

**Couchiching First Nation
Consolidated Financial Statements
For the year ended March 31, 2020**

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Couchiching First Nation Management's Responsibility for Financial Reporting

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

The consolidated financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The First Nation maintains systems of internal accounting and administrative controls of high quality consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the First Nation's assets are appropriately accounted for and adequately safeguarded.

Couchiching First Nation Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

Council reviews the First Nation's consolidated financial statements and meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditor's report.

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

Brian Penegor Chief Colleen Councilor
B. Penegor Councilor Colleen Councilor

Independent Auditor's Report

To Chief and Council of Couchiching First Nation

Qualified Opinion

We have audited the consolidated financial statements of Couchiching First Nation and its entities (the Group), which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statement of operations, the consolidated statement of changes in accumulated surplus, the consolidated statement of changes in net debt and the consolidated statement of cash flows for the year then ended, and notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2020, and its consolidated results of operations, its consolidated changes in net debt, and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Qualified Opinion

The consolidated financial statements include investments in government business enterprises as described in Note 6 to the consolidated financial statements. The financial information for the majority of these investments has not been audited. As a result we are not able to determine if adjustments might be necessary to financial assets, other income (expenses), annual surplus and accumulated surplus.

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

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

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

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

Those charged with governance are responsible for overseeing the Group'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 Group'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 Group'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 Group 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 Group 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Fort Frances, Ontario
November 1, 2021

Couchiching First Nation Consolidated Statement of Financial Position

March 31	2020	2019
Financial assets		
Cash and cash equivalents (Note 2)	\$ 2,501,071	\$ 2,629,329
Accounts and loans receivable (Note 3)	2,435,820	1,900,239
Trust funds held by federal government (Note 4)	197,052	193,259
Trust funds held by Rainy River District First Nations Trust	139,223	104,885
Portfolio investments, at cost (Note 5)	261,430	1,987,192
Government business enterprises and partnerships (Note 6)	1,278,882	445,914
	<u>6,813,478</u>	<u>7,260,818</u>
Liabilities		
Accounts payable and accrued liabilities	1,827,022	1,800,612
Deferred revenue (Note 7)	2,201,524	1,731,165
Obligation under capital lease (Note 9)	-	157,361
Long-term debt (Note 8)	8,487,742	9,094,077
	<u>12,516,288</u>	<u>12,783,215</u>
Net debt	<u>(5,702,810)</u>	<u>(5,522,397)</u>
Non-financial assets		
Tangible capital assets (Note 12)	16,956,789	16,870,884
Tangible capital assets under construction (Note 12)	470,103	1,408,410
Prepaid expense	6,946	107,191
Inventory	36,677	52,287
	<u>17,470,515</u>	<u>18,438,772</u>
Accumulated surplus (Note 11)	\$ 11,767,705	\$ 12,916,375

Contingent liabilities (Note 16)

Approved on behalf of Council

Brian Legault Chief

Councillor

Colleen Councilor

Couchiching First Nation Consolidated Statement of Operations

For the year ended March 31	Budget	2020	2019
	(Note 17)		
Revenue			
Indigenous Services Canada (Note 15)	\$ 8,814,972	\$ 8,826,354	\$ 9,393,562
Health Canada	1,011,854	997,907	1,028,313
Canada Mortgage and Housing Corporation	268,833	275,463	412,046
Ministry of Community and Social Services	-	860,274	845,657
Ministry of Indigenous Relations and Reconciliation	164,800	164,800	169,419
Ministry of Education	547,588	447,500	549,317
Other provincial revenue	100,000	425,502	370,328
Ontario First Nations Limited Partnership	-	1,375,672	1,575,009
Weechi-It-Te-Win Family Services Inc.	1,032,628	954,984	1,033,361
Bingo	-	2,994,387	3,579,823
Miscellaneous programs	197,295	464,571	511,919
Rentals and fees	534,886	502,708	513,829
Interest and investment income	-	727,336	55,141
Fort Frances Tribal Area Health Authority	158,760	200,723	183,791
Shooniyaa Wa-Biitong	224,012	362,988	148,939
Heron Landing Golf Course	-	297,533	291,598
	13,055,628	19,878,702	20,662,052
Expenditures			
Band support/administration	403,830	1,313,795	1,119,439
Education	5,005,347	5,921,957	6,122,632
Social	-	1,097,611	980,021
Capital maintenance	796,282	2,392,161	2,060,171
Day Care	836,000	733,243	702,123
Health	893,657	1,093,940	977,900
Economic and social development	2,018,835	2,121,018	2,827,459
Housing	468,476	930,093	1,024,287
Ontario First Nations Limited Partnership	-	335,326	476,073
Pow wow	-	155,650	128,972
Bingo	-	3,021,946	3,457,481
Housing relocation program	-	221,087	485,540
Heron Landing Golf Course	-	638,425	632,612
Wasaw Entities	-	88,000	100,392
	10,422,427	20,064,252	21,095,102
Annual surplus (deficit), before other item	2,633,201	(185,550)	(433,050)
Net loss from government business enterprises	-	(963,120)	(541,091)
Annual surplus (deficit)	\$ 2,633,201	\$ (1,148,670)	\$ (974,141)

Couchiching First Nation Consolidated Statement of Changes in Accumulated Surplus

For the year ended March 31	2020	2019
Accumulated surplus, beginning of year	\$ 12,916,375	\$ 13,890,516
Annual deficit	<u>(1,148,670)</u>	<u>(974,141)</u>
Accumulated surplus, end of year	\$ 11,767,705	\$ 12,916,375

Couchiching First Nation
Consolidated Statement of Changes in Net Debt

<u>For the year ended March 31</u>	<u>Budget</u>	<u>2020</u>	<u>2019</u>
(Note 17)			
Annual surplus (deficit)	\$ 2,633,201	\$ (1,148,670)	\$ (974,141)
Acquisition of tangible capital assets	-	(554,235)	(1,840,304)
Net book value of disposed tangible capital assets	-	-	19,007
Capital donation	-	-	(15,000)
Amortization of tangible capital assets	<u>-</u>	<u>1,406,637</u>	<u>1,532,793</u>
	2,633,201	(296,268)	(1,277,645)
Use of prepaid expenses and inventory	<u>-</u>	<u>115,855</u>	<u>118,899</u>
Net change in net debt	2,633,201	(180,413)	(1,158,746)
Net debt, beginning of year	<u>(5,522,397)</u>	<u>(5,522,397)</u>	<u>(4,363,651)</u>
Net debt, end of year	<u>\$ (2,889,196)</u>	<u>\$ (5,702,810)</u>	<u>\$ (5,522,397)</u>

Couchiching First Nation Consolidated Statement of Cash Flows

For the year ended March 31	2020	2019
Cash flows from operating activities		
Annual deficit	\$ (1,148,670)	\$ (974,141)
Loss from government business enterprises	963,120	541,091
Adjustments for		
Amortization of tangible capital assets	1,406,637	1,532,793
Loss (gain) on disposal of tangible capital assets	(5,405)	12,007
Capital donation	-	(15,000)
	<u>1,215,682</u>	<u>1,096,750</u>
Changes in non-cash working capital		
Accounts and loans receivable	(535,581)	886,673
Inventory	15,610	37,018
Prepaid expense	100,245	81,881
Trust funds	(38,131)	(38,290)
Accounts payable	26,410	(2,161,616)
Deferred revenue	470,359	265,078
	<u>38,912</u>	<u>(929,256)</u>
	<u>1,254,594</u>	<u>167,494</u>
Cash flows from capital activities		
Purchase of tangible capital assets	(554,235)	(1,840,304)
Proceeds from disposal of tangible capital assets	5,405	7,000
	<u>(548,830)</u>	<u>(1,833,304)</u>
Cash flows from investing activities		
Advances to affiliated Companies	(1,796,088)	(100,650)
Disposal of portfolio investments	1,725,762	103,643
	<u>(70,326)</u>	<u>2,993</u>
Cash flows from financing activities		
Repayment of long-term debt	(763,696)	(2,569,865)
Long-term debt advances	-	6,890,996
	<u>(763,696)</u>	<u>4,321,131</u>
Net increase (decrease) in cash and cash equivalents	(128,258)	2,658,314
Cash and cash equivalents (bank indebtedness), beginning of year	2,629,329	(28,985)
Cash and cash equivalents, end of year	\$ 2,501,071	\$ 2,629,329

Couchiching First Nation Notes to Consolidated Financial Statements

March 31, 2020

1. Summary of Significant Accounting Policies

Basis of Accounting

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local government entities, as defined in the Chartered Professional Accountants of Canada Public Sector Accounting Handbook, and include all organizations, operations and activities that are:

- 1) accountable for the administration of their financial affairs and resources directly to the First Nation; and
- 2) owned or controlled by the First Nation.

This includes all aspects of Band operations including the provision of social, educational, administration and operational services, as well as, the 100% proportionate consolidation of other government organizations which include:

1489820 Ontario Limited o/a Heron Landing Golf Course.

Other long-term investments are reflected at cost as disclosed in Note 5.

Government business enterprises are separate legal entities which do not rely on the government for funding. The First Nation's government business enterprises consist of investments in:

2174911 Ontario Ltd. o/a Wasaw Enterprises
1486244 Ontario Ltd.
Wasaw Projects Inc.
Wasaw Construction Inc.
Wasaw Food Services Inc.
Five Mile Dock Services Ltd.
Wasaw NL Cottages GP Inc.
Wasaw Development GP Inc.
Wasaw Construction, LP
Wasaw Food Services, LP
Wasaw Development, LP
Wasaw NL Cottages, LP

These investments are accounted for using the modified equity basis of accounting as disclosed in Note 6 to these consolidated financial statements. Under the modified equity method of accounting, only the First Nation's investment in the entity and the First Nation's portion of the entity's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the entity that are different from those of the First Nation and inter-organizational balances and transactions are not eliminated.

Couchiching First Nation Notes to Consolidated Financial Statements

March 31, 2020

1. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents Management considers all highly liquid investments with maturities of three months or less at acquisition to be cash equivalents.

Tangible Capital Assets Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. The First Nation does not capitalize interest charges as part of the cost of its tangible capital assets.

Certain assets which have historical or cultural value including works of art, historical documents as well as historical and cultural artifacts are not recognized as tangible capital assets because a reasonable estimate of the future benefits associated with such property cannot be made. Intangibles, Crown lands that have not been purchased by the First Nation, forests, water, and other natural resources are not recognized as tangible capital assets.

Amortization Amortization is calculated on the cost, net of contribution, on a straight-line basis over the following number of years:

Buildings	25 years
Equipment and vehicles	5 years
Golf course	25 years
Infrastructure	25 to 50 years

Couchiching First Nation Notes to Consolidated Financial Statements

March 31, 2020

1. Summary of Significant Accounting Policies (continued)

Investments	Other investments (where control does not exist) are accounted for following the cost method of accounting. Under this method, the investment is recorded at cost and earnings from the investment are recognized only to the extent received or receivable.
Revenue Recognition	Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined, with a reasonable degree of certainty, or when their estimation is impracticable.
	Government transfers, which include legislative grants, are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that the transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the consolidated statement of operations as the stipulation liabilities are settled.
	Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.
	Revenue 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.
	Rentals and other fees are recognized in the month that the related unit is rented or the fee for service is provided.
	Interest income is recognized in accordance with terms of the related instrument.
	Bingo revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues.

Couchiching First Nation Notes to Consolidated Financial Statements

March 31, 2020

1. Summary of Significant Accounting Policies (continued)

Trust Funds Held by ISC Trust funds are held in trust by ISC. Revenue on trust funds is recognized in accordance with terms of the related instrument.

Use of Estimates The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

The estimates used in the preparation of these consolidated financial statements are the useful lives of tangible capital assets and accrued liabilities.

2. Cash and Cash Equivalents

Under the terms of the agreements with CMHC, the replacement reserve account is to be credited in the amount of \$52,330 annually. These funds along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation (CDIC) or as may otherwise be approved by CDIC from time to time. The funds in the account may only be used as approved by CMHC. Withdrawals are charged to interest first and then principal. Cash and cash equivalents is comprised of the following:

	2020	2019
Externally restricted		
CMHC replacement reserve - term deposits	\$ 291,946	\$ 248,499
Unrestricted	<u>2,209,125</u>	<u>2,380,830</u>
	<hr/>	<hr/>
	\$ 2,501,071	\$ 2,629,329

Couchiching First Nation Notes to Consolidated Financial Statements

March 31, 2020

3. Accounts and Loans Receivable

	2020	2019
Loans receivable	\$ 186,394	\$ 226,921
Housing loans	47,803	46,612
Accounts receivable	2,378,692	1,937,886
Rents receivable	<u>2,392,336</u>	<u>2,293,727</u>
	5,005,225	4,505,146
Allowance for doubtful accounts	<u>(2,569,405)</u>	<u>(2,604,907)</u>
	<u>\$ 2,435,820</u>	<u>\$ 1,900,239</u>

4. Trust Funds Held by Federal Government

	March 31, 2019	Additions 2020	Withdrawals 2020	March 31, 2020
Revenue Capital	\$ 88,606	\$ 3,793	\$ -	\$ 92,399
	<u>104,653</u>	<u>-</u>	<u>-</u>	<u>104,653</u>
	<u>\$ 193,259</u>	<u>\$ 3,793</u>	<u>\$ -</u>	<u>\$ 197,052</u>

Trust funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

Couchiching First Nation Notes to Consolidated Financial Statements

March 31, 2020

5. Portfolio Investments, at cost

	2020	2019
Securities	\$ 205,716	\$ 1,951,478
Investment in Rainy Lake Tribal Development Corporation	35,714	35,714
Investment in Wound Care Centre	20,000	-
	<hr/>	<hr/>
	\$ 261,430	\$ 1,987,192

The First Nation's security investments have a market value of \$205,716 (2019 - \$1,951,478).

6. Government Business Enterprises, at modified equity

2174911 Ontario Ltd. o/a Wasaw Enterprises

2174911 Ontario Ltd. o/a Wasaw Enterprises is a Corporation that was created for the purpose of economic development opportunities.

Wasaw Food Services Inc.

Wasaw Food Services Inc. is a Corporation that was created for the purpose of holding partnership units in Wasaw Food Services, LP.

Wasaw Food Services, LP

Wasaw Food Services, LP is a limited partnership that was created for the purpose of providing catering services.

Wasaw Construction Inc.

Wasaw Construction Inc. is a Corporation that was created for the purpose of holding partnership units in Wasaw Construction, LP.

Wasaw Construction, LP

Wasaw Construction, LP is a limited partnership that was created for the purpose of carrying on the business of construction and general contracting.

Wasaw NL Cottages GP Inc.

Wasaw NL Cottages GP Inc. is a Corporation that was created for the purpose of holding partnership units in Wasaw NL Cottages, LP.

Couchiching First Nation Notes to Consolidated Financial Statements

March 31, 2020

6. Government Business Enterprises, at modified equity (continued)

Wasaw NL Cottages, LP

Wasaw NL Cottages, LP is a limited partnership that was created for the purpose of the real estate business around Nickel Lake.

Wasaw Development GP Inc.

Wasaw Development GP Inc. is a Corporation that was created for the purpose of holding partnership units in Wasaw Development, LP. This Corporation is currently inactive and Couchiching First Nation's investment in Wasaw Development GP Inc. is a nominal value until the Corporation becomes active.

Wasaw Development, LP

Wasaw Development, LP is a limited partnership that was created for the purpose of holding real estate properties.

Wasaw Projects Inc.

Wasaw Projects Inc. is a Corporation that was created for the purpose of economic development opportunities.

Five Mile Dock Services Ltd.

Five Mile Dock Services Ltd. is a Corporation that was created for the purpose of providing services to the Five Mile dock and landing. This Corporation is currently inactive and Couchiching First Nation's investment in Five Mile Dock Services Ltd. is a nominal value until the Corporation becomes active.

1486244 Ontario Ltd.

1486244 Ontario Ltd. is a Corporation that was created for the purpose of holding real estate properties.

Couchiching First Nation
Notes to Consolidated Financial Statements

March 31, 2020

6. Government Business Enterprises, at modified equity (continued)

	Wasaw Development, LP	Wasaw Projects Inc.	1486244 Ontario Ltd.	2174911 Ontario Ltd.	NL Cottages GP Inc.	Wasaw NL Cottages, LP	Wasaw Food Services Inc.	Wasaw Food Services, LP	Wasaw Construction Inc.	Wasaw Construction, LP	Total
Percentage ownership	99%	100%	100%	100%	(15)	99%	100%	99%	100%	99%	99%
Carrying value, March 31, 2018	\$ 187,050	\$ 22,410	\$ 22,000	\$ (449,114)	\$ (453,743)	\$ 79	\$ 24,981	\$ 3,125	\$ 622,096	\$ 886,355	
Contributions/distributions	-	-	358	86,818	-	-	13,474	(297,139)	(1,771)	(211,664)	100,650 (541,091)
Share of net income (loss)	-	-	(358)	(27,188)	-	(2,971)	-	-	-	-	-
Carrying value, March 31, 2019	187,050	22,410	22,000	(389,484)	(15)	453,743	(2,892)	(258,684)	1,354	410,432	445,914
Contributions/distributions	(2,730)	(477)	60	99,117	-	(1,802)	(1,786)	100,000 (115,024)	(7,629)	1,596,911 (750,397)	1,796,088 (963,120)
Share of net income (loss)	-	-	(60)	(83,215)	-	-	-	-	-	-	-
Carrying value, March 31, 2020	\$ 184,320	\$ 21,933	\$ 22,000	\$ (373,582)	\$ (15)	\$ 451,941	\$ (4,678)	\$ (273,708)	\$ (6,275)	\$ 1,256,946	\$ 1,278,882
Balance comprised of:											
Shares/partners contributions	\$ 187,050	\$ 100	\$ 36,922	\$ (336,179)	\$ 1	\$ 457,950	\$ 100	\$ 293,803	\$ 100	\$ 1,597,011	\$ 2,236,858 (957,976)
Share of cumulative net earnings	(2,730)	21,833	(14,922)	(37,403)	(16)	(6,009)	(4,778)	(567,511)	(6,375)	(340,065)	
	\$ 184,320	\$ 21,933	\$ 22,000	\$ (373,582)	\$ (15)	\$ 451,941	\$ (4,678)	\$ (273,708)	\$ (6,275)	\$ 1,256,946	\$ 1,278,882

Couchiching First Nation
Notes to Consolidated Financial Statements

March 31, 2020

6. Government Business Enterprises, at modified equity (continued)

	Wasaw Development, LP	Wasaw Projects Inc.	1486244 Ontario Ltd.	2174911 Ontario Ltd.	Wasaw GP Inc.	NL Cottages, Lp	Wasaw NL Cottages, Inc.	Wasaw Food Services Inc.	Wasaw Food Services, Lp	Wasaw Construction Inc.	Wasaw Construction, Lp
Financial position											
Current assets	\$ 191,451	\$ 21,933	\$ 22,000	\$ 32,409	\$ 101	\$ 462,750	\$ 100	\$ 19,306	\$ 505	\$ 691,390	
Long-term assets				6,844			15,999			3,089,238	
Current liabilities	191,451	21,933	22,000	39,253	101	462,750	100	35,305	505	3,780,628	
Long-term liabilities											
Share capital/partnership units	7,130	-	36,912	14,073	115	10,812	4,778	203,816	-	560,291	
				62,582				109,332		6,680	1,970,072
Net equity (deficit), end of year	7,130	-	36,912	76,655	115	10,812	4,778	313,148	6,680	2,530,363	
Share capital/partnership units	187,051	100	10	1	1	457,950	100	101	100	101	
	(2,730)	21,833	(14,922)	(37,403)	(15)	(6,012)	(4,778)	(277,944)	(6,275)	(6,275)	1,250,164
Net equity (deficit), end of year	184,321	21,933	(14,912)	(37,402)	(14)	451,938	(4,678)	(277,843)	(6,175)	(6,175)	1,250,265
Results of operations	\$ 191,451	\$ 21,933	\$ 22,000	\$ 39,253	\$ 101	\$ 462,750	\$ 100	\$ 35,305	\$ 505	\$ 3,780,628	
Revenues	\$ 2,730	\$ 477	\$ 60	\$ 54,000	\$ -	\$ 1,802	\$ 1,786	\$ 493,267	\$ 7,629	\$ 3,107,940	
Operating expenses											
Net income (loss)	(2,730)	(477)	(14,862)	(83,214)	(15)	(1,802)	(1,786)	(116,174)	(7,629)	(75,901)	
Net equity (deficit), beginning of year											
Dividends/distributions											
Net equity (deficit), end of year	\$ 2,730	\$ 21,833	\$ (14,922)	\$ (37,403)	\$ (15)	\$ (6,012)	\$ (4,778)	\$ (277,944)	\$ (6,275)	\$ 1,250,164	

Couchiching First Nation Notes to Consolidated Financial Statements

March 31, 2020

7. Deferred Revenue

	2019	Funding received 2020	Revenue recognized 2020	2020
Federal Government				
ISC				
Home Renovation Program	\$ 272,923	\$ 25,000	\$ 221,087	\$ 76,836
Housing Renovations	-	349,358	291,208	58,150
LEDSP	-	104,297	40,476	63,821
Education	894,053	6,187,512	5,921,959	1,159,606
Prev/least disruptive measures	416,021	367,420	213,677	569,764
Membership Code	29,862	-	29,862	-
Employment and Social Development Canada	24,997	-	18,827	6,170
Health Canada - Medical Transportation	-	127,054	60,614	66,440
Provincial Government				
Ministry of Attorney General	-	100,000	86,242	13,758
Other				
Weechi-It-Te-Win Community Care	-	912,458	851,505	60,953
Jordan's Principle	25,000	-	17,349	7,651
Federal Immediate	51,699	-	-	51,699
Prepaid rent	10,776	-	20	10,756
Healthy Babies Healthy Children	5,834	51,771	48,520	9,085
Family Well-Being	-	150,314	103,479	46,835
	<hr/> <u>\$ 1,731,165</u>	<hr/> <u>\$ 8,375,184</u>	<hr/> <u>\$ 7,904,825</u>	<hr/> <u>\$ 2,201,524</u>

Revenue is deferred when the First Nation has not met the stipulations that the funding is to be expended on programs as outlined in the funding agreement.

Couchiching First Nation Notes to Consolidated Financial Statements

March 31, 2020

8. Long-term Debt

	2020	2019
CMHC mortgage payable, repayable in monthly installments of \$4,569 including interest at 2.11%, maturing December 1, 2033.	\$ 654,564	\$ 694,829
CMHC mortgage payable, repayable in monthly installments of \$2,901 including interest at 1.04%, maturing October 1, 2035.	500,617	530,050
CMHC mortgage payable, repayable in monthly installments of \$15,171 including interest at 1.09%, matured August 1, 2019.	(15,352)	75,747
41		
CMHC mortgage payable, repayable in monthly installments of \$3,375 including interest at 2.39%, maturing January 1, 2033.	447,631	477,083
CMHC mortgage payable, repayable in monthly installments of \$4,156 including interest at 1.12%, maturing December 1, 2024.	230,607	277,613
Industrial Alliance Mortgage, repayable in monthly installments of \$5,986 including interest at 3.50%, maturing June 1, 2021.	87,749	155,259
CMHC mortgage payable, repayable in monthly installments of \$5,198 including interest at 1.87%, maturing May 1, 2044.	1,036,221	1,066,697
Global settlement specific claim, non-interest bearing, secured by promissory note, maturing March 31, 2023, or when claim is settled, whichever comes first.	142,299	142,299
Carried forward	<u>\$ 3,084,336</u>	<u>\$ 3,419,577</u>

Couchiching First Nation Notes to Consolidated Financial Statements

March 31, 2020

8. Long-term Debt (continued)

	2020	2019
Carried forward	\$ 3,084,336	\$ 3,419,577
Royal Bank demand loan, repayable in monthly payments of \$41,240 including interest at 4.78%.	4,978,906	5,232,000
BMO term loan, repayable in monthly installments of \$1,500 plus interest at 5.04%, maturing November 2024.	424,500	442,500
	\$ 8,487,742	\$ 9,094,077

The above noted mortgages are secured by a first charge mortgage against the respective rental property and Ministerial Guarantees from Indigenous Services Canada. The other loans are secured by a specific lien against the assets purchased with the proceeds.

Payments of principal required over the next five years and thereafter are as follows:

	Principal Repayments	Interest	Total
2021	\$ 492,743	\$ 287,491	\$ 780,234
2022	455,754	269,710	725,464
2023	595,863	253,018	848,881
2024	469,935	235,741	705,676
2025	467,039	212,066	679,105
Thereafter	<u>6,006,408</u>	<u>922,477</u>	<u>6,928,885</u>
	\$ 8,487,742	\$ 2,180,503	\$ 10,668,245

	2020	2019
Interest expense for the year on long-term debt	\$ 327,191	\$ 174,090

9. Obligation Under Capital Lease

	2020	2019
National Leasing, obligation under capital lease - 7.12% due November 2019, repayable \$13,645 principal and interest for the months of May - October.	<u>\$ -</u>	<u>\$ 157,361</u>

Obligation under capital lease is secured by certain plant and office equipment.

Couchiching First Nation
Notes to Consolidated Financial Statements

March 31, 2020

10. Government Transfers

	2020			2019		
	Operating	Capital	Total	Operating	Capital	Total
Federal government transfers:						
Indigenous Services Canada	\$ 8,653,412	\$ 172,942	\$ 8,826,354	\$ 9,393,562	\$ 45,546	\$ 9,393,562
Health Canada	997,907	-	997,907	982,767	-	1,028,313
Canada Mortgage and Housing Corporation	275,463	-	275,463	412,046	-	412,046
	\$ 9,926,782	\$ 172,942	\$ 10,099,724	\$ 10,788,375	\$ 45,546	\$ 10,833,921

Provincial government transfers:

Ministry of Community and Social Services	\$ 860,274	\$ -	\$ 860,274	\$ 845,657	\$ -	\$ 845,657
Ministry of Indigenous Relations and Reconciliation	164,800	-	164,800	169,419	-	169,419
Ministry of Education	447,500	-	447,500	549,317	-	549,317
Other provincial transfers	313,153	112,349	425,502	370,328	-	370,328
	\$ 1,785,727	\$ 112,349	\$ 1,898,076	\$ 1,934,721	\$ -	\$ 1,934,721

Couchiching First Nation Notes to Consolidated Financial Statements

March 31, 2020

11. Accumulated Surplus

The First Nation segregates its accumulated surplus in the following categories:

	2020	2019
Investment in tangible capital assets		
Tangible capital assets	\$ 17,426,892	\$ 18,279,294
Debt relating to tangible capital assets	<u>(3,366,536)</u>	<u>(3,877,138)</u>
Total investment in tangible capital assets	<u>14,060,356</u>	<u>14,402,156</u>
Operations		
Equity in trusts	197,052	193,259
Equity in enterprises	1,278,882	445,914
Equity in long term receivables	<u>34,655</u>	<u>33,980</u>
	<u>1,510,589</u>	<u>673,153</u>
Replacement reserves		
	<u>554,250</u>	<u>485,379</u>
	<u>\$11,767,705</u>	<u>\$ 12,916,375</u>

Couchiching First Nation
Notes to Consolidated Financial Statements

March 31, 2020

12. Tangible Capital Assets

	2020					
	Land	Buildings and housing	Infrastructure	Equipment and vehicles	Golf course	Total
Cost, beginning of year	\$ 64,000	\$ 26,054,637	\$ 8,220,076	\$ 2,491,753	\$ 3,495,093	\$ 40,325,559
Additions	- 1,315,340	55,655	121,547	-	-	1,492,542
Disposals	-	-	-	-	-	-
Cost, end of year	64,000	27,369,977	8,275,731	2,613,300	3,495,093	41,818,101
Accumulated amortization, beginning of year	- 14,371,492	4,597,066	2,282,038	2,204,079	139,804	23,454,675
Amortization	- 940,010	217,820	109,003	-	-	1,406,637
Disposals	-	-	-	-	-	-
Accumulated amortization, end of year	- 15,311,502	4,814,886	2,391,041	2,343,883	24,861,312	
Net carrying amount, end of year	\$ 64,000	\$ 12,058,475	\$ 3,460,845	\$ 222,259	\$ 1,151,210	\$ 16,956,789

The net book value of the tangible assets not being amortized because they are under construction is \$470,103 (2019 - \$1,408,410). These items are recognized separately as tangible capital assets under construction in the consolidated statement of financial position. This relates to the new 8-plex building and roundhouse.

Couchiching First Nation
Notes to Consolidated Financial Statements

March 31, 2020

12. Tangible Capital Assets (continued)

	2019					
	Land	Buildings and housing	Infrastructure	Equipment and vehicles	Golf course	Total
Cost, beginning of year	\$ 64,000	\$ 24,542,190	\$ 8,220,076	\$ 2,344,281	\$ 3,495,093	\$ 38,665,640
Additions	-	1,571,843	-	147,472	-	1,719,315
Disposals	-	(59,396)	-	-	-	(59,396)
Cost, end of year	64,000	26,054,637	8,220,076	2,491,753	3,495,093	40,325,559
Accumulated amortization, beginning of year	-	13,368,991	4,377,532	2,151,473	2,064,275	21,962,271
Amortization	-	1,042,890	219,534	130,565	139,804	1,532,793
Disposals	-	(40,389)	-	-	-	(40,389)
Accumulated amortization, end of year	-	14,371,492	4,597,066	2,282,038	2,204,079	23,454,675
Net carrying amount, end of year	<u>\$ 64,000</u>	<u>\$ 11,683,145</u>	<u>\$ 3,623,010</u>	<u>\$ 209,715</u>	<u>\$ 1,291,014</u>	<u>\$ 16,870,884</u>

Couchiching First Nation Notes to Consolidated Financial Statements

March 31, 2020

13. Pension Plan

The First Nation has a defined contribution pension plan for full-time employees. The First Nation matches employee contributions at 5% or 8.425% of the employee salary. As a defined contribution pension plan, the First Nation has no further liability or obligation for future contributions to fund future benefits to plan members. The First Nation has contributed \$99,832 (2019 - \$135,293) to the pension plan during the year.

14. Federal Assistance Payments

The CMHC projects have received federal assistance through CMHC pursuant to Section 56.1 of the National Housing Act to enable the project to provide housing to low income individuals. The amount of assistance received in 2020 was \$268,833 (\$295,513 in 2019).

15. ISC Funding Reconciliation

	2020	2019
ISC revenue per funding confirmation	\$ 9,144,714	\$ 9,759,049
Deferred revenue, beginning of year	1,612,859	1,247,372
Deferred revenue, end of year	(1,928,176)	(1,612,859)
Estimated recovery of current year funding	(3,043)	-
ISC revenue per the consolidated financial statements	<u>\$ 8,826,354</u>	<u>\$ 9,393,562</u>

Couchiching First Nation Notes to Consolidated Financial Statements

March 31, 2020

16. Contingent Liabilities

During the year, Couchiching First Nation received forgivable loans from Canada Mortgage and Housing Corporation in the amount of \$NIL (2019 - \$106,483) as part of the Reserve Residential Rehabilitation Program. These loans are forgivable over a five year period, contingent upon the stipulation that the properties associated with the loans are owned and operated by Couchiching First Nation and are occupied by Band members. The full amount of the loans has been recognized as revenue as there is no intention to sell or dispose of the properties and they are expected to remain occupied by Band members over the term of the loans.

The First Nation, in the course of its operations, is subject to lawsuits. As a policy, the First Nation will accrue for losses in instances where it is probable the liabilities will be incurred and where such liabilities can be reasonably estimated. On August 24, 2018, a cost award was determined arising out of litigation brought jointly by the First Nation. The financial effect on the First Nation is a liability up to a maximum of \$349,074. The litigation is still ongoing and the result of the litigation is still unknown. Once the matter is settled, the cost award liability will be confirmed.

17. Budget

The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated recovering deficits. In addition, the budget did not include amortization expense. As a result, the budget figures presented in the consolidated statement of operations represent the Financial Plan adopted by Council, with adjustments as follows:

	<u>2020</u>
Financial Plan (budget) surplus for the year	\$ 2,148,226
Add:	
Mortgage repayments	335,242
Transfers	<u>149,733</u>
 Budget surplus per consolidated statement of operations	 <u>\$ 2,633,201</u>

Couchiching First Nation Notes to Consolidated Financial Statements

March 31, 2020

18. Segmented Information

Couchiching First Nation is a First Nation government that provides a wide range of services to the members of its community. For management reporting purposes the First Nation's operations and activities are organized and reported by program. Programs were created for the purpose of recording specific activities in accordance with specific regulations, restrictions or limitations. These activities can also be categorized into segments. The following significant segments have been identified and as such are separately disclosed:

Education

Education services include activities that provide education to Band members for primary and secondary schooling and sponsorship to attend post-secondary institutions.

Capital

This segment is responsible for all the capital asset activities occurring in the First Nation during the year, including housing construction and renovations.

Social Services

This segment contains activities that provide financial support or support by other means to Band members that is aimed at developing both the individual as well as the community.

Band Government

This segment contains activities that are necessary for the management and governance of the First Nation Organization.

Operations and Maintenance

This segment contains all activities that relate to the maintenance of land, buildings and infrastructure of the First Nation.

Other Services

The First Nation provides a wide variety of other services, including youth employment projects, economic development, housing activities and others.

19. Comparative Figures

The comparative amounts presented in the consolidated financial statements have been reclassified to conform to the current year's presentation.

Couchiching First Nation Notes to Consolidated Financial Statements

March 31, 2020

20. Uncertainty Due to COVID-19

As the impact of COVID-19 continues, there could be further impact on the First Nation and its funders. Management is actively monitoring the effects of the global pandemic on its financial condition, liquidity, operations, suppliers, industry and workforce. Management does not anticipate any declines in revenue as their primary source of funding is Indigenous Services Canada. Funding from these federal and provincial levels of government are expected to continue as normally scheduled. However, given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the First Nation is not able to fully estimate the effects of COVID-19 on its future results of operations, financial condition or liquidity at this time.

**Couchiching First Nation
2020 Segment Disclosure**

	For the year ended March 31, 2020		Operations and Support Maintenance			Education		Social Services		Minor Capital		Other		Total
Revenue														
Indigenous Services Canada	\$ 430,177	\$ 727,393	\$ 5,921,959	\$ 129,257	\$ 458,543	\$ 1,159,025	\$ 8,826,354							
Canada	-	-	-	-	6,630	1,285,019	1,291,649							
Ontario	-	121,179	-	972,375	-	-	804,522	1,898,076						
Casino Rama	-	-	-	-	-	-	1,375,672	1,375,672						
Other Aboriginal Organizations	-	-	-	-	-	-	1,543,695	1,543,695						
Interest, rentals and other	720,103	19,376	-	100,406	-	-	4,103,371	4,943,256						
Administration	302,579	-	-	(46,063)	(1,220)	(255,296)	-	-						
Transfers	-	151,667	-	-	-	(151,667)	-	-						
	1,452,859	1,019,615	5,921,959	1,155,975	463,953	9,864,341	19,878,702							
Expenditures														
Salaries, wages and benefits	446,283	156,590	536,765	295,783	64,857	2,689,311	4,189,589							
Materials, supplies and capital	538,024	749,665	5,380,580	780,785	52,903	6,501,361	14,003,318							
Rents and financial expenses	25,232	-	-	6	244,251	22,277	291,766							
Travel	71,529	-	4,612	21,037	-	75,764	172,942							
Amortization	232,727	635,083	-	-	-	538,827	1,406,637							
	1,313,795	1,541,338	5,921,957	1,097,611	362,011	9,827,540	20,064,252							
Excess (deficiency) of revenue over expenditures	\$ 139,064	\$ (521,723)	\$ 2	\$ 58,364	\$ 101,942	\$ 36,801	\$ (185,550)							

**Couchiching First Nation
2019 Segment Disclosure**

	<u>For the year ended March 31, 2019</u>		Operations and Maintenance		Education		Social Services		Minor Capital		Other		Total
Revenue													
Indigenous Services Canada	\$ 576,945	\$ 721,784	\$ 6,122,632	\$ 126,600	\$ 457,050	\$ 1,388,552	\$ 9,393,563						
Canada	-	-	-	-	108,996	1,364,530	1,473,526						
Ontario	-	-	-	954,223	-	999,552	1,953,775						
Casino Rama	-	-	-	-	-	1,575,009	1,575,009						
Other Aboriginal Organizations	-	-	-	-	-	1,386,090	1,386,090						
Interest, rentals and other	313,386	22,409	-	(12,007)	-	4,556,301	4,880,089						
Administration	386,754	-	-	(88,795)	(56,600)	(241,359)	-						
Transfers	-	133,875	-	-	-	(133,875)	-						
	1,277,085	878,068	6,122,632	980,021	509,446	10,894,800	20,662,052						
Expenditures													
Salaries, wages and benefits	436,502	166,353	586,014	315,013	58,524	2,490,939	4,053,345						
Materials, supplies and capital	217,679	711,715	5,521,121	647,980	241,620	7,590,601	14,930,716						
Rents and financial expenses	187,579	-	-	5	121,326	81,030	389,940						
Travel	44,604	-	15,497	17,023	-	111,184	188,308						
Amortization	233,074	643,862	-	-	-	655,857	1,532,793						
	1,119,438	1,521,930	6,122,632	980,021	421,470	10,929,611	21,095,102						
Excess (deficiency) of revenue over expenditures	\$ 157,647	\$ (643,862)	\$ -	\$ -	\$ 87,976	\$ (34,811)	\$ (433,050)						