

**Chippewas of Nawash Unceded
First Nation
Consolidated Financial Statements**
March 31, 2021

Chippewas of Nawash Unceded First Nation

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For the year ended March 31, 2021

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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.

June 8, 2023



Band Administrator

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

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, 2021, 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, 2021, and the results of its consolidated operations, changes in its net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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

June 8, 2023

MNP LLP

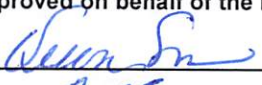
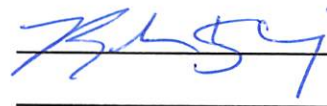


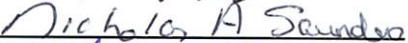
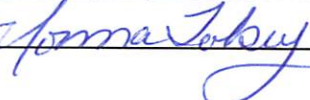
Chartered Professional Accountants

Licensed Public Accountants

Chippewas of Nawash Unceded First Nation

Consolidated Statement of Financial Position

As at March 31, 2021

	2021	2020	
Financial assets			
Cash and cash equivalents (Note 3)	27,701,032	26,149,358	
Restricted cash (Note 4)	1,563,189	1,536,410	
Accounts receivable (Note 5)	2,212,364	846,119	
Housing loans receivable (Note 6)	1,167,578	1,266,239	
Other accounts receivable	3,068,446	2,747,540	
Funds held in trust (Note 7)	592,576	578,956	
Portfolio investments (Note 8)	36,000,000	36,000,000	
Due from related party	-	108,184	
Total of financial assets	72,305,185	69,232,806	
Liabilities			
Accounts payable and accruals (Note 10)	2,781,704	2,755,347	
Deferred revenue (Note 11)	15,076,483	11,048,302	
Payable to funding agency	222,205	223,699	
Long-term debt (Note 12)	32,722,535	33,200,191	
Total of liabilities	50,802,927	47,227,539	
Net financial assets	21,502,258	22,005,267	
Contingencies and claims (Note 13)			
Non-financial assets			
Tangible capital assets (Note 14) (Schedule 1)	32,507,327	29,701,610	
Prepaid expenditures	314,705	152,889	
Total non-financial assets	32,822,032	29,854,499	
Accumulated surplus (Note 15)	54,324,290	51,859,766	
Approved on behalf of the First Nation			
	Chief		Councillor
	Councillor		Councillor
	Councillor		Councillor
	Councillor		Councillor
	Councillor		Councillor

Chippewas of Nawash Unceded First Nation

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2021

	2021 Budget (Note 20)	2021	2020
Revenues			
Federal government			
Indigenous Services Canada	6,128,180	10,783,318	9,658,378
Health Canada	904,581	1,280,733	1,448,646
Canadian Mortgage and Housing Corporation	-	188,171	175,545
Environment Canada	-	144,848	32,773
Provincial government	3,686,678	5,067,446	4,574,540
Ontario First Nations Limited Partnership funds	1,937,031	1,372,151	1,417,086
Saugeen Ojibway Nation projects	-	529,815	1,654,157
Other	5,472,841	5,681,963	4,441,046
Saugeen Ojibway Nation Finance Corporation investment income	-	3,331,054	3,322,664
Deferred revenue - prior year (Note 11)	11,048,302	11,048,302	11,323,440
Deferred revenue - current year (Note 11)	-	(15,076,483)	(11,048,302)
Repayment of funding	-	(15,556)	(41,878)
	29,177,613	24,335,762	26,958,095
Expenditures (Note 26)			
Administration fee recovery	-	(271,927)	(364,544)
Amortization	-	1,514,149	1,350,481
Band government	4,880,345	4,421,470	2,781,905
Community services	2,713,712	2,289,283	1,966,466
Economic development	761,827	1,028,603	1,131,757
Education	5,293,700	4,265,618	3,838,838
Employment programs	-	11,266	101,858
Health	2,388,694	2,282,446	2,349,893
Housing	343,520	240,926	280,495
Land claims	-	1,075,536	2,163,465
Public works	3,377,172	1,543,215	2,087,858
Saugeen Ojibway Nation Finance Corporation expenditures	-	1,383,556	1,248,448
Saugeen Ojibway Nation projects	-	856,096	2,114,563
Social services	-	1,271,400	1,075,788
	19,758,970	21,911,637	22,127,271
Annual surplus before other items	9,418,643	2,424,125	4,830,824
Other income			
Change in Canadian Mortgage and Housing Corporation reserves	-	26,779	30,927
Change in trust accounts	-	13,620	17,379
	-	40,399	48,306
Annual surplus	9,418,643	2,464,524	4,879,130
Accumulated surplus, beginning of year	51,859,766	51,859,766	46,980,636
Accumulated surplus, end of year	61,278,409	54,324,290	51,859,766

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, 2021

	2021 Budget (Note 20)	2021	2020
Annual surplus	9,418,643	2,464,524	4,879,130
Acquisition of tangible capital assets	-	(4,319,866)	(6,432,576)
Amortization of tangible capital assets	-	1,514,149	1,350,481
Change in prepaid expenditures	-	(161,816)	(36,468)
Decrease in net financial assets	9,418,643	(503,009)	(239,433)
Net financial assets, beginning of year	22,055,267	22,005,267	22,244,700
Net financial assets, end of year	31,473,910	21,502,258	22,005,267

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, 2021

	2021	2020
Cash provided by (used for) the following activities		
Operating activities		
Annual surplus	2,464,524	4,879,130
Non-cash items		
Amortization	1,514,149	1,350,481
Increase in allowance for doubtful loans	(9,700)	5,900
Discounts on housing loans	11,844	12,926
	3,980,817	6,248,437
Changes in working capital accounts		
Accounts receivable	(1,366,245)	5,373,634
Other accounts receivable	(320,906)	(669,078)
Accounts payable and accruals	26,357	287,766
Deferred revenue	4,028,181	(275,138)
Payable to funding agency	(1,494)	30,155
Prepaid expenditures	(161,816)	(36,468)
	6,184,894	10,959,308
Financing activities		
Advances of long-term debt	1,470,372	374,903
Repayments of long-term debt	(1,948,028)	(1,732,487)
	(477,656)	(1,357,584)
Capital activities		
Acquisition of tangible capital assets	(4,319,866)	(6,432,576)
Investing activities		
Net change in restricted cash	(26,779)	(29,002)
Change in funds held in trust	(13,620)	(17,379)
Advances of housing and emergency loans	(48,582)	(10,250)
Repayment of housing and emergency loans	144,299	149,668
Rent to own loans	800	(900)
Due from related party	108,184	(108,184)
	164,302	(16,047)
Increase in cash and cash equivalents	1,551,674	3,153,101
Cash and cash equivalents, beginning of year	26,149,358	22,996,257
Cash and cash equivalents, end of year	27,701,032	26,149,358
Supplementary cash flow information		
Interest paid	1,131,861	1,185,117

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, 2021

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, 2021

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	10 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, 2021

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, 2021

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, 2021

3. Cash and cash equivalents

	2021	2020
Cash	17,143,817	15,660,089
Short term investments	10,557,215	10,489,269
	27,701,032	26,149,358

The short term investments comprise various government investment certificates with interest rates ranging from 0.49% to 0.50% (2020 - 0.75% to 1.85%) and maturity dates of April 6, 2021 to July 13, 2021 (2020 - April 3, 2020 to May 15, 2020).

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.

	2021	2020
Restricted cash - Senior's Apartment Complex Reserve	205,591	178,812
Restricted cash - Saugeen Ojibway Nation Finance Corporation	1,357,598	1,357,598
	1,563,189	1,536,410

5. Accounts receivable

	2021	2020
Aboriginal Labour Force Development Circle	109,748	73,165
Canadian Mortgage and Housing Corporation	14,728	14,673
Coldwater Narrows	822,424	352,986
Environment Canada	25,180	4,800
Huron Area Aboriginal Management Board	18,561	8,083
Indigenous Services Canada	308,258	392,312
Ontario First Nations Limited Partnership ("OFNLP") funds	913,365	-
Ministry of Health	100	100
	2,212,364	846,119

Chippewas of Nawash Unceded First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2021

6. Housing loans receivable

Loans receivable consist of the following:

	<i>Principal</i>	<i>Allowance</i>	<i>2021 Net recoverable value</i>	<i>2020 Net recoverable value</i>
Housing loans	2,305,478	(1,137,900)	1,167,578	1,266,239

During the year the First Nation advanced \$48,582 (2020 - \$11,150) 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 \$22,723 (2020 - \$20,664).

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:

	<i>2021</i>	<i>2020</i>
Capital Trust		
Balance, beginning and end of year	181,336	181,336
Revenue Trust		
Balance, beginning of year	397,620	380,241
Interest	7,284	11,046
Allocations	6,336	6,333
Balance, end of year	411,240	397,620
	592,576	578,956

8. Portfolio investments

	<i>2021</i>	<i>2020</i>
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.

Chippewas of Nawash Unceded First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2021

9. Operating facility

Banking Covenants and Reporting Requirements:

The First Nation signed a new credit facility agreement with the Bank of Montreal dated April 1, 2020, which replaces all previously signed credit facility agreements. The agreement with the Bank of Montreal requires the First Nation to comply with certain banking covenants and reporting requirements, which if violated could impact the terms of the agreement.

The banking covenants include monthly updates on loans and mortgages issued under the Housing Renovation Program Guarantee and annual consolidated audited financial statements including all supporting schedules due within 150 days of the fiscal year-end of the First Nation. At year-end, the First Nation was not in compliance with the 150 day requirement. The covenant violation was disclosed to the Bank of Montreal subsequent to year end and an amendment is in-progress to waive the covenant violation.

Banking Agreement Facilities:

The agreement with the Bank of Montreal provides a series of credit facilities with a total facility of \$2,505,000 (2020 - \$1,755,000) to support different initiatives of the First Nation.

The credit facilities available to the First Nation are in the amount of \$1,255,000 (2020 - \$505,000). The first credit facility option available is unsecured non-revolving demand loans carrying interest at prime plus 0.45% with amortization periods ranging from 72 months to 120 months and are due on demand. The second credit facility option available is secured by Band Council Resolution fixed rate term loans carrying interest at prime plus 3.00% with amortization periods of 60 months and require monthly payments. At March 31, 2021, these credit facilities were utilized in the amount of \$950,000 (2020 - \$Nil). Refer to Note 12 for details.

10. Accounts payable and accruals

	2021	2020
Trade payables	2,405,783	2,461,697
Tenant deposits	4,725	4,400
Accrued salaries and benefits payable	339,441	266,884
Government remittances payable	31,755	22,366
	2,781,704	2,755,347

Chippewas of Nawash Unceded First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2021

11. 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	204,362	146,330	114,086	236,606
Coldwater Narrows	1,180,782	1,614,503	463,739	2,331,546
Health Canada	850	1,280,733	1,280,733	850
Environment Canada	-	25,000	25,000	-
Indigenous Services Canada	5,790,066	10,783,318	9,122,720	7,450,664
Indigenous Relations and Reconciliation	19,507	385,222	404,729	-
Ministry of Children, Community and Social Services	513,137	2,220,033	2,130,871	602,299
Ministry of Education	102,409	1,157,039	1,094,309	165,139
Ministry of Health	96,957	714,151	694,724	116,384
Ministry of Natural Resources and Forestry	99,976	134,000	138,620	95,356
Ministry of Transportation	-	211,560	211,560	-
Miscellaneous	1,763,712	2,701,820	1,940,094	2,525,438
Ontario First Nation Limited Partnership funds	381,209	1,372,151	1,400,156	353,204
Saugeen Ojibway Nation projects	895,335	529,815	226,153	1,198,997
	11,048,302	23,275,675	19,247,494	15,076,483

12. Long-term debt

	2021	2020
CMHC mortgage, phase 1 rental housing to be repaid over 25 years with interest at 2.06% (2020 - 2.06%), and monthly blended payments of \$5,337 (2020 - \$5,337), a renewal date of January 1, 2025, due 2029, secured by various properties and guarantees from ISC	494,600	547,921
CMHC mortgage, phase 2 rental housing to be repaid over 25 years with interest at 0.70% (2020 - 0.94%) and monthly blended payments of \$2,556 (2020 - \$2,601), a renewal date of September 1, 2025, due 2035, secured by various properties and guarantees from ISC	418,266	445,662
CMHC mortgage, phase 3 rental housing to be repaid over 25 years with interest at 1.44% (2020 - 1.44%) and blended monthly payments of \$2,990 (2020 - \$2,990), a renewal date of February 1, 2022, due 2037, secured by various properties and guarantees from ISC	510,189	538,536
CMHC mortgage, phase 4 rental housing to be repaid over 15 years with interest at 2.21% (2020 - 2.21%) and blended monthly payments of \$4,648 (2020 - \$4,648), a renewal date of February 1, 2024, due 2034, secured by various properties and guarantees from ISC	614,068	655,590
Tranche A Loan, interest at 3.825%, payable in blended quarterly payments of \$393,540, due 2039.	20,997,437	21,750,358
Tranche B Loan, interest at 3.152%, payable in blended quarterly payments of \$266,770, due 2029.	8,131,517	8,926,545
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, secured by a general security agreement	95,476	124,879

Chippewas of Nawash Unceded First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2021

12. Long-term debt (Continued from previous page)

TD Loan, to be repaid over 5 years with interest at 2.92% and blended monthly payments of \$3,962, due December 2024, secured by vehicles having a net book value of \$181,617 (2020 - \$204,320)	169,726	210,700
TD Loan, to be repaid over 5 years with interest at 2.92% and blended monthly payments of \$3,421, due May 2025, secured by equipment with a net book value of \$144,000 (2021 - \$Nil).	161,256	-
Bank of Montreal demand loan non-revolving, to be repaid over 6 years with interest at prime rate plus 0.45% and blended monthly payments of \$8,333, due March 2026, secured by property with a net book value of \$1,262,923 (2021 - \$Nil).	500,000	-
Bank of Montreal demand loan non-revolving, to be repaid over 10 years with interest at prime rate plus 0.45% and blended monthly payments of \$4,167, due March 2030, secured by property with a net book value of \$1,262,923 (2021 - \$Nil).	450,000	-
Tecumseh Community Development Corporation loans, no payments or interest, matures December 2025. The loans are eligible for \$50,000 loan forgiveness, if 50% has been fully repaid on or before December 31, 2023. These loans can be converted to a 2 year term loan after December 31, 2023 and interest will be charged at 5% per annum, due December 2025, secured by a personal guarantee.	100,000	-
Tecumseh Community Development Corporation loans, no payments or interest, matures December 2025. The loans are eligible for \$20,000 loan forgiveness, if 75% has been fully repaid on or before December 31, 2023. These loans can be converted to a 2 year term loan after December 31, 2023 and interest will be charged at 5% per annum, due December 2025, secured by a personal guarantee.	80,000	-
	32,722,535	33,200,191
Less: current portion	3,298,664	2,188,189
	29,423,871	31,012,002

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:

2022	3,298,664
2023	2,081,544
2024	1,962,931
2025	2,255,519
2026	2,201,449
Thereafter	20,922,430

Interest on long-term debt amounted to \$1,131,861 (2020 - \$1,185,177).

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.

Chippewas of Nawash Unceded First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2021

13. 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.

14. Tangible capital assets

The tangible capital assets reconciliation is included in Schedule 1.

15. Accumulated surplus

Accumulated surplus consists of the following:

	2021	2020
Accumulated surplus (deficit)	(771,785)	472,091
Equity in housing loans	1,167,578	1,266,239
Equity in Saugeen Ojibway Nation Finance Corporation (Note 22)	9,023,339	7,653,943
Equity in tangible capital assets	29,093,746	27,178,322
Funds held in trust (Note 7)	592,576	578,956
Hope Bay Settlement funds	7,370,236	7,327,963
Operating/replacement reserves CMHC projects	198,617	171,781
Saugeen Ojibway Nation Finance Corporation reserve	4,516,956	4,094,984
Ontario Power Generation ("OPG") reserve	3,133,027	3,115,487
	54,324,290	51,859,766

16. 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 \$26,060 (2020 - \$26,064), to ensure replacement of buildings financed by CMHC. As at March 31, 2021, \$198,617 (2020 - \$171,781) was required to be set aside to fund this reserve. The actual amount set aside as at March 31, 2021 was \$195,379 (2020 - \$168,636).
- 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, 2021, \$Nil (2020 - \$Nil) was required to fund this reserve. The actual amount set aside as at March 31, 2021 was \$10,213 (2020 - \$10,176).

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.

Chippewas of Nawash Unceded First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2021

17. Government transfers

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

	Operating transfers	Change in deferrals	2020	2019
Indigenous Services Canada	10,783,318	(1,660,598)	9,122,720	9,880,406
Health Canada	1,280,733	-	1,280,733	1,458,646
Canada Mortgage and Housing Corporation	188,171	-	188,171	175,545
Environment Canada	25,000	-	25,000	32,773
Province of Ontario	5,067,446	147,192	5,214,638	4,877,823
	17,344,668	(1,513,406)	15,831,262	16,425,193

18. 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 \$110,235 (2020 - \$134,328) for retirement benefits. The First Nation does not have any other obligations with regards to the pension plan as at March 31, 2021.

19. 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.

20. 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 July 2, 2021.

21. 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.

Chippewas of Nawash Unceded First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2021

22. 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 2021	March 31 2020
Cash	1,833,198	1,777,967
Accounts receivable	750,000	750,000
Other accounts receivable	15,247	-
Prepaid expenditures	218,259	56,443
Portfolio investment	36,000,000	36,000,000
Accounts payable and accrued charges	(664,411)	(253,564)
Long term debt	(29,128,954)	(30,676,903)
Accumulated surplus	9,023,339	7,653,943
Total revenues	(3,347,654)	(3,322,664)
Total expenditures	1,383,556	1,248,448
Surplus before community distribution	(1,964,098)	(2,074,216)
Community distribution	473,594	1,491,734
Surplus for the year	(1,490,504)	(582,482)

23. 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 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 and long-term debt which is subject to fixed and variable rates of interest. During the year, the First Nation's exposure to interest rate risk increased as its long-term debt balance increased. The First Nation's exposure to interest rate risk is partially mitigated as a large portion of its long-term debt is at fixed interest rates. The remaining portion is impacted by changes to prime rates which are subject to fluctuations. Subsequent to year end, the bank prime rate increased.

Chippewas of Nawash Unceded First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2021

23. Financial Instruments *(Continued from previous page)*

(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.

24. 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.

25. Comparative figures

Certain comparative figures have been reclassified to conform with current year's presentation.

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

For the year ended March 31, 2021

26. Segment disclosure and expenditures by object

	General/Band Support	Health	Education	Social Assistance	2021 Consolidated Total
	\$	\$	\$	\$	\$
REVENUES:					
Indigenous Services Canada	4,926,089	516,192	5,059,103	281,934	10,783,318
Parks Canada	119,848	-	-	-	119,848
Health Canada	93,297	1,187,436	-	-	1,280,733
Environment Canada	25,000	-	-	-	25,000
Canada Mortgage and Housing Corporation	188,171	-	-	-	188,171
Province of Ontario	3,269,601	803,654	-	994,191	5,067,446
Band and other revenues	10,392,741	323,659	171,359	27,224	10,914,983
Add: Previous year deferred revenue	7,608,017	783,737	2,213,844	442,704	11,048,302
Less: current year deferred revenue	(10,134,908)	(1,394,177)	(3,075,725)	(471,673)	(15,076,483)
Repayment of funding	-	(13,112)	-	(2,444)	(15,556)
	<u>16,487,856</u>	<u>2,207,389</u>	<u>4,368,581</u>	<u>1,271,936</u>	<u>24,335,762</u>
EXPENDITURES:					
Administration fee recovery	(271,927)	-	-	-	(271,927)
Salaries and benefits	4,244,713	830,108	1,213,275	222,939	6,511,035
Materials, supplies, subcontracts	3,614,352	720,635	123,309	29,721	4,488,017
Professional fees	1,379,827	15,676	10,094	10,000	1,415,597
Interest on long-term debt	1,131,861	-	-	-	1,131,861
Provincial school tuition	-	-	402,578	-	402,578
Post-secondary support	-	-	1,474,195	-	1,474,195
Assistance payments	-	-	-	587,173	587,173
Other	4,388,205	406,994	1,052,592	325,318	6,173,109
	<u>14,487,031</u>	<u>1,973,413</u>	<u>4,276,042</u>	<u>1,175,151</u>	<u>21,911,637</u>
Surplus	<u>2,000,825</u>	<u>233,976</u>	<u>92,539</u>	<u>96,785</u>	<u>2,424,125</u>
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)
	<u>19,583,997</u>	<u>2,422,879</u>	<u>3,874,899</u>	<u>1,076,320</u>	<u>26,958,095</u>
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
	<u>15,211,730</u>	<u>2,068,076</u>	<u>3,842,205</u>	<u>1,005,260</u>	<u>22,127,271</u>
Surplus	<u>4,372,267</u>	<u>354,803</u>	<u>32,694</u>	<u>71,060</u>	<u>4,830,824</u>

Chippewas of Nawash Unceded First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2021

	<i>Buildings and improvements</i>	<i>Machinery and equipment</i>	<i>Vehicles</i>	<i>Infrastructure</i>	<i>Software</i>	<i>2021</i>	<i>2020</i>
Cost							
Balance, beginning of year	19,958,345	2,276,461	2,705,055	12,895,389	75,419	37,910,669	31,478,087
Acquisition of tangible capital assets	1,573,262	264,405	96,710	2,385,499	-	4,319,866	6,432,576
Balance, end of year	21,531,597	2,540,866	2,801,765	15,280,888	75,419	42,230,535	37,910,663
Accumulated amortization							
Balance, beginning of year	3,755,306	1,210,631	1,390,320	1,791,090	61,712	8,209,059	6,858,572
Annual amortization	475,692	166,814	176,601	688,169	6,873	1,514,149	1,350,481
Balance, end of year	4,230,998	1,377,445	1,566,921	2,479,259	68,585	9,723,208	8,209,053
Net book value of tangible capital assets	17,300,599	1,163,421	1,234,844	12,801,629	6,834	32,507,327	29,701,610
2020 Net book value of tangible capital assets	16,203,035	1,065,828	1,314,735	11,104,305	13,707	29,701,610	