



Consolidated Financial Statements

Shawanaga First Nation

March 31, 2021

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Management's Responsibility

To the Chief and Council and Members of Shawanaga First Nation:

The accompanying consolidated financial statements of Shawanaga First Nation for the year ended March 31, 2021 are the responsibility of management and have been approved by the Chief and Council.

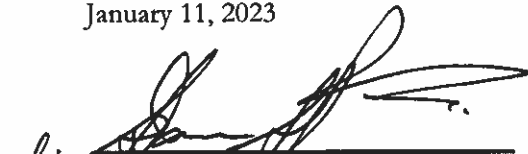
Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate 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 Shawanaga First Nation Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for recommending the appointment of Shawanaga First Nation's external auditors.

Grant Thornton LLP is appointed by the Chief and Council and Members 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 the Council and management to discuss their audit findings.

January 11, 2023



Band Administrator

Finance Manager

Independent auditor's report

To the Members of Shawanaga First Nation

Qualified Opinion

We have audited the consolidated financial statements of Shawanaga First Nation ("the First Nation"), which comprise the consolidated statement of financial position as at March 31, 2021, and the consolidated statements of operations, change in 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, except for the 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 financial position of Shawanaga First Nation as at March 31, 2021, and its results of operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

The First Nation has interests in government business partnerships which participate in Feed-in-Tariff (FiT) hydro-electric projects and which are accounted for under the modified equity method. These government business partnerships are carried at \$nil on the statement of financial position as at March 31, 2021 and the First Nation's share of distributions from these partnerships totalling \$nil is reported in the First Nation's operations for the year then ended. We were unable to obtain sufficient appropriate audit evidence about the carrying amount of the First Nation's interests in these government business partnerships as at March 31, 2021 and the First Nation's share of partnership income for the year because partnership financial statements prepared by the partners were not available as at December 19, 2022. Consequently we were unable to determine whether any adjustments to those amounts were necessary.

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

Management is responsible for the preparation and fair presentation of these 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 a 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 Entity'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 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 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 Entity 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 and the organizations it controls 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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

North Bay, Canada
January 11, 2023

Chartered Professional Accountants
Licensed Public Accountants

Shawanaga First Nation

Consolidated Statements of Operations and Accumulated Surplus

Year Ended March 31

	2021 Actual	2020 Actual
Revenue		
Government funding (Note 15)	\$ 7,809,089	\$ 8,669,075
Sales	2,698,258	5,093,432
Rental and other	680,953	350,082
Interest	11,538	44,027
Loss on disposal of tangible capital assets	-	(673,192)
Loss from investment in government business enterprise (Note 5)	(66,406)	(117,480)
	<u>11,133,432</u>	<u>13,365,944</u>
Expenses		
Capital	133,199	152,153
Community operations	1,233,778	1,116,702
Economic development	3,254,150	5,152,423
Education	939,811	1,223,566
First Nation administration	2,042,532	1,939,337
Health services	2,610,792	2,006,262
Other	713,348	358,111
Social services	429,370	300,467
	<u>11,356,980</u>	<u>12,249,021</u>
Annual (deficit) surplus before prior year subsidy settlements	(223,548)	1,116,923
Prior year subsidy settlements	(35,241)	25,572
Annual (deficit) surplus from operations	(258,789)	1,142,495
Road settlement payout - Hwy 7182	-	(52,288)
Community distribution - Henvey Inlet Wind Farm Transmission Line Settlement	-	(9,000)
Annual (deficit) surplus	(258,789)	1,081,207
Accumulated surplus, beginning of year	<u>6,857,114</u>	<u>5,775,907</u>
Accumulated surplus, end of year (Note 13)	<u>\$ 6,598,325</u>	<u>\$ 6,857,114</u>

Shawanaga First Nation

Consolidated Statement of Financial Position

March 31

2021

2020

Financial assets

Cash and cash equivalents	\$ 2,916,021	\$ 2,381,565
Restricted cash (Note 3)	1,146,632	914,810
Receivables	1,815,898	2,187,464
Inventory for resale	146,985	123,789
Investments in government business enterprise (Note 5)	260,396	326,802
Mortgages receivable, net of unamortized discount (Note 16)	874,002	917,666
Long-term loan receivable	-	1,240
	<u>7,159,934</u>	<u>6,853,336</u>

Liabilities

Payables and accruals	1,255,635	1,546,121
Funding repayable (Note 17)	477,964	472,591
Due to related parties (Note 11)	44,125	44,125
Deferred contributions (Note 7)	1,550,436	576,408
Long term debt (Note 12)	3,356,322	1,328,572
Obligations under capital lease	-	654
	<u>6,684,482</u>	<u>3,968,471</u>

Net financial assets

	<u>475,452</u>	<u>2,884,865</u>
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Non-financial assets

Prepays and deposits	53,412	53,412
Tangible capital assets (Note 6)	6,069,461	3,918,837
	<u>6,122,873</u>	<u>3,972,249</u>

Accumulated surplus (Note 13)

	<u>6,598,325</u>	<u>\$ 6,857,114</u>
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Contingencies and commitments (Note 9)

On behalf of Council

 Councillor

 Councillor

Shawanaga First Nation

Consolidated Statement of Change in Net Financial Assets

Year Ended March 31

2021
Actual

2020
Actual

Annual (deficit) surplus	\$ (258,789)	\$ 1,081,207
Amortization of tangible capital assets	579,776	564,921
Acquisition of tangible capital assets	(2,730,400)	(1,545,473)
Disposal of tangible capital assets	-	1,046,292
Change in prepaids and deposits	-	(1,733)
Increase (decrease) in net financial assets	(2,409,413)	1,145,214
Net financial assets,		
Beginning of year	2,884,865	1,739,651
End of year	\$ 475,452	\$ 2,884,865

Shawanaga First Nation

Consolidated Statement of Cash Flows

Year Ended March 31

2021

2020

Cash and cash equivalents derived from (applied to)

Operating transactions

Annual (deficit) surplus	\$	(258,789)	\$	1,081,207
Non-cash changes to operations:				
Amortization of tangible capital assets		579,776		564,921
Loss (earnings) from investment in government business enterprise		66,406		117,480
Gain on disposal of tangible capital assets		-		673,192
Changes in non-cash working capital items:				
Receivables		371,566		(240,880)
Inventory for resale		(23,196)		24,181
Prepays and deposits		-		(1,733)
Payables and accruals		(290,486)		64,728
Funding repayable		5,373		(6,245)
Deferred contributions		974,028		(667,028)
		<u>1,424,678</u>		<u>1,609,823</u>

Financing transactions

Repayment of long-term debt		(84,573)		(96,360)
Proceeds on issuance of long-term debt		2,112,323		545,142
Advances (repayments) from related parties		-		(109)
Repayment of obligation under capital lease		(654)		(2,160)
		<u>2,027,096</u>		<u>446,513</u>

Investing transactions

Decrease (increase) in restricted cash		(231,822)		(145,478)
Payments received on mortgages receivable		43,664		84,119
Net advances of loan receivable		1,240		-
		<u>(186,918)</u>		<u>(61,359)</u>

Capital transactions

Purchase of tangible capital assets		<u>(2,730,400)</u>		<u>(1,541,973)</u>
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Net increase in cash and cash equivalents		534,456		453,004
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Cash and cash equivalents

Beginning of year		<u>2,381,565</u>		<u>1,928,561</u>
End of Year	\$	<u>2,916,021</u>		<u>2,381,565</u>

Non-cash investing and capital activities

During the prior year, the First Nation sold buildings in exchange for \$369,600 in mortgages receivable.

During the prior year, the First Nation acquired a vehicle at a cost of \$45,157 of which \$3,500 was value received from trade-in of older vehicle.

Shawanaga First Nation

Notes to the Consolidated Financial Statements

March 31, 2021

1. Nature of operations

The Shawanaga First Nation ("the First Nation") is a local government entity whose principal purpose is to provide for the well-being of its band members. The First Nation operates under the Indian Act.

2. Summary of significant accounting policies

Management responsibility

The consolidated financial statements of the First Nation are the representations of management. They have been prepared in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.

Basis of consolidation

These consolidated financial statements reflect the assets, liabilities, revenues, expenses and accumulated surplus of the reporting entity. The reporting entity is comprised of all programs administered by the First Nation and all organizations controlled by the First Nation. These consolidated financial statements include the following organizations which are wholly owned by the First Nation:

- Shawanaga Retail GP Inc.
- Shawanaga Retail LP
- SFN Cann Retail GP Inc. (inactive)
- SFN Ec Dev Corporation (inactive)
- 1582787 Ontario Ltd. (inactive)

Inter-organizational transactions and balances between these organizations are eliminated.

Revenue recognition

Gas and variety store sales are recognized when goods are sold. Interest, rental and other income are recognized when earned.

Government transfers

Government transfers received are recognized as revenues 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 contributions when transfer stipulations give rise to a liability. Transfer revenue is recognized in the Consolidated Statement of Operations as the stipulation liabilities are settled.

Government transfers paid are recognized as an expense in the period the transfer is authorized and all eligible criteria have been met by the recipient.

Shawanaga First Nation

Notes to the Consolidated Financial Statements

March 31, 2021

2. Summary of significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances with banks and short term deposits with original maturities of three months or less. Bank borrowings are considered to be financing activities.

Inventory for resale

Inventories are measured at the lower of cost and net realizable value, with cost being determined on the first-in, first-out basis. Cost includes all acquisition costs incurred in bringing inventory to its present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

Tangible capital assets

Tangible capital assets are capitalized at acquisition cost and are amortized over their expected useful life using the straight line method at the following rates:

Buildings	25 years
Water supply/distribution system	40 years
Equipment and furniture	5 years
Machinery and vehicles	5 years
Roads	20 years
School bus	5 years
Solar system	12 years

Tangible capital assets are written down when conditions indicate that they no longer contribute to the First Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statements of operations.

Contributed capital assets are recorded as revenue at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal 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.

Investments in government business enterprises

Government business enterprises are accounted for using the modified equity method. Under this method, the government business enterprise's accounting policies are not adjusted to conform with those of the First Nation and inter-organizational transactions and balances are not eliminated. The following government business enterprise is included in these financial statements:

Shwe Miikaan Limited Partnership

Shawanaga First Nation

Notes to the Consolidated Financial Statements

March 31, 2021

2. Summary of significant accounting policies (continued)

Interests in government business partnerships

Government business partnerships are accounted for using the modified equity method. Under this method, the government business partnership's accounting policies are not adjusted to conform with those of the First Nation and inter-organizational transactions and balances are not eliminated.

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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions that the First Nation may undertake in the future. Significant accounting estimates include allowance for doubtful accounts and uncollectible loans, current year subsidy settlements payable and estimated useful lives of tangible capital assets. Accounts receivable are subject to measurement uncertainty due to the First Nation's exposure to credit risk from individual third parties. Actual results could differ from those estimates.

3. Restricted cash

Restricted cash of the Trust Fund relates to funds on deposit with Indigenous Services Canada generated from land that is leased to non-native parties and interest earned on the related lease rentals.

Restricted cash of the Casino Rama Fund consists of cash and term deposits and relates to funds received from the Ontario First Nations Limited Partnership that are unspent at year end.

Restricted cash of the Operating and Replacement Reserves consists of term deposits and is required to be maintained under the terms of an agreement with Canada Mortgage and Housing Corporation for the purpose of replacing items of a capital nature.

Restricted cash of the Debt Reserve Fund consists of funds held by the First Nations Finance Authority ("the Authority") as a risk management measure in the event the First Nation defaults on its loans with the Authority.

	<u>2021</u>	<u>2020</u>
Trust Fund	\$ 8,737	\$ 8,737
Casino Rama Fund	940,040	806,661
Operating Reserve	29,464	29,598
Replacement Reserve	69,680	69,814
Debt reserve fund	98,711	-
	<u>\$ 1,146,632</u>	<u>\$ 914,810</u>

Shawanaga First Nation

Notes to the Consolidated Financial Statements

March 31, 2021

4. Defined contribution pension plan

The First Nation maintains a defined contribution pension plan for its employees. The assets of the plan are held separately from those of the First Nation in an independently administered fund. Contributions paid and expensed by the First Nation amounted to \$94,490 (2020 - \$92,352).

5. Investment in government business enterprise

The First Nation owns a 33.333% interest in Shwe Miikaan Limited Partnership.

	2021	2020
Share of income (loss)	\$ 35,547	\$ (117,480)
Adjustment for restatement of 2019 share of loss	(101,953)	-
Change in investment balance for the year	(66,406)	(117,480)
Investment balance, beginning of year	326,802	444,282
Investment balance, end of year	\$ 260,396	\$ 326,802

Condensed financial information in respect of Shwe Miikaan Limited Partnership for the years ended December 31 is provided below.

	2020	(Restated) 2019
Current assets	\$ 411,973	\$ 414,886
Advances to related parties	664,818	511,239
Property and equipment	22,570	31,242
	\$ 1,099,361	\$ 957,367
Liabilities	\$ 318,180	\$ 282,829
Capital	781,181	674,538
	\$ 1,099,361	\$ 957,367
Total revenue	\$ 1,191,398	\$ 695,551
Total expenses	1,084,755	1,358,750
Net (loss) income	\$ 106,643	\$ (663,199)

Shawanaga First Nation
Notes to the Consolidated Financial Statements

March 31, 2021

6. Tangible Capital Assets

	General				Infrastructure				2021	2020
	Land and land improvements	Machinery and vehicles	Equipment and furniture	Leased equipment	Buildings	Roads	Water and distribution systems	Construction in progress		
Cost										
Balance, beginning of year	\$ 50,000	\$ 1,246,307	\$ 1,407,608	\$ 54,710	\$ 2,543,781	\$ 104,471	\$ 2,518,126	\$ 757,019	\$ 8,682,022	\$ 8,217,541
Add: additions during year	-	164,247	187,366	-	237,413	-	267,431	1,873,943	2,730,400	1,545,473
Less: disposals during year	-	-	-	-	-	-	-	-	-	(1,080,992)
Transfers between classes	-	-	-	-	792,513	-	-	(792,513)	-	-
Balance, end of year	<u>50,000</u>	<u>1,410,554</u>	<u>1,594,974</u>	<u>54,710</u>	<u>3,573,707</u>	<u>104,471</u>	<u>2,785,557</u>	<u>1,838,449</u>	<u>11,412,422</u>	<u>8,682,022</u>
Accumulated amortization										
Balance, beginning of year	-	1,060,515	1,075,856	54,710	1,354,985	38,248	1,178,871	-	4,763,185	4,232,964
Add: amortization during the year	-	141,263	190,655	-	172,994	5,224	69,640	-	579,776	564,921
Less: accumulated amortization on disposals	-	-	-	-	-	-	-	-	-	(34,700)
Balance, end of year	<u>-</u>	<u>1,201,778</u>	<u>1,266,511</u>	<u>54,710</u>	<u>1,527,979</u>	<u>43,472</u>	<u>1,248,511</u>	<u>-</u>	<u>5,342,961</u>	<u>4,763,185</u>
Net book value	<u>\$ 50,000</u>	<u>\$ 208,776</u>	<u>\$ 328,463</u>	<u>\$ -</u>	<u>\$ 2,045,728</u>	<u>\$ 60,999</u>	<u>\$ 1,537,046</u>	<u>\$ 1,838,449</u>	<u>\$ 6,069,461</u>	<u>\$ 3,918,837</u>

Shawanaga First Nation

Notes to the Consolidated Financial Statements

March 31, 2021

7. Deferred contributions

Deferred contributions represent government transfers for which the stipulations have not yet been met. The change in deferred contributions is as follows:

	Balance March 31, 2020	Funding Received	Expenditures	Balance March 31, 2021
Indigenous Services Canada				
ARK 19	\$ 129,382	\$ -	\$ 85,337	\$ 44,045
Comprehensive community plan	67,500	75,000	7,500	135,000
COVID-19	-	305,611	173,418	132,193
Healing Centre - FNCFS prevention/least disruptive	35,065	106,118	106,101	35,082
Healing Centre - Home and Community Care	-	113,351	106,254	7,097
Healing Centre - Patient Transportation Program	-	123,984	107,554	16,430
Healing Centre - Ontario Indigenous Child and Youth Strategy	-	154,210	102,240	51,970
Healing Centre - Jordan's Principle	-	212,025	62,462	149,563
Second level services	20,746	19,620	26,600	13,766
Youth employment program	4,045	45,998	11,785	38,258
	<u>256,738</u>	<u>1,155,917</u>	<u>789,251</u>	<u>623,404</u>
Department of Fisheries and Oceans				
Aquaculture	6,130	-	6,130	-
Aquatic Monitoring	-	35,000	18,405	16,595
Sturgeon project	33	54,546	48,879	5,700
	<u>6,163</u>	<u>89,546</u>	<u>73,414</u>	<u>22,295</u>
Environment Canada				
Indigenous Protected and Conserved Areas	130,826	306,810	329,777	107,859
First Nations Land Management Resource Centre				
Legacy project	2,135	136,831	138,966	-
Survey Capacity	16,166	-	-	16,166
	<u>18,301</u>	<u>136,831</u>	<u>138,966</u>	<u>16,166</u>
Independent First Nations				
Family well being	2,224	209,672	211,896	-
Indigenous early learning child care	76,461	160,236	89,461	147,236
	<u>78,685</u>	<u>369,908</u>	<u>301,357</u>	<u>147,236</u>
Ministry of Community and Social Services				
Ontario Works	22,076	-	22,076	-
Gezhtoojig Employment and Training	63,619	60,497	2,758	121,358
Georgian Bay Biosphere Reserve Inc. CNPP	-	73,410	4,000	69,410
United Way				
Healing Centre - Safe House	-	482,708	40,000	442,708
	<u>\$ 576,408</u>	<u>\$ 2,675,627</u>	<u>\$ 1,701,599</u>	<u>\$ 1,550,436</u>

Shawanaga First Nation

Notes to the Consolidated Financial Statements

March 31, 2021

8. Bank indebtedness

The First Nation has an operating line of credit with CIBC of \$100,000 (2020 - \$100,000), which is unused at March 31, 2021 (2020 - unused). As security, the First Nation has provided a general security agreement covering all assets of the First Nation. The line of credit bears interest at CIBC prime plus 1.5% per annum.

9. Contingencies and commitments

Where differences exist between the First Nation's net approved expenditures and their actual net expenditures, the resolution of these variances will be negotiated between the funding agency and the First Nation. Any resulting adjustment will be recognized in the year in which the changes are confirmed by the funding agency and will be recorded as a prior year settlement (recovery) on the Consolidated Statement of Operations.

During the year, the First Nation entered into a contract for the construction of a new highway service centre. The contract value is \$5,300,000 and approximately \$1,800,000 was expended in 2021.

10. Interests in government business partnerships

The First Nation has interests in the following government business partnerships:

	2021	2020
Feed-in-Tariff (FiT) partnerships:		
Hanover Solar	\$ -	\$ -
5868 Orr Lake	-	-
7550 Lasalle	-	-
Minten SFN	-	-
Boost Power II	-	-
Solblack SFN	-	-
Hay Bay Solar	-	-
Great West Energy	-	-
Great West Energy II	-	-
	<u>\$ -</u>	<u>\$ -</u>

The Feed-in-Tariff partnerships are government business partnerships that participate in approved renewable energy projects to supply electricity generated to the electricity distribution system. These investments are carried at \$Nil since the partnerships' financial statements have not been provided by the partners and thus the First Nation's share of equity or income cannot be determined. Any distributions received from these partnerships are reported as income when received. Condensed supplementary financial information is not available for disclosure in these financial statements.

11. Related party transactions

At year-end, the amounts due to related parties were comprised of the following:

	2021	2020
Due to Shwe Miikaan Limited Partnership, a government business enterprise, non-interest bearing and without specified terms of repayment.	\$ 43,983	\$ 43,983
Due to members of Chief and Council, non-interest bearing and without specified terms of repayment.	142	142
	<u>\$ 44,125</u>	<u>\$ 44,125</u>

During the normal course of operations, the First Nation purchased construction services from Shwe Miikaan Limited Partnership in the amount of \$199,081 (2020 - \$75,180).

Shawanaga First Nation

Notes to the Consolidated Financial Statements

March 31, 2021

12. Long-term debt

	<u>2021</u>	<u>2020</u>
CMHC mortgage, bearing interest at 0.68% per annum, repayable in blended monthly instalments of \$1,610, maturing March 2035 and renewing October 2025. As security, Indigenous Services Canada has provided a loan guarantee.	\$ 258,315	\$ 275,445
CMHC mortgage, bearing interest at 1.87% per annum, repayable in blended monthly instalments of \$1,306, maturing April 2029 and renewing May 2024. As security, Indigenous Services Canada has provided a loan guarantee.	117,234	130,328
CMHC mortgage, bearing interest at 1.44% per annum, repayable in blended monthly instalments of \$1,782, maturing January 2032 and renewing February 2022. As security, Indigenous Services Canada has provided a loan guarantee.	214,918	223,476
Vehicle loan, repaid in the year.	-	3,546
CMHC mortgage bearing interest at 1.87% per annum, repayable in blended monthly instalments of \$4,652, maturing April 2034. As security, Indigenous Services Canada has provided a loan guarantee.	653,532	695,777
Advance on CMHC mortgage, maximum loan amount of \$590,500. As security, Indigenous Services Canada has provided a loan guarantee. Subsequent to year end, additional funds of \$435,238 were advanced. The mortgage will bear interest at 2.02% per annum and be repayable in blended monthly instalments of \$3,803 commencing April 1, 2022 maturing March 2037 and renewing March 2027.	147,625	-
First Nations Finance Authority interim financing, bearing interest at 2.40%, interest only payments. Subsequent to year end, total interim financing of \$11,457,520 was converted to a loan payable, bearing interest at 3.06% and repayable in annual principal payments of \$260,519 amortized over a 30 year period.	1,964,698	-
	<u>\$ 3,356,322</u>	<u>\$ 1,328,572</u>

Principal repayments in each of the next five years are estimated as follows:

2022	\$ 127,364
2023	455,231
2024	652,879
2025	655,178
2026	657,979

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13. Accumulated surplus

The First Nation uses fund accounting to account for activity related to the following funds:

- (a) The Band Operating Fund reports the accountable program activities of the First Nation administration, as well as the activities of the First Nation administration for which no external funding is received.
- (b) The Trust Fund reports trust funds owned by the First Nation that are held in trust by third parties.
- (c) The Capital Fund reports capital assets owned by the First Nation and financing related thereto.
- (d) The Casino Rama Fund reports the distributions received from Ontario First Nations Limited Partnership as a result of gaming revenues received by the Province of Ontario and expenditure of those distributions.
- (e) The Infrastructure Project Fund reports funds internally restricted by Council related to future projects to be undertaken by the First Nation.

Accumulated surplus consists of individual surpluses (deficits) as follows:

	<u>2021</u>	<u>2020</u>
Band operating fund	\$ 2,719,354	\$ 2,886,874
Investment in Shwe Miikaan Limited Partnership	260,396	326,802
Capital fund	2,713,139	2,590,265
Casino Rama fund	714,407	873,562
CMHC reserves	57,292	45,874
Trust fund	8,737	8,737
Infrastructure project fund	125,000	125,000
	<u>\$ 6,598,325</u>	<u>\$ 6,857,114</u>

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14. Budget figures

The First Nation does not formally budget for all of its programs and as such, the scope of the financial activity reported in the First Nation's fiscal plan is not the same as that reported in the consolidated financial statements.

The comparison of budget and actual results in those programs that the First Nation includes in its fiscal plan is summarized as follows:

Statements of Operations and Accumulated Surplus	Budget	Actual
Revenue		
Government funding	\$ 8,267,724	\$ 7,622,359
Rental and other	1,536,930	680,953
Interest	2,700	11,538
	<u>9,807,354</u>	<u>8,314,850</u>
Expenses		
Amortization	580,000	579,776
Advertising and promotion	18,100	14,833
Community services	444,560	41,059
Employee benefits	278,829	325,578
Equipment leasing	53,584	12,202
Food	11,500	22,055
Honorariums	53,900	48,750
Insurance	88,958	85,038
Interest and bank charges	23,960	15,743
Interest on long term debt	126,474	21,947
Meetings and travel	193,538	120,368
Miscellaneous and other	511,804	643,148
Office	188,068	146,242
Program costs and supplies	2,178,504	1,397,620
Professional fees and contract services	1,106,258	996,344
Repairs and maintenance	572,259	265,255
Salaries	2,404,253	2,227,007
Social assistance payments	-	318,846
Telephone and utilities	183,228	156,362
Training and workshops	93,934	56,649
Tuition and living allowance	585,262	439,622
Vehicle operating and transportation	90,502	40,923
	<u>9,787,475</u>	<u>7,975,367</u>
Annual surplus (deficit) before prior year subsidy settlements	19,879	339,483

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14. Budget Figures (continued)

Annual surplus (deficit) before prior year subsidy settlements	19,879	339,483
Prior year subsidy settlements	-	(35,241)
Annual surplus (deficit) from operations	19,879	304,242
Road settlement payout - Hwy 7182	-	-
Community distribution - Henvey Inlet Wind Farm Transmission Line Settlement	-	-
Annual surplus (deficit)	<u>\$ 19,879</u>	<u>\$ 304,242</u>

Statement of Change in Net Financial Assets	Budget	Actual
Annual surplus (deficit)	\$ 19,879	\$ 304,242
Amortization of tangible capital assets	580,000	579,776
Acquisition of tangible capital assets	(742,051)	(1,163,598)
Change in prepaids and deposits	-	-
Decrease in net financial assets	<u>\$ (142,172)</u>	<u>\$ (279,580)</u>

The budget adopted for the current year was prepared on a modified accrual basis, and has been restated to conform with the accounting and reporting standards applicable to the actual results. A reconciliation of the adopted and reported budgets is presented below.

Adopted budget:

Decrease in band operating fund deficiency	\$ (285,812)
Increase in Casino Rama Fund surplus	143,640

Adjustments:

Acquisition of tangible capital assets	742,051
Amortization of tangible capital assets	(580,000)
Debt repayments	-
	<u>\$ 19,879</u>

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15. Government transfers	2021	2020
Transferor		
Aboriginal Healing and Wellness Strategy	\$ 665,832	\$ 492,832
Canada Housing and Mortgage Corporation	100,760	92,728
Department of Fisheries and Oceans	54,546	92,512
Environment Canada	384,546	469,465
First Nation Land Management Resource Centre Inc.	240,654	198,567
Gezhtoojig Employment and Training	50,776	89,274
Independent First Nations	388,221	272,946
Indigenous Services Canada	3,863,948	4,957,998
Ministry of Community and Social Services	768,201	578,557
Ministry of Education	229,786	213,394
Ministry of Health and Long-Term Care	240,772	122,388
Ministry of Indigenous Affairs	76,500	145,841
Ontario First Nations (2008) Limited Partnership	678,823	697,910
Other One-time Funders	65,724	244,663
	\$ 7,809,089	\$ 8,669,075

16. Mortgages receivable

The mortgages are interest bearing at 1.64%, except five mortgages which are non-interest bearing, receivable in monthly payments ranging from \$311 to \$505 and maturing in years ranging from 2022 to 2039.

'At year-end, mortgage receivables of \$104,096 (2020 - \$117,922) are due from two Council members.

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17. Funding repayable

	2021	2020
Indigenous Services Canada	\$ 227,640	\$ 274,046
Health Canada	160,899	113,437
Independent First Nation	84,512	84,512
Ministry of Education	8,854	4,427
Ministry of Health and Long-term Care	(3,201)	(3,091)
Ministry of Children and Youth Services	(740)	(740)
	<u>\$ 477,964</u>	<u>\$ 472,591</u>

18. Impact of COVID-19 and subsequent events

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

In 2021, the COVID-19 pandemic had significant impact on revenues of the gas and variety store with a decrease of approximately \$2,400,000 in sales. The COVID-19 pandemic has also resulted in various changes to operations, including how services are delivered. Although these changes have resulted in additional costs, the First Nation received additional funding of approximately \$531,000 to cover such costs.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the First Nation for future periods.

19. Comparative figures

Certain figures presented for comparative purposes have been reclassified to adhere to the presentation adopted for the current year

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Notes to the Consolidated Financial Statements

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20. Segment information

The First Nation provides a wide range of services to its members and these services are provided through various programs. The schedule of segment disclosure provides a breakdown of the annual surplus (deficit) reported on the Consolidated Statement of Operations by major reporting segment. The segments correspond to the major functional categories used by the First Nation, which include the following activities:

Capital:

This segment reports the major capital projects and activities occurring in the First Nation during the year.

Community operations:

This segment includes housing, road maintenance, water, solid waste management, and fire protection services.

Economic development:

This segment reports the economic development activities of the First Nation, including programs such as fish harvesting, bush clearing as well as youth employment and other training programs.

Education:

This segment includes general and special education. This segment also includes service contracts with provincially funded area school boards which are entered into for secondary students. In addition, this segment includes the reimbursement of tuition costs and living and other allowances to students who are attending post-secondary institutions.

First Nation Administration:

This segment includes finance, band support and membership, and the governance activities of Chief and Council. This area oversees the delivery of all government services, including ensuring that adequate policies and procedures are in place to safeguard assets and to properly report financial activities.

Health services:

This segment reports the diverse range of services provided by the First Nation directed towards the wellbeing of its members including the delivery of programming such as early childhood development, nutrition, diabetes, mental health, healthy babies, victim services, home and community care and many other programs designed to enhance the health of its members.

Other:

The segment includes all the other programs provided by the First Nation that are ancillary to the core services of the First Nation. Some of the more significant programs include the library and annual Pow Wow.

Social services:

This segment includes the delivery of a variety of programming including Ontario Works, employment support services and national child benefit programs.

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19. Segment information (continued)	2021								
	Capital	Community Operations	Economic Development	Education	First Nation Administration	Health Services	Other	Social Services	Total
Revenue									
Government funding	\$ 238,388	\$ 479,516	\$ 59,915	\$ 1,568,945	\$ 1,323,009	\$ 2,773,806	\$ 920,983	\$ 444,527	\$ 7,809,089
Sales	-	-	2,698,258	-	-	-	-	-	2,698,258
Rental and other	-	136,767	4,750	-	49,037	193,257	297,122	20	680,953
Interest	-	8,796	-	-	1,998	-	744	-	11,538
Gain (loss) on disposal of tangible capital asset:	-	-	-	-	-	-	-	-	-
Loss from investment in government business enterprise	-	-	-	-	-	-	(66,406)	-	(66,406)
	<u>238,388</u>	<u>625,079</u>	<u>2,762,923</u>	<u>1,568,945</u>	<u>1,374,044</u>	<u>2,967,063</u>	<u>1,152,443</u>	<u>444,547</u>	<u>11,133,432</u>
Expenses									
Advertising and promotion	-	-	446	-	1,634	13,199	-	-	15,279
Amortization	-	365,955	43,660	17,844	-	152,317	-	-	579,776
Bad debts	-	-	-	-	-	-	-	-	-
Community services	-	-	-	-	33,280	-	7,779	-	41,059
Cost of sales	-	-	2,331,306	-	-	-	-	-	2,331,306
Employee benefits	-	15,943	20,069	24,415	194,211	79,072	-	12,404	346,114
Equipment leasing	-	-	11,880	-	12,202	-	-	-	24,082
Expense recoveries	-	-	-	-	-	-	-	-	-
Food	-	-	-	-	-	22,055	-	-	22,055
Honorariums	-	9,350	-	-	35,900	3,500	-	-	48,750
Insurance	-	29,146	4,122	3,881	32,327	19,250	-	-	88,726
Interest and bank charges	-	268	26,473	-	14,756	676	-	43	42,216
Interest on long-term debt	-	21,947	-	-	-	-	-	-	21,947
Meetings and travel	-	1,254	26	1,500	66,551	51,063	-	-	120,394
Miscellaneous and other	-	-	(7,515)	700	3,721	272,874	475,453	-	745,233
Office	18,949	1,631	12,858	2,279	85,973	14,526	-	22,642	158,858
Professional fees and contract services	-	8,500	310,865	-	594,711	33,754	55,325	-	1,003,155
Program costs and supplies	-	322,296	11,358	102,321	58,384	1,122,217	174,791	-	1,791,367
Rent	-	-	-	-	-	19,249	-	-	19,249
Repairs and maintenance	44,144	150,386	130,169	19,012	17,954	69,771	-	-	431,436
Salaries	70,106	204,744	333,265	285,456	819,807	687,527	-	67,729	2,468,634
Social assistance payments	-	-	-	-	-	-	-	318,846	318,846
Telephone and utilities	-	56,473	14,210	23,851	62,911	13,739	-	1,753	172,937
Training and workshops	-	-	10,958	-	6,232	33,506	-	5,953	56,649
Tuition and living allowance	-	-	-	439,622	-	-	-	-	439,622
Vehicle operating and transportation	-	45,885	-	18,930	1,978	2,497	-	-	69,290
	<u>133,199</u>	<u>1,233,778</u>	<u>3,254,150</u>	<u>939,811</u>	<u>2,042,532</u>	<u>2,610,792</u>	<u>713,348</u>	<u>429,370</u>	<u>11,356,980</u>
Annual surplus (deficit) before prior year subsidy settlements	105,189	(608,699)	(491,227)	629,134	(668,488)	356,271	439,095	15,177	(223,548)
Prior year subsidy settlements	-	-	-	-	(42,591)	-	-	7,350	(35,241)
Annual surplus (deficit) from operations	105,189	(608,699)	(491,227)	629,134	(711,079)	356,271	439,095	22,527	(258,789)
Road settlement distributions - Hwy 7182	-	-	-	-	-	-	-	-	-
Community distribution - Henvey Inlet Wind Farm Transmission Line	-	-	-	-	-	-	-	-	-
Annual surplus (deficit)	\$ 105,189	\$ (608,699)	\$ (491,227)	\$ 629,134	\$ (711,079)	\$ 356,271	\$ 439,095	\$ 22,527	\$ (258,789)

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19. Segment information (continued)	2020								
	Capital	Community Operations	Economic Development	Education	First Nation Administration	Health Services	Other	Social Services	Total
Revenue									
Government funding	\$ 758,833	\$ 575,987	\$ 118,756	\$ 2,052,011	\$ 1,366,503	\$ 2,693,558	\$ 790,214	\$ 313,213	\$ 8,669,075
Sales	-	-	5,093,432	-	-	-	-	-	5,093,432
Rental and other	-	115,238	500	-	23,769	30,174	180,103	298	350,082
Interest	-	8,563	-	-	27,028	-	8,436	-	44,027
Gain on disposal of tangible capital assets	-	(676,692)	-	-	3,500	-	-	-	(673,192)
Loss from investment in government business enterprise	-	-	-	-	-	-	(117,480)	-	(117,480)
	758,833	23,096	5,212,688	2,052,011	1,420,800	2,723,732	861,273	313,511	13,365,944
Expenses									
Advertising and promotion	-	-	3,320	-	14,677	18,239	-	-	36,236
Amortization	-	353,227	42,626	42,950	-	122,368	3,750	-	564,921
Bad debts	-	-	-	-	9,675	-	-	-	9,675
Community services	-	-	100	-	20,010	-	39,434	-	59,544
Cost of sales	-	-	4,484,824	-	-	-	-	-	4,484,824
Employee benefits	-	20,022	25,883	23,192	217,608	74,263	-	10,415	371,383
Equipment leasing	-	-	15,824	-	10,471	-	-	-	26,295
Expense recoveries	-	-	-	-	(58,289)	-	-	-	(58,289)
Food	-	-	-	-	-	1,500	-	-	1,500
Honorariums	-	12,553	-	-	37,036	10,883	-	-	60,472
Insurance	-	29,246	5,272	5,249	26,514	15,631	-	-	81,912
Interest and bank charges	-	475	89,193	-	11,097	940	-	45	101,750
Interest on long-term debt	-	22,086	-	-	-	-	-	-	22,086
Meetings and travel	-	1,637	6,397	3,335	150,261	89,206	-	-	250,836
Miscellaneous and other	-	-	(33,683)	5,239	11,432	47,619	182,386	-	212,993
Office	24,488	2,188	16,829	17,338	94,404	30,126	-	7,544	192,917
Professional fees and contract services	-	8,747	8,343	-	545,623	81,156	92,304	-	736,173
Program costs and supplies	-	183,019	17,657	142,684	46,046	818,127	40,221	-	1,247,754
Rent	-	-	-	-	-	3,477	-	-	3,477
Repairs and maintenance	114,727	159,998	49,183	20,353	1,406	61,060	16	-	406,743
Salaries	12,938	217,251	397,292	290,074	724,244	572,301	-	56,011	2,270,111
Social assistance payments	-	-	-	-	-	-	-	195,223	195,223
Telephone and utilities	-	85,210	15,426	25,805	64,060	26,704	-	-	217,205
Training and workshops	-	51	7,937	1,284	9,972	32,662	-	31,229	83,135
Tuition and living allowance	-	-	-	614,581	-	-	-	-	614,581
Vehicle operating and transportation	-	20,992	-	31,482	3,090	-	-	-	55,564
	152,153	1,116,702	5,152,423	1,223,566	1,939,337	2,006,262	358,111	300,467	12,249,021
Annual surplus (deficit) before prior year subsidy settlements	606,680	(1,093,606)	60,265	828,445	(518,537)	717,470	503,162	13,044	1,116,923
Prior year subsidy settlements	-	38,190	-	-	-	(16,469)	-	3,851	25,572
Annual surplus (deficit) from operations	606,680	(1,055,416)	60,265	828,445	(518,537)	701,001	503,162	16,895	1,142,495
Road settlement distributions - Hwy 7182	-	-	-	-	-	-	(52,288)	-	(52,288)
Community distribution - Henvey Inlet Wind Farm Transmission Line	-	-	-	-	-	-	(9,000)	-	(9,000)
Annual surplus (deficit)	\$ 606,680	\$ (1,055,416)	\$ 60,265	\$ 828,445	\$ (518,537)	\$ 701,001	\$ 441,874	\$ 16,895	\$ 1,081,207