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PRIVATE AND CONFIDENTIAL
Indigenous Services Canada
100 Anemki Place, Suite 101
Fort William First Nation, ON P7J 1A5

April 19, 2021

Dear Sir or Madam:

Sheguiandah Inlet First Nation

At the request of our client, Sheguiandah First Nation, we are submitting the following items regarding the March 31, 2020 year-end, which comply with terms of the FNFTA, and can be made available on your internet site:

- Audited Financial Statements
- Schedule of Remuneration and Expenses – Chief & Council

The following additional required reporting documents will not be published and are for your internal purposes only:

- Schedule of Remuneration and Expenses – Unelected Senior Officials
- Revenues and Expenses – Indigenous Services Canada

We trust this is satisfactory. Should you have any questions or require any additional information, please do not hesitate to contact our office.

Yours very truly

A handwritten signature in blue ink, appearing to read 'Kyle Ellis'.

Kyle Ellis, CPA, CA, CBV
Partner

Enclosures:

Consolidated Financial Statements of

SHEGUIANDAH FIRST NATION

And Independent Auditors' Report thereon

Year ended March 31, 2020

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Sheguiandah First Nation (the "First Nation") are the responsibility of management and have been approved by the Chief and Council of the First Nation (the "Council").

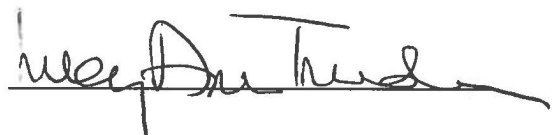
The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the 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 Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Council reviews the First Nation's consolidated financial statements and recommend their approval. The Council meets 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 consolidated financial statements and the external auditors' report. The Council takes this information into consideration when approving the consolidated financial statements for issuance to the members. The Council also considers 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 members.

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INDEPENDENT AUDITORS' REPORT

To the Members and Chief and Council of Sheguiandah First Nation

Opinion

We have audited the consolidated financial statements of Sheguiandah First Nation (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 for the year then ended
- the consolidated statement of cash flows for the year then ended
- and the consolidated notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying 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 generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB).

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 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 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 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 generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB), 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.

Auditors' 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 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 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 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.



Page 3

- 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 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 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.
- Obtain sufficient audit evidence regarding the financial information of the entities or business activities within the Group First Nation to express an opinion on the 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 curved line.

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

April 15, 2021

SHEGUIANDAH FIRST NATION

Index to Consolidated Financial Statements

Year ended March 31, 2020

Exhibit A	Consolidated Statement of Financial Position	1
Exhibit B	Consolidated Statement of Operations and Accumulated Surplus	2
Exhibit C	Consolidated Statement of Changes in Net Financial Assets	3
Exhibit D	Consolidated Statement of Cash Flows	4
	Notes to Consolidated Financial Statements	5 - 17

SHEGUIANDAH FIRST NATION

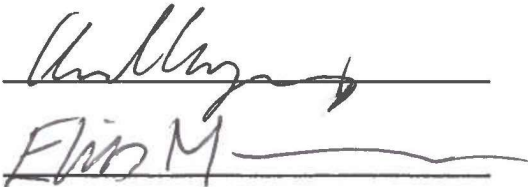
Exhibit A - Consolidated Statement of Financial Position

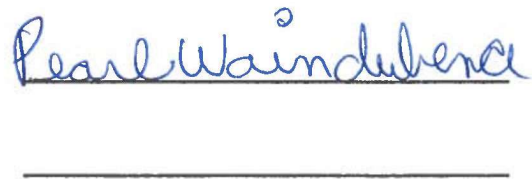
March 31, 2020, with comparative information for 2019

	2020	2019
Financial assets		
Cash	\$ 3,667,059	\$ 3,115,708
Restricted cash (note 2)	91,624	91,624
Accounts receivable (note 3)	732,483	1,121,671
Consolidated trust funds (note 4)	41,590	40,789
Investments in Government Business Partnerships (note 5)	118,954	117,275
	4,651,710	4,487,067
Financial liabilities		
Accounts payable and accrued liabilities	1,139,849	1,356,455
Deferred revenue (note 6)	2,258,328	2,151,974
Long-term debt (note 7)	759,722	808,171
	4,157,899	4,316,600
Net financial assets	493,811	170,467
Non-financial assets		
Tangible capital assets (note 9)	9,501,649	8,844,814
Prepaid expenses	23,716	18,420
	9,525,365	8,863,234
Commitments and contingent liabilities (note 8)		
Effects of COVID-19 (note 14)		
Accumulated surplus (note 10)	\$ 10,019,176	\$ 9,033,701

See accompanying notes to consolidated financial statements

Approved:


Elvin M. [unclear]


Pearl Waindubene

SHEGUIANDAH FIRST NATION

Exhibit B - Consolidated Statement of Operations and Accumulated Surplus

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

	2020	2019
Revenue:		
Government transfers - Provincial	\$ 706,342	\$ 792,598
- Federal (note 11)	2,771,300	2,445,641
Rental income	157,960	153,568
Insurance proceeds	-	142,366
Other	1,630,901	1,671,178
	5,266,503	5,205,351
Expenses:		
Band Government	834,439	751,575
Social Assistance	388,916	408,202
Education	830,651	892,071
Community Infrastructure	1,066,741	1,019,115
Health Services	566,336	664,311
Recreation	38,649	51,121
Housing and Community Property	283,058	456,455
Employment and Economic Development	171,944	229,608
CMHC Social Housing	100,294	100,157
	4,281,028	4,572,615
Excess of revenue over expenses	985,475	632,736
Accumulated surplus, beginning of year	9,033,701	8,400,965
Accumulated surplus, end of year	\$ 10,019,176	\$ 9,033,701

See accompanying notes to consolidated financial statements

SHEGUIANDAH FIRST NATION

Exhibit C - Consolidated Statement of Changes in Net Financial Assets

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

	2020	2019
Excess of revenue over expenses	\$ 985,475	\$ 632,736
Acquisition of tangible capital assets	(1,282,376)	(983,892)
Amortization of tangible capital assets	591,859	611,673
Loss on disposal of tangible capital assets	26,182	-
Proceeds on sale of tangible capital assets	7,500	-
	328,640	260,517
Use (acquisition) of prepaid expenses	(5,296)	23,364
Change in net financial assets	323,344	283,881
Net financial assets (debt), beginning of year	170,467	(113,414)
Net financial assets, end of year	\$ 493,811	\$ 170,467

See accompanying notes to consolidated financial statements

SHEGUIANDAH FIRST NATION

Exhibit D - Consolidated Statement of Cash Flows

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

	2020	2019
Cash flows from operating activities:		
Excess of revenue over expenses	\$ 985,475	\$ 632,736
Adjustments for:		
Amortization of tangible capital assets	591,859	611,673
Loss on disposal of tangible capital assets	26,182	-
	1,603,516	1,244,409
Change in non-cash working capital:		
Decrease (increase) in accounts receivable	389,188	(322,543)
Increase (decrease) in accounts payable and accrued liabilities	(216,606)	450,584
Increase in deferred revenue	106,354	596,253
Decrease (increase) in prepaid expenses	(5,296)	23,365
	1,877,156	1,992,068
Cash flows from financing activities:		
Principal payments on long-term debt	(48,449)	(54,573)
Cash flows from capital activities:		
Purchase of tangible capital assets	(1,282,376)	(983,892)
Proceeds on disposal of capital assets	7,500	-
	(1,274,876)	(333,007)
Cash flows from investing activities:		
Increase in investment in government business partnerships	(1,679)	(17,162)
Increase in consolidated trust funds	(801)	(926)
	(2,480)	(18,088)
Net increase in cash	551,351	935,515
Cash, beginning of year	3,207,332	2,271,817
Cash, end of year	\$ 3,758,683	\$ 3,207,332
Represented by:		
Cash	\$ 3,667,059	\$ 3,115,708
Restricted cash	91,624	91,624
	\$ 3,758,683	\$ 3,207,332

See accompanying notes to consolidated financial statements

SHEGUIANDAH FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2020

Sheguiandah First Nation (the “First Nation”) located on Manitoulin Island administers programs and provides services on behalf of its members.

1. Significant accounting policies:

These consolidated financial statements of the 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:

i) Consolidated entities:

These consolidated financial statements reflect the assets, liabilities, revenue and expenses of the reporting entity. The reporting entity is comprised of all organizations accountable for the administration of their financial affairs and resources to the First Nation and are owned and controlled by the First Nation.

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

ii) Investment in Government Business Partnerships:

Government Business Partnerships are accounted for using the modified equity method. Government Business Partnerships include the following organizations:

- U.C.C.M. Building Material Supply Limited Partnership (“UCCMLP”)
- M'Nidoo M'Nising Power Limited Partnership (“MMPLP”)

Under the modified equity method, the business partnership's accounting principles are not adjusted to conform with those of the First Nation and inter-organizational transactions and balances are not eliminated.

(b) Revenue recognition:

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

SHEGUIANDAH FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2020

1. Significant accounting policies (continued):

(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 are amortized on a straight-line basis over their estimated useful lives as follows:

Assets	Useful Life - Years
Infrastructure	20 - 40
Buildings and housing	10 - 50
Vehicles and equipment	5 - 10
Computer equipment	1 – 5

Annual amortization is charged 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) Prepaid expenses:

Services to be received in the subsequent period, paid for in advance are recognized as prepaid expenses.

SHEGUIANDAH FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2020

1. Significant accounting policies (continued):

(d) Use of estimates:

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant items subject to such estimates and assumptions include the carrying amount of tangible capital assets and valuation allowances for receivables. 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.

In addition, the First Nation's implementation of the Public Sector Accounting Handbook PS3150 requires management to make estimates of historical cost and useful lives of tangible capital assets.

Actual results may differ from these estimates.

(e) Prior year funding adjustments:

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.

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

(f) Consolidated Trust 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.

2. Restricted cash:

In accordance with the operating agreements between the First Nation and Canada Mortgage and Housing Corporation ("CMHC"), cash in the amount of \$91,624 (2019 - \$91,624) is restricted for this purpose. Under the agreement, the First Nation is required to set aside funding to maintain a replacement and operating reserve bank account. As of fiscal year end, this First Nation is required to have set aside \$101,634 (2019 - \$89,339).

SHEGUIANDAH FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2020

3. Accounts receivable:

	2020	2019
Indigenous Services Canada	\$ 439,893	\$ 317,911
Union of Ontario Indians	123,247	60,600
Mnidoow Mnisig Employment and Training	56,268	41,095
Kina Gbezhgomi Child & Family Services	20,164	10,082
Canada Mortgage and Housing Corporation	10,742	146,950
Ministry of Community and Social Services	9,407	1,983
Canada Revenue Agency – GST/HST	8,095	32,454
Ontario First Nations Limited Partnership	–	384,085
Government of Canada – Clean Water and Wastewater Fund	–	60,833
Other	64,667	65,678
	\$ 732,483	\$ 1,121,671

4. Consolidated trust funds:

	Revenue	Capital	Total
Balance, beginning of year	\$ 6,694	\$ 34,095	\$ 40,789
Interest	801	–	801
Balance, end of year	\$ 7,495	\$ 34,095	\$ 41,590

5. Investments in Government Business Partnerships:

The First Nation has a 14.28% equity interest in UCCMLP and a 16.66% equity interest in MMPLP. These organizations are government business partnerships of the First Nation and are accounted for on the modified equity method in these consolidated financial statements.

The investments in Government Business Partnerships consists of the following:

	MMPLP	UCCMLP	2020	2019
Balance, at beginning of year	\$ 2	117,273	\$ 117,275	\$ 100,113
Share of earnings	66,882	1,679	68,561	22,118
Provision for impairment	(66,882)	–	(66,882)	(4,956)
Balance, end of year	\$ 2	118,952	\$ 118,954	\$ 117,275

SHEGUIANDAH FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2020

6. Deferred revenue:

	2020	2019
Indigenous Services Canada	\$ 2,083,218	\$ 1,964,581
Mnaamodzawin Health Services	157,092	140,709
Ministry of Children, Community and Social Services	11,341	–
Ministry of Indigenous Affairs	6,677	6,677
Union of Ontario Indians	–	21,569
Independent Electricity System Operator	–	18,438
	<u>\$ 2,258,328</u>	<u>\$ 2,151,974</u>

7. Long-term debt:

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

	2020	2019
Canada Mortgage and Housing Corporation mortgage, payable \$1,256 monthly including principal and interest, bearing interest at 1.44 % per annum, due February 2032	\$ 165,024	\$ 177,627
Canada Mortgage and Housing Corporation mortgage, payable \$1,190 monthly including principal and interest, bearing interest at 1.30% per annum, due June 2032	161,660	173,753
Canada Mortgage and Housing Corporation mortgage, payable \$2,227 monthly including principal and interest, bearing interest at 1.77% per annum, due November 2039	433,038	451,738
Toronto Dominion loan, payable \$277 monthly including principal and interest, bearing interest at 4.99% per annum, due August 2019	–	1,374
Toronto Dominion loan, payable \$743 monthly including principal and interest, bearing interest at 3.99% per annum, due August 2019	–	3,679
	<u>\$ 759,722</u>	<u>\$ 808,171</u>

SHEGUIANDAH FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2020

7. Long-term debt (continued):

Principal repayments due are estimated as follows:

2021	\$ 44,291
2022	44,978
2023	45,676
2024	46,384
2025	47,104
Thereafter	531,289

8. Commitments and contingent liabilities:

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 \$188,500. As of March 31, 2020, its proportional outstanding loan balance as part of the Trust is \$188,500 (2019 - \$188,500).

The loan guarantee is secured by an assignment of the First Nation's distributions from the Ontario First Nation Limited Partnership.

SHEGUIANDAH FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2020

9. Tangible capital assets:

Cost	Balance at March 31, 2019	Additions	Disposals	Balance at March 31, 2020
Land	\$ 408,791	\$ -	\$ -	\$ 408,791
Buildings	3,776,721	413,131	-	4,189,852
Vehicles and equipment	1,271,445	14,043	(208,271)	1,077,217
Computers	42,731	-	-	42,731
Infrastructure	7,557,670	-	-	7,557,670
Housing	3,712,353	94,791	-	3,807,144
Assets under construction	833,078	1,173,542	(413,131)	1,593,489
Total	\$ 17,602,789	\$ 1,695,507	\$ (621,402)	\$ 18,676,894

Accumulated Amortization	Balance at March 31, 2019	Disposals	Amortization	Balance at March 31, 2020
Buildings	\$ 1,457,558	\$ -	\$ 110,310	\$ 1,567,868
Vehicles and equipment	972,893	(174,589)	99,223	897,527
Computers	30,044	-	4,783	34,827
Infrastructure	5,027,883	-	282,990	5,310,873
Housing	1,269,597	-	94,553	1,364,150
Total	\$ 8,757,975	\$ (174,589)	\$ 591,859	\$ 9,175,245

	Net book value, March 31, 2019	Net book value, March 31, 2020
Land	\$ 408,791	\$ 408,791
Buildings	2,319,163	2,621,984
Vehicles and equipment	298,552	179,690
Computers	12,687	7,904
Infrastructure	2,529,787	2,246,797
Housing	2,442,756	2,442,994
Assets under construction	833,078	1,593,489
Total	\$ 8,844,814	\$ 9,501,649

SHEGUIANDAH FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2020

9. Tangible capital assets (continued):

Cost	Balance at March 31, 2018	Additions	Disposals	Balance at March 31, 2019
Land	\$ 408,791	\$ -	\$ -	\$ 408,791
Buildings	3,568,100	216,941	-	3,785,041
Vehicles and equipment	1,224,598	46,847	-	1,271,445
Computers	42,731	-	-	42,731
Infrastructure	7,557,670	-	-	7,557,670
Housing	3,354,944	357,409	-	3,712,353
Assets under construction	462,063	490,424	(127,729)	824,758
Total	\$ 16,618,897	\$ 1,111,621	\$ (127,729)	\$ 17,602,789

Accumulated Amortization	Balance at March 31, 2018	Disposals	Amortization	Balance at March 31, 2019
Buildings	\$ 1,351,985	\$ -	\$ 105,573	\$ 1,457,558
Vehicles and equipment	850,516	-	122,377	972,893
Computers	23,970	-	6,074	30,044
Infrastructure	4,743,603	-	284,280	5,027,883
Housing	1,176,228	-	93,369	1,269,597
Total	\$ 8,146,302	\$ -	\$ 611,673	\$ 8,757,975

	Net book value, March 31, 2018	Net book value, March 31, 2019
Land	\$ 408,791	\$ 408,791
Buildings	2,216,115	2,327,483
Vehicles and equipment	374,082	298,552
Computers	18,761	12,687
Infrastructure	2,814,067	2,529,787
Housing	2,178,716	2,442,756
Assets under construction	462,063	824,758
Total	\$ 8,472,595	\$ 8,844,814

SHEGUIANDAH FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2020

10. Accumulated surplus:

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

	2020	2019
Surplus:		
Invested in tangible capital assets	\$ 8,741,927	\$ 8,036,506
Section 95 Housing	(51,523)	(41,609)
Operations	(92,030)	(174,478)
Consolidated revenue fund	41,590	40,788
Investment government business partnerships	118,954	117,275
Reserves:		
Committed reserve – band housing	249,132	249,132
Committed reserve – M'Nidoo M'Nising Power	888,024	741,820
Committed reserve – unfunded capital	79,977	31,242
Section 95 Replacement reserve	43,125	33,025
	<u>\$ 10,019,176</u>	<u>\$ 9,033,701</u>

11. Federal funding reconciliation:

	2020	2019
Indigenous Services Canada, per confirmation	\$ 1,957,052	\$ 3,201,809
Deferred revenue, opening	1,964,581	1,451,747
ISC tuition top-up receivable	142,950	5,635
ISC band representative receivable	100,641	–
ISC funerals and burials receivable	3,600	–
ISC 2019 revenue received	576,596	(680,195)
Deferred revenue, ending	(2,083,218)	(1,964,581)
	<u>2,662,202</u>	<u>2,014,415</u>
Canada Mortgage Housing Corporation	109,098	257,237
Health Canada	–	134,005
Government of Canada	–	27,714
FedNor	–	12,270
	<u>\$ 2,771,300</u>	<u>\$ 2,445,641</u>

12. Line of credit:

The First Nation has a line of credit available in the amount of \$40,000 which has not been utilized (2019 - \$Nil). The interest rate on the line of credit is prime plus 2.5%.

SHEGUIANDAH FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2020

13. Comparative information:

Certain 2019 comparative information have been reclassified where necessary to conform to the current year presentation.

14. 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, including 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.

15. Segmented information:

The First Nation is a diversified governmental institution that provides a wide range of services to its Members, including band government, social assistance, education, community infrastructure, health services, recreation, housing and community property, employment and economic development and social housing. 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 departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

Band Government

The band government department oversees the delivery of all governmental services. The department 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 department includes the governance activities of chief and council.

Social Assistance

The social assistance department delivers a variety of programming including Ontario works and offers employment support services. In addition, the department manages the homemakers and transitional support programs.

SHEGUIANDAH FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2020

15. Segmented information (continued):

Education

The education department enters into service contracts with provincially funded area school boards for elementary and secondary students. In addition, the department reimburses tuition costs and provides living and other allowances to students who are attending post-secondary institutions.

Community Infrastructure

The community infrastructure department provides public services that contribute to sustainability through the provision of maintenance and operating services such as roads, water and sanitation, fire protection, street lighting, community buildings and band owned equipment.

Health Services

The health services department provides a diverse bundle of services directed towards the well-being of the members including the delivery of programming such as the community health representative, medical transportation, healthy communities, community care, and many other smaller programs designed to enhance the health of members.

Recreation

The recreation department provides cultural and recreational activities for the benefit of the Members of the First Nation.

Housing and Community Property

The housing and community property department manages the construction and renovation of homes owned by the First Nation and its members.

Employment and Economic Development

This department is responsible for identifying and developing economic opportunities for the benefit of the First Nation and its Members. The department also secures and delivers employment training funding for the First Nation.

CMHC Social Housing

The social housing department manages the operations of CMHC housing owned by the First Nation. This includes tenant identification, rent collection and maintenance management.

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.

SHEGUIANDAH FIRST NATION

Notes to Consolidated Financial Statements

Note 15 - Segmented Information (continued)

Year ended March 31, 2020

	Band Government	Social Assistance	Education	Community Infrastructure	Health Services	Recreation	Housing and Community Property	Employment and Economic Development	CMHC Social Housing	2020 Total
Revenue	\$ 1,112,724	\$ 388,916	\$ 903,915	\$ 337,423	\$ 653,024	\$ 32,749	\$ 1,370,537	\$ 355,662	\$ 111,553	\$ 5,266,503
Expenses:										
Salaries, benefits and honoraria	422,078	47,608	170,490	267,158	244,890	16,473	50,002	117,781	-	1,336,480
Travel and training	116,612	9,356	6,179	5,286	68,150	1,442	-	23,123	-	230,148
Materials, supplies and rentals	150,114	15,789	52,231	255,641	142,944	20,569	92,168	7,809	20,140	757,405
Contractual and professional	82,243	4,635	61,290	60,813	50	165	(30,836)	11,500	4,500	194,360
Interest on long-term debt	-	-	-	-	-	-	-	-	13,726	13,726
Tuition	-	-	444,459	-	-	-	-	-	-	444,459
Administration charges (recoveries)	(63,050)	5,000	13,517	-	36,833	-	-	7,700	-	-
Program related expenditures	120,557	306,528	67,299	44,545	58,255	-	91,346	-	24,061	712,591
Amortization of tangible capital assets	5,885	-	15,186	433,298	15,214	-	80,378	4,031	37,867	591,859
	834,439	388,916	830,651	1,066,741	566,336	38,649	283,058	171,944	100,294	4,281,028
Excess (deficiency) of revenue over expenses	\$ 278,285	\$ -	\$ 73,264	\$ (729,318)	\$ 86,688	\$ (5,900)	\$ 1,087,479	\$ 183,718	\$ 11,259	\$ 985,475

SHEGUIANDAH FIRST NATION

Notes to Consolidated Financial Statements

Note 15 - Segmented Information (continued)

Year ended March 31, 2020

	Band Government	Social Assistance	Education	Community Infrastructure	Health Services	Recreation	Housing and Community Property	Employment and Economic Development	CMHC Social Housing	2019 Total
Revenue	\$ 1,259,562	\$ 422,418	\$ 949,588	\$ 807,606	\$ 748,528	\$ 24,866	\$ 538,307	\$ 354,799	\$ 99,677	\$ 5,205,351
Expenses:										
Salaries, benefits and honoraria	374,132	63,115	154,036	267,167	279,645	23,065	109,227	151,070	-	1,421,457
Travel and training	101,294	17,386	17,337	10,295	109,041	2,166	5,859	19,828	-	283,206
Materials, supplies and rentals	107,425	25,707	21,955	236,641	152,145	25,890	159,825	22,404	21,134	773,126
Contractual and professional	172,668	786	64,870	21,203	8,387	-	5,027	22,022	2,915	297,878
Interest on long-term debt	-	-	-	-	-	-	-	-	14,420	14,420
Tuition	-	-	69,223	-	-	-	-	-	-	69,223
Administration charges (recoveries)	(56,964)	8,520	2,076	3,092	34,276	-	-	9,000	-	-
Program related expenditures	33,420	292,688	547,738	39,602	66,170	-	97,254	869	23,891	1,101,632
Amortization of tangible capital assets	19,600	-	14,836	441,115	14,647	-	79,263	4,415	37,797	611,673
	751,575	408,202	892,071	1,019,115	664,311	51,121	456,455	229,608	100,157	4,572,615
Excess (deficiency) of revenue over expenses	\$ 507,987	\$ 14,216	\$ 57,517	\$ (211,509)	\$ 84,217	\$ (26,255)	\$ 81,852	\$ 125,191	\$ (480)	\$ 632,736