
Consolidated financial statements of Chippewas of Kettle & Stony Point First Nation

March 31, 2020

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Management's Responsibility for the consolidated financial statements





The accompanying consolidated financial statements of the Chippewas of Kettle & Stony Point First Nation are the responsibility of management and have been approved by Council.

These 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. Management is responsible for such internal control as management determines in necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The external auditors, MNP LLP, conducted an audit, in accordance with Canadian generally accepted auditing standards, and expressed their opinion on the consolidated financial statements. The external auditors have access to financial management at Chippewas of Kettle and Stony Point First Nation and meet when required.

On behalf of Chippewas of Kettle and Stony Point First Nation:

	Chief		Councilor
	Councilor		Councilor

Independent Auditor's Report

To the Members of
Chippewas of Kettle & Stony Point First Nation

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Chippewas of Kettle & Stony Point First Nation (the "Organization") which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of operations, changes in net financial assets and cash flow 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 Organization as at March 31, 2020 and the results of its consolidated operations, changes in its consolidated net financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

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 Organization 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 Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

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.

Other Matters

The Organization has also prepared another set of consolidated financial statements for the year ended March 31, 2020 in accordance with PSAS and include supplementary schedules which present detailed program revenues and expenditures prepared to assist management of the Organization meet the reporting requirements of various funding agencies. These statements do not include supplementary schedules. Our audit report on the other set of financial statements was addressed to Chief and Council of Chippewas of Kettle & Stony Point First Nation and was dated August 31, 2021.

The consolidated financial statements of the Organization as at March 31, 2019 and for the year then ended, were audited by another firm which expressed an unmodified opinion on those consolidated statements dated September 10, 2019.

Waterloo, Ontario

August 31, 2021

The logo for MNP LLP, featuring the letters 'MNP' in a large, stylized, handwritten-style font, followed by 'LLP' in a smaller, clean, sans-serif font.

**Chartered Professional Accountants
Licensed Public Accountants**

Chippewas of Kettle & Stony Point First Nation
Consolidated statement of financial position

As at March 31, 2020

	Notes	2020 \$	2019 \$
Financial assets			
Cash and cash equivalents	2	5,150,380	2,647,357
Accounts receivable	3	470,518	672,938
Loans receivable	4	679,053	627,617
Funds on deposit with ISC		5,803	5,803
Due from governments	5	1,689,942	2,433,047
Portfolio investments	6	109,060,876	105,498,024
Due from related parties	7	4,837,662	4,697,046
Investment in government business enterprises	8	2,448,066	3,564,261
		124,342,300	120,146,093
Liabilities			
Accounts payable and accrued liabilities		2,513,735	2,558,725
Due to related parties	7	—	938
Deferred revenue	9	4,603,539	4,316,611
Long-term debt	10	1,916,817	1,555,999
		9,034,091	8,432,273
Net financial assets		115,308,209	111,713,820
Non-financial assets			
Tangible capital assets (Exhibit B)		22,021,003	21,112,811
Prepaid expenses and inventories of supplies		24,612	64,393
		22,045,615	21,177,204
Accumulated surplus	11	137,353,824	132,891,024

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

On behalf of the Band Council

 , Chief

 , Councillor

Chippewas of Kettle & Stony Point First Nation

Consolidated statement of operations

Year ended March 31, 2020

	Notes	2020 Budget \$	2020 Actual \$	2019 Actual \$
Revenue				
Federal government transfers	9	5,167,408	12,518,556	16,346,445
Provincial government transfers	9	2,127,955	2,941,244	2,744,272
Grants		1,880,903	2,396,669	2,626,507
Rent and dues		720,039	1,913,425	1,799,085
Income from investment in government business enterprises	8	—	250,546	766,520
Other		101,603	2,201,949	2,462,897
Investment income		—	5,121,690	5,638,379
		9,997,908	27,344,079	32,384,105
Expenditures				
Band government		1,515,008	3,341,969	3,508,099
Community services		87,850	141,929	160,507
Child family services		282,354	532,365	325,470
Economic development		335,772	2,933,065	2,644,729
Education		1,122,623	6,582,426	6,501,129
Health		2,776,466	2,763,352	2,899,651
Housing		292,761	704,984	536,945
Land claims		1,087,821	1,772,668	1,602,806
Land programs		113,115	162,676	164,014
Minor capital		685	(57,226)	472,325
Public works		1,224,195	1,289,511	1,376,533
Social services		2,495,940	2,470,547	2,404,158
		11,334,590	22,638,266	22,596,366
Annual surplus		(1,336,682)	4,705,813	9,787,739
Accumulated surplus, beginning of year		132,891,024	132,891,024	123,378,005
Distribution to members		(243,013)	(243,013)	(274,720)
Accumulated surplus, end of year		131,311,329	137,353,824	132,891,024

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

Chippewas of Kettle & Stony Point First Nation
Consolidated statement of changes in net financial assets
Year ended March 31, 2020

	2020 Budget	2020 Actual	2019 Actual
	\$	\$	\$
Annual surplus	—	4,705,813	9,787,739
Acquisition of tangible capital assets	—	(2,068,212)	(4,299,589)
Amortization of tangible capital assets	—	1,160,020	1,122,938
Distribution to members	—	(243,013)	(274,720)
	—	3,554,608	6,336,368
Disposal (acquisition) of prepaid expenses and inventory of supplies	—	39,781	53,165
Net change in net financial assets	—	3,594,389	6,389,533
Net financial assets, beginning of year	—	111,713,820	105,324,287
Net financial assets, end of year	—	115,308,209	111,713,820

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

Chippewas of Kettle & Stony Point First Nation**Consolidated statement of cash flows**

Year ended March 31, 2020

	2020 \$	2019 \$
Operating activities		
Annual surplus	4,705,813	9,787,739
Adjustment for items not affecting cash		
Amortization of tangible capital assets	1,160,020	1,122,938
Share of income from investment in government business enterprises	(250,546)	(766,520)
	5,615,287	10,144,157
Changes in non-cash working capital items		
Accounts receivable	202,420	221,950
Loans receivable	(51,436)	189,227
Funds on deposit with ISC	—	(992)
Due from governments	743,105	(465,921)
Prepaid expenses and inventory of supplies	39,781	53,165
Accounts payable and accrued liabilities	(44,990)	(778,011)
Deferred revenue	286,928	1,090,180
	6,791,095	10,453,755
Capital activity		
Acquisition of tangible capital assets	(2,068,212)	(4,299,589)
Investing activities		
Increase in portfolio investments	(3,562,852)	(4,931,040)
Increase in due from related parties	(141,554)	(880,755)
Dividends received	1,366,741	205,508
	(2,337,665)	(5,606,287)
Financing activities		
Proceeds from long-term debt	557,646	434,500
Repayment of long-term debt	(196,828)	(237,698)
Distribution to members	(243,013)	(274,720)
	117,805	(77,918)
Net change in cash and cash equivalents	2,503,023	469,961
Cash and cash equivalents, beginning of year	2,647,357	2,177,396
Cash and cash equivalents, end of year	5,150,380	2,647,357
Represented by		
Cash and cash equivalents	4,470,152	2,061,670
Restricted cash	680,228	585,687
	5,150,380	2,647,357

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

1. Significant accounting policies

(a) Basis of accounting

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board.

(b) Reporting entity

The Chippewas of Kettle & Stony Point First Nation ("First Nation") entity includes the Chippewas of Kettle and Stony Point First Nation government and all entities that are controlled by the First Nation.

(c) Principles of consolidation

The controlled entities are fully consolidated on a line-by-line basis, except for commercial enterprises which meet the definition of a government business enterprise, which are included in the consolidated financial statements on a modified equity basis.

Inter-organizational balances and transactions are eliminated upon consolidation.

Under the modified equity method of accounting, only Chippewas of Kettle and Stony Point First Nation's investment in the government business enterprise and the First Nation's portion of the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of Chippewas of Kettle & Stony Point First Nation and inter-organizational balances and transactions are not eliminated.

Organizations consolidated in Chippewas of Kettle & Stony Point First Nation's financial statements include:

- Point's Eagle Radio Inc.
- Chippewas of Kettle and Stony Point Settlement Trust (2016)

Organizations accounted for on a modified equity basis include:

- Indian Hills of Ipperwash Limited
- Southwind Corporate Development Inc.

(d) Cash and cash equivalents

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

(e) Inventories for resale

Inventories of supplies and goods available for resale are recorded at the lower of cost and net realizable value.

(f) Loans receivable

Loans receivable are recorded at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt as assessed by management. When the loss is known with sufficient precision and there is no realistic prospect of recovery, the loan receivable is reduced by the amount of the loss. Loans are reviewed on an annual basis by management. Interest income is accrued on loans receivable to the extent it is deemed collectable.

1. Significant accounting policies (continued)

(g) Portfolio investments

Portfolio investments are recorded at cost. Portfolio investments are written down where there has been a loss in value that is other than a temporary decline.

(h) Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all 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 on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Buildings	50 years
Building contents	3 to 8 years
Vehicles	10 years
Infrastructure	25 to 40 years

Contributed tangible capital assets are recorded as revenues at their fair value on the date of the donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets.

Assets under construction are not amortized until the asset is available to be put into service.

(i) Leased assets

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as the acquisition of a tangible capital asset and the incurrence of an obligation. The asset is amortized in a manner consistent with tangible capital assets owned by the First Nation, and the obligation, including interest thereon, is repaid over the term of the lease. All other leases are accounted for as operating leases, and the rental costs are expensed as incurred.

(j) Inventories held for use

Inventories of supplies held for consumption are recorded at the lower of cost and replacement cost.

(k) Revenue recognition

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.

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 stipulations are settled.

1. Significant accounting policies (continued)

(k) Revenue recognition (continued)

Contributions, other than government transfers, are deferred when restrictions are placed on their use by the external contributor and are recognized in revenue when used for the specific purpose.

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

(l) Loan guarantees

Loan guarantees are initially recognized at the amount of the estimate of the future cash outflow to be paid by the First Nation on the defaulted loans. At each year end, an assessment is made of whether the loan guarantees require recognition in the financial statements.

(m) Liability for contaminated sites

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the organization is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries. At March 31, 2020, the First Nation has not identified any instances that meet the criteria for a liability for contaminated sites.

(n) Measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make assumptions and estimates that have an effect on the reported amounts of assets and liabilities and disclosure at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could be different from those estimates. Significant estimates include the useful lives of tangible capital assets, the valuation of accounts receivable and the determination of deferred revenue.

(o) Fund accounting

The First Nation records accounting transactions using the fund accounting method generally in use for government organizations. A fund is determined for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The various funds have been amalgamated for the purpose of presentation in the financial statements. Details of the operations of each fund are set out in the supplementary schedules. The First Nation maintains the following funds:

- Operations Fund reflects the sources of funding received and expenditures incurred on various programs administered by the First Nation.
- Capital Fund reflects the funding received and expenditures made on capital projects.
- Camp Ipperwash Fund reflects the funding received and expenditures made with respect to the former Camp Ipperwash.
- Investment Fund reflects monies maintained in investments which are either internally or externally restricted as to their use.

1. Significant accounting policies (continued)

(o) Fund accounting (continued)

- CMHC Reserve Replacement Fund reflects monies received and expenditures made on capital projects relating to the CMHC mortgaged buildings.
- Stony Point FSA trust fund reflects the funding received and expenditures made with respect to the land settlement claim.

2. Cash and cash equivalents

Under the terms of an agreement with Canada Mortgage and Housing Corporation, Chippewas of Kettle & Stony Point First Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the CMHC Reserve Fund. The following table presents the amount of cash and cash equivalents that are externally restricted, internally restricted and unrestricted:

	2020	2019
	\$	\$
Externally restricted		
CMHC capital improvements	309,499	364,428
Internally restricted		
Capital planning	8,068	8,068
Economic development	263,047	113,576
Camp Ipperwash	193,747	193,747
	464,862	315,391
Unrestricted		
Operating	4,437,478	1,956,803
Social services	(61,459)	10,735
	4,376,019	1,967,538
	5,150,380	2,647,357

The First Nation has an authorized demand line of credit of \$3,000,000 with Royal Bank of Canada at prime + 0% per annum secured by a general security agreement on all property and a general hypothecation of stocks and bonds held at RBC PN&H Investment Council. At March 31, 2020 the First Nation has not drawn on this facility.

At the year end, the First Nation held \$50,379 (\$50,379 in 2019) in trust for band members from a settlement with the Government of Canada and held a funeral trust of \$50,493 (\$50,493 in 2019) that can be utilized by band members as per policy.

3. Accounts receivable

	2020 \$	2019 \$
Due from members		
Rent	469,263	423,347
Other	55,741	55,741
	525,004	479,088
Due from others	895,165	993,201
	1,420,169	1,472,289
Less: allowance for doubtful accounts	(949,651)	(799,351)
	470,518	672,938

4. Loans receivable

	2020 \$	2019 \$
Members of First Nation	3,741,057	3,762,351
Less: allowance for doubtful accounts	(3,062,004)	(3,134,734)
	679,053	627,617

5. Due from governments

	2020 \$	2019 \$
Federal Government		
Aboriginal Affairs and Northern Development Canada	1,288,756	2,151,903
Health Canada	59,908	16,224
Canada Mortgage and Housing Corporation	25,735	25,735
Provincial Government	503,674	427,316
	1,878,073	2,621,178
Less: allowance for doubtful accounts	(188,131)	(188,131)
	1,689,942	2,433,047

6. Portfolio investments

Investments and marketable securities are comprised of \$109,060,876 invested with RBC PH&N Investment Council Inc. (\$105,498,024 in 2019). The fair market value is approximately \$109,866,018 (\$114,965,350 in 2019). Included in the investment balance are amounts held in cash totaling \$305,977 (\$179,007 in 2019).

Included in investments and marketable securities are funds held by the Stony Point FSA Trust Fund of \$86,215,664 with a fair value of \$87,366,642. The Trust funds are not for use in general operations and are restricted for use as outlined in the Chippewas of Kettle & Stony Point Trust Fund Agreement upon approval by the First Nation as represented by its duly elected Council.

7. Due (to) from related parties

At the end of the year, the amounts due (to) from related parties are as follows:

	2020	2019
	\$	\$
Due to Southwind Corporate Development Inc.	—	—
Due to Points Preference Supermarket Inc.	—	—
Due to Points Eagle Radio Inc.	—	—
Due to Kettle & Stony Point Gas & Convenience Inc.	—	(938)
Due to 9235058 Canada Inc	—	—
	—	(938)
Due from Indian Hills of Ipperwash Limited	3,533,429	3,518,171
Due from Southwind Corporate Development Inc.	769,524	645,518
Due from Points Preference Supermarket Inc.	2,214	2,214
Due from Points Eagle Radio Inc.	1,664	2,360
Due from 9235058 Canada Inc.	1,783	1,783
Loan due from Kettle & Stony Point Gas & Convenience Inc.	529,048	527,000
	4,837,662	4,697,046

The due from (to) balances are interest-free and payable on demand with the exception of the loan due from Kettle & Stony Point Gas & Convenience Inc. which is interest-free and payable in full in 2025. Included in accounts payable and accrued liabilities is \$154,963 (\$21,840 – 2019) owing from related parties under normal trade terms.

Southwind Corporate Development Inc. distributed earnings \$1,366,741 to the First Nation. The First Nation distributed \$624,280 of capital expenditure funds for operations (CAPEX).

These transactions are in the normal course of business and are measured at the exchange amount (the amount of consideration established and agreed to by the related parties) which approximates the arm's length equivalent for provision of services.

8. Government business enterprises

The following summarizes the financial position and operations of the government business enterprises which have been reported in these financial statements using the modified equity method:

Southwind Corporate Development Inc.

Southwind Corporate Development Inc. is a corporation incorporated under the laws of the Government of Canada. It was established for corporate management and development. The Chippewas of Kettle and Stony Point First Nation own 100% of the outstanding shares of Southwind Corporate Development Inc.

Indian Hills of Ipperwash Limited

Indian Hills of Ipperwash Limited is a corporation incorporated under the laws of the Government of Canada. It was established to operate a golf course. The Chippewas of Kettle and Stony Point First Nation own 100% of the outstanding shares of Indian Hills of Ipperwash Limited.

The original investment in Indian Hills of Ipperwash Limited of \$1,973,789 has been reduced by losses of \$2,413,333 since 2007 (\$2,353,287 in 2019), resulting in an investment of \$(439,544) ((\$379,498) in 2019).

Chippewas of Kettle & Stony Point First Nation
Notes to the consolidated financial statements
March 31, 2020

8. Government business enterprises (continued)

	Southwind Corporate Development Inc.		Indian Hills of Ippeewash Limited	
	2020	2019	2020	2019
	\$	\$	\$	\$
Assets	3,834,944	5,000,593	3,844,519	3,748,745
Liabilities	1,367,491	1,476,991	3,864,006	3,708,186
Share capital	100	100	100	100
Surplus (deficit)	2,467,353	3,523,502	(19,587)	40,459
	3,834,944	5,000,593	3,844,519	3,748,745
Revenue	15,226,288	16,442,255	855,845	905,359
Expenditures	14,915,696	15,680,142	915,891	900,952
Net income (loss)	310,592	762,113	(60,046)	4,407

9. Deferred revenue and government transfers

	Balance March 31, 2019	Funding received 2020	Revenue recognized 2020	Balance March 31, 2020
	\$	\$	\$	\$
Federal Government				
Indigenous Services				
Canada ("ISC")	3,810,126	10,446,981	10,180,246	4,076,861
Health Canada	198,119	2,159,826	2,178,963	178,982
Canada Mortgage and Housing Corporation	—	159,347	159,347	—
	4,008,245	12,766,154	12,518,556	4,255,843
Provincial Government				
Ministry of Education	—	778,569	778,569	—
Ministry of Aboriginal Affairs	—	81,006	81,006	—
Ministry of Health	—	1,415,908	1,415,908	—
Ministry of Advanced Education & Skills Development	—	280,081	280,081	—
Other	—	385,680	385,680	—
	—	2,941,244	2,941,244	—
Other				
Other	308,366	2,016,968	1,977,638	347,696
	4,316,611	17,724,366	17,437,438	4,603,539

10. Long-term debt

	2020	2019
	\$	\$
1.31% mortgage, Canadian Mortgage and Housing Corporation, payable \$4,779 monthly including principal and interest, maturing October 1, 2021	89,917	144,405
2.04% mortgage, Canadian Mortgage and Housing Corporation, payable \$3,157 monthly including principal and interest, maturing October 1, 2027	266,490	296,786
2.05% mortgage, Bank of Montreal, payable \$2,578 biweekly including principal and interest, maturing May 1, 2020	5,068	68,786
1.84% mortgage, Canadian Mortgage and Housing Corporation, payable \$4,390 monthly including principal and interest, maturing September 1, 2022	128,823	177,192
3.85% infrastructure loan, Royal Bank of Canada, on the payable principal and interest, maturing December 1, 2024	992,146	434,500
Promissory note payable, ISC, interest free, total due date on which the 1928 Surrender at Stony Point claim is settled	275,529	275,486
Promissory note payable, ISC, interest free, total due on the date on which the Clench Defalcation claim is settled	158,844	158,844
	<u>1,916,817</u>	<u>1,555,999</u>

The above debt is secured by a ministerial guarantee by the Indigenous Services Canada ("ISC"). Principal payments required on long-term debt for the next five fiscal years and thereafter are due as follows:

	\$
2021	604,960
2022	144,006
2023	86,917
2024	62,455
2025	923,138
Thereafter	95,341
	<u>1,916,817</u>

Interest expense for the year on long-term debt was \$11,051 (\$15,038 in 2019).

11. Accumulated surplus

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

	2020	2019
	\$	\$
Capital Fund	21,530,706	20,425,686
Operations Fund	4,435,079	4,425,727
Camp Ipperwash Fund	171,809	171,809
Investment Fund	22,081,456	22,071,924
CMHC Replacement Reserve	237,370	277,352
Stony Point FSA trust fund	88,897,404	85,518,526
	137,353,824	132,891,024

12. Expenditures by object

	2020	2019
	\$	\$
Salaries, wages and employee benefits	10,800,322	10,628,621
Materials	10,600,437	10,795,636
Amortization	1,160,020	1,122,938
Rents and financial expenses	77,487	49,171
	22,638,266	22,596,366

13. Contingencies

The First Nation is a defendant in various legal actions. The ultimate outcomes are indeterminable at March 31, 2020 as litigation is still in progress. The results of any claims and related costs will be recognized in the year in which the outcome has been decided. Consequently, no provision for potential loss, if any, is reflected in these financial statements.

The First Nation has guaranteed \$2,725,694 of housing loans for band members, \$1,112,532 with the Bank of Montreal and \$1,613,162 with the Royal Bank of Canada. The First Nation has provided a full financial guarantee to the Bank of Montreal for each loan, with the land as collateral. All mortgages are up to date on payments consequently management does not expect to act on the guarantee.

The First Nation provides a full financial guarantee to Tecumseh Community Development Corporation for a promissory note signed by Southwind Corporate Development Limited. The balance at March 31, 2020 is nil (2019 - \$144,874).

The First Nation has guaranteed \$38,500 of a line of credit for the Wulaawsuwiikaan Healing Center with the Bank of Montreal.

As a First Nation government entity, Provincial or Federal taxes are not collected and remitted; consequently, no provisions have been included in the financial statements related to Provincial or Federal taxes.

14. Commitments

The First Nation has entered into a contract for the design for a new Indian Hills Golf Club House. The contract cost is \$325,000 and \$157,750 has been spent to March 31, 2020.

The First Nation has entered into a contract for the design for a new Cultural/Heritage Centre & Ojibway Village. The contract cost is \$450,000 and \$231,411 has been spent to March 31, 2020.

15. Pension agreement

The First Nation makes contributions to Manulife for a pension plan on behalf of 141 (144 in 2019) members of its staff. The plan is a defined contribution plan.

The amount contributed to the pension plan in 2020 was \$333,355 (\$341,687 in 2019) for current service and is included as an expenditure in the statement of operations.

16. Land settlements

Currently the First Nation is involved in negotiating various land claims involving the Clench Defalcation Claim. When the claims are settled, the amounts will be reflected in the year of settlement. Subsequent to the year end, the First Nation Council approved a settlement with the Government of Canada for this claim. The settlement amount of \$17,214,909 was disbursed to the First Nation in February 2021 net of the repayment of the promissory note to ISC of \$158,844 (Note 10).

The First Nation signed an agreement for the transfer of Ipperwash Provincial Park Land to the First Nation dated February 6, 2020.

17. Budget

The budget was prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a full accrual basis and was approved by Chief and Council on January 29, 2019.

18. Segmented information

The Chippewas of Kettle & Stony Point First Nation is a diversified First Nation government that provides a wide range of services to its members including public works, health, administration and education. For management reporting purposes, the First Nation's operations and activities are organized and reported by Program. Programs were created for the purpose of recording specific activities in accordance with special regulations, restrictions or limitations.

First Nation services are provided by departments and their activities are reported in these programs. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

Public works

The Public Works department is responsible for the delivery of First Nation public works services related to road maintenance, water treatment and infrastructure, waste management services and infrastructure, cemetery maintenance, ditching, culverts and other infrastructure needs and functions.

Health

The Health department is responsible for the delivery of services promoting healthy lifestyles, skill building and self-care targeting community members of all ages and phases of life. Programming takes into account the non-medical determinants of health like poverty, mental and social well-being, quality of life, income, employment, education and other factors known to influence the way people care for themselves and their families.

18. Segmented information (continued)

Administration

The administration department is responsible for the processing of payroll, payments for goods and services, invoicing of fees and rentals, coordinating the First Nation's audit, administering the employee benefits program, providing financial data to other programs for reporting purposes, coordinating the budget process including minor capital and being a resource to the Financial Management Board.

Education

The education department is responsible for the provision and administration of the education of students at Hillside School.

Other

Other comprises all other departments of the First Nation including housing, social services, lands, estates and governance, youth, economic development, employment and training, job connect, fire, negotiations and Casino Rama.

Business enterprises

Business Enterprises comprises the income (loss) of Southwind Corporate Development Inc. and Indian Hills of Ipperwash Limited, wholly owned by the First Nation.

For each reported segment, revenues and expenses represent amounts that are directly attributable to the segments.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1(a). For additional information see the Consolidated Schedule of Segment Disclosure which appear after the notes to the financial statements.

19. Comparative figures

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

20. Pandemic risk

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results of the Organization in future periods.

21. Subsequent event

In August 2020, the First Nation's Council approved a settlement offer from the government of Canada related to the Clench Defalcation claim (Note 16).

Chippewas of Kettle & Stony Point First Nation
Consolidated schedule of segment disclosure - Exhibit A
Year ended March 31, 2020

	Public works \$	Health \$	Administration \$	Education \$	Other \$	Business enterprises \$	Consolidated \$
Revenue							
Government transfers	568,998	3,944,665	819,614	4,106,406	6,033,039	—	15,472,722
Other	200,008	750,764	435,929	114,528	9,927,447	250,546	11,679,222
	769,006	4,695,429	1,255,543	4,220,934	15,960,486	250,546	27,151,944
Expenses							
Salaries and benefits	431,633	2,524,667	1,186,082	2,748,144	3,909,796	—	10,800,322
Facility maintenance	349,079	244,699	46,594	198,015	324,903	—	1,163,290
Equipment and maintenance	130,837	63,276	13,705	86,646	338,506	—	632,970
Program costs	142,874	586,286	861,787	1,205,935	5,892,647	—	8,689,529
	1,054,423	3,418,928	2,108,168	4,238,740	10,465,852	—	21,286,111
(Loss) income before amortization	(285,417)	1,276,501	(852,625)	(17,806)	5,494,634	250,546	5,865,833
Amortization	65,965	—	566,025	127,374	400,656	—	1,160,020
Net surplus (deficit)	(351,382)	1,276,501	(1,418,650)	(145,180)	5,093,978	250,546	4,705,813

The accompanying notes are an integral part of the consolidated financial statements.

Chippewas of Kettle & Stony Point First Nation
Consolidated schedule of segment disclosure - Exhibit A (continued)
Year ended March 31, 2019

	Public works \$	Health \$	Administration \$	Education \$	Other \$	Business enterprises \$	Consolidated \$
Revenue							
Government transfers	425,293	4,122,492	1,189,712	3,703,246	9,704,373	—	19,145,116
Other	181,177	724,696	141,900	116,054	11,308,642	766,520	13,238,989
	<u>606,470</u>	<u>4,847,188</u>	<u>1,331,612</u>	<u>3,819,300</u>	<u>21,013,015</u>	<u>766,520</u>	<u>32,384,105</u>
Expenses							
Salaries and benefits	381,528	2,565,216	1,147,763	2,539,147	3,994,967	—	10,628,621
Facility maintenance	334,870	156,366	48,753	136,687	289,282	—	965,958
Equipment and maintenance	92,721	79,918	13,732	87,162	167,575	—	441,108
Program costs	112,278	709,319	865,868	1,253,639	6,496,637	—	9,437,741
	<u>921,397</u>	<u>3,510,819</u>	<u>2,076,116</u>	<u>4,016,635</u>	<u>10,948,461</u>	<u>—</u>	<u>21,473,428</u>
Income (loss) before amortization	(314,927)	1,336,369	(744,504)	(197,335)	10,064,554	766,520	10,910,677
Amortization	62,121	—	567,729	113,841	379,247	—	1,122,938
Net surplus (deficit)	<u>(377,048)</u>	<u>1,336,369</u>	<u>(1,312,233)</u>	<u>(311,176)</u>	<u>9,685,307</u>	<u>766,520</u>	<u>9,787,739</u>

The accompanying notes are an integral part of the consolidated financial statements.

Chippewas of Kettle & Stony Point First Nation
Consolidated schedule of tangible capital assets - Exhibit B
Year ended March 31, 2020

	Land \$	Infrastructure \$	Buildings \$	Building contents \$	Vehicles \$	Construction in progress \$	Total \$
Cost, beginning of year	250,000	7,971,526	23,454,225	4,248,734	3,156,966	4,777,584	43,859,035
Additions	—	4,629	—	491,335	10,324	1,561,924	2,068,212
Cost, end of year	250,000	7,976,155	23,454,225	4,740,069	3,167,290	6,339,508	45,927,247
Accumulated amortization, beginning of year	—	5,233,900	11,794,085	3,243,385	2,474,854	—	22,746,224
Amortization	—	187,862	460,192	361,637	150,329	—	1,160,020
Accumulated amortization, end of year	—	5,421,762	12,254,277	3,605,022	2,625,183	—	23,906,244
Net carrying amount, end of year	250,000	2,554,393	11,199,948	1,135,047	542,107	6,339,508	22,021,003

The accompanying notes are an integral part of the consolidated financial statements.

Chippewas of Kettle & Stony Point First Nation**Consolidated schedule of tangible capital assets - Exhibit B (continued)**

Year ended March 31, 2019

	Land \$	Infrastructure \$	Buildings \$	Building contents \$	Vehicles \$	Construction in progress \$	Total \$
Cost, beginning of year	250,000	7,971,526	23,454,225	3,876,767	3,116,832	890,096	39,559,446
Additions	—	—	—	371,967	40,134	3,887,488	4,299,589
Disposals	—	—	—	—	—	—	—
Cost, end of year	250,000	7,971,526	23,454,225	4,248,734	3,156,966	4,777,584	43,859,035
Accumulated amortization, beginning of year	—	5,039,951	11,334,325	2,921,012	2,327,998	—	21,623,286
Amortization	—	193,949	459,760	322,373	146,856	—	1,122,938
Accumulated amortization, end of year	—	5,233,900	11,794,085	3,243,385	2,474,854	—	22,746,224
Net carrying amount, end of year	250,000	2,737,626	11,660,140	1,005,349	682,112	4,777,584	21,112,811

The accompanying notes are an integral part of the consolidated financial statements.

The net book value of tangible capital assets not being amortized as they are under construction is \$6,339,508 at March 31, 2020 (\$4,777,584 in 2019).

The First Nation holds various works of art and historical treasures that have cultural, aesthetic or historical value that is preserved perpetually.

These items are not recognized as tangible capital assets because a reasonable estimate of the future benefits associated with such property cannot be made. Crown land, where the ownership has not transferred to the First Nation is not recognized in the financial statements.