

Attawapiskat First Nation
Consolidated Financial Statements
March 31, 2021

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Management's Responsibility

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

The accompanying consolidated financial statements of Attawapiskat First Nation 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 Chief and Council is responsible for overseeing management in the performance of its financial reporting responsibilities and for approving the consolidated financial statements. The Chief and Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Chief and Council is also responsible for recommending the appointment of the Nation's external auditors.

MNP LLP is appointed by the Chief and Council 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 Council and management to discuss their audit findings.

March 29, 2022



Chief Executive
Officer



Councillor

To the Members of Attawapiskat First Nation:

Qualified Opinion

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

Basis for Qualified Opinion

The Nation's consolidated statements of operations and accumulated surplus and change in net financial assets do not present a comparison of the results for the accounting period with those originally planned, which constitutes a departure from Canadian public sector accounting standards. The audit opinion on the consolidated financial statements for the year ended March 31, 2020 was qualified accordingly.

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 First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the 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 First Nation'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 First Nation'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 First Nation 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 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.

Timmins, Ontario
March 29, 2022

MNP LLP
Chartered Professional Accountants
Licensed Public Accountants

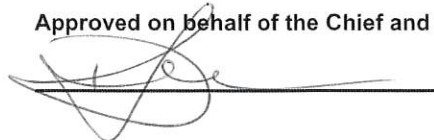
Attawapiskat First Nation

Consolidated Statement of Financial Position

As at March 31, 2021

	2021	2020
Financial assets		
Cash	22,612,997	12,557,044
Accounts receivable (Note 4)	1,365,975	1,117,748
Receivable from funding agencies	1,421,603	4,950,573
Portfolio investments (Note 5)	283,719	283,719
Due from related parties (Note 6)	137,500	137,500
Investment in government business enterprises (Note 7)	10,098,087	9,038,182
Funds held in trust (Note 8)	216,570	212,413
CMHC reserve fund (Note 9)	202,778	83,347
	36,339,229	28,380,526
Liabilities		
Bank indebtedness	99,180	580,535
Accounts payable and accruals	7,976,903	10,262,597
Deferred revenue (Note 10)	9,946,260	4,701,571
Due to related parties (Note 11)	70,273	70,273
Repayable to funding agencies (Note 12)	3,327,241	3,161,511
Debt (Note 13)	5,647,843	5,897,434
	27,067,700	24,673,921
Net financial assets	9,271,529	3,706,605
Contingencies (Note 14)		
Non-financial assets		
Tangible capital assets (Note 15) (Schedule 1)	106,729,897	118,050,435
Inventories of supplies	1,769,200	1,839,153
Prepaid expenses	615,850	452,614
Total non-financial assets	109,114,947	120,342,202
Accumulated surplus (Note 16)	118,386,476	124,048,807

Approved on behalf of the Chief and Council



Chief



Councillor

Attawapiskat First Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2021

	2021	2020
Revenue		
Indigenous Services Canada		
Set funding	-	15,573
Fixed funding	23,954,662	31,249,617
Grant funding	1,095,569	1,111,094
Flexible funding	4,803,453	2,809,636
Prior year funding adjustments	(1,756)	25,369
First Nations and Inuit Health Branch	3,963,707	5,155,314
Canada Mortgage and Housing Corporation	395,886	466,439
Nishnawbe Aski Funding	630,048	483,754
Province of Ontario	8,940,290	7,933,595
Investment income - Government Business Entities	1,059,905	1,046,402
Rental income	1,565,959	1,438,275
Interest income	13,294	26,498
Repayment of funding	(163,974)	-
Ontario First Nations Limited Partnership	2,074,683	2,145,132
Impact Benefit Agreement Trust receipts	706,474	910,003
Mushkegowuk Council	251,965	432,769
Contracting and user fees	944,035	1,423,922
Other revenue (Note 19)	1,117,900	1,759,455
Deferred revenue - prior year (Note 10)	4,701,571	5,185,878
Deferred revenue - current year (Note 10)	(9,946,260)	(4,701,572)
	46,107,411	58,917,153
Expenditures		
Administration	2,003,253	1,420,069
Community development	1,591,681	1,744,881
Daycare	330,735	410,731
Economic development	962,847	1,361,422
Education	12,971,148	13,233,317
Governance	942,241	1,003,075
Health	3,090,160	2,088,451
Housing	4,484,623	3,249,614
Infrastructure	5,425,614	6,672,806
Social assistance	8,967,385	8,260,660
Technical services	1,400,055	1,848,784
	42,169,742	41,293,810
Annual Surplus (deficit) before other items	3,937,669	17,623,343
Other expenditure		
Impairment loss on tangible capital assets (Note 15) (Schedule 1)	(9,600,000)	-
Annual surplus (deficit)	(5,662,331)	17,623,343
Accumulated surplus, beginning of year	124,048,807	106,425,464
Accumulated surplus, end of year	118,386,476	124,048,807

The accompanying notes are an integral part of these financial statements

Attawapiskat First Nation
Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2021

	2021	2020
Annual surplus (deficit)	(5,662,331)	17,623,343
Acquisition of tangible capital assets	(3,158,923)	(14,557,995)
Amortization of tangible capital assets	4,879,461	5,026,694
Impairment loss on tangible capital assets	9,600,000	-
Acquisition of prepaid expenses	(175,006)	(120,695)
Use (acquisition) of inventories of supplies	69,953	(85,993)
Use of prepaid expenses	11,770	-
Change in net financial assets	5,564,924	7,885,354
Net financial assets (net debt), beginning of year	3,706,605	(4,178,749)
Net financial assets, end of year	9,271,529	3,706,605

Attawapiskat First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2021

	2021	2020
Cash provided by (used for) the following activities		
Operating activities		
Annual surplus (deficit)	(5,662,331)	17,623,343
Non-cash items		
Amortization	4,879,461	5,026,694
Impairment loss on investment	-	382,104
Loss on write-down of tangible capital assets	9,600,000	-
	8,817,130	23,032,141
Changes in working capital accounts		
Accounts receivable	(248,227)	(247,715)
Prepaid expenses	(163,236)	(120,695)
Inventories of supplies	69,953	(85,991)
Receivable from funding agencies	3,528,970	(1,785,371)
Funds held in trust	(4,157)	(4,090)
CMHC reserve fund	(119,430)	99,852
Accounts payable and accruals	(2,285,695)	1,849,485
Deferred revenue	5,244,689	(484,307)
Repayable to funding agencies	165,730	(282,042)
	15,005,727	21,971,267
Financing activities		
Advances of debt	551,410	1,182,710
Repayment of debt	(801,001)	(1,337,757)
	(249,591)	(155,047)
Capital activities		
Acquisition of tangible capital assets	(3,158,923)	(14,557,995)
Investing activities		
Income in government business enterprises	(1,059,905)	(1,046,402)
Increase in cash resources	10,537,308	6,211,823
Cash resources, beginning of year	11,976,509	5,764,686
Cash resources, end of year	22,513,817	11,976,509
Cash resources are composed of:		
Cash	22,612,997	12,557,044
Bank indebtedness	(99,180)	(580,535)
	22,513,817	11,976,509

1. Operations

Attawapiskat First Nation (the "Nation") is located in the province of Ontario and provides various services to its members. The Nation includes its members, government and all related entities that are accountable to the Nation and are either owned or controlled by the Nation.

Impact on operations of COVID-19 (coronavirus)

In early March 2020 the impact of the global outbreak of COVID-19 (coronavirus) began to have a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders.

The Nation's operations were impacted by COVID-19 due to travel restrictions imposed on individuals coming in or going out of the community, stoppages on major capital projects and required repairs, increased expenditures relating the personal protective equipment (PPE), and a decreased ability to collect outstanding arrears on its tenants and water customers. This impact has been mitigated by increased funding from several sources, including Indigenous Services Canada, Nishnawbe Aski Nation, and the Ministry of Children, Community and Social Services.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Nation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may cause periodic shutdowns of major capital projects, increased expenditures on PPE, and ongoing issues regarding receivables collections.

2. Significant accounting policies

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

Reporting entity

The reporting entity includes the Nation government and all related entities owned and controlled by the Nation.

Principles of Consolidation

All controlled entities are fully consolidated on a line-by-line basis except for commercial enterprises which meet the definition of government business enterprises 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 Nation's financial statements are as follows:

- Attawapiskat First Nation Band
- Attawapiskat First Nation Education Authority
- Attawapiskat First Nation Maytawaywin Authority (Arena Gymnasium facility)
- Attawapiskat Development Corporation
- Attawapiskat Health Services Board

The Nation manages the operation of community health services previously operated by Attawapiskat Health Services Board. As such, Attawapiskat Health Services Board reported no revenues or expenditures during the year.

Organizations accounted for on a modified equity basis are as follows:

- Attawapiskat Power Corporation
- Attawapiskat Enterprises, which is comprised of the following entities:
 - Attawapiskat Resources Inc.
 - Attawapiskat Limited Partnership
 - Attawapiskat Catering Limited Partnership
 - Attawapiskat Catering Inc.
 - Advanced Security Limited Partnership
 - Attawapiskat Security Inc.

2. Significant accounting policies *(Continued from previous page)*

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.

Portfolio investments

Long-term investments in entities that are not owned, controlled or influenced by the First Nation reporting entity are accounted for using the cost method. They are recorded at cost, less any provision for other than temporary impairment.

Inventory

Inventories of supplies, comprised of fuel stock, building materials, coarse aggregate stockpiles for resale and use in operations, and parts inventory for own use, are recorded at the lower of cost and net realizable value, with cost being determined on an average cost basis. All inventory is reported as non-financial assets as the proportion held for resale is indeterminable and represents an immaterial portion of the reported amount. Management expects the inventory to be utilized in the 2021 fiscal year.

Tangible capital assets

Tangible capital assets are initially recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset.

Amortization

Tangible capital assets are amortized annually using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

	Method	Rate
Land improvements	straight-line	15 years
Buildings	declining balance and straight-line	10% & 20-40 years
Vehicles	straight-line	5-20 years
Equipment	declining balance and straight-line	4-100% & 5-20 years
Roads	straight-line	80 years
Sewer and water	straight-line	50 years
Computer Software	straight-line	5 years

Long-lived assets and discontinued operations

Long-lived assets consist of tangible capital assets with finite useful lives. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using quoted market prices. Any impairment is included in surplus for the year.

Net financial assets (net debt)

The First Nation's consolidated financial statements are presented so as to highlight net financial assets (net debt) as the measurement of financial position. The net financial assets (net debt) of the First Nation is determined by its financial assets less its liabilities. Net financial assets (net debt) combined with non-financial assets comprise a second indicator of financial position, accumulated surplus.

2. Significant accounting policies *(Continued from previous page)*

Revenue recognition

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenditures are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon, when restricted by agreement or legislation, are accounted for as deferred revenue until used for the purpose specified. Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the acquisition of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period the related expenditures are incurred, services performed or the tangible capital assets are acquired.

Government transfers are transfers from senior levels of government that are not the result of an exchange transaction and are not expected to be repaid in the future. Government transfers without eligibility criteria or stipulations are recognized as revenue when the transfer is authorized. A transfer with eligibility criteria is recognized as revenue when the transfer is authorized and all eligibility criteria have been met. A transfer with or without eligibility criteria but with stipulations is recognized as revenue in the period the transfer is authorized and all eligibility criteria have been met, except where and to the extent that the transfer gives rise to an obligation that meets the definition of a liability for the Nation. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

Other revenues are recognized in the year that the events giving rise to the revenues occur and the revenues are earned. Amounts received which relate to revenues that will be earned in a subsequent year, are deferred and reported as liabilities.

Measurement uncertainty

In preparing the consolidated financial statements for the Nation, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenue and expenditures during the period. The main estimates used in preparing these consolidated financial statements include an allowance for doubtful accounts, useful lives of tangible capital assets, landfill closure and post-closure liability and balances repayable to funding agencies. Actual results could differ from these estimates.

Prior year funding adjustments

The Nation has entered into accountable contribution arrangements with several government funding agencies. These programs are subject to audit by the various governments, with potential audit adjustments repayable to the governments. These adjustments are recorded in the consolidated financial statements in the year they become known.

3. Going concern

These consolidated financial statements have been prepared on the basis of a going concern which assumes the Nation will be able to realize its assets and settle its obligations in the normal course of operations. At the date of these consolidated financial statements, the Nation, pursuant to Indigenous Services Canada directives, was operating under a Management Action Plan.

Attawapiskat First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

4. Accounts receivable

	2021	2020
Housing rentals	1,610,088	1,239,344
Trade receivables	2,324,939	1,734,253
User fees	915,592	1,022,528
Other	537,129	470,192
	5,387,748	4,466,317
Less: Allowance for doubtful accounts	4,021,773	3,348,569
	1,365,975	1,117,748

5. Portfolio investments

Portfolio investments consists of:

A minority equity interest, being 4,269 common shares, in Sunlife Financial Inc., received upon demutualization of the carrier of Attawapiskat First Nation Education Authority's extended health benefit plan.

A 25% partnership interest in Kimesskanemenow Limited Partnership, a partnership controlled by several Nation bands whose primary business activity is the annual construction and maintenance of a winter road from Moosonee to Attawapiskat, Ontario. The investment is carried at cost, being the initial contribution and amounts assumed on transfer pursuant to reorganization transactions less any impairment loss.

A 25% partnership interest in Creewest Limited Partnership, a partnership controlled by several Nation bands whose primary business activity is the participation in contracting opportunities from development projects within the traditional territories of the limited partners, in order to generate income for the limited partners and employment opportunities for their respective memberships. The investment is carried at cost, being the initial contribution.

A minority partnership interest in Ontario First Nations Sovereign Wealth LP, a partnership controlled by several Nation bands whose primary business activity is providing its partners with access to investment income from its holdings. The investment is carried at cost, being the initial contribution.

A minority equity interest, being one common share, in OFN Asset Management GP Corp., a corporation controlled by several Nation bands whose primary business activity is providing its shareholders with access to investment income from its holdings. The investment is carried at cost, being the initial contribution.

	2021	2020
Kimesskanemenow Limited Partnership	80,000	80,000
Creewest Limited Partnership	300	300
Ontario First Nations Sovereign Wealth LP	1	1
OFN Asset Management GP Corp.	1	1
Sunlife Financial Inc.	203,417	203,417
	283,719	283,719

Attawapiskat First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

6. Related party transactions and balances

The parties are related by significant influence. The transactions are recorded at their exchange amount, which is the amount agreed to by the parties.

	2021	2020
Due from Kimesskanemenow Corporation	137,500	137,500

7. Investments in government business enterprises

The Nation has interests in a number of Government Business Enterprises as described below. Unless otherwise noted, the Nation's interest is 100% of the shares or units of the respective entities.

Attawapiskat Power Corporation was established by the Nation to provide electricity distribution to the community.

Attawapiskat Enterprises is comprised of the following entities:

- Attawapiskat Limited Partnership - seeks business opportunities for the benefit of the Nation and its members
- Attawapiskat Resources Inc. - is the general partner of Attawapiskat Limited Partnership
- Attawapiskat Catering Limited Partnership - provides catering and camp services
- Attawapiskat Catering Inc. - is the general partner of Attawapiskat Catering Limited Partnership
- Advanced Security Limited Partnership - provides security and related services in Northern Ontario
- Attawapiskat Security Inc. - is the general partner of Advanced Security Limited Partnership

Summary financial information for each First Nation business enterprise, accounted for using the modified equity method, for the respective year-end is as follows:

	<i>Attawapiskat Power Corporation As at December 31, 2020</i>	<i>Attawapiskat Enterprises As at March 31, 2021</i>	<i>Total</i>
Assets			
Current assets	3,704,805	2,173,768	5,878,573
Capital assets	5,931,980	340,925	6,272,905
Total assets	9,636,785	2,514,693	12,151,478
Liabilities			
Current liabilities	193,795	632,659	826,454
Long-term debt	931,768	295,169	1,226,937
Total liabilities	1,125,563	927,828	2,053,391
Net assets	8,511,222	1,586,865	10,098,087
Total revenue	4,634,556	3,848,205	8,482,761
Total expenses	3,617,908	3,195,023	6,812,931
Net income	1,016,648	653,182	1,669,830

One of the First Nation's Government Business Enterprises has a fiscal year-end different than March 31, 2021. The First Nation uses the Government Business Enterprise's December year-end financial statements to account for its investment as March 31, 2021 financial statements are not available. During the period between the year-end for Attawapiskat Power Corporation and March 31, 2021, there were no significant events and transactions that occurred.

Attawapiskat First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

8. Funds held in trust

Trust funds held by the federal government 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.

Capital and revenue trust monies are transferred to the First Nation on the authorization of Indigenous Services Canada, with the consent of the First Nation's members.

	2021	2020
Trust Funds - Ottawa		
Balance, beginning of year	212,413	208,324
Revenue	4,157	4,089
Balance, end of year	216,570	212,413

9. CMHC reserve fund

Under the terms of an agreement with Canada Mortgage and Housing Corporation (CMHC), the Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by CMHC, with any interest earned to be credited as revenue to the CMHC Replacement Reserve Fund. At the year-end date, the respective monies on hand were not sufficient to meet the CMHC reserve fund requirements. The deficiency amounted to \$470,008 (2020 - \$543,399).

Attawapiskat First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

10. Deferred revenue

The following table represents changes in the deferred revenue balance attributable to each major category of external restrictions:

	<i>Opening Balance</i>	<i>Deferred Recorded (Realized)</i>	<i>Closing Balance</i>
Economic Development	34,819	-	34,819
ISC - AHSOR Head Start	-	222,318	222,318
ISC - Band Operated Student Transportation	-	227,085	227,085
ISC - ARKLU - Recreation - Attawapiskat Youth Centre	3,558,282	(1,384,190)	2,174,092
ISC - ARK42 - Landfill Upgrade	162,230	-	162,230
ISC - ARKA6 Major Infrastructure to ATR Feasibility Study	80,000	-	80,000
ISC - ARKB5 - WTP Immediate Repairs	628,316	709,196	1,337,512
ISC - Planning & Design and Construction (Core Capital)	60,918	(29,253)	31,665
ISC - Water Systems - Immediate Repairs/Upgrades	147,556	-	147,556
ISC - Additions to Reserve	29,450	-	29,450
ISC - Service Delivery Admin	-	315,477	315,477
ISC - Capacity Development	-	203,333	203,333
ISC - Service Delivery Infrastructure	-	1,770,700	1,770,700
ISC - Community Based Initiatives	-	268,430	268,430
ISC - Band Representative	-	92,503	92,503
ISC - FN Child and Family Services	-	1,094,360	1,094,360
ISC - Economic Development	-	57,796	57,796
ISC - Wastewater O&M	-	10,514	10,514
ISC - Electrical Systems	-	26,769	26,769
ISC - Capacity / Innovation Housing Activities	-	58,844	58,844
ISC - Indian Registry Admin	-	15,131	15,131
ISC - Day-Cares (COVID-19)	-	18,420	18,420
ISC - Indigenous Community Business Fund - COVID-19	-	124,519	124,519
ISC - COVID-19	-	241,675	241,675
ISC - West End Lift Station Emergency Upgrades	-	265,638	265,638
ISC - Basic Needs (COVID-19)	-	753,251	753,251
Ministry of Education - Day-Care Ontario	-	63,149	63,149
MNDM - Marten Falls Community Access Road EA Project	-	25,412	25,412
MNDM - Webequie Supply Road EA Project	-	75,412	75,412
FNIHB - HCD Pub Health NS & CHRS COVID-19 Wage Enhancement	-	18,200	18,200
	4,701,571	5,244,689	9,946,260

11. Due to related parties

The parties are related by significant influence. The transactions are recorded at their exchange amount, which is the amount agreed to by the parties.

	2021	2020
Due to Attawapiskat Recreation Committee	70,273	70,273

Attawapiskat First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

12. Repayable to funding agencies

	2021	2020
Indigenous Services Canada	1,276,978	1,275,222
Health Canada	1,175,364	1,175,364
Ministry of Health and Long Term Care	874,899	710,925
	3,327,241	3,161,511

13. Debt

	2021	2020
Bank of Nova Scotia loan payable bearing interest at 0%, repayable at \$488 per month principal, maturing February 2022, secured by 2016 Dodge Ram with a carrying value of \$0 (2020 - \$3,905).	5,371	11,231
Bank of Nova Scotia loan payable bearing interest at 0%, repayable at \$566 per month principal, maturing February 2022, secured by 2016 Dodge Ram with a carrying value of \$0 (2020 - \$4,063).	6,224	13,013
Bank of Nova Scotia loan payable bearing interest at 0%, repayable at \$570 per month principal, maturing February 2022, secured by 2016 Dodge Ram with a carrying value of \$0 (2020 - \$4,093).	6,270	13,110
CMHC mortgage payable bearing interest at 2.41%, repayable at \$6,431 per month principal and interest, secured by a ministerial guarantee from Indigenous Services Canada and a first charge on specific housing units, renewable April 2023, maturing February 2033.	799,147	858,184
CMHC mortgage payable bearing interest at 1.83%, repayable at \$5,717 per month principal and interest, secured by a ministerial guarantee from Indigenous Services Canada and a first charge on specific housing units, renewable December 2024, maturing September 2034.	820,382	874,884
CMHC mortgage payable bearing interest at 1.83%, repayable at \$3,161 per month principal and interest, secured by a ministerial guarantee from Indigenous Services Canada and a first charge on specific housing units, renewable December 2024, maturing September 2034.	453,519	483,649
CMHC mortgage payable bearing interest at 1.83%, repayable at \$2,346 per month principal and interest, secured by a ministerial guarantee from Indigenous Services Canada and a first charge on specific housing units, renewable December 2024, maturing July 2034.	333,031	355,461
CMHC mortgage payable bearing interest at 1.83%, repayable at \$6,030 per month principal and interest, secured by a ministerial guarantee from Indigenous Services Canada and a first charge on specific housing units, renewable December 2024, maturing July 2034.	855,851	913,493
CMHC mortgage payable bearing interest at 1.43%, repayable at \$6,988 per month principal and interest, secured by a ministerial guarantee from Indigenous Services Canada and a first charge on specific housing units, renewable April 2022, maturing March 2037.	1,199,067	1,266,884

Attawapiskat First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

13. Debt (Continued from previous page)

	2021	2020
Meridian OneCap Credit Corp. loan bearing interest at 7.61% repayable at \$1,043 per month principal and interest, secured by 2015 Ford Super Duty F-550 with a carrying value of \$15,953 (2020 - \$26,588).	13,586	26,204
CMHC mortgage advance, terms to be determined upon completion of financing.	867,483	849,600
Merit Insurance Brokers Inc. loan bearing interest at 9.90%, repayable at \$42,926 per month, maturing August 2021.	214,629	-
FIRST Insurance Funding of Canada loan bearing interest at 7.49%, repayable at 18,321 per month principal and interest, maturing July 2021.	73,283	44,002
Loans repaid during the year	-	187,719
	5,647,843	5,897,434

Principal repayments on debt in each of the next five years and thereafter, assuming debt subject to refinancing is renewed on similar terms, are estimated as follows:

2022	603,335
2023	298,540
2024	299,945
2025	305,563
2026	311,290
	1,818,673
Thereafter	3,829,170

14. Contingencies

The Nation has entered into contribution agreements with various federal and provincial government departments. Funding received under these contribution agreements is subject to repayment if the Nation fails to comply with the terms and conditions of the agreements.

In addition, in the normal course of its operations, the Nation becomes involved in legal actions pertaining to employment matters, contract disputes, and other matters. Some of these potential assets or liabilities may become actual assets or liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur, and a reasonable estimate of the gain/loss can be made, an estimated asset or liability is accrued and an expenditure recorded in the Nation's consolidated financial statements.

15. Tangible capital assets

The tangible capital assets reconciliation is included in Schedule 1.

Tangible capital assets includes \$3,103,576 (2020 - \$2,760,761) of assets that are fully amortized.

Attawapiskat First Nation buildings includes a youth centre with a carrying value of \$2,500,000 (2020 - \$10,631,202). No amortization of this asset has been recorded during the year as it is currently under construction.

During the year, the youth centre building project was deemed impaired and written down from its original carrying value of \$12,100,000 to its estimated carrying value at March 31, 2021 of \$2,500,000. Accordingly, \$9,600,000 has been recorded as an expenditure in the statement of operations and accumulated surplus. The impairment arose from damages incurred after suspension of construction activities related to the community's COVID-19 lockdown measures.

Attawapiskat First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

16. Accumulated surplus

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	2021	2020
Unrestricted Surplus	13,322,238	17,568,016
Restricted Surplus		
ISC - Trust Fund	216,571	212,414
CMHC Replacement Reserve	626,746	576,506
	843,317	788,920
Equity in tangible capital assets	104,220,921	105,691,871
	118,386,476	124,048,807

17. Distribution from Ontario First Nations Limited Partnership

Commencing with the 2012 fiscal year and in each fiscal year thereafter during the initial and renewal terms of the agreement between the Province of Ontario and Ontario First Nations Limited Partnership (OFNLP), the Province of Ontario shall pay to OFNLP 12 monthly payments equal to one-twelfth of 1.7% of the aggregate provincial gross gaming revenues. OFNLP then distributes to the Nation its share of these revenues according to a formula used for that purpose. The use of these funds, according to agreements, is restricted to community development, health, education, cultural development and economic development. OFNLP has indicated that future revenue transfers may be significantly reduced as a result of decreased gaming activity caused by the COVID-19 pandemic.

The Nation holds one unit in Ontario First Nations Limited Partnership, and one share in a related company, Ontario First Nations General Partner Inc. - the carrying values of which are nominal and are therefore not recorded in these consolidated financial statements.

18. Budget information

Budget figures have not been presented as the information was not available for certain entities.

Attawapiskat First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

19. Other revenue

The balance reported as "Other Revenue" on the Consolidated Statement of Operations and Accumulated Surplus consists of the following:

	2021	2020
Attawapiskat Development Corporation	43,836	81,411
De Beers Canada Inc.	135,855	262,297
Donations	10,420	-
HST refunds	259,845	135,284
IAAC grant	-	20,000
Insurance proceeds	-	232,765
Kimesskanemenow Limited Partnership	155,214	-
Right to Play	18,351	8,331
Coarse aggregate sales	-	275,126
Other revenue	494,379	744,241
	1,117,900	1,759,455

20. Liability for contaminated site

Public Sector Accounting Standards require the disclosure of the net present value of landfill closure and post-closure care expenditures. The landfill site in operation is at full capacity and management is involved in discussions to develop a second landfill location. Accounts payable and accruals includes \$600,000 (2020 - \$600,000) in respect of landfill closure and post-closure expenditures.

Closure involves capping the site with a compacted impermeable clay layer, a layer of topsoil, the re-introduction of a vegetative cover and the construction of surface drainage controls. Post-closure care involves routine inspections, cap maintenance, and ground water sampling and analysis, if applicable. The reported liability is based on estimates and assumptions using information available to management. Future events may result in significant changes to the estimated total expenditures, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, if and when applicable.

21. Segmented information

Attawapiskat First Nation is a diversified local government that provides a wide range of services to its members, including potable water, fire protection, roadworks, technical services, recreation, social services, health services, education, social housing and economic development among others. For management reporting purposes, the Nation's operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with specific regulations, requirements or limitations.

The Nation's services are provided by departments and their activities are recorded in these funds. Certain departments that have been disclosed in the segmented information, along with the services they provide, are as follows:

ADMINISTRATION

-Manages the administrative operations of the Nation. Those costs that relate directly to the administration of the various segments have been allocated to the appropriate segment.

COMMUNITY DEVELOPMENT

-Undertakes activities of the Ontario First Nations Limited Partnership (OFNLP) fund, which derives revenue from gaming facilities located in the Province of Ontario.

DAYCARE

-Manages the activities of the local children's daycare program.

21. Segmented information *(Continued from previous page)*

ECONOMIC DEVELOPMENT

-Manages the development of economic opportunities for Nation entities, provides support to member entities and manages telecommunication services throughout the community.

EDUCATION

-Provides elementary and secondary education instructional services and provides financial support to post-secondary students.

GOVERNANCE

-Undertakes Nation operated governance initiatives through the activities of Chief and Council and other activities relating to reserve lands, membership matters and other governance initiatives.

HEALTH

-Provides a variety of health care programs and support to Nation members.

SOCIAL HOUSING

-Provides housing to members under CMHC, and other funded programs.

INFRASTRUCTURE

-Manages Nation infrastructure programs including facilities operations and maintenance, capital projects, water and waste water plant operations and other related activities.

SOCIAL ASSISTANCE

-Administers the provision of social assistance to qualifying members.

TECHNICAL SERVICES

-Provides contract management services, heavy equipment operations, bulk fuel operations, general labour services and other related activities.

OTHER

-Reports on the reserve and equity portions of other funds.

For each reported segment, revenues and expenditures represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 2.

22. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

Attawapiskat First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2021

	<i>Land Improvements</i>	<i>Attawapiskat First Nation Buildings</i>	<i>Attawapiskat Education Authority Buildings</i>	<i>Teacherage Housing Facilities</i>	<i>Vehicles</i>	<i>Equipment and Other</i>	<i>Subtotal</i>
Cost							
Balance, beginning of year	12,440,824	115,286,705	16,721,057	4,277,856	2,008,940	7,613,578	158,348,960
Acquisition of tangible capital assets	-	2,316,094	34,224	-	74,470	514,414	2,939,202
Write down of tangible capital assets	-	(9,600,000)	-	-	-	-	(9,600,000)
Balance, end of year	12,440,824	108,002,799	16,755,281	4,277,856	2,083,410	8,127,992	151,688,162
Accumulated amortization							
Balance, beginning of year	5,999,102	34,213,426	14,794,306	3,350,123	1,645,462	5,118,144	65,120,563
Annual amortization	859,760	2,371,187	292,272	44,168	157,411	532,880	4,257,678
Balance, end of year	6,858,862	36,584,613	15,086,578	3,394,291	1,802,873	5,651,024	69,378,241
Net book value of tangible capital assets	5,581,962	71,418,186	1,668,703	883,565	280,537	2,476,968	82,309,921
2020 Net book value of tangible capital assets	6,441,722	81,073,279	1,926,751	927,733	363,478	2,495,434	93,228,397

Attawapiskat First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2021

	<i>Subtotal</i>	<i>Roads, Streets and Bridges</i>	<i>Water and Sewer</i>	<i>Computer Software</i>	<i>2021</i>	<i>2020</i>
Cost						
Balance, beginning of year	158,348,960	15,129,269	21,165,186	-	194,643,415	180,085,420
Acquisition of tangible capital assets	2,939,202	-	177,921	41,800	3,158,923	14,557,995
Write down of tangible capital assets	(9,600,000)	-	-	-	(9,600,000)	-
Balance, end of year	151,688,162	15,129,269	21,343,107	41,800	188,202,338	194,643,415
Accumulated amortization						
Balance, beginning of year	65,120,563	3,179,945	8,292,472	-	76,592,980	71,566,286
Annual amortization	4,257,678	190,630	426,973	4,180	4,879,461	5,026,694
Balance, end of year	69,378,241	3,370,575	8,719,445	4,180	81,472,441	76,592,980
Net book value of tangible capital assets	82,309,921	11,758,694	12,623,662	37,620	106,729,897	118,050,435
2020 Net book value of tangible capital assets	93,228,397	11,949,324	12,872,714	-	118,050,435	

Attawapiskat First Nation
Schedule 2 - Consolidated Schedule of Expenses by Object
For the year ended March 31, 2021

	2021	2020
Consolidated expenses by object		
Administration	738,516	957,248
Amortization	4,879,461	5,026,694
Bad debts	700,849	177,584
Bank charges and interest	132,630	109,341
Consulting and contracted services	3,758,896	14,675,622
Honouraria	170,528	139,500
Insurance	1,112,442	609,283
Interest on long-term debt	81,022	93,480
Office and other	179,545	201,185
Freight	678,794	290,692
Training and professional development	339,030	548,329
Professional fees	816,674	857,985
Program expense	972,507	917,664
Equipment leases	368,513	941,015
Rent	126,412	134,913
Repairs and maintenance	2,256,855	2,860,003
Salaries and benefits	14,104,236	13,206,340
Social assistance	7,898,664	6,877,973
Materials, supplies and other	5,171,911	4,782,781
Vehicle and travel	336,547	1,459,620
Utilities	501,373	584,342
Impairment loss on portfolio investments	-	382,104
Capital expenditures included in above	(3,155,663)	(14,539,888)
	42,169,742	41,293,810

Attawapiskat First Nation
Schedule 3 - Consolidated Schedule of Segmented Disclosure
For the year ended March 31, 2021

	Indigenous Services Canada	Other Revenue	Deferred Revenue	Total Revenue	Total Expenses	Adjustments/ Transfers From (To)	Annual Surplus (Deficit) before other items
Administration	1,335,544	483,877	(203,333)	1,616,088	2,003,253	(284,061)	(671,226)
Community development	212,288	4,275,488	(252,172)	4,235,605	1,591,681	1,351,586	3,995,510
Daycare	65,120	347,184	(81,569)	330,735	330,735	-	-
Economic development	274,919	741,525	(182,315)	834,129	962,847	(353,907)	(482,625)
Education	17,915,621	2,074,629	(449,403)	19,540,847	12,971,148	-	6,569,699
Governance	26,452	10,840	(15,131)	22,161	942,241	(726,298)	(1,646,378)
Health	2,419,771	2,773,676	(1,622,665)	3,570,781	3,090,160	284,061	764,682
Housing	1,668,497	1,268,709	-	2,937,206	4,484,623	(271,381)	(1,818,798)
Infrastructure	3,641,960	243,480	401,328	4,286,768	5,425,614	-	(1,138,846)
Social assistance	2,291,755	8,359,374	(2,839,428)	7,811,701	8,967,385	-	(1,155,684)
Technical services	-	921,391	-	921,391	1,400,055	-	(478,664)
	29,851,927	21,500,173	(5,244,688)	46,107,412	42,169,742	-	3,937,670