

Consolidated Financial Statements

Chippewas of Georgina Island First Nation

March 31, 2019

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Independent Auditor's Report

Grant Thornton LLP
Suite 400
85 Bayfield Street
Barrie, ON
L4M 3A7
T +1 705 728 3397
F +1 705 728 2728
Barrie@ca.gt.com
www.GrantThornton.ca

To the Members of
Chippewas of Georgina Island First Nation

Opinion

We have audited the consolidated financial statements of Chippewas of Georgina Island First Nation ("the Entity"), which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of operations, change in net debt and cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Chippewas of Georgina Island First Nation as at March 31, 2019, and its results of operations, its changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the 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 Entity 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.



Barrie, Canada
July 24, 2019

Chartered Professional Accountants
Licensed Public Accountants

Chippewas of Georgina Island First Nation

Consolidated Statement of Operations

Year ended March 31

	Budget (Unaudited)	2019 Actual	2018 Actual
Revenue			
Government of Canada			
Health Canada	\$ 464,806	\$ 545,273	\$ 477,051
CMHC	170,137	124,671	114,247
Environment Canada	-	42,432	70,000
Indigenous Services Canada	3,377,046	5,904,463	5,012,649
Province of Ontario	3,678,773	3,013,639	1,716,020
Lands leases and fees	1,377,000	1,394,990	1,402,107
OFNLP	737,749	1,198,860	947,905
Interest	12,128	1,519,876	1,118,333
Dividend	-	1,085,223	1,199,042
Other	18,957,098	21,141,775	14,721,269
Williams Treaty Trust Settlement	-	155,579,983	-
Gain on sale of investments	-	4,904,167	3,317,161
	<hr/> <u>28,774,737</u>	<hr/> <u>196,455,352</u>	<hr/> <u>30,095,784</u>
Expenditures			
Operating	20,088,647	12,744,477	10,819,949
Social Housing	314,444	345,390	290,936
Trust	-	845	845
Lands	718,691	1,048,979	988,557
Nish Radio Inc.	79,686	81,024	69,400
Virginia Beach Marina	-	-	2,605
2458582 Ontario Ltd.	473,032	761,204	459,370
Mnookmi Restaurant	-	-	1,888
Tobacco Trails	11,297,506	14,829,572	11,364,145
Virginia Beach Marina - Business Centre	744,778	738,134	645,602
OFNLP	-	119	120
Coldwater Narrows Trust	-	441,341	619,622
Williams Treaty Settlement	-	44,004,520	-
Williams Treaty Trust	-	68,550	-
Per Capita Distributions	-	912,843	1,125,071
	<hr/> <u>33,716,784</u>	<hr/> <u>75,976,998</u>	<hr/> <u>26,388,110</u>
Excess (deficiency) of revenue over expenditures	<hr/> <u>\$ (4,942,047)</u>	<hr/> <u>\$ 120,478,354</u>	<hr/> <u>\$ 3,707,674</u>

Chippewas of Georgina Island First Nation **Consolidated Statement of Accumulated Surplus**

Year ended March 31

2019

2018

Accumulated surplus, beginning of year	\$ 92,251,126	\$ 88,543,452
Excess of revenue over expenditures	<u>120,478,354</u>	<u>3,707,674</u>
Accumulated surplus, end of year	<u>\$ 212,729,480</u>	<u>\$ 92,251,126</u>

Chippewas of Georgina Island First Nation

Consolidated Statement of Financial Position

March 31

2019

2018

Financial assets

Cash (Note 2)	\$ 132,426,942	\$ 14,187,209
Externally restricted cash (Note 3)	12,905	23,651
Portfolio investments (Note 4)	58,080,707	59,676,562
Receivables (Note 5)	1,237,809	1,371,168
Inventories for resale (Note 6)	274,591	273,414
Mortgages receivable (Note 7)	46,438	49,627
Net investment in leases (Note 8)	933,718	690,577
	<u>193,013,110</u>	<u>76,272,208</u>

Financial liabilities

Payables and accruals (Note 9)	3,009,927	2,507,209
Deferred revenue (Note 10)	3,585,628	1,074,640
Long term debt (Note 11)	2,637,134	2,857,037
Landfill closure and post closure liability (Note 13)	105,300	97,353
	<u>9,337,989</u>	<u>6,536,239</u>

Net financial assets (Page 6)

183,675,121

69,735,969

Non-financial assets

Construction in progress (Note 14)	5,016,002	2,351,637
Prepaid expenses	106,387	17,721
Tangible capital assets (Note 14)	23,931,970	20,145,799
	<u>29,054,359</u>	<u>22,515,157</u>

Accumulated surplus (Note 17)

\$ 212,729,480

\$ 92,251,126

Contingencies (Note 15)

On behalf of the First Nation



Chief/Councillor



Administrator

Chippewas of Georgina Island First Nation
Consolidated Statement of Changes in Net Financial Assets

Year ended March 31

2019

2018

Excess of revenue over expenditures	<u>\$ 120,478,354</u>	<u>\$ 3,707,674</u>
Tangible capital assets		
Acquisition of tangible capital assets	(7,489,577)	(8,625,725)
Written down of tangible capital assets	-	2,075
Amortization of tangible capital assets	<u>1,039,041</u>	<u>869,005</u>
Total tangible capital assets	<u>(6,450,536)</u>	<u>(7,754,645)</u>
Change in prepaid expenses	<u>(88,666)</u>	<u>6,540</u>
Change in net financial assets (net debt)	<u>113,939,152</u>	<u>(4,040,431)</u>
Net financial assets, beginning of year	<u>69,735,969</u>	<u>73,776,400</u>
Net financial assets, end of year	<u>\$ 183,675,121</u>	<u>\$ 69,735,969</u>

Chippewas of Georgina Island First Nation

Consolidated Statement of Cash Flows

Year ended March 31

2019

2018

Increase (decrease) in cash

Operating transactions

Annual surplus	\$ 120,478,354	\$ 3,707,674
Items not affecting cash:		
Amortization of tangible capital assets	1,039,041	869,005
Amortization of net investment in leases	(20,503)	(20,368)
Landfill closure and post closure costs (Note 13)	7,947	9,162
Loss on disposal of tangible capital assets	-	2,075
Gain on sale of investments	(4,904,167)	(3,317,161)
	116,600,672	1,250,387
Change in non-cash working capital items (Note 18)	<u>3,134,742</u>	<u>3,731,884</u>
Cash provided to operating transactions	<u>119,735,414</u>	<u>4,982,271</u>

Capital transactions

Purchase of tangible capital assets	<u>(7,489,577)</u>	<u>(8,625,725)</u>
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Investing transactions

Purchase of investments	(37,213,285)	(25,227,453)
Sales of investments	<u>43,713,307</u>	<u>32,440,840</u>
Increase in externally restricted cash	10,746	130,394
Increase in mortgages receivable	(300,158)	-
Payments received for mortgages receivable	<u>3,189</u>	<u>9,838</u>

Cash provided to investing transactions	<u>6,213,799</u>	<u>7,353,619</u>
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Financing transactions

Proceeds from long term debt	1,095,000	-
Long term debt repayments	<u>(1,314,903)</u>	<u>(338,464)</u>

Cash applied to financing transactions	<u>(219,903)</u>	<u>(338,464)</u>
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Increase in cash	<u>118,239,733</u>	<u>3,371,701</u>
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Cash

Beginning of year	<u>14,187,209</u>	<u>10,815,508</u>
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End of year	<u>\$ 132,426,942</u>	<u>\$ 14,187,209</u>
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Chippewas of Georgina Island First Nation

Notes to the Consolidated Financial Statements

March 31, 2019

1. Summary of significant accounting policies

a) Basis of accounting

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

b) Financial statement preparation

The preparation of the consolidated financial statements of Chippewas of Georgina Island First Nation are the responsibility of management.

c) Reporting entity

The First Nation reporting entity includes the Chippewas of Georgina Island First Nation government and all related entities that are controlled by the First Nation.

d) Principles of consolidation

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of government business enterprise, which are included in the consolidated financial statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Organizations consolidated in the First Nation's financial statements include:

- Coldwater Narrows Trust – of which the First Nation controls and is the beneficiary of;
- Virgina Beach Marina;
- Nish Radio Inc.;
- 2458582 Ontario Limited.;
- 6832067 Canada Inc.; and
- Williams Treaty Trust – of which the First Nation controls and is the beneficiary of

e) Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets, prepaid expenses and inventories of supplies.

f) Portfolio investments

Portfolio investments are recorded at cost. Portfolio investments are written down where there has been a loss in value that is other than a temporary decline.

Chippewas of Georgina Island First Nation

Notes to the Consolidated Financial Statements

March 31, 2019

1. Summary of significant accounting policies (continued)

g) Inventories for resale

Inventories of supplies and goods available for resale are recorded at the lower of cost and net realizable value

h) Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Amortization is provided for on a straight-line basis, over the expected useful life as follows:

Buildings	25 - 40 years
Equipment	10 years
Boats	25 years
Vehicles	5 years
Water system	10 years
Parking lot	20 years
Roads	15 years
Docks	5 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 statement of operations.

Contributed capital assets are recorded into revenues 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.

Assets under construction are not amortized until the asset is available to be put into service.

Chippewas of Georgina Island First Nation

Notes to the Consolidated Financial Statements

March 31, 2019

1. Summary of significant accounting policies (continued)

i) 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 when the amounts involved can be reasonably estimated.

Funds, other than government transfers, received for specific purposes which are externally restricted by legislation, regulation or agreement are accounted for as deferred revenue. The revenue is recognized in the consolidated statement of operations in the year in which it is used for the specified purpose.

Ferry fares are recognized when services are rendered. Gas, marina and cigarette sales are recognized when goods are sold. Interest, gains and losses on sale of investments and other income are recognized when earned. Land sales are recognized when title passes. Leases and fees are recognized annually on the due date of the lease when reasonably measured.

j) Measurement uncertainty

In preparing the consolidated financial statements for Chippewas of Georgina Island First Nation, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Items requiring the use of significant estimates include allowance for doubtful accounts, estimated useful lives of property and equipment, and the landfill closure and post-closure liability. Actual results could differ from those estimates.

k) Government transfers

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

Government transfers received are recognized in the financial statements as revenue in the period the transfers are authorized and all eligibility criteria have been met except when there is a stipulation that gives rise to an obligation that meets the definition of a liability. In that case, the transfer is recorded as a liability and recognized as revenue as the stipulations are met.

Chippewas of Georgina Island First Nation

Notes to the Consolidated Financial Statements

March 31, 2019

2. Cash	2019	2018
Cash is comprised of the following:		
Internally designated cash		
OFNLP revenue	\$ 2,147,741	\$ 1,775,597
Per capita distributions	289,587	239,714
Williams Treaty Settlement	1,298,780	-
Williams Treaty Trust	104,754	-
Coldwater Narrows Trust funds held by the Trustee Canada Trust Company	197,076	214,861
Williams Treaty Trust funds held by the Trustee Canada Trust Company	110,626,248	-
Unrestricted		
Operating	2,336,783	918,308
Social housing	451,356	377,647
Trust revenue	7,458,434	4,724,564
Other	7,516,183	5,936,518
	<u>\$ 132,426,942</u>	<u>\$ 14,187,209</u>

Internally designated cash is cash set aside by the First Nation for the intended use of each department listed above. OFNLP revenue funds are to be used for the benefit of the First Nation as approved by Council. Per capita distributions are to be used for per capita payments to eligible members turning 21.

The First Nation, Canada and Ontario executed a Settlement Agreement dated May 3, 2018. The First Nation intends to use or invest the compensation for the long term benefit of the First Nation. Article 4 and Schedule 5 provided for monetary compensation of \$155,580,000, which was deposited into Trust Accounts on the First Nation's authority and direction as settler, the Trustees shall administer the compensation on the terms and conditions set out in the Trust Agreement. These funds are internally restricted.

The Trust agreement was dated November 5, 2018, with final signatures on November 5, 2018. The Trustee shall hold and invest the Trust property for the benefit of the First Nation, and will transfer or release Trust property as directed or authorized by the Trust Agreement. The Trust is a reversionary trust and therefore, although it is subject to tax pursuant to section 104 of the Income Tax Act (Canada), Subsection 75(2) of the Income Tax Act (Canada) applies to deem income to be that of a First Nation.

The First Nation has \$331,325 of funds in Williams Treaty Settlement that are due to maturing members at year end.

The First Nation has bank overdrafts in the amount of \$Nil (2018 - \$Nil), out of a \$200,000 credit limit. The facility is secured by a general security agreement conveying first position over the property owned by the First Nation and bears interest at a rate of 1%.

Chippewas of Georgina Island First Nation

Notes to the Consolidated Financial Statements

March 31, 2019

3. Externally restricted cash	2019	2018
Externally restricted cash		
Apartment replacement and subsidy	\$ -	\$ 10,746
Trust funds held by federal government	<u>\$ 12,905</u>	<u>\$ 12,905</u>
	<u>\$ 12,905</u>	<u>\$ 23,651</u>

Under the terms of an agreement with Canadian Mortgage and Housing Corporation, Chippewas of Georgina Island First Nation must set aside funds annually for the repair, maintenance, and replacement of worn out assets. These funds are externally restricted and are to be held in a separate bank account and invested in only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Apartment Replacement and Subsidy Fund.

The 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* and is therefore externally restricted.

Chippewas of Georgina Island First Nation

Notes to the Consolidated Financial Statements

March 31, 2019

4. Portfolio investments

The First Nation, Canada and Ontario executed a Settlement Agreement dated February 10, 2012, signed on June 2012. Article 12 of the Agreement states the First Nation intends to use or invest the compensation for the long term benefit of the First Nation. Article 2 provided for monetary compensation of \$88,879,273, which was deposited into Trust Accounts on the First Nation's authority and direction as settler, the Trustees shall administer the compensation on the terms and conditions set out in the Trust Agreement. These funds are internally restricted.

The Trust agreement was dated November 21, 2012, with final signatures on December 5, 2012. The Trustee shall hold and invest the Trust property for the benefit of the First Nation, and will transfer or release Trust property as directed or authorized by the Trust Agreement. The Trust is a reversionary trust and therefore, although it is subject to tax pursuant to Section 104 of the Income Tax Act (Canada), Subsection 75(2) of the Income Tax Act (Canada) applies to deem income to be that of a First Nation.

The portfolio investments are being held in bonds, Canadian equities and Global equities and currently are valued at cost on the statement of financial position. The amounts are for the purposes laid out in the trust agreement.

The fair market values of investments are disclosed below:

	2019	2018
Fixed income securities	\$ 25,870,908	\$ 27,190,575
Equity securities	36,146,531	38,700,400
Other assets	1,208,631	1,211,133
Tobacco Trails term deposit, 1.6%, maturing 2019	-	500,000
	\$ 63,226,070	\$ 67,602,108

Chippewas of Georgina Island First Nation

Notes to the Consolidated Financial Statements

March 31, 2019

5. Receivables	2019	2018
Receivables are comprised of:		
Due from members:		
Social housing	\$ 44,660	\$ 22,294
Government funding:		
Indigenous Services Canada (hereinafter "ISC")	58,848	30,057
Canada 150	-	261,221
Environment Canada	-	70,000
Province of Ontario	513,283	363,570
OTC	204,513	292,408
Union of Ontario Indians	34,828	57,067
Lands	11,550	11,550
Other	226,491	241,774
Interest	155,186	32,777
Less: allowance for doubtful accounts	<u>(11,550)</u>	<u>(11,550)</u>
	<u>\$ 1,237,809</u>	<u>\$ 1,371,168</u>

6. Inventories for resale	2019	2018
The First Nation had the following inventories for resale:		
Lands	\$ 3,104	\$ 7,954
Virginia Beach Marina Business Centre	25,648	20,724
Tobacco Trails	<u>245,839</u>	<u>244,736</u>
	<u>\$ 274,591</u>	<u>\$ 273,414</u>

Chippewas of Georgina Island First Nation

Notes to the Consolidated Financial Statements

March 31, 2019

7. Mortgages receivable

The mortgages in Lands are secured by leaseholds (land and/or buildings), bear interest ranging from 7% -10% per annum and have maturity dates ranging from one to five years.

Estimated principal repayments due in the next five years and thereafter are as follows:

2020	\$ 3,341
2021	3,595
2022	3,869
2023	4,165
2024	4,484
Thereafter	<u>26,984</u>
	 \$ 46,438

8. Net investment in leases

The rent to own leases from the First Nation members are secured by the related property. The interest rates implicit in the leases range from 1.77% to 4.73%.

Estimated principal repayments due in the next five years and thereafter are as follows:

2020	\$ 57,656
2021	60,462
2022	55,440
2023	42,984
2024	44,156
Thereafter	<u>673,020</u>
	 \$ 933,718

9. Payables and accruals

	2019	2018
Accrued liabilities	\$ 2,451,979	\$ 2,278,036
Accrued salaries and employee benefits payable	14,099	15,041
Coldwater Narrows Trust per capita distributions to members	212,524	214,132
Williams Treaty Trust distributions to members	<u>331,325</u>	-
	 \$ 3,009,927	\$ 2,507,209

Chippewas of Georgina Island First Nation

Notes to the Consolidated Financial Statements

March 31, 2019

10. Deferred revenue

	2018	Funding Received	Revenue Recognized	2019
Customer deposit	\$ 23,711	\$ 23,173	\$ -	\$ 46,884
Lands	277,867	183,750	277,867	183,750
OTC	31,485	-	31,485	-
Canada 150	261,221	-	261,221	-
Other	124,468	23,198	62,442	85,224
KEB	-	299,500	-	299,500
ISC	319,838	2,970,270	319,838	2,970,270
ISC - Lands	<u>36,050</u>	<u>-</u>	<u>36,050</u>	<u>-</u>
	<u>\$ 1,074,640</u>	<u>\$ 3,499,891</u>	<u>\$ 988,903</u>	<u>\$ 3,585,628</u>

11. Long term debt

	2019	2018
Mortgage, 1.30%, due 2022, renewal date 2022, payable in blended monthly payments of \$1,532	\$ 55,046	\$ 72,432
Mortgage, 1.08%, due 2030, renewal date 2021, payable in blended monthly payments of \$ 2,595	332,087	359,489
Mortgage, 2.49% due 2033, renewal date 2023, payable in blended monthly payments of \$2,637	370,238	392,659
Mortgage, 1.14% due 2036, renewal date 2022, payable in blended monthly payments of \$1,577	297,552	312,995
Mortgage, 1.05% due 2035, renewal date 2021, payable in blended monthly payments of \$1,429	253,722	268,131
Mortgage, 1.77% due 2039, renewal date 2020, payable in blended monthly payments of \$1,151	239,070	248,575
Mortgage, 2.22% due 2044, renewal date 2024, payable in blended monthly payments of \$4,754	1,089,419	-
Term loan, 3.29% due 2031, renewal date 2021, payable in blended monthly payments of \$10,570	<u>-</u>	<u>1,202,756</u>
	<u>\$ 2,637,134</u>	<u>\$ 2,857,037</u>

The mortgages are authorized by First Nation Council Resolution and are guaranteed by Indigenous Services Canada.

Chippewas of Georgina Island First Nation

Notes to the Consolidated Financial Statements

March 31, 2019

11. Long term debt (continued)

Anticipated annual principal repayments due in the next five years and thereafter are as follows:

2020	\$ 370,423	
2021	634,371	
2022	342,758	
2023	62,048	
2024	977,782	
Thereafter	<u>249,752</u>	
	<u>\$ 2,637,134</u>	
		2019
Interest expense for the year on long term debt	\$ 63,353	\$ 67,305
		2018

During the year the First Nation repaid the balance of the term loan bearing interest at 3.29% due May 2021. The facility was secured by a general security agreement covering first position over the property of the First Nation.

12. Pension agreement

The First Nation provides defined contribution plan for eligible members of its staff. Members may contribute a range of 2.25% to 7.50% of their basic salary. The First Nation matches the member's contributions which are directed to the member's contribution account. The amount of retirement benefit to be received by the member's will be the amount of retirement annuity that could be purchased based on the member's share of the pension plan at the time of the member's withdrawal from the plan. Chippewas of Georgina Island contributed during the year \$57,047 (2018 - \$59,107) for retirement benefits.

Chippewas of Georgina Island First Nation

Notes to the Consolidated Financial Statements

March 31, 2019

13. Landfill closure and post closure liability

Solid waste landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, management of ground water and leachates, and on-going environmental monitoring, site inspection and maintenance.

The liability for the landfill site is recorded at \$105,300 (2018 - \$97,353) and represents the present value of closure and post-closure costs, using an estimated long term borrowing rate of 4.25% (2018 - 4.25%) and inflation rate of 1.5% (2018 - 1.5%). The liability is recorded based on the capacity of the landfill used to date. The total estimated future expenditures representing the sum of the discounted future cash flows for closure and post-closure care are \$1,380,475 (2018 - \$1,379,633) leaving an amount to be recognized of \$1,273,687 (2018 - \$1,282,311). The estimated remaining capacity of the site is approximately 14,323 cubic meters (2018 - 14,518) and the estimated remaining landfill life is 28 years. Post-closure care is estimated to continue for a period of 25 years.

Management expects these future costs to be funded by ISC when incurred at a future date.

Chippewas of Georgina Island First Nation

Notes to the Consolidated Financial Statements

March 31, 2019

14. Tangible capital assets

Cost	2018	Additions	Disposals/ Transfers	2019
Land	\$ 8,984,912	\$ 826,289	\$ -	\$ 9,811,201
Buildings	9,001,256	781,616	800,594	10,583,466
Equipment	2,240,759	405,196	-	2,645,955
Boats	7,198,961	231,664	(137,225)	7,293,400
Vehicles	1,637,793	90,944	-	1,728,737
Water system	2,504,028	-	-	2,504,028
Parking lot	322,745	-	-	322,745
Roads	3,193,237	1,652,409	-	4,845,646
Docks	1,712,105	36,500	-	1,748,605
	36,795,796	4,024,618	663,369	41,483,783
Construction in progress	2,351,637	3,464,959	(800,594)	5,016,002
	<u>\$ 39,147,433</u>	<u>\$ 7,489,577</u>	<u>\$ (137,225)</u>	<u>\$ 46,499,785</u>
Accumulated Amortization	2018	Additions	Disposals	2019
Land	\$ -	\$ -	\$ -	\$ -
Buildings	3,265,338	304,838	-	3,570,176
Equipment	1,631,723	118,544	-	1,750,267
Boats	4,866,233	121,482	(137,225)	4,850,490
Vehicles	1,358,346	110,779	-	1,469,125
Water system	2,272,290	33,105	-	2,305,395
Parking lot	154,321	16,138	-	170,459
Roads	1,389,641	323,205	-	1,712,846
Docks	1,712,105	10,950	-	1,723,055
	<u>\$ 16,649,997</u>	<u>\$ 1,039,041</u>	<u>\$ (137,225)</u>	<u>\$ 17,551,813</u>
Net Book Value		2018		2019
Land		\$ 8,984,912	\$ 9,811,201	
Buildings		5,735,918	7,013,290	
Equipment		609,036	895,688	
Boats		2,332,728	2,442,910	
Vehicles		279,447	259,612	
Water system		231,738	198,633	
Parking lot		168,424	152,286	
Roads		1,803,596	3,132,800	
Docks		-	25,550	
		20,145,799	23,931,970	
Construction in progress		2,351,637	5,016,002	
		<u>\$ 22,497,436</u>	<u>\$ 28,947,972</u>	

Chippewas of Georgina Island First Nation

Notes to the Consolidated Financial Statements

March 31, 2019

15. Contingencies

- a) 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 funding agencies 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 at that time on the statement of revenue and expenditures for the applicable program.
- b) The First Nation has entered into contribution agreements with various government departments. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements.
- c) The First Nation, in the course of its operations, is subject to claims, lawsuits and contingencies. The outcome of all outstanding claims has been assessed as not determinable as of year end. Once the outcome has been determined, the effect will be recorded in operations in that period.

Chippewas of Georgina Island First Nation

Notes to the Consolidated Financial Statements

March 31, 2019

16. Segmented reporting

The First Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by function.

For each segment separately reported, the segment's revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis.

General government

This segment includes a wide variety of departments and functions within the First Nation that facilitate the general operations of the Band.

Health

Health services are comprised of public health services which work to improve the overall health of the population and overcome health inequalities by providing services to members of the First Nation.

Education

Education is comprised of education services which work to improve the overall education of the population and provide educational support and benefits to members of the First Nation.

Social programs

This segment includes a wide variety of departments and functions within the First Nation that provide social support to the community.

Public infrastructure

This segment provides a number of services including community planning, maintenance of infrastructure and review of property and equipment purchases.

Social housing

This segment includes housing developments that were built with the aid of Canadian Mortgage and Housing Corporation to provide affordable housing to members of the First Nation.

Marina

The Marina segment operates and provides services relating to the selling of fuel and marine related activities.

Lands

This segment administers and collects lease revenue and fees from residents on First Nation land and oversees current and future land treaty claims.

Trust activities

This segment includes the investment activities of the Coldwater Narrows Trust and Williams Treaty Trust, payment of per capita distributions and other trust revenue distributions as approved by the First Nation.

Chippewas of Georgina Island First Nation
Notes to the Consolidated Financial Statements
March 31, 2019

16. Segmented reporting (continued)

The presentation by segment is based on the same accounting policies as described in the summary of significant accounting policies as described in Note 1. The segment results for the period are as follows:

	March 31, 2019				
Revenue	General Government	Health	Education	Social Programs	Public Infrastructure
Government of Canada	\$ 42,432	\$ 520,273	\$ -	\$ 519,016	\$ 25,000
ISC	2,393,645	-	-	-	2,527,948
OFNLP	1,198,862	-	-	-	-
Province of Ontario	14,644	-	-	1,202,184	1,787,211
Interest	33,549	-	-	260	-
Other	501,720	324,809	1,488,056	220,430	452,476
Gain/(loss)	-	-	-	-	-
Sales	-	-	-	-	-
Leases and fees	-	-	-	-	-
Dividend	-	-	-	-	-
Total revenue	4,184,852	845,082	1,497,656	1,941,890	4,792,635
Expenditures					
Bank charges and interest	7,819	-	-	-	-
Travel	116,259	33,469	4,853	78,300	1,493
Program expenditures	536,943	165,323	1,226,816	1,253,982	558,247
Office and general	438,001	259,944	124,988	221,788	313,401
Repairs and maintenance	548,216	(1,801)	67,890	276,042	597,186
Wages and benefits	2,533,515	376,508	384,529	743,773	478,986
Insurance	117,032	7,835	-	22,810	22,974
Professional fees	349,026	-	-	-	-
Cost of sales	-	-	-	-	-
Amortization	960,317	-	-	-	-
Total expenditures	5,607,128	841,278	1,809,076	2,596,695	1,972,287
Annual surplus (deficit)	\$ (1,422,276)	\$ 3,804	\$ (311,420)	\$ (654,805)	\$ 2,820,348

Chippewas of Georgina Island First Nation
Notes to the Consolidated Financial Statements
March 31, 2019

16. Segmented reporting (continued)

	March 31, 2019	Social Housing	Marina	Lands	Trust Activities	Consolidated
Revenue						
Government of Canada	\$ 124,671	\$ -	\$ -	\$ 463,854	\$ -	\$ 712,376
ISC	-	-	-	-	-	5,904,463
OFNLP	-	-	-	-	-	1,198,862
Province of Ontario	-	-	-	-	-	3,013,639
Interest	6,485	17,064	76,467	1,386,051	1,519,876	
Other	90,465	330,209	183,563	5,897	3,597,625	
Gain/(loss)	-	-	-	4,904,167	4,904,167	
Sales	-	17,449,491	94,657	-	17,544,148	
Leases and fees	-	-	1,394,990	-	-	1,394,990
Dividend	-	-	-	1,085,223	-	1,085,223
Williams Treaty revenue	-	-	-	155,579,983	-	155,579,983
Total revenue	221,621	17,796,764	2,213,531	162,961,321	196,455,352	
Expenditures						
Bank charges and interest	-	88,253	-	-	52,867	148,939
Travel	-	9,814	2,084	-	-	246,272
Program expenditures	127,659	-	98,450	44,930,313	48,897,733	
Office and general	2,620	202,104	87,061	1,668	1,651,575	
Repairs and maintenance	106,244	131,415	81,551	-	1,806,743	
Wages and benefits	-	1,068,593	398,577	-	5,984,481	
Insurance	43,604	14,824	-	-	229,079	
Professional fees	14,878	32,187	2,494	442,406	840,991	
Williams Treaty expense	-	14,781,721	257,415	-	257,415	
Cost of sales	-	-	93,007	-	14,874,728	
Amortization	50,386	-	28,339	-	1,039,042	
Total expenditures	345,391	16,328,911	1,048,978	45,427,254	75,976,998	
Annual surplus (deficit)	\$ (123,770)	\$ 1,467,853	\$ 1,164,553	\$ 117,534,067	\$ 120,478,354	

Chippewas of Georgina Island First Nation
Notes to the Consolidated Financial Statements
March 31, 2019

16. Segmented reporting (continued)

	March 31, 2018	General Government	Health	Education	Social Programs	Public Infrastructure
Revenue						
Government of Canada	\$ 70,000	\$ 452,051	\$ 1,531,741	\$ 152,861	\$ 25,000	
ISC	2,461,969	-	-	-	-	501,718
OFNLP	947,905	-	-	-	-	-
Province of Ontario	25,000	-	-	-	1,210,841	480,179
Interest	17,128	-	-	-	-	-
Other	771,319	254,302	102,496	339,676	117,515	-
Gain/(loss)	-	-	-	-	-	-
Sales	-	-	-	-	-	-
Leases and fees	-	-	-	-	-	-
Dividend	-	-	-	-	-	-
Total revenue	4,293,321	706,353	1,634,237	1,703,378	1,124,412	
Expenditures						
Bank charges and interest	7,654	-	-	-	-	-
Travel	130,252	29,688	41,131	39,593	8,348	
Program expenditures	278,172	158,300	1,538,542	858,071	77,741	
Office and general	276,832	241,374	67,433	132,042	250,923	
Repairs and maintenance	398,854	7,002	80,435	10,358	715,928	
Wages and benefits	2,610,299	321,868	167,300	684,212	416,098	
Insurance	99,655	13,612	-	23,036	25,181	
Professional fees	234,916	-	-	-	-	
Cost of sales	-	-	-	-	-	
Amortization	818,892	-	-	-	-	-
Total expenditures	4,855,526	771,844	1,894,841	1,747,312	1,494,219	
Annual surplus (deficit)	\$ (562,205)	\$ (65,491)	\$ (260,604)	\$ (43,934)	\$ (369,807)	

Chippewas of Georgina Island First Nation
Notes to the Consolidated Financial Statements
March 31, 2019

16. Segmented reporting (continued)

	March 31, 2018	Social	Housing	Marina	Lands	Trust	Activities	Consolidated
Revenue								
Government of Canada	\$ 114,247	\$ -	\$ -	\$ -	\$ 364,360	\$ -	\$ -	\$ 661,298
ISC	-	-	-	-	-	-	-	5,012,649
OFNLP	-	-	-	-	-	-	-	947,905
Province of Ontario	-	-	-	-	-	-	-	1,716,020
Interest	3,392	5,437	43,742	1,048,634	1,118,333			
Other	108,545	185,581	101,987	1,147	1,982,568			
Gain/(loss)	-	-	-	3,317,161	3,317,161			
Sales	-	12,708,341	30,360	-	-	12,738,701		
Leases and fees	-	-	1,402,107	-	-	1,402,107		
Dividend	-	-	-	-	1,199,042	-	1,199,042	
Total revenue	226,184	12,899,359	1,942,556	5,565,984	30,095,784	57,274	128,492	
Expenditures								
Bank charges and interest	-	63,564	-	-	-	-	-	266,367
Travel	-	15,410	1,945	-	-	-	-	
Program expenditures	22,592	344,624	84,150	1,154,798	4,516,990			
Office and general	442	204,099	111,129	-	1,284,274			
Repairs and maintenance	182,719	138,120	133,860	-	1,667,276			
Wages and benefits	-	817,790	306,775	-	5,324,342			
Insurance	38,657	13,374	-	-	213,515			
Professional fees	13,378	37,516	302,836	532,620	1,121,266			
Cost of sales	-	10,963,603	30,905	-	10,994,508			
Amortization	33,148	2,082	16,958	-	871,080			
Total expenditures	290,936	12,600,182	988,558	1,744,692	26,388,110	57,274	128,492	
Annual surplus (deficit)	\$ (64,752)	\$ 299,177	\$ 953,998	\$ 3,821,292	\$ 3,707,674			

Chippewas of Georgina Island First Nation

Notes to the Consolidated Financial Statements

March 31, 2019

17. Accumulated surplus

	<u>2019</u>	<u>2018</u>
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The accumulated surplus is represented by:

Unrestricted		
Operating	\$ 15,031,682	\$ 8,596,154
Internally restricted		
Social Housing	(198,552)	(74,782)
Virginia Beach Marina	(418,588)	(430,331)
Lands	14,201,226	14,052,049
Trust Funds held by Federal Government	12,905	12,905
Coldwater Narrows Trust Funds -		
held by Canada Trust Company	58,630,402	59,481,871
OFNLP Revenue Fund	3,792,925	3,104,960
Per Capita Distribution Fund	51,494	47,703
Trust Revenue Fund	9,049,246	6,964,641
Williams Treaty Trust Funds -		
held by Canada Trust Company	111,778,265	-
Williams Treaty Settlement	55,657	-
2458582 Ontario Ltd	535,475	124,899
Mnookmi Restaurant	(103,350)	(103,350)
Nish Radio Inc.	(15,072)	(14,254)
Tobacco Trails	302,863	493,617
Virginia Beach Marina - Business Centre	<u>22,902</u>	<u>(4,956)</u>
	<u>\$ 212,729,480</u>	<u>\$ 92,251,126</u>

18. Change in non-cash working capital

	<u>2019</u>	<u>2018</u>
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Receivables	\$ 133,359	\$ 2,356,049
Inventories for resale	(1,177)	55,598
Payments received for investment in leases	77,520	68,331
Prepaid expenses	(88,666)	6,540
Accounts payables and accrued liabilities	502,718	831,093
Deferred revenue	<u>2,510,988</u>	<u>414,273</u>
	<u>\$ 3,134,742</u>	<u>\$ 3,731,884</u>
Interest paid during the year	\$ 31,866	\$ 30,126
Interest received during the year	<u>\$ 1,519,876</u>	<u>\$ 1,118,333</u>

Chippewas of Georgina Island First Nation

Notes to the Consolidated Financial Statements

March 31, 2019

19. Budgeted figures

Public Sector Accounting Standards (PSAS) require a comparison of the results for the period with those originally planned on the same basis as that used for actual results. The fiscal plan in the statement of operations reconciled to be on a PSAS basis is as follows:

	<u>Approved Fiscal Plan</u>	<u>Amortization</u>	<u>Fiscal Plan on a PSAS Basis</u>
Revenue	\$ 28,774,737	\$ -	\$ 28,774,737
Expenditures	<u>33,716,784</u>	<u>1,039,041</u>	<u>34,755,825</u>
Annual (deficiency) surplus	<u>\$ (4,942,047)</u>	<u>\$ (1,039,041)</u>	<u>\$ (5,981,088)</u>
