

Consolidated Financial Statements of

**CHIPPEWAS OF SAUGEEN  
FIRST NATION**

And Independent Auditor's Report thereon  
Year ended March 31, 2021

## **Management's Responsibility for the Consolidated Financial Statements**

The accompanying consolidated financial statements of Chippewas of Saugeen First Nation (the "First Nation") are the responsibility of the First Nation's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The First Nation's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by Management.

Council meets with Management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the First Nation. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the First Nation's consolidated financial statements.



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Band Administrator



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Senior Finance Officer



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## INDEPENDENT AUDITOR'S REPORT

To the Council and Members of Chippewas of Saugeen First Nation

### ***Opinion***

We have audited the consolidated financial statements of Chippewas of Saugeen First Nation (the Entity), which comprise:

- the consolidated statement of financial position as at March 31, 2021
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and the notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”)

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at March 31, 2021, and its consolidated results of 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 responsibility under those standards are further described in the “Auditors’ Responsibilities for the Audit of the Financial Statements” section of our auditors’ report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.



### ***Responsibility of Management and Those Charged with Governance for the Financial Statements***

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

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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 risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, internal 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 purposes of expressing an opinion on the effectiveness of the Entity's internal control.



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- 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 the events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

*KPMG LLP*

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

October 19, 2023

# CHIPPEWAS OF SAUGEEN FIRST NATION

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Year ended March 31, 2021

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## Consolidated Financial Statements

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# CHIPPEWAS OF SAUGEEN FIRST NATION

Exhibit A - Consolidated Statement of Financial Position

March 31, 2021, with comparative information for 2020

	2021	2020
<b>Financial assets</b>		
Cash (note 2)	\$ 4,547,021	\$ 2,061,406
Accounts receivable (note 4)	4,679,496	2,731,451
Inventory	172,351	119,693
Investments (note 3)	7,797,681	7,485,260
Portfolio investments (note 5)	37,089,367	36,750,000
Mortgages receivable (note 6)	2,358,341	2,492,107
Consolidated revenue fund (note 13)	9,982,361	9,864,692
	<u>66,626,618</u>	<u>61,504,609</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	7,168,635	6,033,486
Deferred revenue (note 7)	6,683,853	4,060,059
Long-term debt (note 8)	36,295,648	30,991,832
	<u>50,148,136</u>	<u>41,085,377</u>
Net financial assets	16,478,482	20,419,232
<b>Non-financial assets</b>		
Prepaid expenses	237,250	239,285
Tangible capital assets (note 9)	33,611,453	28,035,470
	<u>33,848,703</u>	<u>28,274,755</u>
Contingent liabilities (note 11)		
Accumulated surplus (note 12)	<u>\$ 50,327,185</u>	<u>\$ 48,693,987</u>

See accompanying notes to consolidated financial statements.

On behalf of the First Nation:



Chief



Chair of Finance and Audit Committee



Senior Finance Officer

# CHIPPEWAS OF SAUGEEN FIRST NATION

## Exhibit B - Consolidated Statement of Operations and Accumulated Surplus

Year ended March 31, 2021, with comparative information for 2020

	2021 Budget (note 14)	2021 Actual	2020 Actual
<b>Revenue:</b>			
Government transfers - Provincial	\$ 3,433,197	\$ 4,073,593	\$ 4,486,693
- Federal	9,111,899	9,446,569	8,356,370
Investment income	3,384,654	3,585,184	3,846,755
Rental income	189,700	237,963	240,361
Cottage lease income	3,800,000	3,860,517	3,836,818
Business operations - Gas Bar	2,667,336	2,369,131	3,583,466
- Driftwood Corporation	123,255	134,361	157,951
- Dufferin Wind Farm	103,676	103,676	128,676
Ontario First Nations Limited Partnership	1,130,000	1,089,222	1,128,604
Service fees	1,314,286	1,308,544	1,134,462
Other	2,275,470	2,850,157	1,904,439
<b>Total revenue</b>	<b>27,533,473</b>	<b>29,058,917</b>	<b>28,804,595</b>
<b>Expenses:</b>			
Revenue Fund	11,564,131	13,711,308	12,425,562
Education	3,991,064	3,662,465	3,820,541
Capital Housing	786,785	447,083	330,414
Social Services	653,161	1,424,896	1,546,152
Land and Lease Management	3,800,000	3,631,433	3,738,253
Saugeen Ojibway Nation	-	815,590	587,764
Driftwood Corporation	183,737	68,802	194,180
Gas Bar	1,604,500	2,302,683	3,501,646
Red Road Café & Grill Corporation	77,884	39,656	158,009
Saugeen Ojibway Nation Finance Corporation	1,383,556	1,321,803	1,248,448
<b>Total expenses</b>	<b>24,044,818</b>	<b>27,425,719</b>	<b>27,550,969</b>
<b>Excess of revenue over expenses</b>	<b>3,488,655</b>	<b>1,633,198</b>	<b>1,253,626</b>
<b>Accumulated surplus, beginning of year</b>	<b>48,693,987</b>	<b>48,693,987</b>	<b>47,440,361</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 52,182,642</b>	<b>\$ 50,327,185</b>	<b>\$ 48,693,987</b>

See accompanying notes to consolidated financial statements.



# CHIPPEWAS OF SAUGEEN FIRST NATION

## Exhibit C - Consolidated Statement of Changes in Net Financial Assets

Year ended March 31, 2021, with comparative information for 2020

	2021 Budget (note 14)	2021 Actual	2020 Actual
Excess of revenue over expenses	\$ 3,488,655	\$ 1,633,198	\$ 1,253,626
Acquisition of tangible capital assets	(1,210,580)	(6,967,551)	(5,109,133)
Amortization of tangible capital assets	1,233,262	1,324,813	1,233,262
Gain on disposal of tangible capital assets	-	66,755	-
	3,511,337	(3,942,785)	(2,622,245)
Acquisition of prepaid expenses	-	(237,250)	(239,285)
Use of prepaid expenses	-	239,285	99,643
Change in net financial assets	3,511,337	(3,940,750)	(2,761,887)
Net financial assets, beginning of year	20,419,232	20,419,232	23,181,119
Net financial assets, end of year	\$ 23,930,569	\$ 16,478,482	\$ 20,419,232

See accompanying notes to consolidated financial statements.

# CHIPPEWAS OF SAUGEEN FIRST NATION

## Exhibit D - Consolidated Statement of Cash Flows

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Operating transactions:		
Excess of revenue over expenses	\$ 1,633,198	\$ 1,253,626
Adjustment for:		
Amortization of tangible capital assets	1,324,813	1,233,262
Loss on disposal of tangible capital assets	66,755	-
	<u>3,024,766</u>	<u>2,486,888</u>
Change in non-cash working capital:		
Decrease (increase) in accounts receivable	(1,948,045)	1,415,505
Increase in inventory	(52,658)	(15,160)
(Decrease) increase in accounts payable and accrued liabilities	1,135,149	(244,887)
Increase in deferred revenue	2,623,794	156,270
Decrease (increase) in prepaid expenses	2,035	(139,642)
	<u>4,785,041</u>	<u>3,658,974</u>
Capital transactions:		
Cash used to acquire tangible capital assets	(6,967,551)	(5,109,133)
	<u>(6,967,551)</u>	<u>(5,109,133)</u>
Financing transactions:		
Issuance of long-term debt	7,000,000	-
Principal payments on long-term debt	(1,696,184)	(1,546,767)
Net change in mortgages receivable	133,766	(81,059)
	<u>5,437,582</u>	<u>(1,627,826)</u>
Investing transactions:		
Change on accrued interest on portfolio investments	(339,367)	-
Increase in consolidated revenue fund	(117,669)	(158,621)
Purchase of investments	(312,421)	(4,445,945)
	<u>(769,457)</u>	<u>(4,604,566)</u>
Net (decrease) increase in cash and short-term investments	2,485,615	(7,682,551)
Cash, beginning of year	2,061,406	9,743,957
Cash, end of year	<u>\$ 4,547,021</u>	<u>\$ 2,061,406</u>

See accompanying notes to consolidated financial statements.

# CHIPPEWAS OF SAUGEEN FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2021

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The Chippewas of Saugeen First Nation (the “First Nation”), located in Southampton Ontario, administers programs and provides services to First Nation members.

## 1. Significant accounting policies:

These consolidated financial statements of the First Nation are the representation of management and have been prepared in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. The following is a summary of the significant accounting policies followed in the preparation of these consolidated financial statements:

### (a) Reporting entity:

The First Nation reporting entity includes the First Nation government and all related entities which are accountable for the administration of their financial affairs and resources to the First Nation and are either owned or controlled by the First Nation

These financial statements consolidate the assets, liabilities and results of operations for the following programs and entities:

Chippewas of Saugeen Revenue Fund

Chippewas of Saugeen Education Fund

Chippewas of Saugeen Capital Housing Program

Chippewas of Saugeen Social Services

Chippewas of Saugeen Land Management

Saugeen Gas Bar

Saugeen Ojibway Nation programs administered by Saugeen First Nation

Saugeen Driftwood Corporation

The Red Road Café & Grill Corporation

A government partnership exists where the First Nation has shared control over the board or entity. The First Nation’s pro-rata share of the assets, liabilities, revenues and expenses are reflected in the consolidated financial statements using the proportionate consolidation method. The First Nation’s proportionate interest of the following government partnerships are reflected in the consolidated financial statements:

Saugeen Ojibway Nation Finance Corporation – 50%

All inter-fund balances have been eliminated on consolidation, but in order to present the results of operations for each specific fund, transactions amongst funds have not been eliminated.

# CHIPPEWAS OF SAUGEEN FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2021

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## 1. Significant accounting policies (continued):

### (b) Investments:

Investments are recorded at cost plus accrued interest which approximates market value. Temporary declines in the market value of the long-term investments are not adjusted.

### (c) Revenue recognition:

Revenues are reported on the accrual basis of accounting. Revenues are recognized as follows:

- (i) Revenue from land leases is recognized in accordance with the term of the lease agreements.
- (ii) Donations are recognized when collected.
- (iii) Other revenue including rental income and revenue generated from the sale of goods and the provision of services is recognized when performance of the service has been completed or transfer of title of the goods has taken place.
- (iv) Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when the transfer stipulations give rise to a liability. Transfer revenue is recognized on the consolidated statement of operations and accumulated surplus as the stipulation liabilities are settled.
- (v) Investment income is recognized in the period earned.

### (d) Inventory:

Inventory is stated at the lower of cost and net realizable value. Cost is determined on the first-in, first-out basis.

### (e) 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.

# CHIPPEWAS OF SAUGEEN FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2021

## 1. Significant accounting policies (continued):

### (f) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Land improvements	25 years
Buildings	25 years
Machinery and equipment	5 years
Vehicles	5 years
Roads	
Gravel	25 years
Pavement and sidewalks	20 years
Street light	30 years
Culverts	40 years
Water system	58 years
Broadband	50 years

Annual amortization is charged in the year after acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

### (g) Use of estimates:

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant items subject to such estimates and assumptions include the carrying amount of tangible capital assets and valuation allowances for receivables. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

### (h) Prior year funding adjustments:

The First Nation has entered into accountable contribution arrangements with several government funding agencies. All such programs are subject to audit by the various governments with audit adjustments repayable to the government.

Adjustments made under funding arrangements relating to prior years are charged to operations in the year during which the adjustments are made.

# CHIPPEWAS OF SAUGEEN FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2021

## 2. Restricted cash:

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. The balance of restricted cash included in cash is \$1,357,588 (2020 - \$ 1,357,598).

## 3. Investments:

The investments consist of term deposits that are recorded at cost and earn rates of return ranging from 1% to 2% per annum.

## 4. Accounts receivable:

	2021	2020
Trade receivables	\$ 1,527,079	\$ 1,103,447
Saugeen Ojibway Nation programs	503,799	219,350
Member loans	435,672	345,642
Harmonized Sales Tax	287,193	227,360
Indigenous Services Canada	819,431	549,576
Huronian and Area Aboriginal Board of Management	99,924	104,803
Aboriginal Labour Force Development Circle	97,529	79,366
Ontario First Nation LP	725,036	–
Other government agencies	463,254	361,749
	4,958,917	2,991,293
Less: allowance for doubtful accounts	(279,421)	(259,842)
	\$ 4,679,496	\$ 2,731,451

The First Nation provides loans to members, both employee and non-employee, for various purposes. The repayment and interest terms vary and are secured by Land Lease payments or payroll deductions.

# CHIPPEWAS OF SAUGEEN FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2021

## 5. Portfolio investment:

	2021	2020
Class A BLMP Interest	\$ 25,000,000	\$ 25,000,000
Class B BLMP Interest	11,000,000	11,000,000
Accrued Interest	1,089,367	750,000
	<u>\$ 37,089,367</u>	<u>\$ 36,750,000</u>

On December 17, 2014, the 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 a 35.19% interest of B2M Limited Partnership ("B2M"). Chippewas of Saugeen First Nation owns a 50% share in Saugeen Ojibway Nation Finance Corporation and therefore beneficially own 25,000,000 Class A units and 11,000,000 Class B units.

B2M owns and operations a high voltage electrical transmission tower line between Kincardine and Milton Ontario.

## 6. Mortgages receivable:

	2021	2020
Mortgages receivable	\$ 3,926,341	\$ 4,138,107
Allowance for uncollectible mortgages	(1,568,000)	(1,646,000)
	<u>\$ 2,358,341</u>	<u>\$ 2,492,107</u>

The First Nation provides mortgages to members for the purpose of home renovations and new home construction. The mortgages are non-interest bearing and require monthly principal repayments.

## 7. Deferred revenue:

	2021	2020
Revenue	\$ 3,995,732	\$ 2,141,624
Capital housing program	1,068,840	994,790
SON projects	1,418,587	873,081
Social services	133,804	47,097
Education	66,890	3,467
	<u>\$ 6,683,853</u>	<u>\$ 4,060,059</u>

# CHIPPEWAS OF SAUGEEN FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2021

## 8. Long-term debt:

	2021	2020
CIBC loan payable in monthly payments of \$29,167 plus interest at 1.542%, secured by certain investments and is due December 18, 2022	\$ 6,911,764	\$ –
Tecumseh mortgage payable in annual payments of \$10,000, increasing to \$40,000 by 2024 plus interest at prime plus 2%, secured by premises and land lease, due 2024	119,221	149,221
Tecumseh mortgage payable in annual in payments of \$10,000, increasing to \$25,000 by 2024 plus interest at prime plus 2%, secured by premises and land lease, due 2024	135,708	165,708
The Canada Life Insurance Company of Canada Tranche A Loan payable in quarterly payments of \$393,540 including interest at 3.824%, due November 2039	20,681,558	21,750,358
The Canada Life Insurance Company of Canada Tranche B Loan payable in quarterly payments of \$266,770 including interest at 3.152%, due November 2029	8,447,397	8,926,545
	<u>\$ 36,295,648</u>	<u>\$ 30,991,832</u>

The First Nation's 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.

Principal repayments are estimated as follows:

2022	\$ 8,630,868
2023	1,777,633
2024	1,838,471
2025	1,913,613
2026	1,974,200
Thereafter	20,160,863



# CHIPPEWAS OF SAUGEEN FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2021

## 9. Tangible capital assets:

Cost	Balance at March 31, 2020	Additions	Disposals	Balance at March 31, 2021
Land	\$ 604,168	\$ -	\$ (18,405)	\$ 585,763
Land improvements	2,573,950	15,720	-	2,589,670
Buildings	14,071,487	6,473,344	(36,865)	20,507,966
Machinery and equipment	6,102,158	419,879	(96,858)	6,425,179
Vehicles	2,397,760	58,608	(370,270)	2,086,098
Roads	2,602,840	-	-	2,602,840
Water system	18,131,963	-	-	18,131,963
Broadband	974,796	-	-	974,796
<b>Total</b>	<b>\$ 47,459,122</b>	<b>\$ 6,967,551</b>	<b>\$ (522,398)</b>	<b>\$ 53,904,275</b>

Accumulated Amortization	Balance at March 31, 2020	Disposals	Amortization	Balance at March 31, 2021
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	393,614	4,373	94,719	492,706
Buildings	6,338,211	(30,619)	498,740	6,806,332
Machinery and equipment	4,595,296	(81,648)	288,687	4,802,335
Vehicles	1,477,823	(347,749)	78,202	1,208,276
Roads	2,401,924	-	32,349	2,434,273
Water system	4,062,628	-	312,620	4,375,248
Broadband	154,156	-	19,496	173,652
<b>Total</b>	<b>\$ 19,423,652</b>	<b>\$ (455,643)</b>	<b>\$ 1,324,813</b>	<b>\$ 20,292,822</b>

	Net book value, March 31, 2020	Net book value, March 31, 2021
Land	\$ 604,168	\$ 585,763
Land improvements	2,180,336	2,096,964
Buildings	7,733,276	13,701,634
Machinery and equipment	1,506,862	1,622,844
Vehicles	919,937	877,822
Roads	200,916	168,567
Water system	14,069,335	13,756,715
Broadband	820,640	801,144
<b>Total</b>	<b>\$ 28,035,470</b>	<b>\$ 33,611,453</b>

# CHIPPEWAS OF SAUGEEN FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2021

## 9. Tangible capital assets (continued):

Cost	Balance at March 31, 2019	Additions	Disposals	Balance at March 31, 2020
Land	\$ 604,168	\$ -	\$ -	\$ 604,168
Land improvements	513,585	2,084,519	(24,154)	2,573,950
Buildings	11,430,867	2,655,230	(14,610)	14,071,487
Machinery and equipment	5,905,204	217,291	(20,337)	6,102,158
Vehicles	2,245,667	152,093	-	2,397,760
Roads	2,602,840	-	-	2,602,840
Water system	18,131,963	-	-	18,131,963
Broadband	974,796	-	-	974,796
<b>Total</b>	<b>\$ 42,409,090</b>	<b>\$ 5,109,133</b>	<b>\$ (59,101)</b>	<b>\$ 47,459,122</b>

Accumulated Amortization	Balance at March 31, 2018	Disposals	Amortization	Balance at March 31, 2020
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	406,430	(24,154)	11,338	393,614
Buildings	5,903,681	(14,610)	449,140	6,338,211
Machinery and equipment	4,297,763	(20,337)	317,870	4,595,296
Vehicles	1,408,366	-	69,457	1,477,823
Roads	2,348,583	-	53,341	2,401,924
Water system	3,750,008	-	312,620	4,062,628
Broadband	134,660	-	19,496	154,156
<b>Total</b>	<b>\$ 18,249,491</b>	<b>\$ (59,101)</b>	<b>\$ 1,233,262</b>	<b>\$ 19,423,652</b>

	Net book value, March 31, 2018	Net book value, March 31, 2020
Land	\$ 604,168	\$ 604,168
Land improvements	107,155	2,180,336
Buildings	5,527,186	7,733,276
Machinery and equipment	1,607,441	1,506,862
Vehicles	837,301	919,937
Roads	254,257	200,916
Water system	14,381,955	14,069,335
Broadband	840,136	820,640
<b>Total</b>	<b>\$ 24,159,599</b>	<b>\$ 28,035,470</b>

# CHIPPEWAS OF SAUGEEN FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2021

## 10. Government Business Enterprise:

The following summarizes the financial position and operations of the enterprise which have been reported in these financial statements using the proportionate consolidation method:

### Saugeen Ojibway Nation Finance Corporation

Saugeen Ojibway Nation Finance Corporation ("SONFC") was incorporated on March 22, 2013 under the laws of the Province. Chippewas of Saugeen First Nation owns 50% and Chippewas of Nawash First Nation own 50% of the outstanding shares of SONFC. On December 17, 2014, SONFC purchased units of B2M Limited Partnership. SONFC has a December 31<sup>st</sup> year-end but has review engagement completed each quarter. The summarized information below has been updated from the year ended December 31, 2020 to March 31, 2021.

	2021	2020
Financial Position:		
Current assets	\$ 5,633,407	\$ 5,168,822
Non-current assets	72,000,000	72,000,000
	<u>77,633,407</u>	<u>77,168,822</u>
Current liabilities	3,047,925	3,805,142
Long-term debt	56,538,805	59,042,193
	<u>59,586,730</u>	<u>62,847,335</u>
<b>Net assets</b>	<b>\$ 18,046,677</b>	<b>\$ 14,321,487</b>
Results of operations:		
Revenue	\$ 6,695,308	\$ 6,645,327
Expenses	3,714,299	3,717,278
Net earnings	<u>2,981,009</u>	<u>2,928,049</u>
Accumulated surplus, beginning of year	14,321,487	11,393,438
Accumulated surplus, end of year	<u>\$ 17,302,496</u>	<u>\$ 14,321,487</u>

# CHIPPEWAS OF SAUGEEN FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2021

### 11. Contingent liabilities:

Loan guarantees:

The First Nation, by Band Council Resolution, has guaranteed on behalf of First Nation member's, business loans in the amount of \$Nil (2020 - \$3,159) and mortgages in the amount of \$128,237 (2020 - \$131,871).

### 12. Accumulated surplus:

	2021	2020
Surplus:		
Invested in tangible capital assets	\$ 27,186,192	\$ 27,720,542
Consolidated revenue fund (note 13)	9,982,360	9,864,692
Business enterprises	8,651,248	7,160,743
Other	(1,800,468)	(2,493,332)
	<u>44,019,332</u>	<u>42,252,645</u>
Reserves:		
Arena	35,233	35,233
Education bursary	121,248	118,750
Police building	232,389	232,252
Loan guarantee	109,254	108,399
Honi call fund	544,696	480,475
Ontario First Nations Limited Partnership	5,265,033	5,466,233
	<u>6,307,853</u>	<u>6,441,342</u>
	<u>\$ 50,327,185</u>	<u>\$ 48,693,987</u>

### 13. Consolidated revenue fund:

The following schedule details the receipts and expenditures for the consolidated revenue fund:

	Revenue	Capital	Total
Balance, beginning of year	\$ 9,552,999	\$ 311,693	\$ 9,864,692
Interest	117,669	–	117,669
Balance, end of year	<u>\$ 9,670,668</u>	<u>\$ 311,693</u>	<u>\$ 9,982,361</u>

# CHIPPEWAS OF SAUGEEN FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2021

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### 14. Budget figures:

The budget data presented in these consolidated financial statements is based upon the operating and capital budgets approved by Council. The reconciliation of the approved budget to the budget figures reported on these consolidated financial statements is listed below.

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Approved expense budget:	
Total expenses per budget	\$ 29,687,556
Less:	
Capital acquisition	(6,967,551)
Add:	
Amortization of tangible capital assets	1,324,813
<hr/>	
Expense budget per financial statements	<hr/> \$ 24,044,818 <hr/>

### 15. Impacts of COVID-19:

The First Nation's main sources of revenue are government grants, business operations, investment income, lease and rental income, and other revenue. In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in the Canadian and Provincial governments enacting emergency measures to combat the spread of the virus. The First Nation halted all in-person activity and closed its facilities to staff for a period of time and moved to delivery of essential services in a virtual environment based on recommendations from Public Health Ontario. In the summer of 2020, certain in person services restarted with the First Nation currently utilizing a hybrid model for the delivery of services in compliance with Public Health regulations. In response to the adverse impact the pandemic has had on certain revenue streams, the First Nation has undertaken certain cost cutting measures.

The impact of COVID-19 is expected to negatively impact operations for a duration that cannot be reasonably predicted. The further overall operational and financial impact is highly dependent on the duration of COVID-19, including the potential occurrence of additional waves of the pandemic, and could be affected by other factors that are currently not known at this time. Management is actively monitoring the effect of the pandemic on its financial condition, liquidity, operations, suppliers, and workforce. Given the daily evolution of the pandemic and the global responses to curb its spread, the First Nation is not able to fully estimate the effects of the pandemic on its results of operations, financial condition, or liquidity at this time.

### 16. Comparative information:

Certain 2020 comparative information have been reclassified where necessary to conform to the current year presentation.

# CHIPPEWAS OF SAUGEEN FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2021

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## 17. Segmented information:

Chippewas of Saugeen First Nation is a diversified governmental institution that provides a wide range of services to its Members and local community such as educational and social assistance, water treatment, recreational and health programs, housing and community services.

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

### **Revenue**

Revenue manages the administration functions and various programs that are offered for the betterment of the members of the community. The programs offered include community operations, medical and social services, capital, infrastructure, economic development and recreation. Revenue includes the revenues and expenses that relate to the operations of the First Nation itself and cannot be directly attributed to a specific segment. The Revenue Fund also includes the consolidated transactions of the Funds Held in Trust in Ottawa.

### **Education**

Education provides tuition and educational support through the payment of tuition fees directly to local school boards and through financial assistance to students

### **Capital Housing**

Capital housing provides mortgages, loans and grants to its members to allow for housing construction and renovations.

### **Social Services**

Social services provides services directed towards the well-being of members in need of non-health related services including such activities as income support, home support and provision of child welfare services.

### **Land Management**

Land management handles the administration of the leased lands including the billing and collections for services.

### **Saugeen Ojibway Nation**

The Saugeen Ojibway Nation partners with commercial and community organizations to promote environmental stewardship during project development.

### **Driftwood Corporation**

Driftwood Corporation has been incorporated to provide broadband services to local residents and general solar power.

### **Gas Bar**

The Gas Bar sells fuel, tobacco products and operates a convenience store.

# CHIPPEWAS OF SAUGEEN FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2021

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## 17. Segmented information (continued):

### **The Red Road Cafe & Grill Corporation**

The Red Road Cafe & Grill has been incorporated to operate a restaurant.

### **Saugeen Ojibway Nation Finance Corporation**

The Saugeen Ojibway Nation Finance Corporation was incorporated to receive, maintain and distribute funds from their partners interest. SONFC has entered into a nominee agreement with the two 50% shareholders, the Chippewas of Nawash First Nation and the Chippewas of Saugeen First Nation, to hold their interest in the B2M Limited Partnership.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in the summary of significant accounting policies.

# CHIPPEWAS OF SAUGEEN FIRST NATION

Note 17 - Segmented Information (continued)

Year ended March 31, 2021

	Revenue	Education	Capital Housing	Social Services	Land and Lease Management	Saugeen Ojibway Nation	Driftwood Corporation	Gas Bar	Red Road Café & Grill	Saugeen Ojibway Nation Finance Corporation	2021 Total
Revenue	\$ 12,703,162	3,947,205	546,641	1,861,061	3,861,792	1,015,059	134,361	2,369,131	-	2,967,654	\$ 29,406,066
Expenses:											
Salaries, benefits and honorarium	7,050,565	627,174	275,422	303,861	-	287,770	16,211	271,582	-	-	8,832,585
Materials, supplies and rentals	3,033,225	918,045	20,427	79,573	-	40,157	22,955	25,937	9,546	86	4,149,951
Cost of goods sold	-	-	-	-	-	-	-	1,953,953	-	-	1,953,953
Contractual and professional	3,860,966	285,647	22,293	-	-	169,118	93,312	-	-	75,737	4,507,073
Travel and training	49,491	1,032	21	740	-	54,447	2,442	1,253	-	-	109,426
Tuition and student support	-	1,818,884	-	-	-	-	-	-	-	-	1,818,884
Other	2,076,857	8,520	36,255	1,054,419	914	258,414	698	24,503	(10,755)	156,536	3,606,361
Band fund allocation	(3,455,138)	-	(60,925)	(13,697)	3,630,519	-	(100,759)	-	-	-	-
Interest on long-term debt	19,801	-	-	-	-	-	-	-	13,428	1,089,444	1,122,673
Amortization	1,075,541	3,163	153,590	-	-	5,684	33,943	25,455	27,437	-	1,324,813
	13,711,308	3,662,465	447,083	1,424,896	3,631,433	815,590	68,802	2,302,683	39,656	1,321,803	27,425,719
Excess (deficiency) of revenue over expenses before undernoted item	(1,008,146)	284,740	99,558	436,165	230,359	199,469	65,559	66,448	(39,656)	1,645,851	1,980,347
Revenue recovery receivable (payable)	(226,562)	10,000	-	(130,587)	-	-	-	-	-	-	(347,149)
Excess (deficiency) of revenue over expenses	\$ (1,234,708)	294,740	99,558	305,578	230,359	199,469	65,559	66,448	(39,656)	1,645,851	\$ 1,633,198



# CHIPPEWAS OF SAUGEEN FIRST NATION

Note 17 - Segmented Information (continued)

Year ended March 31, 2021

	Revenue	Education	Capital Housing	Social Services	Land and Lease Management	Saugeen Ojibway Nation	Driftwood Corporation	Gas Bar	Red Road Café & Grill	Saugeen Ojibway Nation Finance Corporation	2020 Total
Revenue	\$ 12,098,737	4,476,947	450,708	1,726,280	3,840,815	525,721	157,951	3,594,506	(15,000)	2,712,473	\$ 29,569,138
Expenses:											
Salaries, benefits and honorarium	5,868,261	553,568	122,607	299,250	-	-	29,115	292,923	-	27,634	7,193,358
Materials, supplies and rentals	2,659,601	1,076,675	(105,946)	65,769	-	109,096	29,687	31,653	5,982	7,625	3,880,142
Cost of goods sold	-	-	-	-	-	-	-	3,101,990	-	-	3,101,990
Contractual and professional	4,491,733	332,138	151,607	-	-	489,221	100,762	-	-	70,695	5,636,156
Travel and training	244,438	945	(558)	18,393	-	59,603	-	3,113	-	2,621	328,555
Tuition and student support	-	1,828,607	-	-	-	-	-	-	-	-	1,828,607
Other	1,971,312	25,445	31,250	1,176,437	-	(70,156)	761	46,818	1,404	223	3,183,494
Band fund allocation	(3,724,556)	-	-	(13,697)	3,738,253	-	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-	-	-	25,755	1,139,650	1,165,405
Amortization	914,773	3,163	131,454	-	-	-	33,855	25,149	124,868	-	1,233,262
	12,425,562	3,820,541	330,414	1,546,152	3,738,253	587,764	194,180	3,501,646	158,009	1,248,448	27,550,969
Excess (deficiency) of revenue over expenses before undernoted item	(326,825)	656,406	120,294	180,128	102,562	(62,043)	(36,229)	92,860	(173,009)	1,464,025	2,018,169
Revenue recovery payable	(349,694)	(249,148)	-	(165,701)	-	-	-	-	-	-	(764,543)
Excess (deficiency) of revenue over expenses	\$ (676,519)	407,258	120,294	14,427	102,562	(62,043)	(36,229)	92,860	(173,009)	1,464,025	\$ 1,253,626