

**Chippewas of Nawash Unceded
First Nation
Consolidated Financial Statements**

March 31, 2020

Chippewas of Nawash Unceded First Nation
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Management's Responsibility

To the Chief and Council and Members of Chippewas of Nawash Unceded First Nation:

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

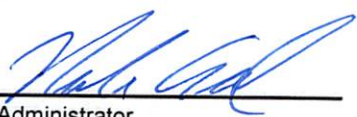
Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Chippewas of Nawash Unceded First Nation Chief and Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Chief and Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Chief and Council is also responsible for the appointment of the First Nation's external auditors.

MNP LLP is appointed by the Chief and Council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Chief and Council and management to discuss their audit findings.

January 6, 2022



Band Administrator

Independent Auditor's Report

To the Chief and Council and Members of Chippewas of Nawash Unceded First Nation:

Opinion

We have audited the consolidated financial statements of Chippewas of Nawash Unceded First Nation (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of operations and accumulated surplus, changes 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, 2020, 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.

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 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.

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 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.

Cambridge, Ontario

January 6, 2022

MNP LLP

Chartered Professional Accountants


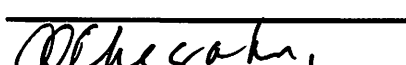

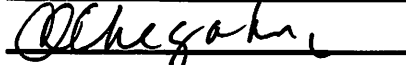

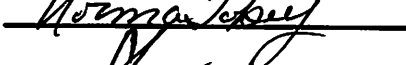

Licensed Public Accountants

MNP

Chippewas of Nawash Unceded First Nation

Consolidated Statement of Financial Position

As at March 31, 2020

	2020	2019
Financial assets		
Cash and cash equivalents (Note 3)	26,149,358	22,996,257
Restricted cash (Note 4)	1,536,410	1,507,408
Accounts receivable (Note 5)	846,119	6,219,753
Housing loans receivable (Note 6)	1,266,239	1,423,583
Other accounts receivable	2,747,540	2,078,462
Funds held in trust (Note 7)	578,956	561,577
Portfolio investments (Note 8)	36,000,000	36,000,000
Due from related party (Note 9)	108,184	-
Total of financial assets	69,232,806	70,787,040
Liabilities		
Accounts payable and accruals (Note 11)	2,755,347	2,467,581
Deferred revenue (Note 12)	11,048,302	11,323,440
Payable to funding agency	223,699	193,544
Long-term debt (Note 13)	33,200,191	34,557,775
Total of liabilities	47,227,539	48,542,340
Net financial assets	22,005,267	22,244,700
Contingencies and claims (Note 14)		
Subsequent event (Note 26)		
Non-financial assets		
Tangible capital assets (Note 15) (Schedule 1)	29,701,610	24,619,515
Prepaid expenditures	152,889	116,421
Total non-financial assets	29,854,499	24,735,936
Accumulated surplus (Note 16)	51,859,766	46,980,636
Approved on behalf of the First Nation		
 _____ Chief		 _____ Councillor
 _____ Councillor		 _____ Councillor
 _____ Councillor		_____ Councillor
 _____ Councillor		_____ Councillor
 _____ Councillor		_____ Councillor

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

Chippewas of Nawash Unceded First Nation

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2020

	2020 <i>Budget</i> <i>(Note 21)</i>	2020	2019
Revenues			
Federal government			
Indigenous Services Canada	9,273,744	9,658,378	15,895,795
Health Canada	1,173,487	1,448,646	1,176,737
Canadian Mortgage and Housing Corporation	-	175,545	147,775
Environment Canada	-	32,773	25,000
Provincial government	3,499,196	4,574,540	4,423,581
Ontario First Nations Limited Partnership funds	2,654,199	1,417,086	1,638,622
Saugeen Ojibway Nation projects	-	1,654,157	3,949,420
Other	2,121,781	4,441,046	4,904,724
Saugeen Ojibway Nation Finance Corporation investment income	-	3,322,664	4,297,616
Deferred revenue - prior year <i>(Note 12)</i>	10,802,843	11,323,440	5,243,284
Deferred revenue - current year <i>(Note 12)</i>	-	(11,048,302)	(11,323,440)
Repayment of funding	-	(41,878)	(28,962)
	29,525,250	26,958,095	30,350,152
Expenditures <i>(Note 27)</i>			
Administration fee recovery	(170,000)	(364,544)	(334,544)
Amortization	-	1,350,481	1,058,511
Band government	5,320,791	2,781,905	3,433,471
Community services	2,731,837	1,966,466	2,265,375
Economic development	955,184	1,131,757	829,143
Education	3,964,068	3,838,838	3,439,155
Employment programs	-	101,858	237,333
Health	2,207,755	2,349,893	2,366,840
Housing	299,424	280,495	340,266
Land claims	-	2,163,465	758,600
Public works	5,479,400	2,087,858	1,611,850
Saugeen Ojibway Nation Finance Corporation expenditures	-	1,248,448	1,312,185
Saugeen Ojibway Nation projects	-	2,114,563	1,763,390
Social services	-	1,075,788	1,192,934
	20,788,459	22,127,271	20,274,509
Annual surplus before other items	8,736,791	4,830,824	10,075,643
Other income			
Change in Canadian Mortgage and Housing Corporation reserves	-	30,927	23,129
Change in trust accounts	-	17,379	34,275
	-	48,306	57,404
Annual surplus	8,736,791	4,879,130	10,133,047
Accumulated surplus, beginning of year	46,980,636	46,980,636	36,847,589
Accumulated surplus, end of year	55,717,427	51,859,766	46,980,636

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

Chippewas of Nawash Unceded First Nation

Consolidated Statement of Changes in Net Financial Assets

For the year ended March 31, 2020

	<i>2020 Budget (Note 21)</i>	<i>2020</i>	<i>2019</i>
Annual surplus	8,736,791	4,879,130	10,133,047
Acquisition of tangible capital assets	-	(6,432,576)	(6,616,906)
Amortization of tangible capital assets	-	1,350,481	1,058,511
Change in prepaid expenditures	-	(36,468)	3,775
Increase (decrease) in net financial assets	8,736,791	(239,433)	4,578,427
Net financial assets, beginning of year	22,244,700	22,244,700	17,666,273
Net financial assets, end of year	30,981,491	22,005,267	22,244,700

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

Chippewas of Nawash Unceded First Nation

Consolidated Statement of Cash Flows

For the year ended March 31, 2020

	2020	2019
Cash provided by (used for) the following activities		
Operating activities		
Annual surplus	4,879,130	10,133,047
Non-cash items		
Amortization	1,350,481	1,058,511
Increase in allowance for doubtful loans	5,900	5,700
Discounts on housing loans	12,926	17,855
	6,248,437	11,215,113
Changes in working capital accounts		
Accounts receivable	5,373,634	(5,290,568)
Other accounts receivable	(669,078)	(49,111)
Accounts payable and accruals	287,766	52,255
Deferred revenue	(275,138)	6,080,156
Payable to funding agency	30,155	(78,026)
Prepaid expenditures	(36,468)	3,775
	10,959,308	11,933,594
Financing activities		
Advances of long-term debt	374,903	746,510
Repayments of long-term debt	(1,732,487)	(1,550,662)
	(1,357,584)	(804,152)
Capital activities		
Acquisition of tangible capital assets	(6,432,576)	(6,616,906)
Investing activities		
Net change in restricted cash	(29,002)	(21,147)
Change in funds held in trust	(17,379)	(34,275)
Advances of housing and emergency loans	(10,250)	(78,056)
Repayment of housing and emergency loans	149,668	308,456
Rent to own loans	(900)	-
Due from related party	(108,184)	-
	(16,047)	174,978
Increase in cash and cash equivalents	3,153,101	4,687,514
Cash and cash equivalents, beginning of year	22,996,257	18,308,743
Cash and cash equivalents, end of year	26,149,358	22,996,257
Supplementary cash flow information		
Interest paid	1,185,177	1,215,124

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

Chippewas of Nawash Unceded First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

1. Operations

The Chippewas of Nawash Unceded First Nation (the "First Nation") is located in the Province of Ontario, and provides various services to its members. Chippewas of Nawash Unceded First Nation includes the Band's members, government and all related entities that are accountable to the First Nation and are either owned or controlled by the First Nation.

2. Significant accounting policies

These financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

Reporting entity

The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity, and 50% of the operations of the Saugeen Ojibway Nation Finance Corporation ("SONFC"), an entity that is jointly owned under a nominee agreement. Trusts administered on behalf of third parties by Chippewas of Nawash Unceded First Nation are excluded from the First Nation reporting entity.

The First Nation has consolidated the assets, liabilities, revenues and expenditures of the following entities and departments:

- Chippewas of Nawash Unceded First Nation Revenue Fund
- Chippewas of Nawash Unceded First Nation Board of Education
- Chippewas of Nawash Unceded First Nation Capital Housing Program
- Saugeen Ojibway Nation Finance Corporation

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

Basis of presentation

Sources of revenues and expenditures are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenditures are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Loans receivable

Loans receivable are recorded at cost less any valuation allowance. Valuation allowances are made when collection is in doubt as assessed by management. Loans are reviewed on an annual basis by management. Interest income is accrued on loans receivable to the extent it is deemed collectable.

Portfolio investments

Long-term investments in entities that are not owned, controlled or influenced by the First Nation reporting entity are accounted for using the cost method. They are recorded at cost, less any provision for other than temporary impairment.

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the annual surplus, provides the change in net financial assets for the year.

Chippewas of Nawash Unceded First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

2. Significant accounting policies (Continued from previous page)

Tangible capital assets

Tangible capital assets are initially recorded at cost based on historical cost accounting records. Contributed capital assets are recorded into revenues at their fair values 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.

Amortization

Social housing assets acquired under Canada Mortgage and Housing Corporation ("CMHC") sponsored programs are amortized over their estimated useful lives at a rate equivalent to the annual principal reduction in the related long-term debt. Amortization for other tangible capital assets is provided using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

	Method	Rate
Buildings and improvements	straight-line	9 to 61 years
Machinery and equipment	straight-line	5 to 20 years
Vehicles	straight-line	10 to 20 years
Infrastructure	straight-line	14 to 75 years
Software	straight-line	5 to 10 years

Long-lived assets

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

The First Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, 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 its use and disposal. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using quoted market prices. Any impairment is included in surplus for the year.

Funds held in Ottawa Trust Fund

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the statement of financial position with an offsetting amount in accumulated surplus. Trust monies consist of:

- Capital trust monies derived from non-renewable resource transactions on the sale of land or other First Nation tangible capital assets; and
- Revenue trust monies generated primarily through land leasing transactions or interest earned on deposits held in trust.

Retirement benefits

The First Nation has a defined contribution pension plan covering substantially all full-time employees who have completed one year of service. There are no prior service costs. Contributions are discretionary, and are based on 4 - 11% of participants' salary, matching up to a maximum of 7%. The First Nation follows the policy of funding retirement contributions as accrued.

Net financial assets

The First Nation's consolidated financial statements are presented so as to highlight net financial assets as the measurement of financial position. The net financial assets of the First Nation is determined by its financial assets less its liabilities. Net financial assets combined with non-financial assets comprise a second indicator of financial position, accumulated surplus.

Chippewas of Nawash Unceded First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

2. Significant accounting policies (Continued from previous page)

Revenue recognition

Funding

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period are reflected as deferred revenues on the consolidated statement of financial position in the year of receipt.

Government transfers

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenues when received or receivable.

Externally restricted revenues

The First Nation recognizes externally restricted inflows as revenues in the period the resources are used for the purpose specified in accordance with an agreement or legislation. Until this time, the First Nation records externally restricted inflows in deferred revenue.

Ottawa Trust Fund revenues

Due to measurement uncertainty, revenues related to the receipt of funds held in the Ottawa Trust Fund is recognized when it is received.

Service and user fees

Revenues 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.

Rental income and rent-to-own income

Rental income is recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Rent-to-own income is classified as deferred revenue when received, as amounts are deposits on a future purchase. Revenue is recognized when the ownership of the property is transferred to the tenant of the property and is accounted for as a disposal of a tangible capital asset.

Other income

Other income is recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards 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 revenues and expenditures during the reporting period.

Accounts receivable and member loans are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets. Payable to funding agencies is based on anticipated repayment requirements; however, actual repayments will be determined upon funding agencies review of the consolidated financial statements.

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

Chippewas of Nawash Unceded First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

2. Significant accounting policies (Continued from previous page)

Segments

The First Nation is a diversified governmental institution that provides a wide range of services to its Band Members, including band support, health services, education and social assistance. For management reporting purposes, the First Nation's operations and activities are organized and reported by departments.

Services are provided by departments and their activities are reported in these departments. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

Band Support

The band support department oversees the delivery of all governmental services. The department is responsible for ensuring that there are adequate policies and procedures in place to safeguard assets and to properly report financial activities. In addition, this department includes the governance activities of Chief and Council and management and assistance for computer and communications related projects and services.

Health Services

The health services department provides a diverse bundle of services directed toward the well-being of the members of the First Nation including such activities as long-term care, health centres, diabetes, fetal alcohol syndrome, mental health, smoke-free programs, traditional healing, home care and training designed to enhance the health of the members.

Education

The education department provides education management services to the members of the First Nation as well as overseeing the operation of the local school and providing support to post secondary students.

Social Assistance

The social assistance department provides services under the Provincial Ontario Works Program including both active measures such as employment training and financial assistance components.

For each reported segment, revenues and expenditures include amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocations methodologies are employed in the preparation of segmented financial information, including transfers that have been apportioned based on a percentage of budgeted expenditures.

Financial instruments

The First Nation recognizes its financial instruments when the First Nation becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

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

With the exception of those instruments designated at fair value, all financial instruments are subsequently measured at amortized cost or cost.

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

All financial assets except derivatives are tested annually for impairment. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the statement of remeasurement gains and losses. There has not been a reversal of such remeasurement during the year and thus no separate statement is disclosed.

Chippewas of Nawash Unceded First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

3. Cash and cash equivalents

	2020	2019
Cash	15,660,089	12,706,019
Short term investments	10,489,269	10,290,238
	26,149,358	22,996,257

The short term investments comprise various government investment certificates with interest rates ranging from 0.75% to 1.85% (2019 - 1.80% to 1.90%) and maturity dates of April 3, 2020 to May 15, 2020 (2019 - April 1, 2019 to June 17, 2019).

4. Restricted cash

Under the terms of an agreement with CMHC, Chippewas of Nawash Unceded 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 CMHC with any interest earned to be credited as revenue to the Apartment Replacement and Subsidy Fund.

As joint owner of Saugeen Ojibway Nation Finance Corporation, a credit agreement requires that on any given date, the First Nation must keep an amount in the reserve account equal to the next two quarterly blended payments of principal and interest. For the Tranche A reserve account, a credit agreement requires that on any given date, the First Nation must keep an additional amount in the reserve account equal to the amount due and payable on account of the guarantee fee on the next payment date on which such a payment is due in accordance with the guarantee agreement.

	2020	2019
Restricted cash - Senior's Apartment Complex Reserve	178,812	149,819
Restricted cash - Saugeen Ojibway Nation Finance Corporation	1,357,598	1,357,589
	1,536,410	1,507,408

5. Accounts receivable

	2020	2019
Aboriginal Labour Force Development Circle	73,165	98,769
Canadian Mortgage and Housing Corporation	14,673	14,614
Coldwater Narrows	352,986	535,696
Environment Canada	4,800	52,630
Huron Area Aboriginal Management Board	8,083	26,644
Indigenous Services Canada	392,312	5,491,300
Ministry of Health	100	100
	846,119	6,219,753

Chippewas of Nawash Unceded First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

6. Housing loans receivable

Loans receivable consist of the following:

	<i>Principal</i>	<i>Allowance</i>	2020 Net recoverable value	2019 Net recoverable value
Housing loans	2,413,839	(1,147,600)	1,266,239	1,423,583

During the year the First Nation advanced \$11,150 (2019 - \$78,056) of new housing loans to members.

Housing loans to members are non-interest bearing, secured by the related property and are repayable monthly in average aggregate repayments of \$20,664 (2019 - \$21,672).

7. Funds held in trust

Capital and revenue trust monies are transferred to the First Nation on the authorization of the Minister of Indigenous Services Canada ("ISC"), with the consent of the First Nation's Chief and Council as follows:

	2020	2019
Capital Trust		
Balance, beginning and end of year	181,336	181,336
Revenue Trust		
Balance, beginning of year	380,241	345,966
Interest	11,046	12,337
Allocations	6,333	21,938
Balance, end of year	397,620	380,241
	578,956	561,577

8. Portfolio investments

	2020	2019
Class A BMLP Interest	25,000,000	25,000,000
Class B BMLP Interest	11,000,000	11,000,000
	36,000,000	36,000,000

On December 17, 2014 Saugeen Ojibway Nation Finance Corporation (a nominee corporation owned 50% by the First Nation) purchased 50,000,000 Class A Units and 22,000,000 Class B Units representing 34.19% interest of B2M Limited Partnership.

The partnership owns and operates a high voltage electrical transmission tower line between Kincardine and Milton, Ontario.

9. Due from related party

The advances to 2732889 Ontario Inc. are unsecured, non-interest bearing with no specified terms of repayment. 2732889 Ontario Inc. is a related party controlled by Chief and Council.

Chippewas of Nawash Unceded First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

10. Line of credit

The First Nation has a line of credit with TD Commercial Banking with an authorized limit of \$300,000 (2019 - \$300,000) at prime plus 0.5%. At March 31, 2020, there was \$Nil (2019 - \$Nil) outstanding on this line of credit.

The Cape Croker Park has a separate line of credit with TD Commercial Banking with an authorized limit of \$50,000 (2019 - \$50,000) at prime plus 0.5%. At March 31, 2020, there was \$Nil (2019 - \$Nil) outstanding on this line of credit.

Both TD lines of credit are secured by a General Security Agreement on all property and an accompanying borrowing resolution and are subject to annual review.

The Cape Croker Park has a \$505,000 non-revolving demand credit facility with the Bank of Montreal at prime plus 0.45% and is unsecured. At March 31, 2020, this credit facility was not utilized (2019 - unutilized).

11. Accounts payable and accruals

	2020	2019
Trade payables	2,461,697	2,226,613
Tenant deposits	4,400	3,750
Accrued salaries and benefits payable	266,884	220,202
Government remittances payable	22,366	17,016
	2,755,347	2,467,581

12. Deferred revenue

The following table represents changes in the deferred revenue balance attributable to each major category of external restrictions:

	<i>Balance, beginning of year</i>	<i>Contributions received</i>	<i>Contributions recognized</i>	<i>Balance, end of year</i>
Aboriginal Labour Force Development Circle	182,146	151,487	129,271	204,362
Coldwater Narrows	1,227,322	541,495	588,035	1,180,782
Health Canada	850	1,448,646	1,448,646	850
Environment Canada	-	32,773	32,773	-
Indigenous Services Canada	6,373,052	9,658,378	10,241,364	5,790,066
Indigenous Relations and Reconciliation	19,576	262,560	262,629	19,507
Ministry of Children, Community and Social Services	362,338	2,139,067	1,988,268	513,137
Ministry of Education	102,754	1,225,256	1,225,601	102,409
Ministry of Health	92,585	456,239	451,867	96,957
Ministry of Natural Resources and Forestry	179,976	135,135	215,135	99,976
Miscellaneous	1,464,880	1,870,723	1,571,891	1,763,712
Ontario First Nation Limited Partnership funds	411,694	1,417,086	1,447,571	381,209
Saugeen Ojibway Nation projects	906,267	1,654,157	1,665,089	895,335
	11,323,440	20,993,002	21,268,140	11,048,302

Chippewas of Nawash Unceded First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

13. Long-term debt

	2020	2019
CMHC mortgage, phase 1 rental housing to be repaid over 25 years with interest at 2.06% (2019 - 1.82%), and monthly blended payments of \$5,337 (2019 - \$5,278), a renewal date of January 1, 2025, due 2029.	547,921	600,674
CMHC mortgage, phase 2 rental housing to be repaid over 25 years with interest at 0.94% and monthly blended payments of \$2,601, a renewal date of September 1, 2020, due 2035.	445,662	472,553
CMHC mortgage, phase 3 rental housing to be repaid over 25 years with interest at 1.44% and blended monthly payments of \$2,990, a renewal date of February 1, 2022, due 2037.	538,536	566,448
CMHC mortgage, phase 4 rental housing to be repaid over 15 years with interest at 2.21% and blended monthly payments of \$4,648, a renewal date of February 1, 2024, due 2034	655,590	696,144
TD Loan, to be repaid over 5 years with interest at 2.92% and blended monthly payments of \$3,962, due 2024.	210,700	-
Tranche A Loan, interest at 3.825%, payable in blended quarterly payments of \$393,540, due 2039.	21,750,358	22,475,154
Tranche B Loan, interest at 3.152%, payable in blended quarterly payments of \$266,770, due 2029.	8,926,545	9,696,802
Indian Agricultural Program of Ontario (IAPO), to be repaid over 54 months with interest at 6% and blended monthly payments of \$3,000, due February 2024.	124,879	50,000
	33,200,191	34,557,775
Less: current portion	2,188,189	2,241,315
	31,012,002	32,316,460

Principal repayments on long-term debt in each of the next five years, assuming all long-term debt subject to contractual terms of repayment, are estimated as follows:

2021	2,188,189
2022	2,284,000
2023	1,837,082
2024	1,895,563
2025	2,186,884
Thereafter	22,808,473

Interest on long-term debt amounted to \$1,185,177 (2019 - \$1,215,124).

CMHC mortgages payable are secured by various properties and guarantees by ISC.

IAPO loan payable is secured by a general security agreement.

TD Loan is secured by vehicles having a net book value of \$204,320.

Chippewas of Nawash Unceded First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

13. Long-term debt *(Continued from previous page)*

The First Nation liability under the Tranche A and B loans is limited to its beneficial interest in the B2M Limited Partnership which is held by the Saugeen Ojibway Nation Finance Corporation on behalf of the First Nation. The sole recourse of the lender in the event of default under the loan is limited to the B2M Limited Partnership interest and the property related thereto that has been pledged by the Saugeen Ojibway Nation Finance Corporation as security for the loan and the First Nation has no other payment obligations under this loan.

14. Contingencies and claims

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

In addition, 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 expenditure recorded on the First Nation's consolidated financial statements.

The First Nation, along with the Chippewas of Saugeen, has sought legal representation to pursue a claim against Her Majesty with respect to the Indian Aboriginal Rights to 1.5 million acres of land, allegedly improperly surrendered in 1836 and to pursue claims against Her Majesty arising from the potentially improper administration and sale of lands surrendered in 1854 on the Bruce Peninsula, and of funds from the sale.

15. Tangible capital assets

The tangible capital assets reconciliation is included in Schedule 1.

16. Accumulated surplus

Accumulated surplus consists of the following:

	2020	2019
Unrestricted funds	582,919	1,483,937
Equity in housing loans	1,266,239	1,423,583
Equity in Saugeen Ojibway Nation Finance Corporation (Note 23)	7,653,943	7,071,461
Equity in tangible capital assets	27,178,322	22,233,696
Funds held in trust (Note 7)	578,956	561,577
Hope Bay Settlement funds	7,327,963	7,185,447
Operating/replacement reserves CMHC projects	171,781	140,854
Saugeen Ojibway Nation Finance Corporation reserve	4,094,984	3,845,511
Ontario Power Generation ("OPG") reserve	3,004,659	3,034,570
	51,859,766	46,980,636

Chippewas of Nawash Unceded First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

17. Replacement reserve

Under agreements with Canada Mortgage and Housing Corporation ("CMHC") the First Nation established the following:

- A replacement reserve, established by an annual allocation of \$26,064 (2019 - \$22,522), to ensure replacement of buildings financed by CMHC. As at March 31, 2020, \$171,781 (2019 - \$140,854) was required to be set aside to fund this reserve. The actual amount set aside as at March 31, 2020 was \$168,636 (2019 - \$139,822).
- A subsidy surplus reserve was established by retaining excess federal assistance payments received, plus interest. Reserve funds may be used to meet future subsidy requirements of income test occupants, over and above the maximum federal assistance. At March 31, 2020, \$Nil (2019 - \$Nil) was required to fund this reserve. The actual amount set aside as at March 31, 2020 was \$10,176 (2019 - \$9,997).

In accordance with terms of the agreements, CMHC reserve monies must be held or invested only in accounts or instruments guaranteed by the Canada Deposit Insurance Corporation, or as otherwise approved by CMHC. Reserve withdrawals are credited first to interest and then to principal.

18. Government transfers

During the year, the First Nation recognized the following government transfers:

	<i>Operating transfers</i>	<i>Change in deferrals</i>	<i>2020</i>	<i>2019</i>
Indigenous Services Canada	9,658,378	582,986	9,880,406	10,676,651
Health Canada	1,448,646	-	1,458,646	1,186,224
Canada Mortgage and Housing Corporation	175,545	-	175,545	147,775
Environment Canada	32,773	-	32,773	25,000
Provincial government transfers	4,574,540	(74,757)	4,877,823	4,359,130
	15,889,882	508,229	16,425,193	16,394,780

19. Defined contribution pension plan

The First Nation provides a defined contribution plan for eligible members of its staff. Members are required to contribute minimum of 4% of their salary up to a maximum of 11% of their basic salary. The First Nation contributes a matching contribution of up to 7% which are directed to the member's contribution account. 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. During the year, the First Nation contributed \$134,328 (2019 - \$138,339) for retirement benefits. The First Nation does not have any other obligations with regards to the pension plan as at March 31, 2020.

20. Ontario First Nations Limited Partnership

Commencing with the 2012 fiscal year and in each fiscal year thereafter during the initial and renewal terms of the agreement between the Province of Ontario and Ontario First Nations Limited Partnership ("OFNLP"), the Province of Ontario shall pay to OFNLP twelve monthly payments equal to one-twelfth of 1.7% of the aggregate provincial gross gaming revenues. OFNLP then distributes to the First Nation its share of these revenues according to a formula used for that purpose. The use of these funds, according to agreements, is restricted to community development, health, education, cultural development and economic development.

The First Nation holds one unit in the Ontario First Nations Limited Partnership and a share in a related company Ontario First Nations General Partner Inc. – the carrying values of which are nominal and are therefore not recorded in these consolidated financial statements.

Chippewas of Nawash Unceded First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

21. Budget information

The disclosed budget information has been approved by the Chief and Council of the Chippewas of Nawash Unceded First Nation at the meeting held on March 6, 2019.

22. Economic dependence

Chippewas of Nawash Unceded First Nation receives a significant portion of its revenues from ISC as a result of Treaties entered into with the Government of Canada. These Treaties are administered by ISC under the terms and conditions of the Indian Act. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these Treaties.

23. Saugeen Ojibway Nation Finance Corporation

The Chippewas of Nawash Unceded First Nation holds an investment of 50 common shares of SONFC, which represents a 50% ownership interest. As required by the nominee agreement, the proportion of SONFC's operations owned by the First Nation is required to be consolidated in these financial statements. SONFC has an audited December 31st year end, with a quarterly review done each quarter.

	March 31 2020	March 31 2019
Cash	1,777,967	2,673,397
Accounts receivable	750,000	750,000
Prepaid expenditures	56,443	19,975
Portfolio investment	36,000,000	36,000,000
Accounts payable and accrued charges	(253,564)	(199,918)
Long term debt	(30,676,903)	(32,171,993)
Accumulated surplus	7,653,943	7,071,461
Total revenues	(3,322,664)	(4,297,616)
Total expenditures	1,248,448	1,312,185
Surplus before community distribution	(2,074,216)	(2,985,431)
Community distribution	1,491,734	978,679
Surplus for the year	(582,482)	(2,006,752)

Chippewas of Nawash Unceded First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

24. Financial Instruments

Financial instruments consist of recorded amounts of accounts receivable and other like amounts that will result in future cash receipts, as well as accounts payable and accrued liabilities, borrowings and other amounts that will result in future cash outlays.

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

(i) 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.

The interest rate risk reflects the sensitivity of the First Nation's consolidated annual surplus that arise from fluctuations in interest rates and the degree of volatility in these rates. The First Nation does not use derivative financial instruments to reduce its exposure to interest rate risk.

The First Nation is exposed to interest rate risk through its bank indebtedness which is subject to variable rates of interest. During the year, the First Nation's exposure to interest rate risk decreased as its long-term debt balance decreased. The First Nation's exposure to interest rate risk is partially mitigated as its long-term debt is at fixed interest rates.

(ii) Credit risk

Credit risk is the risk of financial loss because a counter party to a financial instrument fails to discharge its contractual obligations.

The First Nation is exposed to credit risk through its housing loans receivable. The carrying amount of the Nation's housing loans receivable best represents the maximum exposure to credit risk.

25. Significant event

During the year there was an outbreak of COVID-19 (Coronavirus), which has had a significant impact on organizations through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine measures.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the First Nation as this will depend on future developments that are highly uncertain and cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, the duration of the outbreak, the nature and duration of travel restrictions, business closures or disruptions and quarantine measures that are currently, or may be put, into place by Canada and other countries to fight the spread of the virus.

26. Subsequent event

Subsequent to year end, the First Nation purchased property that included land and a building. The property will be owned by Nawash Investments LP and will be leased to the Saugeen Ojibway Nation Environment Office.

Chippewas of Nawash Unceded First Nation
Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

27. Segment disclosure and expenditures by object

	General/Band Support \$	Health \$	Education \$	Social Assistance \$	2020 Consolidated Total \$
REVENUES:					
Indigenous Services Canada	4,707,001	40,700	4,795,805	114,872	9,658,378
Parks Canada	7,773	-	-	-	7,773
Health Canada	-	1,448,646	-	-	1,448,646
Environment Canada	32,773	-	-	-	32,773
Canada Mortgage and Housing Corporation	175,545	-	-	-	175,545
Province of Ontario	2,510,605	1,009,678	-	1,054,257	4,574,540
Band and other revenues	10,373,374	219,734	220,747	13,325	10,827,180
Add: Previous year deferred revenue	9,391,433	509,939	1,085,498	336,570	11,323,440
Less: current year deferred revenue	(7,608,017)	(783,737)	(2,213,844)	(442,704)	(11,048,302)
Repayment of funding	(6,490)	(22,081)	(13,307)	-	(41,878)
	19,583,997	2,422,879	3,874,899	1,076,320	26,958,095
EXPENDITURES:					
Administration fee recovery	(364,544)	-	-	-	(364,544)
Salaries and benefits	4,035,392	867,527	1,148,146	198,929	6,249,994
Materials, supplies, subcontracts	2,348,877	663,047	113,232	18,473	3,143,629
Professional fees	2,744,011	26,928	6,829	2,920	2,780,688
Interest on long-term debt	1,185,177	-	-	-	1,185,177
Provincial school tuition	-	-	406,705	-	406,705
Post-secondary support	-	-	1,259,802	-	1,259,802
Assistance payments	-	-	-	571,993	571,993
Other	5,262,817	510,574	907,492	212,945	6,893,828
	15,211,730	2,068,076	3,842,205	1,005,260	22,127,271
Surplus	4,372,267	354,803	32,694	71,060	4,830,824
	General/Band Support \$	Health \$	Education \$	Social Assistance \$	2019 Consolidated Total \$
REVENUES:					
Indigenous Services Canada	12,208,483	45,000	3,530,880	111,432	15,895,795
Health Canada	-	1,176,737	-	-	1,176,737
Environment Canada	25,000	-	-	-	25,000
Canada Mortgage and Housing Corporation	147,775	-	-	-	147,775
Province of Ontario	2,766,107	698,100	-	959,374	4,423,581
Band and other revenues	13,789,073	338,994	521,538	140,777	14,790,382
Add: Previous year deferred revenue	3,973,652	429,614	564,901	275,117	5,243,284
Less: current year deferred revenue	(9,391,433)	(509,939)	(1,085,498)	(336,570)	(11,323,440)
Repayment of funding	-	(9,487)	(8,105)	(11,370)	(28,962)
	23,518,657	2,169,019	3,523,716	1,138,760	30,350,152
EXPENDITURES:					
Administration fee recovery	(334,544)	-	-	-	(334,544)
Salaries and benefits	3,823,238	879,474	1,002,729	225,562	5,931,003
Materials, supplies, subcontracts	3,510,419	201,002	82,370	12,845	3,806,636
Professional fees	1,402,330	9,019	9,872	3,540	1,424,761
Interest on long-term debt	1,215,124	-	-	-	1,215,124
Provincial school tuition	-	-	422,495	-	422,495
Post-secondary support	-	-	1,211,444	-	1,211,444
Assistance payments	-	-	-	543,503	543,503
Employment support and training	-	-	-	74,767	74,767
Other	4,676,902	396,883	717,373	188,163	5,979,320
	14,293,469	1,486,378	3,446,282	1,048,380	20,274,509
Surplus	9,225,188	682,641	77,434	90,380	10,075,643

Chippewas of Nawash Unceded First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets

For the year ended March 31, 2020

	<i>Buildings and improvements</i>	<i>Machinery and equipment</i>	<i>Vehicles</i>	<i>Infrastructure</i>	<i>Software</i>	<i>2020</i>	<i>2019</i>
Cost							
Balance, beginning of year	18,313,430	2,147,040	2,153,383	8,621,585	316,847	31,552,285	24,935,379
Acquisition of tangible capital assets	543,115	203,619	480,057	5,205,785	-	6,432,576	6,616,906
Balance, end of year	18,856,545	2,350,659	2,633,440	13,827,370	316,847	37,984,861	31,552,285
Accumulated amortization							
Balance, beginning of year	3,323,743	1,134,559	1,208,911	1,169,052	96,505	6,932,770	5,874,259
Annual amortization	417,792	150,272	190,257	583,940	8,220	1,350,481	1,058,511
Balance, end of year	3,741,535	1,284,831	1,399,168	1,752,992	104,725	8,283,251	6,932,770
Net book value of tangible capital assets	15,115,010	1,065,828	1,234,272	12,074,378	212,122	29,701,610	24,619,515
2019 Net book value of tangible capital assets	14,989,687	1,012,481	944,472	7,452,533	220,342	24,619,515	