

Consolidated Financial Statements of

MAGNETAWAN FIRST NATION

And Independent Auditors' Report thereon

Year ended March 31, 2020

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Magnetawan First Nation are the responsibility of 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 as described in note 1. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated 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 Chief and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and are ultimately responsible for reviewing and approving the consolidated financial statements.

The Chief and Council review the First Nation's consolidated financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditors' report. The Chief and Council takes this information into consideration when approving the consolidated financial statements for issuance to the Members. The Chief and Council also consider the engagement of the external auditors.

The consolidated financial statements have been audited by KPMG LLP in accordance with Canadian generally accepted auditing standards on behalf of the First Nation.





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INDEPENDENT AUDITORS' REPORT

To the Members of Magnetawan First Nation

Opinion

We have audited the consolidated financial statements of Magnetawan First Nation (herein after referred to as the "First Nation"), which comprise:

- the consolidated statement of financial position as at March 31, 2020
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets (debt) for the year then ended
- the consolidated statement of cash flows for the year then ended
- and the notes and schedules to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "consolidated financial statements")

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibility under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements***" section of our auditors' report.

We are independent of the First Nation 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 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.

Responsibility of Management 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 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.

Auditors' 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 auditors' 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 the 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 risk 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, internal 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 purposes 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.



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- 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 the 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 auditors' 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 auditors' report. However, future events or conditions may cause the First Nation's 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group Entity 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a single, long, horizontal, slightly wavy line.

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

February 3, 2021

MAGNETAWAN FIRST NATION

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Year ended March 31, 2020

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Exhibit A - Consolidated Statement of Financial Position

March 31, 2020, with comparative information for 2019

	2020	2019
Financial Assets		
Cash and short-term investments (note 2)	\$ 7,590,497	\$ 3,753,546
Restricted cash (note 3)	183,060	179,424
Funds held in Ottawa Trust Fund	8,676	8,676
Accounts receivable (note 4)	529,219	1,001,086
Investment in Shwe Miikaan Corp (note 5)	1	1
Investment in Shwe Miikaan Limited Partnership (note 6)	326,801	445,912
	8,638,254	5,388,645
Financial Liabilities		
Accounts payable and accrued liabilities	4,972,678	2,733,972
Deferred revenue (note 7)	1,400,436	976,369
Long-term debt (note 8)	2,655,476	1,506,239
	9,028,590	5,216,580
Net financial assets (net debt)	(390,336)	172,065
Non-Financial Assets		
Tangible capital assets (note 9)	9,692,764	9,343,843
Inventories - gas and store merchandise	205,029	312,520
Prepaid expenses and deposits	187,300	129,300
	10,085,093	9,785,663
Contingent liabilities (note 10)		
Commitments (note 11)		
Effects of COVID-19 (note 15)		
Accumulated surplus (note 12)	\$ 9,694,757	\$ 9,957,728

See accompanying notes to consolidated financial statements.

Approved:



MAGNETAWAN FIRST NATION

Exhibit B - Consolidated Statement of Operations and Accumulated Surplus

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Revenue:		
Indigenous Services Canada (note 13)	\$ 1,784,688	\$ 1,410,752
Health Canada	17,127	395,629
Ontario First Nations Limited Partnership	554,459	639,664
Canada Mortgage and Housing Corporation	120,133	78,567
Ministry of Children, Community and Social Services	259,600	211,495
Ministry of Indigenous Affairs	85,000	88,446
Ministry of Health	142,656	142,656
Rental	209,800	187,031
Interest	81,918	16,731
Sales	8,535,692	10,265,891
Other	1,879,351	2,031,250
Share of net earnings (loss) of investment in business enterprise	(119,111)	(54,988)
Contract revenue	595,959	10,595,987
	14,147,272	26,009,111
Expenses:		
Band Support	522,836	381,578
Economic Development	273,580	261,729
Education	1,192,573	995,149
Tim Hortons Operations	1,068,572	1,248,159
Library	14,273	14,680
Health Services	848,761	836,385
Social Assistance	272,748	246,938
Community Infrastructure	622,103	602,510
Community Property	-	81,396
Ontario First Nations Limited Partnership	96,587	251,583
CMHC Housing	276,024	208,020
Housing Authority	98,617	223,433
Business Operations	7,878,239	9,043,618
Lands and Resources	672,427	766,437
Special Projects	572,903	9,364,392
	14,410,243	24,526,007
Excess (deficiency) of revenue over expenses	(262,971)	1,483,104
Accumulated surplus, beginning of year	9,957,728	8,474,624
Accumulated surplus, end of year	\$ 9,694,757	\$ 9,957,728

See accompanying notes to consolidated financial statements.

MAGNETAWAN FIRST NATION

Exhibit C - Consolidated Statement of Changes in Net Financial Assets (Net Debt)

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Excess (deficiency) of revenue over expenses	\$ (262,971)	\$ 1,483,104
Acquisition of tangible capital assets	(1,049,629)	(2,063,644)
Amortization of tangible capital assets	698,383	607,030
Loss on disposal of tangible capital assets	(2,675)	16,068
Proceeds on sale of tangible capital assets	5,000	39,607
	(611,892)	82,165
Acquisition of prepaid expenses and deposits	(58,000)	-
Acquisition of inventories	107,491	(129,399)
Change in net financial assets	(562,401)	(47,234)
Net financial assets, beginning of year	172,065	219,299
Net financial assets (net debt), end of year	\$ (390,336)	\$ 172,065

See accompanying notes to consolidated financial statements.

MAGNETAWAN FIRST NATION

Exhibit D - Consolidated Statement of Cash Flows

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Operating transactions:		
Excess (deficiency) of revenue over expenses	\$ (262,971)	\$ 1,483,104
Adjustments for:		
Amortization of tangible capital assets	698,383	607,030
Share of net loss of investment in business enterprise	119,111	54,988
Loss (gain) on disposal of tangible capital assets	(2,675)	16,068
	551,848	2,161,190
Change in non-cash working capital:		
Increase in accounts receivable	471,867	480,765
Decrease (increase) in inventories	107,491	(129,399)
Increase in prepaid expenses and deposits	(58,000)	-
Increase in accounts payable and accrued liabilities	2,238,706	205,101
Increase in deferred revenue	424,067	369,296
	3,735,979	3,086,953
Capital transactions:		
Cash used to acquire tangible capital assets	(1,049,629)	(2,063,644)
Proceeds from disposal of tangible capital assets	5,000	39,607
	(1,044,629)	(2,024,037)
Financing transactions:		
Principal payments on long-term debt	(87,049)	(850,568)
Long-term debt issued	1,236,286	508,166
	1,149,237	(342,402)
Investing transactions:		
Distribution from investment in business enterprise	-	47,000
Net increase in cash	3,840,587	767,514
Cash, beginning of year	3,941,646	3,174,132
Cash, end of year	\$ 7,782,233	\$ 3,941,646
Represented by:		
Cash and short-term investments	\$ 7,590,497	\$ 3,753,546
Restricted cash	183,060	179,424
Funds held in Ottawa Trust Fund	8,676	8,676
	\$ 7,782,233	\$ 3,941,646

See accompanying notes to consolidated financial statements.

MAGNETAWAN FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2020

Magnetawan First Nation (the “First Nation”), located in Britt, Ontario, administers programs and provides services on behalf of its members.

1. Significant accounting policies:

These consolidated financial statements of Magnetawan First Nation are the representation of management and have been prepared in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. The following is a summary of the significant accounting policies followed in the preparation of these consolidated financial statements:

(a) Reporting entity:

The reporting entity is comprised of all committees and related entities under the control of Chief and Council. These entities include Magnetawan Development GP Inc. and Magnetawan Development Limited Partnership.

All interdepartmental and inter-organizational assets and liabilities and revenue and expenses have been eliminated.

(b) Basis of accounting:

The First Nation follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

(c) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land and landfill sites, are amortized on a straight-line basis over their estimated useful lives as follows:

Buildings	40 years
Land improvements	15 to 20 years
Furniture, computers and fixtures	3 to 10 years
Vehicles and equipment	10 years
Roads infrastructure	25 years
Water systems	25 years
Housing	25 years

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Notes to Consolidated Financial Statements

Year ended March 31, 2020

1. Significant accounting policies (continued):

(c) Non-financial assets (continued):

(i) Tangible capital assets (continued):

Annual amortization is charged at 50% in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(ii) Natural resources:

Natural resources that have not been purchased are not recognized as assets in the consolidated financial statements.

(iii) Works of art and cultural and historic assets:

Works of art and cultural and historic assets are not recorded as assets in these consolidated financial statements.

(d) Revenue recognition:

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under the funding arrangements which relates to a subsequent fiscal period is reflected as deferred revenue in the year of receipt and classified as such on the statement of financial activities.

(e) Consolidated revenue funds:

Funds held in trust are comprised of funds held in Ottawa Trust accounts and 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 and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

(f) Use of estimates:

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the periods specified. Significant items subject to such estimates and assumptions include the carrying value of tangible capital assets and valuation allowances for accounts receivable. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known. Actual results could differ from these estimates.

(g) Prior year funding adjustments:

Adjustments made under funding arrangements relating to prior years are charged to operations in the year during which the adjustments are made.

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Notes to Consolidated Financial Statements

Year ended March 31, 2020

2. Cash and short-term investments:

Short-term investments, consisting of a guaranteed investment certificate in the amount of \$4,059,047 (2019 - \$11,458), are recorded at cost and earn interest at a rate of 2.05% per annum.

3. Restricted cash:

The First Nation has pledged \$174,000 as security for a loan guarantee arrangement with the Bank of Montreal as described in note 10(b).

4. Accounts receivable:

	2020	2019
Construction Energie Renouvelable	\$ -	\$ 335,284
Fed Nor	-	183,652
Ministry of Transportation	118,000	118,000
Environment and Climate Change Canada	17,000	93,500
Infrastructure Canada	-	53,303
Ministry of Community and Social Services	80,601	28,717
Indigenous Services Canada	41,131	9,900
Canada Mortgage and Housing Corporation	14,553	5,059
Kinoomaadziwin Education Body	57,338	-
Pattern Energy	52,752	-
Other	147,844	173,671
Due from band members	344,349	344,439
Allowance for doubtful accounts	(344,349)	(344,439)
	\$ 529,219	\$ 1,001,086

5. Investment in Shwe Miikaan Corp ("SMC"):

The First Nation's investment in SMC represents a 33.333% ownership interest. The First Nation's share of the accumulated investment loss in SMC to date is \$48,595. The investment in SMC is accounted for using the equity method.

SMC has an ownership interest of 0.001% in Shwe Miikaan Limited Partnership ("SMLP") and 0.1% in Shwe Miikaan 7182 Limited Partnership ("SM 7182 LP").

	2020	2019
Investment in SMC	\$ 1	\$ 1
Accumulated share of net loss	(48,600)	(46,190)
Provision for impairment in value	48,600	46,190
	\$ 1	\$ 1

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Notes to Consolidated Financial Statements

Year ended March 31, 2020

6. Investment in Shwe Miikaan Limited Partnership:

The First Nation's investment in SMLP represents a 33.333% ownership interest. The First Nation's share of the accumulated investment deficits in SMLP to date is \$43,199. The investment in SMLP is accounted for using the equity method.

SMLP has an ownership interest of 50.9% in SM 7182 LP.

	2020	2019
Investment in SMLP	\$ 500,000	\$ 500,000
Accumulated share of net earnings (deficits)	(43,199)	75,912
Accumulated distributions	(130,000)	(130,000)
	\$ 326,801	\$ 445,912

7. Deferred revenue:

	2020	2019
Indigenous Services Canada	\$ 964,332	\$ 552,162
Kinoomaadziwin Education Body	184,204	202,437
Ministry of Transportation	83,793	83,793
Union of Ontario Indians	70,167	70,167
Other	97,940	67,810
	\$ 1,400,436	\$ 976,369

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Notes to Consolidated Financial Statements

Year ended March 31, 2020

8. Long-term debt:

The details of the long-term debt are as follows:

	2020	2019
Canada Mortgage and Housing Corporation ("CMHC"):		
Monthly payments of \$1,747, including interest at 1.83%, renewal date December 2024	\$ 178,350	\$ 195,891
Monthly payments of \$1,221, including interest at 2.06%, renewal date on November 2022	99,668	112,130
Monthly payments of \$1,293 including interest at 1.73%, renewal date on February 2025	199,992	211,855
Monthly payments of \$1,208 including interest at 2.61%, renewal date on December 2023	214,386	223,186
Monthly payments of \$1,068 including interest at 1.35%, renewal date on May 2022	245,574	255,011
Monthly payments of \$5,303 including interest at 1.91%, renewal date on June 2024	1,235,930	508,166
	2,173,900	1,506,239
First advance on CMHC mortgage payable, repayment terms to be established	481,576	–
	\$ 2,655,476	\$ 1,506,239

Principal repayments are due as follows:

2021	\$ 101,701
2022	103,652
2023	105,643
2024	107,673
2025	109,742
Thereafter	1,645,489

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Notes to Consolidated Financial Statements

Year ended March 31, 2020

9. Tangible capital assets:

Cost	2019	Additions	Disposals	2020
Buildings	\$ 3,993,595	\$ 88,470	\$ -	\$ 4,082,065
Land improvements	407,557	17,636	-	425,193
Furniture, computers and fixtures	579,377	16,382	(42,132)	553,627
Vehicles and equipment	2,441,234	134,760	(46,472)	2,529,522
Roads infrastructure	342,449	-	-	342,449
Water systems	2,905,296	7,275	-	2,912,571
Housing	3,982,502	785,106	-	4,767,608
Total	\$ 14,652,010	\$ 1,049,629	\$ (88,604)	\$ 15,613,035

Accumulated Amortization	2019	Disposals	Amortization expense	2020
Buildings	\$ 900,503	\$ -	\$ 102,272	\$ 1,002,775
Land improvements	44,918	-	18,807	63,725
Furniture, computers and fixtures	417,962	(42,132)	34,434	410,264
Vehicles and equipment	999,940	(44,147)	239,260	1,195,053
Roads infrastructure	220,091	-	12,251	232,342
Water systems	1,954,889	-	116,357	2,071,246
Housing	769,864	-	175,002	944,866
Total	\$ 5,308,167	\$ (86,279)	\$ 698,383	\$ 5,920,271

	Net book value 2019	Net book value 2020
Buildings	\$ 3,093,092	\$ 3,079,290
Land improvements	362,639	361,468
Furniture, computers and fixtures	161,415	143,363
Vehicles and equipment	1,441,294	1,334,469
Roads infrastructure	122,358	110,107
Water systems	950,407	841,325
Housing	3,212,638	3,822,742
Total	\$ 9,343,843	\$ 9,692,764

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Notes to Consolidated Financial Statements

Year ended March 31, 2020

9. Tangible capital assets (continued):

Cost	2018	Additions	Disposals	2019
Buildings	\$ 3,911,616	\$ 143,840	\$ (61,861)	\$ 3,993,595
Land improvements	158,190	249,367	-	407,557
Furniture, computers and fixtures	460,886	118,491	-	579,377
Vehicles and equipment	2,000,888	440,346	-	2,441,234
Roads infrastructure	312,449	30,000	-	342,449
Water systems	2,905,296	-	-	2,905,296
Housing	2,900,902	1,081,600	-	3,982,502
Total	\$ 12,650,227	\$ 2,063,644	\$ (61,861)	\$ 14,652,010

Accumulated Amortization	2018	Disposals	Amortization expense	2019
Buildings	\$ 804,954	\$ (6,186)	\$ 101,735	\$ 900,503
Land improvements	30,726	-	14,192	44,918
Furniture, computers and fixtures	401,464	-	16,498	417,962
Vehicles and equipment	787,972	-	211,968	999,940
Roads infrastructure	211,334	-	8,757	220,091
Water systems	1,838,677	-	116,212	1,954,889
Housing	632,196	-	137,668	769,864
Total	\$ 4,707,323	\$ (6,186)	\$ 607,030	\$ 5,308,167

	Net book value 2018	Net book value 2019
Buildings	\$ 3,106,662	\$ 3,093,092
Land improvements	127,464	362,639
Furniture, computers and fixtures	59,422	161,415
Vehicles and equipment	1,212,916	1,441,294
Roads infrastructure	101,115	122,358
Water systems	1,066,619	950,407
Housing	2,268,706	3,212,638
Total	\$ 7,942,904	\$ 9,343,843

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Notes to Consolidated Financial Statements

Year ended March 31, 2020

10. Contingent liabilities:

- (a) The First Nation has entered into accountable contribution arrangements with several government funding agencies. All such programs are subject to audit by the various governments, with audit adjustments repayable to the government.
- (b) In accordance with terms and conditions of a financing arrangement between the Bank of Montreal and the Robinson Huron Treaty Trust (the "Trust"), the First Nation as a beneficiary of the Trust has guaranteed borrowings in proportion to its beneficial interest in the Trust in the amount of \$174,000. As of March 31, 2020, its proportional outstanding loan balance as part of the Trust is \$174,000 (2019 – \$173,189).

11. Commitments:

- (a) The First Nation has entered into a 10-year license agreement with The TDL Group Corp. ("TDL"), which allows the licensing of a Tim Hortons kiosk in the Gas Bar building. Under the agreement, which continues in effect until 2026, the First Nation is required to remit to TDL a 6% recurring weekly royalty fee as a percentage of gross weekly sales. The First Nation is also required to pay a 2.5% advertising fund fee and a 1.5% local advertising and promotion fee, each calculated as a percentage of gross weekly sales, set aside by TDL for these purposes.

For the duration of the agreement, the First Nation is required to incur the costs to maintain the equipment, signage and infrastructure of the Tim Hortons kiosk in good order, maintaining the standards and image established by TDL.

No more than every 5 years, the First Nation is required to incur any costs to refurbish and modify the Tim Hortons kiosk and to conform to all dress and colour schemes. On an annual basis, the First Nation is required to repaint the interior and exterior of the Tim Hortons kiosk, as approved by TDL.

- (b) The First Nation has entered into a 5-year food services agreement with Dana Hospitality LP ("Dana") to provide management services for the Tim Hortons kiosk. The agreement is in place through January 31, 2021. The First Nation is required to pay Dana an annual fee of \$70,000 to be paid in 13 equal instalments during the year for its services. Effective November 1, 2019, the annual fee was reduced to \$50,000.

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Notes to Consolidated Financial Statements

Year ended March 31, 2020

12. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	2020	2019
Surplus (deficit):		
Invested in tangible capital assets	\$ 7,037,288	\$ 7,837,604
Operations	(1,700,143)	(842,211)
Investment in business enterprise	326,801	445,913
Unfinanced capital	(221,742)	(720,522)
	5,442,204	6,720,784
Restricted reserves:		
Consolidated revenue trust	8,676	8,676
Ontario First Nations Limited Partnership	2,225,927	1,835,186
	2,234,603	1,843,862
Committed reserves	2,017,950	1,393,082
	\$ 9,694,757	\$ 9,957,728

13. Indigenous Services Canada ("ISC"):

	2020	2019
ISC revenue per confirmation	\$ 2,088,700	\$ 1,568,020
Add: opening deferred revenue	552,162	394,894
Add: funding excluded from confirmation	70,090	-
Add: prior year funding adjustment	38,068	-
Less: ending deferred revenue	(964,332)	(552,162)
Total ISC revenue per consolidated financial statements	\$ 1,784,688	\$ 1,410,752

Included in accounts payable and accrued liabilities are amounts due to ISC of \$58,382 (2019 - \$58,382).

14. Comparative information:

Certain 2019 comparative information have been reclassified to conform to the presentation adopted in 2020.

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Notes to Consolidated Financial Statements

Year ended March 31, 2020

15. Effects of COVID-19:

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, include the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the First Nation's operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect to the First Nation's business is not known at this time.

16. Segmented information:

The First Nation is a diversified governmental institution that provides a wide range of services to its band members, including band support, economic development, education, health services, social assistance, community property, business operations, and land and resources. For management reporting purposes, the First Nation's operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Services are provided by functional areas and their activities are reported in these funds. Certain functional areas that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

General / Band Support

The general / band support and governance function area oversees the delivery of all governmental services. The functional area is responsible for ensuring that there are adequate policies and procedures in place to safeguard assets and to properly report financial activities. In addition, this functional area includes the governance activities of chief and council, library services and new relationships.

Economic Development

The economic development functional area encourages economic development of the First Nation through economic growth initiatives and planning.

Education

The education functional area provides education management and transportation services to the member First Nations as well as overseeing various small incentives.

Health Services

The health services functional area provides a diverse bundle of services directed toward the well-being of the members of the First Nations including such activities as long-term care, diabetes, mental health, traditional healing and training designed to enhance the health of member communities, in addition to operating of a health center.

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Notes to Consolidated Financial Statements

Year ended March 31, 2020

16. Segmented information (continued):

Social Assistance

The social assistance functional area provides services directed towards the well-being of members in need of non-health related services including such activities as income support, home support and provision of child welfare services.

Community Infrastructure

The community infrastructure functional area provides public works services and ensuring the longevity of the First Nation by the acquisition, construction and maintenance of the physical assets of the First Nation, excluding housing.

Business Operations

The business operations functional area reflects the operations of an on-reserve Gas Bar and Convenience Store.

Lands and Resources

The lands and resources functional area provides services to develop land codes and manage the First Nation's land and natural resources to benefit the community.

Housing

The housing functional area manages the operations of the various rental housing owned by the First Nation including both CMHC and other band-owned housing. This includes tenant identification, rent collection and maintenance management.

Tim Hortons

The Tim Hortons functional area reflects the operations of an on-reserve Tim Hortons food and beverage kiosk.

Community Property

The community property functional area is responsible for all capital project activities occurring in the First Nation during the year, including all construction and renovations.

Reserve and Restricted Funds

The reserve and restricted funds functional area includes the management and distribution of funds received from the Ontario First Nations Limited Partnership as well as fund held in trust in Ottawa by Indigenous and Northern Affairs Canada.

For each reported segment, revenues and expenses include 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, including transfers that have been apportioned based on a percentage of budgeted expenses.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in the summary of significant accounting policies.

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Notes to Consolidated Financial Statements

Year ended March 31, 2020

16. Segmented information (continued):

	General/Band Support	Economic Development	Education	Health Services	Social Assistance	Community Infrastructure	Business Operations	Lands and Resources	Housing	Tim Hortons	Community Property	Reserve and Restricted Funds	2020 Total
Revenue	\$ 682,173	307,270	1,134,078	799,387	281,537	380,045	7,746,045	1,273,072	306,008	789,647	-	448,010	14,147,272
Expenses:													
Salaries, benefits and honoraria	381,022	82,912	352,136	300,563	29,177	131,042	460,928	343,840	44,788	469,680	-	-	2,596,088
Travel and training	24,422	4,858	21,880	44,542	2,577	8,328	-	24,049	722	722	-	-	132,100
Interest on long-term debt	-	-	-	-	-	-	-	-	42,720	-	-	-	42,720
Contractual and professional fees	166,573	84,231	51,220	33,453	-	139,747	188,569	101,086	-	149,006	785,106	-	1,698,991
Materials, supplies and rentals	226,030	63,102	131,043	199,308	23,799	155,682	7,167,043	633,170	76,446	385,209	-	-	9,060,832
Tuition and student allowances	-	5,895	471,408	-	-	-	-	4,326	-	-	-	-	481,629
Program costs	(254,413)	29,602	135,962	225,470	217,195	40,673	101,076	127,148	29,711	118	-	96,587	749,129
Amortization of tangible capital assets	44,231	12,272	32,677	50,378	-	162,250	97,894	54,590	180,254	63,837	-	-	698,383
Investment in tangible capital assets	(50,755)	(9,292)	(3,753)	(4,953)	-	(15,619)	(137,271)	(42,880)	-	-	(785,106)	-	(1,049,629)
	537,110	273,580	1,192,573	848,761	272,748	622,103	7,878,239	1,245,329	374,641	1,068,572	-	96,587	14,410,243
Excess (deficiency) of revenue over expenses	\$ 145,063	33,690	(58,495)	(49,374)	8,789	(242,058)	(132,194)	27,743	(68,633)	(278,925)	-	351,423	(262,971)

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Notes to Consolidated Financial Statements

Year ended March 31, 2020

16. Segmented information (continued):

	General/Band Support	Economic Development	Education	Health Services	Social Assistance	Community Infrastructure	Business Operations	Lands and Resources	Housing	Tim Hortons	Community Property	Reserve and Restricted Funds	2019 Total
Revenue	\$ 403,244	344,871	936,965	914,941	232,395	397,740	9,189,096	11,611,136	309,746	1,076,795	-	592,182	26,009,111
Expenses:													
Salaries, benefits and honoraria	385,210	81,986	210,774	291,378	19,600	111,531	417,290	283,294	57,649	514,499	-	-	2,373,211
Travel and training	50,215	6,224	11,468	58,180	-	3,961	-	36,664	647	4,113	-	-	171,472
Interest on long-term debt	-	-	-	-	-	-	-	-	21,387	-	-	-	21,387
Contractual and professional fees	200,950	327,556	113,743	74,758	-	65,969	278,821	272,590	7,739	162,501	1,228,688	-	2,733,315
Materials, supplies and rentals	151,788	8,551	243,947	397,503	27,768	251,571	8,338,415	9,289,586	158,843	503,209	-	-	19,371,181
Tuition and student allowances	-	-	373,945	-	-	-	-	18,231	-	-	-	-	392,176
Program costs	(360,553)	6,482	113,023	97,737	199,570	32,397	150,031	372,644	56,965	-	-	251,583	919,879
Amortization of tangible capital assets	33,059	9,727	27,550	47,284	-	161,329	88,250	35,701	140,293	63,837	-	-	607,030
Investment in tangible capital assets	(64,410)	(178,797)	(99,301)	(130,455)	-	(24,248)	(229,189)	(177,882)	(12,070)	-	(1,147,292)	-	(2,063,644)
	396,259	261,729	995,149	836,385	246,938	602,510	9,043,618	10,130,828	431,453	1,248,159	81,396	251,583	24,526,007
Excess (deficiency) of revenue over expenses	\$ 6,985	83,142	(58,184)	78,556	(14,543)	(204,770)	145,478	1,480,308	(121,707)	(171,364)	(81,396)	340,599	1,483,104