

Consolidated Financial Statements

Chippewas of Georgina Island First Nation

March 31, 2020

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Independent Auditor's Report

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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, 2020, and the consolidated statements of operations, accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Chippewas of Georgina Island First Nation as at March 31, 2020, and its results of operations, accumulated surplus, change in net financial assets, and 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,



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.

A handwritten-style signature of the company name "Grant Thornton LLP" in black ink.

Barrie, Canada
September 14, 2020

Chartered Professional Accountants
Licensed Public Accountants

Chippewas of Georgina Island First Nation

Consolidated Statement of Operations

Year ended March 31

		2020	2019
	Budget (Unaudited)	Actual	Actual
Revenue			
Government of Canada			
Health Canada	\$ 481,180	\$ 608,317	\$ 545,273
CMHC	151,956	168,844	124,671
Environment Canada	-	17,000	42,432
Indigenous Services Canada	4,189,655	5,749,688	5,904,463
Province of Ontario	965,791	2,605,704	3,013,639
Lands leases and fees	1,041,750	1,065,151	1,394,990
OFNLP	10,309	1,039,323	1,198,860
Interest	20,538	3,313,843	1,519,876
Dividend	-	1,662,957	1,085,223
Taxation	990,200	637,581	-
Other	20,869,207	27,029,053	21,141,775
Williams Treaty Trust Settlement	-	-	155,579,983
Gain on sale of investments	-	2,496,255	4,904,167
	<hr/>	<hr/>	<hr/>
	28,720,586	46,393,716	196,455,352
Expenditures			
Operating	10,393,247	14,983,238	12,744,477
Social Housing	282,510	230,862	345,390
Trust	-	845	845
Lands	791,460	823,574	1,048,979
Nish Radio Inc.	87,967	81,236	81,024
2458582 Ontario Ltd.	817,883	1,270,697	761,204
Tobacco Trails	14,026,537	16,351,713	14,829,572
Daawegamig Lodge	-	2,342,753	-
Virginia Beach Marina			
- Business Centre	693,603	684,612	738,134
OFNLP	-	299	119
Coldwater Narrows Trust	-	596,509	441,341
Williams Treaty Settlement	-	1,959,631	44,004,520
Williams Treaty Trust	-	1,199,224	68,550
Per Capita Distributions	-	1,026,489	912,843
	<hr/>	<hr/>	<hr/>
	27,093,207	41,551,682	75,976,998
Excess of revenue over expenditures	<hr/>	<hr/>	<hr/>
	\$ 1,627,379	\$ 4,842,034	\$ 120,478,354

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

Year ended March 31

	2020	2019
Accumulated surplus, beginning of year	\$ 212,729,480	\$ 92,251,126
Excess of revenue over expenditures	<u>4,842,034</u>	<u>120,478,354</u>
Accumulated surplus, end of year	<u>\$ 217,571,514</u>	<u>\$ 212,729,480</u>

Chippewas of Georgina Island First Nation

Consolidated Statement of Financial Position

March 31

2020

2019

Financial assets

Cash (Note 2)	\$ 32,020,148	\$ 132,426,942
Externally restricted cash (Note 3)	12,905	12,905
Portfolio investments (Note 4)	148,771,670	58,080,707
Receivables (Note 5)	1,399,628	1,237,809
Inventories for resale (Note 6)	1,169,778	274,591
Mortgages receivable (Note 7)	33,531	46,438
Net investment in leases (Note 8)	876,542	933,718
	<u>184,284,202</u>	<u>193,013,110</u>

Financial liabilities

Payables and accruals (Note 9)	4,520,919	3,009,927
Deferred revenue (Note 10)	2,420,015	3,585,628
Long term debt (Note 11)	2,496,046	2,637,134
Landfill closure and post closure liability (Note 13)	105,300	105,300
	<u>9,542,280</u>	<u>9,337,989</u>

Net financial assets (Page 6)

174,741,922

183,675,121

Non-financial assets

Construction in progress (Note 14)	7,128,446	5,016,002
Prepaid expenses	305,577	106,387
Tangible capital assets (Note 14)	35,395,569	23,931,970
	<u>42,829,592</u>	<u>29,054,359</u>

Accumulated surplus (Note 17)

\$ 217,571,514

\$ 212,729,480

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

2020

2019

Excess of revenue over expenditures	<u>\$ 4,842,034</u>	<u>\$ 120,478,354</u>
Tangible capital assets		
Acquisition of tangible capital assets	(14,823,112)	(7,489,577)
Amortization of tangible capital assets	<u>1,247,069</u>	<u>1,039,041</u>
Total tangible capital assets	<u>(13,576,043)</u>	<u>(6,450,536)</u>
Change in prepaid expenses	<u>(199,190)</u>	<u>(88,666)</u>
Change in (net financial debt) net assets	(8,933,199)	113,939,152
Net financial assets, beginning of year	<u>183,675,121</u>	<u>69,735,969</u>
Net financial assets, end of year	<u>\$ 174,741,922</u>	<u>\$ 183,675,121</u>

Chippewas of Georgina Island First Nation

Consolidated Statement of Cash Flows

Year ended March 31

2020

2019

Increase (decrease) in cash

Operating transactions

Annual surplus	\$ 4,842,034	\$ 120,478,354
Items not affecting cash:		
Amortization of tangible capital assets	1,247,069	1,039,041
Amortization of net investment in leases	(23,824)	(20,503)
Landfill closure and post closure costs (Note 13)	-	7,947
Gain on sale of investments	(2,496,255)	(4,904,167)
	3,569,024	116,600,672
Change in non-cash working capital items (Note 18)	(829,817)	3,134,742
Cash provided to operating transactions	2,739,207	119,735,414

Capital transactions

Purchase of tangible capital assets	<u>(14,823,112)</u>	<u>(7,489,577)</u>
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Investing transactions

Purchase of investments	(304,806,380)	(37,213,285)
Sales of investments	216,611,672	43,713,307
Increase in externally restricted cash	-	10,746
Increase in mortgages receivable	-	(300,158)
Payments received for mortgages receivable	12,907	3,189
Cash (applied to) provided to investing transactions	(88,181,801)	6,213,799

Financing transactions

Proceeds from long term debt	-	1,095,000
Long term debt repayments	<u>(141,088)</u>	<u>(1,314,903)</u>

Cash applied to financing transactions	<u>(141,088)</u>	<u>(219,903)</u>
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(Decrease) increase in cash (100,406,794) 118,239,733

Cash

Beginning of year	<u>132,426,942</u>	<u>14,187,209</u>
End of year	<u>\$ 32,020,148</u>	<u>\$ 132,426,942</u>

Chippewas of Georgina Island First Nation

Notes to the Consolidated Financial Statements

March 31, 2020

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;
- Virginia Beach Marina;
- Nish Radio Inc.;
- 2458582 Ontario Limited.;
- 6832067 Canada Inc.;
- 2697365 Ontario Ltd.; 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, 2020

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, 2020

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 retail 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, 2020

2. Cash	2020	2019
Cash is comprised of the following:		
Internally designated cash		
OFNLP revenue	\$ 2,411,618	\$ 2,147,741
Per capita distributions	774,287	289,587
Williams Treaty Settlement	2,121,654	1,298,780
Capital reserve fund	551,485	-
Coldwater Narrows Trust funds held by the Trustee Canada Trust Company	223,769	197,076
Williams Treaty Trust funds held by the Trustee Canada Trust Company	4,420,066	110,731,002
Unrestricted		
Operating	1,314,812	2,336,783
Social housing	548,619	451,356
Coldwater Narrows Trust revenue	6,906,065	7,458,434
Williams Treaty Trust revenue	3,480,470	-
Other	9,267,303	7,516,183
	<hr/>	<hr/>
	\$ 32,020,148	\$ 132,426,942

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 has \$1,165,325 (2019 - \$331,325) of funds in Williams Treaty Settlement that are due to maturing members at year end.

During 2019, the Williams Treaty Settlement monies in the amount of \$110,731,002 were held as cash and it was invested in portfolio investments during the year. (Note 4)

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, 2020

3. Externally restricted cash	2020	2019
Externally restricted cash		
Trust funds held by federal government	\$ 12,905	\$ 12,905

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.

4. Portfolio investments

Coldwater Narrows Trust

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.

Williams Treaty Trust

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.

Chippewas of Georgina Island First Nation

Notes to the Consolidated Financial Statements

March 31, 2020

4. Portfolio investments (continued)

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 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:

	2020	2019
Fixed income securities	\$ 56,667,945	\$ 25,870,908
Equity securities	79,953,254	36,146,531
Other assets	<u>3,797,620</u>	<u>1,208,631</u>
	<u>\$ 140,418,819</u>	<u>\$ 63,226,070</u>

5. Receivables

2020

2019

Receivables are comprised of:

Due from members:

Social housing	\$ 9,995	\$ 44,660
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Government funding:

Indigenous Services Canada (hereinafter "ISC")	91,965	58,848
Province of Ontario	680,919	513,283
OTC	171,281	204,513
Union of Ontario Indians	31,000	34,828

Lands

11,550	11,550
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Other

371,337	226,491
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Interest

43,131	155,186
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Less: allowance for doubtful accounts

<u>(11,550)</u>	<u>(11,550)</u>
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<u>\$ 1,399,628</u>	<u>\$ 1,237,809</u>
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Chippewas of Georgina Island First Nation

Notes to the Consolidated Financial Statements

March 31, 2020

6. Inventories for resale

	2020	2019
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The First Nation had the following inventories for resale:

Lands	\$ 5,610	\$ 3,104
Virginia Beach Marina Business Centre	30,141	25,648
Tobacco Trails	727,729	245,839
Daawegamig Lodge	<u>406,298</u>	-
	 <u>\$ 1,169,778</u>	 \$ 274,591

7. Mortgages receivable

The mortgages in Lands are secured by leaseholds (land and/or buildings), bear interest ranging from 7% 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:

2021	\$ 3,121
2022	3,347
2023	3,589
2024	3,848
2025	4,126
Thereafter	<u>15,500</u>
	 <u>\$ 33,531</u>

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:

2021	\$ 60,462
2022	55,440
2023	42,984
2024	44,156
2025	45,365
Thereafter	<u>628,135</u>
	 <u>\$ 876,542</u>

Chippewas of Georgina Island First Nation

Notes to the Consolidated Financial Statements

March 31, 2020

9. Payables and accruals	2020	2019
Payables and accrued liabilities	\$ 3,080,762	\$ 2,451,979
Accrued salaries and employee benefits payable	48,618	14,099
Coldwater Narrows Trust per capita distributions to members	226,214	212,524
Williams Treaty Trust distributions to members	<u>1,165,325</u>	<u>331,325</u>
	<u>\$ 4,520,919</u>	<u>\$ 3,009,927</u>

10. Deferred revenue

	2019	Funding Received	Revenue Recognized	2020
Customer deposit	\$ 46,884	\$ 38,296	\$ 46,884	\$ 38,296
Lands	183,750	112,150	183,750	112,150
Taxation revenue	-	124,823	-	124,823
Other	85,224	166,414	85,224	166,414
KEB	299,500	62,431	299,500	62,431
ISC	<u>2,970,270</u>	<u>361,147</u>	<u>1,415,516</u>	<u>1,915,901</u>
	<u>\$ 3,585,628</u>	<u>\$ 865,261</u>	<u>\$ 2,030,874</u>	<u>\$ 2,420,015</u>

11. Long term debt	2020	2019
Mortgage, 1.30%, due 2022, renewal date 2022, payable in blended monthly payments of \$1,532	\$ 37,435	\$ 55,046
Mortgage, 1.08%, due 2030, renewal date 2021, payable in blended monthly payments of \$ 2,595	304,396	332,087
Mortgage, 2.49% due 2033, renewal date 2023, payable in blended monthly payments of \$2,637	347,536	370,238
Mortgage, 1.14% due 2036, renewal date 2022, payable in blended monthly payments of \$1,577	281,940	297,552
Mortgage, 1.05% due 2035, renewal date 2021, payable in blended monthly payments of \$1,429	239,168	253,722
Mortgage, 1.77% due 2039, renewal date 2021, payable in blended monthly payments of \$1,151	229,405	239,070
Mortgage, 2.22% due 2044, renewal date 2024, payable in blended monthly payments of \$4,754	<u>1,056,166</u>	<u>1,089,419</u>
	<u>\$ 2,496,046</u>	<u>\$ 2,637,134</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, 2020

11. Long term debt (continued)

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

2021	\$ 863,789		
2022	342,758		
2023	62,047		
2024	977,725		
2025	<u>249,727</u>		
	<u>\$ 2,496,046</u>		
		2020	2019
Interest expense for the year on long term debt	<u>\$ 46,639</u>		\$ 63,353

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 \$61,934 (2019 - \$57,047) for retirement benefits.

Chippewas of Georgina Island First Nation

Notes to the Consolidated Financial Statements

March 31, 2020

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 (2019 - \$105,300) and represents the present value of closure and post-closure costs, using an estimated long term borrowing rate of 4.25% (2019 - 4.25%) and inflation rate of 1.5% (2019 - 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 (2019 - \$1,380,475) leaving an amount to be recognized of \$1,275,475 (2019 - \$1,275,475). 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

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14. Tangible capital assets

Cost	2019	Additions	Disposals/ Transfers	2020
Land	\$ 9,811,201	\$ 10,557,110	\$ -	20,368,311
Buildings	10,583,466	305,894	-	10,889,360
Equipment	2,645,955	205,627	-	2,851,582
Boats	7,293,400	293,336	-	7,586,736
Vehicles	1,728,737	217,945	-	1,946,682
Water system	2,504,028	-	-	2,504,028
Parking lot	322,745	20,608	-	343,353
Roads	4,845,646	1,110,148	-	5,955,794
Docks	<u>1,748,605</u>	<u>-</u>	<u>-</u>	1,748,605
	41,483,783	12,710,668	-	54,194,451
Construction in progress	<u>5,016,002</u>	<u>2,112,444</u>	<u>-</u>	7,128,446
	<u>\$ 46,499,785</u>	<u>\$ 14,823,112</u>	<u>\$ -</u>	<u>\$ 61,322,897</u>
Accumulated Amortization	2019	Additions	Disposals	2020
Land	\$ -	\$ -	\$ -	\$ -
Buildings	3,570,176	311,566	-	3,881,742
Equipment	1,750,267	169,186	-	1,919,453
Boats	4,850,490	148,037	-	4,998,527
Vehicles	1,469,125	159,804	-	1,628,929
Water system	2,305,395	33,105	-	2,338,500
Parking lot	170,459	17,168	-	187,627
Roads	1,712,846	397,253	-	2,110,099
Docks	<u>1,723,055</u>	<u>10,950</u>	<u>-</u>	1,734,005
	<u>\$ 17,551,813</u>	<u>\$ 1,247,069</u>	<u>\$ -</u>	<u>\$ 18,798,882</u>
Net Book Value	2019	2020		
Land	\$ 9,811,201	\$ 20,368,311		
Buildings	7,013,290	7,007,618		
Equipment	895,688	932,129		
Boats	2,442,910	2,588,209		
Vehicles	259,612	317,753		
Water system	198,633	165,528		
Parking lot	152,286	155,726		
Roads	3,132,800	3,845,695		
Docks	<u>25,550</u>	<u>14,600</u>		
	23,931,970	35,395,569		
Construction in progress	<u>5,016,002</u>	<u>7,128,446</u>		
	<u>\$ 28,947,972</u>	<u>\$ 42,524,015</u>		

Chippewas of Georgina Island First Nation

Notes to the Consolidated Financial Statements

March 31, 2020

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, 2020

16. COVID-19 Pandemic

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses were forced to cease or limit operations for long 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.

The First Nation has continued to provide services throughout the pandemic, including the period subsequent to March 31, 2020. Funders continue to support programming and the ongoing COVID-19 relief measures that the First Nation provides to members. Funding and programming have continued throughout the pandemic and the First Nation is committed to provide members with services and support on an ongoing basis as demand for these services remains strong. Program delivery has been modified where necessary in order to comply with ongoing social distancing requirements. Management's assessment is that there will be no significant financial impact on the First Nation.

Chippewas of Georgina Island First Nation

Notes to the Consolidated Financial Statements

March 31, 2020

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, 2020

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, 2020	General Government	Health	Education	Social Programs	Public Infrastructure
Revenue						
Government of Canada	\$ 49,485	\$ 565,832	\$ 83,954	\$ 478,042	\$ 10,000	
ISC	2,338,847	-				2,312,466
OFNLP	1,039,323	-				-
Province of Ontario	-	-		7,200	1,531,778	1,066,726
Taxation	637,581	-				-
Interest	44,059	-				-
Other	574,118	390,966	2,126,428	183,919	335	170,989
Gain/(loss)	-	-				-
Sales	-	-				-
Leases and fees	-	-				-
Dividend	-	-				-
Total revenue	4,683,413	956,798	2,217,582	2,194,074	3,560,181	
Expenditures						
Bank charges and interest	7,588	-				-
Travel	88,302	56,021	763		47,995	8,212
Program expenditures	581,819	171,376	1,339,055		1,004,491	256,116
Office and general	572,202	289,029	125,313		341,934	405,087
Repairs and maintenance	621,497	4,670	179,391		53,269	2,058,399
Wages and benefits	3,116,863	392,570	448,854		753,654	530,234
Insurance	114,824	5,135	-		25,392	22,655
Professional fees	291,965	-	-		-	-
Cost of sales	-	-	-		-	-
Amortization	1,150,943	-				-
Total expenditures	6,546,003	918,801	2,093,376	2,226,735	3,280,703	
Annual surplus (deficit)	\$ (1,862,590)	\$ 37,997	\$ 124,206	\$ (32,661)	\$ 279,478	

**Chippewas of Georgina Island First Nation
Notes to the Consolidated Financial Statements**
March 31, 2020

16. Segmented reporting (continued)

	March 31, 2020	Social Housing	Marina	Lands	Trust Activities	Consolidated
Revenue						
Government of Canada	\$ 168,844	\$ -	\$ -	\$ 536,379	\$ -	\$ 794,161
ISC	-	-	-	-	-	5,749,688
OFNLP	-	-	-	-	-	1,039,323
Province of Ontario	-	-	-	-	-	2,605,704
Taxation	-	-	-	-	-	637,581
Interest	8,883	20,858	89,949	3,149,759	3,313,843	
Other	108,156	165,525	121,686	12,162	3,853,949	
Gain/(loss)	-	-	-	2,496,255	2,496,255	
Sales	-	23,129,929	45,175	-	23,175,104	
Leases and fees	-	-	1,065,151	-	1,065,151	
Dividend	-	-	-	1,662,957	1,662,957	
Total revenue	285,883	23,316,312	1,858,340	7,321,133	46,393,716	
Expenditures						
Bank charges and interest	-	101,798	-	385,839	495,225	
Travel	-	338	875	-	202,506	
Program expenditures	46,639	-	110,440	3,628,861	7,138,797	
Office and general	18,076	293,867	85,302	17,902	2,148,712	
Repairs and maintenance	57,291	404,322	179,745	-	3,558,584	
Wages and benefits	-	1,705,019	291,200	-	7,238,394	
Insurance	43,592	31,954	-	-	243,552	
Professional fees	14,878	82,605	82,527	749,251	1,221,226	
Williams Treaty expense	-	-	-	-	-	
Cost of sales	-	18,012,470	45,146	-	18,057,616	
Amortization	50,386	17,402	28,339	-	1,247,070	
Total expenditures	230,862	20,649,775	823,574	4,781,853	41,551,682	
Annual surplus (deficit)	\$ 55,021	\$ 2,666,537	\$ 1,034,766	\$ 2,539,280	\$ 4,842,034	

**Chippewas of Georgina Island First Nation
Notes to the Consolidated Financial Statements**
March 31, 2020

16. Segmented reporting (continued)

	March 31, 2019	General Government	Health	Education	Social Programs	Public Infrastructure
Revenue						
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	-	-	9,600	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	-	-	-	-	-	-
Williams Treaty revenue	-	-	-	-	-	-
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	-	-	-	-	-
Williams Treaty expense	-	-	-	-	-	-
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, 2020

16. Segmented reporting (continued)

	March 31, 2019		Social Housing		Marina		Lands		Trust Activities		Consolidated	
Revenue												
Government of Canada	\$	124,671	\$	-	\$	-	\$	-	\$	-	\$	712,376
ISC		-		-		463,854						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		-		-		257,415		-		257,415		
Cost of sales		-		14,781,721		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, 2020

17. Accumulated surplus	2020	2019
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The accumulated surplus is represented by:

Unrestricted		
Operating	\$ 16,803,294	\$ 15,031,682
Internally restricted		
Social Housing	(143,531)	(198,552)
Virginia Beach Marina	(421,757)	(418,588)
Lands	25,672,109	14,201,226
Trust Funds held by Federal Government	12,905	12,905
Coldwater Narrows Trust Funds -		
held by Canada Trust Company	47,008,710	58,630,402
OFNLP Revenue Fund	4,414,967	3,792,925
Per Capita Distribution Fund	56,673	51,494
Trust Revenue Fund	9,815,207	9,049,246
Williams Treaty Trust Funds -		
held by Canada Trust Company	107,740,016	111,778,265
Williams Treaty Settlement	70,131	55,657
Williams Treaty Trust Revenue Fund	3,522,135	-
2458582 Ontario Ltd	479,978	535,475
Mnookmi Restaurant	(103,350)	(103,350)
Nish Radio Inc.	(15,072)	(15,072)
Tobacco Trails	1,599,435	302,863
Daawegamig Lodge	1,028,363	-
Virginia Beach Marina - Business Centre	<u>31,301</u>	<u>22,902</u>
	<u><u>\$ 217,571,514</u></u>	<u><u>\$ 212,729,480</u></u>

18. Change in non-cash working capital	2020	2019
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Receivables	\$ (161,819)	\$ 133,359
Inventories for resale	(895,187)	(1,177)
Payments received for investment in leases	81,000	77,520
Prepaid expenses	(199,190)	(88,666)
Accounts payables and accrued liabilities	1,510,992	502,718
Deferred revenue	<u>(1,165,613)</u>	<u>2,510,988</u>
	<u><u>\$ (829,817)</u></u>	<u><u>\$ 3,134,742</u></u>
Interest paid during the year	<u><u>\$ 30,200</u></u>	<u><u>\$ 31,866</u></u>
Interest received during the year	<u><u>\$ 3,313,843</u></u>	<u><u>\$ 1,519,876</u></u>

Chippewas of Georgina Island First Nation

Notes to the Consolidated Financial Statements

March 31, 2020

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	\$ 28,720,586	\$ -	\$ 28,720,586
Expenditures	<u>27,093,207</u>	<u>1,247,069</u>	<u>28,340,276</u>
Annual (deficiency) surplus	<u>\$ 1,627,379</u>	<u>\$ (1,247,069)</u>	<u>\$ 380,310</u>
