

**Naotkamegwanning First Nation
Consolidated Financial Statements
For the year ended March 31, 2021**

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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.



Handwritten signatures of the Chief and four Councillors are shown, each followed by a title label:

- Chief (Signature)
- Councillor (Signature)
- Councillor (Signature)
- Councillor (Signature)
- Council (Signature)



Tel: 807.468.5531
Fax: 807.468.9774
www.bdo.ca

BDO Canada LLP
301 First Avenue S, Suite 300
Kenora, ON P9N 4E9 Canada

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, 2021, 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, 2021, and its consolidated results of operations, its consolidated changes 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, Licensed Public Accountants

Kenora, Ontario
October 29, 2021

**Naotkamegwanning First Nation
Consolidated Statement of Financial Position**

March 31	2021	2020
Financial Assets		
Cash (Note 1)	\$ 11,408,910	\$ 6,704,676
Portfolio investments (Note 2)	1,884,054	1,265,806
Accounts receivable (Note 3)	1,596,649	1,012,732
Investment in government business enterprises (Note 4)	339,484	393,610
	<hr/>	<hr/>
	15,229,097	9,376,824
Liabilities		
Accounts payable and accruals (Note 6)	3,242,942	2,479,168
Deferred revenue (Note 7)	6,087,332	1,489,744
Long term debt (Note 8)	9,717,407	7,833,197
	<hr/>	<hr/>
	19,047,681	11,802,109
Net Debt	<hr/>	<hr/>
	(3,818,584)	(2,425,285)
Non-Financial Assets		
Prepaid expenses	95,347	39,251
Tangible capital assets (Note 9)	32,411,617	27,916,207
	<hr/>	<hr/>
	32,506,964	27,955,458
Accumulated Surplus (Note 10)	<hr/>	<hr/>
	\$ 28,688,380	\$ 25,530,173

Approved on behalf of the Band Council:

 Chief

____ Councillor

____ Councillor

____ Councillor

____ Councillor

Naotkamegwanning First Nation Consolidated Statement of Operations

For the year ended March 31	Budget	2021	2020
Revenue			
Indigenous Services Canada	\$ 9,383,470	\$ 11,955,080	\$ 9,544,976
Canada Mortgage and Housing Corporation	340,000	356,717	331,639
Kenora Chiefs Advisory	414,986	550,894	485,884
Ministry of Attorney General	175,653	120,150	109,411
Ministry of Children and Youth Services	167,959	171,450	167,959
Ministry of Children, Community and Social Services	650,900	1,103,031	941,429
Ministry of Education	941,427	910,255	951,409
Ministry of Health and Long Term Care	2,037,115	2,036,191	2,049,905
Ontario First Nations Limited Partnership	871,729	880,145	909,376
Province of Ontario - other Ministries	270,421	533,820	570,428
Shooniyaa Wa-Biitong	234,873	236,831	241,837
Anishinaabe Abinoojii Family Services	1,242,255	1,326,802	4,661,696
Grand Council Treaty #3	-	291,766	447,695
Income (loss) from investment in government business enterprise	-	(54,126)	276,349
Other	2,124,765	3,328,675	2,381,319
	18,855,553	23,747,681	24,071,312
Expenses			
Band Support Programs	1,775,019	3,054,475	1,711,722
Casino Rama Programs	882,345	32,695	221,063
Economic Development Programs	1,959,027	1,655,521	1,421,011
Social Services Programs	2,947,353	2,512,810	2,495,334
Infrastructure Programs	878,214	2,188,125	2,091,285
Housing Programs	308,429	825,394	945,151
Health Programs	2,705,274	3,021,333	2,888,756
Education Programs	6,580,725	5,660,047	5,811,445
Child and Family Programs	1,242,255	1,639,074	1,738,727
	19,278,641	20,589,474	19,324,494
Annual surplus	(423,088)	3,158,207	4,746,818
Accumulated surplus, beginning of year	25,530,173	25,530,173	20,783,355
Accumulated surplus, end of year	\$ 25,107,085	\$ 28,688,380	\$ 25,530,173

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

**Naotkamegwanning First Nation
Consolidated Statement of Changes in Net Debt**

For the year ended March 31	Budget	2021	2020
Annual surplus , for the year	\$ (228,394)	\$ 3,158,207	\$ 4,746,818
Acquisition of tangible capital assets	(252,520)	(5,870,306)	(5,211,625)
Amortization of tangible capital assets	- -	1,374,896	1,417,668
Net change in prepaid expenses	- -	(56,096)	2,761
 Net change in net debt	 (480,914)	 (1,393,299)	 955,622
 Net debt , beginning of year	 (2,950,211)	 (2,425,285)	 (3,380,907)
 Net debt , end of year	 \$ (3,431,125)	 \$ (3,818,584)	 \$ (2,425,285)

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	2021	2020
Cash flows from operating activities		
Annual surplus	\$ 3,158,207	\$ 4,746,818
Adjustment for amortization	1,374,896	1,417,668
Changes in non-cash working capital items		
Accounts receivable	(583,917)	1,012,926
Accounts payable	763,774	(355,070)
Deferred revenue	4,597,588	(1,782,887)
Prepaid expenses	<u>(56,096)</u>	<u>2,761</u>
	9,254,452	5,042,216
Cash flows from capital activities		
Purchase of tangible capital assets	<u>(5,870,306)</u>	<u>(5,211,625)</u>
Cash flows from financing activities		
Net change in long term debt	1,884,210	1,731,026
Net change in demand loans	-	-
Decrease in bank indebtedness	<u>-</u>	<u>(14,980)</u>
	1,884,210	1,716,046
Cash flows from investing activities		
Net change in portfolio investments	(618,248)	(16,186)
Decrease (Increase) in investment in government business enterprise	<u>54,126</u>	<u>(393,610)</u>
	(564,122)	(409,796)
Increase in cash and cash equivalents	4,704,234	1,136,841
Cash and cash equivalents , beginning of year	6,704,676	5,567,835
Cash and cash equivalents , end of year	\$ 11,408,910	\$ 6,704,676

Naotkamegwanning First Nation Summary of Significant Accounting Policies

March 31, 2021

Basis of Accounting	These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local government entities as defined in the CPA Canada Public Sector Accounting Handbook.												
Reporting Entity	The Naotkamegwanning First Nation reporting entity includes the Naotkamegwanning 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.												
Basis of Consolidation	All controlled entities are fully consolidated on a line-by-line basis. Inter-organizational balances and transactions are eliminated upon consolidation. Organizations consolidated in Naotkamegwanning First Nation's consolidated financial statements include: Naotkamegwanning First Nation Naotkamegwanning Education Authority Naotkamegwanning Health and Social Services Shawendaasowin Child and Family Services												
	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 conform with Public Sector Accounting Standards and inter-entity transactions and balances are not eliminated. The Paagitoon Limited Partnership was the only government business enterprise reflected in the consolidated statements.												
Tangible Capital Assets	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. 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:												
	<table><tbody><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></tbody></table>	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												

Tangible capital assets are written down when conditions indicate that they no longer contribute to Naotkamegwanning 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.

Naotkamegwanning First Nation Summary of Significant Accounting Policies

March 31, 2021

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>
Portfolio Investments	<p>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.</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, 2021

1. Cash

	2021	2020
General Band operations	\$ 6,132,112	\$ 3,258,959
Education Authority operations	4,785,239	2,973,282
Health and Social Services operations	321,777	85,527
Child and Family Services operations	169,782	386,908
	<hr/>	<hr/>
	\$ 11,408,910	\$ 6,704,676

Included in General Band cash is a replacement reserve fund bank account of \$288,720 (2020 - \$215,758) 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

	2021	2020
RBC Dominion Securities - balanced portfolio, recorded at cost (market value \$1,190,689)	\$ 1,221,554	\$ 1,265,806
New Gold shares, 250,000 shares recorded at cost (market value \$515,000)	662,500	-
	<hr/>	<hr/>
	\$ 1,884,054	\$ 1,265,806

3. Accounts Receivable

	2021	2020
Indigenous Services Canada	\$ 487,457	\$ 164,982
Shooniyyaa Wa-Biitong	311,611	99,487
Other	797,581	748,263
	<hr/>	<hr/>
	\$ 1,596,649	\$ 1,012,732

Naotkamegwanning First Nation
Notes to Consolidated Financial Statements

March 31, 2021

4. Investment in Government Business Enterprise, at modified equity

Paagitoon Limited Partnership

The First Nation owns 99.9% of Paagitoon Limited Partnership, which carries on the business of janitorial services. The following table represents condensed financial information for the commercial enterprise:

Percentage ownership	Paagitoon LP
	99.9%
Carrying value, March 31, 2019	\$ -
Purchase of units	999
Advances	116,262
Share of net income (loss)	<u>276,349</u>
Carrying value, March 31, 2020	393,610
Share of net income (loss)	<u>(54,126)</u>
Carrying value, March 31, 2021	<u><u>\$ 339,484</u></u>

	2021	2020
Financial position		
Current assets	\$ 395,825	\$ 558,686
Non-current assets	<u>66,557</u>	<u>73,831</u>
Total Assets	<u><u>\$ 462,382</u></u>	<u><u>\$ 632,517</u></u>
Current liabilities	\$ 77,122	\$ 169,700
Non-current liabilities	<u>162,813</u>	<u>185,191</u>
Total Liabilities	<u><u>239,935</u></u>	<u><u>354,891</u></u>
Contributions	-	999
Net Assets, end of year	<u><u>222,447</u></u>	<u><u>276,627</u></u>
	<u><u>222,447</u></u>	<u><u>277,626</u></u>
	<u><u>\$ 462,382</u></u>	<u><u>\$ 632,517</u></u>
Results of Operations		
Revenues	\$ 962,475	\$ 1,312,861
Operating Expenses	<u>1,016,655</u>	<u>1,037,234</u>
Net income	<u>(54,180)</u>	275,627
Contributions (distributions)	-	1,000
Net assets, beginning of year	<u>276,627</u>	-
Net assets, end of year	<u><u>\$ 222,447</u></u>	<u><u>\$ 276,627</u></u>

Naotkamegwanning First Nation Notes to Consolidated Financial Statements

March 31, 2021

5. Bank Overdraft

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, 2021, 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, \$2,967,579 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, \$273,714 of this facility is being utilized at an interest rate of 4.20%.

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

6. Accounts Payable

	2021	2020
Accounts payable	\$ 1,709,878	\$ 843,589
Payroll accruals	450,258	388,265
Government contributions repayable	<u>1,082,806</u>	<u>1,247,314</u>
	<u>\$ 3,242,942</u>	<u>\$ 2,479,168</u>

7. Deferred Revenue

	Opening Balance	Funding Received	Revenue Recognized	Closing Balance 2020	Closing Balance 2019
Indigenous Services Canada	\$ 1,463,592	\$ 16,405,475	\$ (11,955,080)	\$ 5,913,987	\$ 1,463,592
Shooniyaa Wa-Biitong	-	351,385	(236,831)	114,554	-
Anishinaabe Abinooji					
Family Services	-	1,449,478	(1,437,891)	11,587	-
Other	26,152	223,704	(202,652)	47,204	26,152
	\$ 1,489,744	\$ 18,430,042	\$ (13,832,454)	\$ 6,087,332	\$ 1,489,744

**Naotkamegwanning First Nation
Notes to Consolidated Financial Statements**

March 31, 2021

8. Long Term Debt

	2021	2020
General Band Operations		
Canada Mortgage and Housing Corporation mortgage, 9 unit, repayable \$2,875 monthly including interest at 1.64%, maturing February 1, 2032	\$ 343,432	\$ 372,299
Canada Mortgage and Housing Corporation mortgage, 12 unit, repayable \$3,923 monthly including interest at 2.11%, maturing October 1, 2033	520,652	556,183
Canada Mortgage and Housing Corporation mortgage, 10 unit, repayable \$4,501 monthly including interest at 1.95%, maturing January 1, 2034	612,831	654,686
Canada Mortgage and Housing Corporation mortgage, 10 unit, repayable \$4,974 monthly including interest at 1.83%, maturing October 1, 2034	723,129	763,812
Canada Mortgage and Housing Corporation mortgage, 7 Unit, repayable \$3,087 monthly including interest at 2.75%, maturing May 1, 2026	164,342	204,139
Canada Mortgage and Housing Corporation mortgage, 8 Unit, repayable \$28,957 monthly including interest at 2.16%, maturing December 1, 2023	1,358,054	1,442,804
Royal Bank of Canada loan, repayable \$11,171 monthly including interest at 2.39%, maturing June 1, 2020	-	32,889
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	1,596,727	1,506,457
Royal Bank of Canada, repayable \$9,415 monthly, including interest at 3.91%, maturing January 2, 2033	1,024,758	1,089,682
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
Royal Bank of Canada, repayable \$732 monthly plus interest at 4.17%, maturing May 31, 2022	10,315	19,909
Royal Bank of Canada, repayable \$3,045.51 monthly including interest at 4.20%, maturing March 31, 2022	273,714	298,013
Royal Bank of Canada, repayable \$25,825 monthly including interest at 3.70%, maturing March 31, 2022	2,967,579	886,000
Royal Bank of Canada, repayable \$1,040 monthly plus interest at 3.68%, maturing March 31, 2022	121,874	-
	\$ 9,717,407	\$ 7,833,197

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

2022	\$ 3,711,756
2023	350,968
2024	357,302
2025	366,065
2026	1,301,451
Thereafter	3,629,865
Total	\$ 9,717,407

The CMHC mortgage loans are secured by a Ministerial guarantee.

**Naotkamegwanning First Nation
Notes to Consolidated Financial Statements**

March 31, 2021

9. Tangible Capital Assets

	Cost				Accumulated Amortization			2021
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Amortization	Disposals and Writedowns	Closing Balance
Land	\$ 298,013	\$ 287,951	\$ -	\$ 585,964	\$ -	\$ -	\$ -	\$ 585,964
Buildings	17,149,153	2,838,972	-	19,988,125	6,874,067	329,424	-	7,203,491 12,784,634
Sewer and water	15,666,842	1,603,545	-	17,270,387	4,145,422	326,291	-	4,471,713 12,798,674
Housing	27,424,479	856,549	-	28,281,028	22,449,807	489,152	-	22,938,959 5,342,069
Roads and streets	1,980,476	105,167	-	2,085,643	1,966,387	4,631	-	1,971,018 114,625
Automotive equipment	2,536,804	133,385	-	2,670,189	1,910,731	185,200	-	2,095,931 574,258
Furniture and equipment	331,850	44,737	-	376,587	124,996	40,198	-	165,194 211,393
	\$ 65,387,617	\$ 5,870,306		\$ 71,257,923	\$ 37,471,410	\$ 1,374,896		\$ 38,846,306 \$ 32,411,617

The net book value of tangible capital assets not being amortized because they are under construction is \$2,316,300 (2020 - \$2,253,321).

	Cost				Accumulated Amortization			2020
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Amortization	Disposals and Writedowns	Closing Balance
Land	\$ -	\$ 298,013	\$ -	\$ 298,013	\$ -	\$ -	\$ -	\$ 298,013
Buildings	14,391,677	2,757,476	-	17,149,153	6,612,589	261,478	-	6,874,067 10,275,086
Sewer and water	14,512,320	1,154,522	-	15,666,842	3,850,679	294,743	-	4,145,422 11,521,420
Housing	26,914,267	510,212	-	27,424,479	21,881,625	568,182	-	22,449,807 4,974,672
Roads and streets	1,968,027	12,449	-	1,980,476	1,906,590	59,797	-	1,966,387 14,089
Automotive equipment	2,212,372	324,432	-	2,536,804	1,687,122	223,609	-	1,910,731 626,073
Furniture and equipment	177,329	154,521	-	331,850	115,137	9,859	-	124,996 206,854
	\$ 60,175,992	\$ 5,211,625		\$ 65,387,617	\$ 36,053,742	\$ 1,417,668		\$ 37,471,410 \$ 27,916,207

Naotkamegwanning First Nation Notes to Consolidated Financial Statements

March 31, 2021

10. Accumulated Surplus

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

	2021	2020
Current funds	\$ 3,328,173	\$ 2,869,532
Investment in capital assets	24,564,651	21,887,480
Replacement reserve	795,556	773,161
	<u>\$ 28,688,380</u>	<u>\$ 25,530,173</u>

11. Funds Held in Trust - Ottawa Trust Funds

	2021	2020
Revenue Account		
Balance, April 1	\$ 15,154	\$ 14,154
Interest and other income earned	<u>1,000</u>	<u>1,000</u>
Capital Account		
	16,154	15,154
	<u>24,918</u>	<u>24,918</u>
	<u>\$ 41,072</u>	<u>\$ 40,072</u>
Fund Balances		
Revenue Fund	\$ 16,154	\$ 15,154
Capital Fund	<u>24,918</u>	<u>24,918</u>
	<u>\$ 41,072</u>	<u>\$ 40,072</u>

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.

Naotkamegwanning First Nation
Notes to Consolidated Financial Statements

March 31, 2021

12. Government Transfers

	2021			2020		
	Operating	Capital	Total	Operating	Capital	Total
Federal						
ISC	\$ 10,339,194	\$ 1,615,886	\$ 11,955,080	\$ 8,178,036	\$ 1,366,940	\$ 9,544,976
Health Canada	-	-	-	1,889,049	-	1,889,049
CMHC	356,717	-	356,717	331,639	-	331,639
Subtotal	10,695,911	1,615,886	12,311,797	10,398,724	1,366,940	11,765,664
Provincial	4,608,230	266,667	4,874,897	4,434,716	355,825	4,790,541
Total	\$ 15,304,141	\$ 1,882,553	\$ 17,186,694	\$ 14,833,440	\$ 1,722,765	\$ 16,556,205

13. 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	\$ (918,569)
Add:	
Capital expenditures	20,000
Budgeted payments of long term debt	<u>475,481</u>
Budgeted surplus per statement of operations	<u>\$ (423,088)</u>

Naotkamegwanning First Nation Notes to Consolidated Financial Statements

March 31, 2021

14. 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:

	2021	2020
Band employees	\$ 107,666	\$ 99,258
Education Authority employees	138,054	127,695
Health and Social Services employees	39,297	42,220
Child and Family Services employees	59,501	60,644
	<hr/>	<hr/>
	\$ 344,518	\$ 329,817

15. 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 \$83 million, plus any further increases due to further costs incurred and any changes to the settlement formula caused by delays in the finalization process.

16. 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.

17. Uncertainty Due to COVID-19

During the year, 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 some unexpended funding as of March 31, 2021 for fixed funding. One time funding has also been received 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, 2021

18. Commitment

The First Nation is committed to upgrading the wastewater treatment plant which has an estimated total cost of \$1.196 million. As of year-end, total costs incurred were \$402,000 leaving \$794,000 remaining to be incurred in the 2021/22 fiscal year.

19. 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.

Naotkamegwanning First Nation
Segmented Disclosure
For the year ended March 31, 2021

	Band Support	Casino Rama	Economic Development	Social Services	Infrastructure	Housing	Health	Education	Child & Family Services	Total
Revenue										
Government Transfers	\$ 2,432,425	\$ 880,145	\$ 1,471,230	\$ 2,884,212	\$ 2,340,970	\$ 356,717	\$ 3,201,529	\$ 5,423,731	\$ 1,508,721	\$ 20,499,680
Commercial activities	-	-	1,392,888	-	54,015	44,300	-	-	-	1,491,203
Income from Government	-	-	(54,126)	-	-	-	-	-	-	(54,126)
Business Enterprise	-	-	-	200,458	28,990	-	20,392	935,889	-	-
Other	625,195	-	-	-	-	-	-	-	-	1,810,924
	3,057,620	880,145	2,809,992	3,084,670	2,423,975	401,017	3,221,921	6,359,620	1,508,721	23,747,681
Expenses										
Amortization	38,118	-	6,768	100,832	563,424	485,964	23,524	52,610	103,653	1,374,893
Other expenses	374,773	32,695	23,488	164,470	246,970	198,995	-	-	61,559	1,102,950
Office, equipment, supplies and program expenses	937,993	-	1,215,211	352,347	173,788	15,640	-	760,560	114,443	3,569,982
Professional	218,354	-	52,452	5,724	216,980	19,054	1,014,113	432,875	42,108	2,001,660
Travel, training and meetings	44,609	-	20,290	68,533	19,517	-	134,334	539,535	33,799	860,617
Utilities, fuel and maintenance	100,911	-	13,799	82,621	163,731	105,741	109,971	180,466	100,804	858,044
Wages, benefits and honoraria	1,339,717	-	323,513	1,738,283	803,715	-	1,739,391	3,694,001	1,182,708	10,821,328
	3,054,475	32,695	1,655,521	2,512,810	2,188,125	825,394	3,021,333	5,660,047	1,639,074	20,589,474
Excess of revenue (expenses)	\$ 3,145	\$ 847,450	\$ 1,154,471	\$ 571,860	\$ 235,850	\$ (424,377)	\$ 200,588	\$ 699,573	\$ (130,353)	\$ 3,158,207

Naotkamegwanning 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