

EAGLE LAKE FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

EAGLE LAKE FIRST NATION

MANAGEMENT'S REPORT

FOR THE YEAR ENDED MARCH 31, 2020

Management's Responsibility for the Consolidated Financial Statements

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

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of Chartered Professional Accountants of Canada and as such include amounts that are the best estimates and judgments of management.

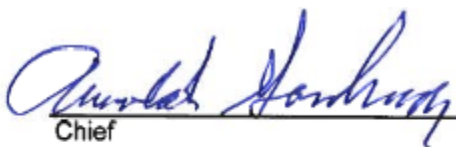
Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

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

The external auditors, Heartland Chartered Professional Accountants LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Eagle Lake First Nation and meet when required.

On behalf of Eagle Lake First Nation:


Chief


Councillor


Councillor


Councillor

August 5, 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of Eagle Lake First Nation:

Opinion

We have audited the consolidated financial statements of Eagle Lake First Nation (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended, and the notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Eagle Lake First Nation as at March 31, 2020 and the results of its consolidated operations and its consolidated 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 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 financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters relating 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

Independent Auditor's Report (*continued*)

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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Winnipeg, Manitoba
August 5, 2020


CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS


EAGLE LAKE FIRST NATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2020

	<u>2020</u>	<u>2019</u>
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	\$ 4,438,518	3,068,275
Accounts receivable (Note 3)	622,788	1,082,285
Trust funds held by the federal government (Note 4)	70,400	69,045
	<u>5,131,706</u>	<u>4,219,605</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	877,732	912,601
Incomplete projects (Note 7)	4,055,981	3,912,589
Long-term debt (Note 8)	1,618,972	1,825,249
	<u>6,552,685</u>	<u>6,650,439</u>
NET DEBT	<u>\$ 1,420,979</u>	<u>2,430,834</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 5)	<u>8,641,643</u>	<u>8,601,801</u>
ACCUMULATED SURPLUS	<u>\$ 7,220,664</u>	<u>6,170,967</u>

APPROVED ON BEHALF OF THE FIRST NATION:


Chief


Councillor


Councillor


Councillor

EAGLE LAKE FIRST NATION

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED MARCH 31, 2020

	2020	2019
REVENUE		
ISC (Page 14)	\$ 4,720,552	4,891,778
Health Canada (Page 42)	1,933,560	897,646
Federal Government - other	257,472	25,772
Province of Ontario	2,453,652	2,791,042
Business enterprises - net	(191,704)	(204,375)
CMHC - rental subsidies	147,628	154,219
Other	3,176,807	2,920,226
Net transfer from (to) incomplete projects	(143,392)	(921,800)
	<u>12,354,575</u>	<u>10,554,508</u>
EXPENSES		
Community development	2,058,247	2,405,766
Economic development	1,580,331	1,302,261
Education	3,330,845	1,723,155
Government support	1,430,777	933,424
Social development	670,044	889,173
Governance	81,000	35,249
Health	1,274,844	1,419,686
Amortization	878,790	902,880
	<u>11,304,878</u>	<u>9,611,594</u>
ANNUAL SURPLUS	<u>1,049,697</u>	<u>942,914</u>
ACCUMULATED SURPLUS AT BEGINNING OF YEAR	<u>6,170,967</u>	<u>5,228,053</u>
ACCUMULATED SURPLUS AT END OF YEAR	\$ <u><u>7,220,664</u></u>	<u><u>6,170,967</u></u>

EAGLE LAKE FIRST NATION
CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT
FOR THE YEAR ENDED MARCH 31, 2020

	<u>2020</u>	<u>2019</u>
ANNUAL SURPLUS	\$ 1,049,697	942,914
Acquisition of tangible capital assets	(918,632)	(2,322,862)
Amortization of tangible capital assets	<u>878,790</u>	<u>902,880</u>
CHANGE IN NET DEBT	1,009,855	(477,068)
NET DEBT AT BEGINNING OF YEAR	<u>2,430,834</u>	<u>1,953,766</u>
NET DEBT AT END OF YEAR	\$ <u>1,420,979</u>	<u>2,430,834</u>

EAGLE LAKE FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2020

	<u>2020</u>	<u>2019</u>
OPERATING TRANSACTIONS		
Annual surplus	\$ 1,049,697	942,914
Item not affecting cash:		
Amortization	<u>878,790</u>	<u>902,880</u>
	1,928,487	1,845,794
Change in non-cash charges to operations:		
Accounts receivable	459,497	(825,943)
Trust funds held by the federal government	(1,355)	(1,778)
Accounts payable and accrued liabilities	(34,869)	155,507
Incomplete projects	<u>143,392</u>	<u>921,800</u>
Cash provided by (applied to) operating transactions	<u>2,495,152</u>	<u>2,095,380</u>
CAPITAL TRANSACTIONS		
Purchase of tangible capital assets	<u>(918,632)</u>	<u>(2,322,862)</u>
FINANCING TRANSACTIONS		
Debt retirement	<u>(206,277)</u>	<u>(191,730)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,370,243	(419,212)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>3,068,275</u>	<u>3,487,487</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ <u>4,438,518</u>	<u>3,068,275</u>

EAGLE LAKE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 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 Chartered Professional Accountants of Canada.

b) Reporting entity

The Eagle Lake First Nation reporting entity includes the Eagle Lake First Nation government and all related entities that are controlled by the First Nation.

c) 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.

Under the modified equity method of accounting, only Eagle Lake First Nations investment in the government business enterprise and the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of Eagle Lake First Nation.

Organizations accounted for on a modified equity basis:

- Ojibway Paradise Resort
- Bingo Palace
- 1157065 Ontario Inc. (o/a Eagle Lake Contractors)
- Migisi Logging
- Recreation (Arena) Operations
- Concession Operation

d) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and term deposits having a maturity of three months or less at acquisition which are held for the purpose of meeting short-term cash commitments.

e) 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.

e) Tangible capital assets

Tangible capital assets acquired after March 31, 1999 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. Tangible capital assets acquired prior to April 1, 1999 were recorded at insured values at that date.

EAGLE LAKE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Tangible capital assets (continued)

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and Eagle Lake First Nation incremental cost of borrowing.

Amortization is provided at the following rates and methods:

Buildings - CMHC	Amount of principal repayment of mortgage
Buildings - other	5% straight line
Infrastructure	5% straight line
Equipment	20% straight line
Vehicles	30% straight line

Tangible capital assets are written down when conditions indicate that they no longer contribute to Eagle Lake 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 revenue at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying 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.

f) Revenue recognition

Revenue is recognized in the period in which the transactions or events occurred that gave rise to the revenue. All revenue is recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenue when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the consolidated statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

EAGLE LAKE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Measurement uncertainty

In preparing the consolidated financial statements for Eagle Lake First Nation, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent 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 the allowance for doubtful accounts and the estimated life of tangible capital assets. Actual results could differ from these estimates.

2) CASH AND CASH EQUIVALENTS

Under the terms of an agreement with Canada Mortgage and Housing Corporation, Eagle Lake First Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. Their 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 the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Replacement Reserve Fund. Cash and cash equivalents is comprised of the following:

	<u>2020</u>	<u>2019</u>
Externally restricted		
Replacement Reserve Fund	\$ 130,076	144,318
Operating Surplus Fund	188,785	88,572
Internally restricted		
Incomplete projects	4,055,981	3,912,589
Unrestricted	63,676	(1,077,204)
Total cash and cash equivalents	<u><u>\$ 4,438,518</u></u>	<u><u>3,068,275</u></u>

3) ACCOUNTS RECEIVABLE

	<u>2020</u>	<u>2019</u>
Trade receivables	\$ 454,348	365,141
Due from government and other government organizations		
Federal government		
Indigenous Services Canada	55,158	655,776
Health Canada	-	37,621
Canada Mortgage and Housing Corporation	26,771	12,329
Provincial government	86,511	11,418
Total Accounts Receivable	<u><u>\$ 622,788</u></u>	<u><u>1,082,285</u></u>

EAGLE LAKE FIRST NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

4) TRUST FUNDS HELD BY THE FEDERAL GOVERNMENT

	<u>March 31, 2019</u>	<u>Additions 2020</u>	<u>Withdrawals 2020</u>	<u>March 31, 2020</u>
Revenue	\$ 14,636	1,355	-	15,991
Capital	54,409	-	-	54,409
	<u>\$ 69,045</u>	<u>1,355</u>	<u>-</u>	<u>70,400</u>

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.

5) TANGIBLE CAPITAL ASSETS

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Cost</u>	<u>Accumulated Amortization</u>
Buildings - CMHC	\$ 3,810,620	716,046	3,810,620	610,987
Buildings - other	18,449,007	15,020,679	17,951,691	14,480,780
Infrastructure	5,899,662	4,219,929	5,617,628	4,118,746
Equipment	1,703,164	1,368,828	1,654,081	1,309,334
Vehicles	835,405	730,733	745,205	657,576
	<u>\$ 30,697,858</u>	<u>22,056,215</u>	<u>29,779,225</u>	<u>21,177,423</u>
Net book value		<u>\$ 8,641,643</u>		<u>\$ 8,601,802</u>

6) ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2020</u>	<u>2019</u>
Trade payables	\$ 776,012	807,689
Vacation pay accrual	101,720	104,912
	<u>\$ 877,732</u>	<u>912,601</u>

The vacation pay liability is comprised of the vacation pay that employees are deferring to future years. Employees have either earned the benefits or are entitled to these benefits within the next budgetary year.

EAGLE LAKE FIRST NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

7) INCOMPLETE PROJECTS

	Balance March 31, 2019	Funding Received 2020	Revenue Recognized 2020	Balance March 31, 2020
<u>Federal Government</u>				
Capital projects	\$ 529,251	1,240,351	(529,251)	1,240,351
Other	600,940	537,117	(600,940)	537,117
	<u>1,130,191</u>	<u>1,777,468</u>	<u>(1,130,191)</u>	<u>1,777,468</u>
<u>Provincial Government</u>				
Capital projects	76,190	-	-	76,190
Other	452,604	198,489	(452,604)	198,489
	<u>528,794</u>	<u>198,489</u>	<u>(452,604)</u>	<u>274,679</u>
<u>Other</u>				
Restricted contributions	2,253,604	2,003,834	(2,253,604)	2,003,834
	<u><u>\$ 3,912,589</u></u>	<u><u>3,979,791</u></u>	<u><u>(3,836,399)</u></u>	<u><u>4,055,981</u></u>

8) LONG-TERM DEBT

	2020	2019
CMHC - Capital Fund repaid during the year	\$ -	9,063
2.68% mortgage loan payable at \$4,878 monthly including principal and interest, maturing October 1, 2023, secured by 14 rental houses	657,707	696,640
2.41% mortgage payable at \$6,812 monthly including principal and interest, maturing April 1, 2023, secured by 5 rental houses	919,064	976,127
Royal Bank of Canada - Community Building expansion loan The loan is repayable at \$8,410 monthly plus interest at Royal Bank prime plus 1.25%, maturing September 13, 2020	<u>42,201</u>	<u>143,119</u>
	<u><u>\$ 1,618,972</u></u>	<u><u>1,824,949</u></u>

Anticipated annual principal payments over the next four years are as follows:

March 31, 2021	143,784
March 31, 2022	104,172
March 31, 2023	106,829
March 31, 2024	1,264,187
March 31, 2025	-

EAGLE LAKE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

9) EXPENSES BY OBJECT

The following is a summary of expenses by object:

	<u>2020</u>	<u>2019</u>
Salaries, wages and benefits	\$ 4,062,007	3,925,187
Staff development	86,883	21,573
Supplies and services	3,657,687	3,753,188
Interest	47,492	20,870
Professional services	1,663,065	363,822
Rental expenditures	7,505	10,309
Fees and contract services	901,449	613,765
Amortization	878,790	902,880
	<u><u>\$ 11,304,878</u></u>	<u><u>9,611,594</u></u>

10) COMPARATIVE FIGURES

Comparative figures have been provided where practicable in the Schedules of Revenue and Expenditure. Certain comparative figures have been reclassified to conform to the current year's method of presentation.

EAGLE LAKE FIRST NATION

SUMMARY OF ISC FUNDING

FOR THE YEAR ENDED MARCH 31, 2020

(Unaudited)

		REVENUE						EXCESS
		TRANSFER						(DEFICIENCY)
				FROM	TO			OF REVENUE
	PAGE	ISC	OTHER	INCOMPLETE	INCOMPLETE	TOTAL	EXPENDITURE	OVER
								EXPENDITURE
Band support	14	\$ 243,163	502,537	-	-	745,700	710,055	35,645
Indian Registry Administrators	14	5,000	-	-	-	5,000	5,000	-
Band employee benefits	15	27,807	-	-	-	27,807	31,230	(3,423)
Estates	15	-	-	30,998	(20,613)	10,385	10,385	-
Community based initiatives	16	179,420	11,761	145,374	(77,770)	258,785	258,785	-
CFS travel	16	-	-	-	-	-	-	-
PIDP	17	-	-	90,000	-	90,000	90,000	-
Skills Link	17	-	-	-	-	-	-	-
Summer work experience	17	-	9,021	-	-	9,021	10,886	(1,865)
Day care	18	9,800	337,251	-	-	347,051	387,746	(40,695)
Education	19	2,018,173	960,240	184,868	(114,866)	3,048,415	2,952,071	96,344
Social services	28	61,300	594,234	-	-	655,534	625,891	29,643
Capital	31	2,004,915	165,334	529,251	(1,240,351)	1,459,149	1,588,745	(129,596)
Economic development	36	58,338	-	148,313	(69,092)	137,559	144,703	(7,144)
Lands and resources	39	99,864	85,000	9,355	(5,433)	188,786	265,024	(76,238)
Health Canada	42	-	2,022,400	-	-	2,022,400	1,997,225	25,175
Other		12,772	3,089,637	2,774,430	(2,527,856)	3,348,983	2,227,132	1,121,851
		\$ 4,720,552	7,777,415	3,912,589	(4,055,981)	12,354,575	11,304,878	1,049,697