determination of fair value, at fair value.

The Corporation has not made such an election during the year, thus all such related party debt instruments are subsequently measured at amortized cost.

The Corporation subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Financial instruments that were initially measured at cost and derivatives that are linked to, and must be settled by, delivery of unquoted equity instruments of another entity, are subsequently measured using the cost method less any reduction for impairment.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of related party financial instruments are immediately recognized in net earnings.

2. Significant accounting policies *(Continued from previous page)*

Financial instruments *(Continued from previous page)*

Financial asset impairment

The Corporation assesses impairment of all its financial assets measured at cost or amortized cost. The Corporation groups assets for impairment testing when there are numerous assets affected by the same factors. Management considers whether the issuer is having significant financial difficulty in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Corporation determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

With the exception of related party debt instruments and related party equity instruments initially measured at cost, the Corporation reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the balance sheet date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party debt instruments initially measured at cost, the Corporation reduces the carrying amount of the asset (or group of assets), to the highest of: the undiscounted cash flows expected to be generated by holding the asset, or group of similar assets, excluding the interest and dividend payments of the instrument; the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the balance sheet date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party equity instruments initially measured at cost, the Corporation reduces the carrying amount of the asset (or group of assets), to the amount that could be realized by selling the asset(s) at the balance sheet date.

Any impairment, which is not considered temporary, is included in current year net earnings.

The Corporation reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in net earnings in the year the reversal occurs.

3. Property held for leasing

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Land	318,713	-	318,713	318,713
Buildings	1,632,080	779,131	852,949	897,841
Paved surfaces	43,685	28,265	15,420	16,761
	1,994,478	807,396	1,187,082	1,233,315

2190774 Ontario Limited
Notes to the Financial Statements
For the year ended March 31, 2023

4. Related party transactions

Red Rock Indian Band wholly owns the Corporation and is therefore related to the Corporation. Red Rock IB, LP is controlled by Red Rock Indian Band and is therefore related to the Corporation.

	2023	2022
Balances due to/from related parties:		
Balance payable to Red Rock Indian Band included in accounts payable and accruals.	-	11,218
Unsecured, non-interest bearing loan receivable from Red Rock Indian Band. No set terms of repayment.	-	1,533,139
Unsecured, non-interest bearing loan receivable from Red Rock IB, LP. No set terms of repayment.	91,735	91,735
	2023	2022
Transactions with related parties:		
Wages and benefits	38,687	47,194

All transactions with related parties are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

5. Long-term debt

	2023	2022
Royal Bank of Canada - loan was fully repaid during the year.	-	1,805,083
Less: current portion of long-term debt	-	200,679
	-	1,604,404

6. Share capital

	2023	2022
Issued		
Common shares		
100 Class A	100	100

7. Financial instruments

The Corporation, as part of its operations, carries a number of financial instruments. It is management's opinion that the Corporation is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Fair value

The fair value of current financial assets and current financial liabilities approximates their carrying value due to their short- term maturity dates.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

For the 2023 fiscal year, the Corporation is not exposed to interest rate price risk on its long-term debt as the Corporation fully repaid its loan balance during the year.