

Naotkamegwanning First Nation
Consolidated Financial Statements
For the year ended March 31, 2020

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Management's Responsibility for Financial Reporting

To the Members Naotkamegwanning First Nation

The accompanying consolidated financial statements of Naotkamegwanning First Nation and all the information in this annual report are the responsibility of the First Nation's management, and have been approved by the Chief and Council of the First Nation.

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 the Canadian Institute of Chartered Public Accountants and as such include amounts that are the best estimates and judgments of management.

The Band Council 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 Band 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 financial statements.

The Band 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 financial statements and the external auditors' report.

The external auditors, BDO Canada LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of Naotkamegwanning First Nation and meet when required.



Chief



Councillor



Councillor



Councillor



Councillor



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Independent Auditor's Report

To the Members Naotkamegwanning First Nation

Opinion

We have audited the consolidated financial statements of the Naotkamegwanning First Nation and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statement of operations, consolidated statement of changes in net debt and consolidated statement of 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 consolidated financial position of the First Nation as at March 31, 2020, and its consolidated results of operations, its consolidated change in net debt, and its consolidated cash flows for the year then ended in accordance with 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 Group 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 Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group'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 Group'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 Group'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 Group 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 Group 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.

BDO Canada LLP

Chartered Professional Accountants, Licenced Public Accountants






Kenora, Ontario
December 8, 2020

Naotkamegwanning First Nation

Consolidated Statement of Financial Position

March 31	2020	2019
Financial Assets		
Cash (Note 1)	\$ 6,704,676	\$ 5,567,835
Portfolio investments (Note 2)	1,265,806	1,249,620
Accounts receivable (Note 3)	1,012,732	2,025,657
Investment in government business enterprises (Note 4)	393,610	-
	<u>9,376,824</u>	<u>8,843,112</u>
Liabilities		
Bank overdraft (Note 5)	-	14,980
Accounts payable and accruals (Note 6)	2,479,168	2,834,238
Deferred revenue (Note 7)	1,489,744	3,272,631
Long term debt (Note 8)	7,833,197	6,102,170
	<u>11,802,109</u>	<u>12,224,019</u>
Net Debt	<u>(2,425,285)</u>	<u>(3,380,907)</u>
Non-Financial Assets		
Prepaid expenses	39,251	42,012
Tangible capital assets (Note 9)	27,916,207	24,122,250
	<u>27,955,458</u>	<u>24,164,262</u>
Accumulated Surplus (Note 10)	<u>\$ 25,530,173</u>	<u>\$ 20,783,355</u>

Approved on behalf of the Band Council:

	Chief
	Councillor
	Councillor
	Councillor
	Councillor

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Naotkamegwanning First Nation Consolidated Statement of Operations

For the year ended March 31	Budget	2020	2019
Revenue			
Indigenous Services Canada	\$ 8,932,484	\$ 9,544,976	\$ 8,253,827
Canada Mortgage and Housing Corporation	298,154	331,639	425,672
Anishinaabe Abinoojii Family Services	1,737,165	1,889,049	2,503,236
Kenora Chiefs Advisory	501,710	485,884	488,792
Ministry of Attorney General	228,153	109,411	175,653
Ministry of Children and Youth Services	167,959	167,959	167,959
Ministry of Children, Community and Social Services	636,500	941,429	722,944
Ministry of Education	854,143	951,409	853,670
Ministry of Health and Long Term Care	1,785,262	2,049,905	1,848,243
Ontario First Nations Limited Partnership	882,345	909,376	1,053,366
Province of Ontario - other Ministries	280,300	570,428	2,327,933
Shooniyaa Wa-Biitong	234,873	241,837	168,943
Anishinaabe Abinoojii Family Services	-	2,772,647	1,324,084
Grand Council Treaty #3	-	447,695	22,756
Income from investment in government business enterprise	-	276,349	-
Other	2,380,725	2,381,319	1,956,567
	18,919,773	24,071,312	22,293,645
Expenses			
Band Support Programs	1,499,605	1,711,722	1,525,493
Casino Rama Programs	882,345	221,063	161,800
Economic Development Programs	1,614,921	1,421,011	1,575,945
Social Services Programs	2,020,911	2,495,334	2,327,578
Infrastructure Programs	1,076,403	2,091,285	3,266,133
Housing Programs	613,381	945,151	1,521,842
Health Programs	2,797,880	2,888,756	2,738,140
Education Programs	6,968,437	5,811,445	5,063,876
Child and Family Programs	1,217,496	1,738,727	1,689,568
	18,691,379	19,324,494	19,870,375
Annual surplus	228,394	4,746,818	2,423,270
Accumulated surplus, beginning of year	20,783,355	20,783,355	18,360,085
Accumulated surplus, end of year	\$ 21,011,749	\$ 25,530,173	\$ 20,783,355

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Nootkamegwanning First Nation Consolidated Statement of Changes in Net Debt

For the year ended March 31	Budget	2020	2019
Annual surplus , for the year	\$ (228,394)	\$ 4,746,818	\$ 2,423,270
Acquisition of tangible capital assets	(252,520)	(5,211,625)	(5,288,978)
Amortization of tangible capital assets	-	1,417,668	1,555,162
Net Disposals of tangible capital assets	-	-	870,639
Net change in prepaid expenses	-	2,761	9,211
Net change in net debt	(480,914)	955,622	(430,696)
Net debt , beginning of year	(2,950,211)	(3,380,907)	(2,950,211)
Net debt , end of year	\$ (3,431,125)	\$ (2,425,285)	\$ (3,380,907)

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Naotkamegwanning First Nation

Consolidated Statement of Cash Flows

For the year ended March 31

2020

2019

Cash flows from operating activities

Annual surplus	\$ 4,746,818	\$ 2,423,270
Adjustment for amortization	1,417,668	1,555,162
Changes in non-cash working capital items		
Accounts receivable	1,012,926	(758,872)
Accounts payable	(355,070)	1,723,957
Deferred revenue	(1,782,887)	1,016,531
Prepaid expenses	2,761	9,211
	<u>5,042,216</u>	<u>5,969,259</u>

Cash flows from capital activities

Purchase of tangible capital assets	(5,211,625)	(5,288,978)
Disposal of tangible capital assets	-	870,639
	<u>(5,211,625)</u>	<u>(4,418,339)</u>

Cash flows from financing activities

Net change in long term debt	1,731,026	221,766
Net change in demand loans	-	212,495
Decrease in bank indebtedness	(14,980)	(88,068)
	<u>1,716,046</u>	<u>346,193</u>

Cash flows from investing activities

Net change in portfolio investments	(16,186)	(31,787)
Increase in investment in government business enterprise	(393,610)	-
	<u>(409,796)</u>	<u>(31,787)</u>

Increase in cash and cash equivalents

	1,136,841	1,865,326
Cash and cash equivalents, beginning of year	<u>5,567,835</u>	<u>3,702,509</u>
Cash and cash equivalents, end of year	<u>\$ 6,704,676</u>	<u>\$ 5,567,835</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Nautkamegwanning First Nation Summary of Significant Accounting Policies

March 31, 2020

Basis of Accounting	<p>These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local government entities as defined in the CICA Public Sector Accounting Handbook.</p>												
Reporting Entity	<p>The Nautkamegwanning First Nation reporting entity includes the Nautkamegwanning First Nation government and all related entities that are controlled by the First Nation. This includes all aspects of band operations including provision of social, educational, administrative, housing, child and family, economic development and operational services.</p>												
Basis of Consolidation	<p>All controlled entities are fully consolidated on a line-by-line basis. Inter-organizational balances and transactions are eliminated upon consolidation.</p> <p>Organizations consolidated in Nautkamegwanning First Nation's consolidated financial statements include:</p> <div style="margin-left: 40px;"><p>Nautkamegwanning First Nation Nautkamegwanning Education Authority Nautkamegwanning Health and Social Services Shawendaasowin Child and Family Services</p></div> <p>The government business enterprise is a separate legal entity which does not rely on the First Nation for funding. The investment in the government business enterprise is accounted for using the modified equity method. Under this method, the government business enterprise's accounting policies are not adjusted to confirm with Public Sector Accounting Standards and inter-entity transactions and balances are not eliminated. The Paagitooon Limited Partnership was the only government business enterprise reflected in the consolidated statements.</p>												
Tangible Capital Assets	<p>Tangible capital assets are reported on the consolidated statement of financial position 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.</p> <p>Amortization is recorded over the estimated useful life of the tangible capital assets commencing once the asset is available for productive use with annual rates as follows:</p> <div style="margin-left: 40px;"><table><tr><td>Buildings</td><td>- 40 years straight line</td></tr><tr><td>Sewer and water</td><td>- 40 years straight line</td></tr><tr><td>Housing</td><td>- 20 years straight line</td></tr><tr><td>Roads and streets</td><td>- 10 years straight line</td></tr><tr><td>Automotive equipment</td><td>- 4 years straight line</td></tr><tr><td>Furniture and equipment</td><td>- 4 to 10 years straight line</td></tr></table></div> <p>Tangible capital assets are written down when conditions indicate that they no longer contribute to Nautkamegwanning First Nation's ability to provide services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. Any net write-downs are accounted for as expenses in the consolidated statement of operations.</p>	Buildings	- 40 years straight line	Sewer and water	- 40 years straight line	Housing	- 20 years straight line	Roads and streets	- 10 years straight line	Automotive equipment	- 4 years straight line	Furniture and equipment	- 4 to 10 years straight line
Buildings	- 40 years straight line												
Sewer and water	- 40 years straight line												
Housing	- 20 years straight line												
Roads and streets	- 10 years straight line												
Automotive equipment	- 4 years straight line												
Furniture and equipment	- 4 to 10 years straight line												

Naotkamegwanning First Nation Summary of Significant Accounting Policies

March 31, 2020

Revenue Recognition	<p>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, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.</p> <p>Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.</p> <p>Interest on investments is recognized as it is earned. Gains or losses on the disposal of investments are recognized once the transaction takes place.</p>
Investments	<p>Temporary investments are recorded at the lower of cost or market. Portfolio investments are recorded at cost unless there has been a decline in the market value which is other than temporary in nature in which case the investments are written down to market value.</p>
Use of Estimates	<p>The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from management's best estimates as additional information becomes available in the future.</p>
Pension Plan	<p>The First Nation maintains a defined contribution pension plan for its personnel. Expenses for this plan are equal to the First Nation's required contribution for the year.</p>

Naotkamegwanning First Nation

Notes to Consolidated Financial Statements

March 31, 2020

1. Cash

	2020	2019
General Band operations	\$ 3,258,959	\$ 1,978,066
Education Authority operations	2,973,282	1,615,043
Health and Social Services operations	85,527	908
Child and Family Services operations	386,908	1,973,818
	\$ 6,704,676	\$ 5,567,835

Included in General Band cash is a replacement reserve fund bank account of \$215,758 (2019 - \$121,162) which is restricted under an agreement with Canada Mortgage and Housing Corporation (CMHC). The replacement reserve fund, along with the interest is to be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation. The funds in the accounts may only be drawn for authorized major housing renovations and repairs.

2. Portfolio Investments

	2020	2019
RBC Dominion Securities - balanced portfolio, recorded at cost (market value \$1,190,689)	\$ 1,265,806	\$ 1,249,620

3. Accounts Receivable

	2020	2019
Indigenous Services Canada	\$ 129,520	\$ 721,023
Health Canada	35,462	6,753
Ministry of Education	24,310	243,456
Other	823,440	1,054,425
	\$ 1,012,732	\$ 2,025,657

Naotkamegwanning First Nation

Notes to Consolidated Financial Statements

March 31, 2020

4. Investment in Government Business Enterprise, at modified equity

Paagitoon Limited Partnership

Paagitoon Limited Partnership was created for the purpose of carrying on the business of janitorial services. The partnership was formed during the year ended March 31, 2019 and became self-sustaining during the year ended March 31, 2020.

	Paagitoon LP 99.9%
Percentage ownership	
Carrying value, March 31, 2019	\$ -
Purchase of units	999
Advances	116,262
Share of net income (loss)	276,349
Carrying value, March 31, 2020	<u>\$ 393,610</u>
	<u>2020</u>
Financial position	
Current assets	\$ 558,686
Non-current assets	73,831
Total Assets	<u>\$ 632,517</u>
Current liabilities	\$ 169,700
Non-current liabilities	185,191
Total Liabilities	<u>354,891</u>
Contributions	1,000
Net Assets, end of year	<u>276,626</u>
	<u>277,626</u>
	<u>\$ 632,517</u>
Results of Operations	
Revenues	\$ 1,312,860
Operating Expenses	1,037,234
Net income	275,626
Contributions (distributions)	1,000
Net assets, beginning of year	-
Net assets, end of year	<u>\$ 276,626</u>

Nautkamegwanning First Nation

Notes to Consolidated Financial Statements

March 31, 2020

5. Bank Overdraft

	2020	2019
General Band operations	\$ -	\$ 14,980

The First Nation has approved overdraft credit with the Royal Bank of Canada as follows:

General Band operations: \$200,000 overdraft
 Education Authority operations: \$100,000 overdraft
 Health and Social Services operations: \$15,000 overdraft
 Fisheries account: \$30,000 overdraft

All overdraft credit lines bear interest at prime plus 3.25%. At March 31, 2020, none of the overdraft was being utilized.

The First Nation also has approved credit facilities with the Royal Bank of Canada as follows:

\$3,000,000 non-revolving term facility for the construction of the new community centre. At year-end, \$886,000 of this facility is being utilized at an interest rate of 3.70%.
 \$1,240,000 multi-draw term loan with term take-out for the purchase of CP Lands. At year-end, \$298,013 of this facility is being utilized at an interest rate of 1.75%.

These credit facilities are secured by OFNLP funding payable directly to the Bank up to \$373,104 per annum.

6. Accounts Payable

	2020	2019
Accounts payable	\$ 843,589	\$ 1,468,925
Payroll accruals	388,265	257,906
Government contributions repayable	1,247,314	1,107,407
	\$ 2,479,168	\$ 2,834,238

7. Deferred Revenue

	Opening Balance	Funding Received	Revenue Recognized	Closing Balance 2020	Closing Balance 2019
Indigenous Services Canada	\$ 2,458,340	\$ 10,728,230	\$ (11,696,826)	\$ 1,489,744	\$ 2,458,340
Anishinaabe Abinooji					
Family Services	750,000	-	(750,000)	-	750,000
Other	64,291	-	(64,291)	-	64,291
	\$ 3,272,631	\$ 10,728,230	\$ (12,511,117)	\$ 1,489,744	\$ 3,272,631

Naotkamegwanning First Nation

Notes to Consolidated Financial Statements

March 31, 2020

8. Long Term Debt

	2020	2019
General Band Operations		
Canada Mortgage and Housing Corporation mortgage, 9 unit, repayable \$2,875 monthly including interest at 1.64%, maturing February 1, 2032	\$ 372,299	\$ 400,764
Canada Mortgage and Housing Corporation mortgage, 12 unit, repayable \$3,923 monthly including interest at 2.11%, maturing October 1, 2033	556,183	590,890
Canada Mortgage and Housing Corporation mortgage, 10 unit, repayable \$4,501 monthly including interest at 1.95%, maturing January 1, 2034	654,686	695,644
Canada Mortgage and Housing Corporation mortgage, 10 unit, repayable \$4,974 monthly including interest at 1.83%, maturing October 1, 2034	763,812	809,159
Canada Mortgage and Housing Corporation mortgage, 7 Unit, repayable \$3,087 monthly including interest at 2.75%, maturing May 1, 2026	204,139	235,940
Canada Mortgage and Housing Corporation mortgage, 8 Unit, repayable \$28,957 monthly including interest at 2.16%, maturing December 1, 2023	1,442,804	528,120
Royal Bank of Canada loan, repayable \$11,171 monthly including interest at 2.39%, maturing June 1, 2020	32,889	164,198
Promissory notes payable to Minister of Indigenous and Northern Affairs Canada, interest free unless in default, repayable the earlier of March 31, 2023 or the date on which Flooding claim is settled	1,506,457	1,506,457
Royal Bank of Canada, repayable \$9,415 monthly, including interest at 3.91%, maturing January 2, 2033	1,089,682	1,150,807
Royal Bank of Canada, secured by specific automotive equipment with a net book value of \$16,456 repayable \$878 monthly including interest at 4.63%, ending November 23, 2020	6,324	20,191
Royal Bank of Canada, repayable \$732 monthly plus interest at 4.17%, maturing May 31, 2022	19,909	-
Royal Bank of Canada, interest-only payments at 1.75%, maturing March 31, 2021	298,013	-
Royal Bank of Canada, repayable \$16,197 monthly including interest at 3.70%, maturing March 31, 2025	886,000	-
	\$ 7,833,197	\$ 6,102,170

Principal payments due in the next five years are as follows:

2021	\$ 846,602
2022	510,547
2023	525,124
2024	540,920
2025	553,124
Thereafter	4,856,880
Total	\$ 7,833,197

The CMHC mortgage loans are secured by a Ministerial guarantee.

Nautkamegwanning First Nation
Notes to Consolidated Financial Statements

March 31, 2020

9. Tangible Capital Assets

	Cost			Accumulated Amortization			2020
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Disposals and Amortization Writedowns	Net Book Value
Land	\$ -	\$ 298,013	\$ -	\$ 298,013	\$ -	\$ -	\$ 298,013
Buildings	14,391,677	2,757,476	-	17,149,153	6,612,589	261,478	10,275,086
Sewer and water	14,512,320	1,154,522	-	15,666,842	3,850,679	294,743	11,521,420
Housing	26,914,267	510,212	-	27,424,479	21,881,625	568,182	4,974,672
Roads and streets	1,968,027	12,449	-	1,980,476	1,906,590	59,797	14,089
Automotive equipment	2,212,372	324,432	-	2,536,804	1,687,122	223,609	626,073
Furniture and equipment	177,329	154,521	-	331,850	115,137	9,859	206,854
	\$ 60,175,992	\$ 5,211,625	\$ -	\$ 65,387,617	\$ 35,755,729	\$ 1,417,668	\$ 27,916,207

The net book value of tangible capital assets not being amortized because they are under construction is \$2,253,321 (2019 - \$4,639,943).

	Cost			Accumulated Amortization			2019
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Disposals and Amortization Writedowns	Net Book Value
Buildings	\$ 13,944,574	\$ 447,103	\$ -	\$ 14,391,677	\$ 6,273,748	\$ -	\$ 7,779,088
Sewer and water	12,887,123	3,504,109	1,878,912	14,512,320	4,544,356	316,238	10,661,641
Housing	25,961,213	953,054	-	26,914,267	21,282,341	599,284	5,032,642
Roads and streets	1,968,027	-	-	1,968,027	1,794,061	112,529	61,437
Automotive equipment	2,034,369	379,376	201,373	2,212,372	1,706,335	180,518	525,250
Furniture and equipment	171,993	5,336	-	177,329	107,385	7,752	62,192
	\$ 56,967,299	\$ 5,288,978	\$ 2,080,285	\$ 60,175,992	\$ 35,708,226	\$ 1,555,162	\$ 24,122,250

Naotkamegwanning First Nation

Notes to Consolidated Financial Statements

March 31, 2020

10. Accumulated Surplus

Naotkamegwanning First Nation segregates its accumulated surplus into the following categories:

	2020	2019
Current funds	\$ 6,180,459	\$ 1,606,055
Investment in capital assets	18,576,551	18,477,548
Replacement reserve	773,161	699,752
	\$ 25,530,173	\$ 20,783,355

11. Funds Held in Trust - Ottawa Trust Funds

	2020	2019
Revenue Account		
Balance, April 1	\$ 14,154	\$ 13,155
Interest and other income earned	1,000	999
	15,154	14,154
Capital Account	24,918	24,918
	\$ 40,072	\$ 39,072
Fund Balances		
Revenue Fund	\$ 15,154	\$ 14,154
Capital Fund	24,918	24,918
	\$ 40,072	\$ 39,072

The trust accounts 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. These funds are restricted for their use, of which the Band is generally permitted to use for a purpose that will promote the general progress and welfare of the Band and Band members. The management of these funds is primarily governed by the sections of the Indian Act.

Trust funds administered by Indigenous Services Canada for the benefit of the First Nation have not been included in the statement of financial position nor have the operations been included in the statement of financial activities.

12. Economic Dependence

The First Nation receives the majority of its revenue from government sources. In the event that this funding is discontinued, the First Nation would have to find alternative funding or discontinue some or all of its programs.

Naotkamegwanning First Nation Notes to Consolidated Financial Statements

March 31, 2020

13. Government Transfers

	2020			2019		
	Operating	Capital	Total	Operating	Capital	Total
Federal						
ISC	\$ 8,178,036	\$ 1,366,940	\$ 9,544,976	\$ 5,620,625	\$ 2,633,202	\$ 8,253,827
Health Canada	1,889,049	-	1,889,049	2,458,313	44,923	2,503,236
CMHC	331,639	-	331,639	425,672	-	425,672
Subtotal	10,398,724	1,366,940	11,765,664	8,504,610	2,678,125	11,182,735
Provincial	4,434,716	355,825	4,790,541	4,091,818	2,004,584	6,096,402
Total	\$ 14,833,440	\$ 1,722,765	\$ 16,556,205	\$ 12,596,428	\$ 4,682,709	\$ 17,279,137

14. Budget

The budget approved by Chief and Council was not prepared on a basis consistent with that used to report actual financial statement results (Public Sector Accounting Standards). The budgets were prepared on a modified accrual basis while Public Sector Accounting Standards require a full accrual basis. The budgets expensed all capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statement of operations and change in net debt represent the budgets adopted by Council with adjustments as follows. As well, the budget approved by Chief and Council was not prepared on a consolidated basis and does not include all of the activities of the First Nation. As a result, budget figures are only presented on where available.

Budget Shortfall	\$ (448,121)
Add:	
Capital expenditures	252,520
Budgeted payments of long term debt	423,995
	<hr/>
Budgeted surplus per statement of operations	\$ 228,394
	<hr/>

Naotkamegwanning First Nation Notes to Consolidated Financial Statements

March 31, 2020

15. Defined Contribution Pension Plan

Naotkamegwanning First Nation provides a defined contribution plan for eligible employees. The plan is funded equally by the First Nation and the First Nation employees at rates of 5% of the employee's salary. The funds are invested in segregated funds as directed by the First Nations' individual employees' investment directives.

The expense for the First Nation's pension plan for the year was as follows:

	2020	2019
Band employees	\$ 99,258	\$ 102,550
Education Authority employees	127,695	125,869
Health and Social Services employees	42,220	39,268
Child and Family Services employees	60,644	40,450
	\$ 329,817	\$ 308,137

16. Contingent Asset

The First Nation is under ongoing negotiations with the Government of Canada and Province of Ontario regarding flooding claims. In September 2019 the First Nation approved Canada's and Ontario's offer for compensation for settlement of the Flood Claim. Settlement is subject to ratification and execution of a settlement agreement with Ontario and Canada that addresses matters including but not limited to assessment, releases, return of island and addition to reserve lands. The expected combined settlement amount is \$79.9 million, plus any further increases due to further costs incurred and any changes to the settlement formula caused by delays in the finalization process.

17. Contractual Rights

The First Nation has an ongoing Impact Benefit Agreement with New Gold Inc. in which the First Nation receives metal production payments based on actual production with a minimum of \$125,000 per year, royalty payments based on New Gold Inc.'s share price with a minimum of \$125,000 annually and an annual education payment of \$50,000 all until metal production at the Rainy River Project ceases.

18. Uncertainty Due to COVID-19

Subsequent to the year-end, the impact of COVID-19 in Canada and on the global economy increased significantly.

The restrictions put in place by Canadian, provincial and municipal governments and the First Nation community regarding travel and social distancing has impacted the delivery of programs administered by the organization most of which are considered essential services. Indigenous Services Canada has approved the carry-forward of unexpended funding as of March 31, 2020 for fixed, flex and set funding. One time funding has also been approved to assist with the additional costs associated with PPE for the safety of its employees and band members.

At this time, it is unknown the full extent the impact the COVID-19 outbreak will have on the entity as this will depend on future developments that are highly uncertain.

Naotkamegwanning First Nation Notes to Consolidated Financial Statements

March 31, 2020

19. Commitment

The First Nation is committed to the construction of a new community centre which has an estimated total cost of \$3.2 million. As of year-end, total costs incurred were \$1.35 million, leaving \$1.85 million remaining to be incurred in the 2020/21 fiscal year.

20. Segmented Information

Naotkamegwanning First Nation is a diversified local government that provides a wide range of services to its citizens and members, including administration, economic development, education, child and family services, social services (including emergency operations, day care, social development, prevention services and native justice), and infrastructure (including community services, health care centre, housing maintenance and renovations, capital, and arena and community centre).

For each reported segment, revenues and expenses 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. Operations and maintenance fee allocations have been made to each building based on a percentage of overall maintenance costs. Administrative fees, based on a percentage of revenues, have been allocated to programs where permitted by the funder.

Nootkamegwanning First Nation
Segmented Disclosure
For the year ended March 31, 2020

	Band Support	Casino Rama	Economic Development	Social Services	Infrastructure	Housing	Health	Education	Child & Family Services	Total
Revenue										
Government Transfers	\$ 1,976,256	\$ 909,376	\$ 654,386	\$ 2,754,854	\$ 2,916,793	\$ 325,339	\$ 2,873,686	\$ 6,230,307	\$ 2,122,147	\$ 20,763,144
Commercial activities	-	-	591,569	-	33,625	64,890	-	-	-	690,084
Income from Government										
Business Enterprise	-	-	276,349	-	-	-	-	-	-	276,349
Other	473,981	-	-	839,067	310,440	-	25,460	692,787	-	2,341,735
	2,450,237	909,376	1,522,304	3,593,921	3,260,858	390,229	2,899,146	6,923,094	2,122,147	24,071,312
Expenses										
Amortization	66,559	-	60,165	149,474	545,048	511,597	26,474	26,732	31,620	1,417,669
Other expenses	350,454	221,063	24,606	205,518	308,935	178,358	-	-	-	1,288,934
Office, equipment, supplies										
and program expenses	149,716	-	891,664	279,365	169,144	5,832	-	882,240	351,552	2,729,513
Professional	176,613	-	70,565	22,404	76,292	47,580	778,089	325,741	29,124	1,526,408
Travel, training and meetings	109,828	-	51,726	66,504	90,298	-	244,652	836,626	171,878	1,571,512
Utilities, fuel and maintenance	134,562	-	17,164	67,947	128,018	93,148	102,507	216,720	70,284	830,350
Wages, benefits and honoraria	723,990	-	305,121	1,704,122	773,550	108,636	1,737,034	3,523,386	1,084,269	9,960,108
	1,711,722	221,063	1,421,011	2,495,334	2,091,285	945,151	2,888,756	5,811,445	1,738,727	19,324,494
Excess of revenue (expenses)	\$ 738,515	\$ 688,313	\$ 101,293	\$ 1,098,587	\$ 1,169,573	\$ (554,922)	\$ 10,390	\$ 1,111,649	\$ 383,420	\$ 4,746,818

Nootkamegwanning First Nation
Segmented Disclosure
For the year ended March 31, 2019

	Band Support	Casino Rama	Economic Development	Social Services	Infrastructure	Housing	Health	Education	Child & Family Services	Total
Revenue										
Government Transfers	\$ 1,404,562	\$ -	\$ 635,098	\$ 2,298,452	\$ 4,904,295	\$ 488,392	\$ 2,789,798	\$ 4,965,697	\$ 620,284	\$ 18,106,578
Commercial activities	10,830	-	649,633	-	77,626	64,950	-	-	-	803,039
Other	200,668	1,053,366	171,659	6,265	-	-	71,931	556,054	1,324,085	3,384,028
	1,616,060	1,053,366	1,456,390	2,304,717	4,981,921	553,342	2,861,729	5,521,751	1,944,369	22,293,645
Expenses										
Amortization	59,397	-	66,996	150,369	696,664	535,869	30,926	14,942	-	1,555,163
Other expenses	156,104	161,800	69,611	169,614	1,056,595	119,772	-	-	-	1,733,496
Office, equipment, supplies and program expenses	211,226	-	800,259	255,708	305,936	220,275	-	938,624	436,250	3,168,278
Professional	38,907	-	125,170	33,153	235,417	58,372	759,590	139,635	17,168	1,407,412
Travel, training and meetings	120,086	-	55,483	113,450	119,522	-	184,660	636,396	175,260	1,404,857
Utilities, fuel and maintenance	155,954	-	8,819	98,504	114,298	84,262	75,783	169,131	46,088	752,839
Wages, benefits and honoraria	783,819	-	449,607	1,506,780	737,701	503,292	1,687,181	3,165,148	1,014,802	9,848,330
	1,525,493	161,800	1,575,945	2,327,578	3,266,133	1,521,842	2,738,140	5,063,876	1,689,568	19,870,375
Excess of revenue (expenses)	\$ 90,567	\$ 891,566	\$ (119,555)	\$ (22,861)	\$ 1,715,788	\$ (968,500)	\$ 123,589	\$ 457,875	\$ 254,801	\$ 2,423,270