

**HIAWATHA FIRST NATION
FINANCIAL STATEMENTS
MARCH 31, 2020**

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FINANCIAL STATEMENTS
MARCH 31, 2020**

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Hiawatha First Nation

Administration Office

HIAWATHA FIRST NATION

For The Year Ended March 31, 2020

MANAGEMENT REPORT

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

The financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The First Nation maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the First Nation's assets are appropriately accounted for and adequately safeguarded.

The First Nation's Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving financial statements.

Council reviews and approves the First Nation's financial statements for issuance to the members. Council meets periodically with management, as well as the external auditor, 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 independent auditor's report.

The financial statements have been audited by Baker Tilly KDN LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. Baker Tilly KDN LLP has full and free access to Council.

Chief

Shannon Currie

Date

Sept 24 2020

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INDEPENDENT AUDITOR'S REPORT

To Council and the Members of Hiawatha First Nation

Opinion

We have audited the financial statements of Hiawatha First Nation (the First Nation), which comprise the statement of financial position as at March 31, 2020, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

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 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 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 related to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the First Nation's financial reporting process.

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Peterborough

Courtice

Lindsay

Cobourg

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.

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.

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
September 24, 2020

HIAWATHA FIRST NATION

STATEMENT OF FINANCIAL POSITION At March 31, 2020

	2020	2019
	\$	\$
FINANCIAL ASSETS		
Cash (note 2)	5,268,111	16,308,203
Investments (note 3)	104,753,464	102,128,020
Due from Government and other Government organizations (note 6)	331,143	121,002
Other accounts receivable (note 4)	63,829	130,517
Inventory for resale (note 5)	406,810	268,045
Receivable from First Nation members (note 7)	1,424,280	1,388,803
Funds held in trust by the Federal Government (note 8)	256,975	251,087
TOTAL FINANCIAL ASSETS	112,504,612	120,595,677
LIABILITIES		
Accounts payable and accrued liabilities (note 9)	1,996,678	993,142
Due to Government and other Government organizations (note 10)	1,495,661	1,332,136
Deferred revenue (note 12)	991,158	418,637
TOTAL LIABILITIES	4,483,497	2,743,915
NET FINANCIAL ASSETS	108,021,115	117,851,762
NON-FINANCIAL ASSETS		
Tangible capital assets (schedule 1)	12,836,010	8,151,578
Prepaid expenses (note 11)	49,432	50,901
TOTAL NON-FINANCIAL ASSETS	12,885,442	8,202,479
ACCUMULATED SURPLUS (note 16)	120,906,557	126,054,241

Approved on behalf of the members:

Lawrie Carr Chief

John P. Gray Councillor

The accompanying notes are an integral part of these financial statements

HIAWATHA FIRST NATION

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended March 31, 2020

	Budget 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$
REVENUES			
Indigenous Services Canada (ISC) (notes 17 and 19)	3,991,114	2,376,874	2,103,122
Federal Government other (note 19)	4,388,579	758,419	747,128
Province of Ontario (note 19)	1,418,491	1,636,100	1,108,938
Ontario First Nations Limited Partnership	189,700	688,041	789,466
Old Railroad Stop	13,826,169	10,791,470	12,222,747
Williams Treaty settlement	-	-	153,971,468
Investment income	-	4,073,736	998,018
Other	-	1,408,691	1,578,345
TOTAL REVENUES	23,814,053	21,733,331	173,519,232
EXPENSES			
Administration	1,652,197	11,633,374	61,267,294
Community operations	809,612	1,011,022	800,307
Economic development	249,398	285,952	248,943
Education	1,031,022	839,971	831,335
Land management	171,289	258,477	259,822
Social development	1,908,939	2,191,044	2,063,346
Old Railroad Stop	12,316,303	10,661,175	11,828,202
TOTAL EXPENSES	18,138,760	26,881,015	77,299,249
ANNUAL SURPLUS/(DEFICIT)	5,675,293	(5,147,684)	96,219,983
ACCUMULATED SURPLUS - beginning of year		126,054,241	29,834,258
ACCUMULATED SURPLUS - end of year		120,906,557	126,054,241

The accompanying notes are an integral part of these financial statements

HIAWATHA FIRST NATION

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For the Year Ended March 31, 2020

	Budget 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$
ANNUAL SURPLUS/(DEFICIT)	5,675,293	(5,147,684)	96,219,983
Amortization of tangible capital assets	391,511	442,510	413,856
Purchase of tangible capital assets	(115,000)	(5,126,942)	(439,727)
Contributed capital assets	-	-	(75,000)
<u>(Increase) decrease in prepaid expenses</u>	-	1,469	306
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	5,951,804	(9,830,647)	96,119,418
NET FINANCIAL ASSETS - beginning of year	117,851,762	117,851,762	21,732,344
NET FINANCIAL ASSETS - end of year	123,803,566	108,021,115	117,851,762

The accompanying notes are an integral part of these financial statements

HIAWATHA FIRST NATION

STATEMENT OF CASH FLOWS For the Year Ended March 31, 2020

	2020 \$	2019 \$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus/(deficit)	(5,147,684)	96,219,983
Items not involving cash		
Amortization of tangible capital assets	442,510	413,856
Contributed capital assets	-	(75,000)
Advances to First Nation members forgiven	75,000	25,000
Realized gains on disposal of investments	(521,576)	(120,736)
Change in non-cash assets and liabilities		
Due from Government and other Government organizations	(210,141)	40,955
Other accounts receivable	66,688	(49,138)
Inventory for resale	(138,765)	37,051
Prepaid expenses	1,469	306
Accounts payable and accrued liabilities	1,003,536	545,149
Due to Government and other Government organizations	163,525	738,234
Deferred revenue	572,521	(29,996)
<u>Net change in cash from operating activities</u>	<u>(3,692,917)</u>	<u>97,745,664</u>
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(5,126,942)	(439,727)
INVESTING ACTIVITIES		
Purchase of investments	(57,658,667)	(191,209,645)
Disposal of investments	55,554,799	103,566,401
Advances to First Nation members	(689,684)	(437,621)
Repayments from First Nation members	579,207	507,925
Funds held in trust by the Federal Government	(5,888)	(7,599)
<u>Net change in cash from investing activities</u>	<u>(2,220,233)</u>	<u>(87,580,539)</u>
NET CHANGE IN CASH	(11,040,092)	9,725,398
CASH - beginning of year	16,308,203	6,582,805
CASH - end of year	5,268,111	16,308,203

The accompanying notes are an integral part of these financial statements

HIAWATHA FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies are as follows:

(a) **Reporting entity**

These financial statements reflect the assets, liabilities, revenues and expenses and accumulated surplus of the Hiawatha First Nation.

All interdepartmental assets and liabilities and revenues and expenses have been eliminated.

(b) **Cash**

Cash consists of cash on hand and balances with chartered banks.

(c) **Inventory for resale**

Inventory for resale, which consists of goods available for resale, is recorded at the lower of cost and market.

The cost of general store merchandise inventory is determined by the first-in, first-out method. The cost of gasoline inventory is determined by the weighted average cost method.

(d) **Tangible capital assets**

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Land improvements	20-30 years
Buildings	25-40 years
Machinery and equipment	10 years
Vehicles	5 years
Office equipment	10 years
Computer hardware and software	5 years
Roads and bridges	20-40 years
Waterworks and septic systems	50 years

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

Assets under construction are not amortized. When assets under construction are put into service they are transferred to the appropriate tangible capital asset classification.

HIAWATHA FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(e) Recognition of revenues and expenses

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue. Old Railroad Stop and other revenues are recognized at the time the goods and services are provided. Investment income is recorded when earned. Settlement revenues are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Government funding and other grants are recognized in the financial statements as revenue in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made. Reimbursement for program costs is dependent ultimately upon their acceptance by the various agencies that fund the programs. Funding is recorded as deferred revenue if it has been restricted by the funder for a stated purpose, such as a specific program or the purchase of tangible capital assets.

Expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

(f) Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Tangible capital and other non-financial assets are accounted for as assets by the First Nation because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the First Nation unless they are sold.

(g) Deferred revenue

Deferred revenue represents grants, user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenue in the fiscal year the services are performed.

(h) Use of estimates

Certain items recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the First Nation's best information and judgment. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. The First Nation's significant estimates are:

- The amounts recorded for amortization and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates; and
- The amount recorded as allowance for doubtful accounts receivable is based on management's estimate of future payments on receivable account balances.

HIAWATHA FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2020

2. CASH

Cash consists of the following:

	2020	2019
	\$	\$
Unrestricted	1,753,352	<u>4,405,150</u>
Externally restricted:		
Ontario First Nation Limited Partnership	2,245,274	1,660,251
Lottery	2,042	20,734
	<u>2,247,316</u>	<u>1,680,985</u>
Internally restricted:		
Williams Treaty settlement	1,264,506	1,844,173
Williams Treaty minor members' settlement	-	8,375,000
Islands in the Trent settlement	2,937	2,895
	<u>1,267,443</u>	<u>10,222,068</u>
	<u>5,268,111</u>	<u>16,308,203</u>

HIAWATHA FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2020

3. INVESTMENTS

Investments, recorded at cost, consist of the following:

	2020	2019
	\$	\$
Unrestricted:		
General	-	<u>2,036,707</u>
Externally restricted:		
Ontario First Nation Limited Partnership	2,258,988	177,390
Internally restricted:		
Islands in the Trent settlement	12,958,522	12,679,567
Islands in the Trent minor members' settlement	648,372	680,031
Williams Treaty settlement	79,552,187	86,554,325
Williams Treaty minor members' settlement	9,335,395	-
	<u>102,494,476</u>	<u>99,913,923</u>
	<u>104,753,464</u>	<u>102,128,020</u>

The investments are as follows:

	Market Value \$	Cost 2020 \$	Cost 2019 \$
Investment savings accounts	1,878,993	1,878,993	21,566,065
Mutual funds	101,063,716	102,874,471	78,347,858
GIC bearing interest at 2.15%, maturing May 21, 2019	-	-	2,214,097
	<u>102,942,709</u>	<u>104,753,464</u>	<u>102,128,020</u>

HIAWATHA FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2020

4. OTHER RECEIVABLES

Other receivables consist of the following:

	2020	2019
	\$	\$
Accrued interest	-	17,497
Aboriginal Labour Force Development Circle	60,452	2,751
Indian Agricultural Program of Ontario	-	77,076
Indigenous Community Capital Grants Program	-	20,000
<u>Other receivables</u>	<u>3,377</u>	<u>13,193</u>
	<hr/> <u>63,829</u>	<hr/> <u>130,517</u>

5. INVENTORY FOR RESALE

Inventory consists of the following:

	2020	2019
	\$	\$
General store merchandise	327,095	210,176
<u>Gasoline</u>	<u>79,715</u>	<u>57,869</u>
	<hr/> <u>406,810</u>	<hr/> <u>268,045</u>

HIAWATHA FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2020

6. DUE FROM GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

Due from Government and other Government organizations consists of the following:

	2020	2019
	\$	\$
Federal Government		
Health Canada	19,762	11,699
Canada Mortgage and Housing Corporation - RRAP	8,742	21,382
Canda Mortgage and Housing Corporation - Intern	7,775	-
ISC - Other	4,779	2,256
ISC - Risk Management	-	35,764
ISC - Fire	-	6,511
ISC - Roads and Bridges	-	4,214
	41,058	81,826
Provincial Government		
MIA - Indigenous Community Capital Grants Program	225,000	-
MIA - Indigenous Economic Development Fund	20,000	-
Ministry of Health - Homemakers	13,417	7,168
Ministry of Health - TSF	10,387	10,387
Ontario Works	17,131	8,884
Other	4,150	12,737
	290,085	39,176
	331,143	121,002

7. HOUSING LOANS RECEIVABLE FROM FIRST NATION MEMBERS

Receivable from First Nation members is comprised of the following:

	2020	2019
	\$	\$
Housing loans receivable	2,098,140	2,051,021
Forgivable portion of housing loans receivable	(673,860)	(662,218)
	1,424,280	1,388,803

HIAWATHA FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2020

8. FUNDS HELD IN TRUST BY THE FEDERAL GOVERNMENT

The funds held by the Federal Government on behalf of the First Nation of \$256,975 (2019 - \$251,087) are for the use of the First Nation for specific projects. These funds can be obtained at the request of the First Nation.

	Opening Balance \$	Additions \$	Withdrawals \$	Closing Balance \$
Capital Revenue	12,870 238,217	- 5,888	- -	12,870 244,105
	251,087	5,888	-	256,975

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.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

	2020	2019
	\$	\$
Trade payables	614,478	215,164
Accrued liabilities	1,219,160	678,204
Due to school board	163,040	99,774
	1,996,678	993,142

HIAWATHA FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2020

10. DUE TO GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

Due to Government and other Government organizations consists of the following:

	2020	2019
	\$	\$
Federal Government		
ISC - Special Education	383,105	359,890
ISC - Water	233,635	233,166
ISC - Base prevention services	57,247	178,571
ISC - Youth strategy	3,991	15,138
ISC - Community Wellbeing Initiatives	56,455	-
ISC - Capacity Development	30,305	30,305
Health Canada	178,077	50,053
Payroll remittances	11,856	959
	<hr/> 954,671	<hr/> 868,082
Province of Ontario		
Ministry of Education	412,506	340,779
Family Wellbeing	98,149	88,358
Transitional support funding	25,474	25,474
Other	4,861	9,443
	<hr/> 540,990	<hr/> 464,054
	<hr/> 1,495,661	<hr/> 1,332,136

11. PREPAID EXPENSES

Prepaid expenses consist of the following:

	2020	2019
	\$	\$
Student tuition and allowances	19,333	15,647
Insurance	15,654	13,777
Ontario Works	11,205	-
Supplies	3,240	13,724
Employee benefits	-	4,376
Peterborough Public Health	-	3,377
	<hr/> 49,432	<hr/> 50,901

HIAWATHA FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2020

12. DEFERRED REVENUE

Deferred revenue consists of the following:

	Balance March 31, 2019 \$	Funding Received/ Reallocated 2020 \$	Revenue Recognized 2020 \$	Balance March 31, 2020 \$
Restricted Contributions				
Association of Iroquois and Allied Indians (AIAI)	86,359	36,743	22,100	101,002
Health Centre	45,565	-	90	45,475
Aboriginal Labour Force	37,675	-	-	37,675
Mississaugas of Scugog Island First Nation - rice harvesting	4,021	-	-	4,021
Federal Health - Data entry	-	2,255	-	2,255
Federal Health - Home/community care	-	25,184	-	25,184
ISC - Capacity development	15,099	-	-	15,099
ISC - Vulnerable systems	-	224,468	-	224,468
ISC - A&C water	-	7,166	-	7,166
ISC - Base prevention services	-	178,571	-	178,571
ISC - Special education	-	81,051	-	81,051
ISC - Youth strategy	-	15,138	-	15,138
	188,719	570,576	22,190	737,105
Other				
Child care	26,195	-	-	26,195
Park fees	37,846	20,250	21,750	36,346
Rent deposits	10,907	1,225	-	12,132
Service fee and other deposits	5,110	5,841	4,364	6,587
Committee funds	118,116	31,279	-	149,395
Bell lease	22,803	23,398	22,803	23,398
	220,977	81,993	48,917	254,053
Hiawatha First Nation Trust				
Recreation	8,941	-	8,941	-
	8,941	-	8,941	-
	418,637	652,569	80,048	991,158

Subsequent to year end, funders have allowed deferral of certain amounts from previous years that would have otherwise been repayable to the funder. ISC funding for A&C Water, Base Prevention Services, Special Education, and Youth Strategy, and Health Canada funding for Data Entry and Home/Community Care have been reallocated from accounts payable to deferred revenue. ISC funding for Vulnerable Systems from 2019 was received during 2020 and deferred.

HIAWATHA FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2020

13. BUDGET FIGURES

The budget, approved by the First Nation, for 2020 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

14. PENSION AGREEMENTS

Some of the employees of the First Nation are eligible to be members of a contributory pension plan managed by Sun Life Financial. Employer contributions to the plan by the First Nation during the year amounted to \$33,662 (2019 - \$19,510). These contributions for current service are expensed during the year in which services are rendered and represent the total pension obligation of the First Nation.

The amount of benefit to be received by the employees will be the amount of retirement annuity that could be purchased based on the member's share of the pension plan at the time of the member's withdrawal from the plan.

15. ECONOMIC DEPENDENCE

The First Nation receives a significant portion of its revenue from Indigenous Services Canada (ISC). The nature and extent of this revenue is of such significance that the First Nation is economically dependent on this source of revenue.

HIAWATHA FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2020

16. ACCUMULATED SURPLUS

Accumulated surplus consists of individual fund surplus/(deficit) and reserves and reserve funds as follows:

	2020	2019
	\$	\$
Surplus/(Deficit)		
Operating - General	5,272,298	4,789,225
Invested In Capital Assets		
Tangible capital assets - net book value	12,836,010	8,151,578
Unfunded capital - Cultural Centre	(3,840,780)	-
	8,995,230	8,151,578
Surplus	14,267,528	12,940,803
Restricted		
Internally restricted:		
Business buildings	54,000	42,000
Rental facilities replacement	30,318	23,812
Education	264,838	264,838
Lands management	82,700	82,700
Economic development	24,088	24,088
Child care	274,438	232,558
Special projects	42,657	42,657
Capital housing program	1,820,203	1,837,908
Islands in the Trent settlement - see (a) below	12,273,739	12,018,054
Islands in the Trent minor members' settlement - see (b) below	605,712	658,273
Williams Treaty settlement - see (c) below	81,343,990	87,492,132
Williams Treaty minor members' settlement - see (d) below	7,429,492	8,375,000
Externally restricted:		
Ontario First Nation Limited Partnership	2,135,879	1,768,331
Total Restricted	106,382,054	112,862,351
Held in Trust by the Federal Government		
Capital	12,870	12,870
Revenue	244,105	238,217
Total Held in Trust	256,975	251,087
	120,906,557	126,054,241

HIAWATHA FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2020

16. ACCUMULATED SURPLUS, continued

(a) Islands in the Trent settlement - Surplus

	2020	2019
	\$	\$
Opening balance	12,018,054	11,602,741
Investment income	532,994	499,253
Investment management fees	(83,639)	(52,840)
Initial distributions	(60,000)	(30,000)
Interest distributions	(130,470)	(1,100)
Professional fees	(3,200)	-
	<hr/>	<hr/>
	12,273,739	12,018,054

(b) Islands in the Trent minor members' settlement

	2020	2019
	\$	\$
Opening balance	658,273	746,551
Investment income	23,110	14,773
Initial distributions	(70,000)	(100,000)
Interest distributions	(1,405)	(3,051)
Investment management fees	(4,066)	-
Professional fees	(200)	-
	<hr/>	<hr/>
	605,712	658,273

(c) Williams Treaty settlement

	2020	2019
	\$	\$
Opening balance	87,492,132	1,804,454
Settlement received	-	153,971,468
Investment income	3,230,168	102,759
Professional fees	(305,220)	(264,309)
Capital expenditures	(713,196)	(73,640)
Initial distributions	(7,813,730)	(59,673,600)
Transfer to Williams Treaty minors' settlement	-	(8,375,000)
Investment management fees	(546,164)	-
	<hr/>	<hr/>
	81,343,990	87,492,132

HIAWATHA FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2020

16. ACCUMULATED SURPLUS, continued

(d) Williams Treaty minor members' settlement

	2020	2019
	\$	\$
Opening balance	8,375,000	-
Transfer from Williams Treaty settlement	-	8,375,000
Investment income	9,843	-
Investment management fees	(160,448)	-
Initial distributions	(777,000)	-
Interest distributions	(15,603)	-
Professional fees	2,300	-
	<hr/>	<hr/>
	7,434,092	8,375,000

17. RECONCILIATION OF ISC FUNDING TO FIRST NATION ISC REVENUE

	2020
	\$
ISC Funding Per Confirmation	2,567,233
add: other ISC funding received	39,235
	<hr/>
	2,606,468
Less Amounts Repayable:	
A and C water	7,635
Base prevention services	57,247
Community wellbeing initiatives	56,455
Youth strategy	3,991
Special education	104,266
	<hr/>
	229,594
ISC Revenue For The Year	2,376,874

18. CONTINGENT LIABILITIES

The First Nation, in the course of its operations, has been named in lawsuits, the outcomes of which are indeterminable at this time. No amounts in connection with these items have been reflected in these financial statements.

HIAWATHA FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2020

19. GOVERNMENT TRANSFERS

Government transfers consist of the following:

	2020 \$	2019 \$
Indigenous Services Canada		
Operating	2,323,165	2,051,593
Capital	53,709	51,529
	<u>2,376,874</u>	<u>2,103,122</u>
Federal Government other		
Health Canada - operating	703,342	715,798
Canada Mortgage and Housing Corporation - operating	22,492	21,332
Human Resource Development Canada - operating	31,885	9,998
Other	700	-
	<u>758,419</u>	<u>747,128</u>
Province of Ontario - operating	1,636,100	1,108,938
	<u>4,771,393</u>	<u>3,959,188</u>

20. COMMITMENT

During 2020, Hiawatha First Nation committed \$14,332,000 towards the Cultural Centre project. The First Nation incurred costs of \$4,340,780 to March 31, 2020. Future costs will be funded from proceeds of long term debt to be incurred in fiscal 2021.

Subsequent to year end the First Nation incurred long term debt in the amount of \$25,000,000 with an interest rate of prime rate + 0.000% per annum.

HIAWATHA FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2020

21. SEGMENTED INFORMATION

Hiawatha First Nation is a territorial government institution that provides a range of services to its members. First Nation services are reported by function and their activities are separately disclosed in the segmented information.

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. Certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1. For additional information see the Schedule of Segment Disclosure.

Administration

Administration consists of the activities of Council and general financial and administrative management of the First Nation and its programs and services as well as the administration of settlements.

Community Operations

Community Operations include police, fire, public works, community housing and operation of waste management and water systems.

Economic Development

Economic development includes the various employment oriented programs of the First Nation.

Education

Education includes elementary and secondary schools and post secondary education.

Land Management

Land management includes the First Nation lands management function, the operations of the Serpent Mounds Park and flooding claims.

Social Development

Social development consists of Social Assistance to members and inhabitants of the First Nation, health promotion programs and child care services.

Old Railroad Stop

Old Railroad Stop includes operations of the gas bar and store.

HIAWATHA FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2020

22. COVID-19

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the First Nation's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the entity's operations. The extent of the impact of this outbreak and related containment measures on the First Nation's operation cannot be reliably estimated at this time.

At the time of the approval of these financial statements, the First Nation has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID-19 pandemic:

- Temporarily closed most facilities for walk-in access;
- Reduced revenue from sales at Old Railroad Stop and rental of the restaurant;
- Reduced revenue from sales at the tent and trailer park;
- Working from home requirements were set up for those able to do so;
- Additional costs for acquisition of IT equipment, and telecommunications charges for employees working from home.

The First Nation plans to mitigate any additional operating costs with cost savings in other budget areas and tight controls over operating expenses. Subsequent to year end, the First Nation has received Federal and Provincial funding to assist with additional pandemic costs.

At this time these factors present uncertainty over future cash flows, may cause significant changes to the assets or liabilities in subsequent years and may have a significant impact on future operations.

HIAWATHA FIRST NATION

SCHEDULE 1: SCHEDULE OF TANGIBLE CAPITAL ASSETS For the Year Ended March 31, 2020

	Cost					Accumulated Amortization			Net Book Value	
	Opening Balance \$	Additions \$	Disposals \$	Transfers \$	Closing Balance \$	Opening Balance \$	Amortization \$	Closing Balance \$	2019 \$	2018 \$
Tangible Capital Assets										
Land	304,527	600,000	-	-	904,527	-	-	-	904,527	304,527
Land Improvements	949,197	-	-	-	949,197	460,849	42,347	503,196	446,001	488,348
Residential Buildings	1,882,617	-	-	-	1,882,617	1,012,189	51,477	1,063,666	818,951	870,428
Non-Residential Buildings	5,547,366	-	-	-	5,547,366	1,212,642	210,231	1,422,873	4,124,493	4,334,724
Vehicles	307,247	58,928	-	-	366,175	159,254	30,987	190,241	175,934	147,993
Computer Equipment	198,597	-	-	-	198,597	191,907	4,792	196,699	1,898	6,690
Other Equipment	965,550	49,109	-	-	1,014,659	639,571	51,682	691,253	323,406	325,979
Roads and Bridges	1,487,907	78,125	-	-	1,566,032	534,255	39,486	573,741	992,291	953,652
Waterworks and Septic Systems	575,406	-	-	-	575,406	115,241	11,508	126,749	448,657	460,165
	12,218,414	786,162	-	-	13,004,576	4,325,908	442,510	4,768,418	8,236,158	7,892,506
Assets Under Construction										
Non-Residential Buildings	-	4,340,780	-	-	4,340,780	-	-	-	4,340,780	-
Waterworks and Septic Systems	259,072	-	-	-	259,072	-	-	-	259,072	259,072
	259,072	4,340,780	-	-	4,599,852	-	-	-	4,599,852	259,072
TOTAL	12,477,486	5,126,942	-	-	17,604,428	4,325,908	442,510	4,768,418	12,836,010	8,151,578

HIAWATHA FIRST NATION

SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended March 31, 2020

	Actual 2020 \$	Administration		Community Operations			Economic Development		
		Actual 2019 \$	Budget 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$	Budget 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$	Budget 2020 \$ (Unaudited)
Revenues									
ISC	478,107	389,087	422,436	431,675	290,239	2,248,157	78,445	68,233	77,379
Other Federal contributions	700	-	-	22,492	21,332	3,600,000	31,885	9,998	44,298
Province of Ontario	759,558	259,512	765,000	14,399	16,734	2,244	19,540	77,076	-
OFNLP distributions	688,041	789,466	189,700	-	-	-	-	-	-
Other	4,312,496	1,203,895	248,118	387,627	452,124	391,715	93,902	67,004	60,774
Williams Treaty settlement	-	153,971,468	-	-	-	-	-	-	-
	6,238,902	156,613,428	1,625,254	856,193	780,429	6,242,116	223,772	222,311	182,451
Expenses									
Salaries and benefits	783,539	580,379	756,274	242,235	173,054	245,643	161,597	164,231	151,776
Materials	181,732	199,079	255,950	114,567	121,995	125,481	11,460	-	17,438
Occupancy costs	58,250	42,085	76,470	258,002	161,825	230,876	-	-	-
Contracted services	1,023,308	132,011	135,400	46,579	70,829	13,400	69,826	50,215	60,400
Program costs	687,200	479,540	342,599	102,149	46,626	1,500	43,069	34,497	19,784
Amortization	31,136	26,448	20,504	247,490	225,978	192,712	-	-	-
Member distributions	8,868,209	59,807,752	65,000	-	-	-	-	-	-
	11,633,374	61,267,294	1,652,197	1,011,022	800,307	809,612	285,952	248,943	249,398
Net surplus (deficit)	(5,394,472)	95,346,134	(26,943)	(154,829)	(19,878)	5,432,504	(62,180)	(26,632)	(66,947)

HIAWATHA FIRST NATION

SCHEDULE OF SEGMENT DISCLOSURE, continued For the Year Ended March 31, 2020

	Actual 2020 \$	Education Actual 2019 \$	Budget 2020 \$	Actual 2020 \$	Land Management Actual 2019 \$	Budget 2020 \$	Actual 2020 \$	Social Development Actual 2019 \$	Budget 2020 \$
Revenues									
ISC	1,115,589	1,099,315	1,096,115	150,806	122,509	86,047	122,252	133,739	60,980
Other Federal contributions	-	-	-	-	-	-	703,342	715,798	744,281
Province of Ontario	-	-	-	-	-	-	842,603	755,616	651,247
Other	12,547	25,400	5,400	85,108	166,089	105,000	590,747	661,851	594,024
	1,128,136	1,124,715	1,101,515	235,914	288,598	191,047	2,258,944	2,267,004	2,050,532
Expenses									
Salaries and benefits	39,438	39,300	38,720	125,702	150,343	88,400	920,956	825,289	847,570
Materials	-	-	-	10,791	21,697	600	68,255	105,576	37,884
Occupancy costs	-	-	-	13,926	40,662	46,125	53,514	51,512	59,526
Contracted services	-	-	-	2,500	2,500	-	16,888	20,642	16,822
Bank charges and interest	-	-	-	-	-	-	-	-	-
Program costs	191,312	223,607	313,866	74,892	13,954	5,000	1,094,863	1,023,759	916,545
External transfers	609,221	568,428	678,436	-	-	-	-	-	-
Amortization	-	-	-	30,666	30,666	31,164	36,568	36,568	30,592
	839,971	831,335	1,031,022	258,477	259,822	171,289	2,191,044	2,063,346	1,908,939
Net surplus (deficit)	288,165	293,380	70,493	(22,563)	28,776	19,758	67,900	203,658	141,593

HIAWATHA FIRST NATION

SCHEDULE OF SEGMENT DISCLOSURE, continued For the Year Ended March 31, 2020

	Actual 2020 \$	Old Railroad Stop Actual 2019 \$	Budget 2020 \$ (Unaudited)	Actual 2020 \$	Consolidated Totals Actual 2019 \$	Budget 2020 \$ (Unaudited)
Revenues						
ISC	-	-	-	2,376,874	2,103,122	3,991,114
Other Federal contributions	-	-	-	758,419	747,128	4,388,579
Province of Ontario	-	-	-	1,636,100	1,108,938	1,418,491
OFNLP distributions	-	-	-	688,041	789,466	189,700
Other	10,791,470	12,222,747	12,421,138	16,273,897	14,799,110	13,826,169
Williams Treaty settlement	-	-	-	-	153,971,468	-
	10,791,470	12,222,747	12,421,138	21,733,331	173,519,232	23,814,053
Expenses						
Salaries and benefits	596,804	524,092	545,153	2,870,271	2,456,688	2,673,536
Materials	9,884,024	11,119,612	11,584,300	10,270,829	11,567,959	12,021,653
Occupancy costs	33,633	38,379	35,126	417,325	334,463	448,123
Contracted services	-	-	-	1,159,101	276,197	226,022
Bank charges and interest	50,064	51,923	56,026	50,064	51,923	56,026
Program costs	-	-	-	2,193,485	1,821,983	1,599,294
External transfers	-	-	-	609,221	568,428	678,436
Amortization	96,650	94,196	95,698	442,510	413,856	370,670
Member distributions	-	-	-	8,868,209	59,807,752	65,000
	10,661,175	11,828,202	12,316,303	26,881,015	77,299,249	18,138,760
Net surplus (deficit)	130,295	394,545	104,835	(5,147,684)	96,219,983	5,675,293